

PUBLIC DISCLOSURE

September 26, 2022

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

American State Bank
RSSD # 262358
5202 Old Jacksonville Highway
Tyler, Texas 75703

Federal Reserve Bank of Dallas
2200 North Pearl Street
Dallas, Texas 75201

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, nor should it 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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INSTITUTION'S COMMUNITY REINVESTMENT ACT RATING

This institution is rated: **Satisfactory**.

The Lending Test is rated: **Satisfactory**.

The Community Development Test is rated: **Satisfactory**.

American State Bank (the bank) is rated **Satisfactory**. This rating is based on the following conclusions with respect to the performance criteria under the Lending Test and the Community Development Test:

- The bank's 17-quarter average net loan-to-deposit ratio (NLTD) is reasonable given the bank's asset size, financial condition, and the credit needs of the assessment areas (AAs).
- A majority of the bank's loans are originated inside the AAs.
- A reasonable distribution of loans occurs throughout the bank's AAs.
- Lending reflects a reasonable distribution among individuals of different income levels, including low- and moderate-income (LMI), and businesses of different sizes.
- Neither the bank nor the Federal Reserve bank of Dallas (Reserve Bank) received any CRA-related complaints since the previous evaluation.
- Community development (CD) activity reflects adequate responsiveness to the needs of its AAs.

SCOPE OF THE EVALUATION

Examiners utilized the Federal Financial Institutions Examination Council's (FFIEC's) *Interagency Examination Procedures for Intermediate Small Institutions* to evaluate the bank's CRA performance, as the bank met the intermediate small bank criteria on December 31, 2020. Therefore, this is the bank's first CRA performance evaluation under the FFIEC's *Interagency Examination Procedures for Intermediate Small Institutions*.

The evaluation considered CRA performance context, including the bank's asset size, financial condition, business strategy, and market competition, as well as AA demographic and economic characteristics, and credit needs. The bank's CRA performance was assessed within the bank's delineated AAs: Tyler Metropolitan Statistical Area (MSA) AA, Angelina and Tyler Counties Nonmetropolitan AA, and Shelby County Nonmetropolitan AA. Each of the AA's received a full-scope review. The Angelina and Tyler Counties Nonmetropolitan AA, as well as the Shelby County Nonmetropolitan AA are new for this bank since the prior evaluation given the bank's acquisition and merger with Texas State Bank (Joaquin, Texas) in 2019. Examiners reviewed the following data to assess the bank's CRA performance:

- The 17-quarter average NLTD ratio of the bank and four similarly situated institutions.
- A statistically derived sample of the bank's commercial loans, consisting of 101 small business loans out of a universe of 200 loans originated between July 1, 2021 and December 31, 2021. Given the bank's strategic focus on commercial lending, conclusions involving small business lending carried more weight when assessing the bank's overall performance.
- The universe of 273 residential real estate loans reported by the bank on its Home Mortgage Disclosure Act (HMDA) Loan/Application Registers as originated or purchased between January 1, 2019 and December 31, 2021.

- The universe of CD loans, investments, and services, as provided by the bank, since the conclusion of the previous CRA performance evaluation as of June 4, 2018 through September 26, 2022.
- Information provided by community leaders from each AA to assess the credit needs of the communities and responsiveness to the banks meeting those credit needs as well as local economic conditions. The community contacts consisted of two city officials and the owner of a small business consulting firm.

DESCRIPTION OF THE INSTITUTION

American State Bank, a full-service, intrastate community bank headquartered in Arp, Texas, has the following characteristics:

- The bank is a wholly owned subsidiary of Steele Bancshares, Inc.
- The bank has total assets of \$758.3 million as of June 30, 2022.
- The bank merged with Texas State Bank (Joaquin, Texas) in 2019, resulting in the addition of the branches in the Shelby County Nonmetropolitan AA, and the Angelina and Tyler Counties Nonmetropolitan AA.
- In addition to its main office in Tyler, TX, the bank operates four offices in the Tyler MSA AA, four in the Angelina and Tyler Counties Nonmetropolitan AA, and three in Shelby County Nonmetropolitan AA.
- The bank also operates 11 full-service, deposit taking, automated teller machines (ATMs), one at each branch office.
- As shown in the table below, the bank’s primary business focus is non-farm non-residential real estate loans.

Table 1

Composition of Loan Portfolio as of June 30, 2022		
Loan Type	\$(000)	%
Construction and Land Development	58,307	8.9
Farmland	20,926	3.2
1-4 Family Residential Real Estate	115,341	17.7
Multifamily Residential Real Estate	2,409	0.4
Non-Farm Non-Residential Real Estate	326,114	50.0
Agricultural	7,576	1.2
Commercial and Industrial	106,236	16.3
Consumer	15,132	2.3
Other	138	0.0
Gross Loans	652,179	100.0

Note: Percentages may not total 100.0 percent due to rounding.

The bank’s CRA performance was rated Satisfactory at the previous performance evaluation dated June 4, 2018. There are no known legal, financial, or other factors impeding the bank’s ability to help meet the credit needs in its communities.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS¹

LENDING TEST

This performance evaluation first discusses the bank's overall performance, followed by an in-depth evaluation of performance in the Tyler MSA AA, the Angelina and Tyler Counties Nonmetropolitan AA, and the Shelby County Nonmetropolitan AA County. The bank's business model focuses on small business lending and, as a result, it carried a heavier weight when evaluating the institution's CRA performance.

The bank's lending levels reflect good responsiveness to the AAs credit needs. The bank's 17-quarter average NLTD reflects the institution's desire to extend loans. A majority of loans are within the AA and the geographic distribution of loans reflects reasonable dispersion throughout its AAs, along with reasonable penetration among individuals of different income levels and businesses of different sizes.

Net Loan-to-Deposit Ratio

This performance criterion evaluates the bank's average NLTD ratio since its previous CRA evaluation to determine the reasonableness of lending in light of performance context, such as the bank's capacity to lend, the availability of lending opportunities, the demographic and economic factors present in the assessment area, and in comparison, to similarly situated institutions insured by the Federal Deposit Insurance Corporation (FDIC). The similarly situated institutions were selected based on asset size, product offering, and markets served.

The bank's 17-quarter average NLTD ratio of 93.9 percent is reasonable and within the range of NLTD ratios of the similarly situated banks, which ranged from 51.2 percent to 94.1 percent. The bank's NLTD reflects the institution's willingness to extend credit given the demands and opportunities in the assessment area.

Table 2

Comparative NLTD Ratios June 30, 2018 – June 30, 2022			
Institution	Location	Asset Size \$(000)	17-Quarter Average NLTD Ratio (%)
American State Bank	Arp, Texas	758,300	93.9
Similarly Situated Institutions			
BOM Bank	Natchitoches, Louisiana	775,768	94.1
First National Bank	Mc Gregor, Texas	744,579	81.9
Bank of Houston	Houston, Texas	648,531	83.8
Citizens 1 st Bank	Tyler, Texas	731,821	51.2

¹ The NLTD ratio and percentage of loans and other lending-related activity in the AAs only apply to the institution overall. No discussion of these performance criteria applies to sections of the performance evaluation related to the AA.

Assessment Area Concentration

This performance criterion evaluates the percentage of lending extended inside and outside of the bank’s delineated AAs. As indicated in the table below, the bank originated a majority of loans, by number and dollar, inside its AAs. Additionally, there were no conspicuous gaps or anomalies in the bank’s lending patterns.

Table 3

Lending Inside and Outside the Assessment Area								
Loan Types	Inside				Outside			
	#	%	\$(000s)	%	#	%	\$(000s)	%
Home Improvement	12	92.3	\$993	98.5	1	7.7	\$15	1.5
Home Purchase - Conventional	103	70.1	\$18,093	51.7	44	29.9	\$16,880	48.3
Multi-Family Housing	23	69.7	\$24,331	69.3	10	30.3	\$10,768	30.7
Other Purpose Closed-End	2	66.7	\$173	38.1	1	33.3	\$281	61.9
Refinancing	55	71.4	\$9,556	40.2	22	28.6	\$14,237	59.8
Total HMDA	195	71.4	\$53,146	55.8	78	28.6	\$42,181	44.2
Total Small Business	59	58.4	\$9,708	59.8	42	41.6	\$6,523	40.2
TOTAL LOANS	254	67.9	\$62,854	56.3	120	32.1	\$48,704	43.7

Note: Affiliate loans not included

The remaining analysis is based on loans made inside the bank’s AAs.

Geographic Distribution of Loans

This performance criterion evaluates the bank’s distribution of lending within its AAs by income level of census tracts with consideration given to the dispersion of loans throughout the AAs. The bank’s overall geographic distribution of loans reflects reasonable distribution among the different census tracts (including LMI tracts) and dispersion throughout the AAs. The bank’s small business and HMDA lending in LMI census tracts is comparable to the demographic data. Furthermore, the bank generally extended its loans in proximity to its branches, with no conspicuous gaps or anomalies in the lending patterns noted.

Lending to Borrowers of Different Income Levels and to Businesses of Different Sizes

This performance criterion evaluates the bank’s lending to borrowers of different income levels and businesses of different revenue sizes. The bank’s lending has an overall reasonable distribution among individuals of different income levels and businesses of different sizes.

COMMUNITY DEVELOPMENT TEST

The CD Test evaluates the bank’s responsiveness to the needs of its AAs through qualified CD loans, investments, and services, considering the bank’s capacity and the need and availability of such opportunities in the delineated AAs. The bank’s overall CD performance demonstrates adequate responsiveness primarily due to the volume of qualified CD loans extended within the AA (625 loans). Examiners considered qualified CD loans (193) and investments (8) outside of the delineated AAs, as the bank meets the credit needs of its AAs. Examiners considered the bank’s participation in the Small Business Administration’s (SBA’s) Paycheck Protection Program (PPP) as responsive to the credit needs of the delineated AAs given that the Tyler MSA AA

community contact indicated that the greatest credit need for the AA is loan services for small businesses. Given that the high volume of PPP loans properly address the AA credit needs, qualified loans and investments extended outside of its AAs were still considered when determining the overall CD Test rating.

Table 4
Community Development Activity

Community Development Purpose	Community Development Loans		Qualified Investments						Community Development Services #
	#	\$(000)	Investments		Donations		Total Investments		
			#	\$(000)	#	\$(000)	#	\$(000)	
Affordable Housing	1	20	0	0	0	0	0	0	0
Community Services	23	3,275	0	0	18	22	18	22	76
Economic Development	91	7,098	0	0	2	1	2	1	0
Revitalization and Stabilization	703	46,881	10	5,090	0	0	10	5,090	0
Totals	818	57,274	10	5,090	20	23	30	5,113	76

FAIR LENDING OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

Compliance with the substantive provisions of antidiscrimination and other consumer protection laws and regulations, including the Equal Credit Opportunity Act and the Fair Housing Act, was considered as part of this CRA evaluation. No evidence of a pattern or practice of discrimination on a prohibited basis or of other illegal credit practices inconsistent with helping to meet community credit needs was identified.

TYLER METROPLITAN STATISTICAL AREA ASSESSMENT AREA
(Full-Scope Review)

DESCRIPTION OF THE INSTITUTION’S OPERATIONS IN THE TYLER MSA ASSESSMENT AREA

The Tyler MSA AA consists of the entirety of the Tyler MSA (see Appendix A for an AA map and Appendix B for additional demographic data).

- There have been no changes to the Tyler MSA AA since the previous evaluation.
- According to the 2015 American Community Survey, the AA consists of 41 census tracts: two (4.9 percent) are low-income census tracts, 11 (26.8 percent) are moderate-income census tracts, 15 (36.6 percent) are middle-income census tracts, 12 (29.3 percent) are upper-income, and one (2.4 percent) are unknown income census tracts. The composition of census tracts has remained unchanged since the prior evaluation.
- The bank currently operates five locations within the AA. Four branches are located in middle-income census tracts and one is located in an upper-income census tract.
- According to the June 30, 2022, FDIC Market Share Report, 25 federally insured depository institutions operate 84 branches in the AA, holding deposits of \$8.8 billion. The bank ranked 7th in deposit market share, with \$485.1 million or 5.5 percent of all deposits. Primary competitors in the AA include Southside Bank (38.3 percent), Texas Bank & Trust Company, (7.7 percent), and Austin Bank, Texas National Bank (7.3 percent).
- In 2020, the bank ranked 43rd out of 411 HMDA reporting financial institutions servicing the AA, totaling 0.5 percent of the total HMDA transactions reported. Wells Fargo Bank, NA and Quicken Loans, LLC led the market with 5.3 percent and 5.2 percent, respectively. The bank had a similar ranking (47th out of 406) in 2021 among HMDA reporting financial institutions servicing the AA, totaling 0.5 percent of the total HMDA transactions reported. Rocket Mortgage, LLC and Altra led the market, with 7.0 percent and 4.8 percent, respectively.
- The community contact who serves as the owner of a small business consulting firm indicated that the credit needs of the AA are for small business lending and development. Given there are enough established businesses in the area, local banks do not take on the additional risk of lending to smaller businesses.

Table 5

Population Change Assessment Area: Tyler MSA			
Area	2010 Population	2015 Population	Percent Change
Tyler MSA	209,714	217,552	3.7
Texas	25,145,561	26,538,614	5.5
<i>Source: 2010 U.S. Census Bureau Decennial Census 2011 - 2015 U.S. Census Bureau American Community Survey</i>			

- While the population of the AA increased, the growth rate is below than population growth experienced throughout the state of Texas.

Table 6

Median Family Income Change Assessment Area: Tyler MSA			
Area	2010 Median Family Income	2015 Median Family Income	Percent Change
Tyler MSA	\$62,315	\$57,823	-7.2
Texas	\$63,314	\$62,717	-0.9
<i>Source: 2006 - 2010 U.S. Census Bureau American Community Survey 2011 - 2015 U.S. Census Bureau American Community Survey Median Family Incomes have been inflation-adjusted and are expressed in 2015 dollars.</i>			

- There are 53,709 families in the AA, of which approximately 21.9 percent of these families are classified as low-income, 17.7 percent are moderate-income, 18.7 percent are middle-income, and 41.7 percent are upper-income families.
- Approximately 12.1 percent of these families live below the poverty rate, which is similar to the family poverty rate for the state of Texas, at 13.5 percent.
- The AA median family income decreased by 7.2 percent and was below than the median income for the state of Texas, which experienced a slight decrease of 0.9 percent

Table 7

Housing Cost Burden Assessment Area: Tyler MSA						
Area	Cost Burden - Renters			Cost Burden - Owners		
	Low Income	Moderate Income	All Renters	Low Income	Moderate Income	All Owners
Tyler MSA	80.3	59.2	43.7	56.7	33.5	18.8
Texas	78.1	51.1	42.5	60.1	34.8	19.4
<i>Cost Burden is housing cost that equals 30 percent or more of household income Source: U.S. Department of Housing and Urban Development (HUD), 2014-2018 Comprehensive Housing Affordability Strategy</i>						

- The AA contains 88,145 housing units, with a median age of housing stock of 38 years.
- The median housing value of \$130,556 is lower than the state of Texas' median housing value of \$136,000.
- Within the AA, owner-occupied units comprise of 58.6 percent of the housing units, with rental units representing 30.8 percent, and vacant units comprising 10.6 percent.
- Of the owner-occupied housing units, 27.2 percent are in low-income census tracts, 47.2 percent are in moderate-income census tracts, 58.7 percent are in middle-income census tracts, and 68.7 percent are in upper-income census tracts.
- Housing in the AA is slightly less affordable for renters compared to the state of Texas. However, housing for owners in the AA is slightly more affordable than housing in the state of Texas as a whole.

Table 8

Unemployment Rates					
Assessment Area: Tyler MSA					
Area	2017	2018	2019	2020	2021
Tyler MSA	4.1	3.7	3.3	6.8	5.1
Texas	4.3	3.9	3.5	7.7	5.7
<i>Source: Bureau of Labor Statistics (BLS), Local Area Unemployment Statistics</i>					

- The largest industries in the AA are health care and social assistance, retail trade, and educational services.
- The highest paying industries in the AA are mining, quarrying, and oil and gas extraction, agriculture, forestry, fishing and hunting, mining, and utilities.
- The unemployment rates in the AA continue to be slightly below the unemployment rates of the state of Texas despite the impact of the COVID-19 pandemic. Both unemployment rates exhibited a declining trend until 2020 where they doubled given the COVID-19 pandemic. In 2021, both unemployment rates declined, but they are not at pre-pandemic levels.
- The community leader indicated that local banks provided loans to small businesses through the SBA's PPP, mitigating potential job loss and allowing businesses to keep staff employed during the pandemic.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN THE TYLER MSA ASSESSMENT AREA

Lending Test

The bank's overall performance under the Lending Test is rated Satisfactory. Lending activity reflects reasonable responsiveness to the AA's credit needs. The geographic distribution of loans reflects reasonable dispersion throughout the AA in 2020 and 2021, as well as a reasonable loan distribution to borrowers of different income levels and businesses of different revenue sizes.

Geographic Distribution of Loans

The bank's geographic distribution of loans is reasonable, with the geographic distribution of small business loans carrying more weight than the geographic distribution of HMDA loans. For this analysis, the bank's HMDA loan origination within the AA is insufficient to conduct a meaningful analysis by the individual loan product categories; thus, the product categories were combined and analyzed at the total HMDA lending level. The geographic distribution of HMDA lending, including both originations and purchases, was compared to available demographic data and aggregate lenders' performance. The bank's geographic distribution of small business loans lending. was compared to 2021 Dun & Bradstreet (D&B) data.

Residential Real Estate (HMDA) Lending

The bank's geographic distribution of loans reflects reasonable distribution among the different census tracts and dispersion throughout the AA. In both 2020 and 2021, total home mortgage loans extended in LMI census tracts, exceeded aggregate lenders' performance and demographics by number and dollar volume. While this does reflect favorably on the bank's

lending practices, the only loan in low-income census tracts was for a large, multi-family housing complex. When reviewed by dollar volume, multi-family housing in LMI tracts made up 73.7 percent of the bank's total HMDA lending in LMI tracts for 2020, and 63.5 percent of HMDA lending in LMI census tracts in 2021. While these loans do not reflect negatively on the bank's performance, they do account for the majority of the bank's lending, reflecting only a reasonable distribution.

Table 9

Distribution of 2020 and 2021 Home Mortgage Lending By Income Level of Geography													
Assessment Area: Tyler MSA													
Geographic Income Level	Bank And Aggregate Loans By Year												Owner Occupied Units %
	2020						2021						
	Bank		Agg		Bank		Agg		Bank		Agg		
	#	%	%	\$(000)	\$%	\$%	#	%	%	\$(000)	\$%	\$%	
Home Purchase Loans													
Low	0	0.0	0.3	0	0.0	0.2	0	0.0	0.7	0	0.0	0.5	0.9
Moderate	6	26.1	12.3	739	17.9	7.7	5	25.0	14.4	628	14.0	9.7	19.9
Middle	8	34.8	41.4	1,122	27.1	39.9	5	25.0	40.7	1,069	23.8	39.0	40.9
Upper	9	39.1	46.0	2,273	55.0	52.2	10	50.0	44.2	2,793	62.2	50.8	38.3
Unknown	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0.0
Total	23	100.0	100.0	4,134	100.0	100.0	20	100.0	100.0	4,490	100.0	100.0	100.0
Refinance Loans													
Low	0	0.0	0.2	0	0.0	0.1	0	0.0	0.2	0	0.0	0.2	0.9
Moderate	4	36.4	7.6	398	11.7	5.4	1	6.7	9.2	142	4.8	6.4	19.9
Middle	3	27.3	39.4	765	22.4	37.7	8	53.3	40.5	1,900	64.0	38.3	40.9
Upper	4	36.4	52.8	2,250	65.9	56.9	6	40.0	50.1	926	31.2	55.1	38.3
Unknown	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0.0
Total	11	100.0	100.0	3,413	100.0	100.0	15	100.0	100.0	2,968	100.0	100.0	100.0
Home Improvement Loans													
Low	0	0.0	0.7	0	0.0	0.6	0	0.0	1.2	0	0.0	0.5	0.9
Moderate	0	0.0	15.7	0	0.0	10.5	0	0.0	14.6	0	0.0	12.6	19.9
Middle	2	66.7	35.1	95	51.6	37.8	1	50.0	41.5	152	62.8	39.8	40.9
Upper	1	33.3	48.5	89	48.4	51.1	1	50.0	42.7	90	37.2	47.0	38.3
Unknown	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0.0
Total	3	100.0	100.0	184	100.0	100.0	2	100.0	100.0	242	100.0	100.0	100.0
Multifamily Loans													Multi-family Units %
Low	1	14.3	9.5	2,700	21.7	2.0	2	33.3	5.2	866	18.4	0.5	2.8
Moderate	2	28.6	22.2	487	3.9	23.8	2	33.3	15.5	739	15.7	10.1	25.9
Middle	3	42.9	41.3	3,056	24.6	47.2	1	16.7	50.0	640	13.6	67.6	44.5
Upper	1	14.3	27.0	6,190	49.8	27.0	1	16.7	29.3	2,471	52.4	21.7	26.8
Unknown	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0.0
Total	7	100.0	100.0	12,433	100.0	100.0	6	100.0	100.0	4,716	100.0	100.0	100.0
Total Home Mortgage Loans													Owner Occupied Units %
Low	1	2.3	0.4	2,700	13.4	0.3	2	4.5	0.5	866	6.9	0.4	0.9
Moderate	12	27.3	10.6	1,624	8.1	7.8	9	20.5	12.2	1,663	13.2	8.4	19.9
Middle	16	36.4	40.2	5,038	25.0	39.5	15	34.1	40.8	3,761	29.9	41.0	40.9
Upper	15	34.1	48.7	10,802	53.6	52.4	18	40.9	46.5	6,280	50.0	50.2	38.3
Unknown	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0.0
Total	44	100.0	100.0	20,164	100.0	100.0	44	100.0	100.0	12,570	100.0	100.0	100.0
<i>Source: 2021 FFIEC Census Data</i>													
<i>2011-2015 U.S. Census Bureau: American Community Survey</i>													
<i>Note: Percentages may not total 100.0 percent due to rounding.</i>													

Small Business Lending

The geographic distribution of small business loans reflects reasonable penetration throughout the AA, compared to demographics. The table below demonstrates that the bank’s 2021 small business lending in LMI census tracts was significantly below the performance of the demographics in the AA. However, given the relatively low number of LMI census tracts in the AA, the bank made efforts in moderate-income census tracts to lend to small businesses, and comes close to the demographic, by number of loans originated. While the majority of AA businesses are domiciled within middle- and upper-income census tracts, the bank’s distribution of small business loans in LMI census tracts shows room for improvement in response to the credit needs of small businesses in the AA. As the community contact stated, there is a need for more small business lending for smaller businesses and startups. The contact also noted the positive economic environment within the AA gives banks many opportunities to lend to businesses that are more established and in the middle- and upper-income census tracts.

Table 10

Distribution of 2021 Small Business Lending By Income Level of Geography					
Assessment Area: Tyler MSA					
Geographic Income Level	Bank Loans				Total Businesses %
	#	#%	\$(000)	\$%	
Low	0	0.0	0	0.0	6.3
Moderate	2	13.3	73	3.9	17.9
Middle	8	53.3	773	41.3	37.8
Upper	5	33.3	1,027	54.8	37.9
Unknown	0	0.0	0	0.0	0.1
Total	15	100.0	1,873	100.0	100.0

Source: 2021 FFIEC Census Data
2021 Dun & Bradstreet Data
2011-2015 U.S. Census Bureau: American Community Survey
Note: Percentages may not total 100.0 percent due to rounding.

Lending to Borrowers of Different Income Levels and to Businesses of Different Sizes

The bank’s lending has a reasonable distribution among individuals of different income levels and businesses of different sizes. The bank’s performance to businesses of different revenue sizes carried more weight in the overall rating, as small business lending is a strategic focus.

Residential Real Estate (HMDA) Lending

The bank’s lending to borrowers of different income levels is reasonable. The bank’s lending to low-income borrowers in 2020 and 2021 was significantly below demographics, but slightly below the performance of aggregate lenders. The bank’s lending to moderate-income borrowers in 2021 significantly improved the bank’s performance in 2020 and aligned with the performance of aggregate lenders, which may provide a better indicator of loan demand. Lending to middle- and upper-income borrowers did not impact the analysis. The bank ranked 47th of 406 HMDA lenders in 2021, and 43rd of 411 HMDA lenders in 2020, reflecting a high level of competition. Additionally, it should be noted that a relatively low number of LMI census tracts are present in the AA, and as stated above, lending in middle- and upper-income census tracts did not impact the analysis.

Table 11

Distribution of 2020 and 2021 Home Mortgage Lending By Borrower Income Level													
Assessment Area: Tyler MSA													
Borrower Income Level	Bank And Aggregate Loans By Year												Families by Family Income %
	2020						2021						
	Bank		Agg		Bank		Agg		Bank		Agg		
	#	%	%	\$(000)	\$%	\$%	#	%	%	\$(000)	\$%	\$%	
Home Purchase Loans													
Low	0	0.0	3.1	0	0.0	1.4	1	5.0	4.7	90	2.0	2.2	21.9
Moderate	2	8.7	15.9	263	6.4	10.3	3	15.0	17.8	379	8.4	12.0	17.7
Middle	4	17.4	23.3	450	10.9	19.2	2	10.0	21.0	222	4.9	18.1	18.7
Upper	7	30.4	45.2	1,901	46.0	56.6	8	40.0	37.2	2,202	49.0	49.3	41.7
Unknown	10	43.5	12.6	1,520	36.8	12.5	6	30.0	19.3	1,597	35.6	18.4	0.0
Total	23	100.0	100.0	4,134	100.0	100.0	20	100.0	100.0	4,490	100.0	100.0	100.0
Refinance Loans													
Low	0	0.0	1.9	0	0.0	0.8	0	0.0	3.5	0	0.0	1.7	21.9
Moderate	0	0.0	7.5	0	0.0	4.3	3	20.0	12.7	158	5.3	8.3	17.7
Middle	1	9.1	15.6	60	1.8	11.3	0	0.0	19.2	0	0.0	15.1	18.7
Upper	10	90.9	50.6	3,353	98.2	59.2	8	53.3	42.6	1,654	55.7	51.2	41.7
Unknown	0	0.0	24.5	0	0.0	24.3	4	26.7	22.0	1,156	38.9	23.7	0.0
Total	11	100.0	100.0	3,413	100.0	100.0	15	100.0	100.0	2,968	100.0	100.0	100.0
Home Improvement Loans													
Low	0	0.0	7.5	0	0.0	3.0	0	0.0	5.3	0	0.0	2.5	21.9
Moderate	0	0.0	9.0	0	0.0	8.1	0	0.0	11.1	0	0.0	5.4	17.7
Middle	0	0.0	16.4	0	0.0	11.9	0	0.0	23.4	0	0.0	16.2	18.7
Upper	3	100.0	55.2	184	100.0	52.7	2	100.0	50.3	242	100.0	64.4	41.7
Unknown	0	0.0	11.9	0	0.0	24.1	0	0.0	9.9	0	0.0	11.6	0.0
Total	3	100.0	100.0	184	100.0	100.0	2	100.0	100.0	242	100.0	100.0	100.0
Total Home Mortgage Loans													
Low	0	0.0	2.6	0	0.0	1.1	1	2.6	4.2	90	1.1	2.0	21.9
Moderate	2	5.4	11.6	263	3.4	7.4	6	15.8	15.2	537	6.8	10.3	17.7
Middle	5	13.5	18.9	510	6.6	15.2	2	5.3	20.2	222	2.8	16.8	18.7
Upper	20	54.1	46.3	5,438	70.3	56.7	18	47.4	39.6	4,098	52.2	50.1	41.7
Unknown	10	27.0	20.6	1,520	19.7	19.6	11	28.9	20.8	2,907	37.0	20.8	0.0
Total	37	100.0	100.0	7,731	100.0	100.0	38	100.0	100.0	7,854	100.0	100.0	100.0
Source: 2021 FFIEC Census Data													
2011-2015 U.S. Census Bureau: American Community Survey													
Note: Percentages may not total 100.0 percent due to rounding.													
Multifamily loans are not included in the borrower distribution analysis.													

Small Business Lending

The bank's lending distribution among businesses of different revenue sizes is reasonable. The bank's lending to businesses with annual revenues of \$1 million or less was below the total number of small businesses in the AA; however, it is reasonable given competition. An alternative way to consider the bank's performance is by loan amount. Using this indicator, 50.0 percent of the bank's loans by number were made to businesses with revenues less than \$1 million and in amounts of \$100,000 or less. Typically, smaller businesses require lower dollar loans to operate

when compared to larger businesses. The bank's lending activity reflects a willingness to lend and to meet the credit needs of the AA.

Table 12

Distribution of 2021 Small Business Lending By Revenue Size of Businesses					
Assessment Area: Tyler MSA					
	Bank Loans				Total Businesses %
	#	#%	\$(000)	\$%	
By Revenue					
\$1 Million or Less	12	80.0	1,484	79.2	92.5
Over \$1 Million	2	13.3	76	4.1	6.5
Revenue Unknown	1	6.7	312	16.7	1.0
Total	15	100.0	1,873	100.0	100.0
By Loan Size					
\$100,000 or Less	8	53.3	312	16.7	
\$100,001 - \$250,000	4	26.7	662	35.3	
\$250,001 - \$1 Million	3	20.0	898	47.9	
Total	15	100.0	1,873	100.0	
By Loan Size and Revenues \$1 Million or Less					
\$100,000 or Less	6	50.0	236	15.9	
\$100,001 - \$250,000	4	33.3	662	44.6	
\$250,001 - \$1 Million	2	16.7	586	39.5	
Total	12	100.0	1,484	100.0	
<i>Source: 2021 FFIEC Census Data 2021 Dun & Bradstreet Data 2011-2015 U.S. Census Bureau: American Community Survey</i>					
<i>Note: Percentages may not total 100.0 percent due to rounding.</i>					

COMMUNITY DEVELOPMENT TEST

The bank's CD performance demonstrates excellent responsiveness to the needs of the AA. In response to the COVID-19 pandemic, the bank participated in the SBA's PPP to assist businesses in keeping employees on payroll. Many of these businesses are located in LMI census tracts and/or employ LMI individuals. Through the extension of these PPP loans the bank met the credit needs inside of this AA. According to the community contact for this area, banks typically would not have extended small business loans as broadly as the PPP supported.

The bank's officers are involved with various organizations that extend CD services to LMI individuals and/or geographies. Many of the bank's officers serve in leadership roles on boards of directors and committees for various organizations. Additionally, the bank is actively engaged in providing financial education to LMI individuals throughout its AA.

Table 13

Community Development Activity Assessment Area: Tyler MSA									
Community Development Purpose	Community Development Loans		Qualified Investments						Community Development Services
			Investments		Donations		Total Investments		
	#	\$(000)	#	\$(000)	#	\$(000)	#	\$(000)	#
Affordable Housing	1	20	0	0	0	0	0	0	0
Community Services	23	3,275	0	0	10	15	10	15	8
Economic Development	70	6,236	0	0	2	1	2	1	0
Revitalization and Stabilization	403	24,503	2	435	0	0	2	435	0
Totals	497	34,034	2	435	12	16	14	451	8

ANGELINA AND TYLER COUNTIES NONMETROPOLITAN ASSESSMENT AREA
(Full-Scope Review)

DESCRIPTION OF THE INSTITUTION’S OPERATIONS IN THE ANGELINA AND TYLER COUNTIES NONMETROPOLITAN ASSESSMENT AREA

The Angelina and Tyler Counties Nonmetropolitan AA consists of the entire Angelina and Tyler counties. (see Appendix A for an AA map and Appendix B for additional demographic data).

- The bank merged with Texas State Bank in 2019, expanding its geographic footprint into the counties of Angelina and Tyler and establishing the nonmetropolitan AA.
- According to the 2015 American Community Survey, the AA consists of 22 census tracts: no low-income census tracts, three (13.6 percent) moderate-income census tracts, 18 (81.8 percent) middle-income census tracts, and one (4.5 percent) upper-income census tract.
- In 2019 Angelina County was designated as distressed due to the high percentage of residents living below the poverty line. Tyler County was designated as distressed due to higher rates on unemployment in 2019 and 2020.
- The bank operates four branches in the AA, representing 30.7 percent of its total branches. All four branches are located in distressed middle-income census tracts.
- According to the June 30, 2022 FDIC Market Share Report, 16 federally insured depository institutions operate 33 branches in the AA, holding deposits of \$2.1 billion. The bank ranked 8th in deposit market share, with \$72.6 million in deposits in the AA, representing a market share of 3.4 percent of all deposits.
- Primary competitors in the AA include Southside Bank (27.3 percent), Commercial Bank of Texas, National Association (15.0 percent), and Ubank (11.6 percent).
- In 2020, the bank ranked 30th out of 213 HMDA reporting financial institutions servicing the AA, totaling 0.5 percent of the total HMDA transactions reported. In 2021, the bank ranked 35th among HMDA reporting financial institutions servicing the AA, totaling 0.3 percent of the total HMDA transactions reported. Commercial Bank of Texas, National Association led the market in both years, ranging between 12.8 percent and 7.6 percent of the market share.
- To augment the evaluation, examiners interviewed a local government official that indicated the AA’s credit needs consist of general support for small businesses. Per the contact, the economic condition for the area is stable for small businesses, though banks do not typically extend to programs to help consumers, such as financial literacy courses.

Table 14

Population Change			
Assessment Area: Angelina and Tyler Counties Nonmetropolitan			
Area	2010 Population	2015 Population	Percent Change
Angelina and Tyler Counties Nonmetropolitan	108,537	109,210	0.6
Angelina County, TX	86,771	87,748	1.1
Tyler County, TX	21,766	21,462	-1.4
NonMSA Texas	3,035,664	3,060,473	0.8
Texas	25,145,561	26,538,614	5.5
<i>Source: 2010 U.S. Census Bureau Decennial Census 2011 - 2015 U.S. Census Bureau American Community Survey</i>			

- While the overall AA population has slightly increased, the growth is significantly less than the 5.5 percent growth in the state of Texas.
- While the Angelina County population increased, it decreased in Tyler County. According to the 2015 Census estimates, the combined AA's population was 109,210, reflecting a 0.6 percent increase since 2010.

Table 15

Median Family Income Change			
Assessment Area: Angelina and Tyler Counties Nonmetropolitan			
Area	2010 Median Family Income	2015 Median Family Income	Percent Change
Angelina and Tyler Counties Nonmetropolitan	\$50,616	\$49,839	-1.5
Angelina County, TX	\$51,764	\$49,384	-4.6
Tyler County, TX	\$44,769	\$53,246	18.9
NonMSA Texas	\$52,524	\$52,198	-0.6
Texas	\$63,314	\$62,717	-0.9

*Source: 2006 - 2010 U.S. Census Bureau American Community Survey
2011 - 2015 U.S. Census Bureau American Community Survey
Median Family Incomes have been inflation-adjusted and are expressed in 2015 dollars.*

- There are 28,313 families in the AA, of which approximately 22.0 percent are classified as low-income, 18.9 percent as moderate-income, 20.9 percent as middle-income, and 38.2 percent as upper-income families.
- Approximately 14.3 percent of these families live below the poverty rate, which is similar to the family poverty rate for the state of Texas, at 13.5 percent.
- The AA median family income has decreased by 1.5 percent, exceeding the decrease shown within NonMSA Texas and the state of Texas experienced.

Table 16

Housing Cost Burden						
Assessment Area: Angelina and Tyler Counties Nonmetropolitan						
Area	Cost Burden - Renters			Cost Burden - Owners		
	Low Income	Moderate Income	All Renters	Low Income	Moderate Income	All Owners
Angelina and Tyler Counties Nonmetropolitan	66.6	61.1	43.0	55.3	17.5	14.8
Angelina County, TX	67.9	62.3	43.6	56.6	20.0	14.8
Tyler County, TX	56.8	44.4	36.4	51.7	9.3	14.6
NonMSA Texas	65.7	38.2	35.7	50.6	23.4	16.7
Texas	78.1	51.1	42.5	60.1	34.8	19.4

*Cost Burden is housing cost that equals 30 percent or more of household income
Source: U.S. Department of Housing and Urban Development (HUD), 2014-2018 Comprehensive Housing Affordability Strategy*

- The AA contains 46,666 housing units, with the housing stock of a median age of 40 years.
- The median housing value of \$85,772 is lower than the state of Texas’ median housing value of \$136,000.
- Within the AA, owner-occupied units comprise of 57.7 percent of the housing units, with rental units representing 25.0 percent and vacant units comprising 17.4 percent.
- Of the owner-occupied housing units, 45.8 percent are in moderate-income census tracts and 60.3 percent are in middle-income census tracts.
- The AA housing is slightly less affordable for renters compared to the state of Texas and more affordable for renters in NonMSA Texas. However, housing for owners in the AA is more affordable than housing in the state of Texas and NonMSA Texas.

Table 17

Unemployment Rates					
Assessment Area: Angelina and Tyler Counties Nonmetropolitan					
Area	2017	2018	2019	2020	2021
Angelina and Tyler Counties Nonmetropolitan	5.5	4.8	4.3	8.0	6.8
Angelina County, TX	5.1	4.4	4.0	7.6	6.5
Tyler County, TX	7.4	6.7	5.7	9.9	8.5
NonMSA Texas	4.9	4.1	3.7	7.2	6.0
Texas	4.3	3.9	3.5	7.7	5.7

Source: Bureau of Labor Statistics (BLS), Local Area Unemployment Statistics

- The largest industries in the AA are health care and social assistance, retail trade, education, and construction.
- The highest paying industries in the AA are mining, quarrying, and oil and gas extraction, agriculture, forestry, fishing and hunting, mining, utilities, and real estate rental and leasing.
- According to the FFIEC’s list of distressed and underserved middle-income geographies, Angelina County was designated as distressed due to poverty in 2019, and Tyler County was designated as distressed due to unemployment while in 2019 and 2020.
- The unemployment rates in the AA continue to be higher than the state of Texas and NonMSA Texas. However, an interview with a community leader indicated that the current economic conditions were favorable and stable for small businesses. During the pandemic, there were minimal small business shutdowns attributed to the local banks extending loans to small businesses in the area through the SBA’s PPP. It was also noted the few businesses that closed have restarted operations.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN THE ANGELINA AND TYLER COUNTIES NONMETROPOLITAN SSESMENT AREA

LENDING TEST

The bank’s overall performance under the Lending Test is rated Satisfactory. The bank’s geographic loan distribution reflects reasonable dispersion throughout the AA as well as reasonable distribution of loans among businesses of different revenue sizes. Given the insufficient volume of HMDA loans originated during the review period within the AA, the bank’s performance was entirely based on its small business lending.

Geographic Distribution of Loans

The bank’s geographic distribution of loans reflects reasonable distribution and dispersion throughout the AA. While there are no low-income census tracts within the AA, the bank has originated a significant majority of its small business loans within the distressed middle-income census tracts.

Residential Real Estate (HMDA) Lending

The geographic distribution of HMDA lending was not assessed as the bank only originated five HMDA loans in 2020 and seven in 2021.

Table 18

Distribution of 2020 and 2021 Home Mortgage Lending By Income Level of Geography Assessment Area: Angelina and Tyler Counties Nonmetropolitan													
Geographic Income Level	Bank And Aggregate Loans By Year												Owner Occupied Units %
	2020						2021						
	Bank		Agg	Bank		Agg	Bank		Agg	Bank		Agg	
	#	#%	#%	\$(000)	\$%	\$%	#	#%	#%	\$(000)	\$%	\$%	
Low	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0.0
Moderate	0	0.0	3.2	0	0.0	2.1	0	0.0	4.2	0	0.0	3.0	9.1
Middle	5	100.0	91.4	1,010	100.0	89.9	6	85.7	90.0	1,221	87.2	89.6	88.2
Upper	0	0.0	5.4	0	0.0	8.0	1	14.3	5.7	179	12.8	7.4	2.7
Unknown	0	0.0	0.0	0	0.0	0.0	0	0.0	0.1	0	0.0	0.1	0.0
Total	5	100.0	100.0	1,010	100.0	100.0	7	100.0	100.0	1,400	100.0	100.0	100.0

Source: 2021 FFIEC Census Data
2011-2015 U.S. Census Bureau: American Community Survey

Note: Percentages may not total 100.0 percent due to rounding.
For each assessment area with less than 25 total HMDA loans in a year, HMDA products are consolidated.

Small Business Lending

The geographic distribution of small business loans reflects a reasonable dispersion throughout the AA. The analysis focused on lending in moderate-income census tracts, as the AA does not contain any low-income geographies. The bank extended one small business loan in a moderate-income tract, which is below to the demographic figure by number and dollar amount. While the bank’s lending fell below demographics, it is notable that 79.0 percent of all small businesses in the AA are located in middle-income census tracts. The extended a substantial majority of its small business loans in the middle-income census tracts, exceeding the demographic figure. However, 22 of the small business loans were extended in distressed middle-income tracts. Based on this performance, the bank’s small business lending is responsive to the needs of small businesses reflects favorably on the bank.

Table 19

Distribution of 2021 Small Business Lending By Income Level of Geography Assessment Area: Angelina and Tyler Counties Nonmetropolitan					
Geographic Income Level	Bank Loans				Total Businesses %
	#	#%	\$(000)	%	
Low	0	0.0	0	0.0	0.0
Moderate	1	4.3	27	0.6	16.4
Middle	22	95.7	4,514	99.4	79.0
Upper	0	0.0	0	0.0	4.6
Unknown	0	0.0	0	0.0	0.0
Total	23	100.0	4,541	100.0	100.0

Source: 2021 FFIEC Census Data
2021 Dun & Bradstreet Data
2011-2015 U.S. Census Bureau: American Community Survey
Note: Percentages may not total 100.0 percent due to rounding.

Lending to Borrowers of Different Income Levels and to Businesses of Different Sizes

This performance criterion evaluates the bank’s lending to borrowers of different income levels and businesses of different revenue sizes. While the bank’s lending exhibits reasonable distribution among businesses of different sizes, the lending distribution to borrowers of different income levels was not evaluated, as the institution only extended five HMDA loans in the AA during the review period.

Residential Real Estate (HMDA) Lending

The bank’s borrower HMDA loan distribution was not assessed as the bank only originated five HMDA loans in 2020 and seven in 2021.

Table 20

Distribution of 2020 and 2021 Home Mortgage Lending By Borrower Income Level Assessment Area: Angelina and Tyler Counties Nonmetropolitan													
Borrower Income Level	Bank And Aggregate Loans By Year												Families by Family Income %
	2020						2021						
	Bank		Agg	Bank		Agg	Bank		Agg	Bank		Agg	
	#	#%	#%	\$(000)	\$%	\$%	#	#%	#%	\$(000)	\$%	\$%	
Low	0	0.0	2.9	0	0.0	1.3	0	0.0	2.7	0	0.0	1.4	22.0
Moderate	1	25.0	10.5	49	7.1	6.3	0	0.0	10.2	0	0.0	6.5	18.9
Middle	0	0.0	19.0	0	0.0	15.1	1	14.3	19.6	216	15.4	16.0	20.9
Upper	2	50.0	48.2	542	78.4	57.7	6	85.7	44.6	1,184	84.6	52.3	38.2
Unknown	1	25.0	19.4	100	14.5	19.7	0	0.0	22.9	0	0.0	23.9	0.0
Total	4	100.0	100.0	691	100.0	100.0	7	100.0	100.0	1,400	100.0	100.0	100.0

Source: 2021 FFIEC Census Data
2011-2015 U.S. Census Bureau: American Community Survey
Note: Percentages may not total 100.0 percent due to rounding.
Multifamily loans are not included in the borrower distribution analysis.
For each assessment area with less than 25 total HMDA loans in a year, HMDA products are consolidated.

Small Business Lending

The bank's small business lending has a reasonable distribution among businesses of different sizes despite the banks' lending by number of loans and dollar volume to small business (those with revenue less than \$1 million) was significantly below the total number of small businesses in the AA. However, an alternative way to consider the bank's performance is by loan amount and revenues \$1 million or less. Generally, small businesses require smaller dollar amount loans. By this indicator, 56.5 percent of the bank's small business loans were \$100,000 or less, and most likely benefited smaller businesses. Additionally, nine of the 23 loans were made to businesses with loan size less than \$1 million. By number, 39.1 percent of the bank's small business loans in the AA were to businesses with revenues of \$1 million or less, though by dollar, 51.9 percent of the bank's small business loans were extended to businesses with revenues of \$1 million or less. This shows that though the bank extended fewer loans to small businesses, they provided larger dollar amounts to smaller businesses, which will typically rely on this type of funding to maintain operations. As the community contact stated, small businesses have a stable economic environment within the AA, meaning that though the demographic reflects a significant portion of the businesses have revenues \$1 million or less, there would reasonably be less loan demand.

Table 21

Distribution of 2021 Small Business Lending By Revenue Size of Businesses					
Assessment Area: Angelina and Tyler Counties Nonmetropolitan					
	Bank Loans				Total Businesses %
	#	#%	\$(000)	%	
By Revenue					
\$1 Million or Less	9	39.1	2,355	51.9	91.7
Over \$1 Million	14	60.9	2,186	48.1	7.2
Revenue Unknown	0	0.0	0	0.0	1.2
Total	23	100.0	4,541	100.0	100.0
By Loan Size					
\$100,000 or Less	13	56.5	775	17.1	
\$100,001 - \$250,000	4	17.4	694	15.3	
\$250,001 - \$1 Million	6	26.1	3,071	67.6	
Total	23	100.0	4,541	100.0	
By Loan Size and Revenues \$1 Million or Less					
\$100,000 or Less	4	44.4	178	7.6	
\$100,001 - \$250,000	1	11.1	140	5.9	
\$250,001 - \$1 Million	4	44.4	2,037	86.5	
Total	9	100.0	2,355	100.0	
<p>Source: 2021 FFIEC Census Data 2021 Dun & Bradstreet Data 2011-2015 U.S. Census Bureau: American Community Survey</p> <p>Note: Percentages may not total 100.0 percent due to rounding.</p>					

COMMUNITY DEVELOPMENT TEST

The bank’s CD performance demonstrates adequate responsiveness to the needs of the AA. In response to the COVID-19 pandemic that occurred during the review period, the bank participated in the SBA’s PPP to assist businesses in keeping employees on payroll during the pandemic. Furthermore, the bank works with organizations that provide community service and financial literacy targeted to LMI individuals in the AA. The bank received credit for 68 services that centered on extending financial literacy classes to communities in LMI census tracts and for seven donations that targeted LMI individuals within the AA.

Table 22

Community Development Activity Assessment Area: Angelina and Tyler Counties										
Community Development Purpose	Community Development Loans		Qualified Investments						Community Development Services	
			Investments		Donations		Total Investments			
	#	\$(000)	#	\$(000)	#	\$(000)	#	\$(000)	#	
Affordable Housing	0	0	0	0	0	0	0	0	0	0
Community Services	0	0	0	0	7	6	7	6	68	
Economic Development	0	0	0	0	0	0	0	0	0	
Revitalization and Stabilization	67	2,957	0	0	0	0	0	0	0	
Totals	67	2,957	0	0	7	6	7	6	68	

SHELBY COUNTY NONMETROPOLITAN ASSESSMENT AREA
 (Full-Scope Review)

DESCRIPTION OF THE INSTITUTION’S OPERATIONS IN THE SHELBY COUNTY NONMETROPOLITAN ASSESSMENT AREA

The bank’s AA consists of the entire Shelby County Nonmetropolitan AA (see Appendix A for an AA map and Appendix B for additional demographic data).

- Since the previous evaluation, the bank merged with Texas State Bank, adding Shelby County as its AA.
- According to the 2015 American Community Survey, the AA consists of six census tracts: no low-income census tracts (0.0 percent), two (33.3 percent) moderate-income census tracts, three (50.0 percent) middle-income census tracts, and one (16.7 percent) upper-income census tract. In 2020 and 2021, Shelby County has been designated as distressed due to a high percentage of the population living below the poverty rate.
- The bank operates three branches in the AA, representing 23.1 percent of its branches. Of the three branches within the AA, one is located in a moderate-income census tract and the remaining two are located in distressed middle-income census tracts.
- According to the June 30, 2022 FDIC Market Share Report, eight federally insured depository institutions operate 16 branches in the AA, holding deposits of \$674.2 million. The bank ranked 3rd in deposit market share, with \$61.2 million in deposits in the AA, representing a market share of 9.1 percent of all deposits.
- Primary competitors in the AA include Farmers State Bank (41.8 percent) and Shelby Savings Bank, SSB (30.3 percent).
- From 2020 to 2021, between 78 and 88 financial institutions serving the AA reported HMDA data. The bank ranked 4th and 11th, of the total HMDA transactions reported. 21st Mortgage Corporation and Shelby Savings Bank, SSB led the market with 15.3 percent and 17.3 percent, respectively.
- To augment the evaluation, examiners interviewed a city official serving the AA, who indicated the credit needs of the AA have mostly been met, given the significant increase in mortgage lending that has also aided in small business activity increasing as a result.

Table 23

Population Change			
Assessment Area: Shelby County Nonmetropolitan			
Area	2010 Population	2015 Population	Percent Change
Shelby County Nonmetropolitan	25,448	25,725	1.1
NonMSA Texas	3,035,664	3,060,473	0.8
Texas	25,145,561	26,538,614	5.5
<i>Source: 2010 U.S. Census Bureau Decennial Census 2011 - 2015 U.S. Census Bureau American Community Survey</i>			

- The overall AA population has increased slightly between 2010 and 2015 and in alignment with the population increase in NonMSA Texas. However, the AA population growth is significantly less than the state of Texas, at 5.5 percent.

Table 24

Median Family Income Change			
Assessment Area: Shelby County Nonmetropolitan			
Area	2010 Median Family Income	2015 Median Family Income	Percent Change
Shelby County Nonmetropolitan	\$43,745	\$46,187	5.6
NonMSA Texas	\$52,524	\$52,198	-0.6
Texas	\$63,314	\$62,717	-0.9

*Source: 2006 - 2010 U.S. Census Bureau American Community Survey
2011 - 2015 U.S. Census Bureau American Community Survey
Median Family Incomes have been inflation-adjusted and are expressed in 2015 dollars.*

- There are 6,237 families in the AA, of which approximately 23.6 percent are classified as low-income, 20.3 percent as moderate-income, 18.9 percent as middle-income, and 37.2 percent as upper-income families.
- Approximately 16.8 percent of these families live above the poverty rate, which is similar to the family poverty rate for the state of Texas, at 13.5 percent.
- Income level designations reflect an increase in the AA median family income between 2010 and 2015. The state of Texas and NonMSA reflected a slight decrease within the same years.

Table 25

Housing Cost Burden						
Assessment Area: Shelby County Nonmetropolitan						
Area	Cost Burden - Renters			Cost Burden - Owners		
	Low Income	Moderate Income	All Renters	Low Income	Moderate Income	All Owners
Shelby County Nonmetropolitan	65.8	14.4	39.6	44.2	22.7	15.8
NonMSA Texas	65.7	38.2	35.7	50.6	23.4	16.7
Texas	78.1	51.1	42.5	60.1	34.8	19.4

*Cost Burden is housing cost that equals 30 percent or more of household income
Source: U.S. Department of Housing and Urban Development (HUD), 2014-2018 Comprehensive Housing Affordability Strategy*

- The AA contains 11,902 housing units, with a median age of the housing stock of 44 years.
- The median housing value of \$75,099 is significantly lower than the state of Texas' median housing value of \$136,000.
- Within the AA, owner-occupied units comprise of 57.2 percent of the housing units, with rental units representing 21.8 percent and vacant units comprising 21.1 percent.
- Of the owner-occupied housing units, 58.9 percent are in moderate-income census tracts and 55.0 percent are in middle-income census tracts.
- The AA housing is slightly more affordable for renters compared to the state of Texas and less affordable for renters in NonMSA Texas. However, housing for owners in the AA is more affordable than housing in the state of Texas and NonMSA Texas.

Table 26

Unemployment Rates					
Assessment Area: Shelby County Nonmetropolitan					
Area	2017	2018	2019	2020	2021
Shelby County Nonmetropolitan	5.2	4.3	3.9	6.8	5.4
NonMSA Texas	4.9	4.1	3.7	7.2	6.0
Texas	4.3	3.9	3.5	7.7	5.7
<i>Source: Bureau of Labor Statistics (BLS), Local Area Unemployment Statistics</i>					

- The largest industries in the AA are manufacturing, health care, social assistance, and educational services.
- The highest paying industries in the AA are mining, quarrying, oil and gas extraction, and technical services.
- The unemployment rates in the AA continue to fluctuate compared to Texas and NonMSA Texas.
- The AA is also deemed distressed due to poverty.
- The community leader indicated that the AA economic conditions are favorable, with housing increasing due to the lower homeowners cost when compared to the state of Texas.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN THE SHELBY COUNTY NONMETROPOLITAN ASSESSMENT AREA

Lending Test

The bank’s overall performance under the Lending Test is rated Satisfactory. The bank’s lending performance reflects good responsiveness to the AA’s credit needs. The geographic distribution of loans reflects reasonable dispersion throughout the AA as well as reasonable distribution of loans to borrowers of different income levels and businesses of different revenue sizes in 2020. In 2021, the bank did not originate sufficient volume of HMDA loans within the AA to allow for a meaningful analysis; therefore, the bank’s HMDA lending was evaluated as a whole and greater weight was given to the bank’s lending distribution of small business loans.

Geographic Distribution of Loans

The bank’s geographic distribution of loans reflects reasonable dispersion throughout the AA. While there are no low-income census tracts within the AA, the bank has originated a significant majority of its HMDA and small business loans within moderate- and distressed middle-income census tracts.

Residential Real Estate (HMDA) Lending

The geographic distribution of HMDA lending is reasonable. The bank’s lending performance in 2020 generally aligned with demographics and the performance of aggregate lenders. Lending competition within the AA, poverty, and unemployment levels attribute to the bank’s limited level of lending. Furthermore, the bank’s primary lending focus is commercial lending; as such, the bank’s efforts are directed to this product line.

Table 27

Distribution of 2020 and 2021 Home Mortgage Lending By Income Level of Geography													
Assessment Area: Shelby County Nonmetropolitan													
Geographic Income Level	Bank And Aggregate Loans By Year												Owner Occupied Units %
	2020						2021						
	Bank		Agg	Bank		Agg	Bank		Agg	Bank		Agg	
	#	#%	#%	\$(000)	\$%	\$%	#	#%	#%	\$(000)	\$%	\$%	
Low	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0.0
Moderate	6	54.5	36.1	483	53.7	39.4	1	33.3	37.2	111	50.2	37.2	32.8
Middle	5	45.5	51.3	416	46.3	46.8	2	66.7	51.1	110	49.8	50.1	55.4
Upper	0	0.0	12.5	0	0.0	13.9	0	0.0	11.7	0	0.0	12.8	11.9
Unknown	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0.0
Total	11	100.0	100.0	899	100.0	100.0	3	100.0	100.0	221	100.0	100.0	100.0

Source: 2021 FFIEC Census Data
2011-2015 U.S. Census Bureau: American Community Survey
Note: Percentages may not total 100.0 percent due to rounding.
For each assessment area with less than 25 total HMDA loans in a year, HMDA products are consolidated.

Small Business Lending

The geographic distribution of small business lending is excellent. There are no low-income census tracts in the AA; therefore, the analysis focused on lending in moderate- and distressed middle-income census tracts. As illustrated in the table below, the bank outperformed the demographics in the moderate-income census tract. In 2020, the bank outperformed the aggregate in the middle-income (distressed) census tract and was similar to aggregate in 2021. Based on this performance, the bank’s small business lending is responsive to the needs of small businesses located in moderate- and middle- geographies and reflects favorably on the bank. There were no conspicuous gaps or anomalies in the lending patterns.

Table 28

Distribution of 2021 Small Business Lending By Income Level of Geography					
Assessment Area: Shelby County Nonmetropolitan					
Geographic Income Level	Bank Loans				Total Businesses %
	#	#%	\$(000)	\$%	
Low	0	0.0	0	0.0	0.0
Moderate	7	50.0	904	46.0	22.3
Middle	6	42.9	915	46.5	68.9
Upper	1	7.1	147	7.5	8.9
Unknown	0	0.0	0	0.0	0.0
Total	14	100.0	1,966	100.0	100.0

Source: 2021 FFIEC Census Data
2021 Dun & Bradstreet Data
2011-2015 U.S. Census Bureau: American Community Survey
Note: Percentages may not total 100.0 percent due to rounding.

Lending to Borrowers of Different Income Levels and to Businesses of Different Sizes

This performance criterion evaluates the bank’s lending to borrowers of different income levels and businesses of different revenue sizes. The bank’s lending has a reasonable distribution among borrowers of different income levels and businesses of different sizes.

Residential Real Estate (HMDA) Lending

HMDA lending by borrower income in the AA is reasonable. Additionally, the HMDA lending market is highly competitive as there are large national and regional financial institutions competing for loans in the AA. Further, the bank’s primary lending focus is commercial lending as illustrated in the composition of the bank’s loan portfolio.

Table 29

Distribution of 2020 and 2021 Home Mortgage Lending By Borrower Income Level													
Assessment Area: Shelby County Nonmetropolitan													
Borrower Income Level	Bank And Aggregate Loans By Year												Families by Family Income %
	2020						2021						
	Bank		Agg		Bank		Agg		Bank		Agg		
	#	%	%	\$(000)	%	%	#	%	%	\$(000)	%	%	
Low	2	18.2	5.7	76	8.5	2.3	0	0.0	3.6	0	0.0	1.5	23.6
Moderate	0	0.0	12.5	0	0.0	7.7	0	0.0	15.0	0	0.0	9.2	20.3
Middle	1	9.1	20.2	58	6.5	14.2	0	0.0	22.5	0	0.0	17.6	18.9
Upper	4	36.4	44.1	445	49.5	57.4	2	66.7	43.6	110	49.8	56.0	37.2
Unknown	4	36.4	17.5	320	35.6	18.4	1	33.3	15.3	111	50.2	15.7	0.0
Total	11	100.0	100.0	899	100.0	100.0	3	100.0	100.0	221	100.0	100.0	100.0

Source: 2021 FFIEC Census Data
2011-2015 U.S. Census Bureau: American Community Survey
Note: Percentages may not total 100.0 percent due to rounding.
Multifamily loans are not included in the borrower distribution analysis.
For each assessment area with less than 25 total HMDA loans in a year, HMDA products are consolidated.

Small Business Lending

The bank’s small business lending has a reasonable distribution among businesses of different sizes despite being significantly below the total number of small businesses (those with revenue less than \$1 million) in the AA by number of loans and dollar volume.

An alternative way to consider the bank’s performance is by loan amount and revenues \$1 million or less. Generally, small businesses require smaller dollar amount loans. By this indicator, 42.9 percent of the bank’s business loans were \$100,000 or less, and most likely benefited smaller businesses. Additionally, eight of the 14 loans were made to businesses with loan size less than \$1 million. Per the community contact, an increase of mortgage and personal financing in the community has recently benefitted the community as a whole, and specifically benefitted the already favorable economic environment for small businesses. By number, the bank extended 57.1 percent of small business loans to businesses with revenues of \$1 million or less. By dollar, the bank extended 73.2 percent of small business loans to businesses with revenues of \$1 million or less, meaning that the bank extended larger loans to small businesses in the area. Small businesses typically use this type of funding to maintain their operations and expand.

Table 30

Distribution of 2021 Small Business Lending By Revenue Size of Businesses					
Assessment Area: Shelby County Nonmetropolitan					
	Bank Loans				Total Businesses %
	#	#%	\$(000)	%	
By Revenue					
\$1 Million or Less	8	57.1	1,440	73.2	90.7
Over \$1 Million	6	42.9	526	26.8	7.2
Revenue Unknown	0	0.0	0	0.0	2.1
Total	14	100.0	1,966	100.0	100.0
By Loan Size					
\$100,000 or Less	6	42.9	298	15.2	
\$100,001 - \$250,000	6	42.9	670	34.1	
\$250,001 - \$1 Million	2	14.3	998	50.8	
Total	14	100.0	1,966	100.0	
By Loan Size and Revenues \$1 Million or Less					
\$100,000 or Less	4	50.0	184	12.8	
\$100,001 - \$250,000	2	25.0	258	17.9	
\$250,001 - \$1 Million	2	25.0	998	69.3	
Total	8	100.0	1,440	100.0	
<i>Source: 2021 FFIEC Census Data 2021 Dun & Bradstreet Data 2011-2015 U.S. Census Bureau: American Community Survey</i>					
<i>Note: Percentages may not total 100.0 percent due to rounding.</i>					

COMMUNITY DEVELOPMENT TEST

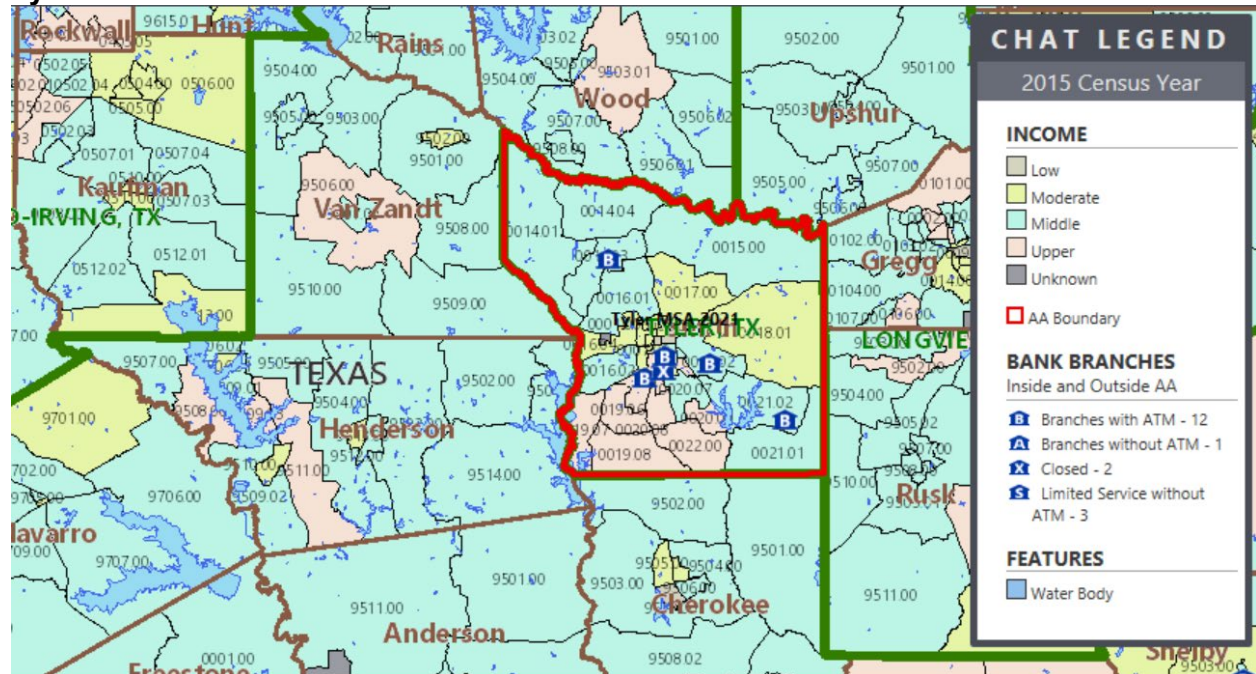
The bank’s CD performance demonstrates adequate responsiveness to the needs of the AA. In response to the COVID-19 pandemic, the bank participated in the SBA’s PPP to assist businesses in keeping employees on payroll. Moreover, the bank works with organizations that provide community service and financial literacy targeted to LMI individuals in the AA. Discussions with a community leader in the AA confirmed leadership at the largest banks in the community is prevalent with community efforts and involvement in local organizations.

Table 31

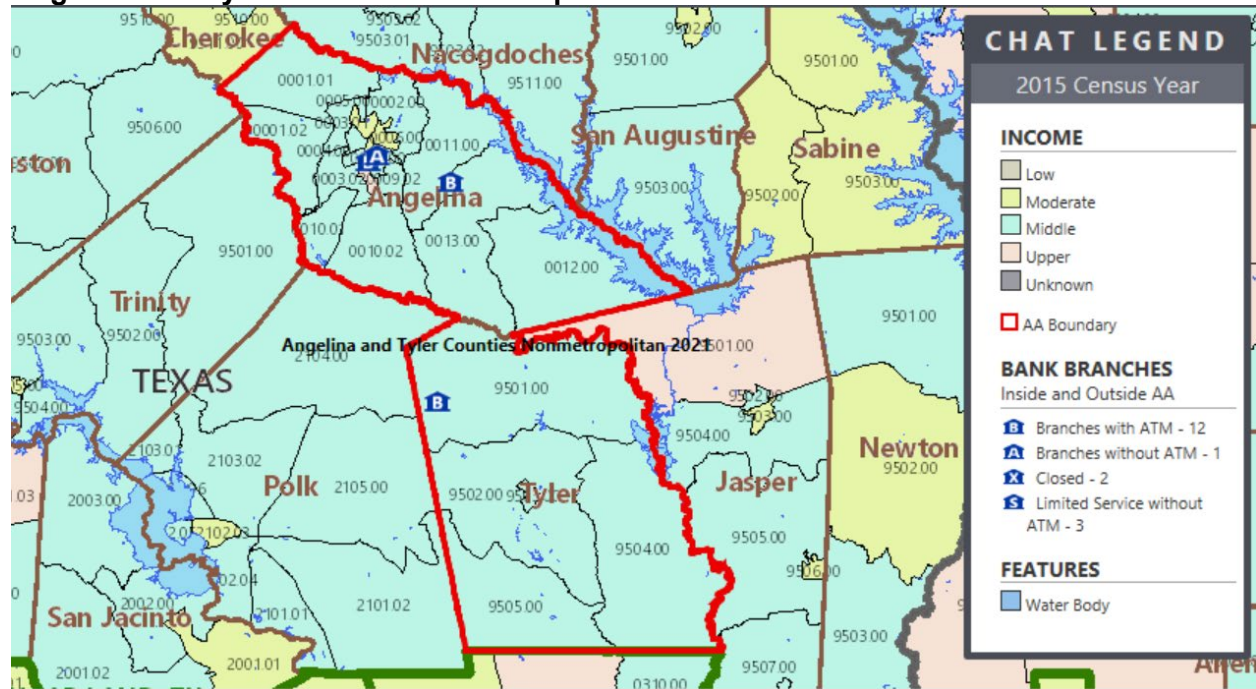
Community Development Activity									
Assessment Area: Shelby County Nonmetropolitan									
Community Development Purpose	Community Development Loans		Qualified Investments						Community Development Services
			Investments		Donations		Total Investments		
	#	\$(000)	#	\$(000)	#	\$(000)	#	\$(000)	#
Affordable Housing	0	0	0	0	0	0	0	0	0
Community Services	0	0	0	0	1	1	1	1	0
Economic Development	0	0	0	0	0	0	0	0	0
Revitalization and Stabilization	61	2,999	0	0	0	0	0	0	0
Totals	61	2,999	0	0	1	1	1	1	0

APPENDIX A – MAP OF THE ASSESSMENT AREA

Tyler MSA AA



Angelina and Tyler Counties Nonmetropolitan AA



Shelby County Nonmetropolitan AA



APPENDIX B – DEMOGRAPHIC INFORMATION

Table B-1

2021 Tyler MSA AA Demographics								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low	2	4.9	862	1.6	296	34.3	11,777	21.9
Moderate	11	26.8	12,589	23.4	2,878	22.9	9,498	17.7
Middle	15	36.6	21,073	39.2	2,126	10.1	10,026	18.7
Upper	12	29.3	19,185	35.7	1,204	6.3	22,408	41.7
Unknown	1	2.4	0	0.0	0	0.0	0	0.0
Total AA	41	100.0	53,709	100.0	6,504	12.1	53,709	100.0
	Housing Units by Tract	Housing Type by Tract						
		Owner-occupied			Rental		Vacant	
		#	% by tract	% by unit	#	% by unit	#	% by unit
Low	1,701	463	0.9	27.2	918	54.0	320	18.8
Moderate	21,730	10,266	19.9	47.2	8,848	40.7	2,616	12.0
Middle	35,945	21,104	40.9	58.7	10,746	29.9	4,095	11.4
Upper	28,769	19,785	38.3	68.8	6,648	23.1	2,336	8.1
Unknown	0	0	0.0	0.0	0	0.0	0	0.0
Total AA	88,145	51,618	100.0	58.6	27,160	30.8	9,367	10.6
	Total Businesses by Tract	Businesses by Tract & Revenue Size						
		Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported		
		#	%	#	%	#	%	
Low	774	6.3	690	6.1	77	9.7	7	5.5
Moderate	2,185	17.9	2,008	17.8	167	21.1	10	7.8
Middle	4,616	37.8	4,274	37.8	291	36.7	51	39.8
Upper	4,633	37.9	4,317	38.2	257	32.4	59	46.1
Unknown	15	0.1	13	0.1	1	0.1	1	0.8
Total AA	12,223	100.0	11,302	100.0	793	100.0	128	100.0
Percentage of Total Businesses:				92.5		6.5		1.0
	Total Farms by Tract	Farms by Tract & Revenue Size						
		Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported		
		#	%	#	%	#	%	
Low	4	2.1	4	2.2	0	0.0	0	0.0
Moderate	28	14.8	27	14.7	0	0.0	1	100.0
Middle	93	49.2	89	48.4	4	100.0	0	0.0
Upper	64	33.9	64	34.8	0	0.0	0	0.0
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	189	100.0	184	100.0	4	100.0	1	100.0
Percentage of Total Farms:				97.4		2.1		0.5
Source: 2021 FFIEC Census Data 2021 Dun & Bradstreet Data 2011-2015 U.S. Census Bureau: American Community Survey Note: Percentages may not total 100.0 percent due to rounding.								

Table B-2

2020 Tyler MSA AA Demographics								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low	2	4.9	862	1.6	296	34.3	11,777	21.9
Moderate	11	26.8	12,589	23.4	2,878	22.9	9,498	17.7
Middle	15	36.6	21,073	39.2	2,126	10.1	10,026	18.7
Upper	12	29.3	19,185	35.7	1,204	6.3	22,408	41.7
Unknown	1	2.4	0	0.0	0	0.0	0	0.0
Total AA	41	100.0	53,709	100.0	6,504	12.1	53,709	100.0
	Housing Units by Tract	Housing Type by Tract						
		Owner-occupied			Rental		Vacant	
		#	% by tract	% by unit	#	% by unit	#	% by unit
Low	1,701	463	0.9	27.2	918	54.0	320	18.8
Moderate	21,730	10,266	19.9	47.2	8,848	40.7	2,616	12.0
Middle	35,945	21,104	40.9	58.7	10,746	29.9	4,095	11.4
Upper	28,769	19,785	38.3	68.8	6,648	23.1	2,336	8.1
Unknown	0	0	0.0	0.0	0	0.0	0	0.0
Total AA	88,145	51,618	100.0	58.6	27,160	30.8	9,367	10.6
	Total Businesses by Tract	Businesses by Tract & Revenue Size						
		Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported		
		#	%	#	%	#	%	
Low	789	6.8	708	6.6	74	9.3	7	5.9
Moderate	2,146	18.4	1,964	18.3	174	21.9	8	6.7
Middle	4,105	35.3	3,789	35.3	272	34.2	44	37.0
Upper	4,590	39.4	4,256	39.7	275	34.5	59	49.6
Unknown	14	0.1	12	0.1	1	0.1	1	0.8
Total AA	11,644	100.0	10,729	100.0	796	100.0	119	100.0
Percentage of Total Businesses:				92.1		6.8		1.0
	Total Farms by Tract	Farms by Tract & Revenue Size						
		Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported		
		#	%	#	%	#	%	
Low	4	2.0	4	2.1	0	0.0	0	0.0
Moderate	28	14.1	27	14.1	0	0.0	1	100.0
Middle	96	48.5	91	47.6	5	83.3	0	0.0
Upper	70	35.4	69	36.1	1	16.7	0	0.0
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	198	100.0	191	100.0	6	100.0	1	100.0
Percentage of Total Farms:				96.5		3.0		0.5
Source: 2020 FFIEC Census Data 2020 Dun & Bradstreet Data 2011-2015 U.S. Census Bureau: American Community Survey Note: Percentages may not total 100.0 percent due to rounding.								

Table B-3

2019 Tyler MSA AA Demographics								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low	2	4.9	862	1.6	296	34.3	11,777	21.9
Moderate	11	26.8	12,589	23.4	2,878	22.9	9,498	17.7
Middle	15	36.6	21,073	39.2	2,126	10.1	10,026	18.7
Upper	12	29.3	19,185	35.7	1,204	6.3	22,408	41.7
Unknown	1	2.4	0	0.0	0	0.0	0	0.0
Total AA	41	100.0	53,709	100.0	6,504	12.1	53,709	100.0
	Housing Units by Tract	Housing Type by Tract						
		Owner-occupied			Rental		Vacant	
		#	% by tract	% by unit	#	% by unit	#	% by unit
Low	1,701	463	0.9	27.2	918	54.0	320	18.8
Moderate	21,730	10,266	19.9	47.2	8,848	40.7	2,616	12.0
Middle	35,945	21,104	40.9	58.7	10,746	29.9	4,095	11.4
Upper	28,769	19,785	38.3	68.8	6,648	23.1	2,336	8.1
Unknown	0	0	0.0	0.0	0	0.0	0	0.0
Total AA	88,145	51,618	100.0	58.6	27,160	30.8	9,367	10.6
	Total Businesses by Tract	Businesses by Tract & Revenue Size						
		Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported		
		#	%	#	%	#	%	
Low	780	6.8	696	6.6	77	9.4	7	5.9
Moderate	2,077	18.1	1,890	18.0	181	22.2	6	5.0
Middle	4,073	35.6	3,752	35.7	275	33.7	46	38.7
Upper	4,507	39.4	4,167	39.6	281	34.5	59	49.6
Unknown	13	0.1	11	0.1	1	0.1	1	0.8
Total AA	11,450	100.0	10,516	100.0	815	100.0	119	100.0
Percentage of Total Businesses:				91.8		7.1		1.0
	Total Farms by Tract	Farms by Tract & Revenue Size						
		Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported		
		#	%	#	%	#	%	
Low	5	2.5	5	2.6	0	0.0	0	0.0
Moderate	27	13.6	26	13.8	0	0.0	1	100.0
Middle	100	50.5	93	49.2	7	87.5	0	0.0
Upper	66	33.3	65	34.4	1	12.5	0	0.0
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	198	100.0	189	100.0	8	100.0	1	100.0
Percentage of Total Farms:				95.5		4.0		0.5
Source: 2019 FFIEC Census Data 2019 Dun & Bradstreet Data 2011-2015 U.S. Census Bureau: American Community Survey Note: Percentages may not total 100.0 percent due to rounding.								

Table B-4

Distribution of 2019 Home Mortgage Lending By Borrower Income Level							
Assessment Area: Tyler MSA							
Borrower Income Level	Bank And Aggregate Loans						Families by Family Income %
	Bank		Agg	Bank		Agg	
	#	#%	#%	\$(000)	%	%	
Home Purchase Loans							
Low	2	5.3	5.0	154	2.6	2.6	21.9
Moderate	5	13.2	18.9	559	9.5	13.0	17.7
Middle	2	5.3	23.9	314	5.3	21.1	18.7
Upper	9	23.7	38.4	1,893	32.1	50.5	41.7
Unknown	20	52.6	13.8	2,979	50.5	12.9	0.0
Total	38	100.0	100.0	5,899	100.0	100.0	100.0
Refinance Loans							
Low	1	7.7	5.2	81	4.7	2.2	21.9
Moderate	3	23.1	13.2	169	9.9	7.6	17.7
Middle	2	15.4	17.5	102	6.0	13.0	18.7
Upper	4	30.8	43.5	1,031	60.2	55.0	41.7
Unknown	3	23.1	20.6	330	19.3	22.1	0.0
Total	13	100.0	100.0	1,713	100.0	100.0	100.0
Home Improvement Loans							
Low	1	16.7	6.9	56	12.9	5.6	21.9
Moderate	0	0.0	14.6	0	0.0	10.6	17.7
Middle	0	0.0	20.1	0	0.0	21.0	18.7
Upper	4	66.7	52.8	303	69.8	58.0	41.7
Unknown	1	16.7	5.6	75	17.3	4.8	0.0
Total	6	100.0	100.0	434	100.0	100.0	100.0
Total Home Mortgage Loans							
Low	4	6.9	5.1	291	3.6	2.5	21.9
Moderate	8	13.8	17.1	728	9.0	11.5	17.7
Middle	4	6.9	21.9	416	5.2	18.7	18.7
Upper	18	31.0	39.5	3,246	40.2	51.0	41.7
Unknown	24	41.4	16.5	3,384	42.0	16.3	0.0
Total	58	100.0	100.0	8,065	100.0	100.0	100.0
<p>Source: 2019 FFIEC Census Data</p> <p>2011-2015 U.S. Census Bureau: American Community Survey</p> <p>Note: Percentages may not total 100.0 percent due to rounding.</p> <p>Multifamily loans are not included in the borrower distribution analysis.</p>							

Table B-5

2021 Angelina and Tyler Counties Nonmetropolitan AA Demographics								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low	0	0.0	0	0.0	0	0.0	6,221	22.0
Moderate	3	13.6	3,463	12.2	819	23.7	5,359	18.9
Middle	18	81.8	24,018	84.8	3,165	13.2	5,908	20.9
Upper	1	4.5	832	2.9	68	8.2	10,825	38.2
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	22	100.0	28,313	100.0	4,052	14.3	28,313	100.0
	Housing Units by Tract	Housing Type by Tract						
		Owner-occupied			Rental		Vacant	
		#	% by tract	% by unit	#	% by unit	#	% by unit
Low	0	0	0.0	0.0	0	0.0	0	0.0
Moderate	5,370	2,461	9.1	45.8	2,194	40.9	715	13.3
Middle	39,374	23,723	88.2	60.3	8,661	22.0	6,990	17.8
Upper	1,922	717	2.7	37.3	795	41.4	410	21.3
Unknown	0	0	0.0	0.0	0	0.0	0	0.0
Total AA	46,666	26,901	100.0	57.6	11,650	25.0	8,115	17.4
	Total Businesses by Tract	Businesses by Tract & Revenue Size						
		Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported		
		#	%	#	%	#	%	
Low	0	0.0	0	0.0	0	0.0	0	0.0
Moderate	651	16.4	581	16.0	62	21.8	8	17.0
Middle	3,137	79.0	2,897	79.6	203	71.5	37	78.7
Upper	183	4.6	162	4.5	19	6.7	2	4.3
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	3,971	100.0	3,640	100.0	284	100.0	47	100.0
Percentage of Total Businesses:				91.7		7.2		1.2
	Total Farms by Tract	Farms by Tract & Revenue Size						
		Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported		
		#	%	#	%	#	%	
Low	0	0.0	0	0.0	0	0.0	0	0.0
Moderate	4	3.8	4	4.2	0	0.0	0	0.0
Middle	102	96.2	92	95.8	10	100.0	0	0.0
Upper	0	0.0	0	0.0	0	0.0	0	0.0
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	106	100.0	96	100.0	10	100.0	0	0.0
Percentage of Total Farms:				90.6		9.4		0.0
Source: 2021 FFIEC Census Data 2021 Dun & Bradstreet Data 2011-2015 U.S. Census Bureau: American Community Survey Note: Percentages may not total 100.0 percent due to rounding.								

Table B-6

2020 Angelina and Tyler Counties Nonmetropolitan AA Demographics								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low	0	0.0	0	0.0	0	0.0	6,221	22.0
Moderate	3	13.6	3,463	12.2	819	23.7	5,359	18.9
Middle	18	81.8	24,018	84.8	3,165	13.2	5,908	20.9
Upper	1	4.5	832	2.9	68	8.2	10,825	38.2
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	22	100.0	28,313	100.0	4,052	14.3	28,313	100.0
	Housing Units by Tract	Housing Type by Tract						
		Owner-occupied			Rental		Vacant	
		#	% by tract	% by unit	#	% by unit	#	% by unit
Low	0	0	0.0	0.0	0	0.0	0	0.0
Moderate	5,370	2,461	9.1	45.8	2,194	40.9	715	13.3
Middle	39,374	23,723	88.2	60.3	8,661	22.0	6,990	17.8
Upper	1,922	717	2.7	37.3	795	41.4	410	21.3
Unknown	0	0	0.0	0.0	0	0.0	0	0.0
Total AA	46,666	26,901	100.0	57.6	11,650	25.0	8,115	17.4
	Total Businesses by Tract	Businesses by Tract & Revenue Size						
		Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported		
		#	%	#	%	#	%	
Low	0	0.0	0	0.0	0	0.0	0	0.0
Moderate	658	16.5	584	15.9	66	22.7	8	17.0
Middle	3,151	78.8	2,909	79.4	205	70.4	37	78.7
Upper	191	4.8	169	4.6	20	6.9	2	4.3
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	4,000	100.0	3,662	100.0	291	100.0	47	100.0
Percentage of Total Businesses:			91.6		7.3		1.2	
	Total Farms by Tract	Farms by Tract & Revenue Size						
		Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported		
		#	%	#	%	#	%	
Low	0	0.0	0	0.0	0	0.0	0	0.0
Moderate	5	4.7	5	5.1	0	0.0	0	0.0
Middle	101	94.4	92	93.9	9	100.0	0	0.0
Upper	1	0.9	1	1.0	0	0.0	0	0.0
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	107	100.0	98	100.0	9	100.0	0	0.0
Percentage of Total Farms:			91.6		8.4		0.0	
Source: 2020 FFIEC Census Data 2020 Dun & Bradstreet Data 2011-2015 U.S. Census Bureau: American Community Survey Note: Percentages may not total 100.0 percent due to rounding.								

Table B-7

2021 Shelby County Nonmetropolitan AA Demographics								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low	0	0.0	0	0.0	0	0.0	1,470	23.6
Moderate	2	33.3	2,107	33.8	452	21.5	1,268	20.3
Middle	3	50.0	3,458	55.4	561	16.2	1,178	18.9
Upper	1	16.7	672	10.8	35	5.2	2,321	37.2
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	6	100.0	6,237	100.0	1,048	16.8	6,237	100.0
	Housing Units by Tract	Housing Type by Tract						
		Owner-occupied		Rental		Vacant		
		#	% by tract	% by unit	#	% by unit	#	% by unit
Low	0	0	0.0	0.0	0	0.0	0	0.0
Moderate	3,786	2,229	32.8	58.9	811	21.4	746	19.7
Middle	6,858	3,768	55.4	54.9	1,558	22.7	1,532	22.3
Upper	1,258	809	11.9	64.3	221	17.6	228	18.1
Unknown	0	0	0.0	0.0	0	0.0	0	0.0
Total AA	11,902	6,806	100.0	57.2	2,590	21.8	2,506	21.1
	Total Businesses by Tract	Businesses by Tract & Revenue Size						
		Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported		
		#	%	#	%	#	%	
Low	0	0.0	0	0.0	0	0.0	0	0.0
Moderate	214	22.3	199	22.8	14	20.3	1	5.0
Middle	661	68.9	591	67.9	51	73.9	19	95.0
Upper	85	8.9	81	9.3	4	5.8	0	0.0
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	960	100.0	871	100.0	69	100.0	20	100.0
Percentage of Total Businesses:				90.7		7.2		2.1
	Total Farms by Tract	Farms by Tract & Revenue Size						
		Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported		
		#	%	#	%	#	%	
Low	0	0.0	0	0.0	0	0.0	0	0.0
Moderate	38	33.0	37	33.3	1	25.0	0	0.0
Middle	57	49.6	54	48.6	3	75.0	0	0.0
Upper	20	17.4	20	18.0	0	0.0	0	0.0
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	115	100.0	111	100.0	4	100.0	0	0.0
Percentage of Total Farms:				96.5		3.5		0.0

Source: 2021 FFIEC Census Data
2021 Dun & Bradstreet Data
2011-2015 U.S. Census Bureau: American Community Survey
Note: Percentages may not total 100.0 percent due to rounding.

Table B-8

2020 Shelby County Nonmetropolitan AA Demographics								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low	0	0.0	0	0.0	0	0.0	1,470	23.6
Moderate	2	33.3	2,107	33.8	452	21.5	1,268	20.3
Middle	3	50.0	3,458	55.4	561	16.2	1,178	18.9
Upper	1	16.7	672	10.8	35	5.2	2,321	37.2
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	6	100.0	6,237	100.0	1,048	16.8	6,237	100.0
	Housing Units by Tract	Housing Type by Tract						
		Owner-occupied			Rental		Vacant	
		#	% by tract	% by unit	#	% by unit	#	% by unit
Low	0	0	0.0	0.0	0	0.0	0	0.0
Moderate	3,786	2,229	32.8	58.9	811	21.4	746	19.7
Middle	6,858	3,768	55.4	54.9	1,558	22.7	1,532	22.3
Upper	1,258	809	11.9	64.3	221	17.6	228	18.1
Unknown	0	0	0.0	0.0	0	0.0	0	0.0
Total AA	11,902	6,806	100.0	57.2	2,590	21.8	2,506	21.1
	Total Businesses by Tract	Businesses by Tract & Revenue Size						
		Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported		
		#	%	#	%	#	%	
Low	0	0.0	0	0.0	0	0.0	0	0.0
Moderate	217	22.6	202	23.1	14	20.6	1	5.9
Middle	661	68.8	593	67.7	52	76.5	16	94.1
Upper	83	8.6	81	9.2	2	2.9	0	0.0
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	961	100.0	876	100.0	68	100.0	17	100.0
Percentage of Total Businesses:			91.2		7.1		1.8	
	Total Farms by Tract	Farms by Tract & Revenue Size						
		Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported		
		#	%	#	%	#	%	
Low	0	0.0	0	0.0	0	0.0	0	0.0
Moderate	41	33.6	40	33.9	1	25.0	0	0.0
Middle	61	50.0	58	49.2	3	75.0	0	0.0
Upper	20	16.4	20	16.9	0	0.0	0	0.0
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	122	100.0	118	100.0	4	100.0	0	0.0
Percentage of Total Farms:			96.7		3.3		0.0	

Source: 2020 FFIEC Census Data
2020 Dun & Bradstreet Data
2011-2015 U.S. Census Bureau: American Community Survey
Note: Percentages may not total 100.0 percent due to rounding.

Table B-9

2019 Shelby County Nonmetropolitan AA Demographics								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low	0	0.0	0	0.0	0	0.0	1,470	23.6
Moderate	2	33.3	2,107	33.8	452	21.5	1,268	20.3
Middle	3	50.0	3,458	55.4	561	16.2	1,178	18.9
Upper	1	16.7	672	10.8	35	5.2	2,321	37.2
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	6	100.0	6,237	100.0	1,048	16.8	6,237	100.0
Housing Units by Tract	Housing Type by Tract							
	Owner-occupied				Rental		Vacant	
	#	% by tract	% by unit	#	% by unit	#	% by unit	
Low	0	0	0.0	0	0.0	0	0.0	
Moderate	3,786	2,229	32.8	58.9	811	21.4	746	19.7
Middle	6,858	3,768	55.4	54.9	1,558	22.7	1,532	22.3
Upper	1,258	809	11.9	64.3	221	17.6	228	18.1
Unknown	0	0	0.0	0.0	0	0.0	0	0.0
Total AA	11,902	6,806	100.0	57.2	2,590	21.8	2,506	21.1
Total Businesses by Tract	Businesses by Tract & Revenue Size							
	Less Than or = \$1 Million				Over \$1 Million		Revenue Not Reported	
	#	%	#	%	#	%	#	%
Low	0	0.0	0	0.0	0	0.0	0	0.0
Moderate	221	22.6	205	23.0	15	21.1	1	5.6
Middle	671	68.5	601	67.5	53	74.6	17	94.4
Upper	88	9.0	85	9.5	3	4.2	0	0.0
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	980	100.0	891	100.0	71	100.0	18	100.0
Percentage of Total Businesses:				90.9		7.2		1.8
Total Farms by Tract	Farms by Tract & Revenue Size							
	Less Than or = \$1 Million				Over \$1 Million		Revenue Not Reported	
	#	%	#	%	#	%	#	%
Low	0	0.0	0	0.0	0	0.0	0	0.0
Moderate	41	32.0	40	32.3	1	25.0	0	0.0
Middle	64	50.0	61	49.2	3	75.0	0	0.0
Upper	23	18.0	23	18.5	0	0.0	0	0.0
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	128	100.0	124	100.0	4	100.0	0	0.0
Percentage of Total Farms:				96.9		3.1		0.0
Source: 2019 FFIEC Census Data 2019 Dun & Bradstreet Data 2011-2015 U.S. Census Bureau: American Community Survey Note: Percentages may not total 100.0 percent due to rounding.								

Table B-10

Distribution of 2019 Home Mortgage Lending By Income Level of Geography Assessment Area: Shelby County Nonmetropolitan							
Geographic Income Level	Bank And Aggregate Loans						Owner Occupied Units %
	Bank		Agg	Bank		Agg	
	#	#%	#%	\$(000)	%	%	
Low	0	0.0	0.0	0	0.0	0.0	0.0
Moderate	0	0.0	38.7	0	0.0	47.4	32.8
Middle	4	100.0	46.2	1,670	100.0	38.3	55.4
Upper	0	0.0	15.0	0	0.0	14.3	11.9
Unknown	0	0.0	0.0	0	0.0	0.0	0.0
Total	4	100.0	100.0	1,670	100.0	100.0	100.0

Source: 2019 FFIEC Census Data
 2011-2015 U.S. Census Bureau: American Community Survey
 Note: Percentages may not total 100.0 percent due to rounding.
 For each assessment area with less than 25 total HMDA loans in a year, HMDA products are consolidated.

APPENDIX C – GLOSSARY

Aggregate lending: The number of loans originated and purchased by all reporting lenders in specified income categories as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the metropolitan area/assessment area.

Census tract: A small subdivision of metropolitan and other densely populated counties. Census tract boundaries do not cross county lines; however, they may cross the boundaries of metropolitan statistical areas. Census tracts usually have between 2,500 and 8,000 persons, and their physical size varies widely depending upon population density. Census tracts are designed to be homogeneous with respect to population characteristics, economic status, and living conditions to allow for statistical comparisons.

Community development: 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 the size eligibility standards of the Small Business Administration's Development Company or Small Business Investment Company programs (13 CFR 121.301) or have gross annual revenues of \$1 million or less; or, activities that revitalize or stabilize low- or moderate-income geographies, designated disaster areas; or designated distressed or underserved nonmetropolitan middle-income geographies.

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 nonrelatives 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 is analyzed considering performance context, quantitative factors (for example, geographic distribution, borrower distribution, and total number and dollar amount of investments), and qualitative factors (for example, 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 do 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 applications, the amount of loan requested, and the disposition of the application (for example, approved, denied, and withdrawn).

Home mortgage loans: Includes home purchase and home improvement loans as defined in the HMDA regulation. This definition also includes multifamily (five or more families) dwelling loans,

loans for the purchase of manufactured homes and refinancings of home improvement and home purchase loans.

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 is analyzed using only quantitative factors (for example, geographic distribution, borrower distribution, total number and dollar amount of investments, and branch distribution).

Low-income: Individual income that is less than 50 percent of the area median income, or a median family income that is less than 50 percent, in the case of a geography.

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 metropolitan area/assessment area.

Metropolitan area (MA): A metropolitan statistical area (MSA) or a metropolitan division (MD) as defined by the Office of Management and Budget. A MSA is a core area containing at least one urbanized area of 50,000 or more inhabitants, together with adjacent communities having a high degree of economic and social integration with that core. A MD is a division of a MSA based on specific criteria including commuting patterns. Only a MSA that has a population of at least 2.5 million may be divided into MDs.

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.

Nonmetropolitan area (NonMSA): Any area that is not located within an MSA.

Other products: Includes any unreported optional category of loans for which the institution collects and maintains data for consideration during a CRA examination. Examples of such activity include consumer loans and other loan data an institution may provide concerning its lending performance.

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.

Rated area: A rated area is a state or multistate metropolitan 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 multistate metropolitan area, the institution will receive a rating for the multistate metropolitan area. For these institutions, no state ratings will be received unless the bank also maintains deposit facilities outside of the multistate metropolitan area. CRA activity is captured in either a state rating or a multistate metropolitan area rating, but not both.

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. However, thrift institutions may also exercise the option to report loans secured by nonfarm residential real estate as 'small business loans' if the loans are reported on the TFR as nonmortgage, commercial loans.

Small loan(s) to farm(s): A loan included in 'loans to small farms' as defined in the Consolidated Reports of Condition and Income (Call Report) instructions. 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.

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