



## **PUBLIC DISCLOSURE**

July 29, 2014

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

Amarillo National Bank  
Charter Number: **14206**

400 South Taylor, Plaza One  
Amarillo, TX 79101

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Lubbock Field Office  
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**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.

## Table of Contents

<b>OVERALL CRA RATING .....</b>	<b>1</b>
<b>DEFINITIONS AND COMMON ABBREVIATIONS .....</b>	<b>2</b>
<b>DESCRIPTION OF INSTITUTION .....</b>	<b>6</b>
<b>SCOPE OF THE EVALUATION.....</b>	<b>7</b>
<b>FAIR LENDING OR OTHER ILLEGAL CREDIT PRACTICES REVIEW .....</b>	<b>8</b>
<b>CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS.....</b>	<b>9</b>
LENDING TEST .....	9
INVESTMENT TEST.....	14
SERVICE TEST.....	16
<b>APPENDIX A: SCOPE OF EXAMINATION.....</b>	<b>A-1</b>
<b>APPENDIX B: MARKET PROFILES FOR FULL-SCOPE AREAS .....</b>	<b>B-1</b>
<b>APPENDIX C: TABLES OF PERFORMANCE DATA .....</b>	<b>C-1</b>

## General Information and Overall CRA Rating

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The Community Reinvestment Act (CRA) requires each federal financial supervisory agency to use its authority, when examining financial institutions subject to its supervision, to assess the institution's record of meeting the credit needs of its entire community, including low- and moderate-income (LMI) neighborhoods, consistent with the safe and sound operation of the institution. Upon conclusion of such examination, the agency must prepare a written evaluation of the institution's record of meeting the credit needs of its community.

This document is an evaluation of the CRA performance of Amarillo National Bank (ANB) issued by the OCC, the institution's supervisory agency, for the evaluation period ending December 31, 2013. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 CFR Part 25.

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

The following table indicates the performance level of ANB with respect to the Lending, Investment, and Service Tests:

Performance Levels	(ANB) 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:

- ANB's overall lending performance is rated Outstanding. Lending activity reflects an excellent responsiveness to assessment area (AA) credit needs. A substantial majority of loans are made in the bank's AAs. Borrower distribution is excellent, and geographic distribution is good. ANB is a leader in making community development (CD) loans, which has a very positive impact.
- The bank's overall level of qualified investments is rated High Satisfactory. ANB has a significant level of CD investments and grants that exhibit good responsiveness to identified community needs.
- The bank's performance under the service test is rated Outstanding. Delivery systems are readily accessible to all portions of the AAs; services do not vary by location. ANB is a leader in providing CD services.

## 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.

**Census Tract (CT) – 2010:** Small, relatively permanent statistical subdivisions of a county delineated by local participants as part of the U.S. Census Bureau's Participant Statistical Areas Program. The primary purpose of CTs is to provide a stable set of geographic units for the presentation of decennial census data. CTs generally have between 1,500 and 8,000 people, with an optimum size of 4,000 people.

**Community Development:** 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 community development. 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 refinancing, 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/assessment area.

**Median Family Income (MFI) – 2010:** The median income derived from the United States Census Bureau's American Community Survey data every 5 years and used to determine the income level category of geographies. Also, it is the median income determined by the Federal Financial Institutions Examination Council (FFIEC) annually that is used to determine the income level of individuals within a geography. For any given geography, 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 community development.

**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 One 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, intrastate community bank, which is family-owned and headquartered 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 June 30, 2014, the bank reported assets of \$3.87 billion and Tier 1 capital of \$407 million, representing 10.50 percent of total assets. ANB has 13 full-service branches, 1 limited-service branch, 3 drive-up branches, 2 loan production offices, and 117 proprietary ATMs, five of which take deposits.

ANB offers a wide variety of products and services. The bank originates residential and commercial real estate mortgages, as well as construction, commercial, agricultural, and consumer loans. ANB has also incorporated specialized 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 89.08 percent. As of the evaluation date, total loans were \$2.88 billion with the following composition: commercial (37 percent), residential real estate (25 percent), consumer (21 percent), and agricultural (20 percent). ANB's mortgage department originates a large volume of residential loans for sale in the secondary market.

The bank's business strategy is to meet the banking needs of individuals and businesses in the assessment areas (AA) and to build and maintain relationships with their customers. Approximately 95 and 96 percent, respectively, of ANB's total deposits and CRA/HMDA reportable loans are attributable to its Amarillo branches. ANB also offers alternate delivery channels including Internet/online banking at [www.anb.com](http://www.anb.com), bank-by-phone, stored value cards, account messaging, and mobile banking (including mobile deposit capture).

ANB has three AAs. Each AA consists of whole counties and includes every bank branch. No low- or moderate-income geographies have been arbitrarily excluded.

- Potter-Randall Counties AA – these two contiguous counties comprise a portion of the Amarillo MSA and consist of 62 census tracts. Most of the population for this AA is concentrated in the cities of Amarillo and Canyon, TX. This is the bank's primary AA.
- Hutchinson County AA – this county consists of 8 census tracts. It is located approximately 40 miles northeast of Amarillo, with most of the population concentrated in the city of Borger, TX.
- Lubbock County AA – this county is a new AA added January 1, 2013 with the opening of the Lubbock, TX branch on December 26, 2012. Lubbock County consists of 68 census tracts and is located approximately 120 miles south of Amarillo.

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 January 11, 2010 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 January 2010 through December 2013. Conclusions regarding the Lending Test are based on HMDA reportable loans and small business loans from 2010-2011 and 2012-2013.

Performance Tables in Appendix C include only data covered by the 2010 Census (2012-2013). Data from 2010-2011 covered by the 2000 Census was evaluated; however, it is only presented as needed in the applicable narrative sections of the evaluation.

For community development loans and the Investment and Service Tests, the evaluation period is from January 11, 2010 through August 1, 2014. The Investment Test includes a review of qualified investments and donations originated in ANB AAs. The Service Test includes a review of retail and CD services provided in ANB AAs.

## **Data Integrity**

We performed a data integrity review in March 2014 to determine the accuracy of the loan data provided by the bank for use at this evaluation. We sampled HMDA and CRA small business made by the bank from January 2010 through December 2013. Information reported on HMDA and CRA loan data was determined to be substantially accurate. We also verified the qualification of CD loans, investments and donations, and CD services provided for consideration by the bank.

## **Selection of Areas for Full-Scope Review**

ANB has three AAs: the Potter-Randall Counties AA, the Hutchinson County AA, and the Lubbock County AA. For this evaluation period, we performed a full-scope review of the Potter-Randall Counties AA. The bank maintains a substantial share of its business in this AA. About 96 percent of both deposits and CRA/HMDA reportable loans are located in the Potter-Randall Counties AA. A limited-scope review was conducted for other two AAs 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 and highest volume is in commercial lending. Multi-family loans and small farm loans received limited weight due to the low volume of those types of loans.

## **Other**

We conducted three community contacts, one in each AA. Our purpose was to discuss credit needs and CD opportunities in the bank's AAs. Two contacts were economic development corporations, which provide counseling and financing for small start-up businesses. We also contacted a Chamber of Commerce. The community contacts noted the need for financing for small businesses to revitalize low- and moderate-income areas, and the continued need for affordable housing for low- and moderate-income families. All three contacts noted significant participation by ANB management and personnel in helping to meet CD needs.

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

Pursuant to 12 C.F.R. 25.28(c) in determining a national bank's CRA rating, the OCC considers evidence of discriminatory or other illegal credit practices in any geography by the bank, or in any assessment area by an affiliate whose loans have been considered as part of the bank's lending performance.

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 and income distribution are excellent. Geographic distribution is good, with no lending gaps identified. CD lending is excellent and has a positive effect on the Lending Test rating.

### 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. For purposes of this review, we used deposit information as of June 30, 2013.

ANB's overall lending activity during this evaluation period is excellent. The bank has an average 89.08 percent loan-to-deposit ratio since the prior CRA evaluation in 2010. The bank's primary lending products are small loans to businesses followed by home mortgage loans. Based on 2012 peer data, ANB ranks first (by number) for loans to small businesses at 50 percent. ANB also ranks first (by number) for home purchase, home improvement, and home refinance loans at 23 percent, 65 percent, and 25 percent, respectively. As of June 30, 2013, ANB ranks first in deposit market share at 53.13 percent among 15 depository institutions.

Our evaluation 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 63.47 percent of lending in the bank's AAs, and over 98.70 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. Based on 2012 data, ANB originated 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.

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

ANB's overall distribution of loans by income level of geography is good. Geographic distribution of loans to small businesses, home purchase loans, and home refinance loans is adequate. Geographic distribution of home improvement loans is excellent. We did not identify any lending gaps. A substantial majority of small loans to businesses and a high percentage of home mortgage loans were originated within the bank's AAs. Performance in 2010 and 2011 was not inconsistent with performance in 2012 and 2013.

### **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 of small loans to businesses.

The geographic distribution of ANB's small loans to businesses is adequate. The distribution of small loans to businesses is lower than the level of businesses in low- and moderate-income geographies. ANB's market share in low-income (21 percent) and moderate-income (49 percent) tracts is lower than and equal to the bank's overall market share (50 percent), respectively. However, these numbers are understated due to the bank's practice of reporting used vehicle loans to dealers as individual loans instead of a single loan or line of credit. These high-volume automobile dealers are located in middle- and upper-income tracts of the AA. Adjusting for this reporting preference results in a reasonable geographic distribution of 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 good. Market share is strong, particularly for home improvement loans as well as home purchase and home mortgage refinance loans in moderate-income tracts. For home improvement loans, performance is excellent in both low- and moderate-income tracts, exceeding owner-occupied housing demographics. For home purchase and home mortgage refinance loans, performance is adequate and somewhat below demographic comparators. However, there is a notably low volume of owner-occupied housing in these areas, particularly in low-income tracts (7.55 percent). ANB is meeting home improvement needs in these tracts when home purchase or home mortgage refinance loans may be less available.

### Home Purchase Loans

Geographic distribution of home purchase loans is good. ANB's market share in low-income (17 percent) and moderate-income (24 percent) tracts is somewhat lower than and equal to the bank's overall market share (23 percent), respectively. The geographic distribution of loans is somewhat lower than the demographic comparators.

### Home Improvement Loans

Geographic distribution of home improvement loans is excellent for low- and moderate-income tracts and exceeds the demographic comparators. The market share of loans in low-income (85 percent) and moderate-income (79 percent) tracts substantially exceeds the bank's overall market share (65 percent) of home improvement loans in the AA.

### Home Mortgage Refinance Loans

Geographic distribution of home mortgage refinance loans is good. The market share of loans in both low- and moderate-income (32 percent) tracts exceeds the bank's overall market share (25 percent) of home improvement loans in the AA. The geographic distribution of loans is somewhat lower than the demographic comparators, but there is a low volume of owner-occupied housing in these areas, particularly in low-income tracts.

## **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 low- and moderate-income tracts.

## **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 AAs, reflecting excellent performance. For small businesses, 98 percent of loans originated were within the bank's AAs. For home mortgage loans, 89 percent of loans originated 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 excellent, based on good performance in small loans to businesses and excellent performance in all home mortgage loan types. Performance in 2010 and 2011 was not inconsistent with performance in 2012 and 2013.

## **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 of small loans to businesses.

The borrower distribution of small loans to businesses is good. The distribution of loans by size shows that a very high volume of loan originations (88 percent) are for \$100 thousand or less, which reflects favorably on the bank's level of making small loans to businesses. As discussed above, the bank's method for reporting used car financing to dealers overstates the bank's volume of lending to businesses with revenues of over \$1 million. The result is that the bank's percentage of loans to businesses with revenues of \$1 million or less is lower than the AA demographic. In addition, the bank's market share of loans with revenues of \$1 million or less is somewhat below its overall market share. When these dealer loans are removed, the borrower distribution performance improves.

## **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 excellent in all products.

### **Home Purchase Loans**

Borrower distribution for home purchase loans is excellent. The bank's market share for both low-income (35 percent) and moderate-income (33 percent) loans exceeds its overall market share (32 percent). The bank's percentage of loans to moderate-income borrowers (21 percent) exceeds the percentage of moderate-income families in the AA (17 percent). The

bank's percentage of loans to low-income borrowers (9 percent) is lower than the percentage of low-income families in the AA (23 percent). This is reasonable given that about 15 percent of families live below the poverty level, making it very difficult for them to qualify for home ownership. After considering this, ANB's performance for low-income borrowers is good.

#### Home Improvement Loans

Borrower distribution of home improvement loans is excellent. The bank's market share for both low-income (81 percent) and moderate-income (76 percent) loans exceeds its overall market share (67 percent). The bank's percentage of loans to moderate-income borrowers (25 percent) exceeds the percentage of moderate-income families in the AA (17 percent). The bank's percentage of loans to low-income borrowers (23 percent) equals the percentage of low-income families in the AA (23 percent).

#### Home Mortgage Refinance Loans

Borrower distribution for home mortgage refinance loans is excellent. The bank's market share for both low-income (32 percent) and moderate-income (33 percent) loans exceeds its overall market share (31 percent). The bank's percentage of loans to moderate-income borrowers (16 percent) equals the percentage of moderate-income families in the AA (17 percent). The bank's percentage of loans to low-income borrowers (6 percent) is lower than the percentage of low-income families in the AA (23 percent). This is reasonable given that about 15 percent of families live below the poverty level, making it very difficult for them to qualify for home ownership. After considering this, ANB's performance for low-income borrowers is good.

#### Community Development Lending

ANB's CD lending reflects an excellent level of responsiveness to the credit needs of the AA, and reflects very 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 made 82 CD loans totaling \$71 million in the Potter-Randall Counties AA.

The loans in the bank's AAs included those for affordable housing, community services for low- and moderate-income individuals, economic development, and revitalization and stabilization. The bank led the effort for the revitalization of downtown and established the Heart of Amarillo Park. Bank employees are involved in these activities through various civic organizations such as Center City of Amarillo, Amarillo Economic Development Corporation (AEDC), and Amarillo Downtown, Inc. A large number of these organizations are located within the tax increment reinvestment zone (TIRZ) located in downtown Amarillo. This area in Potter County has been identified as an area needing improvements to help the economy by providing services, housing, and employment for low- and moderate-income individuals, as well as helping to improve and renovate the downtown Amarillo area.

CD lending was reviewed and evaluated initially on ANB's activities in its AAs. Revitalization and stabilization efforts have been especially favorable outside of the AAs. The majority of these loans finance dairy producers that have opened start-up facilities in distressed and underserved counties in the bank's broader regional area. 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- and moderate-income individuals.

This resulted in loan relationships with 25 organizations for a total of \$446 million in financing to borrowers in distressed and/or underserved middle-income areas.

### **Product Innovation and Flexibility**

Product innovation and flexibility had a positive impact on the Lending Test conclusion. During this evaluation period, ANB used a few innovative and flexible lending approaches to meet AA credit needs.

- The bank participates in the FDIC's Small Loan Dollar Pilot Program, which started in January 2008. It has long been the bank's practice to provide small dollar loans to applicants who demonstrate credit worthiness.
- ANB is also active in mortgage loan modification without Fannie Mae or other government assistance programs. The modification program is called "Second Chance" and even though the default rate for mortgage loans is far below other mortgage lenders in the Amarillo MSA, the bank has modified 13 loans since January 1, 2013.
- ANB's small business department provides a package service of deposit, loan, and other bank services to small businesses. This team of lenders is active in the Entrepreneurial Alliance, Hispanic Chamber of Commerce, and Small Business Development Center and seeks to assist small business owners with financial information and training as an added service.

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

Based on a limited-scope review, ANB's performance in the Hutchinson County and Lubbock AAs is not inconsistent with the excellent performance of the Potter-Randall Counties AA.

## INVESTMENT TEST

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

ANB's performance under the investment test is rated "High Satisfactory." Based on the full-scope review of the Potter-Randall Counties AA, the bank's performance is good, with many investments specifically meeting AA needs for business lending and affordable housing. CD investment opportunities are available in this AA. Refer to Table 14 in Appendix C for the facts and data used to evaluate the bank's level of qualified investments.

Qualified investments in the Potter-Randall Counties AA during the assessment period totaled \$5.1 million, consisting of equity investments, grants, and donations. In addition to this total, there are \$6.7 million of prior period, long-term investments still outstanding at the end of the evaluation period. During the evaluation period, the outstanding prior period investments averaged \$6.7 million. Investments made in prior periods continue to have a positive impact on the AA. In aggregate, qualified investments and outstanding prior period investments total \$11.8 million in the Potter-Randall Counties AA.

### **Investments**

During the review period, ANB purchased three qualifying equity investments in the Potter-Randall Counties AA totaling \$2.2 million. Following is a summary of these investments:

- FNMA CRA mortgage-backed security. This \$1.8 million investment is backed by a loan financing The Westminster Apartments, which is a multi-family affordable housing complex located in a middle-income tract in Amarillo. Of the 97 units in the complex, 76 must be leased to low- and moderate-income (LMI) tenants. The U.S. Government subsidizes the rents for The Westminster to keep them affordable to LMI residents.
- GNMA CRA mortgage-backed security. This \$386,000 investment is backed by three loans that financed single-family residences in Amarillo. All loans were granted to LMI borrowers and one of the properties is located in a moderate-income tract.
- Senior Housing Crime Prevention Foundation. This \$250,000 investment provides \$2,500 per year to support the Foundation's senior crime prevention program at a state veterans nursing home in Amarillo. During the assessment period, CD eligible funds totaled almost \$8,000. This investment provides community services targeted to LMI senior veterans in the Potter-Randall Counties AA.

### **Grants and Donations**

Other qualified investments include donations and grants to organizations that support LMI individuals and geographic areas. Donations to organizations in the Potter-Randall Counties AA totaled \$2.7 million through over 500 separate donations. Donations to the following organizations provide a representation of the activities and funding provided:

Amarillo College Foundation - ANB donated \$235,000 to continue the ANB Adult Student Fund to provide job training and education to LMI adults, enabling them to pursue positions in medically-related services, offices, and other non-trade businesses. Applicants must be LMI adults living within the AA in a LMI area. These students are typically employed within the AA following their training.

High Plains Food Bank - ANB donated \$156,000 to this organization that serves the 26 counties of the Texas Panhandle, distributing food to 165 nonprofit agencies that feed the needy. ANB's contributions support food drives, supplement donations from the public, and cover needs during the holiday season.

City Center, Inc. - ANB donated \$70,000 to this organization that works to preserve and revitalize Amarillo's historic downtown area, which is designated as a Tax Increment Reinvestment Zone (TIRZ). The organization facilitates downtown events to help promote downtown businesses and facade grants to improve the appearance of downtown buildings.

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

Based on a limited-scope review, ANB's performance in the Hutchinson County AA is weaker than the good performance of the Potter-Randall Counties AA. However, given the largely rural nature of the Hutchinson County AA, opportunities for CD investments are limited.

ANB invested \$79,000 in a GNMA CRA mortgage-backed security. This investment is backed by one loan that financed a single-family residence in Stinnett, TX to an LMI borrower. ANB donated \$67,000 to 11 qualifying CD organizations. Donations to United Way of Hutchinson County accounted for \$31,000 and the bank donated \$11,000 to High Plains Helping Hands, an organization that provides food, clothes, and basic household items to LMI individuals and families.

Based on a limited-scope review, ANB's performance in the Lubbock County AA is stronger than the good performance of the Potter-Randall Counties AA. The level of qualifying investments and donations originated by the Lubbock branch office is excellent, particularly considering the short time period this AA has existed (the branch opened in December 2012). CD investment opportunities are readily available, but competition for them is significant.

ANB invested \$542,000 in a GNMA CRA mortgage-backed security. This investment is backed by five loans that financed single-family residences in Lubbock and Slaton, TX to LMI borrowers. One of the properties is located in a moderate-income census tract. ANB donated \$72,000 to eight qualifying CD organizations. Six of these organizations received an aggregate of \$70,000. Of these six, United Way of Lubbock received \$20,000 and ANB donated \$10,000 to each of the other five organizations, four of which provide community services to LMI children in the Lubbock County AA.

In addition, ANB purchased \$3,182,328 of equity investments outside of the AAs but in the state of Texas during the review period. These consisted of Hereford, TX Sewer and Water Improvement bonds, Clint Independent School District bonds, and GNMA CRA mortgage-backed securities for LMI single-family borrowers in Lipscomb and Moore Counties.

## **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 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. Please refer to Table 15: Distribution of Branch Delivery System and Branch Openings/Closings.

### **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. ANB has 3 branches, including the large main bank location, and 18 ATMs located in low-income tracts. In addition, 2 branches and 25 ATMs are located in moderate-income geographies. Branch penetration is excellent when compared with the percentage of the Potter-Randall Counties AA population in each income level. Twenty-seven percent of the bank's branches are located in low-income tracts and 18 percent are located in moderate-income tracts. This is excellent penetration in low-income tracts (12 percent of population) and good penetration in moderate-income tracts (19 percent of population).

Alternative delivery channels are effective, and include Internet/online banking at [www.anb.com](http://www.anb.com), bank-by-phone, stored value cards, account messaging, and mobile banking (including mobile deposit capture).

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

Banking hours do not vary in a way that inconveniences certain portions of 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. 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.

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. This account also allows customers access to bank products such as a check card and online banking. Finally, ANB has low overdraft fees and limits daily overdraft amounts to prevent unreasonable charges.

### **Community Development Services**

During the evaluation period, ANB exhibited an excellent responsiveness to the CD service needs in the Potter-Randall Counties AA with respect to the number of contributed hours, the number of employees actively involved, and the number and diversity of the type of non-profits they serve. 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. ANB provided CD services to 62 organizations and

ANB employees provided 15,132 service hours of financial services to agencies and organizations engaged in CD activity. The following activities were identified that were of high impact and demonstrated strong leadership by the bank in the AA.

Amarillo Independent School District (AISD) - Annual Teach Children to Save and Get Smart About Credit presentations to schools

ANB has been the lead bank in Amarillo to present crucial financial literacy to children in schools. The bank uses the American Bankers Association Program literature. Approximately 500-600 students are affected twice a year. There are 33,327 economically disadvantaged students registered for the 2013-2014 school year. In addition, bank personnel provide this financial literacy in other area schools and in-house.

Panhandle Community Services (PCS)

PCS offers many assistance programs for low- and moderate-income families throughout the Texas Panhandle. Bank volunteers assist in handing out food and organizing fundraising events. The Snack Pak program is designed to provide nutritious food bags to end hunger for children over the weekends. Bags contain 8-10 healthy snacks each Friday. With teacher input, school counselors and social workers determine which children are the most at risk for hunger on the weekends. Approximately 5,200 students receive a Snack Pak every weekend.

Habitat for Humanity (Habitat) – Mortgage Servicing /Processing of Mortgage Payments

Through volunteer labor, management expertise, and donations of money and materials, Habitat builds and rehabilitates homes with the help of the homeowners. Houses are sold at no profit to partner families using no-interest mortgages. The bank serves as payment manager for all Habitat homeowners, allowing for mortgage payments at a nearby branch instead of having to travel to the Habitat office. ANB also keeps records of payments free of charge. Bank officers serve on the Board, provide financial education, and review applications.

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

Based on limited-scope reviews and prior periods, ANB's performance in the Hutchinson County AA is consistent with the Potter-Randall Counties AA "Outstanding" performance; the AA's only branch and one of four ATMs are in a moderate-income tract. Performance in the Lubbock AA is weaker than that in the Potter-Randall Counties AA; the AA's only branch is in an upper-income tract. The following CD service was identified as having a high impact and demonstrating strong leadership by the bank in the Hutchinson County 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 branch employees serve as volunteers and fundraisers for The Rainbow Room. Currently, three employees serve on the Board of Directors and use their financial expertise to assist with 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): 1/1/2012 to 12/31/2013 Investment/Service Tests and CD Loans: 1/10/2010 to 8/1/2014	
<b>Financial Institution</b>	<b>Products Reviewed</b>	
Amarillo National Bank (ANB) Amarillo, Texas	Home Purchase, Home Improvement, Home Refinance, Small Business, and Community Development Loan Data; Qualified Investments; Retail and Community Development Services	
<b>Affiliate(s)</b>	<b>Affiliate Relationship</b>	<b>Products Reviewed</b>
None		
<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	Full-Scope	
Hutchinson County AA Lubbock County AA	Limited-Scope Limited-Scope	

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

### Potter-Randall Counties AA

Demographic Information for Full Scope Area: Potter-Randall Counties AA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	63	15.87	17.46	36.51	28.57	1.59
Population by Geography	241,798	11.87	19.29	39.59	29.26	0.00
Owner-Occupied Housing by Geography	56,865	7.55	15.74	39.34	37.38	0.00
Business by Geography	22,017	19.24	11.49	34.95	34.11	0.21
Farms by Geography	1,004	9.06	4.38	35.56	51.00	0.00
Family Distribution by Income Level	58,719	22.68	16.77	20.03	40.52	0.00
Distribution of Low and Moderate Income Families throughout AA Geographies	23,164	19.81	27.76	36.89	15.54	0.00
Median Family Income		57,317	Median Housing Value		109,950	
HUD Adjusted Median Family Income for 2013		62,700	Unemployment Rate		2.65%	
Households Below Poverty Level		15%				

(\*) The NA category consists of geographies that have not been assigned an income classification.

Source: 2010 US Census and 2013 HUD updated MFI

Potter-Randall Counties AA is the bank's primary AA. It includes two of the four counties in the Amarillo MSA. When the MSA boundaries changed in 2004, Armstrong and Carson Counties were combined with Potter and Randall Counties to comprise the revised Amarillo MSA. ANB does not operate any branches within either Armstrong or Carson Counties; thus, these counties were not added to the bank's AA. The designation of Potter and Randall Counties as the bank's AA does not arbitrarily exclude any low- or moderate-income tracts.

ANB has a dominant market position in the Amarillo MSA, ranking first in market share for deposits, small business loans, and all home mortgage products. Competition for all types of lending is high. In 2012, there were 140 HMDA-reporting lenders and 49 small business-reporting lenders.

Unemployment of 2.65 percent remains well below the national and state average at approximately 4 percent as of June 30, 2014. The Amarillo economy is diversified among agriculture (cattle production, dairy, and irrigated farming), wind energy, and oil and gas production. All of these industries have seen fluctuation during the past few years. Government contract funding continues to be a strong factor in the local economy. An extensive medical delivery service system contributes to the local and regional economy. Despite the national housing crisis, Amarillo housing has been relatively vibrant.

Local universities have seen increased enrollments, including West Texas A&M University (WTAMU) at 8,388 and Amarillo College at 10,824 in Fall 2013. Increased grant funding has created some collaborative projects in the regional area, stabilizing populations and mobility. Travel-related businesses along the I-40 corridor have led to the development of more hotels.

## 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/assessment area; (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.

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/assessment area. Community development loans to statewide or regional entities or made outside the bank’s assessment area 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/assessment area. 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 assessment area.

**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 assessment area.

**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/assessment area. 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/assessment area.

**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 assessment area. 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 and ATMs 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, 2012 TO DECEMBER 31, 2013						
Assessment Area (2013):	% 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***
		#	\$ (000s)	#	\$ (000s)	#	\$ (000s)	#	\$ (000s)	#	\$(000s)	
<b>Full Review:</b>												
Potter-Randall Ctys AA	95.21	4,140	507,795	8,109	421,272	145	22,416	82	71,274	12,476	1,022,757	96.43
<b>Limited Review:</b>												
Hutchinson Cty AA	3.58	368	31,930	74	6,548	0	0	2	11	444	38,489	3.30
Lubbock Cty AA	1.21	76	9,884	33	2,857	0	0	1	250	110	12,991	0.27

\* Loan Data as of December 31, 2013. Rated area refers to either state or multi-state MA rating area.

\*\* The evaluation period for Community Development Loans is from January 11, 2010 to August 1, 2014.

\*\*\* Deposit Data as of June 30, 2014. 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, 2012 TO DECEMBER 31, 2013					Market Share (%) by Geography				
Assessment Area:	Total Home Purchase Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Overall	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 Ctys AA	1,940	89.07	7.55	1.70	15.74	6.86	39.33	33.76	37.38	57.68	23.46	17.00	24.26	21.00	25.46	
<b>Limited Review:</b>																
Hutchinson Cty AA	191	8.77	3.62	0.52	7.06	3.14	62.98	58.64	26.34	37.70	36.86	0.00	50.00	37.93	34.23	
Lubbock Cty AA	47	2.16	4.26	0.00	20.30	10.64	34.12	23.40	41.32	65.96	0.20	0.00	0.26	0.21	0.18	

\* Based on 2012 Peer Mortgage Data (USPR)

\*\* 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 units in a particular geography divided by the number of owner occupied housing units in the area based on 2010 Census information.

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

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

Geographic Distribution: HOME IMPROVEMENT			Geography: TEXAS				Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2013					Market Share (%) by Geography*				
Assessment Area:	Total Home Improvement Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Overall	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 Ctys AA	543	93.14	7.55	14.18	15.74	28.73	39.33	35.91	37.38	21.18	65.32	84.78	78.85	63.10	50.39	
<b>Limited Review:</b>																
Hutchinson Cty AA	35	6.00	3.62	2.86	7.06	8.57	62.98	68.57	26.34	20.00	81.25	100.00	100.00	77.27	85.71	
Lubbock Cty AA	5	0.86	4.26	0.00	20.30	20.00	34.12	40.00	41.32	40.00	0.81	0.00	2.08	0.00	0.94	

\* Based on 2012 Peer Mortgage Data (USPR)

\*\* 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 units in a particular geography divided by the number of owner occupied housing units in the area based on 2010 Census information.

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

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

Geographic Distribution: HOME MORTGAGE REFINANCE			Geography: TEXAS								Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2013				
Assessment Area:	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	Overall	Low	Mod	Mid	Upp
<b>Full Review:</b>															
Potter-Randal Ctys AA	1,656	90.89	7.55	2.84	15.74	8.70	39.33	34.48	37.38	53.98	24.99	31.58	31.87	23.90	24.61
<b>Limited Review:</b>															
Hutchinson Cty AA	142	7.79	3.62	1.41	7.06	3.52	62.98	51.41	26.34	43.66	63.12	100.0	100.0	60.27	62.90
Lubbock Cty AA	24	1.32	4.26	4.17	20.30	16.67	34.12	25.00	41.32	54.16	0.17	0.00	0.19	0.15	0.18

\* Based on 2012 Peer Mortgage Data (USPR)

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

\*\*\* Percentage of Owner Occupied Units is the number of owner occupied units in a particular geography divided by the number of owner occupied housing units in the area based on 2010 Census information.

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

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

Geographic Distribution: MULTIFAMILY		Geography: TEXAS					Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2013					Market Share (%) by Geography*				
Assessment Area:	Total Multifamily Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Overall	Low	Mod	Mid	Upp	
	#	% of Total**	% of MF Units***	% BANK Loans****	% MF Units***	% BANK Loans	% MF Units***	% BANK Loans	% MF Units***	% BANK Loans						
<b>Full Review:</b>																
Potter-Randall Ctys AA	1	100.00	21.35	0.00	14.44	0.00	38.55	0.00	25.66	100.00	0.00	0.00	0.00	0.00	0.00	
<b>Limited Review:</b>																
Hutchinson Cty AA	0	0.00	26.42	0.00	38.55	0.00	17.81	0.00	17.22	0.00	0.00	0.00	0.00	0.00	0.00	
MSA Lubbock Cty AA	0	0.00	15.91	0.00	25.49	0.00	30.65	0.00	27.95	0.00	0.00	0.00	0.00	0.00	0.00	

\* Based on 2012 Peer Mortgage Data (USPR)

\*\* Multi-family loans originated and purchased in the MA/AA as a percentage of all multi-family loans originated and purchased in the rated area.

\*\*\* Percentage of Multi Family Units is the number of multi family units in a particular geography divided by the number of multifamily housing units in the area based on 2010 Census information.

\*\*\*\* Multifamily loan distribution includes Home Purchases, Home Improvement and Refinances.

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

Geographic Distribution: SMALL LOANS TO BUSINESSES				Geography: TEXAS				Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2013				Market Share (%) by Geography				
Assessment Area:	Total Small Business Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Overall	Low	Mod	Mid	Upp	
	#	% of Total**	% of Business***	% BANK Loans	% of Business***	% BANK Loans	% of Business***	% BANK Loans	% of Business***	% BANK Loans						
<b>Full Review:</b>																
Potter-Randall Ctys AA	8,107	98.70	19.24	4.95	11.49	6.81	34.95	42.77	34.11	45.47	50.00	21.09	48.93	57.10	55.40	
<b>Limited Review:</b>																
Hutchinson Cty AA	74	0.90	12.63	9.46	16.09	6.76	50.88	51.35	20.40	32.43	10.03	8.33	5.00	10.87	19.61	
Lubbock Cty AA	33	0.40	5.43	0.00	16.47	0.00	37.30	96.97	40.71	3.03	0.22	0.00	0.00	0.63	0.00	

\* Based on 2012 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 (2013).

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

Geographic Distribution: SMALL LOANS TO FARMS		Geography: TEXAS						Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2013							
Assessment Area:	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 Ctys AA	145	100.00	9.06	27.59	4.38	1.38	35.56	14.48	51.00	56.55	17.03	60.71	18.18	11.71	15.00
<b>Limited Review:</b>															
Hutchinson Cty AA	0	0.00	1.45	0.00	2.90	0.00	49.27	0.00	46.38	0.00	0.00	0.00	0.00	0.00	0.00
Lubbock Cty AA	0	0.00	1.49	0.00	12.80	0.00	39.46	0.00	46.25	0.00	0.00	0.00	0.00	0.00	0.00

\* Based on 2012 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 (2013).

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

Borrower Distribution: HOME PURCHASE		Geography: TEXAS						Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2013							
Assessment Area:	Total Home Purchase Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Market Share				
	#	% of Total**	% Families***	% BANK Loans****	% Families <sup>1</sup>	% BANK Loans***	% Families***	% BANK Loans***	% Families***	% BANK Loans***	Overall	Low	Mod	Mid	Upp
<b>Full Review:</b>															
Potter-Randall Ctys AA	1,940	89.07	22.68	8.68	16.77	21.09	20.03	23.43	40.52	46.80	31.70	35.42	33.03	29.78	31.50
<b>Limited Review:</b>															
Hutchinson Cty AA	191	8.77	17.40	4.21	18.54	18.95	20.15	28.95	43.91	47.89	48.65	83.33	64.29	49.21	43.20
Lubbock Cty AA	47	2.16	21.22	0.00	17.96	13.33	19.08	24.44	41.74	62.23	0.21	0.00	0.33	0.26	0.18

\* Based on 2012 Peer Mortgage Data (USPR)

\*\* 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 2010 Census information.

\*\*\*\* As a percentage of loans with borrower income information available. No information was available for 3.0% of loans originated and purchased by bank.

<sup>1</sup> 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, 2012 TO DECEMBER 31, 2013						
Assessment Area:	Total Home Improvement Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Market Share				
	#	% of Total**	% Families***	% BANK Loans**	% Families <sup>2</sup>	% BANK Loans*** <sup>*</sup>	% Families***	% BANK Loans*** <sup>*</sup>	% Families***	% BANK Loans*** <sup>*</sup>	Overall	Low	Mod	Mid	Upp
<b>Full Review:</b>															
Potter-Randall Ctys AA	543	93.14	22.68	22.89	16.77	24.95	20.03	19.89	40.52	32.27	66.59	81.01	76.19	62.24	57.49
<b>Limited Review:</b>															
Hutchinson Cty AA	35	6.00	17.40	8.57	18.54	22.86	20.15	20.00	43.91	48.57	83.87	100.00	100.00	71.43	80.00
Lubbock Cty AA	5	0.86	21.22	20.00	17.96	40.00	19.08	40.00	41.74	0.00	0.88	6.67	0.00	2.13	0.00

\* Based on 2012 Peer Mortgage Data (USPR)

\*\* 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 2010 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.

<sup>2</sup> 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, 2012 TO DECEMBER 31, 2013					Market Share				
Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Overall	Low	Mod	Mid	Upp	
	#	% of Total**	% Families***	% BANK Loans****	% Families <sup>3</sup>	% BANK Loans****	% Families* **	% BANK Loans****	% Families* **	% BANK Loans****						
<b>Full Review:</b>																
Potter-Randall Ctys AA	1,656	90.89	22.68	6.12	16.77	15.97	20.03	22.79	40.52	55.12	31.35	31.91	32.95	34.78	29.90	
<b>Limited Review:</b>																
Hutchinson Cty AA	142	7.79	17.40	3.62	18.54	5.80	20.15	8.70	43.91	81.88	72.03	66.67	71.43	66.67	73.12	
Lubbock Cty AA	24	1.32	21.22	4.17	17.96	12.50	19.08	16.67	41.74	66.66	0.22	0.00	0.00	0.15	0.28	

\* Based on 2012 Peer Mortgage Data (USPR)

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

\*\*\* Percentage of Families is based on the 2010 Census information.

\*\*\*\* As a percentage of loans with borrower income information available. No information was available for 4.2% of loans originated and purchased by bank.

<sup>3</sup> 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, 2012 TO DECEMBER 31, 2013	
Assessment Area:	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 Ctys AA	8,109	98.70	73.44	15.59	88.40	8.45	3.15	50.00	26.94
<b>Limited Review:</b>									
Hutchinson Cty AA	74	0.90	68.06	58.11	82.43	9.46	8.11	10.03	10.60
Lubbock Cty AA	33	0.40	69.46	30.30	81.82	15.15	3.03	0.22	0.27

\* Based on 2012 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 - 2013).

\*\*\*\* 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 0.13% of small loans to businesses originated and purchased by the bank.

**Table 14. Qualified Investments**

QUALIFIED INVESTMENTS		Geography: TEXAS				Evaluation Period: JANUARY 1, 2010 TO AUGUST 1, 2014			
Assessment Area:	Prior Period Investments		Current Period Investments		Total Investments			Unfunded Commitments**	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	% of Total	#	\$(000s)
<b>Full Review:</b>									
Potter-Randall Ctys AA	19	6,655	528	5,143	547	11,798	93.95	0	0
<b>Limited Review:</b>									
Hutchinson Cty AA	0	0	47	146	47	146	1.16	0	0
Lubbock Cty AA	0	0	13	614	13	614	4.89	0	0

\* 'Prior Period Investments' means investments made in a previous 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, 2012 TO DECEMBER 31, 2013			
MA/Assessment Area:	Deposits	Branches						Branch Openings/Closings						Population								
	% of Total Bank Deposits	# of Bank Branches	% of Total Bank Branches	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 Ctys AA	96.43	11	84.62	27.27	18.18	9.09	45.46	0	0	0	0	0	0	11.87	19.29	39.58	29.26					
<b>Limited Review:</b>																						
Hutchinson Cty AA	3.30	1	7.69	0	100	0	0	0	0	0	0	0	0	3.87	8.22	58.90	29.01					
Lubbock Cty AA	0.27	1	7.69	0	0	0	100	1	0	0	0	0	1	7.58	25.66	32.50	34.26					

**Distribution of Branch and ATM Delivery System**

DISTRIBUTION OF BRANCH AND ATM DELIVERY SYSTEM																	GEOGRAPHY: TEXAS		EVALUATION PERIOD: JANUARY 1, 2012 TO DECEMBER 31, 2013			
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	Upp	Low	Mod	Mid	Upp					
<b>Full Review:</b>																						
Potter-Randall Ctys AA	96.43	11	84.62	27.27	18.18	9.09	45.46	0	0	18	25	29	27	11.87	19.29	39.58	29.26					
<b>Limited Review:</b>																						
Hutchinson Cty AA	3.30	1	7.69	0	1	0	0	0	0	0	1	3	0	3.87	8.22	58.90	29.01					
Lubbock Cty AA	0.27	1	7.69	0	0	0	1	1	0	0	0	2	3	7.58	25.66	32.50	34.26					

