



PUBLIC DISCLOSURE

September 30, 2019

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

First National Bank
Charter Number 20078

3801 Fairway Blvd
Wichita Falls, TX 76310

Office of the Comptroller of the Currency
225 E John Carpenter Fwy, Suite 900
Irving, TX 75062

NOTE: This document is an evaluation of this institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the institution. This evaluation is not, and should not be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion, or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.

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Overall CRA Rating

Institution's CRA Rating: This institution is rated **Satisfactory**.

The lending test is rated: Satisfactory.

The community development test is rated: Satisfactory.

The major factors that support this rating include:

- The Lending Test rating is based on First National Bank's (FNB's) performance within its assessment areas in the state of Texas.
 - Geographic distribution of home mortgage loans and small business loans is reasonable.
 - Penetration to low- and moderate-income borrowers in home mortgage loans is reasonable.
 - Lending to small businesses with annual revenue less than \$1 million is reasonable.
- The Community Development (CD) Test rating is based on FNB's responsiveness to community development needs within its assessment areas in the state of Texas.
 - The bank exhibits adequate responsiveness to community development needs.

Loan-to-Deposit Ratio

Considering the bank's size, financial condition, and credit needs of the assessment areas (AAs), the bank's loan-to-deposit ratio is more than reasonable.

The average loan to deposit ratio is more than reasonable considering the bank's performance context. The bank has the capacity to lend up to and over 100 percent of deposits due to its mortgage banking program, as many of the loans are held for sale and sell into the secondary market in less than 60 days. The majority of secondary market lending occurs in the Southlake AA. There are numerous and varied lending opportunities in both the Wichita Falls AA and the Southlake AA. The table below depicts FNB's average loan to deposit ratio over the evaluation cycle in comparison to similarly situated institutions.

Loan to Deposit Ratios		
Financial Institutions (City, State)	Total Assets as of 12/31/2018 (\$000's)	Average Loan to Deposit Ratio
First National Bank (Wichita Falls, TX)	\$475,542	115.02%
Bank of the West (Grapevine, TX)	\$491,466	75.11%
First Bank (Burkburnett, TX)	\$420,019	94.66%
PointBank (Pilot Point, TX)	\$545,482	61.93%
Accessbank Texas (Denton, TX)	\$380,355	82.95%

Source: Call Report Data

Lending in Assessment Area

A majority of the bank's loans are outside its assessment areas.

The bank originated and purchased 45.1 percent of its total loans inside the bank's AAs during the evaluation period. This analysis is performed at the bank, rather than the AA, level. This percentage does not include extensions of credit by affiliates that may be considered under the other performance criteria.

Lending Inside and Outside of the Assessment Area										
Loan Category	Number of Loans				Total #	Dollar Amount of Loans \$(000s)				Total \$(000s)
	Inside		Outside			Inside		Outside		
	#	%	#	%		\$	%	\$	%	
Home Mortgage	708	31.1	1566	68.9	2274	258,505	35.1	477,443	64.9	735,948
Business	623	49.8	629	50.2	1252	144,328	50.2	143,269	49.8	287,597
Small Farm	18	69.2	8	30.8	26	982	73.2	360	26.8	1,342
Consumer	577	80.5	140	19.5	717	5,710	74.4	1,964	25.6	7,674
Total	1,926	45.1	2,343	54.9	4,269	409,525	39.7	623,036	60.3	1,032,561

Source: HMDA data, bank data

The majority of lending outside the assessment area is primarily driven by home mortgage loans, which are a reflection of the bank's strategy and business model. The majority of home mortgages are originated as part of the bank's mortgage banking division or mortgage warehouse program and are sold into the secondary market. While the bank's mortgage banking operations department is headquartered in Southlake, TX, the bank has loan production offices throughout the Dallas-Fort Worth area. As a result, a majority of the mortgage loans originate outside of the Southlake and Wichita Falls AAs.

Approximately 50 percent of business loans are originated inside the assessment area, and 80 percent of consumer loans are originated inside the AA. In addition, if we deduct the home mortgage loans from the in/out ratio, all other loans originated inside the assessment area total 61 percent. This is a relevant picture of the in/out ratio since a majority of the home mortgage loans are sold into the secondary market.

Description of Institution

FNB is a single state community bank headquartered in Wichita Falls, Texas, which is 105 miles northwest of Fort Worth. The bank was established in 1986 and is wholly-owned by Wichita Falls Bancshares, Inc. The previous CRA evaluation, dated August 1, 2016, assigned a “Satisfactory” rating to the bank.

The bank maintains four banking centers and three mortgage offices that serve its two AAs. The banking centers include the main office and one branch office in Wichita Falls, TX, which serve the Wichita Falls assessment area. Two branches in Southlake, TX serve the DFW, or Southlake AA. The loan production/mortgage offices are located in Mansfield, TX; Southlake, TX; and Plano, TX. All banking offices are located in upper-income census tracts.

FNB’s physical offices are the primary delivery system for retail products and services. The main office and two of the branches have drive-up facilities with extended hours and a 24-hour ATM. Saturday hours are offered at the drive-up facility at the main office. The bank maintains six ATMs in total including locations inside the bank branches and standalone ATMs with 24-hour access to serve the customer base in Southlake and in Wichita Falls. FNB also offers online banking at www.fnbt.com and mobile banking, which increases accessibility to the bank’s products and services. This allows customers to bank at no charge, at any time, and from any location. The online banking website also contains free financial planning and education materials available to the public. Telephone banking and ATM services are available in English and Spanish. Each bank location has employees who speak Spanish.

As discussed above, a key segment of the bank’s business model is its mortgage banking operation that is based in the Southlake AA. Mortgage banking activities are centered in conforming conventional, Federal Housing Administration (FHA), U.S. Department of Veterans Affairs (VA), and jumbo loans. The majority of mortgage loans are sold, with recourse, to investors through the secondary market. FNB's mortgage loan operation is heavily concentrated in the Southlake AA and throughout the Dallas-Fort Worth Metroplex, which includes Dallas, Tarrant, Denton and Collin Counties. In addition to the mortgage offices, FNB offers online applications via FNB's website.

There are no legal or financial impediments to FNB’s ability to meet the credit needs of its AAs. The bank offers a full-range of loan and deposit services.

As of December 30, 2018, net loans were 89.7 percent of total assets of \$476 million. The following table is a summary of FNB's loan portfolio:

First National Bank Loan Portfolio Summary		
Loan Type	Dollar Volume (000's)	Percentage
Construction and Development	\$128,310	29.7%
Residential Real Estate	\$129,595	29.9%
Commercial	\$120,363	27.8%
Consumer, Farm, and Other	\$54,316	12.6%
Total Loans	\$432,584	100%

Source: Call Report data

Residential real estate loans comprise 74 percent of the Construction and Development (C&D) loans, which makes residential real estate loans the primary product for the bank. FNB's other primary product is commercial loans, which include commercial C&D, commercial and industrial, small business, and commercial real estate loans.

FNB offers secured and unsecured small dollar personal loans to qualified customers. The bank also offers start-up and working capital loans for small businesses. FNB is an approved lender for the USDA Rural Housing Home Loan Program that works with low- and moderate-income (LMI) families to purchase, build, rehabilitate, improve or relocate a dwelling in an eligible rural area.

Through the Federal Home Loan Bank of Dallas's (FHLB) Homebuyer Equity Leverage Program (HELP), FNB offers a first-time home buyers program to assist LMI individuals and families in obtaining financing to purchase a residence. Through HELP the FHLB provides grants through its members to first-time homebuyers who meet income qualifications. FNB assists the applicant in obtaining these grants, which are on a first-come, first-served basis. FNB also offers a 5-STAR Texas Advantage Program, which provides eligible home buyers with down payment and closing cost assistance. Borrowers can select the amount of assistance and the loan option that best meets their needs. Additional home buying programs offered by FNB include the Texas State Affordable Housing Corp and Home Ready through Fannie Mae.

Scope of the Evaluation

Evaluation Period/Products Evaluated

The evaluation period for this examination is from July 2016 through December 2018. We evaluated the bank's primary products to determine geographic and borrower income distribution of lending within the AA. The primary products are home mortgage loans and commercial loans.

Selection of Areas for Full-Scope Review

In each state where the bank has an office, one or more of AAs within that state was selected for a full-scope review. For purposes of this evaluation, bank delineated assessment areas located within the same metropolitan statistical area (MSA), multistate metropolitan statistical area (MMSA), or combined statistical area (CSA) are combined and evaluated as a single AA. Similarly, bank delineated non-MSA AAs within the same state are combined and evaluated as a single area. These combined AAs may be evaluated as full- or limited-scope. Refer to the “Scope” section under each State Rating for details regarding how full-scope AAs were selected. Refer to appendix A, Scope of Examination, for a list of full- and limited-scope AAs.

Ratings

The bank’s overall rating is a blend of the state ratings, and where applicable, multistate ratings.

FNB is a single state institution with two AAs. Neither AA is located in an MMSA. Our conclusions are based on the bank’s performance in the state of Texas. We gave more weight to performance in the Wichita Falls AA, which received a full scope review.

The MMSA rating and state ratings are based on performance in all bank AAs. Refer to the “Scope” section under each state and MMSA Rating section for details regarding how the areas were weighted in arriving at the respective ratings.

Discriminatory or Other Illegal Credit Practices Review

Pursuant to 12 CFR 25.28(c) or 195.28(c), respectively, in determining a national bank's or federal savings association's (collectively, bank) CRA rating, the OCC considers evidence of discriminatory or other illegal credit practices in any geography by the bank, or in any AA by an affiliate whose loans have been considered as part of the bank's lending performance. As part of this evaluation process, the OCC consults with other federal agencies with responsibility for compliance with the relevant laws and regulations, including the U.S. Department of Justice, the U.S. Department of Housing and Urban Development, and the Bureau of Consumer Financial Protection, as applicable.

The OCC has not identified that this institution has engaged in discriminatory or other illegal credit practices that require consideration in this evaluation.

The OCC will consider any information that this institution engaged in discriminatory or other illegal credit practices, identified by or provided to the OCC before the end of the institution's next performance evaluation in that subsequent evaluation, even if the information concerns activities that occurred during the evaluation period addressed in this performance evaluation.

State Rating

State of Texas

CRA rating for the State of Texas¹: Satisfactory

The Lending Test is rated: Satisfactory

The Community Development Test is rated: Satisfactory

The major factors that support this rating include:

- Geographic distribution of home mortgage loans and small business loans is reasonable.
- Penetration to low- and moderate-income borrowers in home mortgage loans is reasonable.
- Lending to small businesses with annual revenue less than \$1 million is reasonable.
- The bank exhibits adequate responsiveness to community development needs.

Description of Institution's Operations in Texas

FNB is a single state institution that operates in two assessment areas. We conducted a full scope review of the Wichita Falls AA and a limited scope review of the Southlake AA. Bank operations within the state of Texas are primarily detailed in the *Description of Institution* section above.

The bank's primary business focus is home mortgage lending and commercial lending. FNB operates four branches – two in each AA. FNB holds 9.28 percent of the market share of deposits in the Wichita Falls AA. The bank's deposits in that AA total \$301 million. Major competitors in that AA include Wells Fargo NA, American National Bank and Trust, Fidelity Bank, Union Square, JPMorgan Chase Bank NA, and First Bank. By comparison, the bank has 0.96 percent of the market share of deposits in the Southlake AA with total deposits of \$63 million. Major competitors in this market include some of those mentioned above, as well as Bank of America and other large regional and national banks.

We chose to conduct a full scope review of the Wichita Falls AA and a limited scope review of the Southlake AA because approximately 87 percent of loans and 83 percent of deposits originated from the Wichita Falls market. The largest employers in the Wichita Falls AA include Sheppard Air Force Base, Wichita Falls Independent School District, United Regional Health Care System, Midwestern State University, City government, Arconic, and Walmart. The demographic table below shows additional statistics about the Wichita Falls AA, including median family income of \$57,690, median housing value of \$97,099, and 12.5 percent of families living below the poverty level.

¹ This rating reflects performance within the state. The statewide evaluations do not reflect performance in the parts of those states contained within the MMSA.

We attempted to make contact with several community organizations during the examination. However, we were not successful in obtaining information regarding the financial needs of the community or the performance of financial institutions within the AA meeting those needs.

Wichita Falls AA

Table A – Demographic Information of the Assessment Area						
Assessment Area: First Natl Bank Wichita Falls						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	40	10.0	30.0	25.0	32.5	2.5
Population by Geography	140,736	5.8	22.7	30.3	41.2	0.0
Housing Units by Geography	60,026	6.7	25.5	28.9	38.9	0.0
Owner-Occupied Units by Geography	32,242	5.5	21.7	30.0	42.9	0.0
Occupied Rental Units by Geography	19,049	7.6	29.8	24.3	38.3	0.0
Vacant Units by Geography	8,735	8.7	30.4	35.0	25.9	0.0
Businesses by Geography	7,847	4.6	31.4	20.0	43.8	0.1
Farms by Geography	317	3.2	17.4	30.9	48.6	0.0
Family Distribution by Income Level	33,277	21.8	16.6	20.6	41.0	0.0
Household Distribution by Income Level	51,291	24.0	16.2	18.4	41.4	0.0
Median Family Income MSA - 48660 Wichita Falls, TX MSA		\$57,690	Median Housing Value			\$97,099
			Median Gross Rent			\$763
			Families Below Poverty Level			12.5%
<i>Source: 2015 ACS Census and 2018 D&B Data</i> <i>Due to rounding, totals may not equal 100.0</i> <i>(*) The NA category consists of geographies that have not been assigned an income classification.</i>						

Scope of Evaluation in Texas

FNB Wichita Falls has two AAs. The first is the Wichita Falls AA, and the second is the DFW (Southlake) AA, which is part of the Dallas-Fort Worth MSA. The bank has two branches in each of the AAs. Prior CRA evaluations have focused on the Wichita Falls AA, with only a limited scope review of the Southlake AA. During the evaluation period, a majority of the bank's loans were originated in the Wichita Falls AA. A majority of the bank's deposits are also in the Wichita Falls AA. FNB's headquarters is located in Wichita Falls, TX. Therefore, we will conduct a full scope review of the Wichita Falls AA and a limited scope review of the Southlake AA.

Please refer to the table in appendix A for a list of all AAs under review.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN Texas

LENDING TEST

The bank's performance under the Lending Test in Texas is rated Satisfactory.

Based on full- and limited-scope reviews, the bank's lending performance in the state of Texas is reasonable.

Using the primary loan products identified above, we analyzed the distribution of loans by income level of the geography and distribution of loans by income level of the borrower. FNB originated a minimal number of small farm and consumer loans. Therefore, we did not analyze distribution of those loans and omitted those sections from this Public Evaluation.

Distribution of Loans by Income Level of the Geography

The bank exhibits reasonable geographic distribution of loans in the state.

Home Mortgage Loans

The distribution of home mortgage loans to LMI geographies is reasonable. In 2016, 0.3 percent of home mortgage loans were originated in low-income census tracts, while 3.1 percent were originated in moderate-income census tracts. This is reasonable compared to the percent of owner occupied housing units in low- and moderate-income tracts of 1.0 percent and 6.6 percent, respectively. In 2017 and 2018, home loan originations in low-income census tracts was 0.3 percent, while originations in moderate-income tracts were 9.3 percent. This is reasonable given the percent of owner occupied housing units in low- and moderate-income census tracts of 2.3 percent and 10.4 percent respectively. These numbers reflect the totals from the combined assessment areas. FNB's reported lending activity in the Wichita Falls AA is similar to aggregate performance data reported in both the low- and moderate-income tracts for both the 2016 and 2017-2018 evaluation periods.

Refer to Table O in the state of Texas section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's home mortgage loan originations and purchases.

Small Loans to Businesses

The distribution of business loans to low- and moderate-income geographies is excellent. In 2016, 2.9 percent of business loans originated in low income tracts compared to 1.2 percent of businesses in low-income tracts in the AAs. In moderate income tracts, 17.1 percent of business loans were originated and compares favorably to the 7 percent of businesses located in moderate-income tracts. In 2017-2018, 3.3 percent of business loans originated in low-income tracts, and 22.5 percent of business loans originated in moderate-income census tracts. This compares favorably to the percentage of AA businesses in low- and moderate-income census tracts, which was 1.2 percent and 17.5 percent, respectively.

Refer to Table Q in the state of Texas section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's originations and purchases of small loans to businesses.

Distribution of Loans by Income Level of the Borrower

The bank exhibits a reasonable distribution of loans to individuals of different income levels and businesses of different sizes, given the product lines offered by the bank.

Home Mortgage Loans

Distribution to LMI income borrowers is reasonable given the performance context of the institution. In 2016, distribution to low-income borrowers was low at 2.5 percent, while 13.6 percent of families in the combined AAs were low-income. Distribution to moderate-income borrowers was reasonable at 6.9 percent for combined AAs, or 12.8 percent for the combined AAs. Distribution of home mortgage loans in 2017 and 2018 to low-income borrowers is low at 2.8 percent of bank loans to low-income borrowers that represent 14.4 percent of borrowers in the combined AAs. Distribution of home mortgage loans in the combined AAs to moderate-income borrowers is reasonable at 10.1 percent. The percentage of families in the combined AAs that are moderate-income is 11.6 percent.

While lending to low income borrowers in the combined AAs during both evaluation periods is lower than the demographic comparator, the AA's combined lending activity to low income borrowers is greater than that of the aggregate comparator. Also, in 2016 the percentage of loans originated to moderate-income families in the Wichita Falls AA was 16.4 percent, compared to 17.4 percent of moderate-income families in the AA. For 2017 and 2018, the percentage of loans originated to moderate-income families in the Wichita Falls AA was 20.5 percent, compared to the demographic comparator of 16.6 percent.

As stated in the description of the institution and the performance context, the bank's mortgage banking program and mortgage warehouse program originate mortgage loans that must meet investor requirements in order to be sold into the secondary market. However, lower-income borrowers may have more difficulty meeting the qualification standards for home mortgage loans that will be sold into the secondary market.

Refer to Table P in the state of Texas section of appendix D for the facts and data used to evaluate the borrower distribution of the bank's home mortgage loan originations and purchases.

Small Loans to Businesses

The distribution of loans to businesses with revenues less than \$1 million is reasonable. In 2016, 62.9 percent of bank loans in both AAs were originated to small businesses, which represented 83.9 percent of businesses within the AAs. In 2017 and 2018, the bank originated 64 percent of its business loans to small businesses, and small businesses represented 84.5 percent of the combined AAs. FNB's reported lending activity in the combined AAs is greater than the aggregate performance data reported for small

business lending during the 2017-2018 evaluation period. For 2017 and 2018 in the Wichita Falls AA, the loan penetration to small businesses is reasonable with 77.5 percent of loans to small businesses, while small businesses represented 79 percent of businesses in the AA.

Refer to Table R in the state of Texas section of appendix D for the facts and data used to evaluate the borrower distribution of the bank’s originations and purchases of small loans to businesses.

Responses to Complaints

FNB did not receive any CRA related complaints during this evaluation period.

Conclusions for Area Receiving a Limited Scope Review

Based on a limited-scope review, the bank’s performance under the Lending Test in the Southlake AA is consistent with the bank’s overall performance under the Lending Test in the full scope area.

COMMUNITY DEVELOPMENT TEST

The bank’s performance under the Community Development (CD) Test in the state of Texas is rated Satisfactory.

Based on a full-scope review of the Wichita Falls AA and a limited-scope review of the Southlake AA, the bank exhibits adequate responsiveness to community development needs in the AA through community development loans, qualified investments, and community development services, as appropriate, considering the bank’s capacity and the need and availability of such opportunities for community development in the bank’s assessment areas.

Number and Amount of Community Development Loans

During the evaluation period, the bank originated 17 qualified community development loans totaling \$11,410,669. These were all originated in the Wichita Falls AA. Many of these loans are supporting economic development or community services in areas designated as revitalization zones or LMI geographies. The level of CD lending in the Southlake AA is not consistent with the results of the Wichita Falls AA. There were no CD loans in the Southlake AA during this period. However, there are fewer opportunities available in the Southlake AA due to the higher volume of upper income borrowers and upper income geographic areas within the AA.

Community Development Loans				
Assessment Area	Total			
	#	% of Total #	\$(000's)	% of Total \$
Wichita Falls AA	17	100.0	\$11,411	100.0

Source: Bank data

Number and Amount of Qualified Investments

Qualified investments during the evaluation period include two investments totaling \$2 million. Each investment was \$1 million. The first is to the Texas Water Development board which funds programs like the Economically Distressed Areas Program and the Water Infrastructure Fund. Both of these programs target economically distressed areas and promote revitalization in LMI areas. The second investment was in a Government National Mortgage Association Mortgage Backed Security collateralized by single family mortgage loans to LMI borrowers located in the AAs. Half of the borrowers are in the Wichita Falls AA and half are in the Southlake AA.

FNB made 39 qualifying donations in the Wichita Falls AA to several non-profit organizations. These donations totaled \$97,496. Half of this was a \$50,000 donation to the Wichita Falls YMCA. The money was used to build a classroom for after school learning activities for LMI children and youth. The classroom provides access to computers and Internet that LMI individuals can use for home work, learning, and workforce training. Other organizations supported by donations from FNB include Communities in Schools, Meals on Wheels, the Wichita Falls Area Food Bank, and Partners in Education. FNB made five donations to qualifying organizations in the Southlake AA that totaled \$18,095. The largest donation was two separate donations totaling \$14,000 given to Spokes for Hope, which works with Children's Advocacy Centers and their child abuse counselors to provide bicycles and helmets to LMI children.

Qualified Investments and Donations				
Assessment Area	Total			
	#	% of Total #	\$(000's)	% of Total \$
Wichita Falls – Investments	2	4.35	\$2,000	94.53
Wichita Falls – Donations	39	84.78	\$97	4.61
Southlake – Donations	5	10.87	\$18	0.86

Source: Bank data

Extent to Which the Bank Provides Community Development Services

The level of CD services in the Wichita Falls AA reflects an adequate responsiveness to the CD needs of the AA. The bank's CRA qualified service hours totaled 1,706.5 for the review period of 2016-2018. The 1,706.5 hours include 842.5 hours performed by bank employees and 864 hours performed by members of the board.

The largest contribution from employees was to the Region 9 Education Service Center which provided an annual event to high school seniors in the Wichita Falls area titled Senior Blast Off event. Information was shared by community members on topics including: college choices, career options, and financial success. Karen Hughes and Cliff Berg represented the bank by providing a "Get Smart about ID Theft" presentation to the students.

CD service hours (in parentheses) are categorized below by CD criteria that either benefit LMI individuals, families, or geographies. Below are highlights of service hours and the organizations service hours were provided to.

- Region 9 Wichita Falls ISD (50 hours): the bank provided "Get Smart about ID Theft" presentations to the students annually from 2016-2018.
- Youth Entrepreneurship education Lemonade Day (120 hours): the bank participated in Bank Lending Day. Participating young entrepreneurs had the opportunity to present their business plan to a local lender. FNB Business Development Officers provided a presentation about banking.
- 1M Cups (49.5 hours): The bank provided counseling and guidance for budding entrepreneurs. This is an organization that started in Wichita Falls in February of 2018. The stated goal is to aid small business owners.

Conclusions for Area Receiving a Limited Scope Review

Based on a limited-scope review, the bank's performance under the CD Test in the Southlake AA is inconsistent with the bank's overall performance under the CD Test in the Wichita Falls AA. This is largely due to the fewer opportunities for CD activities in the Southlake AA. The Southlake AA does not have any low-income census tracts and only one moderate income census tract, and also has a much smaller percentage of LMI families located in the AA.

Appendix A: Scope of Examination

The following table identifies the time period covered in this evaluation, affiliate activities that were reviewed, and loan products considered. The table also reflects the MSA(s) and non-MSA(s) that received comprehensive examination review, designated by the term “full-scope,” and those that received a less comprehensive review, designated by the term “limited-scope”.

Time Period Reviewed:	07/01/16 to 12/31/18	
Bank Products Reviewed:	Home mortgage, small business Community development loans, qualified investments, community development services	
List of Assessment Areas and Type of Examination		
Rating and Assessment Areas	Type of Exam	Other Information
Texas		
Wichita Falls	Full-scope	Counties of Wichita and Archer
DFW/Southlake	Limited-scope	Partial counties of Denton and Tarrant

Appendix B: Summary of MMSA and State Ratings

RATINGS		First National Bank	
Overall Bank:	Lending Test Rating*	CD Test Rating	Overall Bank/State/Multistate Rating
First National Bank	Satisfactory	Satisfactory	Satisfactory
Texas	Satisfactory	Satisfactory	Satisfactory

(*) The Lending Test and Community Development Test carry equal weight in the overall rating.

Appendix C: Definitions and Common Abbreviations

The following terms and abbreviations are used in this performance evaluation, including the CRA tables. The definitions are intended to provide the reader with a general understanding of the terms, not a strict legal definition.

Affiliate: Any company that controls, is controlled by, or is under common control with another company. A company is under common control with another company if the same company directly or indirectly controls both companies. For example, a bank subsidiary is controlled by the bank and is, therefore, an affiliate.

Aggregate Lending (Aggt.): The number of loans originated and purchased by all reporting lenders (HMDA or CRA) in specified income categories as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the state/assessment area.

Census Tract (CT): A small, relatively permanent statistical subdivision of a county delineated by a local committee of census data users for the purpose of presenting data. Census tracts nest within counties, and their boundaries normally follow visible features, but may follow legal geography boundaries and other non-visible features in some instances, Census tracts ideally contain about 4,000 people and 1,600 housing units.

Combined Statistical Area (CSA): A geographic entity consisting of two or more adjacent Core Based Statistical Areas with employment interchange measures of at least 15. An employment interchange measure is a measure of ties between two adjacent entities. The employment interchange measure is the sum of the percentage of workers living in the smaller entity who work in the larger entity and the percentage of employment in the smaller entity that is accounted for by workers who reside in the larger entity.

Community Development (CD): Affordable housing (including multifamily rental housing) for low- or moderate-income individuals; community services targeted to low- or moderate-income individuals; activities that promote economic development by financing businesses or farms that meet Small Business Administration Development Company or Small Business Investment Company programs size eligibility standards or have gross annual revenues of \$1 million or less; or activities that revitalize or stabilize low- or moderate-income geographies, distressed or underserved nonmetropolitan middle-income geographies, or designated disaster areas.

Community Reinvestment Act (CRA): The statute that requires the OCC to evaluate a bank's record of meeting the credit needs of its entire community, including LMI areas, consistent with the safe and sound operation of the bank, and to take this record into account when evaluating certain corporate applications filed by the bank.

Consumer Loan(s): A loan(s) to one or more individuals for household, family, or other personal expenditures. A consumer loan does not include a home mortgage, small business, or small farm loan. This definition includes the following categories: motor vehicle loans, credit card loans, other secured consumer loans, and other unsecured consumer loans.

Family: Includes a householder and one or more other persons living in the same household who are related to the householder by birth, marriage, or adoption. The number of family households always equals the number of families; however, a family household may also include non-relatives living with the family. Families are classified by type as either a married-couple family or other family, which is further classified into 'male householder' (a family with a male householder' and no wife present) or 'female householder' (a family with a female householder and no husband present).

Full-Scope Review: Performance under the Lending, Investment, and Service Tests is analyzed considering performance context, quantitative factors (e.g., geographic distribution, borrower distribution, and total number and dollar amount of investments), and qualitative factors (e.g., innovativeness, complexity, and responsiveness).

Geography: A census tract delineated by the United States Bureau of the Census in the most recent decennial census.

Home Mortgage Disclosure Act (HMDA): The statute that requires certain mortgage lenders that conduct business or have banking offices in a metropolitan statistical area to file annual summary reports of their mortgage lending activity. The reports include such data as the race, gender, and the income of applicants, the amount of loan requested, the disposition of the application (e.g., approved, denied, and withdrawn), the lien status of the collateral, any requests for preapproval, and loans for manufactured housing.

Home Mortgage Loans: A closed-end mortgage loan or an open-end line of credit as these terms are defined under 12 CFR 1003.2, and that is not an excluded transaction under 12 CFR 1003.3(c)(1) through (c)(10) and (c)(13).

Household: Includes all persons occupying a housing unit. Persons not living in households are classified as living in group quarters. In 100 percent tabulations, the count of households always equals the count of occupied housing units.

Limited-Scope Review: Performance under the Lending, Investment, and Service Tests is analyzed using only quantitative factors (e.g., geographic distribution, borrower distribution, total number and dollar amount of investments, and branch distribution).

Low-Income Individual: Individual income that is less than 50 percent of the area median income.

Low Income Geography: A census tract with a median family income that is less than 50 percent.

Market Share: The number of loans originated and purchased by the institution as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the state/assessment area.

Median Family Income (MFI): The median income determined by the U.S. Census Bureau every five years and used to determine the income level category of geographies. The median is the point at which half of the families have income above, and half below, a range of incomes. Also, the median income determined by the Federal Financial Institutions Examination Council (FFIEC) annually that is used to determine the income level category of individuals. For any given area, the median is the point at which half of the families have income above, and half below, a range of incomes.

Metropolitan Division: As defined by Office of Management and Budget, a county or group of counties within a Core Based Statistical Area that contains an urbanized population of at least 2.5 million. A Metropolitan Division consists of one or more main/secondary counties that represent an employment center or centers, plus adjacent counties associated with the main/secondary county or counties through commuting ties.

Metropolitan Statistical Area: An area, defined by the Office of Management and Budget, as a core based statistical area associated with at least one urbanized area that has a population of at least 50,000. The Metropolitan Statistical Area comprises the central county or counties containing the core, plus adjacent outlying counties having a high degree of social and economic integration with the central county or counties as measured through commuting.

Middle-Income: Individual income that is at least 80 percent and less than 120 percent of the area median income, or a median family income that is at least 80 percent and less than 120 percent, in the case of a geography.

Moderate-Income: Individual income that is at least 50 percent and less than 80 percent of the area median income, or a median family income that is at least 50 percent and less than 80 percent, in the case of a geography.

Multifamily: Refers to a residential structure that contains five or more units.

Owner-Occupied Units: Includes units occupied by the owner or co-owner, even if the unit has not been fully paid for or is mortgaged.

Qualified Investment: A qualified investment is defined as any lawful investment, deposit, membership share, or grant that has as its primary purpose community development.

Rating Area: A rated area is a state or multi-state metropolitan statistical area. For an institution with domestic branches in only one state, the institution's CRA rating would be the state rating. If an institution maintains domestic branches in more than one state, the institution will receive a rating for each state in which those branches are located. If an institution maintains domestic branches in two or more states within a multi-state metropolitan statistical area, the institution will receive a rating for the multi-state metropolitan statistical area.

Small Loan(s) to Business(es): A loan included in 'loans to small businesses' as defined in the Consolidated Report of Condition and Income (Call Report) instructions. These loans have original amounts of \$1 million or less and typically are either secured by nonfarm or nonresidential real estate or are classified as commercial and industrial loans.

Small Loan(s) to Farm(s): A loan included in 'loans to small farms' as defined in the instructions for preparation of the Consolidated Report of Condition and Income (Call Report). These loans have original amounts of \$500,000 or less and are either secured by farmland, or are classified as loans to finance agricultural production and other loans to farmers.

Tier 1 Capital: The total of common shareholders' equity, perpetual preferred shareholders' equity with non-cumulative dividends, retained earnings and minority interests in the equity accounts of consolidated subsidiaries.

Upper-Income: Individual income that is at least 120 percent of the area median income, or a median family income that is at least 120 percent, in the case of a geography.

Appendix D: Tables of Performance Data

Content of Standardized Tables

A separate set of tables is provided for each state. All multistate metropolitan statistical areas, if applicable, are presented in one set of tables. References to the “bank” include activities of any affiliates that the bank provided for consideration (refer to appendix A: Scope of the Examination). For purposes of reviewing the Lending Test tables, the following are applicable: (1) purchased are treated as originations; and (2) “aggregate” is the percentage of the aggregate number of reportable loans originated and purchased by all HMDA or CRA-reporting lenders in the MMSA/assessment area. Deposit data are compiled by the FDIC and are available as of June 30th of each year. Tables without data are not included in this PE.

The following is a listing and brief description of the tables included in each set:

- Table O. Assessment Area Distribution of Home Mortgage Loans by Income Category of the Geography** - Compares the percentage distribution of the number of loans originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies to the percentage distribution of owner-occupied housing units throughout those geographies. The table also presents aggregate peer data for the years the data is available.
- Table P. Assessment Area Distribution of Home Mortgage Loans by Income Category of the Borrower** - Compares the percentage distribution of the number of loans originated and purchased by the bank to low-, moderate-, middle-, and upper-income borrowers to the percentage distribution of families by income level in each MMSA/assessment area. The table also presents aggregate peer data for the years the data is available.
- Table Q. Assessment Area Distribution of Loans to Small Businesses by Income Category of the Geography** - The percentage distribution of the number of small loans (less than or equal to \$1 million) to businesses that were originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies compared to the percentage distribution of businesses (regardless of revenue size) in those geographies. Because aggregate small business data are not available for geographic areas smaller than counties, it may be necessary to compare bank loan data to aggregate data from geographic areas larger than the bank’s assessment area.
- Table R. Assessment Area Distribution of Loans to Small Businesses by Gross Annual Revenue** - Compares the percentage distribution of the number of small loans (loans less than or equal to \$1 million) originated and purchased by the bank to businesses with revenues of \$1 million or less to: 1) the percentage distribution of businesses with revenues of greater than \$1 million; and, 2) the percentage distribution of businesses for which revenues are not available. The table also presents aggregate peer small business data for the years the data is available.

- Table S. Assessment Area Distribution of Loans to Farms by Income Category of the Geography** - The percentage distribution of the number of small loans (less than or equal to \$500,000) to farms originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies compared to the percentage distribution of farms (regardless of revenue size) throughout those geographies. The table also presents aggregate peer data for the years the data is available. Because aggregate small farm data are not available for geographic areas smaller than counties, it may be necessary to use geographic areas larger than the bank's assessment area.
- Table T. Assessment Area Distribution of Loans to Farms by Gross Annual Revenues** - Compares the percentage distribution of the number of small loans (loans less than or equal to \$500 thousand) originated and purchased by the bank to farms with revenues of \$1 million or less to: 1) the percentage distribution of farms with revenues of greater than \$1 million; and, 2) the percentage distribution of farms for which revenues are not available. The table also presents aggregate peer small farm data for the years the data is available.
- Table U. Assessment Area Distribution of Consumer Loans by Income Category of the Geography** - Compares the percentage distribution of the number of loans originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies to the percentage distribution of households in those geographies.
- Table V. Assessment Area Distribution of Consumer Loans by Income Category of the Borrower** - Compares the percentage distribution of the number of loans originated and purchased by the bank to low-, moderate-, middle-, and upper-income borrowers to the percentage distribution of households by income level in each MMSA/assessment area.

Table O: Assessment Area Distribution of Home Mortgage Loans by Income Category of the Geography																				2016		
Assessment Area:	Total Home Mortgage Loans				Low-Income Tracts			Moderate-Income Tracts			Middle-Income Tracts			Upper-Income Tracts			Not Available-Income Tracts					
	#	\$	% of Total	Overall Market	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate			
FNB Southlake	187	86,007	58.3	9,442	0.0	0.0	0.0	0.0	0.0	0.0	16.7	15.5	18.4	83.3	84.5	81.6	0.0	0.0	0.0			
FNB Wichita Falls	134	14,893	41.7	3,608	2.1	0.7	0.7	14.5	7.5	7.5	42.6	44.0	38.8	40.8	47.8	53.0	0.0	0.0	0.0			
Total	321	100,900	100.0	13,050	1.0	0.3	0.2	6.6	3.1	2.1	28.5	27.4	24.0	63.9	69.2	73.7	0.0	0.0	0.0			

Source: 2010 U.S Census; 01/01/2016 - 12/31/2016 Bank Data, 2016 HMDA Aggregate Data, "--" data not available.
Due to rounding, totals may not equal 100.0.

Table O: Assessment Area Distribution of Home Mortgage Loans by Income Category of the Geography																				2017-18		
Assessment Area:	Total Home Mortgage Loans				Low-Income Tracts			Moderate-Income Tracts			Middle-Income Tracts			Upper-Income Tracts			Not Available-Income Tracts					
	#	\$	% of Total	Overall Market	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate			
FNB Southlake	211	135,643	54.5	7,921	0.0	0.0	0.0	2.2	5.2	1.9	10.4	5.7	16.0	87.4	89.1	82.1	0.0	0.0	0.0			
FNB Wichita Falls	176	21,962	45.5	3,311	5.5	0.6	1.0	21.7	14.2	17.2	30.0	30.1	28.0	42.9	55.1	53.9	0.0	0.0	0.0			
Total	387	157,605	100.0	11,232	2.3	0.3	0.3	10.4	9.3	6.4	18.6	16.8	19.5	68.7	73.6	73.8	0.0	0.0	0.0			

Source: 2015 ACS Census; 01/01/2017 - 12/31/2018 Bank Data, 2017 HMDA Aggregate Data, "--" data not available.
Due to rounding, totals may not equal 100.0.

Table P: Assessment Area Distribution of Home Mortgage Loans by Income Category of the Borrower																			2016		
Assessment Area:	Total Home Mortgage Loans				Low-Income Borrowers			Moderate-Income Borrowers			Middle-Income Borrowers			Upper-Income Borrowers			Not Available-Income Borrowers				
	#	\$	% of Total	Overall Market	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate		
FNB Southlake	187	86,007	58.3	9,442	8.0	0.0	0.6	8.8	0.0	2.5	12.8	5.9	8.5	70.3	93.6	76.9	0.0	0.5	11.5		
FNB Wichita Falls	134	14,893	41.7	3,608	20.1	6.0	5.2	17.4	16.4	11.2	22.7	17.2	18.3	39.8	50.0	38.7	0.0	10.4	26.5		
Total	321	100,900	100.0	13,050	13.6	2.5	1.8	12.8	6.9	4.9	17.4	10.6	11.2	56.2	75.4	66.4	0.0	4.7	15.7		

Source: 2010 U.S Census; 01/01/2016 - 12/31/2016 Bank Data, 2016 HMDA Aggregate Data, "--" data not available.
Due to rounding, totals may not equal 100.0.

Table P: Assessment Area Distribution of Home Mortgage Loans by Income Category of the Borrower																			2017-18		
Assessment Area:	Total Home Mortgage Loans				Low-Income Borrowers			Moderate-Income Borrowers			Middle-Income Borrowers			Upper-Income Borrowers			Not Available-Income Borrowers				
	#	\$	% of Total	Overall Market	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate		
FNB Southlake	211	135,643	117.2	7,921	8.8	0.5	0.8	7.8	1.4	2.4	12.1	6.2	9.5	71.3	91.0	76.8	0.0	0.9	10.6		
FNB Wichita Falls	176	21,962	45.5	3,311	21.8	5.7	4.9	16.6	20.5	11.8	20.6	17.6	20.4	41.0	47.7	36.6	0.0	8.5	26.3		
Total	387	157,605	100.0	11,232	14.4	2.8	2.0	11.6	10.1	5.1	15.7	11.4	12.7	58.4	71.3	64.9	0.0	4.4	15.2		

Source: 2015 ACS Census; 01/01/2017 - 12/31/2018 Bank Data, 2017 HMDA Aggregate Data, "--" data not available.
Due to rounding, totals may not equal 100.0.

Table Q: Assessment Area Distribution of Loans to Small Businesses by Income Category of the Geography													2016	
Assessment Area:	Total Loans to Small Businesses			Low-Income Tracts		Moderate-Income Tracts		Middle-Income Tracts		Upper-Income Tracts		Not Available-Income Tracts		
	#	\$	% of Total	% Businesses	% Bank Loans	% Businesses	% Bank Loans	% Businesses	% Bank Loans	% Businesses	% Bank Loans	% Businesses	% Bank Loans	
FNB Southlake	15	7,327,630	100	0.0	0.0	0.0	0.0	26.9	26.7	71.9	73.3	1.2	0.0	
FNB Wichita Falls	20	1,028,015	100	4.2	5.0	24.6	15.0	30.8	30.0	40.3	50.0	0.1	0.0	
Total	35	8,355,645	100	1.2	2.9	7.0	17.1	28.0	17.1	62.9	62.9	0.9	0.0	

Source: 2016 D&B Data; 01/01/2016 - 12/31/2016 Bank Data; "--" data not available.
Due to rounding, totals may not equal 100.0.

Table Q: Assessment Area Distribution of Loans to Small Businesses by Income Category of the Geography																	2017-18		
Assessment Area:	Total Loans to Small Businesses				Low-Income Tracts			Moderate-Income Tracts			Middle-Income Tracts			Upper-Income Tracts			Not Available-Income Tracts		
	#	\$	% of Total	Overall Market	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate
FNB Southlake	40	27,209,181	100	6,581	0.0	0.0	0.0	12.8	17.5	15.5	9.5	2.5	8.7	76.9	80	75.3	0.9	0.0	0.5
FNB Wichita Falls	40	8,676,578	100	1,572	4.6	5.0	4.3	31.4	27.5	33.0	20.0	20	17.4	43.8	47.5	45.0	0.1	0.0	0.3
Total	80	35,885,759	100	8,153	1.2	3.3	0.8	17.5	22.5	18.9	12.2	11.25	10.4	68.4	63.75	69.5	0.7	0.0	0.4

Source: 2018 D&B Data; 01/01/2017 - 12/31/2018 Bank Data; 2017 CRA Aggregate Data, "--" data not available.
Due to rounding, totals may not equal 100.0.

Table R: Assessment Area Distribution of Loans to Small Businesses by Gross Annual Revenues											2016	
Assessment Area:	Total Loans to Small Businesses				Businesses with Revenues <= 1MM			Businesses with Revenues > 1MM		Businesses with Revenues Not Available		
	#	\$	% of Total	Overall Market	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	% Businesses	% Bank Loans	
FNB Southlake	15	7,327,630	100	--	85.7	66.7	--	4.5	33.3	9.8	0.0	
FNB Wichita Falls	20	1,028,015	100	--	79.6	60.0	--	6.0	40.0	14.4	0.0	
Total	35	8,355,645	100	--	83.9	62.9	--	4.9	37.1	11.1	0.0	
<i>Source: 2016 D&B Data; 01/01/2016 - 12/31/2016 Bank Data; "--" data not available. Due to rounding, totals may not equal 100.0.</i>												

Table R: Assessment Area Distribution of Loans to Small Businesses by Gross Annual Revenues											2017-18	
Assessment Area:	Total Loans to Small Businesses				Businesses with Revenues <= 1MM			Businesses with Revenues > 1MM		Businesses with Revenues Not Available		
	#	\$	% of Total	Overall Market	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	% Businesses	% Bank Loans	
FNB Southlake	40	27,209,181	100	6,581	86.4	50.0	48.4	4.3	50.0	9.3	0.0	
FNB Wichita Falls	40	8,676,578	100	1,572	79.2	77.5	44.3	6.2	22.5	14.6	0.0	
Total	80	35,885,759	100	8,153	84.5	63.75	47.6	4.8	36.25	10.7	0.0	
<i>Source: 2018 D&B Data; 01/01/2017 - 12/31/2018 Bank Data; 2017 CRA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0.</i>												