



PUBLIC DISCLOSURE

January 28, 2021

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Guaranty Bank & Trust, National Association
Charter Number: 25053
100 West Arkansas
Mount Pleasant, TX 75455

Office of the Comptroller of the Currency
225 East 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.

Table of Contents

Overall CRA Rating.....	3
Description of Institution.....	4
Scope of the Evaluation.....	5
Discriminatory or Other Illegal Credit Practices Review.....	6
State Rating.....	7
State of Texas.....	7
Appendix A: Scope of Examination.....	Appendix A-1
Appendix B: Summary of State Ratings.....	Appendix B-1
Appendix C: Definitions and Common Abbreviations.....	Appendix C-1
Appendix D: Tables of Performance Data.....	Appendix D-1

Overall CRA Rating

Institution’s CRA Rating: This institution is rated Satisfactory.

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

Performance Levels	Guaranty Bank & Trust, National Association 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:

- The Lending Test rating is based on the relatively high level of community development (CD) lending, a significant majority of the bank’s loans made in the assessment areas (AA), the good lending activity, a good level of borrower lending, and an excellent level of geographic lending.
- The Investment Test rating is based on the performance of the full scope areas, which was good. The bank has a good level of qualified community development investments and grants.
- The Service Test rating is based on the accessibility of services to essentially all portions of the AAs and a good level of CD services.

Lending in Assessment Area

A substantial majority of the bank’s loans are in its AAs.

The bank originated and purchased 85.4 percent of its total loans inside the bank’s AAs during the evaluation period. This analysis is performed at the bank, rather than the AA, level. This percentage does not include extensions of credit by affiliates that may be considered under the other performance criteria.

Lending Inside and Outside of the Assessment Area										
Loan Category	Number of Loans				Total #	Dollar Amount of Loans \$(000s)				Total \$(000s)
	Inside		Outside			Inside		Outside		
	#	%	#	%		\$	%	\$	%	
Home Mortgage	1,481	79.8	375	20.2	1,856	304,794	75.8	97,455	24.2	402,250
Small Business	3,081	87.0	461	13.0	3,542	356,306	83.5	70,566	16.5	426,872
Small Farm	1,313	88.8	166	11.2	1,479	71,774	82.8	14,909	17.2	86,683
Total	5,875	85.4	1,002	14.6	6,877	732,874	80.0	182,930	20.0	915,805

Home mortgage loans and small business loans are considered primary products, as they have a greater direct impact and are more responsive to credit needs of all AAs, including low- and moderate-income (LMI) communities in the bank's AAs. Conclusions are factored into the overall analysis of the geographic distribution of lending by income level of geography.

Description of Institution

Guaranty Bank & Trust, National Association ("Guaranty" or "the bank") is an intrastate bank headquartered in Mount Pleasant, Texas (TX), and wholly owned by Guaranty Bancshares, Incorporated (GBI). GBI is a one-bank holding company headquartered in Mount Pleasant, TX. Guaranty is one of the largest community banks in the area. As of December 31, 2019, the bank had total assets of \$2.3 billion and tier 1 capital of \$233.4 million.

As of December 31, 2019, total loans were \$1.7 billion representing 73.7 percent of total assets. The balance of the loan portfolio consisted of approximately 52.0 percent commercial real estate loans (\$889.6 million), 27.4 percent one- to four-family residential loans (\$467.7 million), 17.5 percent commercial and industrial loans (\$298.5 million), and 3.1 percent consumer loans (\$53.6 million).

During this evaluation period, the bank's business strategy emphasized originating more commercial, industrial, profession, and small business loans. However, the bank still originates a significant number of single-family mortgage loans, which are sold to secondary market investors. Guaranty is a full-service community bank providing financial products to both consumers and businesses with a wide range of both deposit and loan products available.

As of the evaluation period, the bank has 30 full-service branch locations, one loan production office (LPO), and 48 automatic teller machines (ATMs) located across eight AAs throughout East and North Texas, as well as the Brazos Valley and Houston, Texas areas. In the "Description of Institution's Operations in Texas" below is a detailed description of the bank's eight AAs.

On January 3, 2018, the bank opened a full-service banking center in Fort Worth, Texas, which created the Fort Worth AA. On June 4, 2018, the bank purchased Westbound Bank in Houston, Texas adding four full-service banking centers and created the Houston AA in the counties of Fort Bend, Harris, and Montgomery. On October 29, 2018, the bank opened its permanent branch in Austin, Texas, which created the Austin AA. In addition, the bank closed a full-service banking center in Atlanta (nonMSA AA), relocated a full-service location in Dallas, and closed a motor bank location in Texarkana, Texas (Texarkana AA).

The bank offers a variety of commercial and retail financial services for small business owners and consumers. Guaranty has invested in several alternative retail delivery systems that provides significant service beyond the bank's brick and mortar offices. The bank complements its traditional service delivery methods with certain alternative retail delivery systems such as deposit-taking ATMs, remote deposit capture, direct deposit, mobile banking, and online banking. In addition, bank services include Apple Pay, Samsung Pay, and Android Pay. When customers are conducting online banking a chat box is available to discuss any problems or answer questions by bank employees. The bank has the ability to open deposit accounts and accept loan applications online and through their mobile application, including mortgage loans. Guaranty also has a Customer Care Center which is a call center that operates from 8:00 A.M. to 7:00 P.M. each weekday and from 9:00 A.M. to 9:00 P.M. on the weekends. A customer care representative will return customer's calls to assist customers.

The bank's ATMs service extends substantially beyond the 48 bank owned ATMs and includes 55,000 ATMs nationwide and around the world as a member of the AllPoint ATM network. Most of the AllPoint ATMs are located in stores such as Target, CVS, Walgreens, Kroger, and Circle K. Guaranty customers may use these ATMs with no surcharges.

As an added benefit to the communities it serves, Guaranty employs several bilingual Spanish speaking employees, including in mortgage lending.

There were no legal or financial factors impeding the bank's ability to help meet credit needs in its AAs during the evaluation period. Guaranty's CRA performance was rated "Satisfactory" in the last public evaluation dated January 2018.

Scope of the Evaluation

Evaluation Period/Products Evaluated

The evaluation period for lending is October 1, 2017 through December 31, 2019. The evaluation period for CD lending, services, and investments is February 17, 2018 through December 31, 2019. With an evaluation period end date of December 31, 2019, qualifying activities performed in response to the significant impact of the coronavirus pandemic across the United States are not addressed in this evaluation. Bank qualifying activities will be considered in the subsequent evaluation.

This Performance Evaluation (PE) assesses the bank's performance under the large bank CRA procedures, which includes the Lending, Investment, and Service Tests. In our evaluation the bank's lending performance, we reviewed one- to four-family mortgage loans subject to filing under the Home Mortgage Disclosure Act (HMDA) and loans to small businesses as reported under the CRA. We also reviewed CD loans. The volume of farm loans was small and did not provide a meaningful analysis; however, we included these loans in analysis of lending activity within the bank's AAs and in the lending activity table which is detailed later in this PE. We also evaluated CD investments, including donations, retail services, and CD services.

For geographic and borrower distribution analyses, loans originated in 2017 through 2019 are compared to the 2015 American Community Survey (ACS) census data for mortgages and the 2018 Dunn & Bradstreet (D&B) Data for loans to small businesses.

Bank and branch deposit data is as of June 30, 2019, based on information from the Federal Deposit Insurance Corporation (FDIC). The distribution of bank branches is compared to U.S. Census 2015 ACS population estimates.

Selection of Areas for Full-Scope Review

In each state where the bank has an office, one or more AA(s) within that state was selected for a full-scope review. For purposes of this evaluation, bank delineated assessment areas located within the same metropolitan statistical area (MSA), or multistate metropolitan statistical area (MMSA), are combined and evaluated as a single AA. Similarly, bank delineated nonMSA AAs within the same state are combined and evaluated as a single area. These combined AAs may be evaluated as full- or limited-scope. Refer to the “Scope” section under each State and MMSA Rating section for details regarding how full-scope AAs were selected. Refer to appendix A, Scope of Examination, for a list of full- and limited-scope AAs.

Ratings

The bank’s overall rating is based on the performance in the state of Texas. The state rating is based on performance in all bank AAs. Refer to the “Scope” section under the State Rating section for details regarding how the areas were weighted in arriving at the respective ratings.

When evaluating the bank’s performance under the Lending Test, we placed greater weight on the bank’s distribution of small business loans than the distribution of home mortgage loans. For most rating areas small business loans represent the bank’s primary loan product and business focus. Generally, equal emphasis is given to the geographic distribution of loans and lending by borrower income level.

Discriminatory or Other Illegal Credit Practices Review

Pursuant to 12 C.F.R. §25.28(c) or §195.28(c), respectively, in determining a national bank’s or federal savings association’s (collectively, bank) CRA rating, the OCC considers evidence of discriminatory or other illegal credit practices in any geography by the bank, or in any AA 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 bank has engaged in discriminatory or other illegal credit practices that require consideration in this evaluation.

The OCC will consider any information that this bank engaged in discriminatory or other illegal credit practices, identified by or provided to the OCC before the end of the bank’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.

State Rating

State of Texas

CRA rating for the State of Texas¹: Satisfactory
The Lending Test is rated: High Satisfactory
The Investment Test is rated: High Satisfactory
The Service Test is rated: High Satisfactory

The major factors that support this rating include:

- Lending activity reflects a good responsiveness to meeting the credit needs of the bank's AAs.
- A good distribution of loans by income level of the borrowers, given the performance context.
- An excellent geographic distribution of loans, given the performance context and considering the substantial majority of lending was inside the bank's AAs.
- A good level of CD loans that are responsive to community needs given the bank's capacity and the opportunities in its AAs. The level of CD loans had a significantly positive impact on the overall Lending Test.
- A good level of qualified investments, including grants and donations.
- The bank's branches are accessible to essentially all geographies and individuals of different income levels.
- The bank provides a good level of CD services that were responsive to community needs.

Description of Institution's Operations in Texas

Guaranty has eight AAs within the state of Texas. The eight AAs are comprised of the Austin, Bryan-College Station (Bryan-CS), Dallas, Fort Worth, Houston, Longview, Texarkana, and nonMSA AAs. See Appendix B for more information. The nonMSA counties were combined whole counties of Camp, Delta, Franklin, Hopkins, Lamar, Red River, and Titus.

Guaranty has a total of 30 branches all in Texas with one branch in the Austin AA, three in the Bryan-CS AA, seven in the Dallas AA, one in the Fort Worth AA, four in the Houston AA, two in the Longview AA, four in the Texarkana AA, and eight in the nonMSA AA.

¹ This rating reflects performance within the multistate metropolitan statistical area. The statewide evaluations do not reflect performance in the parts of those states contained within the multistate metropolitan statistical area.

The bank’s primary business strategy is to focus on originating business loans, such as commercial and industrial loans, and commercial real estate loans. In addition, Guaranty has a single-family mortgage department that originates one- to four-family residential loans. The bank’s competitors include other local community banks, savings and loans associations, and credit unions. Large regional and nationwide banks and nonbank financial institutions (mortgage companies) compete for small business and residential loans in the same markets as the bank.

Based on FDIC Deposit Market Share data as of June 30, 2019, Guaranty had a 0.2 percent deposit market share in Texas and is ranked 39th out of 510 financial institutions doing business in the state. Nationwide competitors include JPMorgan Chase, Bank of America, National Association, USAA Federal Savings Bank, Wells Fargo Bank, National Association, and BBVA USA which have a combined deposit market share of 57.6 percent. Regional banks such as Frost Bank, Texas Capital Bank, National Association, Prosperity Bank, PlainsCapital Bank, and BOKF, National Association also have a combined market share of 8.9 percent in deposits.

The following tables depict the demographic information for the full-scope AAs in Texas.

Bryan-CS AA

Table A – Demographic Information of the Assessment Area						
Assessment Area: Bryan-CS AA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	42	11.9	31.0	23.8	28.6	4.8
Population by Geography	205,271	11.3	34.6	21.7	27.9	4.4
Housing Units by Geography	81,916	13.8	34.6	23.1	28.5	0.0
Owner-Occupied Units by Geography	33,078	2.3	27.6	23.6	46.6	0.0
Occupied Rental Units by Geography	40,780	22.3	39.7	22.9	15.1	0.0
Vacant Units by Geography	8,058	18.0	37.8	22.6	21.6	0.0
Businesses by Geography	13,296	8.0	26.7	25.8	39.2	0.4
Farms by Geography	458	4.1	20.5	26.0	49.3	0.0
Family Distribution by Income Level	40,474	24.5	15.8	16.9	42.8	0.0
Household Distribution by Income Level	73,858	27.8	14.5	15.0	42.7	0.0
Median Family Income MSA - 17780 College Station-Bryan, TX MSA		\$60,756	Median Housing Value			\$152,330
			Median Gross Rent			\$881
			Families Below Poverty Level			14.2%
<i>Source: 2015 ACS and 2019 D&B Data</i> <i>Due to rounding, totals may not equal 100.0%</i> <i>(*) The NA category consists of geographies that have not been assigned an income classification.</i>						

The Bryan-CS AA is comprised of all of Brazos County, Texas. The AA meets the requirement of the regulation and does not arbitrarily exclude LMI census tracts (CTs). According to the 2010 U.S. Census data, the AA consists of 42 CTs of which five are low-income and 13 are moderate-income.

The Bryan-CS AA accounts for 9.2 percent of the bank's total deposits. Guaranty's deposits ranked ninth out of 23 FDIC insured financial institutions in the Bryan-CS AA. The primary competitors include Prosperity Bank with ten branches and a market share of 17.2, First National Bank Texas with six branches and a market share of 10.3 percent, Wells Fargo Bank, National Association with five branches and a market share of 8.6 percent, The Bank and Trust of Bryan/College Station with five branches and a market share of 8.6 percent, and Branch Bank and Trust Company (BBT) with four branches and a market share of 6.9 percent.

During the evaluation period, the bank made 5.3 percent of its total loans by number of loans in this AA compared to total bank loans; by dollar volume the bank made 8.7 percent of their loans in this AA.

Employment Factors

According to the U.S. Bureau of Labor and Statistics, as of December 2019, the unemployment rate in the Bryan-CS AA was 2.8 percent, a decrease from 3.0 percent in December 2018. The unemployment rate for the state of Texas as of December 2019 was 3.5 percent, down slightly from 3.7 percent in December 2018. The national unemployment as of December 2019 was 3.7 percent and for December 2018 was 3.6 percent.

According to Moody's Analytics, the Bryan-CS AA's strengths are the stable presence of the Texas A&M University, well-educated workforce, below average business costs, and rapidly expanding prime working-age population. Weaknesses are few knowledge-based jobs and low per capita income relative to the state. Visitors to Texas A&M contribute to making this area one of the five most tourism-dependent areas in the state. As the academic year kicks off, retail business increases and hotel occupancies rise. Texas A&M employs over 17,000 and is a key economic driver for the area. Other top employers in the AA were Bryan ISD with approximately 2,000 employees, College Station ISD with approximately 2,000 employees, Texas A&M Health Center with approximately 2,000 employees, Reynolds and Reynolds with approximately 2,000 employees, and Blinn College with approximately 1,000 employees.

The US Census noted 40.4 percent of the homes are owner-occupied while 49.8 percent are rental-occupied and 9.8 percent are vacant. In addition, 24.3 percent of the housing units are multifamily units. The weighted average monthly gross rent was \$881 and the weighted average median housing cost \$152,330. Some other significant challenges for the Bryan-CS AA is that 11.1 percent of the residences are retired and 27.3 percent of the households live below the poverty level.

Community Contacts

Community credit needs in the Bryan-CS AA were determined by reviewing recent housing and demographic information, CRA PEs from other banks operating in the bank's AA, and discussions with one community contact with an organization that provides services to the AA. The community contact was an organization that focuses on development and planning in Brazos, Burleson, Milam, and Robertson counties. The nonprofit assists potential small business owners on education for applying for a small business loans and other types of education and assistance. The most critical needs identified from this contact was affordable housing and business loans with emphasis on small business lending.

Dallas AA

Table A – Demographic Information of the Assessment Area						
Assessment Area: Dallas AA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	438	11.4	20.3	27.6	39.5	1.1
Population by Geography	2,012,773	11.7	20.7	29.4	37.8	0.4
Housing Units by Geography	832,409	12.5	19.2	29.1	38.6	0.6
Owner-Occupied Units by Geography	409,899	3.0	15.0	29.4	52.3	0.3
Occupied Rental Units by Geography	353,572	21.9	23.6	29.3	24.4	0.9
Vacant Units by Geography	68,938	20.9	21.3	26.6	30.5	0.8
Businesses by Geography	245,658	5.9	12.5	28.7	51.4	1.5
Farms by Geography	4,053	4.1	13.6	29.6	51.4	1.2
Family Distribution by Income Level	482,977	22.4	15.5	17.1	45.0	0.0
Household Distribution by Income Level	763,471	23.4	16.3	17.4	42.9	0.0
Median Family Income MSA - 19124 Dallas-Plano-Irving, TX		\$71,149	Median Housing Value			\$216,120
			Median Gross Rent			\$998
			Families Below Poverty Level			10.6%
<i>Source: 2015 ACS and 2019 D&B Data</i> <i>Due to rounding, totals may not equal 100.0%</i> <i>(*) The NA category consists of geographies that have not been assigned an income classification.</i>						

The bank's Dallas AA is comprised of five counties which includes the partial counties of Collin, Dallas, and Denton and the entire counties of Hunt and Rockwall. The AA meets the requirement of the regulation and does not arbitrarily exclude LMI CTs. According to the 2010 U.S. Census data, the AA consists of 438 CTs of which 50 are low-income and 89 are moderate-income.

The Dallas AA accounts for 19.5 percent of the bank's total deposits. Guaranty's deposits in the Dallas AA ranked 21st out of 130 FDIC insured financial institutions in the Dallas AA. The primary competitors include JPMorgan Chase Bank, National Association with 84 branches and a market share of 22.9 percent, Wells Fargo Bank, National Association with 61 branches and a market share of 4.4 percent, Bank of America, National Association with 55 branches and a market share of 33.6 percent, BBVA USA with 33 branches and a market share of 2.9 percent, and Comerica Bank with 28 branches and a market share of 1.6 percent.

During the evaluation period, the bank made 13.9 percent of its total loans by number of loans in this AA compared to total bank loans; by dollar volume the bank made 19.0 percent of their loans in this AA.

Employment Factors

According to the U.S. Bureau of Labor and Statistics, as of December 2019, the unemployment rate in the Dallas AA was 3.3 percent, down from 3.5 percent in December 2018. The unemployment rate for the state of Texas as of December 2019 was 3.5 percent, down slightly from 3.7 percent in December 2018. The national unemployment as of December 2019 was 3.7 percent and for December 2018 was 3.6 percent.

According to Moody's Analytics, the Dallas AA's strengths are a stable demand for professional services because of the many corporate headquarters, well-positioned geographically for distribution centers for Southwest and international trade, and favorable migration trends and age structure. Weaknesses are the exposure to volatile high tech, which is sensitive to the business cycle, and diminished housing affordability as the metro area matures. The areas large concentration of company headquarters and regional offices assist in maintaining the areas economy through various business cycles. In October 2019, Charles Schwab announced plans to move to the Dallas area from San Francisco and had already moved 2,500 employees to the area. The Dallas area prevailed because of its central location, business-friendly environment, well-educated labor force, and lower costs of living and doing business. Home building is very strong in the area and the Dallas-Fort Worth Airport provides a significant number of flights throughout the U.S.

Top employers in the Dallas AA were Walmart Inc. with approximately 34,000 employees, American Airlines with approximately 33,000 employees, Baylor Scott & White Health with approximately 24,088 employees, Lockheed Martin, with approximately 20,500 employees, and UT Southwestern Medical Center with approximately 18,666 employees.

The US Census noted 49.2 percent of the homes are owner-occupied while 46.6 percent are rental-occupied, and 8.3 percent of the housing is vacant. In addition, 35.8 percent of the housing units are multifamily units. The weighted average monthly gross rent was \$998 and the weighted average median housing cost \$216,120.

Community Contacts

Community credit needs in the Dallas AA were determined by reviewing recent housing and demographic information, CRA PEs from other banks operating in the bank's AA, and discussions with two community contacts that provide services to the Dallas AA. The first contact is a nonprofit that provides educational services and training individuals wanting to start their own business. The contact noted the area's economy is very strong and has a good environment for small businesses. Funding for small business continues to be a need, especially funding for startups. In addition, banks have stringent collateral requirements, even for loans guaranteed by the Small Business Administration.

The second contact was a local economic development board that assists local companies with connections in the community and addressing business needs and concerns. It was noted the local economy is doing well and has experienced significant economic growth over the last few years. The contact stated that financing for start-up businesses is a continued credit need for the area.

Texarkana AA

Table A – Demographic Information of the Assessment Area						
Assessment Area: Texarkana AA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	30	3.3	30.0	46.7	16.7	3.3
Population by Geography	136,807	1.5	21.5	53.6	23.3	0.0
Housing Units by Geography	58,383	1.6	22.6	54.2	21.6	0.0
Owner-Occupied Units by Geography	32,975	0.9	14.7	57.4	27.0	0.0
Occupied Rental Units by Geography	17,408	3.2	35.2	47.8	13.7	0.0
Vacant Units by Geography	8,000	1.1	27.3	54.8	16.8	0.0
Businesses by Geography	8,623	0.8	25.7	48.3	25.1	0.2
Farms by Geography	311	0.0	11.6	61.4	27.0	0.0
Family Distribution by Income Level	34,302	22.5	16.2	19.2	42.1	0.0
Household Distribution by Income Level	50,383	25.1	15.4	16.9	42.5	0.0
Median Family Income MSA - 45500 Texarkana, TX-AR MSA		\$51,151	Median Housing Value			\$100,557
			Median Gross Rent			\$711
			Families Below Poverty Level			16.4%
<i>Source: 2015 ACS and 2019 D&B Data</i> <i>Due to rounding, totals may not equal 100.0%</i> <i>(*) The NA category consists of geographies that have not been assigned an income classification.</i>						

The Texarkana AA is comprised of the entire counties of Bowie County, Texas and Miller County, Arkansas. The AA meets the requirement of the regulation and does not arbitrarily exclude LMI CTs. According to the 2010 U.S. Census data, the AA consists of 30 CTs of which one is low-income and nine are moderate-income.

The Texarkana AA is located in the far northwest corner of Texas on Interstate 30. Little Rock, Arkansas is 144 miles to the east of Texarkana while Dallas, Texas is 179 miles to the west. Guaranty's headquarters in Mount Pleasant, Texas is 62 miles to the east of Texarkana on Interstate 30.

The Texarkana AA accounts for 12.7 percent of the bank's total deposits. Guaranty's deposits in the Texarkana AA ranked second out of 14 FDIC insured financial institutions with a market share of 16.7 percent. The primary competitors include Farmers Bank and Trust Company with three branches in the AA and a market share of 19.9 percent, BancorpSouth Bank with five branches in the AA and a market share of 13.9 percent, Capital One, National Association with one branch and a market share 12.1 percent, and State Bank of De Kalb with three branches and 9.1 percent market share.

During the evaluation period, the bank made 13.0 percent of its total loans by number of loans in this AA compared to total bank loans; by dollar volume the bank made 12.3 percent of their loans in this AA.

Employment Factors

According to the U.S. Bureau of Labor and Statistics, as of December 2019, the unemployment rate in the Texarkana AA was 4.3 percent, down from 4.9 percent in December 2018. The unemployment rate for the state of Texas as of December 2019 was 3.5 percent, down slightly from 3.7 percent in December 2018. The national unemployment as of December 2019 was 3.7 percent and for December 2018 was 3.6 percent.

According to Moody's Analytics, the Texarkana AA's strengths are the low business and living costs, a healthcare system that attracts patients from across the four-state region, and an expanding labor force. Weaknesses are a declining population, low education attainment, and a high poverty rate with few high-wage jobs. The Red River Army Depot will remain a key economic driver for the area since it deploys approximately 4,200 federal civilian and military jobs. Other top employers in the area were Christus St. Michael Health System with 1,902 employees, Cooper Tire and Rubber Co. with 1,750 employees, Southern Refrigerated Transport with 1,115 employees, and Wal-Mart/Sam's with 1,091 employees. A partnership consisting of a local economic development group and local governments looks to incentivize companies such as Walmart and Amazon to build distribution centers by giving away recently purchased land near the Red River Army Depot with frontage on Interstate 30. In 2018 and 2019 there were only 83 and 80 housing permits issued, respectively. In addition, in 2019 only two multifamily permits were issued.

The US Census noted 56.5 percent of the homes are owner-occupied while 29.8 percent are rental occupied. In addition, 10.3 percent of the housing units are multifamily units. The weighted average monthly gross rent was \$711 and the weighted average median housing cost \$100,557. Some other significant challenges for the Texarkana AA are that 22.1 percent of the residences are retired, and 18.8 percent of the households live below the poverty level.

Community Contacts

Community credit needs in the Texarkana AA were determined by reviewing recent housing and demographic information, CRA PEs from other banks operating in the bank's AA, and discussions with one community contact with an organization that provides services to the AA. The community contact was an organization that focuses on development and planning in a regional multi-county area that provides expertise to cities and counties. The most critical need identified from this contact were housing development loans (new homes and home improvement).

nonMSA AA

Table A – Demographic Information of the Assessment Area						
Assessment Area: Northeast Texas AA 2019						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	41	2.2	24.4	55.6	17.8	0.0
Population by Geography	179,740	2.2	19.7	53.3	24.8	0.0
Housing Units by Geography	78,779	2.3	20.4	53.3	24.1	0.0
Owner-Occupied Units by Geography	46,235	1.1	15.0	55.4	28.5	0.0
Occupied Rental Units by Geography	19,710	5.0	29.5	49.8	15.8	0.0
Vacant Units by Geography	12,834	2.4	25.6	51.2	20.8	0.0
Businesses by Geography	11,122	2.8	24.8	47.0	25.4	0.0
Farms by Geography	714	0.4	11.1	64.8	23.7	0.0
Family Distribution by Income Level	48,051	21.5	18.3	18.7	41.4	0.0
Household Distribution by Income Level	65,945	23.5	16.7	16.8	43.0	0.0
Median Family Income MSA - 30980 Longview, TX MSA		\$56,456	Median Housing Value			\$95,979
Median Family Income Non-MSAs - TX		\$52,198	Median Gross Rent			\$662
			Families Below Poverty Level			14.7%
<i>Source: 2015 ACS and 2019 D&B Data</i> <i>Due to rounding, totals may not equal 100.0%</i> <i>(*) The NA category consists of geographies that have not been assigned an income classification.</i>						

The nonMSA AA is comprised of the bank's rural counties of Camp, Delta, Franklin, Hopkins, Lamar, Red River, and Titus. The AA meets the requirement of the regulation and does not arbitrarily exclude LMI CTs. According to the 2010 U.S. Census data, the AA consists of 41 CTs of which only one is low-income and 11 are moderate-income.

The nonMSA AA accounts for 42.6 percent of the bank's total deposits. Guaranty's deposits ranked first out of 32 FDIC insured financial institutions in the nonMSA AA. The primary competitors include Alliance Bank with nine branches and a market share of 12.3, First Federal Community Bank, State Savings Bank with four branches and a market share of 8.8 percent, Pilgrim Bank with five branches and a market share of 5.9 percent, The Liberty National Bank in Paris with three branches and a market share of 5.8 percent, and The City National Bank of Sulphur Springs with two branches and a market share of 5.7 percent.

During the evaluation period, the bank made 61.1 percent of its total loans by number in this AA compared to total bank loans; by dollar volume the bank made 41.7 percent of their loans in this AA.

Employment Factors

According to the U.S. Bureau of Labor and Statistics, as of December 2019, the unemployment rate in the state of Texas and for the nonMSA AA was 3.5 percent, down from 3.8 percent in December 2018. The national unemployment as of December 2019 was 3.7 percent and for December 2018 was 3.6 percent.

According to Moody's Analytics, the state of Texas and the nonMSA AA strengths are the above average population growth that supports consumer-driven industries and the state's central location within the US that has a well-developed infrastructure that fosters trade. Weaknesses are the state's proximity to Mexico and exposure to that country's economic problems, and exposure to the volatile energy industry.

Community Contacts

Community credit needs in the nonMSA AA were determined by reviewing recent housing and demographic information, CRA PEs from other banks operating in the bank's AA, and discussions with three community contacts with organizations that provide services to the AA. A community contact that services Camp, Delta, Franklin, and Titus counties noted the area economy was very diverse in incomes and ages. Major employers to the area are Pilgrim's Pride, Camp County ISD, and East Texas Medical Center. The housing industry is booming with most homes being built for moderate- and middle-income families. A community contact noted that transportation, especially for single moms, and affordable childcare are some of the areas needs. Banks and other financial institutions are numerous and willing to lend to people who need it.

Another community contact in Lamar County noted the area is growing and thriving with the City of Paris seeing the majority of the growth. Major employers within the county included four school districts, Kimberly Clark, the Campbell Soup plant, Turner Industries, Huhtamaki, and the medical district. The contact noted the area financial institutions have been extremely involved and responsive to the credit and community development needs of the community, including aiding with affordable housing.

An additional community contact in Lamar County noted a recent rise in the demand for housing and a shortage of the supply of homes on the market. It was noted the local banks are active and participate in various community programs. For example, the City of Paris and local banks provide small home improvement loans to eligible homeowners, which are partially guaranteed by the City. In addition, local officials and bankers meet frequently to discuss community projects and development opportunities. A couple of large nationwide banks closed branches in Paris which caused many residences to move their accounts to local banks.

Scope of Evaluation in Texas

The evaluation period for the Lending Test is October 1, 2017 through December 31, 2019. The evaluation period for CD lending, Investment Test, and Services Test is February 17, 2018 through December 31, 2019. With an evaluation period end date of December 31, 2019, qualifying activities performed in response to the significant impact of the coronavirus pandemic across the United States are not addressed in this evaluation. Bank qualifying activities will be considered in the subsequent evaluation.

The Bryan-CS AA, Dallas AA, Texarkana AA, and nonMSA AA were selected for full-scope reviews. Limited scope reviews were conducted for the Austin AA, Fort Worth AA, Houston AA, and Longview AA. The full-scope AAs were selected because they represented markets where the bank had the most deposit concentrations at 84 percent, and branch locations represented 23 of the bank's 30 branches. Refer to Appendix A for a list of all AAs under review.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN TEXAS

LENDING TEST

The bank's performance under the Lending Test in Texas is rated High Satisfactory.

Conclusions for Areas Receiving Full-Scope Reviews

Based on full-scope reviews, the bank's performance in the Bryan-CS, Dallas, Texarkana, and nonMSA AAs is good. The level of CD lending had a positive impact on lending performance when considering impact of responsiveness and initiatives.

Lending Activity

Lending levels reflect a good responsiveness to AA credit needs.

Number of Loans*							
Assessment Area	Home Mortgage	Small Business	Small Farm	Community Development	Total	%State Loans	%State Deposits
Austin AA	21	26	0	2	49	0.8	1.4
Bryan-CS AA	163	142	8	1	314	5.3	9.2
Dallas AA	199	537	72	6	814	13.8	19.5
Fort Worth AA	8	19	0	0	27	0.5	0.5
Houston AA	27	161	0	2	190	3.2	9.9
Longview AA	46	90	0	0	136	2.3	4.1
Texarkana AA	203	458	107	2	770	13.0	12.7
nonMSA AA	813	1,649	1,126	16	3,604	61.1	42.6

*The tables present the data for all assessment areas. The narrative below addresses performance in full-scope areas only.

Dollar Volume of Loans*							
Assessment Area	Home Mortgage	Small Business	Small Farm	Community Development	Total	%State* Loans	%State Deposits
Austin AA	41,606	7,939	0	3,442	52,987	6.6	1.4
Bryan-CS AA	47,314	22,197	1,112	710	71,333	8.7	9.2
Dallas AA	53,649	70,965	3,542	24,941	153,097	19.0	19.5
Fort Worth AA	2,693	6,976	0	0	9,669	1.2	0.5
Houston AA	12,300	40,030	0	9,200	61,530	7.6	9.9
Longview AA	9,073	14,513	0	0	23,586	2.9	4.1
Texarkana AA	30,833	59,971	6,830	1,610	99,244	12.3	12.7
nonMSA AA	107,173	134,065	60,290	34,907	336,435	41.7	42.6

*The tables present the data for all assessment areas. The narrative below addresses performance in full-scope areas only.

Bryan-CS AA

Lending levels reflect good responsiveness to AA credit needs, considering the number and amount of home mortgage and small business loans in the AA. We considered the lending volume in the AA relative to its capacity based on deposits, competition, and market presence, including the number of nationwide and regional banks, nationwide mortgage companies, and nationwide non-bank small business lenders.

According to FDIC Deposit Market Share data as of June 30, 2019, Guaranty had \$183.3 million in deposits with a deposit market share of 5.1 percent. Guaranty ranked 9th in total deposits out of 23 banks in the AA. The five largest FDIC insured banks had 51.7 percent of the total deposits in this AA.

According to 2019 peer mortgage data, Guaranty ranked 36th out of 414 lenders originating home mortgage loans in the AA. The bank's market share of 0.9 percent and rank in loans is lower than the bank's market share and rank in deposits. The five largest mortgage lenders have captured 23.0 percent of the market which is dominated by large nationwide banks and mortgage companies.

According to 2019 peer small business data, Guaranty ranked 12th out of 84 lenders originating small business loans in the Bryan-CS AA. The bank's market share of 1.5 percent and rank in loans is lower than the bank's market share and rank in deposits. The five largest small business lenders have captured 58.6 percent of the market.

Dallas AA

Lending levels reflects a good responsiveness to AA credit needs, considering the number and amount of home mortgage and small business loans in the AA. We considered the lending volume in the AA relative to its capacity based on deposits, competition, and market presence.

According to FDIC Deposit Market Share data as of June 30, 2019, Guaranty had \$386.1 million in deposits with a deposit market share of 0.2 percent. Guaranty ranked 40th in total deposits out of 134 banks in the AA.

According to 2019 peer mortgage data, Guaranty ranked 129th out of 883 lenders originating home mortgage loans in the AA. The bank's market share of 0.1 percent and rank in loans is somewhat lower than the bank's market share and rank in deposits. The five largest mortgage lenders have captured 24.6 percent of the market. These large mortgage lenders include Wells Fargo Bank, NA, JPMorgan Chase Bank, NA, Bank of America, NA, and Quicken Loans who dominate the mortgage market nationwide. Given the location of Guaranty's branches in this AA and the number of mortgage company competitors, the bank's mortgage lending demonstrated a good responsiveness to the community's mortgage needs.

According to 2019 peer small business data, Guaranty ranked 35th out of 243 lenders originating small business loans in the AA. The bank's market share of 0.2 percent and rank in loans is somewhat lower than the bank's market share and rank in deposits. The five largest small business lenders have captured 67.3 percent of the market. These large small business lenders include JPMorgan Chase Bank, NA, American Express National Bank, Bank of America, NA, Citibank, NA, and Wells Fargo Bank, NA.

Texarkana AA

Lending levels reflects a good responsiveness to AA credit needs, considering the number and amount of home mortgage and small business loans in the AA. We considered the lending volume in the AA relative to its capacity based on deposits, competition, and market presence.

In the Texarkana AA, FDIC's deposit market share data as of June 30, 2019 noted Guaranty had \$252.8 million in deposits with a deposit market share of 16.6 percent. Guaranty ranked 2nd in total deposits out of 14 banks in the AA.

According to 2019 peer mortgage data, Guaranty ranked 13th out of 232 lenders, originating home mortgage loans in the AA. The bank's market share of 2.2 percent and rank in loans is adequate when compared to the bank's deposit market share and rank due to the significant competition for mortgage loans. The five largest mortgage lenders have captured 27.7 percent of the market.

According to 2019 peer small business data, Guaranty ranked 4th out of 69 lenders originating small business loans in the AA. The bank's market share of 7.7 percent and rank in loans is near to the bank's market share and rank in deposits. The five largest small business lenders have captured 58.7 percent of the market.

nonMSA AA

Lending levels reflects a good responsiveness to AA credit needs, considering the number and amount of home mortgage and small business loans originated in the AA. We considered the lending volume in the AA relative to its capacity based on deposits, competition, and market presence.

According to FDIC Deposit Market Share data as of June 30, 2019, Guaranty had \$881.3 million in deposits with a deposit market share of 21.5 percent. Guaranty ranked 1st in total deposits out of 32 banks in the AA.

According to 2019 peer mortgage data, Guaranty ranked 1st out of 339 lenders originating home mortgage loans in the AA. The bank's market share of 8.9 percent in loans is weaker than the bank's market share in deposits but equals the bank's rank in deposits.

According to 2019 peer small business data, Guaranty ranked 1st out of 93 lenders originating small business loans in the AA. The bank's market share of 18 percent in loans exceeds the bank's market share in deposits but equals the bank's rank in deposits.

Distribution of Loans by Income Level of the Geography

The bank exhibits an excellent geographic distribution of loans in its AAs.

Home Mortgage Loans

Refer to Table O in the state of Texas section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's home mortgage loan originations and purchases.

Bryan-CS AA

The distribution of the bank's home mortgage lending during the evaluation period was excellent. The bank's proportion of loans exceeds the percentage of owner-occupied housing units in low-income CTs but was somewhat lower in the moderate-income CTs. The bank's proportion of loans exceeds the aggregate distribution in low-income CTs, and was good in moderate-income CTs.

Dallas AA

The distribution of the bank's home mortgage lending during the evaluation period was excellent. The bank's proportion of loans exceeds the percentage of owner-occupied housing units in the LMI CTs. The bank's proportion of loans exceeds the aggregate distribution in the LMI CTs.

Texarkana AA

The distribution of the bank's home mortgage lending during the evaluation period is adequate. The bank's proportion of loans is below the percentage of owner-occupied housing units in the low-income CTs but was somewhat lower in the moderate-income CTs. The bank's proportion of loans is well below the aggregate distribution in the low-income CTs and was near to the moderate-income CTs.

We placed more emphasis on the bank's loans made in moderate-income CTs versus low-income CTs for the Texarkana AA. This was due to the bank having no branches in the state of Arkansas and the one low-income CT is in Arkansas. Given this fact, we concluded that loan customers in Arkansas would be more likely to request a mortgage loan in their home state of Arkansas rather than driving over to the state of Texas. We further noted that owner occupied housing for low-income families was only 0.9 percent and this resulted in the aggregate lenders only originating 0.1 percent of their loans in low-income CTs. As a result, we ranked the bank's performance in the moderate-income CTs as more important than their performance in low-income CTs.

nonMSA AA

The distribution of the bank's home mortgage lending during the evaluation period was excellent. The bank's proportion of loans exceeds the percentage of owner-occupied housing units in the LMI CTs. The bank's proportion of loans exceeds the aggregate distribution in the LMI CTs.

Small Loans to Businesses

Refer to Table Q in the state of Texas section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's originations and purchases of small loans to businesses.

Bryan-CS AA

During the evaluation period, the distribution of small loans to businesses in LMI CTs was adequate. The proportion of the bank's loans was well below the percentage of businesses in low-income CTs and is near to the percentage of businesses in moderate-income CTs. The proportion of bank's small loans to businesses in low-income CTs was well below the aggregate distribution of loans in those CTs and was near to the distribution of loans in moderate-income CTs. The Bryan-CS AA only has five low-income CTs out of 42 total CTs. We further note that only 5.2 percent of small business are located in the low-income CTs making the demand very low. As a result, we put more emphasis on the lending in the moderate-income CTs.

Dallas AA

During the evaluation period, the distribution of small loans to businesses in LMI CTs was good. The proportion of the bank's loans exceeds the percentage of businesses in low-income CTs and was below the percentage of businesses in moderate-income CTs. The proportion of bank's loans to small loans to businesses in low-income CTs exceeds the aggregate distribution of loans in those CTs and was below the distribution of loans in moderate-income CTs.

Texarkana AA

During the evaluation period, the distribution of small loans to businesses in LMI CTs was good. The proportion of the bank's loans was well below the percentage of businesses in low-income CTs, and below the percentage of businesses in moderate-income CTs. The proportion of bank's loans to businesses in low-income CTs was well below the aggregate distribution of loans in those CTs, and near to the distribution of loans in moderate-income CTs.

We placed more emphasis on the bank's loans made in moderate-income CTs versus low-income CTs for the Texarkana AA. This was due to the bank having no branches being in Arkansas while the one low-income CT in this AA is in the state of Arkansas. Given this fact, we concluded that loan customers in Arkansas would be more likely to request a business loan in their home state of Arkansas rather than driving over to the state of Texas. As a result, we ranked the bank's performance in the moderate-income CTs as more important than their performance in low-income CTs.

nonMSA AA

During the evaluation period, the distribution of small loans to businesses in LMI CTs was excellent. The proportion of the bank's loans exceeds the percentage of businesses in low-income CTs and was near to the percentage of businesses in moderate-income CTs. The proportion of bank's loans to businesses in LMI CTs exceeds the aggregate distribution of loans in those CTs.

Lending Gap Analysis

The OCC evaluated the lending distribution in the AA to determine if any unexplained, conspicuous gaps existed. We reviewed summary reports, maps, and analyzed Guaranty's home mortgage and small business lending activity over the evaluation period to identify any gaps in the geographic distribution of loans. No unexplained, conspicuous gaps were identified.

Distribution of Loans by Income Level of the Borrower

The bank exhibits a good distribution of loans among individuals of different income levels and business and farms of different sizes, given the product lines offered by the institution.

Home Mortgage Loans

Refer to Table P in the state of Texas section of appendix D for the facts and data used to evaluate the borrower distribution of the bank's home mortgage loan originations and purchases.

Bryan-CS AA

The distribution of the bank's home mortgage lending in 2017-2019 was good. The bank's proportion of loans was well below the percentage of low-income families and below the percentage of moderate-income families. The bank's proportion of loans was below the aggregate distribution of loans to low-income families and was near to the aggregate distribution to moderate-income families.

One mitigating factor is the large student population at Texas A&M University since it is one of the largest universities in the U.S. As a result, almost half of the homes in this AA are rental properties. Based upon this information and our performance context above, we concluded the bank's mortgage lending to LMI borrowers was good.

Dallas AA

The distribution of the bank's home mortgage lending in 2017-2019 was good. The bank's proportion of loans was well below the percentage of low-income families and below the percentage of moderate-income families. The bank's proportion of loans was near to the aggregate distribution of loans to low-income families and was below the aggregate distribution to moderate-income families.

Texarkana AA

The distribution of the bank's home mortgage lending in 2017-2019 was adequate. The bank's proportion of loans was well below the percentage of low-income families and below the percentage of moderate-income families. The bank's proportion of loans was below the aggregate distribution of loans to low-income families and was near to the aggregate distribution to moderate-income families.

nonMSA AA

The distribution of the bank's home mortgage lending in 2017-2019 was good. The bank's proportion of loans was well below the percentage of low-income families and below the percentage of moderate-income families. The bank's proportion of loans exceeds the aggregate distribution of loans to low-income families and exceeds the aggregate distribution to moderate-income families.

Small Loans to Businesses

Refer to Table R in the state of Texas section of appendix D for the facts and data used to evaluate the borrower distribution of the bank's origination and purchase of small loans to businesses.

Bryan-CS AA

During the 2017-2019 evaluation period, the distribution of the bank's small loans to businesses by revenue was excellent. The bank's proportion of loans was near to the percentage of small businesses and exceeds the aggregate distribution of loans to those businesses.

Dallas AA

During the 2017-2019 evaluation period, the distribution of the bank's small loans to businesses by revenue was good. The bank's proportion of loans was below the percentage of small businesses but exceeds the aggregate distribution of loans to those businesses.

Texarkana AA

During the 2017-2019 evaluation period, the distribution of the bank's small loans to businesses by revenue was good. The bank's proportion of loans was below the percentage of small businesses but exceeded the aggregate distribution of loans to those businesses.

nonMSA AA

During the 2017-2019 evaluation period, the distribution of the bank's small loans to businesses by revenue was excellent. The bank's proportion of loans was near to the percentage of small businesses but exceeded the aggregate distribution of loans to those businesses.

Community Development Lending

The institution has made a relatively high level of CD loans.

The Lending Activity Tables, shown above on page 15, set forth the information and data used to evaluate the institution's level of CD lending. These tables include all CD loans, including multifamily loans that also qualify as CD loans.

Bryan-CS AA

The bank originated one CD loan, which had a neutral impact on lending performance in the AA. We considered the lending opportunities with direct benefit within the AA and the bank's capacity to address these needs.

Guaranty originated one CD loan totaling \$710 thousand, representing 3.3 percent of allocated tier one capital. This CD loan is for a multi-family housing complex in a moderate-income census tract. A majority of the tenants are college students with little to no income.

The CD loan originated exhibited adequate responsiveness to the credit and community needs in the AA. Community contacts in the AA identified affordable housing as a critical need and the bank's CD origination supports affordable housing in the AA.

Dallas AA

The bank originated a significant number of CD loans, which had a significantly positive impact on lending performance in the AA. We considered the lending opportunities with direct benefit within the AA and the bank's capacity to address these needs.

Guaranty originated six CD loans totaling \$24.9 million and representing 54.9 percent of allocated tier one capital. CD loans originated exhibited good responsiveness to the credit and community needs in the AA. Community contacts in the AA identified small business loans as a primary need and the bank made two loans to small businesses supporting economic development in the AA.

Examples of CD loans originated during the evaluation period include:

- \$10.9 million loan to purchase and improve property in a moderate-income census tract that will revitalize the area by attracting new businesses.
- \$4.0 million loan to purchase a medical office building in a moderate-income census tract. The office building provides access to medical care to those in the census tract as well as the low-income and moderate-income census tracts surrounding the facility.
- \$6.0 million loan made to convert a commercial property into a manufacturing plant. As part of an agreement with the state of Texas through a Texas Economic Development initiative a food manufacturer will relocate to the location and create approximately 325 permanent jobs.

Texarkana AA

The bank originated an adequate number of CD loans, which had a neutral impact on lending performance in the AA. We considered the lending opportunities with direct benefit within the AA and the bank's capacity to address these needs.

Guaranty originated two CD loans totaling \$1.6 million and representing 5.4 percent of allocated capital. CD loans originated exhibited adequate responsiveness to the credit and community needs in the AA.

Examples of CD loans originated during the evaluation period include:

- \$1.5 million loan to a political subdivision of the state of Texas. Part of the mission of the organization is to create jobs, and purchase and improve property in a moderate-income census tract that will revitalize the area by attracting new businesses.
- \$110 thousand loan to purchase an emergency vehicle for a city in the AA. The city is located in a moderate-income census tract as well as an opportunity zone. The vehicle provides basic services to the LMI population.

nonMSA AA

The bank originated a significant number of CD loans, which had a significantly positive impact on lending performance in the AA. We considered the lending opportunities with direct benefit within the AA and the bank's capacity to address these needs.

Guaranty originated sixteen CD loans totaling \$34.9 million and representing 35.1 percent of allocated capital. CD loans originated exhibited good responsiveness to the credit and community needs in the AA. Community contacts in the AA identified affordable housing as a primary need and the bank made two loans supporting affordable housing in the AA.

Examples of CD loans originated during the evaluation period include:

- \$10.0 million loan to a manufacturer that promotes economic development by creating and retaining jobs.
- \$3.6 million loan to a sanitation company located in a low-income CT that provides jobs and services to LMI individuals.
- \$1.3 million loan made to a business in a middle income, distressed census tract. The loan helps revitalize and stabilize the area as well as provide jobs to LMI individuals.

Innovation and Flexibility

The institution makes extensive use of innovative and/or flexible lending practices in order to serve AA credit needs. The bank participates in several programs to offer LMI individuals' access to affordable housing as well as programs to provide financing to small businesses and revitalization efforts in LMI geographies.

The bank participates in a program with the Texas State Affordable Housing Corporation (TSAHC) to provide down payment assistance and 30 year-fixed rate loans to LMI individuals as well as teachers, first responders, and veterans. The program grants cover up to five percent of the loan for down payment and closing costs on FHA, VA, and USDA loans. The assistance is also available to borrowers located in distressed census tracts or areas of chronic economic distress as defined by TSAHC. The bank originated three loans during the evaluation period totaling \$570 thousand.

Guaranty has participated in the Federal Home Loan Bank's (FHLB) SNAP and Help programs since 2013. These programs provide grants to assist low-income individuals with repairs to existing homes due to structural or safety issues and also provides homebuyer assistance with the down payment and closing costs. During the evaluation period the bank provided 19 SNAP grants totaling \$102 thousand.

The bank has continued its partnership with the Housing Authority of Texarkana, Texas (HATT) to assist LMI individuals with the purchase of a new home. The new homes built for purchase are part of the revitalization effort in the low-income census tract of the Rose Hill neighborhood. The bank closed three loans through this partnership during the evaluation period totaling \$174 thousand.

The bank also works with the FHLB through the Affordable Housing Program and is sponsoring a project for the Plano Housing Corporation to construct a new housing complex in Plano, Texas. Through the program the bank provided a \$300 thousand grant for the 40-unit complex, which will be made available to individuals and families that earn below sixty percent of the area's median family income.

The bank has pledged to loan up to \$100 thousand per year in a partnership with the Mount Pleasant Main Street Revitalization Low Interest Loan Program. The program encourages property owners and small business owners to rebuild and revitalize commercial buildings within the Main Street district which is in a moderate-income census tract . No loans were made during the evaluation period but the bank has renewed their partnership annually since 2013.

The bank also participates in the Small Business Association's (SBA) 504 program. The program provides financing to small businesses while promoting business growth and job creation through long-term, fixed rate financing.

Conclusions for Areas Receiving Limited-Scope Reviews

Based on limited-scope reviews, the bank's performance under the Lending Test in the Austin AA is consistent with the bank's overall performance under the Lending Test in the full-scope AAs. Based on limited-scope reviews, the bank's performance under the Lending Test in the Fort Worth, Longview, and Houston AAs is weaker than the bank's overall performance under the Lending Test in the full-scope areas.

Guaranty's weaker performance in the Fort Worth AA was due to this office being opened in 2018 which gives this branch a shorter period to have loan production. It is also noted the Fort Worth branch is the smallest branch with only \$9.7 million in deposits. The competition in the Fort Worth AA is very high for small business loans and single-family mortgage loans.

The Longview AA performance is weaker due to the significant amount of competition in this AA as 238 different lenders originated mortgage loans in this AA and 81 different lenders originated small business loans in this AA. For this size of market, this is a significant amount of competition.

The Houston AA performance is weaker due to Guaranty acquiring another bank in 2018, which mainly focused on originating small business loans and not originating single-family mortgage loans. Guaranty's management team explained the change in business strategy has been slow to be adopted and so the mortgage lending in this AA is weaker than the other AAs.

Refer to Tables O through V in the state of Texas section of appendix D for the facts and data that support these conclusions.

INVESTMENT TEST

The bank's performance under the Investment Test in Texas is rated High Satisfactory.

Conclusions for Areas Receiving Full-Scope Reviews

Based on full-scope reviews, the bank's performance in the Bryan-CS, Dallas, nonMSA, and Texarkana AAs is good. For the nonMSA AA, we found very limited investment opportunities. Overall, in the full-scope AAs, the bank has an adequate level of qualified community development investments and grants.

The bank exhibits adequate responsiveness to credit and community economic development needs.

Qualified Investments										
Assessment Area	Prior Period*		Current Period		Total				Unfunded Commitments**	
	#	\$(000's)	#	\$(000's)	#	% of Total #	\$(000's)	% of Total \$	#	\$(000's)
Austin AA	1	6,023	1	2	2	1.2	6,025	10.3	0	0
Bryan-CS AA	3	5,199	9	29	12	7.5	5,228	8.9	0	0
Dallas AA	2	4,157	13	10	15	9.3	4,167	7.1	0	0
Fort Worth AA	1	7,889	1	2	2	1.2	7,891	13.5	0	0
Houston AA	6	7,647	4	1,165	10	6.2	8,812	15.1	0	0
Longview AA	0	0	8	25	8	5.0	25	0.1	0	0
nonMSA AA	2	736	42	25	44	27.3	761	1.3	0	0
Texarkana AA	1	105	26	15	27	16.8	120	0.2	0	0
Regional/Out AA	40	25,513	1	5	41	25.5	25,518	43.6	0	0
Total	56	57,268	105	1,279	161	100.0	58,547	100.0	0	0

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

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

Since the previous performance evaluation, the bank's business strategy changed to increase lending activities which left fewer funds available for investing. The current evaluation period for investment activity is approximately nine months shorter than in the previous evaluation (not a full 36-month evaluation period). Total CRA qualified bank investments still represent 24.6 percent of the bank's tier one capital. As a result of the change in business strategy and a shorter evaluation period, the bank had fewer current period investments than in previous review periods.

The volume of investment activity outside of the bank's AAs remains excellent. The majority of these investment are prior period investments that continue to provide an ongoing benefit to consumers and small businesses. These investments had a positive influence on the overall investment rating.

Bryan-CS AA

Performance in the Bryan-CS AA is good. During the evaluation period, qualified investments totaled \$7.6 million and consisted of three prior period investments. These investments were for general improvements in the AA, which included updates to several areas of the Texas A&M University campus. In addition, the bank made nine donations to local organizations providing services to LMI individuals such as financial literacy. Several of these also provided affordable housing to LMI individuals.

Dallas AA

Performance in the Dallas AA is good. During the evaluation period, qualified investments totaled \$4.2 million and consisted of two current period investments. Both investments were for general improvements in the AA, including updates to the AA's infrastructure, as well as improvements to local parks. In addition, the bank made thirteen donations to local organizations providing services to LMI individuals. Several of these organizations aided local residents in financial crisis and financial literacy.

Texarkana AA

Performance in the Texarkana AA is adequate. A review of the investment opportunities in the AA found there were very limited opportunities for investments in this AA. Also, the bank's strategy during this evaluation period left fewer funds for investments. During the evaluation period, qualified investments totaled \$105,033. The prior period investment included a local school bond where a majority of the students are economically disadvantaged. The purpose of the bond was to improve the school's buildings. In addition, the bank made 26 donations to local organizations providing services to LMI individuals. Several of these organizations aided local residents in financial crisis, temporary housing, job training, and financial literacy.

nonMSA AA

Performance in the nonMSA AA is adequate. A review of the investment opportunities in the AA found there were very limited opportunities for investments in this AA. Also, the bank's strategy during this evaluation period left fewer funds for investments. During the evaluation period, qualified investments totaled \$761,353 and consisted of two prior investments. One investment was a municipal bond to construct a library and make improvements on the policy department. These improvements greatly benefited the AA's moderate-income CTs.

The second investment was a school bond to improve the school district's facilities. The school district had a significant number of economically disadvantage students and was classified as a distressed area. In addition, the bank made 42 donations to local organizations providing services to LMI individuals. Several of these organizations aided local residence in financial crisis, provide family support services, children's advocacy, and financial literacy.

Broader Statewide or Regional Areas

Guaranty made investments in three small business investment companies in the prior period for a total of \$3.1 million. These investments benefit small businesses statewide and in a larger regional, or nationwide areas that may also potentially benefit the bank's AAs. Broader or regional investments of made in the prior period includes 37 total bonds for \$22.4 million. These investments benefited 27 independent school districts where the majority of the students are economically disadvantaged, and the bonds went towards improving the school facilities. Another ten investments benefited improvement to the local infrastructure such as water and sewer treatment systems, and improvements/repairs to municipal buildings.

Conclusions for Areas Receiving Limited-Scope Reviews

Based on limited-scope reviews, Guaranty's performance under the investment test in the Austin AA, Fort Worth AA, and Houston AA is stronger than the institution's overall performance under the investment test in the full-scope areas. The investments in these three areas consisted of school bonds for schools with the number of students that were economically disadvantaged exceeding 50 percent and municipal bonds to improve critical infrastructure in these areas. The donations in these areas were similar with the donations in the full-scope AAs, with the majority of organizations providing services targeted to LMI individuals, with a few providing affordable housing.

Guaranty's performance under the investment test in the Longview AA was consistent with the institution's overall performance under the investment test in the full-scope areas.

SERVICE TEST

The bank's performance under the Service Test in Texas is rated High Satisfactory.

Conclusions for Areas Receiving Full-Scope Reviews

Based on full-scope reviews, the bank's performance in Bryan-CS, Dallas, nonMSA, and Texarkana AAs is good.

Retail Banking Services

Service delivery systems are accessible to essentially all portions of the bank's AAs, including geographies and individuals of different income levels.

Distribution of Branch Delivery System											
Assessment Area	Deposits	Branches						Population			
	% of Rated Area Deposits in AA	# of BANK Branches	% of Rated Area Branches in AA	Location of Branches by Income of Geographies (%)				% of Population within Each Geography*			
				Low	Mod	Mid	Upp	Low	Mod	Mid	Upp
Austin AA	1.4	1	3.3	0	0	0	1	26.4	17.6	20.9	30.8
Bryan-CS AA	9.2	3	10.0	0	2	0	1	11.0	30.9	23.8	28.6
Dallas AA	19.5	7	23.3	1	1	4	1	11.4	20.3	27.6	39.5
Fort Worth AA	0.5	1	3.3	0	0	0	1	33.6	32.7	18.2	15.4
Houston AA	9.9	4	13.3	0	1	1	2	12.1	21.8	25.2	40.2
Longview AA	4.1	2	6.7	0	0	1	1	2.2	20.8	41.7	29.2
nonMSA AA	42.6	8	26.7	0	3	4	1	2.6	25.6	58.9	12.8
Texarkana AA	12.7	4	13.3	0	1	2	1	2.2	20.8	41.7	29.2

- Some of the population for Low, Moderate, Middle, and Upper may not add up to 100 percent due to unknow tracts in the AA.

Distribution of Branch Openings/Closings						
Branch Openings/Closings						
Assessment Area	# of Branch Openings	# of Branch Closings	Net change in Location of Branches (+ or -)			
			Low	Mod	Mid	Upp
Austin AA	2	1	0	0	0	+1
Bryan-CS AA	0	0	0	0	0	0
Dallas AA	0	0	0	0	0	0
Fort Worth AA	1	0	0	0	0	+1
Houston AA	4	0	0	+1	+1	+2
Longview AA	0	0	0	0	0	0
nonMSA AA	0	1	0	0	-1	0
Texarkana AA	0	1	0	0	0	-1

Bryan-CS AA

Guaranty's branch distribution and retail service performance in the Bryan-CS AA is good. Service delivery systems are accessible to essentially all portions of the AA. The bank has three branches within the AA, with no branches in the low-income CTs and two branches in moderate-income CTs. The percentage of the bank's branches in low-income geographies is below the percentage of population living in the low-income geographies. The Bryan-CS AA only has five low-income CTs out of 42 total CTs. The percentage of the bank's branches in moderate-income geographies exceeds the percentage of population living in moderate-income geographies.

The bank has seven deposit taking ATMs located in the AA, with one ATM in a low-income CT and five ATMs in moderate-income CTs. Four of the ATMs are located at the three branches while three ATMs are located throughout the AA. The percentage of ATMs in LMI CTs exceeds the level of population in the LMI areas.

The bank did not open or close any branches within the AA. Hours and services do not vary in a way that inconveniences portions of the AA, particularly LMI CTs and/or individuals. All branches operate during traditional banking hours. See the Description of the Institution section for more information on the bank's alternative delivery services, which increases the bank's services.

Dallas AA

Guaranty's branch distribution and retail service performance in the Dallas AA is good. Service delivery systems are accessible to essentially all portions of the AA. The bank has seven branches within the AA, with one branch in a low-income CT and one branch in a moderate-income CT. The percentage of the bank's branches in low-income geographies exceeds the percentage of population living in the low-income geographies. The percentage of the bank's branches in moderate-income geographies is below the percentage of population living in moderate-income geographies

The bank has seven deposit taking ATMs located in the AA, with one ATM in a low-income CT and no ATMs in moderate-income CTs. Six of the ATMs are located at the bank's branches while one ATM is free standing (not near a branch). The percentage of bank's ATMs in low-income CTs exceeds the level of population in the low-income geographies. The percentage of the bank's ATMs in moderate-income CTs is below the level of population in the moderate-income CTs.

The opening and closing of branches have not adversely affected the accessibility of its delivery systems, particularly in LMI geographies and/or to LMI individuals. During the evaluation period, the bank closed one branch in an upper-income geography and opened the same branch in a middle-income geography within the AA.

Hours and services do not vary in a way that inconveniences portions of the AA, particularly LMI CTs and/or individuals. All branches operate during traditional banking hours. See the Description of the Institution section for more information on the bank's alternative delivery services, which increases the bank's services.

Texarkana AA

Guaranty's branch distribution and retail service performance in the Texarkana AA is good. Service delivery systems are accessible to essentially all portions of the AA. The bank has four branches within the AA, with no branch in a low-income CTs and one branch in a moderate-income CT. The percentage of the bank's branches in low-income geographies is below the percentage of population living in the low-income geographies. However, the Texarkana AA only has one low-income CT with only one low-income CT in the state of Arkansas and none in the state of Texas. In addition, the bank has no branches on the state of Arkansas. The percentage of the bank's branches in moderate-income geographies is near to the percentage of population living in moderate-income geographies.

The bank has five deposit taking ATMs located in the AA, with no ATMs in low-income CTs and one ATM in a moderate-income CT. The percentage of the bank's ATMs in low-income CTs is below the level of population in the low-income geographies. The percentage of the bank's ATMs in moderate-income CTs is near to the level of population in the moderate-income CTs. ATM distribution is consistent with the bank's branch distribution.

The opening and closing of branches have not adversely affected the accessibility of its delivery systems, particularly in LMI geographies and/or to LMI individuals. During the evaluation period, the bank closed one branch in an upper-income geography.

Hours and services do not vary in a way that inconveniences portions of the AA, particularly LMI CTs and/or individuals. All branches operate during traditional banking hours. See the Description of the Institution section for more information on the bank's alternative delivery services, which increases the bank's services.

nonMSA AA

Guaranty's branch distribution and retail service performance in the nonMSA AA is good. The bank's service delivery systems, counting both branches and ATMs, along with the bank's offering of alternative delivery systems contributed to making the bank's services accessible to essentially all portions of the AA.

Service delivery systems are accessible to essentially all portions of the AA. The bank has eight branches within the AA, with no branches in a low-income CT and three branches in moderate-income CTs. The percentage of the bank's branches in low-income geographies is below the percentage of population living in the low-income geographies. The percentage of the bank's branches in moderate-income geographies exceeds the percentage of population living in moderate-income geographies.

The bank's nonMSA AA consists of rural areas or cities and branches are located where people living in those areas conduct business. Only 2.6 percent of the population in the nonMSA are located in the low-income CTs. The bank has 18 deposit taking ATMs located in the AA, with no ATMs in low-income CTs and eight ATMs in moderate-income CTs. Ten of the ATMs are located at the bank's branches while eight ATMs are off-site or away from the branches. The percentage of bank's ATMs in low-income CTs is below the level of population in the low-income geographies. The percentage of the bank's ATMs in moderate-income CTs exceeds the level of population in the moderate-income CTs.

The opening and closing of branches have not adversely affected the accessibility of its delivery systems, particularly in LMI geographies and/or to LMI individuals. During the evaluation period, the bank closed one branch in a middle-income geography.

Hours and services do not vary in a way that inconveniences portions of the AA, particularly LMI CTs and/or individuals. All branches operate during traditional banking hours. See the Description of the Institution section for more information on the bank's alternative delivery services, which increases the bank's services.

Community Development Services

The bank provides a relatively high level of CD services.

Bryan-CS AA

Guaranty provides an adequate level of CD services in the Bryan-CS AA. CD services were effective and responsive in helping the bank address community needs. However, the bank conducted or supported a limited level of CD services. During the review period, the bank lost two key employees (loan officers) that took the bank awhile to replace. So, the number of service hours was hindered by this loss.

Guaranty employees from various lines of business provided technical assistance to three different CD organizations totaling 83 hours during the evaluation period. Bank staff taught financial literacy courses and served on boards and committees for organizations that promote community services targeted to LMI individuals and families.

Examples of some of these services include:

- Employees served on the board of an organization which teaches approved curriculums in area schools to foster work-readiness, entrepreneurship, and financial leadership skills.
- Employees provided financial literacy training to improve financial stability of LMI households, introducing partnerships between financial institutions and nonprofit organizations.

Dallas AA

Guaranty provides an adequate level of CD services in the Dallas AA. CD services were effective and responsive in helping the bank address community needs. The bank conducted or supported an adequate level of CD services, consistent with its capacity and expertise to conduct specific activities.

Guaranty employees from various lines of business provided technical assistance to four different CD organizations totaling 382 hours during the evaluation period. Bank staff served on the boards and committees for organizations that promote community services and economic development targeted to LMI individuals and families.

Examples of some of these services include:

- An employee served on the board of an organization which provides services to those who are unemployed, providing education on job search management, resume development, and career counseling.
- Employees serve on the board of an organization to advocate, educate, and collaborate for economic growth in a predominately LMI community.

Texarkana AA

Guaranty provides an adequate level of CD services in the Texarkana AA. CD services were effective and responsive in helping the bank address community needs. The bank conducted or supported an adequate level of CD services, consistent with its capacity and expertise to conduct specific activities.

Guaranty employees from various lines of business provided technical assistance to four different CD organizations totaling 268 hours during the evaluation period. Bank staff taught financial literacy courses and served on the boards and committees for organizations that promote community services and economic development targeted to LMI individuals and families.

Examples of some of these services include:

- An employee served on the board of an organization that addresses the needs of low-income children and families through initiative focusing on education, housing, employment, and financial literacy.
- Employees taught a financial literacy course to a school where greater than 51 percent of the students were economically disadvantaged

nonMSA AA

Guaranty provides an excellent level of CD services in the nonMSA AA. CD services were effective and responsive in helping the bank address community needs. The bank conducted or supported an excellent level of CD services, consistent with its capacity and expertise to conduct specific activities.

Guaranty employees from various lines of business provided technical assistance to 18 different CD organizations totaling 916 hours during the evaluation period. Bank staff taught financial literacy courses and served on the boards and committees for organizations that promote community services and economic development targeted to LMI individuals and families.

Examples of some of these services include:

- An employee served on the board of an organization designed to alleviate poverty for single mothers by providing low cost housing and financial education.
- Employees presented a financial literacy course on the basics of banking.

Conclusions for Areas Receiving Limited-Scope Reviews

Based on limited-scope reviews, the bank's performance under the Service Test in the Longview AA is consistent with the bank's overall performance, while the Austin, Fort Worth, and Houston AAs is weaker than the bank's overall performance under the Service Test in the full-scope areas. The weaker performance did not have an impact on the bank's overall performance for the state. The weaker performance in Austin and Fort Worth AAs is due to these two branches opening in late 2018, so the cumulative hours for CD services are fewer over the evaluation period. Guaranty acquired the Houston branches in June 2018 which shortened the cumulative hours for CD service and is the reason for a weaker performance.

Appendix A: Scope of Examination

The following table identifies the time period covered in this evaluation, affiliate activities that were reviewed, and loan products considered. The table also reflects the MSAs and non-MSAs 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:	10/01/2017 to 12/31/2019	
Bank Products Reviewed:	Home mortgage, small business – 10/01/2017 to 12/31/2019 Community development loans, qualified investments, community development services – 01/01/2018 to 12/31/2019	
Affiliate(s)	Affiliate Relationship	Products Reviewed
None		
List of Assessment Areas and Type of Examination		
Rating and Assessment Areas	Type of Exam	Other Information
State of Texas		
Austin AA	Limited Scope	Travis County*
Bryan-CS AA	Full Scope	Brazos County
Dallas AA	Full Scope	Counties of Collin, Dallas, Hunt, and Rockwall*
Fort Worth AA	Limited Scope	Tarrant County*
Houston AA	Limited Scope	Counties of Fort Bend, Harris, and Montgomery*
Longview AA	Limited Scope	Counties of Gregg and Harrison* **
Texarkana AA	Full Scope	Counties of Miller, AR and Bowie, TX
nonMSA AA	Full Scope	Camp, Delta, Franklin, Hopkins, Lamar, Red River, and Titus

*Partial Counties

** Harrison entered AA in 2019

Appendix B: Summary of MMSA and State Ratings

RATINGS Guaranty Bank and Trust, National Association				
Overall Bank:	Lending Test Rating*	Investment Test Rating	Service Test Rating	Overall Bank/State/Multistate Rating
Guaranty Bank and Trust, National Assn.	High Satisfactory	High Satisfactory	High Satisfactory	Satisfactory
State:				
State of Texas	High Satisfactory	High Satisfactory	High Satisfactory	Satisfactory

(*) The Lending Test is weighted more heavily than the Investment and Service Tests in the overall rating.

Appendix C: Definitions and Common Abbreviations

The following terms and abbreviations are used in 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. For example, a bank subsidiary is controlled by the bank and is, therefore, an affiliate.

Aggregate Lending (Aggt.): The number of loans originated and purchased by all reporting lenders (HMDA or CRA) in specified income categories as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the state/assessment area.

Census Tract (CT): A small, relatively permanent statistical subdivision of a county delineated by a local committee of census data users for the purpose of presenting data. Census tracts nest within counties, and their boundaries normally follow visible features, but may follow legal geography boundaries and other non-visible features in some instances, Census tracts ideally contain about 4,000 people and 1,600 housing units.

Combined Statistical Area (CSA): A geographic entity consisting of two or more adjacent Core Based Statistical Areas with employment interchange measures of at least 15. An employment interchange measure is a measure of ties between two adjacent entities. The employment interchange measure is the sum of the percentage of workers living in the smaller entity who work in the larger entity and the percentage of employment in the smaller entity that is accounted for by workers who reside in the larger entity.

Community Development (CD): Affordable housing (including multifamily rental housing) for low- or moderate-income individuals; community services targeted to low- or moderate-income individuals; activities that promote economic development by financing businesses or farms that meet Small Business Administration Development Company or Small Business Investment Company programs size eligibility standards or have gross annual revenues of \$1 million or less; or activities that revitalize or stabilize low- or moderate-income geographies, distressed or underserved nonmetropolitan middle-income geographies, or designated disaster areas.

Community Reinvestment Act (CRA): the statute that requires the OCC to evaluate a bank's record of meeting the credit needs of its entire community, including LMI areas, 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, 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-Scope 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), the lien status of the collateral, any requests for preapproval, and loans for manufactured housing.

Home Mortgage Loans: A closed-end mortgage loan or an open-end line of credit as these terms are defined under §1003.2 of this title, and that is not an excluded transaction under §1003.3(c)(1) through (10) and (13) of this title.

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-Scope 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: Individual income that is less than 50 percent of the area median income.

Low Income Geography: A census tract with a median family income that is less than 50 percent.

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 state/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. The median is the point at which half of the families have income above, and half below, a range of incomes. 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, and half below, a range of incomes.

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.

MMSA (state): Any multistate metropolitan statistical area or multistate combined statistical area, as defined by the Office of Management and Budget.

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.

Rating Area: A rated area is a state or multi-state metropolitan statistical 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 statistical area, the institution will receive a rating for the multi-state metropolitan statistical 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 1 Capital: The total of common shareholders' equity, perpetual preferred shareholders' equity with non-cumulative dividends, retained earnings and minority interests in the equity accounts of consolidated subsidiaries.

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

Appendix D: Tables of Performance Data

Content of Standardized Tables

A separate set of tables is provided for each state. All multistate metropolitan statistical areas, if applicable, are presented in one set of 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 the same as originations; and (2) “aggregate” is the percentage of the aggregate number of reportable loans originated and purchased by all HMDA or CRA reporting lenders in the MMSA/assessment area. Deposit data are compiled by the FDIC and are available as of June 30th of each year. Tables without data are not included in this PE.

The following is a listing and brief description of the tables included in each set:

- Table O. Assessment Area Distribution of Home Mortgage Loans by Income Category of the Geography** - 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 aggregate peer data for the years the data is available.
- Table P. Assessment Area Distribution of Home Mortgage Loans by Income Category of the Borrower** - 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 MMSA/assessment area. The table also presents aggregate peer data for the years the data is available.
- Table Q. Assessment Area Distribution of Loans to Small Businesses by Income Category of the Geography** - The percentage distribution of the number of small loans (less than or equal to \$1 million) to businesses that were 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) in those geographies. Because aggregate small business data are not available for geographic areas smaller than counties, it may be necessary to compare bank loan data to aggregate data from geographic areas larger than the bank’s assessment area.
- Table R. Assessment Area Distribution of Loans to Small Businesses by Gross Annual Revenue** - Compares the percentage distribution of the number of small loans (loans less than or equal to \$1 million) originated and purchased by the bank to businesses with revenues of \$1 million or less to: 1) the percentage distribution of businesses with revenues of greater than \$1 million; and, 2) the percentage distribution of businesses for which revenues are not available. The table also presents aggregate peer small business data for the years the data is available.

- Table S. Assessment Area Distribution of Loans to Farms by Income Category of the Geography** - 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. Because aggregate small farm data are not available for geographic areas smaller than counties, it may be necessary to use geographic areas larger than the bank’s assessment area.
- Table T. Assessment Area Distribution of Loans to Farms by Gross Annual Revenues** - Compares the percentage distribution of the number of small loans (loans less than or equal to \$500 thousand) originated and purchased by the bank to farms with revenues of \$1 million or less to: 1) the percentage distribution of farms with revenues of greater than \$1 million; and, 2) the percentage distribution of farms for which revenues are not available. The table also presents aggregate peer small farm data for the years the data is available.
- Table U. Assessment Area Distribution of Consumer Loans by Income Category of the Geography** – 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 in those geographies.
- Table V. Assessment Area Distribution of Consumer Loans by Income Category of the Borrower** - 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 households by income level in each MMSA/assessment area.

Table O : Assessment Area Distribution of Home Mortgage Loans by Income Category of the Geography 2017-19

Assessment Area:	Total Home Mortgage Loans				Low-Income Tracts			Moderate-Income Tracts			Middle-Income Tracts			Upper-Income Tracts			Not Available-Income Tracts		
	#	\$	% of Total	Overall Market	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate
Austin AA	21	41,606	1.4	12,554	17.0	28.6	18.1	14.3	33.3	17.2	18.5	9.5	18.6	49.0	28.6	44.5	1.2	0.0	1.6
Bryan-CS AA	163	47,314	11.0	5,327	2.3	6.1	4.5	27.6	19.6	21.7	23.6	25.8	24.5	46.6	48.5	49.3	0.0	0.0	0.0
Dallas AA	199	53,659	13.4	70,885	3.0	6.0	2.8	15.0	17.1	10.4	29.4	43.7	30.0	52.3	33.2	56.4	0.3	0.0	0.4
Fort Worth AA	8	2,693	0.6	9,457	23.9	25.0	16.1	34.6	25.0	30.5	22.2	12.5	25.4	19.4	50.0	28.0	0.0	0.0	0.0
Houston AA	27	12,300	2.0	111,758	3.1	0.0	1.6	15.7	0.0	9.7	27.5	29.6	25.6	53.6	70.4	63.0	0.1	0.0	0.1
Longview AA	46	9,073	3.1	2,014	2.0	0.0	1.8	17.1	6.5	8.0	49.6	50.0	52.0	31.4	43.5	38.1	0.0	0.0	0.1
nonMSA AA	813	107,173	54.9	3,755	1.1	1.2	0.7	15.0	19.7	14.2	55.4	56.1	50.5	28.5	23.0	34.6	0.0	0.0	0.0
Texarkana AA	203	30,833	13.7	3,113	0.9	0.0	0.1	14.7	10.3	11.9	57.4	52.2	55.2	27.0	37.4	32.9	0.0	0.0	0.0
Total	1,481	304,794	100.0	218,863	4.7	2.7	3.6	16.8	17.5	11.6	29.2	49.0	27.7	49.1	30.9	56.8	0.2	0.0	0.3

Source: 2015 ACS Census; 10/01/2017 - 12/31/2019 Bank Data, 2019 HMDA Aggregate Data, "--" data not available.
 Due to rounding, totals may not equal 100.0%

Table P: Assessment Area Distribution of Home Mortgage Loans by Income Category of the Borrower **2017-19**

Assessment Area:	Total Home Mortgage Loans				Low-Income Borrowers			Moderate-Income Borrowers			Middle-Income Borrowers			Upper-Income Borrowers			Not Available-Income Borrowers		
	#	\$	% of Total	Overall Market	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate
Austin AA	21	41,606	3.1	12,554	33.3	0.0	2.4	14.5	0.0	8.7	14.6	4.8	15.3	37.6	23.8	63.2	0.0	71.4	10.4
Bryan-CS AA	163	47,314	24.5	5,327	24.5	1.8	2.7	15.8	9.8	10.6	16.9	11.7	19.4	42.8	52.8	53.9	0.0	23.9	13.5
Dallas AA	199	53,659	14.8	70,885	22.4	3.5	3.6	15.5	8.5	12.5	17.1	9.5	18.3	45.0	48.7	51.2	0.0	29.6	14.4
Fort Worth AA	9	2,836	1.4	9,457	39.2	0.0	7.3	19.4	0.0	19.8	17.3	11.1	18.1	24.1	55.6	37.4	0.0	33.3	17.4
Houston AA	27	12,300	4.0	111,758	22.0	0.0	2.9	14.8	3.7	13.0	16.1	18.5	19.2	47.1	59.3	49.8	0.0	18.5	15.1
Longview AA	46	9,073	3.4	2,014	23.2	0.0	3.1	16.5	13.0	14.0	19.4	19.6	19.1	40.9	34.8	43.1	0.0	32.6	20.7
nonMSA AA	813	107,173	54.9	3,755	21.5	5.0	2.8	18.3	13.7	10.3	18.7	20.9	19.9	41.4	51.5	51.1	0.0	8.9	16.0
Texarkana AA	203	30,833	25.4	3,113	22.5	1.5	2.4	16.2	9.4	12.3	19.2	15.3	20.4	42.1	60.6	43.1	0.0	13.3	21.8
Total	1,481	304,794	100.0	218,863	23.7	3.6	3.3	15.5	11.5	12.8	16.6	17.2	18.7	44.2	51.8	50.5	0.0	15.9	14.8

Source: 2015 ACS Census ; 10/01/2017 - 12/31/2019 Bank Data, 2019 HMDA Aggregate Data, "--" data not available.
Due to rounding, totals may not equal 100.0%

Table Q: Assessment Area Distribution of Loans to Small Businesses by Income Category of the Geography **2017-19**

Assessment Area:	Total Loans to Small Businesses				Low-Income Tracts			Moderate-Income Tracts			Middle-Income Tracts			Upper-Income Tracts			Not Available-Income Tracts		
	#	\$	% of Total	Overall Market	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate
Austin AA	26	7,939	0.8	18,356	15.5	15.4	16.8	9.2	3.8	11.3	19.9	19.2	19.3	51.6	61.5	50.0	3.8	0.0	2.5
Bryan-CS AA	142	22,197	4.6	3,835	8.0	0.0	5.2	26.7	23.2	26.0	25.8	19.7	26.1	39.2	57.0	42.5	0.4	0.0	0.1
Dallas AA	537	70,965	17.4	67,843	5.9	10.4	5.8	12.5	9.3	12.7	28.7	46.9	28.3	51.4	33.1	51.5	1.5	0.2	1.7
Fort Worth AA	19	6,976	0.6	11,319	18.8	31.6	21.3	27.1	21.1	29.7	17.7	10.5	17.3	36.4	36.8	31.6	0.0	0.0	0.0
Houston AA	161	40,030	5.2	125,947	8.3	6.8	8.7	13.5	9.9	12.9	22.8	9.9	23.5	55.3	73.3	54.9	0.2	0.0	0.1
Longview AA	90	14,513	2.9	2,668	11.8	6.7	12.8	14.4	3.3	11.3	43.2	30.0	41.2	30.2	60.0	34.0	0.4	0.0	0.6
nonMSA AA	1,648	133,715	53.5	3,116	2.8	4.6	2.4	24.8	20.9	20.2	47.0	56.3	49.4	25.4	18.2	28.0	0.0	0.0	0.0
Texarkana AA	458	59,971	14.9	2,486	0.8	0.0	0.6	25.7	15.5	20.7	48.3	49.8	49.3	25.1	34.7	29.4	0.2	0.0	0.0
Total	3,081	356,306	100.0	235,570	8.6	5.1	8.9	14.1	17.0	13.9	25.1	48.2	25.1	51.3	29.6	51.3	0.9	0.0	0.8

Source: 2019 D&B Data; 10/01/2017 - 12/31/2019 Bank Data; 2019 CRA Aggregate Data, "--" data not available.
 Due to rounding, totals may not equal 100.0%

Table R: Assessment Area Distribution of Loans to Small Businesses by Gross Annual Revenues **2017-19**

Assessment Area:	Total Loans to Small Businesses				Businesses with Revenues <= 1MM			Businesses with Revenues > 1MM		Businesses with Revenues Not Available	
	#	\$	% of Total	Overall Market	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	% Businesses	% Bank Loans
Austin AA	26	7,939	0.8	18,356	85.4	84.6	45.5	4.8	7.7	9.7	7.7
Bryan-CS AA	142	22,197	4.6	3,835	82.2	68.3	45.2	4.5	23.9	13.3	7.7
Dallas AA	537	70,965	17.4	67,843	86.8	57.4	47.0	4.9	38.9	8.2	3.7
Fort Worth AA	19	6,976	0.6	11,319	82.8	52.6	40.8	6.3	36.8	10.9	10.5
Houston AA	161	40,030	5.2	125,947	88.0	46.6	46.7	4.8	50.9	7.1	2.5
Longview AA	90	14,513	2.9	2,668	80.4	31.1	43.1	5.3	67.8	14.3	1.1
nonMSA AA	1,648	133,715	53.5	3,116	82.2	72.5	42.5	5.2	23.9	12.6	3.6
Texarkana AA	458	59,971	14.9	2,486	80.0	56.1	48.6	5.3	38.4	14.7	5.5
Total	3,081	356,306	100.0	235,570	86.8	64.6	46.3	5.0	31.3	8.3	4.1

Source: 2019 D&B Data; 10/01/2017 - 12/31/2019 Bank Data; 2019 CRA Aggregate Data, "--" data not available.
Due to rounding, totals may not equal 100.0%