



PUBLIC DISCLOSURE

May 15, 2023

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

The American National Bank of Texas (ANBTX)
Charter Number: 17043

102 West Moore Avenue
Terrell, TX 75160-3129

Office of the Comptroller of the Currency

225 E. John Carpenter Fwy.
Suite 900
Irving, TX 75062

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.

Table of Contents

Overall CRA Rating.....1
Description of Institution.....2
Scope of the Evaluation.....3
Discriminatory or Other Illegal Credit Practices Review.....4
State Rating.....5
 State of Texas.....5
Appendix A: Scope of Examination.....A-1
Appendix B: Summary of State Ratings.....B-1
Appendix C: Definitions and Common Abbreviations.....C-1
Appendix D: Tables of Performance Data.....D-1

Overall CRA Rating

Institution’s CRA Rating: This institution is rated Satisfactory.

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

| Performance Levels | (Name of Bank) Performance Tests | | |
|---------------------------|-------------------------------------|-----------------|--------------|
| | Lending Test* | Investment Test | Service Test |
| Outstanding | | X | |
| High Satisfactory | X | | |
| Low Satisfactory | | | X |
| Needs to Improve | | | |
| Substantial Noncompliance | | | |

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

The major factors that support this rating include:

- The Lending Test rating is based on bank’s level of lending indicating good responsiveness to local credit needs, a substantial majority of the bank’s loans being in the Assessment Areas (AAs), adequate geographic distribution of loans, adequate borrower lending distribution, and an excellent level of community development (CD) loans.
- The Investment Test rating is based on the bank’s level of investments, donations, and grants that reflected excellent responsiveness to AA needs.
- The Service Test rating is based on the reasonable accessibility of branch offices to geographies and individuals of different income levels and the bank’s adequate level of CD services.

Lending in Assessment Area

A substantial majority of the bank’s loans are in its AAs.

ANBTX originated 90.2 percent of its total loans by count and 86.2 percent by dollar amount inside the bank’s AAs during the evaluation period. This analysis is performed at the bank, rather than the AA, level. The bank’s primary products are based on loan originations for home mortgage and loans to small businesses. Farm loans are not a primary strategic focus for the bank and are of limited volume but were included in the table below as reported on the CRA Loan Application Register (LAR):

| 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 | 2,269 | 84.4 | 418 | 15.6 | 2,687 | 610,423 | 82.7 | 128,000 | 17.3 | 738,423 |
| Small Business | 6,502 | 92.3 | 540 | 7.7 | 7,042 | 821,115 | 89.1 | 100,819 | 10.9 | 921,934 |
| Small Farm | 166 | 92.2 | 14 | 7.8 | 180 | 15,896 | 87.7 | 2,226 | 12.3 | 18,122 |
| Total | 8,937 | 90.2 | 972 | 9.8 | 9,909 | 1,447,434 | 86.2 | 231,045 | 13.8 | 1,678,479 |

Description of Institution

ANBTX is a full-service, single state institution headquartered in Terrell, Kaufman County, Texas. The bank was established in 1875 and remains one of the oldest independently owned banks in the state of Texas. The bank's name was changed to American National Bank of Terrell in 1903 and then to American National Bank of Texas in 1995. ANBTX is wholly owned by The ANB Corporation, \$5.3 billion a one-bank holding company also headquartered in Terrell, Texas. The primary mission of the holding company is ownership of ANBTX. The Hulsey Family owns 31 percent of the holding company.

ANBTX provides banking services to the public in its North and East Texas markets, predominately within the eastern portion of the Dallas-Fort Worth metroplex. Local branches have historically been the bank's primary delivery channel for its products and services to give its branches a "local community bank feel." In recent years, strategic initiatives have been implemented to transition from a largely community bank model to a full-scale bank that can thrive in the new digital economy. Nevertheless, strategic plans indicated bank personnel should remain focused on the needs of the local communities that it serves and provide personalized customer service by "knowing the customer and meet their needs." ANBTX's mission statement to its customers is to build a loyal, mutually profitable relationship, by excelling in understanding the needs and expectations of its clients and delivering superior value.

The bank offers a wide variety of loan and deposit products. Lending product offerings include commercial real estate loans, commercial and industrial loans, loan to municipalities, single-family residential mortgages, and consumer loans. ANBTX's primary focus is commercial lending but aims to provide a product suite similar to larger institutions with the service of a community bank. Of note, residential mortgage lending activity has significantly increased since the prior CRA evaluation due to the favorable local real estate market and interest rate environment coupled with mortgage staff expansion in 2020. In particular, the bank sells a notable volume of residential real estate loans to secondary market investors. For perspective, the bank sold \$129.4 million in 1-4 family residential mortgage loans during 2021 in the secondary market, whereas the bank only sold \$38.4 million in 2019.

The bank reported total assets of \$5.3 billion, total deposits of \$4.7 billion, and Tier 1 Capital of \$408 million as of December 31, 2021, which was the end of our evaluation period. Net loans and leases totaled approximately \$2.2 billion, or 42.2 percent of total assets. Major loan categories included commercial real estate loans at 38.1 percent, 17.6 percent in 1-4 family residential mortgages, construction loans at 13.7 percent, municipal loans at 12.4 percent and commercial and industrial loans

at 10.7 percent. Consumer loans were not a significant portion of the portfolio at less than two percent of portfolio. Investment securities totaled approximately \$2.5 billion.

During the evaluation period, the bank also offered the Small Business Administration's (SBA) Payroll Protection Program (PPP) loans, which was enacted as part of the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) to aid small business in order to maintain payroll cost, avoid layoffs or salary reductions, and keep their businesses operational. During the evaluation period, the bank extended 4,175 PPP loans totaling \$463.8 million. Of this total, 3,652 PPP loans totaling \$387.8 million in 2020 and 2021 were originated inside the bank's AAs. Moreover, ANBTX continues to reach more small businesses through its SBA department. During this evaluation period, the department has approved 465 loans in 7a, and 504 programs in ANBTX AAs for a total of \$224.2 million.

As of December 31, 2021, the bank operated 27 branch locations (including the main office), four stand-alone, deposit-taking automated teller machines (ATMs), and one loan production office (LPO) within the Dallas and Fort Worth metroplex and surrounding areas. Bank locations, with exception to its Terrell Wal-Mart location, included drive-thru services with reasonable hours of operations. In addition to the four stand-alone ATMs, 25 branches included onsite ATMs and four locations now include Interactive Teller Machines (ITM). Since the previous CRA evaluation, the bank grew from \$3.1 billion as of December 31, 2018, to \$5.3 billion as of December 31, 2021. The bank was not involved in any mergers or acquisitions since the prior CRA performance evaluation, and a significant portion of recent growth is related to an increase in deposits from PPP loans and other economic mitigation efforts related to COVID-19.

There were no legal, financial, or other factors impeding the bank's ability to meet the credit needs of the AA during the evaluation period. The bank received a "Satisfactory" rating at the last CRA evaluation dated September 3, 2019.

Scope of the Evaluation

Evaluation Period/Products Evaluated

This performance evaluation assessed ANBTX's record of meeting the credit needs of its AAs under the CRA Large Bank Lending, Investment, and Service Tests. The evaluation period for the Lending, Investment, and Service Tests is from January 1, 2019, through December 31, 2021.

In evaluating the bank's lending performance, we reviewed residential mortgage loans subject to filing under the Home Mortgage Disclosure Act (HMDA) and small loans to businesses, and CD loans, as reported under CRA. We also evaluated CRA qualified investments and CD services. ANBTX's qualifying activities performed in response to the COVID-19 pandemic are addressed in this evaluation.

Selection of Areas for Full-Scope Review

One or more AA(s) within the state of Texas were selected for a full-scope review. For purposes of this evaluation, any bank delineated AAs located within the same metropolitan statistical area (MSA) are combined and evaluated as a single AA. Similarly, any bank delineated non-MSA AAs within the same state are combined and evaluated as a single area. These combined AAs may be evaluated as full- or limited-scope. Please refer to the "Scope" section under the State Rating section for details regarding

how full-scope AAs were selected. Refer to appendix A, Scope of Examination, for a list of full- and limited-scope AAs.

The bank delineated three AAs within the state of Texas:

- Dallas Metropolitan Division (MD) AA – Whole counties of Kaufman, Hunt, Rockwall, and Collin, and the North and East portions of Dallas County
- Fort Worth MD AA – Portions of Tarrant and Johnson Counties
- Van Zandt non-MSA AA – the entirety of Van Zandt County

In review of the AA delineations, we combined the seven counties listed above within the Dallas MD and Fort Worth MD into one AA for a full-scope evaluation with boundary adjustments to incorporate all of Dallas, Tarrant, and Johnson Counties as they are all located in the Dallas-Fort Worth-Arlington MSA. Our review determined that the bank's AA delineations exclude notable portions of low- and moderate-income (LMI) geographies in the Dallas-Fort Worth-Arlington MSA. In the absence of a significant geographical barrier, AA delineations are inconsistent with the requirements under 12 CFR 25.41. As such, we determined that ANBTX can reasonably serve the entirety of the delineated counties and AA boundary adjustments were made for purposes of our analysis.

The combined Dallas-Fort Worth-Arlington MSA AA (DFW AA) represented 96.6 percent of total deposits and 92 percent of their total branching network and was selected for a full-scope review. Conversely, we selected the Van Zandt non-MSA AA for a limited scope review as this AA only comprised 3.4 percent of total bank deposits and 8 percent of their branches.

Ratings

The bank's overall rating is based on performance in the State of Texas. The state rating is based on the performance in all of the bank's AAs with the most weight placed on the sole full-scope AA, the DFW AA. Refer to the "Scope" section under the State Rating section for details regarding how the areas weighted in arriving at respective ratings.

Discriminatory or Other Illegal Credit Practices Review

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

The OCC has not identified that this institution (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.

State Rating

State of Texas

CRA rating for the State of Texas: Satisfactory

The Lending Test is rated: High Satisfactory

The Investment Test is rated: Outstanding

The Service Test is rated: Low Satisfactory

The major factors that support this rating include:

- Lending levels reflected good responsiveness to the credit needs in its AAs;
- ANBTX originated a substantial majority of its loans within its AAs;
- The bank exhibited an adequate geographic distribution of loans within its AAs;
- The bank reflected an adequate distribution of loans to borrowers of different income levels and businesses of different sizes;
- ANBTX was a leader in originating CD loans and was responsive to community needs, which had a significantly positive impact on the bank's lending test rating.
- The institution had an excellent level of qualified CD investment and grants;
- The bank's service delivery systems were reasonably accessible to geographies and individuals of different income levels in the institution's AAs.
- The bank provided an adequate level of CD services.

Description of Institution's Operations in Texas

ANBTX delineated three AAs in the state of Texas. This includes a portion of the Dallas-Plano-Irving, TX MD (DPI MD); portions of the Fort Worth-Arlington-Grapevine TX MD (FWAG MD); and Van Zandt non-MSA. As noted above, the DPI MD and FWAG MD were combined, analyzed, and presented as one AA, the DFW AA, for purposes of this evaluation. For more information on AA delineations and our boundary adjustments, please refer to the *Selection of Area for Full-Scope Review* section above and *Appendix A*.

The bank conducts business with the general public through 27 branch locations (including the main office), one LPO, and four stand-alone, deposit-taking ATMs in North Texas. Within the DFW AA, the bank operates 25 of these locations and one LPO. For DFW locations, 23 branch locations either include an attached ATM or ITM. The bank also operates four stand-alone ATMs in this market. Two additional

offices with ATMs are in the Van Zandt non-MSA AA, a largely rural, nonmetropolitan area outside of the Dallas-Fort Worth metroplex. The majority of bank lending activity occurs in the DFW AA, with a concentration in the eastern portion of the DPI MD. Total loans in the DFW AA comprised over 90 percent of all bank loans during the evaluation period. Home mortgage loans in the DFW AA represented 90.2 percent of the total home mortgages and purchases during the evaluation period. Moreover, small business loans within the DFW AA represented 95.5 percent of total small business loans during the evaluation period. The bank's primary strategy focuses on business loans and deposits as its core products, while providing a general product suite to compete with large and super-regional competitors in the area. Additional information on the bank's general operations can be found in the *Description of Institution* section of the report.

Local competition within the DFW AA is significant and includes national and regional financial institutions. As of June 30, 2021, ANBTX has 1.01 percent of total deposit market share and ranks 14th out of 159 institutions within the DFW AA. Competition with significant deposit market share include Bank of America, N.A. (31.5 percent); JPMorgan Chase Bank, N.A. (25.5 percent); and Wells Fargo Bank, N.A. (6.1 percent). Further, the bank operates 25 of the 1,359 FDIC-insured banking offices in the DFW AA (1.8 percent). Institutions with the largest branch presence in this market include JP Morgan Chase Bank (180 offices); Wells Fargo Bank (133); and Bank of America (123).

In the performance context, we evaluated the disparity between the median income of families within the AA and the cost of housing. Based on the information in the Table A below, low-income families earned less than \$34,670 in the FWAG MD and less than \$35,575 in the DPI MD. Moderate-income families earned less than \$55,471 in the FWAG MD and less than \$56,919 in the DPI MD. The median housing value in the AA is \$174,005. One method to determine housing affordability assumes a maximum affordable monthly principal and interest payment of no more than 30 percent of the applicant's income. The calculated maximum affordable monthly mortgage payment was \$867 and \$889 for a low-income borrower and \$1,387 or \$1,423 for a moderate-income borrower, depending on the MD. Assuming a 30-year mortgage with a five percent interest rate, and not considering any down payment, homeowner's insurance, real estate taxes or additional monthly expenses, the monthly mortgage payment for a home at the AA median housing value would be \$934. Based on these calculations, low-income borrowers would be challenged to qualify for and afford home mortgage financing in this AA.

According to Moody's Analytics dated November 2021, logistics, high-technology, and financial service jobs contribute to the robustness of the area's economy. The Dallas-Fort Worth-Arlington MSA economy has significantly outpaced the national average. Jobs lost during the COVID-19 pandemic have largely returned and most industries have outperformed their national counterparts. Unemployment levels increased from 4.6 percent in March 2020 to 12.5 percent in April 2020 due to economic fallout associated with COVID-19 mitigation practices. Since this period, unemployment rates have declined and the non-seasonally adjusted unemployment rate for the Dallas-Fort-Worth-Arlington MSA was 3.6 percent as of December 2021, according to the Bureau of Labor Statistics. The national non-seasonally adjusted unemployment rate was 3.7 percent as of December 2021. Major employers in the area include American Airlines, Walmart, Baylor Scott & White Health, Lockheed Martin, and the University of Texas Southwestern Medical Center.

The poverty level across the AA was also considered in the evaluation of lending performance. Families living below the poverty level are identified as having difficulty meeting basic financial needs and, as such, are less likely to have the financial wherewithal to qualify for a home loan than those with income above the poverty level. For this AA, 12.3 percent of families were living below the poverty level.

We also considered information from five previously conducted community contacts for the purpose of determining a community profile, identifying opportunities for participation by local financial institutions, and determining the performance of local financial institutions in meeting the credit needs of the community. Contacts included nonprofit/government entities involved in affordable housing and economic development, as well as a local food bank. Community contacts indicated that affordable housing is the biggest need in the DFW AA. Housing prices have risen at a faster pace than working class wages, resulting in a significant need for affordable housing options for LMI individuals. According to Moody’s Analytic Report, average housing prices have steadily risen with the average home in the DPI MD costing \$271.7 thousand, \$282 thousand, and \$324 thousand during the years of 2019, 2020, and 2021, respectively. For the FWAG MD, average housing costs \$250 thousand, \$261 thousand, and \$301 thousand, respectively. Contacts also communicated the need for various financial literacy programs that benefit LMI individuals as well as local small businesses, with a particular emphasis on educating the public on lower cost alternatives to payday lenders. One contact from a nonprofit indicated that low-income individuals served by the organization frequently seek financial advice from their organization due to the established trust. As such, the contact emphasized that local banks could partner with certain community groups for hosting financial literacy and money management programs. Significant needs within the MSA include:

- Affordable Housing;
- Financial education and personal money management courses tailored to LMI individuals;
- Small Business Financing;
- Partnerships and investments in local Certified Development Financial Institutions (CDFI);
- Affordable loan products for contractors that support building affordable housing and rehabilitation of homes in LMI income geographies;
- Investments in federally designated Opportunity Zones to drive capital to targeted census tracts.
- Job training programs, including on-the-job training programs

The following table provides a summary of the demographics that include housing, business, and farm information for the DFW AA.

DFW AA

| Table A – Demographic Information of the Assessment Area | | | | | | |
|---|-----------|-------------------|------------------------|----------------------|---------------------|-------------------|
| Assessment Area: American NB of Texas - DFW AA | | | | | | |
| Demographic Characteristics | # | Low % of # | Moderate % of # | Middle % of # | Upper % of # | NA* % of # |
| Geographies (Census Tracts) | 1,114 | 14.4 | 28.0 | 26.1 | 30.9 | 0.6 |
| Population by Geography | 5,700,071 | 12.1 | 27.8 | 27.6 | 32.3 | 0.1 |
| Housing Units by Geography | 2,182,383 | 12.5 | 26.4 | 28.1 | 32.8 | 0.2 |
| Owner-Occupied Units by Geography | 1,176,577 | 5.9 | 22.1 | 29.9 | 41.9 | 0.1 |
| Occupied Rental Units by Geography | 832,658 | 19.9 | 31.6 | 26.2 | 21.9 | 0.4 |
| Vacant Units by Geography | 173,148 | 21.7 | 30.1 | 24.4 | 23.4 | 0.3 |
| Businesses by Geography | 623,117 | 7.2 | 19.7 | 26.6 | 45.7 | 0.8 |
| Farms by Geography | 10,306 | 5.4 | 19.2 | 29.9 | 45.0 | 0.5 |

| | | | | | | |
|--|-----------|----------|------------------------------|------|------|-----------|
| Family Distribution by Income Level | 1,382,086 | 24.7 | 16.9 | 18.1 | 40.2 | 0.0 |
| Household Distribution by Income Level | 2,009,235 | 24.9 | 16.9 | 17.8 | 40.5 | 0.0 |
| Median Family Income MSA - 19124 Dallas-Plano-Irving, TX | | \$71,149 | Median Housing Value | | | \$174,005 |
| Median Family Income MSA - 23104 Fort Worth-Arlington-Grapevine, TX | | \$69,339 | Median Gross Rent | | | \$973 |
| | | | Families Below Poverty Level | | | 12.3% |
| <i>Source: 2015 ACS and 2020 D&B Data</i> <i>Due to rounding, totals may not equal 100.0%</i> <i>(*) The NA category consists of geographies that have not been assigned an income classification.</i> | | | | | | |

Scope of Evaluation in Texas

Our scope for the state of Texas included a full-scope review of the DFW AA. As noted above, our analysis of ANBTX's performance in Dallas, Tarrant, Johnson, Collin, Hunt, Kaufman, and Rockwall Counties was combined, analyzed, and presented as one AA. This AA represented the most predominant deposit concentration, lending activity, and branch distribution. The Van Zandt non-MSA AA is not located within an MSA, and ANBTX operates only two branch locations with 3.4 percent of its total deposits in the AA. Therefore, the Van Zandt non-MSA AA was selected for a limited-scope review.

Our analysis of lending activity focused on home mortgage and small business loans, which included PPP loan originations in 2020 and 2021. Due to the lack of business revenue information for PPP loans reported on the CRA LAR, we placed more weight on home mortgage lending for the income distribution performance test. In the remaining areas, we placed the more weight on small business lending which is the bank's largest product by number of loans and primary lending focus.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN TEXAS

LENDING TEST

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

Conclusions for Area Receiving a Full-Scope Review

Based on the full-scope review, the bank's performance in the DFW AA was good.

Lending Activity

Lending levels within the DFW AA reflected good responsiveness to the AA's credit needs. The bank originated a good volume of loans in the AA relative to its capacity based on deposits, competition, market presence, and business strategy. The proportion of reported bank loans in each AA was comparable to the proportion of bank deposits in the respective AAs. Although small farm loans reported on the CRA LAR are included below, we identified small business loan products and home mortgages as the primary lending products and analyzed those two lending products for purposes of the Lending Test.

| Number of Loans* | | | | | | | |
|----------------------|---------------|----------------|------------|-----------------------|-------|--------------|-----------------|
| Assessment Area | Home Mortgage | Small Business | Small Farm | Community Development | Total | %State Loans | %State Deposits |
| DFW AA | 2,046 | 6,209 | 119 | 60 | 8,434 | 93.7 | 96.6 |
| Van Zandt non-MSA AA | 223 | 293 | 47 | 1 | 564 | 6.2 | 3.4 |
| Statewide/Regional | | | | 4 | 4 | 0.1 | |
| Total | 2,269 | 6,502 | 166 | 65 | 9,002 | 100.0 | 100.0 |

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

| Dollar Volume of Loans (\$000) * | | | | | | | |
|----------------------------------|---------------|----------------|------------|-----------------------|-----------|---------------|-----------------|
| Assessment Area | Home Mortgage | Small Business | Small Farm | Community Development | Total | %State* Loans | %State Deposits |
| DFW AA | 567,958 | 803,040 | 11,633 | 67,955 | 1,450,586 | 94.8 | 96.6 |
| Van Zandt non-MSA AA | 42,465 | 18,075 | 4,263 | 1,707 | 66,510 | 4.3 | 3.4 |
| Statewide/Regional | | | | 12,489 | 12,489 | 0.9 | |
| Total | 610,423 | 821,115 | 15,896 | 82,151 | 1,529,585 | 100.0 | 100.0 |

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

During the evaluation period, the bank originated 2,269 home mortgage loans totaling \$610.4 million, 6,502 small business loans totaling \$821 million, 166 loans to small farms totaling \$15.9 million, and 65 CD loans totaling \$82.2 million. As of our evaluation date, 93.7 percent of the loans originated during the evaluation period were concentrated in the DFW AA. Similarly, 96.6 percent of total deposits were in the DFW AA. The deposit and lending concentrations within this AA reflect the principal location of the bank's commercial and retail customer base, branch locations, and the bank's lending focus.

Market share information for loans and deposits show that ANBTX operates in a highly competitive banking environment. As of June 30, 2021, ANBTX ranked 14th out of 159 institutions in deposit market share in the DFW AA. Operating 25 locations in this AA, the bank had a deposit market share of 1.01 percent. Collectively, Bank of America, N.A., JPMorgan Chase Bank, N.A., Wells Fargo Bank, N.A. and Texas Capital Bank dominate the market with 68.6 percent of total deposit market share.

According to 2021 aggregate HMDA data, ANBTX achieved a 0.25 percent market share of mortgage loans of mortgage loans in this AA, by number of loans, ranking 83rd of 1,121 reporting lenders. The market share by dollar volume was similar at 0.24 percent, which is below deposit market share representation. Given the highly competitive home mortgage market in the AA from specialized home mortgage companies and state and nationwide banks that offer a wider selection of mortgage products, the lending activity for home mortgages is adequate. The top five mortgage lenders accounted for approximately 20 percent of mortgage production by count. The top five lenders are Rocket Mortgage, Wells Fargo Bank, N.A., Lakeview Loan Servicing, LLC, JPMorgan Chase Bank, N.A, and Freedom Mortgage Corporation.

ANBTX's small business lending activity is excellent given the significant level of competition within the DFW AA from national and regional lenders. The 2021 Peer Small Business Data indicates that ANBTX achieved a 1.01 percent market share of small loans to businesses in this AA, by number of loans, ranking 19th among 339 lenders. The market share by dollar volume was 3.2 percent, which exceeds the deposit market share. The top three lenders for small business lending were American

Express National Bank; JPMorgan Chase Bank, N.A.; and Bank of America, N.A, who collectively accounted for 44.5 percent of small business loan production in the AA.

Distribution of Loans by Income Level of the Geography

The bank exhibited an adequate geographic distribution of loans in its AA.

Home Mortgage Loans

Refer to Table O in the state of Texas section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's home mortgage loan originations.

ANBTX's geographic distribution of home loans was good. The bank's mortgage lending in low-income geographies in the DFW AA was lower than the percent of owner-occupied housing units in those geographies and somewhat lower than aggregate lending data. However, lending opportunities in these geographies are likely limited with only 5.9 percent of owner-occupied housing located in low-income census tracts. Conversely, the bank's mortgage lending in moderate-income geographies was near the level of owner-occupied housing units in moderate-income geographies and exceeds aggregate lending performance in moderate-income geographies.

Small Loans to Businesses

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

ANBTX's geographic distribution of loans to small business was good. The bank's small business lending in low-income geographies was near the percentage of businesses in low-income geographies and near the aggregate lending in low-income geographies. Only 7.3 percent of businesses operate within low-income geographies, evidencing fewer lending opportunities in these tracts. However, the bank's small business lending in moderate-income geographies exceeded both the proportion of businesses and the level of aggregate lending in moderate-income geographies.

Lending Gap Analysis

For the DFW AA, conspicuous lending gaps were identified by the OCC in Dallas County during the evaluation period. These gaps reduced the geographic distribution rating from a good to adequate conclusion.

To perform the lending gap analysis, the OCC generated maps of CTs where there was low or no penetration of HMDA or small business loan originations during the evaluation period. The OCC focused on clusters of LMI CTs with no lending within the AA and then evaluated the clusters to determine if demographic information indicated lending opportunities within the clusters. The OCC also evaluated whether there were any physical barriers that could explain the lack of lending in those LMI clusters.

In Dallas County, we identified LMI CTs clusters in and around the southern portion of the City of Dallas that extended westward in the County where there was no HMDA, CRA, or CD Lending in 2019,

2020, and 2021. There were four branches in Dallas County, with one located in the City of Dallas. We observed that peer institutions did originate loans in these clusters and lending maps demonstrated that the bank penetrated certain census tracts located in the further extremities of Dallas County. Given the total population, number of owner-occupied units, businesses in the identified geographic gaps, and the absence of identified geographic barriers, these areas presented sufficient lending opportunities.

Distribution of Loans by Income Level of the Borrower

The bank exhibited an adequate distribution of loans among individuals of different income levels and business of different sizes, given the product lines offered by the institution.

Home Mortgage Loans

Refer to Table P in the state of Texas section of appendix D for the facts and data used to evaluate the borrower distribution of the bank's home mortgage loan originations and purchases.

The bank's mortgage lending to low-income borrowers was lower than the percentage of low-income families in the DFW AA but exceeded aggregate lending performance to low-income borrowers. One noteworthy challenge is the DFW's poverty rate of 12.3 percent, which may have influenced the bank's ability to fully penetrate the LMI borrower demographic. Moreover, the DFW AA continues to experience rising housing costs which places a heavier burden on low-income individuals. The bank's mortgage lending to moderate-income borrowers was somewhat lower than the percentage of moderate-income families in the AA, but comparable to aggregate lending performance to moderate-income borrowers.

Small Loans to Businesses

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

The proportion of bank's loans to businesses with revenues of \$1 million or less was lower than the percent of businesses identified as having revenues of \$1 million or less. The bank's loans to businesses with revenues of \$1 million or less was somewhat lower than the aggregate level of lending to these businesses. As stated in previous sections, ANBTX was a significant PPP participating lender within the Dallas-Fort Worth metroplex and PPP loans originated in 2020 and 2021 did not require collection of Gross Annual Revenue (GAR) data. Consequently, due to the volume of PPP lending, a significant portion of the bank's loans to small businesses (41 percent) did not report annual revenues for comparison purposes.

When reviewing small business lending data solely from 2019, the proportion of the bank's loans businesses with revenues of \$1 million or less (43.9 percent) was lower than demographic data but is near the 2019 aggregate level of lending to these businesses at 46.6 percent. Further, to understand the impact of PPP participation on overall bank lending performance, we reviewed an adjusted bank performance ratio to exclude PPP lending with no revenue information. This analysis indicated that 45.7 percent of small business loans, excluding PPP, were to businesses with revenues of \$1 million or less throughout the review period, reflecting a similar performance to the 2019 level. Moreover, we reviewed the distribution of PPP loans reported on the CRA LAR, using loan size as a proxy for revenue of the borrower. Of these loans, the majority (78 percent) were made for amounts less than \$100 thousand and

40 percent were for amounts \$25 thousand or less, which more likely benefits small businesses. In the absence of more precise measures of lending to small businesses, available data suggests that this performance criterion at least meets the standards of adequate performance.

Community Development Lending

The institution is a leader in making CD loans.

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

The level of CD lending in the DFW AA was excellent. ANBTX made a total of 60 CD loans totaling approximately \$68 million within the AA, representing 17.3 percent of allocated tier 1 capital. These loans included 42 loans totaling \$48.3 million to revitalize and stabilize LMI areas, six loans totaling \$7.7 million to community service organizations, six loans totaling \$11.1 million for economic development, and six loans totaling \$901 thousand to support affordable housing initiatives. Examples of CD loans in the AA include:

Notable examples of CD loans originated during the evaluation period include:

- A \$11.1 million loan to construct multifamily housing property located in a Dallas-based Opportunity Zone with the property structured to serve as a Qualified Opportunity Fund. Opportunity Zone programs are part of the federal tax legislation established to provide investment for low-income communities and other distressed areas. While rent rolls were not officially determined, this project revitalizes a moderate-income geography and supports the City of Dallas' Comprehensive Land Use Plan to increase housing options near jobs in and around the downtown core to help retain residents, reduce overall traffic congestion, encourage use of public transit, and promote economically vibrant neighborhoods.
- Two loans totaling \$7.3 million to support a healthcare facility located in a moderate-income geography in Kaufman County. Specifically, one loan totaling \$3 million directly supported indigent care programs benefiting primarily LMI individuals. The additional loan totaling \$4.3 million was originated under the PPP, which helped maintain operations during the COVID-19 pandemic and preserved jobs within the moderate-income geography.
- One \$5.0 million loan to construct an educational training facility within a moderate-income geography in Dallas County that prepares individuals for occupations in the skilled trades and provides on-the-job training opportunities, illustrating the bank's responsiveness to a local community development need of workforce development.
- A \$1.2 million loan to improve facilities in a moderate-income geography used by a nonprofit that provides free community services to victims of child abuse, with most service beneficiaries involving children from LMI families.

Statewide With Purpose/Mandate/Function to Serve the AA

ANBTX originated three PPP loans totaling \$5.9 million that helped stabilize local economies, businesses, and their employees within LMI census tracts, benefiting the greater Dallas-Fort Worth Metroplex.

Statewide With No Purpose/Mandate/Function to Serve the AA

The bank originated one loan totaling \$6.5 million that provided funds to repair facilities at a school located in a distressed/underserved middle-income census tract outside the bank's AA. Most students at this school qualify for free- or reduced-lunch.

Product Innovation and Flexibility

The institution makes limited use of innovative and/or flexible lending practices in order to serve AA credit needs. As discussed in the Description of Institution section above, the bank is a preferred SBA lender, offering 7a, 504, and PPP loans to help benefit local small businesses.

In regard to mortgage lending, ANBTX offered Federal Housing Administration (FHA) and Veteran Affairs (VA) Mortgage Products starting in 2020. These mortgage products may be advantageous to LMI households; however, no weight was placed on these products as the bank did not originate these loan types during the evaluation period.

Conclusions for Area Receiving a Limited-Scope Review

Based on a limited-scope review, the bank's performance under the Lending Test in the Van Zandt non-MSA AA is consistent with the bank's overall performance under the Lending Test in the full-scope area. Most notably, the proportion of bank loans to businesses with revenues of \$1 million or less significantly exceeded the aggregate level of lending within this AA. We also considered the limited opportunities for community development lending as this AA only has only moderate-income CT.

Refer to Tables O through V in the state of **Texas** section of appendix D for the facts and data that support these conclusions.

INVESTMENT TEST

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

Conclusions for Area Receiving a Full-Scope Review

Based on a full-scope review, the bank's performance in the DFW AA was excellent.

The institution had an excellent level of qualified CD investment and grants, often in a leadership position, particularly those that are not routinely provided by private investors. The institution exhibited excellent responsiveness to credit and community economic development needs; however, the institution rarely used innovative or complex investments to support CD initiatives.

| Qualified Investments | | | | | | | | | | |
|---|---------------|-----------|----------------|-----------|-------|--------------|-----------|---------------|-----------------------|-----------|
| Assessment Area | Prior Period* | | Current Period | | Total | | | | Unfunded Commitments* | |
| | # | \$(000's) | # | \$(000's) | # | % of Total # | \$(000's) | % of Total \$ | # | \$(000's) |
| DFW AA | 5 | 3,344.1 | 238 | 86,233.2 | 243 | 50.7 | 89,577.3 | 23.3 | 2 | 1,019.9 |
| Van Zandt non-MSA AA | 0 | 0 | 16 | 6.5 | 16 | 3.3 | 6.5 | 0.1 | 0 | 0 |
| Statewide with Purpose, Mandate, or Function | 0 | 0 | 4 | 7,925 | 4 | 0.8 | 7,925 | 2.0 | 0 | 0 |
| Statewide with no Purpose, Mandate, or Function | 0 | 0 | 216 | 287,725.5 | 216 | 45.1 | 287,725.5 | 74.6 | 0 | 0 |

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

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

ANBTX made a total of 238 qualifying investments and donations totaling \$86.2 million and maintained five additional prior-period investments totaling \$3.3 million in the DFW AA during the evaluation period. The combined prior and current period dollar volume represented 22.7 percent of allocated tier 1 capital as of December 31, 2021. Capital was allocated based on the bank's portion of deposits in the DFW AA and did not include two unfunded commitments totaling \$1 million. Details of the qualified investments are summarized below:

- Small Business Investment Companies (SBIC) – ANBTX continued its investment in five mutual funds totaling \$3.3 million that benefited the DFW AA. These funds are invested in SBICs that promote economic development by financing local small businesses. Additionally, management committed to invest \$1 million with two of the SBICs.
- Municipal Bonds – The bank purchased 20 bonds totaling \$44.3 million in which proceeds supported Independent School Districts (ISD) primarily serving children from LMI families in the DFW AA. Additionally, the bank purchased 12 municipal bonds totaling \$11.8 million to fund infrastructure projects that revitalized and stabilized LMI geographies in Grand Prairie, Texas.
- Mortgage-Backed Securities (MBS) – The bank purchased four qualified multi-family MBSs totaling \$29.8 million backed by affordable housing within the AA, illustrating support for the AA's affordable housing needs.

Further, management provided 202 donations totaling \$286.2 thousand to various community development organizations benefiting the DFW AA. A majority of the donations, 126 totaling \$196 thousand, supported community service agencies and 75 donations totaling \$88.6 thousand supported economic development initiatives.

Statewide With Purpose/Mandate/Function to Serve the AA

ANBTX invested in two bonds, totaling \$7.9 million, that benefited an ISD serving children from LMI households in Denton County, which is part of the DPI MD. Also, the bank provided two qualified

donations totaling \$475 to support a nonprofit organization in Navarro County, Texas devoted to serving small businesses and other economic development initiatives.

Statewide With No Purpose/Mandate/Function to Serve the AA

During the evaluation period, the bank made 216 investments totaling approximately \$287.7 million that provided essential community services to LMI populations and revitalized and stabilized LMI geographies in statewide areas outside of the bank’s AA. For example, the bank invested in 194 bonds, totaling \$271 million that supported qualified ISDs throughout the State of Texas. Moreover, the bank purchased six utility bonds totaling \$3.8 million whereby proceeds are used to improve outdated infrastructure within LMI areas of Beaumont, Texas.

Conclusions for Area Receiving a Limited-Scope Review

Based on a limited scope review, the bank’s performance under the Investment Test in the Van Zandt AA was weaker than the bank’s overall performance under the Investment Test in the full-scope area due to a lower volume of qualified investments. However, this performance had a neutral impact on ratings given the bank’s minimal operations in the AA.

SERVICE TEST

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

Conclusions for Area Receiving a Full-Scope Review

Based on a full-scope review, the bank’s performance in the DFW AA was adequate.

Retail Banking Services

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

| Distribution of Branch Delivery System | | | | | | | | | | | |
|--|--------------------------------|--------------------|--------------------------------|---|------|-------|------|---------------------------------------|------|------|------|
| Assessment Area | Deposits | Branches | | | | | | Population | | | |
| | % of Rated Area Deposits in AA | # of BANK Branches | % of Rated Area Branches in AA | Location of Branches by Income of Geographies (%) | | | | % of Population within Each Geography | | | |
| | | | | Low | Mod | Mid | Upp | Low | Mod | Mid | Upp |
| DFW AA | 96.6 | 25 | 92.8 | 4.0 | 24.0 | 44.0 | 28.0 | 12.1 | 27.8 | 27.6 | 32.3 |
| Van Zandt non-MSA AA | 3.4 | 2 | 7.2 | 0.0 | 0.0 | 100.0 | 0.0 | 0.0 | 6.6 | 79.7 | 13.6 |

ANBTX operated 25 branches, including the main office, in this AA, with one in a low-income geography and six in moderate-income geographies. The percentage of ANBTX branches located in low-income geographies is below the population distribution, but the percentage of branches located in moderate-income geographies is near the percentage of population in those geographies. Notably, the

middle-income branching figures above include a location in Frisco, TX that has regulatory classification as a branch location, but only operates as a loan production office in practice and does not provide deposit nor other retail services to the public. Therefore, the level of branching services offered in middle-income geographies is slightly misrepresented in the above chart.

Other than the Frisco location described above, ANBTX operated one loan production office in Arlington, Tarrant County, Texas, which was opened in May 2020 and is not included in the figures above. This LPO specializes in commercial lending and is in a moderate-income geography. Further, this location is positioned amongst a significant LMI geographic cluster and provides access to small businesses located in eastern Tarrant County. Moreover, the bank operates its “mini-bank” location across the street from its main office in Terrell that provides various deposit-related services with a separate bank lobby and drive-up window. Both locations are within a moderate-income geography, but deposits are aggregated and reported solely within the main office location.

While ANBTX’s branch representation collectively in LMI geographies was below demographic data, this is partly impacted by their branching strategy in the Fort Worth MD AA. Of the 25 branch offices in the DFW AA, there are four branches in the Fort Worth MD AA and all are in upper-income census tracts. Specifically, the bank has strategically placed their local branches along major highways that are heavily relied upon daily for business and personal travel. Three of the branches are situated due south, northeast, and southeast of downtown Fort Worth, which is in the center of Tarrant County, and are each located on or very close to major highways (I-35W, TX-121/TX-183, TX-26, US-287, and TX-360). The remaining branch is located just west of Fort Worth’s central business district, which is very close to significant LMI tract clusters in Tarrant County. With respect to Dallas MD operations, it is also acknowledged that the bank’s Dallas and Mesquite branch locations, middle- and upper-income tract locations, respectively, are positioned in close proximity to significant LMI geographic clusters in center and east Dallas County.

Alternative Delivery Systems

In addition to full-service branches, ANBTX provides several alternative delivery systems, which are accessible to geographies and individuals of different income levels throughout their two AAs. ANBTX offers mobile deposits, telephone transfers, bill pay, and Zelle transactions as alternative delivery systems. ATMs are all deposit-accepting and are able to process transactions in English and Spanish. Other services include: 24-hour telephone banking, including funds transfers, stop payments, and debit card services; online banking, including such features as viewing account balances, intra- and inter-bank transfers, loan and deposit applications, bill pay, and e-statements; mobile banking, including mobile deposit; and Visa debit cards with chip technology. However, no weight was placed on these alternative delivery services, as no reliable data was available to determine the impact on LMI individuals or small businesses.

| Distribution of Branch Openings/Closings | | | | | | |
|--|--------------------------|----------------------|---|-----|-----|-----|
| | Branch Openings/Closings | | | | | |
| Assessment Area | # of Branch Openings | # of Branch Closings | Net change in Location of Branches (+ or -) | | | |
| | | | Low | Mod | Mid | Upp |
| DFW AA | 1 | 1 | 0 | 0 | 0 | 0 |

To the extent changes have been made, the institution's opening and closing of branches has not adversely affected the accessibility of its delivery systems, particularly in LMI geographies and/or to LMI individuals. The table above summarizes changes that have been made since the last performance evaluation, which involved a branch relocation from one upper-income census tract to another upper-income census tract less than two miles away in Forney, TX.

Services, including business hours, do not vary in a way that inconveniences its AA(s), particularly LMI geographies and/or individuals. Lobby and drive-thru hours are similar among all full-service branches. Extended drive-thru hours are offered on Fridays until 6:00 p.m. and on Saturdays from 9:00 a.m. until 12 p.m. Drive-thru windows are available at 23 locations, all offering extended morning or evening hours. Saturday morning hours are also offered at two branch lobbies and 22 drive-thru windows. ANBTX offers free and low-cost checking and savings accounts at all branches. Lenders are available at each branch with a few exceptions where a mortgage lender floats between several branches in which case an appointment can be made upon request. Business customers are offered night depository services, remote deposit capture, deposit-taking ATMs, and various other cash management services to accommodate their business needs.

During the evaluation period, ANBTX operated 23 ATMs attached to branch locations and four stand-alone ATMs within the DFW AA. Of this total, seven, or 26 percent, were in LMI geographies. Included in the total above, the bank closed two ATMs in the review period: (1) an ATM located in an upper-income geography in Mansfield, TX on December 1, 2020, and (2) an ATM located in a middle-income geography in Sachse, TX on September 29, 2021. These ATMs were replaced with ITMs. Two additional ITMs were also installed at branches located in moderate-income and middle-income geographies, with attached branch ATMs scheduled for retirement after the review period. ANBTX aims to ultimately convert all ATMs to ITMs as an enhanced alternative for drive-in and/or lobby business hours. The bank's ITMs include similar functionalities as ATMs, but customers have option to use the "Video Banker Assist", to speak directly to one of ANBTX's bankers. Their service hours are 7:00 am-7:00 pm (Monday-Friday) and 9:00 am-1:00 pm (Saturday).

Community Development Services

The institution provided an adequate level of CD services. Twenty-three bank officers and employees devoted 1,604 CD service hours to 26 different qualifying organizations benefiting the DFW AA during the evaluation period. Nineteen of the 23 bank officers/employees volunteered in leadership activities. CD hours, which represented 91.8 percent of total CD service hours recorded during the evaluation period, are consistent with the percentage of ANBTX's deposits that are in the DFW AA. These activities helped support organizations that provide affordable housing, economic development of LMI geographies, and community services to LMI individuals and families.

The following are examples of community development services provided to the DFW AA during the evaluation period:

- A banking center president provided 192 cumulative hours of financial expertise and technical assistance in service as a board member of a nonprofit devoted to economic development and small business support in Mesquite, Texas.
- A banking center manager and banking center president provided 145 hours in total to a nonprofit that supports affordable housing initiatives throughout Collin County, Texas. Support provided includes serving as treasurer on the organization's board of directors and providing financial expertise to support the organization's fundraising committee.
- A banking center president provided 150 hours of financial expertise to support a civic organization that provides educational, therapeutic, and other community services to children of LMI households in Dallas, Texas.

Statewide With No Purpose/Mandate/Function to Serve the AA

One bank officer served in a leadership role at a Certified Development Corporation for 144 hours during the evaluation period. This nonprofit promotes economic development by providing microlending and technical assistance support for small businesses located in Smith County, Texas.

Conclusions for Area Receiving a Limited-Scope Review

Based on a limited-scope review, ANBTX's performance under the Service Test in the Van Zandt non-MSA AA is weaker than the bank's overall performance under the Service Test in the full-scope areas due to the lack of community development service hours. However, it is acknowledged that COVID-19 resulted in reduced opportunities for in-person community development volunteerism in this rural market. As such, this performance had a neutral impact on the Service Test rating.

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

| | | |
|---|--|--|
| Time Period Reviewed: | 01/01/2019 to 12/31/2021 | |
| Bank Products Reviewed: | Home mortgage and small business Community development loans, qualified investments, community development services | |
| Affiliate(s) | Affiliate Relationship | Products Reviewed |
| | | |
| List of Assessment Areas and Type of Examination | | |
| Rating and Assessment Areas | Type of Exam | Other Information |
| Texas | | |
| DFW AA | Full-scope | Whole counties of Dallas, Tarrant, Johnson, Collin, Hunt, Kaufman, Rockwall. This AA consist of 1,114 census tracts. |
| Van Zandt non-MSA AA | Limited-scope | Whole county of Van Zandt. This AA consists of 10 whole census tracts. This county is not part of an MSA. |
| | | |
| | | |
| | | |

Appendix B: Summary of State Ratings

| RATINGS: The American National Bank of Texas | | | | |
|--|----------------------|------------------------|---------------------|--------------------------------------|
| Overall Bank: | Lending Test Rating* | Investment Test Rating | Service Test Rating | Overall Bank/State/Multistate Rating |
| The American National Bank of Texas | High Satisfactory | Outstanding | Low Satisfactory | Satisfactory |
| State: | | | | |
| Texas | High Satisfactory | Outstanding | Low Satisfactory | Satisfactory |

(*) The Lending Test is weighted more heavily than the Investment and Service Tests in the overall rating.

Appendix C: Definitions and Common Abbreviations

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

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

Aggregate Lending (Aggt.): The number of loans originated and purchased by all reporting lenders (HMDA or CRA) in specified income categories as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the state/assessment area.

Census Tract (CT): A small, relatively permanent statistical subdivision of a county delineated by a local committee of census data users for the purpose of presenting data. Census tracts nest within counties, and their boundaries normally follow visible features, but may follow legal geography boundaries and other non-visible features in some instances, Census tracts ideally contain about 4,000 people and 1,600 housing units.

Community Development (CD): Affordable housing (including multifamily rental housing) for low- or moderate-income individuals; community services targeted to low- or moderate-income individuals; activities that promote economic development by financing businesses or farms that meet Small Business Administration Development Company or Small Business Investment Company programs size eligibility standards or have gross annual revenues of \$1 million or less; or activities that revitalize or stabilize low- or moderate-income geographies, distressed or underserved nonmetropolitan middle-income geographies, or designated disaster areas.

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

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

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

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

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

Home Mortgage Loans: A closed-end mortgage loan or an open-end line of credit as these terms are defined under §1003.2 of this title, and that is not an excluded transaction under §1003.3(c)(1) through (10) and (13) of this title.

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

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

Low-Income Individual: Individual income that is less than 50 percent of the area median income.

Low Income Geography: A census tract with a median family income that is less than 50 percent.

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

Median Family Income (MFI): The median income determined by the U.S. Census Bureau every five years and used to determine the income level category of geographies. The median is the point at which half of the families have income above, and half below, a range of incomes. Also, the median income determined by the Federal Financial Institutions Examination Council (FFIEC) annually that is used to determine the income level category of individuals. For any given area, the median is the point at which half of the families have income above, and half below, a range of incomes.

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

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

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

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

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

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

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

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

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

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

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

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

Appendix D: Tables of Performance Data

Content of Standardized Tables

A separate set of tables is provided for each state. All multistate metropolitan statistical areas, if applicable, are presented in one set of tables. References to the “bank” include activities of any affiliates that the bank provided for consideration (refer to appendix A: Scope of the Examination). For purposes of reviewing the Lending Test tables, the following are applicable: (1) purchased loans are treated the same as originations; and (2) “aggregate” is the percentage of the aggregate number of reportable loans originated and purchased by all HMDA or CRA reporting lenders in the MMSA/assessment area. 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.

The following is a listing and brief description of the tables included in each set:

- 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 MMSA/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 that were originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies compared to the percentage distribution of businesses (regardless of revenue size) in those geographies. Because aggregate small business data are not available for geographic areas smaller than counties, it may be necessary to compare bank loan data to aggregate data from geographic areas larger than the bank’s 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 (loans less than or equal to \$1 million) originated and purchased by the bank to businesses with revenues of \$1 million or less to: 1) the percentage distribution of businesses with revenues of greater than \$1 million; and 2) the percentage distribution of businesses for which revenues are not available. The table also presents aggregate peer small business data for the years the data is available.

The total loan amount presented in the tables for each assessment area may differ from the total loan amount reported in the aggregate table due to how the underlying loan data is rounded in each table.

| 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 |
| DFW AA | 2,046 | 567,958 | 90.2 | 296,254 | 5.9 | 1.8 | 3.4 | 22.1 | 20.0 | 14.0 | 29.9 | 47.3 | 31.2 | 41.9 | 30.9 | 51.2 | 0.1 | 0.0 | 0.2 |
| Van Zandt non-MSA AA | 223 | 42,465 | 9.8 | 2,070 | 0.0 | 0.0 | 0.0 | 4.7 | 0.4 | 4.0 | 80.3 | 72.2 | 81.0 | 15.0 | 27.4 | 15.0 | 0.0 | 0.0 | 0.2 |
| Total | 2,269 | 610,423 | 100.0 | 298,324 | 5.9 | 1.6 | 3.3 | 21.9 | 18.1 | 14.0 | 30.6 | 49.7 | 31.6 | 41.6 | 30.6 | 50.9 | 0.1 | 0.0 | 0.2 |

Source: 2015 ACS; 01/01/2019 - 12/31/2021 Bank Data, 2021 HMDA Aggregate Data, "--" data not available.
Due to rounding, totals may not equal 100.0%

| 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 |
| DFW AA | 2,046 | 567,958 | 90.2 | 296,254 | 24.7 | 4.1 | 3.7 | 16.9 | 12.6 | 13.5 | 18.1 | 20.1 | 18.6 | 40.2 | 58.3 | 41.8 | 0.0 | 5.0 | 22.5 |
| Van Zandt non-MSA AA | 223 | 42,465 | 9.8 | 2,070 | 19.7 | 4.0 | 2.4 | 17.2 | 6.3 | 9.6 | 19.3 | 20.6 | 17.3 | 43.7 | 65.9 | 50.2 | 0.0 | 3.1 | 20.5 |
| Total | 2,269 | 610,423 | 100.0 | 298,324 | 24.7 | 4.1 | 3.6 | 16.9 | 11.9 | 13.4 | 18.2 | 20.1 | 18.6 | 40.2 | 59.1 | 41.8 | 0.0 | 4.8 | 22.5 |

Source: 2015 ACS; 01/01/2019 - 12/31/2021 Bank Data, 2021 HMDA Aggregate Data, "--" data not available.
Due to rounding, totals may not equal 100.0%

Table Q: Assessment Area Distribution of Loans to Small Businesses by Income Category of the Geography **2019-21**

| 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 |
| DFW AA | 6,209 | 803,040 | 95.5 | 200,490 | 7.3 | 6.8 | 7.8 | 19.7 | 28.3 | 20.6 | 26.6 | 33.8 | 25.6 | 45.7 | 30.9 | 45.2 | 0.8 | 0.2 | 0.7 |
| Van Zandt non-MSA AA | 293 | 18,075 | 4.5 | 1,305 | 0.0 | 0.0 | 0.0 | 5.9 | 0.3 | 5.2 | 79.4 | 71.0 | 78.2 | 14.7 | 28.7 | 16.6 | 0.0 | 0.0 | 0.0 |
| Total | 6,502 | 821,115 | 100.0 | 201,795 | 7.4 | 6.5 | 7.7 | 19.5 | 27.0 | 20.5 | 26.6 | 35.5 | 26.0 | 45.7 | 30.8 | 45.1 | 0.7 | 0.2 | 0.7 |

Source: 2020 D&B Data; 01/01/2019 - 12/31/2021 Bank Data; 2021 CRA Aggregate Data, "--" data not available.
 Due to rounding, totals may not equal 100.0%

Table R: Assessment Area Distribution of Loans to Small Businesses by Gross Annual Revenues **2019-21**

| 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 |
| DFW AA | 6,209 | 803,040 | 95.5 | 200,490 | 88.0 | 27.6 | 42.7 | 4.0 | 31.3 | 8.0 | 41.0 |
| Van Zandt non-MSA AA | 293 | 18,075 | 4.5 | 1,305 | 87.3 | 68.3 | 46.8 | 3.8 | 14.0 | 8.9 | 17.7 |
| Total | 6,502 | 821,115 | 100.0 | 201,795 | 88.1 | 29.5 | 42.8 | 3.7 | 30.6 | 8.2 | 40.0 |

Source: 2020 D&B Data; 01/01/2019 - 12/31/2021 Bank Data; 2021 CRA Aggregate Data, "--" data not available.
 Due to rounding, totals may not equal 100.0%