



## **PUBLIC DISCLOSURE**

October 16, 2017

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

Broadway National Bank  
Charter Number 14447

1177 N. E. Loop 410  
San Antonio, TX 78209

Office of the Comptroller of the Currency

10001 Reunion Place  
Suite 250  
San Antonio, TX 78216-4165

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

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## Overall CRA Rating

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

The following table indicates the performance level of Broadway National Bank with respect to the Lending, Investment, and Service Tests:

| Performance Levels        | Broadway National Bank<br>Performance Tests |                 |              |
|---------------------------|---|-----------------|--------------|
|                           | Lending Test*                               | Investment Test | Service Test |
| Outstanding               |   | X               | X            |
| High Satisfactory         | X   |                 |              |
| Low Satisfactory          |   |                 |              |
| Needs to Improve          |   |                 |              |
| Substantial Noncompliance |   |                 |              |

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

The major factors that support this rating include:

- Lending activity during the evaluation period reflects good responsiveness to credit needs in the San Antonio assessment area (AA), the bank’s largest AA.
- Broadway National Bank (Broadway) originated a substantial number (92 percent) and dollar volume (86 percent) of mortgage and small loans to businesses in its AAs.
- The overall geographic distribution of home mortgage loans and small loans to businesses is good.
- The distribution of loans by borrower income level reflects adequate penetration to borrowers of different incomes and poor penetration to businesses of different sizes.
- Community development (CD) lending had a positive impact on the bank’s lending test performance and reflected good responsiveness to area credit needs.
- CD investment performance is excellent in all AAs and reflects excellent responsiveness to AA needs.
- Retail banking systems and services are accessible to essentially all portions of the AAs.
- Broadway is a leader in providing CD services in the San Antonio AA and also provides a relatively high level of CD services in the limited-scope AAs.

## 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 refinancing, 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

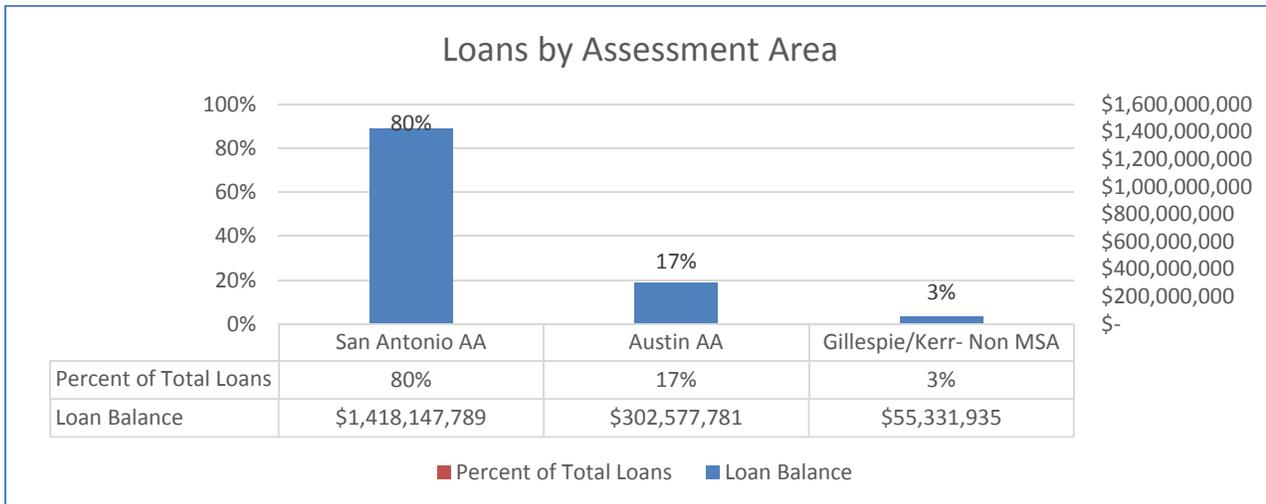
Broadway, a privately owned, intrastate bank headquartered in San Antonio, Texas, was established in 1941 primarily to serve the deposit and credit needs of military families stationed in San Antonio, Texas. It is a wholly-owned subsidiary of Broadway Bancshares of Delaware, Inc. (BBD), which is wholly-owned by Broadway Bancshares, Inc. (BBI), a Texas-based bank holding company. We did not review any affiliate or subsidiary activities of Broadway or the holding company in this Performance Evaluation.

Broadway operates 36 full-service banking centers and five limited purpose branches; the main office, along with 25 branches and five limited purpose branches in the San Antonio AA, eight branches in the Austin AA, and two branches in the Gillespie/Kerr AA. Four of the 26 branches in the San Antonio AA are located on the Fort Sam Houston and Randolph Airforce Base military installations. Except for the Alamo Heights banking center, automated teller machines (ATMs) are available at each full-service banking center. Each limited purpose branch has an ATM. In addition, Broadway has 27 ATMs located mainly throughout the San Antonio AA. Of the 67 ATMs Broadway operates, 15 accept deposits. The bank has not opened any new branches since the previous evaluation, however, Broadway sold its Killeen, Texas banking center, located in a middle-income area of Bell County, in August of 2015.

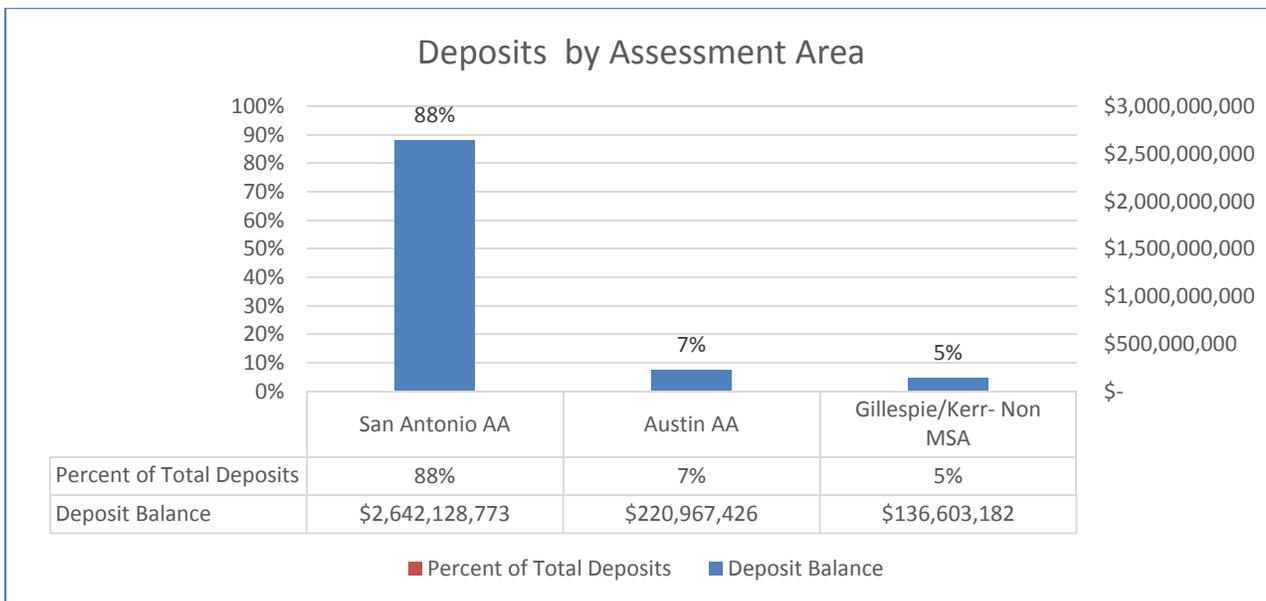
At June 30, 2017, Broadway reported total assets of \$3.5 billion. Common equity tier 1 capital totaled \$351 million and the tier 1 leverage ratio was 10 percent. Net loans totaled \$1.7 billion and represented 59 percent of total deposits and 50 percent of total assets. As of June 30, 2017, the bank's loan to deposit ratio was 59 percent.

Broadway's primary focus is the commercial sector and it is a Small Business Administration (SBA) Preferred Lender. Broadway offers a full-range of sophisticated financial services, including credit services, personal banking, private banking, military banking, business banking, and wealth management. Credit services include commercial, real estate and consumer loan products, with an emphasis on business and real estate lending. The loan portfolio consists of commercial real estate and construction/development loans secured by real estate (47 percent), commercial/industrial loans (27 percent), residential real estate (15 percent), and consumer loans (11 percent). Based on its financial condition, size, product offerings, and branch network, there are no legal, financial, or other factors that inhibit Broadway's ability to help meet the credit needs in its AAs.

Broadway's primary market is the Greater San Antonio area. The bank's largest market from both a loan and deposit perspective is the San Antonio AA. During the evaluation period, Broadway originated 82 percent of its HMDA reportable mortgage and small business loans and 80 percent of all loans in the San Antonio AA. This lending volume is consistent with the 88 percent volume of bank's deposits in the San Antonio AA reported to the FDIC on June 30, 2017. The Austin AA has 7 percent of total bank deposits and 15 percent of the HMDA reportable loans (17 percent of all loans). The Gillespie-Kerr AA has 5 percent of total bank deposits and 3 percent of HMDA reportable loans (3 percent of all loans). See the following tables for further details:



Source: Internal Bank reports as of June 30, 2017



Source: Internal Bank reports as of June 30, 2017

According to the FDIC’s June 30, 2017 Deposit Market Share Report, Broadway ranked sixth of 54 institutions in the San Antonio AA, with 2.44 percent deposit market share. USAA Federal Savings Bank ranked first with 67 percent and Frost Bank ranked second with 7 percent. In addition, Broadway faces strong competition for deposits and loans from multi-national and regional banking companies such as Bank of America, N.A., JP Morgan Chase Bank, Wells Fargo N.A., Compass Bank, and International Bank of Commerce that have a significant presence in the San Antonio AA.

Other competitors for deposits and loans include Jefferson Bank, Comerica Bank, Texas Capital Bank N.A., Plains Capital Bank, The Bank of San Antonio, and non-traditional sources such as national and regional mortgage companies, finance companies, credit unions, and securities firms. Credit unions are especially competitive for consumer deposits, auto lending, and home improvement/home equity lending.

The prior examination, dated September 08, 2014, assigned an overall Satisfactory rating to Broadway's CRA performance.

## **Scope of the Evaluation**

### **Evaluation Period/Products Evaluated**

This Performance Evaluation assesses the bank's performance under the Lending, Investment, and Service Tests. The Lending Test included a review of residential mortgage loans subject to filing under the HMDA, small loans to businesses subject to filing under the CRA, and CD loans. The evaluation did not include an assessment of multi-family loans or small loans to farms because the limited number of loan originations during the evaluation period would not be meaningful. The Investment Test included a review of investments and donations made in the bank's AAs that meet the definition of CD investments. The Service Test included a review of retail and CD services provided in the AAs.

Except for CD loans, the evaluation period for the Lending Test covered January 1, 2015 through June 30, 2017. For CD loans, the Investment Test, and the Service Test, the evaluation period covered September 8, 2014, the date of the last CRA evaluation, to October 16, 2017, the start date of the current CRA evaluation. We based conclusions related to CD loans and qualified investments on the number and dollar volume originated during the evaluation period. We also considered the level of innovation, complexity, responsiveness to community credit needs, and the degree to which private investors do not provide these instruments.

### **Data Integrity**

In August 2017, we verified the accuracy of data made available to the public in accordance with HMDA and CRA loan data reporting requirements. Public data includes home mortgage lending and small loans to businesses and farms. During the examination, we reviewed non-public data that management provided for CD loans, CD investments, and CD services to ensure data met regulatory CD definitions. Based on verification work performed, we consider publicly reported lending data and non-public CD data accurate, and reliable for use during this examination.

### **Selection of Areas for Full-Scope Review**

We selected the San Antonio AA for a full-scope review because a substantial majority, 75 percent of the bank's locations, 88 percent of total bank deposits, and 82 percent of the HMDA/CRA reportable loans, originated in this AA. The San Antonio AA includes only five of the eight counties that make up the entire San Antonio-New Braunfels MSA. Broadway excluded Bandera, Atascosa, and Wilson Counties from the San Antonio AA because it does not have a branch located in these counties. In addition, Broadway's business orientation and geographic lending strategies do not span to these outlying counties located to the east and south of the MSA.

We performed limited scope reviews of the Austin AA and the Gillespie/Kerr AA due to the low percentages of bank locations, deposits, and loans in these AAs. The Austin AA includes only two of the five counties that make up the entire Austin-Round Rock MSA. Broadway excluded Williamson, Bastrop, and Caldwell Counties from the Austin AA because it does not have a

branch located in these counties. In addition, Broadway's business orientation and geographic lending strategies do not span to these outlying counties located to the north and south west of the MSA. The Gillespie-Kerr AA includes the contiguous counties of Gillespie and Kerr, and Broadway has branches in each respective county; however, as noted earlier, this AA has nominal percentages of the total bank deposits and loans. Please refer to the tables in Appendix A for more information.

## **Ratings**

Broadway's overall rating is based primarily on the full-scope review of the San Antonio AA as a substantial majority of bank activity originates in this AA. We placed the most weight on loans to small businesses performance followed by residential home mortgage performance in determining the Lending Test rating. Multifamily loans and small loans to farms were not reviewed since the low number and dollar volume of originations does not support a meaningful analysis. We also gave credit for the significant volume of CD loans that originated during the evaluation period.

## **Discriminatory or Other Illegal Credit Practices Review**

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

The OCC has not identified that this institution [or any affiliate whose loans have been considered as part of the institution's lending performance] has engaged in discriminatory or other illegal credit practices that require consideration in this evaluation.

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

## Conclusions with Respect to Performance Tests

### LENDING TEST

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

Broadway's performance under the lending test is rated High Satisfactory. Based on a full-scope review, performance in the San Antonio AA is good. Small loans to businesses received the most weight, followed by residential loans, for evaluating CRA performance. Factors that supported the rating include: a substantial majority of loans originated inside the AA; the good geographic distribution of small loans to businesses; and the adequate distribution of residential loans to low- and moderate-income borrowers. The significant level of CD lending had a positive impact on the rating.

#### Lending Activity

Refer to Table 1 Lending Volume in appendix C for the facts and data used to evaluate the bank's lending activity. We identified small loans to businesses and residential loan products as the primary loan products for assessing CRA performance. For the evaluation period, small loans to businesses and residential mortgage loans represented 61 percent and 38 percent of dollars funded through reportable loans, respectively. Broadway originated 1,450 small loans to businesses totaling \$268 million and 450 residential loans totaling \$154 million in the San Antonio AA. Residential loan products include home purchase loans, home refinance loans, and home improvement loans.

According to the FDIC's June 30, 2017 Deposit Market Share Report, Broadway ranked sixth of 54 institutions in the San Antonio AA, with 2.44 percent deposit market share. USAA Federal Savings Bank ranked first with 67 percent and Frost Bank ranked second with 7 percent. The market share for USAA includes all of its deposits regardless of customer location.

The 2015 aggregate small business peer data indicates Broadway ranked 14<sup>th</sup> of 127 lenders originating loans to small businesses in the San Antonio AA, with 1.64 percent market share by number and 7.77 percent market share by dollar amount. The 2016 aggregate small business data had not been published during this evaluation.

The 2016 aggregate residential mortgage peer data indicates Broadway ranked 72<sup>nd</sup> in HMDA reportable residential mortgage products, with an overall market share of 0.29 percent (by number of loans) and 0.41 percent (by dollar amount). The 2016 aggregate data included 758 lenders originating residential loans in this market.

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

##### *Home Mortgage Loans*

Refer to Table 2 in Appendix C for the facts and data used to evaluate the geographic distribution of residential loan originations and purchases.

The geographic distribution of residential loans in low- and moderate-income CTs is excellent. Penetration in the low-income CTs is near or equal to area demographics, and exceeds area demographics in moderate-income CTs. The bank's performance in low- and moderate-income geographies exceeds other HMDA reporters in the AA.

### ***Small Loans to Businesses***

Refer to Table 6 in Appendix C for the facts and data used to evaluate the geographic distribution of small loans to businesses originations and purchases.

The geographic distribution of small loans to businesses in low- and moderate-income geographies is good. The distribution of loans in low-income CTs exceeds AA demographics. The distribution of loans in moderate-income geographies is near or equal to the AA demographics. The bank's performance in low-income geographies is near or equal to aggregate data from other area small business lenders and exceeds aggregate data for moderate-income geographies.

### ***Lending Gap Analysis***

A review of reports and maps detailing Broadway's lending activity was completed for home mortgage products and small loans to businesses originated during the evaluation period. No conspicuous gaps in the geographic distribution of loans were identified.

### ***Inside/Outside Ratio***

A substantial majority of reportable loans are made inside the bank's AAs. This analysis was performed at the bank level as opposed to the AA level. The information evaluated includes bank originations and purchases only, and not extensions of credit by affiliates. The analysis reflected that for the evaluation period, 92 percent of the total number of reportable loans, and 86 percent of the total dollar volume of reportable loans, originated inside the AAs. By loan product and number of loans, 94 percent of small loans to businesses and 88 percent of residential loans originated inside the AAs.

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

### ***Home Mortgage Loans***

Refer to Table 8 in Appendix C for the facts and data used to evaluate the borrower distribution of residential loan originations and purchases.

Broadway's distribution of loans to residential loan customers of different income levels is good. The distribution of residential loans to both low- and moderate-income families is near or equal to AA demographics. The bank's performance with low-income families exceeds AA aggregate HMDA lending data and moderate-income families is near or equal to AA aggregate HMDA lending data.

### ***Small Loans to Businesses***

Refer to Table 11 in Appendix C for the facts and data used to evaluate the borrower distribution of small loans to businesses originations and purchases.

The distribution of small loans to businesses with annual revenues of \$1 million or less is poor. The percentage of small loans to businesses is significantly lower than the percentage of businesses with annual revenues of \$1 million or less in the AA. The bank's performance with businesses having annual revenues of \$1 million or less is near aggregate data from other area small business lenders. Sixty-three percent of small loans to businesses originated in amounts of \$100,000 or less.

### **Community Development Lending**

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

Broadway is a leader in making CD loans. During the evaluation period, the bank originated 20 loans totaling \$169 million that qualify as CD in the San Antonio AA. Examples include:

- \$10 million revolving line of credit to provide working capital for an entity that provides services to low- and moderate-income individuals.
- \$26 million loan to construct a 271 unit affordable housing project where 51 percent of units are reserved for low- and moderate-income individuals.
- \$32 million through five loans to revitalize a low-income area and promote significant economic growth by currently providing 12,000 jobs in the area.
- \$32 million loan to construct a 360 unit apartment complex in a moderate-income area.
- \$3.5 million loan to renovate and expand a warehouse located in the San Antonio International Airport Vicinity Land Use Plan, creating additional jobs for low- and moderate-income individuals, and promoting stability in a moderate-income area.

### **Product Innovation and Flexibility**

Broadway uses innovative and flexible lending programs to help meet AA credit needs. The bank supports several business loan programs including a Small Business Administration (SBA) Partnership program and its own Star equipment loans and revolving line of credit (LOC) products. The bank coordinates lending activities through several SBA programs and made 58 loans totaling \$13 million during the evaluation period. The Star equipment/LOC products have flexible, but competitive terms, and flexible qualification guidelines resulting in 184 loans totaling \$5 million during the same period. Broadway supports residential lending through its Home Advantage program focused on providing low down payment with no private mortgage insurance, higher loan-to-value ratios, and flexible credit qualification. During the evaluation period, Broadway funded 67 mortgages totaling \$7 million through this program. Broadway purchases Habitat for Humanity mortgages to support liquidity needs for the entity, and purchased 63 loans totaling \$2.5 million during the evaluation period. Broadway also makes loans to area school districts to meet operating and capital expenditure needs, helping the districts to save time and money by avoiding the bond issuance process.

## Conclusions for Areas Receiving Limited-Scope Reviews

Based on limited-scope reviews, the bank's performance under the lending test in the Austin and Gillespie-Kerr AAs is not inconsistent with the bank's overall "High Satisfactory" performance under the lending test. Refer to Tables 1 through 11 in Appendix C for the facts and data that support these conclusions.

### Austin AA – Limited Scope

#### *Home Mortgage Loans*

Borrower distribution in the Austin AA is weaker than performance in the full-scope AA and is poor. Penetration to low-income families is lower than area demographics and moderate-income families are near or equal to area demographics. The bank's performance in low- and moderate-income geographies is near or equal to other HMDA reporters in the AA.

### Gillespie-Kerr AA – Limited Scope

#### *Home Mortgage Loans*

The volume of home mortgage loans in the Gillespie-Kerr AA was too small to provide for meaningful analysis.

#### **Community Development Lending**

CD Lending in the Austin AA is not inconsistent with performance in the full-scope AA, but performance is weaker in the Gillespie-Kerr limited-scope AA.

Broadway made three CD loans totaling \$4 million in the Austin AA and no CD loans in the Gillespie-Kerr AA. The three CD loans in the Austin AA include:

- \$1 million loan to an entity supporting affordable housing for the aging.
- \$2 million interim construction loan to build 13 affordable housing duplex units.
- \$1 million loan to provide capital to an area CD corporation focused on supporting SBA working capital loans to businesses in small communities.

#### **Product Innovation and Flexibility**

Broadway uses innovative and flexible lending programs to help meet limited-scope AA credit needs. The bank supports several business loan programs including a SBA partnership program and its own Star equipment loans and revolving LOC products. The bank coordinates lending activities through several SBA programs making 25 loans totaling \$5.5 million during the evaluation period in the Austin AA. One loan totaling \$375 thousand was originated in the Gillespie-Kerr AA. The Star equipment/LOC products have flexible, but competitive terms and flexible qualification guidelines resulting in 46 loans totaling \$1.1 million during the same period in the Austin AA. Nine loans totaling \$150 thousand were originated in the Gillespie-Kerr AA. For the Home Advantage residential loan program focused on providing low down payment with no private mortgage insurance, higher loan-to-values, and flexible credit qualifications, the bank

originated 3 loans totaling \$392 thousand during the evaluation period in the Austin AA. The bank has committed to buying up to \$3 million Habitat for Humanity mortgages in the Austin AA, but none had been purchased during the evaluation period. Broadway's loans to area school districts to meet operating and capital expenditure needs resulted in 14 loans totaling \$11 million being funded in the Gillespie-Kerr AA.

## **INVESTMENT TEST**

Broadway's performance under the Investment Test is rated "Outstanding." The bank has an excellent level of CD investments and grants, and is often in a leadership position. Broadway reflects an excellent responsiveness to community economic development needs and occasionally uses innovative investments to support CD.

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

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

Qualified investments made in the San Antonio AA during the assessment period totaled \$8 million and consisted of debt investments, grants and donations. In addition to this total, there are \$13.7 million of prior period, long-term debt and equity investments still outstanding at the end of the current evaluation period. Investments made in prior periods continue to have a positive impact on the AA. In aggregate, qualified investments and outstanding prior period investments total \$21.7 million in the San Antonio AA.

#### ***Debt Investments***

During the evaluation period, Broadway purchased one Federal National Mortgage Association (FNMA) Delegated Underwriting and Servicing (DUS) Mortgage Backed Security (MBS) for \$7.02 million in the San Antonio AA. The MBS is supported by a multi-family affordable housing project for tenants whose income does not exceed 60 percent of the area's median income in the AA.

#### ***Grants and Donations***

Other qualified investments include donations and grants to organizations that support low- and moderate-income (LMI) individuals and geographic areas. Donations to organizations in the San Antonio AA totaled \$984,889 through 289 separate donations. Donations to the following organizations provide a cross-section of the activities and funding provided:

- Habitat for Humanity of San Antonio - Broadway donated \$63,922 to help fund this organization that provides assistance to low-income families seeking affordable housing. Habitat assistance includes zero interest rates and low monthly payments on residential mortgage loans and homeownership counselling.
- United Way of San Antonio - Broadway donated \$327,500 to the United Way of San Antonio. This organization offers funding to various nonprofit organizations focused on assisting low- and moderate-income individuals and families. Collectively, the agencies

United Way funds, serve 68 percent of clients that are below the area median family income.

- San Antonio Food Bank - Broadway donated \$52,500 to help fund this agency that distributes food, produce and grocery products to several community service organizations that feed LMI families and individuals who are in need. Broadway's contributions support food drives, supplement donations from the public, and cover needs during the holiday season.

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

Based on a limited-scope review, Broadway's performance in the Austin AA is not inconsistent with the excellent performance of the full-scope AA. The level of qualifying investments and donations relative to the percent of deposits originated by the branch offices in those counties is excellent.

Broadway purchased \$38.9 million in FNMA DUS MBS in the Austin AA that provides affordable housing for low-income tenants. Broadway donated \$52,385 to 38 qualifying CD organizations. Donations to both the People Fund and Opportunity Austin accounted for \$20,000 (\$10,000 each). People Fund provides access to capital, education and resources to business owners and entrepreneurs in LMI geographies to assist them in building small businesses, start-up organizations and non-profits. Opportunity Austin DBA Greater Austin Economic Development Corporation promotes desirable economic development that will support a thriving, diverse, and sustainable quality of life in Austin.

Based on a limited-scope review, Broadway's performance in the Gillespie-Kerr AA is not inconsistent with the excellent performance of the San Antonio AA. The bank purchased a \$3 million FNMA DUS MSB in the AA that provides affordable housing for low-income tenants. Broadway donated \$6,300 to 13 qualifying CD organizations including a \$2,500 contribution to Freedom Loans, an organization that converts payday loans and provides budgeting and financial guidance to LMI individuals and families.

In addition, Broadway purchased \$214.1 million of qualified debt and equity investments outside of the AAs but primarily in the state of Texas which includes the bank's AAs. This activity also had a positive impact on the Investment test. Examples include:

- \$439 million of pools of SBA Development Certificates;
- \$13.8 million of SBA secured loan pools;
- \$230,000 of a \$1 million commitment in the Independent Bankers Capital Fund II;
- \$1.5 million commitment invested in the Lone Star CRA Fund V;
- \$262,000 of a \$1 million commitment in the Valesco I;
- \$3 million of a \$4 million commitment in the Lone Star Opportunities Fund V;
- \$790,000 of a \$1 million commitment invested in the Dos Rios Partners Fund;
- \$905,000 of a \$1.5 million commitment in the Independent Bankers Capital Fund III;
- \$478,000 of a \$1 million commitment in the Bluehenge Capital Secured Debt; and
- \$200,000 of a \$2 million commitment in the Valesco II.

## **SERVICE TEST**

Broadway's performance under the Service Test is rated "Outstanding." Broadway is a leader in providing CD services in its largest market, and performance in the limited-scope AAs is relatively high and supports the overall outstanding rating. The opening and closing of branches has not adversely affected the accessibility of Broadway's delivery system, particularly in low- and moderate-income geographies and to low- and moderate-income individuals. Retail banking services are reasonably accessible in the bank's geographies and to borrowers of different income levels.

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

#### **Retail Banking Services**

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

Broadway offers a variety of financial services designed to meet the credit needs of its communities through its branch network, including neighborhoods located within designated enterprise/empowerment zones or designated as moderate-income geographies. Deposit services include checking and savings accounts, certificates of deposit, ATM services, and individual retirement accounts.

Broadway's services and business hours do not vary in a way that would inconvenience any portion of the AAs or any group of individuals. Branch hours are tailored to meet the needs of the individual communities the bank serves and are consistent with other financial institutions within the individual communities. Branch maps reviewed did not indicate any significant gaps in the geographic distribution of branches. In addition to traditional brick and mortar facilities, Broadway offers a broad range of alternative delivery channels including Internet banking and a telephone customer service center.

Broadway's delivery systems provide adequate access to geographies and individuals of different income levels. As of the evaluation date, Broadway has 36 full service banking locations with operations centered in the San Antonio AA. The main office and 17 banking centers are located in San Antonio. There are three banking centers in Austin and one banking center in each of the following cities: Boerne, Kerrville, Fredericksburg, Castroville, Hondo, Seguin, San Marcos, Wimberley, Kyle, Buda, Spring Branch, Schertz, Dripping Springs, Helotes, and New Braunfels.

Broadway's record of opening and closing branches is reasonable and has not adversely affected the accessibility of its delivery system. Management maintains a branch opening and closing policy that meets all regulatory requirements. Broadway did not open any new locations during the evaluation period, but did sell its Killeen banking center, which was located in a middle-income geography, in August 2015. Broadway operates 67 ATMs; 15 or 22 percent take deposits in addition to dispensing cash. Broadway also offers debit cardholders the use of thousands of ATM locations nationwide at no cost. Broadway operates 26 full service banking locations, five limited purpose banking locations, and 54 ATMs in the San Antonio AA.

The limited purpose branches are as follows:

- U.S. Army Medical Department Center & School serviced out of the Fort Sam Houston Branch.
- Brooke Army Medical Center serviced out of the Fort Sam Houston Branch.
- Air Force Village I & II, which was established for the residents of Air Force Village only. The location provides cash withdrawals/deposits, opens/closes accounts, and offers Wealth Management (Trust) services. There is also an ATM for cash withdrawals.
- Main Mini Banking Center/Tesoro<sub>2</sub> is located at the Main Branch.

Broadway's geographic distribution of branches and ATMs in low-income CTs is below the percentage of AA demographics. Branch distributions in moderate-income CTs is also below AA demographics. Census information from 2010 indicates that 29 percent of the San Antonio AA population resides in moderate-income CTs. When considering the availability of alternative delivery channels, the bank's branch distribution was considered reasonably accessible in all geographies and to all individuals in this AA.

The distribution of the branches within the San Antonio AA is as follows: 4 percent in low-income CTs, 11 percent in moderate-income CTs, 31 percent in middle-income CTs, and 54 percent in upper-income CTs. The distribution of the ATMs within the San Antonio AA is as follows: 2 percent in low-income CTs, 13 percent in moderate-income CTs, 50 percent in middle-income CTs, and 33 percent in upper-income CTs. The population distribution is as follows: 6 percent in low-income CTs, 30 percent in moderate-income CTs, 30 percent in middle-income CTs, and 34 percent in upper-income CTs.

Broadway's website is [www.broadway.bank](http://www.broadway.bank) and is provided for informational/transactional purposes only. General information on bank services, locations, and history is available to customers and non-customers. Account management services available to customers through the website include account inquiry, eStatements, stop payments, transfers, check ordering, and bill payment service. In addition, Broadway offers business online services to transfer funds, pay bills, reconcile accounts, initiate wire transfers, and receive email balance alerts.

Broadway offers a wide variety of loan and deposit products tailored to individual and business needs within its AAs. It provides commercial, consumer, and mortgage related lending services at each branch with no geographic limitations for products and/or services. Consumer product services includes StarChecking and StarInterest Checking, Star Relationship Checking, StarZing Checking, and Stars & Stripes Checking (Military), Online Banking, Wire Services, Savings, Money Market, and Certificates of Deposit, IRAs and Mortgage, Home Equity, Consumer Credit Cards and Consumer Loans.

Business choices consist of Essentials, Advantage, Preferred and Analysis Business Checking, Business Money-Market Accounts, Treasury Management Services, Remote Deposit Express, Positive Pay, ACH Processing, ACH Debit Block, Sweep Services, Lockbox Services, Account Reconciliation, Business Debit Cards, Merchant Services, Broadway Business Line, Business Loans, SBA, Business Credit Cards, Military Loan Programs, Equipment Financing, and Commercial Real Estate lending, as well as, Brokerage Services, Specialty Asset Management, Investment Management Services, Multi-Generational Family Business, Wealth Advisory and Trust Management Services.

Broadway has developed programs to assist military personnel who are just starting their careers or struggling with debt and using payday lenders. Additionally, the bank has reached out to the unbanked and underserved in the San Antonio AA. Broadway is one of the few banks to accept the Matricula Consular Card as an acceptable form of photo identification for opening a depository account. Mexican consulates issue the Matricula card to all Mexican nationals in the United States as proof of Mexican citizenship. The Matricula card is valid for five years. Broadway has found that accepting the Matricula card is an additional way to help reach more segments of its communities.

Broadway offers several alternative delivery channels which are reasonably effective in providing access to banking services in all geographies and to all individuals. The alternative banking services include telephone banking, Broadway online and mobile banking, iBiz, PAL Program, Loan by Web, Kid's Banking, Debit Visa Check Card, ATM Bank Card, Broadway Telephone Banking Center, 24-Hour Automated TeleBank Line, as well as direct deposit/ACH, direct deposit/Social Security payments, lock bags, safe deposit boxes and night deposit services.

Banking services include, but are not limited to, the following bank-described items:

Automatic Loan Payments - Never miss a loan payment and save the time and trouble in writing another check each month. Authorize the Bank to automatically deduct payments from any checking, savings, or money market account.

Direct Deposit - A free service, which safely and conveniently provides access to funds. Through direct deposit, Social Security, retirement, or payroll checks are automatically deposited to a customer's checking or savings account.

ATMs - offer fast, convenient access to cash and account balances 24 hours a day, 7 days a week. Most banking transactions are available via an ATM card, allowing purchases at some retail establishments. ATMs display both English and Spanish languages.

Online and Mobile Banking Services - Allows customers to conveniently:

- View account balances and activity online, including checking, savings, money market, CDs, loans and lines of credit.
- Transfer funds to and from your Broadway accounts.
- Set up transfers to your accounts at other financial institutions.
- Make payments to or borrow from your Broadway loans and lines of credit.
- Pay an unlimited number of bills online.
- View and print canceled checks.
- Create alerts to track account balances and activity.
- eStatements - Enroll in Broadway's paperless statement and documents with up to 18 months of statement history available online.
- iPhone/Android mobile app.
- Deposit checks through our mobile banking apps.
- Personal financial management online tools. Aggregate your accounts at other financial institutions and view them with your Broadway accounts online. Set up a budget. Track spending.
- Download to Intuit's Quicken or QuickBooks.
- Communicate with Broadway Bank via secure messaging.

- Receive toll-free technical support Monday through Friday, 8 am to 6 pm and Saturday 9 am to 1 pm CST by calling 210.283.6500 or 800.531.7650 outside the San Antonio area.

Commercial Internet Banking Services - Transfer funds, pay bills, reconcile accounts, initiate wire transfers, and receive email balance alerts—all online, so you spend less time managing your accounts and more time running your business.

Commercial Remote Deposit - Remote Deposit Express is an efficient way to deposit checks into a business checking account. By simply using a desktop scanner and an office PC, transactions may be submitted 24 hours-a-day, 7 days-a-week.

24 Hour Automated Account Services - Access through a touch tone telephone both in English and Spanish (en Español).

### **Community Development Services**

Broadway is a leader in providing CD services in the San Antonio AA. CD services indicate excellent responsiveness in meeting identified community needs. During the evaluation period, Broadway participated in at least 101 activities that provide qualified CD services. Bank management and employees focused efforts on activities and organizations supporting education and social services for low- and moderate-income individuals and families. Broadway employees serve as Board members and provide financial expertise by serving on various committees of organizations providing scholarships and supporting educational needs and financial literacy for low- and moderate-income individuals. Management has also been involved in activities and charitable non-profit organizations providing medical and affordable housing services for low- and moderate-income individuals. Employees contributed a total of 5,900 hours or over 180 hours per month during the evaluation period.

In addition to CD services offered, Broadway maintains an employee based volunteer program (Care Corps) to support many other projects and non-profits that may not qualify for CD consideration. The Care Corps volunteers donated their time in many different ways, including bank and non-bank sponsored projects, scholastic mentoring programs, providing financial expertise to organizations, and helping low-income families. Additionally, these employees volunteered at local food banks, provided much needed services for seniors, and tutored and mentored at-risk youth. Some of the most notable examples of Broadway's involvement during the evaluation period included the following:

San Antonio Education Partnership (SAEP) - works to empower students with quality educational programs, resources and counseling that will make them confident, knowledgeable and help them finish college and contribute to San Antonio's future; making students San Antonio's leaders of tomorrow. Every year the SAEP provides more than \$2 million in needs-based scholarships and services to more than 30,000 students located within 25 target area high schools in eight school districts through SAEP's Road to Success program.

AVANCE – San Antonio (A United Way Agency) - unlocks America's potential by strengthening families in at-risk communities through effective parent education and support programs. Up to 99 percent of those served by this organization are below the area median income level.

Haven for Hope (A United Way Agency) - transforms and saves lives of the homeless. Its purpose is to provide homeless individuals and families with the training, skills and assistance needed to help them become self-sufficient. 100 percent of clients served are homeless. Volunteers donated supplies and assembled Easter baskets and then donated finished product to Haven for Hope.

Project QUEST, Inc - offers job training in three business sectors; healthcare, business systems/information technology, and manufacturing, installation, repair and maintenance. Participants enter the program averaging \$11,000 a year and graduate making an average of \$42,000 a year.

Neighborhood Housing Services SA - builds successful families and communities through housing opportunities. Clients must meet the 80 percent or below median family income level to receive down payment assistance or 140 percent or below to receive any assistance.

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

Based on limited-scope reviews, Broadway's performance under the Service Test in the Austin AA and the Gillespie/Kerr AA is not inconsistent with the "Outstanding" rating received in the full scope review.

Refer to Table 15 in Appendix C for the facts and data that support these conclusions. In the Austin AA, Broadway retail delivery services are limited to three Travis County locations and five Hays County locations. Four of the eight branches are located in middle-income CTs and the remaining four branches are located in upper-income CTs. Broadway does not have any branches in Williamson, Caldwell, or Bastrop Counties, which are not part of the designated AA. Although branch offices are limited to two counties, the bank's alternative delivery channels help provide reasonable access to essentially all portions of the bank's AA.

Broadway's service activity in the Austin AA provided a good level of CD services during the evaluation period. Broadway employees in this AA participated in at least 19 service activities with organizations focused primarily on providing education and other essential services for low- and moderate-income individuals and the homeless. Employees contributed a total of 721 hours during the evaluation period. Broadway also participated in one organization focused on providing access to capital, education and resources to build healthy small businesses for low- and moderate-income individuals. In addition, Broadway employees participated in multiple events, providing financial literacy for low- and moderate-income individuals in the AA.

In the Gillespie/Kerr AA, Broadway's retail delivery systems were not inconsistent with the full scope AA. Broadway's service activity in the Gillespie-Kerr AA provided a good level of CD services, during the evaluation period. Employees contributed a total of 544 hours during the evaluation period. Bank employees served as members on Boards and Commissions for five organizations in the AA, with focuses on essential services for low- and moderate-income children and individuals, as well as economic development. Bank employees also participated in two events providing financial literacy for low- and moderate-income individuals in the AA.

## Appendix A: Scope of Examination

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

|   |   |  |
|---|---|--|
| <b>Time Period Reviewed</b>                             | Lending Test (excludes CD Loans): January 1, 2015 to June 30, 2017<br>Investment, Service Tests and CD Loans: September 8, 2014 to October 16, 2017 |  |
| <b>Financial Institution</b>                            | <b>Products Reviewed</b>  |  |
| Broadway National Bank (Broadway)<br>San Antonio, Texas | Small Business<br>Mortgage Loans  |  |
| <b>Affiliate(s)</b>                                     | <b>Affiliate Relationship</b>   | <b>Products Reviewed</b>   |
| None  | None  | N/A  |
| <b>List of Assessment Areas and Type of Examination</b> |   |  |
| <b>Assessment Area</b>                                  | <b>Type of Exam</b>   | <b>Other Information</b>   |
| San Antonio AA  | Full Scope  | Partial MSA 41700 (Bexar, Comal, Guadalupe, Kendall & Medina counties) |
| Austin AA   | Limited Scope   | Partial MSA 12420 (Hays & Travis counties)                             |
| Gillespie-Kerr AA                                       | Limited Scope   | Non-MSA (Gillespie & Kerr counties)                                    |

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

### Broadway San Antonio

| Demographic Information for Full Scope Area: San Antonio AA                |           |               |                      |                  |                 |               |
|--|-----------|---------------|----------------------|------------------|-----------------|---------------|
| Demographic Characteristics  | #         | Low<br>% of # | Moderate<br>% of #   | Middle<br>% of # | Upper<br>% of # | NA*<br>% of # |
| Geographies (Census Tracts/BNAs)   | 433       | 7.85          | 31.87                | 27.94            | 31.41           | 0.92          |
| Population by Geography  | 2,173,347 | 6.47          | 29.93                | 29.54            | 34.05           | 0.00          |
| Owner-Occupied Housing by Geography  | 454,786   | 4.39          | 23.40                | 29.51            | 42.69           | 0.00          |
| Business by Geography  | 134,621   | 4.68          | 21.39                | 30.06            | 43.62           | 0.25          |
| Farms by Geography   | 3,331     | 2.31          | 15.01                | 32.66            | 49.95           | 0.06          |
| Family Distribution by Income Level  | 510,560   | 22.57         | 17.26                | 19.14            | 41.04           | 0.00          |
| Distribution of Low and Moderate Income Families throughout AA Geographies | 203,323   | 11.41         | 43.21                | 27.75            | 17.62           | 0.00          |
| Median Family Income   |           | 62,228        | Median Housing Value | 153,009          |                 |               |
| FFIEC Adjusted Median Family Income for 2017                               |           | 63,500        | Unemployment Rate    | 3.46%            |                 |               |
| Households Below Poverty Level   |           | 15%           | (2015 ACS US Census) |                  |                 |               |

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

Source: 2015 ACS US Census and 2017 FFIEC updated MFI

This performance evaluation included a full-scope evaluation of the San Antonio AA, which includes five of the eight counties that make up the San Antonio-New Braunfels MSA.

The San Antonio–New Braunfels MSA is an eight-county MSA in the state of Texas, as defined by the Office of Management and Budget (OMB). More commonly referred to as Greater San Antonio, the MSA straddles South Texas and Central Texas and is on the southwestern corner of the Texas Triangle. Austin–Round Rock MSA about 80 miles northeast of Greater San Antonio. San Antonio–New Braunfels MSA is the third-largest MSA in Texas. It is also the second fastest-growing large metropolitan area in the state. The San Antonio-New Braunfels MSA has grown by 11.75 percent between 2010 and 2016 and is predicted to increase an additional 8.12 percent by 2021.

The San Antonio-New Braunfels MSA is the 25th largest MSA in the nation with a combined population of 2.38 million people and a median age of 34.4. The largest counties by population are Bexar County, Guadalupe County, and Comal County. The largest cities in the San Antonio-New Braunfels MSA by population are San Antonio; New Braunfels; and San Marcos.

The most common job groups, by number of people living in San Antonio-New Braunfels MSA are Management, Business, Science, & Arts, Sales & Office, and Service. San Antonio's employers support a healthy and diverse economy with a blend of well-established financial services, rapidly growing biomedical and biotech sectors, IT and cybersecurity fields, and a robust manufacturing sector that produces everything from aircrafts to Toyota trucks. The city's central location has made it the hub for economies in the South Central Texas region and Mexico. San Antonio's employment in November 2016 was 1,012,700 compared to 996,900 in

November 2015. The city's unemployment rate was 3.7 percent compared to 4.6 percent in Texas and 4.6 percent in the U.S in the same time period. From 2014 to 2015, employment in the San Antonio-New Braunfels MSA grew at a rate of 1.07 percent, from 1.06 million employees to 1.08 million employees.

San Antonio–New Braunfels MSA is home to seven Fortune 1000 companies. Valero Energy Corp, Tesoro Petroleum Corp, Clear Channel Communications, USAA, NuStar Energy and CST Brands Inc. are located in San Antonio. Rush Enterprises is located in New Braunfels, Texas

In 2015, the median property value in San Antonio-New Braunfels MSA grew to \$151,400 from the previous year's value of \$143,900. In 2015, 60.8 percent of the housing units in San Antonio-New Braunfels MSA were owner occupied. This percentage declined from the previous year's rate of 61.4 percent.

## **Bexar County**

Bexar County is located within south central Texas and is included in the San Antonio-New Braunfels MSA. Bexar County is the 17th-most populous county in the nation and the fourth-most populated in Texas. Its county seat is San Antonio, the second-most populous city in Texas and the seventh-largest city in the United States. Located 75 miles southwest of Austin (Texas' capital), 190 miles west of Houston and 150 miles north of the Mexican border at Laredo, San Antonio is an important commercial and transportation center for southern Texas and northern Mexico.

The 2015 median household income was \$51,150, compared to national median household income of \$53,889. Workers in the San Antonio-New Braunfels MSA had an average hourly wage of \$21.03 in May 2015, which is 9 percent below the nationwide average of \$23.23, according to the U.S. Bureau of Labor Statistics. In 2015, the county with the highest median household income in the San Antonio-New Braunfels MSA was Kendall County (\$73,240), followed by Wilson County and Comal County with respective values of \$68,100 and \$65,833. As of the 2010 United States Census, there were 1,714,773 people residing in Bexar County. San Antonio is projected to welcome 1.1 million new residents by 2040 and demographically represents what the US will look like in the future. San Antonio stands as Bexar County's largest city, accounting for almost 40 percent of the county's geographic area and 75 percent of its population. San Antonio encompasses a total geographic area of 467 square miles with a population density of 3,395 persons per square mile. The total land area for Bexar County is 1,247 square miles with a population density of 1,383 persons per square mile.

Often referred to as Military City, USA, San Antonio has a strong military presence with four major military bases as part of Joint Base San Antonio (JBSA). San Antonio is home to one of the largest active and retired military populations in the nation. The four military bases include: Randolph Air Force Base – Headquarters for Air Education and Training Command, and the Air Force Military Personnel Center; Fort Sam Houston – Brooke Army Medical Center, Institute of Surgical Research, and Defense Medical Readiness Training Institute; Lackland Air Force Base – Air Force Basic Training and headquarters for Air Force Intelligence Agency; and Camp Bullis – Provides Base Operations Support and Training Support to JBSA.

Bexar County's unemployment rate registered the same as the overall jobless rate of 4.1 percent for the 12-county Workforce Solutions Alamo area, which includes Atascosa, Bandera, Bexar, Comal, Frio, Gillespie, Guadalupe, Karnes, Kendall, Kerr, Medina and Wilson counties. McMullen County registered the lowest unemployment rate amongst the counties at 1.6 percent while Frio County registered the highest rate at 4.6 percent.

The City of San Antonio unemployment rate registered lower than the overall jobless rate of 3.6 percent for the 8-county San Antonio-New Braunfels MSA. Cibolo registered a 3.3 percent unemployment rate, while New Braunfels went down to 4.0 percent, the City of Schertz saw a decrease to 3.4 percent and the City of Seguin also saw a decrease to 3.6 percent.

Comparing the Workforce Solutions Alamo metro area to the state and nation, the Texas unadjusted (actual) unemployment rate dropped to 4.5 percent in April, compared to 5.0 percent in March. The nation's unadjusted (actual) unemployment rate dropped to 4.1 percent from 4.6 percent in March. Comparatively, the state and nation released seasonally adjusted unemployment rates with Texas holding steady at 5.0 percent in April, while the nation's unemployment rate fell to 4.1 percent.

## **Comal County**

Comal County, located on the Edwards Plateau, is located twenty-nine miles northeast of San Antonio and forty-five miles southwest of Austin. The county comprises 555 square miles of prairie and Hill Country terrain. Comal County is part of the San Antonio-New Braunfels MSA. Along with Hays and Kendall counties, Comal County was listed as one of the nation's ten fastest-growing large counties with a population of at least ten thousand in 2017. From 2015 to 2016, Comal County, sixth on the list, grew by 5,675 newcomers, or 4.4 percent. Kendall County, the second-fastest-growing county in the nation, grew by 5.16 percent. Hays County, third on the national list, had nearly ten thousand new residents during the year. As a result of this growth, the counties have experienced new home construction, traffic congestion, and greater demand for public services. Bexar County, which includes San Antonio, grew by 1.75 percent during the year, but its sheer number of new residents exceeded 33,000.

The median household income was \$46,147, and the median family income was \$52,455. The per capita income for the county was \$21,914. About 6.40 percent of families and 8.60 percent of the population were below the poverty line. As of the 2010 Census, there were 108,472 people, 29,066 households, and 21,886 families residing in the county.

The largest city and county seat, New Braunfels is located equal distance between the seventh largest U.S. city (San Antonio) and the State Capitol (Austin). New Braunfels welcomes more than 3 million visitors annually that shop and explore recreational activities steeped in German culture and heritage. New Braunfels has easy access to major highways with IH-35 running through the city. New Braunfels is minutes away from the Canadian General Tower manufacturing plant, 15 minutes from the Caterpillar manufacturing plant, 45 minutes from the Toyota manufacturing plant, and only 3-hours away from trade gateways into Mexico, and Central and South America. Along with immediate access to highways, New Braunfels is close to air, rail and bus services.

The City of New Braunfels unemployment rate registered lower than the overall jobless rate of 3.6 percent for the 8-county San Antonio-New Braunfels MSA. The City of San Antonio registered a 3.5 percent unemployment rate, while the City of Cibolo registered 3.3 percent, the City of Schertz 3.4 percent, and the City of Seguin 3.6 percent.

### **Guadalupe County**

Guadalupe County is 90 miles inland from the Gulf of Mexico in South Central Texas and bounded by Comal, Hays, Caldwell, Gonzales, Wilson, and Bexar counties. Cibolo Creek forms the border between Guadalupe and Bexar counties, and the San Marcos River separates Guadalupe and Caldwell counties. Seguin, the county seat and largest town, is located at the intersection of Interstate Highway 10 and U.S. Highway 90, 25 miles southwest of Austin and 18 miles northeast of San Antonio. Guadalupe County is part of the San Antonio – New Braunfels MSA.

The median household income was \$43,949, and the median family income was \$49,645. The per capita income for the county was \$18,430. About 7.30 percent of families and 9.80 percent of the population were below the poverty line. As of the 2010 Census, there were 89,023 people, 30,900 households, and 23,823 families residing in the county.

Seguin has a top-rated university and a well-respected hospital. Over 25,000 Seguin residents enjoy a range of cultural, recreational, and employment opportunities. The robust diversified economy features a steelmaker, a manufacturer of automotive parts, and plants making roadside mowing equipment and building materials. In 2009, Caterpillar selected Seguin as the site of a major new engine manufacturing facility.

As of May 2017, Guadalupe County's unemployment rate registered lower than the overall jobless rate of 3.6 percent for the 12-county Workforce Solutions Alamo area (includes Atascosa, Bandera, Bexar, Comal, Frio, Gillespie, Guadalupe, Karnes, Kendall, Kerr, Medina and Wilson counties). McMullen County registered the lowest unemployment rate amongst the counties at 1.6 percent while Frio County registered the highest rate at 4.6 percent.

As of May 2017, the City of Seguin unemployment rate registered the same as the overall jobless rate of 4.1 percent for the 8-county San Antonio-New Braunfels MSA. The cities of San Antonio and New Braunfels both registered 3.5 percent, while the City of Cibolo registered 3.3 percent.

### **Kendall County**

Kendall County is located on the Edwards Plateau and is part of the San Antonio-New Braunfels MSA. Kendall, along with Hays and Comal counties, was listed as one of the nation's 10 fastest-growing large counties with a population of at least 10 thousand in 2017. From 2015 to 2016, Kendall County, the second-fastest-growing county in the nation, grew by 5.16 percent, gaining 2,088 people in a one year period. Boerne is the county seat of Kendall County. It is located 30 miles northwest of San Antonio and is bound by Cibolo Creek, Interstate Highway 10, and U.S. Highway 87. Boerne has become a major tourist destination based on its many quaint shops offering antique and eclectic shopping in the historic downtown section.

The median household income was \$49,521, and the median family income was \$58,081. The per capita income for the county was \$24,619. About 7.90 percent of families and 10.50 percent of the population were below the poverty line. As of the 2010 Census, there were 33,410 people, 8,613 households, and 6,692 families residing in Kendall County.

There are over 5,200 residential lots completed or in the planning stage and Kendall County is expected to grow 18 percent over the next five years. This growth will continue to create economic opportunities in Kendall County. Due to the rapid growth of the San Antonio area, Boerne has seen considerable growth in recent years, and it is likely that Boerne will absorb population growth at a faster rate.

As of May 2017, Kendall County's unemployment rate registered lower than the overall jobless rate of 3.6 percent for the 12-county Workforce Solutions Alamo area. McMullen County registered the lowest unemployment rate amongst the counties at 1.6 percent while Frio County registered the highest rate at 4.6 percent.

### **Medina County**

Medina County is located 30 miles west of San Antonio. The county seat is the city of Hondo, which straddles US Highway 90 and is bordered on the east by State Highway 173. Medina County is part of the San Antonio – New Braunfels MSA.

The median household income is \$36,063, and the median family income is \$40,288. The per capita income for the county was \$15,210. About 12 percent of families and 15 percent of the population were below the poverty line. As of the 2010 Census, there were 39,304 people, 12,880 households, and 10,136 families residing in Medina County. As of May 2017, Medina County's unemployment rate registered higher than the overall jobless rate of 3.6 percent for the 12-county Workforce Solutions Alamo area. McMullen County registered the lowest unemployment rate amongst the counties at 1.6 percent while Frio County registered the highest rate at 4.6 percent.

## Appendix C: Tables of Performance Data

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### Content of Standardized Tables

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

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

- Table 1. Lending Volume** - Presents the number and dollar amount of reportable loans originated and purchased by the bank over the evaluation period by MA/assessment area. Community development loans to statewide or regional entities or made outside the bank’s assessment area may receive positive CRA consideration. See Interagency Q&As \_\_.12 (i) - 5 and - 6 for guidance on when a bank may receive positive CRA consideration for such loans. Refer to the CRA section of the Compliance Policy intranet page for guidance on table placement.
- Table 2. Geographic Distribution of Home Purchase Loans** - Compares the percentage distribution of the number of loans originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies to the percentage distribution of owner-occupied housing units throughout those geographies. The table also presents market share information based on the most recent aggregate market data available.
- Table 3. Geographic Distribution of Home Improvement Loans** - See Table 2.
- Table 4. Geographic Distribution of Home Mortgage Refinance Loans** - See Table 2.
- Table 5. Geographic Distribution of Multifamily Loans** - Compares the percentage distribution of the number of multifamily loans originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies to the percentage distribution of multifamily housing units throughout those geographies. The table also presents market share information based on the most recent aggregate market data available. **(Table not included, insufficient data for meaningful analysis)**
- Table 6. Geographic Distribution of Small Loans to Businesses** - The percentage distribution of the number of small loans (less than or equal to \$1 million) to businesses originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies compared to the percentage distribution of businesses

(regardless of revenue size) throughout those geographies. The table also presents market share information based on the most recent aggregate market data available. Because small business data are not available for geographic areas smaller than counties, it may be necessary to use geographic areas larger than the bank's assessment area.

- Table 7. Geographic Distribution of Small Loans to Farms** - The percentage distribution of the number of small loans (less than or equal to \$500,000) to farms originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies compared to the percentage distribution of farms (regardless of revenue size) throughout those geographies. The table also presents market share information based on the most recent aggregate market data available. Because small farm data are not available for geographic areas smaller than counties, it may be necessary to use geographic areas larger than the bank's assessment area. **(Table not included, insufficient data for meaningful analysis)**
- Table 8. Borrower Distribution of Home Purchase Loans** - Compares the percentage distribution of the number of loans originated and purchased by the bank to low-, moderate-, middle-, and upper-income borrowers to the percentage distribution of families by income level in each MA/assessment area. The table also presents market share information based on the most recent aggregate market data available.
- Table 9. Borrower Distribution of Home Improvement Loans** - See Table 8.
- Table 10. Borrower Distribution of Refinance Loans** - See Table 8.
- Table 11. Borrower Distribution of Small Loans to Businesses** - Compares the percentage distribution of the number of small loans (less than or equal to \$1 million) originated and purchased by the bank to businesses with revenues of \$1 million or less to the percentage distribution of businesses with revenues of \$1 million or less. In addition, the table presents the percentage distribution of the number of loans originated and purchased by the bank by loan size, regardless of the revenue size of the business. Market share information is presented based on the most recent aggregate market data available.
- Table 12. Borrower Distribution of Small Loans to Farms** - Compares the percentage distribution of the number of small loans (less than or equal to \$500,000) originated and purchased by the bank to farms with revenues of \$1 million or less to the percentage distribution of farms with revenues of \$1 million or less. In addition, the table presents the percentage distribution of the number of loans originated and purchased by the bank by loan size, regardless of the revenue size of the farm. Market share information is presented based on the most recent aggregate market data available. **(Table not included, insufficient data for meaningful analysis)**
- Table 13. Geographic and Borrower Distribution of Consumer Loans (OPTIONAL)** - For geographic distribution, the table compares the percentage distribution of the number of loans originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies to the percentage distribution of households within

each geography. For borrower distribution, the table compares the percentage distribution of the number of loans originated and purchased by the bank to low-, moderate-, middle-, and upper-income borrowers to the percentage of households by income level in each MA/assessment area. **(Table not included as no applicable data was reported)**

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

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

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

Table 1. Lending Volume

| LENDING VOLUME          |                                     | Geography: BROADWAY AGGREGATE |            |                           |            | Evaluation Period: JANUARY 1, 2015 TO JUNE 30, 2017 |            |                               |            |                      |           |                                      |
|-------------------------|-------------------------------------|-------------------------------|------------|---------------------------|------------|---|------------|-------------------------------|------------|----------------------|-----------|--------------------------------------|
| Assessment Area (2016): | % of Rated Area Loans (#) in MA/AA* | Residential Loans             |            | Small Loans to Businesses |            | Small Loans to Farms                                |            | Community Development Loans** |            | Total Reported Loans |           | % of Rated Area Deposits in MA/AA*** |
|                         |                                     | #                             | \$ (000's) | #                         | \$ (000's) | #   | \$ (000's) | #                             | \$ (000's) | #                    | \$(000's) |                                      |
| <b>Full Review:</b>     |                                     |                               |            |                           |            |   |            |                               |            |                      |           |                                      |
| San Antonio AA          | 82.17                               | 450                           | 154,468    | 1,450                     | 268,460    | 7   | 700        | 20                            | 169,579    | 1,927                | 593,207   | 88.05                                |
| <b>Limited Review:</b>  |                                     |                               |            |                           |            |   |            |                               |            |                      |           |                                      |
| Austin AA               | 15.18                               | 75                            | 39,030     | 276                       | 39,397     | 2   | 528        | 3                             | 4,200      | 356                  | 83,155    | 7.38                                 |
| Gillespie-Kerr AA       | 2.65                                | 8                             | 3,175      | 53                        | 5,932      | 1   | 92         | 0                             | 0          | 62                   | 9,199     | 4.57                                 |

\* Loan Data as of June 30, 2017. Rated area refers to either state or multi-state MA rating area.

\*\* The evaluation period for Community Development Loans is from September 8, 2014 to October 16, 2017.

\*\*\* Deposit Data as of June 30, 2017. Rated Area refers to either the state, multi-state MA, or institution, as appropriate.

Table 2. Geographic Distribution of Home Purchase Loans

| Geographic Distribution: RESIDENTIAL LOANS |                           | Geography: BROADWAY AGGREGATE |                                  |                              |                                  |              |                                  | Evaluation Period: JANUARY 1, 2015 TO JUNE 30, 2017 |                                  |              |   |       |       |       |
|--|---------------------------|-------------------------------|----------------------------------|------------------------------|----------------------------------|--------------|----------------------------------|---|----------------------------------|--------------|---|-------|-------|-------|
| Assessment Area:                           | Total Home Purchase Loans |                               | Low-Income Geographies           |                              | Moderate-Income Geographies      |              | Middle-Income Geographies        |   | Upper-Income Geographies         |              | Aggregate HMDA Lending (%) by Tract Income <sup>*</sup> |       |       |       |
|  | #                         | % of Total <sup>**</sup>      | % Owner Occ Units <sup>***</sup> | % BANK Loans <sup>****</sup> | % Owner Occ Units <sup>***</sup> | % BANK Loans | % Owner Occ Units <sup>***</sup> | % BANK Loans  | % Owner Occ Units <sup>***</sup> | % BANK Loans | Low   | Mod   | Mid   | Upp   |
| <b>Full Review:</b>                        |                           |                               |                                  |                              |                                  |              |                                  |   |                                  |              |   |       |       |       |
| San Antonio AA                             | 450                       | 84.43                         | 4.48                             | 3.11                         | 23.05                            | 28.44        | 34.23                            | 20.44   | 38.25                            | 48.01        | 1.33  | 10.22 | 33.56 | 54.89 |
| <b>Limited Review:</b>                     |                           |                               |                                  |                              |                                  |              |                                  |   |                                  |              |   |       |       |       |
| Austin AA                                  | 75                        | 14.07                         | 6.58                             | 2.67                         | 18.90                            | 12.00        | 30.06                            | 26.67   | 44.46                            | 58.66        | 4.71  | 19.13 | 31.92 | 44.24 |
| Gillespie-Kerr AA                          | 8                         | 1.50                          | 0.00                             | 0.00                         | 1.72                             | 0.00         | 56.06                            | 37.50   | 42.22                            | 62.50        | 0.00  | 3.86  | 51.25 | 44.88 |

<sup>\*</sup> Based on 2015 Peer Mortgage Data -- US and PR

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

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

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

Table 6. Geographic Distribution of Small Loans to Businesses

| Geographic Distribution: SMALL LOANS TO BUSINESSES |                            |              | Geography: BROADWAY AGGREGATE |              |                             |              | Evaluation Period: JANUARY 1, 2015 TO JUNE 30, 2017 |              |                          |              |      | Aggregate Lending (%) by Tract Income* |       |       |  |
|--|----------------------------|--------------|-------------------------------|--------------|-----------------------------|--------------|---|--------------|--------------------------|--------------|------|--|-------|-------|--|
| Assessment Area:                                   | Total Small Business Loans |              | Low-Income Geographies        |              | Moderate-Income Geographies |              | Middle-Income Geographies                           |              | Upper-Income Geographies |              | Low  | Mod                                    | Mid   | Upp   |  |
|  | #                          | % of Total** | % of Businesses***            | % BANK Loans | % of Businesses***          | % BANK Loans | % of Businesses***                                  | % BANK Loans | % of Businesses**        | % BANK Loans |      |  |       |       |  |
| <b>Full Review:</b>                                |                            |              |                               |              |                             |              |   |              |                          |              |      |  |       |       |  |
| San Antonio AA                                     | 1,438                      | 81.43        | 4.68                          | 4.87         | 21.39                       | 20.79        | 30.06   | 25.10        | 43.62                    | 49.24        | 4.96 | 18.67                                  | 29.06 | 47.31 |  |
| <b>Limited Review:</b>                             |                            |              |                               |              |                             |              |   |              |                          |              |      |  |       |       |  |
| Austin AA  | 275                        | 15.57        | 8.46                          | 6.91         | 12.54                       | 14.55        | 29.17   | 46.91        | 48.10                    | 31.64        | 8.21 | 16.85                                  | 23.52 | 51.42 |  |
| Gillespie-Kerr AA                                  | 53                         | 3.00         | 0.00                          | 0.00         | 22.08                       | 26.42        | 26.27   | 16.98        | 51.65                    | 56.60        | 0.00 | 0.97                                   | 57.09 | 41.94 |  |

\* Based on 2015 Peer Small Business Data -- US and PR

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

\*\*\* Source Data - Dun and Bradstreet (2017).

Table 8. Borrower Distribution of Home Purchase Loans

| Borrower Distribution: RESIDENTIAL LOANS |                              | Geography: BROADWAY AGGREGATE |                         |                              |                           |                              | Evaluation Period: JANUARY 1, 2015 TO JUNE 30, 2017 |                              |                           |                              | Aggregate Lending Data <sup>1</sup> |       |       |       |
|--|------------------------------|-------------------------------|-------------------------|------------------------------|---------------------------|------------------------------|---|------------------------------|---------------------------|------------------------------|-------------------------------------|-------|-------|-------|
| Assessment Area:                         | Total Residential Home Loans |                               | Low-Income Borrowers    |                              | Moderate-Income Borrowers |                              | Middle-Income Borrowers                             |                              | Upper-Income Borrowers    |                              | Low                                 | Mod   | Mid   | Upp   |
|  | #                            | % of Total <sup>**</sup>      | % Families <sup>*</sup> | % BANK Loans <sup>****</sup> | % Families <sup>1</sup>   | % BANK Loans <sup>****</sup> | % Families <sup>***</sup>                           | % BANK Loans <sup>****</sup> | % Families <sup>***</sup> | % BANK Loans <sup>****</sup> |                                     |       |       |       |
| <b>Full Review:</b>                      |                              |                               |                         |                              |                           |                              |   |                              |                           |                              |                                     |       |       |       |
| San Antonio AA                           | 448                          | 84.37                         | 22.55                   | 17.63                        | 16.90                     | 12.72                        | 19.13   | 12.72                        | 41.42                     | 56.93                        | 3.70                                | 15.42 | 26.90 | 53.97 |
| <b>Limited Review:</b>                   |                              |                               |                         |                              |                           |                              |   |                              |                           |                              |                                     |       |       |       |
| Austin AA                                | 75                           | 14.12                         | 23.93                   | 0.00                         | 16.93                     | 8.00                         | 18.10   | 8.00                         | 41.03                     | 84.00                        | 3.90                                | 16.23 | 22.80 | 57.06 |
| Gillespie-Kerr AA                        | 8                            | 1.51                          | 15.47                   | 0.00                         | 16.44                     | 0.00                         | 19.50   | 12.50                        | 48.59                     | 87.50                        | 1.93                                | 11.68 | 23.47 | 62.93 |

<sup>\*</sup> Based on 2015 Peer Mortgage Data -- US and PR

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

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

<sup>\*\*\*\*</sup> As a percentage of loans with borrower income information available. No information was available for 3.7% of loans originated and purchased by BANK.

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

Table 11. Borrower Distribution of Small Loans to Businesses

| Borrower Distribution: SMALL LOANS TO BUSINESSES    |                                 |              |   |                  |  |                         |                           |                         |                         |
|---|---------------------------------|--------------|---|------------------|--|-------------------------|---------------------------|-------------------------|-------------------------|
| Geography: BROADWAY AGGREGATE                       |                                 |              |   |                  |  |                         |                           |                         |                         |
| Evaluation Period: JANUARY 1, 2015 TO JUNE 30, 2017 |                                 |              |   |                  |  |                         |                           |                         |                         |
| Assessment Area:                                    | Total Small Loans to Businesses |              | Businesses With Revenues of \$1 million or less |                  | Loans by Original Amount Regardless of Business Size |                         |                           | Aggregate Lending Data* |                         |
|   | #                               | % of Total** | % of Businesses***                              | % BANK Loans**** | \$100,000 or less                                    | >\$100,000 to \$250,000 | >\$250,000 to \$1,000,000 | All                     | Rev\$ 1 Million or Less |
| <b>Full Review:</b>                                 |                                 |              |   |                  |  |                         |                           |                         |                         |
| San Antonio AA                                      | 1,450                           | 81.51        | 84.86   | 32.07            | 58.21  | 19.59                   | 22.21                     | 32,656                  | 15,339                  |
| <b>Limited Review:</b>                              |                                 |              |   |                  |  |                         |                           |                         |                         |
| Austin AA   | 276                             | 15.51        | 85.49   | 48.91            | 63.04  | 17.03                   | 19.93                     | 33,017                  | 16,321                  |
| Gillespie-Kerr AA                                   | 53                              | 2.98         | 87.14   | 32.08            | 67.92  | 24.53                   | 7.55                      | 1,938                   | 1,051                   |

\* Based on 2015 Peer Small Business Data -- US and PR

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

\*\*\* Businesses with revenues of \$1 million or less as a percentage of all businesses (Source D&B - 2017).

\*\*\*\* Small loans to businesses with revenues of \$1 million or less as a percentage of all loans reported as small loans to businesses. No information was available for 5.12% of small loans to businesses originated and purchased by the bank.

Table 14. Qualified Investments

| QUALIFIED INVESTMENTS       |                                       | Geography: BROADWAY AGGREGATE |                            |               |                   | Evaluation Period: SEPTEMBER 8, 2014 TO OCTOBER 16, 2017 |            |                                    |           |
|-----------------------------|---------------------------------------|-------------------------------|----------------------------|---------------|-------------------|--|------------|------------------------------------|-----------|
| Assessment Area:            | Prior Period Investments <sup>*</sup> |                               | Current Period Investments |               | Total Investments |  |            | Unfunded Commitments <sup>**</sup> |           |
|                             | #                                     | \$(000's)                     | #                          | \$(000's)     | #                 | \$(000's)  | % of Total | #                                  | \$(000's) |
| <b>Full Review:</b>         |                                       |                               |                            |               |                   |  |            |                                    |           |
| San Antonio AA              | 18                                    | 13,703                        | 1                          | 8,005         | 19                | 21,708   | 28.69      | 0                                  | 0         |
| <b>Limited Review:</b>      |                                       |                               |                            |               |                   |  |            |                                    |           |
| Austin AA                   | 1                                     | 11,985                        | 6                          | 38,916        | 7                 | 50,901   | 67.26      | 0                                  | 0         |
| Gillespie/Kerr AA           | 0                                     | 0                             | 1                          | 3,065         | 1                 | 3,065  | 4.05       | 0                                  | 0         |
| <b>Total AA Investments</b> | <b>19</b>                             | <b>25,688</b>                 | <b>8</b>                   | <b>49,986</b> | <b>27</b>         | <b>75,674</b>  | <b>100</b> | <b>0</b>                           | <b>0</b>  |

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

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

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

| DISTRIBUTION OF BRANCH and ATM DELIVERY SYSTEM      |                          |                    |                          |   |     |     |     |                |                      |   |     |     |     |            |                                       |       |       |       |
|---|--------------------------|--------------------|--------------------------|---|-----|-----|-----|----------------|----------------------|---|-----|-----|-----|------------|---------------------------------------|-------|-------|-------|
| Geography: BROADWAY AGGREGATE                       |                          |                    |                          |   |     |     |     |                |                      |   |     |     |     |            |                                       |       |       |       |
| Evaluation Period: JANUARY 1, 2015 TO JUNE 30, 2017 |                          |                    |                          |   |     |     |     |                |                      |   |     |     |     |            |                                       |       |       |       |
| Assessment Area:                                    | Deposits                 | Branches           |                          |   |     |     |     | ATMs           |                      |   |     |     |     | Population |                                       |       |       |       |
|   | % of Total Bank Deposits | # of BANK Branches | % of Total Bank Branches | Location of Branches by Income of Geographies (%) |     |     |     | # of Bank ATMs | # of Total Bank ATMs | Location of ATMs by Income of Geographies |     |     |     |            | % of Population within Each Geography |       |       |       |
|   |                          |                    |                          | Low   | Mod | Mid | Upp |                |                      | N/A                                       | Low | Mod | Mid | Upp        | Low                                   | Mod   | Mid   | Upp   |
| <b>Full Review:</b>                                 |                          |                    |                          |   |     |     |     |                |                      |   |     |     |     |            |                                       |       |       |       |
| San Antonio AA                                      | 88.05                    | 26                 | 72.22                    | 1   | 3   | 8   | 14  | 34             | 54                   | 1   | 1   | 7   | 27  | 18         | 6.47                                  | 29.93 | 29.54 | 34.05 |
| <b>Limited Review:</b>                              |                          |                    |                          |   |     |     |     |                |                      |   |     |     |     |            |                                       |       |       |       |
| Austin AA   | 7.38                     | 8                  | 22.22                    | 0   | 0   | 4   | 4   | 8              | 10                   | 0   | 0   | 0   | 4   | 6          | 14.20                                 | 23.02 | 30.95 | 30.25 |
| Gillespie-Kerr AA                                   | 4.57                     | 2                  | 5.56                     | 0   | 1   | 0   | 1   | 2              | 3                    | 0   | 0   | 2   | 0   | 1          | 0.00                                  | 23.22 | 28.11 | 48.67 |