



PUBLIC DISCLOSURE

May 3, 2021

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

First National Bank of Hughes Springs
Charter Number 6922

505 East First Street
Hughes Springs, TX 75656

Office of the Comptroller of the Currency

1800 West Loop 281 Suite 306
Longview, TX 75604

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 |
| Lending Test | 4 |
| State Rating..... | 4 |
| State of Texas | 4 |
| Appendix A: Scope of Examination | A-1 |
| Appendix B: Summary of MMSA and State Ratings..... | B-1 |
| Appendix C: Definitions and Common Abbreviations..... | C-1 |
| Appendix D: Tables of Performance Data..... | D-1 |

Overall Community Reinvestment Act (CRA) Rating

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

The lending test is rated: Satisfactory

The major factors that support this rating include:

- *The lending test rating is based on a reasonable distribution of loans in low- and moderate-income (LMI) geographies, a reasonable distribution of loans to LMI borrowers and businesses of different sizes, a substantial majority of loans purchased or originated within the assessment area (AA), and a reasonable loan-to-deposit (LTD) ratio.*

Loan-to-Deposit Ratio

Considering the institution's size, financial condition, and credit needs of the AA, the institution's LTD ratio is reasonable given the institution's size, financial condition, and AA credit needs. The institution's quarterly average LTD ratio was 75.26 percent since the prior CRA examination conducted in May 2018. The average quarterly LTD ratio of other financial institutions for the same timeframe was 85.87 percent with a range of 60.64 percent to 102.34 percent. The LTD ratio is also consistent with the institution's moderate loan growth strategy.

Lending in Assessment Area

A substantial majority of the institution's loans are inside its AAs.

The institution originated and purchased 90 percent of its total loans inside the institution's AA during the evaluation period. This analysis is performed at the institution, rather than the AA level. This percentage does not include extensions of credit by affiliates that may be considered under the other performance criteria. This conclusion is based on a random sample of the institution's primary products which include consumer and commercial loans. The findings from the analysis factored into the overall analysis of the geographic distribution of lending by income level of the geography.

| Lending Inside and Outside of the Assessment Area | | | | | | | | | | |
|---|-----------------|------|---------|------|---------|---------------------------------|------|---------|-----|----------------|
| Loan Category | Number of Loans | | | | Total # | Dollar Amount of Loans \$(000s) | | | | Total \$(000s) |
| | Inside | | Outside | | | Inside | | Outside | | |
| | # | % | # | % | | \$ | % | \$ | % | |
| Small Business | 18 | 90.0 | 2 | 10.0 | 20 | 1,670 | 90.3 | 179 | 9.7 | 1,849 |
| Consumer | 18 | 90.0 | 2 | 10.0 | 20 | 254 | 92.2 | 22 | 7.8 | 276 |
| Total | 36 | 90.0 | 4 | 10.0 | 40 | 1,924 | 90.5 | 201 | 9.5 | 2,125 |

Description of Institution

The First National Bank of Hughes Springs (FNB or institution) is a \$315 million financial institution, wholly owned by Chalybeate Springs Corporation, a one-bank holding company. The main office is located at 505 East First Street, Hughes Springs, Texas. In addition, the institution operates 15 full-service branches and a total of 13 automated teller machines (ATMs) located at various branches. A majority of the institution's offices are located in the non-metropolitan counties of Cass, Morris, Shelby, and Cherokee. The institution has one branch located in Gregg County, one branch in Harrison County, and one branch located in Upshur County, which are in the Longview Metropolitan Statistical Area (MSA). The institution also operates two branches in Smith County, which is located in the Tyler MSA. Two of the branches are located in Bowie County, which is in the Texarkana MSA. Lastly, the institution has two branches in Falls County, which is part of the Waco MSA.

FNB is a full-service community institution and offers a wide range of deposit and loan products and services to its customers. Consumer and commercial lending are FNB's primary business focus, with residential mortgages and farm loans comprising a smaller portion of the loan portfolio. As of March 31, 2021, net loans totaled \$190 million representing 58 percent of the institution's total assets. There are no legal, financial, or other factors impeding the institution's ability to meet the community credit needs in its AA. The institution's CRA performance was previously evaluated as of May 21, 2018. Its overall level of performance was rated as "Satisfactory."

Scope of the Evaluation

Evaluation Period/Products Evaluated

The Office of the Comptroller of the Currency (OCC) evaluated the CRA performance of FNB using Small Bank performance criteria, which is made up of the lending test. The evaluation covers the period from January 1, 2018 through December 31, 2020. In evaluating the Bank's lending performance, examiners reviewed commercial and consumer lending, consistent with the Bank's lending focus.

Selection of Areas for Full-Scope Review

In each state where the institution has an office, one or more of AAs within that state was selected for a full-scope review. For purposes of this evaluation, institution delineated AAs located within the same MSA, multistate metropolitan statistical area (MMSA), or combined statistical area (CSA) are combined and evaluated as a single AA. Similarly, institution 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 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 institution's overall rating is a blend of the state ratings, and where applicable, multistate ratings. FNB operates in one state and has five AAs and two primary products that received consideration.

The MMSA rating and state ratings are based on performance in all institution AAs. Refer to the "Scope" section under each state and MMSA 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 CFR 25.28(c) or 195.28(c), respectively, in determining a national bank's or federal savings association's (collectively, financial institution) CRA rating, the OCC considers evidence of discriminatory or other illegal credit practices in any geography by the financial institution, or in any AA by an affiliate whose loans have been considered as part of the financial institution'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 (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.

State Rating

State of Texas

CRA rating for the State of Texas¹: Satisfactory

The Lending Test is rated: Satisfactory

The major factors that support this rating include:

- A substantial majority of the institution's loans were originated within the AA.
- The institution's LTD is reasonable.
- The institution exhibits reasonable distribution of loans to individuals of different income levels and businesses of different sizes.
- The institution exhibits reasonable geographic distribution of loans to LMI geographies.

Description of Institution's Operations in Texas

FNB operates in five AAs in the state of Texas as mentioned in the Description of Institution and the Scope of the Evaluation sections. The AAs are comprised of the non-MSA AA, Falls County AA, Bowie County AA, Longview MSA AA, and the Smith County AA. The institution's primary business focus is commercial lending and consumer loans. Competitors include other state and federal community financial institutions, credit unions, and some of the largest financial institutions that have a nationwide footprint as well as nonbank financial entities that compete for consumer loans.

Community credit needs in the full-scope AAs were determined by reviewing recent housing and demographic information, CRA Performance Evaluations from other financial institutions operating in the institution's AAs, and discussions with three different community contacts with organizations that provide services within the full-scope AAs.

¹ This rating reflects performance within the state. The statewide evaluations do not reflect performance in the parts of those states contained within a MMSA.

Non-MSA AA

The following table depicts the demographic information for the AA.

| Table A – Demographic Information of the Assessment Area | | | | | | |
|--|--------|---------------|------------------------------|------------------|-----------------|---------------|
| Assessment Area: Non-MSA AA 2020 | | | | | | |
| Demographic Characteristics | # | Low % of # | Moderate % of # | Middle % of # | Upper % of # | NA* % of # |
| Geographies (Census Tracts) | 22 | 0.0 | 22.7 | 72.7 | 4.5 | 0.0 |
| Population by Geography | 89,812 | 0.0 | 18.7 | 78.2 | 3.1 | 0.0 |
| Housing Units by Geography | 43,195 | 0.0 | 20.8 | 76.3 | 2.9 | 0.0 |
| Owner-Occupied Units by Geography | 26,046 | 0.0 | 19.1 | 77.8 | 3.1 | 0.0 |
| Occupied Rental Units by Geography | 8,511 | 0.0 | 19.0 | 78.4 | 2.6 | 0.0 |
| Vacant Units by Geography | 8,638 | 0.0 | 27.6 | 69.7 | 2.6 | 0.0 |
| Businesses by Geography | 5,126 | 0.0 | 13.3 | 84.1 | 2.6 | 0.0 |
| Farms by Geography | 346 | 0.0 | 24.3 | 68.5 | 7.2 | 0.0 |
| Family Distribution by Income Level | 23,600 | 21.6 | 20.1 | 19.9 | 38.4 | 0.0 |
| Household Distribution by Income Level | 34,557 | 26.9 | 17.1 | 17.5 | 38.4 | 0.0 |
| Median Family Income Non-MSAs - TX | | \$52,198 | Median Housing Value | | | \$81,892 |
| | | | Median Gross Rent | | | \$611 |
| | | | Families Below Poverty Level | | | 14.3% |
| <i>Source: 2015 ACS and 2020 D&B Data</i> <i>Due to rounding, totals may not equal 100.0%</i> <i>(*) The NA category consists of geographies that have not been assigned an income classification.</i> | | | | | | |

The institution's non-MSA AA consists of Cass, Morris, Marion, and Shelby Counties in their entirety and two tracts in Cherokee County. FNB has eight branches within the AA, including its main branch located in Hughes Springs (Cass County). Other cities and communities located in Cass County include the cities and communities of Atlanta, Linden, Queen City, Douglassville, and Bloomberg.

Morris County includes the cities of Daingerfield, Lonestar, Omaha, Naples, and other small communities. Marion County includes the city of Jefferson and other small communities. Shelby County includes the cities and communities of Center, Joaquin, Timpson, Tenaha, and other small communities.

The AA consists of 22 tracts with no low-income census tracts (CTs) and five moderate-income CTs. The major employers include Tyson Foods, Lone Star Steel, International Paper, East Texas Medical Center, and local school districts. The community contacts indicate that economic conditions range from average to strong with small business lending as the primary need for the AA.

Falls County AA

The following table depicts the geographic information for the AA

| Table A – Demographic Information of the Assessment Area | | | | | | |
|--|--------|---------------|------------------------------|------------------|-----------------|---------------|
| Assessment Area: Falls County AA 2020 | | | | | | |
| Demographic Characteristics | # | Low % of # | Moderate % of # | Middle % of # | Upper % of # | NA* % of # |
| Geographies (Census Tracts) | 6 | 0.0 | 33.3 | 50.0 | 16.7 | 0.0 |
| Population by Geography | 17,410 | 0.0 | 32.2 | 52.5 | 15.3 | 0.0 |
| Housing Units by Geography | 7,725 | 0.0 | 36.3 | 51.2 | 12.5 | 0.0 |
| Owner-Occupied Units by Geography | 3,970 | 0.0 | 27.7 | 57.4 | 14.9 | 0.0 |
| Occupied Rental Units by Geography | 1,448 | 0.0 | 57.5 | 30.7 | 11.8 | 0.0 |
| Vacant Units by Geography | 2,307 | 0.0 | 37.9 | 53.2 | 8.8 | 0.0 |
| Businesses by Geography | 856 | 0.0 | 34.5 | 52.7 | 12.9 | 0.0 |
| Farms by Geography | 104 | 0.0 | 6.7 | 76.9 | 16.3 | 0.0 |
| Family Distribution by Income Level | 3,369 | 24.5 | 20.0 | 19.6 | 35.9 | 0.0 |
| Household Distribution by Income Level | 5,418 | 29.3 | 18.0 | 15.6 | 37.1 | 0.0 |
| Median Family Income MSA - 47380 Waco, TX MSA | | \$54,026 | Median Housing Value | | | \$63,678 |
| | | | Median Gross Rent | | | \$561 |
| | | | Families Below Poverty Level | | | 16.1% |
| <i>Source: 2015 ACS and 2020 D&B Data</i> <i>Due to rounding, totals may not equal 100.0%</i> <i>(*) The NA category consists of geographies that have not been assigned an income classification.</i> | | | | | | |

The Waco MSA AA consists of Falls County in its entirety. Falls County includes the cities of Lott, Marlin, Rosebud, and other small communities. The AA consists of six tracts with no low-income CTs and two moderate-income tracts. The area's major employers include Alco Fastening Systems, Allergan, Cargill Foods, H.E.B Stores, L-3 Integrated Systems, Mars Chocolate North America, Pilgrim's Pride, and Sanderson Farms. There are also local school districts and higher education institutions such as Baylor University, which are considered major employers. The Texas Labor Market reports the unemployment rate for the Waco MSA as 6.1 percent compared to the U.S. Department of Labor average of 6.2 percent as of March 2021.

A community contact in the AA stated the greatest need is business development; therefore, small business lending is the biggest credit need for the AA. The contact also stated that local financial institutions do a good job supporting and meeting the needs of the community.

Scope of Evaluation in Texas

As discussed earlier, the institution has five AAs. The non-MSA and Falls County AAs were selected for full-scope reviews. Commercial and consumer loans will be reviewed for the two full-scope AAs. Refer to the table in Appendix A for a list of all AAs under review.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN TEXAS

LENDING TEST

The institution's performance under the lending test in Texas is rated **Satisfactory**.

Conclusions for Areas Receiving Full-Scope Reviews

Based on full-scope reviews, the institution's performance in the non-MSA and Waco AAs is adequate.

Distribution of Loans by Income Level of the Geography

The institution exhibits reasonable geographic distribution of loans in the State.

Small Loans to Businesses

Refer to Table Q in the state of Texas section of Appendix D for the facts and data used to evaluate the geographic distribution of the institution's originations and purchases of small loans to businesses.

Non-MSA AA

The geographic distribution of small loans to businesses reflects excellent distribution throughout the AA. The institution's small business lending in the moderate-income geographies exceeds the percentage of businesses located in the moderate-income geographies as well as the aggregate lending in those geographies. There are no low-income geographies located in the AA.

Falls County AA

The geographic distribution of small loans to businesses reflects reasonable distribution throughout the AA. The institution's small business lending in the moderate-income geographies is less than the percentage of businesses located in the moderate-income geographies as well as the aggregate lending in those geographies. There are no low-income geographies located in the AA.

Consumer Loans

Refer to Table U in the state of Texas section of Appendix D for the facts and data used to evaluate the geographic distribution of the institution's consumer loan originations and purchases.

Non-MSA AA

The geographic distribution of consumer loans reflects reasonable distribution throughout the AA. The institution's consumer lending in the moderate-income geographies is somewhat less than the percentage of households located in the moderate-income geographies. There are no low-income geographies located in the AA.

Falls County AA

The geographic distribution of consumer loans reflects reasonable distribution throughout the AA. The institution's consumer lending in the moderate-income geographies is somewhat less than the percentage of households located in the moderate-income geographies. There are no low-income geographies located in the AA.

Distribution of Loans by Income Level of the Borrower

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

Small Loans to Businesses

Refer to Table R in the state of Texas section of Appendix D for the facts and data used to evaluate the borrower distribution of the institution's originations and purchases of small loans to businesses.

Non-MSA AA

The borrower distribution of small loans to businesses reflects excellent distribution throughout the AA. The institution's loans to businesses with revenues less than or equal to \$1 million significantly exceeds the percentage of businesses located in the moderate-income geographies as well as the aggregate lending in those geographies.

Falls County AA

The borrower distribution of small loans to businesses reflects excellent distribution throughout the AA. The institution's loans to businesses with revenues less than or equal to \$1 million significantly exceeds the percentage of businesses located in the moderate-income geographies as well as the aggregate lending in those geographies.

Consumer Loans

Refer to Table V in the state of Texas section of Appendix D for the facts and data used to evaluate the borrower distribution of the institution's consumer loan originations and purchases.

Non-MSA AA

The borrower distribution of consumer loans reflects reasonable distribution throughout the AA. The institution's consumer lending to LMI borrowers is somewhat less than the percentage of households located in those geographies. The percentage of the population in the AA living below the poverty level is almost 19 percent. In addition, there are numerous payday and title lenders within the AA with less stringent underwriting standards that target LMI borrowers.

Falls County AA

The borrower distribution of consumer loans reflects reasonable distribution throughout the AA. The institution's consumer lending to low-income borrowers is below the percentage of households located in

the AA; however, due to the excellent distribution of loans to moderate-income borrowers, which significantly exceeds the percentage of households in the AA, the overall distribution for the AA is good.

Responses to Complaints

There were no complaints related to the institution's CRA performance within the State of Texas during the review period.

Conclusions for Areas Receiving Limited Scope Reviews

Based on limited-scope reviews, the institution's performance under the lending test in the Smith County and Longview MSA AAs is consistent with the institution's overall performance under the lending test in the full-scope areas. Based on a limited-scope review, the institution's performance under the lending test in the Bowie County AA is stronger than the institution's overall performance under the lending test in the full-scope areas. This analysis was based on the borrower distribution as a geographic distribution analysis would not be meaningful in these AAs with no LMI CTs.

Appendix A: Scope of Examination

The following table identifies the 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: | (01/01/18 to 12/31/20) | |
| Bank Products Reviewed: | Small Business Consumer | |
| Affiliate(s) | Affiliate Relationship | Products Reviewed |
| NA | NA | NA |
| List of Assessment Areas and Type of Examination | | |
| Rating and Assessment Areas | Type of Exam | Other Information |
| Florida | | |
| Non-MSA | Full-Scope | Consumer and Commercial Loans |
| Falls County | Full-Scope | Consumer and Commercial Loans |
| Bowie County | Limited Scope | Consumer Loans |
| Longview MSA | Limited Scope | Consumer Loans |
| Smith County | Limited Scope | Consumer Loans |

Appendix B: Summary of MMSA and State Ratings

| RATINGS First National Bank of Hughes Springs | |
|--|---------------------|
| Overall Bank: | Lending Test Rating |
| Satisfactory | Satisfactory |
| MMSA or State: | |
| Texas | Satisfactory |

Appendix C: Definitions and Common Abbreviations

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

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

Aggregate Lending: The number of loans originated and purchased by all reporting lenders (Home Mortgage Disclosure Act 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: A small, relatively permanent statistical subdivision of a county delineated by a local committee of census data users for the purpose of presenting data. CTs nest within counties, and their boundaries normally follow visible features, but may follow legal geography boundaries and other non-visible features in some instances. CTs ideally contains about 4,000 people and 1,600 housing units.

Combined Statistical Area: 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: Affordable housing (including multifamily rental housing) for LMI individuals; community services targeted to LMI 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 LMI 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 financial institution's record of meeting the credit needs of its entire community, including LMI areas, consistent with the safe and sound operation of the financial institution, and to take this record into account when evaluating certain corporate applications filed by the financial institution.

Consumer Loan: A loan 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 CT 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 an MSA to file annual summary reports of their mortgage lending activity. The reports include such data as the race, gender, and the income of applicants, the amount of loan requested, the disposition of the application (e.g., approved, denied, and withdrawn), the lien status of the collateral, any requests for preapproval, and loans for manufactured housing.

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

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

Limited-Scope Review: Performance under the lending, investment, and service tests is analyzed using only quantitative factors (e.g., geographic distribution, borrower distribution, total number and dollar amount of investments, and branch distribution).

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

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

Market Share: The number of loans originated and purchased by a financial institution as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the state/AA.

Median Family Income: 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 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 MSA comprises the central county or counties containing the core, plus adjacent outlying counties having a high degree of social and economic integration with the central county or counties as measured through commuting.

Middle-Income: Individual income that is at least 80 percent and less than 120 percent of the area median income, or a median family income that is at least 80 percent and less than 120 percent, in the case of a geography.

Moderate-Income: Individual income that is at least 50 percent and less than 80 percent of the area median income, or a median family income that is at least 50 percent and less than 80 percent, in the case of a geography.

Multifamily: Refers to a residential structure that contains five or more units.

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

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

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

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

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

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

Appendix D: Tables of Performance Data

Content of Standardized Tables

A separate set of tables is provided for each state. All multistate metropolitan statistical areas, if applicable, are presented in one set of tables. References to the “bank” include activities of any affiliates that the bank provided for consideration (refer to appendix A: Scope of the Examination). For purposes of reviewing the Lending Test tables, the following are applicable: (1) purchased are treated as originations; and (2) “aggregate” is the percentage of the aggregate number of reportable loans originated and purchased by all HMDA or CRA-reporting lenders in the MMSA/assessment area. Deposit data are compiled by the FDIC and are available as of June 30th of each year. Tables without data are not included in this PE.

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

- Table O. Assessment Area Distribution of 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/assessment area. 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 assessment area.
- 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.
- Table S. Assessment Area Distribution of Loans to Farms by Income Category of the Geography** - The percentage distribution of the number of small loans (less than or equal to \$500,000) to farms originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies compared to the percentage distribution of farms (regardless of revenue size)

throughout those geographies. The table also presents aggregate peer data for the years the data is available. Because aggregate small farm data are not available for geographic areas smaller than counties, it may be necessary to use geographic areas larger than the bank's assessment area.

- Table T. Assessment Area Distribution of Loans to Farms by Gross Annual Revenues** - Compares the percentage distribution of the number of small loans (loans less than or equal to \$500 thousand) originated and purchased by the bank to farms with revenues of \$1 million or less to: 1) the percentage distribution of farms with revenues of greater than \$1 million; and, 2) the percentage distribution of farms for which revenues are not available. The table also presents aggregate peer small farm data for the years the data is available.
- Table U. Assessment Area Distribution of Consumer Loans by Income Category of the Geography** - Compares the percentage distribution of the number of loans originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies to the percentage distribution of households in those geographies.
- Table V. Assessment Area Distribution of Consumer Loans by Income Category of the Borrower** - Compares the percentage distribution of the number of loans originated and purchased by the bank to low-, moderate-, middle-, and upper-income borrowers to the percentage distribution of households by income level in each MMSA/assessment area.

| Table Q: Assessment Area Distribution of Loans to Small Businesses by Income Category of the Geography | | | | | | | | | | | | | | | | | 2018-2020 | | |
|---|---------------------------------|-------|------------|-------------------|--------------|-----------|------------------------|--------------|-----------|----------------------|--------------|-----------|---------------------|--------------|-----------|-----------------------------|------------------|-----------|--|
| 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 | |
| Non-MSA | 20 | 1,227 | 66.5 | 0.0 | 0.0 | 0.0 | 13.3 | 25.0 | 16.1 | 84.1 | 75.0 | 81.1 | 2.6 | 0.0 | 2.7 | 0.0 | 0.0 | 0.0 | |
| Falls County | 20 | 617 | 33.5 | 0.0 | 0.0 | 0.0 | 34.5 | 25.0 | 31.3 | 52.7 | 75.0 | 57.1 | 12.9 | 0.0 | 11.5 | 0.0 | 0.0 | 0.0 | |
| Total | 40 | 1,844 | 100.0 | 0.0 | 0.0 | 0.0 | 16.4 | 25.0 | 18.3 | 79.6 | 75.0 | 77.7 | 4.0 | 0.0 | 3.9 | 0.0 | 0.0 | 0.0 | |

Source: 2020 D&B Data; 01/01/2018 - 12/31/2020
Due to rounding, totals may not equal 100.0

| Table R: Assessment Area Distribution of Loans to Small Businesses by Gross Annual Revenues | | | | | | | | | | | | 2018-2020 | |
|--|---------------------------------|-------|------------|----------------|---------------------------------|--------------|-----------|--------------------------------|--------------|--|--------------|------------------|--|
| 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 | | |
| Non-MSA | 20 | 1,227 | 66.5 | 1,241 | 84.0 | 100.0 | 41.4 | 4.1 | 0.0 | 11.9 | 0.0 | | |
| Falls County | 20 | 617 | 33.5 | 182 | 82.5 | 100.0 | 39.6 | 3.9 | 0.0 | 13.7 | 0.0 | | |
| Total | 40 | 1,844 | 100.0 | 1,423 | 83.8 | 100.0 | 40.5 | 4.0 | 0.0 | 12.2 | 0.0 | | |

Source: 2020 D&B Data; 01/01/2018 - 12/31/2020
Due to rounding, totals may not equal 100.0

| Table U: Assessment Area Distribution of Consumer Loans by Income Category of the Geography | | | | | | | | | | | | 2018-2020 | |
|--|----------------------|------------|--------------|-------------------|--------------|------------------------|--------------|----------------------|--------------|---------------------|--------------|-----------------------------|--------------|
| Assessment Area: | Total Consumer Loans | | | Low-Income Tracts | | Moderate-Income Tracts | | Middle-Income Tracts | | Upper-Income Tracts | | Not Available-Income Tracts | |
| | # | \$ | % of Total | % of Households | % Bank Loans | % of Households | % Bank Loans | % of Households | % Bank Loans | % of Households | % Bank Loans | % of Households | % Bank Loans |
| Non-MSA | 20 | 140 | 40.5 | 0.0 | 0.0 | 19.1 | 15.0 | 78.0 | 85.0 | 3.0 | 0.0 | 0.0 | 0.0 |
| Falls County | 20 | 206 | 59.5 | 0.0 | 0.0 | 35.6 | 30.0 | 50.3 | 40.0 | 14.1 | 30.0 | 0.0 | 0.0 |
| Total | 40 | 346 | 100.0 | 0.0 | 0.0 | 21.4 | 22.5 | 74.2 | 62.5 | 4.5 | 15.0 | 0.0 | 0.0 |

Source: 2015 ACS Census; 01/01/2018 - 12/31/2020
Bank Data. Due to rounding, totals may not equal 100.0

| Table V: Assessment Area Distribution of Consumer Loans by Income Category of the Borrower | | | | | | | | | | | | 2018-2020 | |
|---|----------------------|------------|--------------|----------------------|--------------|---------------------------|--------------|-------------------------|--------------|------------------------|--------------|--------------------------------|--------------|
| Assessment Area: | Total Consumer Loans | | | Low-Income Borrowers | | Moderate-Income Borrowers | | Middle-Income Borrowers | | Upper-Income Borrowers | | Not Available-Income Borrowers | |
| | # | \$ | % of Total | % of Households | % Bank Loans | % of Households | % Bank Loans | % of Households | % Bank Loans | % of Households | % Bank Loans | % of Households | % Bank Loans |
| Non-MSA | 20 | 140 | 14.7 | 26.9 | 20.0 | 17.1 | 15.0 | 17.5 | 45.0 | 38.4 | 20.0 | 0.0 | 0.0 |
| Falls County | 20 | 206 | 21.6 | 29.3 | 10.0 | 18.0 | 35.0 | 15.6 | 15.0 | 37.1 | 40.0 | 0.0 | 0.0 |
| Longview MSA | 20 | 231 | 24.2 | 23.7 | 25.0 | 16.3 | 10.0 | 17.8 | 5.0 | 42.2 | 60.0 | 0.0 | 0.0 |
| Smith County | 20 | 229 | 24.0 | 20.2 | 45.0 | 12.8 | 15.0 | 14.7 | 30.0 | 52.3 | 10.0 | 0.0 | 0.0 |
| Bowie County | 20 | 148 | 15.5 | 18.5 | 20.0 | 19.3 | 15.0 | 21.4 | 20.0 | 40.8 | 45.0 | 0.0 | 0.0 |
| Total | 100 | 954 | 100.0 | 24.6 | 24.0 | 16.4 | 18.0 | 17.2 | 23.0 | 41.9 | 35.0 | 0.0 | 0.0 |

Source: 2015 ACS Census; 01/01/2018 - 12/31/2020
Bank Data. Due to rounding, totals may not equal 100.0