



## **PUBLIC DISCLOSURE**

May 6, 2019

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

American First National Bank  
Charter Number: 23521

9999 Bellaire Boulevard  
Houston, TX 77036

Office of the Comptroller of the Currency

1301 McKinney Suite 1410  
Houston, TX 77010-3031

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

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## Overall CRA Rating

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

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

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

\*The Lending Test is weighted more heavily than the Investment and Service Tests when arriving at an overall rating.

The major factors that support this rating include:

- The Lending Test rating is based on good lending activity, excellent geographic distribution, good borrower distribution, and a majority of the bank's loans being in the assessment areas (AAs).
- The Investment Test rating is based on an overall adequate level of investments across all states.
- The Service Test rating is based on overall good service activity across all states.

### Lending in Assessment Areas

A high percentage of the bank's loans are to borrowers in its AAs.

The bank originated 85.3 percent of its total loans inside the bank's AAs during the evaluation period. This analysis is performed at the bank level, rather than the AA level. This percentage does not include extensions of credit by affiliates that may be considered under other performance criteria.

Lending Inside and Outside of the Assessment Areas										
Loan Category	Number of Loans				Total #	Dollar Amount of Loans \$(000s)				Total \$(000s)
	Inside		Outside			Inside		Outside		
	#	%	#	%		\$	%	\$	%	
Home Mortgage	128	79.0	34	21.0	162	129,024	92.5	10,522	7.5	139,546
Small Business	773	86.5	121	13.5	894	250,514	82.8	52,213	17.2	302,727
Total	901	85.3	155	14.7	1056	379,538	85.8	62,735	14.2	442,273

## Description of Institution

AFNB is a full-service interstate community bank headquartered at 9999 Bellaire Boulevard in Houston, TX. The bank was chartered on May 18, 1998 and is wholly owned by AFNB Holdings, Inc., a Nevada holding company.

AFNB has three rating areas that include California, Nevada, and Texas. The bank's five AAs include 17 total branches, of which two branches are in the Los Angeles AA, one branch is in the Las Vegas AA, two are in the Nye County AA, seven are in the Dallas – Fort Worth AA, and five are in the Houston AA.

In September 2011, AFNB acquired a failed institution under Federal Deposit Insurance Corporation (FDIC) receivership, which added three branches in the Dallas-Fort Worth area and three branches in Nevada. Of the branches in Nevada, one was in Las Vegas and two were in rural Nye County. In the third quarter of 2016, AFNB opened two branches in Los Angeles; however, there have been no significant changes to AFNB's corporate structure, including merger or acquisition activities, since the last CRA evaluation.

As of December 31, 2018, AFNB had total assets of \$1.59 billion and the tier 1 leverage capital ratio was 11.75 percent. The bank offers a variety of lending products for consumers and businesses, but the bank's primary lending focus is commercial real estate. Loans accounted for 85 percent of total assets, with commercial real estate lending representing 86 percent of net loans by dollar amount.

There are no legal or financial factors impeding the bank's ability to meet the credit and community development (CD) needs of its AAs. AFNB was rated Satisfactory at the last CRA evaluation dated February 8, 2016.

## Scope of the Evaluation

### Evaluation Period/Products Evaluated

The evaluation period for the Lending, Investment, and Service Tests is January 1, 2016 through December 31, 2018. The evaluation period for CD loans, investments, and services is February 9, 2016 through December 31, 2018. Of the 901 originated loans reported, only 14.21 percent were home mortgage loans reported under the Home Mortgage Disclosure Act (HMDA) and the bank originated no small farm loans.

In evaluating the bank's lending performance, we reviewed small loans to businesses. We compared AFNB's performance to peer performance using 2017 Peer Small Business Data (2017 peer data) to analyze small business loans reportable under CRA. We used separate analysis periods for 2016 and 2017 through 2018 for geographic and borrower distribution in the Lending Test due to the 2015 U.S. Census American Community Survey (ACS) update that went into effect on January 1, 2017.

## **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 AAs located within the same metropolitan statistical area (MSA), multistate metropolitan statistical area (MMSA), or combined statistical area (CSA) are combined and evaluated as a single AA. Similarly, bank delineated non-MSA 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 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 a blend of the state ratings. All states were equally rated, although Texas has the greatest level of loans and deposits. In this evaluation, we placed more emphasis on the bank’s performance in 2017 through 2018 over 2016, as it represented a more substantial time frame within the evaluation period.

The state ratings are based on performance in all bank AAs. Refer to the “Scope” section under each State Rating section for details regarding how the areas were weighted in arriving at the respective ratings.

## **Discriminatory or Other Illegal Credit Practices Review**

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

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

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

## State Rating

### State of California

**CRA rating for the State of California:** High Satisfactory

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

**The Investment Test is rated:** Low Satisfactory

**The Service Test is rated:** High Satisfactory

The major factors that support this rating include:

- Lending levels reflect adequate responsiveness to AA credit needs;
- A good distribution of loans, as evidenced by good small business distribution;
- An excellent distribution of loans by the income level of the borrower;
- An adequate level of qualified CD investments and grants;
- A good level of CD services; and
- Accessible service delivery systems.

### Description of Institution's Operations in California

AFNB entered the state of California with the opening of two full-service branches in the third quarter of 2016, which established the Los Angeles AA. Both branches are located in southeast Los Angeles County, an area with very few low-income geographies. Within a three mile radius of the bank's branches, there are two low-income geographies close to one branch and only one low-income geography close to the second branch, which makes it difficult for the bank to lend in low-income geographies. Additionally, the AA includes two national forests located in the northern and eastern parts of the county.

During the evaluation period, 9.6 percent of bank-wide deposits and 3.3 percent of originated loans were in California. As of June 30, 2018, AFNB held deposits totaling \$133 million, which represented 0.03 percent deposit market share and ranked the bank 76<sup>th</sup> of 103 institutions within the California AA. The largest depository institutions were Bank of America, NA, Wells Fargo Bank, NA, and JPMorgan Chase, NA, which held a combined 45 percent market share in the Los Angeles AA.

### Community Contacts

We identified two community contacts in Los Angeles County to determine credit and CD needs. One contact was a Community Development Financial Institution that provides financial advisory services to low-income and distressed neighborhoods, while the other contact was a community-based development corporation that coordinates CD services to address the needs of low- to moderate-income (LMI) residents and small businesses in southern Los Angeles County. Primary community needs identified were financial literacy, workforce development, and lending for small and micro businesses.

Los Angeles AA

Table A – Demographic Information of the Assessment Area						
Assessment Area: Los Angeles						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	2,346	9.4	28.7	24.9	34.8	2.2
Population by Geography	10,038,388	8.6	29.3	26.3	35.1	0.8
Housing Units by Geography	3,476,718	7.8	26.3	24.8	40.6	0.5
Owner-Occupied Units by Geography	1,499,879	2.4	17.2	26.6	53.7	0.1
Occupied Rental Units by Geography	1,763,190	12.2	34.2	23.6	29.2	0.9
Vacant Units by Geography	213,649	8.7	25.4	22.8	42.2	1.0
Businesses by Geography	732,683	4.7	18.9	21.6	52.3	2.5
Farms by Geography	7,425	2.5	16.9	25.6	53.8	1.1
Family Distribution by Income Level	2,186,485	24.5	16.3	16.7	42.4	0.0
Household Distribution by Income Level	3,263,069	25.9	15.4	15.8	43.0	0.0
Median Family Income MSA - 31084 Los Angeles-Long Beach-Glendale, CA MD		\$62,703	Median Housing Value			\$495,540
			Median Gross Rent			\$1,292
			Families Below Poverty Level			14.3%
Source: 2015 ACS Census and 2018 D&B Data Due to rounding, totals may not equal 100.0 (*) The NA category consists of geographies that have not been assigned an income classification.						

**Scope of Evaluation in California**

As the only AA in the state, the Los Angeles AA received a full-scope review. Refer to appendix A for a list of all AAs under review.

**CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN CALIFORNIA****LENDING TEST**

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

**Conclusions for Area Receiving a Full-Scope Review**

Based on a full-scope review, the bank's performance in the Los Angeles AA is good.

## Lending Activity

Lending levels reflect an adequate responsiveness to AA credit needs. The only product analyzed was small loans to businesses, as there were not enough home mortgage or small farm loans for a meaningful analysis.

Number of Loans*							
Assessment Area	Home Mortgage	Small Business	Small Farm	Community Development	Total	%State Loans	%State Deposits
Los Angeles	9	21	0	2	32	96.87	100
Broader Statewide	0	0	0	1	1	3.13	

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

Dollar Volume of Loans (000's)*							
Assessment Area	Home Mortgage	Small Business	Small Farm	Community Development	Total	%State* Loans	%State Deposits
Los Angeles	30,355	5,342	0	11,455	45,187	84.96	100
Broader Statewide	0	0	0	8,000	8,000	15.04	

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

The bank originated an adequate volume of loans relative to its capacity based on deposits, competition, market presence, and business strategy. The proportion of reported bank loans is comparable to the proportion of bank deposits in the AA. The bank's small business lending market share of 0.04 percent is in line with the bank's deposit market share of 0.03 percent.

According to 2017 peer data by number, AFNB ranked 117<sup>th</sup> of 210 small business lenders in the AA. The dollar volume market share was adequate given competition with local and national lenders, which included megabanks and issuers of small business credit cards. The top three business lenders held 52 percent of the total market share by number, with average loan sizes ranging from \$12,000 to \$23,000. AFNB is not an issuer of small business credit cards and had an average loan size of \$963,000.

## Distribution of Loans by Income Level of the Geography

The bank exhibits a good geographic distribution of loans in its AA when considering the small percentage of low-income census tracts (CTs).

### *Small Loans to Businesses*

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

During the 2017 through 2018 evaluation period, the bank did not originate any small loans to businesses in low-income geographies; however, this is reasonable given the low level of low-income CTs. In moderate-income CTs, the bank's proportion of small loans to businesses was significantly stronger than the proportion of businesses and aggregate distribution of loans in moderate-income geographies. During 2016, loan volume was not sufficient to conduct a meaningful analysis, as AFNB operated no branches in the AA until the third quarter of 2016.



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

We evaluated the lending distribution in the AA and did not identify any unexplained conspicuous gaps.

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

The bank exhibits an excellent distribution of loans among businesses of different sizes, given the product lines offered by the institution.

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

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

During the 2017 through 2018 evaluation period, the distribution of the bank's small loans to businesses by revenue exceeded the proportion of small businesses and aggregate distribution of loans to those businesses. In 2016, there were not enough loans for a meaningful analysis, as AFNB operated no branches in the AA until the third quarter of 2016.

### **Community Development Lending**

The institution has made a low level of CD loans but is adequate when considering performance context.

The Lending Activity Tables, shown above, 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.

### **Los Angeles AA**

AFNB has made an adequate level of CD loans in the Los Angeles AA, which has a positive impact on lending performance in the AA. During the evaluation period, the bank originated three loans totaling \$11.5 million. AFNB effectively helped meet community credit needs through its CD lending, which supported both the revitalization/stabilization and economic development of LMI areas and organizations providing community services to LMI individuals and families.

### **Broader Statewide**

During the evaluation period, the bank made one broader statewide CD loan. The \$8 million CD loan supported economic development within the state and is located near the bank's AA.

### **Product Innovation and Flexibility**

The institution makes no use of innovative and/or flexible lending practices in order to serve AA credit needs.

## **INVESTMENT TEST**

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

## Conclusions for Area Receiving a Full-Scope Review

Based on a full-scope review, the bank's performance in the Los Angeles AA is adequate.

The bank has an adequate level of qualified CD investments and grants, although rarely in a leadership position, particularly those that are not routinely provided by private investors.

AFNB exhibits adequate responsiveness to credit and community economic development needs. The institution does not use innovative and/or complex investments to support CD initiatives.

Qualified Investments										
Assessment Area	Prior Period*		Current Period		Total				Unfunded Commitments**	
	#	\$(000's)	#	\$(000's)	#	% of Total #	\$(000's)	% of Total \$	#	\$(000's)
Los Angeles	0	0	8	13	8	100	13	100	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.

AFNB supports CD investment needs in the Los Angeles AA primarily through donations. AFNB's donations helped promote economic development and provide community services to small businesses and LMI individuals. Investment levels are reasonable, relative to the performance context for the AA.

## SERVICE TEST

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

## Conclusions for Area Receiving a Full-Scope Review

Based on full-scope review, the bank's performance in the Los Angeles AA is good.

## Retail Banking Services

Service delivery systems are accessible to geographies and individuals of different income levels in the institution's AA.

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
Los Angeles	100.00	2	100.00	0.00	50.00	50.00	0.00	8.59	29.32	26.26	35.06

While AFNB has no branches in low-income geographies, the percentage of branches in moderate-income geographies significantly exceed the population levels in those geographies. The remaining branch is located in a middle-income geography that is located near to LMI geographies.

<b>Distribution of Branch Openings/Closings</b>					
Branch Openings/Closings					
# of Branch Openings	# of Branch Closings	Net change in Location of Branches (+ or -)			
		Low	Mod	Mid	Upp
2	0	0	+1	+1	0

To the extent changes have been made, the AFNB's opening and closing of branches has improved the accessibility of its delivery systems, particularly in LMI geographies and to LMI individuals. During the evaluation period, the bank opened one branch in a moderate-income geography and one branch in a middle-income geography.

Services, including where appropriate, business hours, do not vary in a way that inconveniences its AA, particularly LMI geographies and/or individuals. Both branches offer convenient service hours with lobby access Monday through Saturday. Services include traditional banking services such as checking/savings accounts, check cashing, money orders, and cashier's checks. AFNB also offers convenient internet banking, giving customers access to banking activities anytime.

### **Community Development Services**

The bank provides an adequate level of CD services.

Bank employees provided 75 hours of service to three organizations. One organization promotes economic development, while the remaining organizations provide community services to small businesses. Employees also provided financial literacy and/or assistance primarily to small businesses, which is consistent with the bank's lending focus. AFNB does not make use of innovative services, but is responsive to community needs in the AA.

## State Rating

### State of Nevada

**CRA rating for the State of Nevada:** High Satisfactory

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

**The Investment Test is rated:** Low Satisfactory

**The Service Test is rated:** High Satisfactory

The major factors that support this rating include:

- Lending levels reflect good responsiveness to credit needs in its AAs;
- An excellent distribution of loans as evidenced by excellent small business distribution;
- A good distribution of loans by the income level of the borrower;
- An adequate level of qualified CD investments and grants;
- An adequate level of CD services; and
- Accessible service delivery systems.

### Description of Institution's Operations in Nevada

AFNB operates three full-service branches in its two AAs in Nevada. The most significant AA in the state is the Las Vegas AA, which includes all of Clark County. The Las Vegas AA has one full service branch located in a moderate-income geography and accounts for 69 percent of rated area deposits and 89 percent of rated area loans originated during the evaluation period. The Nye County AA has two full-service branches that are not located in LMI geographies. The AA has a population of 45,000 people and according to the U.S. Bureau of Land Management, 98 percent of the land in Nye County is under federal government control.

During the evaluation period, 11.8 percent of bank-wide deposits and 9.4 percent of originated loans were in Nevada. As of June 30, 2018, AFNB held deposits totaling \$164 million, which represented 0.06 percent market share and ranked the bank 24<sup>th</sup> of 48 institutions within the Nevada AAs. The state's largest depository institutions were Charles Schwab Bank, Wells Fargo Bank, NA, and Bank of America, NA, which held a combined 85 percent market share in the Nevada AAs.

### Community Contacts

We identified two community contacts in the Las Vegas area to determine credit and CD needs. One contact was a housing counseling agency and developer that offers property rehabilitation and assistance to LMI families, while the other contact was a small business development center that provides free consulting and low cost training to entrepreneurs. Primary needs identified were affordable housing options and down payment assistance, as well as a need for small loans to businesses.

Las Vegas AA

Table A – Demographic Information of the Assessment Area						
Assessment Area: Las Vegas						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	487	5.7	26.3	37.2	30.6	0.2
Population by Geography	2,035,572	5.0	25.3	39.2	30.3	0.2
Housing Units by Geography	857,131	5.6	24.9	38.7	30.6	0.2
Owner-Occupied Units by Geography	380,425	1.9	16.9	41.7	39.5	0.0
Occupied Rental Units by Geography	344,021	8.7	33.0	36.9	21.1	0.2
Vacant Units by Geography	132,685	8.1	27.0	34.8	29.5	0.6
Businesses by Geography	106,481	3.8	22.4	38.2	35.0	0.7
Farms by Geography	1,578	2.3	20.6	41.6	35.4	0.1
Family Distribution by Income Level	465,442	20.7	18.4	20.5	40.5	0.0
Household Distribution by Income Level	724,446	22.6	17.0	18.8	41.6	0.0
Median Family Income MSA - 29820 Las Vegas-Henderson-Paradise, NV MSA		\$59,993	Median Housing Value			\$169,213
			Median Gross Rent			\$1,032
			Families Below Poverty Level			11.9%
Source: 2015 ACS Census and 2018 D&B Data Due to rounding, totals may not equal 100.0 (*) The NA category consists of geographies that have not been assigned an income classification.						

## Scope of Evaluation in Nevada

The Las Vegas AA received a full-scope review, while the Nye County AA area received a limited-scope review. The rating for Nevada was primarily based on the results of the Las Vegas AA, due to the limited opportunities in the Nye County AA. Refer to appendix A for a list of all AAs under review.

## CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN NEVADA

### LENDING TEST

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

### Conclusions for Area Receiving a Full-Scope Review

Based on a full-scope review, the bank's performance in the Las Vegas AA is good.

## Lending Activity

Lending levels reflect good responsiveness to AA credit needs. The only product analyzed was small loans to businesses, as there were not enough home mortgage or small farm loans for a meaningful analysis.

Number of Loans*							
Assessment Area	Home Mortgage	Small Business	Small Farm	Community Development	Total	%State Loans	%State Deposits
Las Vegas	18	36	0	2	56	84.85	68.98
Nye County	0	10	0	0	10	15.15	31.02

\*The tables present the data for all AAs. 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
Las Vegas	7,038	13,747	0	4,750	25,535	90.93	68.98
Nye County	0	2,546	0	0	2,546	9.07	31.02

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

The bank originated an excellent volume of loans relative to its capacity based on deposits, competition, market presence, and business strategy. The proportion of reported bank loans is significantly greater than the proportion of bank deposits in the AA. The bank's small business lending market share by total dollar amount of 0.39 percent is significantly greater than the bank's deposit market share of 0.04 percent.

According to 2017 peer data by number, AFNB ranked 50<sup>th</sup> of 154 small business lenders in the AA. The market consists of both local and national lenders, including megabanks and issuers of small business credit cards. The three largest business lenders held 45 percent of the market and include an investment bank and banks that are issuers of small business credit cards. AFNB is not an investment bank or an issuer of small business credit cards.

By total dollar volume, AFNB is ranked 21<sup>st</sup> of 154 small business lenders in the AA. AFNB's average loan size of \$394,000 far exceeds the average loan size of the top three business lenders, which ranged from \$15,000 to \$53,000.

## Distribution of Loans by Income Level of the Geography

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

### *Small Loans to Businesses*

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

During the 2017 through 2018 evaluation period, the distribution of small loans to businesses in LMI geographies is excellent. The bank's proportion of small loans to businesses was stronger than the proportion of businesses and aggregate distribution of loans in those geographies. During 2016, loan volume was not sufficient to conduct a meaningful analysis.

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

We evaluated the lending distribution in the AA and did not identify any unexplained conspicuous gaps.

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

The bank exhibits a good distribution of loans among businesses of different sizes, given the product lines offered by the institution.

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

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

During the 2017 through 2018 evaluation period, the bank's distribution of small loans to businesses by revenue is good. The bank's proportion of loans was near to the proportion of small businesses and exceeded the aggregate distribution of loans to those businesses. During 2016, loan volume was not sufficient to conduct a meaningful analysis.

### **Community Development Lending**

The institution has made a low level of CD loans, but is adequate when considering performance context.

The Lending Activity Tables, shown above, 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.

AFNB has made an adequate level of CD loans in the Las Vegas AA, which has a positive impact on lending performance in the AA. During the evaluation period, the bank originated two loans totaling \$4.8 million. AFNB effectively helped meet community credit needs through its CD lending, which supported economic development of LMI areas and organizations providing community services to LMI individuals and families.

### **Product Innovation and Flexibility**

The bank makes no use of innovative and/or flexible lending practices in order to serve AA credit needs.

### **Conclusions for Area Receiving a Limited Scope Review**

Based on a limited scope review, the bank's performance under the Lending Test in the Nye County AA is weaker than the bank's overall performance under the Lending Test in the full-scope area. There were limited lending opportunities when comparing the population to the amount of land under federal government control. Additionally, loan volume was weaker as a majority of the rated area deposits are in the full-scope AA. Weaker performance had no impact on the overall Lending Test rating in the state.

Refer to Tables Q and R in the state of Nevada section of appendix D for the facts and data that support these conclusions.

## INVESTMENT TEST

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

### Conclusions for Area Receiving a Full-Scope Review

Based on a full-scope review, the bank's performance in the Las Vegas AA is adequate.

The bank has an adequate level of qualified CD investments and grants, although rarely in a leadership position, particularly those that are not routinely provided by private investors.

AFNB exhibits adequate responsiveness to credit and community economic development needs. The bank does not use innovative and/or complex investments to support CD initiatives.

Qualified Investments										
Assessment Area	Prior Period*		Current Period		Total				Unfunded Commitments**	
	#	\$(000's)	#	\$(000's)	#	% of Total #	\$(000's)	% of Total \$	#	\$(000's)
Las Vegas	1	550	5	18	6	40	568	97.59	0	0
Nye County	0	0	9	14	9	60	14	2.41	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.

AFNB supports CD investment needs in the Las Vegas AA through prior- and current-period investments. Prior-period investments continue to provide affordable housing for LMI borrowers, while current-period donations helped organizations provide community services to small businesses and LMI individuals. Investment levels are reasonable, relative to the performance context for the AA.

### Conclusions for Area Receiving a Limited-Scope Review

Based on a limited-scope review, the bank's performance under the Investment Test in the Nye County AA is consistent with the bank's overall performance under the Investment Test in the full-scope area.

## SERVICE TEST

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

### Conclusions for Area Receiving a Full-Scope Review

Based on a full-scope review, the bank's performance in the Las Vegas AA is good.

### Retail Banking Services

Service delivery systems are accessible to geographies and individuals of different income levels in the bank's AAs.



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
Las Vegas	68.98%	1	33.33	0.00	100.00	0.00	0.00	5.01	25.28	39.20	30.29
Nye County	31.02%	2	66.67	0.00	0.00	100.00	0.00	0.00	51.72	41.80	6.48

While AFNB has no branches in low-income geographies, the percentage of branches in moderate-income geographies significantly exceed the population levels in those geographies. The remaining branches are located in the Nye County AA, which received a limited-scope review.

Distribution of Branch Openings/Closings					
Branch Openings/Closings					
# of Branch Openings	# of Branch Closings	Net change in Location of Branches (+ or -)			
		Low	Mod	Mid	Upp
0	0	0	0	0	0

The bank did not open or close branches during the evaluation period.

Services, including where appropriate, business hours, do not vary in a way that inconveniences its AA, particularly LMI geographies and/or individuals. The Las Vegas branch offers convenient service hours, both lobby access and drive-thru, Monday through Saturday. Services include traditional banking services such as checking/savings accounts, check cashing, money orders, and cashier's checks. AFNB also offers convenient internet banking, giving customers access to banking activities anytime.

## Community Development Services

The bank provides an adequate level of CD services.

Bank employees provided 68 hours of service to four organizations that provide community services to LMI individuals. Employees provided financial literacy and/or assistance to small businesses, elder LMI individuals, and economically disadvantaged students. AFNB does not make use of innovative services, but is responsive to community needs in the AA.

## Conclusions for Area Receiving a Limited-Scope Review

Based on a limited-scope review, the bank's performance under the Service Test in the Nye County AA is stronger than the bank's overall performance under the Service Test in the full-scope area.

Given the performance context in Nye County, the bank meets community needs through CD services. Bank employees provided 613 hours of service to nine organizations that provide community services to LMI individuals. A majority of hours resulted from employees holding leadership positions as board members, while a number of additional service hours related to financial literacy and assistance to qualifying organizations within the AA.

## State Rating

### State of Texas

**CRA rating for the State of Texas:** High 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 levels reflect good responsiveness to credit needs in its AAs;
- An overall excellent distribution of loans as evidenced by excellent small business distribution;
- A good distribution of loans by the income level of the borrower;
- A significant level of qualified CD investments and grants;
- A relatively high level of CD services; and
- Readily accessible service delivery systems.

### Description of Institution's Operations in Texas

AFNB operates 12 full service branches in its two AAs in Texas. The Dallas – Fort Worth AA is comprised of Collin, Dallas, Denton, and Tarrant Counties. The Houston AA, the most significant AA in the state in terms of lending and deposits, includes Fort Bend and Harris Counties. The Houston AA has five full-service branches, which accounts for 72 percent of rated area deposits and 81 percent of rated area loans originated during the evaluation period. The Dallas – Fort Worth AA has seven full-service branches, which accounts for 28 percent of rated area deposits and 19 percent of rated area loans originated during the evaluation period.

During the evaluation period, 79 percent of bank-wide deposits and 90 percent of originated loans were in Texas. As of June 30, 2018, AFNB held deposits totaling \$1.1 billion, which represented 0.13 percent market share and ranked the bank 66<sup>th</sup> of 524 institutions within Texas AAs. The largest depository institutions were JPMorgan Chase Bank, NA, Bank of America, NA, and USAA Federal Savings Bank, which held a combined 45 percent market share in the Texas AAs. In the Dallas – Fort Worth AA, AFNB was the 51<sup>st</sup> largest institution with a market share of 0.12 percent. In the Houston AA, AFNB was the 24<sup>th</sup> largest institution with a market share of 0.36 percent.

## Community Contacts

We identified two community contacts in the Dallas – Fort Worth AA and one contact in the Houston AA to determine credit and community development needs. In the Houston AA, the discussion related to disaster recovery lessons learned before and after Hurricane Harvey. In the Dallas – Fort Worth AA, one contact was a nonprofit that provides vehicle selection assistance and long-term financing to LMI individuals with transportation barriers, while the other contact was a CD organization that offers social services to LMI families. Primary needs identified were financial education, low fee checking/savings accounts, and partnerships with organizations offering affordable housing options and job training programs.

### Houston AA

Table A – Demographic Information of the Assessment Area						
Assessment Area: Houston						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	862	17.3	30.0	22.4	29.5	0.8
Population by Geography	5,014,693	14.0	27.8	25.6	32.3	0.4
Housing Units by Geography	1,876,851	14.8	26.7	24.6	33.6	0.3
Owner-Occupied Units by Geography	985,907	6.4	22.7	27.4	43.4	0.1
Occupied Rental Units by Geography	719,809	23.9	31.3	22.0	22.1	0.7
Vacant Units by Geography	171,135	25.0	30.4	19.0	25.2	0.4
Businesses by Geography	387,919	11.6	19.8	21.7	46.7	0.2
Farms by Geography	5,459	7.3	17.5	25.1	50.0	0.1
Family Distribution by Income Level	1,195,439	25.7	16.4	16.9	41.1	0.0
Household Distribution by Income Level	1,705,716	25.6	16.2	16.8	41.4	0.0
Median Family Income MSA - 26420 Houston-The Woodlands-Sugar Land, TX MSA		\$69,373	Median Housing Value			\$175,476
			Median Gross Rent			\$973
			Families Below Poverty Level			13.7%
Source: 2015 ACS Census and 2018 D&B Data Due to rounding, totals may not equal 100.0 (* ) The NA category consists of geographies that have not been assigned an income classification.						

Dallas – Fort Worth AA

Table A – Demographic Information of the Assessment Area						
Assessment Area: Dallas – Fort Worth						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	1,175	14.0	26.1	26.2	33.0	0.6
Population by Geography	5,993,595	11.9	25.9	27.7	34.4	0.1
Housing Units by Geography	2,291,892	12.3	24.6	28.4	34.5	0.2
Owner-Occupied Units by Geography	1,230,948	5.7	20.0	29.2	45.0	0.1
Occupied Rental Units by Geography	887,170	19.7	30.2	27.9	21.9	0.4
Vacant Units by Geography	173,774	21.8	28.2	24.9	24.7	0.3
Businesses by Geography	512,369	7.4	19.4	26.0	46.5	0.7
Farms by Geography	8,917	5.7	17.5	29.7	46.7	0.5
Family Distribution by Income Level	1,452,003	23.8	16.4	17.9	42.0	0.0
Household Distribution by Income Level	2,118,118	24.0	16.5	17.7	41.8	0.0
Median Family Income MSA - 19124 Dallas-Plano-Irving, TX MD		\$71,149	Median Housing Value			\$180,162
Median Family Income MSA - 23104 Fort Worth-Arlington, TX MD		\$69,817	Median Gross Rent			\$982
			Families Below Poverty Level			11.7%
Source: 2015 ACS Census and 2018 D&B Data Due to rounding, totals may not equal 100.0 (* ) The NA category consists of geographies that have not been assigned an income classification.						

**Scope of Evaluation in Texas**

Both the Dallas – Fort Worth and Houston AAs received full-scope reviews. The rating for Texas was based on the results of these reviews, as there were no limited-scope areas. 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 Satisfactory.

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

Based on full-scope reviews, the bank's performance in the Dallas – Fort Worth and Houston AAs is good.

## Lending Activity

Lending levels reflect good responsiveness to AA credit needs. The only product analyzed was small loans to businesses, as there were not enough home mortgage or small farm loans for a meaningful analysis.

Number of Loans*							
Assessment Area	Home Mortgage	Small Business	Small Farm	Community Development	Total	%State Loans	%State Deposits
Dallas – Fort Worth AA	27	127	0	3	157	18.49	28.28
Houston AA	74	579	0	29	682	80.33	71.72
Broader Statewide	0	0	0	10	10	1.18	

\*The tables present the data for all AAs. 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
Dallas – Fort Worth AA	6,138	42,945	0	4,462	53,545	12.36	28.28
Houston AA	85,493	185,934	0	89,114	360,541	83.23	71.72
Broader Statewide	0	0	0	19,118	19,118	4.41	

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

### Dallas – Fort Worth AA

The bank originated an adequate volume of loans when considering the significant level of competition and the bank's average loan size. The proportion of reported bank loans is less than the proportion of bank deposits in the AA. The bank's small business lending market share by total dollar amount, at 0.35 percent, is greater than the bank's deposit share of 0.12 percent.

According to 2017 peer data by number, AFNB ranked 81<sup>st</sup> of 239 small business lenders in the AA. The market consists of both local and national lenders including megabanks and issuers of small business credit cards. The three largest business lenders held 45 percent of the market and include banks that are issuers of small business credit cards. AFNB is not an issuer of small business credit cards. AFNB's average loan size was \$358,000, while the average size of the top three lenders ranged from \$11,000 to \$25,000.

### Houston AA

The bank originated an excellent volume of loans. The proportion of reported bank loans is consistent with the proportion of bank deposits in the AA. The bank's small business lending market share by total dollar amount, at 1.22 percent, was significantly greater than the bank's deposit market share of 0.36 percent.

According to 2017 peer data by number, AFNB ranked 49<sup>th</sup> of 204 small business lenders in the AA. The market consists of both local and national lenders including megabanks and issuers of small business credit cards. The five largest business lenders held 61 percent of the market by number and are issuers of small business credit cards. AFNB is not an issuer of small business credit cards.

By total dollar volume, AFNB ranked 17<sup>th</sup> of 204 small business lenders in the AA. AFNB's average loan size exceeds the average loan size of the top three business lenders. AFNB's average loan size was \$325,000, while the top three largest business lenders had average loan balances ranging from \$14,000 to \$244,000.

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

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

#### ***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 of small loans to businesses.

##### Dallas – Fort Worth AA

During both the 2016 and 2017 through 2018 evaluation periods, the distribution of small loans to businesses in LMI geographies is excellent. The bank's proportion of small loans to businesses was significantly stronger than the proportion of businesses and the aggregate distribution of loans in those geographies.

##### Houston AA

During both the 2016 and 2017 through 2018 evaluation periods, the distribution of small loans to businesses in LMI geographies is excellent. The bank's proportion of small loans to businesses was significantly stronger than the proportion of businesses and aggregate distribution of loans in those geographies.

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

We evaluated the lending distribution in the AAs and did not identify any unexplained conspicuous gaps.

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

The bank exhibits a good distribution of loans among businesses of different sizes, given the product lines offered by the institution.

#### ***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 originations of small loans to businesses.

##### Dallas – Fort Worth AA

During the 2017 through 2018 evaluation period, the distribution of small loans to businesses by revenue is good. The proportion of loans was near to the proportion of small businesses and was significantly stronger than the aggregate distribution of loans to those businesses. During the 2016 evaluation period, the distribution of small loans to businesses by revenue is adequate.

The proportion of loans was somewhat lower than the proportion of small businesses, but was significantly stronger than the aggregate distribution of loans to those businesses.

### Houston AA

During the 2017 through 2018 evaluation period, the distribution of small loans to businesses by revenue is good. The proportion of loans was near to the proportion of small businesses and was significantly stronger than the aggregate distribution of loans to those businesses. During the 2016 evaluation period, the distribution of small loans to businesses by revenue is adequate. The proportion of loans was somewhat lower than the proportion of small businesses, but was significantly stronger than the aggregate distribution of loans to those businesses.

## **Community Development Lending**

The bank made a relatively high level of CD loans.

The lending activity tables, shown above, set forth the information and data used to evaluate the bank's level of CD lending. These tables include all CD loans, including multifamily loans that also qualify as CD loans.

### Dallas – Fort Worth AA

AFNB made an adequate level of CD loans, which has a positive impact on lending performance in the AA. During the evaluation period, the bank originated three loans totaling \$4.5 million. AFNB effectively helped meet community credit needs through its CD lending, which supported economic development in LMI areas.

### Houston AA

AFNB made a relatively high level of CD loans, which has a positive impact on lending performance in the AA. During the evaluation period, the bank originated 29 loans totaling \$89.1 million. AFNB effectively helped meet community credit needs through its CD lending, which supported economic development of LMI areas and organizations providing affordable housing to LMI individuals and families.

### Broader Statewide

AFNB also made 10 broader statewide CD loans that have a purpose mandate or function. The CD loans, totaling \$19.1 million, supported economic development within the state and a majority of the loans are near the rated area AAs.

## **Product Innovation and Flexibility**

The bank makes no use of innovative and/or flexible lending practices in order to serve AA credit needs.

## **INVESTMENT TEST**

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

## Conclusions for Areas Receiving Full-Scope Reviews

Based on a full-scope review, the bank's performance in the Dallas – Fort Worth is adequate.

Based on a full-scope review, the bank's performance in the Houston AAs is good.

The bank has a significant level of qualified CD investments and grants, occasionally in a leadership position, particularly those that are not routinely provided by private investors.

AFNB exhibits good responsiveness to credit and community economic development needs. The bank occasionally uses innovative and/or complex investments to support CD initiatives.

Qualified Investments										
Assessment Area	Prior Period*		Current Period		Total				Unfunded Commitments**	
	#	\$(000's)	#	\$(000's)	#	% of Total #	\$(000's)	% of Total \$	#	\$(000's)
Dallas – Fort Worth	0	0	16	1,544	16	36.36	1,544	26.21	0	0
Houston	0	0	28	4,347	28	63.64	4,347	73.79	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.

AFNB contributed \$5.9 million to 44 organizations in Texas. A majority of the bank's investments helped organizations provide community services to small businesses and LMI individuals. Of note, one investment in the Houston AA helped provide auto financing to LMI individuals affected by hurricane Harvey. Additionally, a number of investments helped provide affordable housing for LMI individuals and promote economic development. Investment levels are reasonable, relative to the performance context for the AA.

## SERVICE TEST

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

## Conclusions for Areas Receiving Full-Scope Reviews

Based on a full-scope review, the bank's performance in the Dallas – Fort Worth and Houston AAs is good.

## Retail Banking Services

Service delivery systems are readily accessible to geographies and individuals of different income levels in the bank's AA.



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
Dallas – Fort Worth	28.28	7	58.33	14.30	42.85	42.85	0.00	11.89	25.88	27.70	34.38
Houston	71.72	5	41.67	40.00	20.00	20.00	20.00	13.96	27.80	25.59	32.27

In the Dallas – Fort Worth AA, the percentage of branches in low-income geographies exceed the population levels in those geographies, while the percentage of branches in moderate-income geographies significantly exceed the population levels in those geographies. In the Houston AA, the percentage of branches in low-income geographies significantly exceed the population levels in those geographies, while the percentage of branches in moderate-income geographies were near to the population levels in those geographies.

Distribution of Branch Openings/Closings					
Branch Openings/Closings					
# of Branch Openings	# of Branch Closings	Net change in Location of Branches (+ or -)			
		Low	Mod	Mid	Upp
0	0	0	0	0	0

The bank did not open or close branches during the evaluation period.

Services, including where appropriate, business hours, do not vary in a way that inconveniences its AAs, particularly LMI geographies and/or individuals. All branches offer convenient lobby hours Monday through Saturday. All AA branches, with the exception of three branches in the Dallas – Fort Worth AA, also offer drive-thru access. Services include traditional banking services such as checking/savings accounts, check cashing, money orders, and cashier's checks. AFNB also offers convenient internet banking, giving customers access to banking activities anytime.

## Community Development Services

The bank provides a relatively high level of CD services.

In both AAs, bank employees provided a total of 580 hours of service to 23 organizations that provide community services benefitting LMI individuals. A majority of the employees held leadership positions through board membership, while other employees provided financial assistance and/or literacy. Small businesses, homeless shelters, LMI senior centers, and economically disadvantaged students benefitted from these services. In the Dallas – Fort Worth AA, employees provided 141 hours of service to seven organizations. In the Houston AA, employees provided 439 hours of service to 16 organizations. AFNB rarely makes use of innovative services, but is responsive to community needs in the AA.

## Appendix A: Scope of Examination

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The following table identifies the time period covered in this evaluation, affiliate activities that were reviewed, and loan products considered. The table also reflects the 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”.

<b>Time Period Reviewed:</b>	Lending Test: January 1, 2016 through December 31, 2018 CD Loans, Investments and Services: February 9, 2016 through December 31, 2018	
<b>Bank Products Reviewed:</b>	Small business loans Community development loans, qualified investments, community development services	
<b>Affiliate(s)</b>	<b>Affiliate Relationship</b>	<b>Products Reviewed</b>
None		
<b>List of Assessment Areas and Type of Examination</b>		
<b>Rating and Assessment Areas</b>	<b>Type of Exam</b>	<b>Other Information</b>
<b>MMSA(s)</b>		
None	NA	NA
<b>California</b>		
Los Angeles AA	Full-scope	
<b>Nevada</b>		
Las Vegas AA	Full-scope	
Nye County AA	Limited-scope	
<b>Texas</b>		
Dallas – Fort Worth AA	Full-scope	
Houston AA	Full-scope	

## Appendix B: Summary of MMSA and State Ratings

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RATINGS		American First National Bank		
Overall Bank:	Lending Test Rating*	Investment Test Rating	Service Test Rating	Overall Bank/State/Multistate Rating
AFNB	High-Satisfactory	Low-Satisfactory	High-Satisfactory	High-Satisfactory
MMSA or State:				
California	High-Satisfactory	Low-Satisfactory	High-Satisfactory	High-Satisfactory
Nevada	High-Satisfactory	Low-Satisfactory	High-Satisfactory	High-Satisfactory
Texas	High-Satisfactory	High-Satisfactory	High-Satisfactory	High-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. CTs nest within counties, and their boundaries normally follow visible features, but may follow legal geography boundaries and other non-visible features in some instances. CTs 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 CT 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 (MSA):** 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 MSA 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.

**Multistate Metropolitan Statistical Area (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 MMSA. 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 MMSA, the institution will receive a rating for the MMSA.

**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

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### Content of Standardized Tables

A separate set of tables is provided for each state. All MMSAs, 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/AA. Deposit data are compiled by the FDIC and are available as of June 30<sup>th</sup> 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 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 AA.
- 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.

**CALIFORNIA**

<b>Table Q: Assessment Area Distribution of Loans to Small Businesses by Income Category of the Geography - CALIFORNIA</b>																			<b>2016</b>
<b>Assessment Area:</b>	<b>Total Loans to Small Businesses</b>				<b>Low-Income Tracts</b>			<b>Moderate-Income Tracts</b>			<b>Middle-Income Tracts</b>			<b>Upper-Income Tracts</b>			<b>Not Available-Income Tracts</b>		
	<b>#</b>	<b>\$</b>	<b>% of Total</b>	<b>Overall Market</b>	<b>% Businesses</b>	<b>% Bank Loans</b>	<b>Aggregate</b>	<b>% Businesses</b>	<b>% Bank Loans</b>	<b>Aggregate</b>	<b>% Businesses</b>	<b>% Bank Loans</b>	<b>Aggregate</b>	<b>% Businesses</b>	<b>% Bank Loans</b>	<b>Aggregate</b>	<b>% Businesses</b>	<b>% Bank Loans</b>	<b>Aggregate</b>
Los Angeles	1	300	100.0	370,759	6.4	0.0	5.3	18.1	0.0	17.3	25.3	0.0	25.1	48.9	100.0	51.4	1.3	0.0	0.8
<b>Total</b>	<b>1</b>	<b>300</b>	<b>100.0</b>	<b>370,759</b>	<b>6.4</b>	<b>0.0</b>	<b>5.3</b>	<b>18.1</b>	<b>0.0</b>	<b>17.3</b>	<b>25.3</b>	<b>0.0</b>	<b>25.1</b>	<b>48.9</b>	<b>100.0</b>	<b>51.4</b>	<b>1.3</b>	<b>0.0</b>	<b>0.8</b>
Source: 2016 D&B Data; 01/01/2016 - 12/31/2016 Bank Data; 2016 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 - CALIFORNIA											2016
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
Los Angeles	1	300	100.0	370,759	87.0	100.0	45.5	5.9	0.0	7.0	0.0
Total	1	300	100.0	370,759	87.0	100.0	45.5	5.9	0.0	7.0	0.0
Source: 2016 D&B Data; 01/01/2016 - 12/31/2016 Bank Data; 2016 CRA 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 - CALIFORNIA 2017-18**

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
Los Angeles	20	5,042	100.0	311,058	4.7	0.0	4.2	19.0	25.0	19.1	21.7	45.0	22.2	52.2	30.0	52.7	2.5	0.0	1.8
<b>Total</b>	<b>20</b>	<b>5,042</b>	<b>100.0</b>	<b>311,058</b>	<b>4.7</b>	<b>0.0</b>	<b>4.2</b>	<b>19.0</b>	<b>25.0</b>	<b>19.1</b>	<b>21.7</b>	<b>45.0</b>	<b>22.2</b>	<b>52.2</b>	<b>30.0</b>	<b>52.7</b>	<b>2.5</b>	<b>0.0</b>	<b>1.8</b>

Source: 2018 D&B Data; 01/01/2017 - 12/31/2018 Bank Data; 2017 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 - CALIFORNIA 2017-18**

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
Los Angeles	20	5,042	100.0	311,058	87.2	90.0	53.6	5.8	10.0	7.0	0.0
<b>Total</b>	<b>20</b>	<b>5,042</b>	<b>100.0</b>	<b>311,058</b>	<b>87.2</b>	<b>90.0</b>	<b>53.6</b>	<b>5.8</b>	<b>10.0</b>	<b>7.0</b>	<b>0.0</b>

Source: 2018 D&B Data; 01/01/2017 - 12/31/2018 Bank Data; 2017 CRA Aggregate Data, "--" data not available.  
Due to rounding, totals may not equal 100.0

## NEVADA

Table Q: Assessment Area Distribution of Loans to Small Businesses by Income Category of the Geography - NEVADA 2016																			
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
Las Vegas	10	3,351	83.3	47,832	5.1	10.0	2.9	21.0	10.0	16.3	42.4	60.0	42.0	31.5	20.0	38.9	0.0	0.0	0.0
Nye County	2	762	16.7	739	0.0	0.0	0.0	64.6	100.0	68.6	31.4	0.0	27.1	3.6	0.0	4.3	0.4	0.0	0.0
<b>Total</b>	<b>12</b>	<b>4,113</b>	<b>100.0</b>	<b>48,571</b>	<b>5.0</b>	<b>8.3</b>	<b>2.9</b>	<b>21.8</b>	<b>25.0</b>	<b>17.1</b>	<b>42.2</b>	<b>50.0</b>	<b>41.7</b>	<b>31.0</b>	<b>16.7</b>	<b>38.3</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
Source: 2016 D&B Data; 01/01/2016 - 12/31/2016 Bank Data; 2016 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 - NEVADA 2016											
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
Las Vegas	10	3,351	83.3	47,832	83.1	60.0	45.4	6.1	40.0	10.8	0.0
Nye County	2	762	16.7	739	82.2	100.0	51.3	4.2	0.0	13.6	0.0
<b>Total</b>	<b>12</b>	<b>4,113</b>	<b>100.0</b>	<b>48,571</b>	<b>83.0</b>	<b>66.7</b>	<b>45.5</b>	<b>6.1</b>	<b>33.3</b>	<b>10.9</b>	<b>0.0</b>
Source: 2016 D&B Data; 01/01/2016 - 12/31/2016 Bank Data; 2016 CRA 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 - NEVADA 2017-18**

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
Las Vegas	26	10,396	76.5	43,273	3.9	11.5	2.9	22.6	23.1	19.2	38.1	53.8	38.1	34.8	7.7	39.4	0.7	3.8	0.4
Nye County	8	1,784	23.5	629	0.0	0.0	0.0	52.3	62.5	52.6	44.0	37.5	42.0	3.4	0.0	5.4	0.3	0.0	0.0
<b>Total</b>	<b>34</b>	<b>12,180</b>	<b>100.0</b>	<b>43,902</b>	<b>3.8</b>	<b>8.8</b>	<b>2.9</b>	<b>23.1</b>	<b>32.4</b>	<b>19.7</b>	<b>38.2</b>	<b>50.0</b>	<b>38.2</b>	<b>34.3</b>	<b>5.9</b>	<b>38.9</b>	<b>0.7</b>	<b>2.9</b>	<b>0.4</b>

Source: 2018 D&B Data; 01/01/2017 - 12/31/2018 Bank Data; 2017 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 - NEVADA 2017-18**

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
Las Vegas	26	10,396	76.5	43,273	84.3	73.1	50.4	5.5	26.9	10.1	0.0
Nye County	8	1,784	23.5	629	82.7	100.0	50.7	3.6	0.0	13.7	0.0
<b>Total</b>	<b>34</b>	<b>12,180</b>	<b>100.0</b>	<b>43,902</b>	<b>84.3</b>	<b>79.4</b>	<b>50.4</b>	<b>5.5</b>	<b>20.6</b>	<b>10.2</b>	<b>0.0</b>

Source: 2018 D&B Data; 01/01/2017 - 12/31/2018 Bank Data; 2017 CRA Aggregate Data, "--" data not available.  
Due to rounding, totals may not equal 100.0

## TEXAS

Table Q: Assessment Area Distribution of Loans to Small Businesses by Income Category of the Geography - TEXAS																				2016
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	
Dallas – Fort Worth	46	16,016	19.6	151,269	7.3	23.9	7.3	18.8	23.9	18.2	27.0	19.6	25.0	46.7	32.6	49.4	0.2	0.0	0.2	
Houston	189	56,751	80.4	126,871	9.2	25.4	8.7	20.2	28.0	19.2	24.1	19.6	24.1	46.4	27.0	47.9	0.1	0.0	0.0	
Total	235	72,767	100.0	278,140	8.1	25.1	7.9	19.4	27.2	18.7	25.7	19.6	24.6	46.6	28.1	48.7	0.1	0.0	0.1	
Source: 2016 D&B Data; 01/01/2016 - 12/31/2016 Bank Data; 2016 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 - TEXAS											2016
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
Dallas – Fort Worth	46	16,016	19.6	151,269	85.2	60.9	42.5	5.4	39.1	9.4	0.0
Houston	189	56,751	80.4	126,871	85.1	67.2	40.5	6.1	32.8	8.8	0.0
Total	235	72,767	100.0	278,140	85.2	66.0	41.6	5.7	34.0	9.1	0.0
Source: 2016 D&B Data; 01/01/2016 - 12/31/2016 Bank Data; 2016 CRA 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 - TEXAS 2017-18**

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
Dallas – Fort Worth	81	26,929	17.2	141,047	7.5	9.9	7.8	19.6	38.3	20.1	26.0	29.6	24.9	46.2	22.2	46.4	0.7	0.0	0.8
Houston	390	129,183	82.8	121,446	11.7	28.5	11.7	20.0	23.8	19.8	21.7	18.7	22.1	46.4	29.0	46.2	0.2	0.0	0.2
<b>Total</b>	<b>471</b>	<b>156,112</b>	<b>100.0</b>	<b>262,493</b>	<b>9.3</b>	<b>25.3</b>	<b>9.7</b>	<b>19.8</b>	<b>26.3</b>	<b>20.0</b>	<b>24.2</b>	<b>20.6</b>	<b>23.6</b>	<b>46.3</b>	<b>27.8</b>	<b>46.3</b>	<b>0.5</b>	<b>0.0</b>	<b>0.5</b>

Source: 2018 D&B Data; 01/01/2017 - 12/31/2018 Bank Data; 2017 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 - TEXAS 2017-18**

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
Dallas – Fort Worth	81	26,929	17.2	141,047	85.7	80.2	46.9	5.1	19.8	9.2	0.0
Houston	390	129,183	82.8	121,446	85.2	75.6	45.6	6.1	23.8	8.7	0.5
<b>Total</b>	<b>471</b>	<b>156,112</b>	<b>100.0</b>	<b>262,493</b>	<b>85.5</b>	<b>76.4</b>	<b>46.3</b>	<b>5.5</b>	<b>23.1</b>	<b>9.0</b>	<b>0.4</b>

Source: 2018 D&B Data; 01/01/2017 - 12/31/2018 Bank Data; 2017 CRA Aggregate Data, "--" data not available.  
Due to rounding, totals may not equal 100.0