



PUBLIC DISCLOSURE

February 21, 2024

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Moody National Bank
Charter Number 8899

2302 Post Office Street
Galveston, TX 77550-1935

Office of the Comptroller of the Currency

Two Houston Center
909 Fannin Street, Suite 1900
Houston, TX 77010

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.

Table of Contents

Overall CRA Rating	1
Description of Institution	2
Scope of the Evaluation	2
Discriminatory or Other Illegal Credit Practices Review	3
State Rating.....	4
Appendix A: Scope of Examination	A-1
Appendix B: Summary of State Ratings.....	B-1
Appendix C: Definitions and Common Abbreviations.....	C-1
Appendix D: Tables of Performance Data.....	D-1

Overall CRA Rating

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

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

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

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

The major factors that support this rating include:

- The Lending Test rating is based on a good responsiveness of lending activity, an excellent geographic distribution, an adequate borrower distribution, and a leading level of community development (CD) loans in the full-scope assessment area (AA).
- The Investment Test rating is based on an excellent level of CD investments in all assessment areas.
- The Service Test rating is based on accessible branch locations and a leading level of CD services in the full-scope AA.

Lending in Assessment Area

A high percentage of the bank’s loans are in its AAs.

The bank originated and purchased 85 percent of its total loans by number inside the bank’s AAs during the evaluation period. This analysis is performed at the bank, rather than the AA, level. The bank did not have any affiliate lending activities included in this assessment.

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		
	#	%	#	%		\$	%	\$	%	
Home Mortgage	198	78.9	53	21.1	251	73,219	44.3	92,111	55.7	165,330
Small Business	200	85.1	35	14.9	235	37,117	84.6	6,771	15.4	43,888
PPP loans	673	86.7	103	13.3	776	81,379	87.3	11,818	12.7	93,197
Total	1,071	84.9	191	15.1	1,262	191,715	63.4	110,700	36.6	302,415

Description of Institution

Moody National Bank (MNB) is a full-service, single-state community bank headquartered in Galveston, TX. The bank was chartered on September 30, 1907, and is owned by Moody Bancshares, Inc., a Texas holding company.

As of December 31, 2022, MNB had total assets of \$1.6 billion and a tier 1 leverage capital ratio of 13 percent. The bank offers a variety of lending and deposit products, as well as full trust services. The primary lending focus is commercial real estate, which accounted for 58 percent of net loans and leases by dollar amount. Construction loans represented 23 percent of the loan portfolio, followed by commercial loans at 10 percent, residential mortgages at 6 percent, multi-family loans at 2 percent, and consumer loans at 1 percent. Farm loans account for less than 1 percent of the lending portfolio. Deposit services include traditional personal and business checking/savings accounts, as well as online banking, bill payment, remote deposit capture, telephone banking, and mobile banking services.

In 2020, the Small Business Administration established the Paycheck Protection Program (PPP) under the Coronavirus Aid, Relief, and Economic Security Act in response to the COVID-19 pandemic. The goal of the program was to aid small businesses by funding payroll costs, mortgages, rent, and utilities. MNB originated 1,036 PPP loans totaling \$131 million, of which 673 or \$81 million were within the AAs.

There are no legal or financial factors impeding MNB's ability to meet the credit and CD needs of its AAs. MNB was rated "Satisfactory" at the last Community Reinvestment Act (CRA) evaluation dated April 27, 2020.

Scope of the Evaluation

Evaluation Period/Products Evaluated

The evaluation period for all tests was January 1, 2020, through December 31, 2022. To evaluate lending performance, we reviewed residential loans subject to the Home Mortgage Disclosure Act (HMDA), small business loans, and CD loans. We also reviewed PPP loans for geographic analysis only.

During the 2020-2021 evaluation period, we compared residential and small business loans to 2021 HMDA aggregate data and 2021 CRA aggregate data, respectively. We performed a separate analysis for 2022 loans due to 2020 U.S. Census demographic changes. In 2022, we compared residential and small business loans to 2022 HMDA aggregate data and 2022 CRA aggregate data, respectively.

Selection of Areas for Full-Scope Review

In each state where the bank has an office, one or more 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. Refer to the “Scope” section under each State Rating section 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 a blend of the state ratings, and where applicable, multistate ratings.

The state rating for Texas is based on performance in all of the bank’s AAs with the most weight placed on the Houston-Galveston AA. Refer to the “Scope” section under the State Rating section for details regarding how the areas were weighted in arriving at the respective ratings.

Discriminatory or Other Illegal Credit Practices Review

Pursuant to 12 C.F.R. §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: High Satisfactory
The Investment Test is rated: Outstanding
The Service Test is rated: High Satisfactory

The major factors that support this rating include:

- An excellent geographic distribution;
- A reasonable distribution of loans to individuals of different income levels and businesses of different sizes;
- A leading level of CD loans;
- An excellent level of CD investments; and,
- Accessible service delivery systems and a leading level of CD services.

Description of Institution's Operations in Texas

MNB operates 15 full-service branches in three AAs in Texas. The Houston-Galveston AA includes six branches in Galveston County, four branches in Harris County, one branch in Fort Bend County, and two branches in Brazoria County. The Austin AA includes one branch in Travis County, while the San Antonio AA includes one branch in Comal County. Each branch contains an automated teller machine (ATM), with an additional three ATM locations in the Houston-Galveston AA. Of the total 18 ATMs, 14 have deposit-taking capabilities.

According to the Federal Deposit Insurance Corporation deposit market share data as of June 30, 2023, MNB held a 1.7 percent deposit market share in the Houston-Galveston AA and ranked 14th of 104 banks in the AA. The largest competitors in this market are JP Morgan Chase Bank, N.A., Wells Fargo Bank, N.A., Bank of America, N.A., Texas Dow Employees Federal Credit Union, and Capital One, N.A. With only one branch in the Austin and San Antonio AAs, the bank's percent of deposit market share is miniscule in these two AAs.

Community Contacts

We identified five community contacts in the Houston-Galveston AA during the evaluation period. These contacts included two local community development corporations, a city official, a youth organization, and a United Way organization. Affordable housing was identified by several of the contacts as a prevailing need in the area, which was a specific need for first-time low- and moderate-income (LMI) home buyers. In addition to housing needs, the contacts also expressed a need for additional development of recreational public areas. Several of the contacts expressed a need for financial education and access to bank accounts for LMI individuals. Small consumer loans were also expressed as a need in the area.

Please refer to the following tables, which provide information on the demographic composition of the Houston-Galveston AA for both evaluation periods.

Table A – Demographic Information of the Assessment Area						
Assessment Area: Houston-Galveston AA (2020-2021)						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	419	9.1	27.9	32.9	28.6	1.4
Population by Geography	2,608,853	6.3	22.8	34.2	36.3	0.4
Housing Units by Geography	961,197	6.9	23.4	33.5	35.7	0.4
Owner-Occupied Units by Geography	567,822	3.4	17.6	34.4	44.5	0.1
Occupied Rental Units by Geography	304,531	11.9	32.1	32.6	22.3	1.0
Vacant Units by Geography	88,844	12.2	30.8	31.1	25.6	0.4
Businesses by Geography	265,926	4.4	15.7	28.7	51.0	0.3
Farms by Geography	3,923	2.8	12.1	36.8	48.3	0.1
Family Distribution by Income Level	643,952	20.9	15.7	17.6	45.8	0.0
Household Distribution by Income Level	872,353	22.0	15.2	16.9	46.0	0.0
Median Family Income MSA – 26420-Houston-The Woodlands-Sugar Land, TX MSA	\$69,373	Median Housing Value				\$159,801
		Median Gross Rent				\$1,005
		Families Below Poverty Level				10.5%

Source: 2015 ACS Census and 2021 D&B Data. Due to rounding, totals may not equal 100.0
 (*) The NA category consists of geographies that have not been assigned an income classification.

Table A – Demographic Information of the Assessment Area						
Assessment Area: Houston-Galveston AA (2022)						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	290	8.3	24.5	27.2	34.5	5.5
Population by Geography	1,290,188	8.2	24.9	28.8	34.6	3.5
Housing Units by Geography	530,125	7.9	24.2	30.0	35.6	2.3
Owner-Occupied Units by Geography	260,455	3.5	19.6	31.4	44.8	0.8
Occupied Rental Units by Geography	231,076	12.5	30.0	28.5	25.3	3.6
Vacant Units by Geography	38,594	10.0	20.4	29.7	35.8	4.1
Businesses by Geography	329,638	3.1	14.3	18.6	56.4	7.6
Farms by Geography	5,248	2.9	15.3	19.1	56.9	5.8
Family Distribution by Income Level	280,144	21.8	16.5	19.8	41.9	0.0
Household Distribution by Income Level	491,531	23.5	16.6	17.9	42.0	0.0
Median Family Income MSA – 26420-Houston-The Woodlands-Sugar Land, TX MSA	\$100,215	Median Housing Value				\$379,220
		Median Gross Rent				\$1,365
		Families Below Poverty Level				7.5%

Source: 2020 U.S. Census and 2023 D&B Data. Due to rounding, totals may not equal 100.0
 (*) The NA category consists of geographies that have not been assigned an income classification.

Scope of Evaluation in Texas

We identified the Houston-Galveston AA for full-scope review, which accounts for 93 percent of bank deposits. This AA also accounts for 82 percent of HMDA loans, 91 percent of small business loans, and 88 percent of total PPP loans. We evaluated both the Austin and San Antonio AAs as limited scope AAs since less than 5 percent of bank deposits and limited lending volume.

Conclusions in Respect to Performance Tests in Texas

Lending Test

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

Conclusions for Area Receiving a Full-Scope Review

Based on a full-scope review, the bank's performance in the Houston-Galveston AA is good.

Lending Activity

Lending levels reflect good responsiveness to credit needs in the Houston-Galveston AA. When reviewing all HMDA reporters, MNB ranked 222nd of 926 reporting lenders in the AA.

Number of Loans*

Assessment Area	Home Mortgage	Small Business	PPP	Community Development	Total	% State Loans	% State Deposits
Houston-Galveston	162	181	595	19	957	87.1	93.3
Austin	6	12	42	5	65	5.9	4.1
San Antonio	30	7	36	4	77	7.0	2.6
Totals	198	200	673	28	1,099	100	100

Dollar Volume of Loans*

Assessment Area	Home Mortgage	Small Business	PPP	Community Development	Total	% State Loans	% State Deposits
Houston-Galveston	50,422	31,708	74,185	88,326	244,641	81.9	93.3
Austin	11,379	2,436	4,229	15,834	33,878	11.3	4.1
San Antonio	11,418	2,973	2,965	3,018	20,374	6.8	2.6
Totals	73,219	37,117	81,379	107,178	298,893	100	100

*The tables present the data for all AAs. The narrative below addresses performance in full-scope areas only.

Distribution of Loans by Income Level of the Geography

The bank exhibits an excellent geographic distribution of loans in the Houston-Galveston AA.

Home Mortgage Loans

Refer to Table O in appendix D for the facts and data used to evaluate the geographic distribution of the bank's home mortgage loan originations and purchases.

The overall distribution of home mortgage loans was good.

Houston-Galveston AA

During 2020-2021, the geographic distribution of home mortgage loans was good. The bank did not originate any home mortgage loans in low-income CTs; however, there were only 3.4 percent of owner-occupied housing units in those CTs. In moderate-income CTs, bank originations significantly exceeded both the percent of owner-occupied housing units and aggregate data. In 2022, bank loans were near to both the proportion of owner-occupied housing units and aggregate data in low-income CTs. In moderate-income CTs, bank loans exceeded the proportion of owner-occupied housing units and significantly exceeded aggregate data.

Small Loans to Businesses

Refer to Table Q in 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 overall distribution of small business loans was excellent.

Houston-Galveston AA

During 2020-2021, bank originations significantly exceeded both the proportion of businesses and aggregate data in LMI geographies. In 2022, bank originations in low-income CTs were slightly below the proportion of businesses but was near to aggregate data. In moderate-income CTs, bank originations significantly exceeded both the proportion of businesses and aggregate data.

Lending Gap Analysis

We did not identify any unexplained conspicuous gaps during our review.

Distribution of Loans by Income Level of the Borrower

The bank exhibits an adequate distribution of loans among individuals of different income levels and businesses of different sizes, given the product lines offered by the institution.

Home Mortgage Loans

Refer to Table P in appendix D for the facts and data used to evaluate the borrower distribution of the bank's home mortgage loan originations and purchases.

The overall distribution of home mortgage loans by borrower income level is adequate.

Houston-Galveston AA

In 2020-2021, the percentage of bank originations to low-income borrowers was significantly below the percentage of low-income families but exceeded aggregate data. The percentage of bank originations to moderate-income borrowers was below both the percentage of moderate-income families and aggregate data. In 2022, there were no bank originations to low-income borrowers and the proportion of bank originations to moderate-income borrowers was significantly lower than both the percentage of moderate-income families and aggregate data.

Small Loans to Businesses

Refer to Table R in appendix D for the facts and data used to evaluate the borrower distribution of the bank's origination and purchase of small loans to businesses.

The overall distribution of small business loans by borrower revenue level is adequate.

Houston-Galveston AA

During 2020-2021, the proportion of bank loans to small businesses was significantly below the percentage of small businesses located in the AA but was consistent with aggregate data. In 2022, the proportion of bank loans was significantly below the percentage of small businesses but exceeded aggregate data.

Community Development Lending

The institution is a leader in making CD loans. The CD lending in the full-scope AA had a significantly positive effect on the overall Lending Test rating.

The Lending Activity Tables, shown above, set forth the information and data used to evaluate the institution's level of CD lending. These tables include all CD loans, including multi-family loans that also qualify as CD loans.

Houston-Galveston AA

Based on a full-scope review, MNB exhibits excellent responsiveness to community needs. During the evaluation period, MNB originated 19 CD loans totaling \$88 million or 42.2 percent of allocated tier 1 capital. A majority of CD loans (10 loans totaling \$62 million) provided funding for economic development that supported job creation and retention. The remaining CD loans included five CD loans totaling \$24 million that provided affordable housing, four loans totaling \$2 million to organizations providing services targeted to LMI individuals, three loans that provided working capital to an early childhood center where a majority of the children were considered economically disadvantaged, and one loan to a crisis and resource center in Galveston County where the majority of service recipients were LMI individuals.

Product Innovation and Flexibility

The institution makes limited use of innovative or flexible lending practices to serve AA credit needs. During the COVID-19 pandemic, MNB offered low-rate emergency loans that were unsecured single pay loans with a six month maturity, which converted to a flexible repayment plan up to 36 months. These were offered to individuals and businesses, with a maximum loan amount of \$10,000 for consumers and \$50,000 for businesses. MNB originated 36 commercial loans totaling \$1.7 million and four consumer loans totaling \$25,000. This product is considered flexible.

MNB also offered 90-day deferrals to consumer and business loan customers who were adversely affected by the COVID-19 pandemic. This equated to 353 deferrals totaling \$392 million. This was also considered flexible lending practices.

Conclusions for Areas Receiving Limited-Scope Reviews

Based on limited-scope reviews, the bank's performance under the Lending Test in the Austin and San Antonio AAs was weaker than the overall performance in the full-scope area. There were not enough loans for a meaningful analysis of either primary product; however, CD loan performance was excellent in both limited-scope AAs.

Refer to Tables O through R in appendix D for the facts and data that support these conclusions.

Investment Test

The bank's performance under the Investment Test in Texas is rated Outstanding.

Conclusions for Area Receiving a Full-Scope Review

Based on a full-scope review, the bank's performance in the Houston-Galveston AA is excellent.

The institution has an excellent level of qualified CD investment and grants, often in a leadership position, particularly those that are not routinely provided by private investors.

The institution exhibits excellent responsiveness to credit and community economic development needs. The institution makes significant use of innovative and/or complex investments to support CD initiatives.

Assessment Area	Prior Period*		Current Period		Total			
	#	\$(000's)	#	\$(000's)	#	% of Total #	\$(000's)	% of Total \$
Houston-Galveston	6	4,650	88	12,992	94	73.4%	17,642	70.7%
Austin	0	0	21	3,056	21	16.4%	3,056	12.2%
San Antonio	1	614	7	30	8	6.3%	644	2.6%
Broader-Statewide	3	2,119	2	1,500	5	3.9%	3,619	14.5%
Total	10	7,383	118	17,578	128	100	24,961	100

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

Houston-Galveston AA

The level of CD investments and donations was excellent. MNB invested \$17.6 million in 23 investments that provided affordable housing and promoted economic development. Of these investments, six were prior period and consisted of one mortgage-backed security (MBS), three municipal bonds, and two school bonds.

MNB also purchased 17 new investments during the evaluation period that consisted of one MBS, 14 school bonds where a majority of students were classified as economically disadvantaged, and two municipal bonds that supported LMI populations. Additional contributions included 71 donations to numerous organizations totaling \$149,000. Most of these donations assisted organizations providing community service to LMI individuals; however, a small portion of donations supported economic development.

Conclusions for Areas Receiving Limited-Scope Reviews

Based on limited-scope reviews, the bank's performance under the Investment Test in the Austin and San Antonio AAs is consistent with the bank's overall performance under the Investment Test in the full-scope area.

Service Test

The bank's performance under the Service Test in Texas is rated High Satisfactory.

Conclusions for Area Receiving a Full-Scope Review

Based on a full-scope review, the bank's performance in the Houston-Galveston AA is good. The bank's level of CD services had a positive effect on the final Service Test rating in the Houston-Galveston AA.

Retail Banking Services

Service delivery systems are accessible to geographies and individuals of different income levels in the institution's AA.

Distribution of Branch Delivery System											
Assessment Area	Deposits		Branches					Population			
	% of Rated Area Deposits in AA	# of BANK Branches	% of Rated Area Branches in AA	Location of Branches by Income of Geographies (%)				% of Population within Each Geography			
				Low	Mod	Mid	Upp	Low	Mod	Mid	Upp
Houston-Galveston	93.3	13	86.6	0.0	23.1	30.8	46.1	5.6	21.2	34.0	38.1
Austin	4.1	1	6.7	0.0	0.0	0.0	100.0	8.2	24.9	28.8	34.6
San Antonio	2.6	1	6.7	0.0	0.0	100.0	0.0	0	5.5	42.4	49.2

Houston-Galveston AA

The Houston-Galveston AA has three branches in moderate-income CTs, four in middle-income CTs, and six in upper-income CTs. While there were no branches in low-income CTs, the percentage of branches in moderate-income CTs was slightly higher than the percentage population in those CTs.

Distribution of Branch Openings/Closings						
Assessment Area	Branch Openings/Closings		Net change in Location of Branches (+ or -)			
	# of Branch Openings	# of Branch Closings				
			Low	Mod	Mid	Upp
Houston-Galveston	1	1	0	0	0	0
Austin	0	0	0	0	0	0
San Antonio	0	0	0	0	0	0

The institution's opening and closing of branches has not affected the accessibility of its delivery systems, particularly in LMI geographies or to LMI individuals. There were no net changes in branch locations.

In October 2020, MNB acquired a banking center located at 1010 Bay Area Blvd. Houston, Texas 77058 that included all deposits, assets, and personnel working at the branch; however, loans were not acquired. After acquisition, MNB closed an existing location within one mile of the new branch. Both locations were in a moderate-income CT.

Services, including where appropriate, business hours, do not vary in a way that inconveniences, the various portions of its AAs, particularly LMI geographies and/or individuals. Branches offer convenient service hours with lobby access. Services include traditional banking services such as checking/savings accounts, check cashing, money orders, mobile banking, bill payment, and cashier's checks. MNB also has a treasury management product, which offers customers additional services including remote deposit capture and positive pay.

MNB offers a flexible checking account that allows customers to open an account with a deposit as little as \$25. This account is a debit card only account and there are no fees. In 2022, MNB opened 162 of these accounts. Many of the people utilizing this account would not qualify for traditional checking accounts. In response to a winter storm natural disaster, MNB also waived \$10,920 of nonsufficient funds fees from February 16, 2021, through February 19, 2021.

Community Development Services

The institution is a leader in providing CD services.

Houston-Galveston AA

MNB is a leader in providing CD services. Bank employees provided 789 hours of service to 20 organizations. Although COVID-19 pandemic restrictions resulted in a decline in service hours over the review period, 16 employees were able to participate in 142 events that provided community services to LMI individuals. Both in person and virtually, the bank was able to provide services that helped promote economic development, affordable housing, and revitalization/stabilization for LMI individuals or underserved/economically disadvantaged individuals. Employees also used their financial expertise to teach and promote financial literacy to LMI individuals.

Employees also served in leadership roles or as board members to provide business expertise to organizations that promote economic development to small businesses and affordable housing for LMI individuals. Bank officers served on boards or committees of regionally known organizations such as the local Salvation Army and local non-profit economic development partnership organizations. During the pandemic, employees used service hours to volunteer at local food bank organizations that provided disaster assistance to LMI or distressed/underserved geographies.

Some of the more noteworthy board participations include:

- The CRA officer serves on the board of a Department of Housing and Urban Development certified homeownership counseling group that provides financial literacy courses to LMI borrowers and prospective homebuyers.
- A banking center manager serves as an instructor for a local non-profit to assist LMI and minority groups in understanding and utilizing banking products and services.

- The bank president serves on many boards in the Houston-Galveston AA including the Salvation Army and two different local economic development organizations. The president has served on this board over ten years.
- The president's executive administrative assistant serves on a non-profit board that provides services to individuals in crisis. The assistant has served on the board for over ten years.
- An executive vice president provides service hours to a Community Development Financial Institution that provides microloans to meet the financial needs of small businesses by reviewing loan packages submitted to the organization that may not qualify in a traditional bank environment.

Conclusions for Area Receiving Limited-Scope Reviews

Based on limited scope reviews, the bank's performance in the Austin and San Antonio AAs was weaker than the overall performance in the full-scope area but still satisfactory. The level of CD services in these AAs is proportionate with the level of deposits and loans in each AA. Bank employees provided 44 hours to five organizations. Two employees provided financial education to a school with over 90 percent of students being economically disadvantaged. Employees also participated in nine other events that promoted economic development to small businesses, provided financial expertise to LMI non-profit organization or provided services to local food bank organizations who provided disaster assistance to LMI or distressed/underserved geographies.

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:	01/01/2020 to 12/31/2022	
Bank Products Reviewed:	Home mortgage, small business, PPP loans CD loans, qualified investments, CD services	
Affiliate(s)	Affiliate Relationship	Products Reviewed
NA		
List of Assessment Areas and Type of Examination		
Rating and Assessment Areas	Type of Exam	Other Information
Texas		
Houston-Galveston	Full-Scope	All of Galveston, Brazoria, and Fort Bend Counties; parts of Harris County
Austin	Limited Scope	Travis County
San Antonio	Limited Scope	Comal County

Appendix B: Summary of State Ratings

RATINGS: Moody National Bank				
Overall Bank:	Lending Test Rating*	Investment Test Rating	Service Test Rating	Overall Bank/State/ Rating
Moody National Bank	High Satisfactory	Outstanding	High Satisfactory	Satisfactory
State:				
Texas	High Satisfactory	Outstanding	High Satisfactory	Satisfactory

()The Lending Test is weighted more heavily than the Investment and Service Tests in the overall rating.*

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/AA.

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 §1003.2 of this title, and that is not an excluded transaction under §1003.3(c)(1) through (10) and (13) of this title.

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/AA.

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.

MMSA (state): Any multistate metropolitan statistical area or multistate combined statistical area, as defined by the Office of Management and Budget.

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 loans are treated the same 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/AA. 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 Home Mortgage 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 owner-occupied housing units throughout those geographies. The table also presents aggregate peer data for the years the data is available.
- Table P. Assessment Area Distribution of Home Mortgage 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 families by income level in each MMSA/AA. The table also presents aggregate peer data for the years the data is available.
- Table Q. 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 AA.
- Table R. 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.

The total loan amount presented in the tables for each assessment area may differ from the total loan amount reported in the aggregate table due to how the underlying loan data is rounded in each table.

Table O: Assessment Area Distribution of Home Mortgage Loans by Income Category of the Geography																			2020-2021		
Assessment Area	Total Home Mortgage Loans			Low-Income Tracts			Moderate-Income Tracts			Middle-Income Tracts			Upper-Income Tracts			Not Available-Income Tracts					
	#	\$	% of Total	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate			
Houston-Galveston	103	25,796	81.1	3.4	0.0	1.7	17.6	25.2	9.1	34.4	20.4	30.6	44.5	54.4	58.4	0.1	0.0	0.1			
Austin	4	1,600	3.2	6.2	0.0	6.8	18.6	0.0	16.9	29.9	25.0	32.8	45.0	75.0	43.2	0.3	0.0	0.4			
San Antonio	20	5,696	15.7	0.0	0.0	0.0	7.2	0.0	4.3	30.4	20.0	26.2	62.4	80.0	69.5	0.0	0.0	0.0			
Total	127	33,092	100.0	4.0	0.0	3.4	17.5	20.5	11.5	33.0	20.5	31.1	45.4	59.1	53.9	0.1	0.0	0.2			

*Source: 2015 ACS; 01/01/2020 - 12/31/2021 Bank Data, "--" data not available.
Due to rounding, totals may not equal 100.0*

Table O: Assessment Area Distribution of Home Mortgage Loans by Income Category of the Geography																			2022		
Assessment Area	Total Home Mortgage Loans			Low-Income Tracts			Moderate-Income Tracts			Middle-Income Tracts			Upper-Income Tracts			Not Available-Income Tracts					
	#	\$	% of Total	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate			
Houston-Galveston	59	24,626	83.1	2.6	1.7	2.2	16.6	18.6	11.7	34.9	40.7	35.7	45.4	37.3	49.9	0.6	1.7	0.5			
Austin	2	9,779	2.8	3.5	0.0	3.2	19.6	0.0	20.7	31.4	0.0	33.9	44.8	100.0	41.0	0.8	0.0	1.2			
San Antonio	10	5,722	14.1	0.0	0.0	0.0	4.0	0.0	2.4	41.0	50.0	39.9	52.3	50.0	56.2	2.8	0.0	1.5			
Total	71	40,127	100.0	2.7	1.4	2.4	16.9	15.5	13.9	34.2	40.8	35.5	45.5	40.8	47.5	0.8	1.4	0.8			

*Source: 2020 U.S. Census; 01/01/2022 - 12/31/2022 Bank Data, "--" data not available.
Due to rounding, totals may not equal 100.0*

The total loan amount presented in the tables for each assessment area may differ from the total loan amount reported in the aggregate table due to how the underlying loan data is rounded in each table.

Table P: Assessment Area Distribution of Home Mortgage Loans by Income Category of the Borrower																		2020-2021	
	Total Home Mortgage Loans			Low-Income Borrowers			Moderate-Income Borrowers			Middle-Income Borrowers			Upper-Income Borrowers			Not Available-Income Borrowers			
	#	\$	% of Total	% of Families	% Bank Loans	Aggregate	% of Families	% Bank Loans	Aggregate	% of Families	% Bank Loans	Aggregate	% of Families	% Bank Loans	Aggregate	% of Families	% Bank Loans	Aggregate	
Houston-Galveston	103	25,796	81.1	20.9	3.9	2.5	15.7	7.8	12.1	17.6	10.7	19.4	45.8	60.2	43.0	0.0	17.5	23.0	
Austin	4	1,600	3.2	24.8	0.0	3.0	15.9	0.0	11.3	18.1	0.0	17.0	41.2	75.0	50.4	0.0	25.0	18.3	
San Antonio	20	5,696	15.7	14.6	0.0	1.6	15.3	5.0	6.8	17.3	10.0	15.0	52.8	80.0	48.7	0.0	5.0	27.9	
Total	127	33,092	100.0	21.7	3.2	2.6	15.7	7.1	11.5	17.7	10.2	18.3	44.8	63.8	45.9	0.0	15.7	21.7	

*Source: 2015 ACS; 01/01/2020 - 12/31/2021 Bank Data, "--" data not available.
Due to rounding, totals may not equal 100.0*

Table P: Assessment Area Distribution of Home Mortgage Loans by Income Category of the Borrower																		2022	
	Total Home Mortgage Loans			Low-Income Borrowers			Moderate-Income Borrowers			Middle-Income Borrowers			Upper-Income Borrowers			Not Available-Income Borrowers			
	#	\$	% of Total	% of Families	% Bank Loans	Aggregate	% of Families	% Bank Loans	Aggregate	% of Families	% Bank Loans	Aggregate	% of Families	% Bank Loans	Aggregate	% of Families	% Bank Loans	Aggregate	
Houston-Galveston	59	24,626	83.1	20.6	0.0	3.6	16.3	6.8	14.1	19.0	5.1	20.9	44.2	69.5	40.4	0.0	18.6	21.0	
Austin	2	9,779	2.8	21.8	0.0	3.8	16.5	0.0	10.9	19.8	50.0	17.3	41.9	0.0	52.0	0.0	50.0	16.1	
San Antonio	10	5,722	14.1	13.6	0.0	1.7	13.5	0.0	7.8	18.5	10.0	16.3	54.3	80.0	53.5	0.0	10.0	20.7	
Total	71	40,127	100.0	20.6	0.0	3.5	16.2	5.6	12.6	19.2	7.0	19.4	44.0	69.0	45.1	0.0	18.3	19.4	

*Source: 2020 Census; 01/01/2022 - 12/31/2022 Bank Data, "--" data not available.
Due to rounding, totals may not equal 100.0*

The total loan amount presented in the tables for each assessment area may differ from the total loan amount reported in the aggregate table due to how the underlying loan data is rounded in each table.

Table Q: Assessment Area Distribution of Loans to Small Businesses by Income Category of the Geography																			2020-2021		
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	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate			
Houston-Galveston	119	17,922	85.5	4.4	6.7	4.5	15.7	30.3	15.2	28.7	26.1	30.3	51.0	37.0	49.7	0.3	0.0	0.3			
Austin	7	1,422	6.8	8.1	14.3	9.3	11.5	14.3	13.7	24.9	28.6	27.4	53.7	14.3	48.3	1.8	28.6	1.3			
San Antonio	3	1,614	7.7	0.0	0.0	0.0	7.5	0.0	7.4	31.7	33.3	28.6	60.8	66.7	64.0	0.0	0.0	0.0			
Total	129	20,958	100.0	5.6	7.0	5.9	13.8	28.7	14.4	27.4	26.4	29.3	52.4	36.4	49.8	0.8	1.6	0.6			

Source: 2021 D & B Data; 01/01/2020-12/31/2021 Bank Data; 2021 CRA Aggregate Data, “..” data not available. Due to rounding, totals may not equal 100.0

Table Q: Assessment Area Distribution of Loans to Small Businesses by Income Category of the Geography – PPP																			2020-2021		
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	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate			
Houston-Galveston	595	74,185	88.4	4.4	3.9	4.5	15.7	36.0	15.2	28.7	26.2	30.3	51.0	33.8	49.7	0.3	0.1	0.3			
Austin	42	4,229	6.2	8.1	4.8	9.3	11.5	14.3	13.7	24.9	31.0	27.4	53.7	38.1	48.3	1.8	11.9	1.3			
San Antonio	36	2,965	5.3	0.0	0.0	0.0	7.5	0.0	7.4	31.7	77.8	28.6	60.8	22.2	64.0	0.0	0.0	0.0			
Total	673	81,379	100.0	5.6	3.7	5.9	13.8	32.7	14.4	27.4	29.3	29.3	52.4	33.4	49.8	0.8	0.9	0.6			

Source: 2021 D & B Data; 01/01/2020-12/31/2021 Bank Data; 2021 CRA Aggregate Data, “..” data not available. Due to rounding, totals may not equal 100.0

The total loan amount presented in the tables for each assessment area may differ from the total loan amount reported in the aggregate table due to how the underlying loan data is rounded in each table.

Table Q: Assessment Area Distribution of Loans to Small Businesses by Income Category of the Geography																		2022
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	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate
Houston-Galveston	62	13,786	87.3	4.6	3.2	3.5	17.7	21.0	16.1	31.4	27.4	31.2	44.9	40.3	48.1	1.3	8.1	1.2
Austin	5	1,014	7.0	3.1	0.0	4.0	14.3	60.0	19.1	18.6	0.0	24.3	56.4	40.0	49.7	7.6	0.0	3.0
San Antonio	4	1,359	5.6	0.0	0.0	0.0	3.5	0.0	3.6	37.3	75.0	38.3	55.7	25.0	55.2	3.5	0.0	2.9
Total	71	16,159	100.0	3.8	1.6	3.5	15.8	27.0	16.6	26.2	34.1	29.2	50.1	35.1	48.9	4.0	2.7	1.8

Source: 2023 D & B Data; 01/01/2022-12/31/2022 Bank Data; 2022 CRA Aggregate Data, “..” data not available. Due to rounding, totals may not equal 100.0

The total loan amount presented in the tables for each assessment area may differ from the total loan amount reported in the aggregate table due to how the underlying loan data is rounded in each table.

Table R: Assessment Area Distribution of Loans to Small Businesses by Gross Annual Revenues											2020-2021	
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	
Houston-Galveston	119	17,922	85.5	93,106	88.8	45.4	44.2	3.6	42.9	7.6	11.8	
Austin	7	1,422	6.8	47,373	88.9	42.9	45.0	3.3	42.9	7.8	14.3	
San Antonio	3	1,614	7.7	5,420	89.9	33.3	44.8	2.8	66.7	7.4	0.0	
Totals	129	20,958	100	145,899	88.9	40.5	44.5	3.4	50.8	7.7	8.7	

Source: 2021 D & B Data; 01/01/2020-12/31/2021 Bank Data; 2021 CRA Aggregate Data, “..” data not available. Due to rounding, totals may not equal 100.0

Table R: Assessment Area Distribution of Loans to Small Businesses by Gross Annual Revenues											2022	
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	Aggregate	% Businesses	% Bank	% Businesses	% Bank	
Houston-Galveston	62	13,786	87.3	90,709	93.2	58.1	52.9	1.9	33.9	4.9	8.1	
Austin	5	1,014	7.0	48,429	93.7	20.0	48.6	1.7	60.0	4.6	20.0	
San Antonio	4	1,359	5.6	5,475	92.7	75.0	46.1	1.9	25.0	5.4	0.0	
Totals	71	16,159	100	144,613	93.4	51.0	51.2	1.8	39.6	4.8	9.4	

Source: 2023 D & B Data; 01/01/2022-12/31/2022 Bank Data; 2022 CRA Aggregate Data, “..” data not available. Due to rounding, totals may not equal 100.0

The total loan amount presented in the tables for each assessment area may differ from the total loan amount reported in the aggregate table due to how the underlying loan data is rounded in each table.