



Office of the
Comptroller of the Currency
Washington, DC 20219

SMALL BANK

PUBLIC DISCLOSURE

August 6, 2018

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Worthington National Bank
Charter Number 24343

200 West Main Street
Arlington, TX 76010

Office of the Comptroller of the Currency
Dallas Field Office
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Irving, TX 75062-2326

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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INSTITUTION'S CRA RATING: "Outstanding"

The Lending Test is rated: "Outstanding".

The major factors supporting the rating include:

- The bank's loan-to-deposit (LTD) ratio is more than reasonable.
- A majority of loan originations and purchases are inside the bank's assessment area (AA).
- The distribution of loans to businesses of different sizes reflects a reasonable penetration. The distribution of residential real estate loans among borrowers of different income levels exhibits a reasonable penetration.
- The geographic distribution of business loans reflects an excellent dispersion across the low- and moderate-income (LMI) census tracts, while the residential real estate loans show a reasonable dispersion across the LMI geographies.
- Community development (CD) lending has a significant positive impact on the AA. The bank demonstrates an excellent responsiveness to the credit needs of its community through the use of flexible and innovative loan products.
- There is an adequate level of qualified investment activity and responsiveness to the needs of the AA. The bank's branch distribution in its AA is excellent as offices are readily accessible to all portions of the bank's AA and LMI individuals. In addition, there is an excellent level of CD services that are responsive to the needs of LMI residents and geographies within the AA.

Definitions and Common Abbreviations

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

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

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

Census Tract (CT): A small subdivision of metropolitan and other densely populated counties. Census tract boundaries do not cross county lines; however, they may cross the boundaries of metropolitan areas. Census tracts generally have a population between 1,200 and 8,000 people, with an optimal size of 4,000 people. Their physical size varies widely depending upon population density. Census tracts are designed to be homogeneous with respect to population characteristics, economic status, and living conditions to allow for statistical comparisons.

Community Development: Affordable housing (including multifamily rental housing) for low- or moderate-income individuals; community services targeted to low- or moderate-income individuals; activities that promote economic development by financing businesses or farms that meet Small Business Administration Development Company or Small Business Investment Company programs size eligibility standards or have gross annual revenues of \$1 million or less; activities that revitalize or stabilize low- or moderate-income geographies, distressed or underserved nonmetropolitan middle-income geographies, or designated disaster areas; or loans, investments, and services that support, enable or facilitate projects or activities under HUD Neighborhood Stabilization Program criteria that benefit low-, moderate-, and middle-income individuals and geographies in the bank's assessment area(s) or outside the assessment area(s) provided the bank has adequately addressed the community development needs of its assessment area(s).

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

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

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

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

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

Home Mortgage Disclosure Act (HMDA): The statute that requires certain mortgage lenders that 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), loan pricing, the lien status of the collateral, any requests for preapproval, and loans for manufactured housing.

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

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

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

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

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

Median Family Income (MFI): The median income determined by the U.S. Census Bureau every five years and used to determine the income level category of geographies. 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 it and half below it.

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

Metropolitan Division: As defined by Office of Management and Budget, a county or group of counties within a 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.

Other Products: Includes any unreported optional category of loans for which the institution collects and maintains data for consideration during a CRA examination. Examples of such activity include consumer loans and other loan data an institution may provide concerning its lending performance.

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

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

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

Small Loan(s) to Business(es): A loan included in 'loans to small businesses' as defined in the Consolidated Report of Condition and Income (Call Report) 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.

Description of Institution

Worthington National Bank (WNB or bank) is a full-service community bank located in Arlington, Texas, serving Tarrant County. Ownership of WNB is held directly by 161 shareholders the majority of whom reside in Fort Worth and Arlington, Texas. The six largest shareholders own 36 percent of the common stock. The previous CRA evaluation, dated July 30, 2012, assigned an "Outstanding" rating to the bank.

There are no legal or financial impediments to WNB's ability to meet the credit needs of its AA. We did not consider the activities of affiliates in this evaluation.

WNB is a full-service bank offering a full-range of loan and deposit products, as well as online, mobile and telephone banking, for individuals and businesses. As shown in the following table, the bank's primary lending products include commercial and commercial real estate loans. Lending to small and mid-size businesses continues as the main focus of the bank's lending strategy. Residential real estate loans are typically accommodation loans to small business owners, as well as qualified investors.

As of December 31, 2017, net loans were 81 percent of WNB's total assets of \$243 million. The following table is a summary of WNB's loan portfolio. The bank's tier 1 capital, as of December 31, 2017, was \$25 million.

Worthington National Bank Loan Portfolio Summary		
Loan Category	Dollar Volume (\$000's)	Percentage
Commercial and Commercial Real Estate	100,754	51%
Residential Real Estate	68,081	34%
Construction	18,146	9%
Consumer and Other	11,154	6%
Total Loans	198,135	100%

Source: December 31, 2017 Report of Condition.

WNB's physical offices are its primary delivery system for retail products and services. In addition to its main office in Arlington, the bank has two branch offices located in Fort Worth and one in Colleyville, Texas. According to the 2015 U.S. Census American Community Survey that was published in 2017, the main office is located in a low-income CT and the branches are all located in upper-income geographies. In accordance with the previous 2010 U.S. Census, the main office was located in a moderate-income CT.

WNB did not engage in any merger or acquisition activities during the evaluation period. On July 17, 2017, the bank opened a branch office at 5825 Edwards Ranch Road in Fort Worth, Texas. No branch offices were closed during the review period.

Lobby hours at the main office and the branch offices are 9:00 a.m. to 5:00 p.m. Monday through Friday. The drive-thru hours are 7:30 a.m. to 6:00 p.m. Owing to its physical layout, the Fort Worth branch at 500 Main Street (Sundance Square) does not have a drive-up facility. The main office and branches each have an ATM with 24 hour access. None of the ATMs are full-service (i.e., accepting check and cash deposits). By utilizing the *Free ATM Locator* link on WNB's website, customers can access the TransFund ATM network that offers the use of 68 surcharge-free ATMs in Tarrant County.

WNB's banking programs and hours allow the bank to deliver needed banking and credit services to LMI areas and customers, as well as small business owners throughout the bank's AA. WNB offers on-line banking through its website www.worthingtonbank.com. Bank customers can utilize on-line banking and the mobile banking application at no charge. Telephone banking and ATM services are available in English and Spanish. The main office and the branches either have employees who speak Spanish or can readily access employees at the other facilities or the bank's call center. WNB offers secured and unsecured small dollar personal loans to qualified customers. The bank also offers start-up and working capital loans for small businesses, as well as SBA guaranteed loans. From January 1, 2015 through December 31, 2017, WNB originated two SBA 7(a) loans totaling \$433 thousand to assist small business owners.

WNB has one AA that includes all of Tarrant County, Texas. WNB is ranked 251 among 529 FDIC-insured depository institutions operating in the state of Texas, holding a 0.03 percent deposit market share. The bank's major competitors are Trinity Bank, National Association; The National Bank of Texas at Fort Worth, and First National Bank of Burleson. See Appendix B for a full discussion of the AA.

Scope of the Evaluation

Evaluation Period/Products Evaluated

WNB is subject to the interagency Small Bank CRA evaluation procedures. As such, this Performance Evaluation (PE) assesses the bank's performance under the Lending Test. The evaluation period for this CRA evaluation ranges from January 1, 2012, the day after the end date used at the most recent PE, through December 31, 2017, the end of the most recent full calendar year. We identified commercial and commercial real estate loans (business loans), and residential real estate loans as the bank's primary loan products. The Lending Test concentrated on lending activity from January 1, 2015 to December 31, 2017. Lending activity beginning January 1, 2017 is evaluated using the 2015 U.S. Census American Community Survey (ACS) data. Therefore, in our evaluation of the distribution of loans for 2015 and 2016, we utilized the demographics and geographies related to the 2010 U.S. Census and for 2017, we utilized the ACS demographics and geographies.

As a Small Bank, WNB is not subject to the evaluation of its performance relative to community development (CD) activities. At WNB's request, ~~we have included the~~ bank's CD activities in our analysis. Our consideration of CD activities, including loans, investments and services, extended from January 1, 2012 to December 31, 2017.

Data Integrity

This evaluation is based on data as follows:

- We tested Home Mortgage Disclosure Act (HMDA) data for residential real estate loans reported by the bank during the review period to verify the accuracy of data used for this evaluation. We found the data to be reliable to use for this evaluation.
- To evaluate WNB's performance relative to business lending in the AA, we selected a random sample of 30 business loans that were originated and purchased during 2015 and 2016, and 30 in 2017. Based on our testing of the sampled loans, we found the aggregate data reliable to use for this evaluation. Relative to Table 1 in this PE, we used the entire population of originated and purchased business loans. Table 3A for each of the two lending periods was completed using the population of business loans that were originated and purchased within the AA.

Selection of Areas for Full-Scope Review

As previously noted, WNB has delineated one AA that includes all of Tarrant County, Texas. Consequently, we conducted a full-scope review of the AA. Please refer to Appendices A and B for additional information on the AA.

Ratings

The bank's overall rating is based primarily on the bank's sole AA. As noted immediately above, the AA received a full-scope review.

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 assessment area 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 Consumer Financial Protection Bureau, as applicable.

The OCC has not identified that this institution [or any affiliate whose loans have been considered as part of the institution's lending performance] 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.

Conclusions with Respect to Performance Tests

LENDING TEST

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

Loan-to-Deposit Ratio

WNB's LTD ratio is more than reasonable given the bank's size, location, local competition, and the credit needs of the AA. The LTD ratio is calculated on a bank-wide basis. This determination is based on the quarterly average LTD ratio of 82.43 percent from June 30, 2012 through March 31, 2018. During this evaluation period, WNB's LTD ratio ranged from a low of 75.46 percent to a high of 89.52 percent.

Management considers the banks shown in the following table to be similarly situated institutions (SSIs). All are community banks that actively offer similar loan products and have branch locations in the AAs.

The quarterly average LTD ratio for each SSI is listed in the following table. Please note that no ranking is intended or implied.

Loan-to-Deposit Ratios		
Financial Institutions	Total Assets \$ (000's) (As of 3/31/2018)	Average Loan-to- Deposit Ratio
Worthington National Bank	253,119	82.43%
First National Bank of Burleson	202,303	40.86%
Trinity Bank, National Association	262,815	60.34%
The National Bank of Texas at Fort Worth	259,411	47.78%

Source: Institution Reports of Condition from June 30, 2012 to March 31, 2018.

Lending in Assessment Area

As calculated on a bank wide basis, a majority of the number and dollar amount of WNB's loans were originated or purchased inside its AA. As depicted in Table 1, 78.66 percent of the number and 72.02 percent of the dollar amount of loans were originated or purchased inside the AA.

Loan Type	Number of Loans					Dollars of Loans				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	
Home Mortgage	150	82.87	31	17.13	181	33,403	68.80	15,147	31.20	48,550
Business	274	76.54	84	23.46	358	97,934	73.19	35,882	26.81	133,816
Totals	424	78.66	115	21.34	539	131,337	72.02	51,029	27.98	182,366

Source: Data reported under HMDA; bank aggregated data.

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

WNB's overall borrower distribution of loans is reasonable. The distribution of residential real estate loans to borrowers, and business loans to businesses of different sizes, reflects a reasonable penetration among borrowers of different income levels.

In performing our analysis, we placed greater weight on the bank's business lending as it represented the majority of the bank's lending activity.

Residential Real Estate Loans

The distribution of residential real estate loans among borrowers of different income levels is reasonable. As shown in Table 2 for the 2015-2016 lending period, home mortgage lending to both low- and moderate-income borrowers lags the percentage of families in those respective income categories. However, as evidenced in Table 2 for the 2017 lending period, WNB increased its lending to low-income borrowers to 4 percent of home mortgage loans from the previous period's 0 percent. WNB similarly increased its lending to moderate-income borrowers from 4 percent of home mortgage loans in 2015-2016 to 15 percent in 2017. Lending to the moderate-income borrowers has the more favorable comparison to the demographic than lending to the low-income borrowers and is considered reasonable.

As 10 percent of the families in the AA lived below the poverty level in the 2015-2016 period, this reduces the ability of the 22 percent of families in the AA that are low-income to qualify for residential loans. In 2017, the poverty level increased to 12 percent, as the percent of low-income families rose slightly to 23 percent. As low-income applicants typically have more difficulty qualifying for residential real estate loans, we placed more weight on lending to the moderate-income borrowers. Please see the housing-related discussion in the market profile for the Tarrant County AA in Appendix B for additional information.

2015-2016

Table 2 - Borrower Distribution of Residential Real Estate Loans in Tarrant 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
Home Mortgage	21.85	0.00	17.21	3.70	19.30	11.11	41.65	85.19

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

2017

Table 2 - Borrower Distribution of Residential Real Estate Loans in Tarrant 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
Home Mortgage	23.15	3.85	16.27	15.38	19.32	15.38	41.27	65.38

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

Business Loans

The distribution of business loans reflects a reasonable penetration among businesses of different sizes. As illustrated in Table 2A below for the 2015-2016 lending period, the percentage of loans by number to small businesses (87 percent) slightly exceeded the percentage of small businesses in the AA (85 percent). A small business is defined as a business with revenues of \$1 million or less. In 2017, the percentage of lending to small businesses (80 percent) was slightly below the comparator (85 percent).

2015-2016

Table 2A - Borrower Distribution of Loans to Businesses in Tarrant County AA				
Business Revenues (or Sales)	≤\$1,000,000	>\$1,000,000	Unavailable/Unknown	Total
% of AA Businesses	84.92	4.92	10.16	100%
% of Bank Loans in AA by #	86.67	13.33	0.00	100%
% of Bank Loans in AA by \$	81.31	18.69	0.00	100%

Source: Loan sample data; Dun and Bradstreet data.

2017

Table 2A - Borrower Distribution of Loans to Businesses in Tarrant County AA				
Business Revenues (or Sales)	≤\$1,000,000	>\$1,000,000	Unavailable/Unknown	Total
% of AA Businesses	85.47	4.78	9.75	100%
% of Bank Loans in AA by #	80.00	20.00	0.00	100%
% of Bank Loans in AA by \$	31.07	68.93	0.00	100%

Source: Loan sample data; Dun and Bradstreet data.

Geographic Distribution of Loans

The geographic distribution of loans in the Tarrant County AA is excellent. We did not identify any material or unexplained gaps in our analysis of lending in the AA. The distribution of residential real estate had a reasonable dispersion across the LMI CTs and the business loans demonstrated an excellent distribution.

In performing our analysis, we placed greater weight on the bank's business lending as it represented the majority of the bank's lending activity.

Residential Real Estate Loans

The bank's geographic distribution of residential real estate loans in the AA demonstrates a reasonable dispersion throughout the CTs of different income levels, for both lending periods. We placed more weight on WNB's lending performance in the moderate-income geographies, as only 4 percent and 6 percent of the AA's owner-occupied housing is located in the low-income tracts during the 2015-2016 and 2017 lending periods, respectively.

As detailed in Table 3 for the 2015-2016 lending period, residential lending in the low-income CTs (2 percent) lagged the percentage of owner-occupied housing in those geographies (4 percent). In the moderate-income tracts, the 16 percent of loans originated by WNB were comparable to the 20 percent of owner-occupied housing in those areas. Based on the additional owner-occupied housing in the moderate-income tracts that presented more lending opportunities, the bank's performance resulted in a reasonable overall distribution of home mortgage loans for the 2015-2016 period.

2015-2016

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 Mortgage	4.10	2.02	20.39	16.16	37.59	43.43	37.91	38.38

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

As a result of the previously mentioned 2015 ACS that became effective in 2017, the composition of Tarrant County's census tract income categories changed significantly, particularly in the tracts designated low- and moderate-income. As discussed in Appendix B, the number of low-income CTs rose from 33 (9.24 percent of the AA's total geographies) to 50 (14.01 percent), representing a 52 percent increase. The number of moderate-income CTs fell from 101 (28.29 percent) to 89 (24.93 percent) resulting in a 12 percent decrease.

The levels of owner-occupied housing in the affected tracts also changed but to a lesser degree. Owner-occupied housing in the low-income CTs increased by 7,100 units or 43 percent, while those in the moderate-income tracts decreased by 6,600 units or 8 percent. Despite these shifts, the moderate-income tracts continue to dominate the low-income CTs in terms of the volume of owner-occupied housing.

As detailed in Table 3 for the 2017 lending period, residential lending in the low-income CTs (2 percent) lagged the percentage of owner-occupied housing in those geographies (6 percent). Although the volume of lending in the low-income tracts was commensurate with the 2015-2016 period, the comparison somewhat deteriorated due to the percentage increase in owner-occupied housing resulting from the 2015 ACS discussed previously. In the moderate-income tracts, a favorable comparison to the demographic (18 percent) was noted for home mortgage loans (24 percent). This is an improvement from the 2015-2016 lending performance, owed largely to the bank's additional focus on lending in the moderate-income geographies in 2017. Based on the aforementioned emphasis placed on the moderate-income tracts, which provided additional residential lending opportunities, this represents an excellent distribution of home mortgage loans for the 2017 period.

2017

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 Mortgage	5.74	1.96	18.30	23.53	36.03	27.45	39.93	47.06

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

Business Loans

Business loans originated by the bank during the review period reflect an excellent overall geographic dispersion. As detailed in Table 3A for the 2015-2016 lending period, WNB's lending to businesses located in the low-income CTs exceeds the percentage of businesses located in those geographies. Despite lending levels to low-income geographies remaining the same in 2017 (the bank originated 12 loans in each lending period) and the percent of businesses in the low-income CTs increasing due to the previously discussed 2015 ACS census tract re-designations, a favorable comparison to the demographic is also reflected in Table 3A for the 2017 lending period.

As shown in Table 3A for the 2015-2016 lending period, the bank's lending to businesses located in the moderate-income CTs exceeds the percentage of businesses located in those geographies. In the 2017 lending period, as depicted in Table 3A for 2017, the lending is comparable to the demographic. This is a result of there now being fewer moderate-income CTs in the AA (due to the 2015 ACS) with several of the bank's existing borrowers previously based in moderate-income CTs now re-assigned to low-income CTs.

2015-2016

Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan Type	% 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
Businesses	4.95	8.33	21.84	26.39	33.52	27.08	39.51	38.19

Source: Bank aggregated data; Dun and Bradstreet data.

2017

Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan Type	% 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
Businesses	7.37	9.23	21.00	20.77	30.08	26.15	41.41	43.85

Source: Bank aggregated data; Dun and Bradstreet data.

Responses to Complaints

No CRA-related complaints were made against the bank during this evaluation period.

Community Development Loans

As a Small Bank, WNB is not required to engage in CD lending. The bank believes that such lending further enhances credit availability in the AA that ultimately benefits its LMI residents and geographies. At management's request, we have included this activity in the bank's CRA evaluation.

CD lending had a significant positive impact on lending performance in the Tarrant County AA when considering the impact of responsiveness and initiatives. During the review period, WNB originated, renewed, or refinanced four CD loans totaling \$1.6 million, or 6.42 percent of tier 1 capital, allocated to the AA.

The loans are as follows:

- Three of the loans totaling \$935,000 helped revitalize a low-income neighborhood in Fort Worth through the purchase and renovation of a strip shopping center. These loans entailed the innovative use of grants and tax initiatives in conjunction with the City of Fort Worth's consolidated plan.
- The fourth loan, in the amount of \$684,000, refinanced eight rental properties in Tarrant County that provide affordable housing for LMI families.

Loan proceeds benefit LMI individuals and geographic areas inside the AA. These four loans enhanced the bank's overall CRA performance to assist in achieving a higher CRA rating.

Qualified Investments and CD Services

As a Small Bank, WNB is not required to make qualified investments and provide CD services. Similar to CD lending, WNB engages in these other CD activities to further benefit the LMI residents and geographies in its AA. At management's request, we have included these activities in the bank's CRA evaluation.

Qualified Investments

WNB's qualified investments in the form of cash donations for the evaluation period totaled \$55,951. Management made 42 donations to 20 different CD organizations. The breakdown by CD criteria was as follows: four donations totaling \$3,283 for affordable housing, two donations totaling \$550 toward economic development, and 36 donations amounting to \$52,118 for community service. These investments benefit LMI adults, children, and families in the AA, in addition to small business owners and operators. This is considered an adequate level of responsiveness given the level of competition in the AA from Large Banks with a national and regional presence, and Intermediate Small Banks. All are required to engage in CD activities.

Retail Banking Services¹

WNB's branch distribution in the Tarrant County AA is excellent, when considering branches in upper-income geographies that are near to low and moderate-income geographies. Branches are readily accessible to geographies and individuals of different income levels. There were no branches located in low-income CTs. However, the Fort Worth Sundance Square branch is located in an upper-income geography that was near-to three low-income CTs. Near-to branches are those branches that are proximate to a low- or moderate-income geography and are reasonably likely to serve the low- or moderate-income area.

¹The CD activity review period extends from January 1, 2012 (the day after the end date used at the most recent PE) to December 31, 2017, or 72 months. During this time period, the bank's three retail offices (main office in Arlington and the two branches in Fort Worth and Colleyville) were in place. On July 17, 2017, a second Fort Worth branch was opened at 5825 Edwards Ranch Road. Considering the new branch has only been open 7 percent of the review period (five months/72 months), its impact is of limited value for purposes of this CRA evaluation. For similar reasons, in our analysis we have used the census tract income category designations assigned by the 2010 U.S. Census rather than the 2015 U.S. Census American Community Survey results that did not become effective until 2017.

When considering these near-to branches, branch distribution in both low-income and moderate-income geographies was excellent and exceeded the percentage of the population in the low- and moderate-income CTs, respectively.

Branch openings and closings have generally not adversely affected the accessibility of the bank's delivery systems to LMI geographies or individuals. The bank opened one branch located in an upper-income tract in the Tarrant County AA. The bank did not close any branches in the AA during the evaluation period.

WNB's hours and services offered throughout the Tarrant County AA do not vary in a way that inconveniences portions of the AA, particularly LMI geographies or individuals. Services offered and hours of operation are comparable among locations, regardless of the income level of the geography.

Management complements its traditional service delivery methods with certain alternative delivery processes, including online banking, mobile banking, ATMs, and telephone banking.

Community Development Services

WNB's performance in providing CD services is excellent. The bank is a leader in providing technical assistance on financial and banking related matters to community groups, LMI individuals and families, and small businesses. Organizations benefiting from the bank's CD services were involved in a variety of community development activities including community services targeted to LMI students, adults, and families; economic development activities; revitalization/stabilization efforts; and affordable housing programs. One bank staffer provided financial literacy instruction to LMI students and adults. In the Tarrant County AA, 10 bank officers provided their expertise to 21 CD organizations for a total of 750 occurrences (i.e., the number of times bank staff performs in that volunteer role). Of those 10 officers, all 10 served either as directors, committee members, or officers of the CD organizations. This equates to 100 percent of engaged employees serving in leadership positions.

The following are examples of some of the CD services provided in the AA:

- One officer served as the chairman and a business advisor for an economic development organization dedicated to assisting small business owners.
- One officer served as a Board member and treasurer of an affordable housing organization. The organization provides financial and down payment assistance to LMI individuals as well as homeownership and foreclosure prevention counseling.
- One officer served as a director and chairman of an organization that provides safe housing, self-sufficiency tools, and early childhood education for economically disadvantaged women and children.

The bank's services enhanced its overall CRA performance to assist in achieving a higher CRA rating.

Appendix A: Scope of Examination

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

Time Period Reviewed	Lending Test (excludes CD loans): 01/01/2015 to 12/31/2017 Investment and Service Tests and CD Loans: 01/01/2012 to 12/31/2017	
Financial Institution	Products Reviewed	
Worthington National Bank (WNB or bank) Arlington, Texas	Commercial Loans Commercial Real Estate Loans Residential Real Estate Loans Community Development Loans Qualified Investments Community Development Services	
Affiliate(s)	Affiliate Relationship	Products Reviewed
N/A		
List of Assessment Areas and Type of Examination		
Assessment Area	Type of Exam	Other Information
Texas Dallas-Fort Worth, TX MSA	Full-Scope	Tarrant County only

Appendix B: Community Profiles for Full-Scope Area

2016 Demographic Information for Full-Scope Area: Tarrant County AA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	357	9.24	28.29	35.01	27.17	0.28
Population by Geography	1,809,034	7.23	26.22	35.81	30.74	0.00
Owner-Occupied Housing by Geography	400,711	4.10	20.39	37.59	37.91	0.00
Businesses by Geography	131,915	4.95	21.84	33.52	39.51	0.18
Farms by Geography	2,429	3.71	18.94	36.97	40.39	0.00
Family Distribution by Income Level	439,906	21.85	17.21	19.30	41.65	0.00
Distribution of Low- and Moderate-Income Families throughout AA Geographies	171,806	12.45	39.40	34.32	13.83	0.00
Median Family Income FFIEC Adjusted Median Family Income for 2016 Households Below Poverty Level	= \$71,308 = \$69,300 = 12.01%	Median Housing Value Unemployment Rate			= \$147,371 3.8%	

(*) The NA category consists of geographies that have not been assigned an income classification.
Source: 2010 U.S. Census, 2016 FFIEC updated MFI and Bureau of Labor and Statistics.

2017 Demographic Information for Full-Scope Area: Tarrant County AA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	357	14.01	24.93	33.33	27.45	0.28
Population by Geography	1,914,526	10.64	23.85	33.86	31.65	0.00
Owner-Occupied Housing by Geography	410,486	5.74	18.30	36.03	39.93	0.00
Businesses by Geography	141,061	7.37	21.00	30.08	41.41	0.14
Farms by Geography	2,603	5.49	17.36	32.89	44.26	0.00
Family Distribution by Income Level	466,070	23.15	16.27	19.32	41.27	0.00
Distribution of Low- and Moderate-Income Families throughout AA Geographies	183,702	18.01	34.48	32.28	15.23	0.00
Median Family Income FFIEC Adjusted Median Family Income for 2017 Households Below Poverty Level	= \$76,309 = \$70,900 = 13.27%	Median Housing Value Unemployment Rate			= \$155,983 3.2%	

(*) The NA category consists of geographies that have not been assigned an income classification.
Source: 2015 U.S. Census American Community Survey, 2017 FFIEC updated MFI and Bureau of Labor and Statistics.

The bank's AA consists of all of Tarrant County, which is part of the Dallas-Fort Worth, TX MSA. No other part of the MSA is included in the AA. Tarrant County is comprised of 357 CTs including 33 low-income, 101 moderate-income, 125 middle-income, 97 upper-income, and one not income-classified (N/A). Low- and moderate-income tracts represent 38 percent of the total CTs in the AA. WNB's main office and its two branches are in this AA as shown in the following table. The main office is located in a moderate-income CT and the branches in upper-income geographies.

2016

Branch Locations			
County/Office Name	Facility Type	Census Tract Number	Census Tract Income Level
Tarrant County:			
Arlington	Main Office & ATM*	1223.00	Moderate
Fort Worth – Sundance Square	Branch & ATM*	1233.00	Upper
Colleyville	Branch & ATM*	1136.10	Upper
<i>Source: Census data is per 2010 U.S. Census.</i>			
<i>*Cash-dispensing only.</i>			

The results of the 2015 ACS became effective in 2017. The total number of CTs in the AA remains at 357. The number of low-income CTs rose from 33 (9.24 percent of the AA's total geographies) to 50 (14.01 percent), representing a 52 percent increase. The number of moderate-income CTs fell from 101 (28.29 percent) to 89 (24.93 percent), resulting in a 12 percent decrease. Middle-income CTs now number 119, upper-income tracts are 98, and N/A remains at one.

Low- and moderate-income tracts increased marginally to 39 percent of the total CTs in the AA. The impact of the 2015 ACS on the bank's facilities is shown in the following table. The CT containing the main office was re-designated as low-income. As also reflected below, WNB opened a second branch office in Fort Worth on July 17, 2017, in an upper-income tract that was previously categorized as a moderate-income CT in the 2010 U.S. Census.

2017

Branch Locations			
County/Office Name	Facility Type	Census Tract Number	Census Tract Income Level
Tarrant County:			
Arlington	Main Office & ATM*	1223.00	Low
Fort Worth – Sundance Square	Branch & ATM*	1233.00	Upper
Colleyville	Branch & ATM*	1136.10	Upper
Fort Worth – Edwards Ranch Road#	Branch & ATM*	1054.05	Upper
<i>Source: Census data is per 2015 U.S. Census American Community Survey.</i>			
<i>*Cash-dispensing only.</i>			
<i>#Opened July 17, 2017.</i>			

The bank has properly defined its AA in accordance with the technical requirements of the regulation. The AA consists of whole geographies, does not arbitrarily exclude LMI geographies, includes CTs where WNB deposit accepting offices are located, and does not reflect illegal discrimination.

According to the 2015 ACS data, Tarrant County has a population of 1.9 million people. It is the third-most populated county in Texas. Its largest city and county seat is Fort Worth with a population of 874,000, followed by Arlington with 393,000 residents. The remainder of the county's population resides in 39 other cities and unincorporated areas.

Low-income households (23.99 percent) are more prevalent in the AA than moderate-income households (16.35 percent). While 13 percent of households in the AA live below the poverty level, 25.47 percent and 34.19 percent of those households are located in low-income and moderate-income geographies, respectively. Low-income families represent 23.15 percent of the AA compared to moderate-income families at 16.27 percent.

According to the 2015 ACS, owner-occupied housing units represent 56 percent of total housing in the AA, while rental occupied housing units represent another 36 percent. Only 5.74 percent of the owner-occupied housing exists within low-income geographies, compared with 18.30 percent in moderate-income areas.

The median value of housing in the AA is \$155,983 and the median age of existing housing stock is 34 years old. In low-income and moderate-income geographies, the median value of housing is \$66,050 and \$96,168, respectively, at a median age of 50 and 43 years old. Older housing often has higher maintenance costs and frequently requires significant repairs to meet code requirements, while also often less energy efficient resulting in higher utility costs. Higher property taxes further increase the costs of home ownership. These and other factors such as the down payment requirement for traditional mortgage loan financings pose an obstacle for access to homeownership opportunities for LMI families, particularly for low-income applicants.

According to the Bureau of Labor Statistics, the December 2016 and December 2017 unemployment rates for Tarrant County are 3.8 percent and 3.2 percent, respectively. The 2016 rate compared favorably to the state of Texas and U.S. unemployment rates of 4.5 percent and 4.7 percent, respectively. The favorable comparison continued into 2017 with the Texas and U.S. unemployment rates of 3.7 percent and 4.1 percent, respectively, exceeding the Tarrant County rate of 3.2 percent.

The AA is a very competitive banking environment filled with branch offices of large national and regional banks, community banks, and credit unions. According to the June 30, 2017 FDIC Deposit Market Share Report, there are a total of 61 FDIC-insured banks operating 429 branches within the AA. WNB is ranked 24th with a 0.53 percent market share and deposits totaling \$207 million. The banks ranked in the top five in terms of market share include: JP Morgan Chase Bank, National Association (20.45 percent); Wells Fargo Bank, National Association (15.81 percent); Bank of America, National Association (13.18 percent); Frost Bank (11.81 percent); and Compass Bank (6.71 percent).

According to the *Moody's Analytics Report* for May 2018, job growth in the Fort Worth-Arlington economy remains moderately above the national average. Core manufacturing is the leading industry due to the expanding production at Lockheed Martin of the F-35 fighter jet. General Electric is hiring again at its locomotive factory that has been modified to handle more refurbishing work rather than building new engines. The General Motors Arlington truck plant suppliers industrial park will be complete in late 2018, which is expected to add to job growth. Continued low-priced gasoline has kept demand high for GM's SUVs that are produced locally. Average hourly earnings have increased no faster than the national average. However, growth in high-wage jobs was at twice the national average in 2017. Above average population and job growth is driving the increase in residential construction. Moody's is projecting the Fort Worth-Arlington economy will expand at an above-average pace in 2018-2019.

A community contact interview with a management official of a government housing agency was conducted at a recent CRA evaluation of another local financial institution. The contact indicated that current lending opportunities for local banks include lending to construct and purchase affordable housing for LMI individuals and families. The contact also noted opportunities exist for banks to assist LMI customers in the areas of financial education, homeownership counseling, and foreclosure prevention counseling. Finally, there are opportunities for local banks to partner with non-profit organizations in programs such as homeowner rehab (bringing homes up to code) for lower income and senior citizens, which can allow occupants to stay in their homes.