

# **PUBLIC DISCLOSURE**

September 16, 2013

## **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

Community Bank  
RSSD # 268257

1300 South University Drive, Suite 100  
Fort Worth, Texas 76107

Federal Reserve Bank of Dallas  
2200 North Pearl Street  
Dallas, Texas 75201

**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, nor should it 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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**INSTITUTION'S CRA RATING: This institution is rated Satisfactory.**  
**The Lending Test is rated: Satisfactory.**  
**The Community Development Test is rated: Satisfactory.**

Community Bank's (bank) performance demonstrates reasonable responsiveness to both the credit and community development needs of its assessment areas (AAs). The bank's performance under the Lending Test is satisfactory based on the following criteria:

- A majority of Home Mortgage Disclosure Act (HMDA) reportable and small business loans, 85.7% of the number and 85.6% of the dollar volume, originated within the bank's AAs.
- A reasonable loan-to-deposit ratio (LTD) of 56.7% as of March 31, 2013, with a quarterly average of 56.3% since the previous CRA evaluation, given the institution's resources and competition in the AAs.
- A reasonable penetration of loans among individuals of different income levels and businesses of different sizes.
- A reasonable dispersion of loans throughout the institution's AAs.

The bank's performance under the Community Development Test is satisfactory based on the following criteria:

- The bank's community development performance demonstrated an adequate responsiveness to the community development needs of its AAs through community development loans, investments, and services.

## **SCOPE OF EXAMINATION**

The institution was evaluated using the Interagency Intermediate Small Bank examination procedures adopted by the Board of Governors of the Federal Reserve System, the Federal Deposit Insurance Corporation, and the Office of the Comptroller of the Currency effective September 1, 2005. The rules incorporated an annual asset size threshold adjustment used to define small banks and intermediate small banks. As of January 1, 2013, intermediate small bank (ISB) is defined as a small bank with assets of at least \$296 million as of December 31 of both of the two prior calendar years and less than \$1.186 billion as of December 31 of either of the two prior calendar years.

According to the examination procedures, Home Mortgage Disclosure Act (HMDA) data reported by the bank from 2011 to 2012 was reviewed along with a sample of 56 commercial loans totaling \$15.1 million originated in 2012. The bank originated 688 HMDA loans totaling \$85.6 million reported on the bank's 2011 and 2012 Loan Application Registers (LARs). Included in the 688 HMDA loans were 291 for home purchase, 222 for refinance, 175 for home improvement, and none for multifamily.

The bank's three AAs consist of Johnson and Tarrant Counties in Fort Worth-Arlington, Texas Metropolitan Division (MD) (Johnson-Tarrant AA); Dallas and Rockwall Counties in the Dallas-Plano-Irving, Texas MD (Dallas-Rockwall AA); and Hood County in a non-metropolitan statistical area (non-MSA) (Hood County AA). The bank's primary AA is the Johnson-Tarrant AA. Full scope reviews were conducted on the Johnson-Tarrant and Hood AAs as a majority of the bank's lending is in these AAs. A limited scope review was conducted on the Dallas-Rockwall AA as the bank's operations there are not as significant.

The evaluation was conducted using the CRA Intermediate Small Bank (ISB) performance standards. The CRA performance standards evaluate the following lending criteria:

- Average loan-to-deposit ratio since the last CRA evaluation.
- The overall level of lending within the AAs.
- The bank's lending to borrowers of different income levels, and businesses and farms of different sizes.
- The bank's geographic distribution of loans within its AAs.
- The bank's response to written complaints with respect to CRA performance in the AA.

Each standard is viewed as part of an overall picture of the bank's performance in meeting the credit needs of its delineated AAs. No complaints have been received regarding the bank's CRA performance; therefore, this criterion did not factor into the lending test rating.

Also under the ISB procedures, the bank's community development (CD) activities were reviewed to determine a community development test rating. The community development test allows flexibility, permitting a bank to apply its resources strategically to the types of community development activities (loans, investments, and services) that are most responsive in helping meet community needs. It is expected that a bank will appropriately assess the needs in its community, engage in different types of community development activities based on those needs and the bank's capacity, and that it will take reasonable steps to apply its community development resources strategically to meet those needs. The evaluation was based on qualified community development loans, investments, and services provided by the bank from the conclusion of the previous CRA evaluation as of September 12, 2011. The lending test rating and community development test rating were combined to determine the overall CRA rating.

## **DESCRIPTION OF INSTITUTION**

The bank is headquartered in Fort Worth, Texas and is wholly owned by Community Bankers, Inc. (CBI) through a Delaware subsidiary. The bank offers a full range of deposit services and loan products, including real estate, interim construction, home improvement, home equity, commercial, and Small Business Administration (SBA) loans. The following table depicts the bank's ten banking offices in North Central Texas.

<b>Retail Location(s)</b>				
<b>Name Address</b>	<b>Tract Income Level County</b>	<b>ATM (Yes/No)</b>	<b>Lobby Hours</b>	<b>Motor Hours</b>
<b>Fort Worth- Main Branch</b> 1300 S. University Drive Fort Worth, Texas 76107	1026.02 Moderate Tarrant	Yes No deposits	Monday – Friday 9:00 a.m. – 5:00 p.m.	None
<b>Granbury</b> 500 S. Morgan Street Granbury, Texas 76048	1601.00 Middle Hood	Yes No deposits	Monday – Friday 9:00 a.m. – 5:00 p.m.	Monday – Friday 7:30 a.m. – 6:00 p.m. Saturday 9:00 a.m. – noon
<b>Acton</b> 3301 Fall Creek Highway Granbury, Texas 76049	1602.04 Upper Hood	Yes No deposits	Monday – Friday 9:00 a.m. – 5:00 p.m.	Monday – Friday 7:30 a.m. – 6:00 p.m. Saturday 9:00 a.m. – noon
<b>377</b> 1343 N. Plaza Drive Granbury, Texas 76048	1602.06 Upper Hood	Yes No deposits	Monday – Friday 9:00 a.m. – 5:00 p.m.	Monday – Friday 7:30 a.m. – 6:00 p.m. Saturday 9:00 a.m. – noon
<b>Cleburne</b> 104 N. Nolan River Road Cleburne, Texas 76033	1303.02 Moderate Johnson	Yes No deposits	Monday – Friday 9:00 a.m. – 5:00 p.m.	Monday – Friday 7:30 a.m. – 6:00 p.m. Saturday 9:00 a.m. – noon
<b>Burleson</b> 201 W. Ellison Burleson, Texas 76028	1302.07 Middle Johnson	Yes No deposits	Monday – Friday 9:00 a.m. – 5:00 p.m.	Monday – Friday 7:30 a.m. – 6:00 p.m. Saturday 9:00 a.m. – noon
<b>Hurst</b> 1842 Precinct Line Road Hurst, Texas 76054	1136.13 Upper Tarrant	Yes No deposits	Monday – Friday 9:00 a.m. – 5:00 p.m.	Monday – Friday 8:00 a.m. – 5:00 p.m. Saturday 8:00 a.m. – 6:00 p.m.
<b>North Rockwall</b> 201 East Kaufman Rockwall, Texas 75087	402.00 Upper Rockwall	Yes No deposits	Monday – Friday 9:00 a.m. – 5:00 p.m.	Monday – Friday 7:30 a.m. – 6:00 p.m. Saturday 9:00 a.m. – noon
<b>South Rockwall</b> 3060 Ridge Road Rockwall, Texas 75032	405.02 Upper Rockwall	Yes No deposits	Monday – Friday 9:00 a.m. – 5:00 p.m.	Monday – Friday 7:30 a.m. – 6:00 p.m. Saturday 9:00 a.m. – noon
<b>Rowlett</b> 5900 Rowlett Road Rowlett, Texas 75089	181.40 Upper Dallas	Yes No deposits	Monday – Friday 9:00 a.m. – 5:00 p.m.	Monday – Friday 7:30 a.m. – 6:00 p.m. Saturday 9:00 a.m. – noon

As of March 31, 2013, the bank reported total assets of approximately \$549 million, gross loans of \$280 million, total deposits of \$489 million, and a net loan-to-deposit ratio of 56.70%. The following table reflects the loan portfolio mix:

<b>PRODUCT</b>	<b>3/31/2013 \$(000's)</b>	<b>% OF LOANS</b>
<b>Real Estate</b>		
1-4 Family Res Construction Lns	5,078	1.81
Other Const Lns & Land Dev & Other	15,344	5.48
Farm Land	4,247	1.51
1-4 Family Res Secured by First Liens	55,704	19.90
1-4 Family Res Secured by Junior Liens	7,289	2.60
Multifamily	926	0.33
Nonfarm Nonresidential	113,048	40.38
Lns Secured Owner Occupd NonFrm NonRes		
Lns Secured by Other NonFrm NonRes	18,354	6.56
<b>Total Real Estate</b>	<b>219,990</b>	<b>78.57</b>
<b>Agricultural</b>	<b>131</b>	<b>0.05</b>
<b>Commercial and Industrial</b>	<b>43,659</b>	<b>15.59</b>
<b>Consumer</b>	<b>12,540</b>	<b>4.48</b>
<b>State and Political Subdivisions</b>	<b>3,529</b>	<b>1.26</b>
<b>Other</b>	<b>128</b>	<b>0.05</b>
<b>Gross Loans</b>	<b>279,977</b>	<b>100.00</b>

The bank's ability to meet various credit needs of the community has not been hampered by its capacity to lend, financial condition, size, product offerings, prior performance, legal impediments, or other factors. The bank received a Satisfactory rating on its last CRA performance evaluation dated September 12, 2011 performed by the Federal Reserve Bank of Dallas.

## **DESCRIPTION OF JOHNSON-TARRANT ASSESSMENT AREA**

As previously mentioned, the Johnson-Tarrant AA is a part of the Fort Worth-Arlington, Texas MD. Johnson County's population, estimated at 153,441 for 2012, has increased by 1.7% since 2010. The county seat is Cleburne, population 29,344. Other municipalities in Johnson County include Burleson (30,752), Keene (6,076), and Joshua (5,954). Tarrant County's population, estimated at 1,880,153 for 2012, has increased by 3.9% since 2010. The county seat is Fort Worth, population 769,763. Other municipalities in Tarrant County include Arlington (375,600), North Richland Hills (65,290), and Hurst (38,194).

As of the evaluation date, the bank operated four retail branches in the AA, representing 40% of its retail branches. The branches in the Johnson-Tarrant AA contained \$228.3 million in deposits on June 30, 2012, representing 47.3% of the bank's total deposits. The bank ranked 18<sup>th</sup> in deposit market share out of 66 FDIC-insured financial institutions operating in the Johnson-Tarrant banking market. The deposits in the bank's four branches represented 0.79% of the total deposits in FDIC-insured financial institutions. JP Morgan Chase dominates the market with 19.69% of total deposits, followed by Wells Fargo (16.95%); Bank of America (11.32%); and Frost Bank (11.12%).

Demographic and economic information impacting the bank's performance context are discussed below. Information was obtained from publicly available sources including the U.S. Department of Commerce's Bureau of the Census, 2000 and 2010; American Community Survey 2010; the

U.S. Department of Labor; the U.S. Department of Housing and Urban Development (HUD); Dun & Bradstreet; and the Texas Workforce Commission.

The following table details selected characteristics of the AA.

<b>DEMOGRAPHICS REPORT-2011</b>										
<b>ASSESSMENT AREA: JOHNSON AND TARRANT COUNTIES</b>										
<b>Income Categories</b>	<b>Tract Distribution</b>		<b>Families By Tract Income</b>		<b>Families &lt; Poverty Level as a % of Families by Tract</b>		<b>Families By Family Income</b>			
	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>		
<b>Low-Income</b>	24	7.2	19,192	4.7	5,712	29.8	78,197	19.3		
<b>Moderate-Income</b>	91	27.3	95,566	23.5	14,624	15.3	74,988	18.5		
<b>Middle-Income</b>	124	37.3	161,435	39.8	9,019	5.6	87,928	21.6		
<b>Upper-Income</b>	94	28.2	130,005	32.0	2,631	2.0	165,085	40.6		
<b>Total AA</b>	333	100.0	406,198	100.0	31,986	7.9	406,198	100.0		
			<b>Housing Type By Tract</b>							
	<b>Housing Units By Tract</b>	<b>Owner-Occupied</b>			<b>Rental</b>		<b>Vacant</b>			
		<b>#</b>	<b>% By Tract</b>	<b>% By Unit</b>	<b>#</b>	<b>% By Unit</b>	<b>#</b>	<b>% By Unit</b>		
<b>Low-Income</b>	32,249	12,509	3.5	38.8	16,494	51.1	3,246	10.1		
<b>Moderate-Income</b>	151,201	70,103	19.5	46.4	70,653	46.7	10,445	6.9		
<b>Middle-Income</b>	252,327	145,157	40.4	57.5	94,031	37.3	13,139	5.2		
<b>Upper-Income</b>	176,322	131,405	36.6	74.5	37,148	21.1	7,769	4.4		
<b>Total AA</b>	612,099	359,174	100.0	58.7	218,326	35.7	34,599	5.6		

**DEMOGRAPHICS REPORT-2012**  
**ASSESSMENT AREA: JOHNSON AND TARRANT COUNTIES**

Income Categories	Tract Distribution		Families By Tract Income		Families < Poverty Level as a % of Families by Tract		Families By Family Income	
	#	%	#	%	#	%	#	%
<b>Low-Income</b>	34	8.8	27,667	5.8	9,762	35.3	104,963	21.9
<b>Moderate-Income</b>	109	28.3	118,572	24.8	21,442	18.1	84,077	17.6
<b>Middle-Income</b>	140	36.4	183,004	38.2	13,052	7.1	93,411	19.5
<b>Upper-Income</b>	101	26.2	149,713	31.2	4,554	3.0	196,505	41.0
<b>Unknown-Income</b>	1	0.3	0	0.0	0	0.0	0	0.0
<b>Total AA</b>	385	100.0	478,956	100.0	48,810	10.2	478,956	100.0
	<b>Housing Units By Tract</b>	<b>Housing Type By Tract</b>						
		<b>Owner-Occupied</b>			<b>Rental</b>		<b>Vacant</b>	
		<b>#</b>	<b>% By Tract</b>	<b>% By Unit</b>	<b>#</b>	<b>% By Unit</b>	<b>#</b>	<b>% By Unit</b>
<b>Low-Income</b>	49,575	16,945	3.9	34.2	24,302	49.0	8,328	16.8
<b>Moderate-Income</b>	204,970	90,677	20.6	44.2	89,082	43.5	25,211	12.3
<b>Middle-Income</b>	295,498	173,196	39.4	58.6	97,863	33.1	24,439	8.3
<b>Upper-Income</b>	201,539	158,501	36.1	78.6	32,377	16.1	10,661	5.3
<b>Total AA</b>	751,582	439,319	100.0	58.5	243,624	32.4	68,639	9.1
	<b>Total Businesses by Tract</b>		<b>Businesses By Tract &amp; Revenue Size</b>					
			<b>Less Than or = \$1 Million</b>		<b>Over \$1 Million</b>		<b>Revenue Not Reported</b>	
			<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>
<b>Low-Income</b>	6,421	5.2	5,627	5.0	506	9.0	288	6.7
<b>Moderate-Income</b>	27,463	22.3	24,573	21.7	1,753	31.0	1,137	26.7
<b>Middle-Income</b>	44,259	36.0	41,043	36.3	1,719	30.4	1,497	35.1
<b>Upper-Income</b>	44,777	36.4	41,799	37.0	1,643	29.1	1,335	31.3
<b>Unknown-Income</b>	93	0.1	54	0.0	30	0.5	9	0.2
<b>Total AA</b>	123,013	100.0	113,096	100.0	5,651	100.0	4,266	100.0
<b>Percent of Total Businesses:</b>				91.9		4.6		3.5



**Income Characteristics:** According to the 2000 Census, the AA contained 24 low-income census tracts, 91 moderate-income census tracts, 124 middle-income census tracts, and 94 upper-income census tracts. Of the families, 19.3% were low-income, 18.5% were moderate-income, 21.6% were middle-income, and 40.6% were upper-income. Furthermore, 7.9% of the families lived below the poverty level.

As of the 2010 Census, the AA still contained 34 low-income census tracts, 109 moderate-income census tracts, 140 middle-income census tracts, 101 upper-income census tracts, and one unknown census tract. There were 5.8% of the families residing in low-income census tracts, 24.8% in moderate-income census tracts, 38.2% in middle-income census tracts, and 31.2% in upper-income census tracts. Of the families, 21.9% were low-income, 17.6% were moderate-income, 19.5% were middle-income, and 41.0% were upper-income. Furthermore, 10.2% of families lived below poverty.

The Fort Worth-Arlington MD median family incomes for 2011-2012 are depicted in the table below, along with the ranges for low-, moderate-, middle-, and upper-income levels.

INCOME LEVEL	2011 Fort Worth-Arlington MD	2012 Fort Worth-Arlington MD
Median Income	\$68,200	\$69,200
Low-income	< \$34,100	< \$34,600
Moderate-income	\$34,100 - \$54,559	\$34,600 - \$55,359
Middle-income	\$54,560 - \$81,839	\$55,360 - \$83,039
Upper-income	≥ \$81,840	≥ \$83,040

**Housing:** According to the 2000 Census, there were 612,099 housing units in the AA with a median age of 23 years. The median housing value was \$87,410. Owner-occupied housing units comprised 58.7% of the housing stock, which was slightly above the state average of 57.8%. Of the housing units, 35.7% were rental and 5.6% were vacant units. The distribution of owner-occupied housing units was 3.5% in low-income census tracts, 19.5% in moderate-income census tracts, 40.4% in middle-income census tracts, and 36.6% in upper-income census tracts. Further, 30.0% of all the housing stock was located in the low- and moderate-income tracts. Additionally, 1.6% of the population lived in correctional institutions, nursing homes, college dormitories, and other group quarters.

According to the 2010 Census, there were 751,582 housing units with a median age of 27 years. The median housing value was \$133,029. Owner-occupied housing units comprised 58.5% of the housing stock, which was slightly above the state average of 57.0%. Of the housing units, 32.4% were rental and 9.1% were vacant units. The distribution of owner-occupied housing units was 3.9% in low-income census tracts, 20.6% in moderate-income census tracts, 39.4% in middle-income census tracts, and 36.1% in upper-income census tracts. Further, 33.9% of all the housing stock was located in the low- and moderate-income census tracts. Additionally, 1.2% of the population lived in correctional institutions, nursing homes, college dormitories, and other group quarters.

**Labor, Employment, and Economic Characteristics:** Health care, education, manufacturing, government, and service industry are the primary industries in the AA. Major employers include local independent school districts, Halliburton Energy SVC, Harris Methodist Wall Regional, Bell Helicopter, Cook Children’s Health Care System, and Lockheed Martin Corporation.

The following table provides unemployment rates for the AA and the state of Texas.

Area	2011	2012
United States	8.9%	8.1%
Texas State	7.9%	6.8%
Johnson County	7.6%	6.6%
Tarrant County	7.8%	6.6%

According to the 2012 D&B data, there were approximately 123,013 business establishments, with 91.9% reporting gross annual revenues of \$1 million or less. Of the small businesses<sup>1</sup>, 5.0% were located in low-income census tracts, 21.7% were located in moderate-income census tracts, 36.3% in middle-income census tracts, and 37.0% in upper-income census tracts.

**Community Contacts and Credit Needs:** Contact was made with community leaders working in housing development and financial education and counseling. These contacts stated credit needs in the community include an alternative to payday loans, such as small dollar consumer loans. In addition, there are opportunities for financial institutions to participate in community development activities such as teaching financial literacy in the community.

## DESCRIPTION OF HOOD COUNTY ASSESSMENT AREA

As previously mentioned, the Hood County AA is located in a non-MSA. Hood County’s population, estimated at 52,044 for 2012, has increased by 1.7% since 2010. The county seat is Granbury, population 8,356. Other municipalities in Hood County include DeCordova (2,716), Tolar (707), and Lipan (432).

As of the evaluation date, the bank operated three retail branches in the AA. The branches in the Hood AA contained \$127.8 million in deposits on June 30, 2012, representing 26.5% of the bank’s total deposits. The bank ranked second in deposit market share out of ten FDIC-insured financial institutions operating in the Johnson-Tarrant banking market. The deposits in the bank’s branches represented 15.7% of the total deposits in FDIC-insured financial institutions. First National Bank of Granbury dominates the market with 46.9% of total deposits.

Demographic and economic information impacting the bank’s performance context are discussed below. Information was obtained from publicly available sources including the U.S. Department of Commerce’s Bureau of the Census, 2000 and 2010; American Community Survey 2010; the U.S. Department of Labor; the U.S. Department of Housing and Urban Development (HUD); Dun & Bradstreet; and the Texas Workforce Commission.

<sup>1</sup> Businesses with revenues less than or equal to \$1 million are referred to as small businesses.

The following table details selected characteristics of the AA.

<b>DEMOGRAPHICS REPORT-2011 ASSESSMENT AREA: HOOD COUNTY</b>								
<b>Income Categories</b>	<b>Tract Distribution</b>		<b>Families By Tract Income</b>		<b>Families &lt; Poverty Level as a % of Families by Tract</b>		<b>Families By Family Income</b>	
	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>
<b>Low-Income</b>	0	0.0	0	0.0	0	0.0	1,236	10.2
<b>Moderate-Income</b>	0	0.0	0	0.0	0	0.0	1,768	14.6
<b>Middle-Income</b>	2	40.0	3,618	29.8	321	8.9	2,103	17.3
<b>Upper-Income</b>	3	60.0	8,504	70.2	404	4.8	7,015	57.9
<b>Total AA</b>	5	100.0	12,122	100.0	725	6.0	12,122	100.0
	<b>Housing Units By Tract</b>	<b>Housing Type By Tract</b>						
		<b>Owner-Occupied</b>			<b>Rental</b>		<b>Vacant</b>	
		<b>#</b>	<b>% By Tract</b>	<b>% By Unit</b>	<b>#</b>	<b>% By Unit</b>	<b>#</b>	<b>% By Unit</b>
<b>Low-Income</b>	0	0	0.0	0.0	0	0.0	0	0.0
<b>Moderate-Income</b>	0	0	0.0	0.0	0	0.0	0	0.0
<b>Middle-Income</b>	5,924	3,769	28.7	63.6	1,255	21.2	900	15.2
<b>Upper-Income</b>	13,181	9,365	71.3	71.0	1,787	13.6	2,029	15.4
<b>Total AA</b>	19,105	13,134	100.0	68.8	3,042	15.9	2,929	15.3

DEMOGRAPHICS REPORT-2012 ASSESSMENT AREA: HOOD COUNTY								
Income Categories	Tract Distribution		Families By Tract Income		Families < Poverty Level as a % of Families by Tract		Families By Family Income	
	#	%	#	%	#	%	#	%
Low-Income	0	0.0	0	0.0	0	0.0	1,902	13.0
Moderate-Income	0	0.0	0	0.0	0	0.0	1,779	12.1
Middle-Income	3	30.0	4,265	29.1	455	10.7	2,685	18.3
Upper-Income	7	70.0	10,404	70.9	698	6.7	8,303	56.6
<b>Total AA</b>	10	100.0	14,669	100.0	1,153	7.9	14,669	100.0
	Housing Units By Tract	Housing Type By Tract						
		Owner-Occupied			Rental		Vacant	
		#	% By Tract	% By Unit	#	% By Unit	#	% By Unit
Low-Income	0	0	0.0	0.0	0	0.0	0	0.0
Moderate-Income	0	0	0.0	0.0	0	0.0	0	0.0
Middle-Income	8,221	4,610	29.0	56.1	1,744	21.2	1,867	22.7
Upper-Income	15,667	11,270	71.0	71.9	2,616	16.7	1,781	11.4
<b>Total AA</b>	23,888	15,880	100.0	66.5	4,360	18.3	3,648	15.3
	Total Businesses by Tract	Businesses By Tract & Revenue Size						
		Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported		
		#	%	#	%	#	%	
Low-Income	0	0.0	0	0.0	0	0.0	0	0.0
Moderate-Income	0	0.0	0	0.0	0	0.0	0	0.0
Middle-Income	1,085	26.2	1,012	26.1	33	25.2	40	29.9
Upper-Income	3,055	73.8	2,863	73.9	98	74.8	94	70.1
<b>Total AA</b>	4,140	100.0	3,875	100.0	131	100.0	134	100.0
<b>Percent of Total Businesses:</b>				93.6		3.2		3.2

**Income Characteristics:** According to the 2000 Census, the AA contained no low- or moderate-income census tracts, two middle-income census tracts, and three upper-income census tracts. There were 29.8% of families residing in middle-income census tracts and 70.2% in upper-income census tracts. Of the families, 10.2% were low-income, 14.6% were moderate-income, 17.3% were middle-income, and 57.9% were upper-income. Further, 6.0% of the families lived below poverty level.

As of the 2010 Census, the AA contained no low- or moderate-income census tracts, three middle-income census tracts, and seven upper-income census tracts. There were 29.1% of families residing in middle-income census tracts and 70.9% in upper-income census tracts. Of

the families, 13.0% were low-income, 12.1% were moderate-income, 18.3% were middle-income, and 56.6% were upper-income. Further, 7.9% of the families lived below poverty level.

The Texas non-MSA median family incomes for 2011-2012 are depicted in the table below, along with the ranges for low-, moderate-, middle-, and upper-income levels.

INCOME LEVEL	2011 Non-MSA	2012 Non-MSA
Median Income	\$48,600	\$49,300
Low-income	< \$24,300	< \$24,650
Moderate-income	\$24,300 - \$38,879	\$24,650 - \$39,439
Middle-income	\$38,880 - \$58,319	\$39,440 - \$59,159
Upper-income	≥ \$58,320	≥ \$59,160

**Housing:** According to the 2000 Census, there were 19,105 housing units in the AA with a median age of 17 years. The median housing value was \$88,764. Owner-occupied housing units comprised 68.8% of the housing stock, which was above the state average of 57.8%. Of the housing units, 15.9% were rental and 15.3% were vacant units. The distribution of owner-occupied housing units was 28.7% in middle-income census tracts and 71.3% in upper-income census tracts. Additionally, 1.5% of the population lived in correctional institutions, nursing homes, college dormitories, and other group quarters.

According to the 2010 Census, there were 23,888 housing units in the AA with a median age of 23 years. The median housing value was \$152,214. Owner-occupied housing units comprised 66.5% of the housing stock, which was above the state average of 57.0%. Of the housing units, 18.3% were rental and 15.3% were vacant units. The distribution of owner-occupied housing units was 29.0% in middle-income census tracts and 71.0% in upper-income census tracts. Additionally, 1.2% of the population lived in correctional institutions, nursing homes, college dormitories, and other group quarters.

**Labor, Employment, and Economic Characteristics:** Health care, education, manufacturing, government, and service industry are the primary industries in the AA. Major employers include local independent school districts, Lake Granbury Medical Center, and City of Granbury.

The following table provides unemployment rates for the AA and the state of Texas.

Area	2011	2012
United States	8.9%	8.1%
Texas State	7.9%	6.8%
Hood County	7.0%	5.6%

According to the 2012 D&B data, there were approximately 4,140 business establishments, with 93.6% reporting gross annual revenues of \$1 million or less. Of the small businesses, 26.1% were located in middle-income census tracts and 73.9% in upper-income census tracts.

**Community Contacts and Credit Needs:** Contact was made with community leaders working in the non-profit community service and affordable housing sectors. There are opportunities for

financial institutions to participate in reinvestment activities such as lending their financial expertise and donations to non-profit organization in the community. The contacts also mentioned the great need for affordable housing in the AA. Further, contacts stated the bank is a leader in the community and donates time and money.

## **DESCRIPTION OF DALLAS-ROCKWALL ASSESSMENT AREA**

As previously mentioned, the Dallas-Rockwall AA is a part of the Dallas-Plano-Irving, Texas MD. Due to the level of intense market competition in Dallas County, only a portion is taken as the bank's AA. In reviewing the performance of HMDA lending by aggregate lenders and the bank in 2011 and 2012, the bank originated about 0.03% of the HMDA reportable loans in Dallas County for both years. In 2011, the bank originated 14 out of 53,723 loans. In 2012, the bank originated 18 out of 67,214 loans.

The portion of Dallas County that the bank takes as its AA was further refined in 2012 to include Interstate 30 as the southern boundary. Previously, the border to the south was Interstate 20. The border to the west was also realigned to Highway 78, instead of Highway 75. The purpose of the revised boundaries was to better reflect the area served by the bank. The revisions reduced the number of census tracts in the AA by 43, with 79% of those being upper- and middle-income census tracts and the composition of the revised AA remaining similar to the previous version on a percentage basis.

Dallas County's population, estimated at 2,453,843 for 2012, has increased by 3.6% since 2010. The county seat is Dallas, population 1,164,513. Rockwall County's population, estimated at 83,021 for 2012, has increased by 6.0% since 2010. The county seat is Rockwall, population 37,490. Other municipalities in the Dallas-Rockwall AA include Garland (233,290), Rowlett (57,703), Rockwall (39,957), and Sachse (14,876).

As of the evaluation date, the bank operated three retail branches in the AA. The branches in the Dallas-Rockwall AA contained \$126.8 million in deposits on June 30, 2012, representing 26.26% of the bank's total deposits. The bank ranked 48<sup>th</sup> in deposit market share out of 106 FDIC-insured financial institutions operating in the Dallas-Rockwall banking market. The deposits in the bank's branches represented 0.10% of the total deposits in FDIC-insured financial institutions. Bank of America dominates the market with 38.24% of total deposits, followed by JP Morgan Chase (23.65%); Wells Fargo (5.86%); and Texas Capital Bank (3.38%).

Demographic and economic information impacting the bank's performance context are discussed below. Information was obtained from publicly available sources including the U.S. Department of Commerce's Bureau of the Census, 2000 and 2010; American Community Survey 2010; the U.S. Department of Labor; the U.S. Department of Housing and Urban Development (HUD); Dun & Bradstreet; and the Texas Workforce Commission.

The following table details selected characteristics of the AA.

**DEMOGRAPHICS REPORT-2011**  
**ASSESSMENT AREA: DALLAS AND ROCKWALL COUNTIES**

Income Categories	Tract Distribution		Families By Tract Income		Families < Poverty Level as a % of Families by Tract		Families By Family Income	
	#	%	#	%	#	%	#	%
<b>Low-Income</b>	1	1.2	1,476	1.2	344	23.3	20,275	16.2
<b>Moderate-Income</b>	22	25.3	25,011	20.0	2,885	11.5	23,510	18.8
<b>Middle-Income</b>	37	42.5	52,502	42.1	2,539	4.8	29,322	23.5
<b>Upper-Income</b>	27	31.0	45,842	36.7	1,155	2.5	51,724	41.5
<b>Total AA</b>	87	100.0	124,831	100.0	6,923	5.5	124,831	100.0
	Housing Units By Tract	Housing Type By Tract						
		Owner-Occupied			Rental		Vacant	
		#	% By Tract	% By Unit	#	% By Unit	#	% By Unit
<b>Low-Income</b>	1,853	6	0.0	0.3	1,797	97.0	50	2.7
<b>Moderate-Income</b>	38,721	16,685	15.3	43.1	20,374	52.6	1,662	4.3
<b>Middle-Income</b>	75,528	45,618	41.9	60.4	27,149	35.9	2,761	3.7
<b>Upper-Income</b>	56,846	46,629	42.8	82.0	8,278	14.6	1,939	3.4
<b>Total AA</b>	172,948	108,938	100.0	63.0	57,598	33.3	6,412	3.7

**DEMOGRAPHICS REPORT-2012**  
**ASSESSMENT AREA: DALLAS AND ROCKWALL COUNTIES**

Income Categories	Tract Distribution		Families By Tract Income		Families < Poverty Level as a % of Families by Tract		Families By Family Income	
	#	%	#	%	#	%	#	%
<b>Low-Income</b>	1	2.3	1,032	1.6	276	26.7	11,297	17.3
<b>Moderate-Income</b>	13	29.5	13,740	21.1	2,100	15.3	11,066	17.0
<b>Middle-Income</b>	17	38.7	24,662	37.9	1,499	6.1	15,078	23.2
<b>Upper-Income</b>	13	29.5	25,659	39.4	744	2.9	27,652	42.5
<b>Total AA</b>	44	100.0	65,093	100.0	4,619	7.1	65,093	100.0
	<b>Housing Units By Tract</b>	<b>Housing Type By Tract</b>						
		<b>Owner-Occupied</b>			<b>Rental</b>		<b>Vacant</b>	
		<b>#</b>	<b>% By Tract</b>	<b>% By Unit</b>	<b>#</b>	<b>% By Unit</b>	<b>#</b>	<b>% By Unit</b>
<b>Low-Income</b>	1,195	685	1.1	57.3	412	34.5	98	8.2
<b>Moderate-Income</b>	20,105	10,684	17.2	53.1	7,498	37.3	1,923	9.6
<b>Middle-Income</b>	34,384	23,073	37.0	67.1	8,837	25.7	2,474	7.2
<b>Upper-Income</b>	33,209	27,818	44.7	83.8	3,136	9.4	2,255	6.8
<b>Total AA</b>	88,893	62,260	100.0	70.0	19,883	22.4	6,750	7.6
	<b>Total Businesses by Tract</b>	<b>Businesses By Tract &amp; Revenue Size</b>						
		<b>Less Than or = \$1 Million</b>		<b>Over \$1 Million</b>		<b>Revenue Not Reported</b>		
		<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>	
<b>Low-Income</b>	171	1.0	158	1.0	2	0.4	11	2.0
<b>Moderate-Income</b>	2,903	17.9	2,682	17.7	102	22.8	119	21.0
<b>Middle-Income</b>	6,637	41.0	6,156	40.5	223	49.8	258	45.6
<b>Upper-Income</b>	6,491	40.1	6,192	40.8	121	27.0	178	31.4
<b>Total AA</b>	16,202	100.0	15,188	100.0	448	100.0	566	100.0
<b>Percent of Total Businesses:</b>				93.7		2.8		3.5



**Income Characteristics:** According to the 2000 Census, the AA contained one low-income census tract, 22 moderate-income census tracts, 37 middle-income census tracts, and 27 upper-income census tracts. There were 1.2% of the families residing in low-income census tracts, 20.0% in moderate-income census tracts, 42.1% in middle-income census tracts, and 36.7% in upper-income census tracts. Of the families, 16.2% were low-income, 18.8% were moderate-income, 23.5% were middle-income, and 41.5% were upper-income. Further, 5.5% of these families fell below the poverty level.

As of the 2010 Census, the AA still contained one low-income census tract, 13 moderate-income census tracts, 17 middle-income census tracts, 13 upper-income census tracts, and one unknown census tract. There were 1.6% of the families residing in low-income census tracts, 21.1% in moderate-income census tracts, 37.9% in middle-income census tracts, and 39.4% in upper-income census tracts. Of the families, 17.3% were low-income, 17.0% were moderate-income, 23.2% were middle, and 42.5% were upper-income. Further, 7.1% of these families fell below the poverty level.

The Dallas-Plano-Irving, Texas MD median family incomes for 2011-2012 are depicted in the table below, along with the ranges for low-, moderate-, middle-, and upper-income levels.

INCOME LEVEL	2011 Dallas-Plano-Irving, Texas MD	2012 Dallas-Plano-Irving, Texas MD
Median Income	\$69,600	\$70,600
Low-income	< \$34,800	< \$35,300
Moderate-income	\$34,800 - \$55,679	\$35,300 - \$56,479
Middle-income	\$55,680 - \$83,519	\$56,480 - \$84,719
Upper-income	≥ \$83,520	≥ \$84,720

**Housing:** According to the 2000 Census, there were 172,948 housing units in the AA with a median age of 20 years. The median housing value was \$95,944. Owner-occupied housing units comprised 63.0% of the housing stock, which was above the state average of 57.8%. Of the housing units, 33.3% were rental and 3.7% were vacant units. The distribution of owner-occupied housing units was 0.0% in low-income census tracts, 15.3% in moderate-income census tracts, 41.9% in middle-income census tracts, and 42.8% in upper-income census tracts. Further, 23.5% of all the housing stock was located in the low- and moderate-income tracts. Additionally, 0.6% of the population lived in correctional institutions, nursing homes, college dormitories, and other group quarters.

According to the 2010 Census, there were 88,893 housing units with a median age of 25 years. The median housing value was \$148,531. Owner-occupied housing units comprised 70.0% of the housing stock, which was above the state average of 57.0%. Of the housing units, 22.4% were rental and 7.6% were vacant units. The distribution of owner-occupied housing units was 1.1% in low-income census tracts, 17.2% in moderate-income census tracts, 37.0% in middle-income census tracts, and 44.7% in upper-income census tracts. Further, 24.0% of all the housing stock was located in the low- and moderate-income census tracts. Additionally, 0.4% of the population lived in correctional institutions, nursing homes, college dormitories, and other group quarters.

**Labor, Employment, and Economic Characteristics:** Health care, education, manufacturing, government, and service industry are the primary industries in the AA. Major employers include local independent school districts, Lake Pointe Medical Center, and Texas Star Express. Rockwall County is one of the fastest growing job markets in the country.

The following table provides unemployment rates for the AA and the state of Texas.

Area	2011	2012
United States	8.9%	8.1%
Texas State	7.9%	6.8%
Dallas County	8.4%	7.2%
Rockwall County	7.2%	6.2%

According to the 2012 D&B data, there were approximately 16,202 business establishments, with 93.7% reporting gross annual revenues of \$1 million or less. Of the small businesses, 1.0% were located in low-income census tracts, 17.7% were located in moderate-income census tracts, 40.5% in middle-income census tracts, and 40.8% in upper-income census tracts.

**Community Contacts and Credit Needs:** Contact was made with a community leader working in the economic development sector. The contact stated that the credit needs in the community include financing small business opportunities due to the rapid job growth in Rockwall County. In addition, there are opportunities for financial institutions to participate in reinvestment activities, such as lending their financial expertise in the community.

## CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS

### LENDING TEST

The bank's overall performance under the lending test is rated satisfactory. The bank's loan-to-deposit (LTD) ratio is reasonable. A substantial majority of loans were extended inside the AAs. The distribution of loans to low- and moderate-income (LMI) borrowers and to businesses of different sizes was reasonable. The geographic dispersion of the bank's lending was reasonable given the performance context. The bank does a reasonable job of meeting the small business and consumer credit needs of its AAs.

The bank's performance under the lending test was analyzed by a review of the home mortgage-related loans reported by the bank in 2011 and 2012, as well as the commercial loans originated by the bank in 2012. The lending activity totaled 744 loans for a dollar volume of \$100.7 million. The table below provides a breakdown by loan type.

<b>SUMMARY OF LENDING ACTIVITY</b>				
<b>Loan Type</b>	<b>HMDA 2011 AND 2012- SMALL BUSINESS 2012</b>			
	<b>#</b>	<b>\$(000)</b>	<b>#%</b>	<b>\$%</b>
Home Purchase	291	42,143	42.3	49.2
Refinance	222	37,078	32.3	43.3
Home Improvement	175	6,391	25.4	7.5
Multi-Family	0	0	0.0	0.0
<b>Total HMDA - Related</b>	688	85,612	92.5	85.0
Total Small Business	56	15,143	7.5	15.0
<b>Total All Loans</b>	744	100,755	100.0	100.0

### **LOAN-TO-DEPOSIT RATIO**

The general purpose of CRA is to encourage banks to meet the credit needs in their AAs while operating in a safe and sound manner. To gain an understanding of the bank's lending activity, the net loan-to-deposit (LTD) ratio is reviewed to approximate the credit demand of the AA and assess the bank's willingness to meet the community's demand for credit.

The bank's net LTD ratio is considered reasonable given the bank's size and financial condition, the credit needs of the AA, and the competitive local banking environment. As of March 31, 2013, the net LTD ratio was 56.7%, and the quarterly average since the previous evaluation was 56.3%.

To better understand the bank's performance in relation to its AA, a comparison of six similarly situated local banks was performed. These banks were chosen for analysis based on their proximity and similar size and structure. The similarly situated banks have net LTD ratios ranged from 41.5% to 84.9% as of March 31, 2013. Their quarterly average net LTD ratios ranged from 47.0% to 82.2%. As noted, the bank's LTD ratios are in the middle range of its peers and reflect favorably upon the bank's efforts to meet the credit needs of its community.

### **LENDING IN ASSESSMENT AREA**

A substantial majority of the bank's loans were originated inside its AA. As shown in the table below, the bank extended 620 or 83.3% by number inside its AA(s). These loans represent \$79.6 million or 79.0% by amount in the AAs. The remaining analyses will be based on loans made inside the bank's AA.

<b>ASSESSMENT AREA CONCENTRATION LENDING INSIDE AND OUTSIDE THE BANK'S AAs</b>								
<b>Bank Loans</b>	<b>Inside</b>				<b>Outside</b>			
	<b>#</b>	<b>\$(000)</b>	<b>#%</b>	<b>\$%</b>	<b>#</b>	<b>\$(000)</b>	<b>#%</b>	<b>\$%</b>
Home Purchase	224	30,349	77.0	72.0	67	11,794	23.0	28.0
Refinancings	189	30,693	85.1	82.8	33	6,385	14.9	17.2
Home Improvement	159	5,610	90.9	87.8	16	781	9.1	12.2
<b>Total HMDA-related</b>	<b>572</b>	<b>66,652</b>	<b>83.1</b>	<b>77.9</b>	<b>116</b>	<b>18,960</b>	<b>16.9</b>	<b>22.1</b>
Small Business	48	12,959	85.7	85.6	8	2,184	14.3	14.4
<b>TOTAL LOANS</b>	<b>620</b>	<b>79,611</b>	<b>83.3</b>	<b>79.0</b>	<b>124</b>	<b>21,144</b>	<b>16.7</b>	<b>21.0</b>

### **LENDING TO BORROWERS OF DIFFERENT INCOMES AND TO BUSINESSES OF DIFFERENT SIZES**

The distribution of lending based on income and revenue levels of the borrowers reflects a reasonable penetration among individuals of different income levels and businesses of different sizes. Data supporting this analysis can be seen in detail in the separate AA discussions.

### **GEOGRAPHIC DISTRIBUTION OF LOANS**

The geographic distribution by the income level of geographies within the AA is reasonable. This conclusion is based on the bank's performance in each AA in comparison to demographic data. The bank's performance is also compared to the performance of aggregate lenders which is more indicative of the credit needs in the community. Loans were generally made in close proximity to the bank's branches, and there were no conspicuous gaps or anomalies in the lending patterns. Data supporting this analysis can be seen in detail in the separate AA discussions.

### **RESPONSE TO COMPLAINTS**

There were no complaints related to CRA during the review period. Consequently, the bank's performance in responding to complaints was not considered in evaluating its overall CRA performance.

### **FAIR LENDING OR OTHER ILLEGAL CREDIT PRACTICES REVIEW**

No evidence of discriminatory or other illegal credit practices inconsistent with helping to meet community credit needs was identified. The bank is in compliance with the substantive

provisions of the anti-discrimination laws and regulations. Established policies and procedures are designed to ensure ongoing compliance with applicable laws and regulations.

### COMMUNITY DEVELOPMENT TEST

The bank’s responsiveness to community development needs is adequate considering the bank’s capacity and available opportunities. However, the bank’s community development lending is limited and decreased by 63.1% since the last examination due to the limited opportunity for community development activities in the bank’s AA.

The bank has applied its community development resources strategically to meet the substance of community needs, primarily through social services targeted to low- and moderate-income individuals in its community. Bank management and staff serve in leadership roles, contributing their time and financial expertise to numerous organizations promoting affordable housing and community services to LMI individuals in the AAs.

The table below illustrates the number and dollar volume of community development activities initiated by the bank since the last CRA evaluation on September 12, 2011 for all AAs.

ALL ASSESSMENT AREAS									
COMMUNITY DEVELOPMENT (CD) ACTIVITIES									
Purpose	CD Loans		Qualified Investments						CD Services
			Investments		Donations		Total Investments		
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#
Affordable Housing	0	0.0	0	0.0	3	35.0	3	35.0	3
Community Services	3	480.0	6	2,305.2	63	159.1	69.0	2,464.3	15
Economic Development	0	0.0	0	0.0	2	1.0	2	1.0	3
Revitalization and Stabilization	0	0.0	0	0.0	0	0.0	0	0.0	0
<b>Totals</b>	<b>3</b>	<b>480.0</b>	<b>6</b>	<b>2,305.2</b>	<b>68</b>	<b>195.1</b>	<b>74</b>	<b>2,500.3</b>	<b>21</b>

**CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA**

**TARRANT-JOHNSON ASSESSMENT AREA.**

**LENDING TO BORROWERS OF DIFFERENT INCOMES AND TO BUSINESSES OF DIFFERENT SIZES**

**SMALL BUSINESS**

The distribution of lending based on revenue levels of the businesses reflects an excellent penetration among businesses of different sizes. To determine the bank’s performance, the bank’s lending is compared to the AA’s demographics. The bank is not required to report small business loan data due to its size.

However, to obtain a sense of loan demand, the bank’s lending is compared to data of aggregate lenders that report small business loan data annually. The bank and aggregate lenders performed less favorably to the demographics of the AA, but the bank outperformed the aggregate lenders. In this instance, more weight was given to the performance compared to the aggregate lenders as the performance of the aggregate lenders is more indicative of the loan demand in the area than the AA’s demographics.

The table below further details the bank’s performance along with the aggregate lenders and AA’s demographics.

<b>DISTRIBUTION OF 2012 SMALL BUSINESS BY REVENUE SIZE ASSESSMENT AREA: JOHNSON AND TARRANT COUNTIES</b>							
<b>Business Revenue by Size<sup>1</sup></b>	<b>Small Business Loans</b>				<b>Aggregate CRA Data<sup>2</sup></b>		<b>% of Businesses<sup>3</sup></b>
	<b>#</b>	<b>\$(000)</b>	<b># %</b>	<b>\$ %</b>	<b># %</b>	<b>\$ %</b>	
\$1MM or less	17	2,521	70.8	52.5	42.1	35.4	91.9
Over \$1MM	4	1,771	16.7	36.9	Not Reported		4.6
Not Known	3	511	12.5	10.6			3.5

<sup>1</sup>CRA defines small businesses loans as loans in the amount of \$1 million or less.  
<sup>2</sup> Aggregate loan data reflects all loan originations in the bank's AA reported by all CRA filers.  
<sup>3</sup> The percentage of businesses and farms in the AA is based on 2012 Dun & Bradstreet Data.

**HMDA LOANS**

Weight was evenly distributed among all HMDA products due to the number of loans the bank made in each category. The analysis of the bank’s HMDA loans indicates a reasonable penetration of loans among borrowers of different income levels. Similar to the analysis of small business lending above, more weight was given to the performance compared to the aggregate lenders, because the performance of the aggregate lenders is more indicative of the loan demand

in the area than the AA's demographics. Additionally, the poverty rate typically relates to the limited ability for low- and moderate income individuals to afford housing. The poverty rate was 7.9% for 2011 and 10.2% for 2012.

### 2011 Home Purchases

The bank originated a higher percent by number and dollar amount of home purchase loans to low-income borrowers than aggregate lenders. The bank and aggregate lenders compared less favorably to the demographics of low-income families in the AA, which suggests low loan demand. The bank's lending performance to moderate-income borrowers was comparable to the aggregate lenders by number volume and slightly exceeded the aggregate lenders by dollar volume. Additionally, the bank performance exceeded the AA's demographics.

### 2011 Refinanced Loans

The percent of refinanced loans by number and dollar volume to low- and moderate-income borrowers exceeded the aggregate lenders. The percent of refinanced loans to moderate-income borrowers was consistent to the AA's demographics. The bank's lending to low-income borrowers was less favorable to the AA's demographics. Loans made to low-income borrowers by the bank and aggregate lenders compared less favorably than the AA's demographics, which suggests low loan demand.

### 2011 Home Improvement Loans

By number volume of home improvement loans to moderate-income borrowers, the bank exceeded the aggregate lenders. By dollar volume, the bank was slightly less favorable than the aggregate lenders. Additionally, the bank performed comparably to the AA's demographics. The percent of home improvement loans to low-income borrowers was less favorable compared to the aggregate lenders by number and loan volume. The bank and aggregate lenders performed less favorably than the demographics of the AA, which suggests low loan demand.

The table below illustrates the AA's demographics and HMDA lending for the bank and aggregate lenders for 2011.

**DISTRIBUTION OF 2011 HMDA LOANS BY BORROWER INCOME LEVELS  
ASSESSMENT AREA: JOHNSON AND TARRANT COUNTIES**

Borrower Income Level	Bank Loans				Aggregate HMDA Data <sup>1</sup>		% of Families <sup>2</sup>
	#	(\$000s)	# %	\$ %	# %	\$ %	
<b>Total Home Mortgage Loans<sup>3</sup></b>							
Low	15	860	8.7	4.9	6.1	2.9	19.3
Moderate	32	2,351	18.5	13.4	15.2	9.7	18.5
Middle	38	3,176	22.0	18.2	18.9	15.0	21.6
Upper	76	10,136	43.9	57.9	41.8	52.9	40.6
Unknown	12	974	6.9	5.6	18.0	19.5	0.0
<b>Home Purchase Loans</b>							
Low	10	717	13.5	8.8	8.8	4.6	19.3
Moderate	15	1,326	20.3	16.2	20.5	14.6	18.5
Middle	19	1,834	25.7	22.4	20.9	19.1	21.6
Upper	26	4,092	35.1	50.0	36.1	50.4	40.6
Unknown	4	217	5.4	2.7	13.7	11.3	0.0
<b>Refinanced Loans</b>							
Low	2	131	4.3	1.8	3.0	1.5	19.3
Moderate	8	933	17.0	12.7	9.4	5.7	18.5
Middle	9	1,222	19.1	16.6	16.6	12.3	21.6
Upper	24	4,570	51.1	62.2	47.6	60.4	40.6
Unknown	4	496	8.5	6.7	23.4	20.1	0.0
<b>Home Improvement Loans</b>							
Low	3	12	5.8	0.6	8.0	2.6	19.3
Moderate	9	92	17.3	4.7	13.8	6.7	18.5
Middle	10	120	19.2	6.1	19.8	13.7	21.6
Upper	26	1,474	50.0	75.2	54.5	71.2	40.6
Unknown	4	261	7.7	13.4	3.9	5.8	0.0

<sup>1</sup> Aggregate loan data reflects all loan originations in the bank's AA reported by all HMDA filers.

<sup>2</sup> The percentage of families and households are based on 2000 census data.

<sup>3</sup> Multi-Family Loans are not considered in the Borrower Analysis.



### 2012 Home Purchase Loans

The bank originated a slightly higher percentage of home purchase loans by number and dollar volume to moderate-income borrowers than aggregate lenders. The bank's lending performance to low-income borrowers was less favorable than the aggregate lenders. Furthermore, the bank compared less favorably than the demographics of low- and moderate-income families in the AA. Both the bank and aggregate lenders performed less favorably to the AA's low-income demographics, which suggest low loan demand.

### 2012 Refinanced Loans

The bank originated a comparable percent of refinanced loans by number and dollar volume to low- and moderate-income borrowers. Additionally, the performance of the bank and aggregate lenders was less favorable than the AA's demographics, which suggests the loan demand is low.

### 2012 Home Improvement Loans

The bank originated more home improvement loans to low- and moderate-income borrowers than aggregate lenders by number and dollar volume. Additionally, the bank's lending to moderate-income borrowers exceeded the AA's demographics. Both the bank and aggregate lenders performed less favorably to the AA's low- income demographics, which suggests low loan demand.

The table below illustrates the AA's demographics and HMDA lending for the bank and aggregate lenders for 2012.

**DISTRIBUTION OF 2012 HMDA LOANS BY BORROWER INCOME LEVELS  
ASSESSMENT AREA: JOHNSON AND TARRANT COUNTIES**

Borrower Income Level	Bank Loans				Aggregate HMDA Data <sup>1</sup>		% of Families <sup>2</sup>
	#	\$000s)	# %	\$ %	# %	\$ %	
<b>Total Home Mortgage Loans<sup>3</sup></b>							
Low	14	477	7.0	2.0	5.6	2.8	21.9
Moderate	34	2,319	17.1	9.7	15.1	9.8	17.6
Middle	47	3,417	23.6	14.3	18.7	15.0	19.5
Upper	89	16,062	44.7	67.3	43.3	54.2	41.0
Unknown	15	1,602	7.6	6.7	17.3	18.2	0.0
<b>Home Purchase Loans</b>							
Low	3	276	4.1	2.8	8.1	4.2	21.9
Moderate	16	1,500	21.6	15.4	20.8	14.9	17.6
Middle	17	1,515	23.0	15.6	21.2	19.3	19.5
Upper	31	5,808	41.9	59.7	36.9	51.1	41.0
Unknown	7	626	9.4	6.5	13.0	10.5	0.0
<b>Refinanced Loans</b>							
Low	3	155	3.9	1.2	3.5	1.8	21.9
Moderate	8	718	10.5	5.6	10.2	6.3	17.6
Middle	14	1,693	18.4	13.2	16.5	12.4	19.5
Upper	44	9,308	57.9	72.5	48.2	60.0	41.0
Unknown	7	961	9.3	7.5	21.6	19.5	0.0
<b>Home Improvement Loans</b>							
Low	8	46	16.3	3.5	4.8	2.1	21.9
Moderate	10	101	20.4	7.7	13.5	7.2	17.6
Middle	16	209	32.7	15.9	20.9	12.7	19.5
Upper	14	946	28.6	71.8	56.9	69.7	41.0
Unknown	1	15	2.0	1.1	3.9	8.3	0.0

<sup>1</sup> Aggregate loan data reflects all loan originations in the bank's AA reported by all HMDA filers.

<sup>2</sup> The percentage of families and households are based on 2000 census data.

<sup>3</sup> Multi-Family Loans are not considered in the Borrower Analysis.

**GEOGRAPHIC DISTRIBUTION OF LOANS**

**SMALL BUSINESS LOANS**

The geographic distribution of loans by income level of geographies within the AA is excellent because it exceeds the demographics of AA and aggregate lenders. Further, the bank and aggregate lenders penetrated all income levels of geographies.

**DISTRIBUTION OF 2012 SMALL BUSINESS LOANS  
BY INCOME LEVEL OF GEOGRAPHY  
ASSESSMENT AREA: JOHNSON AND TARRANT COUNTIES**

Census Tract Income Level	Small Business Loans <sup>1</sup>				Aggregate CRA Data <sup>2</sup>		% of Businesses <sup>3</sup>
	#	\$(000)	# %	\$ %	# %	\$ %	
Low	2	85	8.3	1.9	4.6	6.7	5.2
Moderate	12	1,483	50.0	30.9	20.7	25.0	22.4
Middle	8	1,897	33.4	39.5	32.7	28.9	36.0
Upper	2	1,338	8.3	27.9	38.3	37.6	36.4
Unknown <sup>4</sup>	0	0	0.0	0.0	0.1	0.0	0.0

<sup>1</sup>CRA defines small businesses loans as loans in the amount of \$1 million or less.

<sup>2</sup> Aggregate loan data reflects all loan originations in the bank's AA reported by all CRA filers.

<sup>3</sup> The percentage of businesses in the AA is based on 2012 Dun & Bradstreet Data.

<sup>4</sup> Does not include tracts where the income level is unknown, which is 3.6% by number and 1.8% by dollar for aggregate lenders. Only includes tract locations not reported.

**HMDA LOANS**

The geographic distribution of the bank's HMDA loans reflects reasonable dispersion. While in 2011 the bank did not make any loans in low-income geographies, the aggregate lenders made less than 2% by number and dollar volume. In 2012, the bank and aggregate lenders made less than 3% of loans in low-income geographies by number and dollar amount. Further, there are limited owner-occupied units in the AA. Therefore, a meaningful analysis could not be performed on the bank's lending in low- income geographies.

**2011 HMDA Loans**

In 2011, the bank outperformed the aggregate lenders by number and dollar amount for all types of HMDA loans in moderate-income census tracts. Additionally, the bank's performance was comparable to the AA's demographics. By adding the bank and the aggregate lenders performance together, all census tracts were penetrated.

The table below illustrates the AA's demographics and HMDA lending for the bank and aggregate lenders for 2011.

**DISTRIBUTION OF 2011 HMDA LOANS BY INCOME LEVEL OF GEOGRAPHY  
ASSESSMENT AREA: JOHNSON AND TARRANT COUNTIES**

Census Tract Income Level	Bank Loans				Aggregate HMDA Data <sup>1</sup>		% of Owner Occupied Units <sup>2</sup>
	#	\$(000)	# %	\$ %	# %	\$ %	
<b>Total Home Mortgage Loans</b>							
Low	0	0	0.0	0.0	0.5	0.4	3.5
Moderate	30	1,719	17.3	9.8	6.8	4.5	19.5
Middle	111	10,538	64.2	60.2	37.9	31.5	40.4
Upper	32	5,240	18.5	30.0	54.8	63.6	36.6
<b>Home Purchase Loans</b>							
Low	0	0	0.0	0.0	0.5	0.3	3.5
Moderate	13	758	17.6	9.3	8.0	5.0	19.5
Middle	48	5,072	64.8	62.0	41.1	34.3	40.4
Upper	13	2,356	17.6	28.7	50.4	60.4	36.6
<b>Refinanced Loans</b>							
Low	0	0	0.0	0.0	0.4	0.2	3.5
Moderate	8	574	17.0	7.8	5.2	3.2	19.5
Middle	28	4,501	59.6	61.2	34.3	27.8	40.4
Upper	11	2,277	23.4	31.0	60.1	68.8	36.6
<b>Home Improvement Loans</b>							
Low	0	0	0.0	0.0	1.3	0.4	3.5
Moderate	9	387	17.3	19.7	12.6	6.8	19.5
Middle	35	965	67.3	49.3	38.3	30.5	40.4
Upper	8	607	15.4	31.0	47.8	62.3	36.6

<sup>1</sup> Aggregate loan data reflects all loan originations in the bank's AA reported by all HMDA filers.

<sup>2</sup> Based on 2000 census data.

### 2012 Home Purchase Loans

The bank's home purchase lending exceeded the aggregate lenders in moderate-income census tracts by number and dollar volume. Additionally, the bank and the aggregate lenders compared less favorably to the AA's demographics, which suggests low loan demand.

### 2012 Refinanced Loans

The percent of refinanced loans to moderate-income geographies was slightly less favorable than the aggregate lenders by number and dollar volume. Additionally, the bank and the aggregate lenders compared less favorably to the AA's demographics, which suggests low loan demand.

### 2012 Home Improvement Loans

For home improvement loans, the bank compared less favorably to the aggregate lenders in number but exceeded the aggregate lender by dollar amount. Additionally, the bank compared less favorably to the AA's demographics, which suggests low loan demand.

The table below illustrates the AA's demographics and HMDA lending for the bank and aggregate lenders for 2012.

**DISTRIBUTION OF 2012 HMDA LOANS BY INCOME LEVEL OF GEOGRAPHY  
ASSESSMENT AREA: JOHNSON AND TARRANT COUNTIES**

Census Tract Income Level	Bank Loans				Aggregate HMDA Data <sup>1</sup>		% of Owner Occupied Units <sup>2</sup>
	#	\$(000)	# %	\$ %	# %	\$ %	
<b>Total Home Mortgage Loans</b>							
Low	3	171	1.5	0.7	0.6	0.4	3.9
Moderate	20	1,573	10.1	6.6	9.2	6.3	20.6
Middle	88	10,511	44.2	44.0	35.9	29.6	39.4
Upper	88	11,622	44.2	48.7	54.3	63.7	36.1
<b>Home Purchase Loans</b>							
Low	1	29	1.4	0.3	0.8	0.4	3.9
Moderate	12	811	16.2	8.3	10.8	6.5	20.6
Middle	35	4,826	47.3	49.6	38.2	31.8	39.4
Upper	26	4,059	35.1	41.8	50.2	61.3	36.1
<b>Refinanced Loans</b>							
Low	2	142	2.6	1.1	0.4	0.2	3.9
Moderate	4	472	5.3	3.7	7.7	4.9	20.6
Middle	33	5,299	43.4	41.3	33.9	27.4	39.4
Upper	37	6,922	48.7	53.9	58.0	67.5	36.1
<b>Home Improvement Loans</b>							
Low	0	0	0.0	0.0	1.6	0.7	3.9
Moderate	4	290	8.2	22.0	12.5	6.9	20.6
Middle	20	386	40.8	29.3	38.1	32.5	39.4
Upper	25	641	51.0	48.7	47.8	59.9	36.1

<sup>1</sup> Aggregate loan data reflects all loan originations in the bank's AA reported by all HMDA filers.

<sup>2</sup> Based on 2000 census data.

**COMMUNITY DEVELOPMENT TEST**

The bank's responsiveness to community development needs in this AA is adequate, considering the bank's capacity and available opportunities. The bank has applied its community development resources strategically to meet the substance of community needs, primarily through social services targeted to low- and moderate-income individuals in its community. Bank management and staff serve in leadership roles to no fewer than 12 organizations promoting affordable housing, economic development, and community services to LMI individuals in the AAs. Their roles include serving as directors, instructors, and committee members, contributing their time and financial expertise.

The table below illustrates the number and dollar volume of community development activities initiated by the bank since the last CRA evaluation on September 12, 2011.

<b>ASSESSMENT AREA: JOHNSON AND TARRANT COUNTIES</b>									
<b>COMMUNITY DEVELOPMENT (CD) ACTIVITIES</b>									
<b>Purpose</b>	<b>CD Loans</b>		<b>Qualified Investments</b>						<b>CD Services</b>
			<b>Investments</b>		<b>Donations</b>		<b>Total Investments</b>		
	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>	<b>#</b>
Affordable Housing	0	0.0	0	0.0	1	18.3	7	2,323.3	1
Community Services	2	405.0	6	2,305.2	41	112.8	41	112.8	10
Economic Development	0	0.0	0	0.0	0	0.0	0	0.0	2
Revitalization and Stabilization	0	0.0	0	0.0	0	0.0	0	0.0	0
<b>Totals</b>	<b>2</b>	<b>405.0</b>	<b>6</b>	<b>2,305.2</b>	<b>42</b>	<b>131.1</b>	<b>48</b>	<b>2,436.1</b>	<b>13</b>

**HOOD ASSESSMENT AREA**

**CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS**

**LENDING TO BORROWERS OF DIFFERENT INCOMES AND TO BUSINESSES OF DIFFERENT SIZES**

**SMALL BUSINESS**

The distribution of lending based on revenue levels of the businesses reflects a reasonable penetration among businesses of different sizes. The bank and aggregate lenders performed less favorably to the demographics of the AA but performed slightly better than the aggregate lenders, which is more indicative of actual loan demand in the area. The table below further details the bank’s performance along with the aggregate lenders and AA’s demographics.

<b>DISTRIBUTION OF 2012 SMALL BUSINESS BY REVENUE SIZE ASSESSMENT AREA: HOOD COUNTY</b>							
<b>Business Revenue by Size<sup>1</sup></b>	<b>Small Business Loans</b>				<b>Aggregate CRA Data<sup>2</sup></b>		<b>% of Businesses<sup>3</sup></b>
	<b>#</b>	<b>\$(000)</b>	<b># %</b>	<b>\$ %</b>	<b># %</b>	<b>\$ %</b>	
\$1MM or less	4	499	40.0	10.4	38.1	47.0	93.6
Over \$1MM	6	4,303	60.0	89.6	Not Reported		3.2
Not Known	0	0	0.0	0.0	Not Reported		3.2

<sup>1</sup> CRA defines small businesses loans as loans in the amount of \$1 million or less.  
<sup>2</sup> Aggregate loan data reflects all loan originations in the bank’s AA reported by all CRA filers.  
<sup>3</sup> The percentage of businesses and farms in the AA is based on 2012 Dun & Bradstreet Data.

**HMDA LOANS**

Weight was evenly distributed among all HMDA products due to the number of loans the bank made in each category. The analysis of the bank’s HMDA loans in 2011 indicates a reasonable penetration of loans among borrowers of different income levels. The analysis of the bank’s HMDA loans in 2012 indicates an excellent penetration of loans among borrowers of different income levels.

In the instances where the bank performed less favorably to the demographics of families in low- and moderate-income census tracts, but comparable to or better than the aggregate lenders, more weight was given to the performance compared to the aggregate lenders. The performance of the aggregate lenders is more indicative of the loan demand in the area than the AA’s demographics. Further, the top lenders who dominate the market share are large institutions. The poverty rate typically relates to the limited ability for low- and moderate- income individuals to afford housing. The poverty rate was 6.0% in 2011 and 7.9% in 2012.



### 2011 Home Purchase Loans

The bank originated a higher percentage by number and dollar amount of home purchase loans to low-income borrowers than aggregate lenders. The bank did not originate any home purchase loans to moderate-income borrowers; therefore, the bank compared less favorably to the aggregate lenders. However, the performance of the bank and aggregate lenders was less than the AA's demographics, which suggests low loan demand.

### 2011 Refinanced Loans

The performance of the bank and aggregate lenders was less favorable than the AA's demographics, which suggests low loan demand. However, the bank did not originate any refinanced loans to low- and moderate-income borrowers unlike the aggregate lenders. Thus, the bank compared less favorably to the aggregate lenders.

### 2011 Home Improvement Loans

The performance of the bank and aggregate lenders was less favorable than the AA's demographics, which suggests low loan demand. However, the bank compared less favorably to the aggregate lenders.

The table below illustrates the AA's demographics and HMDA lending for the bank and aggregate lenders for 2011.

<b>DISTRIBUTION OF 2011 HMDA LOANS BY BORROWER INCOME LEVELS</b>							
<b>ASSESSMENT AREA: HOOD COUNTY</b>							
<b>Borrower Income Level</b>	<b>Bank Loans</b>				<b>Aggregate HMDA Data<sup>1</sup></b>		<b>% of Families<sup>2</sup></b>
	<b>#</b>	<b>\$000s)</b>	<b># %</b>	<b>\$ %</b>	<b># %</b>	<b>\$ %</b>	
<b>Total Home Mortgage Loans<sup>3</sup></b>							
Low	1	70	1.8	1.2	2.2	1.0	10.2
Moderate	1	10	1.8	0.2	6.0	3.5	14.6
Middle	15	671	26.3	11.8	12.9	9.0	17.3
Upper	36	4,377	63.1	77.3	59.4	67.6	57.9
Unknown	4	536	7.0	9.5	19.5	18.9	0.0
<b>Home Purchase Loans</b>							
Low	1	70	4.8	2.5	2.8	1.2	10.2
Moderate	0	0	0.0	0.0	7.2	4.2	14.6
Middle	6	297	28.6	10.7	16.8	12.5	17.3
Upper	13	2,347	61.9	84.9	58.8	69.8	57.9
Unknown	1	50	4.7	1.9	14.4	12.3	0.0
<b>Refinanced Loans</b>							
Low	0	0	0.0	0.0	1.5	0.8	10.2
Moderate	0	0	0.0	0.0	4.8	3.0	14.6
Middle	3	286	21.4	13.8	9.3	6.4	17.3
Upper	9	1,359	64.3	65.8	60.1	68.2	57.9
Unknown	2	421	14.3	20.4	24.3	21.6	0.0
<b>Home Improvement Loans</b>							
Low	0	0	0.0	0.0	7.5	3.9	10.2
Moderate	1	10	4.5	1.2	10.0	2.7	14.6
Middle	6	88	27.3	10.6	17.5	15.9	17.3
Upper	14	671	63.6	80.5	60.0	73.5	57.9
Unknown	1	65	4.6	7.7	5.0	4.0	0.0

<sup>1</sup> Aggregate loan data reflects all loan originations in the bank's AA reported by all HMDA filers.  
<sup>2</sup> The percentage of families and households are based on 2000 census data.  
<sup>3</sup> Multi-Family Loans are not considered in the Borrower Analysis.

### 2012 Home Purchase Loans

The bank exceeded the aggregate lenders and was comparable to the AA's demographics for home purchase loans to moderate- income borrowers. However, the bank did not make any home purchase loans to low-income borrowers. The aggregate performance was less than 2%, which suggests low loan demand.

### 2012 Refinanced Loans

The bank exceeded the aggregate lenders and was comparable to the AA's demographics for refinanced loans to moderate- income borrowers. However, the bank did not make any home purchase loans to low-income borrowers. The aggregate lenders' performance was less than 2%, which suggests low loan demand.

### 2012 Home Improvement Loans

The bank performed slightly less favorably to the aggregate lenders in originating home improvement loans to low-income borrowers by number and dollar volume. The performance of the bank and aggregate lenders was less favorable than the AA's demographics, which suggests low loan demand. However, the bank exceeded aggregate lenders and the demographics in originated home improvement loans to moderate-income borrowers.

The table below illustrates the AA's demographics and HMDA lending for the bank and aggregate lenders for 2012.

<b>DISTRIBUTION OF 2012 HMDA LOANS BY BORROWER INCOME LEVELS</b>							
<b>ASSESSMENT AREA: HOOD COUNTY</b>							
<b>Borrower Income Level</b>	<b>Bank Loans</b>				<b>Aggregate HMDA Data<sup>1</sup></b>		<b>% of Families<sup>2</sup></b>
	<b>#</b>	<b>\$000s)</b>	<b># %</b>	<b>\$ %</b>	<b># %</b>	<b>\$ %</b>	
<b>Total Home Mortgage Loans<sup>3</sup></b>							
Low	1	5	2.0	0.1	1.4	0.6	13.0
Moderate	6	359	11.8	5.5	5.6	3.2	12.1
Middle	6	600	11.8	9.1	15.8	10.7	18.3
Upper	35	5,343	68.6	81.3	62.3	69.4	56.6
Unknown	3	261	5.9	4.0	14.9	16.1	0.0
<b>Home Purchase Loans</b>							
Low	0	0	0.0	0.0	1.4	0.5	13.0
Moderate	2	178	11.8	5.9	6.9	4.1	12.1
Middle	3	282	17.6	9.3	18.6	13.9	18.3
Upper	10	2,343	58.8	77.1	63.6	72.2	56.6
Unknown	2	236	11.8	7.8	9.5	9.3	0.0
<b>Refinanced Loans</b>							
Low	0	0	0.0	0.0	1.1	0.5	13.0
Moderate	2	173	11.1	5.4	4.8	2.8	12.1
Middle	2	313	11.1	9.7	14.1	9.1	18.3
Upper	14	2,722	77.8	84.9	61.0	69.8	56.6
Unknown	0	0	0.0	0.0	19.0	17.8	0.0
<b>Home Improvement Loans</b>							
Low	1	5	6.2	1.6	7.9	3.8	13.0
Moderate	2	8	12.5	2.4	2.6	0.1	12.1
Middle	1	5	6.3	1.6	2.6	0.1	18.3
Upper	11	278	68.8	86.6	76.3	77.0	56.6
Unknown	1	25	6.2	7.8	10.6	19.0	0.0

<sup>1</sup> Aggregate loan data reflects all loan originations in the bank's AA reported by all HMDA filers.  
<sup>2</sup> The percentage of families and households are based on 2000 census data.  
<sup>3</sup> Multi-Family Loans are not considered in the Borrower Analysis.

## GEOGRAPHIC DISTRIBUTION OF LOANS

### SMALL BUSINESS LOANS

The AA does not contain any low- or moderate-income census tracts. Therefore, an analysis could not be performed on lending to borrowers in low- and moderate- income census tracts. Further, while the bank penetrated middle- and upper-income tracts, the volume of loans is so small that an analysis would not be meaningful.

<b>DISTRIBUTION OF 2012 SMALL BUSINESS LOANS BY INCOME LEVEL OF GEOGRAPHY ASSESSMENT AREA: HOOD COUNTY</b>							
Census Tract Income Level	Small Business Loans <sup>1</sup>				Aggregate CRA Data <sup>2</sup>		% of Businesses <sup>3</sup>
	#	\$(000)	# %	\$ %	# %	\$ %	
Low	0	0	0.0	0.0	0.0	0.0	0.0
Moderate	0	0	0.0	0.0	0.0	0.0	0.0
Middle	1	1,000	10.0	20.8	21.9	17.3	26.2
Upper	9	3,801	90.0	79.2	73.1	80.3	73.8
Unknown <sup>4</sup>	0	0	0.0	0.0	0.0	0.0	0.0

<sup>1</sup>CRA defines small businesses loans as loans in the amount of \$1 million or less.  
<sup>2</sup>Aggregate loan data reflects all loan originations in the bank's AA reported by all CRA filers.  
<sup>3</sup>The percentage of businesses in the AA is based on 2012 Dun & Bradstreet Data.  
<sup>4</sup>Does not include tracts where the income level is unknown, which is 5.0% by number and 2.4% by dollar for aggregate lenders. Only includes tract locations not reported.

### HMDA LOANS

As mentioned above, the AA does not contain any low- and moderate-income census tracts. Therefore, an analysis could not be performed on lending to borrowers in low- and moderate-income census tracts. The middle- and upper-income tracts were well penetrated. However, a majority of the loans were made in upper-income census tracts.

In 2011, the bank and the aggregate lenders performed comparably in the home purchase category, and exceeded the AA's demographics in the middle-income geographies and were slightly less favorable in the upper-income geographies. The bank exceeded the aggregate lenders and the AA's demographics in refinance loans in the middle-income geographies. The bank compared less favorably to the aggregate lenders and the AA's demographics in refinance loans in upper-income geographies. The bank performed less favorably to the aggregate lender and the AA's demographics in home improvement loans made in middle-income geographies. In home improvement loans made in upper-income geographies, the bank exceeded the aggregate lenders but compared less favorably than the AA's demographics.

The table below illustrates the AA's demographics and HMDA lending for the bank and aggregate lenders for 2011.

<b>DISTRIBUTION OF 2011 HMDA LOANS BY INCOME LEVEL OF GEOGRAPHY ASSESSMENT AREA: HOOD COUNTY</b>							
<b>Census Tract Income Level</b>	<b>Bank Loans</b>				<b>Aggregate HMDA Data<sup>1</sup></b>		<b>% of Owner Occupied Units<sup>2</sup></b>
	<b>#</b>	<b>\$(000)</b>	<b># %</b>	<b>\$ %</b>	<b># %</b>	<b>\$ %</b>	
<b>Total Home Mortgage Loans</b>							
Low	0	0	0.0	0.0	0.0	0.0	0.0
Moderate	0	0	0.0	0.0	0.0	0.0	0.0
Middle	17	1,785	29.8	31.5	31.6	32.1	28.7
Upper	40	3,879	70.2	68.5	68.4	67.9	71.3
<b>Home Purchase Loans</b>							
Low	0	0	0.0	0.0	0.0	0.0	0.0
Moderate	0	0	0.0	0.0	0.0	0.0	0.0
Middle	7	875	33.3	31.7	34.4	35.4	28.7
Upper	14	1,889	66.7	68.3	65.6	64.6	71.3
<b>Refinanced Loans</b>							
Low	0	0	0.0	0.0	0.0	0.0	0.0
Moderate	0	0	0.0	0.0	0.0	0.0	0.0
Middle	6	752	42.9	36.4	28.9	29.7	28.7
Upper	8	1,314	57.1	63.6	71.1	70.3	71.3
<b>Home Improvement Loans</b>							
Low	0	0	0.0	0.0	0.0	0.0	0.0
Moderate	0	0	0.0	0.0	0.0	0.0	0.0
Middle	4	158	18.2	18.9	35.0	47.8	28.7
Upper	18	676	81.8	81.1	65.0	52.2	71.3

<sup>1</sup> Aggregate loan data reflects all loan originations in the bank's AA reported by all HMDA filers.  
<sup>2</sup> Based on 2000 census data.

In 2012, the bank's performance in making home improvement loans exceeded the aggregate lenders and AA's demographics in middle-income geographies and performed comparably in upper-income geographies. The bank did not make any refinance loans in middle-income geographies, and exceeded the aggregate lenders and AA's demographics in upper-income geographies. The bank exceeded the aggregate and performed slightly less favorably to the AA's demographics in home improvement loans in middle-income geographies, and comparable to the aggregate lenders in upper-income geographies.

The table below illustrates the AA's demographics and HMDA lending for the bank and aggregate lenders for 2012.

<b>DISTRIBUTION OF 2012 HMDA LOANS BY INCOME LEVEL OF GEOGRAPHY ASSESSMENT AREA: HOOD COUNTY</b>							
Census Tract Income Level	Bank Loans				Aggregate HMDA Data <sup>1</sup>		% of Owner Occupied Units <sup>2</sup>
	#	\$(000)	# %	\$ %	# %	\$ %	
<b>Total Home Mortgage Loans</b>							
Low	0	0	0.0	0.0	0.0	0.0	0.0
Moderate	0	0	0.0	0.0	0.0	0.0	0.0
Middle	10	903	19.6	13.7	24.2	24.1	29.0
Upper	41	5,665	80.4	86.3	75.8	75.9	71.0
<b>Home Purchase Loans</b>							
Low	0	0	0.0	0.0	0.0	0.0	0.0
Moderate	0	0	0.0	0.0	0.0	0.0	0.0
Middle	6	833	35.3	27.4	30.3	30.2	29.0
Upper	11	2,206	64.7	72.6	69.7	69.8	71.0
Unknown <sup>3</sup>	0	0	0.0	0.0	0.0	0.0	0.0
<b>Refinanced Loans</b>							
Low	0	0	0.0	0.0	0.0	0.0	0.0
Moderate	0	0	0.0	0.0	0.0	0.0	0.0
Middle	0	0	0.0	0.0	19.8	20.0	29.0
Upper	18	3,208	100.0	100.0	80.2	80.0	71.0
<b>Home Improvement Loans</b>							
Low	0	0	0.0	0.0	0.0	0.0	0.0
Moderate	0	0	0.0	0.0	0.0	0.0	0.0
Middle	4	70	25.0	21.8	18.4	9.1	29.0
Upper	12	251	75.0	78.2	81.6	90.9	71.0

<sup>1</sup> Aggregate loan data reflects all loan originations in the bank's AA reported by all HMDA filers.  
<sup>2</sup> Based on 2000 census data.  
<sup>3</sup> Unknown

## COMMUNITY DEVELOPMENT TEST

There are no low- and moderate-income tracts or distressed or underserved nonmetropolitan middle-income geographies in the AA. As a result, qualified community development opportunities are limited. Nonetheless, the bank has applied its community development resources strategically to meet the substance of community needs, primarily through donations and social services targeted to low- and moderate-income individuals in its community. Bank management and staff serve in leadership roles, contributing their time and financial expertise to at least four organizations promoting affordable housing and community services to LMI individuals in the AAs.

The table below illustrates the number and dollar volume of community development activities initiated by the bank since the last CRA evaluation on September 12, 2011.

<b>ASSESSMENT AREA: HOOD COUNTY</b>									
<b>COMMUNITY DEVELOPMENT (CD) ACTIVITIES</b>									
<b>Purpose</b>	<b>CD Loans</b>		<b>Qualified Investments</b>						<b>CD Services</b>
			<b>Investments</b>		<b>Donations</b>		<b>Total Investments</b>		
	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>	<b>#</b>
Affordable Housing	0	0.0	0	0.0	2	16.7	2	16.7	2
Community Services	0	0.0	0	0.0	12	30.1	11	30.1	4
Economic Development	0	0.0	0	0.0	1	0.5	1	0.5	0
Revitalization and Stabilization	0	0.0	0	0.0	0	0.0	0	0.0	0
<b>Totals</b>	<b>0</b>	<b>0.0</b>	<b>0</b>	<b>0.0</b>	<b>15</b>	<b>47.3</b>	<b>14</b>	<b>47.3</b>	<b>6</b>

## LIMITED SCOPE REVIEW ASSESSMENT AREA CONCLUSION

### CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN THE DALLAS-ROCKWALL ASSESSMENT AREA

The bank's performance in the AA received a limited review as the bank's operations in this area are not significant. Therefore, the following conclusion regarding performance did not weigh heavily in the overall rating. The results of the lending, investment, and service test are considered to be generally consistent with the overall performance in the full scope AAs. Supporting tables follow.



ASSESSMENT AREA	LENDING TEST	INVESTMENT TEST	SERVICE TEST
Dallas-Rockwall County	Consistent	Consistent	Consistent

The tables below further detail the bank's performance along with the aggregate lenders and AA's demographics.

<b>DISTRIBUTION OF 2012 SMALL BUSINESS BY REVENUE SIZE ASSESSMENT AREA: DALLAS AND ROCKWALL COUNTIES</b>							
Business Revenue by Size <sup>1</sup>	Small Business Loans				Aggregate CRA Data <sup>2</sup>		% of Businesses <sup>3</sup>
	#	\$(000)	# %	\$ %	# %	\$ %	
\$1MM or less	7	713	50.0	21.3	42.5	44.1	93.7
Over \$1MM	6	2,393	42.9	71.3	Not Reported		2.8
Not Known	1	250	7.1	7.4			3.5

<sup>1</sup>CRA defines small businesses loans as loans in the amount of \$1 million or less.  
<sup>2</sup> Aggregate loan data reflects all loan originations in the bank's AA reported by all CRA filers.  
<sup>3</sup> The percentage of businesses and farms in the AA is based on 2012 Dun & Bradstreet Data.

<b>DISTRIBUTION OF 2011 HMDA LOANS BY BORROWER INCOME LEVELS ASSESSMENT AREA: DALLAS AND ROCKWALL COUNTIES</b>							
<b>Borrower Income Level</b>	<b>Bank Loans</b>				<b>Aggregate HMDA Data<sup>1</sup></b>		<b>% of Families<sup>2</sup></b>
	<b>#</b>	<b>\$000s)</b>	<b># %</b>	<b>\$ %</b>	<b># %</b>	<b>\$ %</b>	
<b>Total Home Mortgage Loans<sup>3</sup></b>							
Low	3	107	8.3	2.2	7.6	4.2	16.2
Moderate	4	422	11.1	8.7	18.3	13.1	18.8
Middle	7	771	19.4	16.0	19.9	17.3	23.5
Upper	19	3,115	52.8	64.5	35.2	42.6	41.5
Unknown	3	418	8.4	8.6	19.0	22.8	0.0
<b>Home Purchase Loans</b>							
Low	1	59	5.6	2.1	11.1	6.6	16.2
Moderate	3	322	16.7	11.4	24.7	19.7	18.8
Middle	2	319	11.1	11.3	20.8	20.9	23.5
Upper	11	2,100	61.1	74.4	28.7	40.5	41.5
Unknown	1	24	5.5	0.8	14.7	12.3	0.0
<b>Refinanced Loans</b>							
Low	0	0	0.0	0.0	4.2	2.5	16.2
Moderate	1	100	8.3	5.9	11.7	8.5	18.8
Middle	4	417	33.3	24.5	18.9	16.3	23.5
Upper	5	792	41.7	46.5	41.5	50.6	41.5
Unknown	2	394	16.7	23.1	23.7	22.1	0.0
<b>Home Improvement Loans</b>							
Low	2	48	33.3	15.7	7.2	1.9	16.2
Moderate	0	0	0.0	0.0	18.7	9.5	18.8
Middle	1	35	16.7	11.4	22.3	17.1	23.5
Upper	3	223	50.0	72.9	47.5	64.1	41.5
Unknown	0	0	0.0	0.0	4.3	7.4	0.0

<sup>1</sup> Aggregate loan data reflects all loan originations in the bank's AA reported by all HMDA filers.  
<sup>2</sup> The percentage of families and households are based on 2000 census data.  
<sup>3</sup> Multi-Family Loans are not considered in the Borrower Analysis.

<b>DISTRIBUTION OF 2012 HMDA LOANS BY BORROWER INCOME LEVELS ASSESSMENT AREA: DALLAS AND ROCKWALL COUNTIES</b>							
<b>Borrower Income Level</b>	<b>Bank Loans</b>				<b>Aggregate HMDA Data<sup>1</sup></b>		<b>% of Families<sup>2</sup></b>
	<b>#</b>	<b>\$000s)</b>	<b># %</b>	<b>\$ %</b>	<b># %</b>	<b>\$ %</b>	
<b>Total Home Mortgage Loans<sup>3</sup></b>							
Low	4	416	7.1	5.1	6.2	3.5	17.4
Moderate	8	685	14.3	8.3	14.9	11.0	17.0
Middle	8	797	14.3	9.7	20.0	18.2	23.2
Upper	35	6,168	62.5	75.1	41.3	50.4	42.4
Unknown	1	147	1.8	1.8	17.6	16.9	0.0
<b>Home Purchase Loans</b>							
Low	3	324	15.0	8.5	9.0	5.0	17.4
Moderate	1	162	5.0	4.3	19.3	14.8	17.0
Middle	3	409	15.0	10.7	22.0	21.8	23.2
Upper	13	2,916	65.0	76.5	35.9	47.5	42.4
Unknown	0	0	0.0	0.0	13.8	10.9	0.0
<b>Refinanced Loans</b>							
Low	1	92	4.5	2.6	4.1	2.4	17.4
Moderate	4	511	18.2	14.5	11.6	8.0	17.0
Middle	3	359	13.6	10.2	18.4	15.5	23.2
Upper	13	2,420	59.1	68.6	44.8	53.1	42.4
Unknown	1	147	4.6	4.1	21.1	21.0	0.0
<b>Home Improvement Loans</b>							
Low	0	0	0.0	0.0	2.2	1.6	17.4
Moderate	3	12	21.4	1.4	10.6	6.6	17.0
Middle	2	29	14.3	3.3	20.6	16.0	23.2
Upper	9	832	64.3	95.3	58.9	55.0	42.4
Unknown	0	0	0.0	0.0	7.7	20.8	0.0

<sup>1</sup> Aggregate loan data reflects all loan originations in the bank's AA reported by all HMDA filers.  
<sup>2</sup> The percentage of families and households are based on 2010 census data.  
<sup>3</sup> Multi-Family Loans are not considered in the Borrower Analysis.

**DISTRIBUTION OF 2012 SMALL BUSINESS LOANS  
BY INCOME LEVEL OF GEOGRAPHY  
ASSESSMENT AREA: DALLAS AND ROCKWALL COUNTIES**

Census Tract Income Level	Small Business Loans <sup>1</sup>				Aggregate CRA Data <sup>2, 4</sup>		% of Businesses <sup>3</sup>
	#	\$(000)	# %	\$ %	# %	\$ %	
Low	0	0	0.0	0.0	0.9	0.4	1.1
Moderate	1	25	7.15	0.7	13.6	17.3	17.9
Middle	10	2,820	71.4	84.1	40.8	45.4	41.0
Upper	3	510	21.4	15.2	42.2	35.6	40.0

<sup>1</sup>CRA defines small businesses loans as loans in the amount of \$1 million or less.

<sup>2</sup> Aggregate loan data reflects all loan originations in the bank's AA reported by all CRA filers.

<sup>3</sup> The percentage of businesses in the AA is based on 2012 Dun & Bradstreet Data.

<sup>4</sup> Does not include tracts where the income level is unknown, which is 2.5% by number and 1.3% by dollar for aggregate lenders. Only includes tract locations not reported.

<b>DISTRIBUTION OF 2011 HMDA LOANS BY INCOME LEVEL OF GEOGRAPHY ASSESSMENT AREA: DALLAS AND ROCKWALL COUNTIES</b>							
Census Tract Income Level	Bank Loans				Aggregate HMDA Data <sup>1</sup>		% of Owner Occupied Units <sup>2</sup>
	#	\$(000)	# %	\$ %	# %	\$ %	
<b>Total Home Mortgage Loans</b>							
Low	0	0	0.0	0.0	0.0	0.0	0.0
Moderate	1	46	2.8	1.0	6.3	4.8	15.3
Middle	15	1,885	41.7	39.0	34.9	33.6	41.9
Upper	20	2,902	55.5	60.0	58.8	61.6	42.8
<b>Home Purchase Loans</b>							
Low	0	0	0.0	0.0	0.0	0.0	0.0
Moderate	1	46	5.5	1.6	7.4	4.5	15.3
Middle	7	1,071	38.9	37.9	37.3	32.4	41.9
Upper	10	1,707	55.6	60.5	55.3	63.1	42.8
<b>Refinanced Loans</b>							
Low	0	0	0.0	0.0	0.0	0.0	0.0
Moderate	0	0	0.0	0.0	5.0	3.2	15.3
Middle	4	549	33.3	32.2	32.2	28.9	41.9
Upper	8	1,154	66.7	67.8	62.8	67.9	42.8
<b>Home Improvement Loans</b>							
Low	0	0	0.0	0.0	0.0	0.0	0.0
Moderate	0	0	0.0	0.0	5.9	3.6	15.3
Middle	4	265	66.7	86.6	38.0	33.2	41.9
Upper	2	41	33.3	13.4	56.1	63.2	42.8

<sup>1</sup> Aggregate loan data reflects all loan originations in the bank's AA reported by all HMDA filers.  
<sup>2</sup> Based on 2000 census data.

<b>DISTRIBUTION OF 2012 HMDA LOANS BY INCOME LEVEL OF GEOGRAPHY ASSESSMENT AREA: DALLAS AND ROCKWALL COUNTIES</b>							
<b>Census Tract Income Level</b>	<b>Bank Loans</b>				<b>Aggregate HMDA Data<sup>1</sup></b>		<b>% of Owner Occupied Units<sup>2</sup></b>
	<b>#</b>	<b>\$(000)</b>	<b># %</b>	<b>\$ %</b>	<b># %</b>	<b>\$ %</b>	
<b>Total Home Mortgage Loans</b>							
Low	0	0	0.0	0.0	0.2	0.1	1.1
Moderate	1	39	1.8	0.5	8.2	5.3	17.2
Middle	16	1,900	28.6	23.1	34.6	29.8	37.1
Upper	39	6,274	69.6	76.4	57.0	64.8	44.6
<b>Home Purchase Loans</b>							
Low	0	0	0.0	0.0	0.3	0.1	1.1
Moderate	0	0	0.0	0.0	9.7	5.8	17.2
Middle	7	1,276	35.0	33.5	37.9	32.3	37.1
Upper	13	2,535	65.0	66.5	52.1	61.8	44.6
<b>Refinanced Loans</b>							
Low	0	0	0.0	0.0	0.1	0.0	1.1
Moderate	0	0	0.0	0.0	7.0	4.2	17.2
Middle	5	369	22.7	10.5	32.1	28.0	37.1
Upper	17	3,160	77.3	89.5	60.8	67.8	44.6
<b>Home Improvement Loans</b>							
Low	0	0	0.0	0.0	0.0	0.0	1.1
Moderate	1	39	7.1	4.5	6.9	3.6	17.2
Middle	4	255	28.6	29.2	33.0	28.8	37.1
Upper	9	579	64.3	66.3	60.1	67.6	44.6

<sup>1</sup> Aggregate loan data reflects all loan originations in the bank's AA reported by all HMDA filers.  
<sup>2</sup> Based on 2010 census data.

The table below illustrates the number and dollar volume of community development activities initiated by the bank since the last CRA evaluation on September 12, 2011.

<b>ASSESSMENT AREA: DALLAS AND ROCKWALL COUNTIES</b>									
<b>COMMUNITY DEVELOPMENT (CD) ACTIVITIES</b>									
<b>Purpose</b>	<b>CD Loans</b>		<b>Qualified Investments</b>						<b>CD Services</b>
			<b>Investments</b>		<b>Donations</b>		<b>Total Investments</b>		
	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>	<b>#</b>
Affordable Housing	0	0.0	0	0.0	0	0.0	0	0.0	0
Community Services	1	0.0	0	0.0	10	16.2	10	16.2	1
Economic Development	0	0.0	0	0.0	1	0.5	1	0.5	1
Revitalization and Stabilization	0	0.0	0	0.0	0	0.0	0	0.0	0
<b>Totals</b>	<b>1</b>	<b>75.0</b>	<b>0</b>	<b>0.0</b>	<b>11</b>	<b>16.7</b>	<b>11</b>	<b>16.7</b>	<b>2</b>

## GLOSSARY

**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 metropolitan area/AA.

**Census tract:** A small, relatively permanent statistical subdivision of a county. Census tract boundaries do not cross county lines; however, they may cross the boundaries of metropolitan statistical areas. Census tracts average about 4,000 inhabitants, and their physical size varies widely depending upon population density. Census tracts are designed to be homogeneous with respect to the population characteristics, economic status, and living conditions to allow for statistical comparisons.

**Community development:** All agencies have adopted the following language: 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.

**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).

**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 income of the applicants; the amount of loan requested; and the disposition of the application (for example, approved, denied, or withdrawn).

**Home mortgage loans:** Includes home purchase and home improvement loans as defined in the HMDA regulation. This definition also includes multifamily (five or more families) dwelling loans, loans for the purchase of manufactured homes, and refinancing of home improvement and home purchase loans.

**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.

**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 metropolitan area/assessment area.

**Metropolitan area (MA):** A metropolitan statistical area (MSA) or a metropolitan division (MD) as defined by the Office of Management and Budget. A MSA is a core area containing at least one urbanized area of 50,000 or more inhabitants, together with adjacent communities having a high degree of economic and social integration with that core. A MD is a division of a MSA based on specific criteria including commuting patterns. Only a MSA that has a population of at least 2.5 million may be divided into MDs.

**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 multistate 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 multistate metropolitan area, the institution will receive a rating for the multistate 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. However, thrift institutions may also exercise the option to report loans secured by nonfarm residential real estate as "small business loans" if the loans are reported on the TFR as nonmortgage, commercial loans.

**Small loan(s) to farm(s):** A loan included in 'loans to small farms' as defined in the instructions for preparation of the 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.

**Upper-income:** Individual income that is more than 120 percent of the area median income, or a median family income that is more than 120 percent, in the case of a geography.