

PUBLIC DISCLOSURE

July 24, 2023

**COMMUNITY REINVESTMENT ACT
PERFORMANCE EVALUATION**

First State Bank
RSSD # 435750
1818 North I-35
Gainesville, Texas, 76240

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

DESCRIPTION OF THE INSTITUTION

FSB, a financial institution headquartered in Gainesville, Texas, has the following characteristics:

- The bank is a wholly owned subsidiary of Red River Bancorp Inc., a one-bank holding company.
- As of March 31, 2023, FSB reported total assets of approximately \$1.7 billion and gross loans of \$806.6 million.
- FSB operates 13 branch offices and 23 full-service automated teller machines (ATMs) throughout its delineated AAs in the state of Texas: Denton, Wise and Collin Counties Metropolitan, Cooke and Montague Counties Nonmetropolitan, and Sherman-Denison Metropolitan Statistical Area (MSA).
- Since the previous CRA performance evaluation, the bank expanded its geographic footprint by opening a branch in Collin County, which is part of the Dallas-Fort Worth-Arlington, Texas MSA.
- FSB offers traditional deposit and loan products to meet the needs of the communities it serves.
 - The bank is predominately a commercial lender, with commercial loans representing 66.1 percent of its loan portfolio as of March 31, 2023.
 - FSB is active in residential real estate lending with both in-house and secondary market transactions that are processed throughout its branches and mortgage department.
- The bank's ability to meet the credit needs of the communities it serves has not been hampered by its capacity to lend, financial condition and size, product offerings, prior performance, legal impediments, or other factors.

Table 1 reflects the bank's loan portfolio mix as of March 31, 2023.

Table 1

Composition of Loan Portfolio as of March 31, 2023		
Loan Type	\$(000)	Percent (%)
Construction and Land Development	139,746	17.3
Farmland	74,808	9.3
1-4 Family Residential Real Estate	128,802	16.0
Multifamily Residential Real Estate	14,460	1.8
Non-Farm Non-Residential Real Estate	303,793	37.7
Agricultural	16,931	2.1
Commercial and Industrial	89,848	11.1
Consumer	19,899	2.5
Other	18,347	2.3
Gross Loans	806,634	100.0

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

The Federal Reserve Bank of Dallas rated the bank's CRA performance as **Outstanding** at the previous performance evaluation dated March 1, 2021. The bank received a **Satisfactory** rating under the Lending Test and an **Outstanding** rating under the Community Development Test.

SCOPE OF THE EVALUATION

Examiners utilized the Federal Financial Institutions Examination Council's (FFIEC's) *Interagency Examination Procedures for Large Institutions* to evaluate FSB's CRA performance. The evaluation considered performance context, including the bank's asset size, financial condition, business strategy, and market competition, as well as the credit needs and demographic and economic characteristics of the AAs.

Two of the bank's AAs, Denton, Wise and Collin Counties Metropolitan AA and Cooke and Montague Counties Nonmetropolitan AA, received full-scope reviews. Factors to determine which AAs would receive full-scope reviews include, but are not limited to, the level of the bank's lending, investment, and service activities; availability of opportunities in AAs; comments received from community groups and the public regarding the institution's CRA performance; population density; the number of other institutions in the AAs; and the length of time since the most recent full-scope review.

Table 2 depicts the bank's delineated AAs and the scope of review each AA received.

Table 2

Assessment Area	Scope of Review Received
Denton, Wise and Collin Counties Metropolitan	Full-Scope
Cooke and Montague Counties Nonmetropolitan	Full-Scope
Sherman-Denison MSA	Limited-Scope

This evaluation consists of a review of the bank's 2020, 2021, and 2022 Home Mortgage Disclosure Act (HMDA) loans and CRA-reported small business and small farm lending data for 2022. Also, the community development loans, investments, and services extended between March 1, 2021, and July 24, 2023. The bank did not report small business and small farm data until January 1, 2022. Therefore, the analysis for 2020 and 2021 will solely be focused on HMDA lending.

The evaluation of the bank's lending record in the individual AAs includes the use of and comparison to demographic characteristics. The 2020 U.S. Census and 2020, 2021, and 2022 Dun & Bradstreet (D&B) data are the primary sources for the demographic information. Demographic characteristics of a particular AA are useful in analyzing the bank's record of lending, as they provide a means of estimating loan demand and identifying lending opportunities. To understand small businesses and small farms, examiners relied on D&B data, which consists of self-reported data of revenue size and geographical location. Demographic data should not be construed as defining an expected level of lending in a particular area or to a particular group of borrowers; it is meant to help understand the bank's performance context.

Examiners interviewed community leaders serving the bank's AAs receiving a full-scope review to gain a better understanding of the local economic conditions, possible credit needs in the AAs, and the responsiveness of area banks in meeting such needs. Community contacts included representatives of community-based organizations that promote economic development by supporting to small businesses.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS

LENDING TEST

The bank’s overall lending test performance is **Low Satisfactory**. Lending activity reflects adequate responsiveness to the credit needs of the bank’s AAs. FSB makes little use of innovative and/or flexible lending practices in serving AAs’ needs. The geographic distribution of loans reflects good geographic dispersion as well as good distribution among borrowers of different income levels and businesses and farms of different sizes. The bank makes a low level of CD loans.

Lending Activity

This performance criterion evaluates the bank’s lending volume considering FSB’s resources, business strategy, and other information from the performance context. The bank’s lending levels reflects adequate responsiveness to AA credit needs. Table 3 summarizes the bank’s HMDA lending activity from January 1, 2020 through December 31, 2022 and small business and small farm lending from January 1, 2022, through December 31, 2022. Since the bank was not required to collect data for small business and small farm loans until 2022, Table 3 reflects three years of HMDA lending data and a year of small business and small farm lending data.

Table 3

Summary of Lending Activity				
January 1, 2020 through December 31, 2022				
Loan Type	#	%	\$000s	%
HMDA Home Purchase	1,442	53.6	424,951	57.3
HMDA Refinancing	1,111	41.3	284,706	38.4
HMDA Home Improvement	82	3.0	8,363	1.1
HMDA Multifamily	16	0.6	17,502	2.4
Other Purpose Closed-End	38	1.4	6,425	0.9
Total HMDA-related	2,689	84.2	741,954	92.8
Small Business	370	11.6	47,777	6.0
Small Farm	133	4.2	9,978	1.2
TOTAL LOANS	3,192	100.0	799,709	100.0
Note: Percentages may not total precisely due to rounding.				

Assessment Area Concentration

This performance criterion evaluates the volume and percentage of HMDA and CRA-reported small business and small farm loans extended inside and outside of the bank’s delineated AAs. As depicted in Table 4, a high percentage of loans are made in the bank’s AAs.

Table 4

Lending Inside and Outside the Assessment Area								
Loan Types	Inside				Outside			
	#	%	\$(000s)	%	#	%	\$(000s)	%
Home Improvement	71	86.6	6,983	83.5	11	13.4	1,380	16.5
Home Purchase - Conventional	955	77	283,951	77.1	286	23	84,418	22.9
Home Purchase - FHA	111	75.5	26,619	72.5	36	24.5	10,080	27.5
Home Purchase - VA	39	72.2	14,375	72.3	15	27.8	5,509	27.7
Multi-Family Housing	9	56.3	6,267	35.8	7	43.8	11,235	64.2
Other Purpose Closed-End	33	86.8	5,722	89.1	5	13.2	703	10.9
Refinancing	803	72.3	203,967	71.6	308	27.7	80,745	28.4
Total HMDA	2,021	75.2	547,884	73.8	668	24.8	194,070	26.2
Total Small Business	317	85.7	38,214	80	53	14.3	9,563	20
Total Small Farm	124	93.2	9,136	91.6	9	6.8	842	8.4
TOTAL LOANS	2,462	77.1	595,234	74.4	730	22.9	204,475	25.6

The remaining loan distribution analyses discussed in this performance evaluation only consider loans originated within 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 tract in comparison to available aggregate lending and demographic information. The overall geographic distribution of lending reflects good penetration throughout the banks' AAs.

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

This performance criterion evaluates the bank's lending to borrowers of different income levels and businesses and farms of different sizes. The bank's overall lending reflects good penetration among individuals of different income levels and businesses and farms of different sizes. A detailed discussion of the facts and data supporting the overall conclusions are presented in the Conclusions with Respect to Performance Criteria section for each AA.

Community Development Lending

This performance criterion evaluates the bank's level of CD lending. FSB makes a low level of CD loans, considering the bank's capacity and the need and availability of such opportunities. CD loans originated during the evaluation period were extended for a variety of purposes, as noted in Table 5. The bank's overall CD lending by dollar amount reflects a significant decrease since the previous evaluation. During the previous review period, the bank originated a significant amount of Small Business Administration's (SBA's) Paycheck Protection Program (PPP) loans. Since the SBA's PPP ended on May 31, 2021, the bank is no longer originating these loans in response to the nationwide Coronavirus Disease 2019 (COVID-19) pandemic. When comparing the previous CD lending without the PPP loans, the bank originated approximately the same number of loans, however the dollar amount decreased.

Specific details regarding the CD lending can be found in the Conclusions with Respect to Performance Tests section for each AA.

Table 5

Community Development Lending Assessment Area: All		
Purpose	#	\$(000s)
Affordable Housing	2	1,000
Community Services	1	3,250
Economic Development	0	0
Revitalization and Stabilization	1	763
Total	4	5,013

INVESTMENT TEST

The bank’s overall investment test rating is **Needs to Improve**.

This performance criterion evaluates the bank’s level of qualifying investments, grants, donations, or in-kind contributions of property made since the prior evaluation that have a primary purpose of CD. Overall, the bank has a poor level of qualified CD investments and grants. The bank makes rare use of innovative and/or complex investments to support CD initiatives.

During the review period, the bank made no CD investments and approximately \$30,000 less in qualified donations since the previous evaluation. While the number of donations grew since the previous evaluation, the bank’s overall level of investments and grants reflect a notable lack of responsiveness to the needs of its AAs.

Specific details regarding investments, grants, and donations can be found in the Conclusions with Respect to Performance Tests section for each AA. Table 6 depicts the number volume and dollar amount of CD investments, grants, and donations.

Table 6

Investments, Grants, and Donations Assessment Area: All						
Community Development Purpose	Current Investments		Donations		Total	
	#	\$(000s)	#	\$(000s)	#	\$(000s)
Affordable Housing	0	0	0	0	0	0
Community Services	0	0	34	192	34	192
Economic Development	0	0	0	0	0	0
Revitalization and Stabilization	0	0	1	1	1	1
Total	0	0	35	193	35	193

SERVICE TEST

The bank’s overall service test rating is **High Satisfactory**. The rating for the two full-scope AAs includes an adequate rating for the Denton, Wise and Collin Counties Metropolitan AA and a good rating for the Cooke and Montague Nonmetropolitan AA. These ratings together contribute to the overall High Satisfactory rating. Specific details of the service performance are issued in the respective AAs’ section of this report.

Retail Services

This performance criterion evaluates the bank's level of delivery systems provided in each geography classification. Refer to Table 7 for the distribution of banking offices and full-service ATMs by income level of geographies. The bank's delivery systems are readily accessible to geographies and individuals of different income levels in the delineated AAs. The bank's record of opening or closing branches has not adversely affected the accessibility of its delivery systems, including to LMI individuals and geographies. Banking services and hours of operations do not vary in a way that inconveniences the AA, particularly in LMI geographies or to LMI individuals.

Table 7

Branch and Full-Service ATM Locations Assessment Area: All							
Tract Income	% of Geographies	% of Population	% of Businesses	Branches		Full-Service ATMs	
				#	%	#	%
Low	1.7	1.5	1.1	0	0.0	0	0.0
Moderate	12.8	12.9	10.8	5	38.5	8	34.8
Middle	33.8	34.1	31.0	4	30.8	9	39.1
Upper	50.0	50.8	56.1	4	30.8	6	26.1
Unknown	1.7	0.8	1.0	0	0.0	0	0.0
Total	100.0	100.0	100.0	13	100.0	23	100.0

Note: Percentages may not total precisely due to rounding.

Community Development Services

This performance criterion evaluates the bank's level of CD services. Overall, the bank provides an adequate level of CD services.

As illustrated in Table 8, bank representatives provided 24 services, totaling 298 hours, to ten organizations within its delineated AAs. Examples of the bank's CD services include financial literacy education to students in the local school districts as well as serving nonprofit organizations advocating for disadvantaged youth.

The number of CD services provided by the bank declined slightly from the previous evaluation. While many opportunities exist for the bank to provide additional CD services in its AAs, FSB's level of services is adequate considering its size and relative importance to its most populous AAs. As the bank continues to grow, commensurate growth in the provision of CD services would reflect appropriate levels of responsiveness to the needs of the areas in which it operates.

Table 8

Community Development Services Assessment Area: All			
Purpose	Total Services	Total Hours	Total Organizations
Affordable Housing	0	0	0
Community Services	24	24	10
Economic Development	0	0	0
Revitalization and Stabilization	0	0	0
Total	24	298	10

FAIR LENDING OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

No evidence of discriminatory or other illegal credit practices inconsistent with helping to meet community credit needs was identified. The bank is in compliance with the substantive provisions of the anti-discrimination laws and regulations. Established policies and procedures are designed to ensure ongoing compliance with applicable laws and regulations.

METROPOLITAN AREAS (FULL-SCOPE REVIEW)

DESCRIPTION OF THE INSTITUTION’S OPERATIONS IN THE DENTON, WISE, COLLIN COUNTIES METROPOLITAN ASSESSMENT AREA

- The AA consists of the entirety of Denton, Collin, and Wise counties, which are a portion of the Dallas-Fort Worth-Arlington, Texas MSA. Refer to Appendix A for an AA map and Appendix B for additional demographic data.
- The bank added Collin County to the AA in June 2022 when it opened a branch location within the county.
- According to the 2020 American Community Survey (ACS), the AA includes seven low-, 50 moderate-, 138 middle-, and 226 upper-income census tracts, as well as eight tracts classified as unknown-income.
- FSB operates five branches in this AA, representing 38.5 percent of the bank’s total branches.
- As of June 30, 2022, the Federal Deposit Insurance Corporation (FDIC) Market Share Report indicates that the bank had a 0.1 percent market share in the counties of Denton, Wise and Collin, Texas, ranking 17th out of the 87 FDIC-insured depository institutions operating in the AA.
- In 2022, 857 institutions originated or purchased 87,305 HMDA-reportable loans in the Denton, Wise and Collin Counties Metropolitan AA. Of those, the bank ranked 81st, originating 207 or 0.2 percent of total loans. Additionally, in 2022, the bank ranked 30th among 232 institutions originating or purchasing CRA-reportable loans. The bank originated 156 of the 75,782 or 0.2 percent of CRA-reportable loans in the AA.
- A community member representing an organization that promotes economic development by supporting small businesses in the AA indicated that the area was recovering well from the pandemic; however, small business and start-up business funding remains a credit need.

Table 9

Population Change			
Assessment Area: Denton, Wise and Collin Counties Metropolitan			
Area	2015 Population	2020 Population	Percent Change
Denton, Wise and Collin Counties Metropolitan	1,655,309	2,039,519	23.2
Collin County, Texas	862,215	1,064,465	23.5
Denton County, Texas	731,851	906,422	23.9
Wise County, Texas	61,243	68,632	12.1
Dallas-Plano-Irving, Texas MD	4,519,004	5,129,966	13.5
Fort Worth-Arlington-Grapevine, Texas MD	2,252,637	2,507,421	11.3
Texas	26,538,614	29,145,505	9.8
<i>Source: 2020 U.S. Census Bureau Decennial Census 2011-2015 U.S. Census Bureau: American Community Survey</i>			

- The population increase in the AA more than doubles the population growth rate for the state of Texas.
- Collin County and Denton County make up the substantial majority of the AA population, at 96.6 percent.
- Approximately 12.0 percent of the AA population and 9.9 percent of AA families reside in LMI census tracts.

Table 10

Median Family Income Change			
Assessment Area: Denton, Wise and Collin Counties Metropolitan			
Area	2015 Median Family Income (\$)	2020 Median Family Income (\$)	Percent Change (%)
Denton, Wise and Collin Counties Metropolitan	104,182	113,100	8.6
Collin County, Texas	110,174	118,341	7.4
Denton County, Texas	99,628	111,436	11.9
Wise County, Texas	71,232	79,475	11.6
Dallas-Plano-Irving, Texas MD	77,736	88,315	13.6
Fort Worth-Arlington-Grapevine, Texas MD	75,758	82,649	9.1
Texas	68,523	76,073	11.0

*Source: 2011 - 2015 U.S. Census Bureau American Community Survey
2016 - 2020 U.S. Census Bureau American Community Survey
Median family incomes have been inflation-adjusted and are expressed in 2020 dollars.*

- The increase in the median family income for the AA was not as significant as the increase in the state of Texas. However, the median family income for the AA remains higher than the statewide.
- The reported portion of AA households living below the poverty level in 2022, at 6.6 percent, is below the statewide figure, at 13.4 percent. This points that AA households are generally more affluent.

Table 11

Housing Cost Burden						
Assessment Area: Denton, Wise and Collin Counties Metropolitan						
Area	Cost Burden - Renters			Cost Burden - Owners		
	Low Income	Moderate Income	All Renters	Low Income	Moderate Income	All Owners
Denton, Wise and Collin Counties Metropolitan	83.6	58.0	40.6	69.6	47.9	19.3
Collin County, Texas	83.4	65.5	40.2	69.7	51.4	19.3
Denton County, Texas	84.3	52.5	41.3	71.5	46.9	19.2
Wise County, Texas	74.9	22.8	37.0	58.4	27.2	20.2
Dallas-Plano-Irving, Texas MD	79.9	43.8	41.9	63.1	35.9	20.7
Fort Worth-Arlington-Grapevine, Texas MD	80.7	42.5	42.7	62.1	32.3	18.9
Texas	77.4	42.4	42.4	57.5	30.9	19.2

*Cost burden is housing cost that equals 30 percent or more of household income.
Source: U.S. Department of Housing and Urban Development (HUD), 2015-2019 Comprehensive Housing Affordability Strategy*

- The housing cost burden for LMI individuals is higher in the AA than the statewide average for both renters and homeowners.

- The 2022 housing affordability ratio¹ in the AA, at 29.8 percent, is below the statewide ratio of 34.1 percent; therefore, AA housing is less affordable than statewide housing.
- Of the housing units in the AA, 61.6 percent are owner-occupied, 32.4 percent are rental, and 6.0 percent are vacant. Notably, 2.5 percent of housing units in low-income census tracts are owner-occupied and 81.4 percent are rentals.

Table 12

Unemployment Rates					
Assessment Area: Denton, Wise and Collin Counties Metropolitan					
Area	2018	2019	2020	2021	2022
Denton, Wise and Collin Counties Metropolitan	3.3	3.0	6.4	4.4	3.2
Collin County, Texas	3.4	3.1	6.3	4.4	3.2
Denton County, Texas	3.2	3.0	6.4	4.4	3.2
Wise County, Texas	3.5	3.2	6.6	4.9	3.5
Dallas-Plano-Irving, Texas MD	3.6	3.3	7.1	5.0	3.5
Fort Worth-Arlington-Grapevine, Texas MD	3.5	3.3	7.2	5.2	3.6
Texas	3.9	3.5	7.7	5.6	3.9

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

- The AA unemployment rates are consistently below the statewide rates in the past five years. Sharp increases in the AA unemployment rates, as reflected in Table 12, are primarily attributed to the COVID-19 pandemic that began in March 2020 and the related restrictions placed to combat contagion, such as the executive orders limiting gatherings of certain sizes. This resulted in many people being laid off, as businesses downsized or closed their operations.
- Unemployment rates for the AA have declined since they peaked in 2020. In 2022, the unemployment rates reached pre-pandemic levels.
- The largest employers in the AA relate to retail trade, health care and social assistance, and food services.
- A representative of an area organization that promotes economic development stated the adverse impact of the COVID-19 pandemic to small and start-up businesses in the AA forced many to shut their doors. Though the area has largely bounced back, the community leader highlighted the need for more loans and education for start-up and small businesses.

Table 13 details selected characteristics of the AA.

¹ The housing affordability ratio is calculated by dividing the median household income by the median housing value. A lower ratio reflects less affordability housing.

Table 13

2022 Denton, Wise and Collin Counties Metropolitan AA Demographics								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low	7	1.6	4,158	0.8	979	23.5	65,425	13.3
Moderate	50	11.7	44,713	9.1	5,118	11.4	67,280	13.7
Middle	138	32.2	151,362	30.8	7,665	5.1	91,325	18.6
Upper	226	52.7	287,788	58.6	8,161	2.8	266,848	54.4
Unknown	8	1.9	2,857	0.6	661	23.1	0	0.0
Total AA	429	100.0	490,878	100.0	22,584	4.6	490,878	100.0
	Housing Units by Tract	Housing Type by Tract						
		Owner-occupied			Rental		Vacant	
		#	% by tract	% by unit	#	% by unit	#	% by unit
Low	11,831	301	0.1	2.5	9,629	81.4	1,901	16.1
Moderate	88,673	27,710	6.3	31.2	53,186	60.0	7,777	8.8
Middle	236,487	133,844	30.2	56.6	86,430	36.5	16,213	6.9
Upper	375,670	279,617	63.1	74.4	79,844	21.3	16,209	4.3
Unknown	6,751	1,516	0.3	22.5	4,253	63.0	982	14.5
Total AA	719,412	442,988	100.0	61.6	233,342	32.4	43,082	6.0
	Total Businesses by Tract	Businesses by Tract & Revenue Size						
		Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported		
		#	%	#	%	#	%	#
Low	942	0.8	871	0.8	63	1.2	8	0.5
Moderate	11,517	10.0	10,427	9.7	959	18.2	131	7.7
Middle	34,541	30.1	32,238	29.9	1,880	35.8	423	25.0
Upper	66,701	58.0	63,403	58.7	2,173	41.4	1,125	66.4
Unknown	1,222	1.1	1,034	1.0	180	3.4	8	0.5
Total AA	114,923	100.0	107,973	100.0	5,255	100.0	1,695	100.0
Percentage of Total Businesses:				94.0		4.6		1.5
	Total Farms by Tract	Farms by Tract & Revenue Size						
		Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported		
		#	%	#	%	#	%	#
Low	6	0.5	6	0.5	0	0.0	0	0.0
Moderate	107	8.1	106	8.1	1	9.1	0	0.0
Middle	565	42.7	558	42.6	6	54.5	1	50.0
Upper	640	48.3	635	48.4	4	36.4	1	50.0
Unknown	6	0.5	6	0.5	0	0.0	0	0.0
Total AA	1,324	100.0	1,311	100.0	11	100.0	2	100.0
Percentage of Total Farms:				99.0		0.8		0.2
<i>Source: 2022 FFIEC Census Data 2022 Dun & Bradstreet Data 2016-2020 U.S. Census Bureau: American Community Survey Note: Percentages may not total 100.0 percent due to rounding.</i>								

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS

LENDING TEST

The bank's lending test performance in the Denton, Wise and Collin Counties Metropolitan AA is good. While the bank's geographic distribution of lending is excellent, lending to borrowers reflects a good penetration among individuals of different income levels and businesses and farms of different revenue sizes.

Details of the bank's 2020 mortgage lending and information regarding lending by aggregate lenders can be found in Appendix C.

Lending Activity

The bank's lending activity in the Denton, Wise and Collin Counties Metropolitan AA reflects good responsiveness to AA credit needs; however, FSB makes little use of innovative and/or flexible lending practices.

To evaluate FSB's lending performance in this AA, examiners considered 1,100 HMDA loans originated by the bank between January 1, 2020, through December 31, 2022, as well as 127 small business and 28 small farm loans extended between January 1, 2022 and December 31, 2022. While HMDA and small business lending were weighted similarly, small farm lending was given little weight in the overall analysis due to the small volume of the lending portfolio.

Geographic Distribution of Loans

The bank's geographic distribution of loans reflects excellent penetration throughout the AA, with no significant gaps in contiguous geographies noted. The distribution of the remainder of bank lending in middle- and upper-income geographies did not affect conclusions about the bank's performance considering its lending in LMI geographies.

Residential Real Estate (HMDA) Lending

The geographic distribution of HMDA lending reflects excellent penetration throughout the AA. For both home purchase and home refinance lending the bank outperformed the aggregate lenders in both number volume and dollar amount. Given insufficient volume of home improvement or multifamily lending, a separate analysis was not performed.

The bank's HMDA lending in 2020 and 2021 only considers loans extended in the counties of Denton and Wise given that Collin County was added to the AA in June 2022. Therefore, the bank's HMDA lending performance for 2020, 2021, and 2022, as well as aggregate lending and demographic data, are noted in separate tables. Table 14 and Table 15 display the 2022 and 2021 data, respectively.

The bank's 2020 lending performance, which can be found in Appendix C, reflects penetration levels that are consistent with 2021 and 2022.

Home Purchase Lending

The geographic distribution of home purchase lending is excellent. Due to limited opportunity to lend, with only 0.1 percent of owner-occupied units in low-income census tracts, the bank's

performance in low-income census tracts received very little weight and therefore, the analysis focused on lending in moderate-income census tracts.

The bank's distribution of 2021 and 2022 home purchase loans among moderate-income tracts exceeds the performance of aggregate lenders by both number volume and dollar amount. While the bank's 2022 performance exceeds the percentage of owner-occupied units in moderate-income census tracts, FSB's 2021 performance is deemed comparable despite being slightly below the demographic figure.

Home Refinance Lending

The geographic distribution of home refinance lending for 2022 and 2021 is excellent. The bank's performance in low-income census tracts was given very little weight due to the limited opportunity to lend in those tracts. Therefore, the evaluation was focused on moderate-income census tracts.

The bank outperformed aggregate lenders in moderate-income census tracts by both number volume and dollar amount in 2021 and 2022. While FSB's performance in 2022 exceeds the demographic figure in 2022, the bank's 2021 performance was comparable by number volume and slightly below by dollar amount.

Table 14

Distribution of 2022 Home Mortgage Lending By Income Level of Geography Assessment Area: Denton, Wise and Collin Counties Metropolitan							
Geographic Income Level	Bank And Aggregate Loans						Owner Occupied Units %
	Bank		Agg	Bank		Agg	
	#	#%	#%	\$(000)	%	%	
Home Purchase Loans							
Low	0	0.0	0.1	0	0.0	0.0	0.1
Moderate	16	9.9	5.8	4,779	8.1	3.7	6.3
Middle	124	76.5	38.5	44,298	74.9	30.8	30.2
Upper	22	13.6	55.3	10,074	17.0	65.2	63.1
Unknown	0	0.0	0.3	0	0.0	0.3	0.3
Total	162	100.0	100.0	59,151	100.0	100.0	100.0
Refinance Loans							
Low	0	0.0	0.1	0	0.0	0.1	0.1
Moderate	6	17.1	4.8	1,609	14.9	3.5	6.3
Middle	26	74.3	30.1	7,757	72.0	24.4	30.2
Upper	3	8.6	64.6	1,409	13.1	71.7	63.1
Unknown	0	0.0	0.3	0	0.0	0.4	0.3
Total	35	100.0	100.0	10,775	100.0	100.0	100.0
Home Improvement Loans							
Low	0	0.0	0.0	0	0.0	0.0	0.1
Moderate	2	22.2	2.8	140	11.1	2.3	6.3
Middle	3	33.3	20.8	344	27.2	17.4	30.2
Upper	4	44.4	76.1	780	61.7	79.9	63.1
Unknown	0	0.0	0.3	0	0.0	0.4	0.3
Total	9	100.0	100.0	1,264	100.0	100.0	100.0
Multifamily Loans							Multi-family Units %
Low	0	0.0	6.3	0	0.0	4.3	5.5
Moderate	0	0.0	22.9	0	0.0	12.7	25.3
Middle	0	0.0	28.5	0	0.0	29.3	36.9
Upper	0	0.0	38.9	0	0.0	49.0	29.8
Unknown	0	0.0	3.5	0	0.0	4.7	2.5
Total	0	0.0	100.0	0	0.0	100.0	100.0
Total Home Mortgage Loans							Owner Occupied Units %
Low	0	0.0	0.1	0	0.0	0.4	0.1
Moderate	24	11.6	5.5	6,528	9.2	4.4	6.3
Middle	154	74.4	35.3	52,474	73.6	29.0	30.2
Upper	29	14.0	58.8	12,263	17.2	65.5	63.1
Unknown	0	0.0	0.3	0	0.0	0.7	0.3
Total	207	100.0	100.0	71,265	100.0	100.0	100.0
Source: 2022 FFIEC Census Data							
2016-2020 U.S. Census Bureau: American Community Survey							
Note: Percentages may not total 100.0 percent due to rounding.							

Table 15

Distribution of 2021 Home Mortgage Lending By Income Level of Geography Assessment Area: Denton and Wise Counties Metropolitan							
Geographic Income Level	Bank And Aggregate Loans						Owner Occupied Units %
	Bank		Agg	Bank		Agg	
	#	%	%	\$(000)	%	%	
Home Purchase Loans							
Low	2	0.9	0.2	569	0.8	0.1	0.1
Moderate	13	6.0	4.0	3,551	5.0	2.7	7.9
Middle	132	61.4	44.5	40,126	56.6	38.9	36.1
Upper	68	31.6	51.3	26,680	37.6	58.3	55.5
Unknown	0	0.0	0.0	0	0.0	0.0	0.4
Total	215	100.0	100.0	70,926	100.0	100.0	100.0
Refinance Loans							
Low	0	0.0	0.1	0	0.0	0.1	0.1
Moderate	11	7.0	2.8	2,391	5.3	1.9	7.9
Middle	78	49.4	33.8	19,679	44.0	28.5	36.1
Upper	69	43.7	63.3	22,687	50.7	69.5	55.5
Unknown	0	0.0	0.0	0	0.0	0.0	0.4
Total	158	100.0	100.0	44,757	100.0	100.0	100.0
Home Improvement Loans							
Low	0	0.0	0.0	0	0.0	0.0	0.1
Moderate	3	15.0	1.7	216	11.1	1.3	7.9
Middle	9	45.0	26.4	868	44.8	23.7	36.1
Upper	8	40.0	71.9	855	44.1	75.0	55.5
Unknown	0	0.0	0.0	0	0.0	0.0	0.4
Total	20	100.0	100.0	1,939	100.0	0.0	100.0
Multifamily Loans							Multi-family Units %
Low	0	0.0	20.0	0	0.0	12.3	7.5
Moderate	1	100.0	24.7	290	100.0	6.0	37.3
Middle	0	0.0	31.8	0	0.0	29.4	32.9
Upper	0	0.0	23.5	0	0.0	52.3	19.5
Unknown	0	0.0	0.0	0	0.0	0.0	2.8
Total	1	100.0	100.0	290	100.0	100.0	100.0
Total Home Mortgage Loans							Owner Occupied Units %
Low	2	0.5	0.2	569	0.5	0.5	0.1
Moderate	28	7.1	3.3	6,448	5.5	2.4	7.9
Middle	221	55.8	38.5	60,753	51.5	33.4	36.1
Upper	145	36.6	58.0	50,222	42.6	63.7	55.5
Unknown	0	0.0	0.0	0	0.0	0.0	0.4
Total	396	100.0	100.0	117,992	100.0	100.0	100.0
Source: 2022 FFIEC Census Data							
2016-2020 U.S. Census Bureau: American Community Survey							
Note: Percentages may not total 100.0 percent due to rounding.							

Small Business Lending

The geographic distribution of small business loans reflects excellent penetration throughout the AA. Because the AA only contains seven low-income census tracts and less than one percent of businesses are located in such geographies, there is little opportunity for lending in low-income census tracts. The bank excels at lending in moderate-income census tracts. In 2022, the bank outperformed aggregate lenders in both number volume and dollar amount by a significant margin. Additionally, the distribution of 2022 small business loans among moderate-income census tracts exceeds the percentage of total businesses in such tracts.

Table 16

Distribution of 2022 Small Business Lending By Income Level of Geography							
Assessment Area: Denton, Wise and Collin Counties Metropolitan							
Geographic Income Level	Bank And Aggregate Loans						Total Businesses %
	Bank		Agg	Bank		Agg	
	#	#%	#%	\$(000)	\$%	\$%	
Low	1	0.8	0.5	40	0.2	0.6	0.8
Moderate	38	29.9	8.8	7,197	36.6	10.9	10.0
Middle	56	44.1	27.1	7,095	36.1	29.2	30.1
Upper	30	23.6	62.1	5,061	25.7	57.3	58.0
Unknown	2	1.6	1.2	273	1.4	1.8	1.1
Total	127	100.0	100.0	19,666	100.0	100.0	100.0

Source: 2022 FFIEC Census Data
 2022 Dun & Bradstreet Data
 2016-2020 U.S. Census Bureau: American Community Survey
 Note: Percentages may not total 100.0 percent due to rounding.

Small Farm Lending

The geographic distribution of small farm loans reflects excellent penetration throughout the AA. Because there is less than one percent of small farms located in low-income census tracts, there are limited opportunities to extend credit to small farms in such tracts. Therefore, the analysis focused on the bank’s lending in moderate-income census tracts, giving little consideration to FSB’s lending in low-income geographies. As note don Table 17, the bank outperformed the aggregate lenders in both number volume and dollar amount in moderate-income census tracts. Additionally, the distribution of 2022 small farm loans among moderate-income census tracts is greater than the percentage of total farms in such tracts.

Table 17

Distribution of 2022 Small Farm Lending By Income Level of Geography Assessment Area: Denton, Wise and Collin Counties Metropolitan							
Geographic Income Level	Bank And Aggregate Loans						Total Farms %
	Bank		Agg	Bank		Agg	
	#	#%	#%	\$(000)	%	%	
Low	0	0.0	0.0	0	0.0	0.0	0.5
Moderate	3	10.7	7.8	363	11.7	10.1	8.1
Middle	19	67.9	50.8	1,448	46.7	62.1	42.7
Upper	6	21.4	40.7	1,292	41.6	27.6	48.3
Unknown	0	0.0	0.2	0	0.0	0.0	0.5
Total	28	100.0	100.0	3,103	100.0	100.0	100.0

Source: 2022 FFIEC Census Data
2022 Dun & Bradstreet Data
2016-2020 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 Businesses and Farms of Different Sizes

The bank’s distribution of lending to borrowers reflects a good penetration among individuals of different income levels and businesses and farms of different revenue sizes. The distribution of the remainder of bank lending to middle- and upper-income borrowers did not affect conclusions about the bank’s performance considering its lending to LMI borrowers.

Residential Real Estate (HMDA) Lending

FSB’s HMDA lending by borrower income is good. The bank’s lending in 2022 and 2021 exceeds the aggregate lenders’ lending to LMI borrowers by number volume and dollar amount. However, both the bank and the aggregate lenders fell short of the demographic figure, indicating loan demand was low. LMI families face challenges securing lending due to various reasons, including lack of downpayment funds, lack of affordable housing in the area, and high interest rates. High interest rates also affect refinance lending, which could be a reason for the significant drop in refinance loans since 2021. Notably, HMDA loans in this AA represent 30.0 percent of the bank’s total loans for 2022.

Table 18

Distribution of 2022 Home Mortgage Lending By Borrower Income Level Assessment Area: Denton, Wise and Collin Counties Metropolitan							
Borrower Income Level	Bank And Aggregate Loans						Families by Family Income %
	Bank		Agg	Bank		Agg	
	#	#%	#%	\$(000)	%	%	
Home Purchase Loans							
Low	2	1.2	0.9	289	0.5	0.4	13.3
Moderate	22	13.6	7.8	5,255	8.9	4.6	13.7
Middle	35	21.6	19.2	9,969	16.9	15.1	18.6
Upper	95	58.6	51.5	40,538	68.5	57.0	54.4
Unknown	8	4.9	20.6	3,100	5.2	22.9	0.0
Total	162	100.0	100.0	59,151	100.0	100.0	100.0
Refinance Loans							
Low	4	11.4	4.2	530	4.9	2.2	13.3
Moderate	2	5.7	12.4	383	3.6	8.0	13.7
Middle	11	31.4	20.3	2,672	24.8	16.7	18.6
Upper	13	37.1	50.4	5,860	54.4	59.1	54.4
Unknown	5	14.3	12.8	1,330	12.3	14.1	0.0
Total	35	100.0	100.0	10,775	100.0	100.0	100.0
Home Improvement Loans							
Low	1	11.1	1.6	90	7.1	1.3	13.3
Moderate	2	22.2	4.8	363	28.7	2.9	13.7
Middle	1	11.1	13.8	69	5.5	10.0	18.6
Upper	5	55.6	77.7	742	58.7	83.3	54.4
Unknown	0	0.0	2.1	0	0.0	2.5	0.0
Total	9	100.0	100.0	1,264	100.0	100.0	100.0
Total Home Mortgage Loans							
Low	7	3.4	1.8	909	1.3	0.8	13.3
Moderate	26	12.6	8.7	6,001	8.4	5.3	13.7
Middle	47	22.7	19.0	12,710	17.8	15.2	18.6
Upper	114	55.1	52.4	47,215	66.3	58.0	54.4
Unknown	13	6.3	18.1	4,430	6.2	20.7	0.0
Total	207	100.0	100.0	71,265	100.0	100.0	100.0
<p>Source: 2022 FFIEC Census Data 2016-2020 U.S. Census Bureau: American Community Survey</p> <p>Note: Percentages may not total 100.0 percent due to rounding. Multifamily loans are not included in the borrower distribution analysis.</p>							

Table 19

Distribution of 2021 Home Mortgage Lending By Borrower Income Level Assessment Area: Denton and Wise Counties Metropolitan							
Borrower Income Level	Bank And Aggregate Loans						Families by Family Income %
	Bank		Agg	Bank		Agg	
	#	#%	#%	\$(000)	%	%	
Home Purchase Loans							
Low	3	1.4	1.6	346	0.5	0.7	14.0
Moderate	27	12.6	12.2	6,435	9.1	8.5	14.8
Middle	49	22.8	20.8	14,229	20.1	18.0	19.1
Upper	118	54.9	45.1	46,326	65.3	53.8	52.1
Unknown	18	8.4	20.3	3,590	5.1	18.9	0.0
Total	215	100.0	100.0	70,926	100.0	100.0	100.0
Refinance Loans							
Low	5	3.2	2.1	575	1.3	1.1	14.0
Moderate	24	15.2	9.5	4,065	9.1	6.2	14.8
Middle	38	24.1	17.2	9,053	20.2	14.3	19.1
Upper	84	53.2	48.8	29,536	66.0	55.4	52.1
Unknown	7	4.4	22.4	1,528	3.4	23.0	0.0
Total	158	100.0	100.0	44,757	100.0	100.0	100.0
Home Improvement Loans							
Low	0	0.0	1.4	0	0.0	0.9	14.0
Moderate	0	0.0	6.5	0	0.0	5.0	14.8
Middle	3	15.0	12.5	340	17.5	11.8	19.1
Upper	15	75.0	78.2	1,462	75.4	80.3	52.1
Unknown	2	10.0	1.3	137	7.1	2.0	0.0
Total	20	100.0	100.0	1,939	100.0	100.0	100.0
Total Home Mortgage Loans							
Low	9	2.3	1.9	971	0.8	0.9	14.0
Moderate	51	12.9	10.6	10,500	8.9	7.3	14.8
Middle	90	22.8	18.6	23,622	20.1	16.0	19.1
Upper	218	55.2	47.5	77,354	65.7	54.8	52.1
Unknown	27	6.8	21.4	5,255	4.5	21.0	0.0
Total	395	100.0	100.0	117,702	100.0	100.0	100.0
Source: 2022 FFIEC Census Data 2016-2020 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 borrower distribution of small business loans by revenue size of businesses is adequate. For 2022, the bank’s lending is below the aggregate lenders’ performance. Both the bank and the aggregate lenders fell below the demographic figure. Notably, small businesses are still recovering from the effect of the global pandemic as well as navigating a high interest rate economy.

It is also beneficial to review the bank's lending by loan size, as traditionally, smaller businesses are likely to seek loans in smaller amounts. When looking at loan size, the bank originated the majority of loans to small businesses in amounts less than \$100,000. This reflects favorably on the bank's responsiveness to the needs of small businesses in the AA.

Table 20

Distribution of 2022 Small Business Lending By Revenue Size of Businesses Assessment Area: Denton, Wise and Collin Counties Metropolitan							
	Bank And Aggregate Loans						Total Businesses %
	Bank		Agg	Bank		Agg	
	#	#%	#%	\$(000)	%	%	
By Revenue							
\$1 Million or Less	45	35.4	52.9	5,610	28.5	38.5	94.0
Over \$1 Million	53	41.7		11,415	58.0		4.6
Revenue Unknown	29	22.8		2,641	13.4		1.5
Total	127	100.0		19,666	100.0		100.0
By Loan Size							
\$100,000 or Less	79	62.2	95.4	3,601	18.3	46.7	
\$100,001 - \$250,000	22	17.3	2.5	4,038	20.5	13.8	
\$250,001 - \$1 Million	26	20.5	2.1	12,027	61.2	39.5	
Total	127	100.0	100.0	19,666	100.0	100.0	
By Loan Size and Revenues \$1 Million or Less							
\$100,000 or Less	33	73.3		1,353	24.1		
\$100,001 - \$250,000	6	13.3		959	17.1		
\$250,001 - \$1 Million	6	13.3		3,298	58.8		
Total	45	100.0		5,610	100.0		
Source: 2022 FFIEC Census Data 2022 Dun & Bradstreet Data 2016-2020 U.S. Census Bureau: American Community Survey							
Note: Percentages may not total 100.0 percent due to rounding.							

Small Farm Lending

The borrower distribution of small farm loans by revenue size of businesses is adequate. For 2022, the bank's lending is below the aggregate lenders' performance. Both the bank and the aggregate lenders fell below the demographic figures for small farms. Small farms may still be recovering from the effects of the global pandemic as well as navigating high interest rates. Notably, the bank made over half of their total loans to farms with revenues unknown. Unknown revenue could include small farms or small farms that are just starting up.

It is also beneficial to review the bank's lending by loan size, as traditionally, smaller farms are likely to seek loans in smaller amounts. When looking at loan size, the bank originated the majority of loans to small farms in amounts less than \$100,000. This reflects favorably on the bank's responsiveness to the needs of small farms in the AA.

Table 21

Distribution of 2022 Small Farm Lending By Revenue Size of Farms							
Assessment Area: Denton, Wise and Collin Counties Metropolitan							
	Bank And Aggregate Loans						Total Farms %
	Bank		Agg	Bank		Agg	
	#	%	%	\$(000)	%	%	
By Revenue							
\$1 Million or Less	7	25.0	64.7	876	28.2	64.3	99.0
Over \$1 Million	3	10.7		1,018	32.8		0.8
Revenue Unknown	18	64.3		1,209	39.0		0.2
Total	28	100.0		3,103	100.0		100.0
By Loan Size							
\$100,000 or Less	19	67.9	91.7	504	16.2	46.4	
\$100,001 - \$250,000	4	14.3	6.0	679	21.9	30.4	
\$250,001 - \$500,000	5	17.9	2.3	1,920	61.9	23.2	
Total	28	100.0	100.0	3,103	100.0	100.0	
By Loan Size and Revenues \$1 Million or Less							
\$100,000 or Less	3	42.9		115	13.1		
\$100,001 - \$250,000	2	28.6		215	24.5		
\$250,001 - \$500,000	2	28.6		546	62.3		
Total	7	100.0		876	100.0		
Source: 2022 FFIEC Census Data 2022 Dun & Bradstreet Data 2016-2020 U.S. Census Bureau: American Community Survey							
Note: Percentages may not total 100.0 percent due to rounding.							

Community Development Lending

The bank makes a low level of CD loans in the AA. The bank’s CD lending by dollar amount reflects a significant decrease of approximately 76.0 percent since the previous evaluation, which is primarily due to the cessation of the SBA’s PPP in May 2021. When comparing the previous CD lending volume without the PPP loans to the current performance, the bank originated a similar number of loans but for smaller dollar amount. As noted in Table 22, FSB extended four CD loans within the AA, totaling over \$5 million, to support affordable housing and organizations providing services to the residents of the area.

Table 22

Community Development Lending		
Assessment Area: Denton, Wise and Collin Counties Metropolitan		
Purpose	#	\$000s
Affordable Housing	2	1,000
Community Services	1	763
Economic Development	0	0
Revitalization and Stabilization	1	3,250
Totals	4	5,013

INVESTMENT TEST

The bank's performance under the investment test in the Denton, Wise and Collin Counties Metropolitan AA is poor. The bank has a poor level of qualified CD investments and grants. As noted on Table 23, the bank did not make a single CD investment during the review period, despite the existence of significant opportunities in the large and populous AA. While FSB made ten donations since March 2021, this level of performance does not reflect responsiveness to the credit and CD needs of the AA.

Table 23

Investment, Grants, and Donations Assessment Area: Denton, Wise and Collin Counties Metropolitan						
Community Development Purpose	Current Investments		Donations		Total	
	#	\$(000s)	#	\$(000s)	#	\$(000s)
Affordable Housing	0	0	0	0	0	0
Community Services	0	0	9	68	9	68
Economic Development	0	0	0	0	0	0
Revitalization and Stabilization	0	0	1	1	1	1
Total	0	0	10	69	10	69

SERVICE TEST

The bank's service test performance is adequate. While retail services are accessible to the communities of the AA, the bank provides a limited level of CD services in the AA. Retail and CD services reflect adequate responsiveness to the needs of the AA.

Retail Services

The bank's delivery systems are accessible to the bank's geographies and individuals of different income levels in the AA. The distribution of the bank's five branch offices and nine full-service ATMs was compared to the distribution of the population and businesses among the tract categories within the AA. Table 24 summarizes the bank's retail locations in the Denton, Wise and Collin Counties Metropolitan AA.

Table 24

Branch and Full-Service ATM Locations Assessment Area: Denton, Wise and Collin Counties Metropolitan							
Tract Income	% of Geographies	% of Population	% of Businesses	Branches		Full-service ATMs	
				#	%	#	%
Low	1.6	1.5	0.8	0	0.0	0	0.0
Moderate	11.7	12.0	10.0	1	20	2	22.2
Middle	32.2	32.6	30.2	2	40	6	66.7
Upper	52.7	53.1	57.9	2	40	1	11.1
Unknown	1.9	0.9	1.1	0	0.0	0	0.0
Total	100.0	100.0	100.0	5	100.0	9	100.0

Since the previous evaluation, the bank opened one branch in an upper-income census tract. The establishment of this branch in June 2022 marked the extension of the AA into Collin County. The bank's record of opening or closing branches has not adversely affected the accessibility of its delivery systems, including to LMI geographies. Banking services and hours of operations do not vary in a way that inconveniences the AA, particularly in LMI geographies or to LMI individuals. The level of branch services and hours offered are basically the same throughout the AA.

Community Development Services

The bank provides a limited level of CD services in the AA. While the level of CD services provided in the AA increased in number of services and hours since the previous evaluation, it is substantially limited in relation to the bank's presence in the AA and the opportunities for the provision of such services. During the review period, the bank performed a recurring CD activity, which consists on a bank employee serving on the board of directors of a local foundation that provides grants to health care related non-profit organizations serving LMI residents and geographies within Denton county. As the financial expertise provided to the foundation helped to multiply its impact by ensuring effective and efficient processing of grant requests and dispersion of funds to other non-profit organizations, this service was given additional weight in this analysis. Despite the impact of this CD service, additional effort in the provision of qualified CD services is required for the bank to appropriately respond to the needs of its AA.

Table 25

Community Development Services			
Assessment Area: Denton, Wise and Collin Counties Metropolitan			
Purpose	Total Services	Total Hours	Total Organizations
Affordable Housing	0	0	0
Community Services	2	26	1
Economic Development	0	0	0
Revitalization and Stabilization	0	0	0
Total	2	26	1

METROPOLITAN AREAS (LIMITED-SCOPE REVIEW)

DESCRIPTION OF OPERATIONS IN THE SHERMAN-DENISON MSA ASSESSMENT AREA

- As of March 31, 2023, the bank operated two branches in the AA, representing 15.4 percent of its branches.
- As of June 30, 2022, the bank had \$100.4 million in deposits in this AA, representing a market share of 2.9 percent and 6.4 percent of the bank's total deposits.
- In 2022, 419 institutions originated or purchased 5,598 HMDA-reportable loans in the Sherman-Denison MSA AA. Of those, the bank ranked 15th, originating 86 or 1.5 percent of total loans. Additionally, in 2022, the bank ranked 13th among 92 institutions originating or purchasing CRA-reportable loans. The bank originated 74 of the 3,438, or 2.2 percent of CRA-reportable loans in the AA.
- According to the ACS, the AA includes one low-, eight moderate-, 15 middle-, and six upper-income census tracts. The AA does not include any unknown-income census tracts.
- The total population of the AA in 2020 was 135,543, representing 0.4 percent of the state's population.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS

Table 26 details the conclusions regarding the bank's performance in the AA in relation to the overall performance.

Table 26

Assessment Area	Lending Test	Investment Test	Service Test
Sherman-Denison MSA	Consistent	Below	Consistent

While FSB's lending and service performance in the area is consistent with the institution's overall performance, the bank's investment performance is below. The bank's CD lending, as well as CD services and investments, is below FSB's overall performance, as no CD loans were originated in this AA during the review period. Given the bank's limited market share and presence in this AA, this performance received little weight when assessing in the overall CRA performance of the institution.

Appendix D provides detailed performance and demographic data reviewed regarding the AA.

NONMETROPOLITAN AREA (FULL-SCOPE REVIEW)

DESCRIPTION OF OPERATIONS IN THE COOKE AND MONTAGUE COUNTIES NONMETROPOLITAN ASSESSMENT AREA

- The Cooke and Montague Counties Nonmetropolitan AA consists of the contiguous, non-metropolitan counties of Cooke and Montague. The AA is located northwest of the Dallas-Fort Worth-Arlington, TX MSA in north central Texas and south of the Oklahoma border. Refer to Appendix A for an AA map and Appendix B for additional demographic data.
- According to the 2020 ACS, the AA includes three moderate-, eight middle-, and six upper-income census tracts. The AA does not include any low-income or unknown-income census tracts.
- FSB operates six branches in this AA, representing 46.2 percent of its total branches. The bank’s headquarters are located within the AA in Gainesville, Texas.
- As of June 30, 2022, FDIC Market Share Report indicates the bank had a 46.5 percent market share, ranking 1st out of 11 FDIC-insured depository institutions operating in the AA.
- In 2022, 252 institutions originated or purchased 1,696 HMDA-reportable loans in the AA. Of those, the bank ranked 1st, originating 125 (7.4 percent) of total HMDA loans. Additionally, the bank ranked 2nd among 70 institutions extending CRA-reportable loans in 2022. FSB originated 212 of the 1,529 (13.9 percent) of the CRA-reportable loans in the AA.
- A member of the community, who represents an organization that promotes economic development by supporting small businesses in the AA, noted that economic conditions are improving since the pandemic and that local banks are generally meeting the credit needs of the community.

Table 27

Population Change			
Assessment Area: Cooke and Montague Counties Nonmetropolitan			
Area	2015 Population	2020 Population	Percent Change
Cooke and Montague Counties Nonmetropolitan	58,239	61,633	5.8
Cooke County, Texas	38,761	41,668	7.5
Montague County, Texas	19,478	19,965	2.5
Non MSA Texas	3,060,473	3,051,458	-0.3
Texas	26,538,614	29,145,505	9.8
<i>Source: 2011-2015 U.S. Census Bureau American Community Survey 2020 U.S. Census Bureau Decennial Census</i>			

- The AA population increased at a slower rate than the state of Texas and significantly exceeded the population growth in nonmetropolitan areas, which actually decreased slightly between 2015 and 2020.
- The AA population growth is primarily driven by the 7.8 percent increase in Cooke County, which is more populated than Montague County. Approximately 67.6 percent of the total AA population resides in Cooke County.
- LMI census tracts contain approximately 13.5 percent of the total population of the AA and 11.1 percent of AA families.

Table 28

Median Family Income Change			
Assessment Area: Cooke and Montague Counties Nonmetropolitan			
Area	2015 Median Family Income (\$)	2020 Median Family Income (\$)	Percent Change (%)
Cooke and Montague Counties Nonmetropolitan	63,602	75,246	18.3
Cooke County, Texas	67,245	80,037	19.0
Montague County, Texas	58,293	64,827	11.2
Non MSA Texas	57,030	61,785	8.3
Texas	68,523	76,073	11.0

*Source: 2011 - 2015 U.S. Census Bureau American Community Survey
2016 - 2020 U.S. Census Bureau American Community Survey
Median family incomes have been inflation-adjusted and are expressed in 2020 dollars.*

- The median family income for the AA increased at a higher rate than the state of Texas and its nonmetropolitan areas. The growth is primarily attributed to the 19.0 percent increase in Cooke County, which median family income exceeds that of the state of Texas and its nonmetropolitan areas. Despite the growth noted, the AA median family income is slightly below the state of Texas' figure.
- AA households living below the poverty level in 2022, at 11.7 percent, is below the statewide figure for Texas at 13.4 percent.

Table 29

Housing Cost Burden						
Assessment Area: Cooke and Montague Counties Nonmetropolitan						
Area	Cost Burden - Renters			Cost Burden - Owners		
	Low Income	Moderate Income	All Renters	Low Income	Moderate Income	All Owners
Cooke and Montague Counties Nonmetropolitan	59.8	31.5	33.8	58.5	25.8	17.6
Cooke County, Texas	61.4	33.3	33.3	61.6	29.9	18.3
Montague County, Texas	56.4	27.2	35.0	53.8	17.2	16.4
Non MSA Texas	64.3	30.7	35.0	48.0	20.6	16.4
Texas	77.4	42.4	42.4	57.5	30.9	19.2

*Cost burden is housing cost that equals 30 percent or more of household income.
Source: U.S. Department of Housing and Urban Development (HUD), 2015-2019 Comprehensive Housing Affordability Strategy*

- The AA housing cost burden for LMI individuals is lower than the statewide average for both renters and homeowners, with the exception of low-income owners, which is slightly above.
- The AA housing affordability ratio for 2022, at 41.5 percent, is above the statewide ratio of 34.1 percent, which indicates that housing in the AA are more affordable.
- Of the housing units in the AA, 62.2 percent are owner-occupied, 24.0 percent are rental, and 13.8 percent are vacant.

Table 30

Unemployment Rates					
Assessment Area: Cooke and Montague Counties Nonmetropolitan					
Area	2018	2019	2020	2021	2022
Cooke and Montague Counties Nonmetropolitan	3.1	2.8	7.0	5.1	3.4
Cooke County, Texas	3.1	2.8	7.1	5.1	3.4
Montague County, Texas	3.2	2.9	6.7	5.2	3.6
Non MSA Texas	4.1	3.7	7.3	6.0	4.3
Texas	3.9	3.5	7.7	5.6	3.9
<i>Source: Bureau of Labor Statistics (BLS), Local Area Unemployment Statistics</i>					

- As reflected in Table 30, the unemployment rates for the AA spiked during 2020. The notable increase is primarily due to the restrictions placed to reduce the contagion of the COVID-19, such as the executive orders limiting gatherings, that resulted in many people being laid as businesses downsized or closed their doors. Since the sharp increase in 2020, the AA unemployment rate has decreased but has not reached pre-pandemic levels.
- Despite the sharp increase in the unemployment rates in 2020, the AA rates have consistently remained below the unemployment rates for nonmetropolitan areas in the state of Texas and the state as a whole.
- The largest employers in the AA are manufacturing, retail trade, and food services.
- A representative of an area organization that invests resources into community development stated that the area is still recovering from the impact of the COVID-19 pandemic and that local banks are highly involved in the community.

Table 31 details selected characteristics of the AA.

Table 31

2022 Cooke and Montague 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	2,529	15.0
Moderate	3	17.6	1,872	11.1	503	26.9	2,696	16.0
Middle	8	47.1	7,475	44.3	889	11.9	3,072	18.2
Upper	6	35.3	7,541	44.7	295	3.9	8,591	50.9
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	17	100.0	16,888	100.0	1,687	10.0	16,888	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	3,286	1,474	8.7	44.9	1,524	46.4	288	8.8
Middle	12,382	7,064	41.6	57.1	3,251	26.3	2,067	16.7
Upper	11,603	8,432	49.7	72.7	1,754	15.1	1,417	12.2
Unknown	0	0	0.0	0.0	0	0.0	0	0.0
Total AA	27,271	16,970	100.0	62.2	6,529	23.9	3,772	13.8
	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	565	19.9	491	18.8	66	35.1	8	17.0
Middle	1,019	35.9	954	36.6	53	28.2	12	25.5
Upper	1,257	44.2	1,161	44.6	69	36.7	27	57.4
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	2,841	100.0	2,606	100.0	188	100.0	47	100.0
Percentage of Total Businesses:				91.7	6.6			1.7
	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	6	2.6	6	2.7	0	0.0	0	0.0
Middle	60	26.2	60	26.5	0	0.0	0	0.0
Upper	163	71.2	160	70.8	2	100.0	1	100.0
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	229	100.0	226	100.0	2	100.0	1	100.0
Percentage of Total Farms:				98.7	0.9			0.4
<p>Source: 2022 FFIEC Census Data 2022 Dun & Bradstreet Data 2016-2020 U.S. Census Bureau: American Community Survey Note: Percentages may not total 100.0 percent due to rounding.</p>								

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS

LENDING TEST

The bank's lending test performance in the Cooke and Montague Counties Nonmetropolitan AA is adequate. The geographic distribution of lending is adequate. Lending to borrowers reflects a good penetration among individuals of different income levels and businesses and farms of different revenue sizes.

Details of the bank's 2020 mortgage, small business, and small farm lending data can be found in Appendix C.

Lending Activity

The bank's lending activity in the Cooke and Montague Counties Nonmetropolitan AA reflects adequate responsiveness to AA credit needs. The bank makes little use of innovative and/or flexible lending practices to serve AA credit needs.

To evaluate FSB's lending performance in this AA, examiners considered 585 HMDA loans originated by the bank between January 1, 2020, and December 31, 2022, as well as 137 small business and 75 small farm loans extended between January 1, 2022 and December 31, 2022. While HMDA and small business lending were weighted similarly, small farm lending was given little weight in the overall analysis due to the small volume of the lending portfolio.

Geographic Distribution of Loans

The geographic distribution of FSB's HMDA, small business, and small farm lending was compared to demographic and aggregate lending data.

The bank's geographic distribution of loans reflects adequate penetration throughout the AA, with no significant gaps in contiguous geographies noted. Given that the AA does not contain any low-income census tracts, the evaluation focused on FSB's lending in moderate-income census tracts.

The distribution of the remainder of bank lending in middle- and upper-income geographies did not affect conclusions about the bank's performance considering its lending in LMI geographies.

Residential Real Estate (HMDA) Lending

The geographic distribution of HMDA lending reflects adequate penetration throughout the AA. The bank's lending is generally comparable to the aggregate lenders in home purchase lending and falls below for home refinance. Given insufficient volume of home improvement or multifamily lending, a separate analysis was not performed.

The bank's lending performance for 2020, which can be noted in Appendix C, reflects penetration levels that are consistent with 2021 and 2022.

Home Purchase Lending

The geographic distribution of home purchase lending is adequate. The bank's lending was below the aggregate lenders' performance by number volume and dollar amount in 2021 and 2022. FSB

and aggregate lenders' performance fell below the demographic data by dollar amount for 2021 and 2022; however, aggregate lenders were slightly above the demographic figure for number volume in 2022. FSB's performance is adequate in light of the limited opportunities to lend in moderate-income census tracts, as only 8.7 percent of the units are owner-occupied.

Home Refinance Lending

The geographic distribution of home refinance lending is adequate. While the bank's refinance lending in moderate-income census tracts in 2021 and 2022 fell below the aggregate lenders and the demographic figure, the bank's 2020 performance exceeded aggregate lenders' performance and was comparable to the demographic figure. Considering the hike in interest rates since 2021, the limited opportunities to extend credit given the low percentage of owner-occupied units in moderate-income geographies (8.7 percent), and refinance lending representing a small portion of the bank's HMDA lending, FSB's performance is adequate.

Table 32

Distribution of 2021 and 2022 Home Mortgage Lending By Income Level of Geography													
Assessment Area: Cooke and Montague Counties Nonmetropolitan													
Geographic Income Level	Bank And Aggregate Loans By Year												Owner Occupied Units %
	2021						2022						
	Bank		Agg		Bank		Agg		Bank		Agg		
	#	#%	#%	\$(000)	%	%	#	#%	#%	\$(000)	%	%	
Home Purchase Loans													
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	5.1	8.1	968	3.5	5.4	2	2.4	9.7	332	1.4	7.4	8.7
Middle	62	52.5	62.5	11,075	40.5	51.9	31	36.5	51.1	6,982	28.4	43.9	41.6
Upper	50	42.4	29.4	15,302	56.0	42.7	52	61.2	39.2	17,239	70.2	48.7	49.7
Unknown	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0.0
Total	118	100.0	100.0	27,345	100.0	100.0	85	100.0	100.0	24,553	100.0	100.0	100.0
Refinance Loans													
Low	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0.0
Moderate	1	1.3	3.5	172	0.9	1.8	0	0.0	4.0	0	0.0	2.5	8.7
Middle	29	36.7	48.0	5,285	27.3	39.7	7	26.9	34.0	1,124	19.6	25.6	41.6
Upper	49	62.0	48.5	13,917	71.8	58.5	19	73.1	62.0	4,624	80.4	71.9	49.7
Unknown	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0.0
Total	79	100.0	100.0	19,374	100.0	100.0	26	100.0	100.0	5,748	100.0	100.0	100.0
Home Improvement Loans													
Low	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0.0
Moderate	1	16.7	21.4	115	25.4	17.3	1	11.1	3.3	75	7.4	0.6	8.7
Middle	3	50.0	28.6	245	54.2	21.5	2	22.2	43.3	169	16.8	20.5	41.6
Upper	2	33.3	50.0	92	20.4	61.1	6	66.7	53.3	763	75.8	78.9	49.7
Unknown	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0.0
Total	6	100.0	100.0	452	100.0	100.0	9	100.0	100.0	1,007	100.0	100.0	100.0
Multifamily Loans													Multi-family Units %
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	25.0	0	0.0	41.9	0	0.0	33.3	0	0.0	50.3	47.2
Middle	0	0.0	50.0	0	0.0	57.0	0	0.0	44.4	0	0.0	15.6	49.0
Upper	0	0.0	25.0	0	0.0	1.1	0	0.0	22.2	0	0.0	34.1	3.8
Unknown	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0.0
Total	0	0.0	100.0	0	0.0	100.0	0	0.0	100.0	0	0.0	100.0	100.0
Total Home Mortgage Loans													Owner Occupied Units %
Low	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0.0
Moderate	8	3.8	6.3	1,255	2.6	4.1	3	2.4	7.9	407	1.3	6.8	8.7
Middle	99	46.7	55.4	17,680	36.2	46.0	41	32.8	45.4	8,315	26.0	37.2	41.6
Upper	105	49.5	38.2	29,871	61.2	49.8	81	64.8	46.6	23,256	72.7	56.0	49.7
Unknown	0	0.0	0.1	0	0.0	0.1	0	0.0	0.1	0	0.0	0.0	0.0
Total	212	100.0	100.0	48,806	100.0	100.0	125	100.0	100.0	31,978	100.0	100.0	100.0

Source: 2022 FFIEC Census Data
 2016-2020 U.S. Census Bureau: American Community Survey
 Note: Percentages may not total 100.0 percent due to rounding.

Small Business Lending

The geographic distribution of small business loans reflects adequate penetration throughout the AA. As noted in Table 33, the bank’s geographic distribution of small business lending was below the aggregate lenders’ performance and demographic data by number volume and dollar amount. Aggregate lenders’ performance also fell below the demographic figure, which reflects that not all small businesses are in need of credit. While FSB is a leader when it comes to extending CRA-reportable loans in the AA, the data does not account for other financial institutions serving the AA that are not required to report their small business lending. When considering that level of competition for small business lending, the bank’s performance is considered adequate.

Table 33

Distribution of 2022 Small Business Lending By Income Level of Geography							
Assessment Area: Cooke and Montague Counties Nonmetropolitan							
Geographic Income Level	Bank And Aggregate Loans						Total Businesses %
	Bank		Agg	Bank		Agg	
	#	%	%	\$(000)	%	%	
Low	0	0.0	0.0	0	0.0	0.0	0.0
Moderate	13	9.5	14.1	1,552	12.7	16.2	19.9
Middle	31	22.6	31.4	2,469	20.3	29.8	35.9
Upper	93	67.9	51.9	8,155	67.0	52.4	44.2
Unknown	0	0.0	0.0	0	0.0	0.0	0.0
Total	137	100.0	100.0	12,176	100.0	100.0	100.0

Source: 2022 FFIEC Census Data
 2022 Dun & Bradstreet Data
 2016-2020 U.S. Census Bureau: American Community Survey
 Note: Percentages may not total 100.0 percent due to rounding.

Small Farm Lending

The geographic distribution of small farm loans reflects adequate penetration throughout the AA despite being slightly below the percentage of small farms located in moderate-income geographies. FSB’s performance was also below aggregate lending data, which exceeded the demographic figure by volume number and dollar amount. Given the increasing interest rate environment and competition for limited opportunities to extend credit in the AA, FSB’s performance is adequate. Refer to Table 34 for details.

Table 34

Distribution of 2022 Small Farm Lending By Income Level of Geography Assessment Area: Cooke and Montague Counties Nonmetropolitan							
Geographic Income Level	Bank And Aggregate Loans						Total Farms %
	Bank		Agg	Bank		Agg	
	#	%	%	\$(000)	%	%	
Low	0	0.0	0.0	0	0.0	0.0	0.0
Moderate	1	1.3	3.4	80	1.9	8.9	2.6
Middle	28	37.3	35.3	643	15.5	45.7	26.2
Upper	46	61.3	60.3	3,421	82.6	45.2	71.2
Unknown	0	0.0	0.0	0	0.0	0.0	0.0
Total	75	100.0	100.0	4,144	100.0	100.0	100.0

Source: 2022 FFIEC Census Data
2022 Dun & Bradstreet Data
2016-2020 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 Businesses and Farms of Different Sizes

The bank’s distribution of lending to borrowers reflects a good penetration among individuals of different income levels and businesses and farms of different revenue sizes. The distribution of the remainder of bank lending in middle- and upper-income geographies did not affect conclusions about the bank’s performance considering its lending in LMI geographies.

Residential Real Estate (HMDA) Lending

FSB’s HMDA lending by borrower income in the AA is good. The bank’s lending to low-income families in 2021 and 2022 is comparable to the aggregate lenders’ performance; however, FSB’s lending to moderate-income families outperformed aggregate lending data. Both the bank and aggregate lenders failed to meet the percentage of LMI families in the AA, which indicates lower loan demand. Table 35 below details the bank’s HMDA lending in 2021 and 2022, as well as relevant aggregate lending and demographic data.

Table 35

Distribution of 2021 and 2022 Home Mortgage Lending By Borrower Income Level													
Assessment Area: Cooke and Montague Counties Nonmetropolitan													
Borrower Income Level	Bank And Aggregate Loans By Year												Families by Family Income %
	2021						2022						
	Bank		Agg		Bank		Agg		Bank		Agg		
	#	#%	#%	\$(000)	%	%	#	#%	#%	\$(000)	%	%	
Home Purchase Loans													
Low	1	0.8	2.4	47	0.2	1.6	1	1.2	2.1	80	0.3	1.0	15.0
Moderate	18	15.3	9.6	2,491	9.1	5.3	13	15.3	10.0	1,896	7.7	6.1	16.0
Middle	19	16.1	18.0	3,005	11.0	13.2	14	16.5	22.3	2,719	11.1	17.4	18.2
Upper	72	61.0	47.2	20,353	74.4	60.9	49	57.6	42.6	17,044	69.4	55.2	50.9
Unknown	8	6.8	22.8	1,449	5.3	19.0	8	9.4	23.0	2,814	11.5	20.4	0.0
Total	118	100.0	100.0	27,345	100.0	100.0	85	100.0	100.0	24,553	100.0	100.0	100.0
Refinance Loans													
Low	0	0.0	1.5	0	0.0	0.5	0	0.0	2.4	0	0.0	1.2	15.0
Moderate	6	7.6	5.6	711	3.7	3.3	3	11.5	12.4	316	5.5	6.6	16.0
Middle	13	16.5	13.1	2,451	12.7	9.0	7	26.9	18.9	1,451	25.2	13.9	18.2
Upper	54	68.4	53.3	14,595	75.3	60.6	14	53.8	49.1	3,597	62.6	59.0	50.9
Unknown	6	7.6	26.5	1,617	8.3	26.6	2	7.7	17.1	384	6.7	19.2	0.0
Total	79	100.0	100.0	19,374	100.0	100.0	26	100.0	100.0	5,748	100.0	100.0	100.0
Home Improvement Loans													
Low	0	0.0	0.0	0	0.0	0.0	1	11.1	6.7	104	10.3	3.0	15.0
Moderate	1	16.7	0.0	55	12.2	0.0	0	0.0	10.0	0	0.0	2.0	16.0
Middle	2	33.3	14.3	71	15.7	10.9	0	0.0	23.3	0	0.0	12.2	18.2
Upper	3	50.0	78.6	326	72.1	76.3	7	77.8	60.0	843	83.7	82.8	50.9
Unknown	0	0.0	7.1	0	0.0	12.8	1	11.1	0.0	60	6.0	0.0	0.0
Total	6	100.0	100.0	452	100.0	100.0	9	100.0	100.0	1,007	100.0	100.0	100.0
Total Home Mortgage Loans													
Low	1	0.5	1.9	47	0.1	1.1	2	1.6	2.2	184	0.6	1.1	15.0
Moderate	25	11.8	7.7	3,257	6.7	4.4	17	13.6	10.5	2,332	7.3	6.1	16.0
Middle	35	16.5	15.6	5,676	11.6	11.2	22	17.6	20.7	4,525	14.2	15.9	18.2
Upper	137	64.6	50.0	36,760	75.3	60.6	72	57.6	45.5	21,639	67.7	57.4	50.9
Unknown	14	6.6	24.8	3,066	6.3	22.7	12	9.6	21.1	3,298	10.3	19.5	0.0
Total	212	100.0	100.0	48,806	100.0	100.0	125	100.0	100.0	31,978	100.0	100.0	100.0
Source: 2022 FFIEC Census Data													
2016-2020 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 borrower distribution of small business loans by revenue size of businesses is adequate. As noted in Table 36, the bank’s 2022 small business lending is comparable to the aggregate lenders’ performance by number volume and below by dollar amount. It is noteworthy that FSB and aggregate lenders’ level of lending was significantly below the percentage of small business in the AA. When evaluating the bank’s lending performance by loan size, FSB originated a substantial majority of its small business loans in amounts of \$100,000 or less, which reflects favorably on its responsiveness to the needs of small businesses, as they are more likely to seek loans in smaller amounts.

Table 36

Distribution of 2022 Small Business Lending By Revenue Size of Businesses							
Assessment Area: Cooke and Montague Counties Nonmetropolitan							
	Bank And Aggregate Loans						Total Businesses %
	Bank		Agg	Bank		Agg	
	#	#%	#%	\$(000)	%	%	
By Revenue							
\$1 Million or Less	64	46.7	48.1	4,224	34.7	41.4	91.7
Over \$1 Million	20	14.6		4,898	40.2		6.6
Revenue Unknown	53	38.7		3,054	25.1		1.7
Total	137	100.0		12,176	100.0		100.0
By Loan Size							
\$100,000 or Less	113	82.5	95.4	3,700	30.4	47.4	
\$100,001 - \$250,000	11	8.0	2.5	1,884	15.5	14.4	
\$250,001 - \$1 Million	13	9.5	2.1	6,592	54.1	38.2	
Total	137	100.0	100.0	12,176	100.0	100.0	
By Loan Size and Revenues \$1 Million or Less							
\$100,000 or Less	58	90.6		2,055	48.7		
\$100,001 - \$250,000	2	3.1		351	8.3		
\$250,001 - \$1 Million	4	6.3		1,818	43.0		
Total	64	100.0		4,224	100.0		
Source: 2022 FFIEC Census Data							
2022 Dun & Bradstreet Data							
2016-2020 U.S. Census Bureau: American Community Survey							
Note: Percentages may not total 100.0 percent due to rounding.							

Small Farm Lending

FSB’s lending distribution to small farm of different revenue sizes is adequate. As noted in Table 37, the bank’s 2022 small farm lending is significantly below the aggregate lenders and the percentage of small farms in the AA. It is noteworthy that 58.7 percent of the loan originations were extended to farms with unknown revenues. In addition, FSB originated a substantial majority of its small farm loans in amounts of \$100,000 or less, which reflects favorably on the bank’s responsiveness to the needs of small farms as they are more likely to seek loans in smaller amounts. Considering the high percentage of loans extended to farms with unknown revenues and the substantial majority of loans extended in amounts of \$100,000 or less, the bank’s performance is adequate.

Table 37

Distribution of 2022 Small Farm Lending By Revenue Size of Farms							
Assessment Area: Cooke and Montague Counties Nonmetropolitan							
	Bank And Aggregate Loans						Total Farms %
	Bank		Agg	Bank		Agg	
	#	%	%	\$(000)	%	%	
By Revenue							
\$1 Million or Less	30	40.0	66.4	1,514	36.5	76.9	98.7
Over \$1 Million	1	1.3		288	6.9		0.9
Revenue Unknown	44	58.7		2,342	56.5		0.4
Total	75	100.0		4,144	100.0		100.0
By Loan Size							
\$100,000 or Less	65	86.7	79.3	1,629	39.3	22.5	
\$100,001 - \$250,000	6	8.0	14.7	1,032	24.9	42.0	
\$250,001 - \$500,000	4	5.3	6.0	1,483	35.8	35.5	
Total	75	100.0	100.0	4,144	100.0	100.0	
By Loan Size and Revenues \$1 Million or Less							
\$100,000 or Less	26	86.7		712	47.0		
\$100,001 - \$250,000	4	13.3		802	53.0		
\$250,001 - \$500,000	0	0.0		0	0.0		
Total	30	100.0		1,514	100.0		
<i>Source: 2022 FFIEC Census Data 2022 Dun & Bradstreet Data 2016-2020 U.S. Census Bureau: American Community Survey</i>							
<i>Note: Percentages may not total 100.0 percent due to rounding.</i>							

Community Development Lending

The bank makes few, if any, CD in the AA. At the previous evaluation, the bank had a large amount of PPP loans. Since the cessation of the SBA’s PPP in May 2021, FSB is no longer originating these loans and has not extended any other CD loans.

INVESTMENT TEST

The bank’s performance under the investment test in the Cooke and Montague Nonmetropolitan AA is poor. FSB has a poor level of qualified CD investments and grants. While the bank provided a limited number of donations to local nonprofit organizations, it did not make a single CD investment in the review period. This level of performance does not reflect favorably on the bank’s responsiveness to the needs of its AA. Refer to Table 38 for details.

Table 38

Investment, Grants, and Donations Assessment Area: Cooke and Montague Nonmetropolitan						
Community Development Purpose	Current Investments		Donations		Total	
	#	\$(000s)	#	\$(000s)	#	\$(000s)
Affordable Housing	0	0	0	0	0	0
Community Services	0	0	11	110	11	110
Economic Development	0	0	0	0	0	0
Revitalization and Stabilization	0	0	0	0	0	0
Total	0	0	11	110	11	110

SERVICE TEST

The bank’s service test performance is good. Its retail and CD services reflect poor responsiveness to the needs of the AA.

Retail Services

The bank’s delivery systems are readily accessible to individuals of different income levels and throughout the AA. As noted in Table 39, six (50.0 percent) of the bank’s branches and five (45.5 percent) of FSB’s full-service ATMs are located in moderate-income census tracts.

Table 39

Branch and Full-Service ATM Locations Assessment Area: Cooke and Montague Nonmetropolitan							
Tract Income	% of Geographies	% of Population	% of Businesses	Branches		Full-Service ATMs	
				#	%	#	%
Low	0.0	0.0	0.0	0	0.0	0	0.0
Moderate	17.6	12.8	18.6	3	50.0	5	45.5
Middle	47.1	43.9	35.1	1	16.7	1	9.0
Upper	35.3	43.3	46.3	2	33.3	5	45.5
Unknown	0.0	0.0	0.0	0	0.0	0	0.0
Total	100.0	100.0	100.0	6	100.0	11	100.0

The bank did not open or close any branches in the AA during the review period. Moreover, banking services and hours of operations do not vary in a way that inconveniences the AA, particularly in LMI geographies or to LMI individuals. The level of branch services and hours offered are basically the same throughout the AA.

Community Development Services

The bank provides an adequate level of CD services in the AA. FSB employees served in as board members and trustees in eight organizations offering CD services for a total of 260 hours. The organizations focused on extending financial literacy education to students in the local school districts as well as aiding LMI individuals. Table 40 shows the number of hours by type of involvement.

Table 40

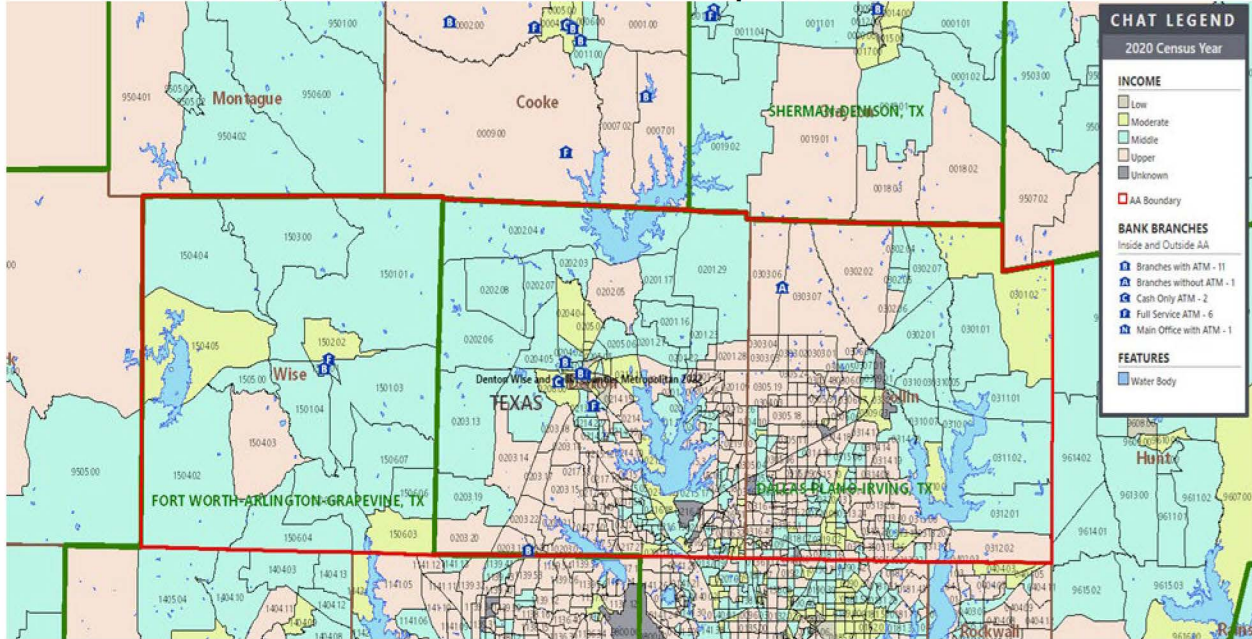
Community Development Services			
Assessment Area: Cooke and Montague Nonmetropolitan			
Purpose	Total Services	Total Hours	Total Organizations
Affordable Housing	0	0	0
Community Services	21	260	8
Economic Development	0	0	0
Revitalization and Stabilization	0	0	0
Total	21	260	8

The bank's level of qualified CD services in the AA decreased slightly since the previous evaluation. While the bank is active in extending financial literacy education to the school districts in the area, some of the hours provided do not qualify as a CD service given that a majority of students in some of the schools do not qualify for free or reduced-price lunch. Despite the limited size and population of the AA, opportunities remain for the bank to be responsive to community needs through the provision of additional CD services.

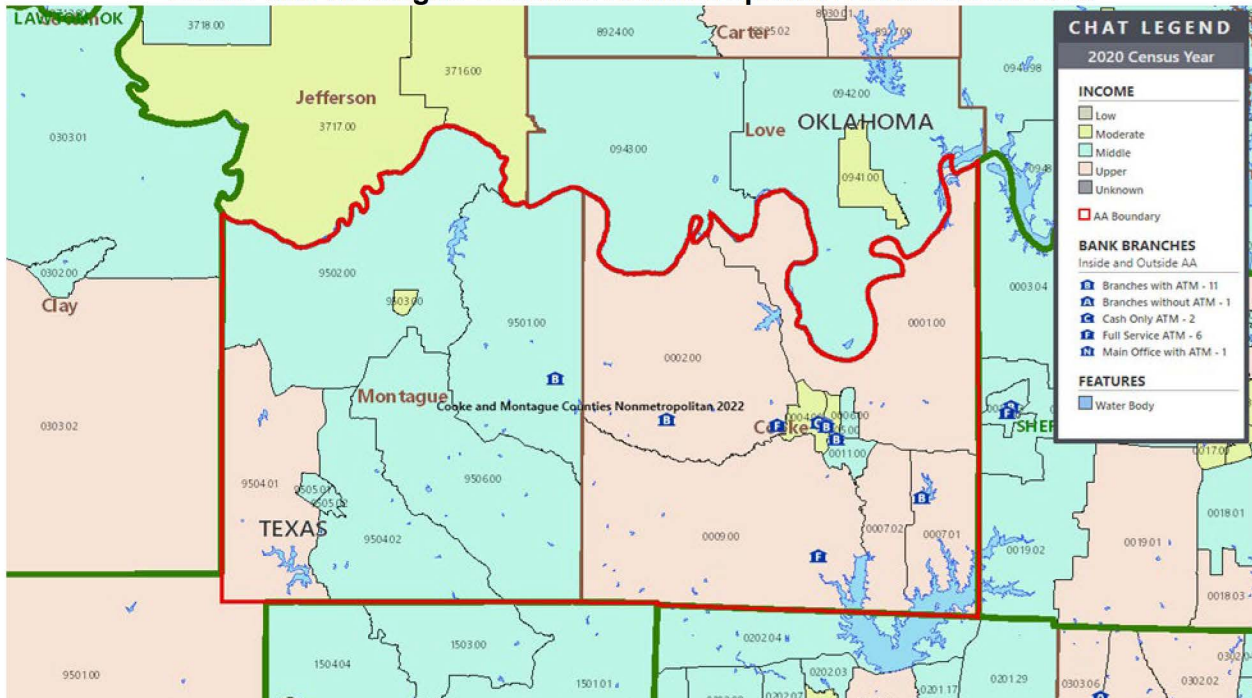
APPENDICES

APPENDIX A – MAPS OF THE ASSESSMENT AREAS

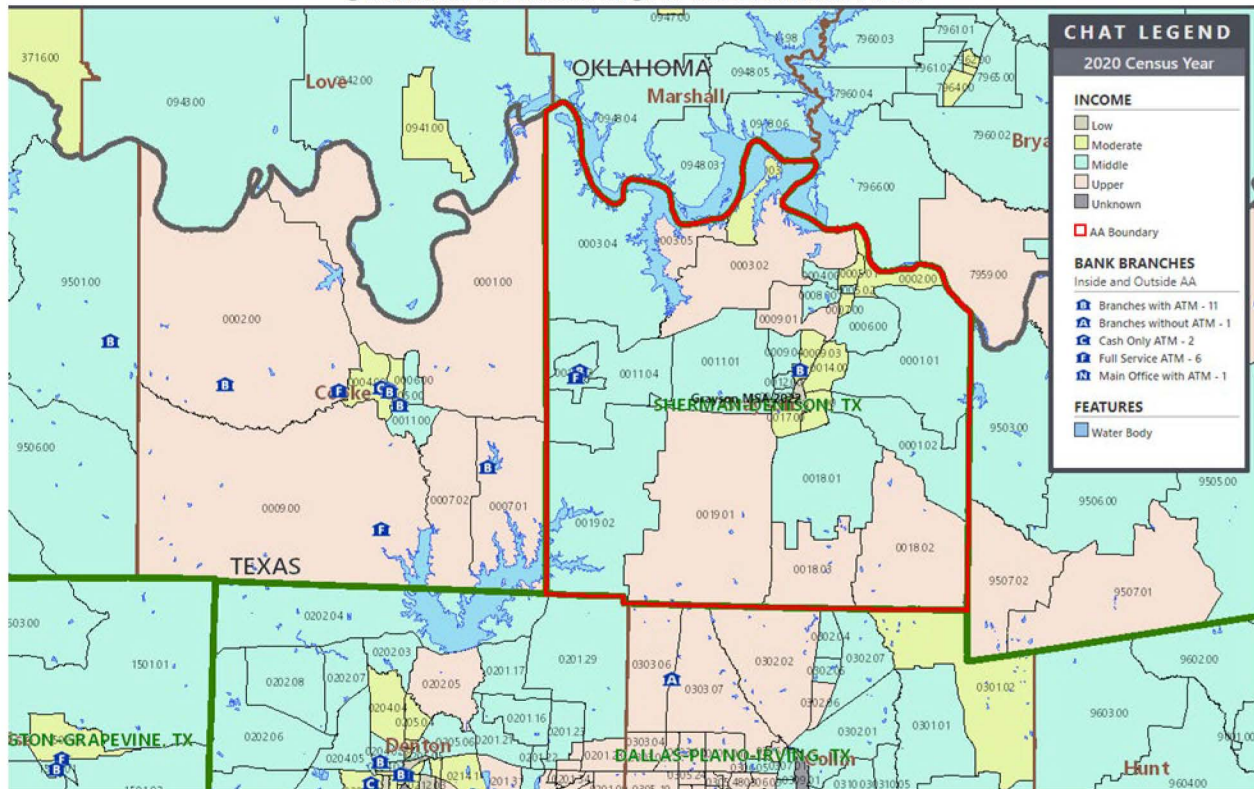
Denton, Wise and Collin Counties Metropolitan Assessment Area



Cooke and Montague Counties Nonmetropolitan Assessment Area



Sherman-Denison MSA Assessment Area



APPENDIX B – FULL-SCOPE ASSESSMENT AREAS DEMOGRAPHIC INFORMATION

Table B-1

2021 Denton and Wise Counties Metropolitan AA Demographics								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low	6	4.1	4,798	2.4	1,334	27.8	30,157	15.2
Moderate	19	12.8	17,643	8.9	2,530	14.3	27,792	14.0
Middle	59	39.9	82,684	41.6	5,652	6.8	36,100	18.2
Upper	64	43.2	93,531	47.1	2,544	2.7	104,607	52.7
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	148	100.0	198,656	100.0	12,060	6.1	198,656	100.0
	Housing Units by Tract	Housing Type by Tract						
		Owner-occupied			Rental		Vacant	
		#	% by tract	% by unit	#	% by unit	#	% by unit
Low	12,403	823	0.5	6.6	10,422	84.0	1,158	9.3
Moderate	34,107	10,883	6.0	31.9	20,325	59.6	2,899	8.5
Middle	130,191	74,106	40.7	56.9	45,936	35.3	10,149	7.8
Upper	120,981	96,291	52.9	79.6	19,557	16.2	5,133	4.2
Unknown	0	0	0.0	0.0	0	0.0	0	0.0
Total AA	297,682	182,103	100.0	61.2	96,240	32.3	19,339	6.5
	Total Businesses by Tract		Businesses by Tract & Revenue Size					
			Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported	
	#	%	#	%	#	%	#	%
Low	1,364	2.9	1,267	2.9	81	4.1	16	2.5
Moderate	4,501	9.6	4,063	9.2	389	19.6	49	7.7
Middle	16,355	34.9	15,456	35.0	710	35.8	189	29.8
Upper	24,612	52.6	23,431	53.0	801	40.4	380	59.9
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	46,832	100.0	44,217	100.0	1,981	100.0	634	100.0
Percentage of Total Businesses:			94.4		4.2		1.4	
	Total Farms by Tract		Farms by Tract & Revenue Size					
			Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported	
	#	%	#	%	#	%	#	%
Low	4	0.6	4	0.6	0	0.0	0	0.0
Moderate	35	4.9	33	4.6	2	100.0	0	0.0
Middle	348	48.3	347	48.4	0	0.0	1	100.0
Upper	333	46.3	333	46.4	0	0.0	0	0.0
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	720	100.0	717	100.0	2	100.0	1	100.0
Percentage of Total Farms:			99.6		0.3		0.1	
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 Denton and Wise Counties Metropolitan AA Demographics								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low	6	4.1	4,798	2.4	1,334	27.8	30,157	15.2
Moderate	19	12.8	17,643	8.9	2,530	14.3	27,792	14.0
Middle	59	39.9	82,684	41.6	5,652	6.8	36,100	18.2
Upper	64	43.2	93,531	47.1	2,544	2.7	104,607	52.7
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	148	100.0	198,656	100.0	12,060	6.1	198,656	100.0
	Housing Units by Tract	Housing Type by Tract						
		Owner-occupied			Rental		Vacant	
		#	% by tract	% by unit	#	% by unit	#	% by unit
Low	12,403	823	0.5	6.6	10,422	84.0	1,158	9.3
Moderate	34,107	10,883	6.0	31.9	20,325	59.6	2,899	8.5
Middle	130,191	74,106	40.7	56.9	45,936	35.3	10,149	7.8
Upper	120,981	96,291	52.9	79.6	19,557	16.2	5,133	4.2
Unknown	0	0	0.0	0.0	0	0.0	0	0.0
Total AA	297,682	182,103	100.0	61.2	96,240	32.3	19,339	6.5
	Total Businesses by Tract		Businesses by Tract & Revenue Size					
			Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported	
	#	%	#	%	#	%	#	%
Low	1,333	2.9	1,232	2.9	87	4.3	14	2.3
Moderate	4,446	9.7	3,996	9.3	403	20.1	47	7.9
Middle	15,849	34.7	14,944	34.7	729	36.3	176	29.5
Upper	23,998	52.6	22,850	53.1	788	39.3	360	60.3
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	45,626	100.0	43,022	100.0	2,007	100.0	597	100.0
Percentage of Total Businesses:			94.3		4.4		1.3	
	Total Farms by Tract		Farms by Tract & Revenue Size					
			Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported	
	#	%	#	%	#	%	#	%
Low	4	0.5	4	0.5	0	0.0	0	0.0
Moderate	37	5.0	35	4.8	2	100.0	0	0.0
Middle	354	48.0	353	48.1	0	0.0	1	100.0
Upper	342	46.4	342	46.6	0	0.0	0	0.0
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	737	100.0	734	100.0	2	100.0	1	100.0
Percentage of Total Farms:			99.6		0.3		0.1	
<p>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.</p>								

Table B-3

2021 Cooke and Montague 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	2,836	18.0
Moderate	3	21.4	1,821	11.6	502	27.6	2,439	15.5
Middle	8	57.1	9,083	57.7	1,053	11.6	3,102	19.7
Upper	3	21.4	4,830	30.7	210	4.3	7,357	46.8
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	14	100.0	15,734	100.0	1,765	11.2	15,734	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	3,741	1,415	8.8	37.8	1,647	44.0	679	18.2
Middle	15,751	9,319	58.1	59.2	3,888	24.7	2,544	16.2
Upper	7,309	5,311	33.1	72.7	1,042	14.3	956	13.1
Unknown	0	0	0.0	0.0	0	0.0	0	0.0
Total AA	26,801	16,045	100.0	59.9	6,577	24.5	4,179	15.6
	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	560	20.0	486	18.9	66	34.6	8	17.4
Middle	1,327	47.3	1,235	48.1	73	38.2	19	41.3
Upper	917	32.7	846	33.0	52	27.2	19	41.3
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	2,804	100.0	2,567	100.0	191	100.0	46	100.0
Percentage of Total Businesses:				91.5		6.8		1.6
	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	2.1	5	2.2	0	0.0	0	0.0
Middle	103	44.0	100	43.3	2	100.0	1	100.0
Upper	126	53.8	126	54.5	0	0.0	0	0.0
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	234	100.0	231	100.0	2	100.0	1	100.0
Percentage of Total Farms:				98.7		0.9		0.4
<i>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.</i>								

Table B-4

2020 Cooke and Montague 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	2,836	18.0
Moderate	3	21.4	1,821	11.6	502	27.6	2,439	15.5
Middle	8	57.1	9,083	57.7	1,053	11.6	3,102	19.7
Upper	3	21.4	4,830	30.7	210	4.3	7,357	46.8
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	14	100.0	15,734	100.0	1,765	11.2	15,734	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	3,741	1,415	8.8	37.8	1,647	44.0	679	18.2
Middle	15,751	9,319	58.1	59.2	3,888	24.7	2,544	16.2
Upper	7,309	5,311	33.1	72.7	1,042	14.3	956	13.1
Unknown	0	0	0.0	0.0	0	0.0	0	0.0
Total AA	26,801	16,045	100.0	59.9	6,577	24.5	4,179	15.6
	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	566	20.3	489	19.2	70	35.2	7	16.3
Middle	1,318	47.2	1,227	48.1	73	36.7	18	41.9
Upper	907	32.5	833	32.7	56	28.1	18	41.9
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	2,791	100.0	2,549	100.0	199	100.0	43	100.0
Percentage of Total Businesses:				91.3		7.1		1.5
	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	9	3.7	9	3.7	0	0.0	0	0.0
Middle	110	44.7	107	44.0	2	100.0	1	100.0
Upper	127	51.6	127	52.3	0	0.0	0	0.0
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	246	100.0	243	100.0	2	100.0	1	100.0
Percentage of Total Farms:				98.8		0.8		0.4
<i>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.</i>								

APPENDIX C – FULL-SCOPE ASSESSMENT AREAS LENDING TABLES

Table C-1

Distribution of 2020 Home Mortgage Lending By Income Level of Geography Assessment Area: Denton and Wise Counties Metropolitan							
Geographic Income Level	Bank And Aggregate Loans						Owner Occupied Units %
	Bank		Agg	Bank		Agg	
	#	#%	#%	\$(000)	%	%	
Home Purchase Loans							
Low	1	0.5	0.2	180	0.3	0.1	0.5
Moderate	14	7.0	4.0	2,512	4.3	2.7	6.0
Middle	112	55.7	42.5	30,465	52.7	37.1	40.7
Upper	74	36.8	53.4	24,662	42.7	60.0	52.9
Unknown	0	0.0	0.0	0	0.0	0.0	0.0
Total	201	100.0	100.0	57,819	100.0	100.0	100.0
Refinance Loans							
Low	4	1.4	0.2	847	1.2	0.1	0.5
Moderate	18	6.5	2.3	3,588	5.0	1.5	6.0
Middle	136	49.3	31.5	33,324	46.4	26.8	40.7
Upper	118	42.8	66.0	34,133	47.5	71.5	52.9
Unknown	0	0.0	0.0	0	0.0	0.0	0.0
Total	276	100.0	100.0	71,892	100.0	100.0	100.0
Home Improvement Loans							
Low	0	0.0	0.0	0	0.0	0.0	0.5
Moderate	1	11.1	2.5	40	6.2	1.5	6.0
Middle	4	44.4	25.2	381	59.2	21.3	40.7
Upper	4	44.4	72.3	223	34.6	77.2	52.9
Unknown	0	0.0	0.0	0	0.0	0.0	0.0
Total	9	100.0	100.0	644	100.0	100.0	100.0
Multifamily Loans							Multi-family Units %
Low	0	0.0	7.0	0	0.0	1.3	15.0
Moderate	2	50.0	33.8	512	57.9	22.2	24.7
Middle	2	50.0	36.6	372	42.1	39.4	44.8
Upper	0	0.0	22.5	0	0.0	37.1	15.5
Unknown	0	0.0	0.0	0	0.0	0.0	0.0
Total	4	100.0	100.0	884	100.0	100.0	100.0
Total Home Mortgage Loans							Owner Occupied Units %
Low	5	1.0	0.2	1,027	0.8	0.2	0.5
Moderate	36	7.2	3.2	6,756	5.1	2.7	6.0
Middle	258	51.9	36.4	65,080	49.3	31.7	40.7
Upper	198	39.8	60.2	59,183	44.8	65.4	52.9
Unknown	0	0.0	0.0	0	0.0	0.0	0.0
Total	497	100.0	100.0	132,046	100.0	100.0	100.0
Source: 2020 FFIEC Census Data 2011-2015 U.S. Census Bureau: American Community Survey							
Note: Percentages may not total 100.0 percent due to rounding.							

Table C-2

Distribution of 2020 Home Mortgage Lending By Borrower Income Level							
Assessment Area: Denton and Wise Counties Metropolitan							
Borrower Income Level	Bank And Aggregate Loans						Families by Family Income %
	Bank		Agg	Bank		Agg	
	#	#%	#%	\$(000)	\$%	\$%	
Home Purchase Loans							
Low	6	3.0	2.2	702	1.2	1.1	15.2
Moderate	25	12.4	14.5	5,170	8.9	10.3	14.0
Middle	45	22.4	24.3	10,980	19.0	21.6	18.2
Upper	115	57.2	49.3	38,738	67.0	57.2	52.7
Unknown	10	5.0	9.7	2,229	3.9	9.8	0.0
Total	201	100.0	100.0	57,819	100.0	100.0	100.0
Refinance Loans							
Low	8	2.9	1.8	1,051	1.5	0.9	15.2
Moderate	26	9.4	7.8	4,561	6.3	5.0	14.0
Middle	66	23.9	16.7	13,572	18.9	13.6	18.2
Upper	157	56.9	54.1	48,075	66.9	60.1	52.7
Unknown	19	6.9	19.7	4,633	6.4	20.5	0.0
Total	276	100.0	100.0	71,892	100.0	100.0	100.0
Home Improvement Loans							
Low	0	0.0	1.6	0	0.0	1.0	15.2
Moderate	3	33.3	7.6	121	18.8	7.4	14.0
Middle	2	22.2	11.4	77	12.0	8.4	18.2
Upper	3	33.3	75.6	346	53.7	79.3	52.7
Unknown	1	11.1	3.8	100	15.5	3.9	0.0
Total	9	100.0	100.0	644	100.0	100.0	100.0
Total Home Mortgage Loans							
Low	15	3.0	1.9	1,838	1.4	1.0	15.2
Moderate	55	11.2	10.4	10,039	7.7	7.3	14.0
Middle	117	23.7	19.4	25,060	19.1	16.9	18.2
Upper	276	56.0	51.2	87,263	66.5	58.3	52.7
Unknown	30	6.1	17.0	6,962	5.3	16.6	0.0
Total	493	100.0	100.0	131,162	100.0	100.0	100.0
Source: 2020 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.							

Table C-3

Distribution of 2020 Home Mortgage Lending By Income Level of Geography Assessment Area: Cooke and Montague Counties Nonmetropolitan							
Geographic Income Level	Bank And Aggregate Loans						Owner Occupied Units %
	Bank		Agg	Bank		Agg	
	#	#%	#%	\$(000)	%	\$%	
Home Purchase Loans							
Low	0	0.0	0.0	0	0.0	0.0	0.0
Moderate	7	6.5	7.3	1,362	5.7	4.9	8.8
Middle	57	52.8	58.4	9,372	39.0	50.3	58.1
Upper	44	40.7	34.3	13,286	55.3	44.7	33.1
Unknown	0	0.0	0.0	0	0.0	0.0	0.0
Total	108	100.0	100.0	24,020	100.0	100.0	100.0
Refinance Loans							
Low	0	0.0	0.0	0	0.0	0.0	0.0
Moderate	10	7.9	2.2	2,000	7.1	1.7	8.8
Middle	55	43.3	45.4	9,967	35.3	37.7	58.1
Upper	62	48.8	52.4	16,253	57.6	60.6	33.1
Unknown	0	0.0	0.0	0	0.0	0.0	0.0
Total	127	100.0	100.0	28,220	100.0	100.0	100.0
Home Improvement Loans							
Low	0	0.0	0.0	0	0.0	0.0	0.0
Moderate	0	0.0	4.5	0	0.0	3.1	8.8
Middle	3	37.5	59.1	195	25.7	36.5	58.1
Upper	5	62.5	36.4	563	74.3	60.4	33.1
Unknown	0	0.0	0.0	0	0.0	0.0	0.0
Total	8	100.0	100.0	758	100.0	100.0	100.0
Multifamily Loans							Multi-family Units %
Low	0	0.0	0.0	0	0.0	0.0	0.0
Moderate	0	0.0	20.0	0	0.0	3.7	41.1
Middle	1	100.0	60.0	370	100.0	92.0	54.6
Upper	0	0.0	20.0	0	0.0	4.3	4.2
Unknown	0	0.0	0.0	0	0.0	0.0	0.0
Total	1	100.0	100.0	370	100.0	100.0	100.0
Total Home Mortgage Loans							Owner Occupied Units %
Low	0	0.0	0.0	0	0.0	0.0	0.0
Moderate	17	6.9	4.9	3,362	6.2	3.3	8.8
Middle	117	47.2	52.7	19,984	37.0	44.3	58.1
Upper	114	46.0	42.3	30,669	56.8	52.3	33.1
Unknown	0	0.0	0.0	0	0.0	0.1	0.0
Total	248	100.0	100.0	54,015	100.0	100.0	100.0
Source: 2020 FFIEC Census Data 2011-2015 U.S. Census Bureau: American Community Survey							
Note: Percentages may not total 100.0 percent due to rounding.							

Table C-4

Distribution of 2020 Home Mortgage Lending By Borrower Income Level Assessment Area: Cooke and Montague Counties Nonmetropolitan							
Borrower Income Level	Bank And Aggregate Loans						Families by Family Income %
	Bank		Agg	Bank		Agg	
	#	#%	#%	\$(000)	%	%	
Home Purchase Loans							
Low	4	3.7	1.9	345	1.4	0.8	18.0
Moderate	11	10.2	11.6	1,452	6.0	6.1	15.5
Middle	22	20.4	21.1	3,809	15.9	15.7	19.7
Upper	63	58.3	52.9	16,581	69.0	64.8	46.8
Unknown	8	7.4	12.6	1,833	7.6	12.7	0.0
Total	108	100.0	100.0	24,020	100.0	100.0	100.0
Refinance Loans							
Low	0	0.0	0.7	0	0.0	0.3	18.0
Moderate	6	4.7	5.2	650	2.3	2.9	15.5
Middle	16	12.6	12.1	2,224	7.9	8.1	19.7
Upper	80	63.0	64.8	20,011	70.9	71.6	46.8
Unknown	25	19.7	17.2	5,335	18.9	17.1	0.0
Total	127	100.0	100.0	28,220	100.0	100.0	100.0
Home Improvement Loans							
Low	0	0.0	4.5	0	0.0	1.2	18.0
Moderate	1	12.5	4.5	45	5.9	3.0	15.5
Middle	1	12.5	22.7	90	11.9	12.5	19.7
Upper	5	62.5	68.2	423	55.8	83.3	46.8
Unknown	1	12.5	0.0	200	26.4	0.0	0.0
Total	8	100.0	100.0	758	100.0	100.0	100.0
Total Home Mortgage Loans							
Low	4	1.6	1.3	345	0.6	0.5	18.0
Moderate	18	7.3	8.2	2,147	4.0	4.4	15.5
Middle	40	16.2	16.2	6,203	11.6	11.6	19.7
Upper	151	61.1	57.0	37,582	70.1	67.6	46.8
Unknown	34	13.8	17.3	7,368	13.7	16.0	0.0
Total	247	100.0	100.0	53,645	100.0	100.0	100.0
Source: 2020 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.							

APPENDIX D – METROPOLITAN LIMITED-SCOPE ASSESSMENT AREA

Table D-1

2022 Sherman-Denison MSA AA Demographics								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low	1	3.3	609	1.8	70	11.5	6,864	20.3
Moderate	8	26.7	8,342	24.7	1,374	16.5	6,411	19.0
Middle	15	50.0	16,706	49.5	1,085	6.5	7,084	21.0
Upper	6	20.0	8,108	24.0	374	4.6	13,406	39.7
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	30	100.0	33,765	100.0	2,903	8.6	33,765	100.0
	Housing Units by Tract	Housing Type by Tract						
		Owner-occupied			Rental		Vacant	
		#	% by tract	% by unit	#	% by unit	#	% by unit
Low	1,281	691	2.1	53.9	369	28.8	221	17.3
Moderate	14,459	6,972	20.7	48.2	5,586	38.6	1,901	13.1
Middle	28,353	17,683	52.6	62.4	7,174	25.3	3,496	12.3
Upper	12,656	8,302	24.7	65.6	2,550	20.1	1,804	14.3
Unknown	0	0	0.0	0.0	0	0.0	0	0.0
Total AA	56,749	33,648	100.0	59.3	15,679	27.6	7,422	13.1
	Total Businesses by Tract	Businesses by Tract & Revenue Size						
		Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported		
		#	%	#	%	#	%	
Low	400	7.3	361	7.1	34	10.6	5	5.7
Moderate	1,326	24.1	1,224	24.1	89	27.6	13	14.9
Middle	2,488	45.3	2,322	45.7	123	38.2	43	49.4
Upper	1,279	23.3	1,177	23.2	76	23.6	26	29.9
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	5,493	100.0	5,084	100.0	322	100.0	87	100.0
Percentage of Total Businesses:				92.6	5.9		1.6	
	Total Farms by Tract	Farms by Tract & Revenue Size						
		Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported		
		#	%	#	%	#	%	
Low	3	1.4	3	1.4	0	0.0	0	0.0
Moderate	5	2.4	5	2.4	0	0.0	0	0.0
Middle	142	67.6	142	67.6	0	0.0	0	0.0
Upper	60	28.6	60	28.6	0	0.0	0	0.0
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	210	100.0	210	100.0	0	0.0	0	0.0
Percentage of Total Farms:				100.0	0.0		0.0	
Source: 2022 FFIEC Census Data 2022 Dun & Bradstreet Data 2016-2020 U.S. Census Bureau: American Community Survey Note: Percentages may not total 100.0 percent due to rounding.								

Table D-2

2021 Sherman-Denison MSA 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	7,225	22.4
Moderate	8	30.8	6,980	21.6	1,670	23.9	5,643	17.5
Middle	12	46.2	16,016	49.6	1,636	10.2	6,230	19.3
Upper	6	23.1	9,298	28.8	674	7.2	13,196	40.9
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	26	100.0	32,294	100.0	3,980	12.3	32,294	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	12,179	6,446	20.4	52.9	4,288	35.2	1,445	11.9
Middle	27,914	15,786	50.0	56.6	7,988	28.6	4,140	14.8
Upper	14,151	9,361	29.6	66.2	3,346	23.6	1,444	10.2
Unknown	0	0	0.0	0.0	0	0.0	0	0.0
Total AA	54,244	31,593	100.0	58.2	15,622	28.8	7,029	13.0
	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	1,238	22.7	1,141	22.6	85	25.8	12	15.0
Middle	2,670	49.0	2,488	49.4	143	43.5	39	48.8
Upper	1,542	28.3	1,412	28.0	101	30.7	29	36.3
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	5,450	100.0	5,041	100.0	329	100.0	80	100.0
Percentage of Total Businesses:				92.5	6.0	1.5		
	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	10	4.8	10	4.8	0	0.0	0	0.0
Middle	104	50.2	104	50.2	0	0.0	0	0.0
Upper	93	44.9	93	44.9	0	0.0	0	0.0
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	207	100.0	207	100.0	0	0.0	0	0.0
Percentage of Total Farms:				100.0	0.0	0.0		
<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>								

Table D-3

2020 Sherman-Denison MSA 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	7,225	22.4
Moderate	8	30.8	6,980	21.6	1,670	23.9	5,643	17.5
Middle	12	46.2	16,016	49.6	1,636	10.2	6,230	19.3
Upper	6	23.1	9,298	28.8	674	7.2	13,196	40.9
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	26	100.0	32,294	100.0	3,980	12.3	32,294	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	12,179	6,446	20.4	52.9	4,288	35.2	1,445	11.9
Middle	27,914	15,786	50.0	56.6	7,988	28.6	4,140	14.8
Upper	14,151	9,361	29.6	66.2	3,346	23.6	1,444	10.2
Unknown	0	0	0.0	0.0	0	0.0	0	0.0
Total AA	54,244	31,593	100.0	58.2	15,622	28.8	7,029	13.0
	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	1,250	23.0	1,147	22.9	92	26.3	11	15.5
Middle	2,678	49.3	2,489	49.7	153	43.7	36	50.7
Upper	1,505	27.7	1,376	27.5	105	30.0	24	33.8
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	5,433	100.0	5,012	100.0	350	100.0	71	100.0
Percentage of Total Businesses:				92.3		6.4		1.3
	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	9	4.2	9	4.2	0	0.0	0	0.0
Middle	106	50.0	106	50.0	0	0.0	0	0.0
Upper	97	45.8	97	45.8	0	0.0	0	0.0
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	212	100.0	212	100.0	0	0.0	0	0.0
Percentage of Total Farms:				100.0		0.0		0.0
<i>Source: 2020 FFIEC Census Data 2020 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>								

Table D-4

Distribution of 2021 and 2022 Home Mortgage Lending By Income Level of Geography													
Assessment Area: Sherman-Denison MSA													
Geographic Income Level	Bank And Aggregate Loans By Year												Owner Occupied Units %
	2021						2022						
	Bank		Agg	Bank		Agg	Bank		Agg	Bank		Agg	
	#	#%	#%	\$(000)	%	%	#	#%	#%	\$(000)	%	%	
Home Purchase Loans													
Low	0	0.0	0.0	0	0.0	0.0	0	0.0	1.3	0	0.0	0.8	2.1
Moderate	9	10.0	19.3	1,176	4.4	11.6	5	7.8	22.0	1,538	7.4	15.1	20.7
Middle	38	42.2	42.5	9,331	35.2	39.8	37	57.8	40.7	10,342	50.0	37.3	52.6
Upper	43	47.8	38.2	15,982	60.3	48.6	22	34.4	36.1	8,807	42.6	46.8	24.7
Unknown	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0.0
Total	90	100.0	100.0	26,489	100.0	100.0	64	100.0	100.0	20,687	100.0	100.0	100.0
Refinance Loans													
Low	0	0.0	0.0	0	0.0	0.0	0	0.0	1.0	0	0.0	0.5	2.1
Moderate	1	2.0	11.4	136	1.3	7.5	1	8.3	17.2	195	4.4	12.6	20.7
Middle	25	51.0	46.7	4,403	43.5	43.3	9	75.0	49.8	3,922	87.6	49.1	52.6
Upper	23	46.9	41.9	5,583	55.2	49.2	2	16.7	32.1	360	8.0	37.7	24.7
Unknown	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0.0
Total	49	100.0	100.0	10,122	100.0	100.0	12	100.0	100.0	4,477	100.0	100.0	100.0
Home Improvement Loans													
Low	0	0.0	0.0	0	0.0	0.0	0	0.0	2.5	0	0.0	6.7	2.1
Moderate	0	0.0	18.3	0	0.0	11.3	2	33.3	15.7	150	27.2	12.0	20.7
Middle	0	0.0	49.5	0	0.0	58.6	4	66.7	36.4	401	72.8	31.1	52.6
Upper	1	100.0	32.3	72	100.0	30.1	0	0.0	45.5	0	0.0	50.2	24.7
Unknown	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0.0
Total	1	100.0	100.0	72	100.0	100.0	6	100.0	100.0	551	100.0	100.0	100.0
Multifamily Loans													Multi-family Units %
Low	0	0.0	0.0	0	0.0	0.0	0	0.0	3.6	0	0.0	0.6	2.5
Moderate	0	0.0	35.7	0	0.0	32.0	2	100.0	32.1	3,573	100.0	25.9	40.2
Middle	0	0.0	46.4	0	0.0	50.5	0	0.0	39.3	0	0.0	36.0	45.5
Upper	0	0.0	17.9	0	0.0	17.5	0	0.0	25.0	0	0.0	37.5	11.7
Unknown	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0.0
Total	0	0.0	100.0	0	0.0	100.0	2	100.0	100.0	3,573	100.0	100.0	100.0
Total Home Mortgage Loans													Owner Occupied Units %
Low	0	0.0	0.0	0	0.0	0.0	0	0.0	1.2	0	0.0	0.8	2.1
Moderate	10	7.0	16.2	1,312	3.5	10.4	10	11.6	20.8	5,456	18.0	15.2	20.7
Middle	65	45.8	44.4	14,462	38.7	41.6	52	60.5	42.6	15,640	51.7	39.5	52.6
Upper	67	47.2	39.4	21,637	57.8	48.0	24	27.9	35.4	9,167	30.3	44.5	24.7
Unknown	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0.0
Total	142	100.0	100.0	37,411	100.0	100.0	86	100.0	100.0	30,263	100.0	100.0	100.0

Source: 2022 FFIEC Census Data

2016-2020 U.S. Census Bureau: American Community Survey

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

Table D-5

Distribution of 2020 Home Mortgage Lending By Income Level of Geography							
Assessment Area: Sherman-Denison MSA							
Geographic Income Level	Bank And Aggregate Loans						Owner Occupied Units %
	Bank		Agg	Bank		Agg	
	#	#%	#%	\$(000)	%	%	
Home Purchase Loans							
Low	0	0.0	0.0	0	0.0	0.0	0.0
Moderate	6	9.7	17.6	922	6.6	11.4	20.4
Middle	40	64.5	44.8	8,357	59.9	42.7	50.0
Upper	16	25.8	37.7	4,676	33.5	45.9	29.6
Unknown	0	0.0	0.0	0	0.0	0.0	0.0
Total	62	100.0	100.0	13,955	100.0	100.0	100.0
Refinance Loans							
Low	0	0.0	0.0	0	0.0	0.0	0.0
Moderate	2	4.9	7.6	324	3.8	5.1	20.4
Middle	24	58.5	45.8	4,300	50.0	41.7	50.0
Upper	15	36.6	46.6	3,978	46.2	53.3	29.6
Unknown	0	0.0	0.0	0	0.0	0.0	0.0
Total	41	100.0	100.0	8,602	100.0	100.0	100.0
Home Improvement Loans							
Low	0	0.0	0.0	0	0.0	0.0	0.0
Moderate	0	0.0	16.0	0	0.0	9.8	20.4
Middle	2	66.7	55.0	205	69.3	67.9	50.0
Upper	1	33.3	29.0	91	30.7	22.3	29.6
Unknown	0	0.0	0.0	0	0.0	0.0	0.0
Total	3	100.0	100.0	296	100.0	100.0	100.0
Multifamily Loans							Multi-family Units %
Low	0	0.0	0.0	0	0.0	0.0	0.0
Moderate	0	0.0	40.0	0	0.0	35.7	16.7
Middle	1	100.0	43.3	1,150	100.0	52.4	61.0
Upper	0	0.0	16.7	0	0.0	11.9	22.3
Unknown	0	0.0	0.0	0	0.0	0.0	0.0
Total	1	100.0	100.0	1,150	100.0	100.0	100.0
Total Home Mortgage Loans							Owner Occupied Units %
Low	0	0.0	0.0	0	0.0	0.0	0.0
Moderate	9	8.3	13.4	1,351	5.6	10.3	20.4
Middle	67	62.0	45.6	14,012	58.1	43.2	50.0
Upper	32	29.6	41.0	8,745	36.3	46.5	29.6
Unknown	0	0.0	0.0	0	0.0	0.0	0.0
Total	108	100.0	100.0	24,108	100.0	100.0	100.0

Source: 2020 FFIEC Census Data

2011-2015 U.S. Census Bureau: American Community Survey

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

Table D-6

Distribution of 2022 Small Business Lending By Income Level of Geography Assessment Area: Sherman-Denison MSA							
Geographic Income Level	Bank And Aggregate Loans						Total Businesses %
	Bank		Agg	Bank		Agg	
	#	%	%	\$(000)	%	%	
Low	3	5.7	4.7	264	4.1	5.7	7.3
Moderate	6	11.3	19.1	1,426	22.4	20.6	24.1
Middle	37	69.8	43.4	3,833	60.2	41.8	45.3
Upper	7	13.2	31.3	849	13.3	31.5	23.3
Unknown	0	0.0	0.0	0	0.0	0.0	0.0
Total	53	100.0	100.0	6,372	100.0	100.0	100.0

Source: 2022 FFIEC Census Data
2022 Dun & Bradstreet Data
2016-2020 U.S. Census Bureau: American Community Survey
Note: Percentages may not total 100.0 percent due to rounding.

Table D-7

Distribution of 2022 Small Farm Lending By Income Level of Geography Assessment Area: Sherman-Denison MSA							
Geographic Income Level	Bank And Aggregate Loans						Total Farms %
	Bank		Agg	Bank		Agg	
	#	%	%	\$(000)	%	%	
Low	0	0.0	0.5	0	0.0	0.1	1.4
Moderate	1	4.8	2.2	50	2.6	2.1	2.4
Middle	19	90.5	59.3	1,754	92.9	64.4	67.6
Upper	1	4.8	37.4	85	4.5	33.4	28.6
Unknown	0	0.0	0.0	0	0.0	0.0	0.0
Total	21	100.0	100.0	1,889	100.0	100.0	100.0

Source: 2022 FFIEC Census Data
2022 Dun & Bradstreet Data
2016-2020 U.S. Census Bureau: American Community Survey
Note: Percentages may not total 100.0 percent due to rounding.

Table D-8

Distribution of 2021 and 2022 Home Mortgage Lending By Borrower Income Level													
Assessment Area: Sherman-Denison MSA													
Borrower Income Level	Bank And Aggregate Loans By Year												Families by Family Income %
	2021						2022						
	Bank		Agg		Bank		Agg		Bank		Agg		
	#	%	#%	\$(000)	%	%	#	%	#%	\$(000)	%	%	
Home Purchase Loans													
Low	1	1.1	3.2	44	0.2	1.5	1	1.6	2.1	130	0.6	1.0	20.3
Moderate	4	4.4	12.9	720	2.7	8.1	7	10.9	10.6	1,180	5.7	6.2	19.0
Middle	16	17.8	17.1	3,371	12.7	14.8	11	17.2	17.0	2,712	13.1	13.7	21.0
Upper	58	64.4	40.6	20,289	76.6	52.5	39	60.9	44.5	14,897	72.0	56.8	39.7
Unknown	11	12.2	26.3	2,065	7.8	23.2	6	9.4	25.8	1,768	8.5	22.4	0.0
Total	90	100.0	100.0	26,489	100.0	100.0	64	100.0	100.0	20,687	100.0	100.0	100.0
Refinance Loans													
Low	0	0.0	3.4	0	0.0	1.6	1	8.3	5.6	160	3.6	2.7	20.3
Moderate	8	16.3	10.5	925	9.1	6.5	1	8.3	12.5	123	2.7	7.8	19.0
Middle	10	20.4	16.8	2,004	19.8	13.6	0	0.0	21.1	0	0.0	16.8	21.0
Upper	26	53.1	43.6	6,197	61.2	51.8	10	83.3	44.7	4,194	93.7	56.0	39.7
Unknown	5	10.2	25.7	996	9.8	26.5	0	0.0	16.2	0	0.0	16.8	0.0
Total	49	100.0	100.0	10,122	100.0	100.0	12	100.0	100.0	4,477	100.0	100.0	100.0
Home Improvement Loans													
Low	0	0.0	9.7	0	0.0	4.3	1	16.7	7.4	75	13.6	3.6	20.3
Moderate	0	0.0	8.6	0	0.0	6.0	1	16.7	9.1	75	13.6	5.1	19.0
Middle	0	0.0	17.2	0	0.0	14.9	0	0.0	13.2	0	0.0	7.8	21.0
Upper	1	100.0	52.7	72	100.0	64.7	3	50.0	59.5	281	51.0	70.0	39.7
Unknown	0	0.0	11.8	0	0.0	10.1	1	16.7	10.7	120	21.8	13.5	0.0
Total	1	100.0	100.0	72	100.0	100.0	6	100.0	100.0	551	100.0	100.0	100.0
Total Home Mortgage Loans													
Low	1	0.7	3.5	44	0.1	1.6	3	3.6	3.1	365	1.4	1.4	20.3
Moderate	12	8.5	11.7	1,645	4.4	7.4	9	10.7	11.0	1,378	5.2	6.5	19.0
Middle	27	19.0	16.8	5,503	14.7	14.2	11	13.1	17.7	2,712	10.2	14.2	21.0
Upper	86	60.6	41.7	27,158	72.6	52.2	54	64.3	44.9	20,347	76.2	56.8	39.7
Unknown	16	11.3	26.4	3,061	8.2	24.6	7	8.3	23.3	1,888	7.1	21.1	0.0
Total	142	100.0	100.0	37,411	100.0	100.0	84	100.0	100.0	26,690	100.0	100.0	100.0
Source: 2022 FFIEC Census Data													
2016-2020 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.													

Table D-9

Distribution of 2020 Home Mortgage Lending By Borrower Income Level							
Assessment Area: Sherman-Denison MSA							
Borrower Income Level	Bank And Aggregate Loans						Families by Family Income %
	Bank		Agg	Bank		Agg	
	#	#%	#%	\$(000)	%	%	
Home Purchase Loans							
Low	0	0.0	5.4	0	0.0	2.8	22.4
Moderate	12	19.4	20.2	2,031	14.6	14.5	17.5
Middle	17	27.4	24.2	3,587	25.7	22.8	19.3
Upper	28	45.2	35.9	7,607	54.5	45.2	40.9
Unknown	5	8.1	14.3	730	5.2	14.6	0.0
Total	62	100.0	100.0	13,955	100.0	100.0	100.0
Refinance Loans							
Low	2	4.9	3.2	294	3.4	1.4	22.4
Moderate	4	9.8	10.5	405	4.7	6.7	17.5
Middle	7	17.1	17.4	912	10.6	14.1	19.3
Upper	26	63.4	42.8	6,807	79.1	51.7	40.9
Unknown	2	4.9	26.1	184	2.1	26.1	0.0
Total	41	100.0	100.0	8,602	100.0	100.0	100.0
Home Improvement Loans							
Low	1	33.3	9.0	70	23.6	5.7	22.4
Moderate	1	33.3	14.0	135	45.6	6.0	17.5
Middle	1	33.3	22.0	91	30.7	16.5	19.3
Upper	0	0.0	43.0	0	0.0	56.1	40.9
Unknown	0	0.0	12.0	0	0.0	15.8	0.0
Total	3	100.0	100.0	296	100.0	100.0	100.0
Total Home Mortgage Loans							
Low	3	2.8	4.5	364	1.6	2.2	22.4
Moderate	17	15.9	15.4	2,571	11.2	10.6	17.5
Middle	26	24.3	20.6	4,695	20.5	18.5	19.3
Upper	54	50.5	38.0	14,414	62.8	47.6	40.9
Unknown	7	6.5	21.5	914	4.0	21.1	0.0
Total	107	100.0	100.0	22,958	100.0	100.0	100.0
Source: 2020 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.							

Table D-10

Distribution of 2022 Small Business Lending By Revenue Size of Businesses							
Assessment Area: Sherman-Denison MSA							
	Bank And Aggregate Loans						Total Businesses %
	Bank		Agg	Bank		Agg	
	#	%	%	\$(000)	%	%	
By Revenue							
\$1 Million or Less	28	52.8	50.7	3,839	60.2	48.0	92.6
Over \$1 Million	3	5.7		611	9.6		5.9
Revenue Unknown	22	41.5		1,922	30.2		1.6
Total	53	100.0		6,372	100.0		100.0
By Loan Size							
\$100,000 or Less	39	73.6	92.5	1,287	20.2	36.3	
\$100,001 - \$250,000	6	11.3	3.7	1,052	16.5	15.0	
\$250,001 - \$1 Million	8	15.1	3.8	4,033	63.3	48.7	
Total	53	100.0	100.0	6,372	100.0	100.0	
By Loan Size and Revenues \$1 Million or Less							
\$100,000 or Less	20	71.4		688	17.9		
\$100,001 - \$250,000	3	10.7		500	13.0		
\$250,001 - \$1 Million	5	17.9		2,651	69.1		
Total	28	100.0		3,839	100.0		
<i>Source: 2022 FFIEC Census Data 2022 Dun & Bradstreet Data 2016-2020 U.S. Census Bureau: American Community Survey</i>							
<i>Note: Percentages may not total 100.0 percent due to rounding.</i>							

Table D-11

Distribution of 2022 Small Farm Lending By Revenue Size of Farms							
Assessment Area: Sherman-Denison MSA							
	Bank And Aggregate Loans						Total Farms %
	Bank		Agg	Bank		Agg	
	#	#%	#%	\$(000)	%	%	
By Revenue							
\$1 Million or Less	7	33.3	49.5	1,143	60.5	60.6	100.0
Over \$1 Million	0	0.0		0	0.0		0.0
Revenue Unknown	14	66.7		746	39.5		0.0
Total	21	100.0		1,889	100.0		100.0
By Loan Size							
\$100,000 or Less	16	76.2	79.7	563	29.8	26.3	
\$100,001 - \$250,000	2	9.5	12.1	212	11.2	30.7	
\$250,001 - \$500,000	3	14.3	8.2	1,114	59.0	43.0	
Total	21	100.0	100.0	1,889	100.0	100.0	
By Loan Size and Revenues \$1 Million or Less							
\$100,000 or Less	3	42.9		80	7.0		
\$100,001 - \$250,000	2	28.6		212	18.5		
\$250,001 - \$500,000	2	28.6		851	74.5		
Total	7	100.0		1,143	100.0		
<i>Source: 2022 FFIEC Census Data 2022 Dun & Bradstreet Data 2016-2020 U.S. Census Bureau: American Community Survey</i>							
<i>Note: Percentages may not total 100.0 percent due to rounding.</i>							

APPENDIX E – 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, relatively permanent statistical subdivision of a county. Census tract boundaries do not cross county lines; however, they may cross the boundaries of metropolitan statistical areas. Census tracts average about 4,000 inhabitants, and their physical size varies widely depending upon population density. Census tracts are designed to be homogeneous with respect to the population characteristics, economic status, and living conditions to allow for statistical comparisons.

Community development: All Agencies have adopted the following language:

1. Affordable housing (including multi-family rental housing) for low- or moderate-income individuals.
2. Community services targeted to low- or moderate-income individuals.
3. 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.
4. Activities that revitalize or stabilize –
 - a. Low- or moderate-income geographies.
 - b. Designated disaster areas.
 - c. Distressed or underserved nonmetropolitan middle-income geographies designated by the Board, Federal Deposit Insurance Corporation, and Office of the Comptroller of the Currency, based on-
 - i. Rates of poverty, unemployment, and population loss.
 - ii. Population size, density, and dispersion. Activities that revitalize and stabilize geographies designated based on population size, density, and dispersion if they help to meet essential community needs, including needs of low- and moderate-income individuals.

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, home equity 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).

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 income of the applicants; the amount of loan requested; and the disposition of the application (for example, approved, denied, or 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 refinancing 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.

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.

Other products: Includes any unreported optional category of loans for which the institution collects and maintains data for consideration during a CRA evaluation. 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.

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) and the Thrift Financial Reporting (TFR) 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 instructions for preparation of the Call Report. These loans have original amounts of \$500,000 or less and are either secured by farmland or are classified as loans to finance agricultural production and other loans to farmers.

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