

PUBLIC DISCLOSURE

January 17, 2023

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Citizens 1st Bank
RSSD # 869663
2001 East SE Loop 323
Tyler, Texas 75701

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.

TABLE OF CONTENTS

INSTITUTION'S COMMUNITY REINVESTMENT ACT RATING	1
SCOPE OF THE EVALUATION.....	1
DESCRIPTION OF THE INSTITUTION.....	2
CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS.....	2
LENDING TEST	2
COMMUNITY DEVELOPMENT TEST	4
TYLER METROPOLITAN STATISTICAL AREA ASSESSMENT AREA.....	6
DESCRIPTION OF THE INSTITUTION'S OPERATIONS IN THE ASSESSMENT AREA	6
CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN THE ASSESSMENT AREA	8
CHEROKEE AND NACOGDOCHES COUNTIES NONMETROPOLITAN ASSESSMENT AREA	14
DESCRIPTION OF THE INSTITUTION'S OPERATIONS IN THE ASSESSMENT AREA	14
CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN ASSESSMENT AREA	16
APPENDIX A – MAPS OF THE ASSESSMENT AREAS	22
APPENDIX B – DEMOGRAPHIC INFORMATION	23
APPENDIX C – BANK PERFORMANCE ANALYSIS TABLES	29
APPENDIX D – GLOSSARY.....	35

INSTITUTION'S COMMUNITY REINVESTMENT ACT RATING

This institution is rated: **Satisfactory**

The Lending Test is rated: **Satisfactory**

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

Citizens 1st Bank (bank) is rated Satisfactory. This rating is based on the following conclusions with respect to the performance criteria under the Lending Test and Community Development (CD) Test:

- The bank's 14-quarter average net loan-to-deposit (NLTD) ratio is less than reasonable.
- A majority of the bank's loans are originated inside the assessment areas (AAs).
- A reasonable distribution of loans occurs throughout the bank's AAs.
- Lending reflects a reasonable distribution among individuals of different income levels, including low- and moderate-income (LMI).
- CD activity reflects adequate responsiveness to the needs of its AAs.

SCOPE OF THE EVALUATION

Examiners utilized the Federal Financial Institutions Examination Council's (FFIEC's) *Interagency Examination Procedures for Intermediate Small Institutions* to evaluate the bank's CRA performance. The evaluation considered CRA performance context, including the bank's asset size, financial condition, business strategy and market competition, as well as AA demographic and economic characteristics, and credit needs. Performance was assessed within the bank's two AAs: Tyler Metropolitan Statistical Area (MSA) AA and Cherokee and Nacogdoches Counties Nonmetropolitan AA. While the bank operates the majority of its branch offices in the Cherokee and Nacogdoches Counties Nonmetropolitan AA, the bank's deposits and lending activity are relatively even between the two AAs. As a result, both AAs received full-scope reviews and were weighted evenly in the determination of the bank's overall performance. Examiners reviewed the following data to assess the bank's CRA performance:

- The 14-quarter average NLTD ratios of the bank and three similarly situated financial institutions;
- The home purchase, home refinance, home improvement, and multifamily loans reported on the bank's 2019, 2020, and 2021 Home Mortgage Disclosure Act (HMDA) Loan/Application Registers (LARs);
- A statistically derived sample of the bank's small business loans, consisting of 42 small business loans out of a universe of 53 loans originated between January 1, 2021 and December 31, 2021;
- Information provided by four community leaders to help gain a better perspective of the local economic conditions, possible credit needs, and the responsiveness of AAs banks in meeting such needs; and
- Qualifying CD loans, investments, and services extended and/or maintained between September 30, 2019 and December 31, 2022.

Neither the bank nor the Federal Reserve Bank of Dallas (Reserve Bank) received any CRA-related complaints since the previous evaluation; as such, this performance criterion was not considered when assessing the bank's CRA performance.

DESCRIPTION OF THE INSTITUTION

Citizens 1st Bank, a community bank headquartered in Tyler, Texas, has the following characteristics:

- The bank is wholly owned by the Perkins family, who holds 100 percent of outstanding stock.
- The bank has total assets of approximately \$708 million as of December 31 2022.
- In addition to its main office in Tyler, the bank has three additional offices located in Jacksonville, Nacogdoches, and Rusk, Texas.
- Each of the bank's offices contain an automated teller machine.
- As shown in the table below, the bank's primary business focus is commercial lending, which represents 63.1 percent of the total gross loans as of December 31, 2022.
- During the review period, the bank participated in the Small Business Administration's Paycheck Protection Program (PPP), extending 71 loans totaling \$2.6 million, to help businesses in the AAs to keep their workforce employed during the COVID-19 pandemic.

Composition of Loan Portfolio as of December 31, 2022		
Loan Type	\$(000)	%
Construction and Land Development	47,246	14.9
Farmland	9,930	3.1
1-4 Family Residential Real Estate	92,001	29.0
Multifamily Residential Real Estate	5,390	1.7
Non-Farm Non-Residential Real Estate	147,954	46.6
Agricultural	239	0.1
Commercial and Industrial	5,118	1.6
Consumer	4,345	1.4
Other	5,125	1.6
Gross Loans	317,348	100.0
<i>Note: Percentages may not total 100.0 percent due to rounding.</i>		

The Reserve Bank rated the bank's CRA performance as Satisfactory at the previous evaluation, dated October 21, 2019. There are no known legal, financial, or other factors impeding the bank's ability to help meet the credit needs in its communities.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS¹

LENDING TEST

This performance evaluation first discusses the bank's overall performance, followed by an in-depth evaluation of performance in the Tyler MSA AA and the Cherokee and Nacogdoches Counties Nonmetropolitan AA. Despite the less than reasonable 14-quarter average NLTD ratio,

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

the bank’s overall lending performance is satisfactory given that the majority of the bank’s lending occurred inside the delineated AAs and the institution’s geographic loan distribution and lending to borrowers of different income levels are reasonable. Although commercial lending represents a greater portion of the bank’s loan portfolio, the limited number of small business originations made during the review period within the AAs negates the possibility of conducting a meaningful analysis of the geographic and borrower distribution of this product. As a result, the bank’s performance related to the geographic and borrower distribution was exclusively based on the HMDA lending.

While conclusions with respect to lending performance were evaluated for each year included in the review period, only 2020 and 2021 lending tables are reflected in the body of this report. The bank’s 2019 HMDA lending data can be found in Appendix C.

Net Loan-to-Deposit Ratio

This performance criterion evaluates the bank’s average NLTD ratio to determine the reasonableness of lending in light of performance context, such as the bank’s capacity to lend, the availability of lending opportunities, the demographic and economic factors present in the AAs, and in comparison to similarly situated institutions insured by the Federal Deposit Insurance Corporation (FDIC). The similarly situated institutions were selected based on asset size, loan portfolio mix, and operations within the bank’s delineated AAs.

The bank’s 14-quarter average NLTD ratio is less than reasonable. The bank maintains a large volume of public deposits, which limits its ability to lend as the state of Texas requires financial institutions to pledge securities to collateralize such deposits. Additionally, during the review period, many financial institutions were flushed with deposits due to the increase of personal savings rates of U.S. households in 2020 and 2021 as a result to the COVID-19 pandemic, leading to an estimated \$2.3 trillion in additional savings. Despite these factors, the bank’s NLTD remained notably below that of similarly situated institutions, even when adjusted for the public deposits.

Comparative Net Loan-to-Deposit Ratios			
July 1, 2019 – December 31, 2022			
Institution	Location	Asset Size \$(000)	14-Quarter Average NLTD Ratio (%)
Citizens 1st Bank	Tyler, Texas	712,927	49.8
Similarly Situated Institutions			
Regional Banks	Henderson, Texas	804,344	80.1
	Jacksonville, Texas	753,866	96.8
	Nacogdoches, Texas	1,293,819	67.9

Assessment Area Concentration

This performance criterion evaluates the percentage of lending extended inside and outside of the bank’s delineated AAs. The bank originated a majority of loans, by number and dollar, inside its AAs. It is noteworthy that a majority of the small business loans sampled for this evaluation was originated outside of the bank’s AAs. Some of these small business loans were extended in counties contiguous to the bank’s AAs, while others were originated in nearby major metropolitan areas where small business loans are in high demand. Due to the smaller number of small

business loans sampled, the concentration of small business loans carried less weight than the concentration of HMDA loans when evaluating the bank’s lending in the AAs.

Lending Inside and Outside the Assessment Areas								
Loan Type	Inside				Outside			
	#	#%	\$(000)	\$%	#	#%	\$(000)	\$%
Home Purchase – Conventional	178	77.4	33,790	56.1	52	22.6	26,482	43.9
Home Improvement	17	89.5	2,059	86.0	2	10.5	336	14.0
Multi-Family Housing	14	66.7	15,635	63.7	7	33.3	8,912	36.3
Other Purpose Closed-End	20	83.3	2,266	87.0	4	16.7	338	13.0
Refinancing	96	73.3	17,964	68.6	35	26.7	8,209	31.4
Total HMDA	325	76.5	71,714	61.8	100	23.5	44,277	38.2
Total Small Business	17	40.5	6,197	34.8	25	59.5	11,624	65.2
Total Loans	342	73.2	77,911	58.2	125	26.8	55,901	41.8

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

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

Geographic Distribution of Loans

This performance criterion evaluates the bank’s distribution of lending within the delineated AAs by income level of census tracts considering the dispersion of loans throughout the AAs. The bank’s overall geographic distribution of loans reflects reasonable distribution among the different census tracts and dispersion throughout the AAs. The distribution of the bank’s lending among its AAs was generally comparable to aggregate lending data and the percentage of owner-occupied housing units located in LMI census tracts. Only the bank’s HMDA lending was considered in determining the bank’s overall geographic distribution of loans, as its volume allowed for a meaningful analysis.

Lending to Borrowers of Different Income Levels

This performance criterion evaluates the bank’s lending to borrowers of different income levels. The bank’s lending has an overall reasonable distribution among individuals of different income levels. Based on the depth of analysis possible for each of the reviewed lending categories, only the bank’s HMDA lending was considered in determining the bank’s overall performance in distribution of loans to borrowers of different income levels.

COMMUNITY DEVELOPMENT TEST

The CD Test evaluates the bank’s responsiveness to the CD needs of the delineated AAs through the origination of and/or engagement in qualified loans, investments, and services, considering the institution’s capacity and availability of CD opportunities in the AAs. The bank’s overall CD performance demonstrates adequate responsiveness.

As previously noted, the bank extended 71 PPP loans during the review period to help AA businesses to retain their employees during the pandemic. The majority of the PPP loans was originated in smaller dollar amounts.

Of the total CD activity reflected in the table below, 91.7 percent of the loans and investments took place inside of the bank’s AAs. In addition, the bank also conducted CD activities in the broader regional area, specifically to counties that are contiguous with its AAs. As the bank adequately met the credit and CD needs within its AAs, this external activity was also given favorable consideration.

Community Development Activity									
Community Development Purpose	Community Development Loans		Qualified Investments						Community Development Services
			Investments		Donations		Total Investments		
	#	\$(000)	#	\$(000)	#	\$(000)	#	\$(000)	#
Affordable Housing	5	1,255	3	483	0	0	3	483	0
Community Services	2	1,043	11	6,555	141	190	152	6,745	68
Economic Development	2	531	0	0	0	0	0	0	6
Revitalization and Stabilization	73	2,968	2	490	2	1	4	491	0
Totals	82	5,797	16	7,528	143	191	159	7,719	74

FAIR LENDING OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

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

**TYLER METROPOLITAN STATISTICAL AREA ASSESSMENT AREA
METROPOLITAN AREA
(Full-Scope Review)**

DESCRIPTION OF THE INSTITUTION’S OPERATIONS IN THE ASSESSMENT AREA

The Tyler MSA AA consists of Smith County, Texas, which represents the entirety of the Tyler, Texas MSA in East Texas. Refer to Appendices A through C for AA maps and additional demographic and performance data.

- According to 2015 American Community Survey (ACS) data, the AA consists of two low-, 11 moderate-, 15 middle-, and 12 upper-income census tracts, as well as one tract classified as unknown-income.
- The bank’s main office, its sole office location in the AA, is located in a middle-income census tract.
- As of the June 30, 2022 FDIC Market Share Report for Smith County, Texas, 45.4 percent of the bank’s total deposits were held in the AA, representing a 2.9 percent market share. The bank ranked 10th out of 25 FDIC-insured depository institutions operating in the AA.
- In 2021, 406 institutions originated or purchased more than 9,400 HMDA-reportable loans in the Tyler MSA AA. Of those, the bank ranked 35th, originating less than one percent of the total loans.
- Information provided by a representative of an area organization that promotes economic development by providing support to small businesses and a representative of an organization focused on promoting and increasing the availability of affordable housing in the AA was considered in ascertaining the local economic conditions, AA characteristics, the AA credit needs, and the area banks’ responsiveness to such needs.

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

- The table above reflects the AA population in 2015 as the bank’s performance is compared to demographic data from this year due to delay in availability of the 5-year American Community Survey (ACS) data. The population growth displayed in the table increased, growing an additional 9 percent between 2015 and 2021.
- The AA’s population is most heavily concentrated in the city of Tyler, Texas, which contains approximately 45.2 percent of the AA’s total population.
- The AA population increased at a slightly slower rate than the population for the state of Texas during the same period.
- Tyler Junior College and The University of Texas at Tyler, with an approximate combined enrollment of 22,500 students in 2021, are both located in the AA. Enrollment at both institutions has remained steady, without major fluctuations over the past decade, representing approximately 9.5 percent of the AA population.

Median Family Income Change			
Assessment Area: Tyler MSA			
Area	2010 Median Family Income	2015 Median Family Income	Percentage Change
Tyler MSA	\$62,315	\$57,823	-7.2
Texas	\$63,314	\$62,717	-0.9

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

- The table above reflects the AA median family income in 2015, which declined moderately between 2010 and 2015. Since 2015, the reported AA median family income has increased sharply, growing more than 24 percent between 2015 and 2021.
- The reported portion of AA families living below the poverty level in 2021, at 9.7 percent, is slightly below the statewide poverty level, at 10.7 percent.
- Growth in the median family income of the AA has remained comparable to the growth experienced statewide.

Housing Cost Burden						
Assessment Area: Tyler MSA						
Area	Cost Burden - Renters			Cost Burden - Owners		
	Low Income	Moderate Income	All Renters	Low Income	Moderate Income	All Owners
Tyler MSA	80.3	59.2	43.7	56.7	33.5	18.8
Texas	78.1	51.1	42.5	60.1	34.8	19.4

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

- The housing affordability ratio² in the Tyler MSA AA, at 35.9 percent, is below the statewide ratio of 39.1 percent, indicating that housing is slightly less affordable in the AA than the statewide average.
- The cost burden for LMI individuals is higher in the AA than the statewide average, while the cost burden for homeowners is slightly lower in the AA. This disparity in burden potentially highlights a need for additional affordable rental housing in the AA.
- A representative of an organization that promotes the availability of affordable housing in the AA highlighted the ongoing expansion south of Tyler, Texas. The contact stated that, although a majority of the growth has focused on middle- and upper-income home buyers, there is a continued need for affordable housing in these geographies.

Unemployment Rates					
Assessment Area: Tyler MSA					
Area	2017	2018	2019	2020	2021
Tyler MSA	4.1	3.7	3.3	6.8	5.1
Texas	4.3	3.9	3.5	7.7	5.7

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

² The housing affordability ratio is calculated by dividing the median household income by the median housing value. A lower ratio reflects less affordable housing.

- As shown in the table above, unemployment levels for the AA have steadily declined since the rate peaked in 2020 due to the COVID-19 pandemic. Additionally, the unemployment rate in the AA has remained slightly below the statewide rate throughout the review period.
- Though the unemployment rate in the AA was higher in 2021 than in 2019, the Tyler, Texas MSA ranked first in the state of Texas for job growth from December 2020 to December 2021 according to the Texas Workforce Commission, Current Employment Statistics.³
- Healthcare represents the largest employment sector in the AA, with Christus Mother Francis Hospital and University of Texas Health East Texas employing more than 3,500 individuals each.
- By percentage of employed individuals as of 2020, the three largest employment sectors in the AA are healthcare and social assistance (18.9 percent), retail trade (12.3 percent), and educational services (9.3 percent).

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN THE ASSESSMENT AREA

LENDING TEST

Geographic Distribution of Loans

The bank's geographic distribution of HMDA-reportable loans reflects reasonable distribution among the census tracts of different income levels and dispersion throughout the AA. The analysis identified no unreasonable gaps in the distribution of HMDA-reportable lending impacting the overall conclusion. As a reminder, the number of small business originations and purchases reviewed for this evaluation is insufficient to allow a meaningful analysis. As a result, the conclusions related to the bank's lending performance within the AA are based exclusively upon the distribution of HMDA-reportable lending.

Residential Real Estate (HMDA) Lending

The geographic distribution of HMDA lending is reasonable. The distribution of 2020 and 2021 home mortgage loans among low-income census tracts is comparable to aggregate lending data and the percentage of owner-occupied units in such geographies (the demographic figure). The penetration of home mortgage lending in moderate-income census tracts is also comparable to aggregate lending data though below the demographic figure, with an exception in 2020, when the bank's home mortgage lending by number of loans in moderate-income census tracts materially outperformed aggregate lending data.

It is noted that lending in moderate-income census tracts represented a significantly larger volume than lending in low-income census tracts. This is attributable to the limited demand in low-income tracts, as only two (4.9 percent) of census tracts within the AA are classified as low-income geographies and less than one percent of owner-occupied units are located in those tracts. As a result, the comparatively low level of lending in these tracts does not impact the overall conclusion for this product or the bank's home mortgage lending subproducts.

³ Texas Workforce Commission Annual Report, 2021. <https://www.twc.texas.gov/files/twc/2021-twc-annual-report-twc.pdf>.

Additionally, the dispersion of the bank's home mortgage loans throughout the AA is generally skewed toward its southern portion. This is attributable to the bank's sole office in the AA being on the south side of town, as well as the significant majority of the AA's recent growth being focused on the southern portion of the county.

The bank's lending performance in 2019 is greater than the performance in 2020 and 2021, with a larger portion of HMDA loans originated in moderate-income geographies than the performance reflected by aggregate lending data. The bank performed above the demographic figure in 2019 in terms of originations in moderate-income geographies and comparable to the demographic figure in terms of dollar volume of lending.

During the review period, the bank did not originate sufficient volumes of home improvement or multifamily loans for a separate analysis to be conducted on these subproducts.

Home Purchase Lending

The geographic distribution of home purchase lending is excellent. The distribution of 2020 and 2021 home purchase loans among low-income census tracts is greater than the aggregate lending data and the demographic figure. This performance carried less weight because home purchase loan demand in these tracts is very low. Moreover, the bank outperformed the percentage of aggregate loans in low-income tracts by originating a single loan in such geographies in 2020 and 2021.

The bank's 2020 and 2021 lending performance in moderate-income census tracts is also greater than aggregate lending data and the demographic figure. In each year, the bank outperformed the number of loans and dollar volume of lending in moderate-income tracts, though the distribution by dollar volume was particularly outstanding.

While the dispersion of the bank's home purchase loans was focused on the southern half of the AA, the lending gaps in the northern census tracts did not impact the overall conclusion. The southern portion of the AA contains the bank's sole branch in the AA, as well as the majority of the population and housing units in the AA.

The bank's lending performance in 2019 is comparable to the performance in 2020 and 2021. The bank outperformed aggregate lending data and the demographic figure in terms of originations in moderate-income geographies and performed comparably to the demographic figure in terms of dollar volume of lending.

Refinance Lending

The geographic distribution of refinance lending in the Tyler MSA AA is reasonable. In 2020 and 2021, the bank originated no refinance loans in low-income census tracts. This is comparable to aggregate lenders and the demographic figure, as less than one percent of owner-occupied housing units in the AA are located in these tracts. In moderate-income census tracts, the bank performed better than aggregate lenders in terms of origination volume but below aggregate by dollar volume in 2020. In 2021, the bank performed comparably to aggregate lenders by number of originations but slightly below by dollar amount. Neither the bank nor aggregate lenders performed to the level of the demographic figure, which may point to lower loan demand.

The volume of refinance loans originated by the bank in 2019 is insufficient to allow for meaningful analysis of the geographic loan distribution.

Distribution of 2020 and 2021 Home Mortgage Lending By Income Level of Geography													
Assessment Area: Tyler MSA													
Geographic Income Level	Bank And Aggregate Loans By Year												Owner Occupied Units %
	2020						2021						
	Bank		Agg		Bank		Agg		Bank		Agg		
	#	%	#%	\$(000)	%	%	#	%	#%	\$(000)	%	%	
Home Purchase Loans													
Low	1	2.7	0.3	39	0.5	0.2	1	2.8	0.7	50	0.4	0.5	0.9
Moderate	8	21.6	12.3	1,135	15.4	7.7	6	16.7	14.4	3,339	29.1	9.5	19.9
Middle	6	16.2	41.6	947	12.9	40.1	13	36.1	40.7	3,330	29.0	39.1	40.9
Upper	22	59.5	45.8	5,237	71.2	52.1	16	44.4	44.2	4,766	41.5	50.9	38.3
Total	37	100.0	100.0	7,358	100.0	100.0	36	100.0	100.0	11,485	100.0	100.0	100.0
Refinance Loans													
Low	0	0.0	0.2	0	0.0	0.1	0	0.0	0.2	0	0.0	0.2	0.9
Moderate	4	13.3	7.6	266	3.9	5.4	2	9.1	9.2	255	5.3	6.4	19.9
Middle	6	20.0	39.5	1,165	17.1	37.8	9	40.9	40.6	1,787	37.4	38.4	40.9
Upper	20	66.7	52.7	5,394	79.0	56.7	11	50.0	50.0	2,733	57.2	55.0	38.3
Total	30	100.0	100.0	6,825	100.0	100.0	22	100.0	100.0	4,775	100.0	100.0	100.0
Home Improvement Loans													
Low	0	0.0	0.8	0	0.0	0.6	0	0.0	1.2	0	0.0	0.5	0.9
Moderate	1	25.0	15.0	50	6.4	10.6	0	0.0	14.9	0	0.0	12.8	19.9
Middle	1	25.0	36.1	100	12.8	39.7	2	40.0	41.7	131	28.1	40.4	40.9
Upper	2	50.0	48.1	630	80.8	49.1	3	60.0	42.3	335	71.9	46.3	38.3
Total	4	100.0	100.0	780	100.0	100.0	5	100.0	100.0	466	100.0	100.0	100.0
Multifamily Loans													Multi-family Units %
Low	0	0.0	10.1	0	0.0	3.8	0	0.0	8.1	0	0.0	1.1	2.8
Moderate	0	0.0	23.2	0	0.0	22.1	0	0.0	17.7	0	0.0	11.0	25.9
Middle	0	0.0	42.0	0	0.0	45.4	1	50.0	46.8	8,700	74.0	65.6	44.5
Upper	1	100.0	24.6	378	100.0	28.8	1	50.0	27.4	3,058	26.0	22.3	26.8
Total	1	100.0	100.0	378	100.0	100.0	2	100.0	100.0	11,758	100.0	100.0	100.0
Total Home Mortgage Loans													Owner Occupied Units
Low	1	1.3	0.4	39	0.2	0.4	1	1.5	0.5	50	0.2	0.4	0.9
Moderate	14	18.4	10.7	1,767	10.9	7.8	8	11.9	12.2	3,594	12.6	8.4	19.9
Middle	13	17.1	40.4	2,212	13.7	39.5	27	40.3	40.8	14,040	49.1	40.9	40.9
Upper	48	63.2	48.5	12,177	75.2	52.2	31	46.3	46.5	10,892	38.1	50.3	38.3
Total	76	100.0	100.0	16,195	100.0	100.0	67	100.0	100.0	28,576	100.0	100.0	100.0

Source: 2021 FFIEC Census Data

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

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

Lending to Borrowers of Different Income Levels

The bank's lending has a reasonable distribution among individuals of different income levels. During the review period, the distribution of HMDA-reportable loans is reasonable considering the AA demographics and level of competition.

Residential Real Estate (HMDA) Lending

The borrower distribution of HMDA lending is reasonable. The penetration of home mortgage loan originations to low-income borrowers in 2020 and 2021 was comparable to aggregate lending data, though significantly below the percentage of low-income families (the demographic figure) within the AA. Lending to moderate-income borrowers was similar to aggregate lending data, but below the demographic figure. The bank's lending performance in 2019 is generally consistent with that of 2020 and 2021, with a distribution of loans to LMI borrowers that is comparable to aggregate lending data but below the demographic figure.

Additional performance context considered in the overall rating for this product includes the number of loans to individuals with unknown income levels and the bank's focus on commercial lending. A review of the bank's 2020 and 2021 HMDA data revealed that more than 70 percent of the HMDA loans reported with unknown incomes were investment properties in either year. These loans are for rental or investment properties, which are business-purpose loans. When factoring out loans with unknown incomes from the bank's lending and aggregate lending data, the bank's performance increases and is closer to the demographic figure.

During the review period, the bank did not originate a sufficient volume of home improvement loans for separate analysis to be conducted on this subproduct.

Home Purchase Lending

The borrower distribution of home purchase lending in the Tyler MSA AA is poor. The bank did not originate any home purchase loans to low-income borrowers in 2020. Although the penetration of 2021 loan originations to low-income borrowers is above aggregate lending data, it falls well below the demographic figure. Demand for this type of loan is lower among low-income borrowers, as reflected in the low level of aggregate lending, and is partially attributable to the significantly higher cost burden on low-income homeowners than on borrowers in the AA with higher income-level classifications.

The bank's home purchase lending performance among moderate-income borrowers is below aggregate lending data and the demographic figure in both 2020 and 2021. Though moderate-income families represent the smallest portion of families among all income levels, the bank's low level of penetration reflects negatively on the bank's performance. While the bank's performance increased slightly from 2020 to 2021, it remained below aggregate lenders in both number of originations and dollar volume of loans.

The bank's lending performance for 2019 was better than that of 2020 and 2021, with a distribution of loans to LMI borrowers that was comparable to aggregate lending data.

Refinance Lending

The borrower distribution of refinance lending in the Tyler MSA AA is reasonable. In 2020 and 2021, the bank originated a larger portion of refinance loans to LMI borrowers than the level

reflected in aggregate lending data. Though neither the bank nor aggregate lenders performed at the level of AA families reporting incomes classified as LMI, the bank outperformed aggregate lenders by both loan volume and dollar volume.

The bank's refinance lending performance in 2019 was not analyzed due to limited originations.

Distribution of 2020 and 2021 Home Mortgage Lending By Borrower Income Level													
Assessment Area: Tyler MSA													
Borrower Income Level	Bank And Aggregate Loans By Year												Families by Family Income %
	2020						2021						
	Bank		Agg		Bank		Agg		Bank		Agg		
	#	#%	#%	\$(000)	\$%	\$%	#	#%	#%	\$(000)	\$%	\$%	
Home Purchase Loans													
Low	0	0.0	3.1	0	0.0	1.4	4	11.1	4.7	255	2.2	2.2	21.9
Moderate	3	8.1	15.9	358	4.9	10.3	4	11.1	17.8	279	2.4	12.0	17.7
Middle	3	8.1	23.3	649	8.8	19.3	4	11.1	21.1	916	8.0	18.2	18.7
Upper	19	51.4	45.0	4,460	60.6	56.5	15	41.7	37.2	3,937	34.3	49.4	41.7
Unknown	12	32.4	12.6	1,891	25.7	12.5	9	25.0	19.3	6,098	53.1	18.1	0.0
Total	37	100.0	100.0	7,358	100.0	100.0	36	100.0	100.0	11,485	100.0	100.0	100.0
Refinance Loans													
Low	1	3.3	1.9	53	0.8	0.8	0	0.0	3.5	0	0.0	1.7	21.9
Moderate	3	10.0	7.5	347	5.1	4.3	4	18.2	12.7	459	9.6	8.3	17.7
Middle	4	13.3	15.6	626	9.2	11.3	4	18.2	19.1	684	14.3	15.1	18.7
Upper	21	70.0	50.5	5,539	81.2	59.2	11	50.0	42.6	3,032	63.5	51.2	41.7
Unknown	1	3.3	24.6	260	3.8	24.4	3	13.6	22.0	600	12.6	23.8	0.0
Total	30	100.0	100.0	6,825	100.0	100.0	22	100.0	100.0	4,775	100.0	100.0	100.0
Home Improvement Loans													
Low	0	0.0	7.5	0	0.0	3.2	0	0.0	5.4	0	0.0	2.5	21.9
Moderate	0	0.0	9.0	0	0.0	8.5	1	20.0	10.7	31	6.7	5.3	17.7
Middle	0	0.0	16.5	0	0.0	12.5	0	0.0	23.8	0	0.0	16.4	18.7
Upper	4	100.0	54.9	780	100.0	50.4	4	80.0	50.6	435	93.3	64.5	41.7
Unknown	0	0.0	12.0	0	0.0	25.4	0	0.0	9.5	0	0.0	11.3	0.0
Total	4	100.0	100.0	780	100.0	100.0	5	100.0	100.0	466	100.0	100.0	100.0
Total Home Mortgage Loans													
Low	1	1.3	2.6	53	0.3	1.1	4	6.2	4.2	255	1.5	2.0	21.9
Moderate	6	8.0	11.6	705	4.5	7.4	10	15.4	15.2	794	4.7	10.3	17.7
Middle	8	10.7	19.0	1,463	9.2	15.2	8	12.3	20.2	1,600	9.5	16.8	18.7
Upper	46	61.3	46.2	11,129	70.4	56.6	31	47.7	39.5	7,471	44.4	50.2	41.7
Unknown	14	18.7	20.7	2,467	15.6	19.7	12	18.5	20.8	6,698	39.8	20.7	0.0
Total	75	100.0	100.0	15,817	100.0	100.0	65	100.0	100.0	16,818	100.0	100.0	100.0
Source: 2021 FFIEC Census Data													
2011-2015 U.S. Census Bureau: American Community Survey													
Note: Percentages may not total 100.0 percent due to rounding.													
Multifamily loans are not included in the borrower distribution analysis.													

COMMUNITY DEVELOPMENT TEST

The bank's CD performance demonstrates adequate responsiveness to the needs of the AA, considering the bank's capacity and the need and availability of CD opportunities in the AA. The bank has addressed the CD needs of the AA through a combination of qualified loans, investments and donations, and services as reflected in the table below.

Community Development Activity Assessment Area: Tyler MSA									
Community Development Purpose	Community Development Loans		Qualified Investments						Community Development Services
			Investments		Donations		Total Investments		
	#	\$(000)	#	\$(000)	#	\$(000)	#	\$(000)	#
Affordable Housing	0	0	1	182	0	0	1	182	0
Community Services	2	1,043	4	2,425	47	63	52	2,488	36
Economic Development	2	531	0	0	0	0	0	0	0
Revitalization and Stabilization	49	1,979	0	0	1	0.1	1	0.1	0
Totals	53	3,553	5	2,607	48	63	53	2,660	36

Of the 71 PPP loans originated by the bank during the review period, 48 were originated within the Tyler MSA AA. These loans, specifically designed to help businesses keep their workforce employed during the COVID-19 crisis, were vital in helping small businesses within the AA survive the financial strains caused by the pandemic. The majority of the bank's PPP loan originations in the AA are considered particularly responsive, as they were either made to businesses with annual revenues of \$1 million or less (31 PPP originations), to businesses located in LMI geographies (14 PPP originations), or both (10 originations).

The bank's qualified CD investments consisted primarily of participations in bonds extended by AA school districts, where a majority of students qualifies for free or reduced-price lunches. In addition, the bank made an investment in a specifically constructed mortgage-backed security designed to finance housing for LMI borrowers. The bank also made qualified donations to various organizations that provide community services targeted toward LMI individuals in the AA, including several school districts and youth programs.

During the review period, the bank was very involved in the community through qualified community services. Bank leadership, who has been recognized for serving the communities in the AA and beyond, encourages community service. Bank employees devoted more than 630 hours to AA organizations, such as the St. Paul Children's Foundation and the Mentoring Alliance, serving in various roles.

**CHEROKEE AND NACOGDOCHES COUNTIES NONMETROPOLITAN ASSESSMENT AREA
NONMETROPOLITAN AREA
(Full-Scope Review)**

DESCRIPTION OF THE INSTITUTION’S OPERATIONS IN THE ASSESSMENT AREA

The Cherokee and Nacogdoches Counties Nonmetropolitan AA consists of the entirety of Cherokee and Nacogdoches Counties in East Texas. Refer to Appendices A through C for AA maps and additional demographic and performance data.

- According to 2015 ACS data, the AA includes two low-, six moderate-, 13 middle-, and four upper-income census tracts. Five of the middle-income census tracts (located within Nacogdoches County) are designated as distressed due to elevated poverty levels.
- The bank operates three full-service branch locations within the AA, including one branch in a low-income census tract, one in a middle-income tract, and one in an upper-income tract.
- As of the June 30, 2022 FDIC Market Share Report, 54.6 percent of the bank’s total deposits were held in the AA, representing a market share of 11.9 percent. The bank ranked 4th out of 11 FDIC-insured depository institutions operating in the AA.
- In 2021, 43 institutions originated or purchased HMDA-reportable loans in the AA. Of those, the bank ranked 10th, originating approximately 1.8 percent of the total loans.
- Information provided by a representative of an area organization that promotes economic development through various initiatives and a representative of an organization that provides assistance for housing-related services for LMI individuals and families was considered in ascertaining the local economic conditions, AA characteristics, the AA credit needs, and the area banks’ responsiveness to such needs.

Population Change			
Assessment Area: Cherokee and Nacogdoches Counties Nonmetropolitan			
Area	2010 Population	2015 Population	Percentage Change
Cherokee and Nacogdoches Counties Nonmetropolitan	115,369	116,698	1.2
Cherokee County, TX	50,845	51,167	0.6
Nacogdoches County, TX	64,524	65,531	1.6
NonMSA Texas	3,035,664	3,060,473	0.8
Texas	25,145,561	26,538,614	5.5
<i>Source: 2010 U.S. Census Bureau Decennial Census 2011 - 2015 U.S. Census Bureau American Community Survey</i>			

- The AA population is most heavily concentrated in the city of Nacogdoches, Texas, which contains approximately 28.0 percent of the total population.
- Total AA population has slightly fluctuated over the previous decade, with 2021 population estimates remaining within one percent of 2015 estimates, even as the statewide population grew by more than 16 percent during the same time.

Median Family Income Change			
Assessment Area: Cherokee and Nacogdoches Counties Nonmetropolitan			
Area	2010 Median Family Income	2015 Median Family Income	Percentage Change
Cherokee and Nacogdoches Counties Nonmetropolitan	\$49,137	\$50,539	2.9
Cherokee County, TX	\$49,473	\$47,457	-4.1
Nacogdoches County, TX	\$48,753	\$53,643	10.0
NonMSA Texas	\$52,524	\$52,198	-0.6
Texas	\$63,314	\$62,717	-0.9

*Source: 2010 U.S. Census Bureau Decennial Census
2021 – 2015 U.S. Census Bureau American Community Survey
Median Family Incomes have been inflation-adjusted and are expressed in 2015 dollars.*

- A higher percentage of families in Nacogdoches County live below the poverty line as of 2021 (15.8 percent) than in Cherokee County (12.4 percent). The reported portion of families living below the poverty level across the AA, at 14.2 percent, is greater than the statewide poverty level, at 10.7 percent.
- The portion of families below the poverty level in the AA has decreased since 2015, when 18.3 percent of AA families reported incomes below the poverty level.
- All middle-income census tracts in Nacogdoches County were designated as distressed due to poverty for the entirety of the review period.
- The increase in the AA median family income is mostly attributed by the growth noted in the Nacogdoches County, which was almost three times the median family income reported in Texas nonmetropolitan areas since 2015 and twice as much as the statewide median family income during the same period.

2021 Housing Cost Burden						
Assessment Area: Cherokee and Nacogdoches Counties Nonmetropolitan						
Area	Cost Burden - Renters			Cost Burden - Owners		
	Low Income	Moderate Income	All Renters	Low Income	Moderate Income	All Owners
Cherokee and Nacogdoches Counties Nonmetropolitan AA	74.0	43.0	42.3	53.6	29.9	17.3
Cherokee County, Texas	63.1	30.5	33.0	56.6	34.1	19.1
Nacogdoches County, Texas	78.5	50.8	46.7	50.4	24.6	15.5
NonMSA Texas	65.7	38.2	35.7	50.6	23.4	16.7
Texas	78.1	51.1	42.5	60.1	34.8	19.4

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

- The housing affordability ratio⁴ in the AA, at 41.6 percent, is higher than the statewide ratio of 39.1 percent, indicating that housing is slightly more affordable in the AA than the statewide average. However, affordability in the AA is below the average of statewide nonmetropolitan geographies, at 48.0 percent.

⁴ The housing affordability ratio is calculated by dividing the median household income by the median housing value. A lower ratio reflects less affordable housing.

- The cost burden for renters indicates that the most affordable housing options for LMI individuals were in Cherokee County, while the most affordable housing options for owners were in Nacogdoches County.
- Overall, the cost burden for renters and homeowners in the AA was higher than that of the nonmetropolitan geographies in the state but below the statewide averages.
- A community contact in the AA articulated an increased need for affordable housing as the median value of housing in the AA has grown significantly in the past several years and incomes have not kept pace.

Unemployment Rates					
Assessment Area: Cherokee and Nacogdoches Counties Nonmetropolitan					
Area	2017	2018	2019	2020	2021
Cherokee and Nacogdoches Counties Nonmetropolitan AA	4.4	4.0	3.7	7.2	5.9
Cherokee County, Texas	4.6	4.2	3.8	7.9	6.4
Nacogdoches County, Texas	4.3	3.9	3.7	6.6	5.5
NonMSA Texas	4.9	4.1	3.7	7.2	6.0
Texas	4.3	3.9	3.5	7.7	5.7

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

- Unemployment levels in the AA have remained relatively close to the statewide nonmetropolitan averages over the past several years and peaked in 2020 due to the COVID-19 pandemic.
- Education services and healthcare represent two of the largest employment sectors in the AA, with Stephen F. Austin State University (a university with more than 11,000 students), Nacogdoches and Jacksonville Independent School Districts, and the Nacogdoches County Hospital District among the largest employers.
- A representative of an area organization that promotes economic development stated that very small businesses and start-ups in the AA were impacted significantly more by the COVID-19 pandemic than large businesses, with many being forced to shut their doors. Though the area has largely bounced back, the contact highlighted the need for increased lending and services targeted at the smallest businesses in the AA.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN ASSESSMENT AREA

Geographic Distribution of Loans

The geographic distribution of lending reflects reasonable penetration throughout the AA. Loans were generally originated in proximity to the bank’s branches, which is also reflective of expected lending opportunities, as the bank’s branches are located in the AA cities with the largest volume of housing units. The number of small business loan originations and purchases reviewed for this evaluation located in the AA is insufficient to allow for a meaningful analysis to be conducted. As a result, the conclusions related to the bank’s lending performance within the AA are based exclusively upon the distribution of HMDA-reportable lending.

Residential Real Estate (HMDA) Lending

The geographic distribution of HMDA lending is reasonable. The distribution of 2020 and 2021 home mortgage loans among low-income census tracts is comparable to aggregate lending data and the percentage of owner-occupied units. The penetration of home mortgage lending in moderate-income census tracts exceeds aggregate lending data and the demographic figure in 2020 but is comparable to aggregate lending data and the demographic figure in 2021.

Moderate-income census tracts represented a larger volume than lending in low-income census tracts. This is attributable to low-income census tracts containing less than 5 percent of the AA owner-occupied units and does not impact the overall conclusion for this product or the bank's home mortgage lending subproducts.

The bank's home mortgage loans are reasonably distributed throughout the AA, with no conspicuous gaps identified.

The bank's lending performance in 2019 is greater than the performance in 2020 and 2021, with a significantly larger portion of HMDA loans originated in LMI geographies than reflected by aggregate lending data. The bank also performed above the demographic figure in 2019 both in terms of originations and the dollar volume of lending in LMI tracts.

During the review period, the bank did not originate sufficient volumes of refinance, home improvement, or multifamily loans for separate analysis to be conducted on these subproducts.

Home Purchase Lending

The geographic distribution of home purchase lending is reasonable. The bank originated no home purchase loans in the AA's low-income census tracts in 2020 or 2021. The bank's performance in low-income census tract received less weight than the bank's performance in moderate-income census tracts because demand in these tracts is generally low.

The bank's lending performance in moderate-income census tracts in 2020 was above the applicable demographic figure and substantially greater than aggregate lending data by number of originations and dollar volume. The bank's performance in 2021 decreased from the previous year but remained comparable to the aggregate and to the demographic figure.

Furthermore, the bank's loan dispersion among geographies of different income levels did not reveal gaps that would impact the overall conclusion.

The bank's lending performance in 2019 is consistent with the performance in 2020 and 2021, performing above aggregate lending data and the demographic figure in moderate-income tracts, but below aggregate and demographics in low-income tracts.

Distribution of 2020 and 2021 Home Mortgage Lending By Income Level of Geography													
Assessment Area: Cherokee and Nacogdoches Counties Nonmetropolitan													
Geographic Income Level	Bank And Aggregate Loans By Year												Owner Occupied Units %
	2020						2021						
	Bank		Agg		Bank		Agg		Bank		Agg		
	#	%	#%	\$(000)	\$%	\$%	#	%	#%	\$(000)	\$%	\$%	
Home Purchase Loans													
Low	0	0.0	2.6	0	0.0	2.1	0	0.0	1.9	0	0.0	1.7	4.7
Moderate	7	25.0	9.9	554	14.5	7.3	3	11.5	10.6	248	6.2	8.1	10.1
Middle	14	50.0	62.5	2,104	55.2	61.8	11	42.3	62.9	1,396	35.0	63.0	63.1
Upper	7	25.0	25.0	1,151	30.2	28.9	12	46.2	24.6	2,342	58.8	27.2	22.1
Total	28	100.0	100.0	3,809	100.0	100.0	26	100.0	100.0	3,986	100.0	100.0	100.0
Refinance Loans													
Low	1	4.8	1.9	55	1.9	1.5	1	6.7	1.9	42	1.6	1.9	4.7
Moderate	0	0.0	6.6	0	0.0	5.4	0	0.0	6.8	0	0.0	4.6	10.1
Middle	13	61.9	60.8	1,928	64.9	61.5	6	40.0	62.2	1,174	45.6	64.1	63.1
Upper	7	33.3	30.7	986	33.2	31.6	8	53.3	29.1	1,357	52.7	29.4	22.1
Total	21	100.0	100.0	2,969	100.0	100.0	15	100.0	100.0	2,573	100.0	100.0	100.0
Home Improvement Loans													
Low	0	0.0	4.7	0	0.0	5.0	0	0.0	6.8	0	0.0	4.7	4.7
Moderate	0	0.0	2.3	0	0.0	2.0	0	0.0	6.8	0	0.0	3.4	10.1
Middle	2	66.7	76.7	76	75.2	78.4	1	50.0	61.4	75	23.8	71.2	63.1
Upper	1	33.3	16.3	25	24.8	14.6	1	50.0	25.0	240	76.2	20.7	22.1
Total	3	100.0	100.0	101	100.0	100.0	2	100.0	100.0	315	100.0	100.0	100.0
Multifamily Loans													
Low	1	25.0	14.3	263	31.2	41.4	0	0.0	13.6	0	0.0	11.1	5.1
Moderate	2	50.0	47.6	292	34.6	18.2	2	40.0	31.8	750	45.8	6.8	54.1
Middle	0	0.0	19.0	0	0.0	3.8	3	60.0	54.5	888	54.2	82.2	20.0
Upper	1	25.0	19.0	288	34.2	36.6	0	0.0	0.0	0	0.0	0.0	20.8
Unknown	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0.0
Tract-Unk	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	
Total	4	100.0	100.0	843	100.0	100.0	5	100.0	100.0	1,638	100.0	100.0	100.0
Total Home Mortgage Loans													
Low	2	3.5	2.7	318	4.1	4.4	1	2.0	2.1	42	0.5	2.3	4.7
Moderate	9	15.8	8.9	846	10.9	7.3	5	9.8	9.0	998	11.5	6.6	10.1
Middle	29	50.9	61.5	4,108	52.8	58.0	24	47.1	62.7	3,680	42.5	64.8	63.1
Upper	17	29.8	27.0	2,508	32.2	30.4	21	41.2	26.1	3,939	45.5	26.3	22.1
Total	57	100.0	100.0	7,780	100.0	100.0	51	100.0	100.0	8,659	100.0	100.0	100.0

Source: 2021 FFIEC Census Data

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

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

Lending to Borrowers of Different Income Levels

The bank's lending has a reasonable distribution among individuals of different income levels. The low number of AA small business originations reviewed significantly limited the depth of the analysis that could be conducted for this product; therefore, the bank's performance only considered the HMDA-reportable lending.

Residential Real Estate (HMDA) Lending

The borrower distribution of HMDA lending is reasonable. The penetration of 2020 HMDA originations to LMI borrowers is comparable to aggregate lending data, but below the percentage of LMI families within the AA. The bank's performance increased in 2021, with lending to LMI borrowers outperforming the aggregate lending data, though remaining below the demographic figure.

The bank's lending performance in 2019 is generally consistent with that of 2020 and 2021, with a distribution of loans to LMI borrowers that is comparable to aggregate lending data but below the demographic figure.

Additional performance context considered in the overall rating for this product includes the number of loans to individuals with unknown income levels and the bank's focus on commercial lending. A review of the bank's 2020 and 2021 HMDA data revealed that more than 70 percent of the HMDA loans reported with unknown incomes were investment properties in either year. These loans are for rental or investment properties, which are business-purpose loans. When factoring out loans with unknown incomes from the bank and aggregate lending data, the bank's performance increases but remains comparable to or slightly below the adjusted performance of aggregate lending data.

During the review period, the bank did not originate sufficient volumes of refinance or home improvement loans for separate analysis to be conducted on these subproducts.

Home Purchase Lending

The borrower distribution of home purchase lending is reasonable. The bank originated no home purchase loans to low-income borrowers in 2020 and only a single loan to a low-income borrower in 2021. Though low-income families make up a large percentage of total AA families, the low percentage of aggregate home purchase loans to low-income borrowers represents limited demand for this product by qualified low-income borrowers.

The bank's lending to moderate-income borrowers in 2020 comparable to the demographic figure and to aggregate lending data by number of originations and dollar volume. In 2021, the bank's performance increased notably from the previous year, originating a higher percentage of loans by number of originations than reflected in the demographic figure and substantially outperforming aggregate lending by number of originations and dollar volume.

The bank's home purchase lending performance in 2019 is generally consistent with the performance in 2020 and 2021. The bank performed greater than aggregate lenders in originations to low-income borrowers, and comparable to aggregate and demographics in originations to moderate-income borrowers.

Distribution of 2020 and 2021 Home Mortgage Lending By Borrower Income Level													
Assessment Area: Cherokee and Nacogdoches Counties Nonmetropolitan													
Borrower Income Level	Bank And Aggregate Loans By Year												Families by Family Income %
	2020						2021						
	Bank		Agg		Bank		Agg		Bank		Agg		
	#	%	#%	\$(000)	\$%	\$%	#	%	#%	\$(000)	\$%	\$%	
Home Purchase Loans													
Low	0	0.0	3.8	0	0.0	1.7	1	3.8	2.6	50	1.3	1.0	25.6
Moderate	4	14.3	15.0	323	8.5	8.5	6	23.1	12.2	483	12.1	6.9	15.8
Middle	7	25.0	21.2	825	21.7	16.6	9	34.6	20.3	1,138	28.5	16.2	18.3
Upper	14	50.0	48.4	2,297	60.3	62.0	4	15.4	47.1	1,086	27.2	58.1	40.3
Unknown	3	10.7	11.6	364	9.6	11.2	6	23.1	17.8	1,229	30.8	17.9	0.0
Total	28	100.0	100.0	3,809	100.0	100.0	26	100.0	100.0	3,986	100.0	100.0	100.0
Refinance Loans													
Low	1	4.8	0.8	103	3.5	0.3	1	6.7	2.4	75	2.9	1.1	25.6
Moderate	1	4.8	8.3	75	2.5	4.3	1	6.7	7.1	75	2.9	4.0	15.8
Middle	3	14.3	14.0	449	15.1	10.0	2	13.3	15.0	339	13.2	10.2	18.3
Upper	15	71.4	54.4	2,231	75.1	61.1	11	73.3	51.4	2,084	81.0	59.6	40.3
Unknown	1	4.8	22.4	111	3.7	24.2	0	0.0	24.0	0	0.0	25.1	0.0
Total	21	100.0	100.0	2,969	100.0	100.0	15	100.0	100.0	2,573	100.0	100.0	100.0
Home Improvement Loans													
Low	0	0.0	2.3	0	0.0	1.7	0	0.0	13.6	0	0.0	6.8	25.6
Moderate	0	0.0	16.3	0	0.0	14.2	0	0.0	6.8	0	0.0	3.7	15.8
Middle	1	33.3	20.9	36	35.6	15.5	0	0.0	13.6	0	0.0	11.9	18.3
Upper	2	66.7	48.8	65	64.4	57.7	1	50.0	61.4	75	23.8	68.2	40.3
Unknown	0	0.0	11.6	0	0.0	10.9	1	50.0	4.5	240	76.2	9.4	0.0
Total	3	100.0	100.0	101	100.0	100.0	2	100.0	100.0	315	100.0	100.0	100.0
Total Home Mortgage Loans													
Low	1	1.9	2.5	103	1.5	1.0	3	6.5	2.8	155	2.2	1.0	25.6
Moderate	5	9.4	11.9	398	5.7	6.2	7	15.2	10.2	558	7.9	5.5	15.8
Middle	11	20.8	17.7	1,310	18.9	12.6	12	26.1	17.7	1,527	21.7	12.8	18.3
Upper	32	60.4	49.4	4,651	67.0	57.0	17	37.0	48.3	3,312	47.2	55.5	40.3
Unknown	4	7.5	18.4	475	6.8	23.3	7	15.2	21.0	1,469	20.9	25.2	0.0
Total	53	100.0	100.0	6,937	100.0	100.0	46	100.0	100.0	7,021	100.0	100.0	100.0
Source: 2021 FFIEC Census Data													
2011-2015 U.S. Census Bureau: American Community Survey													
Note: Percentages may not total 100.0 percent due to rounding.													
Multifamily loans are not included in the borrower distribution analysis.													

COMMUNITY DEVELOPMENT TEST

The bank's CD performance demonstrates adequate responsiveness to the needs of the AA, considering the bank's capacity and the need and availability of CD opportunities in the AA. The bank has addressed the CD needs of the AA through a combination of qualified loans, investments and donations, and services as reflected in the table below.

Community Development Activity									
Assessment Area: Cherokee and Nacogdoches Counties Nonmetropolitan									
Community Development Purpose	Community Development Loans		Qualified Investments						Community Development Services
	#	\$(000)	Investments		Donations		Total Investments		
			#	\$(000)	#	\$(000)	#	\$(000)	
Affordable Housing	5	1,255	2	301	0	0	2	301	0
Community Services	0	0	0	0	92	125	92	125	32
Economic Development	0	0	0	0	0	0	0	0	6
Revitalization and Stabilization	15	755	0	0	1	1	1	1	0
Totals	20	2,010	2	301	93	126	95	427	38

The bank originated 14 PPP loans within the AA during the review period. These loans, specifically designed to help businesses keep their workforce employed during the COVID-19 pandemic, were vital in helping AA small businesses survive the related financial strains. The majority of the bank’s PPP originations in the AA are considered particularly responsive to CD needs, as they were either made to businesses with annual revenues of \$1 million or less (11 PPP originations), to businesses located in LMI geographies or distressed middle-income geographies (8 originations), or both (8 originations).

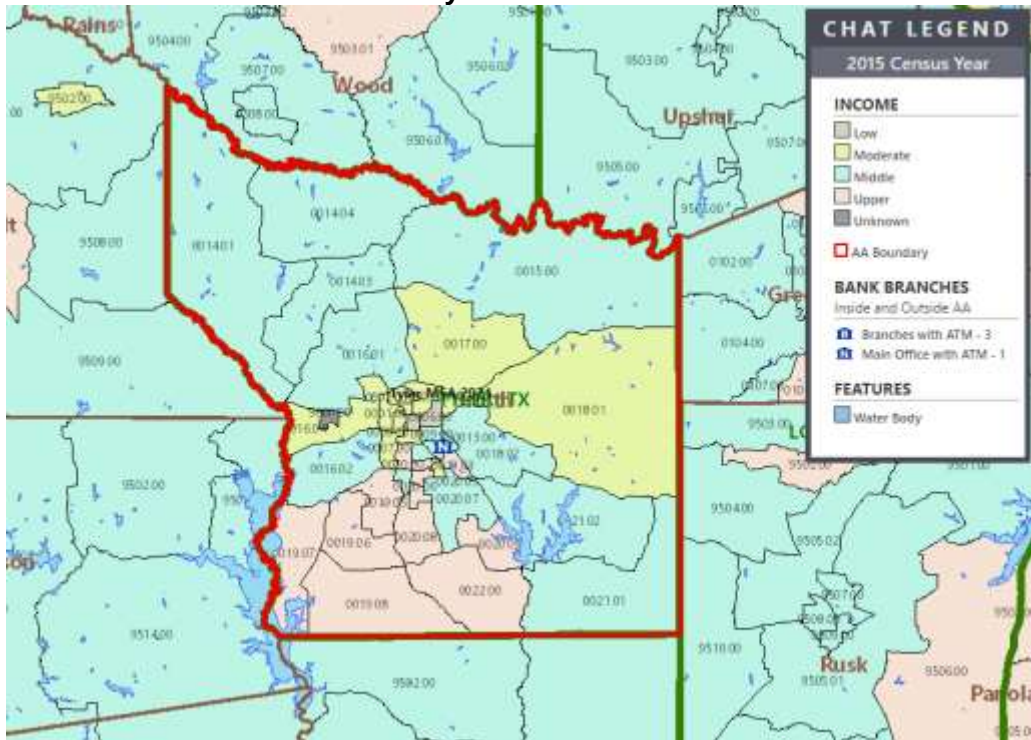
Apart from the PPP loans, the bank’s CD lending focused on the provision of affordable housing through loans to purchase and rehabilitate affordable multifamily housing in LMI geographies. As a contact in the community indicated that increased affordable housing options were needed, these loans reflect positively on the bank’s responsiveness to CD needs in the AA.

The qualified investments and donations during the review period consisted of specifically constructed mortgage-backed security designed to finance housing for LMI borrowers and various donations. Of particular note is the bank’s contribution to the Rusk TJC Citizens Promise Program, which provides scholarships to help graduates of a local school district, where a majority of students qualify for free or reduced-price lunches, attend Tyler Junior College.

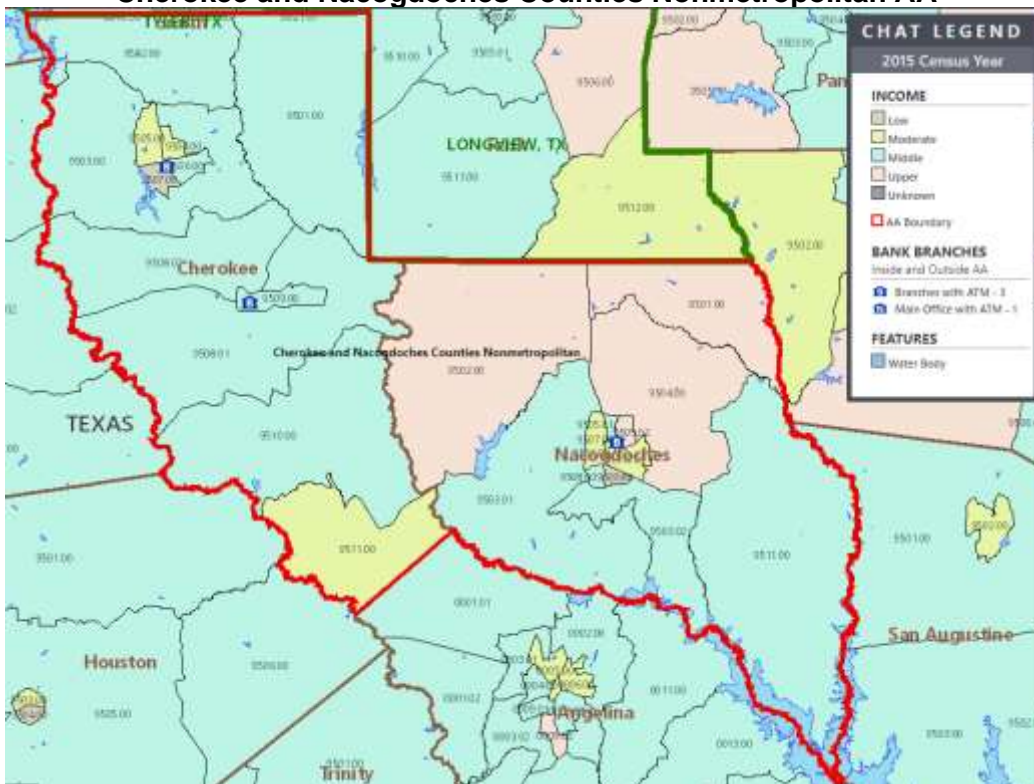
During the review period, the bank was also very involved in the community through qualified community services, bank employees devoting over 750 hours to various organizations. A significant portion of the services benefitted the Rusk State Hospital, to help raise funds and provide financial insight for the expansion and renovation of the inpatient hospital providing psychiatric treatment and care to the region.

APPENDIX A – MAPS OF THE ASSESSMENT AREAS

Tyler MSA AA



Cherokee and Nacogdoches Counties Nonmetropolitan AA



APPENDIX B – DEMOGRAPHIC INFORMATION

Table B-1

2021 Tyler MSA AA Demographics								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low	2	4.9	862	1.6	296	34.3	11,777	21.9
Moderate	11	26.8	12,589	23.4	2,878	22.9	9,498	17.7
Middle	15	36.6	21,073	39.2	2,126	10.1	10,026	18.7
Upper	12	29.3	19,185	35.7	1,204	6.3	22,408	41.7
Unknown	1	2.4	0	0.0	0	0.0	0	0.0
Total AA	41	100.0	53,709	100.0	6,504	12.1	53,709	100.0
	Housing Units by Tract	Housing Type by Tract						
		Owner-occupied			Rental		Vacant	
		#	% by tract	% by unit	#	% by unit	#	% by unit
Low	1,701	463	0.9	27.2	918	54.0	320	18.8
Moderate	21,730	10,266	19.9	47.2	8,848	40.7	2,616	12.0
Middle	35,945	21,104	40.9	58.7	10,746	29.9	4,095	11.4
Upper	28,769	19,785	38.3	68.8	6,648	23.1	2,336	8.1
Unknown	0	0	0.0	0.0	0	0.0	0	0.0
Total AA	88,145	51,618	100.0	58.6	27,160	30.8	9,367	10.6
	Total Businesses by Tract		Businesses by Tract & Revenue Size					
			Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported	
			#	%	#	%	#	%
Low	774	6.6	690	6.4	77	10.1	7	5.8
Moderate	2,185	18.7	2,008	18.6	167	21.9	10	8.3
Middle	4,097	35.0	3,793	35.1	260	34.1	44	36.4
Upper	4,633	39.6	4,317	39.9	257	33.7	59	48.8
Unknown	15	0.1	13	0.1	1	0.1	1	0.8
Total AA	11,704	100.0	10,821	100.0	762	100.0	121	100.0
Percentage of Total Businesses:				92.5		6.5		1.0
	Total Farms by Tract		Farms by Tract & Revenue Size					
			Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported	
			#	%	#	%	#	%
Low	4	2.1	4	2.2	0	0.0	0	0.0
Moderate	28	14.8	27	14.7	0	0.0	1	100.0
Middle	93	49.2	89	48.4	4	100.0	0	0.0
Upper	64	33.9	64	34.8	0	0.0	0	0.0
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	189	100.0	184	100.0	4	100.0	1	100.0
Percentage of Total Farms:				97.4		2.1		0.5
Source: 2021 FFIEC Census Data 2021 Dun & Bradstreet Data 2011-2015 U.S. Census Bureau: American Community Survey Note: Percentages may not total 100.0 percent due to rounding.								

Table B-2

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

Table B-3

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

Table B-4

2021 Cherokee and Nacogdoches 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	2	8.0	1,550	5.5	753	48.6	7,151	25.6
Moderate	6	24.0	4,022	14.4	1,341	33.3	4,423	15.8
Middle	13	52.0	16,605	59.4	2,511	15.1	5,116	18.3
Upper	4	16.0	5,771	20.6	504	8.7	11,258	40.3
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	25	100.0	27,948	100.0	5,109	18.3	27,948	100.0
	Housing Units by Tract	Housing Type by Tract						
		Owner-occupied			Rental		Vacant	
		#	% by tract	% by unit	#	% by unit	#	% by unit
Low	2,874	1,216	4.7	42.3	1,220	42.4	438	15.2
Moderate	9,016	2,636	10.1	29.2	4,990	55.3	1,390	15.4
Middle	27,608	16,416	63.1	59.5	6,923	25.1	4,269	15.5
Upper	9,316	5,754	22.1	61.8	2,462	26.4	1,100	11.8
Unknown	0	0	0.0	0.0	0	0.0	0	0.0
Total AA	48,814	26,022	100.0	53.3	15,595	31.9	7,197	14.7
	Total Businesses by Tract	Businesses by Tract & Revenue Size						
		Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported		
		#	%	#	%	#	%	
Low	279	6.8	248	6.6	27	10.0	4	7.4
Moderate	1,074	26.3	977	26.0	87	32.3	10	18.5
Middle	1,950	47.8	1,791	47.7	129	48.0	30	55.6
Upper	775	19.0	739	19.7	26	9.7	10	18.5
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	4,078	100.0	3,755	100.0	269	100.0	54	100.0
Percentage of Total Businesses:				92.1		6.6		1.3
	Total Farms by Tract	Farms by Tract & Revenue Size						
		Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported		
		#	%	#	%	#	%	
Low	3	1.5	3	1.5	0	0.0	0	0.0
Moderate	14	6.9	14	7.2	0	0.0	0	0.0
Middle	113	55.9	106	54.4	7	100.0	0	0.0
Upper	72	35.6	72	36.9	0	0.0	0	0.0
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	202	100.0	195	100.0	7	100.0	0	0.0
Percentage of Total Farms:				96.5		3.5		0.0
Source: 2021 FFIEC Census Data 2021 Dun & Bradstreet Data 2011-2015 U.S. Census Bureau: American Community Survey Note: Percentages may not total 100.0 percent due to rounding.								

Table B-5

2020 Cherokee and Nacogdoches 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	2	8.0	1,550	5.5	753	48.6	7,151	25.6
Moderate	6	24.0	4,022	14.4	1,341	33.3	4,423	15.8
Middle	13	52.0	16,605	59.4	2,511	15.1	5,116	18.3
Upper	4	16.0	5,771	20.6	504	8.7	11,258	40.3
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	25	100.0	27,948	100.0	5,109	18.3	27,948	100.0
	Housing Units by Tract	Housing Type by Tract						
		Owner-occupied			Rental		Vacant	
		#	% by tract	% by unit	#	% by unit	#	% by unit
Low	2,874	1,216	4.7	42.3	1,220	42.4	438	15.2
Moderate	9,016	2,636	10.1	29.2	4,990	55.3	1,390	15.4
Middle	27,608	16,416	63.1	59.5	6,923	25.1	4,269	15.5
Upper	9,316	5,754	22.1	61.8	2,462	26.4	1,100	11.8
Unknown	0	0	0.0	0.0	0	0.0	0	0.0
Total AA	48,814	26,022	100.0	53.3	15,595	31.9	7,197	14.7
	Total Businesses by Tract	Businesses by Tract & Revenue Size						
		Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported		
		#	%	#	%	#	%	
Low	281	6.7	251	6.5	26	9.4	4	7.8
Moderate	1,096	26.3	1,000	26.1	89	32.0	7	13.7
Middle	1,971	47.3	1,803	47.0	137	49.3	31	60.8
Upper	819	19.7	784	20.4	26	9.4	9	17.6
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	4,167	100.0	3,838	100.0	278	100.0	51	100.0
Percentage of Total Businesses:				92.1		6.7		1.2
	Total Farms by Tract	Farms by Tract & Revenue Size						
		Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported		
		#	%	#	%	#	%	
Low	3	1.5	3	1.5	0	0.0	0	0.0
Moderate	15	7.3	15	7.6	0	0.0	0	0.0
Middle	113	54.9	105	53.3	8	100.0	0	0.0
Upper	75	36.4	74	37.6	0	0.0	1	100.0
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	206	100.0	197	100.0	8	100.0	1	100.0
Percentage of Total Farms:				95.6		3.9		0.5
Source: 2020 FFIEC Census Data 2020 Dun & Bradstreet Data 2011-2015 U.S. Census Bureau: American Community Survey Note: Percentages may not total 100.0 percent due to rounding.								

Table B-6

2019 Cherokee and Nacogdoches 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	2	8.0	1,550	5.5	753	48.6	7,151	25.6
Moderate	6	24.0	4,022	14.4	1,341	33.3	4,423	15.8
Middle	13	52.0	16,605	59.4	2,511	15.1	5,116	18.3
Upper	4	16.0	5,771	20.6	504	8.7	11,258	40.3
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	25	100.0	27,948	100.0	5,109	18.3	27,948	100.0
	Housing Units by Tract	Housing Type by Tract						
		Owner-occupied			Rental		Vacant	
		#	% by tract	% by unit	#	% by unit	#	% by unit
Low	2,874	1,216	4.7	42.3	1,220	42.4	438	15.2
Moderate	9,016	2,636	10.1	29.2	4,990	55.3	1,390	15.4
Middle	27,608	16,416	63.1	59.5	6,923	25.1	4,269	15.5
Upper	9,316	5,754	22.1	61.8	2,462	26.4	1,100	11.8
Unknown	0	0	0.0	0.0	0	0.0	0	0.0
Total AA	48,814	26,022	100.0	53.3	15,595	31.9	7,197	14.7
	Total Businesses by Tract	Businesses by Tract & Revenue Size						
		Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported		
		#	%	#	%	#	%	
Low	287	6.7	256	6.5	26	9.0	5	9.1
Moderate	1,104	25.9	1,002	25.6	93	32.1	9	16.4
Middle	2,036	47.8	1,863	47.6	142	49.0	31	56.4
Upper	833	19.6	794	20.3	29	10.0	10	18.2
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	4,260	100.0	3,915	100.0	290	100.0	55	100.0
Percentage of Total Businesses:				91.9		6.8		1.3
	Total Farms by Tract	Farms by Tract & Revenue Size						
		Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported		
		#	%	#	%	#	%	
Low	2	1.0	2	1.0	0	0.0	0	0.0
Moderate	15	7.2	15	7.5	0	0.0	0	0.0
Middle	112	54.1	105	52.8	7	100.0	0	0.0
Upper	78	37.7	77	38.7	0	0.0	1	100.0
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	207	100.0	199	100.0	7	100.0	1	100.0
Percentage of Total Farms:				96.1		3.4		0.5
Source: 2019 FFIEC Census Data 2019 Dun & Bradstreet Data 2011-2015 U.S. Census Bureau: American Community Survey Note: Percentages may not total 100.0 percent due to rounding.								

APPENDIX C – BANK PERFORMANCE ANALYSIS TABLES

Table C-1

Distribution of 2021 Small Business Lending By Income Level of Geography					
Assessment Area: Tyler MSA					
Geographic Income Level	Bank Loans				Total Businesses %
	#	#%	\$(000)	\$%	
Low	2	16.7	3,050	62.8	6.6
Moderate	1	8.3	50	1.0	18.7
Middle	5	41.7	832	17.1	35.0
Upper	4	33.3	925	19.0	39.6
Unknown	0	0.0	0	0.0	0.1
Total	12	100.0	4,857	100.0	100.0

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

Table C-2

Distribution of 2021 Small Business Lending By Revenue Size of Businesses					
Assessment Area: Tyler MSA					
	Bank Loans				Total Businesses %
	#	#%	\$(000)	\$%	
By Revenue					
\$1 Million or Less	9	75.0	1,506	31.0	92.5
Over \$1 Million	2	16.7	1,500	30.9	6.5
Revenue Unknown	0	0.0	0	0.0	1.0
Total	12	100.0	4,857	100.0	100.0
By Loan Size					
\$100,000 or Less	3	25.0	118	2.4	
\$100,001 - \$250,000	4	33.3	658	13.5	
\$250,001 - \$1 Million	3	25.0	1,030	21.2	
Total	12	100.0	4,857	100.0	
By Loan Size and Revenues \$1 Million or Less					
\$100,000 or Less	3	33.3	118	7.8	
\$100,001 - \$250,000	4	44.4	658	43.7	
\$250,001 - \$1 Million	2	22.2	730	48.5	
Total	9	100.0	1,506	100.0	

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

Table C-3

Distribution of 2019 Home Mortgage Lending By Income Level of Geography							
Assessment Area: Tyler MSA							
Geographic Income Level	Bank And Aggregate Loans						Owner Occupied Units %
	Bank		Agg	Bank		Agg	
	#	#%	#%	\$(000)	%	\$%	
Home Purchase Loans							
Low	0	0.0	0.2	0	0.0	0.1	0.9
Moderate	6	24.0	13.2	780	18.7	8.9	19.9
Middle	6	24.0	39.8	595	14.3	38.1	40.9
Upper	13	52.0	46.8	2,798	67.1	52.9	38.3
Total	25	100.0	100.0	4,173	100.0	100.0	100.0
Refinance Loans							
Low	0	0.0	0.4	0	0.0	0.2	0.9
Moderate	2	66.7	11.3	307	77.1	6.7	19.9
Middle	1	33.3	43.7	91	22.9	42.8	40.9
Upper	0	0.0	44.6	0	0.0	50.2	38.3
Total	3	100.0	100.0	398	100.0	100.0	100.0
Home Improvement Loans							
Low	0	0.0	0.0	0	0.0	0.0	0.9
Moderate	0	0.0	10.8	0	0.0	7.7	19.9
Middle	1	50.0	39.9	190	48.7	37.0	40.9
Upper	1	50.0	49.3	200	51.3	55.3	38.3
Total	2	100.0	100.0	390	100.0	100.0	100.0
Multifamily Loans							M Multi-family Units %
Low	0	0.0	6.1	0	0.0	2.4	2.8
Moderate	0	0.0	30.6	0	0.0	26.4	25.9
Middle	1	100.0	40.8	668	100.0	58.4	44.5
Upper	0	0.0	22.4	0	0.0	12.8	26.8
Total	1	100.0	100.0	668	100.0	100.0	100.0
Total Home Mortgage Loans							Owner Occupied Units %
Low	0	0.0	0.3	0	0.0	0.4	0.9
Moderate	8	21.6	12.9	1,087	17.3	10.4	19.9
Middle	12	32.4	40.7	1,681	26.7	41.2	40.9
Upper	17	45.9	46.1	3,518	56.0	48.0	38.3
Total	37	100.0	100.0	6,286	100.0	100.0	100.0
<p>Source: 2019 FFIEC Census Data 2011-2015 U.S. Census Bureau: American Community Survey</p> <p>Note: Percentages may not total 100.0 percent due to rounding.</p>							

Table C-4

Distribution of 2019 Home Mortgage Lending By Borrower Income Level							
Assessment Area: Tyler MSA							
Borrower Income Level	Bank And Aggregate Loans						Families by Family Income %
	Bank		Agg	Bank		Agg	
	#	#%	#%	\$(000)	%	%	
Home Purchase Loans							
Low	1	4.0	5.0	144	3.5	2.6	21.9
Moderate	4	16.0	18.8	695	16.7	13.0	17.7
Middle	6	24.0	23.7	1,002	24.0	20.9	18.7
Upper	5	20.0	38.4	1,345	32.2	50.4	41.7
Unknown	9	36.0	14.0	987	23.7	13.1	0.0
Total	25	100.0	100.0	4,173	100.0	100.0	100.0
Refinance Loans							
Low	0	0.0	5.2	0	0.0	2.2	21.9
Moderate	0	0.0	13.3	0	0.0	7.7	17.7
Middle	0	0.0	17.5	0	0.0	13.0	18.7
Upper	2	66.7	43.3	306	76.9	55.0	41.7
Unknown	1	33.3	20.6	92	23.1	22.1	0.0
Total	3	100.0	100.0	398	100.0	100.0	100.0
Home Improvement Loans							
Low	0	0.0	7.4	0	0.0	6.0	21.9
Moderate	0	0.0	14.2	0	0.0	10.6	17.7
Middle	0	0.0	19.6	0	0.0	20.9	18.7
Upper	2	100.0	52.7	390	100.0	57.1	41.7
Unknown	0	0.0	6.1	0	0.0	5.4	0.0
Total	2	100.0	100.0	390	100.0	100.0	100.0
Total Home Mortgage Loans							
Low	1	2.8	5.1	144	2.6	2.5	21.9
Moderate	4	11.1	17.1	695	12.4	11.4	17.7
Middle	7	19.4	21.7	1,040	18.5	18.6	18.7
Upper	14	38.9	39.4	2,660	47.3	51.0	41.7
Unknown	10	27.8	16.6	1,079	19.2	16.5	0.0
Total	36	100.0	100.0	5,618	100.0	100.0	100.0
Source: 2019 FFIEC Census Data							
2011-2015 U.S. Census Bureau: American Community Survey							
Note: Percentages may not total 100.0 percent due to rounding.							
Multifamily loans are not included in the borrower distribution analysis.							

Table C-5

Distribution of 2021 Small Business Lending By Income Level of Geography Assessment Area: Cherokee and Nacogdoches 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	6.8
Moderate	0	0.0	0.0	0	0.0	0.0	26.3
Middle	1	50.0	0.0	16	19.5	0.0	47.8
Upper	1	50.0	0.0	67	81.7	0.0	19.0
Total	2	100.0	0.0	82	100.0	0.0	100.0

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

Table C-6

Distribution of 2021 Small Business Lending By Revenue Size of Businesses Assessment Area: Cherokee and Nacogdoches Counties Nonmetropolitan							
	Bank And Aggregate Loans						Total Businesses %
	Bank		Agg	Bank		Agg	
	#	%	%	\$(000)	%	%	
By Revenue							
\$1 Million or Less	2	100.0	0.0	82	100.0	0.0	92.1
Over \$1 Million	0	0.0		0	0.0		6.6
Revenue Unknown	0	0.0		0	0.0		1.3
Total	2	100.0		82	100.0		100.0
By Loan Size							
\$100,000 or Less	2	100.0	0.0	82	100.0	0.0	
\$100,001 - \$250,000	0	0.0	0.0	0	0.0	0.0	
\$250,001 - \$1 Million	0	0.0	0.0	0	0.0	0.0	
Total	2	100.0	0.0	82	100.0	0.0	
By Loan Size and Revenues \$1 Million or Less							
\$100,000 or Less	2	100.0		82	100.0		
\$100,001 - \$250,000	0	0.0		0	0.0		
\$250,001 - \$1 Million	0	0.0		0	0.0		
Total	2	100.0		82	100.0		

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

Table C-7

Distribution of 2019 Home Mortgage Lending By Income Level of Geography							
Assessment Area: Cherokee and Nacogdoches Counties Nonmetropolitan							
Geographic Income Level	Bank And Aggregate Loans						Owner Occupied Units %
	Bank		Agg	Bank		Agg	
	#	#%	#%	\$(000)	%	\$%	
Home Purchase Loans							
Low	0	0.0	3.3	0	0.0	2.5	4.7
Moderate	7	26.9	8.5	419	14.1	6.3	10.1
Middle	10	38.5	63.1	1,194	40.1	63.7	63.1
Upper	9	34.6	25.1	1,366	45.9	27.5	22.1
Total	26	100.0	100.0	2,979	100.0	100.0	100.0
Refinance Loans							
Low	2	40.0	3.7	95	22.4	1.5	4.7
Moderate	0	0.0	5.3	0	0.0	4.9	10.1
Middle	2	40.0	64.2	208	49.1	65.0	63.1
Upper	1	20.0	26.8	121	28.5	28.6	22.1
Total	5	100.0	100.0	424	100.0	100.0	100.0
Home Improvement Loans							
Low	1	100.0	1.9	7	100.0	0.2	4.7
Moderate	0	0.0	7.4	0	0.0	4.8	10.1
Middle	0	0.0	75.9	0	0.0	79.3	63.1
Upper	0	0.0	14.8	0	0.0	15.7	22.1
Total	1	100.0	100.0	7	100.0	100.0	100.0
Multifamily Loans							M Multi-family Units %
Low	0	0.0	4.5	0	0.0	8.4	5.1
Moderate	1	100.0	40.9	350	100.0	54.9	54.1
Middle	0	0.0	45.5	0	0.0	29.7	20.0
Upper	0	0.0	9.1	0	0.0	7.0	20.8
Unknown	0	0.0	0.0	0	0.0	0.0	0.0
Tract-Unk	0	0.0	0.0	0	0.0	0.0	
Total	1	100.0	100.0	350	100.0	100.0	100.0
Total Home Mortgage Loans							Owner Occupied Units %
Low	3	8.1	3.6	102	2.4	2.5	4.7
Moderate	9	24.3	8.2	947	22.5	7.3	10.1
Middle	14	37.8	63.4	1,649	39.1	63.2	63.1
Upper	11	29.7	24.9	1,520	36.0	27.0	22.1
Total	37	100.0	100.0	4,218	100.0	100.0	100.0

Source: 2019 FFIEC Census Data

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

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

Table C-8

Distribution of 2019 Home Mortgage Lending By Borrower Income Level							
Assessment Area: Cherokee and Nacogdoches Counties Nonmetropolitan							
Borrower Income Level	Bank And Aggregate Loans						Families by Family Income %
	Bank		Agg	Bank		Agg	
	#	#%	#%	\$(000)	%	%	
Home Purchase Loans							
Low	3	11.5	3.0	276	9.3	1.3	25.6
Moderate	4	15.4	12.9	256	8.6	7.7	15.8
Middle	5	19.2	22.3	464	15.6	18.0	18.3
Upper	10	38.5	49.4	1,766	59.3	61.5	40.3
Unknown	4	15.4	12.3	217	7.3	11.5	0.0
Total	26	100.0	100.0	2,979	100.0	100.0	100.0
Refinance Loans							
Low	0	0.0	3.4	0	0.0	1.2	25.6
Moderate	0	0.0	6.2	0	0.0	3.3	15.8
Middle	1	20.0	14.4	47	11.1	9.4	18.3
Upper	3	60.0	56.4	317	74.8	64.3	40.3
Unknown	1	20.0	19.5	60	14.2	21.8	0.0
Total	5	100.0	100.0	424	100.0	100.0	100.0
Home Improvement Loans							
Low	0	0.0	5.6	0	0.0	3.2	25.6
Moderate	0	0.0	7.4	0	0.0	8.5	15.8
Middle	0	0.0	20.4	0	0.0	11.9	18.3
Upper	1	100.0	55.6	7	100.0	64.8	40.3
Unknown	0	0.0	11.1	0	0.0	11.6	0.0
Total	1	100.0	100.0	7	100.0	100.0	100.0
Total Home Mortgage Loans							
Low	3	8.3	3.2	276	7.1	1.3	25.6
Moderate	4	11.1	10.8	256	6.6	6.2	15.8
Middle	6	16.7	19.6	511	13.2	14.9	18.3
Upper	18	50.0	50.8	2,548	65.9	60.7	40.3
Unknown	5	13.9	15.6	277	7.2	16.9	0.0
Total	36	100.0	100.0	3,868	100.0	100.0	100.0
Source: 2019 FFIEC Census Data							
2011-2015 U.S. Census Bureau: American Community Survey							
Note: Percentages may not total 100.0 percent due to rounding.							
Multifamily loans are not included in the borrower distribution analysis.							

APPENDIX D – GLOSSARY

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

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

Community development: Affordable housing (including multifamily rental housing) for low- or moderate-income individuals; community services targeted to low- or moderate-income individuals; activities that promote economic development by financing businesses or farms that meet the size eligibility standards of the Small Business Administration's Development Company or Small Business Investment Company programs (13 CFR 121.301) or have gross annual revenues of \$1 million or less; or, activities that revitalize or stabilize low- or moderate-income geographies, designated disaster areas; or designated distressed or underserved nonmetropolitan middle-income geographies.

Consumer loan(s): A loan(s) to one or more individuals for household, family, or other personal expenditures. A consumer loan does not include a home mortgage, small business, or small farm loan. This definition includes the following categories: motor vehicle loans, credit card loans, other secured consumer loans, and other unsecured consumer loans.

Family: Includes a householder and one or more other persons living in the same household who are related to the householder by birth, marriage, or adoption. The number of family households always equals the number of families; however, a family household may also include nonrelatives living with the family. Families are classified by type as either a married-couple family or other family, which is further classified into 'male householder' (a family with a male householder and no wife present) or 'female householder' (a family with a female householder and no husband present).

Full-scope review: Performance is analyzed considering performance context, quantitative factors (for example, geographic distribution, borrower distribution, and total number and dollar amount of investments), and qualitative factors (for example, innovativeness, complexity, and responsiveness).

Geography: A census tract delineated by the United States Bureau of the Census in the most recent decennial census.

Home Mortgage Disclosure Act (HMDA): The statute that requires certain mortgage lenders that do business or have banking offices in a metropolitan statistical area to file annual summary reports of their mortgage lending activity. The reports include such data as the race, gender, and the income of applications, the amount of loan requested, and the disposition of the application (for example, approved, denied, and withdrawn).

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

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

Household: Includes all persons occupying a housing unit. Persons not living in households are classified as living in group quarters. In 100 percent tabulations, the count of households always equals the count of occupied housing units.

Limited-scope review: Performance is analyzed using only quantitative factors (for example, geographic distribution, borrower distribution, total number and dollar amount of investments, and branch distribution).

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

Market share: The number of loans originated and purchased by the institution as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the metropolitan area/assessment area.

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

Middle-income: Individual income that is at least 80 percent and less than 120 percent of the area median income, or a median family income that is at least 80 percent and less than 120 percent, in the case of a geography.

Moderate-income: Individual income that is at least 50 percent and less than 80 percent of the area median income, or a median family income that is at least 50 percent and less than 80 percent, in the case of a geography.

Multifamily: Refers to a residential structure that contains five or more units.

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

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

Owner-occupied units: Includes units occupied by the owner or co-owner, even if the unit has not been fully paid for or is mortgaged.

Qualified investment: A qualified investment is defined as any lawful investment, deposit, membership share, or grant that has as its primary purpose community development.

Rated area: A rated area is a state or multistate metropolitan area. For an institution with domestic branches in only one state, the institution's CRA rating would be the state rating. If an institution

maintains domestic branches in more than one state, the institution will receive a rating for each state in which those branches are located. If an institution maintains domestic branches in two or more states within a multistate metropolitan area, the institution will receive a rating for the multistate metropolitan area. For these institutions, no state ratings will be received unless the bank also maintains deposit facilities outside of the multistate metropolitan area. CRA activity is captured in either a state rating or a multistate metropolitan area rating, but not both.

Small loan(s) to business(es): A loan included in 'loans to small businesses' as defined in the Consolidated Report of Condition and Income (Call Report) instructions. These loans have original amounts of \$1 million or less and typically are either secured by nonfarm or nonresidential real estate or are classified as commercial and industrial loans. However, thrift institutions may also exercise the option to report loans secured by nonfarm residential real estate as 'small business loans' if the loans are reported on the TFR as nonmortgage, commercial loans.

Small loan(s) to farm(s): A loan included in 'loans to small farms' as defined in the Consolidated Reports of Condition and Income (Call Report) instructions. These loans have original amounts of \$500,000 or less and are either secured by farmland or are classified as loans to finance agricultural production and other loans to farmers.

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