



PUBLIC DISCLOSURE

September 10, 2018

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Haskell National Bank
Charter Number 14149

601 North First Street
Haskell, TX 79521

Office of the Comptroller of the Currency

9003 Airport Freeway, Suite 275
North Richland Hills, TX 76180-9127

NOTE: This document is an evaluation of this institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the institution. This evaluation is not, and should not be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion, or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.

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Overall CRA Rating

The Lending Test is rated: Satisfactory.

Haskell National Bank's (HNB) CRA performance is satisfactory. We based our conclusions primarily on the lending test. The major factors supporting the institution's rating include:

- The bank's loan-to-deposit ratio (LTD) is reasonable and reflects a willingness to lend within the bank's assessment area (AA) communities.
- The majority of the bank's loan originations are inside the AA, reflecting the bank's commitment to lend inside its AA.
- The bank's lending to borrowers with different incomes and farms of different sizes reflects reasonable distribution and a commitment to lend to low- and moderate-income (LMI) individuals and farms of different sizes.
- The bank's lending across geographies with different income levels reflects a reasonable distribution across LMI geographies.
- There have been no complaints related to HNB's CRA performance since the prior Public Evaluation was issued.

Definitions and Common Abbreviations

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

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

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

Census Tract (CT): A small subdivision of metropolitan and other densely populated counties. Census tract boundaries do not cross county lines; however, they may cross the boundaries of metropolitan areas. Census tracts generally have a population between 1,200 and 8,000 people, with an optimal size of 4,000 people. Their physical size varies widely depending upon population density. Census tracts are designed to be homogeneous with respect to population characteristics, economic status, and living conditions to allow for statistical comparisons.

Community Development: Affordable housing (including multifamily rental housing) for low- or moderate-income individuals; community services targeted to low- or moderate-income individuals; activities that promote economic development by financing businesses or farms that meet Small Business Administration Development Company or Small Business Investment Company programs size eligibility standards or have gross annual revenues of \$1 million or less; activities that revitalize or stabilize low- or moderate-income geographies, distressed or underserved nonmetropolitan middle-income geographies, or designated disaster areas; or loans, investments, and services that support, enable or facilitate projects or activities under HUD Neighborhood Stabilization Program criteria that benefit low-, moderate-, and middle-income individuals and geographies in the bank's assessment area(s) or outside the assessment area(s) provided the bank has adequately addressed the community development needs of its assessment area(s).

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Description of Institution

HNB is a community bank chartered in 1934. The bank is a subsidiary of Haskell Bancshares, Inc., a single bank holding company based in Haskell, TX. HNB is the primary asset of the holding company and there are no other subsidiaries or affiliates.

HNB is a single state institution with two full service locations; the main branch is located in Haskell and serves the Haskell County AA, the other branch is located in Abilene, TX and serves the Taylor County AA. Both locations offer full service banking with drive-thru services and ATMs and both are located in middle-income CTs.

Table C - Branch and ATM Distribution by Geography Income Level												
Haskell County AA												
Tract Income Level	Census Tracts		Population		Branches		ATMs		Open Branches		Closed Branches	
	#	%	#	%	#	%	#	%	#	%	#	%
Low	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
Moderate	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
Middle	2	100.0	5,853	100.0	1	100.0	1	100.0	0	0.0	0	0.0
Upper	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
NA	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
Totals	2	100.0	5,853	100.0	1	100.0	1	100.0	0	100.0	0	100.0
<i>Source: 2015 ACS Census & Bank Data Due to rounding, totals may not equal 100.0</i>												
Taylor County AA												
Tract Income Level	Census Tracts		Population		Branches		ATMs		Open Branches		Closed Branches	
	#	%	#	%	#	%	#	%	#	%	#	%
Low	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
Moderate	13	32.5	38,746	27.6	0	0.0	0	0.0	0	0.0	0	0.0
Middle	15	37.5	50,093	35.7	1	100.0	1	100.0	0	0.0	0	0.0
Upper	9	22.5	49,989	35.6	0	0.0	0	0.0	0	0.0	0	0.0
NA	3	7.5	1,460	1.0	0	0.0	0	0.0	0	0.0	0	0.0
Totals	40	100.0	140,288	100.0	1	100.0	1	100.0	0	100.0	0	100.0
<i>Source: 2015 ACS Census & Bank Data Due to rounding, totals may not equal 100.0</i>												

The bank's primary products include 1-4 family residential loans and agriculture loans. Other loan products are traditional and common for community banks of comparable size. Deposit products are also traditional, including products for individuals and businesses. HNB's lending focus includes agriculture and consumer lending in the Haskell County AA and commercial real estate and consumer lending in the Taylor County AA. There was no merger or acquisition activity during the evaluation period.

As of June 30, 2018, HNB reported total assets of \$71.7 million, total loans of \$27.2 million or 38 percent of average assets, and total deposits of \$63 million. HNB's Tier 1 Capital, an important measure of a bank's financial strength, totaled \$8.7 million resulting in a Tier 1 Leverage Ratio of 12.08 percent, relative to the peer group at 12.34 percent. The loan portfolio is comprised of the following: 37 percent 1-4 family, 6 percent agriculture, 5 percent commercial, 13 percent commercial real estate, 10 percent auto, 3 percent construction, 3 percent farm land, and 3 percent in loans to states and political subdivisions.

There are no legal, financial, or other factors impeding the bank's ability to meet the credit needs in its AA. The last CRA evaluation was dated March 5, 2013 and resulted in an overall satisfactory rating.

Scope of the Evaluation

Evaluation Period/Products Evaluated

We completed a review of HNB's CRA performance within its AA under the small bank examination procedures, which is solely based on the lending test. The evaluation period includes the full calendar years of 2015, 2016, and 2017. Primary products reviewed include 1-4 family residential loans and agriculture loans. The assessment includes a review of demographic and economic data about the institution's AA and information about local economic conditions, the institution's major business products and strategies, financial condition, capacity, and ability to lend or invest in its community. The review also included gathering information from examinations of other institutions serving the same or similar AAs, reviewing information from other recent community contacts, and reviewing information about the assessment area developed cooperatively by the different agencies. Specific data included in the assessment includes data reported by the institution on its Home Mortgage Disclosure Act (HMDA) Loan Application Register (LAR) about 1-4 family residential loans and data gathered from the institutions files about agriculture loans originated during the assessment period.

Data Integrity

The accuracy of the data reported in the bank's 2015, 2016, and 2017 HMDA LARs was reviewed and found reliable for the purpose of this assessment. In 2017, the bank was not required to file a HMDA LAR because the volume of loans originated was below the regulatory threshold; however, the bank compiled the data using the same procedures as prior years.

Selection of Areas for Full-Scope Review

HNB has designated two AAs consisting of all whole CTs within Haskell County and all whole CTs within Taylor County. Taylor County makes up a portion of the Abilene MSA; it is allowable for the bank to designate only part of the MSA as an AA, given its size and location relative to the MSA. This assessment includes a full-scope review of the bank's performance in both AAs. Please refer to the table in appendix A for more information.

Ratings

The overall rating is based primarily on performance in both AAs. The majority of the bank's home mortgage lending is transacted through the Abilene branch, serving the Taylor County AA and the majority of the bank's agriculture lending activity is transacted through the Haskell location, serving

the Haskell AA. The bank had no mortgage lending in the Haskell County AA during the evaluation period, so the distribution of home mortgage loans by income of the borrower and by income of the geography are based on performance in the Taylor County AA. The bank had only one agriculture loan in the Taylor County AA during the evaluation period, so distribution of small farm loans by income level and by income of the geography is based on performance in the Haskell County AA. The LTD analysis considers the bank wide LTD, and the analysis of lending inside and outside the AA is based on performance in both AAs.

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 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

Given HNB is a small bank, we only performed the lending test to determine compliance with the Community Reinvestment Act. The bank demonstrated satisfactory performance in each area of the lending test and no CRA related complaints have been received since the prior CRA performance evaluation was issued.

The bank's LTD ratio is reasonable and meets the standard for satisfactory performance given the performance context. The bank's lending within its AA is satisfactory as the majority of loans were made inside the AA. The bank's lending to borrowers with different incomes and farms of different sizes meets the standard for satisfactory performance with reasonable distribution to LMI individuals and farms with gross revenues less than \$1 million. The bank's lending across areas with different incomes meets the standard for satisfactory performance with reasonable distribution of lending in LMI geographies.

LENDING TEST

The bank demonstrated satisfactory performance under the lending test.

Loan-to-Deposit Ratio

HNB's LTD ratio is reasonable and meets the standard for satisfactory performance. The LTD ratio measures the extent to which the bank has returned the deposits it has received to the community in the form of loans. The average of such ratios for each quarter-end of the evaluation period was used to determine the performance in this area. The average LTD for HNB during the evaluation period was 47.4 percent. The surrounding counties contain three other institutions which are similar in size to HNB. During the same period, the average LTD ratios of these institutions ranged from 45.14 percent to 88.57 percent. HNB's LTD ratio is within the range of the competing institutions. This ratio is reasonable and reflects satisfactory efforts to meet the credit needs of the community.

Lending in Assessment Area

The majority of the loans made during the assessment period were made inside the bank's AA which meets the standard for satisfactory performance. Of the 105 home mortgage loans the bank made during the assessment period totaling \$7.8 million, 76 percent by number and 71 percent by dollar volume were made inside the bank's AA. Of the 68 agriculture loans we sampled from the assessment period totaling \$4.06 million, 69 percent by number and 79.3 percent by dollar were made inside the bank's AA. The following table quantifies the proportion of the bank's lending that was inside the AA.

Table D - Lending Inside and Outside of the Assessment Area

Loan Category	Number of Loans					Dollar Amount of Loans \$(000s)				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%	#	\$	%	\$	%	\$(000s)
Home Mortgage										
2015	21	80.8	5	19.2	26	1,462	74.1	510	25.9	1,972
2016	28	75.7	9	24.3	37	2,023	82.3	435	17.7	2,458
2017	31	73.8	11	26.2	42	2,153	62.1	1,313	37.9	3,466
Subtotal	80	76.2	25	23.8	105	5,638	71.4	2,258	28.6	7,896
Agriculture Loans										
2015	8	80	2	20	10	168	71.795	66	28.21	234
2016	18	62.1	11	37.9	29	1,410	70.2	598	29.8	2,008
2017	21	72.4	8	27.6	29	1,642	90.2	178	9.8	1,820
Subtotal	47	69.1	21	30.9	68	3,220	79.3	842	21.0	4,062
Total	114	64.0	64	36.0	178	7,759	62.8	4,602	37.2	12,361
Source: Evaluation Period: 1/1/2015 - 12/31/2017 Bank Data. <i>Due to rounding, totals may not equal 100.0</i>										

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

The bank's lending to borrowers of different incomes and to farms of different sizes reflects reasonable distribution. The information presented below reflects our testing of lending to farms in the Haskell County AA, and mortgage lending in the Taylor County AA. There were not a sufficient number of transactions to test farm lending in the Taylor County AA or mortgage lending in the Haskell County AA.

Residential Real Estate Loans

Overall, borrower distribution of residential real estate loans reflects reasonable distribution throughout the Taylor County AA. In 2015 and 2016, lending to low-income borrowers represented 6.1 percent of loans, which exceeds the aggregate distribution of loans at 2.8 percent, and falls below the percentage of low income families at 21.7 percent. Lending to moderate-income borrowers represented 14.3 percent of bank loans, which exceeds the aggregate distribution of loans at 11.2 percent, but falls below the percentage of moderate income families at 17.1 percent.

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
2015-2016	49	3,485	175.0	4,491	21.7	6.1	2.8	17.1	14.3	11.2	20.5	32.7	18.5	40.7	44.9	39.7	0.0	2.0	27.7

*Source: 2010 U.S. Census ; 01/01/2015 - 12/31/2017 Bank Data, 2016 HMDA Aggregate Data, "--" data not available.
Due to rounding, totals may not equal 100.0*

In 2017, lending reflected poor borrower distribution. Lending to low-income borrowers represented 3.2 percent of loans, which exceeds the aggregate distribution of loans at 2.5 percent, but falls significantly below the percentage of low income families at 21.4 percent. Lending to moderate-income borrowers represented only 6.5 percent of loans which lagged both the aggregate distribution of loans and percent of moderate income families at 10.9 percent and 17.7 percent, respectively.

2017																			
Table P: Assessment Area Distribution of Home Mortgage Loans by Income Category of the Borrower																			
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
Taylor County AA	31	2,153	100.0	4,278	21.4	3.2	2.5	17.7	6.5	10.9	20.1	9.7	20.6	40.8	80.7	45.2	0.0	0.0	20.7
<i>Source: 2015 ACS Census ; 01/01/2017 - 12/31/2017 Bank Data, 2017 HMDA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0</i>																			

Small Farm Loans

Borrower distribution of small farm loans reflects excellent distribution. All of the loans we tested within the bank's AA in all three years were made to farms with revenues less than \$1 million. This performance reflects the bank's commitment to lend to small farms. It is also notable that all of the loans we sampled were less than \$1 million which supports the conclusion that the majority of the bank's farm loans were to small farms.

Table T: Assessment Area Distribution of Loans to Farms by Gross Annual Revenues								2015-17	
Assessment Area:	Total Loans to Farms		Farms with Revenues <= 1MM			Farms with Revenues > 1MM		Farms with Revenues Not Available	
	#	\$	% Farms	% Bank Loans	Aggregate	% Farms	% Bank Loans	% Farms	% Bank Loans
2015	8	204	96.2	100.0	4.8	1.5	0.0	2.3	0.0
2016	17	1,260	96.5	100.0	0.0	1.8	0.0	1.8	0.0
2017	21	1,642	95.9	100.0	--	2.1	0.0	2.1	0.0
<i>Source: 2015 D&B Data; 01/01/2015 - 12/31/2015 Bank Data; 2015 CRA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0</i>									

Geographic Distribution of Loans

The bank's lending distribution in low-and moderate-income geographic areas reflects reasonable distribution throughout the AA. There were no gaps or areas of low penetration in the bank's lending patterns. Haskell County contains only middle income CTs; therefore, it was not possible to analyze the geographic distribution of small farm loans.

Residential Real Estate Loans

Geographic distribution of residential real estate loans in the bank's Taylor County AA is satisfactory. In 2015 and 2016, the bank made 16.3 percent of its home mortgage loans in moderate-income geographies, which exceeds the percent reported by the aggregate at 12 percent and falls slightly below the percent of owner occupied units at 19.1 percent. While the bank did not originate any loans in low-income geographies during the period, only 2 percent of the owner occupied housing units in the AA were located in these areas and the aggregate only reported making 1.1 percent of loans in low-income geographies.

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
Haskell NB Taylor	49	3,485	100.0	4,491	2.0	0.0	1.1	19.1	16.3	12.0	45.5	51.0	34.2	33.3	32.7	52.5	0.0	0.0	0.1
Total	49	3,485	100.0	4,491	2.0	0.0	1.1	19.1	16.3	12.0	45.5	51.0	34.2	33.3	32.7	52.5	0.0	0.0	0.1

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

In 2017 the bank made 16.7 percent of its loans in moderate-income areas, which exceeds the percent of loans reported by the aggregate at 11.3 percent. In 2017, there were no owner occupied housing units located in low-income areas. The following table illustrates the bank's performance across the different income geographies relative to the percent of owner occupied housing units and peer performance in the areas.

Table O : Assessment Area Distribution of Home Mortgage Loans by Income Category of the Geography

2017

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
Haskell NB Taylor	31	2153	100.0	4,278	0.0	0.0	0.0	18.3	16.7	11.3	38.2	33.3	26.3	43.4	50.0	62.3	0.0	0.0	0.0
Total	31	2153	100.0	4,278	0.0	0.0	0.0	18.3	16.7	11.3	38.2	33.3	26.3	43.4	50.0	62.3	0.0	0.0	0.0

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

Responses to Complaints

There have been no CRA related complaints since the prior Public Evaluation was issued.

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 1/1/2015 to 12/31/2017	
Financial Institution		Products Reviewed
Haskell National Bank		HMDA reportable 1-4 Family Loans and Agriculture Loans
Affiliate(s)	Affiliate Relationship	Products Reviewed
None	None	None
List of Assessment Areas and Type of Examination		
Assessment Area	Type of Exam	Other Information
Haskell County Taylor County	Full Scope	Performance in Haskell County was based on agriculture loans while performance in Taylor County was based on mortgage lending.

Appendix B: Community Profiles for Full-Scope Areas

HNB has identified two AAs. The AAs consist of all whole CTs located in Haskell County, TX and Taylor County, TX. Performance in the Haskell County AA will be based on agriculture lending and performance in the Taylor County AA will be based on mortgage lending. The majority of the bank's activity is conducted within the Haskell County AA. The bank has one branch location and an ATM in Haskell. Competition in the AA is moderate with 35.41 percent of the market share held by HNB according to the FDIC Market Share Report as of June 30, 2017. First Bank Texas was second to Haskell NB with 26.97 percent of the deposit market followed by Vista Bank and International Bank of Commerce with 26.07 percent and 11.55 percent of the market, respectively.

We conducted two community contacts in conjunction with this assessment. The contacts did not provide any indication that HNB is not meeting the needs of its AA communities. The contacts characterized the economic conditions as good for a small community. The sales tax is growing compared to last year and a larger employer is coming into the area. However, Haskell County's agriculture economy is depressed due to trade wars and the drought. The recent rains have helped the local farmers and ranchers. The tariffs have not made a significant impact in the area because the county primarily has cotton, wheat and cattle. Community credit needs noted were small business lending and general consumer loans. One contact stated a community credit need is loans for the smaller business owners that don't meet the criteria for SBA loans. Both contacts indicated that HNB meets the credit needs of the community.

Table A – Demographic Information of the Assessment Area

Assessment Area: Taylor County

Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	40	0.0	32.5	37.5	22.5	7.5
Population by Geography	140,288	0.0	27.6	35.7	35.6	1.0
Housing Units by Geography	59,926	0.0	26.5	39.2	34.2	0.0
Owner-Occupied Units by Geography	31,451	0.0	18.3	38.2	43.4	0.0
Occupied Rental Units by Geography	20,310	0.0	37.8	39.3	22.9	0.0
Vacant Units by Geography	8,165	0.0	30.2	43.0	26.9	0.0
Businesses by Geography	9,308	0.0	28.6	34.3	36.2	0.9
Farms by Geography	446	0.0	8.5	46.2	45.3	0.0
Family Distribution by Income Level	33,952	21.4	17.7	20.1	40.8	0.0
Household Distribution by Income Level	51,761	23.3	16.6	17.4	42.7	0.0
Median Family Income MSA - 10180 Abilene, TX MSA		\$56,448	Median Housing Value			\$98,936
Median Family Income Non-MSAs - TX		\$52,076	Median Gross Rent			\$795
			Families Below Poverty Level			12.3%

Source: 2015 ACS Census and 2017 D&B Data

Due to rounding, totals may not equal 100.0

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

Table A – Demographic Information of the Assessment Area						
Assessment Area: Haskell County						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	2	0.0	0.0	100.0	0.0	0.0
Population by Geography	5,853	0.0	0.0	100.0	0.0	0.0
Housing Units by Geography	3,434	0.0	0.0	100.0	0.0	0.0
Owner-Occupied Units by Geography	1,751	0.0	0.0	100.0	0.0	0.0
Occupied Rental Units by Geography	534	0.0	0.0	100.0	0.0	0.0
Vacant Units by Geography	1,149	0.0	0.0	100.0	0.0	0.0
Businesses by Geography	364	0.0	0.0	100.0	0.0	0.0
Farms by Geography	97	0.0	0.0	100.0	0.0	0.0
Family Distribution by Income Level	1,501	23.1	17.3	20.3	39.4	0.0
Household Distribution by Income Level	2,285	28.8	16.1	14.3	40.8	0.0
Median Family Income Non-MSAs - TX		\$52,076	Median Housing Value			\$49,962
			Median Gross Rent			\$450
			Families Below Poverty Level			16.1%
<i>Source: 2015 ACS Census and 2017 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>						

Table B – Median Family Income Ranges				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
Abilene, TX MSA Median Family Income (10180)				
2017 (\$56,100)	<\$28,050	\$28,050 to <\$44,880	\$44,880 to <\$67,320	≥\$67,320
Haskell County Median Family Income				
2017 (\$54,200)	<\$27,100	\$27,100 to <\$43,360	\$43,360 to <\$65,040	≥\$65,040
<i>Source: FFIEC</i> <i>Due to rounding, totals may not equal 100.0</i>				