



## **PUBLIC DISCLOSURE**

October 28, 2013

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

Inwood National Bank  
Charter Number 15292

7621 Inwood Road  
Dallas, TX 75209-4045

Office of the Comptroller of the Currency  
Dallas Field Office  
225 E. John Carpenter Freeway, Suite 500  
Irving, TX 75062

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

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## Overall CRA Rating

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

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

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

\* The lending test is weighted more heavily than the investment and service tests when arriving at an overall rating.

The major factors that support this rating include:

- Lending activity in the Dallas Assessment Area (AA) is good for both small business loans and home mortgage loans. Overall lending levels reflect a good responsiveness to the AA credit needs.
- A high percentage of loans are extended within the bank's AA. Performance is strong for small business loans with 90 percent within the defined AA. Overall, 86 percent of the loans by number and 91 percent by dollar amount are inside the bank's AA.
- The geographic distribution of home mortgage loans and small loans to businesses is good.
- The overall borrower distribution of lending is adequate for both small loans to businesses and home mortgage loans.
- There is a high level of community development lending, particularly those benefiting low- and moderate-income borrowers, and this has a positive effect on the Lending Test conclusions.
- The bank's community development investments reflect good responsiveness to the needs of the Dallas AAs.
- The bank's service delivery systems are adequate with a number of branches located in low- and moderate-income census tracts. The level of community development services is good and has a positive effect on the bank's Service Test.

## 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 usually have between 2,500 and 8,000 persons, and their physical size varies widely depending upon population density. Census tracts are designed to be homogeneous with respect to population characteristics, economic status, and living conditions to allow for statistical comparisons.

**Community Development:** Affordable housing (including multifamily rental housing) for low- or moderate-income individuals; community services targeted to low- or moderate-income individuals; activities that promote economic development by financing businesses or farms that meet the size eligibility standards of the Small Business Administration's Development Company or Small Business Investment Company programs (13 CFR 121.301) or have gross annual revenues of \$1 million or less; or, activities that revitalize or stabilize low- or moderate-income geographies.

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

Activities that revitalize or stabilize-

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

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

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

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

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

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

**Home Mortgage Disclosure Act (HMDA):** The statute that requires certain mortgage lenders that do business or have banking offices in a metropolitan statistical area to file annual summary reports of their mortgage lending activity. The reports include such data as the race, gender, and the income of applications, the amount of loan requested, and the disposition of the application (e.g., approved, denied, and withdrawn). Beginning in 2004, the reports also include additional data on loan pricing, the lien status of the collateral, any requests for preapproval and loans for manufactured housing.

**Home Mortgage Loans:** Such loans include home purchase, home improvement and 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 ten years and used to determine the income level category of geographies. Also, the median income determined by the Department of Housing and Urban Development annually that is used to determine

the income level category of individuals. For any given area, the median is the point at which half of the families have income above it and half below it.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

## Description of Institution

Inwood National Bank, N.A. (Inwood), an intrastate Texas bank, is a wholly owned subsidiary of Inwood Delaware Corporation, which is wholly owned by Inwood Bancshares, Inc., a one-bank holding company. Inwood was organized on April 9, 1964 and is one of the largest independent, locally owned community banks in the area.

Inwood serves a diverse market with an array of demographics. The bank operates in one assessment area (AA), which is situated entirely within the Dallas metropolitan area and encompasses all of Dallas and Rockwall counties and portions of Collin, Denton, and Hunt counties. Inwood currently has fourteen (14) banking offices in its AA. Along with the main office located approximately five miles north of downtown Dallas off Inwood Road and Lovers Lane, there are three other branches in the city of Dallas including the Galleria, Oak Lawn, and Pleasant Grove areas. Branches are also located in the communities of Commerce, Denton, Desoto, Duncanville, Garland, Plano, Richardson, Rowlett, and Wylie. Most recently, Inwood opened its 14<sup>th</sup> branch, which is located in downtown Fort Worth. Seven (7) of the bank's branches are situated in low- and moderate-income census tracts with the remaining seven (7) spread across middle-income census tracts (4) and upper-income census tracts (3).

In addition to providing full service ATMs and a 24-hour automated information line to customers, there are bilingual Spanish-speaking employees located at the majority of the branches. Inwood offers a wide variety of loan products and related financial services available at each of its branches. The bank's business hours are equitable so to not hinder any portion of its AA or any particular group or class of individuals.

As of June 30, 2013, Inwood had total assets of \$1.48 billion, which is a growth rate of 9 percent since the previous CRA examination (December 31, 2008). The loan portfolio totals \$953 million while deposits equal \$1,283 million, yielding a loan-to-deposit ratio of 74 percent. The balance sheet composition remains centered in loans and investments representing 64 percent and 22 percent of total assets, respectively. The Tier 1 Leverage Capital ratio improved from 8.4 percent to 11 percent over the same timeframe.

The loan portfolio is comprised of 87 percent real estate loans, 10 percent commercial loans, 1 percent loans to individuals, and the remaining 2 percent for other purposes. The real estate loan portfolio consists of 55 percent commercial real estate, 32 percent 1-4 family residential loans, and 13 percent construction & development. The bank's deposit market share, at 0.84 percent, is the 11<sup>th</sup> largest among other deposit-taking institutions in its AA.

Inwood operates in a highly aggressive banking environment in the Dallas metropolitan area. Banking competition includes dominant affiliates of large national banking companies, numerous mid-size and small community banks, thrifts, credit unions, and non-bank financial service providers.

There are no legal, financial, or other factors that impede the bank's ability to meet the credit needs in its AA. The bank received an overall "Satisfactory" performance rating at the previous CRA examination as of April 13, 2009. OCC records and the bank's CRA public file indicate there have been no complaints related to the bank's CRA performance over the supervisory cycle.

## Scope of the Evaluation

### Evaluation Period/Products Evaluated

Conclusions regarding the Lending Test are based on small business and HMDA reportable loans from January 1, 2009 through December 31, 2011. The community development lending performance analysis considered loans made since the previous CRA examination and includes loans made from April 13, 2009 through October 28, 2013. Inwood originated a very low volume of multifamily loans and small loans to farms, thus a meaningful analysis of these lending products could not be performed.

The Investment Test included a review of investments, grants, and donations made within the Assessment Area (AA) that met the definition of community development investments. The Service Test included a review of retail and community development services provided in the bank's AA. The evaluation period for community development investments and services is April 13, 2009 through October 28, 2013.

### Data Integrity

A Data Integrity review was conducted in May 2012 to determine the reporting accuracy of Inwood's HMDA, small business, and community development loans. We reviewed a sample of loans the bank reported for the years 2009 through 2011. We found the data reported during the evaluation period to be reliable. We also reviewed the bank's community development investments and services to ensure they met the definition for community development.

### Selection of Areas for Full-Scope Review

### Ratings

The bank's overall rating is based primarily on those areas that received full-scope reviews. Small business lending carried more weight in the overall conclusions than mortgage products since the bank's primary focus is commercial lending. However, home purchase lending, home improvement, and home refinance were given more weight than multi-family loans and small farm loans based on the limited volume of those types of loans. An analysis of multifamily loans and small loans to farms was eliminated from this Public Evaluation based on the limited volume of those loans.

### Other

Community credit needs in the AA were determined by reviewing recent housing and demographic information and community contacts conducted by the OCC in connection with this and other CRA evaluations of banks operating in the same AA. A review of the community contact forms indicate that the most critical need identified by most organizations is special mortgage products for low- and moderate-income borrowers. The review found that since the mortgage crisis, the availability of such products has been limited and many low- and moderate-income borrowers do not have the credit score now required to obtain mortgage credit.

The contacts discussed the need for affordable rental housing and noted that rent levels are increasing as demand increases due to economic conditions. The need for business financing, particularly start-up

businesses, was also mentioned. Finally, several contacts commented on the need for financial literacy training including such topics as homeownership, credit, credit repair, and foreclosure prevention.

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

We found no evidence of discriminatory or other illegal credit practices inconsistent with helping to meet community credit needs.

## Conclusions with Respect to Performance Tests

### LENDING TEST

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

The bank's performance under the Lending Test is rated "**High Satisfactory**". Based upon a full-scope review, Inwood's lending performance in the Dallas assessment area (AA) is good.

#### Lending Activity

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

The bank's overall lending levels reflect good responsiveness to the AA credit needs. The primary lending products are small loans to businesses followed by home mortgage loans. Community development lending was good, particularly those benefiting low- and moderate-income borrowers, and had a positive effect on the Lending Test conclusions.

Over the evaluation period, the bank originated 998 small loans to businesses totaling \$188 million, 331 home mortgage loans totaling \$105 million, and 117 community development loans totaling \$27 million.

The AA is highly competitive with a large number of lenders reporting small business and home mortgage lending activity. These lenders include multiple non-bank lenders that do not take deposits as well as large banks with a nationwide presence. These large banks generally dominate the market in all areas of the bank's AA.

FDIC data as of June 30, 2013, shows that Inwood had a deposit market share of 0.84 percent and was ranked 11<sup>th</sup> among 128 FDIC-insured institutions reporting deposits in Dallas, Rockwall, Collin and Denton counties. The deposit market share for this same area is dominated by Bank of America, National Association, J. P. Morgan Chase, Wells Fargo Bank, National Association who ranked 1<sup>st</sup> and 2<sup>nd</sup>, and 3<sup>rd</sup>, respectively. Together these banks have a combined deposit market share of 64 percent.

Small business lending carried more weight in the overall conclusions than mortgage products since the bank's primary focus is commercial lending. However, we gave more weight to home purchase lending than we did to home improvement lending or home refinance. Multi-family loans and small farm loans had limited volumes. Thus, these loan types were not included in the Performance Evaluation.

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

##### *Home Mortgage Loans*

Refer to Tables 2, 3, 4 and 5 in Appendix C for the facts and data used to evaluate the geographic distribution of the bank's home mortgage loan originations/purchases.

Overall, the geographic distribution of home mortgage loans in the Dallas AA is good, given the performance context. The distribution of home purchase loans is good and the distribution of home improvement loans is good while the distribution of home mortgage refinance loans is adequate. The bank originated a minimal number of multifamily loans, therefore, the geographical analysis of multifamily loans is not meaningful. The bank originated only four multifamily loans in the Dallas AA. The table for multifamily loans is provided for informational purposes only.

The percentage of home purchase loans in low-income geographies exceeds the percentage of owner-occupied housing units in those geographies. In moderate-income geographies, the percentage of home purchase loans is lower than the percentage of owner-occupied housing units in those geographies. For low-income geographies, the bank's market share of home purchase loans exceeds its overall market share, but the bank's market share of home purchase loans is lower in moderate-income geographies than its overall market share of home purchase loans.

For home improvement loans, the percentage of loans in low-income geographies barely exceeds the percentage of owner-occupied housing units in those geographies and in moderate-income geographies, the percentage of home improvement loans is less than the percentage of owner-occupied housing units. In both low- and moderate-income geographies, the bank's market share of home improvement loans exceeds its overall market share of home improvement loans.

The percentage of home mortgage refinance loans in both low- and moderate-income geographies is below the percentage of owner-occupied housing units in those geographies. In both low- and moderate-income geographies, the bank's market share of home mortgage refinance loans is below its overall market share of home mortgage refinance loans.

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

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

The geographic distribution of small loans to businesses in the Dallas AA is good.

The percentage of loans in low-income geographies exceeds the percentage of small businesses in those areas, and the bank's market share of small loans to businesses in low-income geographies is almost equal to the bank's overall market share of small loans to business. In moderate-income geographies, the percentage of small loans to businesses significantly exceeds the percentage of businesses in those geographies. The bank's market share of small loans to businesses in moderate-income geographies exceeds the bank's overall market share of small loans to businesses.

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

Inwood's reports detailing lending activity over the evaluation period for home mortgages and small loans to businesses were reviewed to identify gaps in geographic distribution of loans. We identified no unexplained or conspicuous gaps in the bank's origination of loans.

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

A substantial majority of home mortgage and small loans to businesses originated by the bank during the evaluation period are within the bank's AA. Overall, 86 percent of the loans by number and 91 percent by dollar amount are inside the bank's overall AA. This performance was positively factored into the overall analysis of the distribution of loans by income level of the geography.

For home purchase loans, 82 percent of loans by number and 88 percent by dollar amount are inside the AA. For refinance loans, 86 percent of loans by number and 94 percent by dollar amount are inside the overall AA. For small loans to businesses, 90 percent of loans by number and 90 percent by dollar amount are inside the bank's AA.

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

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

Overall, the bank's distribution of loans by income level of the borrower is adequate, given the performance context. The distribution of home mortgage loans, home improvement loans, and home refinance loans is adequate. In addition, the distribution of small loans to businesses is adequate.

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

Overall, the distribution of home mortgage loans by income level of the borrower in the Dallas AA is adequate.

The bank originated a minimal number of multifamily loans, therefore, the income distribution analysis of multifamily loans is not meaningful. The bank originated only four multifamily loans in the Dallas AA. The table for multifamily loans is provided for informational purposes only.

For home purchase loans, the percentage of loans to low- and moderate-income borrowers is significantly lower than the percentage of low- and moderate-income families in the AA. The bank's market share of home purchase loans to low-income borrowers is barely below its overall market share of home purchase loans while its market share of home purchase loans to moderate-income borrowers is significantly lower than the bank's overall market share of home purchase loans.

The percentage of home improvement loans to low-income borrowers is below the percentage of low-income families in the AA. The percentage of home improvement loans to moderate-income borrowers is relatively the same as the percentage of moderate-income families. The bank's market share of home improvement loans to low-income borrowers significantly exceeds its overall market share while its market share of home improvement loans to moderate-income borrowers is relatively the same as the bank's overall market share of home improvement loans.

For refinance loans, the percentage of loans to low-income borrowers is significantly lower than the percentage of low-income families in the AA. The percentage of the bank's refinance loans to moderate-income borrowers is lower than the percentage of moderate-income families in the AA. The bank's market share of refinance loans to low-income borrowers did not register any measurement while

its market share of refinance loans to moderate-income borrowers is somewhat lower than the bank's overall market share of refinance loans.

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

Refer to Table 11 of 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.

The distribution of loans to businesses with annual revenue of \$1 million or less is adequate in the Dallas AA. Although the percentage of small loans to businesses is significantly lower than the percentage of small businesses located in the Dallas AA, the bank has provided a good number of loans given the substantial amount of competition in the AA. The bank's market share of small loans to small businesses is somewhat lower than its overall market share of small loans to small 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 community development (CD) lending. The table includes all CD loans, including multifamily loans that also qualify for CD loans. Table 5 shows geographic lending data on all multi-family loans, including those that also qualify as CD loans. However, Table 5 does not separately list CD loans.

The bank has made a relatively high level of CD loans. This had a positive impact on the overall Lending Test conclusions. The bank originated 117 CD loans totaling \$27 million. In addition, the bank originated four CD loans totaling \$154,000 outside of the Dallas AA. The total dollar volume of CD loans represents 14 percent of the bank's total equity capital as of June 30, 2013. These loans financed activities for all four purposes of community development – affordable housing, community services, economic development for small businesses, and revitalization/stabilization. None of the CD loans are considered complex or innovative.

### **Product Innovation and Flexibility**

The bank's lending products are not particularly innovative or flexible; however, the bank does participate in specialized loan programs for first time home buyers. Additionally, during the evaluation period, the bank contacted 38 low-income and moderate-income borrowers and successfully refinanced their existing home mortgage loans to lower the interest rate to 4 percent. The only fee involved for the borrower was the \$18 flood determination fee. All other expenses were borne by the bank. The total dollar amount of the adjusted mortgages was \$1.9 million.

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

Not applicable.

## **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 AA is good.

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

Inwood's strategy is to make "active" investments in organizations that promote economic development. The bank's qualifying investments remain centered in new market funds and mortgage-backed securities and donations with the primary purpose of affordable housing and community development services targeted to low- and moderate-income households. Although the type of investments reflects little change, the dollar level of commitment to investing in community development opportunities has greatly increased for this evaluation period.

The current period investments total \$7.8 million, representing 4.98 percent of Tier 1 capital. The qualified investments are centered in new market funds, mortgage-backed securities, and certificates of deposit with certified Community Development Financial Institutions (CDFI). Prior period investments that are still outstanding total \$775 thousand in new market funds and mortgage-backed securities.

Qualified investments also include donations made to organizations within the AA that promote community development as defined by the regulation. Inwood contributed \$223 thousand in grants and donations to qualified programs in the Dallas AA during the evaluation period.

The bank's investments and donations are not particularly innovative or complex; however, they are responsive to community development needs in the AA.

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

Not applicable.

## **SERVICE TEST**

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

The bank's performance under the Service Test is rated "**High Satisfactory**". Based on full-scope reviews, the bank's performance in the Dallas AA is good.

### **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.

Inwood's delivery systems are reasonably accessible to businesses and individuals of different income levels and different geographies in the AA. The bank operates a total of 14 full service branches and 14 ATMs, which are all located in the Dallas, Texas MSA. Refer to Description of Institution on page 6.

Inwood opened one branch and closed two branches in the Dallas MSA during the evaluation period. The branch opening was located in an upper-income census tract of Fort Worth, Texas on May 1, 2013. The two branches closed were the Rowlett motor branch located in a middle-income census tract of Rowlett, Texas and a full service branch located in a middle-income census tract of Duncanville, Texas. The Rowlett branch closed on May 17, 2013 and the Duncanville branch closed on August 31, 2011.

The full service branches in the Dallas MSA provide convenient access to both credit and non-credit retail banking services. Lobby hours generally consist of 9:00 a.m. to 3:00 p.m., Monday through Thursday with extended hours on Friday consisting of 9:00 a.m. to 6:00 p.m. Drive-in facilities are generally open from 9:00 a.m. to 6:00 p.m. All drive-in and lobby facilities generally open on Saturday beginning at 8:00 a.m. or 9:00 a.m. to 12:00 p.m. Inwood has a banking location on Oak Lawn Avenue that does not have a drive-in facility so the bank operates a walk up window that operates on the same hours as the other banking centers drive-in facilities.

The overall branch distribution by income level of the geography in the Dallas MSA is 100 percent. The bank has 1 branch or 7 percent of branches in low-income census tracts, which is slightly lower than the population within this geography of 9 percent. The bank has 6 branches or 43 percent of branches in moderate-income census tracts, which is significantly above the population within this geography of 28 percent.

## **Community Development Services**

During the evaluation period, Inwood has exhibited good responsiveness to the CD service needs in the Dallas AA. The bank has met this need primarily by providing financial services that take advantage of bank employees' financial expertise. CD activities are responsive to the needs of low- and moderate-income individuals.

Inwood management and staff have provided outreach services to a variety of CD organizations, nonprofit and/or governmental organizations, and small businesses within its community, which promote financial services education, affordable housing, and economic revitalization and development as well as providing other essential community needs of low- and moderate-income individuals.

CD services provided by Inwood include providing technical assistance on financial matters, assisting in fundraising, supplying financial services training for staff and management, serving on loan review committees, providing technical assistance on financial matters, and assisting organizations and individuals applying for loans or grants under the Federal Home Loan Banks' affordable housing program.

The following activities were of high impact and demonstrated strong leadership by the bank in the AA:

Dallas Life (the largest homeless shelter in North Texas) – Dallas Life is one of the oldest organizations in Dallas working with those in poverty conditions. The organization, started in 1954, provides a number of programs for individuals to remove them from the cycle of homelessness. Greg Niemeyer has been an active board member of the organization for the last six years and Chairman of the Board for the last three years. Mr. Niemeyer, who has been involved with Dallas Life since the early 1990's, works on planning, budgeting, and reviewing the ongoing work at the shelter.

The (Tenth Street) Bottoms Redevelopment (a de novo organization in developmental stage, not yet named) in conjunction with Golden Seeds Foundation – Kevin Bryant has agreed to serve on the board

of a new non-profit that will work to redevelop an area called “The Bottoms” in south Dallas. They have purchased over 60 lots and torn down most of the homes and continue to buy others with private money, grants, and City of Dallas assistance. No new homes have been built at this time. “The Bottoms” are located in the Dallas AA.

Enterprise Community Partners – the bank has provided mortgage financing for low- and moderate-income families and individuals through the City of Dallas Mortgage Assistance Program (MAP) as a partner with Enterprise Community Partners (Enterprise). Enterprise manages MAP for the City of Dallas. The partnership also approves applications for grants to low-and moderate-income families and individuals for closing costs and down payment assistance. Glenn Seaberry prepared the marketing programs to explain the Enterprise processes. Enterprise is located in the Dallas AA.

FHLB Dallas Affordable Housing Programs – the Affordable Housing Program (AHP) was designed to help member institutions facilitate the acquisition of affordable owner-occupied and rental housing by low- to moderate-income families and individuals. During this period, Inwood staff, primarily Rob Ivey; Glenn Seaberry; and Michon Fulgham, worked with Enterprise Foundation, now known as Enterprise Community Partners, to produce an award to facilitate their Earned Home Ownership Program (EHOP), which involved the revitalization of HUD foreclosed homes. FHLB is located in the Dallas AA.

Texas A&M Agrilife Extension Service in Collin County – this organization provides various programs for financial education, including the Better Living for Texas Program which targets food stamp recipients and food stamp eligible citizens in the areas of nutrition and stretching the food dollar.

North Texas Municipal Water District – in his capacity as Director, Marvin Fuller facilitated the disposal of demolition debris at a nominal cost for Habitat for Humanity of Southern Collin County’s 10-unit affordable housing project. The Water District is located in the Dallas AA.

Plano ISD (PISD) Education Foundation – Chris Bragg is on the finance committee of the PISD Education Foundation and has recently been elected to the Board of Directors. The foundation is a 501(c) (3) that raises funds to subsidize projects within the district for which tax dollars are not available. For example, the Foundation funds a Family Literacy Program designed to address best practices of family literacy including adult education, parent education, and early childhood learning. The Program is restricted to families of poverty with very limited literacy. Approximately 23.5 percent of the students are eligible for the reduced/free lunch program. PISD is located in the Dallas AA.

The Wylie ISD (WISD) Education Foundation, Inc. – Marvin Fuller serves on the Board of this 501(c) (3) non-profit organization which is governed by a Board of Directors representing a cross-section of citizens who are dedicated to education and share a vision for excellence in the District’s schools. The Foundation was created to promote quality education and enhance the education of all students in the WISD. Approximately 27.5 percent of the students are eligible for the reduced/free lunch program. WISD is located in the Dallas AA.

Southeast Dallas Chamber of Commerce – Louise Parrish serves on the Board and Inwood has provided working capital financing in the past and continues to provide grants. This Chamber operates unlike most chambers as its focus in this depressed sector is to promote revitalization more so than the typical chamber. The Chamber is located in the Dallas AA.

Texas Mezzanine Fund, Inc. (TMF) – over the past several years, Rob Ivey and Michon Fulgham serve on the loan committee. TMF is a statewide Community Development Financial Institution (CDFI) established to promote economic growth by investing in the revitalization and stabilization of distressed and/or emerging areas, providing access to capital for small- and minority-owned businesses, assisting in the creation of jobs for low- and moderate-income persons through business financing, increasing the local tax base, increasing the supply of affordable housing, financing needed community facilities, and enhancing the economic impact of local Community Development Corporations and Community Development Financial Institutions through investment partnering. TMF is located in the Dallas AA.

Wylie Economic Development Corporation (WEDC) – Marvin Fuller continues to serve as President of the Board of WEDC. Its mission is to increase local employment opportunities while enhancing and diversifying the City of Wylie tax base by providing grants or below market rents to companies in their infancy stages. The WEDC is located in the Dallas AA.

Dallas Business Finance Corporation (DBFC, a Southern Dallas Development Corporation) – Rob Ivey serves as Vice Chairman of the Board of DBFC and serves on its Loan Committee. DBFC works in tandem with commercial banks to provide financing to small businesses in Texas via the SBA 504 Loan Program or by making direct loans.

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

Not applicable.

## Appendix A: Scope of Examination

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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): (01/01/2009 to 12/31/2011) Investment/Service Tests and CD Loans: (04/13/2009 to 10/28/2013)	
<b>Financial Institution</b>	<b>Products Reviewed</b>	
Inwood National Bank (Inwood) Dallas, Texas	Home mortgage loans, small business loans, community development loans and investments.	
<b>Affiliate(s)</b>	<b>Affiliate Relationship</b>	<b>Products Reviewed</b>
Not Applicable	Not Applicable	
<b>List of Assessment Areas and Type of Examination</b>		
<b>Assessment Area</b>	<b>Type of Exam</b>	<b>Other Information</b>
Dallas AA #19124	Full-Scope	

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

### Dallas AA

Demographic Information for Full Scope Area: Dallas AA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	618	10.03	29.77	29.13	30.42	0.65
Population by Geography	3,041,069	8.50	28.44	30.94	32.12	0.00
Owner-Occupied Housing by Geography	624,603	2.92	20.76	32.68	43.65	0.00
Business by Geography	463,695	3.74	20.18	30.66	44.16	1.26
Farms by Geography	7,030	2.83	18.56	36.39	41.75	0.47
Family Distribution by Income Level	755,214	21.65	17.94	19.99	40.42	0.00
Distribution of Low and Moderate Income Families throughout AA Geographies	298,989	14.76	40.59	30.30	14.35	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)		123,497 2.58%	

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

Source: 2000 US Census and 2011 HUD updated MFI

Inwood has one assessment area (AA) within the Dallas metropolitan area, which is part of the Dallas MSA. The AA encompasses all of Dallas County, which has 487 census tracts (CTs) and all of Rockwall County, which has 7 CTs. The bank's AA also includes portions of Collin, Denton, and Hunt Counties, which incorporates 69, 53, and 2 CTs from each of those counties, respectively. Forty percent of Inwood's AA consists of low- and moderate-income CTs, with 10 percent designated as low-income and 30 percent designated as moderate-income. All areas consist of whole geographies, do not reflect illegal discrimination, and based on the bank's designation, do not arbitrarily exclude low- or moderate-income geographies. Overall, the AA designation meets the requirements of the CRA regulation.

Dallas is the third largest city in Texas and the eighth most populous city in the United States. A well-diversified business environment supports the Dallas MSA economy, including major industries such as airline travel, petroleum refinement, household and personal products, and healthcare. Headquartered in Dallas are numerous Fortune 500 companies that span a wide range of industries, including Exxon Mobil, AT&T, American Airlines, Kimberly Clark, J.C. Penny, Southwest Airlines, and Texas Instruments.

Inwood has a variety of competitors in their AA that range from small community banks to large, multi-regional banks. The competing banks vary based on the location of Inwood's 14 branches. For example, two of the primary competitors for the main office are JP Morgan/Chase and Bank of Texas, a large and mid-size national bank, respectively. Meanwhile, the Desoto branch competes with two small community banks, Citizens National Bank of Texas and Bank of Desoto.

During this examination, we utilized information acquired from interviews with several community organizations associated with local economic and business development as well as affordable housing. The purpose of these interviews was to confirm the credit needs and community development opportunities within Inwood's AA. The primary needs identified by the community organizations included small business loans, economic development, affordable housing, and funding for community housing developers to build and rehabilitate housing in the low- and moderate-income areas within the AA.

## Appendix C: Tables of Performance Data

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### Content of Standardized Tables

References to the “bank” include activities of any affiliates that the bank provided for consideration (refer to appendix A: Scope of the Examination). For purposes of reviewing the lending test tables, the following are applicable: (1) purchased loans are treated as originations/purchases and market share is the number of loans originated and purchased by the bank as a percentage of the aggregate number of reportable loans originated and purchased by all lenders in the MA/assessment area; (2) partially geocoded loans (loans where no census tract is provided) cannot be broken down by income geographies and, therefore, are only reflected in the Total Loans in Core Tables 2 through 7 and part of Table 13; and (3) partially geocoded loans are included in the Total Loans and % Bank Loans Column in Core Tables 8 through 12 and part of Table 13. Tables without data are not included in this PE. The following is a listing and brief description of the tables:

**Table 1. Lending Volume** – presents the number and dollar amount of reportable loans originated and purchased by the bank over the evaluation period by MA/assessment area. Community development loans to statewide or regional entities or made outside the bank’s assessment area may receive positive CRA consideration. See Interagency Q&As \_\_.12 (i) - 5 and - 6 for guidance on when a bank may receive positive CRA consideration for such loans. Refer to the CRA section of the Compliance Policy intranet page for guidance on table placement.

**Table 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 is not available for geographic areas smaller than counties, it may be necessary to use geographic areas larger than the bank’s assessment area.

**Table 7. Geographic Distribution of Small Loans to Farms** – the percentage distribution of the number of small loans (less than or equal to \$500,000) to farms originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies compared to the percentage distribution of farms (regardless of revenue size) throughout those geographies. The table also presents market share information based on the most recent aggregate market data available. Because small farm data is not available for geographic areas smaller than counties, it may be necessary to use geographic areas larger than the bank’s assessment area.

**Table 8. Borrower Distribution of Home Purchase Loans** – compares the percentage distribution of the number of loans originated and purchased by the bank to low-, moderate-, middle-, and upper-income borrowers to the percentage distribution of families by income level in each MA/assessment area. The table also presents market share information based on the most recent aggregate market data available.

**Table 9. Borrower Distribution of Home Improvement Loans** – see Table 8.

**Table 10. Borrower Distribution of Refinance Loans** – see Table 8.

**Table 11. Borrower Distribution of Small Loans to Businesses** – compares the percentage distribution of the number of small loans (less than or equal to \$1 million) originated and purchased by the bank to businesses with revenues of \$1 million or less to the percentage distribution of businesses with revenues of \$1 million or less. In addition, the table presents the percentage distribution of the number of loans originated and purchased by the bank by loan size, regardless of the revenue size of the business. Market share information is presented based on the most recent aggregate market data available.

**Table 12. Borrower Distribution of Small Loans to Farms** – compares the percentage distribution of the number of small loans (less than or equal to \$500,000) originated and purchased by the bank to farms with revenues of \$1 million or less to the percentage distribution of farms with revenues of \$1 million or less. In addition, the table presents the percentage distribution of the number of loans originated and purchased by the bank by loan size, regardless of the revenue size of the farm. Market share information is presented based on the most recent aggregate market data available.

**Table 13. Geographic and Borrower Distribution of Consumer Loans (OPTIONAL)** – for geographic distribution, the table compares the percentage distribution of the number of loans originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies to the percentage distribution of households within each geography. For borrower distribution, the table compares the percentage distribution of the number of loans originated and purchased by the bank to low-, moderate-, middle-, and upper-income borrowers to the percentage of households by income level in each MA/assessment area.

**Table 14. Qualified Investments** – presents the number and dollar amount of qualified investments made by the bank in each MA/AA. The table separately presents investments made during prior evaluation periods that are still outstanding and investments made during the current evaluation period. Prior-period investments are reflected at their book value as of the end of the evaluation period. Current period investments are reflected at their original investment amount even if that amount is greater than the current book value of the investment. The table also presents the number and dollar amount of

unfunded qualified investment commitments. In order to be included, an unfunded commitment must be legally binding and tracked and recorded by the bank's financial reporting system.

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

**Table 15. Distribution of Branch Delivery System and Branch Openings/Closings** – compares the percentage distribution of the number of the bank's branches 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: INWOOD NATIONAL BANK

**Table 1. Lending Volume**

LENDING VOLUME		Geography: INWOOD 2009-2011				Evaluation Period: JANUARY 1, 2009 TO DECEMBER 31, 2011						
Assessment Area (2011):	% of Rated Area Loans (#) in MA/AA*	Home Mortgage		Small Loans to Businesses		Small Loans to Farms		Community Development Loans**		Total Reported Loans		% of Rated Area Deposits in MA/AA***
		#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	
<b>Full Review:</b>												
Dallas AA	100.00	331	104,528	998	187,657	14	1,020	117	27,154	1,3430	320,359	100.00

\* Loan Data as of December 31, 2011. Rated area refers to either state or multi-state MA rating area.

\*\* The evaluation period for Community Development Loans is from April 13, 2009 to October 28, 2013.

\*\*\* Deposit Data as of October 01, 2013. Rated Area refers to either the state, multi-state MA, or institution, as appropriate.

Institution ID: INWOOD NATIONAL BANK

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

Geographic Distribution: HOME PURCHASE		Geography: INWOOD 2009-2011				Evaluation Period: JANUARY 1, 2009 TO DECEMBER 31, 2011									
Assessment Area:	Total Home Purchase Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography*				
	#	% of Total**	% Owner Occ Units***	% BANK Loans****	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	Over all	Low	Mod	Mid	Upp
<b>Full Review:</b>															
Dallas AA	140	100.00	2.92	6.43	20.76	10.00	32.68	20.71	43.65	62.86	0.12	0.77	0.04	0.08	0.15

\* Based on 2011 Peer Mortgage Data (USPR).

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

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

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

Institution ID: INWOOD NATIONAL BANK

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

Geographic Distribution: HOME IMPROVEMENT		Geography: INWOOD 2009-2011				Evaluation Period: JANUARY 1, 2009 TO DECEMBER 31, 2011					Market Share (%) by Geography*				
Assessment Area:	Total Home Improvement Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Overall	Low	Mod	Mid	Upp
	#	% of Total**	% Owner Occ Units***	% BANK Loans****	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans					
<b>Full Review:</b>															
Dallas AA	99	100.00	2.92	3.03	20.76	15.15	32.68	26.26	43.65	55.56	1.51	3.85	2.73	1.44	1.32

\* Based on 2011 Peer Mortgage Data (USPR).

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

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

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

Institution ID: INWOOD NATIONAL BANK

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

Geographic Distribution: HOME MORTGAGE REFINANCE		Geography: INWOOD 2009-2011					Evaluation Period: JANUARY 1, 2009 TO DECEMBER 31, 2011					Market Share (%) by Geography*				
Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Overall	Low	Mod	Mid	Upp	
	#	% of Total**	% Owner Occ Units***	% BANK Loans****	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans						
<b>Full Review:</b>																
Dallas AA	87	100.00	2.92	2.30	20.76	2.30	32.68	17.24	43.65	78.16	0.08	0.00	0.06	0.04	0.10	

\* Based on 2011 Peer Mortgage Data (USPR).

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

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

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

Institution ID: INWOOD NATIONAL BANK

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

Geographic Distribution: MULTIFAMILY		Geography: INWOOD 2009-2011					Evaluation Period: JANUARY 1, 2009 TO DECEMBER 31, 2011					Market Share (%) by Geography*				
Assessment Area:	Total Multifamily Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Overall	Low	Mod	Mid	Upp	
	#	% of Total**	% of MF Units***	% BANK Loans****	% MF Units***	% BANK Loans	% MF Units***	% BANK Loans	% MF Units***	% BANK Loans						
<b>Full Review:</b>																
Dallas AA	4	100.00	14.72	50.00	30.82	25.00	32.56	25.00	21.90	0.00	1.14	3.13	0.00	1.85	0.00	

\* Based on 2011 Peer Mortgage Data (USPR).

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

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

\*\*\*\* Multi-family loan distribution includes Home Purchases, Home Improvement and Refinances.

**Institution ID:** INWOOD NATIONAL BANK

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

Geographic Distribution: SMALL LOANS TO BUSINESSES		Geography: INWOOD 2009-2011					Evaluation Period: JANUARY 1, 2009 TO DECEMBER 31, 2011					Market Share (%) by Geography*				
Assessment Area:	Total Small Business Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Overall	Low	Mod	Mid	Upp	
	#	% of Total**	% of Businesses***	% BANK Loans	% of Businesses***	% BANK Loans	% of Businesses***	% BANK Loans	% of Businesses***	% BANK Loans						
<b>Full Review:</b>																
Dallas AA	991	100.00	3.74	4.44	20.18	40.06	30.66	28.96	44.16	26.54	0.45	0.43	1.08	0.46	0.23	

\* Based on 2011 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 (2011).

Institution ID: INWOOD NATIONAL BANK

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

Geographic Distribution: SMALL LOANS TO FARMS		Geography: INWOOD 2009-2011					Evaluation Period: JANUARY 1, 2009 TO DECEMBER 31, 2011					Market Share (%) by Geography*				
Assessment Area:	Total Small Farm Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Overall	Low	Mod	Mid	Upp	
	#	% of Total**	% of Farms***	% BANK Loans	% of Farms***	% BANK Loans	% of Farms***	% BANK Loans	% of Farms***	% BANK Loans						
<b>Full Review:</b>																
Dallas AA	14	100.00	2.83	0.00	18.56	0.00	36.39	100.00	41.75	0.00	1.27	0.00	1.56	2.55	0.00	

\* Based on 2011 Peer Small Business Data - US and PR.

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

\*\*\* Source Data - Dun and Bradstreet (2011).

Institution ID: INWOOD NATIONAL BANK

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

Borrower Distribution: HOME PURCHASE		Geography: INWOOD 2009-2011					Evaluation Period: JANUARY 1, 2009 TO DECEMBER 31, 2011					Market Share*				
Assessment Area:	Total Home Purchase Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Overall	Low	Mod	Mid	Upp	
	#	% of Total**	% Families***	% BANK Loans****	% Families <sup>1</sup>	% BANK Loans****	% Families***	% BANK Loans****	% Families***	% BANK Loans****						
<b>Full Review:</b>																
Dallas AA	140	100.00	21.65	6.36	17.94	6.36	19.99	4.55	40.42	82.73	0.11	0.08	0.01	0.02	0.20	

\* Based on 2011 Peer Mortgage Data (USPR).

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

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

\*\*\*\* As a percentage of loans with borrower income information available. No information was available for 21.4% of loans originated and purchased by bank.

<sup>1</sup> Data shown includes only one to four-family and manufactured housing. (Property type of 1 or 2).

Institution ID: INWOOD NATIONAL BANK

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

Borrower Distribution: HOME IMPROVEMENT		Geography: INWOOD 2009-2011					Evaluation Period: JANUARY 1, 2009 TO DECEMBER 31, 2011					Market Share*				
Assessment Area:	Total Home Improvement Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Overall	Low	Mod	Mid	Upp	
	#	% of Total**	% Families**	% BANK Loans****	% Families <sup>2</sup>	% BANK Loans****	% Families***	% BANK Loans****	% Families***	% BANK Loans****						
<b>Full Review:</b>																
Dallas AA	99	100.00	21.65	10.99	17.94	17.58	19.99	7.69	40.42	63.74	1.34	3.23	1.16	0.29	1.48	

\* Based on 2011 Peer Mortgage Data (USPR).

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

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

\*\*\*\* As a percentage of loans with borrower income information available. No information was available for 8.1% of loans originated and purchased by bank.

<sup>2</sup> Data shown includes only one to four-family and manufactured housing. (Property type of 1 or 2).

Institution ID: INWOOD NATIONAL BANK

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

Borrower Distribution: HOME MORTGAGE REFINANCE		Geography: INWOOD 2009-2011					Evaluation Period: JANUARY 1, 2009 TO DECEMBER 31, 2011					Market Share*				
Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Overall	Low	Mod	Mid	Upp	
	#	% of Total**	% Families***	% BANK Loans****	% Families <sup>3</sup>	% BANK Loans****	% Families***	% BANK Loans****	% Families***	% BANK Loans****						
<b>Full Review:</b>																
Dallas AA	88	100.00	21.65	1.20	17.94	7.23	19.99	8.43	40.42	83.13	0.10	0.00	0.06	0.05	0.12	

\* Based on 2011 Peer Mortgage Data (USPR).

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

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

\*\*\*\* As a percentage of loans with borrower income information available. No information was available for 5.7% of loans originated and purchased by bank.

<sup>3</sup> Data shown includes only one to four-family and manufactured housing. (Property type of 1 or 2).

Institution ID: INWOOD NATIONAL BANK

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

Borrower Distribution: SMALL LOANS TO BUSINESSES		Geography: INWOOD 2009-2011			Evaluation Period: JANUARY 1, 2009 TO DECEMBER 31, 2011				
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>									
Dallas AA	998	100.00	66.49	28.36	57.82	20.44	21.74	0.45	0.31

\* Based on 2011 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 - 2011).

\*\*\*\* 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 22.34% of small loans to businesses originated and purchased by the bank.

**Institution ID:** INWOOD NATIONAL BANK

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

Borrower Distribution: SMALL LOANS TO FARMS		Geography: INWOOD 2009-2011			Evaluation Period: JANUARY 1, 2009 TO DECEMBER 31, 2011				
Assessment Area:	Total Small Loans to Farms		Farms With Revenues of \$1 million or less		Loans by Original Amount Regardless of Farm Size			Market Share*	
	#	% of Total**	% of Farms***	% BANK Loans****	\$100,000 or less	>\$100,000 to \$250,000	>\$250,000 to \$500,000	All	Rev\$ 1 Million or Less
<b>Full Review:</b>									
Dallas AA	14	100.00	96.46	85.71	78.57	21.43	0.00	1.27	0.96

\* Based on 2011 Peer Small Business Data - US and PR.

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

\*\*\* Farms with revenues of \$1 million or less as a percentage of all farms (Source D&B - 2011).

\*\*\*\* Small loans to farms with revenues of \$1 million or less as a percentage of all loans reported as small loans to farms. No information was available for 14.29% of small loans to farms originated and purchased by the bank.

**Institution ID:** INWOOD NATIONAL BANK

**Table 14. Qualified Investments**

QUALIFIED INVESTMENTS		Geography: INWOOD 2009-2011				Evaluation Period: JANUARY 1, 2009 TO DECEMBER 31, 2011			
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>									
Dallas AA	6	775	12	7,043	18	7,818	100.00	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.

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

DISTRIBUTION OF BRANCH DELIVERY SYSTEM AND BRANCH OPENINGS/CLOSINGS				Geography: INWOOD 2009-2011				Evaluation Period: JANUARY 1, 2009 TO DECEMBER 31, 2011									
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>																	
Dallas AA	100.00	14	0.00	7	43	36	14	+ 0	- 0	0	0	-2	+1	8.50	28.44	30.94	32.12

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**Distribution of Branch and ATM Delivery System**

Distribution of Branch and ATM Delivery System		Geography: INWOOD 2009-2011						Evaluation Period: JANUARY 1, 2009 TO DECEMBER 31, 2011									
MA/Assessment Area:	Deposits	Branches						ATMs				Population					
	% of Total Bank Deposits	# of Bank Branches	% of Total Bank Branches	Location of Branches by Income of Geographies (%)				#of Bank ATMs	% of Total Bank ATMs	Location of ATMs by Income of Geographies				% of Population within Each Geography			
				Low	Mod	Mid	Upp			Low	Mod	Mid	Upp	Low	Mod	Mid	Upp
<b>Full Review:</b>																	
Dallas AA	100.00	0	0.00	7	43	29	21	13	100	7	46	23	23	8.50	28.44	30.94	32.12

