



PUBLIC DISCLOSURE

October 30, 2018

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Texas Capital Bank, National Association
Charter Number **23248**
2000 McKinney Avenue, Suite 190
Dallas, TX 75201

Office of the Comptroller of the Currency
Midsize Bank Supervision
425 S. Financial Place, Suite 2700
Chicago, IL 60605

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

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

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

The major factors that support this rating include:

- The bank's overall lending performance is good. TCB exhibits excellent geographic distribution of small loans to businesses in low-and moderate-income (LMI) geographies. The bank's geographic distribution of small loans to business is stronger than the demographic and aggregate comparators in all assessment areas (AA). The bank exhibits adequate performance in providing home mortgage loans to borrowers of different income levels.
- Qualified investments in full-scope AAs are responsive to community needs. In total, the bank funded qualified investments totaling \$180.4 million in full-scope AAs throughout the evaluation period. Total qualified investments in full-scope AAs was equivalent to 8.9 percent of allocated Tier 1 capital in the full-scope AAs.
- TCB is a leader in providing Community Development (CD) loans in their full-scope AAs. The bank made \$437.3 million in CD loans in full-scope AAs, which is equivalent to 21.4 percent of allocated Tier 1 capital to full-scope AAs. TCB's CD loans were responsive to identified community needs. The significantly positive impact of CD lending elevated the overall Lending Test rating.
- TCB took a leadership position in developing strategic partnerships and collaborations with Minority Depository Institutions (MDI) throughout the country. Throughout the evaluation period, TCB's CEO and other senior executive leadership hosted CEO's from participating MDIs in an effort to find mutually beneficial relationship opportunities.

- TCB was a leader in providing CD services to their AAs. CD services were responsive to identified community needs. TCB management and employees provided a significant amount of service hours, including participation in leadership roles at various community organizations. TCB employees displayed responsiveness to community needs by providing community service to aid in the Hurricane Harvey recovery efforts in the Houston MSA.

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 refinances, 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: 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 1 capital: The total of common shareholders' equity, perpetual preferred shareholders' equity with non-cumulative dividends, retained earnings and minority interests in the equity accounts of consolidated subsidiaries.

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

Description of Institution

Texas Capital Bank is an intrastate commercial bank headquartered in Dallas, Texas. TCB is a wholly owned subsidiary of Texas Capital Bancshares, Inc., a one-bank publicly traded holding company. In May 2007, TCB established the Texas Capital Community Development Corporation (TCCDC). TCCDC is a for-profit subsidiary of the bank with a primary mission to assess CD investment and loan needs in the bank's AAs. In addition, the TCB also operates the BankDirect Capital Finance, LLC (BDCF) division based in Chicago, Illinois. BDCF funds insurance premium finance loans for small businesses located throughout the United States through a network of participating insurance agencies.

TCB operates 10 branches in four major urban markets within the state of Texas. TCB offers a wide variety of products and services to their customers and the products are available at all bank locations. Loan and deposit products are designed to meet the needs of business owners and individuals, particularly middle-market commercial businesses, professionals, and entrepreneurs within the state of Texas. Additionally, several lines of business have a national scope, which include BDCF and the Mortgage Finance division operating out of Dallas. The following is a partial list of bank products and services: Mortgage finance (correspondent and mortgage warehouse lending), builder finance loans, commercial real estate, corporate banking, franchise finance, private wealth advisory services, and treasury management. TCB is also a preferred Small Business Administration (SBA) Preferred Lender. The preferred lender status allows the bank to have authority to approve the loans, resulting in faster service to the applicant. In addition, TCB established a Community Lending Group (CLG) in April 2015 to meet the credit needs of small business customers up to \$750 thousand. Loan products include letters of credit, term loans, lines of credit, and guidance lines for real estate.

Total assets and net loans have increased since the prior evaluation financial date of December 31, 2014. As of December 31, 2017, TCB had total assets of \$25.1 billion and total net loans of \$21.5 billion, compared to \$15.9 billion and \$14.2 billion, respectively, at the last evaluation. The increase is attributable to the bank's growth as a correspondent mortgage lender and the introduction of new lines of businesses. TCB's Tier One Capital was \$2.2 billion as of December 31, 2017. According to the FDIC Deposit Market Share Report dated June 30, 2017, TCB had total deposits of \$17.5 billion.

There are no legal, financial, or other factors that may impede the bank's ability to meet the credit needs in its AAs. The bank's previously issued CRA PE dated October 28, 2015, indicated an overall "Satisfactory" rating.

Dallas MSA

As of June 30, 2017, deposits in the AA totaled \$13.1 billion, which was equal to 74.8 percent of bank-wide deposits. TCB's deposit market share ranked fourth in the AA. The major competitors for deposits in the Dallas MSA were Bank of America National Association, JP Morgan Chase Bank National Association, Wells Fargo Bank National Association, and Compass Bank. TCB had five branches (50 percent of the branch network) in the Dallas MSA.

Houston MSA

As of June 30, 2017, deposits in the AA totaled \$2.5 billion, which was equal to 14.5 percent of bank-wide deposits. TCB's deposit market share ranked 13th. The major competitors for deposits in the Houston MSA were JP Morgan Chase Bank National Association, Wells Fargo Bank National Association, Bank of America National Association, Compass Bank, and ZB National Association. TCB had two branches (20 percent of the branch network) in the Houston MSA.

San Antonio MSA

As of June 30, 2017, deposits in the AA totaled \$922.3 million, which was equal to 5.3 percent of bank-wide deposits. TCB' deposit market share ranked tenth in the AA. The major competitors for deposits were: USAA Federal Savings Bank, Frost Bank, Bank of America National Association, Wells Fargo Bank National Association, and Citibank National Association. TCB had two branches (20 percent of the branch network) in the San Antonio MSA.

Scope of the Evaluation

Evaluation Period/Products Evaluated

The review period for this evaluation is January 1, 2015 through December 31, 2017. Our review period for Home Mortgage Disclosure Act (HMDA) and small loans to businesses under the Lending Test was January 1, 2015 through December 31, 2017. We reviewed CD loans, qualified investments, and CD services beginning October 28, 2015 through December 31, 2017. Primary loan products, for purposes of this review, are products in which the bank originated at least 20 loans within an AA during one or more of the analysis periods within the overall evaluation period. For this evaluation, multifamily loans are not a primary loan product and were not evaluated separately. Multifamily loans meeting the CD definition were considered as part of the evaluation of CD lending.

In our evaluation under the Lending Test geographic distribution and borrower income criteria, we performed separate analyses of 2015 through 2016 data and 2017 data. This was due to changes between the 2010 U.S. Census and the 2015 U.S. Census American Community Survey. In our evaluation of lending activity, we reviewed home mortgages as an aggregate product that includes home purchase, home improvement, and refinance loans combined.

We were not able to provide a meaningful evaluation of the distribution of small loans to business by income level of the borrower. The bank does not collect revenue information on the majority of small loans to business as part of their underwriting processes. TCB did not collect revenue on 91 percent and 90.9 percent of small loans to businesses originated in 2015 through 2016 and 2017, respectively.

Selection of Areas for Full-Scope Review

We selected the following MSAs for full-scope reviews based upon the overall volume of loans and deposits in the AAs: Dallas MSA, Houston MSA, and San Antonio MSA. We considered the bank's performance in the Austin MSA as a limited-scope AA. Refer to Appendix A for more information. Performance results in the full-scope areas have the most significant weight on overall assessment of the bank's performance.

Ratings

The bank's overall rating is based primarily on those areas that received full-scope reviews. The bank's strategic focus is on commercial lending, primarily small loans to businesses. Our analysis gave more weight in the bank's Lending Test performance to small loans to businesses. We gave more weight in our ratings to small loans to businesses because they comprise the majority of CRA reportable loan originations and are consistent with the bank's strategic focus. Throughout the evaluation period, the bank originated 21,316 small loans to businesses within their AA's. Small loans to businesses accounted for 84.9 percent of CRA reportable originations in TCB AA's. Although the vast majority of the number of loan originations were small loans to businesses, small loans to businesses accounted for just slightly more than half of the loan volume with 50.1 percent (\$1.2 billion) of the CRA reportable lending volume (HMDA and small loans to businesses) throughout the evaluation period.

In addition, we gave more weight in our ratings to performance in the Dallas MSA. Throughout the evaluation period, the Dallas MSA accounts for 37.1 percent of reportable HMDA and CRA loan originations in the bank's AAs. The Dallas MSA also accounts for 45 percent of HMDA and CRA reportable loan volume in the bank's AAs. The Dallas MSA has the largest percentage of deposits with \$13.1 billion in deposits. Deposits in the Dallas MSA equal 75 percent of the bank's total deposits as of June 30, 2017. Fifty percent of TCB's branch network is located in the Dallas MSA and TCB's headquarters is located within the Dallas MSA.

Discriminatory or Other Illegal Credit Practices Review

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

The OCC has not identified that this institution or any affiliate whose loans have been considered as part of the institution's lending performance 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

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 Dallas MSA and Houston MSA is good. The bank's performance in the San Antonio MSA is excellent.

Lending Activity

The bank's overall lending activity is adequate in the state of Texas. Lending levels reflect adequate responsiveness to the credit needs of their AAs when considering the bank's capacity to make loans, products the bank offers, and the competition in their respective markets.

Refer to Table 1- Lending Volume in Appendix C for the facts and data used to evaluate the bank's lending activity.

Dallas MSA

TCB's lending activity in the Dallas MSA is poor. According to the June 30, 2017 FDIC summary of deposit report, TCB had a deposit market share of 4.9 percent, which ranks the bank in the top 2.5 percent for deposit market share for all deposit-taking institutions in the AA.

According to 2017 peer mortgage data, the proportion of the bank's home mortgage loans is weaker than the proportion of bank deposits in the MSA. The bank market share and ranking in providing home mortgage loans is weaker than the bank's deposit market share and deposit market share ranking. The bank's market shares for home purchase loans, home refinance loans, and home improvement loans was 0.54 percent, 0.30 percent, and 0.37 percent, respectively. The bank market share ranks in the top 4.9 percent for originating home purchase mortgages, the top 17.1 percent home improvement loans, and the top 5.5 percent providing refinance loans in the AA.

According to 2016 peer small business data, the proportion of bank's small business loans is weaker than the proportion of deposits and deposit market share ranking. TCB had a 1.3 percent market share of small business loan originations in the AA. The bank's small business loan origination market share ranking is weaker than their deposit market share ranking. The bank's market share for small business loan originations ranked in the top 5.46 percent of all small business lenders in the AA. There is strong competition for small business loans, with the top five lenders combining for a 61.8 percent market share of small business loan originations.

Houston MSA

TCB's lending activity in the Houston MSA is good. TCB's lending levels reflects good responsiveness to community credit needs. According to the June 30, 2017 FDIC summary of deposit report, TCB had a deposit market share of 1.1 percent, which ranks the bank in the top 13.4 percent for deposit market share for all deposit-taking institutions in the AA.

According to 2017 peer mortgage data, the proportion of the bank's home mortgage loans is weaker than the proportion of bank deposits in the AA. The bank's market share for home purchase and home refinance loans was 0.27 percent and 0.28 percent, respectively. The bank's home purchase and home refinance market share ranking was stronger than their deposit market share ranking. TCB ranked in the top 10.9 percent and 12.6 percent providing home purchase and home refinance mortgages, respectively.

According to 2016 peer small business data, the bank's market share of small business loan originations is stronger than their deposit market share. TCB has a 1.4 percent market share of small business loan originations. The bank's market share of small business loan originations ranks in the top 6.2 percent of all lenders providing small loans to business in the AA. There is strong competition for small business loans, with the top five lenders combining for a 60.03 percent market share of small business loan originations.

San Antonio MSA

TCB's lending activity in the San Antonio MSA is good. The bank's lending levels represent good responsiveness to community credit needs. According to the June 30, 2017 FDIC summary of deposit report, TCB had a deposit market share of 0.84 percent, which ranks the bank in the top 16.7 percent for deposit market share for all deposit-taking institutions in the AA.

According to 2017 peer mortgage data, the proportion of the bank's home mortgage loans is weaker than the proportion of bank deposits in the AA. The bank's market share for home purchase and home refinance loans was 0.45 percent and 0.22 percent, respectively. The bank's home purchase and home refinance market share ranking was stronger than their deposit market share ranking. TCB ranked in the top 9.66 percent and 15.3 percent providing home purchase and home refinance mortgages, respectively.

According to 2016 peer small business data, the bank's market share of small business loan originations is stronger than their deposit market share. TCB has a 3.1 percent market share of small business loan originations. The bank 's market share of small business loan originations ranks in the top 5.1 percent of all lenders providing small loans to businesses in the AA. There is strong competition for small business loans, with the top five lenders combining for a 60.1 percent market share of small business loan originations.

Distribution of Loans by Income Level of the Geography

Overall, the geographic distribution of bank lending is good. The geographic distribution of home mortgages is poor. The geographic distribution of small loans to businesses is excellent.

Home Mortgage Loans

The bank exhibits overall poor geographic distribution of home mortgage loans in full-scope AAs.

Refer to Table O in Appendix C for the facts and data used to evaluate the geographic distribution of the bank's home mortgage loan originations and purchases.

Dallas MSA

The proportion of home mortgage loans in LMI geographies in 2015 through 2016 is poor. The proportion of bank loans in LMI geographies is weaker than the proportion of owner-occupied housing units in those geographies. The proportion of TCB home mortgage loans in low-income geographies is weaker than the aggregate distribution of home mortgage loans in those geographies. The proportion of loans in moderate-income geographies was lower than the aggregate distribution of home mortgage loans in those geographies. TCB's performance in 2017 was stronger than their performance in 2015 through 2016. Stronger performance was due to aggregate distribution of moderate-income borrowers and had a neutral impact on the performance rating.

Houston MSA

The proportion of home mortgage loans in LMI geographies in 2015 through 2016 is poor. The proportion of bank loans in LMI geographies is weaker than the proportion of owner-occupied housing units in those geographies. The proportion of TCB home mortgage loans in low-income geographies is weaker than the aggregate distribution of home mortgage loans in those geographies. The proportion of loans in moderate-income geographies was lower than the aggregate distribution of home mortgage loans in those geographies. TCB's performance in 2017 was stronger than their performance in 2015 through 2016. Stronger performance was due to aggregate distribution of moderate-income borrowers and had a neutral impact on the performance rating.

San Antonio MSA

The proportion of home mortgage loans in LMI geographies in 2015 through 2016 is good. The proportion of bank home mortgage loans in low-income geographies was stronger than the proportion of owner-occupied housing units in low-income census tracts. The proportion of bank home mortgage loans in moderate-income geographies was weaker than the proportion of owner-occupied housing units in moderate-income census tracts. The proportion of bank home mortgage loans in low-income geographies is stronger than the aggregate distribution of home mortgage loans in those geographies. The proportion of loans in moderate-income geographies is comparable to the aggregate distribution of home mortgage loans in moderate-income geographies. The bank's performance in 2017 was consistent with their performance in 2015 through 2016.

Small Loans to Businesses

TCB exhibits excellent geographic distribution of small loans to businesses in full-scope AAs.

Refer to Table Q 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.

Dallas MSA

The distribution of TCB's small loans to businesses in LMI geographies in 2015 through 2016 is excellent. The proportion of loans in LMI geographies was stronger than the proportion of businesses in those geographies. The proportion of small loans to businesses in LMI geographies was stronger than the aggregate distribution of small loans to businesses in those geographies. TCB's performance in 2017 was consistent with their performance in 2015 through 2016.

Houston MSA

The distribution of TCB's small loans to businesses in LMI geographies in 2015 through 2016 is excellent. The proportion of loans in LMI geographies was stronger than the proportion of businesses in those geographies. The proportion of small loans to businesses in LMI geographies was stronger than the aggregate distribution of small loans to businesses in those geographies. TCB's performance in 2017 was consistent with their performance in 2015 through 2016.

San Antonio MSA

The distribution of TCB's small loans to businesses in LMI geographies in 2015 through 2016 is excellent. The proportion of loans in LMI geographies was stronger than the proportion of businesses in those geographies. The proportion of small loans to businesses in LMI geographies was stronger than the aggregate distribution of small loans to businesses in those geographies. TCB's performance in 2017 was consistent with their performance in 2015 through 2016.

Lending Gap Analysis

We reviewed lending dot density maps, summary reports, and other supervisory data. We did not identify any unexplained inconspicuous gaps in lending. Refer to Table D in Appendix C for the facts and data used to evaluate the loans made inside and outside of the AAs.

Inside/Outside Ratio

TCB's lending inside its AAs is adequate based upon our analysis of loans originated inside and outside the bank's AA. Our analysis indicates the volume of loans originated in TCBs AAs is less than the majority due to the offering of national mortgage and commercial loan products. The analysis of HMDA data indicated 11.2 percent of the bank's home mortgage loans were originated inside the banks AAs. An analysis of small business lending data indicated that 6.1 percent of small business loans were originated in a bank AA. In total, 7.1 percent of bank loans were originated in a TCB AA.

Distribution of Loans by Income Level of the Borrower

Overall, the borrower distribution of loans is adequate. This assessment is based upon the bank's lending to home mortgage borrowers. The borrower distribution of home mortgages is adequate. We were unable to perform a borrower distribution of small loans to businesses due to limited availability of revenue data.

Home Mortgage Loans

The bank exhibits adequate distribution of home mortgage loans to borrowers of different income levels.

Refer to Table P in Appendix C for the facts and data used to evaluate the borrower distribution of the bank's home mortgage loan originations and purchases.

Dallas MSA

The bank exhibits adequate distribution of home mortgage loans to individuals of different income levels in 2015 through 2016. When determining our ratings, we considered the relative high housing costs compared to LMI family incomes in this AA throughout the evaluation period. The relative high housing costs in this AA negatively impacts LMI borrowers' ability to qualify for a home mortgage. The proportion of home mortgage loans to low-income borrowers was significantly weaker than the proportion of low-income families in the AA. The proportion of loans to moderate-income borrowers was lower than the proportion of moderate-income families in the AA. The bank's performance was lower than the aggregate distribution of home mortgage loans to low-income families. The bank's performance was comparable to the aggregate distribution of home mortgage loans to moderate-income families. TCB's performance in 2017 was stronger than their performance 2015 through 2016. The bank's aggregate distribution of home mortgage loans to LMI borrowers in 2017 was stronger than their performance 2015 through 2016.

Houston MSA

The bank exhibits poor distribution of home mortgage loans to individuals of different income levels in 2015 through 2016. The proportion of home mortgage loans to LMI borrowers was significantly weaker than the percentage of LMI families in the AA. The bank's performance was lower than the aggregate distribution of home mortgage loans to low-income borrowers. The bank's performance was lower than the aggregate distribution of home mortgage loans to moderate-income borrowers. The bank's performance in 2017 was stronger than their performance 2015 through 2016. Stronger performance in 2017 is due to stronger aggregate distribution of home mortgage loans to LMI borrowers. Performance in 2017 had a neutral impact on the overall rating.

San Antonio MSA

The bank exhibits adequate distribution of home mortgage loans to individuals of different income levels in 2015 through 2016. The proportion of home mortgage loans to low-income borrowers was significantly weaker than the percentage of low-income families in the AA. The

proportion of loans to moderate-income borrowers was lower than the percentage of moderate-income families. The bank's performance was lower than the aggregate distribution of home mortgage loans to low-income borrowers. The bank exhibited stronger performance than the aggregate in providing home mortgage loans to moderate-income borrowers in this AA. The bank's performance in 2017 was stronger than their performance 2015 through 2016. Stronger performance was due to excellent aggregate performance in providing home mortgage loans to moderate-income borrowers in 2017. Excellent performance in 2017 elevated adequate performance to good.

Small Loans to Businesses

Refer to Table R in Appendix C for the facts and data used to evaluate the borrower distribution of the bank's originations and purchase of small loans to businesses.

We were not able to meaningfully evaluate the bank's distribution of loans by income level of the borrower for small loans to businesses, as sufficient revenue information was not available. The BDCF division originated approximately 91 percent of TCB's small loans to businesses. The collection of revenue information is not a required underwriting criterion for financing insurance premiums loans; the division considers other factors.

Community Development Lending

The bank is a leader in making CD loans and they are considered responsive in meeting community development needs. The level of CD lending in the full-scope AA's had a significantly positive impact on the bank's overall Lending Test performance.

Refer to Table 1 Lending Volume in Appendix C for the facts and data used to evaluate the bank's level of CD lending. This table includes all CD loans, including multifamily loans that also qualify as CD loans.

Dallas MSA

The volume of CD loans was excellent and had a significantly positive impact on Lending Test performance in the Dallas MSA. During the evaluation period, TCB originated 18 CD loans totaling \$244.8 million. This volume of CD lending was equivalent to 15.2 percent of Tier 1 capital allocated to the AA. TCB's CD loans were responsive to identified community needs. TCB's CD lending efforts centered on economic development. Throughout the evaluation period, 47 percent (\$114.7 million) of CD loan volume benefitted economic development needs in the community. TCB also provided CD loans that supported revitalization efforts. Some notable examples of CD loans were:

- The bank made a \$32 million loan for revitalization and stabilization. The project created a 324-unit multifamily development located in a low-income census tract. The loans align with several community initiatives including West Dallas Urban Structure Master Plan, West Dallas Community Revitalization Plan, and the Grow South Initiative.
- The bank made a \$10 million loan for economic development. The proceeds were used to improve an office building in a moderate-income census tract. The improvements to

the building are part of a strategy to increase occupancy and revenue in the building. The improvements are projected to create 50 new jobs.

- The bank made a \$17.1 million loan for economic development. The proceeds from the loan are to demolish and rebuild an asbestos-filled building. The new building will be a large nationwide store offering various consumer and small business products, as well as a full-range of groceries. The building is located in a low-income census tract. The project is expected to create 165 permanent jobs.

Houston MSA

The volume of CD loans was excellent and had a significantly positive impact on the Lending Test performance in the Houston MSA. During the evaluation period, TCB originated 26 CD loans totaling \$150.3 million. The volume of CD lending was equivalent to 48.2 percent of Tier 1 capital allocated to the AA. The CD loans were responsive to identified community needs. TCB's CD loans focused on community service. Throughout the evaluation period, 50.02 percent (\$75.2 million) of CD loan volume benefitted community service needs. TCB also made a significant amount of affordable housing CD loans, equivalent to 35.8 percent (\$53.8 million) of Tier 1 capital allocated to the Houston MSA. Some notable examples of CD loans were:

- The bank made a \$40 million loan for community service to a Houston-based company that specializes in disaster recovery. Loan proceeds were issued in response to Hurricane Harvey. This entity works with local, state, and federal agencies to provide disaster responsive housing, debris management, humanitarian relief, and other community services.
- The bank made a \$10.3 million loan to provide bridge financing for LIHTC in a multifamily property located in a low-income census tract. The property will provide 236 units, 136 of which will have rents restricted for families with less than 60 percent of the area median income.

San Antonio MSA

The volume of CD loans was excellent and had a significantly positive impact on Lending Test performance in the San Antonio MSA. During the evaluation period, TCB originated nine CD loans totaling \$39.2 million. This volume of CD lending was equivalent to 35 percent of Tier 1 capital allocated to the MSA. TCB's CD loans were responsive to identified community needs. Throughout the evaluation period 74 percent (\$29 million) of the bank's CD loan volume benefitted economic development needs in the community. Some notable examples of CD loans were:

- The bank made a \$2.1 million loan for economic development. The proceeds were used to purchase and renovate a furniture store. The store is expected to create at least five permanent jobs. The property is located in a low-income census tract.
- The bank made a \$5.8 million SBA 504 loan for economic development. The proceeds were used to renovate a hotel property to ensure it stays within franchise standards.

TCB also made a \$7.2 million SBA 504 loan to fund property improvements on a hotel in the historic Riverwalk section of town.

Product Innovation and Flexibility

TCB does not offer flexible or innovative loan products.

Conclusions for Areas Receiving Limited-Scope Reviews

Based on limited-scope reviews, the bank's performance under the Lending Test in the Austin MSA is consistent with the bank's overall "High Satisfactory" performance under the Lending Test. Refer to the tables in Appendix C for the facts and data that support these conclusions.

INVESTMENT TEST

Conclusions for Areas Receiving Full-Scope Reviews

TCB's performance under the Investment Test in Texas is rated "High Satisfactory." Based on full-scope reviews, the bank's performance in the Dallas MSA is good. TCB's performance in the Houston MSA is adequate and performance in the San Antonio MSA is excellent.

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

Dallas MSA

During the evaluation period, TCB made 116 investments and grants totaling approximately \$121.4 million. A majority of funds, \$113.8 million, were invested in the TCCDC to promote economic development by investing in small businesses, revitalization/stabilization efforts, and affordable housing. In addition, there were three prior period mortgage-backed securities with \$10 thousand outstanding at the end of the evaluation period that provided affordable housing. Total investments of \$121.4 million represented 7.6 percent of Tier 1 capital allocated to the AA. In addition, one investment had \$2.02 million in unfunded commitments at the end of the evaluation period. The bank's responsiveness to CD needs in the AA is good. Based on community contacts, AA needs include redevelopment in South Dallas, small business loan programs, and affordable housing. During the evaluation period, TCB invested \$982 thousand to redevelop a mall and fund mixed-use housing development in South Dallas. This was part of a \$3 million commitment to the Grow South Fund, which is part of a city government redevelopment plan to improve the quality of life and spur growth in southern Dallas. TCB also invested \$36 million in the TCCDC to construct a 368-unit multi-family dwelling in a moderate-income census tract.

Houston MSA

During the evaluation period, TCB made 36 investments and grants totaling approximately \$15.4 million. A majority of funds, \$14 million, were invested in the TCCDC to promote economic development by investing in small businesses, affordable housing, and community services to LMI students. In addition, there was one prior period investment in a mortgage-

backed security with \$39 thousand outstanding at the end of the evaluation period. Total investments of \$15.4 million represented 4.93 percent of Tier 1 capital allocated to the AA. The bank's responsiveness to affordable housing CD needs in the AA is adequate. During the evaluation period, TCB invested \$3.6 million in TCCDC to provide affordable housing through new construction and purchase and renovation initiatives. TCB made a \$704 thousand mutual fund investment to finance affordable housing and economic development projects. In addition, TCB made a \$250 thousand deposit in a MDI in the AA.

San Antonio MSA

During the evaluation period, TCB made 28 investments and grants totaling approximately \$43.6 million. A majority of funds, \$42.6 million, were invested in the TCCDC to promote economic development by investing in small businesses, affordable housing, and community services to LMI students. In addition, there were three prior period mortgage-backed securities with \$9 thousand outstanding at the end of the evaluation period. Total investments of \$43.6 million represented 38.5 percent of Tier 1 capital allocated to the AA. The bank's responsiveness to affordable housing CD needs in the AA is excellent. During the evaluation period, TCB invested \$25 million in the TCCDC to construct a new 321-unit apartment complex. The bank also invested \$245 thousand in an investment fund to finance affordable housing and economic development projects.

Texas Statewide

We considered investments in the broader Texas statewide area. TCB made one current period \$5 million investment in a MDI that does not have a purpose, mandate, or function (P/M/F) to serve the bank's AAs. In addition, TCB has three prior period investments with P/M/F to serve the AAs. These investments have an outstanding balance of \$5.9 million and support economic development projects in the state.

Other

TCB took a leadership position in developing strategic partnerships and collaborations with MDIs throughout the country. Throughout the evaluation period, TCB'S CEO and other senior executive management hosted CEO's from nine participating MDIs. TCB's MDI strategy includes dedicated relationship managers that work to identify mutually beneficial investment opportunities.

Conclusions for Area Receiving Limited-Scope Reviews

Based on limited-scope reviews, the bank's performance under the Investment Test in the Austin MSA is inconsistent with the bank's overall "High Satisfactory" performance under the Investment Test in Texas. Performance in the limited-scope AA is weaker than the bank's overall "High Satisfactory" performance under the Investment Test in Texas due to lower investment levels compared to allocated Tier 1 capital. This performance did not have a meaningful impact on the Investment Test rating in the state. Refer to Table 14 in the state of Texas section of Appendix C for the facts and data that support these conclusions.

SERVICE TEST

Conclusions for Areas Receiving Full-Scope Reviews

TCB's performance under the Service Test is rated "High Satisfactory." Based on full-scope reviews, the bank's performance is adequate in the Dallas MSA and good in both the Houston MSA and the San Antonio MSA.

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.

Dallas MSA

TCB's branch distribution in the Dallas MSA is adequate when considering branches in middle- and upper-income geographies that are near-to LMI geographies. Although none of the AA's six branches are in low-or moderate-income census tracts, the branches are reasonably accessible to geographies and individuals of different income levels. One of the branches located in an upper-income geography was near-to a moderate-income census tract. There was an additional branch located in a middle-income geography that was near-to a moderate-income tract. Near-to branches are those middle- and upper-income branches located within one-half mile of a LMI geography that are reasonably likely to serve the LMI area. When considering these near-to branches, branch distribution in the moderate-income geographies was excellent and exceeded the percentage of population in the moderate-income census tracts. As none of the bank's branches were in proximity to any of the low-income census tracts in the AA, branch distribution in the low-income geographies was very poor and unreasonably inaccessible to significant portions of geographies and individuals of different income levels. Approximately 11 percent of the AA's population resides in the low-income census tracts.

Branch openings and closings have not adversely affected the accessibility of the bank's delivery systems, particularly in LMI geographies and to LMI individuals. The bank closed one branch located in an upper-income tract in the Dallas MSA. The bank did not open any branches in the Dallas MSA during the evaluation period.

TCB's hours and services offered throughout the Dallas MSA vary in a way that inconveniences portions of the AA, particularly LMI geographies or individuals. The hours of operation are not convenient for small business owners and consumers. Services offered and hours of operation are comparable among locations regardless of the income level of the geography.

Management complements its traditional service delivery methods with certain alternative delivery processes, including online banking, mobile banking, ATMs, and telephone banking. These delivery methods provide increased access to banking services throughout all areas in the AA. The bank also partners with *Allpoint*, a network that offers 55,000 ATMs across the U.S. Use of these ATMs is surcharge-free to all TCB depositors. *Allpoint* has an iPhone and Android ATM locator app for customer convenience. Among the 897 *Allpoint* deposit-taking

ATMs in the AA, 79 are located in low-income census tracts and 213 are in moderate-income geographies. This delivery method provides increased access to banking services to customers residing or working in these LMI tracts. We placed no significant weight on these alternative delivery systems, as the bank did not maintain metrics to determine their effectiveness in helping to meet the credit needs of small business owners and LMI individuals.

Houston MSA

TCB's branch distribution in the Houston MSA is good when considering branches in middle- and upper-income geographies that are near-to LMI geographies. Of the AA's two branches, neither is in a LMI census tract; however, the branches are reasonably accessible to geographies and individuals of different income levels. The branch located in the middle-income geography was near-to a moderate-income census tract. Near-to branches are those middle- and upper-income branches located within one-half mile of a LMI geography that are reasonably likely to serve the LMI area. When considering these near-to branches, branch distribution in the moderate-income geographies was excellent and exceeded the percentage of population in the moderate-income census tracts. As none of the bank's branches were in proximity to any of the low-income census tracts in the AA, branch distribution in the low-income geographies was poor and unreasonably inaccessible to significant portions of geographies and individuals of different income levels. Approximately 12 percent of the AA's population resides in the low-income census tracts.

During the evaluation period, there were no branch openings or closings in the AA. The bank's record of opening and closing branches had neutral effect on the accessibility of its delivery systems, particularly to LMI individuals and geographies.

TCB's hours and services offered throughout the Houston MSA vary in a way that inconveniences portions of the AA, particularly LMI geographies or individuals. The hours of operation are not convenient for small business owners and consumers. Services offered and hours of operation are comparable among locations regardless of the income level of the geography.

Management complements its traditional service delivery methods with certain alternative delivery processes, including online banking, mobile banking, ATMs, and telephone banking. These delivery methods provide increased access to banking services throughout all areas in the AA. The bank also partners with *Allpoint*, a network that offers 55,000 ATMs across the U.S. Use of these ATMs is surcharge-free to all TCB depositors. *Allpoint* has an iPhone and Android ATM locator app for customer convenience. Among the 614 *Allpoint* deposit-taking ATMs in the AA, 48 are located in low-income census tracts and 125 are in moderate-income geographies. This delivery method provides increased access to banking services to customers residing or working in these LMI tracts. We placed no significant weight on these alternative delivery systems, as the bank did not maintain metrics to determine their effectiveness in helping to meet the credit needs of small business owners and LMI individuals.

San Antonio MSA

TCB's branch distribution in the San Antonio MSA is good. Of the AA's two branches, one is in an upper-income census tract and the other is in a moderate-income census tract. The branch

in the upper-income geography is not near-to to any LMI census tracts. The branch in the moderate-income tract is not near-to to any low-income geographies. Branches are reasonably accessible to geographies and individuals of different income levels.

During the evaluation period, there were no branch openings or closings in the AA. The bank's record of opening and closing branches had neutral effect on the accessibility of its delivery systems, particularly to LMI level individuals and geographies.

TCB's hours and services offered throughout the San Antonio MSA do not vary in a way that inconveniences portions of the AA, particularly LMI geographies or individuals. Services offered and hours of operation are comparable among locations regardless of the income level of the geography.

Management complements its traditional service delivery methods with certain alternative delivery processes, including online banking, mobile banking, ATMs, and telephone banking. These delivery methods provide increased access to banking services throughout all areas in the AA. The bank also partners with *Allpoint*, a network that offers 55,000 ATMs across the U.S. Use of these ATMs is surcharge-free to all TCB depositors. *Allpoint* has an iPhone and Android ATM locator app for customer convenience. Among the 235 *Allpoint* deposit-taking ATMs in the AA, 16 are located in low-income census tracts and 63 are in moderate-income geographies. This delivery method provides increased access to banking services to customers residing or working in these LMI tracts. We placed no significant weight on these alternative delivery systems, as the bank did not maintain metrics to determine their effectiveness in helping to meet the credit needs of small business owners and LMI individuals.

Community Development Services

Dallas MSA

TCB's performance in providing CD services is good. The bank provides a relatively high level of CD services in the Dallas MSA. Organizations benefiting from the bank's CD services were involved in a variety of CD activities including a wide array of community services targeted to LMI students, adults, families, and geographies. A significant effort focused on financial literacy instruction to LMI students and adults. In the Dallas MSA, 46 employees provided expertise in non-leadership roles to CD organizations for a total of 1,689 hours. Approximately half of these hours (834) were dedicated to financial literacy instruction for LMI students and adults. Twenty additional bank employees served as either directors, committee members, or officers of 32 CD organizations for a total of 582 occurrences (i.e., the number of times bank staff performs in that volunteer role). This equates to 30 percent of engaged employees serving in leadership positions. The following are examples of some of the CD services provided in the AA:

- One employee provided 93 hours of financial literacy instruction as part of a 12-month community-based program that guides ex-offenders to restore both their lives and their community.
- A bank officer served as a committee member and fund development chairperson of a women's non-profit organization that mentors young female students from low-income

families in science, technology, engineering and math (STEM), college prep, and career readiness.

- One officer served as a director and treasurer for a non-profit outreach organization that provides services to LMI residents in the East Dallas area. This organization provides school supplies, a food pantry, and basic life and safety assistance programs to area residents.
- During the evaluation period, the bank purchased a 40-foot custom-made community service vehicle referred to as the “TCB Mobile Center” that is used to deliver financial literacy education and banking services to underserved communities. The Mobile Center is outfitted with the EverFi Financial Instructional Tools (FIT) curriculum that assists bank staff in providing customizable financial literacy education for all ages and stages of life. FIT assists LMI individuals in setting and reaching financial goals to break the cycle of poverty. The Mobile Center is also equipped with two ATMs (one of which is deposit accepting) and can be used to conduct basic banking transactions. See the Houston MSA section for further discussion of the Mobile Center.

During the evaluation period, the bank provided technical assistance to Tarrant County’s largest homeless shelter by helping secure two \$500 thousand Affordable Housing Program (AHP) grants from the Federal Home Loan Bank of Dallas (FHLB-D). The first grant assisted in the construction of a new \$8.4 million center for women and women with children. The second grant was earmarked to renovate the organization’s existing shelter for women and women with children. TCB staff spent several hours researching and gathering the necessary documentation, reviewing financial statements, and completing and sending the required applications to the FHLB-D.

Houston MSA

TCB’s performance in providing CD services is excellent. TCB is a leader in providing CD services in the Houston MSA. Organizations benefiting from the bank’s CD services were involved in a variety of CD activities including a wide array of community services targeted to LMI students, adults, families, and geographies. A significant effort focused on financial literacy instruction to LMI students and adults. In the Houston MSA, seven employees provided expertise in non-leadership roles to CD organizations for a total of 576 hours. Approximately 56 percent of these hours were dedicated to financial literacy instruction for LMI students and adults. Eight additional bank employees served as either directors, committee members, or officers of ten CD organizations for a total of 576 occurrences (i.e., the number of times bank staff performs in that volunteer role). This equates to 53 percent of engaged employees serving in leadership positions. The following are examples of some of the CD services provided in the AA:

- One bank employee provided 302 hours of financial literacy instruction to LMI students who received academic scholarships to specific Texas universities from a non-profit Houston foundation. The instruction reinforced the importance of staying debt free while in school and living within a budget.

- Two bank officers served in leadership positions at a non-profit organization that operates two preschools for economically at-risk children living in the First, Second and Fifth Wards of Houston. One officer served as a director and finance committee member and the other served as a member of the young professionals' board.
- A bank officer served as a director and chairman of a CD organization whose mission is to provide innovative programming that integrates health and educational services to address the needs of children and families living in poverty in the Fifth and Third Wards of Houston.
- The Mobile Center discussed in the Dallas MSA section was deployed to Houston during the Hurricane Harvey aftermath to assist area customers and residents due to the flooding of the bank's Riverway branch office.

During the evaluation period, the bank provided technical assistance to a Houston homeless shelter by applying for an AHP grant from the FHLB-D. The grant was designated toward construction of a single women's building at the shelter's new location for women and children. TCB staff spent time researching and gathering the necessary documentation, reviewing financial statements, and completing and sending the required applications to the FHLB-D. TCB also applied for an AHP grant for a Houston coalition of profit and non-profit developers that develop or acquire residential properties for LMI homeowners or tenants.

In response to flood disaster relief for the Houston area caused by Hurricane Harvey in 2017, TCB engaged in the following CD services to benefit affected homeowners, CD organizations and businesses:

- Technical assistance provided to 28 families by applying for Homeowner Recovery Program grants totaling \$251 thousand from the FHLB-D.
- Technical assistance provided to two CD organizations by applying for Community Recovery Program grants from the FHLB-D totaling \$20 thousand.
- Technical assistance provided to 15 small businesses by applying for Small Business Recovery Program grants totaling \$200 thousand from the FHLB-D. By partnering with other Houston banks to help facilitate the use of their grant allotments from the FHLB-D, TCB was able to assist in extending financial assistance to other area small businesses.

San Antonio MSA

TCB's performance in providing CD services is excellent. The bank is a leader in providing CD services in the San Antonio MSA. Organizations benefiting from the bank's CD services were involved in a variety of CD activities including community services targeted to LMI families, individuals, and geographies as well as economic development to retain and attract jobs to San Antonio. In the San Antonio MSA, seven bank officers provided expertise to 12 CD organizations for a total of 340 occurrences (i.e., the number of times bank staff performs in that volunteer role). The seven bank officers served as either directors, committee members, or officers of the CD organizations. This equates to 100 percent of engaged employees serving

in leadership positions. The following are examples of some of the CD services provided in the AA:

- One bank officer served as Vice Chairman of the board of directors for a non-profit organization that provides free emotional and physical support to meet the needs of low-income, uninsured, and under-insured women recovering from cancer treatments.
- Two bank officers served on the board of directors, with one as President of the board, of a CD organization that operates a home and shelter for children affected by abuse, neglect or poverty. The children are almost exclusively LMI.
- One bank officer served as a member of both the executive and programs committees of the board of directors, as well as the treasurer of a non-profit organization dedicated to the responsible growth and management of San Antonio's commercial and residential real estate markets. This organization benefits businesses that relocate to the metropolitan area and will create local jobs.

During the evaluation period, the bank provided technical assistance to 20 families served by the San Antonio Habitat for Humanity in obtaining down payment assistance and closing costs through the FHLB-D's Home Equity Leverage Program (HELP). The HELP grants for these low-income, first-time homebuyers totaled \$80 thousand.

Conclusions for Areas Receiving Limited-Scope Reviews

Based on limited-scope reviews, the bank's performance under the Service Test in the Austin MSA is not consistent with the bank's overall "High Satisfactory" performance under the Service Test. TCB's performance in the Austin MSA was weaker than the bank's overall "High Satisfactory" performance under the Service Test. The weaker performance was due to branch distribution. Performance in the limited-scope area did not have an impact on the Service Test rating.

Refer to Table 15 in Appendix C for the facts and data that support these conclusions.

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 Test, Service Test, and CD Loans: (10/28/2015 to 12/31/2017)	
Financial Institution	Products Reviewed	
Texas Capital Bank, National Association Dallas, Texas	Mortgage loans, small loans to business, CD loans, and CD investments	
Affiliate(s)	Affiliate Relationship	Products Reviewed
BankDirect Capital Finance, LLC	Financial Subsidiary	Small loans to businesses
List of Assessment Areas and Type of Examination		
Assessment Area	Type of Exam	Other Information
Dallas-Fort Worth-Arlington MSA	Full-scope	
Houston-The Woodlands-Sugar Land MSA	Full-scope	
San Antonio-New Braunfels MSA	Full-scope	
Austin-Round Rock MSA	Limited-scope	

Appendix B: Community Profiles for Full-Scope Areas

Dallas-Fort Worth-Arlington MSA

Demographic Information for Full-Scope Area: Dallas-Fort Worth-Arlington MSA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	1,324	11.33	25.45	30.51	32.40	0.30
Population by Geography	6,426,214	9.62	24.68	32.17	33.53	0.00
Owner-Occupied Housing by Geography	1,404,368	4.62	19.34	34.34	41.70	0.00
Business by Geography	516,007	7.01	18.50	29.46	44.84	0.20
Farms by Geography	10,534	4.52	16.65	37.48	41.31	0.04
Family Distribution by Income Level	1,546,770	22.45	16.95	18.79	41.82	0.00
Distribution of Low and Moderate Income Families throughout AA Geographies	609,347	17.03	36.06	31.53	15.38	0.00
Median Family Income		66,466	Median Housing Value		163,360	
FFIEC Adjusted Median Family Income for 2016		70,926	Unemployment Rate (2010 US Census)		3.59%	
Households Below Poverty Level		12%				

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

Source: 2010 US Census and 2016 FFIEC updated MFI

Demographic Information for Full-Scope Area: Dallas-Fort Worth-Arlington MSA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	1,324	12.99	25.30	29.61	31.57	0.53
Population by Geography	6,833,420	10.88	24.65	31.29	33.06	0.12
Owner-Occupied Housing by Geography	1,448,218	5.16	19.00	33.39	42.36	0.09
Business by Geography	550,361	7.16	19.31	28.87	44.06	0.60
Farms by Geography	11,120	4.89	16.75	35.65	42.40	0.31
Family Distribution by Income Level	1,671,492	23.33	16.57	18.26	41.83	0.00
Distribution of Low and Moderate Income Families throughout AA Geographies	667,059	18.62	34.90	30.26	16.11	0.11
Median Family Income		70,719	Median Housing Value		175,126	
FFIEC Adjusted Median Family Income for 2017		72,594	Unemployment Rate (2015 ACS US Census)		3.54%	
Households Below Poverty Level		13%				

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

Source: 2015 ACS US Census and 2017 FFIEC updated MFI

The Dallas-Fort Worth-Arlington MSA encompasses thirteen counties: Collin, Dallas, Delta, Denton, Ellis, Hood, Hunt, Johnson, Kaufman, Parker, Rockwall, Somervell, Tarrant, and Wise Counties. Primary cities include Dallas, Fort Worth, Arlington, Plano, Garland, Irving, Grand Prairie, McKinney, Frisco, Mesquite, Carrollton, Denton, Richardson, and Lewisville. The percentage of families in the Dallas MSA living below the poverty level is 11.3 percent.

According to The World Population Review, the Dallas-Fort Worth-Arlington MSA has 6.8 million residents, which makes it the fourth largest metropolitan area in the United States. The MSA area's 146,000-population increase in 2017 was the most of any metro area. According to the U. S. Census Bureau, historically, the Dallas metro area attracts large numbers from both international and domestic migration.

Competition for financial services in the AA is strong with 160 direct competitors operating 1,671 offices in the MSA. TCB operates seven branches in the MSA. According to FDIC market share data as of June 30, 2017, TCB has a 4.5 percent deposit market share, which ranks fourth among all deposit taking institutions in the AA. TCB competes with branches of nationwide and regional banks, local community banks, credit unions, and other nonbank financial institutions operating in the AA. Significant competitors include Bank of America National Association (Bank of America) with a 29.2 percent market share, JPMorgan Chase National Association (JPMorgan Chase) with a 21.9 percent market share, Wells Fargo Bank National Association (Wells Fargo) with a 7.3 percent market share, and Compass Bank with a market share of 3.9 percent. In addition to FDIC insured institutions, a number of credit unions, mortgage lenders and brokers, and money service businesses serves this area. As of June 30, 2017, TCB deposits in the MSA totaled \$13.1 billion, which is equal to 74.8 percent of the total deposits of the bank.

Employment and Economic Factors

The Dallas MSA economy continues to be a key driver of business activity in Texas. The area's business complex is diverse and centered on banking, commerce, telecommunications, technology, energy, healthcare, medical research, defense manufacturers, and transportation and logistics. The MSA has been a magnet for corporate headquarters and major company organizations. According to the Dallas Regional Chamber in 2017, the MSA had the fourth highest concentration of Fortune 500 companies headquartered in a single MSA. According to Moody's Analytics, the AA's top employers are Wal-Mart Stores Inc., AT&T, Baylor Scott & White Health, Bank of America, Texas Instruments Inc., JP Morgan Chase, HCA North Texas Division, UT Southwestern Medical Center, Target, and Verizon. Based on data from the Bureau of Labor Statistics, in the Dallas MSA unemployment rate for December 2017 was 3.1 percent, a decrease from 3.7 percent in 2016. This was below both the statewide rate of 3.7 percent and the national rate of 3.9 percent. The Dallas MSA job growth was led by information services, construction, finance, insurance, real estate, rental, and leasing.

Housing

According to information provided by Moody's analytics, new single-family permits are well above prior years, while new multifamily permits have remained stable. Demand for lower-price houses is still firm, though rising construction cost are increasingly an issue. In 2016, HUD reported the average price of a new single-family home in the city of Dallas was \$541 thousand, an increase of \$87 thousand, or more than 19 percent from the previous 12 months. In Fort Worth-Arlington the average price for new homes increased by \$21 thousand or 8 percent to \$281 thousand during the 12 months ending April 2016. While compared with the average price a year earlier, existing homes sold for an average price of \$229,800, up by \$16.8 thousand, or 8 percent. The cost of housing and its accessibility to LMI families is reflected in the level of homeowners with housing cost that exceed 30 percent of their income. Total housing for this AA consists of 55.4 percent owner-occupied units, 36.7 percent rental

units, and 7.9 percent vacant units. Of all owner-occupied units, 10.6 percent are in low-income tracts and 23.2 percent are in moderate-income tracts.

Community Contacts

We utilized three community contacts with local non-profit organizations that help to provide economic development, affordable housing, and assistance to LMI individuals. The community contacts indicated the primary needs in the AA include funds for homebuyer assistance, small business development, financial education, low cost checking and savings accounts, and asset and wealth building assistance to LMI individuals.

Houston-The Woodlands-Sugar Land MSA

Demographic Information for Full-Scope Area: Houston-The Woodlands-Sugar Land MSA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	1,069	12.25	28.62	27.03	31.52	0.56
Population by Geography	5,920,416	9.33	26.03	29.00	35.30	0.34
Owner-Occupied Housing by Geography	1,239,699	4.04	21.16	30.37	44.44	0.00
Business by Geography	444,726	7.98	19.34	25.25	47.37	0.05
Farms by Geography	7,849	4.33	17.82	33.62	44.20	0.03
Family Distribution by Income Level	1,392,645	23.70	16.53	17.58	42.18	0.00
Distribution of Low and Moderate Income Families throughout AA Geographies	560,285	16.83	38.25	27.88	17.04	0.00
Median Family Income		63,898	Median Housing Value		155,527	
FFIEC Adjusted Median Family Income for 2016		68,000	Unemployment Rate (2010 US		3.39%	
Households Below Poverty Level		13%	Census)			

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

Source: 2010 US Census and 2016 FFIEC updated MFI

Demographic Information for Full-Scope Area: Houston-The Woodlands-Sugar Land MSA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	1,069	14.87	29.09	25.63	29.56	0.84
Population by Geography	6,346,653	11.61	25.89	27.92	34.22	0.37
Owner-Occupied Housing by Geography	1,314,631	5.20	21.29	29.40	44.05	0.06
Business by Geography	455,880	10.00	19.50	23.69	46.62	0.19
Farms by Geography	7,813	5.31	17.62	32.69	44.31	0.06
Family Distribution by Income Level	1,530,226	24.40	16.10	17.08	42.42	0.00
Distribution of Low and Moderate Income Families throughout AA Geographies	619,787	20.44	35.85	26.72	16.74	0.25
Median Family Income		69,373	Median Housing Value		172,974	
FFIEC Adjusted Median Family Income for 2017		72,500	Unemployment Rate (2015 ACS		3.60%	
Households Below Poverty Level		14%	US Census)			

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

Source: 2015 ACS US Census and 2017 FFIEC updated MFI

The Houston-The Woodlands-Sugar Land MSA contains nine counties: Austin, Brazoria, Chambers, Fort Bend, Galveston, Harris, Liberty, Montgomery, and Waller. The MSA contains four principal cities and one community: Houston, Sugar Land, Conroe, Baytown, and The Woodlands. The Houston MSA is located along the gulf coast region in southeastern Texas and ranks fifth among MSAs with a population of 6.3 million as of January 1, 2017, according to estimates by the ACS Census. The percentage of families in the Houston MSA living below the poverty level is 12.8 percent.

Houston, the principal city in the MSA, is located in Harris County, TX. The City of Houston had a population of 2.4 million as of July 1, 2017, making Houston the largest city in Harris County and ranked as the fourth most populous U.S. city. The city has a population from various ethnic and religious backgrounds and is a large and growing international community.

Competition for financial services in the AA is strong with 97 direct competitors operating 1,450 offices in the MSA. TCB operates two branches with no deposit-taking ATMs in this AA. According to FDIC market share data as of June 30, 2017, TCB's deposits in the AA comprised approximately 14.5 percent of the total deposits of the bank, with a deposit market share of one percent, which ranks 13 among all deposit taking institutions in the AA. TCB competes with branches of nationwide and regional banks, local community banks, credit unions, and other nonbank financial institutions operating in the AA. Significant competitors include JPMorgan Chase, Wells Fargo, Bank of America, Compass Bank, and Zions First National Bank.

Employment and Economic Factors

The Houston MSA economy has strengthened recently after several weak years, according to information provided by Moody's Analytics. The Houston MSA economy has a broad industrial base in energy, manufacturing, aeronautics, healthcare, and transportation. Houston is known as the energy capital, leading in building oilfield equipment, and is home to more than 5 thousand related firms. According to the Greater Houston Partnership Houston Facts publication, the Houston MSA is home to 20 Fortune 500 companies headquartered in Harris County and many other Fortune 500 firms maintain U.S. offices in Houston. According to Moody's Analytics, the top employers in the AA include Memorial Hermann Health System, The University of Texas Health Science Center, Schlumberger Ltd., Landry's Inc., Exxon Mobile Corporation, and Baylor College of Medicine. Based on data from the Bureau of Labor Statistics, in the Houston MSA unemployment rate for December 2017 was 4.3 percent, a decrease from 5.3 percent in 2016. This was above the statewide rate of 3.7 percent and above the national rate of 3.9 percent. In 2017, Hurricane Harvey significantly affected the economic activity in Houston. According to the Federal Reserve Bank of Dallas, most sectors saw hefty job losses at the end of August and the month of September due to Hurricane Harvey, especially the service sector.

Housing

According to information provided by Moody's Analytics, in the Houston MSA housing market, house price increases are still low but beginning to accelerate. New multifamily permits have begun to recover from their downturn in 2015 and 2016 after the oil price collapse. According to data from Trulia, in the Houston AA, single-family housing stock available under \$200 thousand has largely disappeared, squeezing out many first-time homebuyers. More than 12.5 percent of the AA homeowners put more than 30 percent of their income toward housing costs. Total housing for this AA consists of 54.7 percent owner-occupied units, 35.6 percent rental units, and 9.7 percent vacant units. Of all owner-occupied units, 3.8 percent are in low-income tracts and 18.1 percent are in moderate-income tracts.

According to the Federal Reserve Bank of Dallas, home sales fell in August 2017 following Hurricane Harvey. September home sales bounced back as homebuyers were able to resume normal activity. A publication by the Houston Association of Realtors reported that during the fourth quarter 2017, all segments of the housing market registered gains, except for homes

priced between \$100 thousand and \$150 thousand and those priced at \$750 thousand and above.

Community Contacts

We used one community contact with a local non-profit organization that helps provide affordable housing and financial literacy. We also incorporated comments from the bank regulatory Hurricane Harvey Listening Session. There are numerous CD opportunities in this AA. The area is served by multiple well-established CD entities, including community development corporations (CDCs), community development financial institutions (CDFIs), and non-profit entities.

Primary needs in the AA include affordable housing, including funding for IDA programs and programs that allows persons to own a home by first renting, disaster recovery assistance focused on demolition and reconstruction, financial assistance for LMI persons and small businesses impacted by Hurricane Harvey, and access to retail shopping that includes providing healthy food choices in LMI communities. Matching funds and grants are also needed to increase graduation rates and higher education in LMI communities

San Antonio-New Braunfels MSA

Demographic Information for Full Scope Area: San Antonio-New Braunfels MSA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	457	8.10	27.79	33.04	30.20	0.88
Population by Geography	2,142,508	6.40	28.05	34.05	31.49	0.00
Owner-Occupied Housing by Geography	476,402	4.20	22.81	35.91	37.08	0.00
Business by Geography	133,814	4.61	20.47	32.72	41.99	0.21
Farms by Geography	3,630	2.45	13.91	42.07	41.52	0.06
Family Distribution by Income Level	507,377	22.54	16.91	19.28	41.26	0.00
Distribution of Low and Moderate Income Families throughout AA Geographies	200,198	11.35	40.67	33.43	14.56	0.00
Median Family Income		58,222	Median Housing Value		137,275	
FFIEC Adjusted Median Family Income for 2016		62,500	Unemployment Rate (2010 US Census)		3.16%	
Households Below Poverty Level		15%				

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

Source: 2010 US Census and 2016 FFIEC updated MFI

Demographic Information for Full Scope Area: San Antonio-New Braunfels MSA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	457	7.44	30.85	29.98	30.85	0.88
Population by Geography	2,286,702	6.15	28.81	31.42	33.62	0.00
Owner-Occupied Housing by Geography	486,051	4.11	22.33	31.91	41.65	0.00
Business by Geography	140,151	4.49	20.71	31.45	43.11	0.24
Farms by Geography	3,723	2.07	13.70	37.82	46.36	0.05
Family Distribution by Income Level	539,835	22.34	17.25	19.20	41.21	0.00
Distribution of Low and Moderate Income Families throughout AA Geographies	213,737	10.86	41.70	29.89	17.56	0.00
Median Family Income		62,228	Median Housing Value		151,851	
FFIEC Adjusted Median Family Income for 2017		64,300	Unemployment Rate (2015 ACS US Census)		3.42%	
Households Below Poverty Level		15%				

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

Source: 2015 ACS US Census and 2017 FFIEC updated MFI

The San Antonio–New Braunfels MSA contains eight counties: Atascosa, Bandera, Bexar, Comal, Guadalupe, Kendall, Medina, and Wilson. The San Antonio MSA is the 25th largest MSA in the nation. The largest counties in the San Antonio MSA are: Bexar County, Guadalupe County, and Comal County. There are 12.5 percent of the families living below the poverty level. San Antonio is the principal city in the MSA and is located in Bexar County. The San Antonio MSA accounts for almost 40 percent of the county’s geographic area and about 75 percent of the county’s estimated population. The City of San Antonio had a population of 1.5 million as of July 1, 2017, making San Antonio the largest city in Bexar County and ranked as the seventh largest city in America. The city has a population from various ethnic and religious backgrounds and is a large and growing international community.

Competition for financial services in the AA is strong. TCB operates two branches in the MSA, with no deposit-taking ATMs. According to FDIC market share data as of June 30, 2017, TCB has a deposit market share of 0.84 percent, which ranks 10 out of 60 depository institutions in the AA. TCB competes with branches of nationwide and regional banks, local community banks, credit unions, and other nonbank financial institutions operating in the AA. Significant competitors include USAA, Bank of America, Wells Fargo, Citi National Bank, and Broadway National Bank. As of June 30, 2017, TCB deposits in the AA totaled \$922.3 million, which equates to 5.3 percent of the total deposits of the bank.

Employment and Economic Factors

According to Moody's Analytics, job growth in the San Antonio MSA has been moderately above the national rate. Based on data from the Bureau of Labor Statistics, in December 2016, the unemployment rate in the San Antonio MSA was 3.6 percent. In December 2017, the unemployment rate in the San Antonio MSA decreased to 3 percent. This was below both the statewide rate of 3.7 percent and the national rate of 3.9 percent.

The San Antonio MSA has a healthy and diverse economy including a blend of well-established financial services, rapidly growing biomedical and biotech sectors, a booming new energy sphere, an IT sector, and a manufacturing sector. According to Moody's Analytics, San Antonio's largest employers are H-E-B, USAA, Methodist Healthcare System, Baptist Health System, JP Morgan Chase, Well Fargo, and AT & T. The San Antonio AA is also home to Fortune 500 companies and to one of the largest active and retired military populations in the nation.

Housing

According to information provided by Moody's Analytics, home prices have increased faster than the national average, permits for single-family homes and multifamily units have risen, and as prices have elevated, affordability has begun to decline. However, the San Antonio MSA remains more affordable than most major Texas markets. A report by McAlister Investment Real Estate, a real estate investment company, indicates the average home price increased 5 percent year over year in June 2017, reaching \$258 thousand compared to \$246 thousand in June 2016. Total housing for this AA consists of 56.7 percent owner-occupied units, 37.2 percent rental units, and 7.1 percent vacant units. Of all owner-occupied units, 4.1 percent are in low-income tracts and 22.3 percent are in moderate-income tracts.

Community Contacts

We used one community contact with a local non-profit organization that helps provide affordable housing, educational, and asset building opportunities. The AA primary needs include affordable housing stock, funds to repairs homes in LMI communities, down payment assistance, and broadband and internet access.

Appendix C: Tables of Performance Data

Content of Standardized Tables

A separate set of tables is provided for each state. All multistate metropolitan areas are presented in one set of tables. References to the “bank” include activities of any affiliates that the bank provided for consideration (refer to Appendix A: Scope of the Examination). For purposes of reviewing the Lending Test tables, the following are applicable: (1) purchased loans are treated as originations/purchases; (2) “aggregate” is the percentage of the aggregate number of reportable loans originated and purchased by all lenders in the MA/assessment area; (3) Partially geocoded loans are included in the Total Loans and % Bank Loans Column in Core Tables P, R, and T, and part of Table V. Deposit data are compiled by the FDIC and are available as of June 30th of each year. Tables without data are not included in this PE. Tables are identified by both letters and numbers, which results from how they are generated in supervisory analytical systems.

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.
- Table D. Lending Inside and Outside of the Assessment Area** – Presents the percentage distribution of the number and dollar amount of loans originated and purchased by the bank over the evaluation period inside and outside of the assessment area(s) by loan type.
- Table O. Assessment Area Distribution of Home Mortgage Loans by Income Category of the Geography** - Compares the percentage distribution of the number of loans originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies to the percentage distribution of owner-occupied housing units throughout those geographies. The table also presents aggregate peer data for the years the data is available.
- Table P. Assessment Area Distribution of Home Mortgage Loans by Income Category of the Borrower** - Compares the percentage distribution of the number of loans originated and purchased by the bank to low-, moderate-, middle-, and upper-income borrowers to the percentage distribution of families by income level in each MA/assessment area. The table also presents aggregate peer data for the years the data is available.
- Table Q. Assessment Area Distribution of Loans to Small Businesses by Income Category of the Geography** - The percentage distribution of the number of small loans (less than or equal to \$1 million) to businesses 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. Because small business data are not available for geographic areas smaller than counties, it may be necessary to compare bank loan data to aggregate data from geographic areas larger than the bank's assessment area.

Table R. Assessment Area Distribution of Loans to Small Businesses by Gross Annual Revenue - Compares the percentage distribution of the number of small loans (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. The table also presents aggregate peer data for the years the data is available.

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 –(h)-6 and 7 for guidance on when a bank may receive positive CRA consideration for such investments.

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.

Table 1. Lending Volume

LENDING VOLUME												
Geography: TEXAS												
Evaluation Period: JANUARY 1, 2015 through DECEMBER 31, 2017												
Assessment Area (2017):	% 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)	
Full-Scope:												
Dallas MSA	36.67	2,084	581,923	7,230	460,572	0	0	18	244,771	9,332	1,287,266	74.76
Houston MSA	30.67	803	272,907	7,113	409,376	0	0	26	150,302	7,942	832,585	14.50
San Antonio MSA	20.12	446	117,156	4,343	197,368	5	1,925	9	39,214	4,803	353,738	5.27
Limited-Scope:												
Austin MSA	12.54	437	184,129	2,630	95,836	0	0	5	115,113	3,072	395,078	5.47

* Loan Data as of December 31, 2017.

** The evaluation period for Community Development Loans is from October 28, 2015 to December 31, 2017.

*** Deposit Data as of June 30, 2017.

Table D - Lending Inside and Outside of the Assessment Area										
Loan Category	Number of Loans				Total #	Dollar Amount of Loans \$(000s)				Total \$(000s)
	Inside		Outside			Inside		Outside		
	#	%	#	%		\$	%	\$	%	
Home Mortgage										
2015-2017	3,770	11.2	29,864	88.8	33,634	1,156,115	12.7	7,970,920	87.3	9,127,035
Subtotal	3,770	11.2	29,864	88.8	33,634	1,156,115	12.7	7,970,920	87.3	9,127,035
Small Business										
2015-2017	21,316	6.6	301,018	93.4	322,334	1,163,152	20.2	4,581,608	79.8	5,744,760
Subtotal	21,316	6.6	301,018	93.4	322,334	1,163,152	20.2	4,581,608	79.8	5,744,760
Small Farm										
2015-2017	5	100.0	0	0.0	5	1,925	100.0	0	0.0	1,925
Subtotal	5	100.0	0	0.0	5	1,925	100.0	0	0.0	1,925
Total 2015-2017	25,091	7.0	330,882	93.0	355,973	2,321,192	15.6	12,552,528	84.4	14,873,720
<i>Source: Evaluation Period: 1/1/2015- 12/31/2017 Bank Data Due to rounding, totals may not equal 100.0</i>										

Table O : Assessment Area Distribution of Home Mortgage Loans by Income Category of the Geography																			2017, 2015-16	
Assessment Area:	Total Home Mortgage Loans				Low-Income Tracts			Moderate-Income Tracts			Middle-Income Tracts			Upper-Income Tracts			Not Available-Income Tracts			
	#	\$	% of Total	Overall Market	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	
Dallas MSA 2017	1,293	322,620	55.6	244,889	5.2	1.9	2.7	19.0	11.0	12.4	33.4	35.9	34.5	42.4	51.0	50.3	0.1	0.2	0.1	
Dallas MSA 2015-16*	791	259,303	54.7	261,642	4.6	1.0	1.9	19.3	7.3	10.1	34.3	27.7	33.2	41.7	64.0	54.8	0.0	0.0	0.0	
Houston MSA 2017	471	147,875	20.3	172,976	5.2	1.3	2.5	21.3	12.1	13.7	29.4	26.1	28.6	44.1	60.3	55.2	0.1	0.2	0.1	
Houston MSA 2015-16*	332	125,032	23.0	191,261	4.0	0.6	1.6	21.2	6.6	10.9	30.4	28.3	29.4	44.4	64.5	58.1	0.0	0.0	0.0	
San Antonio MSA 2017	288	70,051	12.4	75,114	4.1	0.3	1.1	22.3	12.8	12.3	31.9	31.3	32.6	41.6	55.6	53.9	0.0	0.0	0.0	
San Antonio MSA 2015-16*	158	47,105	10.9	80,065	4.2	9.5	1.4	22.8	10.1	10.5	35.9	24.7	34.1	37.1	55.7	54.0	0.0	0.0	0.0	
Limited-Scope																				
Austin MSA 2017	272	81,565	11.7	82,106	3.8	4.0	3.3	18.1	15.1	15.2	40.3	45.2	43.2	37.6	35.3	38.1	0.2	0.4	0.2	
Austin MSA 2015-16*	165	102,564	11.4	89,146	4.3	3.6	3.1	18.4	11.5	15.9	38.9	33.3	39.9	38.5	51.5	41.1	0.0	0.0	0.0	
Total - 2017	2,324	622,111	100.0	575,085	4.9	1.8	2.5	20.2	11.9	13.2	32.5	34.4	33.7	42.4	51.6	50.5	0.1	0.2	0.1	

Source: 2015 ACS Census; 01/01/2017 - 12/31/2017 Bank Data, 2017 HMDA Aggregate Data,
Due to rounding, totals may not equal 100.0

*Source: 2010 U.S. Census; 01/01/2015 - 12/31/2016 Bank Data, 2016 HMDA Aggregate Data.
Due to rounding, totals may not equal 100.0

Table P: Assessment Area Distribution of Home Mortgage Loans by Income Category of the Borrower **2017, 2015 - 2016**

Assessment Area:	Total Home Mortgage Loans				Low-Income Borrowers			Moderate-Income Borrowers			Middle-Income Borrowers			Upper-Income Borrowers			Not Available-Income Borrowers		
	#	\$	***% of Total	Overall Market	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate
Dallas MSA 2017	1,293	322,620	55.6	244,889	23.3	2.6	3.4	16.6	14.9	11.9	18.3	25.8	19.5	41.8	55.7	48.6	0.0	1.0	16.5
*Dallas MSA 2015-16	791	259,303	54.7	261,642	22.4	1.9	3.1	16.9	10.5	11.3	18.8	22.9	17.6	41.8	61.1	48.9	0.0	3.7	19.1
Houston MSA 2017	471	147,875	20.3	172,976	24.4	2.5	3.5	16.1	9.3	12.1	17.1	23.1	19.1	42.4	62.2	46.8	0.0	2.8	18.5
*Houston MSA 2015-16	332	125,032	23.0	191,261	23.7	1.5	2.4	16.5	5.1	10.6	17.6	18.1	17.5	42.2	68.4	50.8	0.0	6.9	18.7
San Antonio MSA 2017	288	70,051	12.4	75,114	22.3	2.8	3.1	17.3	15.6	11.0	19.2	28.1	20.7	41.2	50.7	43.5	0.0	2.8	21.8
*San Antonio MSA 2015-16	158	47,105	10.9	80,065	22.5	1.3	2.8	16.9	10.8	9.2	19.3	24.1	18.7	41.3	50.0	44.4	0.0	13.9	25.0
Limited-Scope																			
Austin MSA 2017	272	81,565	11.7	82,106	22.5	5.5	3.7	16.9	14.3	15.2	19.8	20.6	20.5	40.8	59.6	47.2	0.0	0.0	13.3
*Austin MSA 2015-2016	165	102,564	11.4	89,146	21.6	0.6	3.0	17.4	12.1	13.2	20.0	24.2	19.5	41.0	60.0	48.9	0.0	3.0	15.4
Total - 2017	2,324	622,111	100.0	575,085	23.5	3.0	3.4	16.5	13.8	12.3	18.1	24.9	19.7	41.9	56.8	47.2	0.0	1.5	17.3

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

*Source: 2010 U.S. Census; 01/01/2015 - 12/31/2016 Bank Data, 2016 HMDA Aggregate Data.
Due to rounding, totals may not equal 100.0

**The percentage for each analysis period

Table Q: Assessment Area Distribution of Loans to Small Businesses by Income Category of the Geography **2017, 2015-16**

Assessment Area:	Total Loans to Small Businesses				Low-Income Tracts			Moderate-Income Tracts			Middle-Income Tracts			Upper-Income Tracts			Not Available-Income Tracts		
	#	\$	**% of Total	Overall Market	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate
Dallas MSA 2017	2,059	139,983	30.2	158,739	7.2	9.1	7.3	19.3	23.0	19.2	28.9	31.6	28.2	44.1	35.5	44.6	0.6	0.8	0.7
*Dallas MSA 2015-16	5,171	320,589	35.7	169,819	7.0	9.4	6.9	18.5	22.8	17.6	29.5	31.2	27.8	44.8	36.5	47.5	0.2	0.1	0.1
Houston MSA 2017	2,332	133,006	34.2	148,301	10.0	15.0	10.0	19.5	25.2	19.0	23.7	23.6	23.7	46.6	36.1	47.2	0.2	0.0	0.2
*Houston MSA 2015-16	4,781	276,370	33.0	154,577	8.0	10.6	7.5	19.3	23.8	18.2	25.3	28.3	25.0	47.4	37.3	49.3	0.1	0.0	0.0
San Antonio MSA 2017	1,550	68,277	22.7	38,326	4.5	5.4	3.9	20.7	24.1	19.3	31.5	35.0	31.0	43.1	35.5	45.6	0.2	0.1	0.2
*San Antonio MSA 2015-16	2,793	129,091	19.3	41,872	4.6	5.6	4.6	20.5	22.5	18.2	32.7	36.4	30.1	42.0	35.4	46.8	0.2	0.1	0.2
Limited Scope																			
Austin MSA 2017	874	30,460	12.8	49,850	6.8	8.4	7.0	14.3	20.7	14.6	33.9	40.4	34.8	43.7	29.1	42.7	1.3	1.5	0.8
*Austin MSA 2015-16	1,756	65,376	12.1	52,714	6.3	8.0	6.2	17.9	24.4	16.8	30.6	34.3	30.6	45.1	33.3	46.3	0.1	0.0	0.1
Total - 2017	6,815	371,726	100.0	395,216	7.8	10.2	7.9	18.9	23.7	18.6	27.9	30.8	27.6	44.8	34.9	45.5	0.5	0.5	0.5

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

*Source: 2016 D&B Data; 01/01/2015 - 12/31/2016 Bank Data; 2016 CRA Aggregate Data.
Due to rounding, totals may not equal 100.0

** Percent of total per analysis period

Table R: Assessment Area Distribution of Loans to Small Businesses by Gross Annual Revenues											2017, 2015-16	
Assessment Area:	Total Loans to Small Businesses				Businesses with Revenues <= 1MM			Businesses with Revenues > 1MM		Businesses with Revenues Not Available		
	#	\$	**% of Total	Overall Market	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	% Businesses	% Bank Loans	
Dallas MSA 2017	2,059	139,983	30.2	158,739	85.9	3.9	46.6	5.2	5.8	8.9	90.3	
*Dallas MSA 2015-16	5,171	320,589	35.7	169,819	85.4	3.4	42.4	5.3	5.4	9.4	91.2	
Houston MSA 2017	2,332	133,006	34.2	148,301	85.2	3.3	45.6	5.9	3.9	8.8	92.7	
*Houston MSA 2015-16	4,781	276,370	33.0	154,577	85.3	2.9	40.7	5.8	3.6	8.9	93.5	
San Antonio MSA 2017	1,550	68,277	22.7	38,326	84.9	5.5	46.2	4.9	6.8	10.2	87.7	
*San Antonio MSA 2015-16	2,793	129,091	19.3	41,872	84.5	6.3	40.4	5.0	6.2	10.6	87.5	
Limited-Scope												
Austin MSA 2017	874	30,460	12.8	49,850	86.0	2.1	50.5	4.8	4.2	9.3	93.7	
*Austin MSA 2015-16	1,756	65,376	12.1	52,714	85.6	2.2	41.3	4.7	6.7	9.6	91.1	
Total - 2017	6,815	371,726	100.0	395,216	85.6	3.8	46.7	5.4	5.2	9.1	91.0	
<p><i>Source: 2017 D&B Data; 01/01/2017 - 12/31/2017 Bank Data; 2017 CRA Aggregate Data. Due to rounding, totals may not equal 100.0</i></p> <p><i>*Source: 2016 D&B Data; 01/01/2015 - 12/31/2016 Bank Data; 2016 CRA Aggregate Data, Due to rounding, totals may not equal 100.0</i></p> <p><i>** Percent of analysis period total</i></p>												

Table 14. Qualified Investments

QUALIFIED INVESTMENTS									
Geography: TEXAS									
Evaluation Period: October 28, 2015 through December 31, 2017									
Assessment Area:	Prior Period Investments*		Current Period Investments		Total Investments			Unfunded Commitments**	
	#	\$(000's)	#	\$(000's)	#	\$(000's)	% of Total	#	\$(000's)
Full-Scope:									
Dallas-Fort Worth-Arlington MSA	3	10	116	121,427	119	121,437	57.91	1	2,018
Houston-The Woodlands-Sugar Land MSA	1	39	36	15,354	37	15,393	7.34	0	0
San Antonio-New Braunfels MSA	3	9	28	43,566	31	43,575	20.77	0	0
Limited-Scope:									
Austin-Round Rock MSA	3	36	43	5,942	46	5,978	2.85	0	0
Statewide with P/M/F	3	5,887	0	0	3	5,887	2.81	0	0
Statewide without P/M/F	0	0	1	5,000	1	5,000	2.38	0	0

QUALIFIED INVESTMENTS									
Geography: BROADER REGIONAL AREA & NATIONWIDE									
Evaluation Period: OCTOBER 28, 2015 through DECEMBER 31, 2017									
Assessment Area:	Prior Period Investments*		Current Period Investments		Total Investments			Unfunded Commitments**	
	#	\$(000's)	#	\$(000's)	#	\$(000's)	% of Total	#	\$(000's)
Full Review:									
Regional with P/M/F	2	1,152	0	0	2	1,152	0.55	0	0
Nationwide	7	8,220	2	3,078	9	11,298	5.39	0	0

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

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

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

DISTRIBUTION OF BRANCH DELIVERY SYSTEM AND BRANCH OPENINGS/CLOSINGS				Geography: TEXAS				Evaluation Period: October 28, 2015 through DECEMBER 31, 2017									
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
Full-Scope:																	
Dallas-Fort Worth-Arlington MSA	74.76	6*	50.00	0.00	0.00	16.67	83.33	0	1	0	0	0	-1	10.88	24.65	31.29	33.06
Houston-The Woodlands-Sugar Land MSA	14.50	2	16.67	0.00	0.00	50.00	50.00	0	0	0	0	0	0	11.61	25.89	27.92	34.22
San Antonio-New Braunfels MSA	5.27	2	16.67	0.00	50.00	0.00	50.00	0	0	0	0	0	0	6.15	28.81	31.42	33.62
Limited-Scope																	
Austin-Round Rock MSA	5.47	2**	16.66	0.00	0.00	0.00	100.00	0	1	0	0	0	-1	10.06	22.33	37.29	29.23

*For analysis purposes, this figure includes the Addison Banking Center branch that was closed 9/29/2017. It was open during the majority of the evaluation period.

** For analysis purposes, this figure includes the Westlake Hills branch that was closed 9/30/2016. It was open during the majority of the evaluation period.