



PUBLIC DISCLOSURE

September 27, 2016

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Southtrust Bank, National Association
Charter Number 14012

601 Guadalupe, George West, TX 78022

Office of the Comptroller of the Currency
Southern District
San Antonio Field Office
10001 Reunion Place, Suite 250
San Antonio, Texas 78216-4165

NOTE: This document is an evaluation of this institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods consistent with safe and sound operation of the institution. This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion, or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.

INSTITUTION'S CRA RATING: This institution is rated Satisfactory.

The Lending Test is rated: Satisfactory.

The Community Development Test is rated: Satisfactory.

Southtrust Bank's (STB) CRA performance depicts a practice of providing for the credit needs of its assessment areas (AAs). The following factors support this rating:

- The loan-to-deposit (LTD) ratio meets the standard for satisfactory performance. The LTD ratio is reasonable in relation to similarly situated banks and averaged 74 percent since the last evaluation.
- Lending in the AA is satisfactory as a majority of the bank's loans were made inside the AA. A total of 58 percent of all loans both in number and dollar volume were originated inside the bank's AAs.
- The bank's loan portfolio reflects a reasonable penetration of commercial and agricultural loans among businesses and farms of different sizes given the bank's performance context.
- The geographic distribution of STB's loans is outstanding and reflects excellent dispersion throughout its AAs. Commercial and agricultural loans made within the Harris County, Live Oak County, and Wilson County AAs reflect excellent dispersion.
- The bank's community development (CD) performance is satisfactory given the bank's adequate responsiveness to CD needs in its AAs, through CD lending, investments, and services.

Scope of Examination

We evaluated STB's CRA performance under the Intermediate Small Bank (ISB) examination procedures, which include lending and CD tests. We used financial information as of September 30, 2016, with an evaluation period from July 2012, to September 2016. Our lending test focused on loan originations from January 1, 2014 through June 30, 2016. Our evaluation of CD activities included a review of CD loans, investments, and services for the entire evaluation period. We conducted full-scope reviews of the Atascosa County, Harris County, Live Oak County, and Wilson County AAs. We performed a limited-scope review of the Bexar County AA.

We evaluated STB's lending performance by reviewing primary loan products originated during the evaluation period including residential real estate (RRE) loans subject to reporting under the Home Mortgage Disclosure Act (HMDA), commercial loans and agricultural loans. Prior to the CRA examination, we conducted a HMDA data integrity examination and determined that the data was reliable. We used the reported information for 2014, 2015, and year-to-date June 30, 2016. We also reviewed a sample of 114 small business and small farm loans that STB originated during the same timeframe. We have given lending performance for commercial/agricultural loans the

most weight in determining ratings as this represents 85 percent of the total loan portfolio as of September 30, 2016.

Description of Institution

STB is an intrastate bank headquartered in George West, Texas chartered in 1934. The bank is wholly owned by Live Oak Bancshares Corporation. The bank reported total assets of \$352 million and tier 1 capital of \$36 million at September 30, 2016. It has six offices: the main office located in George West and five branches located in Three Rivers, Pleasanton, Floresville, San Antonio, and Houston, Texas. STB provides full service loan and deposit products at all branches.

The main office and all five branches have a walk-in teller lobby and an automated teller machine (ATM). All offices accept loan applications and close all loans in the office where the application originated. Additionally, customers can access their depository accounts through the internet, ATMs, and telephone banking system. There have not been any significant changes to STB's corporate structure, including merger or acquisition activities, since the last CRA performance evaluation. However, the bank was rebranded from First National Bank of George West and has since opened full-service branches in Houston and Pleasanton, which are now AAs of the bank.

At September 30, 2016, STB reported total loans of \$254 million and a net loans and leases to total assets ratio of 83 percent. STB's business strategy is focused on originating commercial, residential, and agricultural loans within its AAs. The following chart provides a detailed summary of the loan portfolio at September 30, 2016.

Loan Portfolio Summary by Loan Product September 30, 2016		
Loan Category	Dollar Volume \$(000)	% of Outstanding Dollars
Commercial	196,607	77.49
Residential	32,061	12.64
Agricultural / Farm	18,324	7.22
Consumer	6,660	2.62
Other Loans	74	0.03
Total	253,726	100

Source: Consolidated Reports of Condition as of September 30, 2016.

The previous CRA Performance Evaluation, dated July 24, 2012, reflected a satisfactory rating. The bank has since expanded its AAs to include the Atascosa County AA and Harris County AA. Additionally, the bank's asset size has exceeded the threshold to be examined under "small bank" CRA examination procedures and is now evaluated under the "intermediate small bank" procedures, which includes the CD test. We did not identify any legal impediments or other factors that hinder STB's ability to help meet the credit needs in its AAs.

Description of Assessment Areas

STB's five AAs include the counties of Live Oak, Wilson, Atascosa, Bexar, and Harris. The AAs meet the requirements of the regulations and do not arbitrarily exclude low- and/or moderate-income (LMI) areas. STB operates six locations and offers a full-range of banking products and services.

Atascosa County Assessment Area

The Atascosa County AA is comprised of the complete county. The AA is located in South Texas and is in the San Antonio/New Braunfels Metropolitan Statistical Area (MSA). The AA meets the requirements of the regulation and does not arbitrarily exclude low- or moderate-income tracts. Pleasanton is the largest city in Atascosa County. Other cities include Jourdanton, Poteet, Lytle, and Charlotte. Jourdanton serves as the county seat for Atascosa County. Competition with other financial institutions is high with ten banks in the AA.

A local community contact explained that Atascosa County experienced significant growth during 2010 through 2014 due to the Eagle Ford Shale oilfield activity. Many of the oilfield workers in the Pleasanton area were not from the area, but were from larger areas such as the Rio Grande Valley, Corpus Christi, and San Antonio. During that time, many businesses such as restaurants, hotels, convenience stores, and retail stores opened up in the area. After the downturn, most of the ex-oilfield workers went back to their communities and most of the residents in Pleasanton were able to find lower paying jobs with local businesses. With the decrease in the income generated with the businesses due to the downturn, the contact suspects some businesses will lay off employees or close down.

DEMOGRAPHIC AND ECONOMIC CHARACTERISTICS ATASCOSA COUNTY ASSESSMENT AREA	
<i>Population</i>	
Number of Persons	44,911
Number of Families	11,324
Number of Households	14,521
<i>Geographies</i>	
Number of Census Tracts	8
% Low-Income Census Tracts	0%
% Moderate-Income Census Tracts	37.50%
% Middle-Income Census Tracts	62.50%
% Upper-Income Census Tracts	0%
<i>Median Family Income (MFI)</i>	
2010 MFI for AA	\$34,106
2016 FFIEC Estimated MFI	\$62,500
<i>Economic Indicators</i>	
Unemployment Rate	5.79%
Weighted Average of Median Housing Value	\$82,564
% of Owner-occupied Properties	63.93%
% of Households Below Poverty Level	18.10%

Source: 2010 US Census and 2016 FFIEC updated MFI

Bexar County Assessment Area

The Bexar County AA is comprised of the census tract (CT) in which the San Antonio branch is located and all seven adjacent CTs. San Antonio is located in South Central Texas and serves as the seat of Bexar County. This AA meets the requirements of the regulation and does not exclude any LMI areas.

Bexar County is economically diverse. The largest employers in San Antonio include HEB, USAA, Cullen/Frost Bankers, Bill Miller Bar-B-Q, Rackspace, CPS Energy, and Toyota Motor Manufacturing. The US armed forces also have numerous facilities in San Antonio. San Antonio is home to the South Texas Medical Center, consisting of medical, dental and nursing schools, twelve hospitals, five higher educational institutions, and five specialty institutions.

DEMOGRAPHIC AND ECONOMIC CHARACTERISTICS BEXAR COUNTY ASSESSMENT AREA	
<i>Population</i>	
Number of Persons	34,963
Number of Families	8,030
Number of Households	10,585
<i>Geographies</i>	
Number of Census Tracts	8
% Low-Income Census Tracts	0%
% Moderate-Income Census Tracts	75.00%
% Middle-Income Census Tracts	25.00%
% Upper-Income Census Tracts	0%
<i>Median Family Income (MFI)</i>	
2010 MFI for AA	\$39,747
2016 FFIEC Estimated MFI	\$62,500
<i>Economic Indicators</i>	
Unemployment Rate	6.84%
Weighted Average of Median Housing Value	\$74,406
% of Owner-occupied Properties	55.79%
% of Households Below Poverty Level	20.65%

Source: 2010 US Census and 2016 FFIEC updated MFI

Harris County Assessment Area

The Harris County AA is comprised of the complete county. This AA meets the requirements of the regulation and does not arbitrarily exclude any LMI areas. Of the 786 CTs in Harris County, there are 121 (15 percent) low-income and 251 CTs (32 percent) that are moderate-income.

Harris County is located on the upper Gulf Coastal Plain of Texas. It is the most populous county in Texas and the third most populous in the nation. The county includes the cities of Houston, Katy, League City, among others. The Houston economy is largely dependent on energy prices. Since the prices of oil have fallen from over \$100 a barrel to \$50, there have been layoffs from oil companies that have led to a reduction in construction, a decrease in retail sales, and vehicle purchases are at the lowest level in the last five years.

The Houston economy has diversified from the last oil bust of the 1980's. The Houston Ship Channel is the world's second largest petrochemical and refinery complex according to the Port of Houston website. Health care, biomedical research, and aerospace also contribute to the economy. Major employers in Houston include Memorial Hermann, The University of Texas M.D. Anderson Cancer Center, H-E-B, United Airlines, McDonald's Corp., Kroger Co., Exxon Mobil, and the Methodist Hospital System.

The banking competition in the AA is high. According to the June 30, 2015 FDIC Deposit Market Share Report, there were 80 financial institutions operating 1,005 branches in Harris County. The five largest competitors in Harris County include JP Morgan Chase Bank, National Association (N.A.); Wells Fargo Bank, N.A.; Bank of America, N.A.; Compass Bank; and Amegy Bank, N.A.

DEMOGRAPHIC AND ECONOMIC CHARACTERISTICS HARRIS COUNTY ASSESSMENT AREA 2010 CENSUS	
<i>Population</i>	
Number of Persons	4,092,459
Number of Families	943,393
Number of Households	1,372,163
<i>Geographies</i>	
Number of Census Tracts	786
% Low-Income Census Tracts	15.39%
% Moderate-Income Census Tracts	31.93%
% Middle-Income Census Tracts	23.28%
% Upper-Income Census Tracts	29.01%
<i>Median Family Income (MFI)</i>	
2010 MFI for AA	\$68,143
2016 FFIEC Estimated MFI	\$68,000
<i>Economic Indicators</i>	
Unemployment Rate	4.87%
Weighted Average of Median Housing Value	\$156,120
% of Owner-occupied Properties	50.98%
% of Households Below Poverty Level	14.52%

Source: 2010 US Census and 2016 FFIEC updated MFI

Live Oak County Assessment Area

The Live Oak County AA is comprised of the complete county. Live Oak County is 80 miles south of San Antonio. The largest cities in the county include George West and Three Rivers. George West is the county seat. This AA includes a LMI area as well as a distressed or underserved area.

The Live Oak County economy has benefitted from Eagle Ford Shale oil field activity from 2010 to 2014, but has seen a recent decline due to depressed oil and gas prices that resulted in a slowdown in economic activity. George West and Three Rivers are located on US Highway 281 and have long been a stop for gasoline and food on the way to the Rio Grande Valley, Corpus Christi, and San Antonio. We interviewed a local community contact who explained that local area businesses are not making the income they were three years ago; however, they are still more profitable than they were five years ago. Competition is moderate and comprised of two regional community banks.

DEMOGRAPHIC AND ECONOMIC CHARACTERISTICS LIVE OAK COUNTY ASSESSMENT AREA	
<i>Population</i>	
Number of Persons	11,531
Number of Families	2,706
Number of Households	3,856
<i>Geographies</i>	
Number of Census Tracts	4
% Low-Income Census Tracts	0%
% Moderate-Income Census Tracts	25.00%
% Middle-Income Census Tracts	25.00%
% Upper-Income Census Tracts	50.00%
<i>Median Family Income (MFI)</i>	
2010 MFI for AA	\$47,817
2016 FFIEC Estimated MFI	\$52,400
<i>Economic Indicators</i>	
Unemployment Rate	1.46%
Weighted Average of Median Housing Value	\$87,109
% of Owner-occupied Properties	50.62%
% of Households Below Poverty Level	13.41%

Source: 2010 US Census and 2016 FFIEC updated MFI

Wilson County Assessment Area

The Wilson County AA is comprised of the complete county. This AA meets the requirements of the regulation and does not arbitrarily exclude any low- or moderate-income areas. Wilson County is located in South Texas and is in the San Antonio/New Braunfels MSA. The city of Floresville is the largest city and county seat of Wilson County.

The local economy benefitted from the Eagle Ford Shale oil field activity that brought retail business, restaurants, and hotels to the area. The downturn has increased vacancy rates in local hotels and reduced income in area businesses. Many residents lost employment during this time but have benefitted from the close proximity to San Antonio to find employment.

Competition from other financial institutions is high. The bank's competitors include one branch of a large financial institution, two national bank branches, two state bank branches, and a number of mortgage and finance companies.

DEMOGRAPHIC AND ECONOMIC CHARACTERISTICS WILSON COUNTY ASSESSMENT AREA	
<i>Population</i>	
Number of Persons	42,918
Number of Families	11,717
Number of Households	14,455
<i>Geographies</i>	
Number of Census Tracts	11
% Low-Income Census Tracts	0%
% Moderate-Income Census Tracts	18.18%
% Middle-Income Census Tracts	45.45%
% Upper-Income Census Tracts	36.36%
<i>Median Family Income (MFI)</i>	
2010 MFI for AA	\$67,148
2016 FFIEC Estimated MFI	\$62,500
<i>Economic Indicators</i>	
Unemployment Rate	3.60%
Weighted Average of Median Housing Value	\$124,930
% of Owner-occupied Properties	76.60%
% of Households Below Poverty Level	8.21%

Source: 2010 US Census and 2016 FFIEC updated MFI

Community Credit Needs

As part of this evaluation, we determined the community credit needs in STB's AAs by reviewing the CRA Public Evaluations of other banks operating in the same areas and conducting three community contacts with local organizations focusing on economic development and community services. We determined that the most pressing credit need in the bank's AA is economic development and affordable housing.

Conclusions with Respect to Performance Tests

LENDING TEST

The rating for STB's performance under the Lending Test is "Satisfactory".

Loan-to-Deposit Ratio

STB's LTD ratio is reasonable and meets the standard for satisfactory performance given its asset size, financial condition, and lending opportunities within its AAs. We reviewed the quarterly average LTD ratios for the evaluation period from September 30, 2012, to June 30, 2016. The bank's ratio averaged 74 percent over the timeframe with a high of 88 percent and a low of 62 percent. STB's average LTD compares favorably among similarly situated institutions. These institutions compete in the same markets as STB and offer similar types of products and services.

Institution	Total Assets (000's)	Average LTD Ratio (%)
Texstar National Bank	228,905	85.02
Central Bank	599,255	78.81
Southtrust Bank, N.A.	358,131	73.63
Lone Star Capital Bank, N.A.	245,276	69.92
Southwestern National Bank	347,759	44.14

Source: Quarterly call report data; average LTD based on data from September 2012 to June 2016

Lending in Assessment Area

A majority of the residential, commercial, and agricultural loans originated during the evaluation period were within the bank's AA. STB meets the standard for satisfactory performance for lending in the AA. An analysis of HMDA data and the commercial and agricultural loan sample reflects 58 percent of all loans originated within the AA both by number and by dollar volume of loans during the evaluation period. Refer to the following table for more information.

Lending in Assessment Area										
Type of Loan	Number of Loans					Dollars of Loans (000's)				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	
Home Purchase	88	55.70%	70	44.30%	158	\$15,842	51.51%	\$14,898	48.49%	\$30,722
Home Improvement	28	68.29%	13	31.71%	41	\$1,721	66.89%	\$852	33.11%	\$2,573
Home Refinance	12	57.14%	9	42.86%	21	\$2,809	72.30%	\$1,076	27.70%	\$3,885
<i>Total Residential Real Estate</i>	128	57.14%	92	41.82%	220	\$20,372	54.74%	\$16,826	45.26%	\$37,180
Commercial/Agricultural Loans	46	57.50%	34	42.50%	80	\$18,268	62.62%	\$10,903	37.38%	\$29,171
<i>Totals</i>	174	58.00%	126	42.00%	300	\$38,640	58.24%	\$27,729	41.79%	\$66,351

Source: Data reported under HMDA, Loan sample

Lending to Borrowers of Different Incomes and to Businesses of Different Sizes

STB's lending to borrowers of different incomes and to businesses/farms of different sizes is satisfactory. The bank's borrower distribution of loans to borrowers of different income levels reflects reasonable penetration given the bank's performance context. We reviewed both residential and commercial/agricultural loans as part of our analysis. We gave more weight to commercial/agricultural (includes commercial real estate, commercial, and farm loans) because this is the bank's largest loan product by volume and primary strategic focal point. As of September 30, 2016, business/farm loans and RRE loans comprise 85 percent and 13 percent of total loans, respectively.

Atascosa County Assessment Area

Residential Real Estate Loans

Borrower distribution analysis of RRE loans in the AA is impractical, as the bank did not originate enough of these loans during the evaluation period to provide meaningful analysis.

Commercial and Agricultural Loans

The distribution of loans to small businesses and farms reflects reasonable distribution among businesses/farms of different sizes. Our sample of 28 loans reflected the bank originated 85 percent of the loans to businesses/farms with revenues less than \$1 million. STB originated 55 percent by loan dollar volume. This is comparable to the AA demographic information, which reports 86 percent of, reported loans have less than \$1 million in gross revenues.

Borrower Distribution of Commercial/Agricultural Loans in Atascosa County AA				
Business Revenues (or Sales)	<= \$1,000,000	> \$1,000,000	Unavailable	Total
% of AA Businesses	86.1%	2.95%	10.96%	100.00%
% of Bank Loans in AA by #	85.00%	15.00%	0.00%	100.00%
% of Bank Loans in AA by \$	54.88%	45.12%	0.00%	100.00%

Source: Loan sample; Dunn and Bradstreet data.

Harris County Assessment Area

Residential Real Estate Loans

STB did not meet the standard for the borrower distribution of RRE loans in the Harris County AA. The demographic information reflects 44 percent of RRE loans made to LMI borrowers; however, the reported data shows that the bank only made 9 percent of home purchases to LMI borrowers during the evaluation period. Though the bank shows poor performance in relation to the demographic information, a significant amount of income information was not available for a portion of the RRE loans. No income information was available for 45 percent of home purchase loans.

Borrower Distribution of Residential Real Estate Loans in Harris County AA								
Borrower Income Level	Low		Moderate		Middle		Upper	
	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans
Purchase	26.75	0	17.46	9.09	17.37	0	38.43	45.45
Improvement	26.75	0	17.46	0	17.37	0	38.43	100
Refinance	26.75	0	17.46	0	17.37	0	38.43	100

Source: Data reported under HMDA; U.S. Census data.

Commercial and Agricultural Loans

The bank’s distribution of loans to small businesses and farms reflects reasonable penetration in the Harris County AA. Our sample of 26 loans reflected the bank originated 45 percent of loans to businesses/farms with revenues less than \$1 million. This meets the standards shown in the demographic information, which reports 87 percent of the businesses with gross revenues less than \$1 million.

Borrower Distribution of Commercial/Agricultural Loans in Harris County AA				
Business Revenues (or Sales)	<= \$1,000,000	> \$1,000,000	Unavailable	Total
% of AA Businesses	86.66%	3.9%	9.45%	100.00%
% of Bank Loans in AA by #	45.00%	55.00%	0.00%	100.00%
% of Bank Loans in AA by \$	48.37%	51.63%	0.00%	100.00%

Source: Loan sample; Dunn and Bradstreet data.

Live Oak County Assessment Area

Residential Real Estate Loans

STB did not meet the standards for satisfactory performance for the borrower distribution of RRE loans in the Live Oak County AA. While the demographic information showed the borrower distribution of RRE loans to LMI borrowers totaled 33 percent, the bank only made 5 percent of its home purchase and 13 percent of home improvement loans to LMI individuals in the AA.

Borrower Distribution of Residential Real Estate Loans in Live Oak County AA								
Borrower Income Level	Low		Moderate		Middle		Upper	
	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans
Purchase	19.84	2.27	13.53	2.27	21.36	13.64	45.27	79.55
Improvement	19.84	0	13.53	12.5	21.36	18.75	45.27	62.5
Refinance	19.85	0	13.53	0	21.36	0	45.27	0

Source: Data reported under HMDA; U.S. Census data.

Commercial and Agricultural Loans

STB’s distribution of loans to small businesses and small farms reflects reasonable distribution among businesses/farms of different sizes. The loan sample of 30 loans reflected the bank originated 75 percent of these loans to businesses with revenues less than \$1 million by number and 58 percent by dollar volume. This is comparable to the AA demographic information which reports 85 percent of businesses/farms have less than \$1 million in gross revenues.

Borrower Distribution of Commercial/Agricultural Loans in Live Oak County AA				
Business Revenues (or Sales)	<= \$1,000,000	> \$1,000,000	Unavailable	Total
% of AA Businesses	85.26%	2.23%	12.48%	100.00%
% of Bank Loans in AA by #	75.00%	25.00%	0.00%	100.00%
% of Bank Loans in AA by \$	58.04%	41.96%	0.00%	100.00%

Source: Loan sample; Dunn and Bradstreet data.

Wilson County Assessment Area

Residential Real Estate Loans

The bank does not meet the standards for the borrower distribution of RRE loans in the Wilson County AA. The borrower distribution of RRE loans among LMI borrowers is lower than comparative demographics. The demographic data reflects a total of 30 percent of RRE loans were made to LMI borrowers; however, STB's reported information shows that the bank only made 6 percent of home purchase loans, 17 percent of home improvement loans, and no home refinance loans during the evaluation period. Although the bank shows poor performance in relation to demographic data, a significant amount of income information was not available. A total of 29 percent and 40 percent of income information was not available for home purchase and home refinance loans, respectively.

Borrower Distribution of Residential Real Estate Loans in Wilson County AA								
Borrower Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans
Purchase	15.21	0	14.86	5.88	21.91	11.76	48.02	52.94
Improvement	15.21	0	14.86	16.67	21.91	33.33	48.02	50
Refinance	15.21	0	14.86	0	21.91	20	48.02	40

Source: Data reported under HMDA; U.S. Census data.

Commercial and Agricultural Loans

STB's distribution of loans to small businesses and small farms reflects reasonable penetration among businesses/farms of different sizes. Our sample of 30 loans reflected the bank originated 80 percent of these loans to businesses/farms with revenues of less than \$1 million. This is comparable to the AA demographic information which reports 91 percent of these businesses have less than \$1 million in gross revenues.

Borrower Distribution of Commercial/Agricultural Loans in Wilson County AA				
Business Revenues (or Sales)	<= \$1,000,000	> \$1,000,000	Unavailable	Total
% of AA Businesses	90.61%	1.02%	8.38%	100.00%
% of Bank Loans in AA by #	80.00%	20.00%	0.00%	100.00%
% of Bank Loans in AA by \$	82.48%	17.52%	0.00%	100.00%

Source: Loan sample; Dunn and Bradstreet data.

Geographic Distribution of Loans

The overall geographic distribution of loans reflects excellent dispersion given the bank’s performance context. The bank’s largest loan product, commercial/agricultural loans, is a primary credit need of the community and was given more weight for its performance in the bank’s AAs. STB met the standards for satisfactory performance for all of its full-scope AAs and exceeded the geographic distribution of commercial/agricultural loans in a majority of its AAs. The bank exceeded the performance noted in the demographic comparator for commercial/agricultural loans for the Harris County, Live Oak County, and Wilson County AAs as well as for RRE loans in the Wilson County AA.

Atascosa County Assessment Area

Residential Real Estate Loans

Geographic distribution analysis of RRE loans in the AA is impractical, as the bank did not originate enough of these loans during the evaluation period to provide meaningful analysis.

Commercial and Agricultural Loans

The bank met the standards for the satisfactory performance for the geographic distribution of commercial/agricultural loans in the AA when compared to area demographics. While the demographic data in the following table shows that 31 percent of businesses operated in LMI CT, the bank made 20 percent of its loans in these CT’s thereby meeting the standards for satisfactory performance under this criterion.

Geographic Distribution of Commercial/Agricultural Loans in Atascosa County AA								
Census Tract Income Level	Low		Moderate		Middle		Upper	
	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans
% of Total	0%	0.00%	31.14%	20.00%	68.87%	80.00%	0.00%	0.00%

Source: Loan sample; Dunn and Bradstreet data.

Harris County Assessment Area

Residential Real Estate Loans

STB’s geographic distribution of total RRE loans reflects reasonable dispersion throughout the AA. Demographic data reflects RRE loans made in LMI CTs total 31 percent. The bank met the standards for satisfactory performance in this AA as it made over 50 percent of its home improvement loans to LMI CTs in the Harris County AA.

Geographic Distribution of Residential Real Estate Loans in Harris County AA								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan type	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans
Purchase	5.75	0	25.81	9.09	28.44	63.64	40	27.27
Improvement	5.75	0	25.81	50.00	28.44	0	40	50.00
Refinance	5.75	0	25.81	0	28.44	0	40	100

Source: Data reported under HMDA; U.S. Census data.

Commercial and Agricultural Loans

The bank’s geographic distribution of business/farm loans reflects excellent dispersion through the AA. Comparative demographic benchmarks in the AA show that 30 percent of loans were made in LMI CTs. STB exceeded the standard by originating 35 percent of its loans in the AA to businesses operating in LMI CTs.

Geographic Distribution of Commercial/Agricultural Loans in Harris County AA								
Census Tract Income Level	Low		Moderate		Middle		Upper	
	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans
% of Total	8.98%	0.00%	21.39%	35.00%	25.57%	45.00%	44.03%	20.00%

Source: Loan sample; Dunn and Bradstreet data.

Live Oak County Assessment Area

Residential Real Estate Loans

STB’s geographic distribution of RRE loans reflects reasonable dispersion throughout the AA. The bank’s performance in relation to its demographic comparator is satisfactory. The bank met the standard for home purchase loans and exceeded the standard for home improvement loans in LMI CTs. STB did not report any home refinance loans during the evaluation period.

Geographic Distribution of Residential Real Estate Loans in Live Oak County AA								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan type	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans
Purchase	0	0	17.62	9.09	22.43	65.91	59.95	25.00
Improvement	0	0	17.62	37.50	22.43	37.50	59.95	25.00
Refinance	0	0	17.62	0	22.43	0	59.95	0

Source: Data reported under HMDA; U.S. Census data.

Commercial and Agricultural Loans

The geographic distribution of loans reflects excellent dispersion throughout the AA when compared to area demographics. Demographic information in the AA shows that 10 percent of all loans were made to LMI CTs. The bank exceeded the standards for satisfactory performance as they originated 15 percent of commercial/agricultural loans in LMI CTs.

Geographic Distribution of Commercial/Agricultural Loans in Live Oak County AA								
Census Tract Income Level	Low		Moderate		Middle		Upper	
	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans
% of Total	0%	0.00%	10.39%	15.00%	34.50%	50.00%	55.11%	35.00%

Source: Loan sample; Dunn and Bradstreet data.

Wilson County Assessment Area

Residential Real Estate Loans

STB's geographic distribution of RRE loans in the Willacy County AA reflects excellent dispersion. The bank exceeded the comparative demographic benchmarks for RRE loans to LMI CTs. Refer to the following table for more information.

Geographic Distribution of Residential Real Estate Loans in Wilson County AA								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan type	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans
Purchase	0	0	14.42	41.18	37.51	11.76	48.07	47.06
Improvement	0	0	14.42	33.33	37.51	50.00	48.07	16.67
Refinance	0	0	14.42	20.00	37.51	40.00	48.07	40.00

Source: Data reported under HMDA; U.S. Census data.

Commercial and Agricultural Loans

The geographic distribution of loans to businesses in the AA reflects excellent dispersion and meets the standards for satisfactory performance. The following table shows that demographic comparators originated 20 percent of loans to small businesses and farms in the AA. STB exceeded this level by making 35 percent of commercial/agricultural loans to LMI CTs in the AA.

Geographic Distribution of Commercial/Agricultural Loans in Wilson County AA								
Census Tract Income Level	Low		Moderate		Middle		Upper	
	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans
% of Total	0%	0.00%	20.07%	35.00%	43.08%	20.00%	36.86%	45.00%

Source: Loan sample; Dunn and Bradstreet data.

Responses to Complaints

The bank has received no complaints related to its performance under CRA.

COMMUNITY DEVELOPMENT TEST

The bank's performance under the CD test is satisfactory. STB's CD performance demonstrates adequate responsiveness to the CD needs of its AAs through CD loans, qualified investments, and CD services.

Number and Amount of Community Development Loans

Qualified CD loans are those that meet the definition of CD as defined in the CRA regulation and do not include loans given consideration under the Lending Test.

Performance in Atascosa, Harris, Live Oak, and Wilson County Assessment Areas

STB originated an adequate level of CD loans in their AAs. STB made over \$480 thousand in CD loans since the last CRA evaluation. The loans made during the evaluation period include those to non-profit organizations, economic development corporations, and municipalities for the purposes of promoting community development and revitalizing applicable areas. CD loans made during the evaluation period include the following:

- \$51,125 for the Boys and Girls Club of Live Oak County to assist with revitalizing the moderate income and distressed/underserved middle-income geography.
- \$57,332 for the Economic Development Corporation of Three Rivers, which facilitates economic development in the area by financing local small businesses and farms.
- \$100,000 for the non-profit Floresville Volunteer Fire Department, which serves the moderate-income area.

Number and Amount of Qualified Investments

Investments, deposits, membership's shares, or grants that have CD as their primary purpose are defined as "qualified investments" in the CRA regulation. These also include investments that support community services that target LMI families and individuals.

Performance in Atascosa, Harris, Live Oak, and Wilson County Assessment Areas

The bank contributed an adequate level to its AAs through qualified investments. STB has deposited \$100 thousand to various minority-owned institutions in its AAs that will be used to promote community development. STB also made an investment of \$150 thousand to PeopleFund, which is a community development financial institution that provides small business loans as well as business assistance, and education to people with otherwise limited access to such resources. The non-profit organization serves all of Texas.

Extent to Which the Bank Provides Community Development Services

Qualified CD services must meet the definition of "community development" in the CRA regulation and must be related to providing financial services to qualified individuals and organizations.

Performance in Atascosa, Harris, Live Oak, and Wilson County Assessment Areas

STB provides an adequate level of CD services in its AAs during the evaluation period. In addition to the bank opening the Pleasanton branch during the evaluation period which increases access to financial services in the LMI geography, it has several employees involved in organizations located in the bank's AAs including offering financial technical assistance through roles as officers, directors, and board members. Some of these organizations include the Three Rivers Chamber of Commerce, Floresville Economic Development Corporation, Lion's Club, and the Atascosa Health Center. Additionally, many employees of the bank volunteer for the George West Storyfest nonprofit organization that works to revitalize and stabilize the LMI region.

Responsiveness to Community Development Needs

STB's CD test rating is satisfactory. The bank demonstrates adequate responsiveness to the community development needs of its AAs through community development loans, qualified investments, and community development services. During our interview with local community contacts, particularly in Atascosa and Live Oak Counties, the community has a favorable perception of local banks in the area.

Fair Lending or Other Illegal Credit Practices Review

Pursuant to 12 CFR 25.28(c), in determining a national bank's CRA rating, the OCC considers evidence of discriminatory or other illegal credit practices in any geography by the bank or in any AA by an affiliate whose loans have been considered as part of the bank's lending performance. We found no evidence of discriminatory or other illegal credit practices inconsistent with helping to meet community credit needs.