



## **PUBLIC DISCLOSURE**

August 30, 2021

## **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

The Falls City National Bank  
Charter Number 8606

100 South Front Street  
Falls City, TX 78113

Office of the Comptroller of the Currency  
Southern District  
San Antonio Field Office  
10001 Reunion Place, Suite 250  
San Antonio, TX 78216-4165

**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 test is rated: Satisfactory.**

The major factors that support this rating include:

- The bank's loan-to-deposit (LTD) ratio is reasonable.
- A majority of the bank's loans are inside its assessment areas (AAs).
- The bank exhibits a reasonable distribution of loans to borrowers of differing income levels.
- The bank exhibits adequate responsiveness to community development (CD) needs, considering the bank's capacity and the need and availability of CD opportunities in the AAs.

### Loan-to-Deposit Ratio

Considering the bank's size, financial condition, and credit needs of the AAs, the bank's LTD ratio is reasonable. The LTD ratio is calculated on a bank-wide basis. The Falls City National Bank's (FCNB or bank) average LTD ratio over the 12 quarters in the evaluation period is 31.1 percent, ranging from a high of 34.1 percent at September 30, 2018, to a low of 28.3 percent at as of year-end 2020.

To assess FCNB's performance, we compared the LTD ratio to other similarly situated institutions in its AAs. FCNB's quarterly average LTD ratio is higher than the quarterly average LTD ratio for five similarly situated institutions. The similarly situated institutions' quarterly average LTD ratio was 21.3 percent ranging from an average low of 15.5 percent to an average high of 25.3 percent. The LTD ratios reflect limited loan demand in the AAs given the oil royalties many locals receive.

### Lending in Assessment Area

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

The bank originated and purchased 75.9 percent of its total loans 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	90	60.4	59	39.6	149	11,435	52.0	10,554	48.0	21,989
Consumer	1,150	77.5	334	22.5	1,484	12,754	69.0	5,735	31.0	18,489
<b>Total</b>	<b>1,240</b>	<b>75.9</b>	<b>393</b>	<b>24.1</b>	<b>1,633</b>	<b>24,189</b>	<b>59.8</b>	<b>16,289</b>	<b>40.2</b>	<b>40,478</b>

## Description of Institution

FCNB is a full-service community bank headquartered in Falls City, Texas. As of December 31, 2020, FCNB reported total assets of \$456 million and tier 1 capital of \$55 million, representing 12 percent of average assets. FCNB has two AAs that consist of the entirety of both Karnes and Wilson counties. FCNB offers a traditional array of products, and the primary loan type by dollar volume is one-to-four family lending. Due to the unique complexities of the local economy, loan demand is much lower in this geographical area and has resulted in the bank's primary operational activities remaining in bond purchases. The bank's primary focus has been to serve the needs of its local AAs.

FCNB operates solely in the State of Texas and has three branches: one in Falls City, one in Poth, and one in Floresville. The Falls City branch is considered the main office. All branches have a walk-in teller lobby, automated teller machine (ATM) services, and a drive-up motor bank. FCNB has not opened or closed any branches since the prior CRA examination dated August 2018.

In addition to a full offering of consumer and commercial banking products and services, FCNB offers online banking services through [www.fcnb.net](http://www.fcnb.net). This website allows for account monitoring, loan payments, transfers between accounts, mobile deposit, person to person (P2P) transfers, and limited cash management services such as automated clearing house (ACH) and wire transfers. The bank also offers services through a mobile application including account monitoring, transfer between accounts, bill pay, P2P transfers, mobile deposit, and alert and messaging services.

As of December 31, 2020, net loans totaled \$113 million and represented 28 percent of total deposits and 25 percent of total assets. The loan portfolio primarily consists of one-to-four family loans (\$39 million), commercial real estate loans (\$20 million), construction and development loans (\$19 million), commercial and industrial loans (\$10 million), and consumer loans (\$8 million).

FCNB faces competition from local, regional, and national financial institutions in their AAs. The bank's primary competitors are The Karnes County National Bank, Texas Champion Bank, Wells Fargo Bank, 21<sup>st</sup> Mortgage Corporation, Randolph-Brooks, Quicken Loans, Southtrust Bank, Heritage Bank, and First National Bank Texas. According to the FDIC's June 30, 2020 market share report, FCNB ranks second in Karnes County with 35 percent of the total deposit share and second in Wilson County with 17 percent of the total deposit share.

The prior examination, dated August 13, 2018, assigned an overall Satisfactory rating to FCNB's CRA performance. Based on its financial condition, local economic conditions, product offerings, and competition, we identified no legal, financial, or other factors that inhibit FCNB's ability to help meet the credit needs of its AAs.

## Scope of the Evaluation

### Evaluation Period/Products Evaluated

We evaluated FCNB's CRA performance using Intermediate Small Bank (ISB) examination procedures, which consist of a lending test and a CD test. The lending test evaluates the bank's record of meeting the credit needs of its AA through its lending activities. This includes a review of the banks LTD, lending within its AAs, lending to borrowers of different geographies, and lending to borrowers of different

income levels. The CD test evaluates the bank's responsiveness to CD needs in its AAs through qualified lending, investments, donations, and services provided.

The evaluation period covered loan originations, investments, and services from January 1, 2018, through December 31, 2020. Qualifying activities performed in response to the significant impact of the coronavirus pandemic across the United States are included in the evaluation period and will be considered as part of this CRA evaluation.

Over the evaluation period, the primary product by number of loans underwritten was consumer lending at 53 percent of total originations, and the primary product by dollar volume was one-to-four family mortgages at 55 percent of originations. As such, we have chosen these two loan types as our primary products to transaction test for the lending test.

### **Selection of Areas for Full-Scope Review**

In each state where the bank has an office, one or more of 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.

FCNB has designated Karnes County and Wilson County as its two AAs. The AAs both meet regulatory requirements as each consist of the entire county and do not contain any arbitrary omissions. A full-scope review was completed for both AAs. There were no limited-scope AAs considered under this review. 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 bank's overall rating is based on performance in the State of Texas. The state rating is based on performance in all bank AAs with equal weighting given to each loan product and 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 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 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 bank's LTD ratio is reasonable.
- A majority of the bank's loans are inside its AAs.
- The bank exhibits a reasonable distribution of loans to borrowers of differing income levels.
- The bank exhibits adequate responsiveness to CD needs, considering the bank's capacity and the need and availability of CD opportunities in the AAs.

## Description of Institution's Operations in Texas

### Karnes County AA

The Karnes County AA includes all four census tracts (CTs) within the county, and this county is not located within a MSA. Three CTs were designated as middle-income, and one CT was designated as upper-income. There were no changes in CT designation over the evaluation period. The three middle-income CTs were all designated as distressed or underserved.

FCNB's main branch is located in Falls City, Texas which is located at the northern edge of Karnes County. This is the only branch in the AA, and the branch does have an ATM. FCNB's primary deposit-taking competition is local community bank Karnes County National Bank. FCNB also has several regional and national competitors for loan demand with Wells Fargo, Randolph-Brooks, and 21st Mortgage Corporation all having significant market share. FCNB ranks second in the AA for deposit market share at 33.2 percent and fifth for mortgage market share at 2.5 percent, as they remain one of the primary financial institutions in the county.

The local economy has historically not given the bank much opportunity to lend significantly in comparison to their deposit-taking activity. The bank's branches are located in the Eagle Ford Shale area, and when oil and gas activity is significant, loan demand is not consistent and royalty income increases bank deposits. Loan demand has remained low for the past several years despite a significant increase in deposits.

The local economy has been mostly stable since the prior evaluation, with the population experiencing limited growth and the median household income of around \$56 thousand. The unemployment rate in Karnes County spiked during the COVID-19 pandemic but trended back down and is now at 5.7 percent.

The primary employment opportunities are in educational services, healthcare, retail, and oil and gas. The county's primary production remains centered around oil and gas activity as oils, petroleum, and gasoline remain the top exports.

To help identify local needs and opportunities within the AA, we interviewed one contact within the AA that focuses on economic development. The contact noted that the COVID-19 pandemic depressed the local economic environment, but there are still opportunities for development such as a need for internet infrastructure to draw people to the area who are currently permanently teleworking. The contact concluded that the local financial institutions do a good job of developing relationships within the community.

Demographic Information of the Karnes County AA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	4	0.0	0.0	75.0	25.0	0.0
Population by Geography	14,879	0.0	0.0	83.5	16.5	0.0
Housing Units by Geography	5,773	0.0	0.0	77.9	22.1	0.0
Owner-Occupied Units by Geography	3,243	0.0	0.0	75.8	24.2	0.0
Occupied Rental Units by Geography	1,066	0.0	0.0	88.9	11.1	0.0
Vacant Units by Geography	1,464	0.0	0.0	74.7	25.3	0.0
Businesses by Geography	965	0.0	0.0	85.2	14.8	0.0
Farms by Geography	82	0.0	0.0	61.0	39.0	0.0
Family Distribution by Income Level	2,931	23.8	13.5	16.0	46.6	0.0
Household Distribution by Income Level	4,309	27.7	12.8	14.1	45.4	0.0
Median Family Income Non-MSAs - TX		\$52,198	Median Housing Value			\$88,450
			Median Gross Rent			\$618
			Families Below Poverty Level			19.6%
<i>Source: 2015 ACS and 2020 D&amp;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>						

### Wilson County AA

The Wilson County AA includes all 11 CTs within this county and is located within the San Antonio/New Braunfels MSA. The AA has one moderate-income CT in the northeastern section of the county. As the AA includes all 11 CTs, there are no arbitrary exclusions of any LMI tracts.

FCNB has two branches within this AA; one in Floresville which is located near the north end of the AA, and one in Poth which is located near the southern end of the AA and is geographically nearer to FCNB's branch in Karnes County than the branch in Floresville.

The May 2021 Moody's economic report shows the San Antonio/New Braunfels MSA to have rebounded more quickly from the COVID-19 economic slowdown than most areas of the country. The majority of jobs that were lost over the pandemic have since returned, and unemployment has rebounded to 5.9 percent from its 7.3 percent levels at the end of 2020. The MSAs large military presence, some of which is located

in the southern end of the MSA in which FCNB's AA resides, provides for a certain level of economic stability and the MSA's proximity to the Mexican border also provides unique economic advantages.

Wilson County experienced economic growth since the prior evaluation, with median household income now approximately \$77 thousand and population growth pushing the county towards 50 thousand residents. This growth is evidenced by the primary industry in the county being construction, followed by retail and health care services. An influx of people moving into the San Antonio MSA will continue to spur growth, particularly in the northern sections of the county.

Competition within this AA for lending remains high, and FCNB is not one of the primary lending institutions in the AA as many local, regional, and national competitors have significantly higher lending activity. However, FCNB has established itself as one of the primary deposit-takers in this county and has the third highest deposit market share.

To help identify local needs and opportunities within the AA, we performed research on the local economy using publicly available data. The local economy has benefited from the influx of people moving to San Antonio, as the job market has grown over the past year and the unemployment rate is below national averages. Healthcare and education continue to be primary employers within the area.

Demographic Information of the Wilson County AA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	11	0.0	9.1	54.5	36.4	0.0
Population by Geography	45,509	0.0	5.0	49.2	45.7	0.0
Housing Units by Geography	16,931	0.0	5.5	51.9	42.6	0.0
Owner-Occupied Units by Geography	12,931	0.0	5.2	45.7	49.1	0.0
Occupied Rental Units by Geography	2,546	0.0	4.3	76.0	19.7	0.0
Vacant Units by Geography	1,454	0.0	9.9	64.6	25.4	0.0
Businesses by Geography	2,722	0.0	4.0	47.0	49.0	0.0
Farms by Geography	194	0.0	6.7	59.8	33.5	0.0
Family Distribution by Income Level	12,015	15.7	13.2	18.5	52.6	0.0
Household Distribution by Income Level	15,477	19.0	12.3	15.6	53.1	0.0
Median Family Income MSA - 41700 San Antonio-New Braunfels, TX MSA		\$62,228	Median Housing Value			\$158,135
			Median Gross Rent			\$800
			Families Below Poverty Level			8.0%
<i>Source: 2015 ACS and 2020 D&amp;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>						

## Scope of Evaluation in Texas

For this evaluation, we completed a full-scope review for each of the two AAs. See appendix A for a list of all AAs under review. Our analysis of lending activity focused on home mortgage and consumer loans



as these represent the primary lending products by dollar volume and number of originated loans. We weighted all loan types equally.

## **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 a full-scope review, 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 the State.

#### ***Home Mortgage Loans***

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.

#### **Karnes County AA**

The geographic distribution of home mortgage loans in the Karnes County AA during the evaluation period is reasonable. The AA has no LMI CTs. However, all three middle-income CTs in the AA are considered distressed or underserved. The percentage of bank loans in these geographies is below the percentage of owner-occupied housing units in the area, but comparable to the aggregate HMDA lending data reported by other mortgage lenders in the area.

#### **Wilson County AA**

The geographic distribution of home mortgage loans in the Wilson County AA during the evaluation period is reasonable. The percentage of bank loans in the moderate-income CT is below the percentage of owner-occupied housing units in the area, and the bank's performance is also below the aggregate HMDA lending data reported by other mortgage lenders in the area. However, performance is not significantly outside of demographic information. There are no low-income CTs in the AA and only one moderate-income CT in the AA, so opportunities for lending to LMI CTs is limited.

#### ***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 bank's consumer loan originations and purchases.

#### **Karnes County AA**

The geographic distribution of consumer loans in the Karnes County AA during the evaluation period is reasonable. The AA has no LMI CTs. However, all three middle-income CTs in the AA are considered

distressed or underserved. The percentage of bank loans in these geographies is near-to the percentage of households in the area.

**Wilson County AA**

The geographic distribution of consumer loans in the Wilson County AA during the evaluation period is reasonable. The percentage of bank loans in the moderate-income CT is near-to the percentage of households in the area. There are no low-income CTs in the AA and only one moderate-income CT in the AA.

**Lending Gap Analysis**

In our geographic analysis of HMDA and consumer loans we did not identify any conspicuous or unidentified lending gaps.

**Distribution of Loans by Income Level of the Borrower**

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

***Home Mortgage Loans***

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

**Karnes County AA**

The distribution of home mortgage loans to borrowers of different income levels is reasonable. The percentage of bank loans to moderate-income borrowers exceeds the percentage of moderate-income families in the AA and exceeds the aggregate HMDA lending data reported by other mortgage lenders in the area. However, the bank made no loans to low-income borrowers during the evaluation period. This is mitigated by a lack of lending opportunities as well as the bank’s performance with moderate-income individuals.

**Wilson County AA**

The distribution of home mortgage loans to borrowers of different income levels is excellent. The percentage of bank loans to low-income borrowers is below the percentage of low-income families in the AA; however, the bank’s performance significantly exceeds the aggregate HMDA lending data reported by other mortgage lenders in the area. The percentage of bank loans to moderate-income borrowers exceeds the percentage of moderate-income families in the AA and significantly exceeds the aggregate HMDA lending data reported by other mortgage lenders in the area.

***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 bank’s consumer loan originations and purchases.

**Karnes County AA**

The distribution of consumer loans to borrowers of different income levels is reasonable. The bank's percentage of loans to low- and moderate-income borrowers exceeds the percentage of low-and moderate-income households in the AA.

**Wilson County AA**

The distribution of consumer loans to borrowers of different income levels is excellent. The bank's percentage of loans to low-income borrowers exceeds the percentage of low-income households in the AA. The bank's percentage of loans to moderate-income borrowers significantly exceeds the percentage of moderate-income households in the AA.

**Responses to Complaints**

FCNB did not receive any complaints related to its CRA or fair lending performance during the evaluation period.

**COMMUNITY DEVELOPMENT TEST**

The bank's performance under the community development test in the state of Texas is rated Satisfactory.

**Conclusions for Areas Receiving a Full-Scope Review**

Based on a full-scope review, the bank exhibits adequate responsiveness to community development needs in the state through community development loans, qualified investments, and community development services, as appropriate, considering the bank's capacity and the need and availability of such opportunities for community development in the bank's AAs.

**Number and Amount of Community Development Loans**

The Community Development Loans Table, shown below, sets forth the information 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. During the evaluation period, FCNB originated 37 CD loans totaling \$2.5 million within their AAs. These loans primarily supported CD through the financing of affordable housing benefitting low- and moderate-income individuals, primarily in the Karnes County AA. Twenty-five of the 37 CD loans were originated as part of the Paycheck Protection Program (PPP) and totaled \$694 thousand. FCNB made an additional 22 PPP loans totaling \$543 thousand outside of their AAs, which qualify as the bank met the needs of its AAs.

Community Development Loans				
Assessment Area	Total			
	#	% of Total #	\$(000's)	% of Total \$
Karnes County AA	35	59.3	1,606	64.3
Wilson County AA	2	3.4	350	14.0
Broader Statewide	22	37.3	543	21.7
Total	59	100.0	2,499	100.0

### Number and Amount of Qualified Investments

During the evaluation period FCNB made 3 investments totaling \$1 million within the Karnes County AA. These investments were all CD bonds benefitting the local community by improving infrastructure in areas benefiting LMI CTs such as road improvements, school and classroom updates and expansion, and rehabilitation of sewage and water systems. Additionally, FCNB made 36 qualifying investments outside of the AA totaling \$15 million, including investments for economic development and infrastructural improvements. These additional investments were made for CD bonds in the greater Texas area and to CDFI and Minority/Women owned Financial Institutions across the US.

Qualified Investments										
Assessment Area	Prior Period*		Current Period		Total				Unfunded Commitments**	
	#	\$(000's)	#	\$(000's)	#	% of Total #	\$(000's)	% of Total \$	#	\$(000's)
Wilson County	0	0	0	0	0	0	0	0	0	0
Karnes County	2	430	3	1,005	5	12	1,435	9	0	0
Broader Statewide Area	0	0	36	15,013	36	88	15,013	91	0	0
Total	2	430	39	16,018	41	100	16,448	100	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.

### Extent to Which the Bank Provides Community Development Services

FCNB has provided satisfactory levels of CD services in its AAs during the evaluation period. FCNB provided budgeting courses to local schools located in distressed and underserved communities, and one employee serves as the treasurer for the local Lions Club which provides assistance to LMI individuals in distressed and underserved areas.

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

## Appendix A: Scope of Examination

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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”.

<b>Time Period Reviewed:</b>	01/01/2018 to 12/31/2020	
<b>Bank Products Reviewed:</b>	Home mortgage, consumer loans Community development loans, qualified investments, community development services	
<b>Affiliate(s)</b>	<b>Affiliate Relationship</b>	<b>Products Reviewed</b>
None.	Not applicable	Not applicable
<b>List of Assessment Areas and Type of Examination</b>		
<b>Rating and Assessment Areas</b>	<b>Type of Exam</b>	<b>Other Information</b>
<b>Texas</b>		
Karnes County AA	Full-Scope Review	Non-MSA; contains only 1 upper and 3 middle-income census tracts; all middle-income tracts are classified as distressed or under-served.
Wilson County AA	Full-Scope Review	Part of the San Antonio-New Braunfels MSA 41700; contains 11 census tracts. 1 moderate-income tract, 6 middle-income tracts, and 4 upper-income tracts. None of the census tracts are designated as distressed or underserved.

## Appendix B: Summary of MMSA and State Ratings

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RATINGS: The Falls City National Bank			
Overall Bank:	Lending Test Rating*	CD Test Rating	Overall Bank/State/Multistate Rating
The Falls City National Bank	Satisfactory	Satisfactory	Satisfactory
State:			
Texas	Satisfactory	Satisfactory	Satisfactory

(\*) The Lending Test and Community Development Test carry equal weight in the overall rating.

## Appendix C: Definitions and Common Abbreviations

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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/assessment area.

**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 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 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/assessment area.

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

**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

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### 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 30<sup>th</sup> 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.

Assessment Area:	Total Home Mortgage Loans				Low-Income Tracts			Moderate-Income Tracts			Middle-Income Tracts			Upper-Income Tracts			Not Available-Income Tracts		
	#	\$	% of Total	Overall Market	% 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
Karnes County AA	40	3,779	34.2	147	0.0	0.0	0.0	0.0	0.0	0.0	75.8	67.5	66.7	24.2	32.5	33.3	0.0	0.0	0.0
Wilson County AA	77	10,030	65.8	2,598	0.0	0.0	0.0	5.2	1.3	2.7	45.7	83.1	33.0	49.1	15.6	64.4	0.0	0.0	0.0
<b>Total</b>	<b>117</b>	<b>13,808</b>	<b>100.0</b>	<b>2,745</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>4.1</b>	<b>0.9</b>	<b>2.5</b>	<b>51.7</b>	<b>77.8</b>	<b>34.8</b>	<b>44.1</b>	<b>21.4</b>	<b>62.7</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

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

Assessment Area:	Total Home Mortgage Loans				Low-Income Borrowers			Moderate-Income Borrowers			Middle-Income Borrowers			Upper-Income Borrowers			Not Available-Income Borrowers		
	#	\$	% of Total	Overall Market	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate
Karnes County AA	40	3,779	34.2	147	23.8	--	1.4	13.5	15.0	10.2	16.0	11.5	13.6	46.6	77.5	55.8	0.0	--	19.0
Wilson County AA	77	10,030	67.9	2,598	15.7	10.9	1.8	13.2	14.3	6.7	18.5	18.2	14.5	52.6	51.9	47.0	0.0	10.9	29.9
<b>Total</b>	<b>117</b>	<b>13,808</b>	<b>100.0</b>	<b>2,745</b>	<b>17.3</b>	<b>7.4</b>	<b>1.8</b>	<b>13.2</b>	<b>14.5</b>	<b>6.9</b>	<b>18.0</b>	<b>14.5</b>	<b>14.5</b>	<b>51.5</b>	<b>60.7</b>	<b>47.5</b>	<b>0.0</b>	<b>7.4</b>	<b>29.4</b>

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

<b>Table U: Assessment Area Distribution of Consumer Loans by Income Category of the Geography</b>												<b>2018-20</b>	
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
Karnes County AA	31	409,329	53.5	0.0	0.0	0.0	0.0	79.0	71.0	21.0	29.0	0.0	0.0
Wilson County AA	25	355,810	46.5	0.0	0.0	5.0	4.0	50.7	72.0	44.3	24.0	0.0	0.0
Total	56	765,139	100.0	0.0	0.0	3.0	2.0	56.9	71.5	39.2	26.5	0.0	0.0

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

<b>Table V: Assessment Area Distribution of Consumer Loans by Income Category of the Borrower</b>												<b>2018-20</b>	
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
Karnes County AA	31	409,329	53.5	27.7	32.4	12.8	19.4	14.1	25.8	45.4	19.4	0.0	0.0
Wilson County AA	25	355,810	46.5	19.0	24.0	12.3	32.0	15.6	12.0	53.1	32.0	0.0	0.0
Total	56	765,139	100.0	20.9	28.2	12.4	25.7	15.3	18.9	51.4	25.7	0.0	0.0

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