



PUBLIC DISCLOSURE

August 28, 2017

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

The Jacksboro National Bank
Charter Number 7814

910 North Main Street
Jacksboro, TX 76458

Office of the Comptroller of the Currency
Dallas Field Office
225 E. John Carpenter Freeway, Suite 900
Irving, TX 75062

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

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Overall CRA Rating

The Lending Test is rated: **Satisfactory**.

The major factors supporting this rating are as follows:

- The bank's loan-to-deposit ratio is reasonable given its size, financial condition and the credit needs of its assessment areas (AA).
- The bank originated a substantial majority of its loans within its delineated AA.
- The distribution of loans to borrowers of different incomes reflects reasonable performance.
- The geographical distribution of residential loans and business loans reflects a reasonable dispersion of lending across the low-and moderate-income census tracts.

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): 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 generally have a population between 1,200 and 8,000 people, with an optimal size of 4,000 people. Their physical size varies widely depending upon population density. Census tracts are designed to be homogeneous with respect to population characteristics, economic status, and living conditions to allow for statistical comparisons.

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

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

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

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

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

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

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

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

The Jacksboro National Bank (JNB) is a full-service community bank headquartered in Jacksboro, Texas. JNB is wholly owned by Jacksboro National Bancshares, Inc., a one-bank holding company. The bank has two AAs in North Texas consisting of the Wichita Falls Metropolitan Statistical Area (MSA), and the combined AA of Jack and Montague Counties, Texas. The AAs meet regulatory requirements and do not arbitrarily exclude any low- and moderate-income geographies. Both AAs are comprised of entire counties and are located adjacent to each other.

In addition to JNB's main office in Jacksboro, Texas, JNB also operates a full-service branch in Bowie, Texas. Both locations have Automated Teller Machines (ATMs) that do not take deposits. There is one additional free-standing ATM at a local convenience store in Jacksboro. Since the prior CRA examination, dated October 15, 2012, JNB opened a mortgage production office in Wichita Falls, Texas. The bank has not made any significant changes to its corporate structure, including merger or acquisition activities since the last CRA examination.

JNB offers a full range of deposit and loan products and services. By dollar percentage, commercial real estate, 1-4 family residential mortgage, and farmland loans represent the primary products in the loan portfolio. However, in addition to the reported volume of 1-4 family residential mortgage loans, JNB originates a substantial amount of 1-4 family residential mortgage loans for sale on the secondary market. Using JNB's Home Mortgage Disclosure Act/Loan Application Register (HMDA/LAR) data submissions, 1-4 family residential mortgage loan originations, including loans sold into the secondary market, totaled \$38.1 million in 2015, and \$44.9 million in 2016. Deposit products and services include free online checking accounts and low-cost individual and business checking accounts.

As of June 30, 2017, JNB had total average assets of \$244 million and tier 1 capital of \$25.8 million. JNB reported gross loans of \$131.8 million, which represent 54 percent of average assets. The loan portfolio composition is as follows:

Loan Portfolio Composition		
As of June 30, 2017		
Loan Category	Dollar Volume	Percentage
Commercial Real Estate	\$ 36,721	28%
1-4 Family Residential Real Estate	\$ 33,287	25%
Farmland	\$ 26,424	20%
Commercial & Industrial	\$ 16,294	12%
Agricultural Production	\$ 11,424	9%
Other – Consumer	\$ 7,608	6%

Source: June 30, 2017 Call Report.

There are no financial impediments that would affect JNB's ability to meet the credit needs of the AA. JNB received a "Satisfactory" rating under the small bank CRA procedures at the prior CRA examination.

Scope of the Evaluation

Evaluation Period/Products Evaluated

This performance evaluation (PE) assesses the CRA performance of JNB using Small Bank CRA examination procedures. We performed a full-scope examination of both AAs. Based on the volume of loan originations reported each year on the HMDA/LAR, the primary product considered in the assessment of performance is 1-4 family residential mortgage loans. For the lending test, we evaluated loan originations from January 1, 2015 through June 1, 2017.

Data Integrity

Prior to starting this CRA evaluation, we tested the accuracy of JNB's home mortgage loan information reported on the HMDA/LAR. Our testing found no substantive inaccuracies in the data collected and reported by JNB. Therefore, we were able to rely on the home mortgage loan information for this CRA performance evaluation.

Selection of Areas for Full-Scope Review

We conducted a full-scope review of the Wichita Falls MSA and the Jack and Montague Counties AA. See the tables in Appendix A for demographic data and additional information regarding the full-scope review of JNB's AAs.

Ratings

The bank's overall rating is based on those areas that received full-scope reviews.

Discriminatory or Other Illegal Credit Practices Review

Pursuant to 12 CFR 25.28(c) or 195.28(c), respectively, in determining a national bank's or federal savings association's (collectively, bank) CRA rating, the OCC considers evidence of discriminatory or other illegal credit practices in any geography by the bank, or in any 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, as applicable.

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

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

Conclusions with Respect to Performance Tests

LENDING TEST

JNB's performance under the Lending Test is Satisfactory.

Loan-to-Deposit Ratio

JNB's loan-to-deposit (LTD) ratio meets the standard for satisfactory performance. The LTD ratio is reasonable given JNB's size, financial condition and the credit needs of its AAs. The quarterly average LTD ratio for the prior 20 quarters ending June 30, 2017 was 51 percent.

JNB's average LTD ratio compares favorably to other financial institutions of similar size, AA demographics and/or lending products. For the purpose of this evaluation, we compared two similarly situated banks. The average LTD ratio for these institutions was 67 percent and the LTD ratios ranged from 39 percent to 96 percent. Please see the following chart for additional details.

Institution	City	ST	Total Assets – (000s) As of June 30, 2017	AVG LTD RATIO
The Jacksboro National Bank	Jacksboro	TX	242,727	51.06
First Bank	Burkburnett	TX	392,533	96.29
The Comanche National Bank	Comanche	TX	343,655	39.26

Source: Call Report data.

Lending in Assessment Area

JNB's lending in its AAs is more than reasonable and exceeds the standard for satisfactory performance. A substantial majority of JNB's loans were originated within their delineated AAs, both by number and dollar volume. JNB originated, or purchased, 89 percent of the number of loans and 83 percent of the dollar volume of loans in its AAs. See Table 1 for additional details.

Loan Type	Number of Loans				Total	Dollars of Loans				Total
	Inside		Outside			Inside		Outside		
	#	%	#	%		\$ (000's)	%	\$ (000's)	%	
Home Purchase	290	90.34	31	9.66	321	34,454	83.91	6,608	16.09	41,062
Home Improvement	17	94.44	1	5.56	18	552	96.50	20	3.50	572
Home Refinance	73	83.91	14	16.09	87	11,411	80.30	2,800	19.70	14,211
Total Loans	380	89.20	46	10.80	426	46,417	83.12	9,428	16.88	55,845

Source: 2010 U.S. Census data; bank HMDA data.

Lending to Borrowers of Different Incomes

JNB met the standard of reasonable performance in lending to borrowers of different incomes throughout the Wichita Falls MSA and Jack and Montague Counties AA.

Residential Real Estate Loans

Wichita Falls MSA

Overall, JNB's distribution of 1-4 family residential loans in the Wichita Falls MSA reflects reasonable penetration to low- and moderate-income borrowers. The data reflects that the percentage of 1-4 family residential loans to low-income borrowers is significantly lower than the ratio, while the data reflects the distribution of 1-4 family residential loans to moderate-income borrowers near the ratio. Within the Wichita Falls MSA, 16 percent of households are considered below the poverty line, with the median family income of low-income borrowers of \$29 thousand and the median cost of housing at \$96 thousand. The lack of affordable housing for low-income borrowers was considered as a mitigating factor in evaluating performance. The table below summarizes the distribution of 1-4 family residential loans to borrowers of different incomes originated in the Wichita Falls MSA.

Table 2 - Borrower Distribution of Residential Real Estate Loans in Wichita Falls MSA								
Borrower Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans
Home Purchase	19.70	5.62	17.32	16.47	22.77	30.12	40.22	46.59
Home Improvement	19.70	0.00	17.32	100.00	22.77	0.00	40.22	0.00
Home Refinance	19.70	2.38	17.32	14.29	22.77	19.05	40.22	57.14

Source: 2010 U.S. Census data; bank HMDA data.

Jack and Montague Counties AA

JNB's distribution of 1-4 family residential loans in the Jack and Montague Counties AA reflects reasonable penetration to low-and moderate-income borrowers. The distribution of loans to both low-income borrowers and moderate-income borrowers is near that of the comparative ratio. The table below summarizes the distribution of 1-4 family residential loans to borrowers of different incomes originated in the Jack and Montague County AA.

Table 2 - Borrower Distribution of Residential Real Estate Loans in Jack and Montague Counties AA								
Borrower Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans
Purchase	13.94	7.32	15.52	12.20	21.23	31.71	49.30	46.34
Improvement	13.94	12.50	15.52	6.25	21.23	31.25	49.30	37.50
Refinance	13.94	9.68	15.52	9.68	21.23	9.68	49.30	70.97

Source: 2010 U.S. Census data; bank HMDA data.

Geographic Distribution of Loans

The geographic distribution of loans in the Wichita Falls MSA is reasonable. An analysis of the geographic distribution of loans in the Jack and Montague Counties AA is not meaningful, as the AA does not contain any low-or-moderate income census tracts.

Residential Real Estate Loans

Wichita Falls MSA

The geographic distribution of loans in the Wichita Falls MSA is reasonable. The distribution of 1-4 family residential loans is lower than the ratio of the low-income census tracts and the moderate-income census tracts in the MSA. The Wichita Falls MSA includes 43 total census tracts of which four are low-income and 12 are moderate-income, representing 9.30 percent and 27.91 percent, respectively, of its 43 total census tracts.

Limited opportunities to extend credit for 1-4 family residential loans in low-and moderate-income geographies is considered a mitigating factor in JNB's performance. For the Wichita Falls MSA, only 1.88 percent of the owner-occupied housing units are located in the low-income tracts, while 13.03 percent are in the moderate-income census tracts. As such, greater emphasis was placed on the bank's performance in the moderate-income census tracts when determining the overall geographic distribution conclusion for 1-4 family residential loans. An additional factor affecting opportunities to lend credit is the high volume of vacant and rental housing units across the low and moderate income geographies, at greater than 50 percent of housing units in those tracts.

The table below summarizes the distribution of 1-4 family residential loans to geographies of different incomes originated in the Wichita Falls MSA.

Table 3 - Geographic Distribution of Residential Real Estate Loans in the Wichita Falls' MSA								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans
Home Purchase	1.88	0.40	13.03	3.61	45.55	52.61	39.54	43.37
Home Improvement	1.88	0.00	13.03	0.00	45.55	0.00	39.54	100.00
Refinance	1.88	0.00	13.03	7.14	45.55	35.71	39.54	57.14

Source: 2010 U.S. Census data; bank HMDA data.

Responses to Complaints

The bank did not receive any CRA related complaints during the evaluation period.

Appendix A: Scope of Examination

The following table identifies the time period covered in this evaluation, any 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”).

Time Period Reviewed	Lending Test (excludes CD loans): (10/15/2012 to 8/21/2017)	
Financial Institution		Products Reviewed
The Jacksboro National Bank (JNB) Jacksboro, Texas		1-4 Family Residential Loans
Affiliate(s)	Affiliate Relationship	Products Reviewed
N/A	N/A	N/A
List of Assessment Areas and Type of Examination		
Assessment Area	Type of Exam	Other Information
Wichita Falls, TX MSA Jack and Montague Counties, TX	Full-Scope Full-Scope	

Appendix B: Community Profiles for Full-Scope Areas

Wichita Falls MSA Assessment Area

The Wichita Falls MSA AA is comprised of three complete counties, Archer, Clay, and Wichita Counties, located in North Texas. The MSA is composed of 43 census tracts. There are four low-income and 12 moderate-income census tracts in the MSA. There is one tract within the MSA listed as “N/A” with a population of zero (“0”) persons. The bank’s mortgage production operations are located in the Wichita Falls MSA. The table below provides demographic data for the Wichita Falls MSA according to the 2010 Census, and the June 2016 Dun & Bradstreet data.

Demographic Information for the Wichita Falls MSA AA					
	#	Low	Moderate	Middle	Upper
Geographies (Census Tracts)	43	9.30%	27.91%	30.23%	30.23%
Population by Geography	151,215	5.40%	21.16%	35.10%	38.34%
Owner-Occupied Housing by Geography	65,162	44.62%	45.60%	58.38%	59.10%
Businesses by Geography	8412	3.91%	22.86%	33.59%	39.51%
Farms by Geography	431	1.39%	8.82%	44.08%	45.71%
Family Distribution by Income Level	36,174	21.48%	16.77%	20.46%	41.29%
Distribution of Low-Moderate-Income Families throughout AA Geographies	13,837	9.42%	33.10%	33.42%	24.06%
Median Family Income (MFI)	\$57,690	Median Housing Value		\$95,990	
HUD-Adjusted MFI: 2017	\$57,400	Unemployment Rate (%)			3.35%
Households Below the Poverty Level	15.94%				

Source: 2010 U.S. Census and June 2016 Dun & Bradstreet data; 2017 FFIEC updated MFI.

The current local economy is stable. The June 2017 unemployment rate for the Wichita Falls MSA is 4.1 percent, which is slightly below the State of Texas unemployment rate of 4.6 percent and the national unemployment rate of 4.4 percent for the same time period. The local unemployment rate increased from the 2010 Census data when the unemployment rate was 3.35 percent. According to 2010 Census data, 15.9 percent of the households in Wichita Falls MSA had income below the poverty level. This is in line with the national average.

Dun & Bradstreet data for 2016 reports over 8,800 businesses and farms in the Wichita Falls MSA, over 95 percent of which are non-farm businesses. Services, retail trade, and construction are the primary economic activities for the Wichita Falls AA. Using 2010 Census data, 55 percent of the housing units in the Wichita Falls MSA are owner-occupied, with an additional 35 percent of the units renter-occupied.

Competition from other financial institutions is significant. The June 30, 2017 FDIC deposit market share report shows 14 banks in the Wichita Falls MSA. Competition includes other local community national and state banks, as well as large national banks such as Wells Fargo Bank, JPMorgan Chase Bank, and Bank of America.

Community Contact

Two community contact interviews were conducted during a recent CRA evaluation of a local bank. The contacts were with officials of non-profit organizations that specifically serve low-to-moderate income individuals within the Wichita Falls AA. Both officials indicate the greatest credit needs of the area are 1-4 family home loans, small personal loans, and small business loans. Both contacts stated the local financial institutions are responsive to the credit needs and activities of the community.

Jack and Montague Counties Assessment Area

Jack and Montague Counties in Texas comprises JNB’s second AA in North Texas. This AA consists of nine (9) census tracts. There are no low-to-moderate income census tracts in the AA. JNB’s main office is located in Jack County, with a branch location in Montague County. The table below provides demographic data for the Jack and Montague Counties AA, according to the 2010 Census and the June 2016 Dun & Bradstreet data.

Demographic Information for the Jack and Montague Counties AA					
	#	Low	Moderate	Middle	Upper
Geographies (Census Tracts)	9	0%	0%	56%	44%
Population by Geography	28,763	0%	0%	51%	49%
Owner-Occupied Housing by Geography	8,543	0%	0%	53%	47%
Businesses by Geography	2,007	0%	0%	51%	49%
Farms by Geography	164	0%	0%	49%	51%
Family Distribution by Income Level	7,588	14%	16%	21%	49%
Distribution of Low-Moderate-Income Families throughout AA Geographies	2,236	0%	0%	61%	39%
Median Family Income (MFI)	\$56,272	Median Housing Value		\$80,515	
HUD-Adjusted MFI: 2016	\$52,400	Unemployment Rate (%)			3.63%
Households Below the Poverty Level	15.24%				

Source: 2010 U.S. Census and June 2016 Dun & Bradstreet data; 2016 FFIEC updated MFI.

The current local economy is stable. The June 2017 unemployment rate for Jack and Montague Counties is 4.3 percent and 4.6 percent, respectively. These unemployment levels are in line with the State of Texas unemployment rate of 4.6 percent, and the national unemployment rate of 4.5 percent for the same time period. These local unemployment rates represents an increase from 3.63 percent identified in the 2010

Census data. Both Jack and Montague Counties are oil-based economies with oil-fields being the primary employment. Per the 2010 Census data, 15.2 percent of the households in Jack and Montague Counties had income below the poverty level, which is in line with the national average.

Services, retail trade, and agriculture companies are the primary economic activities for this AA. According to Chief Lending Officer (CLO) Brian Bumpass, JNB has not had many new business or agriculture lending opportunities. Much of JNB's lending opportunities are derived from existing relationships. Dun & Bradstreet data for 2016 reports over 2,000 businesses and farms in Jack and Montague Counties. Over 82 percent of those businesses report annual revenues less than \$500,000. Further analysis of the data shows seventy-nine (79) percent of the businesses in this non-MSA are smaller or micro businesses with only 1-4 employees.

Opportunities for home mortgage lending are limited. According to 2010 Census data, sixty (60) percent of the 14,163 housing units are owner-occupied with 17 percent renter-occupied. The remaining units are unoccupied. CLO Bumpass mentioned there was not a lot of home mortgage lending opportunities in Jack County given the low population. Additionally, CLO Bumpass stated competition is high in Montague County for this type of lending.

Competition from other financial institutions is moderate. The June 30, 2017 FDIC deposit market share report shows nine (9) banks in Jack and Montague Counties. Legend Bank, N.A. ranks first with a deposit market-share of 35 percent followed by JNB with a 29 percent deposit market-share.

Community Contact

Contact with a local community group was conducted during a recent CRA evaluation of a local bank. The contact was with an official of a non-profit organization that specifically serves the community development needs of the Jack and Montague Counties AA. The contact stated that general banking and credit needs are financing start-up businesses and entrepreneurs as well as existing small businesses. To a lesser extent, residential lending for families is identified as a community need. The contact stated the local financial institutions are satisfactorily involved in the community.