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June 20, 2016

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

LegacyTexas Bank
RSSD # 878898

5851 Legacy Circle, Suite 1200
Plano, Texas 75201

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 RATING

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INSTITUTION'S CRA RATING: LegacyTexas Bank is rated **OUTSTANDING**.

The following table indicates the performance level of LegacyTexas Bank with respect to the lending, investment, and service tests.

PERFORMANCE LEVELS	LEGACYTEXAS BANK		
	PERFORMANCE TESTS		
	Lending Test*	Investment Test	Service Test
Outstanding	X		X
High Satisfactory		X	
Low Satisfactory			
Needs to Improve			
Substantial Non Compliance			

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

Summary of Major Factors Supporting Rating

Major factors supporting the institution's rating include:

- Lending activity reflects excellent responsiveness to assessment areas' credit needs.
- A substantial majority of loans are made in the bank's assessment areas.
- The geographic distribution of loans reflects good penetration throughout the assessment areas.
- The distribution of Home Mortgage Disclosure Act (HMDA) lending reflects excellent penetration among customers of different income levels.
- The distribution of small business lending reflects excellent penetration among business of different revenue sizes.
- An excellent record of servicing the credit needs of low-income individuals and areas and very small businesses.
- Is a leader in making community development loans.
- Makes extensive use of innovative and/or flexible lending practices in serving assessment area needs.
- Has a significant level of qualified community development investments and grants, particularly those not routinely provided by private investors and is occasionally in a leadership position.
- Makes occasional use of innovative and/or complex investments to support community development initiatives.
- Exhibits excellent responsiveness to credit and community development needs.
- Delivery systems are readily accessible to the bank's geographies and individuals of different income levels in the assessment areas.
- The record of opening and closing of branches has not adversely affected the accessibility of its delivery systems, particularly to low- and moderate-income (LMI) geographies and/or LMI individuals.

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- Services are tailored to the convenience and needs of its assessment areas, particularly LMI geographies and/or LMI individuals.
- Is a leader in providing community development services.

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Description of the Institution

On January 1, 2015, LegacyTexas Bank (Legacy) merged into Viewpoint Bank, N.A. (VPB) through the acquisition of LegacyTexas Group, Inc. by Viewpoint Financial Group, Inc., on that same date. The name LegacyTexas Bank was chosen to remain for the newly-merged subsidiary bank. The surviving parent company, Viewpoint Financial Group, Inc., also changed its name to LegacyTexas Financial Group (LFG). The bank opened its doors as the “new” LegacyTexas Bank on February 17, 2015.

LFG is a one-bank holding company which also owns one non-bank subsidiary, Legacy Capital Trust III (Trust III), Wilmington, Delaware. Trust III is a special purpose entity created to issue trust preferred securities. Legacy wholly owns two subsidiaries: LegacyTexas Title Company (LTC), Dallas, Texas, and LegacyTexas Insurance Services, Inc. (LIS), Richardson, Texas. LTC provides title services for personal and commercial properties. LIS is predominately a commercial insurance provider with a small portion of its business in personal insurance activities.

The bank’s business strategy focuses on retail banking (consumer deposit and loans), mortgage lending (primarily residential), business banking (emphasis on small to medium-size business), and commercial real estate.

There are three assessment areas, and as of March 31, 2016, total deposits were \$5.3 billion. Since the merger of the two banks, Legacy added Parker County (listed below) to its Fort Worth assessment area. Descriptions of the assessment areas can be found in the applicable assessment area sections of this report.

- Dallas assessment area consists of three counties, Collin, Denton, and Dallas. This assessment area is part of the Dallas-Irving-Plano Metropolitan Division (MD) (19124) and also part of the Dallas – Fort Worth – Arlington MSA (19100).
- Fort Worth assessment area consists of three counties, Parker, Tarrant, and Wise. This assessment area is part of the Fort Worth – Arlington MD (23104) and also part of the Dallas - Fort Worth - Arlington MSA (19100).
- Jack assessment area consists of one, non-metropolitan county.

As of March 31, 2016, the Bank reported total assets of approximately \$7.6 billion, gross loans of \$6.3 billion, and total equity capital of \$851 million as of March 31, 2016.

Loan Portfolio

As indicated by the following table, the bank’s loan portfolio consisted primarily of commercial and residential real estate lending, which aligns with its business strategy. The bank originated loans secured by real estate with a combined total of 56.8% of the loan portfolio and \$3.6 billion by dollar volume. The second largest loan product is commercial and industrial lending with 24.6% of the loan portfolio and \$1.5 billion by dollar volume. There are no financial or legal impediments that would prevent this bank from fulfilling its responsibilities under the CRA.

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Product	3/31/2016 \$(000's)	% of Loans	3/31/2015 \$(000's)	% of Loans
<u>Real Estate</u>				
1-4 Family Residential Construction Loans	110,741	1.8	85,099	1.6
Other Construction Loans & Land Development & Other	156,156	2.5	130,850	2.5
Farm Land	32,425	0.5	44,128	0.8
1-4 Family – Revolving	41,922	0.7	36,323	0.7
1-4 Family Residential Secured by First Liens	873,610	13.8	702,812	13.4
1-4 Family Residential Secured by Junior Liens	85,619	1.4	82,534	1.6
Multifamily	557,464	8.8	271,162	5.2
<u>Nonfarm Nonresidential</u>				
Loans Secured Owner Occupied Nonfarm Nonresidential	381,768	6.0	386,725	7.4
Loans Secured by Other Nonfarm Nonresidential	1,346,467	21.3	1,183,800	22.5
Total Real Estate	3,586,172	56.8	2,923,433	55.6
Agricultural	4,326	0.1	3,477	0.1
Commercial and Industrial	1,552,972	24.6	1,135,118	21.6
Consumer	46,706	0.7	54,440	1.0
State and Political Subdivisions	206	0.0	344	0.0
Other	1,106,938	17.5	1,108,045	21.1
Lease Financing	18,651	0.3	31,432	0.6
Gross Loans	6,315,971	100.0	5,256,289	100.0

Previous Performance Evaluation

VPB received a Satisfactory rating on its previous CRA performance evaluation dated January 14, 2013 performed by the Office of the Comptroller of the Currency. The lending test was rated High Satisfactory, the investment test was rated Outstanding, and the service test was rated High Satisfactory.

Legacy received a Satisfactory rating on its previous CRA performance evaluation dated January 6, 2014 performed by the Federal Reserve Bank of Dallas. The lending test was rated High Satisfactory, the investment test was rated High Satisfactory, and the service test was rated High Satisfactory.

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Scope of Examination

Examination Review Period and Products Reviewed

The entire evaluation period covers January 1, 2013 through June 20, 2016. The lending test performance was based on HMDA loans from the period of January 1, 2013 through December 31, 2015. The period of review for the small business data was January 1, 2013 through December 31, 2015. CRA-reportable small farm loans are not a major product for the bank; therefore, they were not considered as part of this evaluation. HMDA and small business data lending for the period January 1, 2013 through December 31, 2013 were evaluated for consistency with the years of data presented in this evaluation. Unless otherwise addressed in the discussion, the bank's performance for this period was consistent with performance for the years presented¹.

Community development loans, investments, and service activities from January 1, 2013 through June 20, 2016 were considered during this evaluation. In addition, the evaluation considered prior period investments.

In accordance with FFIEC, Large Institution CRA Examination Procedures, HMDA and small business lending activities reported by the bank from January 1, 2013 through December 31, 2014 were reviewed for VPB. HMDA and small business lending activity reported from January 1, 2014 through December 31, 2014 were reviewed for LegacyTexas (pre-acquisition), as activities prior to January 1, 2014 were previously evaluated by this Reserve Bank. Finally, a review of combined institutions of LegacyTexas HMDA and small business activities for the period of January 1, 2015 through December 31, 2015 was conducted.

Although this Reserve Bank verified the bank's small farm loan data, the product is immaterial to business activities and would not render a meaningful analysis for the purpose of this CRA evaluation. The bank only originated 97 or <1% of its loans inside its assessment areas. Qualified community development loans, investments, and services were also considered since the last evaluation from each bank and through June 20, 2016 for all combined institutions.

The Dallas and Ft. Worth assessment areas were reviewed using full scope review procedures due to their significance in branch presence, loan originations, and community development activities within the areas. Jack County, non-metropolitan area was evaluated using the limited scope review procedures. Jack County has one tract in an upper-income area, and the bank maintains one office in this county. A full-scope review would not have rendered meaningful analysis based on the bank's limited footprint, volume of loan originations, and geographic make-up of the area.

Given the number of offices and the overwhelming majority of lending and deposit activity in the Dallas assessment area, the bank's performance in this assessment area received the greatest weight. Additionally, HMDA loans received the greatest weight in terms of the products analyzed due to their significance in the loan portfolio. Lending activity reflects 65.0% of loans during the

¹ For HMDA and small business data, lending tables reflecting the borrower and geographic distribution of all full calendar year(s) of data from the most recent data set included in the most recent CRA evaluation will be generated. Lending tables for only the two most recent full calendar years will be presented in the PE. All of these data will be evaluated under the geographic and borrower distribution elements of the Lending Test.

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review period of HMDA related products. The bank originated or purchased 4,241 HMDA loans or approximately 89.8% of these types of loans totaling \$985.4 million inside its assessment areas.

Examination Analysis

The evaluation of the bank's record of lending in the individual assessment areas includes the use of and comparison to demographic characteristics. The primary sources for the demographic information are the 2010 U.S. Census and Dun & Bradstreet (D&B) data. Demographic characteristics of a particular assessment area are useful in analyzing the bank's record of lending as they provide a means of estimating loan demand and identifying lending opportunities. To understand small business and small farm loan demand, self-reported data of revenue size and geographical location from business and farm entities is collected and published by D&B. The demographic data should not be construed as defining an expected level of lending in a particular area or to a particular group of borrowers. The information is used to understand the bank's performance context and evaluate the bank.

In conjunction with the assessment, contact was made outside the bank with individuals, groups, and organizations. Community contacts were located throughout the assessment areas and included representatives of community-based organizations, municipalities, and quasi-government agencies.

Conclusions With Respect to Performance Tests

Lending Test

The bank's overall Lending Test rating is Outstanding. Lending activity reflects excellent responsiveness to assessment area credit needs. The geographic distribution of loans reflects good penetration throughout the assessment area. The distribution of borrowers reflects excellent penetration among borrowers of different income levels and businesses of different revenue sizes. Additionally, the bank is a leader in making community development loans.

Legacy is both a small business and HMDA lender. During the review period, the bank reported 2,429 (33.0 %) small business loans compared to 4,725 (65.0 %) HMDA loans. Therefore, small business lending was given less weight than HMDA lending in determining the bank's Lending Test rating in the assessment areas.

References are made to the bank's lending distribution by geography and borrower income throughout this report. Detailed information about the bank's HMDA- and CRA-reportable loans can be found in tables in Appendix C.

Lending Activity

Legacy's lending levels reflect excellent responsiveness to assessment areas credit needs. The following tables summarize the lending activity from January 1, 2014 through December 31, 2015. As the data indicates, the bank makes more HMDA loans than other types of loans.

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LENDING ACTIVITY				
Loan Type	#	%	\$(000s)	%
Total Consumer related	0	0	\$0	0
Home Improvement	1,789	24.6	\$84,441	4.5
Home Purchase	2,064	28.5	\$551,117	29.4
Multi-Family Housing	42	0.6--	\$456,298	24.3
Refinancing	830	11.5	\$266,022	14.2--
Total HMDA related	4,725	65.2	\$1,357,878	72.4
Small Business	2,429	33.5	\$509,989	27.2
Total Small Business related	2,429	33.5	\$509,989	27.2
Small Farm	97	1.3	\$7,219	0.4
Total Small Farm related	97	1.3	\$7,219	0.4
TOTAL LOANS	7,251	100.0	\$1,875,086	100.0

The following table shows the distribution of loans inside and outside Legacy's assessment areas. A substantial majority of loans are made in the bank's assessment areas.

Loan Types	Inside				Outside			
	#	%	\$(000s)	%	#	%	\$(000s)	%
Home Improvement	1,664	93	\$77,978	92.3	125	7	\$6,463	7.7
Home Purchase - Conventional	1,512	87.5	\$422,268	86.4	216	12.5	\$66,361	13.6
Home Purchase - FHA	239	84.5	\$39,274	81.7	44	15.5	\$8,789	18.3
Home Purchase - VA	29	54.7	\$9,028	62.6	24	45.3	\$5,397	37.4
Multi-Family Housing	24	57.1	\$234,194	51.3	18	42.9	\$222,104	48.7
Refinancing	773	93.1	\$202,698	76.2	57	6.9	\$63,324	23.8
Total HMDA related	4,241	89.8	\$985,440	72.6	484	10.2	\$372,438	27.4
Small Business	2,260	93	\$464,673	91.1	169	7	\$45,316	8.9
Total Small Bus. related	2,260	93	\$464,673	91.1	169	7	\$45,316	8.9
Small Farm	79	81.4	\$4,920	68.2	18	18.6	\$2,299	31.8
Total Small Farm related	79	81.4	\$4,920	68.2	18	18.6	\$2,299	31.8
TOTAL LOANS	6,580	90.7	\$1,455,033	77.6	671	9.3	\$420,053	22.4

Geographic Distribution and Distribution by Borrower Income and Business Revenue Size

Consistent with the performance standards for a large bank, conclusions about the bank's distribution of lending within its assessment areas consider; the number and amount of loans in low-, moderate-, middle-, and upper-income geographies in the bank's assessment areas; home mortgage loans to low-, moderate-, middle-, and upper-income individuals; small-business loans to businesses with gross annual revenues of \$1 million or less; and, small-business loans by loan amount at origination.

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The CRA emphasizes the importance of banks serving the credit needs of their assessment areas, including low- and moderate- income borrowers and areas. In April 2015, Legacy implemented the Mortgage Outreach Program which was designed with the purpose to meet the credit needs of applicants residing in the bank's assessment areas who do not qualify under the bank's standard underwriting guidelines for affordable housing. Legacy is recognized for making extensive use of innovative and flexible lending practices in serving assessment area credit needs, specifically as it relates to its mortgage lending initiative. Since beginning its specialized mortgage loan program, Legacy reported 127 loan originations totaling \$25.2 million. The properties for these loans must be located in low- or moderate-income geographies, or borrowers must have incomes of 80% of HUD median family incomes to be eligible.

The bank's distribution of lending to borrowers reflects an excellent penetration among individuals of different income levels (including low- and moderate-income) and businesses of revenue different sizes. Both of the full-scope assessment areas are considered excellent. A detailed discussion of the facts and data supporting the overall conclusions are presented in the Conclusions with Respect to Performance Criteria section for each assessment area.

The geographic distribution of loans reflects good penetration throughout the assessment areas. Of the two full-scope assessment areas, both are considered good. A detailed discussion of the facts and data supporting the overall conclusions are presented in the Conclusions with Respect to Performance Criteria section for each assessment area.

Community Development Lending

Legacy is a leader in making community development loans. A total of 138 community development loans, totaling approximately \$172.9 million, were originated in its assessment areas since the previous evaluation. The majority of these loans were for affordable housing. In addition, loans were made for economic development and to organizations providing services targeted to low- and moderate- income individuals. Legacy operates in a very competitive market for community development loans, and their commitment to making qualified community development loans shows great responsiveness to community needs.

The community development loans originated during the evaluation period were for a variety of purposes. The table below summarizes the bank's community development lending.

Community Development Lending		
Purpose	Number	\$('000s)
Affordable Housing	117	115,567
Community Services	1	67
Economic Development	13	30,183
Revitalize and Stabilize	7	27,126
Total	138	172,943

Investment Test

Legacy's overall Investment Test rating is High Satisfactory. The bank has a significant level of qualified community development investments and grants, particularly those not routinely provided by private investors and is occasionally in a leadership position. The bank made a total

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of \$102.5 million in investments and donations, benefiting its assessment areas. There was occasional use of innovative or complex investments to support community development initiatives, and donations exhibit excellent responsiveness to credit and community development needs noted by community contacts, who mentioned affordable housing and economic development as needs in the assessment areas.

A large percentage of Legacy's community development investments is credited at the institution level because the investments benefit the larger regional area rather than one specific assessment area or metropolitan division. Approximately \$27.6 million of Legacy's combined investments benefited its larger regional area. This, along with assessment area specific investments, the bank made 25 qualified investments during both the prior and current review periods, including 182 donations which totaled approximately \$64.9 million. The total includes donations of \$698 thousand and investments of \$64.2 million. These numbers include prior period investments totaling \$7.6 million and an additional 11 current period investments of \$22.6 million that are within the bank's broader regional area.

Service Test

Legacy's overall performance in providing retail banking and community development services is rated Outstanding. The bank's retail delivery systems are readily accessible to the bank's geographies and individuals of different income levels in its assessment areas. Products are available as described throughout all the assessment areas unless otherwise noted.

Retail Banking Services

Delivery systems are readily accessible to Legacy's geographies and to individuals of different income levels. The bank's branch network consists of 47 full-service offices and two limited service locations. Its record of opening and closing branches has not adversely affected the accessibility of its delivery systems particularly to LMI geographies and/or LMI individuals. During the review period, the bank closed six branches, and of these, none were in a low-income tract, and one was located in a moderate-income tract.

Services do not vary in a way that inconveniences, particularly low- and moderate-income geographies or low- and moderate individuals. The majority of Legacy's locations have hours of operations from 9:00 a.m. to 5:00 p.m. and drive thru hours of 7:30 a.m. to 6:00 p.m. The bank locations offer Saturday hours of operation from 9:00 a.m. to 1:00 p.m., drive-thru facilities are also available in this time period.

Legacy offers a wide variety of loan and deposit products for individual and business needs within the assessment areas. The bank provides access to commercial and consumer services at each branch with no geographic limitations for products and/or services. Additionally, Legacy also offers a host of alternate delivery services. Customers can access information regarding their checking, savings, and loan balances, interest rates, recent transactions, check verification (for merchants), and pending transactions, and make certain transactions such as pay bills, make transfers and loan payments, and receive their statements electronically, by using one or more of the alternative delivery systems. Also, a range of on-line services are available for commercial customers, including informational services and various cash management services such as: online banking, online bill pay, enhanced email account alert options, external bank account

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transfers, free text message, free mobile banking with mobile deposit, free mobile app, finance works, Legacy Rewards, and touchtone teller.

Prior to the merger, VPB's branching footprint consisted of 26 full-service locations, three limited-service branches, and 16 off-premise ATMs. The acquisition of LegacyTexas Bank by VPB added 19 new locations, with one limited-service branch, and two off premise ATMs. Refer to the individual assessment areas for details regarding the bank's distribution of branches and ATMs.

With some closure activities, as of the date of this evaluation, approximately 2.3% of the bank's offices are located in low-income census tracts, 11.4% in moderate-income census tracts, 29.5% in middle-income census tracts, and 56.8% in upper-income census tracts.

Alternative delivery channels are provided through online banking options including online bill pay, smart phone applications, text message banking, and telephone banking. While the bank does not collect account holder's income, it is able to identify that there were 46,668 online banking households and 4,821 are located in low and moderate-income geographies. In 2015, the bank further identified 14,353 online bill pay households of which 989 are located in low- and moderate-income geographies. Finally, the bank recognizes that if customers can access the internet on their smart phone, tablet, they can access their bank account. As of 2015, the free service had 45,257 customers registered for the application. While the bank does not have information regarding the accountholders income, they are able to identify that there were 23,176 households with the application and 2,469 are located in low- and moderate-income geographies.

All of Legacy's locations are equipped with full service ATMs that perform: cash withdrawals, deposits, transfers balance inquiries and fast cash.

- Legacy operates 17 automated teller machines (ATMs) in low- and moderate-income geographies. The bank also owns 30 ATMs that are located adjacent to LMI geographies. In 2015, these ATM's had over 40,000 monthly transactions servicing the surrounding low- and moderate-income population with banking needs including withdrawals, deposits, etc.

Tract Income	% of Geographies	% of Households	Branches*		Full Service ATMs		Cash Only ATMs	
			#	%	#	%	#	%
Low	11.8	9.7	1	2.1	0	0	1	3.7
Moderate	25.7	24.1	5	10.6	9	15.8	7	25.9
Middle	28.6	31.9	13	27.7	18	31.6	9	33.3
Upper	33.8	34.3	28	59.6	30	52.6	10	37.0
Total	100.0	100.0	47	100.0	57	100.0	27	100.0

*Two branches listed above are limited service branches.

Community Development Services

Legacy is a leader in providing community development services. Officers and employees provided financial services expertise that benefited organizations with a community development purpose of providing affordable housing to LMI individuals, economic development, and to provide services targeted to LMI individuals. In most cases, bank staff served in leadership roles, sometimes as board members or finance committee members. In a majority of instances, employees assisted with fundraising activities and provided financial literacy education. Details of these services are noted in the descriptions of each assessment area.

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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.

DALLAS ASSESSMENT AREA

METROPOLITAN AREAS (Full Scope Review)

Description of Operations in Dallas Assessment Area

Dallas, Texas' prominence arose from its importance as a center for the oil and cotton industries and its location along numerous railroad lines. Dallas bankers were among the first in the nation to lend money to oil companies using oil reserves as collateral. Today, Dallas serves as the business and financial services center for the state and has evolved into a major high-tech hub. The Dallas assessment area includes Dallas, Collin, and Denton Counties. These counties along with Ellis, Hunt, Kaufman and Rockwall, which are excluded from the assessment area, make up the Dallas-Plano-Irving metropolitan division (MD). This MD together with the Fort Worth-Arlington MD make up the Dallas-Fort Worth metropolitan statistical area (MSA).

The population of the Dallas – Fort Worth MSA is 6.95 million. As of 2014, the assessment area hereafter referred to as the Dallas assessment area is home to more than 3.99 million people. As of June 20, 2016 the bank operated 37 branches in the assessment area representing 77% of its branches. There is one branch located in low-income census tracts, four branches in moderate-income census tracts, seven middle-income census tracts, and 25 branches in upper-income census tracts.

The Dallas assessment area is a highly competitive banking market. As of June 30, 2015, there were a total of 122 Federal Deposit Insurance Corporation (FDIC) institutions operating 1,052 offices in the assessment area. There was a total of \$185.1 billion in deposits. The top five banks in the assessment area, ranked by deposit size are listed in the table below.

Institution Name	Offices in Market (#)	Deposits in Market (\$000)	Market Share (%)
Bank of America	109	64,852,533	35.0
JPMorgan Chase Bank	175	42,073,321	22.7
Wells Fargo Bank	108	13,167,982	7.1
Texas Capital Bank	6	10,164,604	5.5
Compass Bank	58	6,535,199	3.5

As of June 30, 2015 , the bank had \$4.0 billion in deposits in Dallas representing 89% of the bank's total deposits. With the high competition in the Dallas market, the bank's 37 branches held 2.2% of the deposit market share, making it seventh in line with the 122 institutions. As the table above shows, the two largest national banks dominate the market with their 284 branches, and nearly 60.0% of all deposits. Of all the institutions in this market, 110 (90.1%) of these competing institutions hold less than one percent.

Demographic Characteristics:

Certain economic and demographic data are available for analysis for the Dallas-Plano-Irving MD as a whole and not the specific assessment area. However, it is reasonable to believe that the data for the MD area provides a good representation of the characteristics of the assessment area because the population of the assessment area includes 90.2% of the Dallas-Plano-Irving MD, and distribution of low-, moderate-, middle-, and upper-income families for the two areas is similar according to 2010-2014 data.

DALLAS ASSESSMENT AREA

County	County Seat	Population ²		Population Density/ sq. mile		Land Area (sq. mile)	
		#	Rank	#	Rank	#	Rank
Dallas	Dallas	2,448,943	2	2,695	1	871	177
Collin	McKinney	836,947	6	945	6	841	186
Denton	Denton	708,627	9	744	8	878	172
Texas		26,092,033	2	97	24	261,232	2

According to the table above, the 2014 assessment area population was 3,994,517, which accounts for 15.3% of the population in the state. Based on the 2010 population of 3,811,518, the assessment area has experienced an increase of 4.8% since 2010. Dallas, the largest city within the assessment area, and the third largest city in the State of Texas with a 2014 population of 1,240,985, accounts for 31.1% of the population in the assessment area. Other major cities in the assessment area are Plano, Garland, and McKinney. Refer to the end of the Performance Context section for more detailed demographic information for the assessment area.

Income Characteristics:

For purposes of classifying borrower income, this evaluation uses ACS 2006-2010 data for the relevant area. The following chart reflects the estimated median family income for the years 2013 through 2015 for the Dallas-Plano-Irving MD. It also provides a range of the estimated annual family income for each income category (low, moderate, middle, and upper). According to the 2010 Census, 10.6% of the families in the assessment area lived below the poverty level.

Dallas-Plano-Irving MD			
Income Level	2013	2014	2015
Median Income	\$69,000	\$69,100	\$70,500
Low-income	< \$34,500	< \$34,550	< \$35,250
Moderate-income	\$34,500-\$55,199	\$34,550-\$55,279	\$35,249-\$56,399
Middle-income	\$55,200-\$82,799	\$55,280-\$82,919	\$56,400-\$84,599
Upper-income	≥ \$82,800	≥ \$82,920	≥ \$84,600

Housing Characteristics:

Of total housing in the assessment area, 54.27% of the units are classified as owner-occupied while 36.38% are classified as rental units, and 9.35% of the available housing is vacant. Rental units represent 48.8% of housing units in low-income census tracts and 43.3% in moderate-income census tracts.

The following table³ lists the median price of a house, growth rate, and year built, as of 2010-2014, for counties within the assessment area, the state, and United States. Dallas, Collin and Denton County median housing values are above the state median. Overall, Texas price growth rate exceeds the national growth rate.

² Texas Land Area County Rank, USA.com; available from: www.usa.com/texas-state.htm

³ Texas Local Data, USA.com; available from: <http://www.usa.com/texas-state.htm>

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Area	Median Value	Price Growth Rate since 2000	Median Year Built
Dallas	\$129,200	39.4%	1978
Collin	\$211,900	36.3%	1996
Denton	\$189,000	41.9%	1995
Texas	\$131,400	59.3%	1984
National	\$175,700	46.9%	1976

The house value growth rate in the tri-county area is much lower than the state average rate of 59.3% and is lower than the national average rate of 46.9%. As a reference, the national Consumer Price Index (CPI) inflation rate for the same period is 26.6%. Overall, 12.7% of the housing stock in the assessment area is in low-income tracts. In these low-income census tracts, 23.3% of the housing units are owner-occupied, 60.8% are rental units, and 15.9% are vacant.

Moody's economic outlook reports diminishing housing affordability as the MD matures. The Texas A&M University, Real Estate Center recorded the Texas Housing Affordability Index (THAI) for 2015 in the Dallas MD as 1.67. This is lower than the state of Texas which reported 1.76 for the same year; however, a ratio higher than 1.00 is considered more affordable.⁴

Home Sales and Average Price



⁴ Texas A&M Real Estate Center; Texas Housing Affordability Index; available from: <https://www.recenter.tamu.edu/data/housing-activity#/thai>

The Texas Housing Affordability Index reflects the relationship between the current median family income in locale and the computed amount required to purchase a median-priced home. The required income derives from the current mortgage interest rate, an assumed 20 percent down payment, and the lenders' required mortgage debt-to-income ratio. A higher HAI indicates relatively greater affordability. A ratio of 1.00 means that the median family income (MFI) is exactly sufficient to purchase the median-priced home. A housing affordability index above 1.00 means the median family income exceeds the required income to purchase a median-priced home. Conversely, a housing affordability index below 1.00 indicates that the median family income is not sufficient to purchase the median-priced home.

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According to December 22, 2015, Federal Reserve Bank of Dallas, DFW Economic Indicators, the housing market remained strong with home prices trending upward. Home prices rose on a year-over-year basis by 11.0% in Dallas, which is higher than the Texas (7.5%) and national (5.7%) gains. “Prices in the metroplex are well above their peak before the housing bust, in part due to low inventories and continued strong demand.” The report further describes the increase of single-family home construction spurred by strong housing demand. “This year [2015] through October, total single-family permits were up 26 percent over the same period last year. However, homebuilding activity (measured by permits issued) remains below its prerecession peak and below levels seen in 2002 and 2003—before the onset of the housing boom—due to persistent labor shortages, constrained lending for land development and higher input costs.”

Dallas-Fort Worth (DFW) apartment construction remains strong. In October, the number of apartment permits issued was up 18.1% from September. This year through October, a total of 19,699 multifamily permits have been issued—up 31.2% from the same period last year.”

The Federal Reserve Bank of Dallas reported year-over-year rent growth in the first quarter of 2015 at an all-time high of 5.5% which was the strongest gain among four major Texas metro areas. Occupancy edged up 10 basis points to 94.8%, a 13-year high.⁵

Employment and Economic Conditions:

The Dallas-Fort Worth Metroplex Assessment Area’s economy is highly diverse and is home to some of the nation’s largest companies and employers. Business and financial services is the largest sector, employing around 14% of the workforce in 2014. Many of Dallas’ largest employers are banks, such as JPMorgan Chase, Bank of America, Comerica and Citigroup, and insurance companies, such as Health Care Service Corp.’s Blue Cross and Blue Shield of Texas unit. The Dallas area is also home to major technology companies, including Texas Instruments and AT&T. The information technology and telecommunications cluster employed about 8% of the metro’s workforce in 2014.⁶

The state of Texas average unemployment rates for 2013 through 2015 were lower than the national average. Overall, the MSA as a whole has fared better than the state and nationally. According to the 2010 Census, the unemployment rate was 11.7% in low-income census tracts and 9.1% in moderate-income census tracts. The high unemployment rates in low- and moderate-income census tracts could affect loan demand from these census tracts.

⁵ Dallas Fed; DFW Economic Indicators, April 21, 2015; available from <https://www.dallasfed.org/en/research/indicators/dfw.aspx#tab2>

⁶ Federal Reserve Bank of Dallas, Special Report, “At the Heart of Texas – Cities’ Industry Clusters Drive Growth”. February 2016. Available from: <http://www.dallasfed.org/research/heart/index.cfm>

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The following chart shows unemployment rates relevant to the assessment area for 2013 through 2015.

Unemployment Rates Relative to the Assessment Area⁷			
	2013	2014	2015
National	7.4%	6.2%	5.3%
Texas	6.2%	5.1%	4.5%
Dallas County	6.5%	5.4%	4.3%
Collin County	5.5%	4.5%	3.6%
Denton County	5.3%	4.4%	3.6%
Dallas-Plano-Irving-TX, MD	6.1%	5.0%	4.0%
Dallas-Fort Worth-Arlington TX, MSA	6.1%	5.0%	4.1%

The December 22, 2015 DFW Indicators explained unemployment in Dallas remained close to multiyear lows, suggesting a very tight labor market in the area. Unemployment was down 0.6 percentage points in Dallas compared with year-ago levels. Information on business cycle index according to Dallas Fed, states that overall economic growth was 'solid' in Dallas. "The Dallas index rose an annualized 6.7% in November following a 9.5 percent increase in October. Year over year, the index is up 7.0% percent in Dallas due to continued job creation and low unemployment."⁸

⁷ Unemployment Rate available from; <http://data.bls.gov/cgi-bin/dsrv?la>.

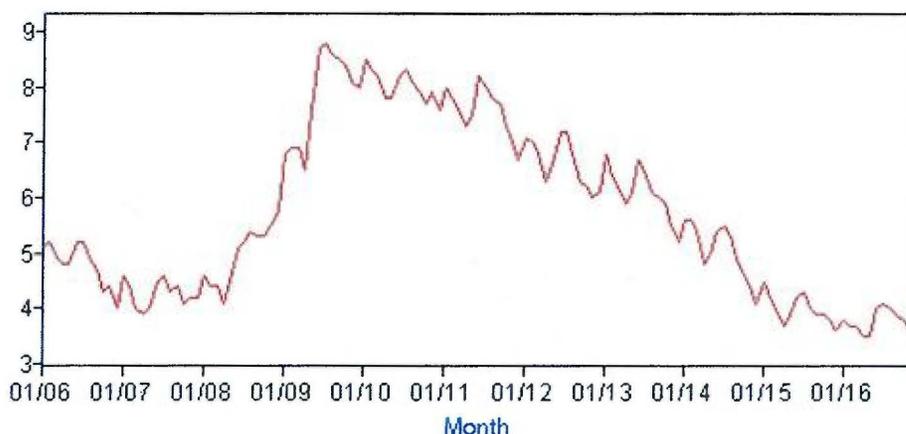
⁸ Dallas Fed; DFW Economic Indicators, December 22, 2015; available from <https://www.dallasfed.org/en/research/indicators/dfw.aspx#tab2>

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The Dallas Federal Reserve Bank produces business-cycle indexes for Texas and its major and border metros to help gauge the current economy of the state. The metro indexes are constructed using payroll employment, the unemployment rate, inflation-adjusted wages and inflation-adjusted retail sales.

Dallas-Plano-Irving MD
Unemployment Rate
2010-2016
(Seasonally adjusted)

unemployment rate



Reported by Moody's Analytics, the strengths of the Dallas MD include its stable demand for professional services due to the many corporate headquarters located here. It is labeled as maintaining a 'well-positioned' distribution center for Southwest as international trade grows, and migration trends/age structure of the population are favorable for its economics. However, it is noted that the area is exposed to the volatile high tech industry, which is sensitive to the business cycle.⁹

⁹ Moody's Analytics, Precis Metro: Dallas-Plano-Irving Economic Outlook, Accessed July 10, 2016. Available from: https://www.economy.com/precis-snapshot?g=USA_DMDAL

DALLAS ASSESSMENT AREA

GrowSouth, an initiative headed by Dallas' Mayor, Mr. Mike Rawlings, laid out the city's plan and framework in 2012 to improve the city's quality of life, and drive economic growth.

GrowSouth Map



There are three categories for focus areas. The first is the Pinnacle Park Expansion that includes a mixed-use development to add retail, office, and residential growth to the area. The second category, with existing anchors are about “attracting large-scale private development”, known as the Education Corridor/International Inland Port of Dallas (IIPOD). The third category includes two areas where public investments will lead the building of private market demand in the Lancaster Corridor.

Mayor Rawlings added ‘accelerators’ in 2015 by introducing four initiatives – “The Mayor’s GrowSouth Advisory Council, Neighbor Up, the High Impact Landlord Initiative and the Single Family Housing Initiative. These four accelerations will further promote the growth of southern Dallas.”

The GrowSouth Plan website reported, “We’ve significantly increased the number of people who are engaged with GrowSouth in neighborhoods throughout southern Dallas. We have hired privately funded general managers to work on economic development visions in targeted neighborhoods. We’ve been working with landlords to improve blighted neighborhoods and sent the message to those who do not want to cooperate that we will no longer tolerate citizens living in poor conditions. And we’re working on a strategy to build 1,500 new homes in southern Dallas over the next four years priced in the \$150,000 to \$500,000 range.”¹⁰

¹⁰ Information for GrowSouth available <http://www.dallasgrowsouth.com/category/growsouthplan/>

DALLAS ASSESSMENT AREA

Community Contacts and Community Development Opportunities

Community contacts with leaders in economic development and affordable housing were interviewed to provide information for the needs in the area. Three contacts serving in the economic development capacity and two in affordable housing identified the credit needs in the community as small dollar personal loans to manage expenses and the provision of financing for the construction of affordable housing. Beneficial services needed include increased support of first time homebuyer education, credit counseling, and financial literacy programs. Additionally, contacts identified the credit needs in the community as providing financial literacy programs for students at the local universities focused on student loans and the consequences for not repaying student loan debt. Other credit needs included affordable rental programs, Affordable Homeownership Opportunity Program, and homebuyer assistance loans.

DALLAS ASSESSMENT AREA

Key Assessment Area Demographics:

The following table details selected characteristics of the assessment area.

Dallas 2015 Assessment Area Demographics									
Income Categories	Tract Distribution		Families By Tract Income		Families < Poverty Level as a % of Families by Tract		Families By Family Income		
	#	%	#	%	#	%	#	%	
Low-Income	109	13.3	93,990	10.5	30,518	32.5	209,770	23.3	
Moderate-Income	205	25.1	207,916	23.1	36,526	17.6	148,586	16.5	
Middle-Income	202	24.7	241,607	26.9	18,438	7.6	160,522	17.9	
Upper-Income	299	36.6	355,209	39.5	9,819	2.8	379,853	42.3	
Unknown-Income	3	0.4	9	0.0	0	0.0	0	0.0	
Total AA	818	100.0	898,731	100.0	95,301	10.6	898,731	100.0	
	Housing Units By Tract	Housing Type By Tract							
		Owner-Occupied			Rental		Vacant		
		#	% By Tract	% By Unit	#	% By Unit	#	% By Unit	
Low-Income	185,303	43,236	5.4	23.3	112,679	60.8	29,388	15.9	
Moderate-Income	352,615	153,894	19.4	43.6	158,536	45.0	40,185	11.4	
Middle-Income	397,732	218,753	27.6	55.0	144,783	36.4	34,196	8.6	
Upper-Income	526,308	377,547	47.6	71.7	115,796	22.0	32,965	6.3	
Unknown-Income	18	18	0.0	1.0	0	0.0	0	0.0	
Total AA	1,461,976	793,448	100.0	54.3	531,794	36.4	136,734	9.4	
	Total Businesses by Tract		Businesses By Tract & Revenue Size						
			Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported		
			#	%	#	%	#	%	
Low-Income	19,576	8.0	17,174	7.5	2,361	13.8	41	9.3	
Moderate-Income	43,807	17.8	39,622	17.4	4,087	23.8	98	22.1	
Middle-Income	61,703	25.1	57,634	25.3	3,935	22.9	134	30.2	
Upper-Income	119,865	48.8	113,040	49.6	6,656	38.8	169	38.1	
Unknown-Income	477	0.2	360	0.2	116	0.7	1	0.2	
Total AA	245,428	100.0	227,830	100.0	17,155	100.0	443	100.0	
Percent of Total Businesses:			92.8		7.0		0.2		
	Total Businesses by Tract		Farms By Tract & Revenue Size						
			Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported		
			#	%	#	%	#	%	
Low-Income	67	3.4	61	3.2	6	20.0	0	0.0	
Moderate-Income	180	9.2	174	9.0	6	20.0	0	0.0	
Middle-Income	659	33.6	656	34.0	3	10.0	0	0.0	
Upper-Income	1,053	53.7	1,038	53.8	15	50.0	0	0.0	
Unknown-Income	1	0.1	1	0.1	0	0.0	0	0.0	
Total AA	1,960	100.0	1,930	100.0	30	100.0	0	0.0	
Percent of Total Farms:			98.5		1.5		0.0		

Data based on 2010 American Community Survey 5-year estimates, 2014 FFIEC Online Census Data System census tract designations, and 2015 Dun & Bradstreet data.

DALLAS ASSESSMENT AREA

Conclusions With Respect to Performance Tests

LENDING TEST

The bank's lending performance is excellent. Lending activity reflects excellent responsiveness to assessment area credit needs. The geographic distribution of loans reflects good penetration throughout the assessment area. In addition, the distribution of borrowers reflects good penetration among borrowers of different income levels and Small Businesses/Small Farms (SB/SF) of different revenue sizes. Additionally, the bank is a leader in making community development loans. As discussed in the components below, the bank's Mortgage Outreach program has made extensive use of innovative and flexible lending practices in serving assessment area credit needs.

During the review period, the bank reported 1,690 (34.2 %) small business loans compared to 3,251 (65.8 %) HMDA loans in the Dallas assessment area. Therefore, small business lending was given less weight than HMDA lending in determining the bank's Lending Test rating in the assessment area.

Lending levels reflect excellent responsiveness to assessment area credit needs based on small business and HMDA market share ranking as discussed below. The Dallas assessment area contains 74.3% of the bank's small business and HMDA combined lending by number of loan originations and 76.7% by dollar volume totaling \$1.07 billion. In comparison, 88.8% of the bank's total deposits are in this assessment area.

Information contained in the following table shows the bank's total numbers for small business, small farm (CRA), and HMDA lending during the review period. Aggregate information is provided for 2014 and 2015. However, of the total reporters for the bank's Dallas assessment area, it is important to note that the top five CRA reporters had an average of 57.0% of the market share for small business and small farm lending in years 2014 and 2015. Ranking in the top spot was the credit card institution, American Express Bank, with approximately 21.6% of all originations in this assessment area in 2014. In 2015, American Express Bank and J.P. Morgan Chase Bank together made up approximately 35.6% of all small business and small farm lending in this assessment area.

Similar data was reviewed and considered with Legacy's lending efforts of HMDA related loans. The larger national banks held the top five ranks with 26.3% market share in 2014, and 24.8% in 2015. Wells Fargo Bank was the top ranked in both years.

Details of the bank's mortgage and small business lending and information regarding lending by peers can be found in Appendix C.

DALLAS ASSESSMENT AREA

Year	LegacyTexas Bank CRA			CRA Reporters		
	Rank Legacy/VPB	#Loans (Originations/Purchases)	\$(000s)	# Lenders	#Loans (Originations/Purchases)	\$ Billion
2013	NA/23	345	54.1	181	72,328	3.0
2014	19/26	867	167.4	182	84,182	3.2
2015	16/NA	823	182.6	190	90,683	3.5
Total		2,035	404.1		247,193	9.7

Year	LegacyTexas Bank HMDA			HMDA Reporters		
	Rank Legacy/VPB	#Loans (Originations/Purchases)	\$(000s)	# Lenders	#Loans (Originations/Purchases)	\$ Billion
2013	NA/54	524	92.9	845	158,750	36.3
2014	52/39	1,300	254.4	843	117,825	26.9
2015	12/NA	1,951	464.0	871	139,227	35.3
Total		3,775	811.3		415,802	98.5

Geographic Distribution of Loans

For this analysis, the geographic distribution of small business and HMDA lending, including both originations and purchases, was compared with available demographic information. Performance context information and aggregate lending data were also taken into consideration. Unemployment rates, poverty rates, the level of owner-occupied units, and the volume of small businesses in low- and moderate-income census tracts are examples of issues that were considered when assessing the bank's lending performance. Considering all of these factors, Legacy's geographic distribution of loans reflects good penetration throughout the assessment area.

Small Business Loan Geographic Distribution

The geographic distribution of small business loans reflects good penetration throughout the assessment area. This was based on performance compared to demographics, taking into consideration the performance of the aggregate lenders.

The bank's small business lending in low-income census tracts is good. Throughout the review period, the percentage of loans extended in low-income tracts is less than the percentage of businesses in this geography, and the performance is comparable to aggregate lending records.

The bank's small business lending in moderate-income census tracts is excellent. The penetration of small business loans across over 200 moderate-income census tracts exceeded the performance of its aggregate lenders in both 2014 and 2015. Furthermore, the bank originated a larger percentage of small business loans in this geography than compared to the percentage of businesses in the same area.

DALLAS ASSESSMENT AREA

HMDA Loan Geographic Distribution

Home Purchase Lending:

Home purchase lending in low-income census tracts is excellent. During the review period, the bank's performance in low-income tracts consistently exceeded that of aggregate lenders by both originations and dollar volume of originations (2014 and 2015). Additionally, performance exceeded the percentage of owner occupied housing in 2014 and 2015. Legacy's performance in this geography demonstrates responsiveness to area needs based on challenges presented by higher percentage of families (32.5%) that live below poverty levels, and the limited percentage (5.4%) of all owner-occupied housing that are located in low-income tracts. Furthermore, approximately 60.8% of the owner-occupied units in this geography are rentals.

Home purchase lending in moderate-income tracts is excellent. During the review period, the bank's performance exceeded that of aggregate lenders. It has consistently increased its home purchase loan originations in this geography. By 2015, with the launch of the CRA Outreach Mortgage program, loan originations exceeded the percentage of owner occupied units. This program's flexible underwriting standards, benefited approximately 127 borrowers with the purchase of their homes and demonstrated the bank's responsiveness to the needs of its community.

Home Refinance Lending:

Home refinance lending in low-income census tracts is good, though volume for this product is low compared to all other HMDA products (excluding multifamily). The bank's refinance loans increased from having one loan in 2014, to originating 10 by 2015. Although aggregate lenders made some loans for refinancing in low-income tracts, the percentage of owner-occupied housing in this geography consistently exceeded that of aggregate performance. Based on bank and aggregate performance, the level of loan demand for home refinance loans may be considered low when compared to owner occupied units.

Home refinance lending in moderate-income census tracts is adequate with regard to aggregate lending performance. Although neither Legacy's nor aggregate exceeded the percentage of owner occupied units, bank performance was inconsistent during the review period with the most improved activity in 2015.

Home Improvement Lending:

Home improvement lending in low-income census tracts is adequate. In 2014, Legacy originated the majority of HMDA loans in this product category; however, performance in low-income tracts lagged behind aggregate and demographics. The following year, 2015, the merged entities of VPB and Legacy improved lending for the purpose of home improvement loans and exceeded aggregate performance and was comparable to the percentage of owner-occupied units in the tract.

Home improvement lending in moderate-income census tracts is good when compared to the percentage of owner-occupied units in these tracts. Similar to its performance in low-income tracts in 2014, the bank lagged behind aggregate and demographics in its most popular HMDA product for that period. However, Legacy exceeded aggregate in 2015. Neither Legacy nor aggregate lenders matched the percentage of owner-occupied units in this tract level in 2015.

DALLAS ASSESSMENT AREA

Lending to Borrowers of Different Income Levels and Businesses of Different Sizes

Legacy's borrower distribution of loans reflects good penetration throughout the assessment area. For this analysis, the distribution of small business lending across business revenue sizes and HMDA lending across borrower income levels was compared to available demographic information. Performance context issues were also considered as well as the performance of other banks.

Small Business Lending

Considering the bank's performance when compared to the aggregate, the borrower distribution of small business loans by revenue size of businesses is good. The bank demonstrated consistent performance throughout the review period with comparable lending to the aggregate. Neither Legacy nor aggregate lenders matched the percentage of businesses in the assessment area, indicating a lower loan demand through traditional banking avenues.

HMDA Lending

HMDA lending by borrower income in the assessment area is considered good when compared to the demographic characteristics of the community, as well as the performance of aggregate HMDA lenders with loan originations or purchases in the assessment area. The bank demonstrated inconsistent performance throughout the review period.

HMDA lending to low-income borrowers is good. Both Legacy and aggregate lenders lag behind the percentage of low-income families throughout the review period. In 2014, prior to the launch of the CRA Outreach Mortgage program, the bank originated 1,300 HMDA loans. Of these loans, 2.2% were extended to families considered low-income and was just less than aggregate performance. In its first year of introducing a line of mortgage loan products, with flexible underwriting standards and down payment assistance, the bank increased its HMDA volume by over 600 loans, and extended 9.5% of its loans to low-income families surpassing aggregate by three times.

HMDA lending to moderate-income borrowers is excellent. Performance in 2014 was less than the percentage of aggregate lenders and trailed behind the percentage of moderate-income families in the assessment area. However, in 2015, the bank's performance improved and exceeded not only aggregate but also the total percentage of moderate-income families in the area.

Community Development Lending

The bank is a leader in making community development loans in the assessment area. For the vast majority, the community development loans originated during the evaluation period were for the purpose of affordable housing. The bank operates in a highly competitive market for community development loans, and their commitment to making qualified community development loans exhibits an excellent record of serving credit needs of low-income individuals and areas and very small businesses. The bank's responsiveness to community needs is recognized when giving consideration to the housing market in the assessment area, and the decrease in affordability and availability in recent years. The table below summarizes Legacy's community development lending.

DALLAS ASSESSMENT AREA

Community Development Lending		
Purpose	#	\$000s
Affordable Housing	89	108,373
Community Services	2	2,567
Economic Development	11	24,409
Revitalization and Stabilization	5	24,226
Totals	107	159,675

In the assessment area, eight community development loans were originated for approximately \$27.6 million in 2013, 39 loans for \$38.1 million in 2014. In 2015, with the bank's merger, community development numbers increased to 51 qualified loans totaling \$72.9 million. In 2016, another 10 loans totaling another \$22.4 million were originated.

As previously stated, a majority of community development loan dollars were expended for affordable housing, both multifamily and single family throughout the area. The bank also funded loans to companies engaged in providing economic development, and revitalization and stabilization of low- and moderate- income areas. Some of the more significant loans demonstrating its responsiveness to area needs, including community services, are as follows:

- A \$14.5 million loan to refinance a multifamily, affordable housing apartment complex with 282 units, located in a low-income tract. Almost 100% of these units are under a Housing Assistance Payments program.
- A \$67.5 thousand loan to a 501c3 non-profit organization to purchase a bus for the transportation of students from school to an after school program facility. A majority of the students benefiting from this service are from low- to moderate- income families.
- Loan for \$1.75 million to a non-profit organization, located in a low-income tract. The organization provides jobs and job training to individuals affected by blindness. The organization provides skills training to those with visual impairments to gain employment and creates upward mobility opportunities.
- A loan for \$2.5 million to renovate the YWCA in Dallas. This project is part of the Dallas Mayor Rawlings' plan to revitalize the city. The Dallas News reported in May 2015, that the YWCA organization unveiled a newly renovated building where women can go to seek financial help, health-care assistance and education services. Mayor Rawlings said "the center offers important services to Dallas County single-mother-led families, more than two-thirds of whom live in poverty".¹¹

¹¹ Dallas News by The Dallas Morning News, May 2015. Online report by Tash Tsiaperas. Available from: <https://www.dallasnews.com/news/news/2015/05/14/ywca-of-metropolitan-dallas-unveils-new-building-thursday>

DALLAS ASSESSMENT AREA

Investment Test

Legacy’s performance under the Investment Test is excellent. The bank has a significant level of qualified community development investments and grants, particularly those that are not routinely provided by private investors and is often in a leadership position. The bank made two investments in 2013, both Fannie Mae mortgage backed securities for multifamily, affordable housing totaling \$6.4 million that directly benefits the Dallas assessment area. In 2014, the bank again invested in project specific investments for the affordable housing of multifamily residential properties in this assessment area. During 2014, two investments totaling more than \$11.3 million were made to benefit the Dallas assessment area. Then in 2015, the bank’s investments benefited more than the Dallas assessment area, which included its neighboring metropolitan division of Ft. Worth. These investments are accounted for in the bank’s CRA rating in the Institutional section of this evaluation. Since the first half of 2016, the bank has invested in one additional affordable housing project in which 100% of all 160 units are rented to low or moderate-income with less than 60% of the area median family income. This investment was just over \$3.7 million.

Of the four prior period investments that remain on the bank’s balance sheet, two were for the revitalization and stabilization of neighborhoods and the other two were for affordable housing. These investments account for an additional \$9.2 million.

Furthermore, the bank donated approximately \$822 thousand in qualified funds with the primary purpose of affordable housing, economic development, and community development services which benefit low- and moderate-income households. Of these, \$163 thousand was donated in 2013, \$311 thousand in 2014, and \$348 thousand in 2015.

Although the bank’s investments and donations are not particularly innovative or complex, community contacts mentioned affordable housing and financial literacy as needs in the assessment area, and the bank exhibits excellent responsiveness to mentioned credit and community development needs.

Community Development Investments								
Purpose	Current Period Investments		Prior Period Investments		Donations		Total	
	#	\$000s	#	\$000s	#	\$000s	#	\$000s
Affordable Housing	5	21,400	2	8,700	56	311	63	30,411
Community Services	NA	NA	NA	NA	124	408	124	408
Economic Development	NA	NA	NA	NA	21	95	21	95
Revitalization and Stabilization	NA	NA	2	470	2	8	4	478
Totals	5	21,400	4	9,170	203	822	212	31,392

DALLAS ASSESSMENT AREA

Service Test

The bank's Service Test performance is good. Its retail and community development services reflect excellent responsiveness to the needs of the assessment area.

Retail Services:

The bank's delivery systems are reasonably accessible to the bank's geographies and individuals of different income levels in its assessment area. The distribution of the bank's 37 branch offices and 74 ATMs in the Dallas assessment area, as of June 20, 2016, was compared to the distribution of households and businesses among the tract categories within the assessment area. The table below summarizes the bank's retail locations in the Dallas assessment area.

Tract Income	% of Geographies	% of Population	Branches		Full Service ATMs		Cash Only ATMS	
			#	%	#	%	#	%
Low	13.3	11.9	1	2.7		0.0	1	4.0
Moderate	25.1	25.2	4	10.8	8	16.3	7	28.0
Middle	24.7	26.2	7	18.9	13	26.5	8	32.0
Upper	36.6	36.7	25	67.6	28	57.1	9	36.0
Total	100.0	100.0	37	100.0	49	100.0	25	100.0

Legacy closed five branches (three in upper-income tracts, one in a middle-income tract, and one in a moderate-income tract) in the assessment area during the review period. This record of opening or closing branches has not adversely affected the accessibility of its delivery systems, including to LMI income geographies. Banking services and hours of operations are tailored to the convenience and needs of the assessment area, particularly in LMI geographies or to LMI individuals. The level of branch services and hours offered by the bank is similar throughout the Dallas assessment area.

Community Development Services:

The bank is a leader in providing community development services in the assessment area. The bank's employees served in many various capacities, including boards of directors and as trustees, for 65 community development financial organizations offering community development services that focused on financial literacy, assistance with small business planning, and affordable housing that aided LMI individuals. Total hours served during the review period were approximately 1,949 hours. The table below shows the number of hours by type of involvement.

Purpose	Hours Served
Affordable Housing	367
Community Service	1,428
Revitalize/Stabilize	NA
Provides Economic Development	154
Total	1,949

DALLAS ASSESSMENT AREA

Particularly responsive is the bank's involvement throughout the assessment area in providing assistance with affordable housing.

FORT WORTH ASSESSMENT AREA

Description of Operations in Fort Worth Assessment Area

Fort Worth, Texas, blends its cattle and oil heritage with an ever-growing, diverse array of businesses and industries. The Fort Worth–Arlington MD, also has large defense and energy clusters serving as a logistics and distribution hub for the North Texas region. The Fort Worth assessment area includes Tarrant, Parker, and Wise Counties. These counties, along with Hood, Johnson, and Somervell, which are excluded from the assessment area, make up the Fort Worth – Arlington, Texas MD (23104). The MD is located west of Dallas–Plano–Irving MD. Tarrant County is the western neighbor to Dallas County and makes up the largest populated county within its MD.

As of 2015 census estimates, the Fort Worth assessment area is home to more than 2,171,493 people, with the city of Fort Worth making up the largest portion of the population. The principal cities of the MD include Fort Worth, and Arlington, both located in Tarrant County. Within the assessment area there are 33 low-, 106 moderate-, 144 middle-, and 103 upper-income census tracts. There is also one census tract where income is unknown. As of June 20, 2016 the bank operated nine branches in the assessment area representing 19% of its branches.

The Fort Worth assessment area is a highly competitive market for financial services. As of June 2015, there were a total of 71 FDIC-insured institutions operating 501 offices in the area with total deposits of \$37.4 billion. The top five banks in the assessment area, ranked by deposit size, are listed in the next table.

Institution Name	Offices in Market (#)	Deposits in Market (\$000)	Market Share (%)
JPMorgan Chase Bank	70	6,758,962	18.1
Wells Fargo Bank	59	5,983,157	16.0
Bank of America	35	4,303,571	11.5
Frost Bank	24	4,049,845	10.8
Compass Bank	38	2,781,158	7.4

Legacy had \$412.4 million in deposits in this assessment area representing 9.1% of the bank's total deposits. It also represents a deposit market share of 1.1%, ranking 15th among all other FDIC insured deposits that are located in the assessment area. Although top five ranked national banks have a strong presence in the area, with 63.8% of the market share, the financial landscape of the Fort Worth assessment area is diverse with 71 depository institutions in this market. However, 55 of these financial institutions account for less than one percent of the total market share.

Demographic Characteristics:

Certain economic and demographic data is available for analysis for the Fort Worth-Arlington MD as a whole and not the specific assessment area. However, it is reasonable to believe that the data for the MD area provides a good representation of the characteristics of the assessment area because the population of the assessment area includes 92.4% of entire the MD, and distribution of low-, moderate-, middle-, and upper-income families for the two areas is similar according to 2010-2014 data.

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County	County Seat ¹²	Population		Population Density/ sq. mile		Land Area (sq. mile)	
		#	Rank	#	Rank	#	Rank
Tarrant	Fort Worth	1,881,469	3	2,085	3	864	180
Parker	Weatherford	119,784	17	132	38	903	135
Wise	Decatur	60,413	55	65	58	904	134

According to the 2014 data presented in the table above, the assessment area population was 2,061,666, which accounts for 7.9% of the population in the state of Texas. Based on the 2010 population of 1,985,088, the assessment area has experienced an increase of 3.9% since 2010. Fort Worth, the largest city within the assessment area, and the fifth largest city in the State of Texas, with a 2014 population of 778,573, which accounts for 37.8% of the population in the assessment area. Other major cities in the assessment area are Arlington, North Richland Hills, and Keller. Refer to the end of the Performance Context section for more detailed assessment area demographic information.

Income Characteristics:

For purposes of classifying borrower income, this evaluation uses ACS 2006-2010 data for the relevant area. The following chart reflects the estimated median family income for the years 2013 through 2015 for the Fort Worth-Arlington MD. It also provides a range of the estimated annual family income for each income category (low, moderate, middle, and upper). Families below the poverty level in the assessment area are at 10.1%, which is below the state average of 13.0%.

The median family income increased during the review period. The following chart reflects the estimated median family income for the years 2013-2015 for the MD.

Fort Worth-Arlington MD			
Income Level	2013	2014	2015
Median Income	\$65,500	\$68,700	\$70,500
Low-income	< \$32,750	< \$34,350	< \$35,250
Moderate-income	\$32,750-52,399	\$34,350-\$54,959	\$35,250-\$56,399
Middle-income	\$52,400-\$78,599	\$54,960-\$82,439	\$56,400-\$84,599
Upper-income	≥ \$78,600	≥ \$82,440	≥ \$84,600

Housing Characteristics:

Of total housing in the Fort Worth assessment area, 58.8% of the units are classified as owner-occupied while 31.9% are classified as rental units and 9.3% of the available housing is vacant. Rental units represent 48.8% of housing units in low-income census tracts and 43.3% in moderate-income census tracts.

The following table¹³ lists the median price of a house, growth rate, and year built, as of 2010-2014, for counties within the assessment area, the state, and United States. Tarrant and Parker

¹² Texas Land Area County Rank, USA.com; available from: www.usa.com/texas-state.htm

¹³ Texas Local Data, USA.com; available from: <http://www.usa.com/texas-state.htm>

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County median housing values are above the state median. Overall, Texas price growth rate exceeds the national growth rate.

Area	Median Value	Price Growth Rate since 2000	Median Year Built
Tarrant	\$137,700	52.5%	1985
Parker	\$157,900	58.9%	1991
Wise	\$122,400	37.4%	1990
Texas	\$131,400	59.3%	1984
National	\$175,700	46.9%	1974

According to 2010 Census, the median housing value for the Fort Worth Assessment Area in 2010 was \$135,088, comparable to \$133,767 for Fort Worth-Arlington, TX MD. For the second quarter in 2015, the THAI, ranked the city of Fort Worth as the sixth most affordable area in the state of Texas and Arlington ranked 12th. The Fort Worth THAI of 2.5 significantly exceeded its Dallas neighbor measuring at 1.6.¹⁴

In 2010, the affordability ratio was 41.2% and 41.5% respectively. The affordability ratio is defined as the median household income divided by the median housing value. The closer the ratio is to 100% the more affordable the homes. These affordability ratios indicate that the majority of households have less income than necessary to purchase the average house. This can limit a bank's ability to originate HMDA loans in this assessment area.

New residential construction in the assessment area has increased considerably since the prior review period. As a comparison, in 2010, new single-family home building permits totaled 4,378. In 2015, new single-family building permits totaled 6,313, an increase of 44.2%. While improving, the housing market remains well below where it was before the most recent recession.

While home prices are increasing, the Fort Worth area still has some of the lowest priced homes in the United States when compared to other larger cities. However, the assessment area rate at which housing values have increased does not compare to the increase rate of incomes, making it increasingly more difficult for first time homebuyers and renters.

In the Fort Worth-Arlington MD, rent was \$831, which is slightly higher than the Texas state average of \$786. According to the 2014 ACS, 1-Year Estimate, the median rent in Tarrant County alone was \$934, versus \$845 in 2010. In both 2014 and 2010, just over 40.0% of renters had rent costs greater than 35% of their income. Because there are fewer people buying, the rental market is hot, with both rent and construction permits for new multi-family housing rising. Multi-family permits in this MD totaled 874 in 2010 and 3,028 in 2015.¹⁵

¹⁴ Texas A&M Real Estate Center; Texas Housing Affordability Index; available from: <https://www.recenter.tamu.edu/data/housing-activity#/thai>

¹⁵ Texas A&M Real Estate Center Data – Building Permits; available from: www.recenter.tamu.edu/data/building-permits.

FORT WORTH ASSESSMENT AREA

Employment and Economic Conditions:

While Fort Worth and Dallas together make up a diversified economy that closely resembles the U.S. as a whole, the influence of the mining and energy cluster makes it more prominent locally than nationally, which likely helped Fort Worth get a quicker start than its sister metro following the most recent recession. While it took Dallas 51 months to regain all the jobs it lost during the recession, Fort Worth was able to rebound in 42 months.

The national average unemployment rates for 2013, 2014, and 2015 were 7.4%, 6.2% and 5.3%, respectively. Unemployment rates for all of the counties in the Fort Worth assessment area were lower than the annual unemployment rates for Texas and the national average. According to the 2000 Census, the unemployment rate was 11.6% in low-income tracts and 6.6% in moderate-income tracts. By 2010 the unemployment rate had increased to 13.0% and 9.9% in low- and moderate-income tracts, respectively. The high unemployment rates in LMI tracts could adversely affect loan demand from these tracts.

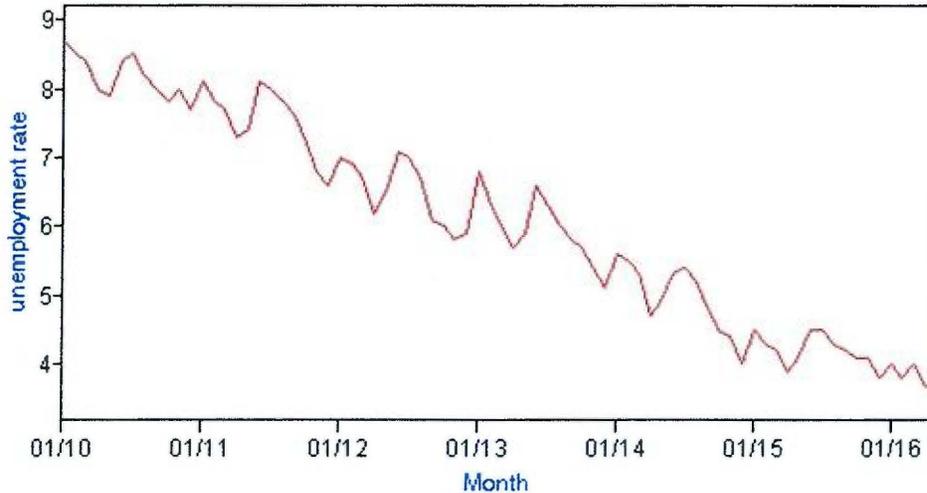
According to Moody's economic outlook for this MD, the low costs of doing business and housing affordability attract companies from Dallas and elsewhere; however, the Fort Worth – Arlington MD trails behind its fast growing neighbor, Dallas. Total employment has declined recently and is up at only half the national pace year over year with the weakness being widespread across industries. A large military procurement industry that faces years of downsizing as a factor was identified as just one weakness for the area.¹⁶

The following chart shows unemployment rates relevant to the assessment area for January, 2010 through January, 2016.

¹⁶ Moody's Analytics, Precis Metro: Fort Worth-Arlington Economic Outlook, Accessed July 10, 2016. Available from: https://www.economy.com/metro/precis-snapshot.aspx?g=IUSA_DMFTW

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Fort Worth – Arlington MD
Unemployment Rate
2010 – 2016
(Seasonally adjusted)



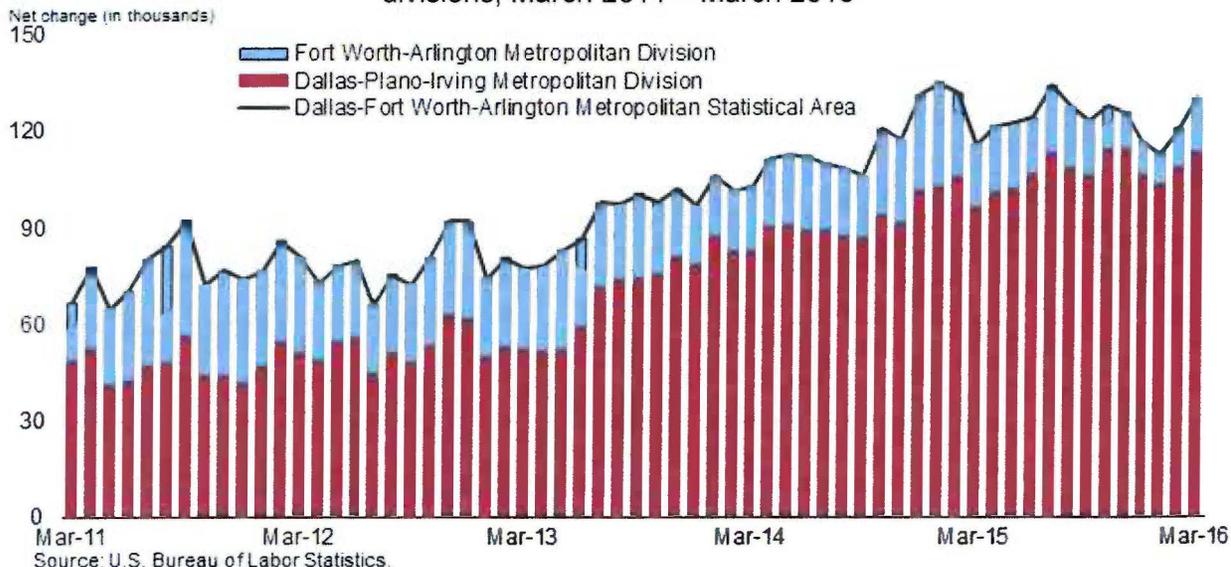
In a publication issued by the Federal Reserve Bank of Dallas it was stated that, “Although sometimes viewed as a single economic unit with Dallas, the Fort Worth region has a unique and complementary industry profile, with a greater concentration in energy, transportation and defense. In the near term, those industries’ performance will help set the course for Fort Worth.

Federal budget constraints could, over the long term, limit the outlook for the historically powerful defense and security cluster and the 4% of the workforce it represents. Continuing price weakness in energy, which makes up 7.7% of the region’s employment and is classified as a star among Fort Worth’s clusters, will dampen prospects and limit natural gas exploration along the Barnett Shale. Conversely, relatively low fuel prices will support demand for air travel and autos, such as the large SUVs that GM’s Arlington plant builds.”¹⁷

¹⁷ Federal Reserve Bank of Dallas, Special Report, “At the Heart of Texas – Cities’ Industry Clusters Drive Growth”. February 2016. Available from: <http://www.dallasfed.org/research/heart/index.cfm>

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Total nonfarm employment, over-the-year net change in the Dallas metropolitan area and its divisions, March 2011 – March 2016



The Fort Worth–Arlington MD accounted for 29% of the total Dallas-Fort Worth-Arlington MSA’s workforce, adding 17,300 jobs during the 12-month period (March 2015 – March 2016), and a gain of 1.8%.

Community Contacts and Community Development Opportunities

Contact was made with community leaders working for one community service organization and two affordable housing organizations. These contacts identified the credit needs in the community as small dollar personal loans to manage expenses and the provision of financing for the construction of affordable housing. Beneficial services needed include increased support of first time homebuyer education, credit counseling, and financial literacy programs.

FORT WORTH ASSESSMENT AREA

Key Assessment Area Demographics

The following table details selected characteristics of the assessment area.

Fort Worth 2015 Assessment Area Demographics								
Income Categories	Tract Distribution		Families By Tract Income		Families < Poverty Level as a % of Families by Tract		Families By Family Income	
	#	%	#	%	#	%	#	%
Low-Income	33	8.5	26,745	5.5	9,558	35.7	104,258	21.4
Moderate-Income	106	27.4	115,103	23.7	21,054	18.3	84,094	17.3
Middle-Income	144	37.2	189,761	39.0	13,827	7.3	94,886	19.5
Upper-Income	103	26.6	154,552	31.8	4,763	3.1	202,923	41.7
Unknown-Income	1	0.3	0	0.0	0	0.0	0	0.0
Total AA	387	100.0	486,161	100.0	49,202	10.1	486,161	100.0
	Housing Units By Tract	Housing Type By Tract						
		Owner-Occupied			Rental		Vacant	
		#	% By Tract	% By Unit	#	% By Unit	#	% By Unit
Low-Income	47,935	16,445	3.7	34.3	23,404	48.8	8,086	16.9
Moderate-Income	199,946	88,236	19.6	44.1	86,646	43.3	25,064	12.5
Middle-Income	308,570	181,064	40.3	58.7	100,603	32.6	26,903	8.7
Upper-Income	207,547	163,435	36.4	78.7	32,886	15.8	11,226	5.4
Unknown-Income	0	0	0.0	0.0	0	0.0	0	0.0
Total AA	763,998	449,180	100.0	58.8	243,539	31.9	71,279	9.3
	Total Businesses by Tract	Businesses By Tract & Revenue Size						
		Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported		
		#	%	#	%	#	%	
Low-Income	4,845	4.4	4,328	4.1	505	7.7	12	4.2
Moderate-Income	23,205	20.9	21,245	20.4	1,894	29.0	66	23.1
Middle-Income	40,520	36.5	38,345	36.8	2,074	31.7	101	35.3
Upper-Income	42,477	38.2	40,343	38.7	2,027	31.0	107	37.4
Unknown-Income	90	0.1	50	0.0	40	0.6	0	0.0
Total AA	111,137	100.0	104,311	100.0	6,540	100.0	286	100.0
Percent of Total Businesses:			93.9		5.9		0.3	
	Total Businesses by Tract	Farms By Tract & Revenue Size						
		Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported		
		#	%	#	%	#	%	
Low-Income	14	1.1	12	1.0	2	7.4	0	0.0
Moderate-Income	135	11.1	133	11.1	2	7.4	0	0.0
Middle-Income	612	50.2	603	50.5	9	33.3	0	0.0
Upper-Income	459	37.6	445	37.3	14	51.9	0	0.0
Unknown-Income	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	1,220	100.0	1,193	100.0	27	100.0	0	0.0
Percent of Total Farms:			97.8		2.2		0.0	

Data based on 2010 American Community Survey 5-year estimates, 2014 FFIEC Online Census Data System census tract designations, and 2015 Dun & Bradstreet data.

FORT WORTH ASSESSMENT AREA

Conclusions With Respect to Performance Tests

Lending Test

The distribution of the remainder of Legacy's lending in middle- and upper- income geographies did not affect conclusions about the bank's performance considering its lending in low- and moderate-income geographies.

During the review period, the bank reported 497 (34.4 %) small business loans compared to 949 (65.6 %) HMDA loans in the Fort Worth assessment area. Therefore, small business lending was given less weight than HMDA lending in determining the bank's Lending Test rating in the assessment area.

Details of the bank's mortgage and small business lending and information regarding lending by peers can be found in Appendix C.

Lending Activity: Lending levels reflect excellent responsiveness to assessment area credit needs based on small business and HMDA market share ranking as discussed below. The Fort Worth assessment area contains 22.5% of the bank's small business and HMDA lending by number of loans and 22.4% by dollar volume totaling \$370.9 million. In comparison, 10.0% of the bank's total deposits are in this assessment area.

Information contained in the following table shows the bank's total numbers for small business, small farm (CRA), and HMDA lending during the review period. Aggregate information is provided for 2013 and 2014, and 2015. Of the total reporters for the bank's Fort Worth assessment area, it is important to note that the top five CRA reporters had an average of 58.2% of the market share for small business and small farm lending. Ranking in the top spot was the credit card institution, American Express Bank with approximately 20.8% of the market share in this assessment area. Similar data was reviewed and considered with Legacy's lending efforts of HMDA related loans. The larger national banks held the top five ranks in 2014 with close to 26.6% market share and 23.9% market share in 2015. Wells Fargo Bank remained one ranked for all three years listed in the following table.

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Year	LegacyTexas Bank			CRA Reporters		
	Rank Legacy/VPB	# Loans (Originations/ Purchases)	\$(000s)	# Lenders	#Loans (Originations/ Purchases)	\$ Billion
2013	NA/32	75	12.5	118	29,546	1.3
2014	24/32	236	48.5	144	36,596	1.5
2015	19/NA	261	57.6	152	38,865	1.6
Total		572	118.6		105,007	4.4

Year	LegacyTexas Bank			HMDA Reporters		
	Rank Legacy/VPB	# Loans (Originations/ Purchases)	\$(000s)	# Lenders	#Loans (Originations/ Purchases)	\$ Billion
2013	NA/110	73	29.3	669	73,531	15.3
2014	71/72	352	110.4	714	59,608	11.2
2015	24/NA	597	154.5	727	69,447	15.1
Total		1,022	294.2		202,586	41.6

Geographic Distribution of Loans:

For this analysis the geographic distribution of CRA small business and HMDA-reportable lending, including both originations and purchases, was compared with available demographic information. Performance context information and the performance of other institutions operating inside the assessment area were also taken into consideration. Unemployment rates, poverty rates, the level of owner-occupied units, and the volume of small businesses in low- and moderate-income census tracts are examples of issues that were considered when assessing lending performance. Considering all of these factors, the bank's geographic distribution of loans reflects excellent penetration throughout the assessment area.

Small Business Loan Geographic Distribution:

The bank's small business lending in low-income census tracts is adequate. Although throughout the review period, the percentage of loans extended to low-income tracts is less than the percentage of businesses in this geography, the performance is reasonable considering comparable aggregate lending records.

The bank's small business lending in moderate-income census tracts is excellent. The bank's record of lending to small business located in moderate-income tracts exceeds or meets both the percent of businesses located in this tract level and aggregate performance.

HMDA Loan Geographic Distribution:

Home Purchase Lending:

Home purchase lending in low-income census tracts is excellent. During the review period, the bank's performance in low-income tracts improved after its launch of the CRA Mortgage Outreach Program in 2015. Prior to this, performance lagged behind aggregate lenders. It should be noted

FORT WORTH ASSESSMENT AREA

that aggregate lending volumes for both total number and total dollar amount of originations in this geography were less than 1.0% in both years, and using aggregate lending volumes as a proxy for overall loan demand in low-income census tracts would indicate low loan demand. Possible explanations for such demand may include demographics that show 35.7% of families are living below poverty levels and only 3.9% of all owner-occupied housing are in low-income tracts. Furthermore, almost half of the housing units are rentals. These are reasonable indicators that loan demand is lower than the neighboring moderate-income census tracts in this assessment area and is a further demonstration of the bank's success with the CRA Mortgage Outreach Program.

Home purchase lending in moderate-income census tracts is excellent. During the review period, the bank performed similarly with aggregate or exceeded aggregate originations by both number volume and dollar volume. Home purchase loans were the most popular HMDA product in 2015 and further evidence to the responsiveness and flexibility provided by the CRA Mortgage Outreach product. To further support this performance, only 19.6% of all owner-occupied units are located in moderate income tracts, of these, 43.3% units in this tract level are rentals.

Home Refinance Lending:

Home refinance lending in low-income census tracts is excellent. During the review period, the bank's performance in low-income tracts mirrored that of home purchase lending. Loan demand in this geography continued to be low based on demographic and aggregate performance, while a spike in bank performance is noted in 2015.

Home refinance lending in moderate-income tracts is excellent. During the review period, the bank performed similarly with aggregate or exceeded aggregate originations by number of originations. The bank's performance in 2015, reflected the largest number of refinance loans from the prior year. Further support of the bank's rating is demonstrated by the considerable percentage of rental units in the area while only less than 20.0% of all owner occupied units are in this tract level.

Home Improvement Lending:

Home improvement lending in low-income census tracts is excellent. The bank performed similarly in this product category and income tract level as the prior two HMDA product categories. With low performance demonstrated by aggregate and almost half of all housing units listed as rentals, the bank's performance demonstrates responsiveness to area credit needs. It is worth noting that in 2015 the bank's performance exceeded aggregate and the percentage of owner-occupied housing for this geography.

Home improvement lending in moderate-income census tracts is adequate when compared to the percentage of owner-occupied units in these tracts. The bank originated a substantial volume of its HMDA loans in the home improvement category in 2014; however, aggregate far exceeded bank performance, while both lagged behind the percentage of owner-occupied housing for the geography. Performance shifted in 2015, with improved volume of loan originations, and yet, less than the percentage of owner-occupied housing for the area. The dollar volume of loans extended for home improvements is reasonable based on the age of housing stock and median values of homes in this tract level.

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Distribution by Borrower Income and Revenue Size of the Business:

The bank's overall distribution of loans by borrower income and revenue size of businesses is excellent throughout the assessment area. For this analysis, the distribution of small business lending across business revenue sizes and HMDA lending across borrower income levels was compared to available demographic information. Performance context issues were also considered as well as the performance of other banks.

Small Business Lending:

Considering the bank's performance when compared to the aggregate, the borrower distribution of small business loans by revenue size of businesses is good. Over the review period, the bank's record of making small business loans to small businesses has improved year over year, exceeding its aggregate performance in 2015. In contrast, neither bank nor aggregate exceeded the percentage of small businesses in the assessment area.

HMDA Lending:

HMDA lending by borrower income in the assessment area is considered excellent when compared to demographic characteristics of the community, as well as the performance of aggregate HMDA lenders with loan originations or purchases in the assessment area.

The bank's HMDA lending to low-income borrowers is excellent. The number of loans made in 2014 is almost half compared with 2015. While the bank lagged behind aggregate in 2014, both lagged behind the percentage of low-income families throughout the review period. In 2014, prior to the launch of the CRA Outreach Mortgage program, the bank originated 352 HMDA loans. Of these loans, 3.1% were extended to families considered low-income which measured almost 2.0% less than aggregate performance. In its first year of introducing a line of mortgage loan products, with flexible underwriting standards and down payment assistance, the bank increased its HMDA volume, and extended 11.1% of its HMDA loans to low-income families. This performance was more than double the performance of aggregate.

HMDA lending to moderate-income borrowers is good. Performance in 2014 was significantly less than the percentage of aggregate and moderate-income families in the assessment area. However, the bank's performance improved exponentially in 2015 exceeding aggregate by 13.5%, and exceeding the demographic percentage of moderate-income families by 8.0%.

Community Development Lending

The bank makes a relatively high level of community development loans in the assessment area.

Community Development Lending		
Purpose	#	\$000s
Affordable Housing	28	7,095
Community Services	0	0
Economic Development	2	11,548
Revitalization and Stabilization	1	400
Totals	31	19,043

FORT WORTH ASSESSMENT AREA

In the Fort Worth assessment area, one community development loan was originated for approximately \$2.5 million in 2013 and seven loans for nearly \$12.0 million in 2014. Since the bank's merger in 2015, community development numbers increased by 21 qualified loans totaling \$3.7 million, and two loans totaling another \$756 thousand in 2016.

A majority of community development loan dollars were expended on economic development to companies engaged in providing employment to low- and moderate-income individuals. The bank also funded loans for affordable housing, both multifamily and single family throughout the area. Some of the more significant loans are as follows:

- A \$9.0 million loan to a small business located inside a community development block grant community which employs low- and moderate-income individuals.
- A \$2.5 million refinance loan to provide for affordable housing located within a community development block grant community in which 100% of homes are less than average market values.

Investment Test

The bank's performance under the Investment Test is good. Although there are only two investments that benefited this assessment area directly, the bank's assessment area is part of a MD that neighbors the Dallas-Plano-Irving MD. Together these make the Dallas-Ft. Worth MSA. Several investments accounted for at the institutional level in this performance evaluation also benefit the Ft. Worth assessment area.

The bank has an adequate level of qualified community development investments and grants, particularly those that are not routinely provided by private investors and is rarely in a leadership position. The bank made an investment in a mortgage backed security for multifamily housing that serves low income individuals in which 100% of units are rented to those earning 60% of the area's median family income. This community development qualified investment totaled approximately \$3.9 million purchased in a prior period. There was one additional investment made this review period that was made directly benefiting the assessment area. This investment was a mortgage backed security for a pool of single family residences with an affordable housing purpose and was for a total investment of \$2.5 million.

Furthermore, the bank donated approximately \$200 thousand in qualified funds for the primary purposes of affordable housing, economic development, and community development services which benefit low- and moderate-income households. Of these, \$19 thousand was donated in 2013, \$49 thousand in 2014, and \$132 thousand in 2015.

Although the bank's investments and donations are not particularly innovative or complex, community contacts mentioned both affordable housing and financial literacy as needs in the assessment area, and the bank exhibits excellent responsiveness to meeting the credit and community development needs.

FORT WORTH ASSESSMENT AREA

Community Development Investments								
Purpose	Current Period Investments		Prior Period Investments		Donations		Total	
	#	\$000s	#	\$000s	#	\$000s	#	\$000s
Affordable Housing	1	2,521	1	3,857	14	66	16	6,444
Community Services					29	90	29	90
Economic Development					5	44	5	44
Revitalization and Stabilization								
Totals	1	2,521	1	3,857	48	200	50	6,578

Service Test

The bank's Service Test performance is excellent. Its retail and community development services reflect excellent responsiveness to the needs of the assessment area.

Retail Services:

The bank's delivery systems are reasonably accessible to the bank's geographies and individuals of different income levels in its assessment area. The distribution of the bank's nine branch offices and 9 ATMs as of June 20, 2016, was compared to the distribution of households and businesses among the tract categories within the assessment area. The table below summarizes the bank's retail locations in the Fort Worth assessment area.

Tract Income	% of Geographies	% of Population	Branches		Full Service ATMs		Cash Only ATMS	
			#	%	#	%	#	%
Low	8.5	6.6	NA		NA		NA	
Moderate	27.4	25.2	1	11.1	1	12.5	NA	
Middle	37.2	38.2	6	66.7	5	62.5	1	100.0
Upper	26.6	30.0	2	22.2	2	25.0	NA	
Unknown	0.3	0.0	NA		NA		NA	
Total	100.0	100.0	9	100.0	8	100.00	1	100.0

The bank acquired six branches with the VPB merger of vintage Legacy on January 1, 2015. It closed one branch in an upper-income tract and opened one branch in a low-income tract since the last evaluation period in this assessment area. The bank's record of opening or closing branches has not adversely affected the accessibility of its delivery systems, including to delivery to LMI income geographies. Banking services and hours of operations are tailored to the convenience and needs of the assessment area, particularly in LMI geographies or to LMI individuals. The majority of the bank locations have hours of operations from 9:00 a.m. to 5:00 p.m. and drive thru hours of 7:30 a.m. to 6:00 p.m. The bank's branch locations offer Saturday hours of operation from 9:00 a.m. to 1:00 p.m., and includes drive-thru availability at the same time period.

FORT WORTH ASSESSMENT AREA

Community Development Services:

The bank provides a relatively high level of community development services. Bank management and staff serve as board members, directors, treasurers, and in other leadership roles, contributing their financial expertise to numerous organizations serving the economic, health, and social service needs of low- and moderate- income individuals and families in the area and small businesses. The following table illustrates the bank's qualified activities during the review period in the assessment area:

Purpose	Hours Served
Affordable Housing	115
Community Service	362
Revitalize/Stabilize	NA
Provides Economic Development	365
Total	842

Particularly responsive is the bank's involvement throughout the Fort Worth assessment area in providing financial literacy through Junior Achievement. There were over 190 hours spent by numerous bank representatives in an ongoing effort to provide financial literacy to elementary school children of low- and moderate income families.

JACK COUNTY ASSESSMENT AREA

NON METROPOLITAN AREA (Limited Scope Review)

Description of Operations in Jack County Assessment Area

The assessment area consists of Jack County which is north of the Ft. Worth –Arlington MD and is a non-metropolitan area in Texas. The bank maintains a small branch presence in this market, where it operates one branch. In the county with a population of approximately nine thousand, there are four financial institutions, and according to the June 30, 2016 FDIC Deposit Market Share Report, one institution makes up over 52.0% of total deposits. Legacy ranks second with just over 38.0% in deposits. Although this sounds high for the market share, this accounts for only 1.5% of Legacy's total deposits.

In addition, HMDA and small business lending is competitive in this area. Legacy made 38 HMDA reportable loans in 2015 and had 27.5% of the HMDA loan market share in 2015. In 2014 as VPB (prior to acquisition) the bank ranked first and made 13 HMDA loans. In 2015, there were 17 small business lenders reporting CRA data, of which Legacy ranked first, and accounted for 32.4% of the market share which is a slight decrease from 2014.

Conclusions With Respect to Performance Tests

Demographics and economic information impacting the bank's performance context are further discussed below and in Appendices D and E. Information was obtained from publicly available sources including the U.S. Department of Commerce's Bureau of Census, 2010; ACS, 2010; the U.S. Department of Labor; and HUD; D&B; and the TWC.

Non-Metropolitan Assessment Areas			
Assessment Area	Lending Test	Investment Test	Service Test
Jack	Consistent	Below	Below

APPENDICIES

APPENDICIES

APPENDICIES

Appendix A – General Information

Acronyms

ATM	Automated Teller Machine
CDC	Community Development Corporation
CDFI	Community Development Financial Institution
CRA	Community Reinvestment Act (Regulation BB)
FDIC	Federal Deposit Insurance Corporation
HMDA	Home Mortgage Disclosure Act (Regulation C)
HUD	Department of Housing and Urban Development
LIHTC	Low Income Housing Tax Credit
LMI	Low- and Moderate-Income
LTD	Loan-to-Deposit Ratio
LTV	Loan-to-Value Ratio
MD	Metropolitan Division
MSA	Metropolitan Statistical Area
OCC	Office of the Comptroller of the Currency
OMB	Office of Management and Budget
REIS	Regional Economic Information System
SBA	Small Business Administration
USDA	United States Department of Agriculture

Rounding Convention: Because the percentages in the tables were rounded to the nearest tenth in most cases, some columns may not total exactly to 100 percent.

APPENDICIES

Appendix 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/assessment area.

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:

1. Affordable housing (including multi-family rental housing) for low- or moderate-income individuals.
2. Community services targeted to low- or moderate-income individuals.
3. 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.
4. Activities that revitalize or stabilize –
 - a. Low- or moderate-income geographies.
 - b. Designated disaster areas.
 - c. 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-
 - i. Rates of poverty, unemployment, and population loss.
 - ii. 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.
5. Loans, investments, and services by financial institutions that-
 - a. Support, enable or facilitate projects or activities that meet the "eligible uses" criteria described in Section 2301(c) of the Housing and Economic Recovery Act of 2008 (HERA), Public Law 110-289, 122 Stat. 2654, as amended, and are conducted in designated target areas identified in plans approved by the United States Department of Housing and Urban Development in accordance with the Neighborhood Stabilization Program (NSP).
 - b. Are provided no later than two years after the last date funds appropriated for the NSP are required to be spent by grantees.
 - c. Benefit low-, moderate-, and middle-income individuals and geographies in the bank's assessment area(s) or areas outside the bank's assessment area(s) provided the bank has adequately addressed the community development needs of its assessment area(s).

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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.

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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 120 percent or more of the area median income, or a median family income that is 120 percent or more, in the case of a geography.

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Appendix C – Metropolitan Full Scope Assessment Area Loan Tables

The assessment area loan tables appear in the following order:

1. Geographic Distribution of HMDA Loans for the bank and aggregate lenders
2. Geographic distribution of Small Business and Small Farm Loans for the bank and aggregate lenders
3. Borrower Profile of HMDA Loans for the bank and aggregate lenders
4. Borrower Profile of Small Business and Small Farm Loans for the bank and aggregate lenders

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Distribution of 2014 HMDA Loans by Income Level of Geography Collin, Dallas, and Denton Counties							
Census Tract Income Level	Bank Loans				Aggregate HMDA Data ¹		% of Owner Occupied Units ²
	#	\$(000s)	# %	\$ %	# %	\$ %	
Home Purchase Loans							
Low	27	3,180	5.4	2.0	2.2	1.3	5.4
Moderate	58	7,778	11.6	4.8	10.1	6.1	19.4
Middle	91	17,914	18.2	11.1	28.6	21.4	27.6
Upper	324	132,357	64.7	81.8	59.1	71.2	47.6
Unknown ³	1	613	0.2	0.4	0.0	0.0	0.0
Total	501	161,842	100.0	100.0	100.0	100.0	100.0
Home Refinance Loans							
Low	1	245	0.5	0.5	2.3	1.4	5.4
Moderate	13	2,115	6.6	4.2	11.5	6.7	19.4
Middle	42	4,928	21.4	9.7	26.5	19.0	27.6
Upper	140	43,604	71.4	85.7	59.7	72.9	47.6
Unknown ³	0	0	0.0	0.0	0.0	0.0	0.0
Total	196	50,892	100.0	100.0	100.0	100.0	100.0
Home Improvement Loans							
Low	9	104	1.5	0.4	2.3	1.0	5.4
Moderate	20	424	3.3	1.5	10.8	5.4	19.4
Middle	100	2,813	16.7	10.1	20.7	14.1	27.6
Upper	469	24,514	78.4	88.0	66.2	79.5	47.6
Unknown ³	0	0	0.0	0.0	0.0	0.0	0.0
Total	598	27,855	100.0	100.0	100.0	100.0	100.0
Multifamily Loans							% of MF Units²
Low	2	4,471	40.0	32.5	30.4	15.5	24.2
Moderate	2	8,975	40.0	65.2	31.0	20.4	27.8
Middle	1	322	20.0	2.3	18.6	24.6	25.4
Upper	0	0	0.0	0.0	20.0	39.5	22.6
Unknown ³	0	0	0.0	0.0	0.0	0.0	0.0
Total	5	13,768	100.0	100.0	100.0	100.0	100.0
Total Home Mortgage Loans							
Low	39	8,000	3.0	3.1	2.3	2.5	5.4
Moderate	93	19,292	7.2	7.6	10.6	7.5	19.4
Middle	234	25,977	18.0	10.2	27.6	21.0	27.6
Upper	933	200,475	71.8	78.8	59.4	69.0	47.6
Unknown ³	1	613	0.1	0.2	0.0	0.0	0.0
Total	1,300	254,357	100.0	100.0	100.0	100.0	100.0

¹ Aggregate loan data reflects all loan originations in the bank's AA reported by all HMDA LAR filers.

² The percentage of owner-occupied housing units and multifamily structures by tract is based on 2010 ACS 5-year estimates and 2014 FFIEC census tract designations.

³ Only includes loans with unreported geocode information. Does not include loans in tracts where the income category is 'unknown', which is 0.1% for the bank and 0.0% for aggregate.

(NOTE: Total percentages may vary due to automated rounding differences.)

APPENDICIES

Distribution of 2015 HMDA Loans by Income Level of Geography Collin, Dallas, and Denton Counties							
Census Tract Income Level	Bank Loans				Aggregate HMDA Data ¹		% of Owner Occupied Units ²
	#	\$(000s)	# %	\$ %	# %	\$ %	
Home Purchase Loans							
Low	54	5,622	6.8	2.7	2.3	1.5	5.4
Moderate	162	22,085	20.3	10.5	10.3	6.3	19.4
Middle	184	30,100	23.0	14.3	27.9	20.8	27.6
Upper	399	152,823	49.9	72.6	59.5	71.3	47.6
Unknown ³	0	0	0.0	0.0	0.0	0.0	0.0
Total	799	210,630	100.0	100.0	100.0	100.0	100.0
Home Refinance Loans							
Low	10	2,252	2.4	2.0	1.6	1.1	5.4
Moderate	53	7,291	12.6	6.5	8.9	6.1	19.4
Middle	69	11,092	16.5	9.8	25.0	19.2	27.6
Upper	287	92,077	68.5	81.7	64.6	73.6	47.6
Unknown ³	0	0	0.0	0.0	0.0	0.0	0.0
Total	419	112,712	100.0	100.0	100.0	100.0	100.0
Home Improvement Loans							
Low	22	502	3.0	1.5	2.3	0.9	5.4
Moderate	81	2,486	11.2	7.3	10.0	5.7	19.4
Middle	147	4,652	20.3	13.6	21.4	14.4	27.6
Upper	473	26,580	65.4	77.7	66.3	79.1	47.6
Unknown ³	0	0	0.0	0.0	0.0	0.0	0.0
Total	723	34,220	100.0	100.0	100.0	100.0	100.0
Multifamily Loans							% of MF Units²
Low	1	1,125	10.0	1.1	30.9	22.2	24.2
Moderate	4	28,274	40.0	26.6	28.8	21.8	27.8
Middle	3	50,125	30.0	47.1	21.8	20.5	25.4
Upper	2	26,950	20.0	25.3	18.5	35.5	22.6
Unknown ³	0	0	0.0	0.0	0.0	0.0	0.0
Total	10	106,474	100.0	100.0	100.0	100.0	100.0
Total Home Mortgage Loans							
Low	87	9,501	4.5	2.0	2.1	3.1	5.4
Moderate	300	60,136	15.4	13.0	9.8	7.5	19.4
Middle	403	95,969	20.7	20.7	26.6	20.2	27.6
Upper	1,161	298,430	59.5	64.3	61.4	69.2	47.6
Unknown ³	0	0	0.0	0.0	0.0	0.0	0.0
Total	1,951	464,036	100.0	100.0	100.0	100.0	100.0

¹ Aggregate loan data reflects all loan originations in the bank's AA reported by all HMDA LAR filers.

² The percentage of owner-occupied housing units and multifamily structures by tract is based on 2010 ACS 5-year estimates and 2014 FFIEC census tract designations.

³ Only includes loans with unreported geocode information. Does not include loans in tracts where the income category is 'unknown', which is 0.0% for the bank and 0.0% for aggregate.

(NOTE: Total percentages may vary due to automated rounding differences.)

APPENDICIES

Distribution of 2014 Business Loans by Income Level of Geography Collin, Dallas, and Denton Counties							
Census Tract Income Level	Bank Loans				Aggregate CRA Data ¹		% of Businesses ²
	#	\$(000s)	# %	\$ %	# %	\$ %	
Low	52	11,633	6.0	7.0	8.4	10.5	8.5
Moderate	197	42,531	22.9	25.5	17.2	20.0	18.6
Middle	182	37,467	21.1	22.4	22.2	21.6	25.2
Upper	431	75,392	50.0	45.1	50.7	46.7	47.5
Unknown ³	0	0	0.0	0.0	0.2	0.4	0.2
Total	862	167,023	100.0	100.0	98.6	99.3	100.0

¹ Aggregate loan data reflects all small business loan originations in the bank's AA reported by all CRA filers. CRA data reports only business loans in amounts of \$1 million or less.

² The percentage of businesses by tract is based on 2014 Dun & Bradstreet Data and 2014 FFIEC census tract designations.

³ Does not include loans in tracts where the income level is unknown, which is 0.0% by number and 0.0% by dollar. Only includes loans with no tract location reported.

(NOTE: Total percentages may vary due to automated rounding differences.)

Distribution of 2015 Business Loans by Income Level of Geography Collin, Dallas, and Denton Counties							
Census Tract Income Level	Bank Loans				Aggregate CRA Data ¹		% of Businesses ²
	#	\$(000s)	# %	\$ %	# %	\$ %	
Low	59	15,950	7.2	8.7	8.6	11.2	8.0
Moderate	165	38,381	20.2	21.0	17.1	19.4	17.8
Middle	181	49,845	22.1	27.3	22.1	21.1	25.1
Upper	413	78,254	50.5	42.9	50.8	47.2	48.8
Unknown ³	0	0	0.0	0.0	0.2	0.5	0.2
Total	818	182,430	100.0	100.0	98.8	99.4	100.0

¹ Aggregate loan data reflects all small business loan originations in the bank's AA reported by all CRA filers. CRA data reports only business loans in amounts of \$1 million or less.

² The percentage of businesses by tract is based on 2015 Dun & Bradstreet Data and 2014 FFIEC census tract designations.

³ Does not include loans in tracts where the income level is unknown, which is 0.0% by number and 0.0% by dollar. Only includes loans with no tract location reported.

(NOTE: Total percentages may vary due to automated rounding differences.)

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Distribution of 2014 HMDA Loans by Borrower Income Levels Collin, Dallas, and Denton Counties							
Borrow Income Level	Bank Loans				Aggregate HMDA Data ¹		% of Families ²
	#	\$(000s)	# %	\$ %	# %	\$ %	
Home Purchase Loans							
Low	8	782	1.6	0.5	3.6	1.5	23.3
Moderate	37	4,800	7.4	3.0	12.0	7.1	16.5
Middle	53	9,496	10.6	5.9	16.0	12.6	17.9
Upper	330	132,841	65.9	82.1	49.6	62.5	42.3
Unknown	73	13,923	14.6	8.6	18.8	16.4	0.0
Total	501	161,842	100.0	100.0	100.0	100.0	100.0
Refinanced Loans							
Low	2	132	1.0	0.3	4.7	2.1	23.3
Moderate	28	3,315	14.3	6.5	10.5	5.9	16.5
Middle	29	3,593	14.8	7.1	14.8	10.4	17.9
Upper	131	42,963	66.8	84.4	46.0	59.6	42.3
Unknown	6	889	3.1	1.7	23.9	21.9	0.0
Total	196	50,892	100.0	100.0	100.0	100.0	100.0
Home Improvement Loans							
Low	19	195	3.2	0.7	4.7	1.3	23.3
Moderate	39	510	6.5	1.8	8.8	4.0	16.5
Middle	69	1,392	11.5	5.0	12.7	9.1	17.9
Upper	469	25,563	78.4	91.8	61.4	78.5	42.3
Unknown	2	195	0.3	0.7	12.3	7.0	0.0
Total	598	27,855	100.0	100.0	100.0	100.0	100.0
Total Home Mortgage Loans							
Low	29	1,109	2.2	0.4	3.9	1.5	23.3
Moderate	104	8,625	8.0	3.4	11.4	6.2	16.5
Middle	151	14,481	11.6	5.7	15.5	10.9	17.9
Upper	930	201,367	71.5	79.2	48.9	56.8	42.3
Unknown	86	28,775	6.6	11.3	20.2	24.6	0.0
Total	1,300	254,357	100.0	100.0	100.0	100.0	100.0
¹ Aggregate loan data reflects all loan originations in the bank's AA reported by all HMDA LAR filers. ² The percentage of families is based on 2010 ACS 5-year estimates. ³ Multifamily loans are not considered in the Borrower Analysis. (NOTE: Total percentages may vary due to automated rounding differences.)							

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Distribution of 2015 HMDA Loans by Borrower Income Levels Collin, Dallas, and Denton Counties							
Borrow Income Level	Bank Loans				Aggregate HMDA Data ¹		% of Families ²
	#	\$(000s)	# %	\$ %	# %	\$ %	
Home Purchase Loans							
Low	113	10,829	14.1	5.1	3.4	1.4	23.3
Moderate	184	25,486	23.0	12.1	11.4	6.8	16.5
Middle	101	17,441	12.6	8.3	16.5	12.9	17.9
Upper	355	148,963	44.4	70.7	51.3	63.7	42.3
Unknown	46	7,911	5.8	3.8	17.4	15.1	0.0
Total	799	210,630	100.0	100.0	100.0	100.0	100.0
Refinanced Loans							
Low	15	1,423	3.6	1.3	3.2	1.3	23.3
Moderate	66	8,485	15.8	7.5	8.9	4.6	16.5
Middle	50	7,277	11.9	6.5	14.9	10.0	17.9
Upper	256	91,031	61.1	80.8	50.4	59.6	42.3
Unknown	32	4,496	7.6	4.0	22.6	24.5	0.0
Total	419	112,712	100.0	100.0	100.0	100.0	100.0
Home Improvement Loans							
Low	57	539	7.9	1.6	6.0	1.4	23.3
Moderate	83	1,117	11.5	3.3	10.0	4.4	16.5
Middle	96	1,951	13.3	5.7	14.0	9.0	17.9
Upper	480	29,298	66.4	85.6	65.5	77.3	42.3
Unknown	7	1,315	1.0	3.8	4.5	7.9	0.0
Total	723	34,220	100.0	100.0	100.0	100.0	100.0
Total Home Mortgage Loans							
Low	185	12,791	9.5	2.8	3.5	1.3	23.3
Moderate	333	35,088	17.1	7.6	10.5	5.5	16.5
Middle	247	26,669	12.7	5.7	15.8	10.9	17.9
Upper	1,091	269,292	55.9	58.0	51.4	57.4	42.3
Unknown	95	120,196	4.9	25.9	18.9	25.0	0.0
Total	1,951	464,036	100.0	100.0	100.0	100.0	100.0
¹ Aggregate loan data reflects all loan originations in the bank's AA reported by all HMDA LAR filers. ² The percentage of families is based on 2010 ACS 5-year estimates. ³ Multifamily loans are not considered in the Borrower Analysis. (NOTE: Total percentages may vary due to automated rounding differences.)							

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Distribution of 2014 Business Loans by Revenue Size Collin, Dallas, and Denton Counties							
Business Revenue by Size ¹	Bank Loans				Aggregate CRA Data ²		% of Businesses ³
	#	\$(000s)	# %	\$ %	# %	\$ %	
\$1MM or less	369	38,418	42.8	23.0	46.1	33.9	89.9
Over \$1MM	399	107,890	46.3	64.6	Not Reported		6.4
Not Known	94	20,715	10.9	12.4			3.7
Total	862	167,023	100.0	100.0			100.0

¹ This analysis focuses on the bank's lending to "small businesses" as defined by the CRA, which are those businesses with gross annual revenues of \$1 million or less.

² Aggregate loan data reflects all loan originations in the bank's AA reported by all CRA filers. CRA data reports only business loans in amounts of \$1 million or less.

³ The percentage of businesses in the AA is based on 2014 Dun & Bradstreet Data.
(NOTE: Total percentages may vary due to automated rounding differences.)

Distribution of 2015 Business Loans by Revenue Size Collin, Dallas, and Denton Counties							
Business Revenue by Size ¹	Bank Loans				Aggregate CRA Data ²		% of Businesses ³
	#	\$(000s)	# %	\$ %	# %	\$ %	
\$1MM or less	368	53,905	45.0	29.5	49.3	34.3	92.8
Over \$1MM	362	111,117	44.3	60.9	Not Reported		7.0
Not Known	88	17,408	10.8	9.5			0.2
Total	818	182,430	100.0	100.0			100.0

¹ This analysis focuses on the bank's lending to "small businesses" as defined by the CRA, which are those businesses with gross annual revenues of \$1 million or less.

² Aggregate loan data reflects all loan originations in the bank's AA reported by all CRA filers. CRA data reports only business loans in amounts of \$1 million or less.

³ The percentage of businesses in the AA is based on 2015 Dun & Bradstreet Data.
(NOTE: Total percentages may vary due to automated rounding differences.)

APPENDICIES

Tarrant, Parker, and Wise Counties 2014 Assessment Area Demographics								
Income Categories	Tract Distribution		Families By Tract Income		Families < Poverty Level as a % of Families by Tract		Families By Family Income	
	#	%	#	%	#	%	#	%
Low-Income	33	8.5	26,745	5.5	9,558	35.7	104,258	21.4
Moderate-Income	106	27.4	115,103	23.7	21,054	18.3	84,094	17.3
Middle-Income	144	37.2	189,761	39.0	13,827	7.3	94,886	19.5
Upper-Income	103	26.6	154,552	31.8	4,763	3.1	202,923	41.7
Unknown-Income	1	0.3	0	0.0	0	0.0	0	0.0
Total AA	387	100.0	486,161	100.0	49,202	10.1	486,161	100.0
	Housing Units By Tract	Housing Type By Tract						
		Owner-Occupied			Rental		Vacant	
		#	% By Tract	% By Unit	#	% By Unit	#	% By Unit
Low-Income	47,935	16,445	3.7	34.3	23,404	48.8	8,086	16.9
Moderate-Income	199,946	88,236	19.6	44.1	86,646	43.3	25,064	12.5
Middle-Income	308,570	181,064	40.3	58.7	100,603	32.6	26,903	8.7
Upper-Income	207,547	163,435	36.4	78.7	32,886	15.8	11,226	5.4
Unknown-Income	0	0	0.0	0.0	0	0.0	0	0.0
Total AA	763,998	449,180	100.0	58.8	243,539	31.9	71,279	9.3
	Total Businesses by Tract		Businesses By Tract & Revenue Size					
			Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported	
			#	%	#	%	#	%
Low-Income	4,617	4.6	3,945	4.3	461	8.4	211	6.3
Moderate-Income	21,911	22.0	19,460	21.4	1,633	29.8	818	24.5
Middle-Income	36,379	36.5	33,515	36.9	1,723	31.5	1,141	34.2
Upper-Income	36,574	36.7	33,777	37.2	1,636	29.9	1,161	34.8
Unknown-Income	78	0.1	45	0.0	25	0.5	8	0.2
Total AA	99,559	100.0	90,742	100.0	5,478	100.0	3,339	100.0
Percent of Total Businesses:			91.1		5.5		3.4	
	Total Businesses by Tract		Farms By Tract & Revenue Size					
			Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported	
			#	%	#	%	#	%
Low-Income	12	1.0	11	0.9	1	4.5	0	0.0
Moderate-Income	148	12.2	145	12.2	3	13.6	0	0.0
Middle-Income	610	50.4	601	50.7	8	36.4	1	50.0
Upper-Income	440	36.4	429	36.2	10	45.5	1	50.0
Unknown-Income	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	1,210	100.0	1,186	100.0	22	100.0	2	100.0
Percent of Total Farms:			98.0		1.8		0.2	

Data based on 2010 American Community Survey 5-year estimates, 2014 FFIEC Online Census Data System tract designations, and 2014 Dun & Bradstreet data.

APPENDICIES

Tarrant, Parker, and Wise Counties 2015 Assessment Area Demographics								
Income Categories	Tract Distribution		Families By Tract Income		Families < Poverty Level as a % of Families by Tract		Families By Family Income	
	#	%	#	%	#	%	#	%
Low-Income	33	8.5	26,745	5.5	9,558	35.7	104,258	21.4
Moderate-Income	106	27.4	115,103	23.7	21,054	18.3	84,094	17.3
Middle-Income	144	37.2	189,761	39.0	13,827	7.3	94,886	19.5
Upper-Income	103	26.6	154,552	31.8	4,763	3.1	202,923	41.7
Unknown-Income	1	0.3	0	0.0	0	0.0	0	0.0
Total AA	387	100.0	486,161	100.0	49,202	10.1	486,161	100.0
	Housing Units By Tract	Housing Type By Tract						
		Owner-Occupied			Rental		Vacant	
		#	% By Tract	% By Unit	#	% By Unit	#	% By Unit
Low-Income	47,935	16,445	3.7	34.3	23,404	48.8	8,086	16.9
Moderate-Income	199,946	88,236	19.6	44.1	86,646	43.3	25,064	12.5
Middle-Income	308,570	181,064	40.3	58.7	100,603	32.6	26,903	8.7
Upper-Income	207,547	163,435	36.4	78.7	32,886	15.8	11,226	5.4
Unknown-Income	0	0	0.0	0.0	0	0.0	0	0.0
Total AA	763,998	449,180	100.0	58.8	243,539	31.9	71,279	9.3
	Total Businesses by Tract		Businesses By Tract & Revenue Size					
			Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported	
	#	%	#	%	#	%	#	%
Low-Income	4,845	4.4	4,328	4.1	505	7.7	12	4.2
Moderate-Income	23,205	20.9	21,245	20.4	1,894	29.0	66	23.1
Middle-Income	40,520	36.5	38,345	36.8	2,074	31.7	101	35.3
Upper-Income	42,477	38.2	40,343	38.7	2,027	31.0	107	37.4
Unknown-Income	90	0.1	50	0.0	40	0.6	0	0.0
Total AA	111,137	100.0	104,311	100.0	6,540	100.0	286	100.0
Percent of Total Businesses:				93.9	5.9		0.3	
	Total Businesses by Tract		Farms By Tract & Revenue Size					
			Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported	
	#	%	#	%	#	%	#	%
Low-Income	14	1.1	12	1.0	2	7.4	0	0.0
Moderate-Income	135	11.1	133	11.1	2	7.4	0	0.0
Middle-Income	612	50.2	603	50.5	9	33.3	0	0.0
Upper-Income	459	37.6	445	37.3	14	51.9	0	0.0
Unknown-Income	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	1,220	100.0	1,193	100.0	27	100.0	0	0.0
Percent of Total Farms:				97.8	2.2		0.0	

Data based on 2010 American Community Survey 5-year estimates, 2014 FFIEC Online Census Data System census tract designations, and 2015 Dun & Bradstreet data.

APPENDICIES

Distribution of 2014 HMDA Loans by Income Level of Geography Tarrant, Parker, and Wise Counties							
Census Tract Income Level	Bank Loans				Aggregate HMDA Data ¹		% of Owner Occupied Units ²
	#	\$(000s)	# %	\$ %	# %	\$ %	
Home Purchase Loans							
Low	0	0	0.0	0.0	0.9	0.5	3.7
Moderate	20	3,386	12.6	9.8	11.0	6.9	19.6
Middle	73	11,533	45.9	33.3	39.4	33.8	40.3
Upper	66	19,723	41.5	56.9	48.7	58.8	36.4
Unknown ³	0	0	0.0	0.0	0.0	0.0	0.0
Total	159	34,642	100.0	100.0	100.0	100.0	100.0
Home Refinance Loans							
Low	0	0	0.0	0.0	0.8	0.6	3.7
Moderate	8	672	19.0	4.5	11.9	8.8	19.6
Middle	17	4,223	40.5	28.0	38.6	32.6	40.3
Upper	17	10,203	40.5	67.6	48.7	58.0	36.4
Unknown ³	0	0	0.0	0.0	0.0	0.0	0.0
Total	42	15,098	100.0	100.0	100.0	100.0	100.0
Home Improvement Loans							
Low	0	0	0.0	0.0	2.0	0.7	3.7
Moderate	6	111	4.0	1.7	13.2	8.4	19.6
Middle	36	1,433	24.2	21.7	36.1	32.7	40.3
Upper	107	5,072	71.8	76.7	48.7	58.2	36.4
Unknown ³	0	0	0.0	0.0	0.0	0.0	0.0
Total	149	6,616	100.0	100.0	100.0	100.0	100.0
Multifamily Loans							% of MF Units²
Low	0	0	0.0	0.0	4.1	4.4	8.4
Moderate	0	0	0.0	0.0	40.2	23.6	36.4
Middle	2	54,000	100.0	100.0	42.6	52.5	43.9
Upper	0	0	0.0	0.0	13.1	19.5	11.3
Unknown ³	0	0	0.0	0.0	0.0	0.0	0.0
Total	2	54,000	100.0	100.0	100.0	100.0	100.0
Total Home Mortgage Loans							
Low	0	0	0.0	0.0	0.9	0.8	3.7
Moderate	34	4,169	9.7	3.8	11.4	8.7	19.6
Middle	128	71,189	36.4	64.5	39.0	34.9	40.3
Upper	190	34,998	54.0	31.7	48.6	55.5	36.4
Unknown ³	0	0	0.0	0.0	0.0	0.0	0.0
Total	352	110,356	100.0	100.0	100.0	100.0	100.0

¹ Aggregate loan data reflects all loan originations in the bank's AA reported by all HMDA LAR filers.

² The percentage of owner-occupied housing units and multifamily structures by tract is based on 2010 ACS 5-year estimates and 2014 FFIEC census tract designations.

³ Only includes loans with unreported geocode information. Does not include loans in tracts where the income category is 'unknown', which is 0.0% for the bank and 0.0% for aggregate.

(NOTE: Total percentages may vary due to automated rounding differences.)

APPENDICIES

Distribution of 2015 HMDA Loans by Income Level of Geography Tarrant, Parker, and Wise Counties							
Census Tract Income Level	Bank Loans				Aggregate HMDA Data ¹		% of Owner Occupied Units ²
	#	\$(000s)	# %	\$ %	# %	\$ %	
Home Purchase Loans							
Low	4	243	1.3	0.4	0.9	0.5	3.7
Moderate	49	6,492	15.8	10.4	11.5	7.4	19.6
Middle	122	18,231	39.4	29.1	40.2	35.0	40.3
Upper	135	37,583	43.5	60.1	47.5	57.1	36.4
Unknown ³	0	0	0.0	0.0	0.0	0.0	0.0
Total	310	62,549	100.0	100.0	100.0	100.0	100.0
Home Refinance Loans							
Low	2	154	1.8	0.7	0.6	0.3	3.7
Moderate	17	1,753	15.3	7.4	9.2	5.4	19.6
Middle	49	7,965	44.1	33.7	37.7	41.1	40.3
Upper	43	13,760	38.7	58.2	52.4	53.3	36.4
Unknown ³	0	0	0.0	0.0	0.0	0.0	0.0
Total	111	23,632	100.0	100.0	100.0	100.0	100.0
Home Improvement Loans							
Low	8	30	4.7	0.3	1.9	0.5	3.7
Moderate	29	158	17.1	1.8	13.0	5.8	19.6
Middle	33	1,454	19.4	16.7	34.5	29.2	40.3
Upper	100	7,047	58.8	81.1	50.7	64.4	36.4
Unknown ³	0	0	0.0	0.0	0.0	0.0	0.0
Total	170	8,689	100.0	100.0	100.0	100.0	100.0
Multifamily Loans							% of MF Units²
Low	1	10,363	16.7	17.4	11.4	4.7	8.4
Moderate	4	42,951	66.7	72.0	29.7	25.4	36.4
Middle	1	6,300	16.7	10.6	42.3	41.5	43.9
Upper	0	0	0.0	0.0	16.6	28.4	11.3
Unknown ³	0	0	0.0	0.0	0.0	0.0	0.0
Total	6	59,614	100.0	100.0	100.0	100.0	100.0
Total Home Mortgage Loans							
Low	15	10,790	2.5	7.0	0.9	0.8	3.7
Moderate	99	51,354	16.6	33.2	10.9	8.6	19.6
Middle	205	33,950	34.3	22.0	39.2	37.5	40.3
Upper	278	58,390	46.6	37.8	49.1	53.1	36.4
Unknown ³	0	0	0.0	0.0	0.0	0.0	0.0
Total	597	154,484	100.0	100.0	100.0	100.0	100.0

¹ Aggregate loan data reflects all loan originations in the bank's AA reported by all HMDA LAR filers.

² The percentage of owner-occupied housing units and multifamily structures by tract is based on 2010 ACS 5-year estimates and 2014 FFIEC census tract designations.

³ Only includes loans with unreported geocode information. Does not include loans in tracts where the income category is 'unknown', which is 0.0% for the bank and 0.0% for aggregate.

(NOTE: Total percentages may vary due to automated rounding differences.)

APPENDICIES

Distribution of 2014 Business Loans by Income Level of Geography Tarrant, Parker, and Wise Counties							
Census Tract Income Level	Bank Loans				Aggregate CRA Data ¹		% of Businesses ²
	#	\$(000s)	# %	\$ %	# %	\$ %	
Low	10	2,113	4.2	4.4	4.5	5.9	4.6
Moderate	55	13,436	23.3	27.7	19.6	22.4	22.0
Middle	84	17,239	35.6	35.6	35.3	33.9	36.5
Upper	87	15,669	36.9	32.3	38.4	36.6	36.7
Unknown ³	0	0	0.0	0.0	0.1	0.1	0.1
Total	236	48,457	100.0	100.0	97.8	98.9	100.0

¹ Aggregate loan data reflects all small business loan originations in the bank's AA reported by all CRA filers. CRA data reports only business loans in amounts of \$1 million or less.

² The percentage of businesses by tract is based on 2014 Dun & Bradstreet Data and 2014 FFIEC census tract designations.

³ Does not include loans in tracts where the income level is unknown, which is 0.0% by number and 0.0% by dollar. Only includes loans with no tract location reported.

(NOTE: Total percentages may vary due to automated rounding differences.)

Distribution of 2015 Business Loans by Income Level of Geography Tarrant, Parker, and Wise Counties							
Census Tract Income Level	Bank Loans				Aggregate CRA Data ¹		% of Businesses ²
	#	\$(000s)	# %	\$ %	# %	\$ %	
Low	10	4,214	3.8	7.3	4.6	6.2	4.4
Moderate	54	13,802	20.7	24.0	20.0	22.3	20.9
Middle	89	17,901	34.1	31.1	35.0	32.8	36.5
Upper	108	21,655	41.4	37.6	38.3	37.5	38.2
Unknown ³	0	0	0.0	0.0	0.1	0.2	0.1
Total	261	57,572	100.0	100.0	98.1	99.0	100.0

¹ Aggregate loan data reflects all small business loan originations in the bank's AA reported by all CRA filers. CRA data reports only business loans in amounts of \$1 million or less.

² The percentage of businesses by tract is based on 2015 Dun & Bradstreet Data and 2014 FFIEC census tract designations.

³ Does not include loans in tracts where the income level is unknown, which is 0.0% by number and 0.0% by dollar. Only includes loans with no tract location reported.

(NOTE: Total percentages may vary due to automated rounding differences.)

APPENDICIES

Distribution of 2014 HMDA Loans by Borrower Income Levels Tarrant, Parker, and Wise Counties							
Borrow Income Level	Bank Loans				Aggregate HMDA Data ¹		% of Families ²
	#	\$(000s)	# %	\$ %	# %	\$ %	
Home Purchase Loans							
Low	5	477	3.1	1.4	4.7	2.2	21.4
Moderate	19	2,338	11.9	6.7	14.7	9.7	17.3
Middle	23	3,886	14.5	11.2	20.4	17.5	19.5
Upper	88	25,354	55.3	73.2	40.6	53.2	41.7
Unknown	24	2,587	15.1	7.5	19.6	17.4	0.0
Total	159	34,642	100.0	100.0	100.0	100.0	100.0
Refinanced Loans							
Low	3	203	7.1	1.3	5.1	2.5	21.4
Moderate	4	422	9.5	2.8	10.9	6.5	17.3
Middle	7	896	16.7	5.9	17.3	12.7	19.5
Upper	24	9,968	57.1	66.0	39.4	50.2	41.7
Unknown	4	3,609	9.5	23.9	27.3	28.1	0.0
Total	42	15,098	100.0	100.0	100.0	100.0	100.0
Home Improvement Loans							
Low	3	20	2.0	0.3	8.8	2.5	21.4
Moderate	3	86	2.0	1.3	10.0	5.8	17.3
Middle	21	664	14.1	10.0	17.0	11.8	19.5
Upper	122	5,846	81.9	88.4	53.1	68.5	41.7
Unknown	0	0	0.0	0.0	11.0	11.4	0.0
Total	149	6,616	100.0	100.0	100.0	100.0	100.0
Total Home Mortgage Loans							
Low	11	700	3.1	0.6	5.0	2.1	21.4
Moderate	26	2,846	7.4	2.6	13.5	8.1	17.3
Middle	51	5,446	14.5	4.9	19.4	14.9	19.5
Upper	234	41,168	66.5	37.3	40.7	48.5	41.7
Unknown	30	60,196	8.5	54.5	21.5	26.3	0.0
Total	352	110,356	100.0	100.0	100.0	100.0	100.0
¹ Aggregate loan data reflects all loan originations in the bank's AA reported by all HMDA LAR filers. ² The percentage of families is based on 2010 ACS 5-year estimates. ³ Multifamily loans are not considered in the Borrower Analysis. (NOTE: Total percentages may vary due to automated rounding differences.)							

APPENDICIES

Distribution of 2015 HMDA Loans by Borrower Income Levels Tarrant, Parker, and Wise Counties							
Borrow Income Level	Bank Loans				Aggregate HMDA Data ¹		% of Families ²
	#	\$(000s)	# %	\$ %	# %	\$ %	
Home Purchase Loans							
Low	39	3,852	12.6	6.2	4.7	2.3	21.4
Moderate	97	13,285	31.3	21.2	15.6	10.6	17.3
Middle	44	7,688	14.2	12.3	19.9	17.4	19.5
Upper	116	36,203	37.4	57.9	40.0	52.1	41.7
Unknown	14	1,521	4.5	2.4	19.7	17.5	0.0
Total	310	62,549	100.0	100.0	100.0	100.0	100.0
Refinanced Loans							
Low	10	842	9.0	3.6	3.8	1.6	21.4
Moderate	35	3,954	31.5	16.7	10.3	5.3	17.3
Middle	21	3,124	18.9	13.2	16.6	10.5	19.5
Upper	42	13,073	37.8	55.3	41.4	44.7	41.7
Unknown	3	2,639	2.7	11.2	27.8	37.9	0.0
Total	111	23,632	100.0	100.0	100.0	100.0	100.0
Home Improvement Loans							
Low	17	86	10.0	1.0	8.4	2.1	21.4
Moderate	19	203	11.2	2.3	11.8	6.3	17.3
Middle	14	402	8.2	4.6	17.1	11.4	19.5
Upper	115	7,867	67.6	90.5	57.8	73.3	41.7
Unknown	5	131	2.9	1.5	4.9	7.0	0.0
Total	170	8,689	100.0	100.0	100.0	100.0	100.0
Total Home Mortgage Loans							
Low	66	4,780	11.1	3.1	4.6	1.9	21.4
Moderate	151	17,442	25.3	11.3	13.8	7.8	17.3
Middle	79	11,214	13.2	7.3	18.7	13.4	19.5
Upper	273	57,143	45.7	37.0	41.0	44.8	41.7
Unknown	28	63,905	4.7	41.4	22.0	32.1	0.0
Total	597	154,484	100.0	100.0	100.0	100.0	100.0
¹ Aggregate loan data reflects all loan originations in the bank's AA reported by all HMDA LAR filers. ² The percentage of families is based on 2010 ACS 5-year estimates. ³ Multifamily loans are not considered in the Borrower Analysis. (NOTE: Total percentages may vary due to automated rounding differences.)							

APPENDICIES

Distribution of 2014 Business Loans by Revenue Size Tarrant, Parker, and Wise Counties							
Business Revenue by Size ¹	Bank Loans				Aggregate CRA Data ²		% of Businesses ³
	#	\$(000s)	# %	\$ %	# %	\$ %	
\$1MM or less	103	19,110	43.6	39.4	45.8	32.8	91.1
Over \$1MM	113	24,136	47.9	49.8	Not Reported		5.5
Not Known	20	5,211	8.5	10.8			3.4
Total	236	48,457	100.0	100.0			100.0

¹ This analysis focuses on the bank's lending to "small businesses" as defined by the CRA, which are those businesses with gross annual revenues of \$1 million or less.

² Aggregate loan data reflects all loan originations in the bank's AA reported by all CRA filers. CRA data reports only business loans in amounts of \$1 million or less.

³ The percentage of businesses in the AA is based on 2014 Dun & Bradstreet Data.
(NOTE: Total percentages may vary due to automated rounding differences.)

Distribution of 2015 Business Loans by Revenue Size Tarrant, Parker, and Wise Counties							
Business Revenue by Size ¹	Bank Loans				Aggregate CRA Data ²		% of Businesses ³
	#	\$(000s)	# %	\$ %	# %	\$ %	
\$1MM or less	133	24,936	51.0	43.3	47.9	33.8	93.9
Over \$1MM	99	23,671	37.9	41.1	Not Reported		5.9
Not Known	29	8,965	11.1	15.6			0.3
Total	261	57,572	100.0	100.0			100.0

¹ This analysis focuses on the bank's lending to "small businesses" as defined by the CRA, which are those businesses with gross annual revenues of \$1 million or less.

² Aggregate loan data reflects all loan originations in the bank's AA reported by all CRA filers. CRA data reports only business loans in amounts of \$1 million or less.

³ The percentage of businesses in the AA is based on 2015 Dun & Bradstreet Data.
(NOTE: Total percentages may vary due to automated rounding differences.)

APPENDICES

Appendix D – Non metropolitan Limited Scope Assessment Area Demographics

Jack County 2014 Assessment Area Demographics								
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	266	13.1
Moderate-Income	0	0.0	0	0.0	0	0.0	310	15.2
Middle-Income	0	0.0	0	0.0	0	0.0	385	18.9
Upper-Income	3	100.0	2,033	100.0	174	8.6	1,072	52.7
Unknown-Income	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	3	100.0	2,033	100.0	174	8.6	2,033	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	0	0	0.0	0.0	0	0.0	0	0.0
Upper-Income	4,025	2,316	100.0	57.5	668	16.6	1,041	25.9
Unknown-Income	0	0	0.0	0.0	0	0.0	0	0.0
Total AA	4,025	2,316	100.0	57.5	668	16.6	1,041	25.9
	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	0	0.0	0	0.0	0	0.0	0	0.0
Upper-Income	386	100.0	350	100.0	16	100.0	20	100.0
Unknown-Income	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	386	100.0	350	100.0	16	100.0	20	100.0
Percent of Total Businesses:			90.7		4.1		5.2	
	Total Businesses by Tract	Farms 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	0	0.0	0	0.0	0	0.0	0	0.0
Upper-Income	54	100.0	54	100.0	0	0.0	0	0.0
Unknown-Income	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	54	100.0	54	100.0	0	0.0	0	0.0
Percent of Total Farms:			100.0		0.0		0.0	

Data based on 2010 American Community Survey 5-year estimates, 2014 FFIEC Online Census Data System census tract designations, and 2014 Dun & Bradstreet data.

APPENDICIES

Jack County 2015 Assessment Area Demographics								
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	266	13.1
Moderate-Income	0	0.0	0	0.0	0	0.0	310	15.2
Middle-Income	0	0.0	0	0.0	0	0.0	385	18.9
Upper-Income	3	100.0	2,033	100.0	174	8.6	1,072	52.7
Unknown-Income	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	3	100.0	2,033	100.0	174	8.6	2,033	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	0	0	0.0	0.0	0	0.0	0	0.0
Upper-Income	4,025	2,316	100.0	57.5	668	16.6	1,041	25.9
Unknown-Income	0	0	0.0	0.0	0	0.0	0	0.0
Total AA	4,025	2,316	100.0	57.5	668	16.6	1,041	25.9
	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	0	0.0	0	0.0	0	0.0	0	0.0
Upper-Income	416	100.0	384	100.0	22	100.0	10	100.0
Unknown-Income	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	416	100.0	384	100.0	22	100.0	10	100.0
Percent of Total Businesses:			92.3		5.3		2.4	
	Total Businesses by Tract		Farms 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	0	0.0	0	0.0	0	0.0	0	0.0
Upper-Income	40	100.0	40	100.0	0	0.0	0	0.0
Unknown-Income	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	40	100.0	40	100.0	0	0.0	0	0.0
Percent of Total Farms:			100.0		0.0		0.0	

Data based on 2010 American Community Survey 5-year estimates, 2014 FFIEC Online Census Data System census tract designations, and 2015 Dun & Bradstreet data.

APPENDICIES

Appendix E – Non Metropolitan Limited Scope Assessment Area Loan Tables

The assessment area loan tables appear in the following order:

1. Geographic Distribution of HMDA Loans for the bank and aggregate lenders
2. Geographic distribution of Small Business and Small Farm Loans for the bank and aggregate lenders
3. Borrower Profile of HMDA Loans for the bank and aggregate lenders
4. Borrower Profile of Small Business and Small Farm Loans for the bank and aggregate lenders

APPENDICIES

Distribution of 2014 HMDA Loans by Income Level of Geography Jack County							
Census Tract Income Level	Bank Loans				Aggregate HMDA Data ¹		% of Owner Occupied Units ²
	#	\$(000s)	# %	\$ %	# %	\$ %	
Home Purchase Loans							
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	0.0	0.0	0.0
Upper	3	151	100.0	100.0	100.0	100.0	100.0
Unknown ³	0	0	0.0	0.0	0.0	0.0	0.0
Total	3	151	100.0	100.0	100.0	100.0	100.0
Home Refinance Loans							
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	0.0	0.0	0.0
Upper	0	0	0.0	0.0	100.0	100.0	100.0
Unknown ³	0	0	0.0	0.0	0.0	0.0	0.0
Total	0	0	0.0	0.0	100.0	100.0	100.0
Home Improvement Loans							
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	0.0	0.0	0.0
Upper	10	434	100.0	100.0	100.0	100.0	100.0
Unknown ³	0	0	0.0	0.0	0.0	0.0	0.0
Total	10	434	100.0	100.0	100.0	100.0	100.0
Multifamily Loans							% of MF Units²
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	0.0	0.0	0.0
Upper	0	0	0.0	0.0	0.0	0.0	100.0
Unknown ³	0	0	0.0	0.0	0.0	0.0	0.0
Total	0	0	0.0	0.0	0.0	0.0	100.0
Total Home Mortgage Loans							
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	0.0	0.0	0.0
Upper	13	585	100.0	100.0	100.0	100.0	100.0
Unknown ³	0	0	0.0	0.0	0.0	0.0	0.0
Total	13	585	100.0	100.0	100.0	100.0	100.0

¹ Aggregate loan data reflects all loan originations in the bank's AA reported by all HMDA LAR filers.

² The percentage of owner-occupied housing units and multifamily structures by tract is based on 2010 ACS 5-year estimates and 2014 FFIEC census tract designations.

³ Only includes loans with unreported geocode information. Does not include loans in tracts where the income category is 'unknown', which is 0.0% for the bank and 0.0% for aggregate.

(NOTE: Total percentages may vary due to automated rounding differences.)

APPENDICIES

Distribution of 2015 HMDA Loans by Income Level of Geography Jack County							
Census Tract Income Level	Bank Loans				Aggregate HMDA Data ¹		% of Owner Occupied Units ²
	#	\$(000s)	# %	\$ %	# %	\$ %	
Home Purchase Loans							
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	0.0	0.0	0.0
Upper	8	756	100.0	100.0	100.0	100.0	100.0
Unknown ³	0	0	0.0	0.0	0.0	0.0	0.0
Total	8	756	100.0	100.0	100.0	100.0	100.0
Home Refinance Loans							
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	0.0	0.0	0.0
Upper	5	364	100.0	100.0	100.0	100.0	100.0
Unknown ³	0	0	0.0	0.0	0.0	0.0	0.0
Total	5	364	100.0	100.0	100.0	100.0	100.0
Home Improvement Loans							
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	0.0	0.0	0.0
Upper	14	164	100.0	100.0	100.0	100.0	100.0
Unknown ³	0	0	0.0	0.0	0.0	0.0	0.0
Total	14	164	100.0	100.0	100.0	100.0	100.0
Multifamily Loans							% of MF Units²
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	0.0	0.0	0.0
Upper	1	338	100.0	100.0	100.0	100.0	100.0
Unknown ³	0	0	0.0	0.0	0.0	0.0	0.0
Total	1	338	100.0	100.0	100.0	100.0	100.0
Total Home Mortgage Loans							
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	0.0	0.0	0.0
Upper	28	1,622	100.0	100.0	100.0	100.0	100.0
Unknown ³	0	0	0.0	0.0	0.0	0.0	0.0
Total	28	1,622	100.0	100.0	100.0	100.0	100.0

¹ Aggregate loan data reflects all loan originations in the bank's AA reported by all HMDA LAR filers.

² The percentage of owner-occupied housing units and multifamily structures by tract is based on 2010 ACS 5-year estimates and 2014 FFIEC census tract designations.

³ Only includes loans with unreported geocode information. Does not include loans in tracts where the income category is 'unknown', which is 0.0% for the bank and 0.0% for aggregate.

(NOTE: Total percentages may vary due to automated rounding differences.)

APPENDICIES

Distribution of 2014 Business Loans by Income Level of Geography Jack County							
Census Tract Income Level	Bank Loans				Aggregate CRA Data ¹		% of Businesses ²
	#	\$(000s)	# %	\$ %	# %	\$ %	
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	0.0	0.0	0.0
Upper	54	5,244	100.0	100.0	95.9	99.5	100.0
Unknown ³	0	0	0.0	0.0	0.0	0.0	0.0
Total	54	5,244	100.0	100.0	95.9	99.5	100.0

¹ Aggregate loan data reflects all small business loan originations in the bank's AA reported by all CRA filers. CRA data reports only business loans in amounts of \$1 million or less.

² The percentage of businesses by tract is based on 2014 Dun & Bradstreet Data and 2014 FFIEC census tract designations.

³ Does not include loans in tracts where the income level is unknown, which is 0.0% by number and 0.0% by dollar. Only includes loans with no tract location reported.

(NOTE: Total percentages may vary due to automated rounding differences.)

Distribution of 2015 Business Loans by Income Level of Geography Jack County							
Census Tract Income Level	Bank Loans				Aggregate CRA Data ¹		% of Businesses ²
	#	\$(000s)	# %	\$ %	# %	\$ %	
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	0.0	0.0	0.0
Upper	29	3,947	100.0	100.0	95.7	99.1	100.0
Unknown ³	0	0	0.0	0.0	0.0	0.0	0.0
Total	29	3,947	100.0	100.0	95.7	99.1	100.0

¹ Aggregate loan data reflects all small business loan originations in the bank's AA reported by all CRA filers. CRA data reports only business loans in amounts of \$1 million or less.

² The percentage of businesses by tract is based on 2015 Dun & Bradstreet Data and 2014 FFIEC census tract designations.

³ Does not include loans in tracts where the income level is unknown, which is 0.0% by number and 0.0% by dollar. Only includes loans with no tract location reported.

(NOTE: Total percentages may vary due to automated rounding differences.)

APPENDICIES

Distribution of 2014 HMDA Loans by Borrower Income Levels Jack County							
Borrow Income Level	Bank Loans				Aggregate HMDA Data ¹		% of Families ²
	#	\$(000s)	# %	\$ %	# %	\$ %	
Home Purchase Loans							
Low	0	0	0.0	0.0	0.0	0.0	13.1
Moderate	0	0	0.0	0.0	15.4	7.9	15.2
Middle	2	78	66.7	51.7	28.2	24.5	18.9
Upper	0	0	0.0	0.0	33.3	47.6	52.7
Unknown	1	73	33.3	48.3	23.1	20.0	0.0
Total	3	151	100.0	100.0	100.0	100.0	100.0
Refinanced Loans							
Low	0	0	0.0	0.0	0.0	0.0	13.1
Moderate	0	0	0.0	0.0	0.0	0.0	15.2
Middle	0	0	0.0	0.0	8.8	5.0	18.9
Upper	0	0	0.0	0.0	67.6	72.9	52.7
Unknown	0	0	0.0	0.0	23.5	22.1	0.0
Total	0	0	0.0	0.0	100.0	100.0	100.0
Home Improvement Loans							
Low	1	3	10.0	0.7	5.9	0.3	13.1
Moderate	2	14	20.0	3.2	11.8	1.3	15.2
Middle	2	10	20.0	2.3	11.8	0.9	18.9
Upper	4	317	40.0	73.0	64.7	89.0	52.7
Unknown	1	90	10.0	20.7	5.9	8.5	0.0
Total	10	434	100.0	100.0	100.0	100.0	100.0
Total Home Mortgage Loans							
Low	1	3	7.7	0.5	1.1	0.0	13.1
Moderate	2	14	15.4	2.4	8.9	3.4	15.2
Middle	4	88	30.8	15.0	17.8	12.7	18.9
Upper	4	317	30.8	54.2	52.2	64.1	52.7
Unknown	2	163	15.4	27.9	20.0	19.7	0.0
Total	13	585	100.0	100.0	100.0	100.0	100.0
¹ Aggregate loan data reflects all loan originations in the bank's AA reported by all HMDA LAR filers. ² The percentage of families is based on 2010 ACS 5-year estimates. ³ Multifamily loans are not considered in the Borrower Analysis. (NOTE: Total percentages may vary due to automated rounding differences.)							

APPENDICIES

Distribution of 2015 HMDA Loans by Borrower Income Levels Jack County							
Borrow Income Level	Bank Loans				Aggregate HMDA Data ¹		% of Families ²
	#	\$(000s)	# %	\$ %	# %	\$ %	
Home Purchase Loans							
Low	0	0	0.0	0.0	4.5	1.3	13.1
Moderate	1	83	12.5	11.0	9.1	5.6	15.2
Middle	1	50	12.5	6.6	16.7	10.3	18.9
Upper	2	420	25.0	55.6	43.9	62.3	52.7
Unknown	4	203	50.0	26.9	25.8	20.6	0.0
Total	8	756	100.0	100.0	100.0	100.0	100.0
Refinanced Loans							
Low	1	28	20.0	7.7	2.4	0.6	13.1
Moderate	0	0	0.0	0.0	2.4	1.2	15.2
Middle	2	89	40.0	24.5	12.2	5.1	18.9
Upper	1	158	20.0	43.4	51.2	57.0	52.7
Unknown	1	89	20.0	24.5	31.7	36.1	0.0
Total	5	364	100.0	100.0	100.0	100.0	100.0
Home Improvement Loans							
Low	3	11	21.4	6.7	16.7	6.3	13.1
Moderate	1	13	7.1	7.9	13.3	7.2	15.2
Middle	4	17	28.6	10.4	20.0	6.0	18.9
Upper	6	123	42.9	75.0	50.0	80.5	52.7
Unknown	0	0	0.0	0.0	0.0	0.0	0.0
Total	14	164	100.0	100.0	100.0	100.0	100.0
Total Home Mortgage Loans							
Low	4	39	14.3	2.4	6.5	1.2	13.1
Moderate	2	96	7.1	5.9	8.0	4.0	15.2
Middle	7	156	25.0	9.6	15.9	8.1	18.9
Upper	9	701	32.1	43.2	47.1	59.6	52.7
Unknown	6	630	21.4	38.8	22.5	27.2	0.0
Total	28	1,622	100.0	100.0	100.0	100.0	100.0
¹ Aggregate loan data reflects all loan originations in the bank's AA reported by all HMDA LAR filers. ² The percentage of families is based on 2010 ACS 5-year estimates. ³ Multifamily loans are not considered in the Borrower Analysis. (NOTE: Total percentages may vary due to automated rounding differences.)							

APPENDICIES

Distribution of 2014 Business Loans by Revenue Size Jack County							
Business Revenue by Size ¹	Bank Loans				Aggregate CRA Data ²		% of Businesses ³
	#	\$(000s)	# %	\$ %	# %	\$ %	
\$1MM or less	38	2,627	70.4	50.1	47.1	38.7	90.7
Over \$1MM	13	2,370	24.1	45.2	Not Reported		4.1
Not Known	3	247	5.6	4.7			5.2
Total	54	5,244	100.0	100.0			100.0

¹ This analysis focuses on the bank's lending to "small businesses" as defined by the CRA, which are those businesses with gross annual revenues of \$1 million or less.
² Aggregate loan data reflects all loan originations in the bank's AA reported by all CRA filers. CRA data reports only business loans in amounts of \$1 million or less.
³ The percentage of businesses in the AA is based on 2014 Dun & Bradstreet Data.
(NOTE: Total percentages may vary due to automated rounding differences.)

Distribution of 2015 Business Loans by Revenue Size Jack County							
Business Revenue by Size ¹	Bank Loans				Aggregate CRA Data ²		% of Businesses ³
	#	\$(000s)	# %	\$ %	# %	\$ %	
\$1MM or less	21	2,079	72.4	52.7	47.9	51.3	92.3
Over \$1MM	7	1,701	24.1	43.1	Not Reported		5.3
Not Known	1	167	3.4	4.2			2.4
Total	29	3,947	100.0	100.0			100.0

¹ This analysis focuses on the bank's lending to "small businesses" as defined by the CRA, which are those businesses with gross annual revenues of \$1 million or less.
² Aggregate loan data reflects all loan originations in the bank's AA reported by all CRA filers. CRA data reports only business loans in amounts of \$1 million or less.
³ The percentage of businesses in the AA is based on 2015 Dun & Bradstreet Data.
(NOTE: Total percentages may vary due to automated rounding differences.)