



PUBLIC DISCLOSURE

September 08, 2014

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Broadway National Bank
Charter Number 14447

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

Office of the Comptroller of the Currency
10001 Reunion Place
Suite 250
San Antonio, TX 78216-4165

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

TABLE OF CONTENTS

OVERALL CRA RATING 1

DEFINITIONS AND COMMON ABBREVIATIONS 2

DESCRIPTION OF INSTITUTION 6

SCOPE OF THE EVALUATION..... 8

FAIR LENDING OR OTHER ILLEGAL CREDIT PRACTICES REVIEW 9

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS..... 10

 LENDING TEST 10

 INVESTMENT TEST..... 16

 SERVICE TEST..... 18

APPENDIX A: SCOPE OF EXAMINATION..... A-1

APPENDIX B: MARKET PROFILES FOR FULL-SCOPE AREAS B-1

APPENDIX C: TABLES OF PERFORMANCE DATA C-1

OVERALL CRA RATING

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

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

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

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

The major factors that support the rating include:

- Broadway National Bank (BNB) originated a substantial number (91%) and dollar volume (86%) of mortgage and small business loans in its assessment areas (AAs).
- The overall geographic distribution of home mortgage loans is adequate in the San Antonio AA. The geographic distribution of small loans to businesses is good.
- The distribution of loans by borrower income level reflects poor penetration among consumers of different incomes and businesses of different sizes. This performance is somewhat mitigated by the performance context and the number of small loans to small businesses.
- Community development (CD) lending had a positive impact on the bank’s performance under the lending test.
- CD investment performance is excellent in the San Antonio AA and responsive to AA needs. CD investment performance is also excellent in two of the three limited-scope AAs.
- Retail banking systems and services are reasonably accessible to geographies and individuals of different income levels.
- CD services in the full-scope AA are excellent and responsive to AA needs. The bank’s strong CD service performance in the full-scope AA somewhat mitigates weaker performance in the limited-scope AAs.

DEFINITIONS AND COMMON ABBREVIATIONS

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

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

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

Census Tract (CT): A small subdivision of metropolitan and other densely populated counties. Census tract boundaries do not cross county lines; however, they may cross the boundaries of metropolitan areas. Census tracts usually have between 2,500 and 8,000 persons, and their physical size varies widely depending upon population density. Census tracts are designed to be homogeneous with respect to population characteristics, economic status, and living conditions to allow for statistical comparisons.

Community Development: Affordable housing (including multifamily rental housing) for low- or moderate-income individuals; community services targeted to low- or moderate-income individuals; activities that promote economic development by financing businesses or farms that meet the size eligibility standards of the Small Business Administration's Development Company or Small Business Investment Company programs (13 CFR 121.301) or have gross annual revenues of \$1 million or less; or, activities that revitalize or stabilize low- or moderate-income geographies.

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

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

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

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

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

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

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

Home Mortgage Disclosure Act (HMDA): The statute that requires certain mortgage lenders that do business or have banking offices in a metropolitan statistical area to file annual summary reports of their mortgage lending activity. The reports include such data as the race, gender, and the income of applications, the amount of loan requested, and the disposition of the application (e.g., approved, denied, and withdrawn). Beginning in 2004, the reports also include additional data on loan pricing, the lien status of the collateral, any requests for preapproval and loans for manufactured housing.

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

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

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

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

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

Median Family Income (MFI): The median income determined by the U.S. Census Bureau every ten years and used to determine the income level category of geographies. Also, the median income determined by the Department of Housing and Urban Development annually that is used to determine the income level category of individuals. For any given area, the median is the point at which half of the families have income above it and half below it.

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

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

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

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

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

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

Other Products: Includes any unreported optional category of loans for which the institution collects and maintains data for consideration during a CRA examination. Examples of such

activity include consumer loans and other loan data an institution may provide concerning its lending performance.

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

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

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

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

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

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

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

DESCRIPTION OF INSTITUTION

Broadway National Bank (BNB), a \$2.95 billion intra-state financial institution headquartered in San Antonio, Texas, and founded in 1941, has become the largest independent, local family-owned bank in the San Antonio MSA. It is wholly owned by Broadway Bancshares of Delaware, Inc., an intermediary multi-bank holding company wholly owned by Broadway Bancshares, Inc. (BBI), a Texas-based bank holding company. BBI had total assets of \$2.97 billion at June 31, 2014.

BNB was first established to serve the deposit and credit needs of military families stationed in San Antonio. In 1973, BBI separately chartered the Eisenhower National Bank (ENB) to serve U.S. military clientele at Fort Sam Houston in San Antonio and at other military facilities located in Texas and the Southwest U.S. In 2004, ENB merged into BNB, and in November 2010, all ENB names changed to BNB.

In 1996, BNB acquired branches in Fredericksburg, Kerrville, Boerne, Castroville, Hondo, and Sequin, Texas. In 2005, it acquired branches in San Marcos, Wimberley, Kyle, and Buda, Texas, and began a strategic move northward. In 2009, BNB expanded into the Austin MSA with the addition of branches in Bee Cave and Dripping Springs. In 2013 and 2014, BNB opened two new branches in Austin.

BNB has become a diverse provider of financial services, including traditional banking, wealth advisory, trust management, and military banking services. Through its branch network, BNB offers a variety of standard loan and deposit products tailored to individual and business needs. BNB provides commercial, consumer and mortgage-related lending services at each branch with no geographic limitations for products and/or services. BNB also has a referral agreement to provide additional mortgage alternatives for applicants that may qualify for government sponsored secondary market programs, such as VA and FHA loans. Management's philosophy is to serve both the commercial and consumer needs of its customers located in the bank's AAs.

The bank specializes in business and real estate lending, as well as small dollar commercial loans to help meet the needs of small businesses. BNB provides additional resources specifically targeted to family owned businesses through its Family Business Resource Center (<https://fbrc.broadwaybank.com/>). BNB, a certified preferred SBA lender, has established a second look referral program with Accion Texas, Inc., a small business micro lender. BNB offers Treasury Management Services to commercial customers including remote deposit capture, merchant services, lockbox operations, online payroll services, positive pay, ACH origination, and business credit cards.

BNB also offers several programs to its military customer base, including low-cost checking and savings accounts, and special military loan programs. To help meet the needs of the unbanked and underserved individuals in the San Antonio market, BNB accepts the matricula consular card as an acceptable form of identification for new depository account relationships. BNB provides telephone, online and mobile banking services, including bill payment and online transfer capabilities to all customers. BNB also allows customers to submit consumer loan applications online through its website (<http://www.broadwaybank.com/>).

BNB has 39 full service bank offices and 3 mobile-limited service branches. There are 28 locations in the San Antonio AA, including the main office, and the mobile-limited service banking centers. Four of the 28 branches are located on military installations at Fort Sam Houston and Randolph Air Force Base. The San Antonio AA is the bank's largest market area with 89% of its deposit base and 72% of its branches. Approximately 85% of the bank's reported mortgage and small business loans during the evaluation period originated in the San Antonio AA.

BNB's distribution of deposits as reported in the FDIC's June 30, 2013 Deposit Market Share Report, is summarized below as well as mortgage and small business loans reported through HMDA and CRA small business loan data.

Broadway National Bank Market Area	Total \$ Deposits	% of Total Deposits	Total \$ Loan Originations	% of Total Originations
San Antonio AA	2,159,777	88.54%	379,451	83.90%
Travis, Hays Counties	146,418	6.00%	56,781	12.55%
Bell County	23,691	0.97%	1,138	0.25%
Kerr, Gillespie Counties	109,380	4.49%	14,909	3.30%
Total	2,439,266	100.00%	452,279	100.00

At June 30, 2014, net loans represented 42% of total assets and investment securities represented 49%. Since the last CRA evaluation in 2011, total assets have increased approximately 16%, primarily through deposit growth and expansion in Travis County. BNB's loan portfolio of \$1.3 billion has increased approximately 13% since the last evaluation. At June 30, 2014, BNB reported a return on average assets (ROAA) of 0.92% and a capital-to-asset ratio of 10.13%.

BNB's loan portfolio includes commercial and industrial and commercial real estate loans (41%), residential mortgages (15%), 1-4 family and other construction (14%), obligations of states and political subdivisions (13%), consumer loans (11%), farm and agricultural production (1%), multi-family loans (1%), and other loans (4%). As reflected in the portfolio composition, BNB's primary focus is small business and commercial lending.

BNB faces strong competition from multi-national and regional companies such as USAA, Frost Bank, Wells Fargo Bank, NA, Bank of America, NA, JP Morgan Chase Bank, NA, and Compass Bank that have a significant presence in the San Antonio area. Additional competition comes from the large number of community banks, credit unions, national and regional mortgage companies, federal savings banks, and finance companies in the area. Credit unions are especially competitive in consumer deposits, auto lending, and home mortgage lending.

The FDIC's June 30, 2013 Deposit Market Share Report shows BNB ranked 5th in its San Antonio AA with 2.66% of the deposit market share. The 2012 Peer Aggregate Small Business data ranks BNB 13th in small business lending with 110 institutions reporting small business loans in the San Antonio market. The 2012 HMDA aggregate data reflects a very competitive mortgage market with 586 lenders in the San Antonio AA. BNB ranks 72nd in the mortgage market.

BNB's previous CRA Performance Evaluation (PE), dated April 18, 2011, rates performance Satisfactory under the Large Bank CRA Guidelines. We did not identify any legal, financial, or other factors that hinder the bank's ability to help meet credit needs in its AAs.

Please refer to Appendix B for a market profile of the San Antonio AA that received a full-scope review. Appendix B also contains demographic information for the AAs that received a limited-scope review.

SCOPE OF THE EVALUATION

Evaluation Period/Products Evaluated

BNB qualifies as a Large Bank under the CRA regulation and therefore is subject to evaluation under the Lending, Investment, and Service Tests. The scope of this evaluation included all loans subject to filing under HMDA and all small loans to businesses subject to filing under CRA data collection requirements. We focused on loan originations from January 1, 2012 to December 31, 2013. We did not consider small loans to farms because it is not a primary lending product of the bank. BNB had less than 1% of reportable loans to small farms. Our evaluation period for CD activities was from April 19, 2011 to September 8, 2014. We reviewed all CD loans, investments, and services originated during the evaluation period, and considered all that met the regulatory definition for affordable housing, community service, revitalization, or economic development.

We used 2010 Census data to analyze home mortgage performance. Demographic comparisons for small business loans are based on 2010 Census data and 2013 Dunn and Bradstreet data. Our HMDA and small business market share analyses are based upon 2012 Peer Data. The 2013 data was not available at the start of the evaluation period. See the tables in Appendix C for comparisons to Census, market share, and Dunn and Bradstreet data.

In the limited scope AAs, where the bank reported few HMDA and small business loans, we considered consumer loan volume. Our review of consumer loans was limited only to the number and dollar volume of loans since BNB does not report these loans.

Data Integrity

We reviewed the accuracy of loan data by verifying a sample of HMDA and small business loans. We reviewed all CD loan and investment data the bank submitted to validate data accuracy. We sampled 20 consumer loans in each of the limited-scope AAs. The bank's data was considered reliable and this PE is based on accurate information.

Selection of Areas for Full-Scope Review

We selected the San Antonio AA for a full-scope review due to the significant number of branches, deposits and loans in the AA.

We performed limited-scope reviews for the remaining AAs that included Bell, Hays, Travis, Kerr, and Gillespie Counties. For the purpose of the evaluation, we combined Travis and Hays Counties since they are part of the Austin-Round Rock MSA. We combined Kerr and Gillespie Counties since they are contiguous non-metropolitan AAs, and we reviewed Bell County individually instead of including all of the Killeen-Temple MSA.

The AAs meet the requirements of the CRA regulation. The AAs do not arbitrarily exclude LMI geographies. During the examination, BNB adjusted the Travis, Hays AA to include additional CTs and expanded the non-MSA AA to include whole counties. The adjustments are more reflective of BNB's market area.

Refer to the tables in **Appendix A** and **Appendix B** for additional information regarding our evaluation scope and the AAs.

Ratings

We based the bank's overall rating on the consolidated performance in all areas. We placed more weight on performance in the full-scope AA. Equal weight was assigned to the geographic distribution of loans and lending by borrower income level.

Some of the limited-scope review AAs had an insufficient volume of loans to analyze. We noted this in the narrative for the applicable rating area and did not perform an analysis.

Community Contacts

We conducted community contacts, reviewed CRA PEs of other banks operating in the same areas, and reviewed local demographic and economic data to determine community credit needs in the AAs. We interviewed two non-profit CD organizations in the San Antonio AA supporting affordable housing and economic development for small businesses. We also considered prior OCC interviews with a local government entity and economic development corporation conducted in the last year. We determined the most pressing needs in the full-scope AA are affordable housing, small business lending, and economic development.

FAIR LENDING OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

Pursuant to 12 CFR 25.28(c), or 12 CFR 195.28(c), in determining a national bank's (bank) or Federal Savings Association's (FSA) CRA rating, respectively, the OCC considers evidence of discriminatory or other illegal credit practices in any geography by the bank or FSA, or in any AA by an affiliate whose loans have been considered as part of the bank's or FSA's lending performance.

We found no evidence of discriminatory or other illegal credit practices inconsistent with helping to meet community credit needs.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS

LENDING TEST

Conclusions for Areas Receiving Full-Scope Reviews

The bank's performance under the Lending Test is rated "**Low Satisfactory.**"

We based our conclusion on the bank's performance context and the adequate performance in the San Antonio AA. We reviewed small business lending and residential mortgage lending to evaluate CRA performance, with more consideration given to small business lending, the bank's primary business focus. Factors that had a positive impact on the overall rating included a substantial volume, number, and dollar amount, of loans originated within the combined assessment areas, and the excellent level of CD loans in the San Antonio AA.

Lending Activity

Lending levels reflect adequate responsiveness to AA credit needs. Community contacts identified loans to small businesses, and home mortgage products for affordable housing, as credit needs in the AAs. BNB lending activity reflects small loans to businesses represented 80% of reported loans during the evaluation period, and home mortgage loans represented 20%.

The San Antonio AA includes a large number of financial institutions resulting in strong competition for small loans to businesses and residential real estate loans.

BNB has 3% of the deposit market share and ranks 5th out of 57 institutions in the San Antonio AA. USAA Federal Savings Bank (FSB) ranks first with a deposit market share of 68%. BNB has a small business loan market share of 1.88% and ranks 13th out of 110 lenders making small loans to businesses. During the evaluation period, BNB originated 1,114 small business loans in the AA totaling \$188 million. BNB's average loan size is \$162 thousand compared to the average loan size of \$38 thousand for all lenders. American Express FSB ranks first with a market share of 27%; it has an average loan size of \$7 thousand.

BNB originated 280 home mortgage loans in the San Antonio AA during the evaluation period totaling \$62 million. There were 102 refinanced loans, 94 home purchase loans, 82 home improvement loans, and 2 multi-family loans. BNB has a market share of 0.18%, ranking 61st out of 450 lenders who refinance home mortgage loans, and has an average refinance loan size of \$220 thousand. Wells Fargo Bank, NA, ranks first with a market share of 22%. The average loan size for all 450 lenders is \$177 thousand.

BNB has a market share of 0.11%, ranks 90th out of 434 lenders who make home purchase loans, and has an average home purchase loan size of \$285 thousand. Wells Fargo Bank, NA, ranks first with a market share of 26%. The average loan size for all 434 lenders is \$190 thousand.

BNB has a market share of 1.45%, ranks 14th out of 106 lenders who make home improvement loans, and has an average loan size of \$93 thousand. Randolph-Brooks Federal Credit Union (FCU) ranks first with a market share of 18%. The average loan size for all 106 lenders is \$63 thousand.

Deposit market share data is from the FDIC's Summary of Deposits, Market Share Report as of June 30, 2013. Loan market share data is from 2012 Peer Mortgage Data and 2012 Peer Small Business data.

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

While BNB does not report consumer loan data, management provided information reflecting it originated 2,969 consumer loans (home equity, motor vehicle, other secured and unsecured loans) totaling \$129 million in the AA during the evaluation period. We did not include consumer loans in our full-scope review analysis.

Distribution of Loans by Income Level of the Geography

Home Mortgage Loans

BNB's overall distribution of home mortgage loans by income level of geography for the San Antonio AA is adequate.

The geographic distribution of home purchase loans is poor. The distribution of loans in low-income geographies is lower than the percentage of owner-occupied housing units. The distribution of loans in moderate-income geographies is somewhat lower than the percentage of owner-occupied housing units. BNB's market share in both low-income and moderate-income geographies significantly exceeds the bank's overall market share.

The geographic distribution of home improvement loans is adequate. The distribution of loans in low-income geographies exceeds the percentage of owner-occupied housing units. The distribution of loans in moderate-income geographies is lower than the percentage of owner-occupied housing units. BNB's market share in low-income geographies exceeds the overall market share. Its market share in moderate-income geographies is lower than the overall market share.

The geographic distribution of home refinance loans is poor. BNB did not originate any loans in low-income geographies. The distribution of loans in moderate-income geographies is lower than the percentage of owner-occupied housing units. BNB did not have a market share in low-income geographies. Its market share in moderate-income geographies exceeds the overall market share.

Refer to Tables 2, 3, and 4 in Appendix C for the facts and data used to evaluate the geographic distribution of home mortgage loans. We provided Table 5 for informational purposes only. A geographic distribution analysis of multi-family loans is not meaningful because BNB reported only two such loans in the San Antonio AA and did not report any multi-family loans in the limited-scope AAs.

Small Loans to Businesses

The geographic distribution of small loans to businesses is good. The distribution of loans in low-income geographies exceeds the percentage of small businesses in those areas. The distribution of loans in moderate-income geographies is somewhat lower than the percentage of small businesses located in moderate-income geographies. BNB’s market share in low-income geographies exceeds the overall market share. Its market share in moderate-income geographies is near to the overall market share.

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

Small Loans to Farms

We provided Table 7 in appendix C for informational purposes only. A geographic distribution analysis of small loans to farms is not meaningful because this product represents less than 1% of total loan originations. BNB originated 12 farm loans in the San Antonio AA and did not originate any farm loans in the limited-scope AAs.

Lending Gap Analysis

We reviewed maps and reports detailing BNB lending activity for home mortgages and small loans to businesses during the evaluation period to identify gaps in the geographic distribution of these loans and did not identify any unexplained conspicuous gaps.

Inside/Outside Ratio

On a bank-wide level, the distribution of loans inside the AAs is excellent. BNB originated a substantial majority of reported loans - 91% of the number and 86% of the dollar volume - inside its AAs. The excellent distribution of loans originating inside the AAs factored positively in the overall analysis of lending performance.

	Inside Assessment Area				Outside Assessment Area				Total	
	Count	%	Amount	%	Count	%	Amount	%	Count	Amount
Total Home	361	86.78	\$82,528	78.37	55	13.22	\$22,780	21.63	416	\$105,308
Total Small Business	1,300	92.59	\$220,409	89.57	104	7.41	\$25,664	10.43	1,404	\$246,073
Total Farm Loans	12	66.67	\$959	48.26	6	33.33	\$1,028	51.74	18	\$1,987
Grand Total	1,673	91.02	\$303,896	86.00	165	8.98	\$49,472	14.00	1838	\$353,368

Distribution of Loans by Income Level of the Borrower

The distribution loans by borrower income reflects, given the product lines offered by the institution, poor penetration among consumer customers of different income levels and business customers of different sizes.

Home Mortgage Loans

BNB's distribution of home mortgage loans by income level of borrowers is poor in the San Antonio AA. While it does not fully mitigate poor performance, 23% of the families are low-income, and 17% are moderate-income. In addition, 15% of the households live below the poverty level. Based on the HUD adjusted MFI of \$61,300 for 2013, LMI families earn less than \$49,040 per year, which could make it more difficult for these families to afford and maintain homes, especially when the median housing value is \$138,478 in the San Antonio AA.

The distribution of home purchase loans by borrower income level is poor. The percentage of loans to low-income borrowers is lower than the percentage of low-income families in the AA. The percentage of loans to moderate-income borrowers is lower than the percentage of moderate-income families in the AA. BNB's market share for low-income borrowers exceeds the bank's overall market share. The market share for moderate-income borrowers is near to the overall market share.

The distribution of home improvement loans by borrower income level is poor. The percentage of loans to low-income borrowers is lower than the percentage of low-income families in the AA. The percentage of loans to moderate-income borrowers is somewhat lower than the percentage of moderate-income families in the AA. BNB's market share for low-income borrowers is somewhat lower than the overall market share. The market share for moderate-income borrowers exceeds the overall market share.

The distribution of home refinance loans by borrower income level is poor. The percentage of loans to low-income borrowers is significantly lower than the percentage of low-income families in the AA. The percentage of loans to moderate-income borrowers is lower than the percentage of moderate-income families in the AA. BNB's market share for low-income borrowers is lower than the overall market share. The market share for moderate-income borrowers is significantly lower than the overall market share.

Refer to Tables 8, 9, and 10 in Appendix C for the facts and data used to evaluate the borrower distribution of home mortgage loans.

Small Loans to Businesses

The distribution of loans to businesses with annual revenues of \$1 million or less is poor in the San Antonio AA. Despite the poor performance, almost 59% of the reported loans originated in amounts of \$100,000 or less, indicating BNB meets the credit needs of small businesses within the AA.

The distribution of small loans to businesses with annual revenues of \$1 million or less is lower than the percentage of businesses with annual revenues of \$1 million or less in the AA. BNB's market share to businesses with annual revenues of \$1 million or less is somewhat lower than the bank's overall market share.

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

Small Loans to Farms

We provided Table 12 for informational purposes only. A distribution analysis of small loans to farms by revenue is not meaningful because BNB originated only 12 such loans and this product represented less than 1% of total loan originations during the evaluation period.

Community Development Lending

Overall, BNB has made an adequate level of CD loans. The level resulted in a positive impact to lending test conclusions. BNB originated 65 loans totaling \$141.9 million that met the regulatory definition of CD for revitalization, economic development, community service, or affordable housing during the evaluation period.

CD lending in the San Antonio AA is excellent with sixty-three of the 65 CD loans, (\$139.4 million) originating in the San Antonio AA. One loan (\$1.2 million) originated in the Travis-Hays AA, and one loan (\$1.3 million) originated outside the AAs. BNB did not originate any CD loans in the Bell County AA or in the non-MSA AA of Kerr and Gillespie Counties.

BNB originated 10 loans totaling \$77.5 million that revitalized and/or stabilized LMI geographies. Five of the 10 loans (\$76.3 million) were interim construction projects located in tax-increment reinvestment zones or in areas with city-approved plans that also provided for economic development and affordable housing.

BNB originated 30 loans totaling \$60.1 million to finance activities that provide community services to LMI individuals and/or geographies. Twenty-nine of the 30 loans renewed several times during the evaluation period; the originations occurred in prior evaluation periods. One of the 29 loan relationships had a new advance totaling \$400 thousand. The one new loan during the evaluation period totaled \$700 thousand.

BNB originated 17 loans totaling \$1.8 million for affordable housing. Fifteen of the 17 loans (\$619.5 thousand) originated to Rivercity Properties LLC. This business purchases houses, some in foreclosure, in LMI geographies, rehabilitates and/or renovates them, and sells them to LMI individuals.

BNB originated 7 loans totaling \$1.1 million for economic development. All seven loans originated to Accion Texas, Inc., to help it fund micro-loans to small businesses. Six of the seven loans renewed throughout the evaluation period. BNB funded one new loan (\$125 thousand) during the evaluation period.

BNB originated one loan totaling \$1.3 million outside its AAs that qualified as a CD loan. The borrower used loan proceeds to renovate an industrial warehouse in a moderate-income geography in Eagle Pass, Maverick County, Texas.

Refer to Table 1 Lending Volume in Appendix C for the facts and data used to evaluate the bank's level of CD lending. This table includes all CD loans, including multi-family loans that also qualify as CD loans. In addition, Table 5 includes geographic lending data on all multi-family loans, including those that also qualify as CD loans. However, Table 5 does not list CD loans separately.

Product Innovation and Flexibility

BNB makes limited use of innovative and/or flexible lending practices in order to serve AA credit needs.

BNB continues its Preferred Lender status with the SBA. The bank participates in several SBA loan programs, including 504 loans, 7(a) loans, Express Loans, and Patriot Express Loans. The programs provide long-term financing for real estate and equipment, working capital, debt refinancing, and funds to veterans and spouses of veterans to start or expand a small business. During the evaluation period, BNB originated 60 SBA loans totaling \$19.4 million.

BNB originated a \$20.3 million interim construction loan to Tobin Lofts, LLC, (included in the CD loan totals of Table 5). The loan provided a flexible product that allowed Alamo Colleges, through San Antonio College, to enter a public-private partnership to develop the Tobin Hill area in accordance with the Tobin Hill Neighborhood Plan included in the City of San Antonio Master Plan. BNB provided funds for constructing student housing, office space, and other retail space in a low-income geography.

Conclusions for Areas Receiving Limited-Scope Reviews

BNB's overall lending performance in the limited-scope AAs is not inconsistent with performance in the San Antonio AA.

BNB's lending performance in the Bell County AA was weaker than the bank's overall performance primarily due to the limited volume of reported loans; 10 loans totaling \$379 thousand. The low number of loans did not support a meaningful analysis. The level of lending activity is slightly below the percentage of AA deposits and does not include consumer loans originating from this branch. Information provided during the evaluation reflected the bank originated an additional 51 consumer loans totaling \$759 thousand. Borrower and geographic consumer loan distributions were similar to the full-scope AA. We did not place as much weight on performance in this AA due to the limited number of branches in the AA and because deposits represented less than 1% of BNB's total deposits.

The lending performance in the Travis, Hays AA and in the non-MSA AA of Kerr and Gillespie Counties is not inconsistent with BNB's overall performance in the full-scope AA. The bank did not report sufficient HMDA loans in these areas with the exception of refinance loans in the

Travis, Hays AA, for a meaningful analysis, so we placed more reliance on the bank's small business loan performance. BNB originated 186 loans totaling \$42 million in the Travis, Hays AA. One CD loan had a positive impact on performance in this AA. The volume of loan originations in the Travis, Hays AA exceeded the percentage of AA deposits. In the Kerr/Gillespie County AA, BNB originated 72 loans totaling \$11 million. This level of performance is near the percentage of AA deposits.

Refer to Tables 1 through 13 in Appendix C for the facts and data that support these conclusions.

INVESTMENT TEST

Conclusions for Areas Receiving Full-Scope Reviews

BNB's performance under the Investment Test is rated "**Outstanding.**" We based our conclusion primarily on the excellent performance in the full-scope San Antonio AA.

Qualified investments made in the San Antonio AA during the assessment period included debt investments, grants, and donations totaling \$10.4 million. In addition, there were \$10.5 million of prior period, long-term debt, and equity investments still outstanding at the end of the current evaluation period. Investments made in prior periods continue to have a positive impact on the AA. In aggregate, qualified investments and outstanding prior period investments total \$20.9 million in the San Antonio AA and represent 7.1% of Tier 1 capital. BNB investments are responsive to AA identified needs.

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

Debt Investments

During the evaluation period, BNB purchased a Federal National Mortgage Association (FNMA) Delegated Underwriting and Servicing (DUS) Mortgage-Backed Security (MBS) for \$9.6 million. The MBS is backed by a 248-unit apartment complex in San Antonio that provides low-income affordable housing for tenants whose income does not exceed 60% of the area's median income. This purchase demonstrates BNB's commitment to make qualified investments that help meet CD needs.

Grants and Donations

Other qualified investments include donations and grants to organizations that support LMI individuals and geographic areas. Donations to organizations in the San Antonio AA totaled \$782 thousand through 240 separate donations. Donations to the following organizations provide a cross-section of the activities and funding provided:

Habitat for Humanity of San Antonio - BNB donated \$87 thousand to help fund this organization that provides assistance (zero interest rates, low monthly payments on residential mortgage loans, and homeownership counseling) to low-income families seeking affordable housing.

BNB reimburses the organization for annual servicing fees on purchased mortgages and provides grants to assist Habitat clients through the Homebuyer Equity Leverage Partnership (HELP) program.

Accion Texas, Inc. – BNB donated \$23 thousand to this largest micro lender in the U.S. Accion helps new and existing entrepreneurs who have limited access to traditional sources of capital to strengthen their businesses, stabilize and increase their incomes, create additional jobs, and contribute to the economic revitalization of their communities.

San Antonio Food Bank – BNB donated \$12 thousand to help fund this agency that distributes food, produce, and grocery products to several community service organizations that feed LMI families and individuals in need. BNB’s contributions support food drives, supplement donations from the public, and cover needs during the holiday season.

Communities in Schools - BNB donated \$12.5 thousand to support this program, which offers guidance and academic support to low-income students at schools throughout San Antonio and Bexar County where a high percentage of students are economically disadvantaged. BNB also donated its school bus in support of the “Stuff the Bus School Supply Drive” in 2014 and 2013.

Merced Housing Texas – BNB donated \$17 thousand to this organization, which provides quality, affordable housing for low-income individuals and families. BNB’s donations were in support of the senior home repair program.

San Antonio for Growth on the Eastside (SAGE) – BNB donated \$14 thousand to help fund organization projects and improve organization facility and technology systems. SAGE’s mission is to help revitalize the Eastside community and it serves as an economic development resource for business owners in the Eastside community. In January 2014, HUD selected San Antonio’s Eastside community as one of the first five Promise Zone Initiatives. The Initiative is part of a plan to comprehensively revitalize distressed communities by partnering with local communities and businesses to create jobs, expand educational opportunities, increase access to quality affordable housing, and improve public safety.

United Way of San Antonio – BNB donated \$297 thousand to this organization that offers funding to various non-profits in the San Antonio area. Collectively, over 68% of agencies funded by United Way of San Antonio serve LMI individuals.

Conclusions for Areas Receiving Limited-Scope Reviews

Overall, the bank’s performance in the limited-scope AAs is not inconsistent with performance in the full-scope AA, with the exception of the non-MSA AA.

BNB’s performance in the Travis, Hays AA is not consistent with the excellent performance of the San Antonio AA. The level of qualified investments and donations relative to the percent of deposits originated by the branch offices in those counties is excellent.

BNB purchased a \$12.5 million FNMA DUS MBS that financed a 248-unit apartment complex in Austin that provides affordable housing for low-income tenants. BNB also invested in the Dos Rios Partners Fund, which has invested a portion of the bank's funds in an Austin area business. The bank's pro-rata share of this investment was approximately \$41 thousand. BNB donated \$5,000 to three qualifying CD organizations. Donations to the People Fund accounted for \$4,000. This organization provides access to capital, education, and resources to business owners, veterans, and entrepreneurs in LMI geographies to assist them in building small businesses, start-up organizations, and non-profits.

BNB's performance in the Bell AA is excellent. The level of qualifying investments relative to the percent of deposits originated by the branch office in this AA is excellent. BNB purchased a \$3.0 million FNMA DUS MBS that financed a 146-unit apartment complex in Killeen that provides affordable housing for low-income tenants including military personnel and their families.

BNB's performance in the non-MSA AA of Kerr and Gillespie Counties is weaker than performance in the San Antonio AA. The bank made no debt or equity investments in this AA; however, BNB donated \$3,000 to five qualifying CD organizations, including a \$1,000 contribution to Salvation Army of Kerrville that provides emergency housing, food programs and services, and various other community services to LMI individuals and families.

In addition, BNB purchased \$214.1 million of qualified debt and equity investments outside of the AAs but primarily in the state of Texas. These include:

- \$204.6 million of pools of SBA Development Certificates;
- \$8.9 million of SBA secured loan pools;
- \$400 thousand of a \$4 million commitment invested in the Lone Star CRA Fund V; and
- \$124 thousand of a \$1 million commitment invested in the Dos Rios Partners Fund.

BNB also has prior period qualifying investments within the state of Texas totaling \$82 million.

SERVICE TEST

BNB's performance under the Service Test is rated "**High Satisfactory.**" Retail banking services are reasonably accessible and CD services in the full-scope AA are excellent. We based our overall conclusion primarily on performance in the full-scope San Antonio AA.

Conclusions for Areas Receiving Full-Scope Reviews

BNB's retail banking services in the San Antonio AA are good and reasonably accessible to geographies and individuals of different income levels. CD services are excellent.

Retail Banking Services

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

BNB has 28 full service branches in the San Antonio AA, which represents 72% of all bank offices. The bank also has 3 limited service/mobile banking locations in the San Antonio AA. Two of limited service branches are located at Air Force Village I and II retirement homes. These limited service centers are set up to allow cash withdrawals, accept deposits, and open/close accounts. Wealth management services are also available at these two locations. The remaining mobile branch operates from the banks' head office location.

The bank's record of opening and closing branches has not adversely affected the accessibility of delivery systems, particularly in LMI geographies or to LMI individuals and families. During the evaluation period, BNB opened 1 new branch in an upper-income CT in the San Antonio AA and closed 1 branch in a moderate-income CT. BNB relocated 2 branches in San Antonio, one of which moved from a middle-income CT to a low-income CT, and the other moved within the same upper-income CT.

Through its branches, BNB offers a variety of standard loan and deposit products tailored to individuals and businesses. BNB provides commercial, consumer, and mortgage-related lending services at each branch with no geographic limitations for products or services.

Hours of Operation

BNB's business hours and services do not vary in a way that would inconvenience any portion of the bank's AA or LMI individuals. Most branches operate from 9 AM to 5 PM, Monday through Friday, and 9 AM to 1PM on Saturday. Motor bank hours are typically 7:30 AM to 6 PM Monday through Friday, and 9 AM to 1 PM on Saturdays.

Three branches in retirement village locations deviate from the Monday through Friday operating hours to better accommodate customers' needs. Five branches in the San Antonio AA are closed on Saturday. Branch hours are tailored to meet the needs of the individual communities served.

Delivery Systems and Accessibility

Overall, delivery systems are good and accessible to geographies and individuals of different income levels in the San Antonio AA. With 2 branches located in low-income geographies, the percentage of branches in low-income geographies exceeds the percentage of population that resides in low-income geographies. The percentage of the bank's branches in moderate-income geographies is somewhat lower than the percentage of population that resides in moderate-income geographies; however, 14 of the remaining 26 branches are located in geographies adjacent, or in close proximity, to moderate-income geographies and improve overall accessibility to residents in the moderate-income areas.

Alternative Delivery Systems

Alternative delivery systems provide reasonable access to bank products and services, and include ATMs, 24 hour automated account services/telephone banking, mobile banking, and Internet banking. BNB offers automatic loan payment and direct deposit services. Additionally, the bank allows businesses to originate ACH and wire transfers online. BNB offers ATM and debit cards, lock bags, safe deposit boxes, and night deposit services.

BNB operates 68 ATMs, of which 81% are in the San Antonio AA. Of the 55 ATMs in the San Antonio AA, 16% are full-service cash dispensing and deposit taking ATMs while the remaining ATMs are solely cash dispensing. ATMs display both English and Spanish languages. Two of the bank's ATMs are located in low-income geographies (3.64%), while four (7%) are located in moderate-income geographies.

Online banking services are available through the bank's website (www.broadwaybank.com) and include account inquiry, statements, stop payments, and transfers; check ordering, and bill payment service.

To better reach the unbanked and underserved population of San Antonio, BNB was one of the first banks in the area to accept the matricula consular card as an acceptable form of photo identification for opening depository accounts. Mexican consulates issue the matricula to all Mexican nationals in the United States as proof of Mexican citizenship and it is valid for five years. BNB has found this helpful in reaching more segments of its community.

Community Development Services

BNB's CD service activity in the San Antonio AA is excellent. CD activities reflect responsiveness to AA needs and BNB's continued commitment to its AAs. BNB performed over 260 services with a qualifying CD purpose. While BNB performed a commendable number of services, we placed more weight on the responsiveness of the bank's CD activities. BNB officers perform a majority of the services by providing financial technical assistance through leadership roles (board members, directors, or committee chairpersons) to organizations whose primary purpose is community development. Total hours expended by BNB officers and employees approximated 5,000 hours.

BNB has participated in several financial education programs targeting LMI students such as; Money Sense Financial Literacy Camps which provide instruction on money management and money basics; and Applied Learning Programs which help students to understand how learned skills can be used in the workplace. BNB has also participated in a Junior Achievement program which simulates adult fictional life situations allowing participants to experience the challenges of personal budgeting for themselves and family.

In response to AA business needs, BNB has participated in a Capital, Contracting and Counseling Fair to provide information on SBA loans, and has participated in programs providing education to small, minority, and women owned business enterprises. BNB provided guidance on SBA lending to the inaugural Business Opportunity Academy at Accion, Texas Inc., which provides services to small businesses and micro entrepreneurs.

BNB's responsiveness to AA housing needs is reflected in its participation in Federal Home Loan Bank (FHLB) grant assistance. BNB provides technical assistance to CD organizations by sponsoring and assisting in applications for Affordable Housing Program (AHP) grants from the FHLB of Dallas. During the evaluation period, the bank prepared and submitted nine applications totaling \$2 million under this program. One approved \$5 thousand grant, under the Housing Assistance for Veterans (HAVEN) Program, was awarded to a disabled Army veteran

to support necessary home modifications directly related to his service-related disability. Two grants, submitted on behalf of Habitat for Humanity of San Antonio, totaled \$80 thousand and were distributed through the FHLB's HELP program. Through HELP, the FHLB provides grants through its members (BNB is a participating member) to first-time homebuyers who are income qualified (primarily LMI families). The maximum HELP award per household is \$4 thousand for closing costs or down-payment assistance. BNB also administers approved AHP grants.

Examples of other service organizations include, but are not limited to:

Habitat for Humanity works with low-income families who would not otherwise be able to afford a house. This organization works with families in need to build affordable houses for themselves at no interest and no profit. BNB presents and teaches the FDIC Money Smart curriculum to new homebuyers.

AVANCE San Antonio teaches economically and educationally disadvantaged at-risk parents comprehensive parenting and early childhood education to promote school readiness in the children and increase the personal, educational, and economic development of low-income parents with children ages birth to three years. A BNB officer served on the Board of Directors and provided technical assistance.

United Way is a 501(c)(3) non-profit organization with a mission to improve lives by mobilizing the caring power of communities. Numerous BNB officers serve on United Way of San Antonio committees.

Neighborhood Housing Services (NHS) of San Antonio, Inc. promotes revitalization through home ownership and rehabilitation. Bank officers have served on the Board of Directors, loan, and marketing committees. BNB has also organized numerous roundtable discussions with other banks in the area to discuss funding opportunities for NHS.

Conclusions for Areas Receiving Limited-Scope Reviews

The bank's performance under the Service Test in the limited scope AAs is not consistent with the "high satisfactory" performance in the full-scope AA. The bank's retail services in the limited scope AAs are adequate and reasonably accessible to all geographies and borrower income levels, but CD service activity in the limited scope AAs is weaker than performance in the full-scope AA.

BNB's performance in the Travis, Hays AA is weaker than the performance in the full-scope San Antonio AA. BNB has 3 branches in Travis County and 5 in Hays County. There are no branches in low-income geographies. BNB does have 1 branch (12.5%) and 1 ATM (10%) in a moderate-income geography in San Marcos, Hays County, Texas. The percentage of the AA population in moderate-income geographies is 24%, which is much higher than the percentage of bank branches in moderate-income geographies. However, the bank does have two branches in Austin that are relatively close to LMI geographies.

Bank products, services, operating hours and alternative delivery systems are the same as those available in the full-scope AA. BNB has 10 ATMs in this AA, of which 50% are full service deposit taking and cash dispensing ATMs.

BNB did not provide any CD service information for Travis County, but there were 2 activities in Hays County. BNB participated in an outreach program for small businesses sponsored by a Small Business Development Corporation and Texas State University. BNB also provided financial literacy classes to a local high school where the majority of the students are economically disadvantaged.

BNB performance in the Bell County AA is weaker than performance in the San Antonio AA. The bank only has one full service branch location and a cash only ATM in Killeen, Texas. This office is located in a middle-income geography, but it is close to a moderate-income geography. Bank products, services, operating hours and alternative delivery systems are the same as those available in the full scope AA. BNB did not provide any CD service activity in this AA.

BNB performance in the non-MSA AA of Kerr and Gillespie Counties is weaker than the performance in the San Antonio AA. BNB has two branches and two ATMs in this AA. The office in Kerr County is in Kerrville, Texas, in a middle-income geography. The branch office in Gillespie County is located in Fredericksburg, Texas, in an upper-income geography. There are no low-income geographies in these counties. Bank products, services, and alternative delivery systems are the same as those available in the full-scope AA. Banking hours in the Fredericksburg and Kerrville branch are the same as the full-scope AA, except that the lobby locations are not open on Saturday. The drive-through locations are open on Saturday. Branch hours have been established in these AA to meet the identified AA needs. BNB did not provide any CD service activity in this AA.

Refer to Table 15 in Appendix C for the facts and data to support these conclusions.

APPENDIX A: SCOPE OF EXAMINATION

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

Time Period Reviewed	Lending Test (excludes CD Loans): (01/01/2012 to 12/31/2013) Investment, Service Tests and CD Loans: (4/19/2011 to 9/8/2014)	
Financial Institution	Products Reviewed	
Broadway National Bank (BNB) San Antonio, Texas	Small Business Mortgage Loans Limited Consumer Loan Review in Limited- Scope AA	
Affiliate(s)	Affiliate Relationship	Products Reviewed
None	None	N/A
List of Assessment Areas and Type of Examination		
Assessment Area	Type of Exam	Other Information
San Antonio	Full Scope	Partial 41700 MSA
Bell County	Limited Scope	Partial 28660 MSA
Hays , Travis	Limited Scope	Partial 12420 MSA
Non MSA Kerr, Gillespie	Limited Scope	

APPENDIX B: MARKET PROFILES FOR FULL-SCOPE AREAS

Description of Assessment Areas

Demographic Information for Full-Scope Area: San Antonio AA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (CTs/BNAs)	433	8.55	28.18	31.41	30.95	0.92
Population by Geography	2,034,194	6.74	28.40	32.64	32.22	0.00
Owner-Occupied Housing by Geography	446,571	4.48	23.05	34.23	38.25	0.00
Business by Geography	164,645	4.71	21.12	32.07	41.86	0.24
Farms by Geography	4,363	2.89	14.85	39.24	42.98	0.05
Family Distribution by Income Level	478,240	22.55	16.90	19.13	41.42	0.00
Distribution of LMI Families throughout AA Geographies	188,674	12.04	41.36	31.71	14.89	0.00
Median Family Income		58,222	Median Housing Value		138,478	
HUD-Adjusted Median Family Income for 2014		58,800	Unemployment Rate (2010 US Census)		3.15%	
Households Below Poverty Level		15%				

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

Source: 2010 US Census and 2014 HUD updated MFI

BNB has four AAs, including the San Antonio AA, the Bell County AA, Travis, Hays County AA, and the non-metropolitan AA of Kerr and Gillespie Counties.

BNB's designated San Antonio AA represents a portion of the San Antonio-New Braunfels Metropolitan Statistical Area (MSA). The San Antonio full-scope AA includes all the census tracts (CTs) in Bexar, Comal, Guadalupe, Kendall, and Medina Counties. Of the 433 CTs, 8.6% are low-income, 28% are moderate-income, 31% are middle-income, and 31% are upper-income.

According to 2010 Census data, the San Antonio AA has total population of 2 million. The 2014 HUD-adjusted MSA median family income (MFI) of \$58,500 in 2014 is slightly lower than the MFI of \$61,300 in 2013. Approximately 22.5% of families in the AA are considered low-income. Moderate-income families approximate 16.9%, while middle- and upper- income families make up the remaining 60.5%. The 2010 Census data reflects that 15% of the households in the AA are below the poverty level. In 2013, there were 766,041 housing units in the AA of which 58.3% are owner-occupied, 31.6% are renter-occupied, and 10% are vacant. The median housing value was \$138,478.

Unemployment data from the Bureau of Labor and Statistics (BLS) reports an annual seasonally adjusted unemployment rate of 6.0% in 2013 for the entire San Antonio MSA, which was slightly lower than 6.3% reported for the state of Texas in 2013. This is an improvement from 2011, when the MSA annual 2011 unemployment rate was reported to be 7.5%. Updated

information through August 2014 reflects continued improvement with an unemployment rate of 5.1%, not seasonally adjusted. The level of unemployment in the MSA is below state levels at 5.3% and national level at 6.1%.

As noted, competition for financial services in the AA is very strong. The June 30, 2013 FDIC Deposit Market Share Report for the AA shows \$81 billion of deposits in this AA with 57 financial institutions. The AA includes 423 branches from multi-national banks and several regional community banks. BNB's deposits in this AA total \$2 billion, which equates to a 2.6% deposit market share. BNB also competes with credit unions, mortgage companies, insurance companies, loan and finance companies, governmental agencies and credit card providers in this AA. BNB maintains 28 branches and 55 ATMs in its San Antonio AA.

BEXAR COUNTY

Bexar County is located in south central Texas and is the county seat and home to the City of San Antonio, now the second largest city in Texas behind only Houston, and the eighth largest city in the nation. San Antonio is located 80 miles southwest of Austin (Texas' capital), about 200 miles southwest of Houston, and 150 miles north of the Mexican border at Laredo. San Antonio is an important commercial and transportation center for southern Texas and northern Mexico.

San Antonio's diverse economy is a mix of business services, with a rapidly growing biomedical and biotechnology sector, numerous US armed forces facilities, an emerging new energy economy and a diversified manufacturing sector, producing everything from aircraft and semiconductors to Toyota trucks. San Antonio is home to 16 corporate headquarters and five Fortune 500 companies, and the South Texas Medical Center, the only medical research and care provider in the South Texas region. The city has one of the largest military concentrations in the United States. The defense industry in San Antonio employs over 89,000 and provides a \$5.25 billion impact to the city's economy. The major employers in Bexar County include Lackland Air Force Base, Fort Sam Houston-U.S. Army, HEB, USAA, Northside ISD, Randolph Air Force Base, North East ISD, City of San Antonio, Methodist Healthcare System, and Baptist Health System. BLS data from August 2014 reflects unemployment rates in Bexar County are similar to the San Antonio MSA at 5.2%.

The San Antonio Economic Development Foundation reports over 150,000 students enrolled in 16 colleges and universities in the San Antonio MSA. Publicly supported schools include the University of Texas Health Science Center at San Antonio, the University of Texas at San Antonio, Texas A&M University - San Antonio, and the Alamo Community College District. The University of Texas at San Antonio is San Antonio's largest university. Private universities include Trinity University, St. Mary's University, Our Lady of the Lake University, University of the Incarnate Word, Wayland Baptist University - San Antonio, Baptist University of the Americas, and the Southwest School of Art. There are numerous other private colleges and trade schools in the area. The San Antonio Chamber of Commerce lists 35 institutions of higher learning.

According to the San Antonio Board of Realtors (SABOR), San Antonio has a wide variety of homes ranging from less than \$100,000 to more than \$2 million. Higher interest rates and a dwindling supply of lots for new homes had minimal impact on home sales in 2013, resulting in

a 17% increase in sales compared with 2012. Data from SABOR in September 2014 reflected average and median prices for single-family homes continued a steady climb. SABOR reported a higher median price for a single-family home at \$184,700, a 9% increase from September 2013. The area's real estate market increases are attributed to a growing population, job growth, and affordable mortgage rates.

Bexar County and the City of San Antonio both receive annual funding from HUD through their Community Development and Housing (CDH) programs, which utilizes the funds to provide affordable housing in a suitable living environment, and expanded economic opportunities for LMI individuals. The City of San Antonio also assists eligible residents who are buying a new or existing home within targeted areas with up to \$12 thousand for down payment assistance or closing costs.

Community contacts in this AA have identified needs for affordable housing, small business lending, and economic development. Other identified needs included:

- Support and sponsorship for home ownership counseling programs.
- Support for the development of an incubator/accelerator program for veteran entrepreneurs.
- Second look programs and other products for start-up businesses.
- Innovative financing including the use of project financing options available from the New Markets Tax Credits, and Historic Tax Credits, and "Main Street Revitalization Programs."
- Consumer financing - small dollar and short-term loans to help build credit and provide an option to payday loans.

COMAL COUNTY

Comal County is designated as part of the San Antonio AA, and is in the San Antonio - New Braunfels MSA. Comal County is one of the fastest growing counties in Texas with a population of 108,472 in 2010, an increase of over 39% since 2000.

The county seat is New Braunfels, located between San Antonio and Austin on IH-35. There are six other cities within Comal County: Garden Ridge, Schertz, Selma, Fair Oaks Ranch, and Bulverde. The county's location between San Antonio and Austin provides opportunities for commuters to live in the county and work in one of these major cities.

Comal County has continued to enjoy a prosperous economy. The major sectors of Comal County's economy (manufacturing, tourism, distribution, and real estate) continue to grow. Major employers include the local school districts, Schlitterbahn Water Park, Wal-Mart distribution center and retail store, and the local hospital. BLS reported the county unemployment rate in August 2014 at 5.0%, down from 6.0% for the same period in 2013. Households below poverty levels in Comal County approximated 9% as reported in the 2010 Census data.

The Comal County housing market demonstrates growth in housing inventory and housing values. According to Comal County's Comprehensive Annual Financial Report in 2013, 366 new home sites became available in subdivisions in the unincorporated areas of Comal County. In 2013, single-family residential building permits were valued at \$195 million, an increase of 13.95% over 2012's value of \$171 million.

GUADALUPE COUNTY

Guadalupe County is part of the San Antonio AA and is in the San Antonio - New Braunfels MSA. Guadalupe County is located in south central Texas. The county seat is Seguin. Other towns in the county include Cibolo, Marion, McQueeney, Geronimo, New Berlin, and Schertz. The estimated 2013 population of Guadalupe County is 143,183.

Major employers include Seguin ISD, Continental AG (Motorola), CMC Steel, Tyson Foods, Texas Power Systems/CAT, Guadalupe Regional Medical Center, Guadalupe County, Wal-Mart Super Center, Texas Lutheran University, City of Seguin, and HEB. According to the Seguin Economic Development Corporation, Seguin is recognized for having the highest manufacturing jobs per capita in the state of Texas, with almost twice the national average manufacturing jobs. The unemployment rate in this county is lower than the San Antonio MSA. In August 2014, the BLS reported a 4.9% unemployment rate for the county, which was down from 5.6% for the same period in 2013. The 2010 Census data reports 9.9% of the county households living below poverty levels.

KENDALL COUNTY

Kendall County is part of the San Antonio AA and is in the San Antonio - New Braunfels MSA. Kendall County is about 30 miles northwest of San Antonio on IH-10. Boerne, the county seat, is located along IH-10. Other communities in Kendall County include portions of Fair Oaks Ranch, Alamo Springs, Bergheim, Comfort, Kendalia, Sisterdale, Waring, and Welfare. Kendall County's population continues to increase. The City of Boerne's master plan reflects total populations of Boerne and Kendall County have almost doubled since 1990. The estimated 2013 population of 37,766 is a 13% increase from its 2010 population of 33,410. With the continued outward growth and expansion of the San Antonio metropolitan area, it is anticipated that Boerne's population will continue to grow.

In 2010, retail trade was the largest of 20 major sectors. Major employers include Boerne ISD, HEB, Wal-Mart Super Center, and Mission Pharmacy. The unemployment rate in this county is the lowest of all counties in the San Antonio AA. In August 2014, BLS reported a 4.2% unemployment rate, which is lower than 5.3% reported for the same period in 2013. The 2010 Census data reflects a low number of households (8%) living below poverty levels.

MEDINA COUNTY

Medina County is part of the San Antonio AA and is in the San Antonio - New Braunfels MSA. Medina County is immediately west of Bexar County in southwest Texas. Hondo, the county seat, is located near the geographic center of the county and 100 miles from the Mexican border at Eagle Pass. Castroville, Devine, LaCoste, Lytle, and Natalia make up the other communities in Medina County. Hondo is located approximately 40 miles west of downtown San Antonio.

Medina County's population has increased 17% since 2000 according to Census data and the Texas Association of Counties. The estimated 2013 population of 47,399 is a 3% increase from its 2010 population of 46,006. In 2013, Hondo had an estimated population of 9,002. A 2012

report from the Alamo Area Council of Government (AACOG) reflects the largest industry employers include government, followed by agriculture, forestry, fishing and hunting industry. Construction, oil and gas production/extraction, transportation, and healthcare were also key industries. According to the AACOG report, Medina County has been directly impacted by Eagle Ford Shale operations. BLS reported Medina County unemployment rate at 4.9% in August 2014, which is down from 6% in August 2013. The 2010 Census data reflects a higher percentage of households in Media County (16%) that live below poverty rates.

Demographic data on the bank’s limited-scope AAs is summarized in the following tables.

Demographic Information for Limited-Scope Area: Bell County AA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (CTs/BNAs)	33	3.03	33.33	48.48	12.12	3.03
Population by Geography	162,587	1.56	24.32	59.59	14.52	0.00
Owner-Occupied Housing by Geography	25,748	0.51	12.64	68.68	18.17	0.00
Business by Geography	8,097	1.53	26.40	55.50	16.38	0.19
Farms by Geography	188	1.60	20.21	62.23	15.96	0.00
Family Distribution by Income Level	37,756	22.79	20.52	21.98	34.71	0.00
Distribution of LMI Families throughout AA Geographies	16,350	2.19	36.45	54.59	6.77	0.00
Median Family Income		54,774	Median Housing Value			
HUD-Adjusted Median Family Income for 2014		58,900	Unemployment Rate (2010		98,972	
Households Below Poverty Level		14%	US Census)		3.74%	

*The NA category consists of geographies that have not been assigned an income classification.
Source: 2010 US Census and 2014 HUD updated MFI

Demographic Information for Limited-Scope Area: Travis, Hays AA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (CTs/BNAs)	181	19.34	25.41	25.97	28.73	0.55
Population by Geography	866,085	20.90	23.91	24.47	30.67	0.04
Owner-Occupied Housing by Geography	168,637	9.34	17.84	29.62	43.21	0.00
Business by Geography	108,077	10.24	16.27	21.89	51.60	0.00
Farms by Geography	2,004	7.83	15.42	27.59	49.15	0.00
Family Distribution by Income Level	182,083	26.38	16.78	17.34	39.50	0.00
Distribution of LMI Families throughout AA Geographies	78,586	34.75	30.59	21.22	13.44	0.00
Median Family Income HUD-Adjusted Median Family Income for 2014 Households Below Poverty Level		71,602 75,400 17%		Median Housing Value Unemployment Rate (2010 US Census)		230,182 3.53%

*The NA category consists of geographies that have not been assigned an income classification.
Source: 2010 US Census and 2014 HUD updated MFI

Demographic Information for Limited-Scope Area: Non-MSA AA – Kerr, Gillespie Counties						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (CTs/BNAs)	15	0.00	6.67	53.33	40.00	0.00
Population by Geography	74,462	0.00	2.45	57.82	39.74	0.00
Owner-Occupied Housing by Geography	22,794	0.00	1.72	56.06	42.22	0.00
Business by Geography	8,825	0.00	1.18	59.55	39.27	0.00
Farms by Geography	591	0.00	0.68	50.08	49.24	0.00
Family Distribution by Income Level	21,558	15.47	16.44	19.50	48.59	0.00
Distribution of LMI Families throughout AA Geographies	6,879	0.00	4.75	67.87	27.37	0.00
Median Family Income HUD-Adjusted Median Family Income for 2014 Households Below Poverty Level		47,817 51,600 11%		Median Housing Value Unemployment Rate (2010 US Census)		152,083 2.16%

*The NA category consists of geographies that have not been assigned an income classification.
Source: 2010 US Census and 2014 HUD updated MFI

APPENDIX C: TABLES OF PERFORMANCE DATA

Content of Standardized Tables

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

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

Table 1: Lending Volume - Presents the number and dollar amount of reportable loans originated and purchased by the bank over the evaluation period by MA/AA. CD loans to statewide or regional entities or made outside the bank’s AA may receive positive CRA consideration. See Interagency Q&As __.12 (i) - 5 and - 6 for guidance on when a bank may receive positive CRA consideration for such loans. Refer to the CRA section of the Compliance Policy Intranet page for guidance on table placement.

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

Table 2: Geographic Distribution of Home Purchase Loans - Compares the percentage distribution of the number of loans originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies to the percentage distribution of owner-occupied housing units throughout those geographies. The table also presents market share information based on the most recent aggregate market data available.

Table 3: Geographic Distribution of Home Improvement Loans - See Table 2.

Table 4: Geographic Distribution of Home Mortgage Refinance Loans - See Table 2.

Table 5: Geographic Distribution of Multi-family Loans - Compares the percentage distribution of the number of multifamily loans originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies to the percentage distribution of multi-family housing units throughout those geographies. The table also presents market share information based on the most recent aggregate market data available.

Table 6: Geographic Distribution of Small Loans to Businesses - The percentage distribution of the number of small loans (less than or equal to \$1 million) to businesses originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies compared to the percentage distribution of businesses (regardless of revenue size) throughout those geographies. The table also presents market share information based on the most recent aggregate market data available. Because small business data are not available for geographic areas smaller than counties, it may be necessary to use geographic areas larger than BNB's AA.

Table 7: Geographic Distribution of Small Loans to Farms - The percentage distribution of the number of small loans (less than or equal to \$500,000) to farms originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies compared to the percentage distribution of farms (regardless of revenue size) throughout those geographies. The table also presents market share information based on the most recent aggregate market data available. Because small farm data are not available for geographic areas smaller than counties, it may be necessary to use geographic areas larger than the bank's AA.

Table 8: Borrower Distribution of Home Purchase Loans - Compares the percentage distribution of the number of loans originated and purchased by the bank to low-, moderate-, middle-, and upper-income borrowers to the percentage distribution of families by income level in each MA/AA. The table also presents market share information based on the most recent aggregate market data available.

Table 9: Borrower Distribution of Home Improvement Loans - See Table 8.

Table 10: Borrower Distribution of Refinance Loans - See Table 8.

Table 11: Borrower Distribution of Small Loans to Businesses - Compares the percentage distribution of the number of small loans (less than or equal to \$1 million) originated and purchased by the bank to businesses with revenues of \$1 million or less to the percentage distribution of businesses with revenues of \$1 million or less. In addition, the table presents the percentage distribution of the number of loans originated and purchased by the bank by loan size, regardless of the revenue size of the business. Market share information is presented based on the most recent aggregate market data available.

Table 12: Borrower Distribution of Small Loans to Farms - Compares the percentage distribution of the number of small loans (less than or equal to \$500,000) originated and purchased by the bank to farms with revenues of \$1 million or less to the percentage distribution of farms with revenues of \$1 million or less. In addition, the table presents the percentage distribution of the number of loans originated and purchased by the bank by loan size, regardless of the revenue size of the farm. Market share information is presented based on the most recent aggregate market data available.

Table 13: Geographic and Borrower Distribution of Consumer Loans (OPTIONAL) - For geographic distribution, the table compares the percentage distribution of the number of loans originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies to the percentage distribution of households within each geography. For borrower

distribution, the table compares the percentage distribution of the number of loans originated and purchased by the bank to low-, moderate-, middle-, and upper-income borrowers to the percentage of households by income level in each MA/AA.

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

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

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

Table 1 - Lending Volume

LENDING VOLUME		Geography: TEXAS				Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2013						
Assessment Area (2012):	% of Rated Area Loans (#) in MA/AA*	Home Mortgage		Small Loans to Businesses		Small Loans to Farms		Community Development Loans**		Total Reported Loans		% of Rated Area Deposits in MA/AA***
		#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$(000's)	
Full Review:												
San Antonio AA	84.04	280	62,041	1,114	187,858	12	959	63	139,376	1,469	390,234	88.54
Limited Review:												
Bell County – AA	0.60	6	229	4	150	0	0	0	0	10	379	0.97
Travis, Hays - AA	11.06	46	14,921	139	26,401	0	0	10	1,200	186	42,522	6.00
Non-MSA - Kerr, Gillespie	4.30	29	5,337	43	6,000	0	0	0	0	72	11,337	4.48

* Loan Data as of December 31, 2013.

** The evaluation period for Community Development Loans is from April 19, 2011 to September 8, 2014.

*** Deposit Data as of June 30, 2013. Rated area refers to the state rating area.

Table 2 - Geographic Distribution of Home Purchase Loans

Geographic Distribution: HOME PURCHASE		Geography: TEXAS					Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2013									
Assessment Area:	Total Home Purchase Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography*					
	#	% of Total**	% Owner Occupied Units***	% BANK Loans****	% Owner Occupied Units***	% BANK Loans	% Owner Occupied Units***	% BANK Loans	% Owner Occupied Units***	% BANK Loans	Overall	Low	Mod	Mid	Upp	
Full Review:																
San Antonio AA	94	81.74	4.48	1.06	23.05	11.70	34.23	18.09	38.25	69.15	0.10	0.26	0.23	0.07	0.10	
Limited Review:																
Bell County AA	0	0.00	0.51	0.00	12.64	0.00	68.68	0.00	18.17	0.00	0.00	0.00	0.00	0.00	0.00	
Travis, Hays AA	17	14.78	9.34	0.00	17.84	5.88	29.62	23.53	43.21	70.59	0.02	0.00	0.00	0.00	0.05	
Non MSA - Kerr, Gillespie	4	3.48	0.00	0.00	1.72	0.00	56.06	25.00	42.22	75.00	0.31	0.00	0.00	0.33	0.31	

* Based on 2012 Peer Mortgage Data (USPR)

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

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

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

Table 3 - Geographic Distribution of Home Improvement Loans

Geographic Distribution: HOME IMPROVEMENT		Geography: TEXAS		Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2013											
Assessment Area:	Total Home Improvement Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography*				
	#	% of Total**	% Owner Occupied Units***	% BANK Loans****	% Owner Occupied Units***	% BANK Loans	% Owner Occupied Units***	% BANK Loans	% Owner Occupied Units***	% BANK Loans	Overall	Low	Mod	Mid	Upp
Full Review:															
San Antonio AA	82	77.36	4.48	6.10	23.05	9.76	34.23	34.15	38.25	50.00	1.45	2.74	0.50	1.44	1.69
Limited Review:															
Bell County AA	5	4.72	0.51	0.00	12.64	20.00	68.68	80.00	18.17	0.00	1.59	0.00	0.00	2.27	0.00
Travis, Hays AA	8	7.55	9.34	0.00	17.84	0.00	29.62	37.50	43.21	62.50	0.23	0.00	0.00	0.43	0.20
Non-MSA - Kerr, Gillespie	11	10.38	0.00	0.00	1.72	0.00	56.06	63.64	42.22	36.36	7.78	0.00	0.00	13.16	4.00

* Based on 2012 Peer Mortgage Data (USPR)

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

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

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

Table 4 - Geographic Distribution of Home Mortgage Refinance Loans

Geographic Distribution: HOME MORTGAGE REFINANCE		Geography: TEXAS					Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2013									
Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography*					
	#	% of Total**	% Owner Occupied Units***	% BANK Loans****	% Owner Occupied Units***	% BANK Loans	% Owner Occupied Units***	% BANK Loans	% Owner Occupied Units***	% BANK Loans	Overall	Low	Mod	Mid	Upp	
Full Review:																
San Antonio AA	101	73.72	4.48	0.00	23.05	7.92	34.23	31.68	38.25	60.40	0.18	0.00	0.19	0.19	0.17	
Limited Review:																
Bell County AA	1	0.73	0.51	0.00	12.64	0.00	68.68	100.00	18.17	0.00	0.00	0.00	0.00	0.00	0.00	
Travis, Hays AA	21	15.33	9.34	0.00	17.84	14.29	29.62	38.10	43.21	47.62	0.02	0.00	0.00	0.03	0.03	
Non-MSA - Kerr, Gillespie	14	10.22	0.00	0.00	1.72	0.00	56.06	35.71	42.22	64.29	0.80	0.00	0.00	0.67	0.93	

* Based on 2012 Peer Mortgage Data (USPR)

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

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

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

Table 5 - Geographic Distribution of Multifamily Loans

Geographic Distribution: MULTIFAMILY															Geography: TEXAS					Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2013				
Assessment Area:	Total Multifamily Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography*													
	#	% of Total**	% of MF Units***	% BANK Loans****	% MF Units***	% BANK Loans	% MF Units***	% BANK Loans	% MF Units***	% BANK Loans	Overall	Low	Mod	Mid	Upp									
Full Review:																								
San Antonio AA	2	100.00	7.09	0.00	34.74	0.00	32.10	50.00	26.06	50.00	2.78	0.00	0.00	5.88	4.76									
Limited Review:																								
Bell County AA	0	0.00	10.49	0.00	44.07	0.00	44.01	0.00	1.43	0.00	0.00	0.00	0.00	0.00	0.00									
Travis, Hays AA	0	0.00	33.17	0.00	27.07	0.00	18.37	0.00	21.38	0.00	0.00	0.00	0.00	0.00	0.00									
Non-MSA - Kerr, Gillespie	0	0.00	0.00	0.00	3.64	0.00	65.32	0.00	31.04	0.00	0.00	0.00	0.00	0.00	0.00									

* Based on 2012 Peer Mortgage Data (USPR)

** Multi-family loans originated and purchased in the MA/AA as a percentage of all multi-family loans originated and purchased in the rated area.

*** Percentage of Multi-Family Units is the number of multi-family units in a particular geography divided by the number of multifamily housing units in the area based on 2010 Census information.

**** Multifamily loan distribution includes Home Purchases, Home Improvement and Refinances.

Table 6 - Geographic Distribution of Small Loans to Businesses

Geographic Distribution: SMALL LOANS TO BUSINESSES		Geography: TEXAS		Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2013											
Assessment Area:	Total Small Business Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography*				
	#	% of Total**	% of Businesses***	% BANK Loans	% of Businesses***	% BANK Loans	% of Businesses***	% BANK Loans	% of Businesses***	% BANK Loans	Overall	Low	Mod	Mid	Upp
Full Review:															
San Antonio AA	1,111	85.66	4.71	6.12	21.12	15.84	32.07	30.15	41.86	47.88	1.88	2.66	1.63	1.86	2.04
Limited Review:															
Bell County AA	4	0.31	1.53	0.00	26.40	50.00	55.50	25.00	16.38	25.00	0.10	0.00	0.40	0.00	0.10
Travis, Hays AA	139	10.72	10.24	5.04	16.27	22.30	21.89	28.78	51.60	43.88	0.23	0.18	0.45	0.24	0.18
Non-MSA - Kerr, Gillespie	43	3.32	0.00	0.00	1.18	0.00	59.55	53.49	39.27	46.51	1.10	0.00	0.00	0.80	1.84

* Based on 2012 Peer Small Business Data -- US and PR

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

*** Source Data - Dun and Bradstreet (2013).

Table 7 - Geographic Distribution of Small Loans to Farms

Geographic Distribution: SMALL LOANS TO FARMS		Geography: TEXAS					Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2013					Market Share (%) by Geography*				
Assessment Area	Total Small Farm Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Overall	Low	Mod	Mid	Upp	
	#	% of Total**	% of Farms***	% BANK Loans	% of Farms***	% BANK Loans	% of Farms***	% BANK Loans	% of Farms***	% BANK Loans						
Full Review:																
San Antonio AA	12	100	2.89	0.00	14.85	0.00	39.24	66.67	42.98	33.33	2.37	0.00	0.00	2.94	2.56	
Limited Review:																
Bell County AA	0	0.00	1.60	0.00	20.21	0.00	62.23	0.00	15.96	0.00	0.00	0.00	0.00	0.00	0.00	
Travis, Hays AA	0	0.00	7.83	0.00	15.42	0.00	27.59	0.00	49.15	0.00	0.00	0.00	0.00	0.00	0.00	
Non-MSA - Kerr, Gillespie	0	0.00	0.00	0.00	0.68	0.00	50.08	0.00	49.24	0.00	0.00	0.00	0.00	0.00	0.00	

* Based on 2012 Peer Small Business Data -- US and PR

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

*** Source Data - Dun and Bradstreet (2013).

Table 8 - Borrower Distribution of Home Purchase Loans

Borrower Distribution: HOME PURCHASE		Geography: TEXAS					Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2013									
Assessment Area:	Total Home Purchase Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Market Share*					
	#	% of Total**	% Families ***	% BANK Loans ****	% Families ¹	% BANK Loans ****	% Families ***	% BANK Loans ****	% Families ***	% BANK Loans ****	Overall	Low	Mod	Mid	Upp	
Full Review:																
San Antonio AA	94	81.74	22.55	7.06	16.90	8.24	19.13	4.71	41.42	80.00	0.11	0.33	0.10	0.03	0.13	
Limited Review:																
Bell County AA	0	0.00	22.79	0.00	20.52	0.00	21.98	0.00	34.71	0.00	0.00	0.00	0.00	0.00	0.00	
Travis, Hays AA	17	14.78	26.38	0.00	16.78	0.00	17.34	0.00	39.50	100.00	0.02	0.00	0.00	0.00	0.04	
Non-MSA - Kerr, Gillespie	4	3.48	15.64	0.00	16.61	0.00	19.53	0.00	48.22	100.00	0.34	0.00	0.00	0.00	0.56	

* Based on 2012 Peer Mortgage Data (USPR)

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

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

**** As a percentage of loans with borrower income information available. No information was available for 10.4% of loans originated and purchased by bank.

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

Table 9 - Borrower Distribution of Home Improvement Loans

Borrower Distribution: HOME IMPROVEMENT		Geography: TEXAS					Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2013									
Assessment Area:	Total Home Improvement Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Market Share*					
	#	% of Total**	% Families***	% BANK Loans****	% Families ²	% BANK Loans****	% Families***	% BANK Loans****	% Families***	% BANK Loans****	Overall	Low	Mod	Mid	Upp	
Full Review:																
San Antonio AA	82	77.36	22.55	7.50	16.90	10.00	19.13	22.50	41.42	60.00	1.50	0.99	1.72	1.67	1.47	
Limited Review:																
Bell County AA	5	4.72	22.79	20.00	20.52	40.00	21.98	0.00	34.71	40.00	1.60	0.00	9.52	0.00	0.00	
Travis, Hays AA	8	7.55	26.38	0.00	16.78	12.50	17.34	37.50	39.50	50.00	0.23	0.00	0.00	0.65	0.18	
Non-MSA - Kerr, Gillespie	11	10.38	15.64	10.00	16.61	0.00	19.53	20.00	48.22	70.00	9.38	16.67	0.00	10.00	9.52	

* Based on 2012 Peer Mortgage Data (USPR)

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

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

**** As a percentage of loans with borrower income information available. No information was available for 2.8% of loans originated and purchased by bank.

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

Table 10 - Borrower Distribution of Home Mortgage Refinance Loans

Borrower Distribution: HOME MORTGAGE REFINANCE		Geography: TEXAS					Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2013									
Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Market Share*					
	#	% of Total**	% Families ***	% BANK Loans ****	% Families ³	% BANK Loans ****	% Families ***	% BANK Loans ****	% Families ***	% BANK Loans ****	Overall	Low	Mod	Mid	Upp	
Full Review:																
San Antonio - AA	102	73.91	22.55	1.08	16.90	5.38	19.13	17.20	41.42	76.34	0.23	0.09	0.00	0.17	0.30	
Limited Review:																
Bell County – AA	1	0.72	22.79	0.00	20.52	0.00	21.98	0.00	34.71	100.00	0.00	0.00	0.00	0.00	0.00	
Travis, Hays AA	21	15.22	26.38	0.00	16.78	14.29	17.34	9.52	39.50	76.19	0.03	0.00	0.04	0.00	0.03	
Non-MSA - Kerr Gillespie	14	10.14	15.64	0.00	16.61	0.00	19.53	15.38	48.22	84.62	0.85	0.00	0.00	0.70	0.98	

* Based on 2012 Peer Mortgage Data (USPR)

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

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

**** As a percentage of loans with borrower income information available. No information was available for 7.2% of loans originated and purchased by bank.

³ Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

Table 11 - Borrower Distribution of Small Loans to Businesses

Borrower Distribution: SMALL LOANS TO BUSINESSES		Geography: TEXAS			Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2013				
Assessment Area:	Total Small Loans to Businesses		Businesses With Revenues of \$1 million or less		Loans by Original Amount Regardless of Business Size			Market Share*	
	#	% of Total**	% of Businesses***	% BANK Loans****	\$100,000 or less	>\$100,000 to \$250,000	>\$250,000 to \$1,000,000	All	Rev\$ 1 Million or Less
Full Review:									
San Antonio AA	1,114	85.69	71.27	21.01	58.53	21.01	20.47	1.88	1.18
Limited Review:									
Bell County AA	4	0.31	73.04	50.00	100.00	0.00	0.00	0.10	0.16
Travis, Hays AA	139	10.69	69.36	35.25	56.12	15.83	28.06	0.23	0.18
Non-MSA Kerr, Gillespie	43	3.31	76.20	18.60	65.12	18.60	16.28	1.10	0.39

* Based on 2012 Peer Small Business Data -- US and PR

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

*** Businesses with revenues of \$1 million or less as a percentage of all businesses (Source D&B - 2013).

**** Small loans to businesses with revenues of \$1 million or less as a percentage of all loans reported as small loans to businesses. No information was available for 14.62% of small loans to businesses originated and purchased by the bank.

Table 12 - Borrower Distribution of Small Loans to Farms

Borrower Distribution: SMALL LOANS TO FARMS		Geography: TEXAS			Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2013				
Assessment Area:	Total Small Loans to Farms		Farms With Revenues of \$1 Million or less		Loans by Original Amount Regardless of Farm Size			Market Share*	
	#	% of Total**	% of Farms***	% BANK Loans****	\$100,000 or less	>\$100,000 to \$250,000	>\$250,000 to \$500,000	All	Rev\$ 1 Million or Less
Full Review:									
San Antonio AA	12	100.00	97.85	66.67	58.33	41.67	0.00	2.37	3.67
Limited Review:									
Bell County - AA	0	0.00	98.94	0.00	0.00	0.00	0.00	0.00	0.00
Travis, Hays - AA	0	0.00	97.01	0.00	0.00	0.00	0.00	0.00	0.00
Non-MSA Kerr, Gillespie	0	0.00	98.65	0.00	0.00	0.00	0.00	0.00	0.00

* Based on 2012 Peer Small Business Data -- US and PR

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

*** Farms with revenues of \$1 million or less as a percentage of all farms (Source D&B - 2013).

**** Small loans to farms with revenues of \$1 million or less as a percentage of all loans reported as small loans to farms. No information was available for 8.33% of small loans to farms originated and purchased by the bank.

Table 14 - Qualified Investments

QUALIFIED INVESTMENTS		Geography: TEXAS				Evaluation Period: APRIL 19, 2011 TO DECEMBER 31, 2013				
Assessment Area:	Prior Period Investments*		Current Period Investments		Total Investments			Unfunded Commitments**		
	#	\$(000's)	#	\$(000's)	#	\$(000's)	% of Total	#	\$(000's)	
Full Review:										
San Antonio AA	19	10,504	241	10,393	260	20,896	55.92	0	0	
Limited Review:										
Bell County AA	1	31	1	2,967	2	2,999	8.03	0	0	
Travis, Hays AA	1	680	6	12,785	7	13,465	36.04	0	0	
Non-MSA - Kerr, Gillespie	0	0	5	3	5	3	0.01	0	0	
Total AA Investments	21	11,215	253	26,148	274	37,363	100.00	0	0	

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

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

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

DISTRIBUTION OF BRANCH DELIVERY SYSTEM AND BRANCH OPENINGS/CLOSINGS Geography: TEXAS Evaluation Period: APRIL 19, 2011 TO DECEMBER 31, 2013																	
MA/AA:	Deposits	Branches						Branch Openings/Closings						Population			
	% of Rated Area Deposits in AA	# of BANK Branches	% of Rated Area Branches in AA	Location of Branches by Income of Geographies (%)				# of Branch Openings	# of Branch Closings	Net change in Location of Branches (+ or -)				% of Population within Each Geography			
				Low	Mod	Mid	Upp			Low	Mod	Mid	Upp	Low	Mod	Mid	Upp
Full Review:																	
San Antonio AA	88.54	28*	71.80	7.14	7.14	32.14	53.57	1	1	0	-1	0	1	6.74	28.40	32.64	32.22
Limited Review:																	
Bell County AA	0.97	1	2.60	0.00	0.00	100.0	0.00	0	0	0	0	0	0	1.56	24.32	59.59	14.52
Travis, Hays AA	6.00	8	20.51	0.00	12.50	25.00	62.50	1	0	0	0	0	1	20.90	23.91	24.47	30.67
Non-MSA - Kerr, Gillespie	4.48	2	5.13	0.00	0.00	50.00	50.00	0	0	0	0	0	0	0.00	2.45	57.82	39.74

* The bank also has 3 limited service mobile banking offices in the San Antonio AA.

Distribution of Branch and ATM Delivery System

Distribution of Branch and ATM Delivery System		Geography: TEXAS						Evaluation Period: APRIL 19,2011 TO DECEMBER 31, 2013									
MA/AA:	Deposits	Branches						ATMs				Population					
	% of Total Bank Deposits	# of Bank Branches	% of Total Bank Branches	Location of Branches by Income of Geographies (%)				# of Bank ATMs	% of Total Bank ATMs	Location of ATMs by Income of Geographies				% of Population within Each Geography			
				Low	Mod	Mid	Upp			Low	Mod	Mid	Upp	Low	Mod	Mid	Upp
Full Review:																	
San Antonio AA	88.54	28	71.8	7.14	7.14	32.14	53.57	55**	80.9	3.64	7.27	41.8	29.1	6.74	28.40	32.64	32.22
Limited Review:																	
Bell County AA	.97	1	2.6	0	0	100.0	0	1	1.47	0	0	100.0	0	1.56	24.32	59.59	14.52
Travis, Hays AA	6.00	8	20.5	0	12.5	25.0	62.5	10	14.7	0	10.0	20.0	70.0	20.90	23.91	24.47	30.67
Non-MSA – Kerr, Gillespie	4.48	2	5.1	0	0	50.0	50.0	2	2.94	0	0	50.0	50.0	0.00	2.45	57.82	39.74

**10 ATMs (18.18%) in the San Antonio AA are located in geographies with no income designation as per the 2010 Census.