



PUBLIC DISCLOSURE

March 16, 2015

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Firstcapital Bank of Texas, National Association
Charter Number 23681
310 West Wall Street, Midland, TX 79701

Office of the Comptroller of the Currency
Lubbock Field Office
5225 South Loop 289, Suite 108, Lubbock, TX 79424-1319

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.

First Capital Bank of Texas, N.A. (FCBT) has a satisfactory record of meeting community credit needs based on the following:

- FCBT's loan-to-deposit ratio is more than reasonable with a quarterly average loan-to-deposit ratio of 67 percent.
- A majority of FCBT's loans are within the bank's assessment areas (AAs). About 74 percent of the number and 77 percent of the dollar volume of loans were made within the AAs.
- The lending performance to businesses of different sizes is reasonable. Home mortgage loans reflect poor distribution to individuals of different income levels.
- The geographic distribution of loans to small businesses reflects a reasonable dispersion throughout the AAs. Home mortgage loans reflect poor dispersion.
- FCBT's community development performance demonstrates adequate responsiveness to the needs of its AAs through community development loans, qualified investments, and community development services.

Scope of Examination

We evaluated FCBT using the Intermediate Small Bank evaluation procedures, which include Lending and Community Development Tests. The Lending Test evaluates the bank's record of meeting the credit needs of its AAs through lending activities. The Community Development Test evaluates the bank's responsiveness to the identified needs in its AAs through lending, qualified investments, and services.

The bank's predominant primary loan product for all AAs is loans to businesses. Home mortgage loans, although much lower in volume, are also a primary loan product. Loans originated January 1, 2012 to December 31, 2013 are combined and evaluated against 2010 U.S. Census data. We validated the accuracy of the bank's Home Mortgage Disclosure Act (HMDA) information for 2012 through 2013.

The evaluation period for the Community Development Test uses information from the previous CRA evaluation period, December 29, 2010, through March 23, 2015.

Description of Institution

FCBT is an \$885 million intrastate institution that is headquartered in Midland, TX in the Permian Basin area of the state. FCBT is a wholly owned subsidiary of First Bancshares of Texas, Inc. (FBOT). As of December 31, 2014, FBOT's assets totaled \$889 million, with FCBT comprising 99.6 percent of those assets.

FCBT has seven offices and operates eight automated teller machines (ATMs) in three AAs. Four locations, including the main banking office, are in the Midland County AA, which is the bank's primary market area. Two offices are located in Amarillo, TX, in the Potter-Randall Counties AA, and one office is in the Lubbock County AA. Two of the branches are located in moderate-income census tracts (CTs), two are located in middle-income CTs and three are in upper-income CTs. Since the last evaluation, FCBT opened one branch in 2014, a full service office in Amarillo TX. In 2014, FCBT closed one branch in Amarillo, TX and a loan production office in Odessa, TX. The Midland A Street branch lobby has been converted into a training facility and now offers only drive thru services.

As of December 31, 2014, FCBT had total assets of \$885 million, with net loans and leases comprising 64 percent of this total. FCBT is primarily a commercial lender, consistent with its business strategy, and loan volumes are heavily concentrated in larger commercial and commercial real estate loans. The bank's primary focus has been commercial lending centered in small business followed by an emphasis in commercial and residential real estate.

FCBT has originated \$10.3 million in Small Business Administration (SBA) guaranteed loans since December 2010. Caprock Business Corp awarded FCBT the top SBA producer in 2014. Caprock Business Corp is a designated Certified Development Company (CDC) with authority to make SBA Loans anywhere in Texas, but focuses on making loans in the South Plains and Permian Basin. FCBT also originates residential mortgage and consumer loans. The mortgage department originates conventional, FHA, and VA residential loans, for sale into the secondary market. In March 2014, FCBT closed its loan production office in Odessa, TX that operated as First Mortgage. As a result, HMDA-reportable residential mortgage loan volume in 2014 was about 56 percent of 2012 and 2013 volume.

The following table reflects the composition of the loan portfolio as of December 31, 2014.

Loan Portfolio Composition		
Loan Category	\$000s	%
Commercial Real Estate and Commercial	370,964	64.4%
Residential Real Estate	173,318	30.1%
Agricultural Real Estate and Production	24,206	4.2%
Consumer	7,138	1.2%
Other	600	0.1%
TOTAL	\$576,226	100.0%

Source: December 31, 2014 Report of Condition

FCBT provides a wide range of traditional deposit and loan products. With the exception of the Midland A Street branch, all branches offer full service banking. Lobby and drive-up hours are set by each location to meet customer needs, and FCBT has ATMs at branches and one other location to increase accessibility. FCBT also operates TellerConnect Service Centers at its full service branches that operate 24 hours a day Monday through Friday, and several that operate Saturday from 9am to 12noon. TellerConnect allows customers to connect to live tellers located in a call center using video screens, scanners, and signature pads. Customers can make deposits, transfer funds, and withdrawal cash from accounts using TellerConnect. Customers may also access their accounts through telephone banking or via the Internet at www.fcbtexas.com. FCBT's Internet banking program offers a feature to deposit checks electronically, transfer funds, check account balances, and pay bills.

The bank received a "Satisfactory" rating at the December 29, 2010 CRA evaluation. FCBT has no legal or financial circumstances that would impede the bank's ability to meet community credit needs.

Description of Assessment Areas

The Midland County AA is the bank's primary AA. The Lubbock County and Potter-Randall Counties AAs have become more significant when considering the bank's overall operations, branch network, lending and deposit levels, and deposit market share. Demographic and economic information for each of the three assessment areas is reflected in the following table:

Demographic and Economic Characteristics			
Assessment Area	Midland County AA	Lubbock County AA	Potter-Randall Counties AA
<i>Population</i>			
Number of Families	35,366	64,941	58,719
Number of Households	49,122	102,170	87,440
<i>Geographies</i>			
Number of Census Tracts (CTs)	27	68	63
% Low-Income CTs	7.41	11.76	15.87
% Moderate-Income CTs	18.52	20.59	17.46
% Middle-Income CTs	44.44	35.29	36.51
% Upper-Income CTs	25.93	30.89	28.57
% N/A CTs	3.70	1.47	1.59
<i>Median Family Income (MFI)</i>			
2010 MFI for AA	\$71,186	\$57,685	\$60,019
2013 HUD-Adjusted MFI	\$65,100	\$56,700	\$62,700
<i>Economic Indicators</i>			
Unemployment Rate	2.61%	3.83%	4.25%
2010 Median Housing Value	\$132,404	\$101,335	\$109,950
% of Households Below Poverty Level	12.14	18.28	14.59

Source: 2010 Census data and updated HUD income data

Midland County AA

The Midland County AA is the bank's primary AA. The AA is comprised of Midland County located in the Permian Basin area of West Texas. The city of Midland is the county seat and the largest city in the county. The main bank, three branches, and one offsite ATM are located in the Midland AA. FCBT has a total of five ATMs and seven TellerConnects in Midland.

The AA consists of whole geographies and does not arbitrarily exclude low- and moderate-income geographies. According to the 2010 Census, the AA includes 27 CTs with a total population of 136,872. The census tracts consist of 2 low-, 5 moderate-, 12 middle-, 7 upper-income, and 1 NA CT. About 12 percent of the AA households are below the poverty level.

According to 2010 Census data, there are 53,097 housing units in the AA, of which 65 percent are owner-occupied, 28 percent are renter-occupied, and 7 percent are vacant. Twenty-two percent of families in the AA are low-income. Moderate-income families approximate 17 percent, while middle- and upper-income families make up the remaining 61 percent. The median housing value is \$132,404 with the median age of housing stock at 39 years.

As of 2014, Midland, Texas has the lowest unemployment rate in the United States at 2.3%. According to the city's 2014 Comprehensive Annual Financial Report, the top individual employers in the city are Midland ISD, Dawson Geophysical, Midland Memorial Hospital & Medical Center, Walmart, the City of Midland, and Midland College. In addition, many residents are employed either directly or indirectly in oil and gas production.

Banking competition is strong in the AA and includes national, regional, and community banks. As of June 30, 2014 FCBT's deposit market share in the AA was 8.31 percent, ranking fifth among 17 financial institutions. Wells Fargo, Community National Bank, Bank of America and Frost dominate market share, each exceeding 13 percent. Approximately 70 percent of FCBT's deposits are attributable to this AA.

As part of this CRA examination, we met with a community contact in Midland, TX to help ascertain the economic development needs of the AA. The community contact noted that there are several opportunities to participate in community service activities, including lending to new businesses and purchasing local bonds. The contact also indicated that local banks are responsive to meeting the credit needs of the community.

Lubbock County AA

The AA is comprised of Lubbock County located in the South Plains area of West Texas. The city of Lubbock is the county seat and the largest city in the county. One bank branch is located in the Lubbock AA, in addition to one ATM and four TellerConnects.

The AA consists of whole geographies and does not arbitrarily exclude low- and moderate-income geographies. According to the 2010 Census, the AA includes 68 CTs with a total population of 278,831. The census tracts consist of 8 low-, 14 moderate-, 24 middle-, 21 upper-income, and 1 NA CT. About 18 percent of the AA households are below the poverty level.

Lubbock has a lower level of owner-occupied housing than in other comparable cities due to the population of college students. According to 2010 Census data, there are 113,659 housing units in the AA, of which 54 percent are owner-occupied, 36 percent are renter-occupied, and 10 percent are vacant. Twenty-one percent of families in the AA are low-income. Moderate-income families approximate 18 percent, while middle- and upper-income families make up the remaining 61 percent. The median housing value is \$101,335 with the median age of housing stock at 39 years.

Economic conditions are very good, reflecting improvement after a slight decline in 2010 and 2011. Lubbock's population continues to grow. Historically, Lubbock's economy outperforms the rest of the state and the nation overall. Lubbock's current unemployment rate at 3.83 percent remains one of the lowest in Texas and is well below the national rate. The area is primarily reliant on agriculture, but Texas Tech University also contributes significantly to the economy. Primary employers are Covenant Healthcare Systems, Texas Tech University, Texas Tech Health Sciences Center, University Medical System, and United Supermarkets. Government and professional jobs are increasing, as is the number of retirees in the community. Retirees are drawn to Lubbock by a lower cost of living and favorable access to quality healthcare.

Banking competition is strong in the AA and includes national, regional, and community banks. As of June 30, 2014 FCBT's deposit market share in the AA was only 1.89 percent, ranking twelfth among 25 financial institutions. PlainsCapital Bank, City Bank, and Prosperity Bank dominate market share, each exceeding 12 percent. Approximately 18 percent of FCBT's deposits are attributable to this AA.

A community contact in Lubbock, TX conducted for this evaluation did not identify any unmet credit needs. The contact indicated that Lubbock banks have a good history of meeting the credit needs of the community, including support for both small and large businesses. The numerous banks in Lubbock actively participate in a wide variety of community activities.

Potter-Randall Counties AA

The AA consists of Potter and Randall Counties located in the Panhandle of Texas. The city of Amarillo is the county seat and the largest city in the county. Two branches are located in the Amarillo AA, in addition to two ATMs and four TellerConnects.

The AA consists of whole geographies and does not arbitrarily exclude any low- or moderate-income tracts. According to the 2010 Census, the AA includes 63 CTs with a total population of 241,798. The census tracts consist of 10 low-, 11 moderate-, 23 middle-, 18 upper-income, and 1 NA CT. About 15 percent of the AA households are below the poverty level.

According to 2010 Census data, there are 97,109 housing units in the AA, of which 59 percent are owner-occupied, 31 percent are renter-occupied, and 10 percent are vacant. Twenty-three percent of families in the AA are low-income. Moderate-income families approximate 17 percent, while middle- and upper-income families make up the remaining 60 percent. The median housing value is \$109,950 with the median age of housing stock at 45 years.

Amarillo, Texas is a regional economic center. Amarillo's major employers are a diverse group of manufacturers, central and back-office operations, and distribution companies. Hospitals, educational institutions, and banks are also major employers. BWXT Pantex, a nuclear weapons assembly and disassembly facility, is a major employer. The city is home to a Bell Helicopter Textron facility. The Amarillo area is also one of the country's largest meat packing locations. Because of these employment opportunities, unemployment remains low at 4.25 percent. Petroleum extraction is an important industry in Amarillo. The city also includes fiberglass production, food processing, copper refining, and foundries. Some of the notable food processing companies are Tyson Foods, Affiliated Foods, Inc., Ben E. Keith, and McCarty-Hull Agriculture. Prominent companies in business and financial services are AIG, SITEL, Blue Cross Blue Shield, and Nationwide.

Banking competition is strong in the AA and includes national, regional, and community banks. As of June 30, 2014 FCBT's deposit market share in the AA was only 1.48 percent, ranking ninth among 15 financial institutions. Amarillo National Bank dominates the market share with 53.87 percent. Approximately 12 percent of FCBT's deposits are attributable to this AA.

We met with a community contact in Amarillo, TX to help ascertain the economic development needs of the AA. The community contact noted that there are several opportunities improve the quality of the workforce to attract more business to the area. The contact also indicated that local banks are responsive to meeting the credit needs of the community.

Conclusions with Respect to Performance Tests

LENDING TEST

The loan-to-deposit ratio is more than reasonable given the bank's size, financial condition, and assessment area credit needs. The bank's quarterly average loan-to-deposit ratio is 66.96 percent since the last CRA evaluation in December 2010. During that time, FCBT's loan-to-deposit ratio ranged from 59.18 percent to 73.36 percent, with an upward trend. The average loan-to-deposit ratio of five similarly situated banks with asset sizes between \$750 thousand to \$1.2 billion operating within one or more of the AAs for the same period was 56.63 percent.

Loan-to-Deposit Ratios		
Institution	Total Assets \$000s on 12/31/14	Average Loan-to- Deposit Ratio
First Capital Bank of Texas	885,470	66.95
Lubbock National Bank	913,315	58.89
Community National Bank	1,157,173	57.35
West Texas National Bank	1,071,976	53.61
FirstBank Southwest	992,129	51.15
First United Bank	1,173,561	62.13

Source: Reports of Condition from March 31, 2011 to December 31, 2014

The bank's quarterly average loan-to-deposit ratio is more than reasonable when considering the deposit growth from oil and gas activity received similar to their peers, and still maintains a more than reasonable loan-to-deposit ratio. Recent loan growth is centered in real estate construction and development and oil- and gas-related lending.

Lending in Assessment Areas

A majority of the FCBT's primary loan products were made inside the bank's AAs. We sampled 90 commercial loans and included all home mortgage loans originated or purchased in 2012 and 2013. About 74 percent of the number of loans and 77 percent of the dollar amount of loans in the sample were made within the bank's combined AAs. Results by loan category are depicted in the following table:

Lending in Assessment Area										
Loan Type	Number of Loans					Dollars of Loans				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	
Business	78	86.7	12	13.3	90	21,895	84.6	3,999	15.4	25,894
Home Purchase	1,377	72.4	525	27.6	1,902	281,633	76.3	87,424	23.7	369,057
Home Improvement	17	100.0	0.0	0.0	17	2,982	100.0	0	0.0	2,982
Refinance	375	78.6	102	21.4	477	85,960	77.8	24,537	22.2	110,497
Totals	1,847	74.3	639	25.7	2,486	392,470	77.2	115,960	22.8	508,430

Source: 2012-2013 HMDA LARs and a sample of small business loans.

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

The distribution of loans made to businesses of different sizes and individuals of different income levels reflects a reasonable penetration. The distribution of loans to businesses was reasonable for each AA. The distribution of home mortgages was poor for all AAs. When considering the business strategy of FCBT, more weight is placed on loans to small businesses rather than home mortgages.

Midland County AA

The distribution of loans to businesses reflects a reasonable penetration among businesses of different sizes. Lending performance in 2012 and 2013 was reasonable, with 61 percent of commercial loans by number and 35 percent by dollar amount originated to businesses with revenues less than \$1 million. This is somewhat below demographic data showing that 69 percent of the area's businesses are considered small. During this time, the oil and gas economy was strong, and loans to borrowers directly and indirectly involved in oil and gas were typically larger in amount. The following table shows the distribution of loans in this AA:

Borrower Distribution of Loans to Businesses in the Midland County AA				
Business Revenues (or Sales)	≤\$1,000,000	>\$1,000,000	Unavailable/ Unknown	Total
% of AA Businesses	69.14	4.09	26.78	100%
% of Bank Loans in AA by #	60.71	35.71	3.57	100%
% of Bank Loans in AA by \$	34.92	61.34	3.74	100%

Source: Loan sample; Dunn and Bradstreet data.

The distribution of home mortgage loans to borrowers reflects poor penetration among borrowers of different income levels. In 2012 and 2013, FCBT originated 964 home mortgage loans, including 801 home purchase, 159 refinance, and 4 home improvement. FCBT has a poor penetration level of home mortgage loans to low-income borrowers, as home purchase (2 percent) and refinance (1 percent) lending levels are significantly lower than the percentage of low-income families (22 percent). Approximately 45 percent of low-income families are below the poverty level, and together with increases in home values due to the energy boom, it is challenging for very low-income borrowers to qualify for mortgages.

The borrower distribution of home purchase (12 percent) and refinance (9 percent) loans for moderate-income borrowers reflects reasonable performance, although below the level of moderate-income families (17 percent). The borrower distribution of home improvement loans is not meaningful due to low volume. The following table shows the distribution of loans in this AA:

Borrower Distribution of Residential Real Estate Loans in the Midland 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
Home Purchase	22.48	1.50	16.55	11.99	20.12	17.10	40.85	67.67
Home Improvement	22.48	0.00	16.55	0.00	20.12	0.00	40.85	75.00
Refinance	22.48	0.63	16.55	8.81	20.12	13.84	40.85	75.47

Source: 2012 and 2013 HMDA Reported Loans; 2010 U.S. Census Data. Income information was not available for 1.74% of home purchase, 25% of home improvement, and 1.25% of refinance loans.

Lubbock County AA

The distribution of loans to businesses reflects a reasonable penetration among businesses of different sizes. Lending performance in 2012 and 2013 was reasonable, with 56 percent of commercial loans by number originated to businesses with revenues less than \$1 million. This is somewhat below demographic data showing that 69 percent of the area's businesses are considered small. However, loans to small businesses by dollar amount reflect excellent penetration at 81 percent originated to businesses with revenues less than \$1 million. This performance reflects FCBT's SBA loan initiative within the AA. The following table shows the distribution of loans in this AA:

Borrower Distribution of Loans to Businesses in the Lubbock County AA				
Business Revenues (or Sales)	≤\$1,000,000	>\$1,000,000	Unavailable/ Unknown	Total
% of AA Businesses	69.32	3.29	27.39	100%
% of Bank Loans in AA by #	56.00	40.00	4.00	100%
% of Bank Loans in AA by \$	81.28	11.49	7.23	100%

Source: Loan sample; Dunn and Bradstreet data.

The distribution of home mortgage loans to borrowers reflects poor penetration among borrowers of different income levels. In 2012 and 2013, FCBT originated 490 home mortgage loans, including 329 home purchase, 151 refinance, and 10 home improvement. FCBT has a poor penetration level of home mortgage loans to low-income borrowers, as home purchase (1 percent) and refinance (1 percent) lending levels are significantly lower than the percentage of low-income families (21 percent). Approximately 58 percent of low-income families are below the poverty level and it is challenging for very low-income borrowers to qualify for mortgages.

The borrower distribution of home purchase (9 percent) and refinance (7 percent) loans for moderate-income borrowers reflects reasonable performance, although below the level of moderate-income families (18 percent). The borrower distribution of home improvement loans is not meaningful due to low volume. The following table shows the distribution of loans in this AA:

Borrower Distribution of Residential Real Estate Loans in the Lubbock 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
Home Purchase	21.22	0.91	17.96	9.42	19.08	15.20	41.74	46.50
Home Improvement	21.22	0.00	17.96	0.00	19.08	0.00	41.74	40.00
Refinance	21.22	0.66	17.96	7.28	19.08	13.25	41.74	76.82

Source: 2012-2013 HMDA Reported Loans; U.S. Census Data. Income information was not available for 27.97% of home purchase, 60% of home improvement, and 1.99% of refinance loans.

Potter-Randall Counties AA

The distribution of loans to businesses reflects a reasonable penetration among businesses of different sizes. Lending performance in 2012 and 2013 was reasonable, with 64 percent of commercial loans by number originated to businesses with revenues less than \$1 million. This is somewhat below demographic data showing that 72 percent of the area's businesses are considered small. Similar to the Midland County AA, commercial loans in this AA are typically larger. In addition, we were unable to obtain revenue information for 16 percent of the bank's commercial loans, which may have affected sampling results. The following table shows the distribution of loans in this AA:

Borrower Distribution of Loans to Businesses in the Potter-Randall Counties AA				
Business Revenues (or Sales)	≤\$1,000,000	>\$1,000,000	Unavailable/ Unknown	Total
% of AA Businesses	72.41	3.09	24.50	100%
% of Bank Loans in AA by #	64.00	20.00	16.00	100%
% of Bank Loans in AA by \$	35.65	42.19	22.16	100%

Source: Loan sample; Dunn and Bradstreet data.

The distribution of home mortgage loans to borrowers reflects poor penetration among borrowers of different income levels. In 2012 and 2013, FCBT originated 315 home mortgage loans, including 247 home purchase, 65 refinance, and 3 home improvement. FCBT has a poor penetration of home mortgage loans to low-income borrowers, as home purchase (1 percent) and refinance (2 percent) lending levels are significantly lower than the percentage of low-income families (23 percent). Approximately 53 percent of low-income families are below the poverty level and it is challenging for very low-income borrowers to qualify for mortgages.

For moderate-income borrowers, the distribution of home purchase (3 percent) loans is poor and refinance (12 percent) loans is reasonable. Both are below the level of moderate-income families (17 percent). The borrower distribution of home improvement loans is not meaningful due to low volume. The following table shows the distribution of loans in this AA:

Borrower Distribution of Residential Real Estate Loans in the Potter-Randall Counties 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
Home Purchase	22.68	1.21	16.77	3.24	20.03	17.81	40.52	35.22
Home Improvement	22.68	33.33	16.77	0.00	20.03	0.00	40.52	0.00
Refinance	22.68	1.54	16.77	12.31	20.03	13.85	40.52	55.38

Source: 2012-2013 HMDA Reported Loans; U.S. Census data. Income information was not available for 42.52% of home purchase, 66.67% of home improvement, and 16.92% of refinance loans.

Geographic Distribution of Loans

The geographic dispersion of loans is reasonable, with loans to small businesses reflecting reasonable dispersion in the Midland County AA and the Lubbock County AA, and excellent dispersion in the Potter-Randall Counties AA. Home mortgage loans reflect reasonable dispersion in the Lubbock County AA and Potter-Randall Counties AA, and poor dispersion in the Midland County AA.

Midland County AA

The geographic distribution of loans to small businesses reflects reasonable dispersion. In 2012 and 2013, FCBT’s lending in low-income (0 percent) and moderate-income (18 percent) CTs is lower than the demographic data for the AA, 2 percent and 27 percent, respectively. Lending opportunities are limited for small businesses in low-income CTs as there are only two such CTs in the AA and the number of small businesses is limited. The following tables summarize the distribution of loans in this AA:

Geographic Distribution of Loans to Small Businesses in the Midland 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
Small Business	2.35	0.00	27.06	17.86	39.76	28.57	29.68	53.57

Source: 2012-2013 Loan Sample; Dunn and Bradstreet data. 0.15% of businesses are located in N/A CTs.

The geographic distribution of home mortgage loans reflects poor dispersion. In 2012 and 2013, FCBT originated only four home mortgage loans in low-income CTs. However, there are only two low-income CTs and there is low percentage of owner-occupied homes in these CTs. Dispersion in moderate-income tracts during this period was poor as home purchase (6 percent) and refinance (4 percent) loans in moderate-income CTs were significantly below the demographic (14 percent). The geographic distribution of home improvement loans is not meaningful due to low volume. The following table shows the distribution of loans in this AA:

Geographic Distribution of Residential Real Estate Loans in Midland 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
Home Purchase	4.63	0.50	14.34	5.62	51.15	37.58	29.87	56.30
Home Improvement	4.63	0.00	14.34	25.00	51.15	25.00	29.87	50.00
Refinance	4.63	0.00	14.34	3.77	51.15	39.62	29.87	56.61

Source: 2012-2013 HMDA Reported Loans; U.S. Census Data

Lubbock County AA

The geographic distribution of loans to small businesses reflects reasonable dispersion. In 2012 and 2013, FCBT’s lending in low-income CTs (8 percent) exceeds the demographic data for AA businesses in low-income CTs (5 percent). Lending in moderate-income CTs (12 percent) is below the demographic (17 percent), but this is reasonable dispersion considering the remainder of loans available after those originated in low-income CTs. The following table summarizes the distribution of loans in this AA:

Geographic Distribution of Loans to Small Businesses in Lubbock 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
Small Business	5.41	8.00	16.55	12.00	37.29	28.00	40.65	52.00

Source: 2012-2013 Loan Sample; Dunn and Bradstreet data. 0.10% of businesses are located in N/A CTs.

The geographic distribution of home mortgage loans reflects reasonable dispersion. FCBT had reasonable dispersion of home purchase loans (3 percent), and poor dispersion of refinance loans (1 percent) in low-income CTs relative to the demographic (4 percent). Dispersion in moderate-income tracts during this period was reasonable for home purchase loans (14 percent) and poor for refinance loans (6 percent) loans compared to the demographic (20 percent). The geographic distribution of home improvement loans is not meaningful due to low volume. The following table shows the distribution of loans in this AA:

Geographic Distribution of Residential Real Estate Loans in Lubbock 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
Home Purchase	4.26	3.04	20.30	13.98	34.12	37.69	41.32	45.29
Home Improvement	4.26	20.00	20.30	10.00	34.12	50.00	41.32	20.00
Refinance	4.26	0.66	20.30	5.96	34.12	23.18	41.32	70.20

Source: 2012-2013 HMDA Reported Loans; U.S. Census Data

Potter-Randall County AA

The geographic distribution of loans to small businesses reflects excellent dispersion. In 2012 and 2013, FCBT’s lending in low-income CTs (36 percent) significantly exceeds the demographic (19 percent). While the lending in moderate-income CTs (4 percent) is below the demographic (12 percent), this is excellent dispersion considering the remainder of loans available after those originated in low-income CTs. The following table summarizes the distribution of loans in this AA:

Geographic Distribution of Loans to Small Businesses in Potter-Randall Counties AA								
Census Tract Income Level	Low		Moderate		Middle		Upper	
	% of AA Farms	% of Number of Loans	% of AA Farms	% of Number of Loans	% of AA Farms	% of Number of Loans	% of AA Farms	% of Number of Loans
Small Business	18.96	36.00	11.85	4.00	34.89	16.00	34.11	44.00

Source: 2012-2013 Loan Sample; Dunn and Bradstreet data. 0.19% of businesses were located in N/A CTs.

The geographic distribution of home mortgage loans reflects reasonable dispersion. FCBT had reasonable dispersion of home purchase loans (4 percent) and refinance loans (5 percent) in low-income CTs compared to the demographic (8 percent). FCBT also had reasonable dispersion in moderate-income tracts during this period for both home purchase (13 percent) and refinance (8 percent) loans relative to the demographic (16 percent). The geographic distribution of home improvement loans is not meaningful due to low volume. The following table shows the distribution of loans in this AA:

Geographic Distribution of Residential Real Estate Loans in the Potter-Randall Counties 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
Home Purchase	7.55	4.45	15.74	12.55	39.34	41.70	37.37	41.30
Home Improvement	7.55	33.33	15.74	33.33	39.34	33.34	37.37	0.00
Refinance	7.55	4.62	15.74	7.69	39.34	33.85	37.37	53.84

Source: 2012-2013 HMDA Reported Loans; U.S. Census Data

Responses to Complaints

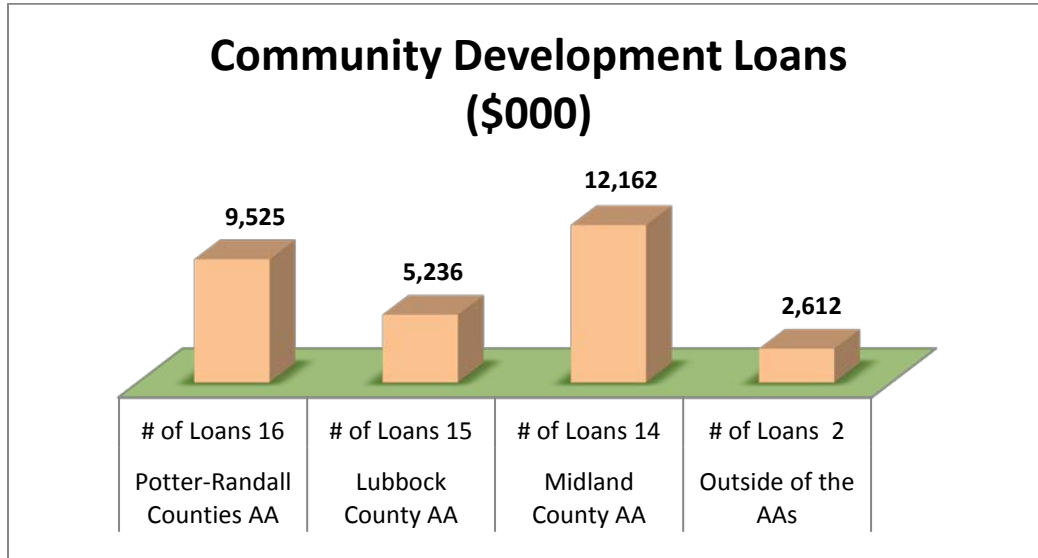
There have been no complaints related to the bank's CRA performance during this evaluation period, which has a neutral effect on the bank's overall performance.

COMMUNITY DEVELOPMENT TEST

FCBT's performance under the Community Development (CD) Test is rated Satisfactory. FCBT shows adequate responsiveness to CD needs in its AAs through CD loans, qualified investments, and CD needs in its AAs through CD services.

Number and Amount of Community Development Loans

The level of CD lending reflects a reasonable responsiveness to CD needs of the AAs. FCBT originated 47 qualifying CD loans during the evaluation period totaling \$30 million, with all but two loans benefiting the bank’s AAs. This represents 36 percent of Tier 1 capital.



In the Midland County AA, FCBT originated 14 loans totaling \$12.2 million during the evaluation period. The majority of these loans were originated to for-profit companies for revitalization or stabilization. Two loans to the Midland Community Development Corporation were used to provide affordable housing for low- and moderate-individuals.

In the Lubbock County AA, FCBT originated 15 loans totaling \$5.2 million during the evaluation period. Six of the 15 loans were for affordable housing, specifically renovation projects on apartment complexes supporting rentals to low- and moderate-individuals.

In the Potter-Randall Counties AA, FCBT originated 16 loans totaling \$9.5 million during the evaluation period. Two loans totaling \$7.2 million were for affordable housing for low- and moderate-individuals. Two other loans were originated under the SBA 504 program.

Number and Amount of Qualified Investments

The level of qualified investments reflects an adequate responsiveness to CD needs in each of the three AAs. FCBT made 65 qualified investments, grants, and donations totaling \$3.7 million within its AAs. All qualified investments specifically benefited low- or moderate-income individuals or supported organizations whose major purpose is revitalizing areas within the AAs. \$3.5 million of FCBT’s total was three investments in qualified small business investment corporations (SBICs). These SBIC investments benefit the Midland County AA, the other two AAs, and the broader regional area. The remainder of qualified investments was donations, mainly in the Midland County AA as this is FCBT’s predominant AA.

Qualified Investments		
Assessment Area	Number	Amount (\$000s)
Midland County AA	42	\$3,649
Lubbock County AA	16	\$11
Potter-Randall Counties AA	7	\$3
Total	65	\$3,663

Extent to Which the Bank Provides Community Development Services

The level of CD services reflects an adequate responsiveness to CD needs in each of the three AAs with respect to the number of contributed hours, the number of employees actively involved, and the number and diversity of the type of non-profit organizations they serve. The bank has met this need primarily by providing financial services through bank employees' financial expertise. CD activities are responsive to the needs of low- and moderate-income individuals. FCBT provided CD services to 14 organizations and FCBT employees provided 2,376 service hours of financial services to agencies and organizations engaged in CD activity. The majority of service hours (1,668 or 70 percent) occurred in the Midland County AA due to the larger number of employees in that AA. The remaining hours were about evenly split between the Lubbock County AA and Potter-Randall Counties AA.

The following activities were identified that were of high impact and demonstrated strong leadership by the bank in the AA.

Partners in Education

FCBT employees volunteered 1,396 hours during 2012-2015 mentoring children by providing financial literacy, to include budgeting and banking. Partners in Education is a joint initiative with the Midland Chamber of Commerce, the Midland Hispanic Chamber of Commerce, the Midland Independent School District, and the Midland Education Foundation. Founding organizations provide the administrative and financial support to recruit and educate new community partners, facilitate donations, and connect community partners with volunteer and mentoring opportunities.

Coalition of Community Assistance Volunteers (CCAV)

FCBT employees volunteered 213 hours during 2014-2015 preparing free income tax returns for low- and moderate-income individuals through the Volunteer Income Tax Assistance program. Volunteers are trained by CCAV and the IRS in order to prepare income tax returns according to IRS guidelines.

Retail services are reasonably accessible. FCBT has six full-service branches, one limited-service branch, and eight ATMs. Two of the branches are located in moderate-income CTs, two are located in middle-income CTs, and three are in upper-income CTs. All ATMs, with the exception of one, are co-located at the branches. One ATM is in a grocery store located in a low-income census tract. TellerConnect Service Centers are located at all full service branches. Customers may also access their accounts through 24-hour telephone banking or online at

www.fcbtexas.com. FCBT's Internet banking program offers electronic check deposit, funds transfer, balance check, and bill pay. The bank also offers a Visa check (debit) card that provides customers with additional access to their accounts at point of sale or ATM locations.

Responsiveness to Community Development Needs

FCBT demonstrated adequate responsiveness to CD needs in all three AAs, particularly through using existing lending expertise to originate CD loans that are responsive to AA revitalization/stabilization needs.

Fair Lending or Other Illegal Credit Practices Review

Pursuant to 12 C.F.R. 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 assessment area 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.