



## **PUBLIC DISCLOSURE**

January 24, 2022

### **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

The First National Bank of Tom Bean  
Charter Number: 11019

109 Britton Street  
Tom Bean, TX 75489-0098

Office of the Comptroller of the Currency  
Dallas Field Office  
225 E. John Carpenter Freeway, Suite 900  
Irving, TX 75062

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.....	4
Discriminatory or Other Illegal Credit Practices Review.....	5
State Rating.....	5
State of Texas.....	5
State Rating.....	10
State of Arkansas.....	10
Appendix A: Scope of Examination.....	A-1
Appendix B: Summary of State Ratings.....	B-1
Appendix C: Definitions and Common Abbreviations.....	C-1
Appendix D: Tables of Performance Data.....	D-1

## Overall CRA Rating

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

The lending test is rated: **Satisfactory**.

The major factors that support this rating include:

- The Lending Test rating is based on satisfactory performance in the bank's assessment areas (AAs).
- The Loan-To-Deposit (LTD) ratio is reasonable.
- A majority of the bank's loans are inside its AAs.
- The geographic distribution of loans across geographies of different income levels is reasonable.
- The borrower distribution of loans to borrowers of different income levels and to businesses of different sizes are reasonable.

## Loan-to-Deposit Ratio

Considering the bank's size, financial condition, and credit needs of the AAs, the bank's loan-to-deposit ratio is reasonable. The LTD ratio is calculated on a bank-wide basis. The bank's quarterly average LTD ratio during the evaluation period was 82.3 percent. We compared the bank's LTD ratio to similarly situated institutions operating in the area. The average LTD ratio for the peer banks was 78.5 percent.

## Lending in Assessment Area

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

The bank originated and purchased 54.3 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. This percentage does not include extensions of credit by affiliates that may be considered under the other performance criteria. During 2019, the bank opened Trinity First Mortgage, a division of the bank. Due to the low interest rate environment and the high refinance activity in the Dallas-Fort Worth area, the bank's mortgage loan volume increased in 2020. The increase in mortgage loans outside the bank's AAs caused the ratio to decrease in 2020. The bank has downsized operations in the mortgage division and projects that mortgage loan volumes will decrease to similar levels prior to 2020. The findings from this analysis factored into the overall analysis of the geographic distribution of lending by income level of the geography.

<b>Table D- Lending Inside and Outside of the Assessment Area</b>										
<b>Loan Category</b>	<b>Number of Loans</b>				<b>Total</b>	<b>Dollar Amount of Loans \$(000s)</b>				<b>Total</b>
	<b>Inside</b>		<b>Outside</b>			<b>Inside</b>		<b>Outside</b>		
	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>		<b>\$</b>	<b>%</b>	<b>\$</b>	<b>%</b>	
Home Mortgage										
2018	74	77.1	22	22.9	96	6,974	72.1	2,704	27.9	9,679
2019	71	61.7	44	38.3	115	8,675	54.1	7,360	45.9	16,035
2020	69	31.8	148	68.2	217	9,989	18.8	43,124	81.2	53,113
<b>Subtotal</b>	<b>214</b>	<b>50.0</b>	<b>214</b>	<b>50.0</b>	<b>428</b>	<b>25,638</b>	<b>32.5</b>	<b>53,189</b>	<b>67.5</b>	<b>78,826</b>
Small Business										
2018-2020	51	85.0	9	15.0	60	3,069	74.6	1,045	25.4	4,115
<b>Total</b>	<b>265</b>	<b>54.3</b>	<b>223</b>	<b>45.7</b>	<b>488</b>	<b>28,707</b>	<b>34.6</b>	<b>54,234</b>	<b>65.4</b>	<b>82,941</b>
<i>Source: Bank Data</i>										
<i>Due to rounding, totals may not equal 100.0%</i>										

## Description of Institution

The First National Bank of Tom Bean (FNB or bank) is a full service \$143.1 million multistate community bank organized in July 1906 by C. C. Walsh. FNB was nationally chartered in 1917 with one location in Tom Bean, Grayson County, Texas, and the primary owner is the Townes family. The city of Tom Bean is located 15 miles southeast of Sherman, Texas and 65 miles north of Dallas. FNB currently has three branches in addition to the main bank location. The first branch was opened in Clarksville, Texas in Red River County in April 1998. FNB opened a second branch in Lewisville, Lafayette County, Arkansas on June 23, 2011. The bank opened a third branch, the second outside the state of Texas, on April 17, 2017, in Hope, Hempstead County, Arkansas.

FNB offers a full range of loan and deposit products and internet banking to individuals and businesses. Additional banking services include debit and credit cards, wire transfers, money orders, and online banking. During 2019, the bank opened Trinity First Mortgage, a division of FNB. The bank does not engage in a significant level of advertising or marketing.

The bank's primary business focus is to serve consumer, commercial, and agricultural customers in all AAs. Branch hours and services do not vary in a way that inconveniences portions of its AAs, particularly low and moderate income (LMI) individuals and geographies. All banking locations offer drive-thru banking services and 24/7 customer access to a full-service Automated Teller Machine (ATM) onsite. The physical location and Census Tracts (CT) of these banking facilities are as follows:

- 109 S. Britton, Tom Bean, Texas (CT 18.02 upper-income)
- 2203 West Main St. Clarksville, Texas (CT 9505 moderate-income)
- 120 E. First Street, Lewisville, Arkansas (CT 4701 moderate-income)
- 301 N. Hervey Street, Hope, Arkansas (CT 4805 moderate-income)

As a multistate community bank, FNB is evaluated based on two rating areas, Texas and Arkansas. The Texas rating area consists of two AAs, the Sherman-Denison Metropolitan Statistical Area (MSA) that comprises of Grayson County and the Texas non-MSA AA that contains Red River County. The Arkansas rating area consists of the Arkansas non-MSA AA, comprising of both Lafayette and Hempstead Counties. Because the two counties are adjacent to one another and are not part of an MSA, they are combined into one AA.

The Sherman-Denison MSA is comprised of Grayson County. Grayson County has 26 census tracts. The bank has its main office in this AA. The AA consists of the entire geography of Grayson County. The AA meets the requirements of the CRA regulation and does not arbitrarily exclude any low- or moderate-income geographies.

The Texas non-MSA AA is comprised of Red River County, which has five CTs. The bank has a branch office in this AA. The AA consists of the entire geography of Red River County. The AA meets the requirements of the CRA regulation and does not arbitrarily exclude any low- or moderate-income geographies.

The Arkansas non-MSA AA is comprised of Lafayette and Hempstead counties. Lafayette county has three CTs and Hempstead County has six CTs. The AA consists of entire geographies of Lafayette and Hempstead counties. The bank has two branch offices in this AA. The AA meets the requirements of the CRA regulation and does not arbitrarily exclude any low- or moderate-income geographies.

As of December 31, 2020, the bank reported total assets of \$143.1 million, total liabilities of \$130 million and capital of \$13.1 million. Gross loans totaling \$95.1 million represented 66.4 percent of total assets. The Tier 1 leverage capital was 9.3 percent. Commercial real estate and commercial and industrial (business) loans accounted for the largest percentage of gross loans at 19.8 percent and 31.7 percent, respectively. Residential real estate loans total 34.5 percent and consumer loans 14 percent. Farm and agriculture loans represented only 7.5 percent of gross loans. Total investments were \$32.8 million. Tier 1 capital totaled \$12.7 million. During the previous CRA exam, the bank's overall loans totaled \$66 million. Residential real estate, commercial and consumer loans totaled \$32.8 million, \$20.8 million, and \$8.9 million, representing 49 percent, 31 percent and 14 percent of assets, respectively. The composition of the loan portfolio did not change significantly. We reviewed mortgages and consumer loans during the previous examination. During this exam, we will focus on residential real estate mortgages and business loans.

The previous CRA evaluation, dated July 10, 2017, assigned a "Satisfactory" rating to the bank. There are no legal or financial impediments to the bank's ability to meet the credit needs of its AAs. We did not consider the activities of affiliates in this evaluation.

## Scope of the Evaluation

### Evaluation Period/Products Evaluated

This Performance Evaluation (PE) assesses the bank's performance under the Lending Test. In evaluating the bank's lending performance, we reviewed residential mortgage loans subject to filing under the Home Mortgage Disclosure Act (HMDA). There were no Office of Management and Budget (OMB) changes to the geographic boundaries of the Sherman-Denison MSA, therefore the lending data for 2018-2020 was presented together in the Appendix D tables. We also selected samples for small business loans. Analysis of loans inside the AA may contain all loan types as that ratio is evaluated on a bank-wide basis. The evaluation period for the Lending Test is January 1, 2018 through December 31, 2020.

For geographic and borrower distribution analyses, loans originated in 2018 through 2020 are compared to the 2015 American Community Survey (ACS) Census data for mortgages and the 2020 Dun & Bradstreet (D&B) Data for loans to small businesses.

### Selection of Areas for Full-Scope Review

In each state where the bank has an office, one or more AA(s) within that state were selected for a full-scope review. For purposes of this evaluation, bank delineated assessment areas located within the same MSA, multistate metropolitan statistical area (MMSA), or combined statistical area (CSA) were combined and evaluated as a single AA. Similarly, bank delineated non-MSA AAs within the same state were combined and evaluated as a single area.

As previously stated in the "Description of Institution", FNB has three AAs. We have selected the Sherman-Denison and the Arkansas non-MSA AA for full-scope reviews. We selected these AAs for full scope reviews based on the bank maintaining the majority of its deposits, 35.8 percent, in the Sherman-Denison MSA and 33.5 percent of total deposits in the Arkansas non-MSA AA. These two AAs contain the bank's main office and 2 branches. For this evaluation period, we selected the Texas non-MSA AA as a limited-scope AA. This AA accounts for 30.6 percent of total deposits. 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 a blend of the state ratings. The bank's overall rating is based on the performance in the states of Texas and Arkansas. The State of Texas received the most weight as it is where the bank's home office is located, and the bank originated \$96.2 million or 60.2 percent of its loans between 2018 and 2020 from the two bank locations in Texas. The bank has 35.8 percent of its deposits in this AA. The state rating is based on the performance in all bank AAs with the most weight placed on the full-scope AAs. For the geographic and borrower distribution of loans under the Lending Test, consideration was given to the number of loans and dollar volume of loans originated in each category. Lending to small businesses received the most weight and then lending to residential mortgages was considered. Refer to the "Scope" section under the "State Rating" section for details regarding how the areas were weighted in arriving at 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 (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 major factors that support this rating include:

- The geographic distribution of loans across geographies of different income levels is reasonable.
- The borrower distribution of loans to borrowers of different income levels and businesses of different sizes is reasonable.

### Description of Institution's Operations in Texas

The bank operates in two AAs in the State of Texas as described in the "Description of the Institution" and the "Scope of Evaluation" sections of this PE. The bank's primary focus are business loans and residential mortgage loans, based on overall dollar amounts held in portfolio.

Competitors, in all markets, include other local community banks and some of the United States' largest banks that have a nationwide footprint. Credit unions and nonbank financial entities also compete for residential, business, and consumer loans.

Community credit needs in the full-scope AAs were determined by reviewing recent housing and demographic information, CRA PEs from other banks operating in the bank's AAs, and a review of community contacts with organizations that provide services within the full-scope AAs.

### Sherman-Denison MSA AA

The bank's main office is in the small town of Tom Bean, Texas, which located in the Sherman-Denison MSA. Total bank deposits in this AA represent 2.4 percent of the total market, with banks having average total deposits of \$40 million. The total number of bank branches in this AA is 41. According to the institution market share report, the bank had a market share of 0.31 percent and ranks 62<sup>nd</sup> out of 434 lenders. The Sherman-Denison MSA is comprised of Grayson County. Grayson County has 26 census tracts: no low-income CTs, 8 moderate-income CTs, 12 middle-income CTs, and 6 upper-income CTs. Grayson County does not have any distressed or underserved CTs. The larger population centers within Grayson County are in the cities of Sherman and Denison. Outside of those cities, the communities are mostly dedicated to agriculture and farming. According to Moody's Analytics, employment in the Sherman-Denison area is outpacing the national average and is the fifth-fastest recovery among Texas metro areas. Healthcare and consumer-driven industries are posting the strongest growth. During the last years, the Sherman-Denison MSA experienced significant growth in population and businesses. According to Moody's Analytics, weaknesses in the Sherman-Denison MSA include very few high paying jobs, low labor force participation, and low incomes. In addition, the rapid appreciation of single-family housing in recent years has made it difficult for low- and moderate-income borrowers to procure home ownership. Major lending competitors in the area are First United Bank and Trust, Quicken Loans, Wells Fargo, and Guild Mortgage Company.

To help identify needs and opportunities in the AA, the OCC conducted a community contact for the Sherman-Denison MSA. We contacted an organization that serves the citizens of Cooke, Grayson, and Fannin counties in north central Texas. The organization is involved in providing social services and reducing poverty. The most critical need identified from this contact was housing-related credit opportunities. According to this contact, new home construction is not keeping up with population growth and the new housing that is taking place is for higher income borrowers.

### Texas Non-MSA AA

The bank has one branch in the Texas non-MSA. Total bank deposits in this AA represent 20 percent of the total market, with banks having \$34.3 million in average total deposits. There are a total of five bank branches in this AA. According to the institution market share report, the bank had a market share of 1.9 percent and ranks 10<sup>th</sup> out of 83 lenders. The Texas non-MSA AA is comprised of Red River County, which has five CTs. Red River County has no low-income CTs, two moderate-income CTs and three middle-income CTs. Red River has three CTs considered distressed or underserved. Red River County is mostly a rural geography with most jobs focused on agriculture. A community contact was not completed for the Texas non-MSA AA as this is a limited-scope AA.

**Sherman-Denison MSA**

<b>Table A – Demographic Information of the Assessment Area</b>						
<b>Assessment Area: Sherman-Denison MSA</b>						
<b>Demographic Characteristics</b>	<b>#</b>	<b>Low % of #</b>	<b>Moderate % of #</b>	<b>Middle % of #</b>	<b>Upper % of #</b>	<b>NA* % of #</b>
Geographies (Census Tracts)	26	0.0	30.8	46.2	23.1	0.0
Population by Geography	122,780	0.0	24.4	48.3	27.3	0.0
Housing Units by Geography	54,244	0.0	22.5	51.5	26.1	0.0
Owner-Occupied Units by Geography	31,593	0.0	20.4	50.0	29.6	0.0
Occupied Rental Units by Geography	15,622	0.0	27.4	51.1	21.4	0.0
Vacant Units by Geography	7,029	0.0	20.6	58.9	20.5	0.0
Businesses by Geography	9,019	0.0	21.7	48.8	29.5	0.0
Farms by Geography	420	0.0	8.6	47.4	44.0	0.0
Family Distribution by Income Level	32,294	22.4	17.5	19.3	40.9	0.0
Household Distribution by Income Level	47,215	24.6	16.0	16.7	42.7	0.0
Median Family Income MSA - 43300 Sherman-Denison, TX MSA		\$60,873	Median Housing Value			\$110,160
			Median Gross Rent			\$777
			Families Below Poverty Level			12.3%
<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**

As discussed earlier, the Sherman-Denison MSA was selected for a full-scope review. The Texas non-MSA AA will receive a limited scope review. Refer to the table in Appendix A for a list of all AAs under review.

**Lending Test**

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

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

Based on a full-scope review, the bank’s lending performance in the Sherman-Denison MSA is good.

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

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

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

The geographic distribution of mortgage loans in the AA is reasonable. 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.

In 2018-2020, the bank's mortgage lending in moderate-income geographies was near the owner-occupied housing units and exceeded the aggregate lending to moderate-income geographies. There are no low-income CTs, =distressed, nor underserved CTs in the Sherman-Denison MSA. The larger population centers within Grayson County are located in the cities of Sherman and Denison. Most surroundings outside of those cities are communities dedicated mostly to agriculture and farming.

### ***Small Loans to Businesses***

The geographic distribution of small loans to businesses is reasonable. 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.

In 2018-2020, the bank's small loans to businesses in moderate-income geographies was somewhat lower than the percentage of businesses located in moderate-income geographies and the percentage of aggregate lending to small business located in moderate-income geographies. The bank's location in the Sherman-Denison MSA is the small and rural town of Tom Bean, Texas with limited businesses. The amount of competition for business loans in Grayson County is high. There are no low-income, distressed, nor underserved CTs in the Sherman-Denison MSA.

### ***Lending Gap Analysis***

We evaluated the lending distribution in the bank's AAs to determine if any unexplained conspicuous gaps existed. There were no unexplained conspicuous gaps identified after reviewing performance context.

### **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***

The distribution of home mortgage loans to low- and moderate-income individuals in the AA is reasonable. 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.

In 2018-2020, the bank's mortgage lending to low-income borrowers was lower than the percentage of families identified as low-income but exceeded the aggregate lending to low-income borrowers. For moderate-income borrowers, the bank's mortgage lending was near the percentage of families identified as moderate-income and exceeded the percentage of the aggregate lending to moderate-income borrowers.

The Sherman-Denison MSA experienced significant growth in population and businesses. According to Moody's Analytics, the Sherman-Denison MSA weaknesses include very few high paying jobs, low labor force participation, and low incomes. In addition, the rapid appreciation of single-family housing in recent years has made it difficult for low- and moderate-income borrowers to procure home ownership.

### ***Small Loans to Businesses***

The distribution of loans to small businesses in the AA is excellent. 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 2018-2020, the bank's loans to businesses with revenues less than or equal to \$1 million exceeded both the percentage of businesses identified as having revenues less than or equal to \$1 million and the aggregate lending to these businesses.

### **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 Area Receiving a Limited Scope Review**

Based on a limited-scope review, the bank's performance under the Lending Test in the Texas non-MSA AA is consistent with the bank's overall performance under the Lending Test in the full scope area.

## State Rating

### State of Arkansas

**CRA rating for the State of Arkansas: Satisfactory**

**The Lending Test is rated: Satisfactory**

The major factors that support this rating include:

- The geographic distribution of loans across geographies of different income levels is reasonable.
- The borrower distribution of loans to borrowers of different income levels and businesses of different sizes is reasonable.

### Description of Institution's Operations in Arkansas

#### Arkansas Non-MSA AA

The bank has two branch offices in the Arkansas non-MSA AA. Total bank deposits in this AA represent 15.4 percent of the total market, with banks having average total deposits of \$37.5 million. There is a total of 13 bank branches in this AA. According to the institution market share report, the bank had a market share of 5.3 percent and ranks 5<sup>th</sup> out of 90 lenders. The Arkansas non-MSA AA is comprised of Lafayette and Hempstead counties. Lafayette county has three CTs: no low-income CTs, one moderate-income, one middle-income and one upper-income CT. Hempstead county has six CTs: no low-income, two moderate-income, three middle-income, and one upper-income CT. Hempstead county has two CTs that are distressed or underserved. The majority of the geography is rural, and jobs are mainly agricultural.

According to Moody's Analytics, Arkansas recovery from the pandemic remains strong. Healthcare expansion and federally funded infrastructure projects will allow the state to accommodate population growth in expanding metro areas. However, weak demographics will keep gains in employment and income below the national average long term. In addition, the rapid appreciation of single-family housing in recent years has made it difficult for low- and moderate-income borrowers to procure home ownership. Major lending competitors in the area 21<sup>st</sup> Mortgage Corporation, Farmers Bank and Trust Company, Bancorpsouth Bank, and Quicken Loans.

The community contact for the Arkansas non-MSA is a regional multi-county development and planning agency under a public policy board of directors that provides expertise and services to counties, cities, businesses, industry, and residents. They are a state funded organization that serves a population of more than 241,000 residents. Their geographic boundary serves 12 contiguous counties and 64 municipalities located in the southwest corner of the state. Lafayette and Hempstead counties are included in this geographic area this organization serves. The contact stated that the area is mostly rural with limited growth opportunities. New housing development has been very slow in the area and local banks in the area are providing the credit needs of the community. Manufacturing, education, and healthcare services are the main source of employment in the areas. The contact said the greatest need

in the area is housing development loans and the banks are meeting this need as best they can. The contact said that local financial institutions serve community needs and promote growth in the area.

**Arkansas Non-MSA AA**

<b>Table A – Demographic Information of the Assessment Area</b>						
<b>Assessment Area: Arkansas Non-MSA AA</b>						
<b>Demographic Characteristics</b>	<b>#</b>	<b>Low % of #</b>	<b>Moderate % of #</b>	<b>Middle % of #</b>	<b>Upper % of #</b>	<b>NA* % of #</b>
Geographies (Census Tracts)	7	0.0	42.9	28.6	28.6	0.0
Population by Geography	29,606	0.0	51.5	24.9	23.5	0.0
Housing Units by Geography	14,777	0.0	48.1	25.7	26.2	0.0
Owner-Occupied Units by Geography	7,333	0.0	44.1	29.4	26.4	0.0
Occupied Rental Units by Geography	3,320	0.0	61.8	16.3	21.9	0.0
Vacant Units by Geography	4,124	0.0	44.3	26.5	29.3	0.0
Businesses by Geography	1,294	0.0	58.3	24.3	17.5	0.0
Farms by Geography	149	0.0	24.2	32.2	43.6	0.0
Family Distribution by Income Level	6,999	24.2	19.6	19.4	36.8	0.0
Household Distribution by Income Level	10,653	27.3	18.4	17.3	37.0	0.0
Median Family Income Non-MSAs - AR		\$45,047	Median Housing Value			\$70,886
			Median Gross Rent			\$540
			Families Below Poverty Level			19.5%
<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 Arkansas**

As discussed earlier, the Arkansas non-MSA AA was selected for a full-scope review. Refer to the table in Appendix A for a list of all AAs under review.

**Lending Test**

The bank’s performance under the Lending Test in Arkansas is rated Satisfactory.

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

Based on a full-scope review, the bank’s performance in the Arkansas non-MSA AA is good.

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

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

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

The geographic distribution of mortgage loans in the AA is excellent. Refer to Table O in the state of Arkansas 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.

In 2018-2020, the bank's mortgage lending in moderate-income geographies exceeded the owner-occupied housing units and the aggregate lending in moderate-income geographies. The bank's mortgage lending included lending in census tracts that are designated as distressed or underserved. There are no low-income CTs in the Arkansas non-MSA. The majority of the geography in the Arkansas non-MSA AA is rural, and the majority of the community focuses on agriculture and farming.

### ***Small Loans to Businesses***

The geographic distribution of small loans to businesses is good. Refer to Table Q in the state of Arkansas 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.

In 2018-2020, the bank's small loans to businesses in moderate-income geographies was near both the percentage of businesses located in moderate-income geographies and the percentage of aggregate lending to small business located in moderate-income geographies. The bank's business lending included lending in census tracts that are designated as distressed or underserved. There are no low-income CTs in the Arkansas non-MSA AA.

### ***Lending Gap Analysis***

We evaluated the lending distribution in the bank's AAs to determine if any unexplained conspicuous gaps existed. There were no unexplained conspicuous gaps identified after reviewing performance context.

### **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***

The distribution of home mortgage loans to low- and moderate-income individuals in the AA is reasonable. Refer to Table P in the state of Arkansas 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.

In 2018-2020, the bank's mortgage lending to low-income borrowers was lower than the percentage of families identified as low-income but exceeded the aggregate lending to low-income borrowers. For moderate-income borrowers, the bank's mortgage lending exceeded the percentage of families identified as moderate-income and exceeded the percentage of the aggregate lending to moderate-income borrowers. The rapid appreciation of single-family housing in recent years has made it difficult for low- and moderate-income borrowers to procure home ownership in the Arkansas non-MSA AA.

***Small Loans to Businesses***

The distribution of loans to small businesses in the AA is excellent. Refer to Table R in the state of Arkansas 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 2018-2020, the bank's loans to businesses with revenues less than or equal to \$1 million exceeded both the percentage of businesses identified as having revenues less than or equal to \$1 million and the aggregate lending to these businesses.

**Responses to Complaints**

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

## Appendix A: Scope of Examination

The following table identifies the time period covered in this evaluation, affiliate activities that were reviewed, and loan products considered. The table also reflects the MSAs and non-MSAs that received comprehensive examination review, designated by the term “full-scope”, and those that received a less comprehensive review, designated by the term “limited-scope”.

<b>Time Period Reviewed:</b>	<b>January 1, 2018, to December 31, 2020</b>	
<b>Bank Products Reviewed:</b>	Home mortgage and small business loans.	
<b>Affiliate(s)</b>	<b>Affiliate Relationship</b>	<b>Products Reviewed</b>
None		
<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>		
Sherman-Denison MSA	Full scope	The Sherman-Denison MSA is comprised of Grayson County. Grayson County has 26 census tracts.
Texas Non-MSA AA	Limited scope	The Texas non-MSA is comprised of Red River County, which has five CTs.
<b>Arkansas</b>		
Arkansas Non-MSA AA	Full scope	The Arkansas non-MSA AA is comprised of La Fayette and Hempstead counties. La Fayette county has three CTs. Hempstead county has six CTs.

## Appendix B: Summary of State Ratings

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<b>RATINGS</b>	<b>The First National Bank of Tom Bean</b>
Overall Bank:	Lending Test Rating
<b>The First National Bank of Tom Bean</b>	<b>Satisfactory</b>
State:	
<b>Texas</b>	<b>Satisfactory</b>
<b>Arkansas</b>	<b>Satisfactory</b>

## 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.

**Table O: Assessment Area Distribution of Home Mortgage Loans by Income Category of the Geography 2018-20**

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
<b>ARKANSAS</b>																			
Arkansas Non-MSA	125	10,246	58.4	461	0.0	0.0	0.0	44.1	48.0	35.1	29.4	10.4	29.7	26.4	41.6	35.1	0.0	0.0	0.0
<b>TEXAS</b>																			
Texas Non-MSA	14	1,631	9.8	179	0.0	0.0	0.0	29.0	57.1	25.7	71.0	42.9	74.3	0.0	0.0	0.0	0.0	0.0	0.0
Sherman-Denison MSA	75	13,760	35.0	6,704	0.0	0.0	0.0	20.4	17.3	13.3	50.0	45.3	45.8	29.6	37.3	40.9	0.0	0.0	0.0
<b>Total</b>	<b>214</b>	<b>25,638</b>	<b>100.0</b>	<b>7,344</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>25.2</b>	<b>37.9</b>	<b>14.9</b>	<b>48.3</b>	<b>24.8</b>	<b>45.5</b>	<b>26.5</b>	<b>37.4</b>	<b>39.6</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%*

<b>Table P: Assessment Area Distribution of Home Mortgage Loans by Income Category of the Borrower</b>																			<b>2018-20</b>	
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	
<b>ARKANSAS</b>																				
Arkansas Non-MSA	125	10,246	58.4	461	24.2	12.0	5.9	19.6	20.8	13.0	19.4	17.6	18.0	36.8	45.6	48.8	0.0	6.5	14.3	
<b>TEXAS</b>																				
Texas Non-MSA	14	1,631	12.2	179	28.7	--	5.0	19.7	11.1	9.5	20.7	21.4	15.6	30.8	71.4	48.0	0.0	--	21.8	
Sherman-Denison MSA	75	13,760	41.4	6,704	22.4	6.7	4.4	17.5	16.0	15.2	19.3	12.0	20.5	40.9	42.7	38.1	0.0	29.3	21.8	
<b>Total</b>	<b>214</b>	<b>25,638</b>	<b>100.0</b>	<b>7,344</b>	<b>23.2</b>	<b>9.3</b>	<b>4.5</b>	<b>18.0</b>	<b>18.2</b>	<b>14.9</b>	<b>19.4</b>	<b>15.9</b>	<b>20.3</b>	<b>39.4</b>	<b>46.3</b>	<b>39.0</b>	<b>0.0</b>	<b>15.7</b>	<b>21.3</b>	
<i>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%</i>																				

**Table Q: Assessment Area Distribution of Loans to Small Businesses by Income Category of the Geography 2018-20**

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	Overall Market	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate
<b>ARKANSAS</b>																			
Arkansas Non-MSA	20	1,364	33.3	491	0.0	0.0	0.0	58.3	50.0	53.8	24.3	10.0	21.4	17.5	40.0	24.8	0.0	0.0	0.0
<b>TEXAS</b>																			
Texas Non-MSA	20	1,157	33.3	167	0.0	0.0	0.0	41.5	55.0	40.1	58.5	45.0	59.9	0.0	0.0	0.0	0.0	0.0	0.0
Sherman-Denison MSA	20	781	33.3	2,508	0.0	0.0	0.0	21.7	15.0	20.3	48.8	50.0	44.7	29.5	35.0	35.0	0.0	0.0	0.0
<b>Total</b>	<b>60</b>	<b>3,302</b>	<b>100.0</b>	<b>3,166</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>27.2</b>	<b>43.4</b>	<b>26.6</b>	<b>46.5</b>	<b>31.7</b>	<b>41.9</b>	<b>26.3</b>	<b>24.8</b>	<b>31.6</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

Source: 2020 D&B Data; 01/01/2018 - 12/31/2020 Bank Data; 2019 CRA Aggregate Data, "--" data not available.  
 Due to rounding, totals may not equal 100.0%

<b>Table R: Assessment Area Distribution of Loans to Small Businesses by Gross Annual Revenues</b>											<b>2018-20</b>	
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	
<b>ARKANSAS</b>												
Arkansas NonMSA	20	1,364	36.9	491	75.0	100.0	44.4	5.2	0.0	19.8	0	
<b>TEXAS</b>												
Texas Non MSA	20	1,157	37.7	167	79.1	95.0	47.3	3.7	5.0	17.2	0	
Sherman-Denison MSA	20	781	25.4	2,508	84.4	90.0	45.9	4.1	10.0	11.4	0	
<b>Total</b>	<b>60</b>	<b>3,302</b>	<b>100.0</b>	<b>3,166</b>	<b>83.0</b>	<b>95.9</b>	<b>45.7</b>	<b>4.2</b>	<b>4.1</b>	<b>12.8</b>	<b>0</b>	
<i>Source: 2020 D&amp;B Data; 01/01/2018 - 12/31/2020 Bank Data; 2019 CRA Aggregate Data, "--" data not available.            Due to rounding, totals may not equal 100.0%</i>												