



**LARGE BANK**

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Comptroller of the Currency  
Administrator of National Banks

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Washington, DC 20219

## **PUBLIC DISCLOSURE**

January 11, 2010

### **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

Amarillo National Bank  
Charter Number: 14206

400 South Taylor, Plaza One  
Amarillo, TX 79101-0000

Office of the Comptroller of the Currency

LUBBOCK (WEST TEXAS) Field Office  
5225 South Loop 289 Suite 108  
Lubbock, TX. 79424-1319

**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 **Outstanding**.

The following table indicates the performance level of Amarillo National Bank (ANB) with respect to the Lending, Investment, and Service Tests:

Performance Levels	Amarillo National Bank Performance Tests		
	Lending Test*	Investment Test	Service Test
Outstanding	X		X
High Satisfactory		X	
Low Satisfactory			
Needs to Improve			
Substantial Noncompliance			

\* The Lending Test is weighted more heavily than the Investment and Service Tests when arriving at an overall rating.

The major factors that support this rating include:

- The bank’s excellent responsiveness to identified community development (CD) lending needs has a positive impact. The bank made qualified CD loans during the evaluation period totaling \$432 million, equal to 16 percent of average total assets as of the examination date.
- Geographic distribution for small business loans is good, and borrower distribution is good when the loan size is considered as representative of the lending to small businesses. The volume of lending to small businesses is weighted more heavily when arriving at a rating.
- Lending for home purchase and for home mortgage refinance makes up the majority of residential lending. The bank’s performance for borrower distribution of home purchase loans to moderate- income borrowers is excellent, and lending in both low- and moderate-income tracts is near the bank’s overall market share for these loans. The borrower distribution for home mortgage refinance loans is adequate for moderate-income borrowers, and loans to borrowers in both low- and moderate-income areas exceed the bank’s overall market share for these loans.
- The bank’s lending for home improvement purposes helps to meet the need for affordable housing in low- and moderate-income tracts, and the bank’s performance in moderate-income tracts is excellent. The percentage of the bank’s loans in both low- and moderate-income geographies exceeds the percentage of owner occupied housing in those geographies. Also, the borrower income distribution for home improvement lending is excellent as the bank’s market share in each of these geographies exceeds the bank’s overall market share for home improvement loans.

- The volume of qualified CD investments, grants, and donations reflects a very good response to identified CD needs. The bank received consideration for qualified investments totaling \$9.1 million, or 3.6 percent of Tier 1 capital. This amount includes donations, grants, and investments made during this evaluation period and the investments outstanding from the prior evaluation period.
- Retail delivery services and CD services are excellent. The distribution of branches and ATMs in low-income geographies exceeds the percentage of the population in those geographies. Service activities demonstrate the bank's strong commitment to serve the needs of the community by contributing technical financial expertise and services of bank management and staff.

## Definitions and Common Abbreviations

The following terms and abbreviations are used throughout 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. A bank subsidiary is controlled by the bank and is, therefore, an affiliate.

**Aggregate Lending:** The number of loans originated and purchased by all reporting lenders in specified income categories as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the MA/assessment area (AA).

**Census Tract (CT):** A small subdivision of metropolitan and other densely populated counties. Census tract boundaries do not cross county lines; however, they may cross the boundaries of metropolitan areas. Census tracts usually have between 2,500 and 8,000 persons, and their physical size varies widely depending upon population density. Census tracts are designed to be homogeneous with respect to population characteristics, economic status, and living conditions to allow for statistical comparisons.

**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 the size eligibility standards of the Small Business Administration's Development Company or Small Business Investment Company programs (13 CFR 121.301) or have gross annual revenues of \$1 million or less; or, activities that revitalize or stabilize low- or moderate-income geographies.

Effective September 1, 2005, the Board of Governors of the Federal Reserve System, Office of the Comptroller of the Currency, and the Federal Deposit Insurance Corporation have adopted the following additional language as part of the revitalize or stabilize definition of CD. Activities that revitalize or stabilize-

- (i) Low- or moderate-income geographies;
- (ii) Designated disaster areas; or
- (iii) Distressed or underserved nonmetropolitan middle-income geographies designated by the Board, Federal Deposit Insurance Corporation, and Office of the Comptroller of the Currency, based on-
  - a. Rates of poverty, unemployment, and population loss; or
  - b. Population size, density, and dispersion. Activities that revitalize and stabilize geographies designated based on population size, density, and dispersion if they help to meet essential community needs, including needs of low- and moderate-income individuals.

**Community Reinvestment Act (CRA):** The statute that requires the OCC to evaluate a bank's record of meeting the credit needs of its local community, 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, home equity 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 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 do 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 applications, the amount of loan requested, and the disposition of the application (e.g., approved, denied, and withdrawn). Beginning in 2004, the reports also include additional data on loan pricing, the lien status of the collateral, any requests for preapproval and loans for manufactured housing.

**Home Mortgage Loans:** Such loans include home purchase, home improvement and refinancings, as defined in the HMDA regulation. These include loans for multifamily (five or more families) dwellings, manufactured housing and one-to-four family dwellings other than manufactured housing.

**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 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 income that is less than 50 percent of the area median income, or a median family income that is less than 50 percent, in the case of a geography.

**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 MA/AA.

**Median Family Income (MFI):** The median income determined by the U.S. Census Bureau every ten years and used to determine the income level category of geographies. Also, the median income determined by the Department of Housing and Urban Development 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 it and half below it.

**Metropolitan Area (MA):** Any metropolitan statistical area or metropolitan division, as defined by the Office of Management and Budget and any other area designated as such by the appropriate federal financial supervisory agency.

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

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

**Other Products:** Includes any unreported optional category of loans for which the institution collects and maintains data for consideration during a CRA examination. Examples of such activity include consumer loans and other loan data an institution may provide concerning its lending performance.

**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 CD.

**Rated Area:** A rated area is a state or multi-state metropolitan 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 area, the institution will receive a rating for the multi-state metropolitan 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) and the Thrift Financial Reporting (TFR) 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.

## Description of Institution

ANB is a full-service, intra-state community bank, which is family owned with headquarters in Amarillo, Texas. It is the largest community bank in the Texas Panhandle. ANB is a wholly owned subsidiary of Amarillo National Bancorp, Inc., which is a one-bank holding company. As of the examination date of September 30, 2009, the bank reported assets of \$2.62 billion and Tier 1 capital of \$250 million, representing 9.53 percent of total assets. ANB has 12 full-service branches, 4 limited-service branches, 93 ATMs, and 2 loan production offices.

The bank, through its branches, offers a variety of standard loan and deposit products. The bank originates residential and commercial real estate mortgages, construction loans, commercial loans, agricultural, and consumer loans. ANB has also added lending products, including small dollar loans, to help meet the need for small loans to businesses. The bank's average loan-to-deposit ratio since the last examination is 89.05 percent. As of the examination date, total loans were \$1.74 billion with the following composition: commercial 39.51 percent, consumer 28.01 percent, agricultural 18.03 percent, residential real estate 11.50 percent, and commercial real estate 2.95 percent. ANB originates a large volume of residential loans and sells them in the secondary market.

Management's philosophy is to serve the commercial and consumer needs of its customers located in the AAs. The strategy is to remain the dominant market leader while building and cultivating long-term relationships with customers. Approximately 95.62 percent of ANB's total deposits and 95.45 percent of total CRA/HMDA reportable loans are attributable to Amarillo branches. The remainder were originated in the branch in the Hutchinson County AA. ANB also offers alternative delivery channels for customer access including remote deposit capture, Internet banking, bank-by-phone, and stored value cards.

The bank has identified two AAs. They include all the areas where the bank has offices. The Potter-Randall Counties AA is one of the AAs. Its two contiguous counties comprise a portion of the Amarillo MSA, and the combined area consists of 59 census tracts. Most of the population for the AA is concentrated in the City of Amarillo. Another city included in this AA is Canyon, Texas. Hutchinson County, the bank's second AA, has seven census tracts with Borger, Texas being the largest city. Both of the AAs include whole geographies, and no low- or moderate-income geographies have been arbitrarily excluded. There are no legal or financial impediments hindering ANB's ability to meet the credit, investment, and service needs of its AAs. The bank has not been involved in any mergers or acquisitions since the prior examination.

The last evaluation of ANB's CRA performance as of June 30, 2005 resulted in an "Outstanding" rating. A review of the bank's CRA Public File and OCC records did not identify any complaints relating to CRA performance since the prior evaluation.

## Scope of the Evaluation

### Evaluation Period/Products Evaluated

This Performance Evaluation is based on the bank's performance since the last evaluation in November, 2005 through December, 2009. The bank's performance will be related to the data from the 2000 Census. For the facts and data used, please refer to Appendix B: Market Profiles for Full-Scope Areas.

Conclusions regarding the Lending Test are based on HMDA reportable loans and small business loans from the 2006, 2007, 2008, and 2009 periods. For CD loans and the Investment and Service Tests, the evaluation period starts from the ending date of the last CRA evaluation period to the start date of the current CRA examination. This evaluation period is November 3, 2005 through January 11, 2010.

### Data Integrity

We performed a data integrity review in September, 2009 to determine the accuracy of the loan data provided by the bank for use at this evaluation. Included in the review were samples of HMDA loans made by the bank from January 2006 through September 2009 and CRA small business/small farm loans made from January 2006 through September 2009. Information reported on HMDA and CRA loan data was determined to be substantially accurate. We also verified data regarding CD loans, qualified community debt or equity investments, qualified donations, and qualified CD services provided by the bank. Our review ensured that submitted CD investments and services met the definition for CD in the regulation.

### Selection of Areas for Full-Scope Review

As previously identified, ANB has designated two AAs, the Potter-Randall Counties AA and the Hutchinson County AA. For this evaluation period, we performed a full-scope review for the Potter-Randall Counties AA. This is the AA in which the bank maintains a substantial share of its business. ANB identified 95.6 percent of deposits and 95.5 percent of CRA/HMDA reportable loans as attributable to the Potter-Randall Counties AA. A limited-scope review was conducted for the Hutchinson County AA due to the significantly lower volume of loans and deposits located there. Please see the table in Appendix A: Scope of the Examination for additional information.

### Ratings

Our overall rating for the bank is primarily based on the area that received a full-scope review. Small business lending carried more weight in the overall conclusions than mortgage products since the bank's primary focus is commercial lending. However, home purchase lending, home improvement, and home refinance were given more weight than multi-family loans and small farm loans based on the limited volume of those types of loans.

### Other

During this examination, we conducted two community contacts. Our purpose of the contacts was to discuss credit needs and CD opportunities in the bank's full-scope AA. These contacts included discussion with a Community Development Financial Institution (CDFI), which provides financing for small start-up businesses, and with a municipal housing authority. The community contacts noted the need for funding of small businesses and the need for

additional, decent and affordable housing for low- or moderate-income families. One contact stressed the importance of local bank participation in ensuring a high level of participation by other local organizations and businesses in meeting the CD needs of the AA. Both of the contacts noted significant participation by ANB personnel and management in helping to meet CD needs.

## **Fair Lending or Other Illegal Credit Practices Review**

ANB has a satisfactory record of complying with fair lending laws relating to discrimination and other illegal credit practices. We found no evidence of discriminatory or other illegal credit practices inconsistent with helping to meet community credit needs.

## Conclusions with Respect to Performance Tests

### LENDING TEST

#### Conclusions for Areas Receiving Full-Scope Reviews

The bank's performance under the Lending Test is rated "Outstanding." Based on a full-scope review, the bank's performance in the Potter-Randall Counties AA is excellent.

#### Lending Activity

Please refer to Table 1: Lending Volume in Appendix C for the facts and data used to evaluate the bank's lending activity.

The bank's overall lending activity during this evaluation period is excellent. The loan to deposit ratio for the period is strong. This reflects the practice of lending to meet the credit needs of the community. The bank's primary lending products are small loans to businesses followed by home mortgage loans. The bank is ranked number one for market share of both HMDA and small business loans.

Our evaluation is focused on lending performance in the full-scope AAs for small business loan and home mortgage loan products, with an emphasis on small loans to businesses. Small business lending comprises approximately 43 percent of lending in the bank's AAs, and over 98 percent of those loans are located in the Potter-Randall Counties AA. Over 90 percent of the home mortgage loans are in the full-scope AA. The volume of small farm loans and multifamily loans is less significant; therefore, an analysis of these loans was not performed.

ANB ranks first for deposit market share. The bank has averaged 89.05 percent loan-to-deposit ratio since the prior CRA evaluation in 2005. Based on FFIEC CRA Data, ANB ranked first in the Potter-Randall Counties AA for small business lending.

ANB's market share for home purchase, home improvement, and home refinance loans is 19.94 percent, 51.74 percent, 19.96 percent, respectively. Based on HMDA Peer Mortgage Data, ANB ranked first in all residential loan products listed.

Based on 2008 data, ANB had the largest number and dollar of loans to small businesses, including those with revenues of \$1 million or less, of all lenders in the Potter-Randall Counties AA. This reflects the excellent performance by ANB for these loans.

This level of lending for these products is excellent considering the size of the bank and the performance context.

#### Distribution of Loans by Income Level of the Geography

ANB's overall distribution of loans by income level of geographies is good for home mortgage loans. Though the loans in low- and moderate-income geographies for home purchase and for home mortgage refinance are below the number of owner occupied units, the bank's market share for both of these products exceeds the overall market share for the loans. Geographic

lending for home improvement purposes exceeds the percentage of owner occupied housing units in both the low- and moderate-income tracts. Geographic performance for small business loans is reported as adequate considering the market share of these loans in low- and moderate-income tracts.

### ***Home Mortgage Loans***

Tables 2, 3, 4, and 5 in Appendix C provide the facts and data used to evaluate the geographic distribution of the bank's home mortgage loan originations and purchases. Multifamily loan volume is not significant and was excluded from our analysis.

Geographic distribution for home mortgage lending is excellent when considering the market share and performance context factors. There are factors that limit home purchase and home mortgage refinance lending opportunities in the low- and moderate-income geographies in the Potter-Randall Counties AA such as the low percentage, only 1.25 percent, of owner occupied units in low-income areas. Also, our contacts indicated that nontraditional or owner financing is common; thus the bank does not have the opportunity to make those loans. Though home purchase and home mortgage refinance loans in moderate-income tracts reflect adequate performance in comparison to the number of owner occupied units, market share performance for these products is excellent. The excellent geographic performance for home improvement loans is reflective of ANB's efforts to meet housing needs in the low- and moderate-income geographies.

### Home Purchase Loans

ANB's geographic distribution of home purchase loans during the evaluation period is near to the level of owner occupied units in low- or moderate-income tracts. Only 1.25 percent of the owner-occupied units are located in low-income tracts, impacting significantly the ability to lend in the low-income tracts. Geographic performance in moderate-income tracts is adequate based on the comparison with the percentage of owner occupied units. However, ANB's market share of home purchase lending is good at 21.05 and 20.08 percent in low- and moderate-income tracts, respectively. This is compared to an overall market share of 19.94 percent.

### Home Improvement Loans

ANB's geographic distribution of home improvement loans is excellent for moderate-income tracts and exceeds the demographic comparator in the low-income tracts. The market share of loans in low- to moderate-income geographies exceeds the bank's overall market share of home improvement loans in the Potter-Randall Counties AA. This reflects the bank's lending to improve homes in these tracts.

### Home Mortgage Refinance Loans

Geographic distribution for home mortgage refinance loans is good. There are fewer owner occupied units in the low-income tracts, and this hampers lending in those tracts. ANB's market share for those tracts is significantly above the overall market share for these loans. In comparison with the percentage of owner occupied units in the moderate-income tracts, the

performance is adequate, but again the market share for moderate-income tracts is also above the overall market share.

### ***Small Loans to Businesses***

Please refer to Table 6 in Appendix C for the facts and data used to evaluate the geographic distribution of the bank's origination/purchase of small loans to businesses.

The geographic distribution of ANB's small loans to businesses, based on the data reported, is adequate. During 2006-2009, the distribution of small loans to businesses is less than the level of businesses in low- and moderate-income geographies. ANB's market share in the low- and moderate-income tracts is also reported below the bank's overall market share. The report data reflects the volume of loans to used automobile dealers located in the middle- and upper-income tracts of the AA. Several of the dealerships for used vehicles are located in middle- and upper-income tracts, and one dealership has locations in both a moderate- and an upper-income tract. We noted that approximately 6,000 of the loans for financing used vehicles are reported as individual credits rather than a single line for each of the six dealers, resulting in higher volumes of loans reported in the tracts where the dealers are located than are actually made in those tracts. When the distribution of loans in low- and moderate-income tracts is calculated based on the lower loan volume, geographic distribution of bank loans in low- and moderate-income tracts is much higher than reported.

### ***Lending Gap Analysis***

Our review of the geographic distribution of loans did not detect any conspicuous or unexplained gaps in ANB's lending patterns in the AA. Loans were made to borrowers in all the low- and moderate-income tracts, based on the distribution reports we reviewed.

### ***Inside/Outside Ratio***

We performed an analysis of ANB's lending, within its AAs, at the bank level. ANB originated a substantial majority of its small loans to businesses within the AA, reflecting excellent performance. For small businesses, 93.2 percent of loans originated during the evaluation period were within the bank's AA. A majority of home mortgage products, 69.24 percent of all loan originations, were within the bank's AAs. This strong performance had a positive impact on the overall conclusion of good geographic distribution of lending by income level of geography.

### ***Distribution of Loans by Income Level of the Borrower***

ANB's overall distribution of lending by income levels of the borrower is good. As the primary loan product at this evaluation, more weight is given to the level of lending for small business loans, and, based on our review, over 95 percent of those loans are originated at \$500 thousand or less. This is an indication of the volume of loans the bank made to small businesses. The lending for home loans also shows good to excellent performance depending on the product, and the bank's market share of lending to low- or moderate-income borrowers for these products exceeds or is near to the overall market share for the products.

## ***Home Mortgage Loans***

Refer to Tables 8, 9, and 10 in Appendix C for the facts and data used to evaluate the borrower distribution of the bank's home mortgage loan originations and purchases.

ANB's borrower distribution for home mortgage lending is good. The median cost of housing in the AA is \$75,771, while the HUD updated median family income for 2009 was \$55,300. A low-income individual earns less than \$27,650, making it very difficult to qualify for a home mortgage loan. It is somewhat easier for a moderate-income individual to qualify as they earn at least \$27,650 but less than \$44,240. This is reflected in the bank's good to excellent lending distribution to the moderate-income borrowers for each product.

## Home Purchase Loans

Borrower distribution for home purchase loans is good. For 2006-2009, the percentage of home purchase loans to low-income borrowers is lower than the percentage of low-income families in the AA. However, the percentage of loans to moderate-income borrowers exceeds the level of moderate-income families in the AA. Approximately 19.97 percent of families in the AA are low-income, and demographic sources state that 14 percent of families live below the poverty level. It is very difficult for families living below the poverty level to qualify for home purchase mortgages, making it more difficult for the bank to make home purchase loans to these families. Data shows that 18.66 percent of families are moderate-income. As stated, the percentage of loans to moderate-income families exceeds the percentage of moderate-income families, reflecting excellent performance. The bank's market share for low- and moderate-income loans is near the overall market share, reflecting good performance.

## Home Improvement Loans

Borrower distribution of home improvement lending is excellent when considering the affordability of housing in the AA as described above. For 2006-2009, the percentage of home improvement loans to low-income borrowers is near the percentage of low-income families in the AA. Also, the percentage of home improvement loans to moderate-income borrowers exceeds the percentage of moderate-income families in the AA. ANB's market share for low- and moderate-income borrowers significantly exceeds the overall market share of home improvement loans.

## Home Mortgage Refinance Loans

Borrower distribution of home mortgage refinance loans is adequate considering performance context issues previously discussed. For 2006-2009, the percentage of home purchase loans to low-income borrowers is significantly lower than the percentage of low-income families in the AA. However, as noted, with 14 percent of families living below the poverty level, lending is made more difficult. ANB's market share in low-income tracts exceeds the level of lending for this product, resulting in a good level of penetration. Also, the percentage of loans to moderate-income borrowers is lower than the level of moderate-income families in the AA. However, ANB's market share of home mortgage refinance loans to low- and moderate-income borrowers exceeds the overall market share and is considered adequate.

### ***Small Loans to Businesses***

Please refer to Table 11 in Appendix C for the facts and data used to evaluate the borrower distribution of the bank's origination/purchase of small loans to businesses.

The borrower distribution of small loans to businesses is good given the method of inventory financing for motor vehicle loans. ANB finances dealer inventory on a note-by-note basis which increases the total number of loans originated. Most of the dealers the bank finances have revenues greater than \$1 million. When these dealer loans are removed, the borrower distribution performance improves. The distribution of loans by size shows that most of the originations (70.55 percent) are for \$100 thousand or less, which reflects favorably on the bank's level of small loans to businesses.

### **Community Development Lending**

ANB's CD lending reflects an excellent level of responsiveness to the community development needs of the area, and it reflects positively on the bank's lending performance rating. ANB is responsive to CD lending needs both inside and outside the bank's AAs. Over the assessment period, the bank granted 281 extensions of credit that qualified as CD loans. These loans totaled a dollar volume of \$432 million, including renewals from prior years. This total dollar volume of CD loans represents 16 percent of ANB's average assets and 1.7 times ANB's equity capital. In dollars, CD lending is more than three and half times the dollar volume of the prior evaluation.

CD lending was reviewed and evaluated initially on ANB's activities in the Potter-Randall Counties AA and the Hutchinson County AA. For facts and data used to evaluate the level of CD lending in the AAs, please refer to Appendix C, Table 1 – Lending Volume. ANB's CD loans address all aspects of CD lending including affordable housing, community services, economic development, and revitalization and stabilization. The majority of the loans were centered in affordable housing in the AAs and revitalization and stabilization in geographies outside the AAs.

ANB made 96 CD loans totaling \$92 million for CD purposes in the Potter-Randall Counties AA and the Hutchinson County AA. Affordable housing loans total \$32 million and comprise 34.8 percent of all CD lending. AA revitalization and stabilization activities account for 55.8 percent of CD activities, while community service and economic development loans are 9.4 percent of the CD loans. These loans are made to entities that serve the needs of low- or moderate-income persons in the AA. These reflect a reasonable level of CD in the bank's AA.

Revitalization and stabilization activities have been centered in low- to moderate-income census tracts within ANB's AAs. ANB also extended credit to non-profit agencies for the construction of facilities that provided jobs and services for the community.

- ANB originated \$46 million over the evaluation period for the construction and permanent financing of an assisted living facility located in a moderate-income tract, helping to stabilize that tract.

- ANB originated \$2 million to a non-profit agency to convert a historic building, located in a low- to moderate-income area, into a hotel. The hotel will aid in revitalizing the community as well as providing jobs for low- to moderate-income individuals.

ANB has identified affordable housing as a critical need within in the AAs. To address this need, ANB has provided lending support to six non-profit agencies, two of which are primary community housing development organizations (CHDO) in the City of Amarillo: Catholic Family Services and Habitat for Humanity. The loans totaling \$32 million to these agencies and others provide a number of housing units to low- to moderate-income individuals and families.

In addition to loans made to the CHDOs, CD lending for affordable housing in the AA is further demonstrated by the following loans:

- ANB originated \$4 million for a non-profit organization that operates a facility which provides a residence for children. All basic needs are provided to include housing, school facilities, medical treatment, and transportation.
- ANB originated \$2 million for a full-care facility for low- to moderate-income children. The organization provides a home for abused, neglected, and orphaned children.

Community service activities were supported by credits provided by ANB including the following:

- Over the assessment period, ANB has reached out to a number of entities that offer various programs to meet community service needs. ANB originated a total of \$1.1 million in loans that provided community services to low- and moderate-income persons. This includes \$540 thousand to two nonprofit agencies which operate job training centers for low- to moderate-income individuals with disabilities.

Revitalization and stabilization efforts are noted both inside and outside the bank's AAs. Those efforts have been especially favorable outside of the AAs. The majority of loans outside the AAs are for dairy producers which have opened start up facilities over the last five years in distressed and underserved counties, generally to the south of the bank's AAs. The CD purpose of these loans is to provide financing for businesses that revitalize or stabilize the area by promoting economic development through job creation and retention for low- to moderate-income individuals. This resulted in 180 loans over the period for a total of \$337 million in financing to borrowers in distressed and/or under served middle-income areas.

### **Product Innovation and Flexibility**

Product innovation and flexibility had a positive impact on the Lending Test conclusion. ANB participated in two innovative lending practices during the evaluation period.

Since January 2008, ANB has participated in the Federal Deposit Insurance Corporation's (FDIC) Small Dollar Loan Project, though ANB was already involved in making these small dollar loans prior to the inception of the FDIC program. Small dollar loans are loans up to \$2,500. These loans are not reflected in the lending charts for the bank as consumer lending is not detailed in those charts. Reporting on this project ended June 30, 2009. As of that reporting date, the bank had 1,849 of these loans with \$2.3 million principal balance

outstanding. Rates on these loans are at an average of 13.54 percent, making these loans a more affordable option for low- or moderate-income borrowers than other available options such as pay day loans or other sub-prime loan products.

The Green Card Through Investment (GCTI) program is sponsored by the United States Citizenship and Immigration Services. The program allows entrepreneurs to obtain a green card by investing a minimum of \$500 thousand in an area that has high unemployment or is in a rural area. Primary purposes of the program are job creation and preservation. These business enterprises have aided in the revitalization and stabilization efforts of several distressed and underserved counties. ANB made a number of dairy loans, which are identified in the CD section of this report, to borrowers who were able to participate in this GCTI program and who have established businesses in distressed middle-income tracts, helping to stabilize the economy in those areas.

### **Conclusions for Areas Receiving Limited-Scope Reviews**

Based on limited-scope reviews, the bank's performance under the Lending Test in the Hutchinson County AA is not inconsistent with the bank's overall "Outstanding" performance under the Lending Test. Refer to Tables 1 through 13 in Appendix C for the facts and data that support these conclusions.

## INVESTMENT TEST

### Conclusions for Areas Receiving Full-Scope Reviews

ANB's performance under the Investment Test is rated "High Satisfactory." The full-scope review of the Potter-Randall Counties AA reflects performance regarding community involvement and management's responsiveness to the area's needs. Table 14 lists the facts and data used to evaluate the number and amount of qualified investments.

The bank's volume of qualified investments is good given the geographic size of the AA, CD opportunities, and the bank's size and capacity. During the evaluation period, ANB made equity investments, grants, in-kind donations, and donations. Qualified investments in the AA totaled \$9 million, which represents 3.6 percent of Tier 1 capital. The bank had individual contributions and donations totaling \$1.2 million. ANB had \$7.71 million in prior period, long-term, equity investments which were still outstanding at the end of the current evaluation period, and \$100 thousand in current period equity investments.

#### *Equity Investment*

In 2008, ANB invested \$100,000 in Equitrend Capital LLC, a CDFI. The organization was established to provide funding for small, start-up businesses. The equity provided to these ventures allows for growth during their early years. Seed money for the CDFI came primarily from ANB and another local financial institution. Equitrend Capital serves the needs of businesses in the 26 counties of the Texas Panhandle, including both of ANB's AAs.

#### *Grants, Contributions, and Donations*

ANB's contributions and donations to a large number of local organizations and groups have helped to provide a wide variety of community services to the low- and moderate-income people in the Potter-Randall Counties AA. The following information provides details of the activities and funding provided.

##### Amarillo Area Foundation – \$289,000

ANB's investment in this community foundation provides grants to charitable organizations that meet the community service needs of Amarillo and the surrounding area. Many grants are targeted to social service needs for low- to moderate-income people such as temporary housing, child care, or job training. A portion of the investment (\$50,000) funded the ACE program at Caprock High School where 54 percent of students are economically disadvantaged. Due to the success of the program, it was expanded to Palo Duro High School. Previously, both schools were targeted by the school district for closure due to poor attendance and low standardized test scores of the students. Incentives, including college funding for students from low- or moderate-income families, were provided to motivate students to improve grades and attendance. Through this collaboration with the school district, both high schools were able to remain open to serve the students of their neighborhoods. In addition to assistance to the schools, funding through Amarillo Area Foundation provides for after-school care through the Maverick Club, which serves low- to moderate-income children.

Amarillo College Foundation – \$94,000

ANB initiated the Amarillo National Bank Adult Student Fund to provide training and education to low- to moderate-income adults, enabling them to pursue positions in medically-related services, offices, and other non-trade businesses. Applicants must be low- to moderate-income adults living within the AA in a low- to moderate-income area. This investment provides funding for job training to these adults who could not otherwise receive the training. These students are generally employed within the AA following their training.

Amarillo Habitat for Humanity – \$90,375

Habitat for Humanity provides safe, affordable housing for low- to moderate-income individuals. The bank donated materials, furnishings and equipment; invested in the remodeling of a restaurant basement which was transformed into affordable housing; and also made an in-kind investment of furniture. Sales from a local Habitat for Humanity affiliated thrift store, Restore, provide funds for operating expenses, making it virtually self-sustaining. The bank provided funding to prepare the store for opening. ANB also provided funding for the organization's financial education courses.

**Conclusions for Area Receiving Limited-Scope Reviews**

Based on limited-scope reviews, ANB's performance under the Investment Test in the Hutchinson County AA is smaller and less pronounced than what ANB's overall "High Satisfactory" rating under the Investment Test reflects. Refer to Table 14 in Appendix C for the facts and data that support these conclusions.

ANB's qualified investments in Hutchinson County AA, a predominantly rural and upper-income community, were lower than in the Potter-Randall Counties AA. Lower performance did not affect the overall rating, however. Opportunities for direct investment are limited, and the needs of low- to moderate-income individuals have not been neglected. A large portion of ANB's donations and contributions were to agencies and organizations serving the entire Texas Panhandle region, including Hutchinson County.

## SERVICE TEST

### Conclusions for Areas Receiving Full-Scope Reviews

The bank's performance under the Service Test is rated "Outstanding." The bank's performance in the Potter-Randall Counties AA is excellent. The rating is primarily based on the geographic distribution of full-service banking offices and ATMs, and the strong commitment to CD services in the Potter-Randall Counties AA.

#### ***Branch Delivery System and Branch Opening and Closings***

The primary distribution systems for banking products are full-service banking offices. These offices are readily accessible to all income geographies and individuals. Please see Table 15 – Distribution of Branch Delivery System. As of December 2009, 93 proprietary ATMs supplement the 11 full-services branches. ANB opened a new full-service branch in a moderate-income census tract, and 24 ATMs have opened since the last evaluation period.

Branch penetration is excellent when compared with the percentage of the Potter-Randall Counties AA population in each income level. Forty-five percent of the bank's branches are located in low- and moderate-income census tracts, compared to 32.07 percent of the population residing in low and moderate-income geographies. ANB has 1 branch, 1 drive-up bank, and 4 ATMs located in a low-income geography. Four branches and 33 ATMs are located in moderate-income geographies.

ANB has 11 full-service branches in Amarillo and one branch in Borger. The bank also has 3 drive-up facilities, 1 limited-services branch at Craig Methodist Retirement Center, and 2 loan production offices. Branch distribution includes 1 branch in a low-income tract, 5 branches in a moderate-income tract, 1 branch in a middle-income tract, and 4 branches in an upper-income tract. There are 89 ATMs in the Potter/Randall AA, 3 ATMs in Hutchinson County, and 1 in Pampa in Gray County. In December 2009, ANB added 2 more ATM's in a moderate-income tract. Alternative delivery systems that provide readily available access to banking products include ATM/Visa Check Cards, online banking, online bill pay, and telephone banking.

#### ***Reasonableness of Business Hours and Services***

Banking hours provide more than reasonable accessibility throughout the AA. In the Potter-Randall Counties AA, there are no material differences in the full-service branches regarding hours of operations and services available within different geographies. The bank has one full-service branch and one drive-up facility in a low-income census tract, the main branch downtown, and the downtown drive-up bank. Both locations have ATMs as well. All branch locations have standard banking hours Monday-Friday with extended evening hours on Friday. There are extended evening and weekend hours at the supermarket branch location, which is in a moderate-income census tract.

ANB offers specific loan products and services targeted to low- to moderate-income individuals or geographies and small businesses. Management is active in mortgage loan modification without Fannie Mae or other government assistance programs. The modification program is called Second Chance. The bank modified 22 loans since September 2008. The bank now boasts an aggressive small business department that provides a package service of deposit,

loan, and other bank services to small businesses. The small business team of lenders is active in the Entrepreneurial Alliance, Hispanic Chamber, and Small Business Development Center.

Low- and moderate-income individuals also have access to a minimum-balance checking account, which allows customers to maintain low-balance checking accounts with no minimum balance and no monthly service fee. Opening this type of account also allows customers access to bank products such as a check card and online banking.

## **Community Development Services**

During the evaluation period, ANB exhibited an excellent responsiveness to the CD service needs in the Potter-Randall Counties AA. The bank has met this need primarily by providing financial services that take advantage of bank employees' financial expertise. CD activities are responsive to the needs of low- and moderate-income individuals. Bank management and personnel have provided a total of 12,238 hours of CD service during the evaluation period in both AAs. The following activities were identified that were of high impact and demonstrated strong leadership by the bank in the AA.

### Hedley High School – Financial Education for High School Seniors

Hedley, Texas is located in Donley County, 74 miles southeast of Amarillo. Donley County is outside the bank's AA, but it is designated as an underserved, middle-income tract. Hedley High School Seniors and two sponsors visited the bank. The high school serves primarily low- to moderate-income families, with 69.8 percent identified as low- to moderate-income. They were shown the various departments of the bank to observe different types of banking careers, and ANB CRA Officer Lilia Escajeda provided an educational presentation on saving money, budgeting, identity theft, and credit. Amarillo is the nearest metropolitan area where many of these students will move after high school to attend college and find a job.

### River Road ISD/Rolling Hills Elementary School Savings Program

River Road ISD is located just north of the City of Amarillo. According to the Texas Education Agency report, River Road ISD is 50.7 percent economically disadvantaged. Rolling Hills Elementary is also 62.3 percent economically disadvantaged. The school savings program functions just like a bank with the intention of teaching financial literacy to students and their families. Fifth grade students serve as bankers and account holders. ANB employees train the students and oversee the functions of the program.

### Money Matters Coalition – Financial Literacy

The Money Matters Coalition started out as an outreach program by the Texas Agri-Life Extension Service and ANB. The initial program in 2005 and 2006 was called Dames and Dollars and targeted women and retirement planning. The committee later decided to provide basic information to underserved communities, not just women, and changed the name to Money Matters Coalition. In 2008 and 2009, the sessions were targeted to employers, Habitat for Humanity families and their future partners, Downtown Women's Center, Martha's Home, Cal Farley's Boys Ranch, and Kids Fest attendees - the majority of which are organizations serving low- or moderate-income persons.

### Panhandle Independent Living Center (PILC) – Fundraising

PILC provides individual and group instruction, which teaches skills necessary for independent living especially for youth transitioning from high school. Training includes interpersonal communication, financial management, living arrangements, nutrition and meal preparation, transportation, health care maintenance and more. PILC provides skills training and activities, employment assistance, peer counseling, and support. Most of the clients are recipients of Medicaid, Social Security income, or Social Security disability income benefits. ANB officers have served on the PILC Board of Directors and offer their expertise in various ways, including fundraising.

### **Conclusions for Areas Receiving Limited-Scope Reviews**

Based on limited-scope reviews, the bank's performance under the Service Test in the Hutchinson County AA is not inconsistent with the bank's overall "Outstanding" performance under the Service Test. The following activity was identified as having a high impact and demonstrating strong leadership by the bank in the AA.

### The Rainbow Room – Fundraising

The Rainbow Room is an emergency resource center available to Child Protective Services caseworkers. Stocked with all new items, The Rainbow Room provides necessities for children entering foster or relative care and children in their own homes who live below the poverty line. The Rainbow Room also provides caseworkers with additional resources, products, and support necessary to accomplish their jobs in meeting the needs of the children assigned to the program. Borger Bank employees have served as volunteers and fundraisers for The Rainbow Room. Currently, three employees serve on the Board of Directors and use their financial expertise for financial decisions and fundraising.

## 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 metropolitan and nonmetropolitan areas 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”).

<b>Time Period Reviewed</b>	Lending Test (excludes CD Loans): (01/01/2006 to 09/30/2009) Investment and Service Tests and CD Loans: (11/04/2005 to 01/11/2010)	
<b>Financial Institution</b>	<b>Products Reviewed</b>	
Amarillo National Bank (ANB) Amarillo, Texas	Small Loans to Businesses, Home Mortgages, CD Loans	
<b>Affiliate(s)</b>	<b>Affiliate Relationship</b>	<b>Products Reviewed</b>
N/A	N/A	N/A
<b>List of Assessment Areas and Type of Examination</b>		
<b>Assessment Area</b>	<b>Type of Exam</b>	<b>Other Information</b>
Potter-Randall Counties AA Hutchinson County AA	Full Scope Limited Scope	

## Appendix B: Market Profiles for Full-Scope Areas

### Potter-Randall Counties Assessment Area

Demographic Information for Full-Scope Area: (Name of MA or Nonmetropolitan Area)						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	59	5.08	30.51	37.29	27.12	0.00
Population by Geography	217,858	1.86	30.12	41.88	26.06	0.00
Owner-Occupied Housing by Geography	87,859	1.25	24.08	42.03	32.63	0.00
Businesses by Geography	17,621	10.11	27.07	35.96	26.86	0.00
Farms by Geography	640	7.03	10.94	45.94	36.09	0.00
Family Distribution by Income Level	56,502	19.97	18.66	21.71	39.65	0.00
Distribution of Low- and Moderate-Income Families throughout AA Geographies	21,830	2.95	44.68	37.97	14.41	0.00
Median Family Income	= \$46,120			Median Housing Value	= \$75,771	
HUD Adjusted Median Family Income for 2008	= \$53,900			Unemployment Rate	= 2.74%	
Households Below the Poverty Level	= 11,264					

(\*) The NA category consists of geographies that have not been assigned an income classification.  
 Source: 2000 U.S. Census, and 2008 HUD updated MFI.

This AA includes two counties of the Amarillo MSA, Potter and Randall Counties. When the MSA boundaries were changed in 2004, Armstrong and Carson Counties were combined with Potter and Randall to comprise the revised Amarillo MSA. ANB does not operate any branches within either Armstrong or Carson Counties; thus these counties are not included in the bank's primary AA. Amarillo and Canyon are the county seats of Potter and Randall Counties, respectively, and they are the largest cities in the two counties. The designation of these two counties as the bank's AA does not arbitrarily exclude any low- or moderate-income tracts.

ANB has 11 full-service branches in Amarillo and 1 branch in Borger providing a standard line of loan and deposit products as well as trust department services. The bank also has 3 drive-up facilities, 1 limited-service branch at Craig Methodist Retirement Center, and 2 loan production offices. Branch distribution includes 1 branch in a low-income tract, 5 branches in a moderate-income tract, 1 branch in a middle-income tract, and 4 branches in an upper-income tract. There are 89 ATMs in the Potter/Randall AA, 3 ATMs in Hutchinson County, and 1 in Pampa in Gray County. In December 2009, ANB added 2 more ATM's in a moderate-income tract. Alternative delivery systems that provide readily available access to banking products include ATM/Visa Check Cards, online banking, online bill pay, and telephone banking. ANB ranks first in deposit market share with 51.14 percent of deposits in the AA, based on the FDIC Summary of Deposits report for June 30, 2009.

The level of competition for loans, deposits, and investments in the AA continues to increase from large regional banks and smaller community banks which have branched into the AA. A number of local credit unions also provide competition to the banking institutions in the AA. The FDIC report shows that Happy State Bank (10 local offices) ranks second in the AA with 13.15 percent of deposits, and Bank of America (7 branches) ranks third with 7.54 percent of deposits.

The economy is diversified between agriculture (cattle, dairy, farming) and energy (wind, oil, gas). Government contract funding to Bell/Textron and Pantex is a strong economic factor. Medical services are prominent in the area with three hospitals and a pharmacy school. Bank-provided grants and the slowing economy have resulted in increased enrollments at both area colleges. Travel/tourism-related businesses along the Interstate-40 corridor have also remained steady. Unemployment is below the national average and is one of the lowest rates in Texas.

We conducted two community contacts in conjunction with this examination. We contacted the head of a local CDFI and the head of a municipal housing authority. The community contacts noted the need for capital funding of small businesses and the need for additional decent and affordable housing for low- or moderate-income families. One contact stressed the importance of local bank participation in projects for economic development to ensure a high level of participation by other local organizations and businesses.

## Appendix C: Tables of Performance Data

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### Content of Standardized 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 loans are treated as originations/purchases and market share is the number of loans originated and purchased by the bank as a percentage of the aggregate number of reportable loans originated and purchased by all lenders in the MA/AA; (2) Partially geocoded loans (loans where no census tract is provided) cannot be broken down by income geographies and, therefore, are only reflected in the Total Loans in Core Tables 2 through 7 and part of Table 13; and (3) Partially geocoded loans are included in the Total Loans and % Bank Loans Column in Core Tables 8 through 12 and part of Table 13. Tables without data are not included in this PE. [Note: Do not renumber the tables.]

The following is a listing and brief description of the tables:

- Table 1. Lending Volume** - Presents the number and dollar amount of reportable loans originated and purchased by the bank over the evaluation period by MA/AA. CD loans to statewide or regional entities or made outside the bank’s AA may receive positive CRA consideration. See Interagency Q&As \_\_.12 (i) - 5 and - 6 for guidance on when a bank may receive positive CRA consideration for such loans. Refer to the CRA section of the Compliance Policy intranet page for guidance on table placement.
- Table 1. Other Products** - Presents the number and dollar amount of any unreported category of loans originated and purchased by the bank over the evaluation period by MA/AA. Examples include consumer loans or other data that a bank may provide, at its option, concerning its lending performance. This is a two-page table that lists specific categories.
- Table 2. Geographic Distribution of Home Purchase Loans** - 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 market share information based on the most recent aggregate market data available.
- Table 3. Geographic Distribution of Home Improvement Loans** - See Table 2.
- Table 4. Geographic Distribution of Home Mortgage Refinance Loans** - See Table 2.
- Table 5. Geographic Distribution of Multifamily Loans** - Compares the percentage distribution of the number of multifamily loans originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies to the percentage distribution of multifamily housing units throughout those geographies. The table

also presents market share information based on the most recent aggregate market data available.

- Table 6. Geographic Distribution of Small Loans to Businesses** - The percentage distribution of the number of small loans (less than or equal to \$1 million) to businesses 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) throughout those geographies. The table also presents market share information based on the most recent aggregate market data available. Because small business data are not available for geographic areas smaller than counties, it may be necessary to use geographic areas larger than the bank's AA.
- Table 7. Geographic Distribution of Small Loans to Farms** - 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 market share information based on the most recent aggregate market data available. Because 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 AA.
- Table 8. Borrower Distribution of Home Purchase Loans** - 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 MA/AA. The table also presents market share information based on the most recent aggregate market data available.
- Table 9. Borrower Distribution of Home Improvement Loans** - See Table 8.
- Table 10. Borrower Distribution of Refinance Loans** - See Table 8.
- Table 11. Borrower Distribution of Small Loans to Businesses** - Compares the percentage distribution of the number of small loans (less than or equal to \$1 million) originated and purchased by the bank to businesses with revenues of \$1 million or less to the percentage distribution of businesses with revenues of \$1 million or less. In addition, the table presents the percentage distribution of the number of loans originated and purchased by the bank by loan size, regardless of the revenue size of the business. Market share information is presented based on the most recent aggregate market data available.
- Table 12. Borrower Distribution of Small Loans to Farms** - Compares the percentage distribution of the number of small loans (less than or equal to \$500,000) originated and purchased by the bank to farms with revenues of \$1 million or less to the percentage distribution of farms with revenues of \$1 million or less. In addition, the table presents the percentage distribution of the number of loans originated and purchased by the bank by loan size, regardless of the revenue size of the farm. Market share information is presented based on the most recent aggregate market data available.

**Table 13. Geographic and Borrower Distribution of Consumer Loans (OPTIONAL)** - For geographic distribution, the table 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 within each geography. For borrower distribution, the table 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 of households by income level in each MA/AA.

**Table 14. Qualified Investments** - Presents the number and dollar amount of qualified investments made by the bank in each MA/AA. The table separately presents investments made during prior evaluation periods that are still outstanding and investments made during the current evaluation period. Prior-period investments are reflected at their book value as of the end of the evaluation period. Current period investments are reflected at their original investment amount even if that amount is greater than the current book value of the investment. The table also presents the number and dollar amount of unfunded qualified investment commitments. In order to be included, an unfunded commitment must be legally binding and tracked and recorded by the bank's financial reporting system.

A bank may receive positive consideration for qualified investments in statewide/regional entities or made outside of the bank's AA. See Interagency Q&As \_\_.12 (i) - 5 and - 6 for guidance on when a bank may receive positive CRA consideration for such investments. Refer to the CRA section of the Compliance Policy intranet page for guidance on table placement.

**Table 15. Distribution of Branch Delivery System and Branch Openings/Closings** - Compares the percentage distribution of the number of the bank's branches in low-, moderate-, middle-, and upper-income geographies to the percentage of the population within each geography in each MA/AA. The table also presents data on branch openings and closings in each MA/AA.

**Table 1. Lending Volume**

LENDING VOLUME		Geography: TEXAS				Evaluation Period: January 1, 2006 to September 30, 2009						
MA/AA: 2009	% of Rated Area Loans (#) in MA/AA	Home Mortgage		Small Loans to Businesses		Small Loans to Farms		Community Development Loans **		Total Reported Loans		% of Rated Area Deposits in MA/AA ***
		#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	
<b>Full Review:</b>												
Potter-Randall Counties	95.25	7,596	770,542	11,691	586,227	262	32,279	95	92,087	19,644	1,481,135	95.82
<b>Limited Review:</b>												
Hutchinson County	4.71	770	53,089	193	12,758	3	225	1	374	967	66,444	4.38

\* Loan Data as of September 30, 2009]. Rated area refers to either the state or multi-state MA rating area.

\*\* The evaluation period for Community Development Loans is from January 01, 2006 to September 30, 2009.

\*\*\* Deposit Data as of June 30, 2009. Rated Area refers to either the state, multi-state MA, or institution, as appropriate.

**Table 2. Geographic Distribution of Home Purchase Loans**

Geographic Distribution: HOME PURCHASE		Geography: TEXAS					Evaluation Period: January 1, 2006 to September 30, 2009					Market Share (%) by Geography*				
MA/AA:	Total Home Purchase Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Over all	Low	Mod	Mid	Upp	
	#	% of Total**	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans						
<b>Full Review:</b>																
Potter-Randall Counties	3,979	89.64	1.25	0.50	24/-9	15.08	42/-3	46.02	32.83	38.40	19.94	21.05	20.08	19.08	22.80	
<b>Limited Review:</b>																
Hutchinson County	460	10.36	0.00	0.00	10.01	9.13	29.44	21.09	7-.59	69.78	34.15	0.00	40.00	34.21	33.76	

\* Based on 2008 Peer Mortgage Data: Western Region.

\*\* Home purchase loans originated and purchased in the MA/AA as a percentage of all home purchase loans originated and purchased in the rated area.

\*\*\* Percentage of Owner Occupied Units is the number of owner occupied housing units in a particular geography divided by the number of owner occupied housing units in the area based on 2000 Census information.

**Table 3. Geographic Distribution of Home Improvement Loans**

Geographic Distribution: HOME IMPROVEMENT		Geography: TEXAS		Evaluation Period: January 1, 2006 to September 30, 2009											
MA/AA:	Total Home Improvement Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography				
	#	% of Total*	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	Over all	Low	Mod	Mid	Upp
<b>Full Review:</b>															
Potter-Randall Counties	1,177	02.53	1.25	1.27	24.08	30.67	42.03	38.40	32.63	29.65	51.74	100	68.25	46.37	43.48
<b>Limited Review:</b>															
Hutchinson County	95	7.47	0.00	0.00	10.01	14.74	29.44	30.53	60.55	54.74	49/94	0.00	75.00	45.00	47.37

\* Based on 2008 Peer Mortgage Data: Western Region.

\*\* Home improvement loans originated and purchased in the MA/AA as a percentage of all home improvement loans originated and purchased in the rated area.

\*\*\* Percentage of Owner Occupied Units is the number of owner occupied housing units in a particular geography divided by number of owner occupied housing units in the area based on 2000 Census information.

**Table 4. Geographic Distribution of Home Mortgage Refinance Loans**

Geographic Distribution: HOME MORTGAGE REFINANCE												Geography: TEXAS					Evaluation Period: January 1, 2006 to September 30, 2009				
MA/AA:	Total Home Mortgage Refinance Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography										
	#	% of Total**	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	Over all	Low	Mod	Mid	Upp						
<b>Full Review:</b>																					
Potter-Randall Counties	2,439	91.90	1.25	0.57	24.08	12.10	42.03	43.99	32.63	43.34	19.96	42.86	20.60	19.52	20.05						
<b>Limited Review:</b>																					
Hutchinson County	215	8.10	0.00	0.00	10.01	4.19	29.44	19.53	60.55	76.25	49/8	0.00	33.33	53.93	40.38						

\* Based on 2008 Peer Mortgage Data: Western Region.

\*\* Home mortgage refinance loans originated and purchased in the MA/AA as a percentage of all home mortgage refinance loans originated and purchased in the rated area.

\*\*\* Percentage of Owner Occupied Units is the number of owner occupied housing units in a particular geography divided by number of owner occupied housing units in the area based on 2000 Census information.

**Table 5. Geographic Distribution of Multifamily Loans**

Geographic Distribution: MULTIFAMILY		Geography TEXAS					Evaluation Period: January 1, 2006 to September 30, 2009					Market Share (%) by Geography*				
MA/AA:	Total Multifamily Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies							
	#	% of Total**	% of MF Units***	% BANK Loans	% MF Units***	% BANK Loans	% MF Units***	% BANK Loans	% MF Units***	% BANK Loans	Overa ll	Low	Mod	Mid	Upp	
<b>Full Review:</b>																
Potter-Randall Counties	1	100.00	2.20	0.00	28.97	100.00	38.48	0.00	30.34	0.00	10.00	0.00	33.33	0.00	0.00	
<b>Limited Review:</b>																
Hutchinson County	0	0.00	0.00	0.00	46.02	0.00	4.09	0.00	49.89	0.00	0.00	0.00	0.00	0.00	0.00	

\* Based on 2008 Peer Mortgage Data: Western Region.

\*\* Multifamily loans originated and purchased in the MA/AA as a percentage of all multifamily loans originated and purchased in the rated area.

\*\*\* Percentage of multifamily units is the number of multifamily housing units in a particular geography divided by number of multifamily housing units in the area based on 2000 Census information.

**Table 6. Geographic Distribution of Small Loans to Businesses**

Geographic Distribution: SMALL LOANS TO BUSINESSES												Geography: TEXAS		Evaluation Period: January 1, 2006 to September 30, 2009		
MA/AA:	Total Small Business Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography*					
	#	% of Total*	% of Businesses***	% BANK Loans	% of Businesses***	% BANK Loans	% of Businesses***	% BANK Loans	% of Businesses***	% BANK Loans	Overall	Low	Mod	Mid	Upp	
<b>Full Review:</b>																
Potter-Randall Counties	11,691	98.38	9.56	5.26	26.35	13.70	36.95	42.75	27.14	38.39	30.84	24.63	19.13	37.49	32.96	
<b>Limited Review:</b>																
Hutchinson County	193	1.62	0.00	0.00	36.48	35.75	20.02	24.87	43.49	39.39	9.61	0.00	13.14	7.29	11.46	

\* Based on 2008 Peer Small Business Data: US and PR.

\*\* Small loans to businesses originated and purchased in the MA/AA as a percentage of all small loans to businesses originated and purchased in the rated area.

\*\*\* Source Data - Dun and Bradstreet (2009)

**Table 7. Geographic Distribution of Small Loans to Farms**

Geographic Distribution: SMALL LOANS TO FARMS															Geography: TEXAS		Evaluation Period: January 1, 2006 to September 30, 2009				
MA/AA:	Total Small Farm Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography										
	#	% of Total**	% of Farms***	% BANK Loans	% of Farms***	% BANK Loans	% of Farms***	% BANK Loans	% of Farms***	% BANK Loans	Overall	Low	Mod	Mid	Upp						
<b>Full Review:</b>																					
Potter-Randall Counties	262	98.87	6.58	16.03	10.00	4.58	46.05	41.98	37.37	37.40	26.72	32.00	33.33	30.56	22.22						
<b>Limited Review:</b>																					
Hutchinson County	3	1.13	0.00	0.00	6.56	0.00	40.98	100.00	52.46	0.00	11.11	0.00	0.00	33.33	0.00						

\* Based on 2008 Peer Small Business Data: US. And PR

\*\* Small loans to farms originated and purchased in the MA/AA as a percentage of all small loans to farms originated and purchased in the rated area.

\*\*\* Source Data - Dun and Bradstreet (2009)

**Table 8. Borrower Distribution of Home Purchase Loans**

Borrower Distribution: HOME PURCHASE		Geography: TEXAS					Evaluation Period: January 1, 2006 to September 30, 2009					Market Share				
MA/AA:	Total Home Purchase Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Overall	Low	Mod	Mid	Upp	
	#	% of Total	% Families ***	% BANK Loans ****	% Families ***	% BANK Loans ****	% Families ***	% BANK Loans ****	% Families ***	% BANK Loans ****						
<b>Full Review:</b>																
Potter-Randall Counties	3,979	89.64	19.97	7.88	18.66	21.12	21.71	26.15	29.65	44.87	20.24	19.35	18.89	19.65	21.50	
<b>Limited Review:</b>																
Hutchinson County	460	10.36	14.95	4.19	15.56	17.62	20.78	26.65	48.70	51.54	36.51	20.00	43.18	32.50	37.65	

\* Based on 2008 Peer Mortgage Data: Western Region.

\*\* Home purchase loans originated and purchased in the MA/AA as a percentage of all home purchase loans originated and purchased in the rated area.

\*\*\* Percentage of Families is based on the 2000 Census information.

\*\*\*\* As a percentage of loans with borrower income information available. No information was available for [Percentage] of loans originated and purchased by Bank.

\*Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

**Table 9. Borrower Distribution of Home Improvement Loans**

Borrower Distribution: HOME IMPROVEMENT		Geography: TEXAS					Evaluation Period: January 1, 2006 to September 30, 2009					Market Share*				
MA/AA:	Total Home Improvement Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Overall	Low	Mod	Mid	Upp	
	#	% of Total**	% Families***	% BANK Loans****	% Families***	% BANK Loans****	% Families***	% BANK Loans****	% Families***	% BANK Loans****						
<b>Full Review:</b>																
Potter-Randall Counties	1,177	92.53	19.97	12.64	18.66	18.87	21.17	24.59	29.65	43.90	52.91	65.67	60.18	54.74	46.15	
<b>Limited Review:</b>																
Hutchinson County	95	7.47	14.95	5.26	15.56	8.42	20.78	18.95	48.70	67.37	48.84	100.0	25.00	25.00	55.17	

\* Based on 2008 Peer Mortgage Data: Western Region.

\*\* Home improvement loans originated and purchased in the MA/AA as a percentage of all home improvement loans originated and purchased in the rated area.

\*\*\* Percentage of Families is based on the 2000 Census information.

\*\*\*\* As a percentage of loans with borrower income information available. No information was available for 1.7% of loans originated and purchased by Bank.

\*Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

**Table 10. Borrower Distribution of Home Mortgage Refinance Loans**

Borrower Distribution: HOME MORTGAGE REFINANCE												Geography: TEXAS			Evaluation Period: January 1, 2006 to September 30, 2009				
MA/AA:	Total Home Mortgage Refinance Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Market Share*								
	#	% of Total**	% Families***	% BANK Loans****	% Families***	% BANK Loans****	% Families***	% BANK Loans****	% Families***	% BANK Loans****	Overall	Low	Mod	Mid	Upp				
<b>Full Review:</b>																			
Potter-Randall Counties	2,439	91.90	19.97	6.56	18.66	13.42	21.71	23.08	39.65	56.95	21.82	31.63	27.24	22.77	19.09				
<b>Limited Review:</b>																			
Hutchinson County	215	8.10	14.95	2.82	15.56	7.98	20.78	12.68	48.70	76.53	53.13	60.00	70.00	40.00	52.11				

\* Based on 2008 Peer Mortgage Data: Western Region.

\*\* Home mortgage refinance loans originated and purchased in the MA/AA as a percentage of all home mortgage refinance loans originated and purchased in the rated area.

\*\*\* Percentage of Families is based on the 2000 Census information.

\*\*\*\* As a percentage of loans with borrower income information available. No information was available for 4.6% of loans originated and purchased by Bank.

\*Data shown includes only One to Four-family and manufactured housing (Property type of 1 or 2)

**Table 11. Borrower Distribution of Small Loans to Businesses**

Borrower Distribution: SMALL LOANS TO BUSINESSES					Geography: TEXAS		Evaluation Period: January 1,2006 to September 30, 2009		
MA/AA:	Total Small Loans to Businesses		Businesses With Revenues of \$1 million or less		Loans by Original Amount Regardless of Business Size			Market Share*	
	#	% of Total**	% of Businesses***	% BANK****	\$100,000 or less	>\$100,000 to \$250,000	>\$250,000 to \$1,000,000	All	Rev \$1 Million or Less
<b>Full Review:</b>									
Potter-Randall Counties	11,691	98.38	75.12	29.30	90.87	5.55	3.63	30.84	24.91
<b>Limited Review:</b>									
Hutchinson County	193	1.62	71.06	57.51	89.64	5.18	5.18	9.61	16.76

\* Based on 2008 Peer Small Business Data: US and PR.

\*\* Small loans to businesses originated and purchased in the MA/AA as a percentage of all small loans to businesses originated and purchased in the rated area.

\*\*\* Businesses with revenues of \$1 million or less as a percentage of all businesses (Source D&B - 2009).

\*\*\*\* Small loans to businesses with revenues of \$1 million or less as a percentage of all loans reported as small loans to businesses. No information was available for 0.81% of small loans to businesses originated and purchased by the Bank.

**Table 12. Borrower Distribution of Small Loans to Farms**

Borrower Distribution: SMALL LOANS TO FARMS					Geography: TEXAS		Evaluation Period: January 1, 2006 to September 30, 2009		
MA/AA:	Total Small Loans to Farms		Farms With Revenues of \$1 million or less		Loans by Original Amount Regardless of Farm Size			Market Share*	
	#	% of Total**	% of Farms***	% BANK Loans****	\$100,000 or less	>\$100,000 to \$250,000	>\$250,000 to \$500,000	All	Rev \$1 Million or Less
<b>Full Review:</b>									
Potter-Randall Counties	262	98.87	97.24	83.21	61.45	26.72	11.83	26.72	30.98
<b>Limited Review:</b>									
Hutchinson County	3	1.13	100.00	100.00	100.00	0.00	0.00	11.11	16.67

\* Based on 2008 Peer Small Business Data: US and PR.

\*\* Small loans to farms originated and purchased in the MA/AA as a percentage of all small loans to farms originated and purchased in the rated area.

\*\*\* Farms with revenues of \$1 million or less as a percentage of all farms (Source D&B – 2009).

\*\*\*\* Small loans to farms with revenues of \$1 million or less as a percentage of all loans reported as small loans to farms. No information was available for 0.75% of small loans to farms originated and purchased by Bank.

**Table 14. Qualified Investments**

QUALIFIED INVESTMENTS		Geography: TEXAS				Evaluation Period: January 1, 2006 to January 11, 2010			
MA/AA:	Prior Period Investments*		Current Period Investments		Total Investments			Unfunded Commitments**	
	#	\$(000's)	#	\$(000's)	#	\$(000's)	% of Total	#	\$(000's)
<b>Full Review:</b>									
Potter-Randall Counties	26	7,806	295	1,218	321	9,024	99.21	0	0.00
<b>Limited Review:</b>									
Hutchinson County	0	0.00	9	72	9	72	.79	0	0.00

\* 'Prior Period Investments' means investments made in a previous evaluation period that are outstanding as of the examination date.

\*\* 'Unfunded Commitments' means legally binding investment commitments that are tracked and recorded by the institution's financial reporting system.

**Table 15. Distribution of Branch Delivery System and Branch Openings/Closings**

DISTRIBUTION OF BRANCH DELIVERY SYSTEM AND BRANCH OPENINGS/CLOSINGS Geography: TEXAS Evaluation Period: January 1, 2006 to September 30, 2009																	
MA/AA:	Deposits	Branches						Branch Openings/Closings				Population					
	% of Rated Area Deposits in AA	# of BANK Branches	% of Rated Area Branches in AA	Location of Branches by Income of Geographies (%)				# of Branch Openings	# of Branch Closings	Net change in Location of Branches (+ or -)				% of Population within Each Geography			
				Low	Mod	Mid	Upp			Low	Mod	Mid	Upp	Low	Mod	Mid	Upp
<b>Full Review:</b>																	
Potter-Randall Counties	95.62	10	90.91	10.00	30.00	10.00	50.00	1	0	0	1	0	0	1.86	30.21	41.88	26.06
<b>Limited Review:</b>																	
Hutchinson County	4.38	1	9.09	0.00	100.00	0.00	0.00	0	0	0	0	0	0	0.00	12.99	29.19	57.83

**Distribution of Branch and ATM Delivery Systems**

Distribution of Branch and ATM Delivery System				Geography: TEXAS				Evaluation Period: JANUARY 1, 2006 TO SEPTEMBER 30, 2009									
MA/Assessment Area:	Deposits	Branches						ATMs				Population					
	% of Total Bank Deposits	# of Bank Branches	% of Total Bank Branches	Location of Branches by Income of Geographies (%)				# of Bank ATMs	% of Total Bank ATMs*	Location of ATMs by Income of Geographies				% of Population within Each Geography			
				% Low	% Mod	% Mid	% Upp			% Low	% Mod	% Mid	%	Low	Mod	Mid	Upp
<b>Full Review:</b>																	
Potter-Randall Counties	95.62	10	90.91	10	30	10	50	89	96	4.00	37.00	26.00	33.00	1.86	30.21	41.88	26.06
<b>Limited Review:</b>																	
Hutchinson County	4.38	1	9.09	0	100	0	0	3	3	0.00	33.00	0.00	67.00	0.00	12.99	29.19	57.83

\*Note: The bank has 1 ATM in Pampa, Texas, outside its AA, that is located in a middle-income tract.