



Office of the
Comptroller of the Currency
Washington, DC 20219

INTERMEDIATE SMALL BANK

PUBLIC DISCLOSURE

October 5, 2020

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Newfirst National Bank
Charter Number 6112

202 East Jackson, El Campo, TX 77437

Office of the Comptroller of the Currency

1301 McKinney Street, Suite 1410
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.

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Overall CRA Rating

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

The Lending Test is rated: Satisfactory

The Community Development (CD) test is rated: Satisfactory

The major factors that support this rating include:

- The Lending Test rating is based on reasonable loan-to-deposit (LTD), geographic distribution of loans, and distribution of loans to businesses of different sizes as well as a majority of loans originated inside the assessment areas (AA).
- The Community Development (CD) Test rating is based on activities reflecting adequate responsiveness to community needs.

Loan-to-Deposit Ratio

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

The bank's quarterly average LTD ratio since the last CRA evaluation is 82 percent. During the evaluation period, the quarterly LTD ratio ranged from a low of 77 percent to a high of 83 percent. Our analysis included four similarly situated banks within Harris and Lavaca counties with asset sizes ranging from \$819 million to \$1.04 billion. The comparator banks quarterly average ratio is 74 percent for the same period, ranging from a low of 18 percent to a high of 106 percent. Lending strategies throughout the evaluation period increased loan growth by 19 percent compared to deposit growth of 14 percent.

Lending in Assessment Area

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

The bank originated or purchased 80 percent of its total loans inside its AAs during the evaluation period. This analysis is performed at the bank level rather than the AA level. This percentage does not include extensions of credit by affiliates that may be considered under the other performance criteria. The findings from this analysis had a positive impact on the overall analysis of the geographic distribution of lending by income level of geography.

Lending Inside and Outside of the Assessment Area										
Loan Category	Number of Loans				Total	Dollar Amount of Loans \$(000s)				Total
	Inside		Outside			Inside		Outside		
	#	%	#	%		\$	%	\$	%	
Home Mortgage	250	81.4	57	18.6	307	46,456	74.7	15,770	25.3	62,226
Business	140	77.8	40	22.2	180	26,422	65.0	14,285	35.0	40,707
Total	390	80.0	97	20.0	487	72,878	70.8	30,055	29.2	102,933

*Source: Evaluation Period 1/1/2017-12/31/2019; HMDA LAR, Business Loan Sample Data
Due to rounding, totals may not equal 100.0%*

Description of Institution

Newfirst National Bank (NFNB) is a full-service community bank headquartered at 202 East Jackson Street in El Campo, Texas. NFNB is wholly owned by Newfirst Financial Group, Inc., a single bank holding company located in Texas, and has a related entity operating as Newfirst Insurance Services, Inc. NFNB has seven full-service branches and one Loan Production Office (LPO) in the state of Texas. In August 2020, NFNB closed a LPO located in Fulshear, TX. In addition to the main location in El Campo, the bank has branches in Wharton, Edna, Rosenberg, Sugarland, Needville, and Victoria. All banking locations provide lobby and motor bank services Monday through Friday with reasonable hours of operation. The Rosenberg and Victoria branches also provide motor bank services on Saturday. Automated teller machine (ATM) services are available at all branches except the Sugarland, Edna, and Victoria locations. There were no branch opening or closings during the evaluation period. Products and services include checking, money market, certificate of deposits and insured cash sweep accounts, online and mobile banking, remote deposit, and safe deposit boxes for business and personal banking.

As of September 30, 2020, NFNB reported \$817 million in total assets with a tier 1 leverage capital ratio of 10.8 percent. Net loans and leases total \$622 million or 72 percent of total assets. The bank's business strategy focuses on commercial community banking. Management has made a concerted effort to provide lending expertise in owner-occupied commercial real estate and nonowner-occupied investment residential real estate. Reported HMDA loans are all for investment properties as the bank does not engage in home mortgage lending.

There were no legal or financial circumstances impeding the bank's ability to meet the credit needs of its AAs. The bank was rated "Satisfactory" at its last CRA evaluation dated July 17, 2017.

Scope of the Evaluation

Evaluation Period/Products Evaluated

NFNB was evaluated under the Intermediate Small Bank (ISB) CRA procedures, which include a Lending Test and CD Test. The evaluation period for both tests is January 1, 2017 through December 31, 2019.

In review of the bank's loan portfolio composition and business strategy over the evaluation period, we reviewed business and residential real estate/home mortgage loans as the primary products to evaluate lending performance. Business loans represent 31 percent of total loans by number and 44 percent by dollar amount, while residential real estate loans represent 19 percent of total loans by number and 12 percent by dollar amount. The analysis included all HMDA reportable loans for residential lending and a random sample of business loans.

Selection of Areas for Full-Scope Review

In each state where the bank has an office, one or more of the AAs within that state were selected for a full-scope review. For purposes of this evaluation, bank delineated AAs 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 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 overall rating for this evaluation is based on the performance in the state of Texas. The state rating is based on the bank's lending performance in all AAs. Refer to the "Scope" section under the Texas rating section for details regarding how the areas were weighted in arriving at the overall rating.

Discriminatory or Other Illegal Credit Practices Review

Pursuant to 12 CFR 25.28(c) or 195.28(c), respectively, in determining a national bank's or federal savings association's (collectively, bank) CRA rating, the OCC considers evidence of discriminatory or other illegal credit practices in any geography by the bank, or in any AA by an affiliate whose loans have been considered as part of the bank's lending performance. As part of this evaluation process, the OCC consults with other federal agencies with responsibility for compliance with the relevant laws and regulations, including the U.S. Department of Justice, the U.S. Department of Housing and Urban Development, and the Bureau of Consumer Financial Protection, as applicable.

The OCC has not identified that this institution (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 Texas: Satisfactory

The Lending Test is rated: Satisfactory

The Community Development Test is rated: Satisfactory

The major factors that support this rating include:

- The LTD ratio is reasonable.
- A majority of loans were originated inside the AA.
- The geographic distribution of loans is reasonable.
- The distribution of loans to businesses of different sizes is reasonable.
- CD activity reflects adequate responsiveness to community needs.

Description of Institution's Operations in Texas

NFNB operates one main office, six branches, one LPO and four ATMs within its three AAs. The Houston MSA AA includes all 862 census tracts (CTs) in Fort Bend and Harris Counties and is part of Houston-The Woodlands-Sugarland MSA. The AA consisting of all 14 CTs in Wharton and Jackson Counties is not part of an MSA. The Victoria MSA AA includes all 23 CTs in Victoria County.

The Houston MSA AA includes branches located in Needville, Rosenberg, and Sugar Land. Banking competition in the AA is intense. As of June 30, 2020, the Federal Deposit Insurance Corporation (FDIC) Market Share Report listed 79 financial institutions operating 1,077 branches in the AA. NFNB with \$366 million in deposits, accounts for a 0.12 percent market share in the AA, is fifty-fourth on the list. Top competitors are JPMorgan Chase Bank, Wells Fargo, and Bank of America with an aggregate of 62.44 percent of deposits in the AA.

The Wharton-Jackson Non-MSA AA includes the bank's main office headquartered in El Campo as well as a branch in Edna and Wharton. As of June 30, 2020, the FDIC Market Share Report listed 12 financial institutions operating 25 branches in the AA. NFNB with \$231 million in deposits, accounts for a 13.37 percent market share in the AA, is third on the list. Top competitors are Prosperity Bank and First State Bank with an aggregate of 65.38 percent of deposits in the AA.

The Victoria MSA AA has one branch located in the county and city of Victoria. As of June 30, 2020, the FDIC Market Share Report listed 13 financial institutions operating 23 branches in the AA. NFNB with \$136 million in deposits, accounts for a 5.74 percent market share in the AA and is third on the list. Top competitors are Prosperity Bank and Wells Fargo Bank with an aggregate of 81.38 percent of deposits in the AA.

We contacted several organizations in the bank's AAs. All contacts stated the economy has stabilized after the devastation of Hurricane Harvey and subsequent natural disasters, but there remain communities which have not fully recovered. There was a consensus among the contacts of a need for small business loans and affordable housing in the MSA AAs. A contact in the Non-MSA AA who promotes agricultural education and research identified opportunities for financial institutions to provide lending support as the agricultural economy has been difficult over the last few years.

Table A – Demographic Information of the Assessment Area						
Assessment Area: Houston MSA AA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	862	17.3	30.0	22.4	29.5	0.8
Population by Geography	5,014,693	14.0	27.8	25.6	32.3	0.4
Housing Units by Geography	1,876,851	14.8	26.7	24.6	33.6	0.3
Owner-Occupied Units by Geography	985,907	6.4	22.7	27.4	43.4	0.1
Occupied Rental Units by Geography	719,809	23.9	31.3	22.0	22.1	0.7
Vacant Units by Geography	171,135	25.0	30.4	19.0	25.2	0.4
Businesses by Geography	453,802	11.1	19.1	21.6	47.9	0.2
Farms by Geography	6,178	7.1	16.7	25.2	50.9	0.1
Family Distribution by Income Level	1,195,439	25.7	16.4	16.9	41.1	0.0
Household Distribution by Income Level	1,705,716	25.6	16.2	16.8	41.4	0.0
Median Family Income MSA - 26420 Houston-The Woodlands-Sugar Land, TX MSA		\$69,373	Median Housing Value			\$175,476
			Median Gross Rent			\$973
			Families Below Poverty Level			13.7%
<i>Source: 2015 ACS and 2019 D&B Data</i> <i>Due to rounding, totals may not equal 100.0%</i> <i>(*) The NA category consists of geographies that have not been assigned an income classification.</i>						

Table A – Demographic Information of the Assessment Area						
Assessment Area: Wharton-Jackson Non-MSA AA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	14	0.0	28.6	35.7	35.7	0.0
Population by Geography	55,750	0.0	19.1	34.9	46.1	0.0
Housing Units by Geography	23,879	0.0	17.7	35.5	46.8	0.0
Owner-Occupied Units by Geography	13,802	0.0	14.3	35.0	50.7	0.0
Occupied Rental Units by Geography	6,048	0.0	29.6	36.6	33.8	0.0
Vacant Units by Geography	4,029	0.0	11.6	35.7	52.6	0.0
Businesses by Geography	3,446	0.0	17.6	36.9	45.5	0.0
Farms by Geography	410	0.0	15.4	24.4	60.2	0.0
Family Distribution by Income Level	13,690	19.6	15.1	19.5	45.8	0.0
Household Distribution by Income Level	19,850	23.7	12.1	17.1	47.1	0.0
Median Family Income Non-MSAs - TX		\$52,198	Median Housing Value			\$98,734
			Median Gross Rent			\$690
			Families Below Poverty Level			12.7%
<i>Source: 2015 ACS and 2019 D&B Data</i> <i>Due to rounding, totals may not equal 100.0%</i> <i>(*) The NA category consists of geographies that have not been assigned an income classification.</i>						

Table A – Demographic Information of the Assessment Area**Assessment Area: Victoria AA**

Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	23	4.3	34.8	30.4	26.1	4.3
Population by Geography	90,099	3.7	34.9	25.6	35.9	0.0
Housing Units by Geography	35,876	3.4	34.2	25.6	36.7	0.0
Owner-Occupied Units by Geography	21,403	2.2	26.6	24.5	46.7	0.0
Occupied Rental Units by Geography	11,107	5.6	48.0	25.4	21.0	0.0
Vacant Units by Geography	3,366	4.0	37.3	33.5	25.3	0.0
Businesses by Geography	6,201	2.2	35.1	25.0	37.5	0.2
Farms by Geography	212	0.9	20.8	29.2	49.1	0.0
Family Distribution by Income Level	23,051	23.4	16.9	18.0	41.6	0.0
Household Distribution by Income Level	32,510	23.3	16.6	18.2	41.9	0.0
Median Family Income MSA - 47020 Victoria, TX MSA		\$60,302	Median Housing Value			\$117,929
			Median Gross Rent			\$791
			Families Below Poverty Level			12.4%

Source: 2015 ACS and 2019 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

The rating for Texas is based on a full-scope review of the Houston MSA, Victoria MSA and the Wharton-Jackson Non-MSA AAs. The counties within the bank's AA that are not located in an MSA were combined, analyzed, and presented as one AA for the purpose of this evaluation. NFNB branches and ATMs are located within the AAs, as well as a significant portion of the bank's lending and CD activities.

The Lending Test places greater weight on small business loans because all HMDA/home mortgage loans are for the purpose of nonowner-occupied investment properties. No weight was given to individuals of different income levels for home mortgage loans as an analysis would not be meaningful.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN TEXAS

LENDING TEST

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

Conclusions for Areas Receiving Full-Scope Reviews

Based on full-scope reviews, the bank's lending performance in the state of Texas is reasonable.

Distribution of Loans by Income Level of the Geography

The bank exhibits reasonable geographic distribution of loans in Texas.

Home Mortgage Loans

The overall geographic distribution of home mortgage loans reflects excellent performance, given the performance context. Refer to Table O in the state of Texas section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's home mortgage loan originations and purchases.

The geographic distribution of home mortgage loans reflects excellent performance in the Houston MSA, Wharton-Jackson-Non-MSA, and Victoria MSA AAs. The dispersion of home mortgage loans in low- and moderate-income CTs exceeds the percentage of owner-occupied housing units and aggregate lending data. The Wharton-Jackson Non-MSA AA does not include any low-income geographies.

Small Loans to Businesses

The overall geographic distribution of small loans to businesses reflects reasonable performance, given the performance context. 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 bank's originations and purchases of small loans to businesses.

The geographic distribution of small loans to businesses in the Houston MSA AA reflects excellent performance. The dispersion of small loans to businesses in low- and moderate- income CTs exceeds the percentage of businesses and the aggregate lending reported by lenders in the AA.

The geographic distribution of small loans to businesses in the Wharton-Jackson MSA AA reflects reasonable performance. The AA does not include any low-income geographies. The dispersion of small loans to businesses in moderate-income CTs is somewhat lower than the percentage of businesses and significantly lower than the aggregate lending reported by lenders in the AA.

The geographic distribution of small loans to businesses in the Victoria MSA AA reflects reasonable performance. The dispersion of small loans to businesses in low-income CTs is significantly lower than the percentage of businesses and the aggregate lending reported by lenders in the AA.

The dispersion of small loans to businesses in moderate-income CTs is nearly at the percentage of businesses and exceeds the aggregate lending reported by lenders in the AA.

Lending Gap Analysis

There were no unexplained conspicuous gaps identified.

Distribution of Loans by Income Level of the Borrower

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

Home Mortgage Loans

An analysis of this category is not meaningful because all HMDA loans cover nonowner-occupied investment properties and a majority of the reported income is not from individuals, thus reflecting a significant level of not available-income borrowers.

Small Loans to Businesses

The overall percentage of loans to businesses and distribution of small loans to businesses in the AA with annual revenues of \$1 million or less reflects reasonable performance, given the performance context. 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 bank's originations and purchases of small loans to businesses.

In the Houston MSA and Wharton-Jackson Non-MSA AAs, the bank's dispersion of loans to small businesses is somewhat lower than the percentage of small businesses but exceeds the aggregate lending of small loans to businesses in the AA.

In the Victoria MSA AA, the bank's dispersion of loans to small businesses is near to the percentage of small businesses but exceeds the aggregate lending of small loans to businesses in the AA.

Responses to Complaints

NFNB received no CRA-related complaints during the evaluation period.

COMMUNITY DEVELOPMENT TEST

The bank's performance under the CD Test in the state of Texas is rated Satisfactory.

Based on full-scope reviews, the bank exhibits adequate responsiveness to community development needs in its AAs through qualified CD loans, investments, donations, and services, considering the bank's capacity and the need and availability of such opportunities for community development in its AAs.

Number and Amount of Community Development Loans

Refer to the CD Loan table below for the facts and data used to evaluate the bank's level of CD lending. The table includes all CD loans, including multifamily loans that also qualify as CD loans.

<i>Community Development Loans</i>				
Assessment Area	Total			
	#	% of Total #	\$(000's)	% of Total \$
Houston MSA	11	58.0	5,654	56.5
Non-MSA	4	21.0	3,645	36.4
Victoria MSA	4	21.0	715	7.10
Total	19	100.0	10,014	100.0

The level of CD lending demonstrates adequate responsiveness. During the evaluation period, NFNB originated or refinanced 19 qualifying CD loans totaling \$10 million. In the Houston MSA AA, four loans provided for affordable housing and seven loans for disaster recovery. There were four loans originated to support job creation in an area targeted for redevelopment in the Non-MSA AA. Three of the loans originated in the Victoria MSA AA provided for affordable housing and one supported disaster recovery. The bank provided financial assistance to customers affected by hurricane Harvey by granting extensions on 165 loans at no charge. Seven of the extensions were on loans to multifamily apartment complexes that provide affordable housing.

Number and Amount of Qualified Investments

Qualified Investments										
Assessment Area	Prior Period*		Current Period		Total				Unfunded Commitments**	
	#	\$(000's)	#	\$(000's)	#	% of Total #	\$(000's)	% of Total \$	#	\$(000's)
Houston MSA	6	3,131	1	686	7	18.0	3,817	99.0	0	0
Non-MSA	0	0	24	32	24	61.5	32	.83	0	0
Victoria MSA	0	0	8	9	8	20.5	9	.23	0	0
Total	6	3,131	33	727	39	100.0	3,858	100.0	0	0

* Prior Period Investments means investments made in a previous evaluation period that are outstanding as of the examination date.
 ** Unfunded Commitments means legally binding investment commitments that are tracked and recorded by the institution's financial reporting system.
 Due to rounding, totals may not equal 100.0%

The Qualified Investment Table, shown above, set forth the information and data used to evaluate the bank's level of qualified CD investments. These tables include all CD investment, including prior period investments that remain outstanding as of the examination date.

NFNB exhibits a level of adequate responsiveness to qualified investments and donations. The bank made seven investments, of which six were from a prior period, totaling \$3.8 million. All investments are in the Houston MSA AA and include two CD entity funds with the primary mission of promoting permanent job creation, retention or improvement for low- to moderate income (LMI) persons who are employed by small businesses. The other five investments are a pool of mortgage loans where a majority of the loans have borrowers with incomes below the median income. Thirty-two donations totaling \$41 thousand in the Victoria MSA and Non-MSA AAs are to organizations that provide community services to LMI persons.

Extent to Which the Bank Provides Community Development Services

The bank's responsiveness to CD services is adequate. Bank personnel provided 1440 hours of service to four organizations within the Victoria MSA and Non-MSA AAs. Services in the Victoria MSA AA included participation in a youth program to provide financial expertise through academic coaching. Activity in the Non-MSA AA was providing expertise to LMI focused community organizations through service as board members.

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 MSA(s) and non-MSA(s) 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:	01/01/17 to 12/31/19	
Bank Products Reviewed:	Residential Real Estate/Home Mortgage and Small Business Loans Community Development Loans, Qualified Investments, Community Development Services	
Affiliate(s)	Affiliate Relationship	Products Reviewed
N/A		
List of Assessment Areas and Type of Examination		
Rating and Assessment Areas	Type of Exam	Other Information
Texas		
Houston MSA AA	Full-Scope	The Houston MSA AA, a geography located in the Houston-The Woodlands-Sugarland, TX MSA consists of 862 census tracts in Harris and Fort Bend Counties.
Wharton-Jackson Non-MSA AA	Full-Scope	The Non-MSA AA consists of 14 census tracts in Wharton and Jackson Counties.
Victoria MSA AA	Full-Scope	The Victoria MSA AA, a geography located in the Victoria MSA, consists of 23 census tracts in Victoria County.

Appendix B: Summary of State Ratings

RATINGS Newfirst National Bank			
Overall Bank:	Lending Test Rating*	CD Test Rating	Overall Bank/State/Multistate Rating
Satisfactory	Satisfactory	Satisfactory	Satisfactory

(*) The Lending Test and Community Development Test carry equal weight 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. 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 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: ACT delineated by the U.S. Census Bureau 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 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 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 (MSA): 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 multistate metropolitan statistical area (MMSA). 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 MMSA, the institution will receive a rating for the MMSA.

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 (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 (MMSAs), 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/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.

- 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 AA.
- 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/AA.

Table O: Assessment Area Distribution of Home Mortgage Loans by Income Category of the Geography																	2017-2019		
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 MSA	163	37,590	65.2	6.4	8.0	3.5	22.7	37.4	13.7	27.4	33.7	27.2	43.4	20.9	55.6	0.1	0.0	0.1	
Wharton-Jackson Non-MSA	29	3,491	11.6	0.0	0.0	0.0	14.3	20.7	12.0	35.0	17.2	29.9	50.7	62.1	58.1	0.0	0.0	0.0	
Victoria MSA	58	5,375	23.2	2.2	6.9	1.3	26.6	39.7	21.2	24.5	22.4	24.1	46.7	31.0	53.5	0.0	0.0	0.0	
Total	250	46,456	100.0	6.2	6.8	3.4	22.7	36.0	13.8	27.5	29.2	27.2	43.6	28.0	55.5	0.1	0.0	0.1	

Source: 2015 ACS Census; 01/01/2017 - 12/31/2019 Bank Data, 2019 HMDA Aggregate Data.
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																	2017-2019		
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 MSA	63	28,835,533	33.9	11.1	15.9	11.6	19.1	30.2	19.2	21.6	17.5	21.6	47.9	36.5	47.4	0.2	0.0	0.2	
Wharton-Jackson Non-MSA	63	4,461,389	33.9	0.0	0.0	0.0	17.6	11.1	15.0	36.9	23.8	32.3	45.5	65.1	52.8	0.0	0.0	0.0	
Victoria MSA	60	7,112,103	32.0	2.2	0.0	2.9	35.1	35.0	28.7	25.0	28.3	21.6	37.5	36.7	46.3	0.2	0.0	0.5	
Total	186	40,409,025	100.0	10.9	5.4	11.4	19.3	25.3	19.3	21.8	23.1	21.7	47.8	46.2	47.4	0.2	0.0	0.2	

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

Table R: Assessment Area Distribution of Loans to Small Businesses by Gross Annual Revenues											2017-2019	
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 MSA	63	2,8835,533	33.9	135,693	86.8	58.7	40.6	5.2	34.9	8.0	6.3	
Wharton-Jackson Non-MSA	63	4,461,389	33.9	1,010	81.2	49.2	35.9	5.5	17.5	13.3	33.3	
Victoria MSA	60	7,112,103	32.0	1,709	80.4	73.3	36.5	5.3	18.3	14.3	8.3	
Total	186	40,409,025	100.0	138,412	86.7	60.2	40.5	5.2	23.7	8.1	16.1	
<i>Source: 2019 D&B Data; 01/01/2017 - 12/31/2019 Bank Data; 2018 CRA Aggregate Data Due to rounding, totals may not equal 100.0%</i>												