



PUBLIC DISCLOSURE

October 19, 2020

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Ozona National Bank
Charter Number: 7748

503 11th Street
Ozona, TX 76943

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

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

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Overall CRA Rating

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

The Lending Test is rated: Satisfactory.

The major factors that support this rating include:

- The bank's loan-to-deposit (LTD) ratio is reasonable.
- A substantial majority of the bank's loans are inside its assessment areas (AAs).
- The bank exhibits satisfactory geographic distribution of loans in the AAs.
- The bank exhibits excellent distribution of loans to individuals of different income levels, and businesses of different sizes, given the product lines offered by the bank.
- There were no Fair Lending or CRA-related complaints during the evaluation period.

Loan-to-Deposit Ratio

Considering the bank's size, financial condition, and credit needs of the AAs, the bank's LTD ratio is reasonable.

The bank's quarterly average LTD ratio during the evaluation period is 61.4 percent ranging from a low of 47.4 percent and high of 75.1 percent. Ozona National Bank (ONB) is a four-location financial institution that competes with several other financial institutions in two of its three AAs. However, these financial institutions are not considered to be similarly situated institutions as they are significantly larger than ONB and have several branches in and out of the AAs. The June 30, 2020 FDIC Deposit Market Share Report showed ONB had 0.2 percent of deposits in all three AAs combined.

To find similarly situated institutions, we expanded our search to identify other banks of similar size and complexity. The quarterly average LTD ratio for similarly situated institutions was 97.9 percent with an average low of 82.3 percent and average high of 121.7 percent.

BANK NAME	CITY	STATE	COUNTY	TOTAL ASSETS (000s)
Ozona National Bank	Ozona	TX	Crockett	\$305,219
TexStar National Bank	Universal City	TX	Bexar	\$361,003
Lone Star Capital Bank, National Association	San Antonio	TX	Bexar	\$285,223
Crockett National Bank	San Antonio	TX	Bexar	\$716,695

Lending in Assessment Area

A substantial majority of the bank's loans are inside its AA. The bank originated and purchased 81 percent of its loans inside the AA during the evaluation period. This analysis is performed at the bank, rather than the AA, level. This percentage does not include extensions of credit by affiliates that may be considered under the other performance criteria.

Lending Inside and Outside of the Assessment Area										
Loan Category	Number of Loans				Total #	Dollar Amount of Loans \$(000s)				Total \$(000s)
	Inside		Outside			Inside		Outside		
	#	%	#	%		\$	%	\$	%	
Small Business	15	75	5	25	20	2,475	59	1,721	41	4,196
Small Farm	13	93	1	7	14	479	99	3	1	482
Consumer	16	80	4	20	20	156	72	75	34	231
Total	44	81	10	19	54	3,110	63	1,799	37	4,909

Description of Institution

ONB is an intrastate bank headquartered and chartered in Ozona, Texas. The bank was chartered in 1905 and is wholly-owned by Onb Bancshares, Inc, a single bank holding company. ONB has four offices: the main office in Ozona and three branches in San Marcos, Wimberly, and San Antonio. ONB provides full-service deposit and loan products at all locations.

All locations have a walk-in teller lobby and a drive-up motor bank. The Ozona, Wimberley, and San Marcos offices have automated teller machines (ATMs) located at the branches or within close proximity. The bank accepts loan applications in person and electronically through online applications. Real estate related loan transaction closings occur at a title company, while non real estate transactions can close electronically via DocuSign or in person. Customers can access depository accounts through internet, ATMs, telebank, and through ONB's mobile banking.

Significant changes since the last examination include the San Marcos branch relocating south of downtown San Marcos, in a high traffic area. The real estate for the original location was then sold. There have not been any significant changes to the bank's corporate structure.

At June 30, 2020, ONB reported total assets of \$305 million. Tier 1 capital totaled \$31 million, and the tier 1 leverage ratio was 10.65 percent. Net loans totaled \$128 million and represented 42 percent of total assets. The bank's LTD ratio was 47 percent. ONB's lending focus is centered in commercial lending.

ONB faces strong competition from other financial institutions in two of its three AAs. Primary competitors for these AAs include USAA Federal Savings Bank, Frost Bank, Broadway National Bank, and International Bank of Commerce. Due to strong competition within close proximity, ONB's ability to generate significant loan growth is limited. However, ONB is able to meet the lending needs in its AA's through small dollar consumer and small business loans. ONB's strategy is to continue to meet the banking needs of the local community. The prior CRA examination, dated November 27, 2017, assigned an overall "Satisfactory" rating to ONB's CRA performance.

Scope of the Evaluation

Evaluation Period/Products Evaluated

We evaluated ONB lending activities using Small Bank CRA examination procedures. The evaluation period covered lending activities from November 28, 2017, to December 31, 2019. We used the bank's loan trial balance to identify primary lending products based on loan originations and purchases during

the evaluation period. As demonstrated in the table below, commercial loans and consumer loans are ONB's primary products by number of originated loans. While agricultural lending does not make up a significant portion of lending, management considers it to be a primary lending product for the Crockett AA, and thus it was included in our evaluation scope. We did not evaluate residential real estate loans as the number of loans did not provide for a meaningful analysis.

Loan Originations and Purchases During the Evaluation Period By Loan Type		
Loan Type	% Number of Loans	% by Dollar of Loans
Residential Real Estate Loans	7%	20%
Commercial Loans	34%	75%
Consumer Installment Loans	57%	4%
Agricultural Loans	2%	1%
Total	100%	100%

For the Lending Test, we selected a random sample of consumer loans, commercial loans, and agricultural loans originated during the evaluation period. We replaced loans originated outside the AA with loans originated inside the AA to evaluate borrower and geographic distributions. We analyzed the sampled loans based on the 2011-2015 American Community Survey (ACS). For CRA purposes, the ACS replaces decennial census.

With an evaluation period end date of December 31, 2019, qualifying activities performed in response to the coronavirus pandemic will not be addressed in this evaluation. Bank qualifying activities will be considered in the subsequent evaluation.

Selection of Areas for Full-Scope Review

In each state where the bank has an office, one or more of AAs within that state was selected for a full-scope review. For purposes of this evaluation, bank delineated assessment areas located within the same metropolitan statistical area (MSA), multistate metropolitan statistical area (MMSA), or combined statistical area (CSA) are combined and evaluated as a single AA. Similarly, bank delineated non-MSA AAs within the same state are combined and evaluated as a single area. These combined AAs may be evaluated as full- or limited-scope.

ONB has designated Bexar, Crockett, and Hays Counties as its three AAs. For purposes of this evaluation, we performed a full-scope review of each AA. Refer to the "Scope" section under each State Rating for details regarding how full-scope AAs were selected. Refer to appendix A, Scope of Examination, for a list of full- and limited-scope AAs.

Ratings

The bank's overall rating is based on performance in all bank AAs. ONB has three AAs and operates in only one state, Texas. In arriving at our conclusion, we placed equal weight on consumer and commercial loans, which represent the primary lending products of the bank by count and dollar volume of originations, respectively. Agricultural loans are considered a primary product for one of the three branches but carried less weight in our overall conclusion.

Discriminatory or Other Illegal Credit Practices Review

Pursuant to 12 CFR 25.28(c) or 195.28(c), respectively, in determining a national bank's or federal savings association's (collectively, bank) 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. As part of this evaluation process, the OCC consults with other federal agencies with responsibility for compliance with the relevant laws and regulations, including the U.S. Department of Justice, the U.S. Department of Housing and Urban Development, and the Bureau of Consumer Financial Protection, as applicable.

The OCC has not identified that this institution has engaged in discriminatory or other illegal credit practices that require consideration in this evaluation.

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

State Rating

State of Texas

CRA rating for the State of Texas: Satisfactory.

The Lending Test is rated: Satisfactory.

The major factors that support this rating include:

- The bank's LTD ratio is reasonable.
- A substantial majority of the bank's loans are inside its AAs.
- The bank exhibits satisfactory geographic distribution of loans in the AAs.
- The bank exhibits excellent distribution of loans to individuals of different income levels, and businesses of different sizes, given the product lines offered by the bank.
- There were no Fair Lending or CRA-related complaints during the evaluation period.

Description of Institution's Operations in Texas

ONB operates only in Texas and has three AAs: Bexar, Hays, and Crockett counties. ONB has four offices with the main office in Ozona and branches in San Marcos, Wimberly, and San Antonio. ONB has three ATMs located at the Ozona, Wimberly, and San Marcos locations. As of June 30, 2020, deposits total \$271MM. The June 30, 2020 FDIC Deposit Market Share Report showed ONB had 0.2 percent of deposits in all three AAs combined. Other institutions in ONB's AAs are larger in asset size and have a larger geographic footprint.

We interviewed a member of the community for each of the AAs. All three of our community contacts indicated that the local banking institutions are meeting the demands of the community, and our contacts were not aware of any unmet services or financial needs.

Bexar County Assessment Area

Bexar County is in South Central Texas and is included in the San Antonio-New Braunfels Metropolitan Statistical Area (MSA). Bexar County is the 16th most populous county in the nation and fourth in Texas. Its county seat is San Antonio, the second most populous city in Texas and seventh largest city in the United States. Located 75 miles southwest of Austin (Texas capital), 190 miles west of Houston, and 150 miles north of the Mexican border at Laredo, San Antonio is an important commercial and transportation center for south Texas and northern Mexico.

Bexar County is a community consisting of 632,574 households using 2018 ASC Census Data. Families made up 66.7 percent of households in Bexar County, which includes both married-couple families (45.6 percent) and other families (21.1 percent). Approximately 59.9 percent of the population 16 and over are employed while 35.4 percent were not in the labor force. Top industries include educational services & health care at 23.1 percent, retail trade at 12 percent, and arts & entertainment at 11.7 percent employment. The median income for Bexar County was \$55,456 with an estimated 7.2 percent of households having income below \$10,000 a year and 5.1 percent over \$200,000 a year. It is estimated that 16.3 percent of people were in poverty. Median age in the county was 33.4 years.

San Antonio's employers support a healthy and diverse economy with a blend of well-established financial services, cyber security fields, Toyota manufacturing, and strong military presence with four major military bases. Major military bases include Randolph Air Force Base, Fort Sam Houston, Lackland Airforce Base, and Camp Bullis.

We contacted a local community development organization during the examination. Our community contact indicated that local banking institutions are meeting the demands of the community. However, the contact stated that the involvement of some banking institutions in the community is very limited. Our community contact indicated that the San Antonio-New Braunfels MSA is experiencing population growth, causing real estate prices to increase at an accelerated rate. The contact identified that affordable housing will continue to be a primary need in the community.

Hays County Assessment Area

Hays County is located in central Texas and is part of the Austin-Round Rock MSA, approximately 30 miles south of Austin and 65 miles north of San Antonio. The county includes several cities including Buda, Kyle, Wimberley, and San Marcos, the county seat. Major highways through the county include interstate 35, U.S. highway 290, and state highways 21 and 80.

Hays County is a community of 70,881 households, using 2018 ACS Census Data. Families made up 65.2 percent of households in Hays County, Texas. This figure includes both married-couple families (50.7 percent) and other families (14.5 percent). Approximately 64.2 percent of the population 16 and over were employed while 32.1 percent were not in the labor force. Major industries in Hays County by employment percentage include educational services and health care at 23.5 percent, followed by retail trade at 13.6 percent. The median income of households in Hays County was \$65,935, with an estimated 6.6 percent of households having income below \$10M a year and 6.8 percent having income of \$200,000 or more. It

is estimated that 15 percent of people in Hays County are in poverty. Median age in the county was 31.6 years. A total of 38,231 students were enrolled at the Texas State University in the fall 2019 semester.

Major industries include educational services followed by retail. Large employers for the county include Texas State University, Amazon fulfillment centers, the San Marcos premium & Tanger outlets, and various independent school districts. Economic activity includes tourism, dining, retail, and wholesale businesses. Competition from other institutions is very high with a large number of branches in the area from local, regional, and national financial institutions.

We contacted a member of a local community organization. The contact indicated that the current economic condition is good considering the global pandemic. Our community contact indicated that local banks responded very well to assist the local community through the pandemic by offering deferrals, PPP funds, and some waived fees such as overdrafts. Our community contact stated that smaller businesses struggling before the pandemic, are the businesses that have permanently closed while remaining small businesses continue to operate with a reduced staff. Our community contact indicated that local banks could do better facilitating communication to smaller businesses and LMI individuals of programs or grants available to them through their banking relationship.

Crockett County

Crockett County is a rural county located in west Texas. As of the 2010 census, its population was 3,719. Ozona serves as the county seat and houses the majority of the population with 3,225 people. Ozona is located on Interstate 10 approximately 200 miles west of San Antonio and 82 miles southwest of San Angelo.

Economic activity in Crockett County is centered in agriculture, ranching, and oil & gas. The current local economy is characterized as stable. The largest employer is the county. Competition from other banking institutions is low as there is only one other financial institution in the county. Oil & gas employers make up about 75 percent of the county's tax revenue.

We contacted a member of a government agency that serves Crockett County. Our community contact indicated that local banking institutions have met the needs of the community, particularly during the pandemic by being flexible with their borrowers. Growth in the community is limited. Our contact indicated the community is seeing a rise in land development for future 1-4 family homes and residential real estate as a primary need in the community.

Table A – Demographic Information of the Assessment Area						
Assessment Area: Combined						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	392	8.9	34.9	26.5	28.6	1.0
Population by Geography	2,006,763	7.3	33.6	29.3	29.8	0.0
Housing Units by Geography	744,424	7.1	33.5	29.5	29.8	0.0
Owner-Occupied Units by Geography	402,092	4.9	27.2	30.0	37.9	0.0
Occupied Rental Units by Geography	279,532	9.4	41.2	29.0	20.5	0.0
Vacant Units by Geography	62,800	11.0	40.2	28.8	20.0	0.0
Businesses by Geography	146,896	5.2	22.7	30.3	41.5	0.3
Farms by Geography	3,003	2.6	18.2	31.5	47.6	0.1
Family Distribution by Income Level	459,798	23.9	17.7	19.4	38.9	0.0
Household Distribution by Income Level	681,624	25.9	16.3	17.9	40.0	0.0
Median Family Income MSA - 12420 Austin-Round Rock- Georgetown, TX MSA		\$78,997	Median Housing Value			\$149,253
Median Family Income MSA - 41700 San Antonio-New Braunfels, TX MSA		\$62,228	Median Gross Rent			\$900
Median Family Income Non- MSAs - TX		\$52,198	Families Below Poverty Level			13.4%
<i>Source: 2015 ACS and 2019 D&B Data</i> <i>Due to rounding, totals may not equal 100.0%</i> <i>(*) The NA category consists of geographies that have not been assigned an income classification.</i>						

Scope of Evaluation in Texas

We selected the bank's three AAs for a full-scope review. This includes Bexar, Hays, and Crockett Counties. As previously mentioned, the Bexar County AA includes the San Antonio-New Braunfels MSA, and the Hays County AA includes the Austin-Round Rock MSA. We evaluated ONB lending activities using Small Bank CRA examination procedures.

We selected a random sample of consumer loans, commercial loans, and agricultural loans originated during the evaluation period. We replaced loans originating outside the AAs with loans originating inside the AAs to evaluate borrower and geographic distributions. We analyzed the sampled loans based on the 2011-2015 American Community Survey (ACS) and 2017-2019 Dunn & Bradstreet information. More

recent ACS information was used where applicable when describing AAs. For CRA purposes, the ACS replaces the decennial census.

As previously mentioned, agricultural lending did not make up a significant portion of lending during the evaluation period; therefore, this product carried less weight in our conclusions.

LENDING TEST

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

Based on the full-scope review, the bank's lending performance in the state of Texas is reasonable. Our analysis focused on consumer and commercial loans as these loans, by number and dollar amount, represent the primary lending products during the evaluation period. ONB originated a minimal number of small business loans to businesses in the Crockett County AA. Analyzing commercial loans in the Crockett AA would not be meaningful.

Distribution of Loans by Income Level of the Geography

The bank exhibits reasonable geographic distribution of loans in the State of Texas.

Small Business Loans

Refer to Table O section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's originations and purchases of small loans to businesses.

The distribution of loans to small businesses in geographies of different income levels is reasonable for all their AAs during the evaluation period.

Hays

For the 2017-2019 evaluation period, the Hays County AA geographic distribution of loans is reasonable. ONB originated 15 percent of commercial loans in low-income census tracts in Hays County, which is higher than the 6.5 percent level of AA demographics. However, 5 percent of commercial loans were made in moderate-income census tracts, which is lower than AA demographics of 16.8 percent for Hays county.

Bexar

For the 2017-2019 evaluation period, the Bexar County AA geographic distribution of loans to small businesses is reasonable. No loans were originated in low-income census tracts for Bexar County. However, ONB's performance to moderate-income CTs is adequate compared to AA demographics of 23.5 percent with the bank originating 20 percent of loans in moderate-income CTs.

Crockett

Geographic distribution analysis for Crockett County is not meaningful as there is only one census tract for the AA, which is upper-income.

Consumer Loans

Refer to Table S section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's consumer loan originations and purchases.

The distribution of consumer loans to geographies of different income levels within the AAs is poor for all their AA during the evaluation period.

Hays

For the 2017-2019 evaluation period, the Hays County AA geographic distribution for consumer loans was poor. There was no lending to low-moderate income CTs in our consumer sample for Hays County, which is significantly lower than the demographics of 37.1 percent for Hays county for low-moderate income households.

Bexar

There were not sufficient consumer loans in Bexar county to provide a meaningful analysis.

Crockett

The Crockett AA CT is designated as upper-income and would not provide for a meaningful analysis.

Small Loans to Farms

Refer to Table Q section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's originations and purchases of small loans to farms.

Hays and Bexar county were not included in our geographic distribution test as there was not sufficient loans to provide a meaningful analysis. Geographic distribution test for Crockett County is not meaningful as the AA only has one census tract that is designated as upper-income.

Distribution of Loans by Income Level of the Borrower

The bank exhibits a reasonable distribution of loans to individuals of different income levels and businesses and farms of different sizes, given the product lines offered by the bank.

Small Loans to Businesses

Refer to Table P section of appendix D for the facts and data used to evaluate the borrower distribution of the bank's originations and purchases of small loans to businesses.

The distribution of loans to small businesses within the AAs is reasonable during the evaluation period.

Hays

For the 2017-2019 evaluation period, ONB had excellent borrower distribution in Hays County. 95.5 percent of loans originated were to businesses with annual revenues of \$1 million dollars or less compared to AA demographics of 88.4 percent. Hays County had excellent borrower distribution with 82.1 percent

of loans originating to businesses with annual revenues of less than \$1 million compared to the AA demographics of 63.9 percent.

Bexar

For the 2017-2019 evaluation period, ONB had poor borrower distributions in Bexar county. 43.1 percent of loans were originated to businesses with annual revenues of less than \$1 million, while AA demographics are 85.5 percent.

Crockett

For the 2017-2019 evaluation period ONB had excellent borrower penetration for Crockett county. 82.11 percent of loans were originated to businesses with annual revenues of less than \$1 million, compared to AA demographics of 63.9 percent.

Consumer Loans

Refer to Table T section of appendix D for the facts and data used to evaluate the borrower distribution of the bank's consumer loan originations and purchases.

The distribution of consumer loans to individuals of different income levels within the AAs is excellent during the evaluation period.

Hays

For the 2017-2019 evaluation period, consumer lending in the Hays AA to low-income individuals is excellent as 35 percent of loans in our sample were to low-income individuals compared to AA demographics of 29 percent. 15 percent of loans originated in our sample were to moderate-income individuals while demographics in the county compared to AA demographics of 15.5 percent moderate-income households.

Bexar

Bexar County did not provide a meaningful analysis as there was not sufficient loans to provide a meaningful analysis.

Crockett

For the 2017-2019 evaluation period, consumer lending in the Crockett AA to low-moderate income individuals is excellent. 55 percent of loans originated were to low-income individuals which compares favorably to AA demographics of 16.7 percent. 35 percent of loans originated to moderate-income borrowers, which compares favorably to 13.4 percent in the AA demographics.

Small Loans to Farms

Refer to Table T section of appendix R for the facts and data used to evaluate the borrower distribution of the bank's originations and purchases of small loans to farms.

The distribution of small farm loans within the AA is reasonable during the evaluation period.

Hays

Hays County did not provide a meaningful analysis as there was not sufficient loans to provide a meaningful analysis.

Bexar

Bexar County did not provide a meaningful analysis as there was not sufficient loans to provide a meaningful analysis.

Crockett

For the 2017-2019 evaluation period Crockett County had reasonable borrower penetration as 72.7 percent of loans originated were to farms with revenues less than \$1 million though this is below the AA demographic of 95.7 percent.

Responses to Complaints

ONB did not receive any complaints related to its CRA performance between November 27, 2017, (date of the previous CRA examination) and October 19, 2020 (date of current examination).

COMMUNITY DEVELOPMENT

Based on a limited-scope review, the bank exhibits adequate responsiveness to community development needs in the state through qualified investments considering the bank's capacity and the need and availability of such opportunities for community development in the bank's AA. Performance related to community development activities had a positive effect on the bank's rating in the state of Texas. The \$1 million Valesco fund is used to invest in growth oriented, lower/middle market businesses seeking expansion in south central US. Funds invested by ONB have been set aside to fund businesses in the Hays County area.

Number and Amount of Qualified Investments

Refer to the Qualified Investments table below for the facts and data used to evaluate the bank's level of CD.

Qualified Investments										
Assessment Area	Prior Period*		Current Period		Total				Unfunded Commitments**	
	#	\$(000's)	#	\$(000's)	#	% of Total #	\$(000's)	% of Total \$	#	\$(000's)
Hays	2	\$1,000	0	0	2	100	\$1,000	100	0	0

* Prior Period Investments means investments made in a previous evaluation 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.

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 MSAs and non-MSAs 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:	11/28/2017 to 12/31/2019	
Bank Products Reviewed:	Small business, small farm, and consumer loans Qualified investments	
Affiliate(s)	Affiliate Relationship	Products Reviewed
Not applicable	Not applicable	Not applicable
List of Assessment Areas and Type of Examination		
Rating and Assessment Areas	Type of Exam	Other Information
Texas		
Hays	Full-Scope	Hays county includes the city of San Marcos (which is the county seat) and is located in the Austin-Round Rock MSA. Other notable cities in Hays county includes Buda, Kyle, Dripping Springs, Wimberley, Driftwood, Woodcreek and Mountain City. Neighboring counties include Travis County, Caldwell County, Guadalupe County, Comal County, and Blanco County.
Bexar	Full-Scope	Bexar County includes the city of San Antonio (which is the county seat) and is located in the San Antonio-New Braunfels MSA. Other notable cities in Bexar County include: Converse, Helotes, Universal City, Alamo Heights, Windcrest, Live Oak, Leon Valley, Elmendorf, Castle Hills, von Ormy, Shavano Park, Terrel Hills, Balcones Heights, Olmos Park, Hollywood Park, Somerset, and Kirby. Adjacent counties include Kendall, Comal, Guadalupe, Atascosa, and Banderita County.
Crockett	Full-Scope	Crockett County includes the City of Ozona (which is the county seat). Adjacent counties to Crockett include Upton County, Reagan County, Irion County, Schleicher County, and Sutton County.

Appendix B: Summary of MMSA and State Ratings

RATINGS	Ozona National Bank
Overall Bank:	Lending Test Rating
Ozona National Bank	Satisfactory
MMSA or State:	
Texas	Satisfactory

Appendix C: Definitions and Common Abbreviations

The following terms and abbreviations are used in 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. For example, a bank subsidiary is controlled by the bank and is, therefore, an affiliate.

Aggregate Lending (Aggt.): The number of loans originated and purchased by all reporting lenders (HMDA or CRA) in specified income categories as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the state/assessment area.

Census Tract (CT): A small, relatively permanent statistical subdivision of a county delineated by a local committee of census data users for the purpose of presenting data. Census tracts nest within counties, and their boundaries normally follow visible features, but may follow legal geography boundaries and other non-visible features in some instances, Census tracts ideally contain about 4,000 people and 1,600 housing units.

Combined Statistical Area (CSA): A geographic entity consisting of two or more adjacent Core Based Statistical Areas with employment interchange measures of at least 15. An employment interchange measure is a measure of ties between two adjacent entities. The employment interchange measure is the sum of the percentage of workers living in the smaller entity who work in the larger entity and the percentage of employment in the smaller entity that is accounted for by workers who reside in the larger entity.

Community Development (CD): 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 Small Business Administration Development Company or Small Business Investment Company programs size eligibility standards or have gross annual revenues of \$1 million or less; or activities that revitalize or stabilize low- or moderate-income geographies, distressed or underserved nonmetropolitan middle-income geographies, or designated disaster areas.

Community Reinvestment Act (CRA): The statute that requires the OCC to evaluate a bank's record of meeting the credit needs of its entire community, including LMI areas, 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, 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-Scope 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 conduct 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 applicants, the amount of loan requested, the disposition of the application (e.g., approved, denied, and withdrawn), the lien status of the collateral, any requests for preapproval, and loans for manufactured housing.

Home Mortgage Loans: A closed-end mortgage loan or an open-end line of credit as these terms are defined under 12 CFR 1003.2, and that is not an excluded transaction under 12 CFR 1003.3(c)(1) through (c)(10) and (c)(13).

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-Scope 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: Individual income that is less than 50 percent of the area median income.

Low Income Geography: A census tract with a median family income that is less than 50 percent.

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 state/assessment area.

Median Family Income (MFI): The median income determined by the U.S. Census Bureau every five years and used to determine the income level category of geographies. The median is the point at which half of the families have income above, and half below, a range of incomes. Also, the median income determined by the Federal Financial Institutions Examination Council (FFIEC) 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, and half below, a range of incomes.

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

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

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.

Rating Area: A rated area is a state or multi-state metropolitan statistical 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 statistical area, the institution will receive a rating for the multi-state metropolitan statistical 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) instructions. These loans have original amounts of \$1 million or less and typically are either secured by nonfarm or nonresidential real estate or are classified as commercial and industrial loans.

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

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

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

Appendix D: Tables of Performance Data

Content of Standardized Tables

A separate set of tables is provided for each state. All multistate metropolitan statistical areas, if applicable, are presented in one set of 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 are treated as originations; and (2) “aggregate” is the percentage of the aggregate number of reportable loans originated and purchased by all HMDA or CRA-reporting lenders in the MMSA/assessment area. Deposit data are compiled by the FDIC and are available as of June 30th of each year. Tables without data are not included in this PE.

The following is a listing and brief description of the tables included in each set:

- Table O. Assessment Area Distribution of Loans to Small Businesses by Income Category of the Geography** - The percentage distribution of the number of small loans (less than or equal to \$1 million) to businesses that were 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) in those geographies. Because aggregate small business data are not available for geographic areas smaller than counties, it may be necessary to compare bank loan data to aggregate data from geographic areas larger than the bank’s assessment area.
- Table P. Assessment Area Distribution of Loans to Small Businesses by Gross Annual Revenue** - Compares the percentage distribution of the number of small loans (loans less than or equal to \$1 million) originated and purchased by the bank to businesses with revenues of \$1 million or less to: 1) the percentage distribution of businesses with revenues of greater than \$1 million; and, 2) the percentage distribution of businesses for which revenues are not available. The table also presents aggregate peer small business data for the years the data is available.
- Table Q. Assessment Area Distribution of Loans to Farms by Income Category of the Geography** - 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 aggregate peer data for the years the data is available. Because aggregate small farm data are not available for geographic areas smaller than counties, it may be necessary to use geographic areas larger than the bank’s assessment area.
- Table R. Assessment Area Distribution of Loans to Farms by Gross Annual Revenues** - Compares the percentage distribution of the number of small loans (loans less than or equal to \$500 thousand) originated and purchased by the bank to farms with revenues of \$1 million or less to: 1) the percentage distribution of farms with revenues of greater than \$1 million; and, 2) the percentage distribution of farms for which revenues are not available. The table also presents aggregate peer small farm data for the years the data is available.

Table S. Assessment Area Distribution of Consumer Loans by Income Category of the Geography - 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 in those geographies.

Table T. Assessment Area Distribution of Consumer Loans by Income Category of the Borrower - 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 households by income level in each MMSA/assessment area.

Table O: Assessment Area Distribution of Loans to Small Businesses by Income Category of the Geography																				2017-19	
Assessment Area:	Total Loans to Small Businesses				Low-Income Tracts			Moderate-Income Tracts			Middle-Income Tracts			Upper-Income Tracts			Not Available-Income Tracts				
	#	\$	% of Total	Overall Market	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate		
Bexar AA	20	11,056	37	29,002	5.0	0.0	4.8	23.5	20.0	23.0	27.9	5.0	26.5	43.3	75.0	45.4	0.3	0.0	0.3		
Crockett AA	14	1,397	26	45	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	100.0	100.0	100.0	0.0	0.0	0.0		
Hays AA	20	3,351	37	4,185	6.5	15.0	5.2	16.8	5.0	15.0	51.1	75.0	51.1	25.5	5.0	28.7	0.0	0.0	0.0		
Total	54	15,804	100	33,232	5.2	5.56	4.8	22.7	9.26	22.0	30.3	29.63	29.6	41.5	55.56	43.4	0.3	0.0	0.3		

Source: 2019 D&B Data; 01/01/2017 - 12/31/2019 Bank Data; 2018 CRA Aggregate Data, "--" data not available.
Due to rounding, totals may not equal 100.0%

Table P: Assessment Area Distribution of Loans to Small Businesses by Gross Annual Revenues												2017-19	
Assessment Area:	Total Loans to Small Businesses				Businesses with Revenues <= 1MM			Businesses with Revenues > 1MM		Businesses with Revenues Not Available			
	#	\$	% of Total	Overall Market	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	% Businesses	% Bank Loans		
Bexar AA	20	11,056	37	29,002	85.8	43.14	43.1	4.3	56.86	9.9	0		
Crockett AA	14	1,397	26	45	63.9	82.11	24.4	6.0	17.89	30.1	0		
Hays AA	20	3,351	37	4,185	88.4	95.52	42.7	2.8	4.48	8.8	0		
Total	54	15,804	100	33,232	86.1	57.69	43.0	4.2	42.31	9.8	0		

Source: 2019 D&B Data; 01/01/2017 - 12/31/2019 Bank Data; 2018 CRA Aggregate Data, "--" data not available.
Due to rounding, totals may not equal 100.0%

Table Q: Assessment Area Distribution of Loans to Farms by Income Category of the Geography																			2017-19		
Assessment Area:	Total Loans to Farms				Low-Income Tracts			Moderate-Income Tracts			Middle-Income Tracts			Upper-Income Tracts			Not Available-Income Tracts				
	#	\$	% of Total	Overall Market	% Farms	% Bank Loans	Aggregate	% Farms	% Bank Loans	Aggregate	% Farms	% Bank Loans	Aggregate	% Farms	% Bank Loans	Aggregate	% Farms	% Bank Loans	Aggregate		
Bexar AA	0	0	0	94	2.6	0.0	1.1	18.9	0.0	19.1	27.5	0.0	11.7	50.9	0.0	68.1	0.1	0.0	0.0		
Crockett AA	13	480	100	1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	100.0	100.0	100.0	0.0	0.0	0.0		
Hays AA	0	0	0	38	2.9	0.0	0.0	15.5	0.0	10.5	53.4	0.0	71.1	28.2	0.0	18.4	0.0	0.0	0.0		
Total	13	480	100	133	2.6	0.0	0.8	18.2	0.0	16.5	31.5	0.0	28.6	47.6	100.0	54.1	0.1	0.0	0.0		

*Source: 2019 D&B Data; 01/01/2017 - 12/31/2019 Bank Data; 2018 CRA Aggregate Data, "--" data not available.
Due to rounding, totals may not equal 100.0%*

Table R: Assessment Area Distribution of Loans to Farms by Gross Annual Revenues												2017-19	
Assessment Area:	Total Loans to Farms				Farms with Revenues <= 1MM			Farms with Revenues > 1MM		Farms with Revenues Not Available			
	#	\$	% of Total	Overall Market	% Farms	% Bank Loans	Aggregate	% Farms	% Bank Loans	% Farms	% Bank Loans		
Bexar AA	0	0	0	94	95.5	0.0	50.0	2.3	0.0	2.2	0.0		
Crockett AA	13	480	100	1	95.7	72.70	100.0	0.0	0	4.3	27.3		
Hays AA	0	0	0	38	97.5	0.0	36.8	1.7	0.0	0.8	0.0		
Total	13	480	100	133	95.8	72.70	46.6	2.2	0.00	2.0	27.3		

*Source: 2019 D&B Data; 01/01/2017 - 12/31/2019 Bank Data; 2018 CRA Aggregate Data, "--" data not available.
Due to rounding, totals may not equal 100.0%*

Table S: Assessment Area Distribution of Consumer Loans by Income Category of the Geography												2017-2019	
Assessment Area:	Total Consumer Loans			Low-Income Tracts		Moderate-Income Tracts		Middle-Income Tracts		Upper-Income Tracts		Not Available-Income Tracts	
	#	\$	% of Total	% of Households	% Bank Loans	% of Households	% Bank Loans	% of Households	% Bank Loans	% of Households	% Bank Loans	% of Households	% Bank Loans
Bexar	0	0	0	6.77	0	33.3	0	28.0	0	32.0	0	0	0
Hays	20	\$233,952	78.25	7.5	0	29.6	0	46.0	100	16.9	0	0	0
Crockett	20	\$65,006	21.75	0	0	0	0	0	0	100	100	0	0
Total	40	\$298,958	100	6.8	0	32.9	0	29.6	50	30.8	50	0	0

Source: 2015 U.S Census; 11/28/2017 - 12/31/2019 Bank Data. Due to rounding, totals may not equal 100.0

Table T: Assessment Area Distribution of Consumer Loans by Income Category of the Borrower												2017-2019	
Assessment Area:	Total Consumer Loans			Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Not Available-Income Borrowers	
	#	\$	% of Total	% of Households	% Bank Loans	% of Households	% Bank Loans	% of Households	% Bank Loans	% of Households	% Bank Loans	% of Households	% Bank Loans
Bexar	0	0	0	25.6	0	16.3	0	18.0	0	40.1	0	0	0
Hays	20	\$233,952	78.25	29	35	15.47	15	17.19	10	38.34	40	0	0
Crockett	20	\$65,006	21.75	16.68	55	13.40	35	15.35	10	54.57	0	0	0
Total	40	\$298,958	100	25.9	45	16.3	25	17.9	10	40.0	20	0	0

Source: 2015 U.S Census; 11/28/2017 - 12/31/2019 Bank Data. Due to rounding, totals may not equal 100.0