

PUBLIC DISCLOSURE

January 10, 2022

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Ciera Bank
RSSD # 327855
623 Elm Street
Graham, Texas 76450

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

NOTE: This document is an evaluation of this institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the institution. This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion, or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.

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INSTITUTION'S COMMUNITY REINVESTMENT ACT RATING

This institution is rated **Satisfactory**.

The Lending Test is rated **Satisfactory**.

The Community Development Test is rated **Outstanding**.

The Community Reinvestment Act (CRA) performance of Ciera Bank (the bank) is rated **Satisfactory**. This rating is based on the following conclusions with respect to the performance criteria under the Lending and Community Development (CD) Tests:

- The bank's 14-quarter average net loan-to-deposit ratio (NLTD) is reasonable given the bank's asset size, financial condition, and the credit needs of the assessment areas (AAs).
- A majority of the bank's loans are originated inside the bank's AAs.
- A reasonable distribution of loans occurs throughout the bank's AAs.
- Lending reflects a reasonable distribution among individuals of different income levels, including low- and moderate-income (LMI), and businesses of different sizes.
- Neither the bank nor the Federal Reserve Bank of Dallas received any CRA-related complaints since the previous evaluation.
- CD activity reflects excellent responsiveness to the needs of the bank's 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 AAs' credit needs and demographic and economic characteristics. Performance was assessed within the bank's two delineated AAs: the Denton Metropolitan AA and the Graham Nonmetropolitan AA. The Denton Metropolitan AA was assessed using a full-scope review while the Graham Nonmetropolitan AA was assessed using a limited-scope review. Examiners reviewed the following data:

- The bank's 14-quarter average NLTD ratio;
- A statistically derived sample of 84 small business loans from a universe of 142 loans originated or renewed between April 1, 2021 and September 30, 2021;
- The universe of 232 loans reported on the bank's 2018, 2019, and 2020 Home Mortgage Disclosure Act (HMDA) Loan/Application Register.
- The universe of CD loans, investments, and services, as provided by the bank, since the conclusion of the previous CRA performance evaluation as of September 10, 2018; and
- Information provided by leaders from a small business organization and a housing sector to further augment understanding of the AAs' credit and CD needs as well as economic conditions.

DESCRIPTION OF THE INSTITUTION

Ciera Bank, a community bank headquartered in Graham, Texas, displays the following characteristics:

- The bank is a wholly owned subsidiary of First Graham Bancorp, Inc.
- The bank has total assets of \$834.3 million as of September 30, 2021.
- In addition to its main office in Graham, Texas, the bank has seven offices located in Bryson, Flower Mound, Hickory Creek, Aubrey, Denton, Fort Worth, and Aledo, Texas.
- The bank operates cash-dispensing automated teller machines (ATMs) at every branch location, with one that also accepts deposits.
- The bank’s primary business focus is commercial lending, with commercial loans representing 82.2 percent of the institution’s loan portfolio as of September 30, 2021. As shown in the table below, the bank’s largest segments of its loan portfolio are non-farm non-residential real estate lending, construction and land development lending, and commercial and industrial lending.

Table 1

Composition of Loan Portfolio as of September 30, 2021		
Loan Type	\$(000)	%
Construction and Land Development	138,731	25.5
Farmland	19,986	3.7
1-4 Family Residential Real Estate	62,051	11.4
Multifamily Residential Real Estate	10,614	2.0
Non-Farm Non-Residential Real Estate	233,795	43.0
Agricultural	1,270	0.2
Commercial and Industrial	74,294	13.7
Consumer	2,365	0.4
Other	352	0.1
Gross Loans	543,458	100.0
<i>Note: Percentages may not total 100.0 percent due to rounding.</i>		

The bank was rated **Satisfactory** at its September 10, 2018 CRA performance evaluation, with the Lending and CD Tests receiving Satisfactory ratings. There are no known legal, financial, or other factors impeding the bank’s ability to help meet the credit needs of the communities it serves.

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 Denton Metropolitan AA (full-scope review) and a brief discussion of performance in the Graham Nonmetropolitan AA (limited-scope review). The bank’s overall performance under the Lending Test is Satisfactory. A majority of loans were extended inside the bank’s AAs and penetration among businesses of different sizes was reasonable. Greater weight was given to small business lending in the Denton Metropolitan AA based on the bank’s portfolio composition and business strategy. HMDA lending lacked sufficient volume; therefore, the analysis considered the overall HMDA lending and utilized aggregate lending for performance context.

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

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 their geographic footprint, similar size, and structure.

The bank's 14-quarter average NLTD ratio is reasonable given the bank's asset size and financial condition, the credit needs of the AAs, and the competitive local banking environment, as it is similar to the average NLTD ratios of three similarly situated local banks within the same period of time.

Table 2

Comparative Net Loan-to-Deposit Ratios September 1, 2018 – December 31, 2021			
Institution	Location	Asset Size \$(000)	14-Quarter Average NLTD Ratio (%)
Ciera Bank	Graham, TX	834,344	83.0
Similarly Situated Institutions			
Bank of the West	Grapevine, TX	734,404	74.7
Texas Security Bank	Dallas, TX	986,252	93.4
Point Bank	Pilot Point, TX	769,312	60.6

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.

Table 3

Lending Inside and Outside the Assessment Area								
Loan Type	Inside				Outside			
	#	#%	\$(000)	%	#	#%	\$(000)	%
Home Improvement	16	80.0	1,216	65.2	4	20.0	649	34.8
Home Purchase – Conventional	97	60.6	28,056	62.0	63	39.4	17,167	38.0
Multi-Family Housing	8	57.1	27,803	85.5	6	42.9	4,722	14.5
Other Purpose Closed-End	8	80.0	557	78.2	2	20.0	155	21.8
Refinancing	19	67.9	4,786	47.5	9	32.1	5,281	52.5
Total HMDA	148	63.8	62,418	69.1	84	36.2	27,974	30.9
Total Small Business	70	83.3	15,760	85.1	14	16.7	2,758	14.9
Total Loans	218	69.0	78,178	71.8	98	31.0	30,732	28.2

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

Geographic Distribution of Loans

This performance criterion evaluates the bank’s distribution of lending within its AAs by income level of census tracts with consideration given to the dispersion of loans throughout the AAs. The bank’s overall geographic distribution of HMDA and small business loans reflects a reasonable distribution when considering the bank’s limited market share among the different census tracts and dispersion throughout the full-scope AA. A detailed discussion of the facts and data supporting the overall conclusions are presented in the *Conclusions with Respect to Performance Criterion* section for the full-scope review AA.

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

This performance criterion evaluates the bank’s lending to borrowers of different income levels and businesses of different revenue sizes. The bank’s HMDA and small business lending has an overall reasonable distribution among individuals of different income levels and businesses of different sizes in the full-scope AA. The majority of the bank’s lending activity occurs in the Denton Metropolitan AA; therefore, greater weight was given to the bank’s performance in this AA.

COMMUNITY DEVELOPMENT TEST

The CD Test evaluates the bank’s responsiveness to the CD needs of its AAs through the extension of qualified loans, investments, and services, considering the bank’s capacity and the need and availability of such opportunities. The bank’s overall CD performance demonstrates excellent responsiveness. The bank performed various activities to help meet the CD needs in its AAs and the broader statewide or regional area that includes its AAs. In addition, the bank originated a significant amount of loans under the Small Business Administration’s Payroll Protection Program (PPP) implemented in response to the COVID-19 pandemic.

Table 4

Community Development Activity										
Community Development Purpose	Community Development Loans		Qualified Investments						Community Development Services	
			Investments		Donations		Total Investments			
	#	\$(000)	#	\$(000)	#	\$(000)	#	\$(000)	#	
Affordable Housing	-	-	-	-	-	-	-	-	-	-
Community Services	1	2,900	4	3,298	8	20	12	3,318	25	
Economic Development	-	-	-	-	-	-	-	-	12	
Revitalization and Stabilization	334	44,486	8	8,043	-	-	8	8,043	-	
Totals	335	44,486	12	11,341	8	20	20	11,361	37	

FAIR LENDING OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

Compliance with the substantive provisions of anti-discrimination 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.

DENTON METROPOLITAN ASSESSMENT AREA
(Full-Scope Review)

DESCRIPTION OF THE INSTITUTION’S OPERATIONS IN THE DENTON METROPOLITAN ASSESSMENT AREA

The Denton Metropolitan AA consists of the entirety of Denton, Tarrant, and Parker counties. Refer to Appendix A for an AA map and Appendix B for additional demographic data.

- There have been no changes to the bank’s AA since the prior performance evaluation.
- The AA consists of 513 census tracts, of which 53 are low-, 111 moderate-, 174 middle-, 174 upper-, and one unknown-income.
- There are six full service branches located within the Denton Metropolitan AA, each with ATMs.
- According to the FDIC’s Deposit Market Share Report as of June 30, 2021, the bank holds 0.1 percent of the AA’s deposit market share, ranking 26th of the 87 depository institutions operating in the AA. Further, 64.1 percent of the bank’s deposits are within this AA.
- Two community leaders were contacted to ascertain the credit needs of the communities, the responsiveness of area banks in meeting those credit needs, and the local economic conditions. One serves as an executive of an economic development organization focused on small businesses, and the other is a leader in the housing sector.

Table 5

Population Change			
Assessment Area: Denton Metropolitan			
Area	2010 Population	2015 Population	Percent Change
Assessment Area	2,588,575	2,767,795	6.9
Denton County, TX	662,614	731,851	10.4
Parker County, TX	116,927	121,418	3.8
Tarrant County, TX	1,809,034	1,914,526	5.8
Dallas-Plano-Irving, TX MD	4,230,520	4,519,004	6.8
Fort Worth-Arlington-Grapevine, TX MD	2,136,022	2,252,637	5.5
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>			

- According to the United State Census Bureau, the overall population growth in the AA increased at a faster rate when compared to the state of Texas as a whole. While Denton County’s population grew by nearly twice the rate of the state of Texas, Tarrant County’s population grew at a similar rate and Parker County’s population grew at a lower rate.

Table 6

Median Family Income Change			
Assessment Area: Denton Metropolitan			
Area	2010 Median Family Income	2015 Median Family Income	Percentage Change
Denton Metropolitan AA	76,833	75,516	-1.7
Denton County, TX	94,620	91,186	-3.6
Parker County, TX	77,552	81,039	4.5
Tarrant County, TX	71,164	69,896	-1.8
Dallas-Plano-Irving, TX MD	73,150	71,149	-2.7
Fort Worth-Arlington-Grapevine, TX MD	70,756	69,339	-2.0
Texas	63,314	62,717	-0.9

*Source: 2006 - 2010 U.S. Census Bureau: American Community Survey
2011 - 2015 U.S. Census Bureau: American Community Survey*

Note: Median family incomes have been inflation-adjusted and are expressed in 2015 dollars.

- There are approximately 681,298 families in the AA. By family income, 20.4 percent are considered low-income, 15.5 percent are considered moderate-income, 18.9 percent are considered middle-income, and 45.3 percent are considered upper-income.
- Of the families in the AA, 9.8 percent are living below the poverty rate, which is lower than the family poverty rate for the state of Texas, at 13.5 percent.
- The AA's median family income has decreased at a rate greater than the state of Texas, driven largely by the decrease experienced in Denton County. On the other hand, Parker County has experienced an increase in median family income since 2010.

Table 7

Housing Cost Burden Rates						
Assessment Area: Denton Metropolitan						
Area	Cost Burden - Renters			Cost Burden - Owners		
	<i>Low-Income</i>	<i>Moderate -Income</i>	<i>All Renters</i>	<i>Low-Income</i>	<i>Moderate -Income</i>	<i>All Owners</i>
Denton Metropolitan AA	82.0	50.5	42.7	66.9	42.1	19.2
Denton County, TX	84.6	54.9	41.8	73.3	50.0	19.3
Parker County, TX	73.1	37.3	37.4	57.0	32.7	16.9
Tarrant County, TX	81.5	49.3	43.3	65.9	40.3	19.4
Dallas-Plano-Irving, TX MD	80.5	44.5	42.4	64.6	39.2	20.9
Fort Worth-Arlington-Grapevine, TX MD	80.8	48.4	42.8	64.5	38.6	19.1
Texas	77.5	46.7	42.4	59.1	33.8	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), 2013 - 2017 Comprehensive Housing Affordability Strategy

- In 2021, the AA contained 1,054,187 housing units, with a median age of 33 years.
- The AA median housing value is \$156,552, which is higher than the state median housing value of \$136,000.
- Owner-occupied units in the AA comprise 57.8 percent of the housing stock, with rental and vacant properties representing 34.6 percent and 7.6 percent, respectively. Of the owner-occupied housing units, only 3.7 percent are located in low-income census tracts and 14.3 percent are located in moderate-income census tracts.
- The AA's burden on housing cost is greater than the state of Texas, with the greatest disparity noted among low-income renters and owners. Although the need for affordable

housing still exists, the community contact stated a new housing development of 1-to-4 family homes and apartments along a major highway in Denton County has brought in many new residents from out-of-state.

Table 8

Unemployment Rates					
Assessment Area: Denton Metropolitan					
Area	2016	2017	2018	2019	2020
Denton Metropolitan	3.8	3.6	3.4	3.2	7.0
Denton County, TX	3.4	3.4	3.2	3.0	6.5
Parker County, TX	4.1	3.5	3.1	2.9	5.9
Tarrant County, TX	4.0	3.7	3.5	3.3	7.3
Dallas-Plano-Irving, TX MD	3.8	3.7	3.6	3.3	7.0
Fort Worth-Arlington-Grapevine, TX MD	4.0	3.7	3.5	3.3	7.2
Texas	4.6	4.3	3.9	3.5	7.6

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

- The most common industry clusters in the AA are retail trade and health care and social assistance.
- The highest paying industries in the AA are mining, quarrying, and oil and gas extraction, along with utilities and management of companies and enterprises.
- According to Dunn & Bradstreet (D&B), 154,722 businesses operated in the AA in 2021.
- The unemployment rate in the AA is slightly lower than the state of Texas, and similar to the Dallas-Plano-Irving, Texas Metropolitan Division (MD) and the Fort Worth-Arlington-Grapevine, Texas MD.
- The AA, along with the greater state of Texas, experienced a sharp increase in unemployment in 2020 due to the COVID-19 pandemic. The bank participated in the SBA's PPP Loan Program in efforts to help minimize further unemployment and stabilize the negative economic impact of the pandemic.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN THE DENTON METROPOLITAN ASSESSMENT AREA

Lending activity reflects reasonable responsiveness to the AA's credit needs. The geographic distribution of loans reflects reasonable distribution throughout the AA. The borrower distribution reflects reasonable reach among borrowers of different income levels and businesses of different revenue sizes. Additionally, the bank displays excellent responsiveness to CD needs in the AA by extending a significant volume of qualified CD loans. During the review period, the bank reported 67 (45.3 percent) of HMDA-reportable loans inside the Denton Metropolitan AA and 48 (68.6 percent) small business loans. Therefore, small business lending was given greater weight in determining the bank's Lending Test rating in the AA.

Geographic Distribution of Loans

The bank's geographic distribution of loans reflects reasonable distribution among the different census tracts and dispersion throughout the AA. There are no conspicuous gaps or lapses in lending in contiguous geographies not explained by performance context. Small business lending received greater weight in the analysis based on the loan portfolio composition and a majority of the bank's lending occurring in this category.

Residential Real Estate (HMDA) Lending

The geographic distribution of HMDA lending is reasonable. The bank's HMDA origination volume within the AA is limited and a meaningful analysis of the individual loan product categories could not be conducted. Additionally, the bank's HMDA lending represents less than 0.1 percent of the HMDA market share for both years. Therefore, the product categories were combined and analyzed at the total HMDA level.

The bank did not extend any HMDA loans in low-income census tracts in 2019 and 2020, trailing aggregate lenders' performance and the percentage of owner-occupied properties in these geographies. While the bank outperformed aggregate lenders by both number and dollar volume in moderate-income census tracts for 2019, the bank performed below aggregate lenders in 2020. Despite the bank's low level of HMDA lending in LMI census tracts, the institution's performance is reasonable given the bank's primary lending focus is commercial lending and the high level of competition of HMDA lenders within the AA. Furthermore, there is limited HMDA lending demand in these geographies, with only 3.7 percent of the owner-occupied housing units located in low-income census tracts, and 14.3 percent located in moderate-income census tracts. The limited loan demand is further exemplified by aggregate lenders not meeting the percentage of owner-occupied properties in the AA in either year.

Table 9

Distribution of 2019 and 2020 Home Mortgage Lending By Income Level of Geography													
Assessment Area: Denton Metropolitan													
Geographic Income Level	Bank And Aggregate Loans By Year												Owner Occupied Units %
	2019						2020						
	Bank		Agg		Bank		Agg		Bank		Agg		
	#	#%	#%	\$(000)	\$%	\$%	#	#%	#%	\$(000)	\$%	\$%	
Home Purchase Loans													
Low	0	0.0	1.7	0	0.0	0.9	0	0.0	1.7	0	0.0	1.0	3.7
Moderate	1	5.3	10.0	155	2.7	7.1	0	0.0	9.4	0	0.0	6.8	14.3
Middle	10	52.6	37.1	1,482	25.5	31.7	16	53.3	38.9	2,901	28.2	33.6	35.9
Upper	8	42.1	51.2	4,174	71.8	60.3	14	46.7	50.0	7,400	71.8	58.6	46.1
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	19	100.0	100.0	5,811	100.0	100.0	30	100.0	100.0	10,301	100.0	100.0	100.0
Refinance Loans													
Low	0	0.0	1.0	0	0.0	0.6	0	0.0	0.7	0	0.0	0.4	3.7
Moderate	0	0.0	7.9	0	0.0	5.1	1	33.3	6.1	121	17.7	4.2	14.3
Middle	1	33.3	33.4	97	10.4	26.9	1	33.3	30.0	150	21.9	24.7	35.9
Upper	2	66.7	57.8	840	89.6	67.5	1	33.3	63.2	413	60.4	70.7	46.1
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	3	100.0	100.0	937	100.0	100.0	3	100.0	100.0	684	100.0	100.0	100.0
Home Improvement Loans													
Low	0	0.0	1.9	0	0.0	1.5	0	0.0	1.3	0	0.0	0.9	3.7
Moderate	0	0.0	8.3	0	0.0	6.1	0	0.0	7.2	0	0.0	5.3	14.3
Middle	2	40.0	30.1	225	48.9	26.5	1	50.0	27.4	48	20.1	23.5	35.9
Upper	3	60.0	59.6	235	51.1	65.9	1	50.0	64.1	191	79.9	70.3	46.1
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	5	100.0	100.0	460	100.0	100.0	2	100.0	100.0	239	100.0	100.0	100.0
Multifamily Loans													Multi-family Units %
Low	0	0.0	17.8	0	0.0	14.4	0	0.0	15.5	0	0.0	9.3	15.9
Moderate	2	66.7	29.7	4,604	24.5	23.1	0	0.0	33.2	0	0.0	27.2	29.7
Middle	0	0.0	28.0	0	0.0	25.0	2	100.0	31.9	3,907	100.0	29.9	35.5
Upper	1	33.3	24.6	14,220	75.5	37.4	0	0.0	19.5	0	0.0	33.7	18.9
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	3	100.0	100.0	18,824	100.0	100.0	2	100.0	100.0	3,907	100.0	100.0	100.0
Total Home Mortgage Loans													Owner Occupied Units %
Low	0	0.0	1.5	0	0.0	1.9	0	0.0	1.2	0	0.0	1.1	3.7
Moderate	3	10.0	9.4	4,759	18.3	7.8	1	2.7	7.9	121	0.8	6.4	14.3
Middle	13	43.3	35.8	1,804	6.9	29.8	20	54.1	34.3	7,006	46.3	29.0	35.9
Upper	14	46.7	53.3	19,469	74.8	60.5	16	43.2	56.6	8,004	52.9	63.6	46.1
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	30	100.0	100.0	26,032	100.0	100.0	37	100.0	100.0	15,131	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.

Small Business Lending

The geographic distribution of small business lending is reasonable. As reflected in Table 10, the bank’s small business lending in the low-income census tracts is comparable to (by number volume) and greater than (by dollar volume) the percentage of businesses in these geographies. Moreover, the bank’s small business lending in moderate-income tracts exceeds the total percentage of businesses operating in these geographies. The bank’s lending is responsive to the needs of small businesses located in these geographies and reflects favorably given the significant level of competition among larger national and regional institutions in the AA and less than one percent in deposit market share.

Table 10

Distribution of April 1 – September 30, 2021 Small Business Lending by Income Level of Geography Assessment Area: Denton Metropolitan					
Geographic Income Level	Bank Loans				Percentage of Businesses (%)
	#	#%	\$(000)	%	
Low	2	4.2	1,144	8.5	5.5
Moderate	11	22.9	2,889	21.5	16.8
Middle	11	22.9	1,144	8.5	30.5
Upper	24	50.0	8,253	61.5	47.2
Unknown	0	0.0	0	0.0	0.1
Total	48	100.0	13,427	100.0	100.0
<i>Source: 2021 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>					

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

The bank’s HMDA and small business lending has a reasonable distribution among individuals of different income levels and businesses of different sizes. Small business lending received greater weight in the analysis based on the loan portfolio composition and a majority of the bank’s lending occurring in this category. In addition, the bank originated HMDA loans in a manner generally consistent with aggregate lenders in the AA.

Residential Real Estate (HMDA) Lending

The borrower distribution of HMDA lending is reasonable. The bank’s HMDA origination volume within the AA is limited and a meaningful analysis of the individual loan product categories could not be conducted. Therefore, the product categories were combined and analyzed at the total HMDA level.

In 2019 and 2020, the bank performed below aggregate lenders by both number and dollar volume for LMI families. However, both the bank and aggregate lenders were below the percentage of LMI families in the AA, which may be indicative of low demand by the demographic. Furthermore, a community contact stated LMI families are adversely impacted by the limited availability of affordable housing in the AA.

Table 11

Distribution of 2019 and 2020 Home Mortgage Lending By Borrower Income Level													
Assessment Area: Denton Metropolitan													
Borrower Income Level	Bank And Aggregate Loans By Year												Families by Family Income %
	2019						2020						
	Bank		Agg		Bank		Agg		Bank		Agg		
	#	#%	#%	\$(000)	\$%	\$%	#	#%	#%	\$(000)	\$%	\$%	
Home Purchase Loans													
Low	0	0.0	2.4	0	0.0	1.2	0	0.0	3.1	0	0.0	1.7	20.4
Moderate	2	10.5	14.7	318	5.5	9.9	2	6.7	18.0	400	3.9	12.8	15.5
Middle	2	10.5	23.7	275	4.7	20.0	1	3.3	25.4	194	1.9	22.5	18.9
Upper	3	15.8	45.1	722	12.4	55.2	14	46.7	43.4	7,056	68.5	52.7	45.3
Unknown	12	63.2	14.2	4,496	77.4	13.7	13	43.3	10.0	2,651	25.7	10.3	0.0
Total	19	100.0	100.0	5,811	100.0	100.0	30	100.0	100.0	10,301	100.0	100.0	100.0
Refinance Loans													
Low	0	0.0	3.6	0	0.0	1.8	0	0.0	2.2	0	0.0	1.1	20.4
Moderate	0	0.0	10.9	0	0.0	6.5	1	33.3	9.0	150	21.9	5.7	15.5
Middle	0	0.0	18.1	0	0.0	13.7	0	0.0	17.3	0	0.0	13.7	18.9
Upper	3	100.0	47.9	937	100.0	56.8	1	33.3	49.4	121	17.7	57.0	45.3
Unknown	0	0.0	19.6	0	0.0	21.2	1	33.3	22.1	413	60.4	22.6	0.0
Total	3	100.0	100.0	937	100.0	100.0	3	100.0	100.0	684	100.0	100.0	100.0
Home Improvement Loans													
Low	0	0.0	3.8	0	0.0	2.6	0	0.0	3.3	0	0.0	1.8	20.4
Moderate	0	0.0	11.8	0	0.0	9.1	0	0.0	10.9	0	0.0	8.3	15.5
Middle	1	20.0	17.7	100	21.7	15.0	0	0.0	16.7	0	0.0	13.8	18.9
Upper	4	80.0	62.7	360	78.3	68.2	2	100.0	66.1	239	100.0	72.6	45.3
Unknown	0	0.0	4.0	0	0.0	5.2	0	0.0	3.1	0	0.0	3.5	0.0
Total	5	100.0	100.0	460	100.0	100.0	2	100.0	100.0	239	100.0	100.0	100.0
Total Home Mortgage Loans													
Low	0	0.0	2.8	0	0.0	1.4	0	0.0	2.6	0	0.0	1.3	20.4
Moderate	2	7.4	13.1	318	4.4	8.7	3	8.6	12.7	550	4.9	8.8	15.5
Middle	3	11.1	21.3	375	5.2	17.8	1	2.9	20.2	194	1.7	17.4	18.9
Upper	10	37.0	45.9	2,019	28.0	55.5	17	48.6	45.7	7,416	66.1	54.4	45.3
Unknown	12	44.4	16.8	4,496	62.4	16.7	14	40.0	18.8	3,064	27.3	18.0	0.0
Total	27	100.0	100.0	7,208	100.0	100.0	35	100.0	100.0	11,224	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.													

Small Business Lending

The borrower distribution of small business lending is reasonable. The bank extended 39.6 percent by number volume and 27.8 percent by dollar volume to businesses with annual revenues of \$1 million or less in revenues, which is below the 93.4 percent of total businesses in the AA. In addition, the bank extended 33.3 percent of its small business loans to businesses with unknown revenues. The unknown revenues primarily relate to new businesses and instances where the bank did not rely on the businesses' revenues to underwrite the loans. Using loan size as a proxy for revenue, it is noted that 62.5 percent of all loans originated were less than \$250,000.

Given the significant level of competition from larger national and regional institutions, the bank extended 52.6 percent by number volume to small businesses in amounts of \$100,000 or less, which favorably reflects the bank's responsiveness to the needs of smaller business borrowers. Moreover, the community contact noted the need for small business loans in the AA, including the SBA's PPP loans, which the bank extended and were considered as part of the CD Test.

Table 12

Distribution of April 1 - September 30, 2021 Small Business Lending By Revenue Size of Businesses Assessment Area: Denton Metropolitan					
	Bank Loans				Total Businesses %
	#	#%	\$(000)	%	
By Revenue					
\$1 Million or Less	19	39.6	3,736	27.8	93.4
Over \$1 Million	13	27.1	5,415	40.3	5.5
Revenue Unknown	16	33.3	4,276	31.8	1.1
Total	48	100.0	13,427	100.0	100.0
By Loan Size					
\$100,000 or Less	18	37.5	1,016	7.6	
\$100,001 - \$250,000	12	25.0	2,113	15.7	
\$250,001 - \$1 Million	18	37.5	10,297	76.7	
Total	48	100.0	13,427	100.0	
By Loan Size and Revenues \$1 Million or Less					
\$100,000 or Less	10	52.6	487	13.0	
\$100,001 - \$250,000	4	21.1	771	20.6	
\$250,001 - \$1 Million	5	26.3	2,478	66.3	
Total	19	100.0	3,736	100.0	
<i>Source: 2021 FFIEC Census Data 2020 Dun & Bradstreet Data - latest as of table generation date 2011-2015 U.S. Census Bureau: American Community Survey</i>					
<i>Note: Percentages may not total 100.0 percent due to rounding.</i>					

COMMUNITY DEVELOPMENT TEST

The bank's CD performance demonstrates excellent responsiveness. The majority of the bank's CD activity took place in the Denton Metropolitan AA. The bank focused its CD resources in revitalizing and stabilizing initiatives, such as extending PPP loans to small businesses in response to the COVID-19 pandemic.

Table 13

Community Development Activity Assessment Area: Denton Metropolitan									
Community Development Purpose	Community Development Loans		Qualified Investments						Community Development Services
			Investments		Donations		Total Investments		
	#	\$(000)	#	\$(000)	#	\$(000)	#	\$(000)	#
Affordable Housing	-	-	-	-	-	-	-	-	-
Community Services	-	-	3	2,935	6	15	9	2,950	14
Economic Development	-	-	-	-	-	-	-	-	3
Revitalization and Stabilization	202	20,669	5	2,662	-	-	5	2,662	-
Totals	202	20,669	8	5,597	6	15	14	5,612	17

GRAHAM NONMETROPOLITAN ASSESSMENT AREA
(Limited-Scope Review)

DESCRIPTION OF THE INSTITUTION'S OPERATIONS IN GRAHAM ASSESSMENT AREA

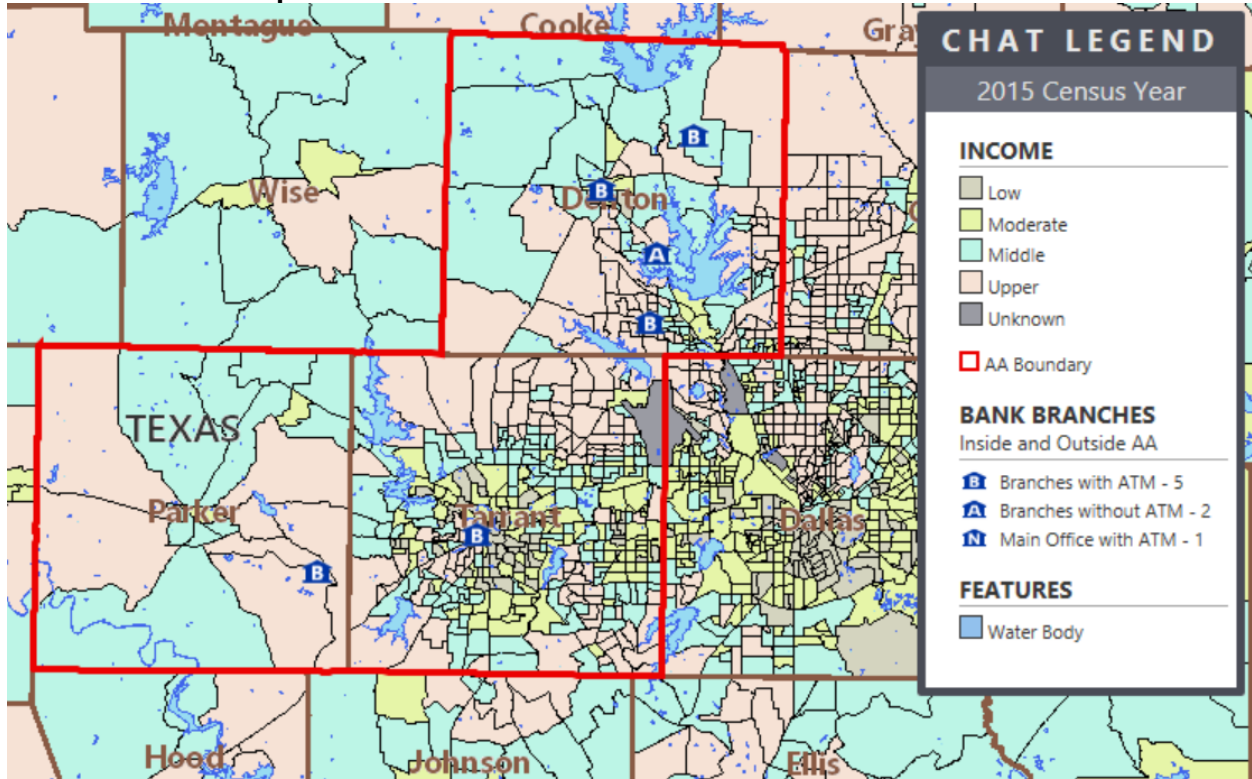
The Graham Nonmetropolitan AA is made up of the entirety of Jack and Young counties. The AA consists of seven census tracts; five middle-income and two upper-income census tracts. The bank is headquartered in Graham, TX, which is located in a middle-income underserved census tract in Young County, and operates an additional branch in Bryson, TX, located in Jack County. As of June 30, 2021, the bank had \$265.4 million in deposits in the AA, representing a 26.2 percent market share. A limited-scope review was conducted for the Graham Nonmetropolitan AA, as it contains less than 35.9 and 42.0 percent of the bank's deposit and loan volume respectively. As a limited-scope review was performed for this AA, the bank's activities carried less weight when rating the overall performance in meeting the credit and CD needs of the communities it serves.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN THE GRAHAM NONMETROPOLITAN ASSESSMENT AREA

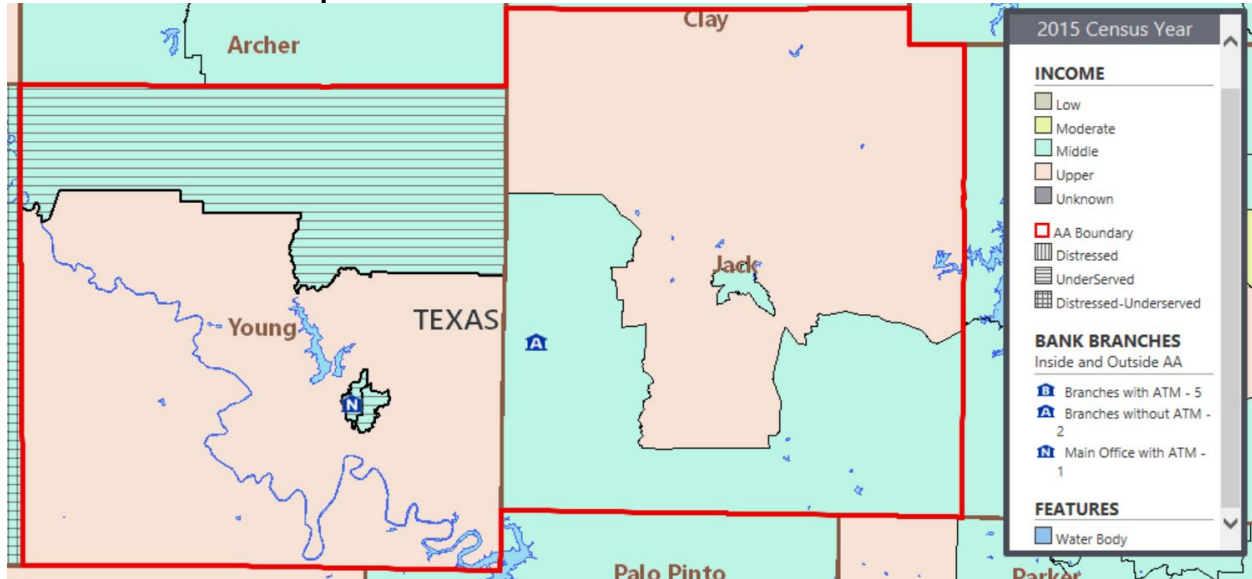
Through the use of available facts and data, including performance and demographic information, the AA's performance was evaluated and compared with the bank's performance in the state of Texas. The institution's lending performance in the Graham Nonmetropolitan AA is consistent with the institution's lending performance overall. Additionally, the bank's CD performance in the AA is consistent with the institution's overall CD performance. Please refer to the tables in the Appendices for information on small business and HMDA lending in this AA.

APPENDIX A – MAPS OF THE ASSESSMENT AREAS

A-1 – Denton Metropolitan Assessment Area



A-2 Graham Nonmetropolitan Assessment Area



APPENDIX B – DEMOGRAPHIC INFORMATION

Table 14

2020 Denton Metropolitan AA Demographics								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low	53	10.3	44,464	6.5	15,985	36.0	138,942	20.4
Moderate	111	21.6	121,403	17.8	22,953	18.9	105,448	15.5
Middle	174	33.9	241,660	35.5	19,148	7.9	128,504	18.9
Upper	174	33.9	273,771	40.2	8,665	3.2	308,404	45.3
Unknown	1	0.2	0	0.0	0	0.0	0	0.0
Total AA	513	100.0	681,298	100.0	66,751	9.8	681,298	100.0
	Housing Units by Tract	Housing Type by Tract						
		Owner-occupied		Rental		Vacant		
		#	% by tract	% by unit	#	% by unit	#	% by unit
Low	85,756	22,360	3.7	26.1	51,414	60.0	11,982	14.0
Moderate	211,891	87,129	14.3	41.1	103,461	48.8	21,301	10.1
Middle	380,167	219,075	35.9	57.6	134,080	35.3	27,012	7.1
Upper	376,361	280,851	46.1	74.6	75,423	20.0	20,087	5.3
Unknown	12	0	0.0	0.0	0	0.0	12	100.0
Total AA	1,054,187	609,415	100.0	57.8	364,378	34.6	80,394	7.6
	Total Businesses by Tract		Businesses by Tract & Revenue Size					
			Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported	
			#	%	#	%	#	%
Low	8,495	5.5	7,686	5.3	743	8.8	66	3.9
Moderate	25,937	16.8	23,492	16.3	2,259	26.6	186	10.9
Middle	47,206	30.5	44,548	30.8	2,241	26.4	417	24.4
Upper	72,958	47.2	68,722	47.5	3,197	37.7	1,039	60.8
Unknown	126	0.1	83	0.1	42	0.5	1	0.1
Total AA	154,722	100.0	144,531	100.0	8,482	100.0	1,709	100.0
Percentage of Total Businesses:				93.4		5.5		1.1
	Total Farms by Tract		Farms by Tract & Revenue Size					
			Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported	
			#	%	#	%	#	%
Low	23	1.4	22	1.4	1	6.7	0	0.0
Moderate	113	6.9	111	6.9	2	13.3	0	0.0
Middle	552	33.9	551	34.1	1	6.7	0	0.0
Upper	942	57.8	931	57.6	11	73.3	0	0.0
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	1,630	100.0	1,615	100.0	15	100.0	0	0.0
Percentage of Total Farms:				99.1		0.9		0.0
<p>Source: 2020 FFIEC Census Data 2020 Dun & Bradstreet Data 2011-2015 U.S. Census Bureau: American Community Survey</p> <p>Note: Percentages may not total 100.0 percent due to rounding.</p>								

APPENDIX C – FULL SCOPE ASSESSMENT AREA TABLE

Table 15

Distribution of 2018 Home Mortgage Lending By Borrower Income Level Assessment Area: Denton Metropolitan							
Borrower Income Level	Bank And Aggregate Loans						Families by Family Income %
	Bank		Agg	Bank		Agg	
	#	#%	#%	\$(000)	\$%	\$%	
Home Purchase Loans							
Low	0	0.0	2.6	0	0.0	1.3	20.6
Moderate	0	0.0	13.1	0	0.0	8.9	15.5
Middle	5	19.2	22.1	648	7.4	19.1	18.9
Upper	12	46.2	46.6	3,904	44.6	57.3	45.0
Unknown	9	34.6	15.6	4,211	48.1	13.4	0.0
Total	26	100.0	100.0	8,763	100.0	100.0	100.0
Refinance Loans							
Low	0	0.0	6.2	0	0.0	3.4	20.6
Moderate	0	0.0	14.0	0	0.0	9.5	15.5
Middle	1	16.7	21.2	114	4.7	17.4	18.9
Upper	4	66.7	45.6	980	40.7	57.5	45.0
Unknown	1	16.7	12.9	1,313	54.5	12.2	0.0
Total	6	100.0	100.0	2,407	100.0	100.0	100.0
Home Improvement Loans							
Low	0	0.0	4.3	0	0.0	2.9	20.6
Moderate	1	25.0	9.2	145	39.9	7.4	15.5
Middle	0	0.0	16.7	0	0.0	12.9	18.9
Upper	3	75.0	63.2	218	60.1	66.4	45.0
Unknown	0	0.0	6.6	0	0.0	10.4	0.0
Total	4	100.0	100.0	363	100.0	100.0	100.0
Total Home Mortgage Loans							
Low	0	0.0	3.5	0	0.0	1.8	20.6
Moderate	1	2.5	12.9	145	1.2	8.9	15.5
Middle	7	17.5	21.2	796	6.7	18.4	18.9
Upper	22	55.0	46.0	5,440	45.7	56.7	45.0
Unknown	10	25.0	16.4	5,524	46.4	14.2	0.0
Total	40	100.0	100.0	11,905	100.0	100.0	100.0
<p>Source: 2018 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.</p>							

APPENDIX D – LIMITED SCOPE REVIEW ASSESSMENT AREA TABLES

Table 16

2020 Graham Nonmetropolitan AA Demographics								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low	0	0.0	0	0.0	0	0.0	1,244	16.6
Moderate	0	0.0	0	0.0	0	0.0	1,581	21.1
Middle	5	71.4	5,087	67.9	619	12.2	1,143	15.3
Upper	2	28.6	2,407	32.1	196	8.1	3,526	47.1
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	7	100.0	7,494	100.0	815	10.9	7,494	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	0	0	0.0	0.0	0	0.0	0	0.0
Middle	8,785	5,218	66.4	59.4	1,923	21.9	1,644	18.7
Upper	3,950	2,646	33.6	67.0	359	9.1	945	23.9
Unknown	0	0	0.0	0.0	0	0.0	0	0.0
Total AA	12,735	7,864	100.0	61.8	2,282	17.9	2,589	20.3
	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	0	0.0	0	0.0	0	0.0	0	0.0
Middle	1,016	70.6	920	70.5	77	72.0	19	67.9
Upper	424	29.4	385	29.5	30	28.0	9	32.1
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	1,440	100.0	1,305	100.0	107	100.0	28	100.0
Percentage of Total Businesses:			90.6		7.4		1.9	
	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	0	0.0	0	0.0	0	0.0	0	0.0
Middle	62	55.4	62	55.4	0	0.0	0	0.0
Upper	50	44.6	50	44.6	0	0.0	0	0.0
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	112	100.0	112	100.0	0	0.0	0	0.0
Percentage of Total Farms:			100.0		0.0		0.0	
Source: 2020 FFIEC Census Data								
2020 Dun & Bradstreet Data								
2011-2015 U.S. Census Bureau: American Community Survey								
Note: Percentages may not total 100.0 percent due to rounding.								

Table 17

Distribution of 2019 and 2020 Home Mortgage Lending By Income Level of Geography Assessment Area: Graham Nonmetropolitan													
Geographic Income Level	Bank And Aggregate Loans By Year												Owner Occupied Units %
	2019						2020						
	Bank		Agg	Bank		Agg	Bank		Agg	Bank		Agg	
	#	#%	#%	\$(000)	\$%	\$%	#	#%	#%	\$(000)	\$%	\$%	
Low	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0.0
Moderate	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0.0
Middle	4	30.8	68.0	185	7.0	59.9	8	88.9	63.9	535	86.0	56.0	66.4
Upper	9	69.2	32.0	2,474	93.0	40.1	1	11.1	36.1	87	14.0	44.0	33.6
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	13	100.0	100.0	2,659	100.0	100.0	9	100.0	100.0	622	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 18

Distribution of 2018 Home Mortgage Lending By Income Level of Geography Assessment Area: Graham Nonmetropolitan							
Geographic Income Level	Bank And Aggregate Loans						Owner Occupied Units %
	Bank		Agg	Bank		Agg	
	#	#%	#%	\$(000)	\$%	\$%	
Low	0	0.0	0.0	0	0.0	0.0	0.0
Moderate	0	0.0	0.0	0	0.0	0.0	0.0
Middle	12	75.0	64.8	684	68.6	51.2	66.4
Upper	4	25.0	35.2	313	31.4	48.8	33.6
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	16	100.0	100.0	997	100.0	100.0	100.0

Source: 2018 FFIEC Census Data
2011-2015 U.S. Census Bureau: American Community Survey
Note: Percentages may not total 100.0 percent due to rounding.

Table 19

Distribution of 2019 and 2020 Home Mortgage Lending By Borrower Income Level Assessment Area: Graham Nonmetropolitan													
Borrower Income Level	Bank And Aggregate Loans By Year												Families by Family Income %
	2019						2020						
	Bank		Agg		Bank		Agg		Bank		Agg		
	#	#%	#%	\$(000)	\$%	\$%	#	#%	#%	\$(000)	\$%	\$%	
Low	1	7.7	3.5	34	1.3	1.5	1	11.1	2.7	47	7.6	1.0	16.6
Moderate	1	7.7	10.2	33	1.2	6.0	1	11.1	9.9	80	12.9	6.1	21.1
Middle	1	7.7	22.1	126	4.7	17.3	3	33.3	16.6	190	30.5	12.1	15.3
Upper	10	76.9	49.5	2,466	92.7	59.7	4	44.4	52.9	305	49.0	63.4	47.1
Unknown	0	0.0	14.7	0	0.0	15.5	0	0.0	17.8	0	0.0	17.3	0.0
Total	13	100.0	100.0	2,659	100.0	100.0	9	100.0	100.0	622	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 20

Distribution of 2018 Home Mortgage Lending By Borrower Income Level Assessment Area: Graham Nonmetropolitan							
Borrower Income Level	Bank And Aggregate Loans						Families by Family Income %
	Bank		Agg	Bank		Agg	
	#	#%	#%	\$(000)	\$%	\$%	
Low	6	37.5	2.6	318	31.9	0.9	16.5
Moderate	2	12.5	10.6	63	6.3	6.6	21.1
Middle	3	18.8	20.1	210	21.1	15.0	15.3
Upper	3	18.8	52.0	300	30.1	64.9	47.1
Unknown	2	12.5	14.8	106	10.6	12.6	0.0
Total	16	100.0	100.0	997	100.0	100.0	100.0

Source: 2018 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 21

Distribution of April 1 - September 30, 2021 Small Business Lending By Income Level of Geography Assessment Area: Graham Nonmetropolitan					
Geographic Income Level	Bank Loans				Total Businesses %
	#	#%	\$(000)	%	
Low	0	0.0	0	0.0	0.0
Moderate	0	0.0	0	0.0	0.0
Middle	14	63.6	644	27.6	70.6
Upper	8	36.4	1,689	72.4	29.4
Unknown	0	0.0	0	0.0	0.0
Tract-Unk	0	0.0	0	0.0	
Total	22	100.0	2,333	100.0	100.0

Source: 2021 FFIEC Census Data
2020 Dun & Bradstreet Data - latest as of table generation date
2011-2015 U.S. Census Bureau: American Community Survey
Note: Percentages may not total 100.0 percent due to rounding.

Table 21

Distribution of April 1 - September 30, 2021 Small Business Lending By Revenue Size of Businesses Assessment Area: Graham Nonmetropolitan					
	Bank Loans				Total Businesses %
	#	#%	\$(000)	%	
By Revenue					
\$1 Million or Less	13	59.1	668	28.6	90.6
Over \$1 Million	2	9.1	1,412	60.5	7.4
Revenue Unknown	7	31.8	253	10.8	1.9
Total	22	100.0	2,333	100.0	100.0
By Loan Size					
\$100,000 or Less	17	77.3	346	14.8	
\$100,001 - \$250,000	3	13.6	575	24.6	
\$250,001 - \$1 Million	2	9.1	1,412	60.5	
Total	22	100.0	2,333	100.0	
By Loan Size and Revenues \$1 Million or Less					
\$100,000 or Less	11	84.6	218	32.6	
\$100,001 - \$250,000	2	15.4	450	67.4	
\$250,001 - \$1 Million	0	0.0	0	0.0	
Total	13	100.0	668	100.0	

Source: 2021 FFIEC Census Data
2020 Dun & Bradstreet Data - latest as of table generation date
2011-2015 U.S. Census Bureau: American Community Survey
Note: Percentages may not total 100.0 percent due to rounding.

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 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.