



PUBLIC DISCLOSURE

June 24, 2019

**COMMUNITY REINVESTMENT ACT
PERFORMANCE EVALUATION**

West Texas National Bank
Charter Number 24185
#6 Desta Drive, Suite 2400
Midland, TX 79705

Office of the Comptroller of the Currency
Lubbock Field Office
5225 South Loop 289, Suite 108
Lubbock, TX 79424

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 Lending Test is rated: **Satisfactory**

The Community Development Test is rated: **Satisfactory**

- WTNB's quarterly net loan-to-deposit (LTD) ratio is reasonable averaging 50 percent during the evaluation period.
- WTNB originated a majority of its loans by number (81 percent) and dollar amount (59 percent) to borrowers located within its assessment areas (AAs).
- The geographic distribution of loans to businesses and consumers reflects an overall excellent dispersion.
- WTNB's loan portfolio reflects an overall reasonable penetration among businesses and farms of different sizes, and borrowers of different income levels.
- WTNB's community development (CD) performance demonstrates adequate responsiveness to the needs of its AAs through CD loans, qualified investments, and CD services.

Description of Institution

West Texas National Bank (WTNB) is an intrastate institution headquartered in Midland, Texas in the Permian Basin area of the state. The bank is a wholly-owned subsidiary of First West Texas Bancshares, Inc., a one-bank holding company located in Midland, Texas that reported total assets of \$1.4 billion as of December 31, 2018.

The bank offers traditional loan and deposit products. WTNB has three AAs: Midland AA, Trans-Pecos AA, and Gaines-Yoakum AA. The Midland AA is a Metropolitan Statistical Area (MSA) comprised of Midland County, Texas. The Trans-Pecos AA includes Brewster, Crane, Reeves, and Winkler Counties and the Gaines-Yoakum AA includes Gaines and Yoakum Counties; all of these counties are non-MSA in Texas. Within these AAs, WTNB has 10 full-service branches in 8 cities throughout the West Texas region including Alpine, Crane, Denver City, Kermit, Midland, Pecos, Seminole, and Terlingua. Three locations, including the bank's main office, are in the Midland AA. There are five branches in the Trans-Pecos AA and two in the Gaines-Yoakum AA. There are automatic teller machines (ATMs) at all branches plus three non-branch ATMs to increase accessibility. Eight of the ATMs accept deposits. WNB also has three loan production offices (LPOs) in Dallas, Houston, and Odessa.

During the evaluation period, WTNB did not open any branches. On February 24, 2017, the Rankin branch, located at 2411 Rankin Highway in a moderate-income census tract in Midland, was closed due to poor performance. While the former branch's ATM remains operational, the majority of customers are served by the Summit Branch at 300 North Marienfeld Street in Midland, which is located less than two miles away. Bank lobby and drive-up services are provided Monday through Friday. Hours are set by each location to meet customer needs, with Saturday drive-up services at two locations, Midland-Northwest and Alpine. WTNB provides 24-hour access to personal and business online banking through its website at www.wtnb.com.

As of December 31, 2018, WTNB had total assets of \$1.4 billion, with net loans and leases comprising 47 percent of this total. Nearly 80 percent of the bank's outstanding loans were commercial and commercial real estate. Tier one leverage capital is 9.8 percent.

WTNB's business strategy is completely correlated to the energy industry. WTNB is primarily a commercial lender and loan volumes are significantly concentrated in large commercial and industrial loans. Energy lending includes exploration and production, reserve-based lending, midstream, and oilfield servicing. Business lending includes commercial real estate, construction and development, inventory, operating, equipment purchase, agricultural, and oil and gas investments. WTNB's energy lending is driven by strong activity in the Permian Basin. WTNB also has a mortgage lending department that offers traditional mortgages, home equity, home improvement, and interim construction loans.

No legal impediments or other factors hinder WTNB's ability to provide credit to its AAs. The bank was rated "Satisfactory" at its last CRA evaluation dated July 20, 2015.

Scope of the Evaluation

Evaluation Period/Products Evaluated

The CRA evaluation period is January 1, 2016 through December 31, 2018. We evaluated WTNB using intermediate small bank (ISB) criteria, which include Lending and CD Tests. The Lending Test evaluates the bank's record of meeting the credit needs of its AAs through lending activities using the following performance criteria: loan-to-deposit ratio, lending in the assessment area, borrower distribution, geographic distribution, and responses to CRA-related complaints. The CD Test evaluates the bank's responsiveness to the identified needs in its AAs through provision of CD lending, qualified investments, and CD services. The evaluation period for the CD Test is July 20, 2015 through December 31, 2018.

The bank has three primary products: commercial loans, agricultural loans, and consumer loans, in that order of importance. The bank's primary loan product for the Midland AA is commercial loans, while the primary loan products for the Trans-Pecos AA are commercial and consumer loans, and for the Gaines-Yoakum AA are agricultural and consumer loans. To evaluate lending, we reviewed a random sample of loans originated during the evaluation period. Due to changes in census tract income level designations effective in 2017, loans originated in 2016 are evaluated against 2010 census data, while loans originated in 2017 and 2018 are combined and evaluated against 2015 American Community Survey (ACS) data.

Selection of Areas for Full-Scope Review

WTNB identified three AAs: Midland AA, Trans-Pecos AA, and Gaines-Yoakum AA. While the Trans-Pecos AA includes counties that are not contiguous, they are very nearly so and share regional characteristics, and are therefore combined for AA analysis purposes. For purposes of this evaluation, each of WTNB's AAs received a full-scope review. Refer to **Appendix A**, Scope of Examination.

Ratings

The bank's overall rating is based on conclusions for each of the three AAs. However, performance in the Midland AA is weighted most heavily since it contains the bank's primary operations, a more significant deposit share (50 percent), and higher lending activity. Under these criteria, Trans-Pecos AA is second in importance, and Gaines-Yoakum AA is third.

Discriminatory or Other Illegal Credit Practices Review

Pursuant to 12 CFR 25.28(c) in determining a national bank's 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.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS

LENDING TEST

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

Loan-to-Deposit (LTD) Ratio

WTNB's net LTD ratio is reasonable given the bank's size, financial condition, local competition, and AA credit needs. This is based on the bank's quarterly average net LTD ratio of 50 percent for the 15 quarters from June 30, 2015 through December 31, 2018. The quarterly average net LTD ratios of four similarly-situated banks with total assets between \$400 million and \$1.5 billion, chartered within the bank's AAs, was 70 percent, ranging from a high of 80 percent to a low of 61 percent. Throughout the evaluation period, WTNB's deposits increased from \$950 million to \$1.3 billion. Loan growth largely kept pace with deposit growth as the LTD ratio ranged between 43 percent and 61 percent.

Loan-to-Deposit Ratios		
Institution	Total Assets (\$000s) as of 12/31/2018	Quarterly Average Net Loan-to-Deposit Ratio
FirstCapital Bank of Texas, N.A.	1,122,516	80.46
Community National Bank	1,351,767	73.46
Security Bank	871,904	65.84
West Texas State Bank	417,489	60.95
West Texas National Bank	1,430,581	49.95

Source: Institution Reports of Condition from 6/30/2015-12/31/2018.

Lending in Assessment Areas

A majority of WTNB's loans are originated within the AAs. We reviewed 130 commercial, 45 agricultural, and 104 consumer loans originated or purchased from 2016 to 2018. Approximately 81 percent by number of loans and 59 percent by dollar amount were made within the bank's AAs. Results by loan category are illustrated in the following table.

Lending Inside and Outside of the Assessment Areas (2016-2018)										
Loan Category	Number of Loans				Total #	Dollar Amount of Loans (000s)				Total \$(000)s
	Inside		Outside			Inside		Outside		
	#	%	#	%		\$	%	\$	%	
Commercial	90	69.23	40	30.77	130	54,226	55.43	43,597	44.57	97,823
Agricultural	40	88.89	5	11.11	45	10,805	84.86	1,927	15.14	12,732
Consumer	96	92.31	8	7.69	104	898	87.95	123	12.05	1,021
Total	226	81.00	53	19.00	279	65,929	59.09	45,647	40.91	111,576

Source: 1/1/2016-12/31/2018 Sampled Loans.

Distribution of Loans by Income Level of the Geography

The bank exhibits an excellent geographic distribution of loans.

Refer to **Appendix D, Table Q**, and **Table U** for the facts and data used to evaluate the geographic distribution of the bank's loan originations and purchases.

Midland AA

Geographic distribution of loans to small businesses reflects excellent dispersion.

The bank originated about 35 percent of sampled small loans to businesses in moderate-income geographies in 2017-2018, significantly exceeding both the demographic of 24 percent and the aggregate of 21 percent. WTNB also originated about 35 percent of sampled small loans to businesses in moderate-income geographies in 2016, significantly exceeding both the demographic of 25 percent and the aggregate of 22 percent.

WTNB originated about 5 percent of sampled small loans to businesses in low-income geographies in 2017-2018, exceeding both the demographic of 2 percent and the aggregate of 2 percent. The bank did not originate any sampled small loans to businesses in 2016 in low-income geographies. However, only 2 percent of businesses are located in the one low-income geography, and aggregate loans were only 3 percent.

Trans-Pecos AA

Geographic distribution of commercial and consumer loans reflects reasonable dispersion.

The bank originated about 4 percent of sampled small loans to businesses in moderate-income geographies in 2017-2018, well below the demographic of 11 percent and the aggregate of 10 percent. There were no low-income geographies in 2017-2018.

WTNB originated about 16 percent of sampled small loans to businesses in moderate-income geographies in 2016, significantly exceeding the demographic of 9 percent of businesses located in moderate-income geographies and approximating the aggregate of 17 percent. The bank originated about 4 percent of sampled small loans to businesses in the one low-income geography in 2016, slightly below both the demographic of 8 percent of businesses located in low-income geographies and the aggregate of 7 percent.

The bank originated about 14 percent of sampled consumer loans in moderate-income geographies in 2017-2018, slightly exceeding the demographic of 11 percent of households. There were no low-income geographies in 2017-2018. WTNB originated about 18 percent of consumer loans in both low- and moderate-income geographies in 2016, significantly exceeding the demographics of 6 percent and 10 percent of households, respectively.

Gaines-Yoakum AA

During the evaluation period, this AA did not have any low- or moderate-income geographies. A geographic analysis would not be meaningful and was not performed.

Distribution of Loans by Income Level of the Borrower

The bank exhibits reasonable distribution of loans to businesses and farms of different sizes, and to borrowers of different incomes.

Refer to **Appendix D, Table R, Table V, and Table T** for the data used to assess the borrower distribution of the bank's loan originations and purchases.

Midland AA

The distribution of loans to businesses of different sizes is reasonable, considering performance context.

WTNB originated about 48 percent of sampled loans to businesses with revenues less than or equal to \$1 million in 2017-2018, which is significantly below the demographic of 81 percent. However, WTNB's proportion of small business loans significantly exceeds the aggregate of 36 percent. The bank originated about 35 percent of sampled loans by number to businesses with revenues less than or equal to \$1 million in 2016, which is significantly below the demographic of 80 percent. However, WTNB's proportion of small business loans exceeds the aggregate of 31 percent.

We were unable to obtain revenue information for 13 percent of sampled loans in 2017/2018 and 17 percent in 2016, which may have understated sampling results. Regardless, WTNB's performance is consistent with its business strategy of lending to local energy-related companies, which are typically larger businesses that require higher loan amounts.

Trans-Pecos AA

The distribution of loans to businesses of different sizes is excellent and to borrowers of different income levels is reasonable.

WTNB originated about 84 percent of sampled loans to businesses with revenues less than \$1 million in 2017-2018, which exceeded the demographic of 78 percent and significantly exceeded the aggregate of 33 percent. The bank originated about 80 percent of sampled loans to businesses with revenues less than \$1 million in 2016, which slightly exceeded the demographic of 79 percent and significantly exceeded the aggregate of 31 percent.

The bank originated about 18 percent of sampled consumer loans to moderate-income borrowers and about 25 percent to low-income borrowers in 2017-2018. This slightly exceeded demographics of 15 percent and 24 percent, respectively. WTNB originated about 21 percent of sampled consumer loans to both moderate-income and low-income borrowers in 2016. This exceeded the demographic for moderate-income households of 15 percent, but was below the demographic for low-income households of 27 percent.

Gaines-Yoakum AA

The distribution of loans to farms of different sizes and to borrowers of different income levels is reasonable.

WTNB originated about 60 percent of sampled loans to farms with revenues less than or equal to \$1 million in 2017-2018, which is significantly below the demographic of 93 percent but

significantly exceeds the aggregate of 40 percent. The bank originated about 75 percent of sampled loans by number to farms with revenues less than or equal to \$1 million in 2016, which is significantly below the demographic of 95 percent but significantly exceeds the aggregate of 44 percent.

The bank originated about 10 percent of sampled consumer loans to moderate-income borrowers and about 30 percent to low-income borrowers in 2017-2018. This was near the demographic of 11 percent moderate-income households and significantly exceeds the demographic of 17 percent low-income households. WTNB originated about 15 percent of sampled consumer loans to both moderate-income and low-income borrowers in 2016. This exceeded the demographic for moderate-income households of 11 percent, but was below the demographic for low-income households of 24 percent.

Responses to Complaints

There have been no CRA-related complaints filed during the evaluation period, which has a neutral effect on the bank's overall performance.

COMMUNITY DEVELOPMENT TEST

The bank's performance under the Community Development Test is rated Satisfactory. WTNB exhibits adequate responsiveness to CD needs in its AAs through its combination of CD loans, qualified investments, and CD services, considering the bank's capacity and the need and availability of such opportunities in the bank's AAs.

Number and Amount of Community Development Loans

WTNB originated 7 qualifying CD loans totaling \$3.5 million during the evaluation period, with all loans benefitting its AAs. The bank originated 2 loans for \$2.8 million in the Trans-Pecos AA, 4 loans for \$663,750 in the Midland AA, and 1 loan for \$15,000 in the Gaines-Yoakum AA. Most loans promoted economic development through permanent job creation for low-to moderate-income (LMI) individuals. The remaining loans helped fund affordable housing and community services targeted to LMI individuals.

Number and Amount of Qualified Investments

WTNB made 58 qualified investments totaling \$13.6 million during the evaluation period. The majority of investments were made in the Midland AA, where most of the bank's business activity is concentrated and opportunities are more available. Four investments in economic development and community service organizations for LMI individuals comprised the majority of qualified investments at \$13.4 million. The remaining amount included 36 donations to organizations providing various community services for LMI individuals.

Five investments and unfunded commitments of \$6.2 million benefitted the broader statewide or regional area (BSRA). About \$3.9 million of these investments serve a BSRA that includes the bank's AAs; about \$2.3 million benefit areas in Texas beyond the bank's AAs but are

qualified as the bank demonstrated adequate responsiveness to its designated AAs. There are also \$746,000 of deposits in qualifying minority- and women-owned (MWOI) institutions.

Qualified Investments										
Assessment Area	Prior Period*		Current Period		Total				Unfunded** Commitments	
	#	\$000s	#	\$000s	#	% of #	\$000s	% of \$	#	\$000s
Midland	2	1,217	38	5,421	40	69	6,638	49		
Trans-Pecos			7	28	7	12	28	0		
Gaines-Yoakum			3	11	3	5	11	0		
BSRA			4	3,333	5	9	6,220	46	1	2,887
MWOI Deposits			3	746	3	5	746	5		
Totals	2	1,217	55	9,539	58	100	13,643	100	1	2,887

*Prior Period means investments from a previous evaluation period that are outstanding on the evaluation date.

**Unfunded Commitments are legally binding and tracked/recorded by the bank's financial reporting system.

Extent to Which the Bank Provides Community Development Services

During the evaluation period, WTNB contributed 1,207 service hours across 17 organizations. The majority of service hours, 593 hours or 49 percent, occurred in the Midland AA due to the larger number of employees in this area. The remaining hours occurred in Gaines-Yoakum and Trans-Pecos AAs at 394 hours (33 percent) and 220 hours (18 percent), respectively. The largest percentage of service hours (36 percent) benefitted the Centers for Children and Family Services (CCFS). WTNB has two employees that sit on the Board for CCFS, including one employee that serves in a leadership role as the organization's treasurer.

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 MSA(s) and non-MSA(s) that received comprehensive examination review, designated by the term “full-scope,” and those that received a less comprehensive review, designated by the term “limited-scope.”

Time Period Reviewed:	Lending Test (excludes CD loans): 1/1/2016 to 12/31/2018 CD Loans/Investment/Service Tests: 7/20/2015 to 12/31/2018	
Bank Products Reviewed:	Commercial, Agricultural, and Consumer Loans CD Loans, Qualified Investments, CD Services	
Affiliate(s)	Affiliate Relationship	Products Reviewed
None	N/A	N/A
List of Assessment Areas and Type of Examination		
Assessment Areas	Type of Exam	Other Information
Midland AA	Full Scope	MSA, Midland County
Trans-Pecos AA	Full Scope	Non-MSA, Brewster, Crane, Reeves, and Winkler Counties
Gaines-Yoakum AA	Full Scope	Non-MSA, Gaines and Yoakum Counties

Appendix B: Community Profiles for Full-Scope Areas

Midland Assessment Area

Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	27	3.7	18.5	44.4	29.6	3.7
Population by Geography	151,290	3.1	17.3	45.1	34.5	0.0
Housing Units by Geography	56,735	2.7	14.3	45.7	37.3	0.0
Owner-Occupied Units by Geography	35,449	2.8	13.4	41.8	42.0	0.0
Occupied Rental Units by Geography	17,421	1.9	15.8	53.8	28.5	0.0
Vacant Units by Geography	3,865	5.5	15.7	44.8	34.0	0.0
Businesses by Geography	13,430	1.5	23.7	36.9	37.1	0.8
Farms by Geography	323	0.6	15.8	36.5	46.7	0.3
Family Distribution by Income Level	36,702	21.7	17.5	20.2	40.5	0.0
Household Distribution by Income Level	52,870	23.1	16.9	17.6	42.4	0.0
Median Family Income MSA 33260 – Midland, TX		\$82,297	Median Housing Value			\$177,848
			Median Gross Rent			\$1,083
			Families Below Poverty Level			6.5%
<i>Source: 2015 ACS Census and 2018 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 Midland AA is the bank's primary AA when considering the bank's overall operations, branch network, and lending and deposit levels. The AA consists of Midland County, Texas, which includes 27 CTs and meets the legal requirements as it consists of whole geographies and does not arbitrarily exclude any low- or moderate-income CTs. The city of Midland is the county seat and the largest city in the county. WTNB's main office and two branches are located in this AA.

The Midland AA is completely correlated to the energy industry and is home to some of the largest energy corporations and investors in the nation. WTNB's primary lending strategy is to finance the service and exploration/production companies operating in the Permian Basin. The city of Midland is in the middle of the 100-mile radius of the Permian Basin and is considered the center of the area's oil and gas industry. Due to the high level of external investment and economic activity from the oil and gas industry, Midland has experienced shortages in both labor and housing. Due to strong profit margins, energy-related businesses can often pay higher wages, which leaves other local, non-energy related businesses in need of affordable labor. Over 90 percent of the

oil rigs in Texas and nearly 50 percent in the U.S. operate in the Permian Basin. As of December 31, 2018, the rig count was up 262 percent since the downturn's lowest counts in May 2016. In 2018, West Texas Intermediate (WTI) sweet crude prices averaged a strong \$67/barrel.

Economic conditions are stable and strong. Major employers in the AA include regional and national oil and gas production and service companies. Non-energy employers include the Midland Independent School District, Midland Memorial Hospital and Medical Center, and Midland College. Unemployment is very low at 2.1 percent in December 2018. This is well below the state of Texas and the nation at 3.7 percent and 3.9 percent, respectively. These factors contributed to the rapid increases in median family income and housing prices for the AA during the evaluation period.

Competition within the AA is strong. Eighteen financial institutions operate 46 offices in the AA. Wells Fargo, NA has the highest deposit market share at 19 percent, followed by Bank of America, NA with 15 percent, and Community NB with 14 percent. WTNB ranks sixth with 8 percent deposit market share.

An individual representing an economic development organization in Midland was interviewed for the purpose of determining a community profile, identifying community development opportunities, and understanding participation by local financial institutions. Economic conditions in Midland and surrounding communities are highly dependent upon oil and gas production, and are susceptible to volatility in the energy markets. Community credit needs include attracting diverse businesses and industries to stabilize the economy, adding affordable housing for existing and future employment growth, attracting more teachers and building more schools, and expanding healthcare with the addition of more hospitals. Local banks and other financial institutions are willing to assist as they are able, particularly with borrowers who struggle during low points in the cycle, and appear to be fully involved in the communities they serve.

Trans-Pecos Assessment Area

Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA % of #
Geographies (Census Tracts)	12	0.0	16.7	50.0	33.3	0.0
Population by Geography	35,720	0.0	17.8	46.4	35.8	0.0
Housing Units by Geography	14,708	0.0	11.9	56.4	31.7	0.0
Owner-Occupied Units by Geography	8,339	0.0	10.1	50.9	39.0	0.0
Occupied Rental Units by Geography	3,572	0.0	13.8	58.7	27.5	0.0
Vacant Units by Geography	2,797	0.0	14.8	69.8	15.4	0.0
Businesses by Geography	2,049	0.0	11.3	56.8	31.9	0.0
Farms by Geography	95	0.0	11.6	64.2	24.2	0.0
Family Distribution by Income Level	7,604	19.4	15.0	19.3	46.3	0.0
Household Distribution by Income Level	11,911	23.9	15.3	14.9	45.9	0.0
Median Family Income Non-MSA TX		\$52,076	Median Housing Value			\$75,540
			Median Gross Rent			\$634
			Families Below Poverty Level			10.9%
<i>Source: 2015 ACS Census and 2018 D&B Data</i>						

The Trans-Pecos AA includes 12 CTs in the following counties: Brewster, Crane, Reeves, and Winkler. WTNB has five branches in the AA: two in Brewster County (Alpine, Terlingua) and one branch each in Crane (Crane), Reeves (Pecos), and Winkler (Kermit) Counties.

Competition is moderate with 5 financial institutions operating 12 offices in the AA. WTNB has the highest deposit market share at 59 percent, followed by Transpecos Banks SSB at 24 percent, and West Texas State Bank with 10 percent. About 37 percent of WTNB's deposits are located in this AA.

Economic conditions are strong. Unemployment rates are low at 1.8 percent in Reeves County, 2.5 percent in Winkler County, and 3.2 percent in Brewster and Crane Counties in December 2018. This is well below the state of Texas and the nation at 3.7 percent and 3.9 percent, respectively.

Oil and gas production and servicing is most prevalent in Crane and Winkler counties, followed by city and county government, and cattle ranching. Brewster County is diverse with education, government offices, and tourism industries from Sul Ross State University, the U.S. Border Patrol, and Big Bend National Park. The Reeves County economy is supported by agriculture, food processing, and gravel mining.

Gaines-Yoakum Assessment Area

Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA % of #
Geographies (Census Tracts)	5	0.0	0.0	60.0	40.0	0.0
Population by Geography	27,129	0.0	0.0	44.3	55.7	0.0
Housing Units by Geography	9,333	0.0	0.0	47.7	52.3	0.0
Owner-Occupied Units by Geography	6,303	0.0	0.0	43.8	56.2	0.0
Occupied Rental Units by Geography	2,039	0.0	0.0	53.1	46.9	0.0
Vacant Units by Geography	991	0.0	0.0	61.6	38.4	0.0
Businesses by Geography	1,318	0.0	0.0	47.3	52.7	0.0
Farms by Geography	187	0.0	0.0	49.7	50.3	0.0
Family Distribution by Income Level	6,459	16.3	13.9	18.3	51.5	0.0
Household Distribution by Income Level	8,342	16.9	10.9	16.6	55.5	0.0
Median Family Income Non-MSA TX		\$52,076	Median Housing Value			\$94,497
			Median Gross Rent			\$739
			Families Below Poverty Level			9.6%

Source: 2015 ACS Census and 2018 D&B Data

The Gaines-Yoakum AA includes three CTs in Gaines County and two CTs in Yoakum County. WTNB branch locations are in principal cities in the AA, Seminole and Denver City, which are also the county seats of Gaines and Yoakum Counties, respectively.

Competition is moderate with seven financial institutions operating nine offices in the AA. First United Bank has the highest deposit market share at 33 percent, followed by WTNB at 26 percent, and Plains State Bank with 17 percent. About 13 percent of WTNB's deposits are located in this AA.

Economic conditions are strong. Unemployment rates are low at 2.6 percent in December 2018. This is well below the state of Texas and the nation at 3.7 percent and 3.9 percent, respectively.

Agriculture and oil and gas are the prevalent industries in the AA. Increased drilling activity in the area resulted in an increased work force, including growth in extraction, oilfield support, and transport companies. Primary employers are Denver City and Seminole Independent School Districts, and city and county government offices.

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/AA.

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.

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 12 CFR 1003.2, and that is not an excluded transaction under 12 CFR 1003.3(c)(1) through (c)(10) and (c)(13).

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 income that is less than 50 percent of the area median income, or a median family income that is less than 50 percent, in the case of a geography.

Market Share: The number of loans originated and purchased by the institution as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the 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 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.

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 are treated as originations; and (2) aggregate (AGGT) is the percentage of the aggregate number of reportable loans originated and purchased by all HMDA or CRA-reporting lenders in the MSA/assessment area. 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/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/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 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/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/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/purchased by the bank to low-, moderate-, middle-, and upper-income borrowers to the percentage distribution of households by income level in each AA.

Table Q: Assessment Area Distribution of Loans to Small Businesses by Income Category of the Geography																			2017-2018	
Assessment Area:	Total Loans to Small Businesses				Low-Income Tracts			Moderate-Income Tracts			Middle-Income Tracts			Upper-Income Tracts			Not Available-Income Tracts			
	#	\$(000)	% of Total	Overall Market	% Businesses	% Bank Loans	AGGT	% Businesses	% Bank Loans	AGGT	% Businesses	% Bank Loans	AGGT	% Businesses	% Bank Loans	AGGT	% Businesses	% Bank Loans	AGGT	
Midland	20	40,317	93.47	3,682	1.5	5.0	2.4	23.7	35.0	20.7	36.9	30.0	37.1	37.1	30.0	39.0	0.8	0.0	0.8	
Trans-Pecos	25	2,815	6.53	427	0.0	0.0	0.0	11.3	4.0	10.1	56.8	64.0	49.2	31.9	32.0	40.7	0.0	0.0	0.0	

Source: 2018 D&B Data; 1/1/2017-12/31/2018 Bank Data; 2017 CRA Aggregate Data, "--" data not available.

Table Q: Assessment Area Distribution of Loans to Small Businesses by Income Category of the Geography																			2016	
Assessment Area:	Total Loans to Small Businesses				Low-Income Tracts			Moderate-Income Tracts			Middle-Income Tracts			Upper-Income Tracts			Not Available-Income Tracts			
	#	\$(000)	% of Total	Overall Market	% Businesses	% Bank Loans	AGGT	% Businesses	% Bank Loans	AGGT	% Businesses	% Bank Loans	AGGT	% Businesses	% Bank Loans	AGGT	% Businesses	% Bank Loans	AGGT	
Midland	20	9,761	87.99	3,105	2.4	0.0	3.1	24.9	35.0	22.2	41.6	30.0	44.6	30.4	35.0	29.5	0.6	0.0	0.6	
Trans-Pecos	25	1,332	12.01	365	8.3	4.0	6.6	9.3	16.0	17.0	34.3	48.0	34.2	48.1	32.0	42.2	0.0	0.0	0.0	

Source: 2016 D&B Data; 1/1/2016-12/31/2016 Bank Data; 2016 CRA Aggregate Data, "--" data not available.

Table R: Assessment Area Distribution of Loans to Small Businesses by Gross Annual Revenues											2017-2018	
Assessment Area:	Total Loans to Small Businesses				Businesses with Revenues <= 1MM			Businesses with Revenues > 1MM		Businesses with Revenues Not Available		
	#	\$(000)	% of Total	Overall Market	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	% Businesses	% Bank Loans	
Midland	60	75,546	96.4	3,682	80.5	48.3	36.4	7.3	38.3	12.2	13.3	
Trans-Pecos	25	2,815	3.6	427	78.2	84.0	33.3	3.8	16.0	18.0	0.0	

Source: 2018 D&B Data; 1/1/2017-12/31/2018 Bank Data; 2017 CRA Aggregate Data,"--" data not available.

Table R: Assessment Area Distribution of Loans to Small Businesses by Gross Annual Revenues											2016	
Assessment Area:	Total Loans to Small Businesses				Businesses with Revenues <= 1MM			Businesses with Revenues > 1MM		Businesses with Revenues Not Available		
	#	\$(000)	% of Total	Overall Market	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	% Businesses	% Bank Loans	
Midland	60	39,059	96.7	3,105	80.1	35.0	30.9	7.6	48.3	12.4	16.7	
Trans-Pecos	25	1,332	3.3	365	78.5	80.0	31.2	4.1	4.0	17.4	16.0	

Source: 2016 D&B Data; 1/1/2016-12/31/2016 Bank Data; 2016 CRA Aggregate Data,"--" data not available.

Table T: Assessment Area Distribution of Loans to Farms by Gross Annual Revenues											2017-2018	
Assessment Area:	Total Loans to Farms				Farms with Revenues <= 1MM			Farms with Revenues > 1MM		Farms with Revenues Not Available		
	#	\$(000)	% of Total	Overall Market	% Farms	% Bank Loans	Aggregate	% Farms	% Bank Loans	% Farms	% Bank Loans	
Gaines-Yoakum	20	6,008	100.0	302	93.0	60.0	39.7	4.8	40.0	2.1	0.0	
Source: 2018 D&B Data; 1/1/2017-12/31/2018 Bank Data; 2017 CRA Aggregate Data, "--" data not available.												

Table T: Assessment Area Distribution of Loans to Farms by Gross Annual Revenues											2016	
Assessment Area:	Total Loans to Farms				Farms with Revenues <= 1MM			Farms with Revenues > 1MM		Farms with Revenues Not Available		
	#	\$(000)	% of Total	Overall Market	% Farms	% Bank Loans	Aggregate	% Farms	% Bank Loans	% Farms	% Bank Loans	
Gaines-Yoakum	20	4,796	100.0	224	95.1	75.0	44.2	3.4	25.0	1.5	0.0	
Source: 2016 D&B Data; 1/1/2016-12/31/2016 Bank Data; 2016 CRA Aggregate Data, "--" data not available.												

Table U: Assessment Area Distribution of Consumer Loans by Income Category of the Geography													2017-2018	
Assessment Area:	Total Consumer Loans			Low-Income Tracts		Moderate-Income Tracts		Middle-Income Tracts		Upper-Income Tracts		Not Available-Income Tracts		
	#	\$(000)	% of Total	% of Households	% Bank Loans	% of Households	% Bank Loans	% of Households	% Bank Loans	% of Households	% Bank Loans	% of Households	% Bank Loans	
Trans-Pecos	28	322	100.0	0.0	0.0	11.2	14.3	53.2	46.4	35.6	39.3	0.0	0.0	

Source: 2015 ACS Census; 1/1/2017-12/31/2018 Bank Data.

Table U: Assessment Area Distribution of Consumer Loans by Income Category of the Geography													2016	
Assessment Area:	Total Consumer Loans			Low-Income Tracts		Moderate-Income Tracts		Middle-Income Tracts		Upper-Income Tracts		Not Available-Income Tracts		
	#	\$(000)	% of Total	% of Households	% Bank Loans	% of Households	% Bank Loans	% of Households	% Bank Loans	% of Households	% Bank Loans	% of Households	% Bank Loans	
Trans-Pecos	28	261	100.0	6.1	17.9	9.7	17.9	36.1	53.6	48.1	10.7	0.0	0.0	

Source: 2010 U.S. Census; 1/1/2016-12/31/2016 Bank Data.

Table V - Assessment Area Distribution of Consumer Loans by Income Category of the Borrower													2017-2018	
Assessment Area:	Total Consumer Loans			Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Not Available-Income Borrowers		
	#	\$000	% of Total	% of Households	% Bank Loans	% of Households	% Bank Loans	% of Households	% Bank Loans	% of Households	% Bank Loans	% of Households	% Bank Loans	
Trans-Pecos	28	322	66.0	23.9	25.0	15.3	17.9	14.8	14.3	45.9	42.9	0.0	0.0	
Gaines-Yoakum	20	166	34.0	16.9	30.0	10.9	10.0	16.6	20.0	55.5	40.0	0.0	0.0	

Source: 2015 ACS Census; 1/1/2017-12/31/2018 Bank Data.

Table V - Assessment Area Distribution of Consumer Loans by Income Category of the Borrower													2016	
Assessment Area:	Total Consumer Loans			Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Not Available-Income Borrowers		
	#	\$000	% of Total	% of Households	% Bank Loans	% of Households	% Bank Loans	% of Households	% Bank Loans	% of Households	% Bank Loans	% of Households	% Bank Loans	
Trans-Pecos	28	261	63.7	27.2	21.4	14.7	21.4	18.1	17.9	40.1	39.3	0.0	0.0	
Gaines-Yoakum	20	149	36.3	24.1	15.0	10.5	15.0	15.1	50.0	50.2	20.0	0.0	0.0	

Source: 2010 U.S. Census; 1/1/2016-12/31/2016 Bank Data.