



## **PUBLIC DISCLOSURE**

October 28, 2015

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

Texas Capital Bank, National Association  
Charter Number **23248**

2000 McKinney Avenue, Suite 190  
Dallas, TX 75201

Office of the Comptroller of the Currency

Midsized Bank Supervision  
1 South Wacker Drive, Suite 2000  
Chicago, IL 60606

**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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## General Information and Overall CRA Rating

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 **Texas Capital Bank, National Association (TCB or bank)** issued by the Comptroller of the Currency (OCC), TCB's supervisory agency, for the evaluation period starting January 1, 2011 through December 31, 2014. The agency rates the CRA performance of an institution consistent with provisions set forth in Appendix A, to 12 CFR Part 25.

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

The following table indicates the performance level of **Texas Capital Bank, National Association** with respect to the Lending, Investment, and Service Tests:

Performance Levels	Texas Capital Bank, National Association Performance Tests		
	Lending Test*	Investment Test	Service Test
Outstanding			
High Satisfactory	X	X	
Low Satisfactory			X
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:

- The bank's overall lending activity is adequate. Although the geographic distribution of small loans to businesses reflects excellent performance, revenue information was not available for analysis purposes on 90.5 percent of the loans reported in this category. Therefore, we were unable to conduct a borrower distribution analysis.
- Community development (CD) lending had a significantly positive impact on the bank's lending performance in the Austin and Houston full-scope Assessment Areas (AA), as well as in all limited-scope areas. In the Dallas AA, the impact was positive.
- The bank has an overall good level of qualified investments that are responsive to community needs. The bank's statewide and regional performance had a positive impact on the Investment Test rating.
- The branch distribution by geography and hours of operation reflects poor performance considering the bank's financial capacity.
- TCB's performance in providing CD services is good. Efforts continue to focus primarily on providing financial literacy education for LMI individuals.

## 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) – 2000 Census:** 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.

**Census Tract (CT) – 2010 Census:** 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 (CD):** Affordable housing (including multifamily rental housing) for low- or moderate-income individuals; community services targeted to low- or moderate-income individuals; activities that promote economic development by financing businesses or farms that meet Small Business Administration Development Company or Small Business Investment Company programs size eligibility standards or have gross annual revenues of \$1 million or less; activities that revitalize or stabilize low- or moderate-income geographies, distressed or underserved nonmetropolitan middle-income geographies, or designated disaster areas; or loans, investments, and services that support, enable or facilitate projects or activities under HUD Neighborhood Stabilization Program criteria that benefit low-, moderate-, and middle-income individuals and geographies in the bank's assessment area(s) or outside the assessment area(s) provided the bank has adequately addressed the community development needs of its assessment area(s).

**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 conduct business or have banking offices in a metropolitan statistical area to file annual summary reports of their mortgage lending activity. The reports include such data as the race, gender, and the income of applicants, the amount of loan requested, the disposition of the application (e.g., approved, denied, and withdrawn, 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/assessment area.

**Median Family Income (MFI) – 2000 Census:** 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.

**Median Family Income (MFI) – 2010 Census:** 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 Institution’s 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 (MD):** 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 (MSA):** 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) 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

Texas Capital Bank is an intrastate commercial bank headquartered in Dallas, Texas. TCB operates 12 branch offices located in its five core markets: Dallas, Fort Worth, Houston, Austin, and San Antonio. TCB is a wholly-owned subsidiary of Texas Capital Bancshares, Inc. (TCBI), a one-bank publicly traded holding company. TCB was established in 1998 through the acquisition of Resource Bank, National Association. In May 2007, TCB established Texas Capital Community Development Corporation (TCCDC) as a subsidiary. TCCDC operates as a for-profit entity with a primary mission to conduct CD activities for the bank that are responsive to CD investment and loan needs. The majority of the bank's Part 24 investments have been to fund the TCCDC. The bank also operates two lines of business serving a regional or national clientele of commercial borrowers, Bank Direct Capital Finance, LLC (BDCF) based in Chicago and its Mortgage Finance division operating out of Dallas.

TCB experienced significant growth during the evaluation period. Total assets increased from \$6.4 billion on December 31, 2010 to \$17.8 billion as of June 30, 2015. Tier 1 Capital grew from \$527 million to \$1.6 billion during the same time. Net loans totaled \$14 billion, which represented 89.34 percent of total assets. The loan portfolio is 98.8 percent commercial. The primary loan portfolios are mortgage warehouse (29 percent of total loans), commercial real estate (including Builder Finance, Multi-Family, and Office), energy, and commercial and industrial (including Lender Finance and BDCF). Consumer and home mortgage loans comprise only 1.2 percent of total loans and consist primarily of accommodation loans to private banking and commercial customers.

The bank's strategic focus since its inception has been to grow a customer base of middle-market commercial businesses, professionals, and entrepreneurs, using a wholesale funding model. The loan and deposit base in each AA has grown by hiring experienced staff in areas that align with the bank's core business strategies. TCB targets deposit-rich industries with services designed to increase the relationship-based nature of these customers. Industries include Homeowners Associations (HOA) management companies, mortgage companies, mortgage servicers, title companies, and Broker / Dealers.

TCB is among the highest volume lenders nationwide for mortgage warehouse lending and commercial insurance premium financing (BDCF). The annual funding volume ranks in the top five mortgage warehouse operations nationally. The Private Wealth Advisory (PWA) division administers \$1.4 billion in trust and related assets. Fiduciary assets are centered in investment management agency accounts, personal trusts, and individual retirement accounts (IRAs). TCB provides traditional deposit accounts and traditional and specialized loan products to both commercial and small business customers. The bank also offers online banking and treasury/liquidity management services to its customers.

There are no legal, financial, or other factors that may impede the bank's ability to meet the credit needs in its AAs. The bank received one CRA-related comment from a community organization during the preparation of this evaluation. Management sent an appropriate response to establish a dialogue with the organization. The bank received a "Satisfactory" rating in its previous CRA evaluation, dated April 27, 2011.

## Scope of the Evaluation

### Evaluation Period/Products Evaluated

The evaluation period for the Lending Test is January 1, 2011 through December 31, 2014. We, however, were required to conduct three separate lending analyses due to the US Census data and Office of Management and Budget (OMB) MSA/MD boundary updates that went into effect on January 1, 2012 and January 1, 2014, respectively. The Census changes resulted in separate lending and service test performance analyses for calendar year 2011 and years 2012 through 2013, while the OMB changes required separate analysis of 2014 activity. The updates changed the composition of the Dallas MD, Houston MSA, and the Fort Worth MD AAs in 2014. Performance Tables 1, 6 and 11 in Appendix C for these AAs only show loans originated in 2012 through 2013. We discuss the data for 2011 and 2014 within the applicable narrative sections of the lending analysis sections of the PE.

Small loans to businesses are the primary loan product for this evaluation period, the only category in which the bank originated a minimum of 25 loans within an AA. Therefore, the bank's small loans to businesses activities received the greatest emphasis during this evaluation period, supplemented by community development lending. Origination volumes of home mortgage loans (home purchase, home improvement, and home refinance mortgage, multifamily), offered as an accommodation to commercial customers, and small loans to farms are negligible. We reviewed multifamily loans within the Community Development Lending section of the Lending Test, where appropriate.

The evaluation period for Investment and Service Tests is April 28, 2011 through October 27, 2015. The Investment Test included a review of investments, grants, and donations made within the AAs and the statewide area that meet the definition of CD investments. The Service Test included a review of retail and CD services provided within the bank's AAs.

### Data Integrity

As part of our ongoing supervision of the bank, we tested the accuracy of the bank's HMDA and CRA-lending data to ensure the data were reliable for inclusion in this evaluation. We also reviewed the appropriateness of CD activities provided for consideration in our evaluation. This included testing of CD loans, investments, and services for accuracy and to determine if they qualify as CD, as defined in the CRA regulation.

We analyzed the bank's AAs to determine that they meet the requirements of the CRA regulation and do not arbitrarily exclude any, particularly LMI, areas.

### Selection of Areas for Full-Scope Review

We completed full-scope reviews of the Austin MSA, Dallas MD, and the Houston MSA AAs. The Fort Worth MD and San Antonio MSA areas received limited-scope reviews. The full-scope areas were selected due to the high percentage of the bank's deposits in these areas and the largest volume of total reportable loans in the state, both reflected in appendix C, Table 1. The bank's branch distribution shown in appendix C, Table 15 is concentrated in the Dallas MD, followed equally by the Austin and Houston MSAs. Performance results in the full-scope areas have the most significant weight on overall assessment of the bank's

performance. The Dallas MD had the most impact on final ratings because this AA had the largest percent of the bank's deposits, loans, and branches within Texas. Refer to the Tables in appendix A for more information on the AAs.

## **Ratings**

The bank's overall rating is primarily based upon the results of those areas, the Austin MSA, Dallas MD, and the Houston MSA AAs, that received full-scope reviews. More weight was given to the performance in the Dallas MD AA, given the bank's larger branch network and its higher lending volume and deposit market share in the AA.

Small business and CD lending, given the bank's commercial lending focus, were emphasized in the overall conclusions. The bank originated only nominal volumes of other products, too few to evaluate in this PE. As a result, the distribution of home mortgages, multifamily, and farm loans were not analyzed. These loans are offered on an accommodation basis based on the bank's commercial lending oriented business model.

In addition, the borrower distribution, which demonstrates the bank's level of lending to businesses of different revenue sizes, generally received more weight than the geographic distribution of loans. This evaluation covers three periods due to demographic data census changes affecting the composition of the full-scope AAs. In performing our analysis, we emphasized the bank's performance in 2012 through 2014 over performance in 2011, as this reflected a larger proportion of lending.

## **Other Performance Data – Lending Test - Inside/Outside Ratio**

The inside/outside ratio is a bank-wide calculation of the proportion of loans inside the bank's AAs. It is not calculated by individual rating areas or AAs. The inside/outside ratio analysis is limited to CRA-reportable loan originations and purchases. We did not include any affiliate data.

## **Other Performance Data – Investment Test**

In addition to qualified investments made within the bank's AAs and across Texas, TCB made investments in the broader regional and nationwide areas that had a purpose, mandate or function to serve one or more of the bank's AAs within Texas. These investments were considered in the analysis of the bank's overall Investment Test performance.

Nationwide funds are important sources of investments in LMI and underserved communities throughout the country, and can be an efficient vehicle for institutions in making qualified investments that help meet community development needs. Although the bank does not have a nationwide branch footprint, it serves commercial customers nationally.

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

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

The OCC did not identify evidence of discriminatory or other illegal credit practices with respect to this institution.

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

## Conclusions with Respect to Performance Tests

### LENDING TEST

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

The bank's performance under the Lending Test in Texas is rated "High Satisfactory." Based on full-scope reviews, the bank's performance in the Austin MSA, Dallas MD, and Houston MSA AAs is good.

#### Lending Activity

The bank's overall lending activity is excellent, especially when considering the strong competition for loans in the AAs. Other nationwide lenders dominate the lending market. Commercial lending is the bank's primary credit focus.

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

#### Austin MSA

As of June 30, 2014, there were 69 financial service providers with branches in the AA. TCB ranked tenth in the AA in deposits, representing 1.8 percent of market share. The five largest competitors in the AA, in order of their ranking, were Wells Fargo Bank, National Association (N.A.), Bank of America, N.A., JPMorgan Chase Bank, N.A., Frost Bank, and Compass Bank. These five institutions account for 67.8 percent of total deposits in the AA. TCB's AA deposits totaled \$617 million. Based on 2014 Peer Mortgage Data, competition for home purchase lending was high, with 606 lenders in the AA. TCB ranked 340 in home purchase loans with a market share of less than one percent. Competition for home improvement lending is moderate with 157 lenders in the AA. Competition for home refinance lending is also highly competitive with 457 lenders in the AA. TCB did not originate any home improvement or refinance loans in the AA.

The bank's small business lending activity is excellent, given the bank's market share and ranking in comparison to its deposit market share and small business lending competition in the AA. TCB ranked 11<sup>th</sup> of 143 lenders for small business lending, achieving a market share of 2.5 percent. The top five lenders for small business lending consist of the nation's largest credit card lenders, who collectively control a majority of the market with a combined market share of 67.3 percent. The bank's competitors include, in order of their ranking, American Express Federal Savings Bank (FSB), Chase Bank USA, N.A., Wells Fargo Bank, N.A., Capital One Bank (USA), N.A., and Citibank, N.A.

#### Dallas MD

The banking industry is highly competitive in the AA and includes branches of national and regional banks, local community banks, credit unions, and other nonbank financial institutions. As of June 30, 2014, there were 139 financial service providers with branches in the AA. TCB ranked fourth in AA deposits, representing a 4.3 percent market share. The three largest competitors, in order of their ranking, were Bank of America, N.A., JPMorgan Chase Bank,

N.A., and Wells Fargo Bank, N.A. These three institutions account for 63.1 percent of total deposits in the AA. TCB's AA deposits totaled \$7.3 billion. Based on 2014 Peer Mortgage Data, competition for home purchase lending was high, with TCB ranking 284 of 770 lenders in the AA, achieving a market share of less than one percent. Competition for home improvement lending is moderate with 252 lenders in the AA. TCB did not originate any home improvement loans in the AA. Competition for home refinance lending is also highly competitive with TCB ranking 453 of 576 lenders in the AA, achieving a market share of less than one percent.

TCB's small business lending activity is excellent, given the bank's market share and ranking in comparison to its deposit market share and small business lending competition in the AA. TCB ranked 11<sup>th</sup> out of 183 lenders for small business lending, with a market share of 2.4 percent. The top five lenders in the AA were, in order of their ranking, American Express FSB, Chase Bank USA, N.A., Capital One Bank (USA), N.A., Citibank, N.A., and Wells Fargo Bank, N.A. Collectively, these lenders have a market share of 61.4 percent.

### Houston MSA

The banking industry is highly competitive in the AA and includes branches of national and regional banks, local community banks, credit unions, and other nonbank financial institutions. As of June 30, 2014, there were 103 financial service providers with branches in the AA. TCB ranked eleventh in AA deposits achieving a market share of less than one percent. The five largest competitors, in order of their ranking, were JPMorgan Chase Bank, N.A., Wells Fargo Bank South Central, N.A., Wells Fargo Bank, N.A., Bank of America, N.A., and Compass Bank. These five institutions account for 74.6 percent of total deposits in the AA. TCB's AA deposits totaled \$1.9 billion. Based on 2014 Peer Mortgage Data, competition for home purchase lending was high, with TCB ranking 368 of 771 lenders in the AA, achieving a market share of less than one percent. Competition for home improvement lending was moderate with TCB ranking 172 of 261 lenders in the AA, achieving a market share of less than one percent. Competition for home refinance lending is also highly competitive with TCB ranking 470 of 590 lenders in the AA, achieving a market share of less than one percent.

The small business lending activity is excellent given the bank's market share and ranking in comparison to the deposit market share and small business lending competition in the AA. TCB ranked 12<sup>th</sup> out of 176 lenders for small business lending, with a market share of 2.1 percent. The top five lenders in the AA are, in order of their ranking, American Express FSB, Chase Bank USA, N.A., Wells Fargo Bank, N.A., Capital One Bank (USA), N.A., and FIA Card Services. Collectively, these five lenders have a market share of 64.3 percent.

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

Overall, the geographic distribution of the bank's lending is excellent. TCB's geographic distribution of small loans to businesses reflects excellent performance. The distribution of home mortgages, multifamily, and farm loans were not analyzed. These loans are offered on an accommodation basis based on the bank's commercial lending oriented business model. As a result, the bank originated only nominal loan volumes within the AAs during the evaluation period.

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

Overall, the geographic distribution of small loans to businesses is excellent.

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.

#### Austin AA

The overall geographic distribution of small loans to business is excellent. The bank's geographic distribution of small loans to businesses in 2012 through 2014 was excellent. The percentage of small loans made in low-income geographies exceeded the percentage of businesses in those geographies. The percentage of small loans made in moderate-income geographies also exceeded the percentage of businesses in those geographies. The bank's market share in low-income geographies exceeded its overall market share for small loans to businesses. The bank's market share in moderate-income geographies exceeded its overall market share for small loans to businesses. The bank's performance in 2011 was consistent with the performance noted in 2012 through 2014, and was considered excellent.

#### Dallas AA

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#### Houston AA

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

We reviewed summary reports and maps, and analyzed the bank's small business lending activity over the evaluation period to identify any gaps in the geographic distribution of loans. We did not identify any unexplained conspicuous gaps.

## **Inside/Outside Ratio**

For the combined four-year evaluation period, TCB originated less than a majority of all loan products inside the bank's AAs (7.5 percent). We attribute the disparity in the volume of loans originated inside the bank's delineated CRA AAs to TCB's overall commercial lending business strategy. As a result of the bank's business model, the proportion of loans in the AAs is adequate.

For liquidity purposes, TCB relies on wholesale funding, including large uninsured deposits, broker/dealer sweep deposits, and FHLB borrowings, to fund its lending efforts. Through its mortgage warehouse loan program, TCB provides lines of credit to more than 150 mortgage originators across the US. TCB purchases a participating interest in single-family residential mortgages that are typically only on the balance sheet for about 20 days. The loans are not HMDA-reportable by the bank.

In addition to the mortgage warehouse program, TCB also operates an insurance premium finance division, BDCF. BDCF funds insurance premium finance loans for businesses located throughout the United States through a network of participating insurance agencies. The underwriting for these loans considers the amount of the down payment the borrower provides on the insurance policy financed, but not the annual income of the borrower. TCB reports loans generated through the BDCF division annually on the bank's CRA loan application register; however, due to its nationwide footprint, the majority of the loans are originated outside the bank's CRA AAs.

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

The distribution of distribution of small loans to businesses is adequate, based on qualitative data about the bank's lending programs. We were unable to evaluate the bank's distribution of loans by income level of the borrower, because insufficient revenue information was available for the small loans to businesses. In addition, the volume of other loans originated by the bank was nominal. Therefore, a borrower distribution analysis is could not be performed.

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

During the evaluation period, TCB originated 31,669 CRA-reportable loans inside the bank's AAs, of which, 10.2 percent were bank originated small business loans and 89.8 percent were originations of the BDCF small business insurance premium product. TCB does not collect revenue information on the businesses financing the insurance premiums because it is not a consideration in the underwriting decision. Therefore, we were unable to perform a meaningful analysis of the bank's lending by revenue of the business.

However, TCB is a Small Business Administration (SBA) Preferred Lender originating 22 SBA 7A/504 loans totaling \$70 million. TCB established a Community Lending Group (CLG) in April 2015 to meet the credit needs of small business customers up to \$750 thousand. Loan products include letters of credit, term loans, lines of credit, and guidance lines for real estate. The bank originated 58 loans totaling \$11.9 million from April 2015 through October 28, 2015. As a result of this information we concluded the distribution of loans to small businesses is adequate.

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

## **Community Development Lending**

Refer to Table 1 Lending Volume in Appendix C for the facts and data used to evaluate the bank's level of CD lending. This table includes all CD loans, including multifamily loans that also qualify as CD loans.

TCB had an overall significantly positive level of CD loans that were responsive to community needs.

### Austin AA

The bank's level of CD lending had a significantly positive impact on lending performance in the Austin AA. The bank originated nine loans totaling \$58.8 million. This volume represented 33.3 percent of Tier One Capital allocated to the AAs. These loans exhibited excellent initiative and responsiveness to identified needs in the area. The loans specifically supported economic development initiatives and affordable housing. Seven of the bank's loans helped to support permanent job creation, retention, and/or improvement for persons who are currently LMI. Two of the bank's loans were to entities that provide affordable housing targeted to LMI.

For example, the bank made two loans totaling \$26.8 million to finance the construction of two hotels, located in moderate-income census tracts. One of these two projects created 40 new full-time jobs, and 60 percent of the jobs benefit LMI workers. The other project created 32 full-time and three part-time jobs, all of which benefit LMI workers. In addition, the bank made a loan totaling \$12.9 million to finance the development of a 76-unit private stay senior housing facility, which created 56 new full-time jobs in the AA. TCB also made a loan totaling \$13.7 million to finance energy efficiency upgrades for 993 public housing units in the AA.

### Dallas AA

The bank's level of CD lending had a positive impact on lending performance in the Dallas AA. The bank originated 19 loans totaling \$71.4 million. This volume represented 9.8 percent of Tier One Capital allocated to the AA. These loans exhibited good initiative and responsiveness to identified needs in the area, specifically support for economic development projects and revitalization and stabilization of LMI geographies. As an example, TCB made one loan totaling \$24.8 million to finance the development of a retail strip center located in a low-income census tract. The project created 175 full- or part-time jobs, all of which benefited LMI individuals. In addition, TCB made three construction loans totaling \$14 million to support the Trinity Groves project. The project is part of the City of Dallas plan for the redevelopment of West Dallas.

### Houston AA

The bank's level of CD lending had a significantly positive impact on lending performance in the Houston AA. The bank originated 37 loans totaling \$166.3 million. This volume represented 55.2 percent of Tier One Capital allocated to the AA. These loans exhibited excellent initiative and responsiveness to identified needs in the AA, specifically, economic development projects, affordable housing, and support for community services targeted to LMI. Twenty-four loans helped finance economic development initiatives promoting permanent job creation in the AA.

For example, the CDC made two loans totaling \$60 million to finance the development of a hospital, which helped to stabilize a moderate-income census tract in the AA and ensure that LMI individuals have access to health services. The project also created 653 new jobs of which 292 were for the benefit of LMI persons. Another three loans originated in conjunction with the SBA 504-loan program, financed the construction of a 90-room hotel located in a moderate-income geography. Finally, TCB exhibited excellent responsiveness in its support of community services targeted to LMI by originating two loans totaling \$20 million to provide working capital to a nonprofit organization that primarily serves the needs of LMI.

### **Community Development Loans – TX Statewide**

In addition to qualified CD loans made within the bank's AAs, TCB originated CD loans in the broader statewide area that includes the bank's AAs. These loans fell into one of two categories: (1) originated to organizations or used for activities with a purpose/mandate/function that serve one or more of the bank's AAs; or (2) originated to organizations or used for activities without a purpose / mandate / function to serve one or more the bank's AAs. Loans in the second category were considered in the evaluation because we determined that the banks was responsive to community needs through loans in, or that serve, the AA. The bank originated 25 loans totaling \$145.4 million in the broader statewide area that serve one or more of the bank's AAs in the state. The portfolio of CD loans originated in the broader statewide area included loans in support of affordable housing (21.8 percent), community services targeted to LMI (17.4 percent), and economic development initiatives (60.8 percent). For example, the CDC originated six loans totaling \$27.5 million to a provider of affordable housing and community services targeted to disabled persons, as working capital financing. The CDC originated three working capital loans totaling \$5.8 million to a provider of in-home skilled nursing and pediatric therapy for LMI persons where the majority are Medicaid patients. Finally, the CDC and the bank originated three revolving lines of credit totaling \$48 million to a CRA investment fund that invests in targeted businesses in LMI areas of the state, revitalizing those areas and stimulating permanent job creation.

### **Product Innovation and Flexibility**

TCB does not offer any innovative loan products or products with more flexible terms to meet the credit needs of LMI individuals or geographies.

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

Based on limited-scope reviews the bank's performance under the Lending Test in the Fort Worth and San Antonio AAs is consistent with the overall "High Satisfactory" performance under the Lending Test. Refer to Tables 1 through 12 in Appendix C for the facts and data that support these conclusions.

## **INVESTMENT TEST**

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

The bank's performance under the Investment Test is rated "High Satisfactory." Based on full-scope reviews, the bank's performance in the Dallas MD is good. The bank's performance in the Austin AA and the Houston AAs are both adequate. While not innovative, the bank's

responsiveness to the CD needs in the AA is good. TCB's qualified investments are responsive to CD needs in the Austin, Dallas, and Houston AAs. In terms of total dollar volume, 77 percent of the bank's investments were investments in low-income housing tax credits and government-sponsored mortgage-backed securities.

Refer to Table 14 in Texas section of Appendix D for the facts and data used to evaluate the bank's level of qualified investments.

### Austin MSA

TCB originated five investments in the AA during the current evaluation period totaling \$87 thousand, which primarily consisted of donations. The investments provided financial assistance to organizations that focus on targeted social services (i.e. health, employment, and homeless shelters) for LMI individuals, as well as the revitalization / stabilization of LMI geographies. We also considered the ongoing impact of investments made during the prior evaluation period on the AA. Eligible prior period investments consisted of two equity investments totaling \$2.6 million. Current and prior period investments, total \$2.7 million and represent 1.6 percent of allocated Tier 1 Capital for the AA. When considering the bank's recent expansion in this AA, the level of investments is considered adequate.

The bank's responsiveness to the community credit needs in the AA is adequate. In terms of total dollar volume, 95.8 percent of the bank's investments were investments in affordable housing, SBA loans, and government-sponsored mortgage-backed securities. The following are examples of investments.

- TCB invested \$1.6 million during the prior period in mutual funds that invest in geographically specific debt securities to help provide financing for LMI homebuyers, develop affordable housing units, SBA loans, and economic development projects.
- TCB also invested \$1 million in a fund that provides affordable housing and small business development opportunities.

### Dallas MD

TCB originated 18 investments in the AA during the current evaluation period totaling \$582 thousand, which primarily consisted of donations. The investments provided financial assistance to organizations that focus on affordable housing and targeted social services (i.e. homeless shelters, health, employment) for LMI individuals, as well as the revitalization / stabilization of LMI geographies. We also considered the ongoing impact of investments made during the prior evaluation period on the AA. Eligible prior period investments consisted of three equity investments totaling \$55 million. Current and prior period investments total \$55.6 million and represent 10.19 percent of allocated Tier 1 Capital for the AA, reflecting an excellent level of performance.

The bank's responsiveness to the community development needs in the AA is good. In terms of total dollar volume, 89 percent of the bank's investments involved affordable housing and economic development by financing of small businesses, through government-sponsored securities backed by mortgage and SBA loans. The following are examples of prior period investments.

- TCB invested \$3.9 million during the prior period in mutual funds that invest in geographically specific debt securities to help provide financing for LMI homebuyers, affordable housing units, SBA loans, and economic development projects. TCB invested \$242.2 thousand during the prior period in government-sponsored mortgage-backed securities targeted to LMI homebuyers in the Dallas AA.
- Prior period investments also include TCB's initial \$50.9 million investment in its CDC, Texas Capital Community Development Corporation (TCCDC). This entity is a wholly-owned subsidiary of the bank, established in 2007 as a means for identifying and funding qualified CD loans and investments.

### Houston MSA

TCB originated 13 investments in the AA during the current evaluation period totaling \$260 thousand, which primarily consisted of donations. The investments provided financial assistance to organizations that focus on affordable housing and targeted social services (i.e. adult education, youth services, and homeless shelters) for LMI individuals, as well as the revitalization and stabilization of LMI geographies. We also considered the ongoing impact of investments made during the prior evaluation period affected the AA. Eligible prior period investments consisted of one equity investment in Low-Income Housing Tax Credit projects (LIHTC) totaling \$741,977. Current and prior period investments total \$1 million, and reflect a poor level of performance. Investment opportunities are available within the AA.

### **Investments – TX Statewide**

In addition to the investments that were made directly within and benefit the bank's AAs, TCB made three qualifying investments totaling \$133.4 million in the state that had the purpose, mandate, or function to serve one or more of the bank's AAs. These had a positive impact on the bank's Investment Test performance. During the current period, the bank invested \$131.4 million into its CDC. The CD loans made by TCCDC are discussed in the Lending Test section of this performance evaluation. During the prior period, the bank invested \$2 million into two CRA Funds that provide financing for small businesses located in LMI areas and job creation for LMI individuals.

In addition to qualified investments made within the bank's AAs and across Texas, TCB made investments in the region and nationwide that had a purpose, mandate or function to serve one or more of the bank's AAs within Texas. These investments include the following:

- One current period regional investment of \$500 thousand in a Small Business Investment Company (SBIC) capital fund that focuses on job creation for LMI individuals.
- Three current period national investments totaling \$3 million that supported a SBIC capital fund that focuses on small growth companies and job creation for LMI individuals.
- One prior period national investment totaling \$2 million that supported an SBIC capital fund that focuses on small growth companies and job creation for LMI individuals.

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

Based on limited-scope reviews, the bank's performance under the Investment Test in both the Fort Worth and the San Antonio AAs is weaker than the bank's overall "High Satisfactory" Investment Test performance. Although the bank's investment performance in both AAs is inconsistent with the strength of the bank's financial condition, the bank faced significant competition to conduct those activities. As a result, minimal weight was given to the bank's investment performance in the limited-scope AAs. Performance in those AAs did not impact the overall Investment Test rating. Refer to Table 14 in Appendix C for the facts and data that support these conclusions.

## SERVICE TEST

### Conclusions for Areas Receiving Full-Scope Reviews

The bank's performance under the Service Test is rated "Low Satisfactory". The bank's branch distribution by geography and hours of operation reflect poor performance. However, the limited number of branches restricted conclusions pertaining to the distribution of branches. The bank's business model focuses heavily on alternative systems for the delivery of primarily commercial products and services. Emphasis was placed on CD services as a result of the business focus, limited branch presence, and lack of data on the effectiveness of delivery systems in serving all segments of the community. Community development services were generally good. Based on full-scope reviews, the bank's performance in the Austin, Dallas, and Houston AAs is adequate.

### Retail Banking Services

Refer to Table 15 in Appendix C for the facts and data used to evaluate the distribution of the bank's branch delivery system and branch openings and closings.

#### Austin MSA

TCB's branch distribution in the Austin AA is poor. The bank has two branches in the Austin AA. Branches were only accessible to limited portions of the AA based upon the geographic distribution of bank offices. None of the bank's branches are in low- or moderate-income geographies.

Branch openings and closings have not adversely affected the accessibility of the bank's delivery systems. During the evaluation period, there were two branch openings within upper-income census tracts; one in 2011 and one in 2013, as reflected in Appendix C Table 15. Conversely, there was one branch closing within an upper-income census tract in 2013.

Branch hours and services do not vary significantly by location. The hours are, however, in general limited to 9am to 4pm on Monday through Thursday; and 9am to 5pm on Friday. The bank does not offer office hours on weekends. The hours of operations are not convenient for small business owners and consumers.

Alternative delivery systems include online banking, mobile banking, telephone banking, and ATMs; which provide increased access to banking services throughout all areas in the AA. The ATMs do not accept deposits, but are available 24/7. In addition, TCB partners with the Allpoint ATM network to extend access. The surcharge fee is waived. The Allpoint ATMs are located in retailers such as select 7-Eleven, CVS, Walgreens, Kroger, Safeway, and Costco stores. Approximately 256 Allpoint ATMs are located in the Austin AA, of which 30 are in low-income census tracts and 50 are in moderate-income census tracts. We placed minimal weight on these alternative delivery systems, as the bank did not maintain metrics to determine their effectiveness in helping to meet the needs of small businesses and LMI individuals.

## Dallas MD

TCB's branch distribution in the Dallas AA is poor. The bank has five branches in the Dallas AA. Branches were only accessible to limited portions of the AA based upon the geographic distribution of bank offices. None of the bank's branches are in low- or moderate-income geographies. Four are in upper-income census tracts and one is in a middle-income census tract.

Branch openings and closings have not adversely affected the accessibility of the bank's delivery systems. There were no branch openings or closings within the Dallas AA during the evaluation period.

Branch hours and services do not vary significantly by location. The hours are however in general limited to 9am to 4pm on Monday through Thursday; and 9am to 5pm on Friday. The bank does not offer office hours on weekends. The hours of operations are not convenient for small business owners and consumers.

Alternative delivery systems include online banking, mobile banking, telephone banking, and ATMs; which provide increased access to banking services throughout all areas in the AA. The ATMs do not accept deposits, but are available 24/7, except for the Richardson location. The ATM is only accessible 7am to 7pm, Monday through Friday. TCB has a partnership with the Allpoint ATM network to extend access. The surcharge fee is waived. The Allpoint ATMs are located in retailers such as select 7-Eleven, CVS, Walgreens, Kroger, Safeway, and Costco stores. Approximately 617 Allpoint ATMs are located in the Dallas AA, of which 72 are in low-income census tracts and 131 are in moderate-income census tracts. We placed minimal weight on these alternative delivery systems, as the bank did not maintain metrics to determine their effectiveness in helping to meet the needs of small businesses and LMI individuals.

## Houston MSA

TCB's branch distribution in the Houston AA is poor. The bank has two branches in the Houston AA. Branches were only accessible to limited portions of the AA based upon the geographic distribution of bank offices. None of the bank's branches are in low- or moderate-income geographies. One is in an upper-income census tracts and one is in a middle-income census tract.

Branch openings and closings have not adversely affected the accessibility of the bank's delivery systems. During the evaluation period in 2011, there was one branch opening in a middle-income census tracts, as reflected in Appendix C Table 15. There were no branch closings.

Branch hours and services do not vary significantly by location. The hours are, however, in general limited to 9am to 4pm on Monday through Thursday; and 9am to 5pm on Friday. Bank office hours are not available on weekends. The hours of operations are not convenient for small business owners and consumers.

Alternative delivery systems include online banking, mobile banking, telephone banking, and ATMs; which provide increased access to banking services throughout all areas in the AA. The ATMs do not accept deposits, but are available 24/7. In addition, TCB partners with the Allpoint ATM network to extend access. The surcharge fee is waived. The Allpoint ATMs are located in

retailers such as select 7-Eleven, CVS, Walgreens, Kroger, Safeway, and Costco stores. Approximately 614 Allpoint ATMs are located in the Houston AA, of which 48 are in low-income census tracts and 125 are in moderate-income census tracts. We placed minimal weight on these alternative delivery systems, as the bank did not maintain metrics to determine their effectiveness in helping to meet the needs of small businesses and LMI individuals.

## **Community Development Services**

TCB's performance in providing CD services is good. Efforts continue to focus primarily on providing financial literacy education for LMI individuals. TCB's performance is adequate in the Austin MSA, good in the Dallas MD, and excellent in the Houston MSA. Bank officers and employees are involved on an ongoing basis with several non-profit organizations that provide targeted CD services for LMI individuals and families.

### Austin MSA

TCB provided an adequate level of CD services in the Austin AA. Bank officers and employees provided their financial expertise to 11 organizations on an ongoing basis during the evaluation period. They participated as board members or assisted with fundraising for organizations offer targeted services for LMI individuals. Targeted services include youth and senior citizen programs, for financial literacy, job training, and social services.

### Dallas MD

TCB provided a good level of CD services in the Dallas AA. CD services focused primarily on community services targeted to LMI individuals. Bank officers and employees participated in a variety of organizations on an ongoing basis, some in leadership roles, that promote economic development, and provide affordable housing. Bank officers and employees provided their financial expertise to approximately 28 organizations. They served as board members or assisted with fundraising for organizations offering targeted services for LMI individuals. Targeted services include youth and senior citizen programs, for financial literacy, job training, and social services.

### Houston MSA

TCB provided an excellent level of CD services in the Houston AA. CD services focused primarily on community services targeted to provide financial literacy training to numerous community groups, LMI individuals, and families. TCB employees volunteer their time to assist non-profit organizations that provide social services for LMI families. TCB employees serve as advisors or consultants to approximately 87 non-profit organizations providing services to LMI families. A TCB employee serves as a board member and assists with fundraising, marketing, and financial planning for a non-profit organization that serves at-risk youths.

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

Based on limited-scope reviews, the bank's performance under the Service Test in the Fort Worth MSA, and the San Antonio MSA is stronger than the bank's overall Service Test performance. However, the limited number of branches restricted conclusions pertaining to the distribution of branches. The Fort Worth MSA was affected by census tract income designation changes. The bank's only location in this AA was reclassified as upper-income from moderate-

income. The San Antonio MSA includes two branches, one of which is in a moderate-income tract and one in an upper-income tract. The bank's performance in limited-scope AAs had a positive impact on the Service Test rating.

## Appendix A: Scope of Evaluation

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): (01/01/2011 to 12/31/2014) Investment and Service Tests and CD Loans: (04/28/2011 to 10/27/2015)	
<b>Financial Institution</b>	<b>Products Reviewed</b>	
Texas Capital Bank, National Association (TCB) Dallas, Texas	Small loans to businesses, CD loans, investments and retail and CD 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>
Austin MSA Dallas MD Houston MSA Fort Worth/Arlington MSA San Antonio MSA	Full-Scope Full-Scope Full-Scope Limited-Scope Limited-Scope	

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

### Austin-Round Rock-San Marcos MSA (2000 Census)

Demographic Information for Full Scope Area: Austin-Round Rock-San Marcos MSA (2000 Census)						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	256	8.20	27.34	38.28	25.39	0.78
Population by Geography	1,249,763	8.31	25.66	39.38	26.46	0.20
Owner-Occupied Housing by Geography	274,869	2.79	18.90	42.63	35.68	0.00
Business by Geography	218,047	3.75	15.81	38.77	41.62	0.06
Farms by Geography	4,627	1.92	17.44	46.29	34.34	0.00
Family Distribution by Income Level	298,622	19.76	18.30	22.76	39.17	0.00
Distribution of Low and Moderate Income Families throughout AA Geographies	113,666	11.05	37.77	38.29	12.89	0.00
Median Family Income		59,438	Median Housing Value		131,505	
HUD Adjusted Median Family Income for 2011		74,900	Unemployment Rate (2000 US Census)		2.22%	
Households Below Poverty Level		10%				

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

Source: 2000 US Census and 2011 HUD updated MFI

### Austin-Round Rock MSA (2010 Census)

Demographic Information for Full Scope Area: Austin-Round Rock MSA (2010 Census)						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	350	10.29	24.57	35.14	29.14	0.86
Population by Geography	1,716,289	10.74	23.88	34.83	30.41	0.14
Owner-Occupied Housing by Geography	367,502	4.29	18.40	38.85	38.45	0.00
Business by Geography	164,936	6.12	17.73	31.00	45.09	0.07
Farms by Geography	3,885	3.68	20.98	38.46	36.89	0.00
Family Distribution by Income Level	388,214	21.62	17.43	19.95	41.00	0.00
Distribution of Low and Moderate Income Families throughout AA Geographies	151,584	18.31	32.81	33.89	14.99	0.00
Median Family Income		71,602	Median Housing Value		204,319	
FFIEC Adjusted Median Family Income for 2014		75,400	Unemployment Rate (2010 US Census)		3.41%	
Households Below Poverty Level		12%				

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

Source: 2010 US Census and 2014 FFIEC updated MFI

The Austin-Round Rock MD is comprised of five contiguous counties, Bastrop, Caldwell, Hays, Travis and Williamson within Central Texas. Austin is the Capital of Texas, is the largest city in Central Texas, the fourth largest city in the state, and the 11<sup>th</sup> largest city in the United States.

The median family income (MFI) in the AA, reflected in the tables above, increased 20.5 percent between the 2000 and 2010 Census. The MFI has continued to increase at modest rates through 2014. Families that were LMI rose slightly in the 2010 Census to 39.05 percent, from 38.06 in 2000. Households below the poverty level increased 20 percent from 2000 to 2010. Nonetheless, the local economy is growing faster than the state and the national averages.

The census data reflects that Austin MSA is one of the fastest growing cities in the nation with an estimated population growth of 37.3 percent between census years. Economic indicators within the MSA reflect improving economic conditions during the cycle that outpaced the national economic performance. Travis County has the largest number of working age population in the Austin MSA with over 41 percent having at least a bachelor's degree. Major industries include technology, healthcare, education, utilities, and government services. Major employers are governments and public educational institutions, including the Austin Independent School District, Austin Community College, and The University of Texas. Other major employers include Dell Inc., Sears, Emerson, Round Rock Premium Outlet, Scott & White Healthcare, and St. David's Round Rock Medical Center. Austin is also a popular venue for large music festivals.

The Bureau of Labor Statistics (BLS) reflects unemployment rates for the AA below the state and national rates. The average unemployment rate in the AA compares favorably to the state unemployment rate of 4.2 percent and the national rate of 5.6 percent. The unemployment rates in the AA averaged as high 7.2 percent to in 2011 to 3.4 percent at year end 2014. While the unemployment rate has improved, the oil and gas industry has experienced job cuts since late 2014 due to lower energy prices. The number of businesses in the AA declined by 24.36 percent from 2000 to 2010, but with an increase in the proportion of businesses in LMI CTs.

Strong competition for financial services exists within the AAs. There are branches of national and regional banks, local community banks, and credit unions operating in the bank's AA. The June 2014 FDIC Deposit Market Share Reports shows the bank as tenth out of 69 depository institutions with a 1.82 percent market share. Competition in the AA includes Well Fargo (21.55 percent), Bank of America (16.39 percent), JP Morgan-Chase (15.59 percent), Frost (7.18 percent), Compass (7.05 percent,) this represents 67.76 percent of the AA's deposit market.

As a part of this performance evaluation, we reviewed two community contacts conducted to assist in identifying CD needs in the AA. One of the organizations was small economic development organization that focuses on rebuilding key assets of the city, which includes downtown redevelopment, counseling small businesses, creating jobs, and developing community partnerships using a variety of financial tools. According to the organization, the local financial institutions could participate in small business seminars, provide counseling and assistance, and extend small business loans.

The second organization is a small business development corporation committed to improving the community through asset building and job creation. The organization's purpose is to grow and develop small businesses and increase affordable housing available to LMI families. This organization indicated that banks are addressing the needs of the community, but more is

needed. The bank could support efforts to provide financial education to small businesses, develop alternative loan products, and provide financial literacy training to the community.

**Dallas-Plano-Irving MD (2000 Census)**

Demographic Information for Full Scope Area: Dallas-Plano-Irving MD (2000 Census)						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	689	9.14	29.61	31.79	28.88	0.58
Population by Geography	3,451,226	7.60	27.39	34.04	30.98	0.00
Owner-Occupied Housing by Geography	733,873	2.57	20.21	36.31	40.91	0.00
Business by Geography	537,784	3.24	18.97	32.71	43.99	1.09
Farms by Geography	9,589	2.11	16.79	42.98	37.78	0.34
Family Distribution by Income Level	866,920	21.32	18.00	20.39	40.30	0.00
Distribution of Low and Moderate Income Families throughout AA Geographies	340,820	13.13	39.16	33.89	13.82	0.00
Median Family Income HUD Adjusted Median Family Income for 2011 Households Below Poverty Level		56,313 69,600 10%	Median Housing Value Unemployment Rate (2000 US Census)		120,250 2.53%	

(\*) The NA category consists of geographies that have not been assigned an income classification.  
Source: 2000 US Census and 2011 HUD updated MFI

**Dallas-Plano-Irving MD (2013 OMB)**

Demographic Information for Full Scope Area: Dallas-Plano-Irving MD (2013 OMB)						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	897	12.93	24.75	26.42	35.56	0.33
Population by Geography	4,230,520	11.42	24.62	28.04	35.93	0.00
Owner-Occupied Housing by Geography	898,449	5.34	19.26	29.76	45.64	0.00
Business by Geography	399,389	8.18	17.76	26.33	47.52	0.22
Farms by Geography	7,906	5.44	17.72	33.63	43.14	0.06
Family Distribution by Income Level	1,004,926	23.06	16.62	18.27	42.05	0.00
Distribution of Low and Moderate Income Families throughout AA Geographies	398,737	20.48	35.71	27.54	16.28	0.00
Median Family Income FFIEC Adjusted Median Family Income for 2014 Households Below Poverty Level		67,175 69,100 12%	Median Housing Value Unemployment Rate (2010 US Census)		173,315 3.56%	

(\*) The NA category consists of geographies that have not been assigned an income classification.  
Source: 2010 US Census and 2013 FFIEC updated MFI.

The Dallas-Plano-Irving MD consists of seven contiguous counties: Collin, Dallas, Denton, Ellis, Hunt, Kaufman, and Rockwall. The MD is located in North Central Texas. Dallas is the largest city in the Dallas-Fort Worth-Arlington MSA, the third largest in the state and the tenth

largest in the United States. The OMB removed Delta County (2 census tracts) from the MD in 2013 due to low population, accounting for some of the changes in the data tables.

The population of the MD reflects a 22.6 percent increase between the 2000 census and 2010 census. The Dallas-Plano-Irving AA includes a total of 897 census tracts, of which 37.68 percent are LMI. The FFIEC updated MFI in 2014 increased 19.28 percent from \$ the 2000 census MFI. According to 2010 census data, the proportion of the businesses in low-income CTs increased by 150.24 percent from census year 2000. There was a 6.38 percent decrease in the proportion of businesses in moderate income CTs in that period. .

Economic conditions in the Dallas-Plano-Irving are good with an expanding economy driven largely by growth in service industries, leisure and hospitality services, followed by gains in education and healthcare. The unemployment rate continues to decline and long-term economic prospects remain positive. Major employers include the city of Dallas, Exxon-Mobil, Fluor Corp, Kimberly-Clark, and J. C. Penny. The BLS ([www.bls.gov](http://www.bls.gov)) report of 2014, indicates that the unemployment rate in the AA compares favorably to the statewide rate of 4.2 percent. Unemployment for the evaluation period has ranged from 8.2 percent in 2011 to 4.0 percent in 2015. The number of businesses in the AA declined by 25.73 percent from 2000 to 2010, with a corresponding increase in the proportion of businesses in low-income CTs and a decline in moderate-income CTs.

Strong competition exists for financial services within the Dallas-Plano-Irving MD. The June 2014 FDIC Deposit Market Share report reflects TCB has deposits of \$7.3 billion in the AA, with a market share of 4.3 percent. Numerous local, regional, and national banks as well as credit unions and non-bank lenders operate within the AA. The bank's top competitors are Bank of America, JP Morgan Chase, and Wells Fargo, which control over 63 percent of the deposits. In 2014, the bank was ranked fourth among 139 depository institutions.

As part of the performance evaluation, we reviewed two recently- performed community contacts of banks in the AA. One of the organizations was a statewide non-profit provider of affordable housing to wounded warriors, veterans, retirees and LMI families. The organization cited a need for decent, affordable housing for LMI families in the southern section of the Dallas AA. Banks' efforts could include making construction loans to develop affordable single- and multi-family housing and supporting programs to increase access to mortgage loans. The organization suggested the creation of CDCs to fund affordable housing projects.

The second organization focuses on developing quality affordable and accessible housing in mixed income communities that include LMI families. The organization indicated it provides financial expertise and assists in building stronger and more sustainable neighborhoods. According to the organization, there is a need for banks to assist in the funding of affordable multi-unit apartment projects, provide homeownership programs including access to mortgage loans, and the purchase and rehabilitation of older pre-existing units.

**Houston-The Woodlands-Sugarland MSA (2000 Census)**

Demographic Information for Full Scope Area: Houston-The Woodlands-Sugarland MSA (2000 Census)						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	895	7.93	31.40	30.61	28.94	1.12
Population by Geography	4,715,407	6.43	30.28	31.45	31.74	0.11
Owner-Occupied Housing by Geography	1,008,983	2.87	23.19	32.97	40.97	0.00
Business by Geography	673,859	3.66	20.66	28.26	46.87	0.55
Farms by Geography	11,461	2.48	18.32	38.18	40.83	0.18
Family Distribution by Income Level	1,191,102	22.61	17.36	18.97	41.06	0.00
Distribution of Low and Moderate Income Families throughout AA Geographies	476,081	11.33	43.52	30.68	14.47	0.00
Median Family Income HUD Adjusted Median Family Income for 2011 Households Below Poverty Level		51,431 66,000 12%	Median Housing Value Unemployment Rate (2000 US Census)	98,599 3.00%		

(\*) The NA category consists of geographies that have not been assigned an income classification.  
Source: 2000 US Census and 2011 HUD updated MFI

**Houston-The Woodlands-Sugarland MSA (2013 OMB)**

Demographic Information for Full Scope Area: Houston-The Woodlands-Sugarland MSA (2013 OMB)						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	1,069	12.25	28.62	27.03	31.52	0.56
Population by Geography	5,920,416	9.33	26.03	29.00	35.30	0.34
Owner-Occupied Housing by Geography	1,239,699	4.04	21.16	30.37	44.44	0.00
Business by Geography	499,004	8.06	19.80	25.15	46.92	0.07
Farms by Geography	9,063	4.51	18.47	34.22	42.79	0.01
Family Distribution by Income Level	1,392,645	23.70	16.53	17.58	42.18	0.00
Distribution of Low and Moderate Income Families throughout AA Geographies	560,285	16.83	38.25	27.88	17.04	0.00
Median Family Income FFIEC Adjusted Median Family Income for 2014 Households Below Poverty Level		63,898 68,400 13%	Median Housing Value Unemployment Rate (2010 US Census)	155,527 3.39%		

(\*) The NA category consists of geographies that have not been assigned an income classification.  
Source: 2010 US Census and 2014 FFIEC updated MFI

The Houston-Woodland-Sugarland (HWS) MSA consists of nine counties in the Gulf Coast region of the state, which include Austin, Brazoria, Chambers, Fort Bend, Galveston, Harris, Liberty, Montgomery and Waller counties. Houston is the largest city in Texas, and experienced a 25.5 percent increase in population since the 2000 Census. The MSA is the fifth

largest in the nation. OMB removed the county of San Jacinto from the MSA in 2014, accounting for some of the changes in the data tables.

The 2010 MFI for the AA increased 24.24 percent from the 2000 U. S. Census. The AA economy is expanding at a strong pace with total employment growing at twice the national average. The 2010 Census unemployment rate compares favorably to state unemployment levels at 4.6 percent and nationally at 5.8 percent. The number of businesses in the AA declined by 24.94 percent from 2000 to 2010, with a corresponding increase in the proportion of businesses in low-income CTs and a decline in moderate-income CTs.

Employment in the HWS AA is most concentrated within the construction, mining, and education and health. The city is the home of the Port of Houston, which ranked first in United States for imports received. The city also houses the Texas Medical Center, one of the largest medical centers in the world. The facility contains 54 medical related institutions, which include 21 hospitals, three medical schools, and six nursing schools. The center is the largest employer in the MSA with over 106,000 employees. Houston's other large employers are Memorial Hermann Healthcare System, M.D. Anderson Cancer Center, Exxon-Mobil, and Shell. Recent declines in energy prices may slow growth, but had not significantly affected the Houston economy through the evaluation period.

Strong competition exists for financial services within the MSA. The June 2014 FDIC Deposit Market Share report shows TCB deposits of \$1,880,551 in the AA, with a market share of 0.78 percent. Numerous local, regional, and national banks as well as credit unions and non-bank lenders are in the AA. TCB ranked 11<sup>th</sup> in AA deposits. The five largest competitors, in order of their ranking, include JPMorgan Chase Bank, N.A., Wells Fargo Bank South Central, N.A., Wells Fargo Bank, N.A., Bank of America, N.A., and Compass Bank. These five institutions account for 74.6 percent of total deposits in the AA.

We reviewed the three contacts conducted during the examination cycle. One of the organizations provides affordable, energy efficient homes focusing on neighborhood revitalization initiatives by repairing existing older homes for low-income families. This organization focuses on areas where most developers do not operate. The organization works with families whose income is between 40-80 percent of the area's MFI. According to the organization, the area does not have enough banking facilities in LMI areas and the greatest needs are job training and financial literacy.

The other two organizations were CDCs with the purpose of providing affordable housing, economic development, or historic preservation in the AA. Both organizations focus on homeownership providing classes, which includes financial counseling, post purchase education, and foreclosure prevention. This CDC achieves its goals by homebuyers and small business programs. The contacts stated that the most pressing need for the local community is the need for financial literacy, employee training, and local job availability. The residents have some relationship with area banks, but their major problem is poor credit. The community needs resources that provide more education for potential homebuyers. A large number of residents are under-employed needing more training and local transportation. Small business supports the neighborhood and creates jobs; however, these businesses could use technical assistance and small dollar funding.

## 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.

The following is a listing and brief description of the tables. Only those tables applicable to this evaluation are included.

**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.

**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 AAs.

**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 AAs.

**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, 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 AAs. See Interagency Q&As \_\_.12 (i) - 5 and - 6 for guidance on when a bank may receive positive CRA consideration for such investments.

**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.

Institution ID: TEXAS CAPITAL BANK

**Table 1. Lending Volume**

LENDING VOLUME Geography: TEXAS Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2014												
Assessment Area (2014):	% of Rated Area Loans (#) in MA/AA*	Home Mortgage		Small Loans to Businesses		Small Loans to Farms		Community Development Loans**		Total Loans		% of Rated Area Deposits in MA/AA***
		#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$(000's)	
<b>Full Review:</b>												
Austin-Round Rock MSA	15.42	3	34,922	2,647	100,309	0	0	9	58,750	2,659	193,981	12.39
Dallas-Plano-Irving MD^	20.53	0	0	3,527	238,791	1	100	19	71,352	3,547	310,243	51.26
Houston-The Woodlands-Sugarland MSA^	24.70	0	0	4,243	224,584	1	180	37	166,282	4,281	391,046	21.13
<b>Limited Review:</b>												
Fort Worth-Arlington MD^	10.45	0	0	1,796	84,067	0	0	7	16,133	1,803	100,200	4.88
San Antonio-New Braunfels MSA	28.89	3	55,505	4,956	165,535	6	1,075	20	80,649	4,985	302,764	10.34
TX Statewide with P/M/F	0.00	0	0	0	0	0	0	25	145,356	25	145,356	0.00

\* Loan Data as of December 31, 2014. Rated area refers to either state or multi-state MA rating area.

^ The evaluation period for the Dallas-Plano-Irving MD, Houston-The Woodlands-Sugarland MSA, and Fort Worth Arlington MD is January 1, 2012 to December 31, 2013.

\*\* The evaluation period for Community Development Loans is from January 01, 2011 to October 27, 2015.

\*\*\* Deposit Data as of June 30, 2014. Rated Area refers to either the state, multi-state MA, or institution, as appropriate.

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**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, 2014															
Assessment Area:	Total Small Business Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography*				
	#	% of Total**	% of Business ses***	% BANK Loans	% of Business ses***	% BANK Loans	% of Business ses***	% BANK Loans	% of Business ses***	% BANK Loans	Overall	Low	Mod	Mid	Upp
<b>Full Review:</b>															
Austin-Round Rock MSA	2,647	11.52	6.12	8.88	17.73	22.74	31.00	34.68	45.09	33.70	2.46	4.11	3.72	2.96	1.59
Dallas-Plano-Irving MD^	3,515	24.55	8.30	9.62	17.83	20.71	26.86	27.60	46.80	42.08	2.41	2.67	2.98	2.84	2.04
Houston-The Woodlands-Sugarland MSA^	4,243	29.63	8.19	10.77	20.39	24.16	25.61	27.69	45.75	37.38	2.10	2.93	2.79	2.40	1.66
<b>Limited Review:</b>															
Fort Worth-Arlington MD^	1,793	12.52	4.43	5.97	20.75	25.99	37.48	38.98	37.20	29.06	2.80	3.91	3.65	3.16	2.09
San Antonio-New Braunfels MSA	4,943	21.50	4.57	6.01	20.78	24.90	33.19	34.96	41.22	34.13	5.74	6.91	7.29	6.72	4.51

^ The evaluation period for the Dallas-Plano-Irving MD, Houston-The Woodlands-Sugarland MSA, and Fort Worth Arlington MD is January 1, 2012 to December 31, 2013.

\* Based on 2014 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 (2014).

Institution ID: TEXAS CAPITAL BANK

**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, 2014									
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 Loans****	\$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>									
Austin-Round Rock MSA	2,647	11.50	70.15	3.59	91.24	4.65	4.12	2.46	0.10
Dallas-Plano-Irving MD^	3,527	24.59	71.53	5.59	86.65	5.02	8.34	2.41	0.30
Houston-The Woodlands-Sugarland MSA^	4,243	29.58	71.83	4.31	89.25	4.45	6.29	2.10	0.22
<b>Limited Review:</b>									
Fort Worth-Arlington MD^	1,796	12.52	71.06	3.67	89.81	4.34	5.85	2.80	0.21
San Antonio-New Braunfels MSA	4,956	21.53	71.15	5.45	93.24	3.45	3.31	5.74	0.68

^ The evaluation period for the Dallas-Plano-Irving MD, Houston-The Woodlands-Sugarland MSA, and Fort Worth Arlington MD is January 1, 2012 to December 31, 2013.

\* Based on 2014 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 - 2014).

\*\*\*\* 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 90.52% of small loans to businesses originated and purchased by the bank.

Institution ID: TEXAS CAPITAL BANK

**Table 14. Qualified Investments**

QUALIFIED INVESTMENTS Geography: TEXAS Evaluation Period: APRIL 28, 2011 TO OCTOBER 27, 2015									
Assessment Area:	Prior Period Investments*		Current Period Investments		Total Investments			Unfunded Commitments**	
	#	\$(000's)	#	\$(000's)	#	\$(000's)	% of Total	#	\$(000's)
<b>Full Review:</b>									
Austin-Round Rock MSA (2014)	2	2,646	5	87	7	2,733	4.51	0	0
Dallas-Plano-Irving MD (2014_2013 OMB Change)	3	55,004	18	582	21	55,586	91.77	0	0
Houston MSA (2014_2013 OMB Change)	1	742	13	260	14	1,002	1.65	0	0
<b>Limited Review:</b>									
Fort Worth-Arlington MD (2014_2013 OMB Change)	1	455	8	146	9	601	1.00	0	0
San Antonio-New Braunfels MSA (2014)	1	520	10	128	11	648	1.07	0	0
<b>TX Statewide with P/M/F</b>	2	1,950	1	131,400	3	133,350	n/a	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.

Institution ID: TEXAS CAPITAL BANK

**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, 2014																	
MA/Assessment Area:	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>																	
Austin-Round Rock MSA (2014)	12.39	2	16.67	0.00	0.00	0.00	100.00	2	1	0	0	0	1	10.74	23.88	34.83	30.41
Dallas-Plano-Irving MD (2014_2013 OMB Change)	51.26	5	41.66	0.00	0.00	20.00	80.00	0	0	0	0	0	0	11.42	24.62	28.04	35.93
Houston MSA (2014_2013 OMB Change)	21.13	2	16.67	0.00	0.00	50.00	50.00	1	0	0	0	1	0	9.33	26.03	29.00	35.30
<b>Limited Review:</b>																	
Fort Worth-Arlington MD (2014_2013 OMB Change)	4.88	1	8.33	0.00	0.00	0.00	100.00	1	0	0	0	0	1	6.16	24.79	40.14	28.91
San Antonio-New Braunfels MSA (2014)	10.34	2	16.67	0.00	50.00	0.00	50.00	0	0	0	0	0	0	6.40	28.05	34.05	31.49

