



PUBLIC DISCLOSURE

June 4, 2018

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

The Yoakum National Bank
Charter Number 8694

301 W. Grand Ave
Yoakum, TX 77995

Office of the Comptroller of the Currency

San Antonio Field Office
10001 Reunion Place, Suite 250
San Antonio, TX 78216-4133

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

The Lending Test is rated: Outstanding.

The Community Development Test is rated: Outstanding.

The Yoakum National Bank (YNB) has an **outstanding** record of meeting community credit needs. The rating is based on the following findings:

- YNB's quarterly average loan-to-deposit (LTD) ratio is reasonable given the bank's size, financial condition, and credit needs in the assessment areas (AAs).
- The bank originated a substantial majority of its loans inside its AAs.
- The distribution of loans reflects excellent penetration to borrowers of different income levels and to businesses of different sizes.
- The geographic distribution of loans reflects excellent dispersion.
- Community development (CD) performance demonstrates excellent responsiveness to CD needs in the AA.

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 generally have a population between 1,200 and 8,000 people, with an optimal size of 4,000 people. 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 Small Business Administration Development Company or Small Business Investment Company programs size eligibility standards or have gross annual revenues of \$1 million or less; activities that revitalize or stabilize low- or moderate-income geographies, distressed or underserved nonmetropolitan middle-income geographies, or designated disaster areas; or loans, investments, and services that support, enable or facilitate projects or activities under HUD Neighborhood Stabilization Program criteria that benefit low-, moderate-, and middle-income individuals and geographies in the bank's assessment area(s) or outside the assessment area(s) provided the bank has adequately addressed the community development needs of its assessment area(s).

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 conduct business or have banking offices in a metropolitan statistical area to file annual summary reports of their mortgage lending activity. The reports include such data as the race, gender, and the income of applicants, the amount of loan requested, the disposition of the application (e.g., approved, denied, and withdrawn, 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 five years and used to determine the income level category of geographies. Also, the median income determined by the Federal Financial Institutions Examination Council (FFIEC) annually that is used to determine the income level category of individuals. For any given area, the median is the point at which half of the families have income above 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 Core Based Statistical Area that contains an urbanized population of at least 2.5 million. A Metropolitan Division consists of one or more main/secondary counties that represent an employment center or centers, plus adjacent counties associated with the main/secondary county or counties through commuting ties.

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

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

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

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

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) 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

YNB, a full-service community bank headquartered in Yoakum, Texas, was chartered in 1890, and is a wholly owned subsidiary of Yoakum National Bank Shares, Inc., a one-bank holding company. As of December 31, 2017, YNB reported total assets of \$218 million and tier one capital of \$30 million, representing 13 percent of total assets.

YNB has one office located in Yoakum, Texas. The location includes a walk-in teller lobby, a drive-up motor bank, and an automated teller machine (ATM). There is one additional ATM located in Yoakum. YNB has not closed or opened any offices since the previous CRA examination in 2012. There have been no changes to YNB’s corporate structure.

In addition to a full range of consumer and commercial banking products and services, the bank offers Online Banking through their website, www.yoakumnationalbank.com. The website lets customers obtain up to the minute account activity, transfer funds between accounts, pay bills, receive E-statements, and perform direct deposit. Customers also have the option of mobile banking with a personal smartphone device allowing customers the ability to check account balances, transfer funds between accounts, and make payments. The bank also offers 24-hour telephone access.

As of December 31, 2017, net loans totaled \$87 million and represented 46 percent of total deposits and 40 percent of assets. The loan portfolio was comprised primarily of commercial and residential real estate loans. The following table reflects the loan portfolio composition by loan type.

Loan Portfolio Composition as of December 31, 2017		
Loan Type	Volume (\$000)	% of Total Loans
Commercial Loans	20,384	23%
Residential Real Estate Loans	40,805	47%
Agricultural Loans	14,072	16%
Consumer Installment Loans	11,787	14%
Total Loans:	87,048	100%

Source: December 31, 2017 Call Report

YNB faces strong competition from other local, regional, and national financial institutions in its AA. Primary competitors include Wells Fargo, First National Bank of Shiner, First National Bank of Beeville, First State Bank of Yoakum, and Prosperity Bank. The June 30, 2017 FDIC market share report reflects 11 institutions that operate 21 offices in the AA. YNB ranks fourth with a deposit market share of 10 percent.

Based on its financial condition, the local economy, product offering, and competition, YNB has the ability to meet the various credit needs in its community. No legal impediments or other factors hinder its ability to meet the credit needs of its AA. The previous CRA examination, dated November 19, 2012, rated YNB “Outstanding” under the Small Bank CRA examination criteria.

Scope of the Evaluation

Evaluation Period/Products Evaluated

This Performance Evaluation assesses the bank's performance using interagency Small Bank CRA examination procedures. Procedures include a lending test that evaluates the bank's record of meeting AA credit needs through lending activities. Evaluating CD activities is optional under the Small Bank CRA procedures; however, at management's request, the OCC performed a CD test. The CD test evaluates the bank's responsiveness to identified needs in its AA through its CD lending, qualified investments, and CD services.

The evaluation period for this CRA examination is from November 19, 2012, the date of the last examination, through June 4, 2018, the date of the current examination. The evaluation period uses 2015 U.S. Census data in the analysis.

The table below shows the breakdown of all loans that YNB originated over the evaluation period. The primary products are residential real estate, commercial, consumer, and agricultural loans. A sample of 20 loans from each product were tested. The most emphasis was placed on residential real estate loans due to dollar volume and on consumer loans due to the number of originations.

Loan Originations and Purchases By Loan Type During the Evaluation Period		
Loan Type	% by Dollar of Loans	% by Number of Loans
Residential Real Estate Loans	54%	17%
Commercial Loans	20%	14%
Consumer Installment Loans	14%	56%
Agricultural Loans	11%	14%
Total	100%	100%

Source: Internal bank reports.

Data Integrity

The bank does not report HMDA data, so the OCC did not perform a HMDA data integrity review. The OCC validated data integrity through analysis of the loan files as a part of the loan review. No issues were identified and the bank's data was found to be reliable.

Selection of Areas for Full-Scope Review

YNB has designated DeWitt and Lavaca counties as its AA (DeWitt-Lavaca Non-MSA AA). The AA meets regulatory requirements, as it consists of whole geographies and does not reflect illegal discrimination or arbitrarily exclude any low- or moderate-income geographies. The OCC performed a full-scope review of the AA. Please refer to the table in **Appendix A** for more information.

Ratings

The bank's overall rating is based on lending performance in the AA. The residential real estate portfolio, 54 percent of dollar volume, and consumer lending portfolio, 56 percent of originations, were weighted more heavily in the Lending Test rating. The OCC reviewed CD activities to determine if the activities were responsive to AA needs and if they enhanced credit availability in the AA.

Discriminatory or Other Illegal Credit Practices Review

Pursuant to 12 CFR 25.28(c) or 195.28(c), respectively, in determining a national bank's or federal savings association's (collectively, bank) CRA rating, the OCC considers evidence of discriminatory or other illegal credit practices in any geography by the bank, or in any assessment area by an affiliate whose loans have been considered as part of the bank's lending performance. As part of this evaluation process, the OCC consults with other federal agencies with responsibility for compliance with the relevant laws and regulations, including the U.S. Department of Justice, the U.S. Department of Housing and Urban Development, and the Bureau of Consumer Financial Protection, as applicable.

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

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

Conclusions with Respect to Performance Tests

LENDING TEST

YNB's performance under the lending test is **outstanding** and management has been successful in meeting the credit needs of its AA. YNB has demonstrated outstanding performance based on its reasonable average quarterly LTD ratio, the substantial majority of loans originated inside the AA, excellent lending penetration to borrowers of various income levels and to businesses of different sizes, and excellent lending dispersion to low- and moderate-income geographies.

Loan-to-Deposit Ratio

The quarterly average LTD ratio is reasonable and reflects satisfactory performance given the bank's capacity to lend, market competition, local demographic and economic factors, and lending opportunities available in the AAs. The bank's average quarterly LTD ratio for the 22 quarters in the evaluation period was 41 percent and ranged from a low of 35 percent as of March 31, 2014 to a high of 46 percent as of June 30, 2017.

To assess YNB's performance, examiners compared its average quarterly LTD ratio to three similarly situated community banks with total assets ranging from \$196 million to \$700 million. YNB's average quarterly LTD ratio exceeded the peer group during the evaluation period. The peer group average quarterly LTD was 30 percent ranging from a low of 15 percent to a high of 49 percent. Please note banks in the following table are listed by LTD ratio, but no ranking is intended or implied. In addition, LTD ratios are calculated on a bank-wide basis.

The First National Bank of Shiner is included because they have the largest market share of deposits at 23 percent; however, they are a much larger institution and have a total of five branches. First State Bank of Yoakum provides the strongest local competition as the branch is located across the street from YNB; however, they also have two other locations. Peoples State Bank of Hallettsville has one location, and YNB has a substantially higher average LTD ratio.

Loan-to-Deposit Ratio		
Institution	March 31, 2018 Total Assets (\$000s)	Average Quarterly LTD Ratio
First State Bank	195,756	49%
The Yoakum National Bank	217,751	41%
Peoples State Bank of Hallettsville	272,597	26%
The First National Bank of Shiner	700,087	15%

Source: Institution Reports of Condition from December 2012 to March 2018

Lending in Assessment Area

YNB originated a substantial majority of loans, by number and dollar volume, inside its AA exhibiting outstanding performance. As the following table shows, 85 percent by number and 78 percent by dollar volume of the loans sampled originated inside the AA. Random sampling included one large agricultural loan located outside the AA. This caused the dollar volume of agricultural loans inside the AA to be low. Excluding this loan increases the dollar volume of agricultural loans inside the AA to 73 percent.

Lending in the Assessment Areas										
Loan Type	Number of Loans					Dollars of Loans				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$000s	%	\$000s	%	
Residential	17	85	3	15	100	1,449	77	433	23	100
Commercial	18	90	2	10	100	846	96	30	4	100
Agricultural	15	75	5	25	100	278	48	300	52	100
Consumer	18	90	2	10	100	221	86	37	14	100
Totals:	68	85	12	15	100	2,794	78	800	22	100

Source: Residential, Consumer, Commercial, and Agricultural loan samples

Lending to Borrowers of Different Incomes and to Businesses of Different Sizes

The distribution of loans to borrowers of different income levels and businesses of different sizes reflects excellent penetration and meets the standards for outstanding performance.

Residential Loans

The distribution of residential loans to low-income borrowers is lower than the comparative demographic; however, the distribution of loans to moderate-income borrowers is comparable to demographics and reflects reasonable penetration. Demographic data shows that 14 percent of households live at or below the poverty level which may make it more challenging for individuals in the area to qualify for a home loan. The weighted median average price of a house is \$116 thousand.

The following table shows the distribution of home loans among borrowers of different income levels compared to the percent of families in each income category.

Borrower Distribution of Residential Real Estate Loans in the DeWitt-Lavaca Counties Assessment Area								
Borrower Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Families	% of Number of Loans						
Residential Loans	17	5	16	15	19	20	48	60

Sources: Loan Sample; ACS U.S. 2015 Census data.

Commercial Loans

The distribution of sampled commercial loans reflects excellent penetration to small businesses, defined as businesses with gross annual revenues of \$1 million dollars or less. YNB's pattern of lending to small businesses is outstanding when compared to the percentage of small businesses in the AA. The following table shows the distribution of commercial loans among different sized businesses in the AA.

Borrower Distribution of Loans to Businesses in the DeWitt-Lavaca Counties Assessment Area				
Business Revenues (or Sales)	≤\$1,000,000	>\$1,000,000	Unavailable/ Unknown	Total
% of AA Businesses	82%	6%	12%	100%
% of Bank Loans in AA by #	85%	15%	0%	100%
% of Bank Loans in AA by \$	85%	15%	0%	100%

Source: Loan sample; 2017 Dunn and Bradstreet data

Agricultural Loans

The distribution of sampled agricultural loans reflects excellent penetration to small farms, defined as farms with gross annual revenues of \$1 million dollars or less. YNB's pattern of lending to small farms is outstanding when compared to the percentage of farms in the AA. The following table shows the distribution of agricultural loans among different sized farms in the AA.

Borrower Distribution of Loans to Farms in the DeWitt-Lavaca Counties Assessment Area				
Business Revenues (or Sales)	≤\$1,000,000	>\$1,000,000	Unavailable/ Unknown	Total
% of AA Farms	99%	1%	0%	100%
% of Bank Loans in AA by #	100%	0%	0%	100%
% of Bank Loans in AA by \$	100%	0%	0%	100%

Consumer Loans

The distribution of consumer loans to borrowers of different income levels reflects excellent penetration to low- and moderate-income borrowers. The bank’s performance exceeds comparable AA demographics for both low- and moderate-income households as reflected in the table below.

Borrower Distribution of Consumer Loans in the DeWitt-Lavaca Counties Assessment Area								
Borrower Income Level	Low		Moderate		Middle		Upper	
	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans
Consumer Loans	22%	40%	14%	30%	15%	10%	49%	20%

Source: Loan sample; 2015 ACS U.S. Census data.

Geographic Distribution of Loans

YNB’s geographic distribution of loans reflects excellent dispersion and outstanding performance in its AA given the bank’s size, primary loan products, and demographics. Geographic dispersion of residential and consumer loans is excellent. Residential and consumer loans were given the most weight as they are the largest portfolios by size and originations, respectively. Geographic distribution of agricultural loans is reasonable, and dispersion of loans to businesses is poor. Poor dispersion of commercial loans is mitigated by the fact that there has not been significant commercial loan demand in moderate-income CTs.

Residential Loans

The geographic distribution of residential real estate loans reflects excellent dispersion. YNB’s lending in the moderate-income census tracts is comparable to demographics. The following table reflects the distribution of residential loans in the AA.

Geographic Distribution of Residential Real Estate Loans in the DeWitt-Lavaca Counties Assessment Area								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan type	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans
Residential Real Estate	0%	0%	15%	15%	28%	70%	57%	15%

Sources: Loan Sample; ACS U.S. 2015 Census data.

Commercial Loans

The geographic distribution of commercial loans reflects poor dispersion. As reflected in the following table, the percentage of loans to businesses in the moderate-income CT is well below the number of business in moderate-income CTs and needs to improve. However, poor dispersion of commercial loans is mitigated by the fact that there has not been significant commercial loan demand in moderate-income CTs.

Geographic Distribution of Loans to Businesses in the DeWitt-Lavaca Counties Assessment Area								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Businesses	% of Number of Loans						
Businesses	0%	0%	16%	5%	29%	72%	55%	23%

Source: Loan sample, 2017 Dunn and Bradstreet data

Agricultural Loans

The geographic distribution of agricultural loans reflects reasonable dispersion. As reflected in the following table, the percentage of loans to farms in the moderate-income CTs is slightly below the number of farms in moderate-income CTs. This represents satisfactory performance.

Geographic Distribution of Loans to Farms in the DeWitt-Lavaca Counties Assessment Area								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Farms	% of Number of Loans						
Farms	0%	0%	7%	5%	28%	65%	65%	30%

Source: Loan sample, 2017 D&B Business Demographic Data

Consumer Loans

The geographic distribution of consumer loans reflects outstanding dispersion. As reflected in the following table, the percentages of consumer loans in the moderate-income CTs exceeds the percentages of households in these tracts.

Geographic Distribution of Consumer Loans in the DeWitt-Lavaca Counties Assessment Area								
Census Tract Income Level	Low		Moderate		Middle		Upper	
	% of AA Households	% of Number of Loans						
Consumer Loans	0%	0%	17%	30%	27%	40%	55%	30%

Source: Loan sample; 2015 ACS U.S. Census data.

Responses to Complaints

YNB did not receive any complaints related to its CRA performance during the evaluation period. This has a neutral impact on the bank’s overall performance.

Qualified Investments and CD Services (Optional)

YNB demonstrated excellent responsiveness to CD needs in its AA through CD investments and services. YNB purchased qualified investments totaling \$2.3 million inside of its AA. While the investments are not innovative or complex, the investments helped the school district construct, renovate, and equip school buildings, and helped construct and equip the Yoakum County Nursing Home. The school district contains a moderate income CT and the nursing home is located on the border of a moderate income CT.

YNB also made qualified investments totaling \$6.2 million in distressed or underserved areas in the state of Texas. The investments helped renovate streets and alleys, improved water and sewer systems, and renovated school buildings.

YNB provided a satisfactory amount of CD services in its AA during the evaluation period. The bank provides financial literacy information to elementary and high school students. The bank mascot, Money Mouse, visits the elementary schools to discuss savings accounts and the benefits of saving. Additionally, management offers a young adult financial education seminar. Officers of the bank are a part of community development programs outside of the bank such the Future Farmers of America or the Salvation Army.

Appendix A: Scope of Examination

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

Time Period Reviewed	Lending Test (excludes CD loans): 01/01/2015 to 12/31/2017 Investment, Service Tests and CD Loans: 11/19/2012 to 06/12/2018	
Financial Institution	Products Reviewed	
Yoakum National Bank Yoakum, Texas	Residential Mortgage Business/Commercial Loans Agricultural Loans Consumer Loans	
Affiliate(s)	Affiliate Relationship	Products Reviewed
None	None	N/A
List of Assessment Areas and Type of Examination		
Assessment Area	Type of Exam	Other Information
DeWitt-Lavaca Counties	Full-Scope	Non-MSA; contains 2 moderate, 3 middle, and 6 upper income tracts

Appendix B: Community Profiles for Full-Scope Areas

DeWitt-Lavaca Counties Non-MSA AA

Demographic Information for DeWitt-Lavaca Counties Assessment Area					
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #
Geographies (Census Tracts/BNAs)	11	0%	18%	27%	55%
Population by Geography	40,089	0%	22%	25%	53%
Owner-Occupied Housing by Geography	11,381	0%	15%	28%	57%
Businesses by Geography	2,520	0%	16%	29%	55%
Farms by Geography	277	0%	7%	28%	65%
Family Distribution by Income Level	10,607	17%	16%	19%	48%
Distribution of Low- and Moderate-Income Families throughout AA Geographies	3,493	0%	28%	23%	49%
Median Family Income (MFI)	= \$52,076	Median Housing Value		= \$115,505	
FFIEC Adjusted MFI for 2017	= \$54,200	Unemployment Rate (2017 US Labor Force Data)		= 4.03%	
Households Below the Poverty Level	= 14.02%				

Source: 2015 ACS U.S. Census, 2017 Dunn and Bradstreet, and 2017 FFIEC updated MFI.

The AA includes two contiguous counties that are not part of a MSA. Major cities include Cuero for DeWitt County, Hallettsville for Lavaca County, and Yoakum which sits partly in between DeWitt and Lavaca Counties. YNB operates one banking center with an ATM in this AA.

As of 2017, DeWitt County has five census tracts: one moderate and four upper. Lavaca County has six census tracts: one moderate, three middle, and two upper.

Competition within the AA stems from both local community and multinational financial institutions that include Wells Fargo, First National Bank of Shiner, First National Bank of Beeville, and Prosperity Bank. The June 30, 2017 FDIC market share report reflects 11 institutions operate 21 offices in the AA. YNB ranks fourth with a deposit market share of 10 percent.

DEWITT COUNTY DESCRIPTION

DeWitt County covers approximately 910 square miles, and contains only one moderate income census tract. The city of Cuero serves as the county seat and is located 90 miles southwest of San Antonio and 45 miles northwest of the Gulf of Mexico. DeWitt County is located on the edge of the Eagle Ford shale oil field.

Major employers in DeWitt County include a regional hospital, correctional facility, and school district. Additional employers in the area includes light manufacturing, agriculture, and oil service companies.

Based on 2016 US Census American Community Survey (ACS) estimates, the median income for a household was \$50,582 and the median income for a family was \$64,765. The per capita income was \$27,370. Approximately 12 percent of families and 16 percent of the population live below the poverty level. Census estimates for 2016 show the county has total population of 20,660 individuals, 7,105 households, and 5,105 families.

The U.S. Bureau of Labor Statistics 2017 annual average reports an unemployment rate of 4.4 percent for DeWitt County. The rate is in line with the national unemployment rate of 4.4 percent and slightly higher than the Texas rate of 4.3 percent.

LAVACA COUNTY DESCRIPTION

Lavaca County covers approximately 970 square miles, and contains only one moderate income census tract. The city of Hallettsville serves as the county seat and is located 100 miles west of Houston and 120 miles east of San Antonio. Lavaca County is located on the edge of the Eagle Ford shale oil field.

Major industries in Lavaca County include Eddy packing plant, the school district, the community hospital, and the Texas Department of Transportation. Additional employers include light manufacturing, agriculture, and oil service industries.

Based on 2015 US Census ACS estimates, the median income for a household was \$47,753, and the median income for a family was \$56,443. The per capita income was \$28,491. Approximately 9 percent of families and 10 percent of the population live below the poverty level. Census estimates for 2016 show the county has total population of 19,654 individuals, 7,741 households, and 5,582 families.

The U.S. Bureau of Labor Statistics 2017 annual average reports an unemployment rate of 3.6 percent for Lavaca County. The rate compares favorably to the national and state unemployment rates of 4.4 percent and 4.3 percent, respectively.

Community Contacts

As part of this evaluation, examiners assessed the credit needs and opportunities in the bank's AA by performing a community contact. The community organization contacted during this evaluation focuses on public housing in Yoakum. The community contact did not identify any opportunities for improving access to credit or financial literacy in the community. The contact stated that financial institutions in the area are involved in the community and are meeting the credit needs. At the same time, the contact stated that there was some economic revitalization occurring within the community.