



## **PUBLIC DISCLOSURE**

June 04, 2014

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

Austin Bank, Texas National Association  
Charter Number 5581

200 East Commerce Street  
Jacksonville, TX 75766

Office of the Comptroller of the Currency

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Suite 306  
Longview, TX 75604-2516

**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 **Austin Bank, Texas National Association** (Austin Bank) with respect to the Lending, Investment, and Service Tests:

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

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

The major factors that support this rating include:

- A substantial majority of loans are extended within Austin Bank's Assessment Areas (AAs).
- Lending levels for home mortgage, small business, and small farm loans reflect an excellent responsiveness to AA credit needs within the AAs. Community development lending had a positive impact on the overall lending test.
- The geographic distribution of home mortgage loans and small business loans throughout the AAs is good. In addition, the distribution of loans to borrowers of different incomes is also good.
- The level of qualified community development investments, grants, and donations represents an excellent responsiveness to identified community development needs. Ongoing investment in a subsidiary community development corporation provided a positive impact on the overall investment test.
- Austin Bank's delivery systems are good with branches accessible in all geographies and a number of branches located in low- to moderate- income census tracts. The level of community development services is good and Austin Bank participates in a broad range of activities designed to assist low- to moderate- income families.

## Definitions and Common Abbreviations

The following terms and abbreviations are used throughout this performance evaluation, including the CRA tables. The definitions are intended to provide the reader with a general understanding of the terms, not a strict legal definition.

**Affiliate:** Any company that controls, is controlled by, or is under common control with another company. A company is under common control with another company if the same company directly or indirectly controls both companies. A bank subsidiary is controlled by the bank and is, therefore, an affiliate.

**Aggregate Lending:** The number of loans originated and purchased by all reporting lenders in specified income categories as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the MA/assessment area.

**Census Tract (CT):** A small subdivision of metropolitan and other densely populated counties. Census tract boundaries do not cross county lines; however, they may cross the boundaries of metropolitan areas. Census tracts usually have between 2,500 and 8,000 persons, and their physical size varies widely depending upon population density. Census tracts are designed to be homogeneous with respect to population characteristics, economic status, and living conditions to allow for statistical comparisons.

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

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

Activities that revitalize or stabilize-

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

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

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

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

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

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

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

**Home Mortgage Loans:** Such loans include home purchase, home improvement and refinancings, as defined in the HMDA regulation. These include loans for multifamily (five or more families) dwellings, manufactured housing and one-to-four family dwellings other than manufactured housing.

**Household:** Includes all persons occupying a housing unit. Persons not living in households are classified as living in group quarters. In 100 percent tabulations, the count of households always equals the count of occupied housing units.

**Limited Review:** Performance under the Lending, Investment, and Service Tests is analyzed using only quantitative factors (e.g., geographic distribution, borrower distribution, total number and dollar amount of investments, and branch distribution).

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

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

**Median Family Income (MFI):** The median income determined by the U.S. Census Bureau every ten years and used to determine the income level category of geographies. Also, the median income determined by the Department of Housing and Urban Development annually that is used to determine the income level category of individuals. For any given area, the median is the point at which half of the families have income above it and half below it.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

## Description of Institution

Austin Bank, Texas National Association (Austin Bank) is an intrastate financial institution headquartered in Jacksonville, Texas. It is one of the largest locally owned community banks in the area with total assets of \$1.47 billion, as of March 31, 2014. Austin Bank is wholly owned by a two-tier holding company structure consisting of TEB, Inc. and Austin Bancorp, Inc. Austin Bank has one subsidiary, AB Community Investment Company that provides mortgage loans and counseling services to low-to-moderate income families. There was no merger or acquisition activity during the rating period that would affect the scope of the bank's operations.

Austin Bank is a full service community bank providing financial products and services to consumers and businesses. The bank offers a wide array of loan and deposit products to its customers. Austin Bank has 31 locations in 21 cities and 10 counties in East Texas. In addition, the bank has 30 automatic teller machines (ATMs) and employs bilingual Spanish speaking employees to assist a growing Hispanic community. Austin Bank's business hours are equitable and do not hinder any particular group or class of individuals. Six of the bank's branches are located in low- to moderate-income census tracts with remaining branches located in middle- or upper-income census tracts.

The bank's market encompasses a large portion of Northeast Texas. Major markets served include the Tyler metropolitan statistical area (MSA), Longview MSA, and Jacksonville, Texas, with branch locations in smaller communities throughout Northeast Texas. The bank has designated five assessment areas (AAs) for meeting the goals of the Community Reinvestment Act. These AAs include whole counties and are identified as Cherokee (Anderson, Cherokee, Henderson, Nacogdoches, Panola, and Shelby counties), Tyler (Smith county), Longview (Gregg, Rusk, and Upshur counties), Rains/Van Zandt (Rains and Van Zandt counties), and Harrison (Harrison county).

As of March 31, 2014, Austin Bank's loan portfolio totaled \$1,049 million and reported total deposits of \$1,267 million, yielding a loan-to-deposit ratio of 83 percent. The chart below reflects the distribution of loans by category as of March 31, 2014.

<b>Loan Category</b>	<b>\$ (000)</b>	<b>%</b>
Residential Real Estate	\$373,806	35.63%
Commercial Real Estate	\$255,119	24.32%
Commercial Loans	\$258,980	24.68%
Consumer Loans	\$99,317	9.47%
Agricultural Loans	\$59,403	5.66%
Other Loans	\$2,532	0.24%
<b>Total</b>	<b>\$1,049,157</b>	<b>100.00%</b>

There are no legal, financial or other factors impeding Austin Bank's ability to meet the credit needs in its assessment areas. Austin Bank's CRA performance was rated "Satisfactory" at the previous CRA examination dated October 31, 2011. OCC records and the bank's CRA public file indicate there have been no complaints related to the bank's CRA performance over the supervisory cycle. Austin Bank's Tier 1 Capital equaled \$159.8 million, representing 10.05 percent of adjusted average assets as of March 31, 2014.

## Scope of the Evaluation

### Evaluation Period/Products Evaluated

Conclusions regarding the Lending Test are based on residential mortgages and small business loans originated in 2012 and 2013. Data on residential mortgages was obtained from reports required by the Home Mortgage Disclosure Act (HMDA). The community development lending performance analysis considered loans made since the previous CRA examination and includes loans made in 2012 and 2013.

Residential real estate lending is a primary product line of Austin Bank. Residential real estate lending represents 36 percent of Austin Bank's loan portfolio by dollar volume and carried the most weight in assessing lending performance. Small business lending is also a significant lending product and received significant weighting in evaluating lending performance. Austin Bank originated \$155 million in small business loans during the evaluation period. Origination of small farm and multifamily loans are significantly less in volume and does not carry significant weight in the lending test.

The Investment Test included a review of investments and donations made within the AAs that meet the definition of community development investments. The Service Test included a review of delivery systems as well as retail and community development services provided in Austin Bank's AAs. The evaluation period for investment and services test is October 31, 2011 through April 21, 2014.

### Data Integrity

A Data Integrity review was conducted in April 2014 to determine Austin Bank's accuracy in reporting HMDA, small business, and community development loans. A sample of loans originated in 2012 and 2013 were reviewed for data integrity. The sampled loans revealed that data reported during the evaluation period is reliable. A sample of community development investments and services was not reviewed, but discussions regarding the definition of community development were conducted.

### Selection of Areas for Full-Scope Review

Austin Bank has designated five AAs for meeting the goals of the Community Reinvestment Act. The bank has designated five assessment areas for CRA purposes. The AAs are delineated by whole counties. The AAs are identified as Cherokee (Anderson, Cherokee, Henderson, Nacogdoches, Panola, and Shelby counties), Tyler (Smith county), Longview (Gregg, Rusk, and Upshur counties), Rains/Van Zandt (Rains and Van Zandt counties), and Harrison (Harrison county). Tyler and Longview AAs are also designated as Metropolitan Statistical Areas.

A full-scope review was conducted of the Cherokee, Tyler, and Longview AAs. A substantial majority of loans and deposits are generated in these AAs. The full-scope review will include analysis of numerical data for each AA and include a qualitative analysis of the bank's performance. A limited-scope review was performed of the Rains/Van Zandt and the Harrison AAs due to the limited loan and deposit volume. The review will be limited to analysis of numerical data for the AAs. The following chart contains a breakout of loans, deposits, and branches within each AA.

Assessment Area Weighting			
Assessment Area	% of Reported Loans (\$)	% of Deposits	% of Branches
Cherokee	35.5%	35.8%	25.8%
Tyler	25.5%	24.6%	32.2%
Longview	27.5%	29.3%	29.1%
Rains / Van Zandt	5.2%	8.9%	9.7%
Harrison	6.3%	1.4%	3.2%

### **Ratings**

The bank's rating is based primarily on those areas that received full-scope reviews. To determine a rating for Austin Bank's under the lending test, we reviewed home mortgages and small loans to businesses. The analysis of multifamily loans and small loans to farms was limited as they were not a primary loan product.

### **Other**

Community credit needs in the AAs were determined by reviewing recent market demographic information and community contacts conducted by the OCC in connection with this and other CRA evaluations of banks operating in the same AAs. A review of community contact forms indicates a need for small business loans and programs to attract new business to provide employment opportunities. While area unemployment rates are trending down, there continues to be a need for good paying jobs. There was also an identified need for affordable residential properties and rental housing. Inventory of available lower-cost housing is limited. Lastly, community contacts reported that area banks are active and responsive to community needs.

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

Pursuant to 12 C.F.R. 25.28(c), or 12 C.F.R. 195.28(c), in determining a national bank's (bank) or Federal Savings Association's (FSA) CRA rating, respectively, the OCC considers evidence of discriminatory or other illegal credit practices in any geography by the bank or FSA, or in any assessment area by an affiliate whose loans have been considered as part of the bank's or FSA's lending performance.

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

## **Conclusions with Respect to Performance Tests**

### **LENDING TEST**

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

The bank's performance under the Lending Test is rated "High Satisfactory." Based on full-scope reviews, the bank's performance in the metropolitan AAs of Tyler and Longview and the nonmetropolitan Cherokee AA is good.

Lending levels for home mortgage loans and small business loans reflect excellent responsiveness to assessment area credit needs. A substantial majority of the bank's loans are made in Austin Bank's AAs. In addition, the geographic distribution of loans reflects good penetration and performance for lending to borrowers of different incomes is good.

#### **Lending Activity**

Refer to Table 1 Lending Volume in appendix C for the facts and data used to evaluate Austin Bank's lending activity.

Lending activity is good based on the level of home mortgage loans and small business loans extended in the full-scope AAs. The lending activity analysis is based primarily on loans directly originated or purchased by Austin Bank.

Home mortgage loans represented 36 percent of loans evaluated by number of loans. Small business loans represented 49 percent, while small farm loans represented 14 percent. Small business loans and home mortgage loans carry more weight in the overall conclusions since they are the primary lending focus for Austin Bank.

#### ***Cherokee AA***

Lending levels in Cherokee AA reflect excellent responsiveness to assessment area credit needs. Approximately 43.74 percent of the loans evaluated were originated in this AA, while approximately 35.78 percent of the bank's deposits are located in this AA.

Home mortgage lending levels are good. Austin Bank ranked second in the Cherokee AA for home purchase loans with a market share of 7.53 percent, third for home improvement loans at 8.58 percent, and fifth for home mortgage refinance loans at 3.81 percent for loans originated during 2012 and 2013. This level of market share reflects good performance based on Austin Bank's deposit market share. Austin Bank ranked first in the AA for deposits out of thirty institutions, with a market share of 10.13 percent.

Small business loan levels are excellent. Austin Bank ranked second in the AA with a market share of 12.89 percent.

Small farm loan levels are excellent. Austin Bank ranks first in the AA with a market share of 47.92 percent.

***Longview AA***

Lending levels in the Longview AA reflect good responsiveness to assessment area credit needs. Approximately 19.60 percent of the loans evaluated were originated in this AA, while 29.35 percent of the bank's deposits are located in this AA.

Home mortgage lending levels are adequate. Austin Bank ranked seventh in the Longview AA for home purchase loans with a market share of 3.82 percent, eleventh for home improvement loans at 2.72 percent, and seventh for home mortgage refinance loans at 3.03 percent for loans originated during 2012. This level of market share reflects adequate performance based on Austin Bank's deposit market share. Austin Bank ranked third in the AA for deposits out of thirty-one institutions, with a market share of 8.45 percent.

Small business loan levels are good. Austin Bank ranked fifth in the AA with a market share of 6.91 percent.

Small farm loan levels are excellent. Austin Bank ranks second in the AA with a market share of 20.97 percent.

***Tyler AA***

Lending levels in the Tyler AA reflect good responsiveness to assessment area credit needs. Approximately 23.91 percent of the loans evaluated were originated in this AA, while 24.64 percent of the bank's deposits are located in this AA.

Home mortgage lending levels are adequate. Austin Bank ranked sixth in the Tyler AA for home purchase loans with a market share of 3.80 percent, fifth for home improvement loans at 4.95 percent, and tenth for home mortgage refinance loans at 2.11 percent for loans originated during 2012 and 2013. This level of market share reflects adequate performance based on Austin Bank's deposit market share. Austin Bank ranked third in the AA for deposits out of twenty-six institutions, with a market share of 6.32 percent.

Small business loan levels are good. Austin Bank ranked fifth in the AA with a market share of 7.48 percent.

Small farm loan levels are excellent. Austin Bank ranks second in the AA with a market share of 29.73 percent.

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

The geographic distribution of loans is good. Performance for residential real estate loans is good with good to excellent performance in all AAs. Loans to small businesses demonstrate excellent performance with adequate performance in the Longview AA and excellent performance in the Cherokee and Tyler AAs.

**Home Mortgage Loans**

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

The geographic distribution of home mortgage loans is good. While there were no home mortgage loans extended in low-income tracts in the Longview AA, the opportunity for loan originations are limited due to the shortage of available housing stock. A geographic analysis of multifamily loans would not be meaningful, due to the minimal number of originations.

### ***Cherokee AA***

Performance for home purchase loans is excellent. The percentage of bank loans originated in low-income geographies, at 2.27 percent, exceeds the percentage of available owner occupied housing at 1.40 percent. Moreover, the percentage of home purchase loans in moderate-income tracts, at 10.45 percent exceeds the percentage of available owner occupied housing at 9.46 percent. Austin Bank's market share in both low and moderate-income tracts at 13.33 percent and 9.00 percent; respectively and exceed the bank's overall AA market share at 7.53 percent.

Performance for home improvement loans is good. While there were no home improvement loans extended in low-income geographies, Austin Bank's percentage of originations in moderate-income tracts at 10.00 percent exceed the percentage of available housing stock at 9.46 percent. Austin Bank's market share in moderate-geographies, at 7.41 percent is near to the overall market share of 8.58 percent.

Performance for home refinance loans is good. The percentage of bank loans originated in low-income geographies, at 1.03 percent, is near to the percentage of owner occupied houses at 1.40 percent. In addition, the percentage of bank originations in moderate-income geographies, at 11.79 percent, exceeds the percentage of owner occupied houses at 9.46 percent. The bank's market share in low-income tracts, at 3.70 percent, is near to the bank's overall AA market share at 3.81 percent. Further, the bank's market share in moderate-income tracts, at 4.05 percent, exceeds the bank's overall AA market share.

### ***Longview AA***

Performance for home purchase loans is adequate. While there were no home purchase loans originated in low-income geographies, loans originated in moderate-income geographies, at 8.09 percent is near to the percentage of owner occupied housing at 12.48 percent. In addition, Austin Bank's market share in moderate-income tracts, at 2.83 percent, is near to the bank's overall AA market share at 3.82 percent.

Performance for home improvement loans is good. While there were no home improvement loans originated in low-income geographies, loans originated in moderate-income geographies, at 14.29 percent, exceed the percentage of owner occupied housing at 12.48 percent. The Austin Bank's market share in moderate-income tracts, at 5.00 percent exceeds the bank's overall AA market share at 2.72 percent.

Performance for home refinance loans is adequate. There were no loans originated in low-income geographies. Loans originated in moderate-income geographies, at 5.94 percent, is lower than the percentage of owner occupied housing at 12.48 percent. Austin Bank's market share in moderate-income geographies is good with a market share of 4.26 percent, compared to the bank's overall AA market share of 3.03 percent.

### ***Tyler AA***

Performance for home purchase loans is excellent. The percentage of loans originated in low-income tracts, at 1.28 percent exceed the percentage of available owner occupied housing at 1.20 percent. The percentage of loans originated in moderate-income tracts, at 22.12 percent, also exceeds the percentage

of available owner occupied housing at 21.75 percent. Austin Bank's market share in low and moderate-income tracts is excellent at 20.00 and 6.81 percent, respectively. The bank's overall AA market share is 3.80 percent.

Performance for home improvement loans is excellent. The percentage of loans originated in low-income tracts, at 2.17 percent, exceed the percentage of available owner occupied housing at 1.20 percent. In addition, the percentage of loans originated in moderate-income tracts, at 30.43 percent, significantly exceed the percentage of available owner occupied housing at 21.75 percent. No market share was listed for low-income tracts. Austin Bank's market share in moderate-income tracts is excellent at 15.15 percent, compared to their overall AA market share at 4.95 percent.

Performance for home refinance loans is excellent. The percentage of loans originated in low -income tracts, at 2.16 percent, exceeds the percentage of available owner occupied housing at 1.20 percent. The percentage of loans originated in moderate-income tracts, at 18.71 percent, is near to the percentage of available housing at 21.75 percent. Austin Bank's market share in low and moderate-income tracts is excellent at 16.67 and 4.82 percent, respectively. The bank's overall AA market share is 2.11 percent.

### **Small Loans to Businesses**

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

Austin bank's geographic distribution of small loans to businesses is excellent.

#### ***Cherokee AA***

The geographic dispersion of loans to small businesses is excellent in the Cherokee AA. The percentage of loans originated in low-income geographies, at 2.39 percent, is near to the percentage of businesses at 2.57 percent. In addition, the percentage of loans originated in moderate-income tracts, at 27.79 percent, significantly exceeds the percentage of businesses at 15.45 percent. Austin Bank's market share is good at 11.32 percent in low-income geographies and 25.50 percent in moderate-income geographies. The bank's overall AA market share is 12.89 percent.

#### ***Longview AA***

The geographic distribution of loans to small businesses in the Longview AA is adequate. While there was no small business loans originated in a low-income geography, the percentage of Austin Bank's loans in moderate-income tracts, at 22.65 percent is near to the percentage of small businesses located in moderate-income tracts at 23.75 percent. Austin Bank's market share in moderate-income tracts is adequate at 4.89 percent, compared to its overall AA market share at 6.91 percent. Lending opportunities in low-income geographies is limited with only 0.56 percent of businesses residing in a low-income geography.

#### ***Tyler AA***

The geographic distribution of loans to small businesses in the Tyler AA is excellent. The percentage of loans originated in low-income geographies, at 8.28 percent, exceeds the percentage of businesses at 7.18 percent. In addition, the percentage of loans originated in moderate-income tracts, at 27.11 percent, significantly exceeds the percentage of businesses at 19.53 percent. Austin Bank's market share is good at 7.47 percent in low-income tracts and 12.26 percent in moderate-income tracts, compared to its overall AA market share of 7.48 percent.

## Small Loans to Farms

Refer to Table 7 in Appendix C for the facts and data used to evaluate the geographic distribution of the bank's origination/purchase of small loans to farms.

The geographic distribution of small loans to farms is good.

### *Cherokee AA*

The geographic distribution of small loans to farms is good in the Cherokee AA. Austin Bank's percentage of loans originated in low-income geographies, at 0.23 percent, is slightly lower than the percentage of farms located in low-income geographies at 1.26 percent. The percentage of loans originated in moderate-income tracts, at 6.25 percent, is near to the percentage of farms at 8.06 percent. Austin Bank's market share in low-income tracts is weak as no loans to farms were originated in low-income tracts during 2012 and 2013. However, the bank's market share for farm loans in moderate-income tracts is good at 47.83 percent, compared to its overall AA market share of 47.92 percent.

### *Longview AA*

The geographic distribution of small loans to farms in the Longview AA is good. While no small loans to farms were originated in the low-income geographies, the percentage of small farm loans originated in moderate-income geographies, at 19.61 percent, exceeded the percentage of farms located in the moderate-income tracts at 10.09 percent. Lending opportunities for small farm loans is limited in the low-income geographies with only 0.28 percent of farms residing in low-income tracts. Austin Bank's market share for moderate-income tracts is strong at 35.71 percent, compared to its overall AA market share of 20.97 percent.

### *Tyler AA*

The geographic distribution of small loans to farms in the Tyler AA is good. While no small loans to farms were originated in the low-income geographies, the percentage of small farm loans within the moderate-income geographies, at 13.56, is near to the percentage of farms within moderate-income tracts at 20.02 percent. Lending opportunities are limited in the low-income geographies with only 1.67 percent of farms residing in low-income tracts. Austin Bank's market share in moderate-income geographies is strong at 35.29 percent, compared to its overall AA market share at 29.73 percent.

## Lending Gap Analysis

No unexplained conspicuous lending gaps were identified.

## Inside/Outside Ratio

Austin Bank's lending inside the AA is excellent as a substantial majority of all loans is extended within all AAs. Lending inside the assessment area is analyzed bank-wide and not by individual AAs. The analysis includes loans originated and purchased over the evaluation period for home purchase, home improvement, home refinance, loans to small businesses and loans to small farms. This performance has a positive impact on the geographic distribution of lending conclusions.

Ninety-two percent of loans by number and ninety percent of loans by dollar amount were made within the AAs. When broken down by type of loan, performance generally mirrors the overall performance

with a substantial majority of residential real estate loans, loans to small businesses and loans to small farms generated within the AAs.

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

The distribution of loans by borrower income is good. Performance is adequate for residential real estate lending based on performance in the AAs receiving a full scope review. The borrower distribution for lending to small businesses and small farms is excellent.

### **Home Mortgage Loans**

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

The borrower distribution of home mortgage loans is adequate based on adequate performance in the Cherokee and Longview AAs and good performance in the Tyler AA.

#### ***Cherokee AA***

The distribution of home purchase loans reflects adequate performance among borrowers of different income levels. The penetration to low-income borrowers at 4.11 percent is significantly lower than the AAs percentage of low-income families at 22.06 percent, while the penetration to moderate-income borrowers at 14.25 percent is near to the percentage of moderate-income families at 18.05 percent. Austin Bank's market share is good for both low and moderate-income borrowers at 5.56 and 7.86 percent, respectively. Austin Bank's overall AA market share is 7.83 percent. Mitigating the lower percentage of loans to low-income families is the fact that many of the low-income families do not present legitimate opportunities for Austin Bank to make residential real estate loans. In the Cherokee AA, approximately 20 percent of households report incomes below poverty levels and are not likely to qualify for a residential mortgage. The median housing value of \$82 thousand also prevents many families in the low-income category from being able to afford home purchases.

The distribution of home improvement loans represents adequate performance. The penetration to low-income borrowers at 4.29 percent is significantly lower than the AA's percentage of low-income borrowers at 22.06 percent. The penetration to moderate-income borrowers at 8.57 percent is lower than the percentage of moderate-income families at 18.05 percent. The bank's market share for both low and moderate-income borrowers is adequate at 5.26 and 2.86 percent, respectively. The bank's overall AA market share is 7.46 percent.

The distribution of home refinance loans is adequate. The penetration for low-income borrowers at 2.20 percent is significantly lower than the percentage of low-income families at 22.06 percent. The penetration to moderate-income borrowers at 9.89 percent is lower than the percentage of moderate-income families at 18.05 percent. The bank's market share for both low and moderate-income borrowers is good at 2.22 and 5.59 percent, respectively. The bank's overall AA market share is 4.15 percent.

#### ***Longview AA***

The distribution of home purchase loans represents adequate performance. The percentage of home purchase loans to low income borrowers, at 3.43 percent, is significantly lower than the 21.33 percent of low-income families. The penetration of home purchase loans to moderate-income borrowers, at 10.29 percent is lower than the percentage of moderate-income families at 18.08 percent. Austin Bank's

market share is good for both low and moderate-income borrowers at 5.93 and 2.16 percent, respectively. The bank's overall AA market share is 3.86 percent. Mitigating the lower ratios is the fact that many of the low and moderate-income families may not present home mortgage lending opportunities. In the Longview AA, approximately 14 percent of households live below the poverty level and are not likely to qualify for home mortgage products. In this AA, the median housing value is \$100 thousand. Based on the median housing costs, purchasing a home is unlikely for a significant portion of low and moderate-income families.

The distribution of home improvement loans represents adequate performance. The percentage of home improvement loans to low-income borrowers, at 4.76 percent, is significantly lower than the 21.33 percent of low-income families. The penetration of home improvement loans to moderate-income borrowers, at 7.14 percent, is below the percentage of moderate-income families at 18.08 percent. Austin Bank's market share of low-income borrowers is weak based on 2012 loan originations, while the bank's market share of moderate-income borrowers is adequate at 0.00 and 1.05 percent, respectively. The bank's overall AA market share is 2.84 percent. Many of the low and moderate-income families may not present home mortgage lending opportunities, due to the reasons cited above.

The distribution of home refinance loans represents good performance. The penetration to low-income borrowers, at 2.02 percent, is significantly lower than the 21.33 percent of low-income families. The penetration to moderate-income borrowers, at 18.18 percent is higher than the percentage of moderate-income families at 18.08 percent. The market share for lending to both low and moderate-income borrowers is good at 2.53 and 5.31 percent, respectively. The bank's overall AA market share is 3.58 percent.

#### ***Tyler AA***

The distribution of home purchase loans represents good performance. The percentage of home purchase loans to low income borrowers, at 12.59 percent, is lower than the 21.56 percent of low-income families. The penetration of home purchase loans to moderate-income borrowers, at 16.08 percent is near to the percentage of moderate-income families at 17.22 percent. Austin Bank's market share is good for both low and moderate-income borrowers at 4.76 and 3.51 percent, respectively. The bank's overall AA market share is 3.94 percent.

The distribution of home improvement loans represents excellent performance. The percentage of home improvement loans to low-income borrowers, at 19.05 percent, is near to the 21.56 percent of low-income families. The penetration of home improvement loans to moderate-income borrowers, at 28.57 percent, is significantly higher than the percentage of moderate-income families at 17.22 percent. Austin Bank's market share of both low and moderate-income borrowers is good at 6.25 and 6.06 percent. The bank's overall AA market share is 3.77 percent.

The distribution of home refinance loans represents adequate performance. The penetration to low-income borrowers, at 5.56 percent, is significantly lower than the 21.56 percent of low-income families. The penetration to moderate-income borrowers, at 11.90 percent, is lower than the percentage of moderate-income families at 17.22 percent. The market share for lending to low and moderate-income borrowers is good at 1.92 and 3.23 percent, respectively. The bank's overall AA market share is 2.29 percent.

## **Small Loans to Businesses**

Refer to Table 11 in appendix C for the facts and data used to evaluate the borrower distribution of the bank's origination/purchase of small loans to businesses.

The borrower distribution of small loans to businesses is excellent based on strong performance in all full-scope AAs.

### ***Cherokee AA***

The borrower distribution of small loans to businesses is excellent. Austin Bank's percentage of loans to businesses with revenues of \$1 million or less, at 77.89 percent exceeds the percentage of AA businesses with revenues of \$1 million or less at 74.08 percent. Austin Bank's market share is also excellent for loans to businesses with revenues of \$1 million or less at 25.11 percent.

### ***Longview AA***

The borrower distribution of small loans to businesses is good. Austin Bank's percentage of loans to businesses with revenues of \$1 million or less, at 66.79 percent is near to the percentage of AA businesses at 72.42 percent. Austin Bank's market share loans to businesses with revenues of \$1 million or less is also good at 12.37 percent.

### ***Tyler AA***

The borrower distribution of small loans to businesses is excellent. Austin Bank's percentage of loans to businesses with revenues of \$1 million or less, at 73.62 percent is similar to the percentage of AA businesses at 73.83 percent. Austin Bank's market share loans to businesses with revenues of \$1 million or less is good at 13.44 percent.

## **Small Loans to Farms**

Refer to Table 12 in the appendix C for the facts and data used to evaluate the borrower distribution of the bank's origination/purchase of small loans to farms.

The borrower distribution of small loans to farms is excellent. For all full-scope assessment areas, the vast majority of AA farms report revenues of \$1 million or less. Since this is not a primary bank product performance does not weigh heavily in the overall borrower distribution conclusions.

## **Community Development Lending**

Refer to Table 1 Lending Volume in appendix C for the facts and data used to evaluate the bank's level of community development lending. This table includes all CD loans, including multifamily loans that also qualify as CD loans. In addition, Table 5 includes geographic lending data on all multi-family loans, including those that also qualify as CD loans. Table 5 does not separately list CD loans, however.

Community development lending has a positive impact on the overall lending test. During the evaluation period, Austin Bank extended twelve community development loans totaling \$3.4 million in the Cherokee AA, seventeen community development loans totaling \$4.5 million in the Longview AA, and eight community development loans totaling \$811 thousand in the Tyler AA.

Examples include affordable housing construction loans, loans to companies within low, moderate, and distressed middle-income tracts that provide employment opportunities, and purchases of apartment complexes that are targeted to low income families.

### **Product Innovation and Flexibility**

Austin Bank offers flexible home loan products through its solely owned Community Development Corporation (CDC). The CDC offers flexible underwriting guidelines to help meet credit needs for low-income borrowers who may not otherwise qualify for conventional housing. The CDC originated 54 loans totaling \$3.4 million during the evaluation period.

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

Based on limited-scope reviews, the bank's performance under the lending test in the Harrison AA and Rains-Van Zandt AA is not inconsistent with the bank's overall performance under the lending test. Refer to Tables 1 through 13 in Appendix C for the facts and data that support these conclusions.

## **INVESTMENT TEST**

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

The bank's performance under the investment test is rated "Outstanding". Based on full-scope reviews, the bank's performance in Cherokee AA, Tyler AA, and Longview AA is excellent.

Evaluation of a bank's performance under this test considers the number and amount of investments, the extent that the investments meet the credit and community development needs of an AA, the extent that the investments are not routinely made by others, and the complexity or innovation displayed in the investment. Qualified investments include investments that meet the definition of community development and includes investment securities, equity investments, grants, and donations.

Austin Bank has a subsidiary, AB Community Investment Company, a community development corporation (CDC). The mission of the CDC is to provide affordable residential loans to low- and moderate- income families within the bank's AA. Residential loans are only available to low- and moderate-income families and loan-closing costs are kept to a minimum. In addition, the CDC provides homeownership education and counseling services.

During the evaluation period, the CDC funded 54 residential loans totaling \$3,438 thousand to low- and moderate-income applicants. Further, the bank has recently employed a lender in Longview to promote the CDC's products and services in the Longview AA. Austin Bank invested \$2,250 thousand in capital into the CDC since the last CRA examination. The bank has committed to inject an additional \$500M into the CDC when the need for capital arises. Based on the dollar volume of loans extended in each AA during the evaluation period, a proportional capital investment credit for each AA was allocated to the bank.

Austin Bank's investments and donations are not complex. However, the investment in AB Community Investment Company which provides affordable mortgages to low-and moderate-income families in

several of the designated AA's is considered innovative and is not an investment that is routinely made by other banks.

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

### ***Cherokee AA***

Austin Bank has made a high level of qualified community development investments in the Cherokee AA during the evaluation period. Current period qualified investments and donations totaled \$9,029 thousand, representing 5.65 percent of Tier 1 Capital. Austin Bank's qualifying investments in the AA are centered in local school bonds in which the majority of students are economically disadvantaged and municipal bonds in which the proceeds were used to revitalize or stabilize low- and moderate-income geographies.

Qualified investments also include donations made to organizations within the AA that promote community development. Austin Bank donated \$141 thousand to qualified programs that meet the definition of community development.

Austin Bank also made capital investments in AB Community Investment Company during the evaluation period. Based on the volume of residential loans extended to low- to moderate-income families in the AA, the bank's investment in the CDC totaled \$500 thousand.

### ***Tyler AA***

Austin Bank has made a high level of qualified community development investments in the Tyler MSA during the evaluation period. Current period qualified investments and donations totaled \$10,676 thousand, representing 6.68 percent of Tier 1 Capital. Austin Bank's qualifying investments in the AA are centered in higher education bonds where the proceeds were used for infrastructure purposes in a moderate-income census tract.

Qualified investments also include donations made to organizations within the AA that promote community development. Austin Bank donated \$77 thousand to qualified programs that meet the definition of community development.

Austin Bank also made capital investments in AB Community Investment Company during the evaluation period. Based on the volume of residential loans extended to low- to moderate-income families in the AA, the bank's investment in the CDC totaled \$1,583 thousand.

### ***Longview AA***

Austin Bank has made a high level of qualified community development investments in the Longview MSA during the evaluation period. Current period qualified investments and donations totaled \$1,822 thousand, representing 1.14 percent of Tier 1 Capital. Austin Bank's qualifying investments in the AA are centered in local school bonds in which the majority of students are economically disadvantaged.

Qualified investments also include donations made to organizations within the AA that promote community development. Austin Bank donated \$15 thousand to qualified programs that meet the definition of community development.

Austin Bank also made capital investments in AB Community Investment Company during the evaluation period. Based on the volume of residential loans extended to low- to moderate-income families in the AA, the bank's investment in the CDC totaled \$167 thousand.

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

Based on limited-scope reviews, the Austin Banks performance under the investment test in the Harrison AA is not inconsistent with the bank's performance in those AA's receiving full-scope reviews. In the Rains/Van Zandt AA, the bank's performance is weaker than those AA's receiving full-scope reviews. The Rains/Van Zandt AA represent a very small segment of the bank's market and opportunities for community development investments are limited. Refer to Table 14 in Appendix C for facts and data that support these conclusions.

## **SERVICE TEST**

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

The bank's performance under the Service Test is rated "High Satisfactory." Based on full-scope reviews, the bank's performance in the metropolitan AAs of Tyler and Longview and the nonmetropolitan Cherokee AA is good.

### **Retail Banking Services**

Refer to Table 15 in appendix C for the facts and data used to evaluate the distribution of the bank's branch delivery system and branch openings and closings.

Austin Bank's delivery systems are accessible to geographies and individuals of different income levels throughout all AAs. Following is a discussion of each branch location.

#### ***Cherokee AA***

The bank operates eight full service offices and eight ATMs within the Cherokee AA. All locations are conveniently located. The Cherokee AA includes two low-income tracts, ten moderate-income tracts, forty-one middle-income tracts, and twelve upper-income tracts. One branch is located within a moderate-income tract with other locations offering easy access to both low and moderate-income tracts.

#### ***Longview AA***

Austin Bank operates nine full service locations and nine ATMs in the Longview AA. There are one low-income tract, nine moderate-income tracts, twenty-seven middle-income tracts and seven upper-income tracts located in the Longview AA. One branch is located in a moderate-income tract with other locations offering easy access to both low and moderate-income tracts.

#### ***Tyler AA***

Austin Bank operates nine full service offices and eight ATMs in the Tyler AA. Two branches are located in low-income tracts and two are located in moderate-income tracts. There are two low-income tracts, twelve moderate-income tracts, fourteen middle-income tracts, and twelve upper-income tracts.

There were no branch openings or closings during this evaluation period.

A wide range of financial services is available at each branch and is consistent throughout the bank's branch network. These include numerous mortgage products and loan programs for small business and consumers of all types. Deposit products are also available including free checking, health savings accounts, free debit cards, and free online banking. In addition, a wide range of banking products are available to commercial customers, including free checking, treasury management tools, online banking, and remote deposit capture.

## **Community Development Services**

Austin Bank has demonstrated a good record of providing community development services throughout each of its assessment areas. Bank officers and employees provide financial and managerial expertise to numerous service organizations in the assessment areas, serving in officer and director positions of those organizations.

AB Community Investment Company, a subsidiary of Austin Bank, provides financing for affordable housing to low and moderate-income borrowers in all of Austin Bank's AAs. Through this program, bank employees provide financial counseling services through one-on-one sessions using the booklet "Realizing the American Dream." The course provides information and guidance for buying a home and helps to answer the many questions applicants have regarding the home buying process.

### ***Cherokee AA***

Austin Bank demonstrated a good record of providing community development services in the Cherokee AA. Bank employees served in leadership positions for numerous community development groups, including Habitat for Humanity, the Salvation Army, and H.O.P.E, a local group that assists the indigent. In addition, officers also provided financial expertise to local school districts in the matter of bond issuances. Finally, bank employees serve in leadership positions on several economic and industrial development foundations as well as civic organizations serving low- and moderate-income families throughout this AA.

### ***Longview AA***

Austin Bank demonstrated a good record of providing community development services in the Longview AA. Bank employees served in leadership roles for numerous community development groups, including Longview Habitat for Humanity and the House of Hope, a shelter for homeless women and children. In addition, employees teach financial literacy classes at local schools and provide financial expertise to local economic development organizations.

### ***Tyler AA***

Austin Bank demonstrated a good record of providing community development services in the Tyler AA. Bank employees served in leadership positions for numerous community development groups, including Goodwill Industries of East Texas, P.A.T.H., and Gateway to Hope, an organization that assists the homeless in employment opportunities. In addition, employees teach financial literacy classes at local schools. Employees also provided financial expertise to local economic development organizations. One organization provides bonds to finance projects that promote and develop industrial and manufacturing enterprises, while another group provides loans to local businesses that create or retains jobs in Smith County.

Austin Bank actively participates in the Special Needs Assistance Program (SNAP), which provides grants through the Federal Home Loan Bank to low- and moderate- income families for rehabilitation

costs of eligible special needs homeowners. Austin Bank works closely with the Habitat for Humanity of Smith County to identify special needs homeowners. The bank assists homeowners with applications for the SNAP grants and ensures documentation is properly maintained throughout the rehabilitation process and submitted as required by the program. Austin Bank worked with eight applicants in 2013 of which six received grants totaling \$25 thousand for the rehabilitation of their residences. Through April 2014, the bank applied for five grants and all are pending.

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

Based on limited-scope reviews, the bank's performance under the Service Test in Harrison and Rains-Van Zandt AAs are weaker than the bank's overall "High Satisfactory" performance under the Service Test. Bank performance in these AAs was weaker due to less interaction with community development groups.

## Appendix A: Scope of Examination

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The following table identifies the time period covered in this evaluation, affiliate activities that were reviewed, and loan products considered. The table also reflects the metropolitan and nonmetropolitan areas that received comprehensive examination review (designated by the term “full-scope”) and those that received a less comprehensive review (designated by the term “limited-scope”).

<b>Time Period Reviewed</b>	Lending Test (excludes CD Loans): (01/31/2012 to 12/31/213) Investment and Service Tests and CD Loans: (10/31/2011 to 04/21/2014)	
<b>Financial Institution</b>		<b>Products Reviewed</b>
Austin Bank, Texas National Association Jacksonville, Texas		Residential mortgage loans, small business loans, community development loans, investments, donations.
<b>Affiliate(s)</b>	<b>Affiliate Relationship</b>	<b>Products Reviewed</b>
AB Community Investment Co.	Subsidiary	Residential mortgage loans
<b>List of Assessment Areas and Type of Examination</b>		
<b>Assessment Area</b>	<b>Type of Exam</b>	<b>Other Information</b>
Cherokee AA Tyler AA #46340 Longview AA #30980 Rains / Van Zandt AA Harrison AA	Full-Scope Full-Scope Full-Scope Limited-Scope Limited-Scope	

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

### Cherokee (Anderson, Cherokee, Henderson, Nacogdoches, Panola, and Shelby Counties)

Demographic Information for Full Scope Area: Anderson-Cherokee-Henderson-Nacogdoches-Panola-Shelby						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	65	3.08	15.38	63.08	18.46	0.00
Population by Geography	301,603	2.39	13.41	65.34	18.86	0.00
Owner-Occupied Housing by Geography	76,056	1.40	9.46	71.10	18.04	0.00
Business by Geography	21,932	2.57	15.45	66.86	15.13	0.00
Farms by Geography	1,266	1.26	8.06	73.85	16.82	0.00
Family Distribution by Income Level	72,528	22.06	18.05	19.57	40.31	0.00
Distribution of Low and Moderate Income Families throughout AA Geographies	29,096	4.86	17.72	65.14	12.27	0.00
Median Family Income HUD Adjusted Median Family Income for 2013 Households Below Poverty Level		48,160 50,500 20%	Median Housing Value Unemployment Rate (2010 US Census)	82,155 3.01%		

(\*) The NA category consists of geographies that have not been assigned an income classification.  
Source: 2010 US Census and 2013 HUD updated MFI

The Cherokee assessment area (AA) is designated as the whole counties of Anderson, Cherokee, Henderson, Nacogdoches, Panola, and Shelby. The AA contains 65 census tracts of which 12 or 18.5 percent consist of low- and moderate-income census tracts. All areas consist of whole geographies, do not reflect illegal discrimination, and do not arbitrarily exclude low-or moderate-income geographies. The AA designation meets the requirements of CRA.

Larger cities within the AA include Palestine, Jacksonville, Athens, Nacogdoches, Carthage, and Center Texas. The AA has a relatively diverse economy and is considered stable. Major industries by county include; Anderson County (Palestine, TX) has a major railroad hub, product distribution centers, and five prisons. Cherokee County (Jacksonville, TX) has some light manufacturing, plant farms, and timber industry. Henderson County (Athens, TX) economy is supported by the education, medical, and light manufacturing industries. Nacogdoches (Nacogdoches, TX) is largely supported by poultry, higher education, medical, and light manufacturing. Panola (Carthage, TX) is supported by oil & gas exploration and production (O&G), poultry, and education industries. Shelby County (Center, TX) is largely a rural county supported by the timber, poultry, and O&G industries.

A community contact was performed in Jacksonville, TX during the review. The contact indicated a need to attract new business/industry into the area to create jobs. In addition, other information reviewed indicated a need for affordable housing (owner occupied & rental). The community contact was not aware of any community credit needs that were not being met by area financial institutions.

**Tyler MSA (Smith County)**

Demographic Information for Full Scope Area: Tyler MSA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	41	4.88	29.27	34.15	29.27	2.44
Population by Geography	209,714	3.33	26.76	39.09	30.82	0.00
Owner-Occupied Housing by Geography	53,032	1.20	21.75	42.20	34.85	0.00
Business by Geography	20,242	7.18	19.53	36.42	36.72	0.15
Farms by Geography	839	1.67	20.02	46.25	32.06	0.00
Family Distribution by Income Level	53,113	21.56	17.22	19.54	41.68	0.00
Distribution of Low and Moderate Income Families throughout AA Geographies	20,598	4.99	38.12	37.21	19.68	0.00
Median Family Income		57,225	Median Housing Value		123,758	
HUD Adjusted Median Family Income for 2013		64,200	Unemployment Rate (2010 US Census)		3.49%	
Households Below Poverty Level		15%				

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

Source: 2010 US Census and 2013 HUD updated MFI

The Tyler AA is designated as the entire county of Smith. The AA contains 41 census tracts of which 14 or 34 percent consist of low- and moderate-income census tracts. The AA does not reflect illegal discrimination, and does not arbitrarily exclude low-or moderate-income geographies. The AA designation meets the requirements of CRA.

Economic conditions within the AA are good and continue to improve. The Tyler MSA economy is largely driven by health care, higher education, and construction. In addition, the O&G industry provides economic benefits and stability to the area. Manufacturing has suffered in recent years and as a result, unemployment remains higher than average in the state. However, long-term prospects for the community remain good with opportunities to expand participation in the O&G industry and continuing population gains from other parts of the state driving economic development and opportunity. Major employers include Trinity Mother Francis Hospital, East Texas Medical Center, Brookshire's, Walmart, Trane Co., Sudden Link, University of Texas, UT Health Center, and Tyler Junior College.

A community contact was performed in Tyler, TX during the review. The contact indicated a need for small business loans and loan programs for economic development to aid in job creation. In addition, other information reviewed indicated a need for affordable housing (owner occupied & rental) and home improvement loans for low- and moderate-income families. The community contact reported that area banks are active and responsive to community credit needs.

**Longview MSA (Gregg, Rusk, and Upshur Counties)**

Demographic Information for Full Scope Area: Longview AA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	45	2.22	20.00	60.00	15.56	2.22
Population by Geography	214,369	1.41	18.19	62.24	18.15	0.00
Owner-Occupied Housing by Geography	53,947	0.92	12.48	65.98	20.63	0.00
Business by Geography	18,908	0.56	23.75	55.48	20.09	0.11
Farms by Geography	704	0.28	10.09	68.75	20.74	0.14
Family Distribution by Income Level	54,663	21.33	18.08	20.32	40.28	0.00
Distribution of Low and Moderate Income Families throughout AA Geographies	21,539	2.11	22.87	60.90	14.12	0.00
Median Family Income HUD Adjusted Median Family Income for 2013 Households Below Poverty Level		54,648 54,200 14%	Median Housing Value Unemployment Rate (2010 US Census)	100,380 3.18%		

(\*) The NA category consists of geographies that have not been assigned an income classification.  
Source: 2010 US Census and 2013 HUD updated MFI

The Longview AA is designated as the whole counties of Gregg, Rusk, and Upshur. The AA contains 45 census tracts of which 10 or 22 percent consist of low- and moderate-income census tracts. All areas consist of whole geographies, do not reflect illegal discrimination, and do not arbitrarily exclude low-or moderate-income geographies. The AA designation meets the requirements of CRA.

Economic conditions in the Longview AA are good with the economy largely driven by the health and O&G industries. An increase in natural gas prices is expected to further expand O&G support services. Unemployment rates remain among the lowest in the state. Long-term economic prospects remain positive with primary concern being the lack of education in the workforce, making it difficult to attract employers that require a highly skilled work staff. Major employers include Good Shepherd Medical Center, Trinity Rail, LLC, Eastman Chemical, Walmart, Joy Global, Texas Utilities, and Longview Regional Medical Center.

A community contact was performed in Longview, TX during the review. The contact indicated a need for small business loans and loan programs for economic development to aid in job creation. In addition, other information reviewed indicated a need for affordable housing (owner occupied & rental) and home improvement loans for low- and moderate-income families. The community contact reported that area banks are responsive and do a good job meeting the community's credit needs.

## Appendix C: Tables of Performance Data

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### Content of Standardized Tables

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

The following is a listing and brief description of the tables:

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

**Table 1. Other Products** - Presents the number and dollar amount of any unreported category of loans originated and purchased by the bank over the evaluation period by MA/assessment area. Examples include consumer loans or other data that a bank may provide, at its option, concerning its lending performance. This is a two-page table that lists specific categories.

**Table 2. Geographic Distribution of Home Purchase Loans** - Compares the percentage distribution of the number of loans originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies to the percentage distribution of owner-occupied housing units throughout those geographies. The table also presents market share information based on the most recent aggregate market data available.

**Table 3. Geographic Distribution of Home Improvement Loans** - See Table 2.

**Table 4. Geographic Distribution of Home Mortgage Refinance Loans** - See Table 2.

**Table 5. Geographic Distribution of Multifamily Loans** - Compares the percentage distribution of the number of multifamily loans originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies to the percentage distribution of multifamily housing units throughout those geographies. The table also presents market share information based on the most recent aggregate market data available.

**Table 6. Geographic Distribution of Small Loans to Businesses** - The percentage distribution of the number of small loans (less than or equal to \$1 million) to businesses originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies compared to the percentage distribution of businesses (regardless of revenue size) throughout those geographies. The table also presents market share information based on the most recent aggregate market data available. Because small business data are not available for geographic areas smaller than counties, it may be necessary to use geographic areas larger than the bank's assessment area.

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

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

**Table 9. Borrower Distribution of Home Improvement Loans** - See Table 8.

**Table 10. Borrower Distribution of Refinance Loans** - See Table 8.

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

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

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

**Table 14. Qualified Investments** - Presents the number and dollar amount of qualified investments made by the bank in each MA/AA. The table separately presents investments made during prior evaluation periods that are still outstanding and investments made during the current evaluation period. Prior-period investments are reflected at their book value as of the end of the evaluation period. Current period investments are reflected at their original investment amount even if that amount is greater than the current book value of the investment. The table also presents the number and dollar amount of unfunded qualified investment commitments. In order to be included, an unfunded commitment must be legally binding and tracked and recorded by the bank's financial reporting system.

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

**Table 15. Distribution of Branch Delivery System and Branch Openings/Closings** - Compares the percentage distribution of the number of the bank's branches in low-, moderate-, middle-, and upper-income geographies to the percentage of the population within each geography in each MA/AA. The table also presents data on branch openings and closings in each MA/AA.

Institution ID: AUSTIN BANK TEXAS, NA 5581

**Table 1. Lending Volume**

LENDING VOLUME		Geography: AUSTIN BANK						Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2013				
Assessment Area (2013):	% of Rated Area Loans (#) in MA/AA	Home Mortgage		Small Loans to Businesses		Small Loans to Farms		Community Development Loans **		Total Reported Loans		% of Rated Area Deposits in MA/AA ***
		#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$(000's)	
<b>Full Review:</b>												
Anderson-Cherokee-Henderson-Nacogdoches-Panola-Shelby	43.74	718	81,593	1,004	45,325	432	13,715	12	3,456	2,166	144,089	35.78
Longview AA	19.60	382	46,812	521	52,463	51	1,632	17	4,480	971	105,387	29.35
Tyler MSA	23.91	499	64,983	618	41,035	59	2,504	8	812	1,184	109,334	24.64
<b>Limited Review:</b>												
Harrison AA	3.86	111	16,601	76	8,148	4	309	0	0	191	25,058	1.38
Rains-Van Zandt	8.89	93	8,342	194	8,296	153	3,725	0	0	440	20,363	8.85

\* Loan Data as of December 31, 2013. Rated area refers to either state or multi-state MA rating area.

\*\* The evaluation period for Community Development Loans is from January 01, 2012 to December 31, 2013.

\*\*\* Deposit Data as of June 06, 2014. Rated Area refers to either the state, multi-state MA, or institution, as appropriate.

Institution ID: AUSTIN BANK TEXAS, NA 5581

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

Geographic Distribution: HOME PURCHASE 2013		Geography: AUSTIN BANK						Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31,							
Assessment Area:	Total Home Purchase Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography				
	#	% of Total**	% Owner Occ Units***	% BANK Loans****	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	Over all	Low	Mod	Mid	Upp
<b>Full Review:</b>															
Anderson-Cherokee-Henderson-Nacogdoches-Panola-Shelby	440	39.68	1.40	2.27	9.46	10.45	71.10	75.23	18.04	12.05	7.53	13.33	9.00	8.23	3.97
Longview AA	235	21.19	0.92	0.00	12.48	8.09	65.98	67.66	20.63	24.26	3.82	0.00	2.83	4.29	3.17
Tyler MSA	312	28.13	1.20	1.28	21.75	22.12	42.20	37.18	34.85	39.42	3.80	20.00	6.81	3.68	2.96
<b>Limited Review:</b>															
Harrison AA	74	6.67	0.00	0.00	12.39	14.86	33.21	20.27	54.40	64.86	4.74	0.00	7.58	4.00	4.64
Rains-Van Zandt	48	4.33	0.00	0.00	0.00	0.00	91.06	100.00	8.94	0.00	3.74	0.00	0.00	4.05	0.00

\* Based on 2012 Peer Mortgage Data (USPR)

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

\*\*\* Percentage of Owner Occupied Units is the number of owner occupied units in a particular geography divided by the number of owner occupied housing units in the area based on 2010 Census information.

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

Institution ID: AUSTIN BANK TEXAS, NA 5581

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

Geographic Distribution: HOME IMPROVEMENT 2013		Geography: AUSTIN BANK								Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31,					
Assessment Area:	Total Home Improvement Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography				
	#	% of Total**	% Owner Occ Units***	% BANK Loans****	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	Overall	Low	Mod	Mid	Upp
<b>Full Review:</b>															
Anderson-Cherokee-Henderson-Nacogdoches-Panola-Shelby	80	40.61	1.40	0.00	9.46	10.00	71.10	83.75	18.04	6.25	8.58	0.00	7.41	10.80	2.22
Longview AA	42	21.32	0.92	0.00	12.48	14.29	65.98	71.43	20.63	14.29	2.72	0.00	5.00	2.39	2.67
Tyler MSA	46	23.35	1.20	2.17	21.75	30.43	42.20	36.96	34.85	30.43	4.95	0.00	15.15	3.97	3.31
<b>Limited Review:</b>															
Harrison AA	9	4.57	0.00	0.00	12.39	44.44	33.21	33.33	54.40	22.22	4.41	0.00	12.50	4.65	1.45
Rains-Van Zandt	20	10.15	0.00	0.00	0.00	0.00	91.06	100.00	8.94	0.00	10.00	0.00	0.00	11.11	0.00

\* Based on 2012 Peer Mortgage Data (USPR)

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

\*\*\* Percentage of Owner Occupied Units is the number of owner occupied units in a particular geography divided by the number of owner occupied housing units in the area based on 2010 Census information.

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

Institution ID: AUSTIN BANK TEXAS, NA 5581

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

Geographic Distribution: HOME MORTGAGE REFINANCE DECEMBER 31, 2013			Geography: AUSTIN BANK						Evaluation Period: JANUARY 1, 2012 TO						
Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography				
	#	% of Total**	% Owner Occ Units***	% BANK Loans****	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	Overall	Low	Mod	Mid	Upp
<b>Full Review:</b>															
Anderson-Cherokee-Henderson-Nacogdoches-Panola-Shelby	195	39.96	1.40	1.03	9.46	11.79	71.10	67.18	18.04	20.00	3.81	3.70	4.05	3.96	3.24
Longview AA	101	20.70	0.92	0.00	12.48	5.94	65.98	70.30	20.63	23.76	3.03	0.00	4.26	3.28	2.35
Tyler MSA	139	28.48	1.20	2.16	21.75	18.71	42.20	35.97	34.85	43.17	2.11	16.67	4.82	1.85	1.86
<b>Limited Review:</b>															
Harrison AA	28	5.74	0.00	0.00	12.39	14.29	33.21	21.43	54.40	64.29	2.61	0.00	6.52	2.86	2.10
Rains-Van Zandt	25	5.12	0.00	0.00	0.00	0.00	91.06	100.00	8.94	0.00	3.77	0.00	0.00	4.07	0.00

\* Based on 2012 Peer Mortgage Data (USPR)

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

\*\*\* Percentage of Owner Occupied Units is the number of owner occupied units in a particular geography divided by the number of owner occupied housing units in the area based on 2010 Census information.

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

Institution ID: AUSTIN BANK TEXAS, NA 5581

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

Geographic Distribution: MULTIFAMILY		Geography: AUSTIN BANK						Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2013							
Assessment Area:	Total Multifamily Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography				
	#	% of Total**	% of MF Units***	% BANK Loans****	% MF Units***	% BANK Loans	% MF Units***	% BANK Loans	% MF Units***	% BANK Loans	Overall	Low	Mod	Mid	Upp
<b>Full Review:</b>															
Anderson-Cherokee-Henderson-Nacogdoches-Panola-Shelby	3	33.33	5.03	0.00	25.55	66.67	57.20	33.33	12.23	0.00	18.18	0.00	20.00	20.00	0.00
Longview AA	4	44.44	1.20	0.00	24.01	25.00	54.51	50.00	20.28	25.00	16.67	0.00	33.33	33.33	0.00
Tyler MSA	2	22.22	8.79	100.00	24.01	0.00	37.46	0.00	29.74	0.00	7.69	50.00	0.00	0.00	0.00
<b>Limited Review:</b>															
Harrison AA	0	0.00	0.00	0.00	22.34	0.00	34.90	0.00	42.76	0.00	0.00	0.00	0.00	0.00	0.00
Rains-Van Zandt	0	0.00	0.00	0.00	0.00	0.00	100.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

\* Based on 2012 Peer Mortgage Data (USPR)

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

\*\*\* Percentage of Multi-Family Units is the number of multi-family units in a particular geography divided by the number of multifamily housing units in the area based on 2010 Census information.

\*\*\*\* Multifamily loan distribution includes Home Purchases, Home Improvement and Refinances.

Institution ID: AUSTIN BANK TEXAS, NA 5581

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

Geographic Distribution: SMALL LOANS TO BUSINESSES DECEMBER 31, 2013		Geography: AUSTIN BANK								Evaluation Period: JANUARY 1, 2012 TO					
Assessment Area:	Total Small Business Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography				
	#	% of Total**	% of Business***	% BANK Loans	% of Business***	% BANK Loans	% of Business***	% BANK Loans	% of Business***	% BANK Loans	Overall	Low	Mod	Mid	Upp
<b>Full Review:</b>															
Anderson-Cherokee-Henderson-Nacogdoches-Panola-Shelby	1,004	41.64	2.57	2.39	15.45	27.79	66.86	57.37	15.13	12.45	12.89	11.32	25.50	12.57	12.50
Longview AA	521	21.61	0.56	0.00	23.75	22.65	55.48	61.61	20.09	15.74	6.91	0.00	4.89	9.34	6.22
Tyler MSA	616	25.55	7.18	8.28	19.53	27.11	36.42	27.60	36.72	37.01	7.48	7.47	12.26	6.58	6.67
<b>Limited Review:</b>															
Harrison AA	76	3.15	0.00	0.00	22.60	5.26	30.16	26.32	47.24	68.42	3.81	0.00	1.57	4.26	4.90
Rains-Van Zandt	194	8.05	0.00	0.00	0.00	0.00	93.44	97.42	6.56	2.58	11.19	0.00	0.00	13.88	4.08

\* Based on 2012 Peer Small Business Data -- US and PR

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

\*\*\* Source Data - Dun and Bradstreet (2013).

Institution ID: AUSTIN BANK TEXAS, NA 5581

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

Geographic Distribution: SMALL LOANS TO FARMS DECEMBER 31, 2013		Geography: AUSTIN BANK								Evaluation Period: JANUARY 1, 2012 TO					
Assessment Area:	Total Small Farm Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography				
	#	% of Total**	% of Farms*	% BANK Loans	% of Farms**	% BANK Loans	% of Farms**	% BANK Loans	% of Farms**	% BANK Loans	Overall	Low	Mod	Mid	Upp
<b>Full Review:</b>															
Anderson-Cherokee-Henderson-Nacogdoches-Panola-Shelby	432	61.80	1.26	0.23	8.06	6.25	73.85	76.39	16.82	17.13	47.92	0.00	47.83	50.30	40.30
Longview AA	51	7.30	0.28	0.00	10.09	19.61	68.75	70.59	20.74	9.80	20.97	0.00	35.71	20.79	0.00
Tyler MSA	59	8.44	1.67	0.00	20.02	13.56	46.25	42.37	32.06	44.07	29.73	0.00	35.29	17.14	50.00
<b>Limited Review:</b>															
Harrison AA	4	0.57	0.00	0.00	6.95	0.00	37.97	100.00	55.08	0.00	3.03	0.00	0.00	7.69	0.00
Rains-Van Zandt	153	21.89	0.00	0.00	0.00	0.00	86.38	100.00	13.62	0.00	40.63	0.00	0.00	45.45	0.00

\* Based on 2012 Peer Small Business Data -- US and PR

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

\*\*\* Source Data - Dun and Bradstreet (2013).

Institution ID: AUSTIN BANK TEXAS, NA 5581

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

Borrower Distribution: HOME PURCHASE DECEMBER 31, 2013		Geography: AUSTIN BANK								Evaluation Period: JANUARY 1, 2012 TO					
Assessment Area:	Total Home Purchase Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Market Share <sup>*</sup>				
	#	% of Total <sup>**</sup>	% Families <sup>***</sup>	% BANK Loans <sup>***</sup>	% Families <sup>1</sup>	% BANK Loans <sup>**</sup>	% Families <sup>***</sup>	% BANK Loans <sup>****</sup>	% Families <sup>**</sup>	% BANK Loans <sup>****</sup>	Overall	Low	Mod	Mid	Upp
<b>Full Review:</b>															
Anderson-Cherokee-Henderson-Nacogdoches-Panola-Shelby	440	39.68	22.06	4.11	18.05	14.25	19.57	16.91	40.31	64.73	7.83	5.56	7.86	7.36	8.12
Longview AA	235	21.19	21.33	3.43	18.08	10.29	20.32	17.65	40.28	68.63	3.86	5.93	2.16	2.27	5.20
Tyler MSA	312	28.13	21.56	12.59	17.22	16.08	19.54	16.08	41.68	55.24	3.94	4.76	3.51	1.71	5.15
<b>Limited Review:</b>															
Harrison AA	74	6.67	19.19	1.45	15.02	13.04	18.07	10.14	47.72	75.36	4.68	0.00	3.51	3.07	5.51
Rains-Van Zandt	48	4.33	16.70	6.25	18.17	16.67	23.27	14.58	41.86	62.50	4.28	7.14	6.90	1.65	4.82

<sup>\*</sup> Based on 2012 Peer Mortgage Data (USPR)

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

<sup>\*\*\*</sup> Percentage of Families is based on the 2010 Census information.

<sup>\*\*\*\*</sup> As a percentage of loans with borrower income information available. No information was available for 7.9% of loans originated and purchased by bank.

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

Institution ID: AUSTIN BANK TEXAS, NA 5581

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

Borrower Distribution: HOME IMPROVEMENT DECEMBER 31, 2013		Geography: AUSTIN BANK								Evaluation Period: JANUARY 1, 2012 TO					
Assessment Area:	Total Home Improvement Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Market Share				
	#	% of Total**	% Families***	% BANK Loans**	% Families <sup>2</sup>	% BANK Loans*** <sup>*</sup>	% Families***	% BANK Loans*** <sup>*</sup>	% Families***	% BANK Loans*** <sup>*</sup>	Overall	Low	Mod	Mid	Upp
<b>Full Review:</b>															
Anderson-Cherokee-Henderson-Nacogdoches-Panola-Shelby	80	40.61	22.06	4.29	18.05	8.57	19.57	8.57	40.31	78.57	7.46	5.26	2.86	2.56	10.37
Longview AA	42	21.32	21.33	4.76	18.08	7.14	20.32	21.43	40.28	66.67	2.84	0.00	1.05	5.50	3.02
Tyler MSA	46	23.35	21.56	19.05	17.22	28.57	19.54	7.14	41.68	45.24	3.77	6.25	6.06	5.17	2.53
<b>Limited Review:</b>															
Harrison AA	9	4.57	19.19	11.11	15.02	11.11	18.07	22.22	47.72	55.56	4.55	10.00	0.00	7.41	3.53
Rains-Van Zandt	20	10.15	16.70	10.00	18.17	15.00	23.27	15.00	41.86	60.00	10.20	0.00	14.29	14.29	10.00

\* Based on 2012 Peer Mortgage Data (USPR)

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

\*\*\* Percentage of Families is based on the 2010 Census information.

\*\*\*\* As a percentage of loans with borrower income information available. No information was available for 7.1% of loans originated and purchased by bank.

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

Institution ID: AUSTIN BANK TEXAS, NA 5581

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

Borrower Distribution: HOME MORTGAGE REFINANCE DECEMBER 31, 2013		Geography: AUSTIN BANK						Evaluation Period: JANUARY 1, 2012 TO							
Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Market Share <sup>*</sup>				
	#	% of Total <sup>**</sup>	% Families <sup>***</sup>	% BANK Loans <sup>****</sup>	% Families <sup>3</sup>	% BANK Loans <sup>****</sup>	% Families <sup>*</sup> **	% BANK Loans <sup>****</sup>	% Families <sup>*</sup> **	% BANK Loans <sup>****</sup> *	Overall	Low	Mod	Mid	Upp
<b>Full Review:</b>															
Anderson-Cherokee-Henderson-Nacogdoches-Panola-Shelby	195	39.96	22.06	2.20	18.05	9.89	19.57	19.78	40.31	68.13	4.15	2.22	5.59	5.40	3.84
Longview AA	101	20.70	21.33	2.02	18.08	18.18	20.32	21.21	40.28	58.59	3.58	2.53	5.31	2.81	3.54
Tyler MSA	139	28.48	21.56	5.56	17.22	11.90	19.54	23.02	41.68	59.52	2.29	1.92	3.23	1.84	2.32
<b>Limited Review:</b>															
Harrison AA	28	5.74	19.19	0.00	15.02	0.00	18.07	14.29	47.72	85.71	3.07	0.00	0.00	1.23	3.94
Rains-Van Zandt	25	5.12	16.70	0.00	18.17	0.00	23.27	16.00	41.86	84.00	4.58	0.00	0.00	2.22	5.99

<sup>\*</sup> Based on 2012 Peer Mortgage Data (USPR)

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

<sup>\*\*\*</sup> Percentage of Families is based on the 2010 Census information.

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

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

Institution ID: AUSTIN BANK TEXAS, NA 5581

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

Borrower Distribution: SMALL LOANS TO BUSINESSES DECEMBER 31, 2013		Geography: AUSTIN BANK			Evaluation Period: JANUARY 1, 2012 TO				
Assessment Area:	Total Small Loans to Businesses		Businesses With Revenues of \$1 million or less		Loans by Original Amount Regardless of Business Size			Market Share	
	#	% of Total**	% of Businesses***	% BANK Loans****	\$100,000 or less	>\$100,000 to \$250,000	>\$250,000 to \$1,000,000	All	Rev\$ 1 Million or Less
<b>Full Review:</b>									
Anderson-Cherokee-Henderson-Nacogdoches-Panola-Shelby	1,004	41.61	74.08	77.89	91.33	5.08	3.59	12.89	25.11
Longview AA	521	21.59	72.42	66.79	76.78	12.67	10.56	6.91	12.37
Tyler MSA	618	25.61	73.83	73.62	85.92	9.06	5.02	7.48	13.44
<b>Limited Review:</b>									
Harrison AA	76	3.15	73.22	60.53	75.00	13.16	11.84	3.81	6.58
Rains-Van Zandt	194	8.04	75.50	88.66	94.33	2.58	3.09	11.19	24.38

\* Based on 2012 Peer Small Business Data -- US and PR

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

\*\*\* Businesses with revenues of \$1 million or less as a percentage of all businesses (Source D&B - 2013).

\*\*\*\* Small loans to businesses with revenues of \$1 million or less as a percentage of all loans reported as small loans to businesses. No information was available for 0.04% of small loans to businesses originated and purchased by the bank.

Institution ID: AUSTIN BANK TEXAS, NA 5581

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

Borrower Distribution: SMALL LOANS TO FARMS DECEMBER 31, 2013		Geography: AUSTIN BANK			Evaluation Period: JANUARY 1, 2012 TO				
Assessment Area:	Total Small Loans to Farms		Farms With Revenues of \$1 million or less		Loans by Original Amount Regardless of Farm Size			Market Share <sup>*</sup>	
	#	% of Total <sup>**</sup>	% of Farms <sup>***</sup>	% BANK Loans <sup>****</sup>	\$100,000 or less	>\$100,000 to \$250,000	>\$250,000 to \$500,000	All	Rev\$ 1 Million or Less
<b>Full Review:</b>									
Anderson-Cherokee-Henderson-Nacogdoches-Panola-Shelby	432	61.80	97.71	97.92	94.68	4.40	0.93	47.92	55.92
Longview AA	51	7.30	98.44	94.12	94.12	5.88	0.00	20.97	23.53
Tyler MSA	59	8.44	97.50	96.61	86.44	11.86	1.69	29.73	37.04
<b>Limited Review:</b>									
Harrison AA	4	0.57	100.00	100.00	75.00	25.00	0.00	3.03	4.76
Rains-Van Zandt	153	21.89	98.14	96.73	97.39	1.96	0.65	40.63	56.76

<sup>\*</sup> Based on 2012 Peer Small Business Data -- US and PR

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

<sup>\*\*\*</sup> Farms with revenues of \$1 million or less as a percentage of all farms (Source D&B - 2013).

<sup>\*\*\*\*</sup> Small loans to farms with revenues of \$1 million or less as a percentage of all loans reported as small loans to farms. No information was available for 0.29% of small loans to farms originated and purchased by the bank.

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Table 14. Qualified Investments

Table 14. Qualified Investments

QUALIFIED INVESTMENTS		Geography: AUSTIN BANK				Evaluation Period: October 31, 2011 to April 21, 2014			
MA/Assessment Area:	Prior Period Investments*		Current Period Investments		Total Investments			Unfunded Commitments**	
	#	\$(000's)	#	\$(000's)	#	\$(000's)	% of Total	#	\$(000's)
<b>Full Review:</b>									
Cherokee	7	\$1,322	65	\$9,029	25	\$10,351	43.02%	0	0
Tyler	1	\$83	33	\$10,676	1	\$10,759	44.72%	0	0
Longview	1	\$66	21	\$1,822	3	\$1,888	7.85%	0	0
<b>Limited Review:</b>									
Rains / Van Zandt	1	\$167	4	\$2	0	\$169	0.70%	0	0
Harrison	0	\$0	6	\$892	3	\$892	3.71%	0	0

\* 'Prior Period Investments' means investments made in a previous evaluation period that are outstanding as of the examination date. Austin Bank was evaluated under the Intermediate Small Bank CRA procedures in the previous evaluation, which did not include an investment test.

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

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

DISTRIBUTION OF BRANCH DELIVERY SYSTEM AND BRANCH OPENINGS/CLOSINGS								Geography: AUSTIN BANK				Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2013					
MA/Assessment Area:	Deposits	Branches				Branch Openings/Closings				Population							
	% of Rated Area Deposits in AA	# of BANK Branches	% of Rated Area Branches in AA	Location of Branches by Income of Geographies (%)				# of Branch Openings	# of Branch Closings	Net change in Location of Branches (+ or -)				% of Population within Each Geography			
				Low	Mod	Mid	Upp			Low	Mod	Mid	Upp	Low	Mod	Mid	Upp
<b>Full Review:</b>																	
Anderson-Cherokee-Henderson-Nacogdoches-Panola-Shelby	35.78	8	25.81	0.00	12.50	75.00	12.50	0	0	0	0	0	0	2.39	13.41	65.34	18.86
Longview AA	29.35	9	29.03	0.00	11.11	44.44	44.44	0	0	0	0	0	0	1.41	18.19	62.24	18.15
Tyler MSA	24.64	10	32.25	20.00	20.00	10.00	50.00	0	0	0	0	0	0	3.33	26.76	39.09	30.82
<b>Limited Review:</b>																	
Harrison AA	1.38	1	3.23	0.00	0.00	0.00	100.00	0	0	0	0	0	0	0.00	16.01	32.63	51.36
Rains-Van Zandt	8.85	3	9.68	0.00	0.00	100.00	0.00	0	0	0	0	0	0	0.00	0.00	92.31	7.69

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**Distribution of Branch and ATM Delivery System**

Distribution of Branch and ATM Delivery System DECEMBER 31, 2013				Geography: AUSTIN BANK				Evaluation Period: JANUARY 1, 2012 TO									
MA/Assessment Area:	Deposits	Branches						ATMs						Population			
	% of Total Bank Deposits	# of Bank Branches	% of Total Bank Branches	Location of Branches by Income of Geographies (%)				#of Bank ATMs	% of Total Bank ATMs	Location of ATMs by Income of Geographies				% of Population within Each Geography			
				Low	Mod	Mid	Upp			Low	Mod	Mid	Upp	Low	Mod	Mid	Upp
<b>Full Review:</b>																	
Anderson-Cherokee-Henderson-Nacogdoches-Panola-Shelby	35.78	8	25.81	0.00	12.50	75.00	12.50	8	27.59	0.00	12.50	75.00	12.50	2.39	13.41	65.34	18.86
Longview AA	29.35	9	29.03	0.00	11.11	44.44	44.44	9	31.03	0.00	11.11	44.44	44.44	1.41	18.19	62.24	18.15
Tyler MSA	24.64	10	32.25	20.00	20.00	10.00	50.00	9	27.59	22.22	22.22	11.11	44.44	3.33	26.76	39.09	30.82
<b>Limited Review:</b>																	
Harrison AA	1.38	1	3.23	0.00	0.00	0.00	100.00	1	3.45	0.00	0.00	0.00	100.00	0.00	16.01	32.63	51.36
Rains-Van Zandt	8.85	3	9.68	0.00	0.00	0.00	100.00	3	10.34	0.00	0.00	0.00	100.00	0.00	0.00	92.31	7.69

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**Anderson-Cherokee-Henderson-Nacogdoches-Panola-Shelby**

Demographic Information for Full Scope Area: Anderson-Cherokee-Henderson-Nacogdoches-Panola-Shelby						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	65	3.08	15.38	63.08	18.46	0.00
Population by Geography	301,603	2.39	13.41	65.34	18.86	0.00
Owner-Occupied Housing by Geography	76,056	1.40	9.46	71.10	18.04	0.00
Business by Geography	21,932	2.57	15.45	66.86	15.13	0.00
Farms by Geography	1,266	1.26	8.06	73.85	16.82	0.00
Family Distribution by Income Level	72,528	22.06	18.05	19.57	40.31	0.00
Distribution of Low and Moderate Income Families throughout AA Geographies	29,096	4.86	17.72	65.14	12.27	0.00
Median Family Income		48,160	Median Housing Value		82,155	
HUD Adjusted Median Family Income for 2013		50,500	Unemployment Rate (2010 US Census)		3.01%	
Households Below Poverty Level		20%				

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

Source: 2010 US Census and 2013 HUD updated MFI

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**Tyler MSA**

Demographic Information for Full Scope Area: Tyler MSA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	41	4.88	29.27	34.15	29.27	2.44
Population by Geography	209,714	3.33	26.76	39.09	30.82	0.00
Owner-Occupied Housing by Geography	53,032	1.20	21.75	42.20	34.85	0.00
Business by Geography	20,242	7.18	19.53	36.42	36.72	0.15
Farms by Geography	839	1.67	20.02	46.25	32.06	0.00
Family Distribution by Income Level	53,113	21.56	17.22	19.54	41.68	0.00
Distribution of Low and Moderate Income Families throughout AA Geographies	20,598	4.99	38.12	37.21	19.68	0.00
Median Family Income		57,225	Median Housing Value		123,758	
HUD Adjusted Median Family Income for 2013		64,200	Unemployment Rate (2010 US Census)		3.49%	
Households Below Poverty Level		15%				

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

Source: 2010 US Census and 2013 HUD updated MFI

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**Rains-Van Zandt**

Demographic Information for Limited Scope Area: Rains-Van Zandt						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	12	0.00	0.00	91.67	8.33	0.00
Population by Geography	63,493	0.00	0.00	92.31	7.69	0.00
Owner-Occupied Housing by Geography	18,659	0.00	0.00	91.06	8.94	0.00
Business by Geography	4,666	0.00	0.00	93.44	6.56	0.00
Farms by Geography	323	0.00	0.00	86.38	13.62	0.00
Family Distribution by Income Level	16,954	16.70	18.17	23.27	41.86	0.00
Distribution of Low and Moderate Income Families throughout AA Geographies	5,912	0.00	0.00	92.27	7.73	0.00
Median Family Income		48,160	Median Housing Value		95,808	
HUD Adjusted Median Family Income for 2013		50,500	Unemployment Rate (2010 US Census)		3.03%	
Households Below Poverty Level		14%				

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

Source: 2010 US Census and 2013 HUD updated MFI

**Institution ID: AUSTIN BANK TEXAS, NA 5581**

**Longview AA**

Demographic Information for Full Scope Area: Longview AA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	45	2.22	20.00	60.00	15.56	2.22
Population by Geography	214,369	1.41	18.19	62.24	18.15	0.00
Owner-Occupied Housing by Geography	53,947	0.92	12.48	65.98	20.63	0.00
Business by Geography	18,908	0.56	23.75	55.48	20.09	0.11
Farms by Geography	704	0.28	10.09	68.75	20.74	0.14
Family Distribution by Income Level	54,663	21.33	18.08	20.32	40.28	0.00
Distribution of Low and Moderate Income Families throughout AA Geographies	21,539	2.11	22.87	60.90	14.12	0.00
Median Family Income		54,648	Median Housing Value		100,380	
HUD Adjusted Median Family Income for 2013		54,200	Unemployment Rate (2010 US Census)		3.18%	
Households Below Poverty Level		14%				

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

Source: 2010 US Census and 2013 HUD updated MFI

Institution ID: AUSTIN BANK TEXAS, NA 5581

**Harrison AA**

Demographic Information for Limited Scope Area: Harrison AA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	14	0.00	21.43	28.57	50.00	0.00
Population by Geography	65,631	0.00	16.01	32.63	51.36	0.00
Owner-Occupied Housing by Geography	17,186	0.00	12.39	33.21	54.40	0.00
Business by Geography	5,318	0.00	22.60	30.16	47.24	0.00
Farms by Geography	187	0.00	6.95	37.97	55.08	0.00
Family Distribution by Income Level	16,583	19.19	15.02	18.07	47.72	0.00
Distribution of Low and Moderate Income Families throughout AA Geographies	5,673	0.00	26.05	35.78	38.16	0.00
Median Family Income		48,160	Median Housing Value		94,926	
HUD Adjusted Median Family Income for 2013		50,500	Unemployment Rate (2010 US Census)		3.70%	
Households Below Poverty Level		14%				

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

Source: 2010 US Census and 2013 HUD updated MFI

