



## **PUBLIC DISCLOSURE**

January 3, 2023

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

The First National Bank in Cooper  
Charter number 13046

11 Westside Square  
Cooper, TX 75432

Office of the Comptroller of the Currency

Dallas Office  
225 E. John Carpenter Frwy., 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.

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## 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 a review of one full-scope assessment area (AA) in the state of Texas.
  - The loan-to-deposit ratio is reasonable.
  - A substantial majority of loans were originated inside the bank's AA.
  - The geographic distribution of loans reflects reasonable distribution throughout the bank's AA.
  - The distribution of loans to individuals of different income levels reflects reasonable distribution.

### Loan-to-Deposit Ratio

Considering the bank's size, financial condition, and credit needs of the AA, the bank's loan-to-deposit ratio (LTD) is reasonable.

The LTD ratio is calculated on a bank-wide basis. The bank's quarterly LTD ratio since the previous evaluation averaged 50.98 percent, with a quarterly high of 57.06 percent and a quarterly low of 43.09 percent. The bank's quarterly average LTD ratio is comparable to the quarterly average LTD ratio of two similarly situated banks. The quarterly average LTD ratio for these banks was 52.79 percent with a high ratio of 63.62 percent and a low ratio of 41.97 percent.

### Lending in Assessment Area

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

The bank originated and purchased 90 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. The findings from this analysis had a positive impact on the overall analysis of the geographic distribution of lending by income level of geography.

<b>Lending Inside and Outside of the Assessment Area</b>										
Loan Category	Number of Loans				Total #	Dollar Amount of Loans \$(000s)				Total \$(000s)
	Inside		Outside			Inside		Outside		
	#	%	#	%		\$	%	\$	%	
Consumer	18	90	2	10	20	60	93.28	4	6.72	65
<b>Total</b>	<b>18</b>	<b>90</b>	<b>2</b>	<b>10</b>	<b>20</b>	<b>60</b>	<b>92.74</b>	<b>4</b>	<b>7.26</b>	<b>65</b>
<i>Source: Bank Data. Evaluation Period: 01/01/2019-12/31/2021            Due to rounding, totals may not equal 100.0.</i>										

## Description of Institution

The First National Bank in Cooper (FNB or bank) is a \$56.9 million community bank located in Cooper, Delta County, Texas. FNB is wholly owned by Cooper Lake Financial Corporation, a one-bank holding company. The bank is a single-state institution and operates from one location with drive-thru banking and an automated teller machine (ATM). FNB is a full-service institution that offers traditional, non-complex loan and deposit products. No branches have been opened since the previous evaluation.

The bank offers a variety of consumer, commercial, and deposit products for its customers. As of December 31, 2021, FNB's loan portfolio totaled \$23.4 million, or 41.11 percent of total assets and consists of commercial loans at 30.19 percent, residential real estate at 52.32 percent, consumer loans at 10.06 percent, and agriculture loans at 7.43 percent. During the evaluation period, consumer loans represented the largest percentage of loans originated by number at 65 percent and is considered the bank's primary product. Tier 1 capital totaled \$6.7 million, with a leverage ratio of 11.32 percent. The bank also held a 66.4 percent market share of deposits in Delta County based on the Federal Deposit Insurance Corporation (FDIC) Deposit Market Share data as of June 30, 2021.

There are no legal, financial, or other factors impeding the bank's ability to help meet the credit needs in its AA. The bank's CRA performance was previously evaluated as of August 9, 2018, with an overall rating of "Satisfactory."

## Scope of the Evaluation

### Evaluation Period/Products Evaluated

We evaluated the CRA performance of FNB using Small Bank performance criteria which includes the lending test. The evaluation covered the period from January 1, 2019, through December 31, 2021. Conclusions regarding the lending test are based on a loan sample of FNB's primary lending product, consumer loans, which represented 65 percent of the loan portfolio by number.

### 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. 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, and where applicable, multistate ratings. FNB's overall rating is based on performance in the State of Texas. The state rating is based on performance in the bank's one 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), 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 Consumer Financial Protection Bureau, 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<sup>1</sup>:** Satisfactory

**The Lending Test is rated:** Satisfactory

The major factors that support this rating include:

- The bank's LTD ratio is reasonable.
- A substantial majority of the bank's loans are inside its AA.
- The bank exhibits a reasonable geographic distribution of loans.
- The bank exhibits a reasonable distribution of loans to individuals of different income levels.

### Description of Institution's Operations in Texas

FNB's sole full-service branch and ATM are located in Cooper, TX. The bank held a 66.4 percent market share for deposits in Delta County based on the FDIC Deposit Market Share data as of June 30, 2021. FNB had the highest deposit market share percentage in the AA. Deposits in the AA totaled \$46 million. Additionally, 100 percent of FNB's deposits are received from within the AA.

The bank's lending strategy focuses on small business lending, while also promoting consumer lending and one- to four-family real estate loans to meet the needs of the community. As of December 31, 2021, FNB had loans of \$23.4 million, or 41.11 percent of total assets.

The Delta County AA includes three census tracts consisting of no low-income tracts, one moderate-income tract, and two middle-income tracts. Delta County includes the city of Cooper, a large portion of Pecan Gap, and a small portion of Commerce. The AA meets the requirements of the regulation and does not arbitrarily exclude low- or moderate-income geographies.

The AA has 2,468 housing units, of which 61 percent are owner-occupied, 18 percent are renter-occupied, and 22 percent are vacant. The top employers in Delta County include Cooper Independent School District, Tex Trail, and AWP Group Holdings, Inc.

To help identify needs and opportunities in the AA, we relied on a previous community contact with an individual from a local community organization. The contact indicated the local financial institutions participate financially in the needs of the community.

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

## Delta County AA

Table A – Demographic Information of the Assessment Area						
Assessment Area: Delta County AA 2021						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	2	0.0	50.0	50.0	0.0	0.0
Population by Geography	5223	0.0	43.2	56.8	0.0	0.0
Housing Units by Geography	2468	0.0	44.1	55.9	0.0	0.0
Owner-Occupied Units by Geography	1496	0.0	37.7	62.3	0.0	0.0
Occupied Rental Units by Geography	432	0.0	74.1	25.9	0.0	0.0
Vacant Units by Geography	540	0.0	37.8	62.2	0.0	0.0
Businesses by Geography	284	0.0	46.5	53.5	0.0	0.0
Farms by Geography	40	0.0	12.5	87.5	0.0	0.0
Family Distribution by Income Level	1442	23.2	18.1	18.2	40.4	0.0
Household Distribution by Income Level	1928	23.9	20.3	11.9	43.9	0.0
Median Family Income MSA -		\$52,198	Median Housing Value			\$72,717
			Median Gross Rent			\$699
			Families Below Poverty Level			16.0%
<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

The rating for Texas is based on a full-scope review of the bank's only AA, Delta County AA.

### 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 performance in the Delta County AA is good.

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

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

### ***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.

The geographic distribution of consumer loans is reasonable. The AA does not include any low-income geographies. The percentage of bank loans in moderate-income geographies meets the percentage of households in those geographies.

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

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

### ***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.

The borrower distribution of consumer loans is reasonable. The percentage of bank loans made to low-income borrowers is lower than the percentage of low-income households in the AA. However, the percentage of bank loans made to moderate-income borrowers exceed the percentage of moderate-income households in the AA.

### **Responses to Complaints**

There were no consumer complaints or public comments regarding the bank's CRA performance during the evaluation period.



# 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 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>	(01/01/2019 to 12/31/2021)	
<b>Bank Products Reviewed:</b>	Consumer 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>MMSA(s)</b>		
<b>Texas</b>		
Delta County AA	Full-scope	All of Delta County, TX

## Appendix B: Summary of MMSA and State Ratings

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RATINGS	The First National Bank in Cooper
Overall Bank:	Lending Test Rating
The First National Bank in Cooper	Satisfactory
MMSA or State:	
Texas	Satisfactory

## 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) purchases 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 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.

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

<b>Table U: Assessment Area Distribution of Consumer Loans by Income Category of the Geography</b>														<b>2019-21</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	
Delta County AA	20	64	100.00	0.0	0.0	45.9	45.0	54.1	55.0	0.0	0.0	0.0	0.0	
<b>Total</b>	<b>20</b>	<b>64</b>	<b>100.00</b>	<b>0.0</b>	<b>0.0</b>	<b>45.9</b>	<b>45.0</b>	<b>54.1</b>	<b>55.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	

*Source: 2015 ACS; 01/01/2019 - 12/31/2021 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>2019-21</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	
Delta County AA	20	64	100	23.9	10.0	20.3	35.0	11.9	10.0	43.9	15.0	0.0	30.0	
<b>Total</b>	<b>22</b>	<b>64</b>	<b>100</b>	<b>23.9</b>	<b>10.0</b>	<b>20.3</b>	<b>35.0</b>	<b>11.9</b>	<b>10.0</b>	<b>43.9</b>	<b>15.0</b>	<b>0.0</b>	<b>30.0</b>	

*Source: 2015 ACS; 01/01/2019 - 12/31/2021 Bank Data.  
Due to rounding, totals may not equal 100.0%*

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