



PUBLIC DISCLOSURE

April 3, 2017

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Inwood National Bank
Charter Number: **15292**

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Dallas, TX 75209

Office of the Comptroller of the Currency
Dallas Field Office
225 E. John Carpenter Freeway, Suite 900
Irving, TX 75062

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

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Overall CRA Rating

The Community Reinvestment Act (CRA) requires each federal financial supervisory agency to use its authority, when examining financial institutions subject to its supervision, to assess the institution’s record of meeting the credit needs of its entire community, including low- and moderate-income (LMI) neighborhoods, consistent with the safe and sound operation of the institution. Upon conclusion of such examination, the agency must prepare a written evaluation of the institution’s record of meeting the credit needs of the community.

This document is an evaluation of the CRA performance of Inwood National Bank (INB or bank) issued by the Office of the Comptroller of the Currency (OCC), the institution’s supervisory agency, for the evaluation period starting October 28, 2013 through April 3, 2017. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A, to 12 CFR 25.

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

The following table indicates the performance level of Inwood National Bank with respect to the lending, investment, and service tests:

Performance Levels	Inwood National Bank Performance Tests		
	Lending Test*	Investment Test	Service Test
Outstanding			
High Satisfactory	X	X	X
Low Satisfactory			
Needs to Improve			
Substantial Noncompliance			

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

The major factors that support this rating include:

- The bank originates a majority of loans inside its assessment area (AA);
- The bank’s lending activity is good;
- The bank’s overall geographic distribution of loans is good, as evidenced by excellent small loans to businesses performance and adequate home mortgage performance;
- The bank’s overall borrower income distribution of loans is poor, as evidenced by poor distribution of loans to businesses with different revenue sizes and a poor distribution of home refinance loans. An adequate distribution of home purchase and home improvement loans was not sufficient to favorably impact the overall conclusion;
- Community development (CD) lending had a significant positive impact on the Lending Test;
- INB makes extensive use of innovative and flexible loan products to assist LMI borrowers;

- The bank has an overall good level of qualified CD investments that are responsive to community needs;
- Overall, bank branches are readily accessible to people and geographies of different income levels. Hours are generally good with no significant differences between branches located in different income levels. The bank offers an adequate level of services through alternate delivery systems. The record of opening or closing offices has generally not adversely impacted access to banking services to low- and moderate-income individuals and geographies; and
- INB provided a relatively high level of CD services that were responsive to identified community needs.

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 statistical areas. Census tracts usually have between 2,500 and 8,000 persons, and 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 the size eligibility standards of the Small Business Administration's Development Company or Small Business Investment Company programs (13 CFR 121.301) or have gross annual revenues of \$1 million or less; or, activities that revitalize or stabilize low- or moderate-income geographies.

Effective September 1, 2005, the Board of Governors of the Federal Reserve System, Office of the Comptroller of the Currency, and the Federal Deposit Insurance Corporation have adopted the following additional language as part of the revitalize or stabilize definition of community development.

Activities that revitalize or stabilize-

- (i) Low-or moderate-income geographies;
- (ii) Designated disaster areas; or
- (iii) Distressed or underserved nonmetropolitan middle-income geographies designated by the Board, Federal Deposit Insurance Corporation, and Office of the Comptroller of the Currency, based on-
 - a. Rates of poverty, unemployment, and population loss; or
 - b. Population size, density, and dispersion. Activities that revitalize and stabilize geographies designated based on population size, density, and dispersion if they help to meet essential community needs, including needs of low- and moderate-income individuals.

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 do 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 applications, the amount of loan requested, the disposition of the application (e.g., approved, denied, and withdrawn). Beginning in 2004, the reports also include data on loan pricing, the lien status of the collateral, any requests for preapproval and loans for manufactured housing.

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

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

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

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

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

Median Family Income (MFI): The median income determined by the U.S. Census Bureau every ten years and used to determine the income level category of geographies. Also, the median income determined by the Department of Housing and Urban Development 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 Metropolitan Statistical Area that contains a population of at least 2.5 million. A Metropolitan Division consists of one or more counties that represent an employment center or centers, plus adjacent counties associated with the main county or counties through commuting ties.

Metropolitan Statistical Area: An area, defined by the Office of Management and Budget, as having at least one urbanized area that has a population of at least 50,000. The Metropolitan Statistical Area comprises the central county or counties, plus adjacent outlying counties having a high degree of social and economic integration with the central county 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) and the Thrift Financial Reporting (TFR) instructions. These loans have original amounts of \$1 million or less and typically are either secured by nonfarm or nonresidential real estate or are classified as commercial and industrial loans.

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

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

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

Description of Institution

Inwood National Bank, an intrastate Texas bank, is a wholly owned subsidiary of Inwood Delaware Corporation, which is wholly owned by Inwood Bancshares, Inc., a one-bank holding company. Inwood was organized in 1964 and is one of the largest independent, locally owned community banks in the area.

INB serves a diverse market that includes an array of demographics. The bank operates in one AA that is largely in the Dallas-Plano-Irving TX Metropolitan Division (MD) which includes the counties of Collin, Dallas, Denton, Ellis, Hunt, Kaufman and Rockwall counties. INB has limited its AA to the following geographic areas: all of Dallas County, all of Rockwall County, the southern half of Collin County, the eastern half of Denton County, and two census tracts in eastern Hunt County that comprise a small area around the bank's Commerce branch. INB also includes all of Tarrant County in its AA. Tarrant County is included in the Fort Worth-Arlington, TX MD. Both the Dallas and the Fort Worth MDs comprise the Dallas-Fort Worth-Arlington Metropolitan Statistical Area (MSA). Combining both or part of the two MDs within their MSA meets the CRA regulation's technical requirements for an AA.

Inwood currently has fourteen (14) banking offices in its AA. Along with the main office located approximately five miles north of downtown Dallas off Inwood Road and Lovers Lane, there are three other branches in the City of Dallas including the Galleria, Oak Lawn, and Pleasant Grove areas. Branches are also located in the communities of Commerce, Denton, Desoto, Duncanville, Garland, Richardson, Rowlett, Wylie, and Rockwall. In addition, there is a branch office located in downtown Fort Worth. During our evaluation period, INB opened its Rockwall branch (December 2013) and closed its Plano branch (February 2017).

One of INB's banking offices is in a low-income census tract, six are in moderate-income tracts, five are in middle-income geographies, and two are located in upper-income census tracts. Full-service ATMs are situated on the main office and branch premises and offer 24 hour access. Most of the branches have at least one employee who can speak Spanish. INB offers a wide variety of loan products and related financial services available at each of its branches. Branch hours and services do not vary in a way that inconveniences portions of the AA, particularly LMI individuals or geographies.

INB is a full-service financial institution that generates deposits and originates a full range of credit products including consumer, commercial, small business, and real estate loans. As of December 31, 2016, INB had \$2.4 billion in total assets, \$1.6 billion in total loans, and tier 1 capital of \$225.3 million. The bank's loan-to-deposit ratio was 75.18 percent and net loans represented 66.69 percent of total assets. Commercial real estate and commercial loans comprised 60.40 percent of the total loan portfolio. Residential real estate loans (including multi-family, home equity and 1-4 construction) accounted for 25.87 percent of loans. The remaining loan portfolio was comprised of other construction loans (12.03 percent), consumer loans (0.50 percent), and other loans (1.20 percent). Credit cards are provided in the bank's name by a third party.

INB provides a variety of services to many LMI individuals, and to community development organizations that serve LMI individuals or communities located within its AA. Services include credit counseling and financial services education on affordable housing, and first-time homebuyer programs for LMI individuals. Training, financial services education, and guidance are provided during the LMI applicant's mortgage financing documentation processes. INB also works with a nonprofit CD organization to offer a payday alternative loan program in which the LMI borrower is offered less burdensome repayment terms.

Competition is strong in INB's AA with numerous local, regional, and national banks as well as credit unions, mortgage companies, and non-bank lenders. Of specific note, in the AA there is heavy competition among several large-nationwide banks and regional banks for CD loans and investment opportunities.

There are no legal, financial, or other factors that impede the bank's ability to meet the credit needs in its AA. The bank received an overall "Satisfactory" performance rating at the previous CRA evaluation as of October 28, 2013. OCC records and the bank's CRA public file indicate there have been no complaints related to the bank's CRA performance over the supervisory cycle.

Scope of the Evaluation

Evaluation Period/Products Evaluated

For this evaluation, we analyzed home purchase, home improvement, and home refinance mortgage loans the bank reported under the Home Mortgage Disclosure Act (HMDA) and small loans made to businesses the bank reported under the CRA for the period of January 1, 2012 through December 31, 2016.

We performed a separate analysis of 2012 through 2013 data and 2014 through 2016 loan data due to changes instituted by the 2014 Office of Management and Budget (OMB) MA geographic boundary revisions that impacted the Dallas MSA. Performance Tables 1 through 12 in Appendix C include only loan data covered by the analysis period receiving the greatest weight, specifically, 2014 through 2016.

In order to perform a quantitative analysis in the AA, a minimum of 20 loans was needed in each loan product and analysis period. Although INB did not originate a sufficient volume of multifamily loans in the Dallas MSA to perform an analysis, we considered multifamily loans that met the CD definition as part of the evaluation of CD lending.

The evaluation period for CD loans, the Investment Test, and the Service Test was October 28, 2013 (the most recent PE date) through April 3, 2017 (the current PE date).

Refer to Appendix A: Scope of Examination for details regarding the time periods, products reviewed and the AA.

Data Integrity

As part of our ongoing supervision of the bank, we tested the accuracy of the bank's HMDA and CRA lending data. Our testing indicated no substantive inaccuracies in the data. Therefore, we concluded that the home mortgage loans and small loans to businesses could be relied upon for this CRA evaluation.

Prior to the CRA evaluation, we reviewed non-public data that INB management submitted for CD loans, qualified investments, and CD services to ensure that they met the regulatory definition for community development. Our review ensured that the CD loans, investments, and services used in this CRA evaluation qualify as community development, as defined in the CRA regulation.

Selection of Areas for Full-Scope Review

With one exception, INB's main office, branches and deposit-taking ATMs are all located in the Dallas-Plano-Irving, TX MD. The bank's AA consists of all of Dallas and Rockwall Counties, the southern half of Collin County, the eastern half of Denton County, and two census tracts in eastern Hunt County that comprise a small area around the Commerce branch. The bank also includes all of Tarrant County in its AA based on its Fort Worth branch office. Tarrant County is included in the Fort Worth-Arlington, TX MD. Both the Dallas and the Fort Worth MDs comprise the Dallas-Fort Worth-Arlington, TX MSA. Combining both or part of the two MDs within their MSA meets the CRA regulation's technical requirements for an AA.

As there is only one AA, we selected it for a full-scope review. A full-scope review considers quantitative and qualitative factors, as well as performance context factors. Henceforth, the AA is referred to as the Dallas MSA.

Ratings

The bank's rating is based primarily on its performance in the Dallas MSA in which is located 100 percent of its branch network and deposits. Please refer to the Inside/Outside Ratio in the Lending Test section for the percent of loans originated or purchased inside the Dallas MSA.

In our analysis of the bank's performance under the Lending Test geographic distribution and borrower income distribution criteria, we placed more weight on the bank's performance in 2014 through 2016 than on its performance in 2012 and 2013 to reach our conclusions. This was due to the 2014 through 2016 period being the longer time interval and more reflective of INB's current performance.

When evaluating the bank's performance under the Lending Test, we weighted the distribution of home mortgage loans and small loans to businesses by the level of lending activity in the Dallas MSA. Consideration was given to the number of loans and dollar volume of loans originated in each category. Home mortgage loans received more weight than small business. In our conclusions regarding the bank's home mortgage loan origination performance, home purchase loans received the greatest weight followed by home refinance then home improvement loans.

Fair Lending or Other Illegal Credit Practices Review

Pursuant to 12 CFR 25.28(c), in determining a national bank's (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.

The OCC did not identify evidence of discriminatory or other illegal credit practices with respect to this institution.

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

Conclusions with Respect to Performance Tests

LENDING TEST

Conclusions for Areas Receiving Full-Scope Reviews

The bank's performance under the Lending Test in the Dallas MSA is rated "High Satisfactory". Based on a full-scope review, the bank's performance in the Dallas MSA is good. The level of community development lending had a significant positive impact on lending performance when considering the impact of responsiveness and initiatives.

Lending Activity

INB's lending activity in the Dallas MSA is good considering the competition for all types of loans in the bank's AA and the bank's business strategy. The bank's good performance in originating home mortgage loans and small loans to businesses supports this conclusion.

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

Based upon FDIC Deposit Market Share data as of June 30, 2015, INB achieved a 0.79 percent market share of deposits, ranking 14th among 147 financial institutions in the AA, and ranking them in the top 9.52 percent of total depository banks. Based upon 2015 Peer Mortgage Data, INB achieved a 0.30 percent market share of home purchase loans, ranking 75th among 807 reporting lenders and is equivalent to being in the top 9.29 percent of lenders. The top five home purchase lenders had 24.62 percent of the total market share. The bank achieved a 0.76 percent market share of home improvement loans, ranking 29th among 275 reporting lenders and is equivalent to being in the top 10.55 percent of lenders. For home improvement loans, the top five lenders collectively had 41.03 percent of the total market share. The bank achieved a 0.27 percent market share of home refinance loans, ranking 73rd among 682 reporting lenders and is equivalent to being in the top 10.70 percent of lenders. The top five

home refinance lenders had 30.59 percent of the total market share. Given the competition from the other reporting lenders in the AA, and the bank's market share and lender rankings for each product, overall home mortgage lending activity is good. Although the home improvement lending activity was more favorable than either the home purchase or home refinance activity, that lending category is accorded the least weight based on loan volume.

INB achieved a 0.30 percent market share of small loans to businesses, ranking 28th among 209 reporting lenders, or the top 13.40 percent of lenders. The small business lending activity is good given the bank's market share and ranking when compared to its deposit market share and small business lending competition within the AA. The top five lenders for small business lending consisted of the nation's largest lenders, which collectively had 61.56 percent of the market share.

Distribution of Loans by Income Level of the Geography

Overall, the geographic distribution of the bank's lending is good. Adequate performance was evidenced in overall home mortgage. Excellent performance was evidenced in small loans to businesses.

Home Mortgage Loans

Refer to Tables 2, 3, and 4 in Appendix C for the facts and data used to evaluate the geographic distribution of the bank's home mortgage loan originations and purchases.

Overall, geographic distribution of home mortgage loans is adequate. In evaluating the geographic distribution of home loans in the AA, it is important to note that, according to the 2010 U.S. Census data, only 5.33 percent of the AA's owner-occupied housing units are in the low-income tracts. The moderate-income geographies hold 20.51 percent of the owner-occupied units. Of the total housing units in low-income geographies, rental and vacant units account for a total of 74.08 percent. For the moderate-income census tracts, that figure decreases to 56.46 percent. Based on these statistics, the bank had limited opportunities for home mortgage lending in the low-income census tracts. As such, greater emphasis was placed on the bank's performance in the moderate-income geographies when determining the overall geographic distribution conclusion for home mortgage loans. Moreover, the low-income tracts represent 12.66 percent of the total geographies (142 of the AA's 1,122 geographies) while the moderate-income census tracts total 301 and represent 26.83 percent.

The overall geographic distribution of home purchase loans is good. The bank's geographic distribution of home purchase loans during the 2014 through 2016 lending period was good. The percentage of loans made in the low-income geographies exceeded the percentage of owner-occupied units in those census tracts. This exhibited excellent performance. The bank's market share in the low-income tracts was also excellent and exceeded its overall market share for home purchase loans. The percentage of loans made in the moderate-income geographies was well below the percentage of owner-occupied units in those census tracts. This exhibited poor performance. However, the bank's market share in the moderate-income census tracts was excellent and exceeded its overall market share for home purchase loans. The bank's performance in 2012 through 2013 was weaker than the performance noted in 2014 through 2016, and was adequate. Although INB's percentage of loans in low-income census tracts was near to the demographic, its percentage of loans within moderate-income geographies was significantly below. The bank's market share in the low- and moderate-income tracts exceeded and was below, respectively, its overall market share. This performance had a neutral impact on the overall conclusion for home purchase loans.

The overall geographic distribution of home improvement loans is adequate. The bank's geographic distribution of home improvement loans during the 2014 through 2016 lending period was adequate. The percentage of loans made in the low-income geographies was significantly below the percentage of owner-occupied units in those census tracts. This exhibited very poor performance. The bank's market share in the low-income tracts was adequate and below its overall market share for home improvement loans. The percentage of loans made in the moderate-income geographies was below the percentage of owner-occupied units in those census tracts. This exhibited adequate performance. However, the bank's market share in the moderate-income census tracts was excellent and exceeded its overall market share for home improvement loans. The bank's performance in 2012 through 2013 was weaker than the performance noted in 2014 through 2016, and was poor. INB's percentage of loans in the low-income and moderate-income census tracts, respectively, was below and well below the demographics. The bank's market share in the low- and moderate-income tracts was well below and near to, respectively, its overall market share. This performance had a neutral impact on the overall conclusion for home improvement loans.

The overall geographic distribution of home refinance loans is poor. The bank's geographic distribution of home refinance loans during the 2014 through 2016 lending period was poor. The percentage of loans made in the low-income geographies was below the percentage of owner-occupied units in those census tracts. This exhibited adequate performance. However, the bank's market share in the low-income tracts was excellent and exceeded its overall market share for home refinance loans. The percentage of loans made in the moderate-income geographies was significantly below the percentage of owner-occupied units in those census tracts. This exhibited very poor performance. The bank's market share in the moderate-income census tracts was poor and well below its overall market share for home refinance loans. The bank's performance in 2012 through 2013 was consistent with the performance noted in 2014 through 2016, and was poor. INB's percentage of loans in both the low-income and moderate-income geographies was significantly below the demographics. Although the bank's market share in the low-income tracts was significantly below its overall market share, INB's market share in the moderate-income tracts exceeded its overall market share.

Small Loans to Businesses

Refer to Table 6 in Appendix C for the facts and data used to evaluate the geographic distribution of the bank's origination/purchase of small loans to businesses.

The overall geographic distribution of small loans to businesses is excellent. The bank's geographic distribution of small loans to businesses during the 2014 through 2016 lending period was excellent. The percentage of loans made in both the low- and moderate-income geographies exceeded the percentage of businesses in those respective geographies. This represented excellent performance. The bank's market share in both the low- and moderate-income census tracts exceeded its overall market share for small loans to businesses. The bank's performance in 2012 through 2013 was consistent with the performance noted in 2014 through 2016, and was excellent. INB's percentage of loans in both the low-income and moderate-income geographies exceeded the percentage of businesses in those respective geographies. The bank's market share in both the low- and moderate-income census tracts exceeded its overall market share for small loans to businesses.

Lending Gap Analysis

We reviewed summary reports and maps and analyzed INB's home mortgage and small business lending activity over the evaluation period to identify any gaps in the geographic distribution of loans. We did not identify any unexplained conspicuous gaps.

Inside/Outside Ratio

The ratio is a bank-wide calculation and not calculated by individual rating areas or AA(s). Analysis is limited to bank originations and purchases and does not include affiliate data. For the combined evaluation period (January 1, 2012 through December 31, 2016), INB originated a majority (86.41 percent) of all loan products inside the bank's AA. HMDA reportable loans originated within the bank's AA were reported at 83.65 percent. For CRA reportable small business loans during the evaluation period, INB originated 90.12 percent by number within its AA.

Distribution of Loans by Income Level of the Borrower

The overall borrower income distribution of the bank's lending is poor. Although adequate performance was evidenced in overall home mortgage, poor performance was evidenced in small loans to businesses.

Home Mortgage Loans

Refer to Tables 8, 9, and 10 in Appendix C for the facts and data used to evaluate the borrower distribution of the bank's home mortgage loan originations and purchases.

The overall borrower distribution of home mortgage loans is adequate. In performing our analysis, we considered the level of families below the poverty level as well as the general affordability of housing to LMI borrowers.

The overall borrower distribution of home purchase loans is adequate. The bank's borrower distribution of home purchase loans during 2014 through 2016 was adequate. The percentage of loans to both low- and moderate-income borrowers was below the percentage of low- and moderate-income families, respectively. This reflected adequate performance. INB's market share of loans to low-income borrowers was excellent and exceeded its overall market share of home purchase loans. The bank's market share of loans to moderate-income borrowers was good and substantially met its overall market share of home purchase loans. The bank's performance in 2012 through 2013 was weaker than the performance noted in 2014 through 2016, and was poor. INB's percentage of loans to low-income borrowers was well below the demographics and its percentage of loans to moderate-income borrowers was significantly below the comparator. INB's market share of loans to low-income borrowers was excellent and exceeded its overall market share of home purchase loans. The bank's market share of loans to moderate-income borrowers was very poor and significantly below its overall market share of home purchase loans. This performance had a neutral impact on the overall conclusion for home purchase loans.

The overall borrower distribution of home improvement loans is adequate. The bank's borrower distribution of home improvement loans during 2014 through 2016 was good. The percentage of loans to low-income borrowers was near to the percentage of low-income families. This reflected good performance. INB's market share of loans to low-income borrowers was excellent and exceeded its overall market share of home improvement loans. The percentage of loans to moderate-income

borrowers was below the percentage of low-income families. This reflected adequate performance. The bank's market share of loans to moderate-income borrowers was excellent and exceeded its overall market share of home improvement loans. The bank's performance in 2012 through 2013 was weaker than the performance noted in 2014 through 2016, and was poor. INB's percentage of loans to low-income borrowers was below the demographics and its percentage of loans to moderate-income borrowers was significantly below the comparator. INB's market share of loans to low-income borrowers was excellent and exceeded its overall market share of home improvement loans. The bank's market share of loans to moderate-income borrowers was very poor and was significantly below its overall market share of home improvement loans.

The overall borrower distribution of home refinance loans is poor. The bank's borrower distribution of home refinance loans during 2014 through 2016 was poor. The percentage of loans to both low- and moderate-income borrowers was well below the percentage of low- and moderate-income families, respectively. This reflected poor performance. INB's market share of loans to both low- and moderate-income borrowers was adequate and below its overall market share of home refinance loans. The bank's performance in 2012 through 2013 was consistent with the performance noted in 2014 through 2016, and was poor. The percentage of loans to low-income borrowers was significantly below the percentage of low-income families. This reflected very poor performance. The percentage of loans to moderate-income borrowers was well below the demographic, reflecting poor performance. INB's market share of loans to both low- and moderate-income borrowers was poor and well below its overall market share of home refinance loans.

Small Loans to Businesses

Refer to Table 11 in Appendix C for the facts and data used to evaluate the borrower distribution of the bank's origination/purchase of small loans to businesses.

The overall borrower distribution of small loans to businesses is poor. The bank's borrower distribution of small loans to businesses in 2014 through 2016 was poor. The percentage of small loans to small businesses (businesses with gross annual revenue of \$1 million or less) was well below the percentage of small businesses. This reflected poor performance. The bank's market share of loans to small businesses was poor and well below its overall market share of loans to small businesses. The bank's performance in 2012 through 2013 was consistent with the performance noted in 2014 through 2016, and was poor. INB's lending relative to the demographic and market share comparators resulted in the same performance conclusions as the 2014 through 2016 lending period.

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 community development lending. This table includes all CD loans, including multifamily loans that also qualify as CD loans.

The bank's community development lending has a significant positive impact on the overall Lending Test conclusions. CD lending had a significant positive impact on lending performance in the Dallas MSA, when considering the impact of responsiveness and initiatives. During the evaluation period, INB originated 106 CD loans totaling \$135.8 million, or 60.29 percent of tier 1 capital allocated to the AA. These loans represented excellent responsiveness to identified needs in the area.

The CD loans are categorized by the four CD criteria, as follows. Proceeds of these loans all positively impact LMI individuals, families and/or geographies in the AA. Following are examples by category with some of the borrowers noted:

- 74 loans totaling \$19.4 million financed affordable housing for LMI individuals and families. These affordable housing loans assist in the purchase and refinance of apartments rented to LMI individuals and families, the purchase of owner-occupied single family housing for LMI borrowers, and the purchase/renovation of transitory housing for LMI abused women. The bank has relationships with five Habitat for Humanity organizations in the Dallas MSA in addition to other qualifying organizations such as East Dallas Community Organization, Builders of Hope Community Development Corporation, Southfair Community Development Corporation, as well as various developers who engage in facilitating and providing affordable housing, much of which is located in low- or moderate-income census tracts designated for development and neighborhood revitalization.
- Nine loans totaling \$4.2 million provided community services. These community service loans finance lines of credit and other loans to non-profit organizations that: (a) provide free or low cost medical services to LMI patients; (b) allow homeless shelters to expand and modernize as well as providing operating capital for operations (Union Gospel Mission and Dallas Life Homeless Shelter); (c) allow the organization to help fulfill its mission by providing short-term financial support to those in need (Society of Vincent de Paul); and (d) enables the organization to make late model auto loans to LMI individuals allowing them to get to his/her job and pick up their children (OTR Fund, LLC).
- Three loans amounting to \$7 million facilitated economic development. These economic development loans enable industrial firms to purchase and construct an industrial facility in the AA that will create jobs for predominately hourly wage workers (Artemis HIP Distribution), and allow retailers to construct stores that employ and serve area residents, the majority of whom are LMI (two Dollar General stores).
- Twenty loans totaling \$105.2 million financed revitalization/stabilization. Proceeds for many of these revitalization loans were used for purchasing, renovating and/or improving commercial properties in low- or moderate-income census tracts (McKinney Building, LP and Lucko Properties). Several of the properties are located in enterprise zones (WS Storage, LP and PC Investments I, LLC). Many of the borrowing companies employ a significant percentage of lower-wage workers (SRP Al Denton, LP and Trinity Clubhouse, LLC). Other revitalization/stabilization loans promote neighborhood revitalization in South Dallas (Southfair CDC) and West Dallas (Builders of Hope CDC).

Community Development Loans – TX Statewide

In addition to qualified loans made within the bank's AA, INB originated a CD loan in a contiguous county in north central Texas. This \$10.4 million loan is for the construction of a medical office building that will serve patients from surrounding small communities and rural areas including LMI residents. This facility is adjacent to a regional medical center, both of which are located in a low-income census tract. The developed property will help revitalize or stabilize this low-income geography by attracting new, or retaining existing, businesses or residents.

Product Innovation and Flexibility

INB makes extensive use of innovative and flexible loan products to assist LMI borrowers. The bank offers a standard mix of loan products including home mortgage, consumer loans, and products targeting small businesses (i.e. loans, lines of credit, and credit cards) across the Dallas MSA. INB also offers flexible home loan programs targeted to LMI borrowers that enhance lending performance, including FHA and VA lending.

INB continues to utilize its flexible affordable housing mortgage product called the First-Time Homebuyer Program. Coupled with down payment and closing cost assistance grants, this mortgage product enables LMI applicants to achieve home ownership by offering financing with no origination fee, no points, no private mortgage insurance requirements, a 30-year fixed rate term, and in some cases as little as \$500 of the borrower's contribution to the transaction. During the evaluation period, INB made 26 loans totaling \$2.3 million under the First-Time Homebuyer Program.

INB has provided mortgage financing for LMI borrowers through the City of Dallas Mortgage Assistance Program (MAP) as well as the City of Fort Worth Homebuyer Assistance Program, and City of Plano First-Time Homebuyers Assistance Program.

During the evaluation period, the bank and a nonprofit CD organization, St. Vincent de Paul (SVDP), jointly developed and launched an innovative payday alternative loan program. Under this mini loan program, INB provides low-interest fully amortizing monthly payment loans at 3 percent interest for up to 18 months, with no closing costs. There is no minimum loan amount. Borrowers have the ability to sign loan documents at any of INB's branch locations. The loans are secured by a deposit account belonging to SVDP, on which the bank pays an interest rate of 1 percent. SVDP is a co-signer on all of the loans and works with INB to resolve payment issues, should they arise. Since beginning this program in 2015, INB has made 74 loans totaling \$113,000.

As discussed in Community Development Lending above, through flexible and innovative lending programs INB has established with nonprofit CD organizations, these organizations can now make affordable loans to LMI individuals to purchase used automobiles to commute to work, purchase residences, or make necessary repairs to their homes.

INVESTMENT TEST

Conclusions for Areas Receiving Full-Scope Reviews

The bank's performance under the investment test is rated "High Satisfactory". Based on a full-scope review, the bank's performance in the Dallas MSA is good.

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

During the evaluation period, INB made 87 qualified investments and donations in the Dallas MSA totaling \$8.2 million as follows:

- Four investments in GNMA and FNMA Mortgage Backed Securities (MBS) totaling \$6.4 million. These MBS's are collateralized by affordable housing loans to LMI borrowers residing in the Dallas MSA.

- A \$1 million investment in the Dallas-based Valesco Fund II, LP that promotes economic development by investing in or purchasing debt from small and lower middle market companies.
- A \$515,000 investment in a bond issued by a local independent school district. The bond proceeds were primarily used to construct a new facility for its existing high school. Approximately 86 percent of attending students are economically disadvantaged as measured under the guidelines for the U.S. Department of Agriculture’s National School Lunch Program.
- Donations and grants (81) to various community service organizations totaling \$245,000. Some of these donations and grants include \$18,000 to various Habitat for Humanity organizations, \$10,000 to Dallas Life (aka Recovery for the Homeless), \$20,000 to Union Gospel Mission, and \$20,000 to the Momentous Institute (powered by The Salesmanship Club of Dallas). Donations that went to activities that promote economic development totaled \$19,000 and those that revitalize or stabilize distressed or underserved non-metropolitan middle income geographies totaled \$31,000.

Seven qualified investments from prior periods totaling \$2.7 million continue to benefit the Dallas MSA. These include the Lone Star New Market Fund (\$416,000), the Texas Mezzanine Fund (\$75,000), and five investments in GNMA and FHMLC MBS (\$2.2 million). The Lone Star New Markets Fund invests in urban and rural low-income areas to help finance CD projects, stimulate economic opportunity, and create jobs in the areas that are of most need. It continues to invest in four Texas companies, two of which, Reliant Worldwide Plastics, LLC and Tote LS, LLC, are located in the AA. The Texas Mezzanine Fund (TMF) is a for-profit community development corporation certified by the U.S. Department of the Treasury as a Community Development Financial Institution (“CDFI”) and Community Development Entity established to promote, stimulate, develop, and advance the business, prosperity, employment, and economic welfare in distressed and under-served communities throughout the State of Texas by providing financing for businesses in such areas that typically do not have access to bank financing and that potentially will drive economic growth. Currently, there are 19 shareholders of TMF, including the bank. INB’s Chief Lending Officer serves in a leadership role, sitting on the loan committee for the last ten years. The five MBS’s are collateralized by affordable housing loans to LMI borrowers residing in the Dallas MSA.

Current and prior period investments total \$10.9 million. This level of investments represented 4.85 percent of tier 1 capital allocated to the AA. This level is good when considering the evaluation period of just over three years. This level of activity exhibits INB’s commitment to investing in community development opportunities within its communities.

Investments - Broader Statewide

Investments in the broader statewide area had a positive impact on the Investment Test. INB made three qualifying investments totaling \$1.8 million during the evaluation period in the broader statewide area. Approximately \$760,000 was invested in bonds issued by two Texas independent school districts that are targeted to benefit LMI students and geographies, and a \$1 million equity investment was made with the Independent Bankers Capital Fund III (IBCF). IBCF raises private capital to be lent to small businesses that typically do not have access to bank financing. One prior period investment of \$294,000 in ICBF II continues its stated benefit towards economic development.

Investments - Outside Broader Regional Area

In the prior period, INB invested \$960,000 in certificates of deposit from four minority-owned financial institutions outside the regional area that serve low- to moderate- income communities. These continuing investments of \$240,000 each were made in the Urban Partnership Bank (Chicago, IL), United Bank of Philadelphia (Philadelphia, PA), Broadway Federal Bank (Los Angeles, CA), and Carver Federal Savings Bank (New York, NY). These institutions continue to be designated as CDFIs. As such, their top priority remains the revitalization of the local communities they serve by ensuring small businesses and nonprofit organizations have access to needed capital; and individuals, traditionally underserved, have access to affordable banking services and loans.

SERVICE TEST

Conclusions for Areas Receiving Full-Scope Reviews

The bank's performance under the service test is rated "High Satisfactory". Based on a full-scope review, the bank's performance in the Dallas MSA is good.

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.

INB's branch distribution in the AA is excellent. The bank's distribution was good; however, after overlaying (1) a branch in a middle- income geography that was near-to two low-income census tracts and a moderate-income tract, and (2) a branch in an upper-income census tract that was near to two low-income tracts, branch distribution improved to excellent. Branches are readily accessible to all portions of geographies and individuals of different income levels in the AA. Near-to branches are those branches located within one-half mile of a low- or moderate-income geography. When considering these near-to branches, branch distribution in both low-income and moderate-income geographies was excellent and exceeded the percentage of population in the low- and moderate-income census tracts, respectively.

Branch openings and closings have generally not adversely affected the accessibility of the bank's delivery systems to LMI geographies and individuals. During the evaluation period, the bank opened a branch in a middle-income census tract and closed one in an upper-income geography.

Branch hours and services do not vary in a way that inconveniences portions of the AA, particularly LMI individuals or geographies. Services offered and banking hours are comparable among locations regardless of the income level of the geography. Upon request, bank officers accommodated customers after hours to take loan applications, close loans, and open accounts.

Management complements its traditional service delivery methods with certain alternative delivery processes, including online banking, mobile banking, ATMs, and telephone banking. These delivery methods provide increased access to banking services throughout all areas in the AA. During the evaluation period, management of the bank determined that 2,682 of its personal DDA account holders use online banking. Of these account holders, 1,301, or 49 percent, are customers of the bank's branches located in the low- and moderate-income geographies. With the ability to bank remotely, LMI individuals can travel less frequently to the branches to conduct certain transactions.

Community Development Services

INB's performance in providing CD services is good. In the Dallas MSA, 25 employees provided their expertise to 28 CD organizations for a total of 1,439 hours. Of those 25 employees, 11 served either as directors and/or committee members. This equates to 44 percent of engaged employees serving in leadership positions. CD service occurrences during the evaluation period totaled 537. Of that figure, 344, or 64 percent, were in leadership roles.

CD service occurrences are categorized by the four CD criteria. Following are each criteria, the number of occurrences and a few of the CD organizations that have benefited through the bank staff's efforts:

- Community services (250) – Grace Clinic Rockwall County, On the Road Lending, Union Gospel Mission and Society of St. Vincent de Paul.
- Economic development (197) – Dallas Business Finance Corporation, Southeast Dallas Chamber of Commerce, Fort Worth Hispanic Chamber of Commerce and Texas Mezzanine Fund.
- Revitalization (52) – Builders of Hope CDC and Southfair CDC.
- Affordable housing (38) – the following Habitat for Humanity chapters: Greater Garland, Denton County, Dallas Area and South Collin County.

As shown previously in the Product Innovation and Flexibility section of the Lending Test, INB responded to an opportunity to assist LMI individuals and families in obtaining credit. In addition to the aforementioned CD services, INB worked with various CD organizations and local government agencies to develop affordable alternatives to traditional residential mortgage loans and payday loans for eligible LMI applicants.

Appendix A: Scope of Examination

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

Time Period Reviewed	Lending Test (excludes CD Loans): (01/01/2012 to 12/31/16) Investment and Service Tests and CD Loans: (10/28/13 to 04/03/17)	
Financial Institution	Products Reviewed	
Inwood National Bank (INB or bank) 7621 Inwood Road Dallas, TX 75209-4045	Home Purchase Loans Home Refinance Loans Home Improvement Loans Small Loans to Business Community Development Loans Qualified Investments Community Development Services	
Affiliate(s)	Affiliate Relationship	Products Reviewed
Not Applicable		
List of Assessment Areas and Type of Examination		
Assessment Area	Type of Exam	Other Information
State of Texas Dallas-Plano-Irving, TX MD (Dallas MSA)	Full-Scope	Dallas, Rockwall and Tarrant Counties Portions of Collin, Denton and Hunt Counties

Appendix B: Market Profiles for Full-Scope Areas

Dallas-Plano-Irving, TX MD (Dallas MSA)

Demographic Information for Full Scope Area: INB Dallas MSA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	1,122	12.66	26.83	28.07	32.09	0.36
Population by Geography	5,359,652	10.87	26.31	29.49	33.33	0.00
Owner-Occupied Housing by Geography	1,131,351	5.33	20.51	31.14	43.01	0.00
Business by Geography	438,504	7.71	19.26	27.52	45.28	0.23
Farms by Geography	7,460	5.86	18.35	31.06	44.68	0.05
Family Distribution by Income Level	1,274,965	23.36	16.97	18.42	41.25	0.00
Distribution of Low and Moderate Income Families throughout AA Geographies	514,245	18.93	38.04	28.21	14.82	0.00
Median Family Income		66,466	Median Housing Value		179,799	
FFIEC Adjusted Median Family Income for 2016		70,936	Households Receiving Social Security		18.17%	
Households Below Poverty Level		12%				

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

Source: 2010 US Census and 2016 FFIEC updated MFI

The Dallas-Plano-Irving TX MD includes the seven counties of Collin, Dallas, Denton, Ellis, Hunt, Kaufman and Rockwall. INB limited its AA to the following geographic areas the bank was reasonably able to serve:

- all of Dallas County (529 census tracts),
- all of Rockwall County (11 census tracts),
- the southern half of Collin County (93 census tracts),
- the eastern half of Denton County (130 census tracts), and
- two census tracts in eastern Hunt County that comprise a small area around the Commerce branch.

INB also includes all of Tarrant County (357 census tracts) in its AA. Tarrant County is included in the Fort Worth-Arlington, TX MD. Both the Dallas and the Fort Worth MDs comprise the Dallas-Fort Worth-Arlington MSA.

As previously discussed, OMB made geographical boundary revisions in 2014. Although the total number of census tracts (1,122) did not change, some minor shifts in the income categories of census tracts occurred. From 2013 to 2014, the Dallas MSA AA's number of low-income census tracts decreased by one, the number of middle-income census tracts decreased by three, and the number of upper income-census tracts increased by four.

INB has 14 traditional banking offices in this AA. Full-service ATMs are situated on the main office and branch premises and offer 24 hour access. The bank provides a full range of loan and deposit products to its customers. The primary lending products offered are small business loans and mortgage loans. Deposit products include a full array of certificates of deposit, savings, and demand deposit/checking accounts.

Strong competition exists within the bank's AA. The June 30, 2016 FDIC Deposit Market Share Report details 145 financial institutions with branch operations in the AA. INB ranks 15th in the market with a 0.87 percent deposit market share. INB's total deposits in the AA, as of June 30, 2016, totaled \$2.1 billion. The top five banks in terms of market share include Bank of America, N.A.; JPMorgan Chase, N.A.; Wells Fargo Bank, N.A.; Texas Capital Bank, N.A. and Compass Bank. These banks account for 69.97 percent of the deposit market share in the AA.

Employment and Economic Factors

The economic condition of the AA improved during the evaluation period. According to the U.S. Bureau of Labor Statistics, the unemployment rate for each of the six counties in the AA improved from December 31, 2013 to March 31, 2017 as follows:

- Collin County – 4.7 percent to 3.9 percent,
- Dallas County – 5.6 percent to 4.4 percent,
- Denton County – 4.5 percent to 3.9 percent,
- Hunt County – 6.1 percent to 4.8 percent,
- Rockwall County – 4.8 percent to 3.9 percent, and
- Tarrant County – 5.2 percent to 4.3 percent.

During this time period, the state of Texas unemployment rate also declined from 6.7 percent to 4.5 percent as did the U.S. rate from 5.4 percent to 5.0 percent.

As of March 2017, Moody's Analytics reported that Dallas-Plano-Irving ranks among the nation's best-performing large metro areas, with payroll growth still double the national average. A variety of private services have led the way, notably well-paying financial and professional careers. Consequently, high-wage employment is rising significantly faster than the national average. The labor force grew at triple the national pace over the past year, keeping the unemployment rate low. Although house prices are accelerating at a slower rate, they are still rising faster than the national average. Residential construction remains strong, with total permits exceeding the peak prior to the Great Recession.

Major employers in the AA include American Airlines, Lockheed Martin, Bank of America, Baylor Health Care System, AT&T, JPMorgan Chase, Texas Instruments, Target Corp., and ExxonMobil, which is headquartered in Irving, TX. The relocation of Toyota's U.S. headquarters to Dallas will further boost the area economy with an estimated 4,000 net new professional, managerial, technical and administrative jobs. The construction of a \$1 billion campus is underway providing jobs for 2,000 construction workers. In recent years, State Farm built its regional headquarters in the area. Liberty Mutual is now constructing a new regional operations center that will house several thousand new employees when completed in 2017.

Housing

There are less opportunities for home mortgage lending in this AA's low-income geographies. According to the 2010 U.S. Census data, only 5.33 percent of the AA's owner-occupied housing units are in the low-income tracts. The moderate-income geographies hold 20.51 percent of the owner-occupied units. Of the total housing units in low-income geographies, rental and vacant units account for a total of 74.08 percent. For the moderate-income census tracts, that figure decreases to 56.46 percent.

According to the updated 2010 U.S. Census, the median housing value for the AA was \$179,799. Median home prices may impact home ownership capacity especially for LMI individuals given the high median price compared with the high-end for low-income of \$35,463 and \$56,741 for moderate-income individuals. These income levels and the level of families living below poverty, 12 percent, impact the number of LMI individuals and families that can afford owner-occupied housing in this AA.

These income levels and the level of families living below poverty would make owner-occupied housing in this AA generally affordable for moderate-income individuals, but somewhat expensive for low-income individuals.

According to the 2010 U.S. Census, the median age of housing stock is higher in LMI geographies than middle- and upper-income geographies, contributing to the lower median housing values in LMI geographies. The 2010 U.S. Census data reports that the median age in both low-income and moderate-income tracts was 44 years. In contrast, the median age of middle- and upper-income geographies was 32 years and 27 years, respectively. In general, older housing has a lower purchase price but higher maintenance costs. Due to the older age of housing stock in LMI geographies, higher maintenance costs may impact home ownership opportunities for people with lower incomes, making it even more difficult to afford owner-occupied housing in the AA for LMI individuals.

Community Contact

As part of this performance evaluation, we conducted an interview with a management official of a local nonprofit home building organization. This organization is certified by the City of Dallas as a Community Development Organization whose mission is to provide sustainable, affordable and quality housing while revitalizing Dallas communities. The contact indicated there is a great deal of opportunity for all banks to be more involved, whether it be financing LMI affordable housing, gap funding, or grants and donations for the purpose of funding operating costs and program costs associated with financial literacy programs and home buyer training seminars.

Appendix C: Tables of Performance Data

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/AA; (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. [Note: Do not renumber the tables.]

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/AA. 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 1. Other Products** - Presents the number and dollar amount of any unreported category of loans originated and purchased by the bank over the evaluation period by MA/AA. Examples include consumer loans or other data that a bank may provide, at its option, concerning its lending performance. This is a two-page table that lists specific categories.
- 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 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 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 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/AA.

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 AA. 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: TEXAS 2014-2016												
Evaluation Period: JANUARY 1, 2014 TO DECEMBER 31, 2016												
Assessment Area:	% of Rated Area Loans (#) in MA/AA*	Home Mortgage		Small Loans to Businesses		Small Loans to Farms		Community Development Loans**		Total Reported Loans		% of Rated Area Deposits in MA/AA***
		#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	
Full Review:												
Dallas MSA	100.00	1,479	420,086	1,079	242,025			106	135,839	2,594	666,410	100.00
Limited Review:												
TX Statewide with no P/M/F to serve the AA	0.00							1	10,413	1	10,413	0.00

* Loan Data as of December 31, 2016. Rated area refers to either state or multi-state MA rating area.

** The evaluation period for Community Development Loans is from October 28, 2013 to April 3, 2017.

*** Deposit Data as of June 30, 2016. Rated area refers to either the state, multi-state MA, or institution, as appropriate.

Table 2. Geographic Distribution of Home Purchase Loans

Geographic Distribution: HOME PURCHASE		Geography: TEXAS 2014-2016					Evaluation Period: JANUARY 1, 2014 TO DECEMBER 31, 2016					Market Share (%) by Geography [*]				
Assessment Area:	Total Home Purchase Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Over all	Low	Mod	Mid	Upp	
	#	% of Total ^{**}	% Owner Occ Units ^{***}	% BANK Loans ^{****}	% Owner Occ Units ^{***}	% BANK Loans	% Owner Occ Units ^{***}	% BANK Loans	% Owner Occ Units ^{***}	% BANK Loans						
Full Review:																
Dallas MSA	862	100.00	5.33	5.80	20.51	12.53	31.14	26.91	43.01	54.76	0.30	0.91	0.31	0.28	0.28	

^{*} Based on 2015 Peer Mortgage Data -- US and PR

^{**} 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.

^{***} 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.

^{****} Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

Table 3. Geographic Distribution of Home Improvement Loans

Geographic Distribution: HOME IMPROVEMENT			Geography: TEXAS 2014-2016				Evaluation Period: JANUARY 1, 2014 TO DECEMBER 31, 2016					Market Share (%) by Geography [*]				
Assessment Area:	Total Home Improvement Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Overall	Low	Mod	Mid	Upp	
	#	% of Total ^{**}	% Owner Occ Units ^{***}	% BANK Loans ^{****}	% Owner Occ Units ^{***}	% BANK Loans	% Owner Occ Units ^{***}	% BANK Loans	% Owner Occ Units ^{***}	% BANK Loans						
Full Review:																
Dallas MSA	158	100.00	5.33	1.90	20.51	16.46	31.14	24.68	43.01	56.96	0.76	0.61	0.80	0.93	0.69	

^{*} Based on 2015 Peer Mortgage Data -- US and PR

^{**} Home improvement loans originated and purchased in the MA/AA as a percentage of all home improvement loans originated and purchased in the rated area.

^{***} 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.

^{****} Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

Table 4. Geographic Distribution of Home Mortgage Refinance Loans

Geographic Distribution: HOME MORTGAGE REFINANCE		Geography: TEXAS 2014-2016					Evaluation Period: JANUARY 1, 2014 TO DECEMBER 31, 2016					Market Share (%) by Geography [*]				
Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Overall	Low	Mod	Mid	Upp	
	#	% of Total ^{**}	% Owner Occ Units ^{***}	% BANK Loans ^{****}	% Owner Occ Units ^{***}	% BANK Loans	% Owner Occ Units ^{***}	% BANK Loans	% Owner Occ Units ^{***}	% BANK Loans						
Full Review:																
Dallas MSA	450	100.00	5.33	3.56	20.51	7.56	31.14	27.78	43.01	61.11	0.27	0.66	0.14	0.25	0.28	

^{*} Based on 2015 Peer Mortgage Data -- US and PR

^{**} Home refinance loans originated and purchased in the MA/AA as a percentage of all home refinance loans originated and purchased in the rated area.

^{***} 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.

^{****} 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: TEXAS 2014-2016					Evaluation Period: JANUARY 1, 2014 TO DECEMBER 31, 2016					Market Share (%) by Geography*				
Assessment Area:	Total Small Business Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Overall	Low	Mod	Mid	Upp	
	#	% of Total**	% of Businessess***	% BANK Loans	% of Businessess***	% BANK Loans	% of Businessess***	% BANK Loans	% of Businessess***	% BANK Loans						
Full Review:																
Dallas MSA	1,070	100.00	7.71	14.77	19.26	25.51	27.52	24.39	45.28	35.33	0.30	0.57	0.44	0.28	0.22	

* 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 (2016).

Table 8. Borrower Distribution of Home Purchase Loans

Borrower Distribution: HOME PURCHASE		Geography: TEXAS 2014-2016					Evaluation Period: JANUARY 1, 2014 TO DECEMBER 31, 2016									
Assessment Area:	Total Home Purchase Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Market Share [†]					
	#	% of Total ^{**}	% Families ^{***}	% BANK Loans ^{****}	% Families ¹	% BANK Loans ^{****}	% Families ^{***}	% BANK Loans ^{***}	% Families ^{***}	% BANK Loans ^{****}	Overall	Low	Mod	Mid	Upp	
Full Review:																
Dallas MSA	862	100.00	23.36	10.01	16.97	12.97	18.42	16.69	41.25	60.33	0.34	0.78	0.30	0.22	0.35	

[†] Based on 2015 Peer Mortgage Data -- US and PR

^{**} 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.

^{***} Percentage of Families is based on the 2010 Census information.

^{****} As a percentage of loans with borrower income information available. No information was available for 9.6% of loans originated and purchased by bank.

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

Table 9. Borrower Distribution of Home Improvement Loans

Borrower Distribution: HOME IMPROVEMENT		Geography: TEXAS 2014-2016					Evaluation Period: JANUARY 1, 2014 TO DECEMBER 31, 2016					Market Share ¹				
Assessment Area:	Total Home Improvement Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Overall	Low	Mod	Mid	Upp	
	#	% of Total ^{**}	% Families ^{**}	% BANK Loans ^{****}	% Families ²	% BANK Loans ^{****}	% Families ^{***}	% BANK Loans ^{****}	% Families ^{***}	% BANK Loans ^{****}						
Full Review:																
Dallas MSA	158	100.00	23.36	16.44	16.97	13.70	18.42	14.38	41.25	55.48	0.70	1.28	1.37	0.63	0.52	

¹ Based on 2015 Peer Mortgage Data -- US and PR

^{**} Home improvement loans originated and purchased in the MA/AA as a percentage of all home improvement loans originated and purchased in the rated area.

^{***} Percentage of Families is based on the 2010 Census information.

^{****} As a percentage of loans with borrower income information available. No information was available for 7.6% of loans originated and purchased by bank.

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

Table 10. Borrower Distribution of Home Mortgage Refinance Loans

Borrower Distribution: HOME MORTGAGE REFINANCE															Geography: TEXAS 2014-2016					Evaluation Period: JANUARY 1, 2014 TO DECEMBER 31, 2016				
Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Market Share [†]													
	#	% of Total ^{**}	% Families ^{***}	% BANK Loans ^{****}	% Families ³	% BANK Loans ^{****}	% Families ^{***}	% BANK Loans ^{****}	% Families ^{***}	% BANK Loans ^{****}	Overall	Low	Mod	Mid	Upp									
Full Review:																								
Dallas MSA	450	100.00	23.36	4.34	16.97	10.36	18.42	13.98	41.25	71.33	0.33	0.27	0.27	0.25	0.37									

[†] Based on 2015 Peer Mortgage Data -- US and PR

^{**} Home refinance loans originated and purchased in the MA/AA as a percentage of all home refinance loans originated and purchased in the rated area.

^{***} Percentage of Families is based on the 2010 Census information.

^{****} As a percentage of loans with borrower income information available. No information was available for 7.8% of loans originated and purchased by bank.

³ 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: TEXAS 2014-2016				Evaluation Period: JANUARY 1, 2014 TO DECEMBER 31, 2016				
Assessment Area:	Total Small Loans to Businesses		Businesses With Revenues of \$1 million or less		Loans by Original Amount Regardless of Business Size			Market Share [*]	
	#	% 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
Full Review:									
Dallas MSA	1,079	100.00	84.97	29.29	51.71	19.28	29.01	0.30	0.18

^{*} 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 - 2016).

^{****} 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 20.48% of small loans to businesses originated and purchased by the bank.

Table 14. Qualified Investments

QUALIFIED INVESTMENTS									
Geography: TEXAS									
Evaluation Period: OCTOBER 28, 2013 TO APRIL 3, 2017									
Assessment Area:	Prior Period Investments*		Current Period Investments		Total Investments			Unfunded Commitments**	
	#	\$(000's)	#	\$(000's)	#	\$(000's)	% of Total	#	\$(000's)
Full Review:									
Dallas MSA	7	2,758	87	8,160	94	10,918	100.00	1	1,000
Limited Review:									
TX Statewide with no P/M/F to serve the AA	1	294	3	1,760	4	2,054	100.00	1	409
Outside Broader Regional Area	4	960			4	960	100.00		

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

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

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

DISTRIBUTION OF BRANCH DELIVERY SYSTEM AND BRANCH OPENINGS/CLOSINGS																	
Geography: TEXAS Evaluation Period: OCTOBER 28, 2013 TO APRIL 3, 2017																	
MA/Assessment Area:	Deposits	Branches						Branch Openings/Closings						Population			
	% of Rated Area Deposits in AA	# of BANK Branches	% of Rated Area Branches in AA	Location of Branches by Income of Geographies (%)				# of Branch Openings	# of Branch Closings	Net change in Location of Branches (+ or -)				% of Population within Each Geography			
				Low	Mod	Mid	Upp			Low	Mod	Mid	Upp	Low	Mod	Mid	Upp
Full Review:																	
Dallas MSA	100.00	14	100.00	7.14	42.86	35.71	14.29	1	1	0	0	+1	-1	10.87	26.31	29.49	33.33