



## **PUBLIC DISCLOSURE**

October 3, 2022

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

Ameristate Bank  
RSSD# 508355

131 South Pennsylvania Avenue  
Atoka, Oklahoma 74525

Federal Reserve Bank of Kansas City  
1 Memorial Drive  
Kansas City, Missouri 64198

**NOTE:** This document is an evaluation of this bank'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 bank. This evaluation is not, nor should it be construed as, an assessment of the financial condition of this bank. The rating assigned to this bank does not represent an analysis, conclusion or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial bank.

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## **INSTITUTION'S COMMUNITY REINVESTMENT ACT RATING**

Ameristate Bank (the bank) is rated Satisfactory. This rating is based on the following conclusions with respect to the performance criteria:

- The bank's net loan-to-deposit ratio (NLTD) is reasonable given the bank's size, financial condition, and assessment areas (AAs) credit needs.
- A majority of the bank's loans are originated inside the AAs.
- A reasonable distribution of loans occurs throughout the bank's AAs.
- Lending reflects an excellent 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 Kansas City (Reserve Bank) received any Community Reinvestment Act (CRA)-related complaints since the previous evaluation.

## **SCOPE OF EXAMINATION**

Examiners utilized the Federal Financial Institutions Examination Council's (FFIEC's) *Interagency Examination Procedures for 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. In addition, available aggregate data for the most recent three years 2018, 2019, and 2020 was referenced for additional perspective to gauge credit demand within the bank's AA. Lending performance was assessed within the bank's two AAs. The Southeast Oklahoma AA and Sherman-Denison Texas Metropolitan Statistical Area (MSA) were assessed using a full-scope review. Examiners reviewed the following data:

- The bank's 19-quarter average NLTD ratio.
- The universe of 91 home mortgage loans reported on the bank's Home Mortgage Disclosure Act (HMDA) Loan/Application Register between January 1, 2021 and December 31, 2021.
- A statistical sample of 99 small business loans selected from a universe of 195 loans originated between January 1, 2021 and December 31, 2021.
- Given the bank's strategic focus and a majority of the bank's business is conducted within the state of Oklahoma, more weight is given to the overall state rating of Oklahoma compared to Texas.
- The bank's small business lending was given more weight compared to home mortgage lending in the analysis, given that the bank is primarily a commercial lender.

**DESCRIPTION OF INSTITUTION**

The bank is a community bank headquartered in Atoka, Oklahoma. The bank's characteristics include:

- The bank is a wholly owned subsidiary of Atoka State Bancorporation, Inc.
- The bank has total assets of \$419.8 million as of March 31, 2022.
- In addition to its main office in Atoka, the bank operates two additional branches in Atoka and three additional branches located in Antlers, Tishomingo, and Hugo, Oklahoma. Two of these branches are new locations, opened since the prior examination. This includes a de novo branch that was opened on June 9, 2021 in Tishomingo, Oklahoma, located 40 miles west of Atoka. In addition, the bank acquired a branch from BancFirst on January 25, 2021 in Hugo, Oklahoma, located 50 miles southeast of Atoka. The bank also operates one branch in Sherman, Texas.
- The bank operates seven full-service automated teller machines, (ATMs); located in each of the bank's locations, with an additional stand-alone full-service ATM located in Tushka, Oklahoma.
- As shown in Table 1, the bank's primary business focus is commercial lending.

**Table 1**

<b>Composition of Loan Portfolio as of March 31, 2022</b>		
<b>Loan Type</b>	<b>\$(000)</b>	
Construction and Land Development	19,995	8.0
Farmland	32,848	13.2
1- to 4- Family Residential Real Estate	59,493	23.8
Multifamily Residential Real Estate	0	0.0
Nonfarm Nonresidential Real Estate	84,420	33.8
Agricultural	6,286	2.5
Commercial and Industrial	24,322	9.7
Consumer	20,094	8.0
Other	2,317	0.9
Gross Loans	249,775	100.0
<i>Note: Percentages may not total 100.0 percent due to rounding.</i>		

The bank was rated Satisfactory under the CRA at its December 11, 2017 performance evaluation. 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 CRITERIA<sup>1</sup>**

This performance evaluation first discusses the bank's overall performance, followed by an in-depth evaluation of performance in the Southeast Oklahoma AA (full-scope review) and the Sherman-Denison MSA AA (full-scope review) and the states of Oklahoma and Texas.

The bank's overall lending test performance is Satisfactory. This is based on a reasonable NLTD ratio, a majority of loans originated within the bank's AAs, a reasonable geographic distribution, and an excellent borrower distribution of loans within the bank's full-scope review AAs. A majority of the bank's total deposits and business is held and conducted within the state of Oklahoma, therefore, the state of Oklahoma was given more weight in the analysis. The bank's small business lending was given more weight in the analysis, as the bank is primarily a commercial lender. For home mortgage lending, additional emphasis was placed on the bank's performance in comparison to aggregate lending data, rather than demographic figures, as aggregate lending data is considered representative of credit demand.

### **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 Federal Deposit Insurance Corporation (FDIC)-insured institutions. The similarly situated institutions were selected based on similar lending portfolio compositions and geographic proximity to the bank. The bank's NLTD ratio is reasonable. The bank's NLTD ratio of 79.3 percent falls within the range of the five similarly situated banks.

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<sup>1</sup> The net loan-to-deposit ratio and percentage of loans and other lending-related activity in the assessment area only apply to the institution overall. No discussion of these performance criteria applies to sections of the performance evaluation related to states, multistate metropolitan areas, and assessment areas.

**Table 2**

Comparative NLTD Ratios September 30, 2017 – March 31, 2022			
Institution	Location	Asset Size \$(000)	NLTD Ratio (%)
			19 Quarter Average
Ameristate Bank	Atoka, Oklahoma	419,806	79.3
<b>Similarly Situated Institutions</b>			
Cendera Bank N.A.	Bells, Texas	144,551	91.8
The First National Bank of Tom Bean	Tom Bean, Texas	133,376	80.2
Shamrock Bank N.A.	Coalgate, Oklahoma	419,177	69.3
First Texoma National Bank	Durant, Oklahoma	226,211	84.3
Security First National Bank of Hugo	Hugo, Oklahoma	138,353	86.4

**Assessment Area Concentration**

This performance criterion evaluates the percentage of lending extended inside and outside of the AAs. The bank originated a majority of loans, by number and dollar, inside the AAs.

**Table 3**

Lending Inside and Outside the Assessment Areas								
Loan Type	Inside				Outside			
	#	#	\$(000)	\$	#	#	\$(000)	\$
Home Purchase - Conventional	44	71.0	5,716	55.5	18	29.0	4,576	44.5
Home Improvement	3	100.0	145	100.0	0	0.0	0	0.0
Multi-Family Housing	0	0.0	0	0.0	1	100.0	705	100.0
Other Purpose Closed-End	2	100.0	156	100.0	0	0.0	0	0.0
Refinancing	22	95.7	2,590	97.5	1	4.3	67	2.5
<b>Total HMDA related</b>	<b>71</b>	<b>78.0</b>	<b>8,607</b>	<b>61.7</b>	<b>20</b>	<b>22.0</b>	<b>5,348</b>	<b>38.3</b>
Small Business	71	71.7	4,862	41.3	28	28.3	6,911	58.7
<b>Total Small Business related</b>	<b>71</b>	<b>71.7</b>	<b>4,862</b>	<b>41.3</b>	<b>28</b>	<b>28.3</b>	<b>6,911</b>	<b>58.7</b>
<b>Total Loans</b>	<b>142</b>	<b>74.7</b>	<b>13,469</b>	<b>52.4</b>	<b>48</b>	<b>25.3</b>	<b>12,259</b>	<b>47.6</b>

*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 loans reflects reasonable distribution among the different census tracts and dispersion throughout the AAs. The state ratings for Oklahoma and Texas are consistent with the overall rating and there were no material differences between the conclusions of the AAs.

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

This performance criterion evaluates the bank's lending to borrowers of different income levels and businesses of different revenue sizes. The bank's lending has an overall excellent distribution among individuals of different income levels and businesses of different sizes. The state ratings for Oklahoma and Texas are consistent with the overall rating and there were no material differences between the conclusions of the AAs.

**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.

**STATE OF OKLAHOMA  
SOUTHEAST OKLAHOMA ASSESSMENT AREA  
NONMETROPOLITAN AREA  
(Full-Scope Review)**

**COMMUNITY INVESTMENT ACT RATING FOR OKLAHOMA: Satisfactory**

This rating is based on the following conclusions with respect to the performance criteria:

- A reasonable distribution of loans occurs throughout the bank's AA.
- Lending reflects an excellent distribution among individuals of different income levels, including LMI, and businesses of different sizes.

**SCOPE OF EXAMINATION**

The scope of the review for the state of Oklahoma was consistent with the overall scope for the institution. A full-scope review was conducted for the Southeast Oklahoma AA. A statistical sample of 60 HMDA loans were selected from a universe of 91 loans and 51 small business loans selected from a universe of 195 loans originated between January 1, 2021 and December 31, 2021 were evaluated for the State of Oklahoma analysis.

**DESCRIPTION OF THE INSTITUTION'S OPERATIONS IN OKLAHOMA/SOUTHEAST OKLAHOMA AA**

The bank's Southeast Oklahoma AA consists of the entire counties of Johnston, Atoka, Pushmataha, and Choctaw (see Appendix B for an AA map and Appendix C for additional demographic data).

- The AA has changed since the previous examination. The bank's Southeast Oklahoma AA now also includes Choctaw and Johnston counties in their entirety. This change is effective for 2021 and is the result of the opening of two new branches (one in each of the added counties).
- In addition to its main office in Atoka, the bank operates two additional branches in Atoka and three additional branches in Antlers, Tishomingo, and Hugo, Oklahoma.
- The AA is comprised of six moderate-, eight middle-, and one upper-income census tract. At the previous evaluation on December 11, 2017, the AA had four moderate- and three middle-income census tracts.
- According to the June 30, 2021 FDIC Deposit Market Share Report, the bank has a market share of 30.3 percent, which ranked first out of eight FDIC-insured depository institutions operating in the AA.



- One interview with a member of the community within the bank’s AA was conducted to ascertain the credit needs of the communities, the responsiveness of area banks in meeting those credit needs, and the local economic conditions. The community member represented an organization that supports local businesses and economic development within the AA.

**Table 4**

<b>Population Change</b>			
<b>Assessment Area: Southeast Oklahoma</b>			
<b>Area</b>	<b>2010 Population</b>	<b>2015 Population</b>	<b>Percent Change</b>
Southeast Oklahoma AA	51,916	51,274	(1.2)
Atoka County, OK	14,182	13,906	(1.9)
Choctaw County, OK	15,205	15,120	(0.6)
Johnston County, OK	10,957	11,022	0.6
Pushmataha County, OK	11,572	11,226	(3.0)
NonMSA Oklahoma	1,327,624	1,333,350	0.4
Oklahoma	3,751,351	3,849,733	2.6

*Source: 2010 U.S. Census Bureau Decennial Census  
2011 – 2015 U.S. Census Bureau American Community Survey*

- According to the 2020 Census, the AA’s population decreased 3.6 percent from 2015 to 2020, representing a population figure of 49,431.

**Table 5**

<b>Median Family Income Change</b>			
<b>Assessment Area: Southeast Oklahoma</b>			
<b>Area</b>	<b>2010 Median Family Income</b>	<b>2015 Median Family Income</b>	<b>Percent Change</b>
Southeast Oklahoma AA	41,980	43,995	4.8
Atoka County, OK	46,301	42,605	(8.0)
Choctaw County, OK	39,723	43,750	10.1
Johnston County, OK	42,528	47,218	11.0
Pushmataha County, OK	40,836	41,591	1.8
NonMSA Oklahoma	51,664	51,491	(0.3)
Oklahoma	58,375	58,029	(0.6)

*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.*

- According to the 2015 American Community Survey, 46.7 percent of AA families are considered LMI, which is above the statewide and nonmetropolitan figures at 39.2 percent and 39.3 percent, respectively.
- The percentage of AA families living below the poverty line, at 18.1 percent, is above both the statewide figure of 12.4 percent and the nonmetropolitan figure of 14.2 percent. By county, the percentage of families below the poverty line

varies, ranging from 14.8 percent in Johnston County to 21.7 percent in Choctaw County.

**Table 6**

<b>Housing Cost Burden</b>						
<b>Assessment Area: Southeast Oklahoma</b>						
<b>Area</b>	<b>Cost Burden - Renters</b>			<b>Cost Burden - Owners</b>		
	<b>Low Income</b>	<b>Moderate Income</b>	<b>All Renters</b>	<b>Low Income</b>	<b>Moderate Income</b>	<b>All Owners</b>
Southeast Oklahoma AA	56.8	30.2	36.1	47.7	19.4	16.2
Atoka County, OK	56.7	32.4	35.1	53.1	22.2	17.5
Choctaw County, OK	60.5	33.8	42.4	45.9	15.9	16.6
Johnston County, OK	58.9	33.6	33.9	43.8	21.4	15.6
Pushmataha County, OK	47.9	16.7	29.2	48.5	18.3	14.8
NonMSA Oklahoma	64.3	33.4	34.7	50.9	23.8	16.0
Oklahoma	72.2	37.1	38.1	55.1	28.2	16.6

*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 median housing value in the AA of \$78,935 is below the statewide figure of \$117,900 and the nonmetropolitan figure of \$91,490.
- The AA median gross rent of \$544 is also below both the statewide and nonmetropolitan figures of \$727 and \$634, respectively.

**Table 7**

<b>Unemployment Rates</b>					
<b>Assessment Area: Southeast Oklahoma</b>					
<b>Area</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>
Southeast Oklahoma AA	5.1	4.1	4.4	7.3	4.7
Atoka County, OK	5.0	4.0	4.1	7.2	4.7
Choctaw County, OK	5.8	4.8	4.6	7.6	5.2
Johnston County, OK	3.8	2.8	4.1	7.7	4.6
Pushmataha County, OK	5.9	5.0	4.7	6.8	4.2
NonMSA Oklahoma	4.3	3.5	3.4	6.0	3.8
Oklahoma	4.0	3.3	3.1	6.2	3.8

*Source: Bureau of Labor Statistics: Local Area Unemployment Statistics*

- A community member indicated oil and gas have traditionally been the largest industries in the area, although this economic sector is cyclical and currently in a downturn. They also noted other major industries in the AA include health and social services, manufacturing, and educational services.
- Major employers in the AA include the Choctaw Nation of Oklahoma, Little Dixie Community Action Agency, Sundown Trailer, and INCA.

**Table 8**

<b>Small Business Loan Trends</b>					
<b>Assessment Area: Southeast Oklahoma</b>					
<b>Area</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>
Southeast Oklahoma AA	447	486	497	527	676
Atoka County, OK	113	131	139	153	139
Choctaw County, OK	145	138	142	156	215
Johnston County, OK	110	128	142	140	236
Pushmataha County, OK	79	89	74	78	86
NonMSA Oklahoma	14,861	15,437	16,027	17,554	20,229
Oklahoma	53,776	55,813	56,117	64,639	74,506

*Source: Federal Financial Institutions Examination Council (FFIEC) Community Reinvestment Act Aggregate Data*

- Table 8 denotes increasing demand for small business loans over time, including a growth rate of 51.2 percent in the AA between 2016 and 2020. This is above the statewide and nonmetropolitan growth rates over the same period of time at 38.5 percent and 36.1 percent, respectively.
- A community member indicated that several financial institutions in the area have historically been strong small business lenders, including the bank.

**Table 9**

<b>Home Mortgage Loan Trends</b>			
<b>Assessment Area: Southeast Oklahoma</b>			
<b>Area</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>
Southeast Oklahoma AA	406	439	538
Atoka County, OK	118	127	136
Choctaw County, OK	80	112	121
Johnston County, OK	109	125	159
Pushmataha County, OK	99	75	122
NonMSA Oklahoma	16,715	17,862	24,228
Oklahoma	68,496	76,460	113,999

*Source: Federal Financial Institutions Examination Council (FFIEC), Home Mortgage Disclosure Act Loan/Application Records*

- The surge in home mortgage lending in 2020 was driven, in part, by low interest rates that increased both home purchase and refinance lending resulting from a shift to work from home after the onset of the Coronavirus Disease 2019 Pandemic (pandemic).

**CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA IN  
OKLAHOMA/SOUTHEAST OKLAHOMA AA**

The bank's performance under the lending test in the Southeast Oklahoma AA is reasonable and the state of Oklahoma is rated Satisfactory. This is based on reasonable small business and HMDA loan penetration among geographies of different income levels and reasonable levels of lending to borrowers of different income levels and excellent levels of lending to businesses of different revenue sizes.

**Geographic Distribution of Loans**

The bank's geographic distribution of loans reflects reasonable distribution among the different census tracts and dispersion throughout the AA.

Total Home Mortgage Lending

The geographic distribution of total home mortgage lending is reasonable. The distribution of total home mortgage loans in the moderate-income census tracts was above the aggregate lending data and the demographic figure. In addition, an evaluation of the bank's dispersion of home mortgage lending revealed no material gaps or lapses throughout the AA.

Home Purchase Lending

The geographic distribution of home purchase lending is reasonable. The bank's lending in the moderate-income census tracts is comparable to aggregate lending data and the demographic figure. In addition, an evaluation of the bank's dispersion of home purchase lending revealed no material gaps or lapses throughout the AA. Home Purchase loans account for 63.3 percent of the total home mortgage loans.

**Table 10**

Distribution of 2021 Home Mortgage Lending By Income Level of Geography							
Assessment Area: Southeast Oklahoma							
Geographic Income Level	Bank And Aggregate Loans						Owner Occupied Units %
	Bank		Agg	Bank		Agg	
	#	№%	№%	\$(000)	№%	№%	
<b>Home Purchase Loans</b>							
Low	0	0.0	0.0	0	0.0	0.0	0.0
Moderate	20	52.6	45.7	2,342	50.7	40.2	43.5
Middle	18	47.4	46.8	2,273	49.3	50.9	49.2
Upper	0	0.0	7.5	0	0.0	8.9	7.3
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	
<b>Total</b>	<b>38</b>	<b>100.0</b>	<b>100.0</b>	<b>4,615</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
<b>Refinance Loans</b>							
Low	0	0.0	0.0	0	0.0	0.0	0.0
Moderate	11	57.9	43.4	1,778	72.8	40.9	43.5
Middle	8	42.1	49.7	665	27.2	52.0	49.2
Upper	0	0.0	6.9	0	0.0	7.1	7.3
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	
<b>Total</b>	<b>19</b>	<b>100.0</b>	<b>100.0</b>	<b>2,443</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
<b>Home Improvement Loans</b>							
Low	0	0.0	0.0	0	0.0	0.0	0.0
Moderate	1	100.0	40.0	27	100.0	37.1	43.5
Middle	0	0.0	60.0	0	0.0	62.9	49.2
Upper	0	0.0	0.0	0	0.0	0.0	7.3
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	
<b>Total</b>	<b>1</b>	<b>100.0</b>	<b>100.0</b>	<b>27</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
<b>Multifamily Loans</b>							<b>Multi-family Units %</b>
Low	0	0.0	0.0	0	0.0	0.0	0.0
Moderate	0	0.0	0.0	0	0.0	0.0	86.0
Middle	0	0.0	0.0	0	0.0	0.0	9.6
Upper	0	0.0	0.0	0	0.0	0.0	4.3
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	
<b>Total</b>	<b>0</b>	<b>0.0</b>	<b>0.0</b>	<b>0</b>	<b>0.0</b>	<b>0.0</b>	<b>100.0</b>
<b>Total Home Mortgage Loans</b>							<b>Owner Occupied Units %</b>
Low	0	0.0	0.0	0	0.0	0.0	0.0
Moderate	34	56.7	44.2	4,303	59.4	40.2	43.5
Middle	26	43.3	48.6	2,938	40.6	51.9	49.2
Upper	0	0.0	7.2	0	0.0	7.9	7.3
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	
<b>Total</b>	<b>60</b>	<b>100.0</b>	<b>100.0</b>	<b>7,241</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
<p>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. Due to limited volume in the Other Purpose LOC, Other Purpose Closed/Exempt, and Purpose Not Applicable product categories, these categories are not displayed individually but are included in the total HMDA section of the table.</p>							

Small Business Lending

The geographic distribution of small business lending is reasonable. The bank's performance in the moderate-income census tracts is comparable to the percentage of total businesses operating within the moderate-income census tracts. In addition, an evaluation of the bank's dispersion of small business lending revealed no material gaps or lapses throughout the AA.

While the bank does not report CRA data, a review of the three-year average aggregate lending data (2018-2020) reported by all CRA-filers in the AA revealed that 53.1 percent of loans by number and 54.2 percent by dollar were made to small businesses. Aggregate CRA data is not used as a direct comparator for performance; however, it reflects small business loan demand in the area, which further supports the bank's reasonable small business lending performance.

**Table 11**

<b>Distribution of 2021 Small Business Lending By Income Level of Geography</b>					
<b>Assessment Area: Southeast Oklahoma</b>					
<b>Geographic Income Level</b>	<b>Bank Loans</b>				<b>Total Businesses %</b>
	<b>#</b>	<b>#%</b>	<b>\$(000)</b>	<b>\$%</b>	
<b>Low</b>	0	0.0	0	0.0	0.0
<b>Moderate</b>	24	47.1	2,288	73.1	68.2
<b>Middle</b>	27	52.9	842	26.9	28.9
<b>Upper</b>	0	0.0	0	0.0	3.0
<b>Unknown</b>	0	0.0	0	0.0	0.0
<b>Tract-Unk</b>	0	0.0	0	0.0	
<b>Total</b>	51	100.0	3,131	100.0	100.0

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

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

The bank's lending has an excellent distribution among individuals of different income levels and businesses of different sizes.

Total Home Mortgage Lending

The borrower distribution of home mortgage lending is reasonable. Lending to low-income borrowers is comparable to aggregate lending data and below the demographic figure. Lending to moderate-income borrowers is above aggregate lending data and comparable to the demographic figure.

Home Purchase Lending

The borrower distribution of home purchase lending is reasonable and reflects similar performance to total home mortgage lending. Lending to low-income borrowers is comparable to aggregate lending data and below the demographic figure. Lending to moderate-income borrowers is comparable to both aggregate lending data and the demographic figure.

**Table 12**

Distribution of 2021 Home Mortgage Lending By Borrower Income Level							
Assessment Area: Southeast Oklahoma							
Borrower Income Level	Bank And Aggregate Loans						Families by Family Income %
	Bank		Agg	Bank		Agg	
	#	%	%	\$(000)	%	%	
<b>Home Purchase Loans</b>							
Low	2	5.3	5.8	53	1.1	3.2	26.2
Moderate	7	18.4	18.9	405	8.8	13.9	20.5
Middle	6	15.8	22.8	618	13.4	19.7	19.2
Upper	23	60.5	38.4	3,539	76.7	46.9	34.1
Unknown	0	0.0	13.9	0	0.0	16.3	0.0
<b>Total</b>	<b>38</b>	<b>100.0</b>	<b>100.0</b>	<b>4,615</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
<b>Refinance Loans</b>							
Low	1	5.3	4.3	126	5.2	2.7	26.2
Moderate	4	21.1	10.2	573	23.5	6.0	20.5
Middle	3	15.8	19.4	147	6.0	16.7	19.2
Upper	11	57.9	48.4	1,597	65.4	55.4	34.1
Unknown	0	0.0	17.8	0	0.0	19.1	0.0
<b>Total</b>	<b>19</b>	<b>100.0</b>	<b>100.0</b>	<b>2,443</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
<b>Home Improvement Loans</b>							
Low	1	100.0	0.0	27	100.0	0.0	26.2
Moderate	0	0.0	0.0	0	0.0	0.0	20.5
Middle	0	0.0	40.0	0	0.0	13.4	19.2
Upper	0	0.0	60.0	0	0.0	86.6	34.1
Unknown	0	0.0	0.0	0	0.0	0.0	0.0
<b>Total</b>	<b>1</b>	<b>100.0</b>	<b>100.0</b>	<b>27</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
<b>Total Home Mortgage Loans</b>							
Low	4	6.7	5.0	206	2.8	2.9	26.2
Moderate	12	20.0	14.4	1,081	14.9	10.0	20.5
Middle	9	15.0	21.5	765	10.6	18.1	19.2
Upper	35	58.3	42.9	5,189	71.7	51.0	34.1
Unknown	0	0.0	16.1	0	0.0	17.9	0.0
<b>Total</b>	<b>60</b>	<b>100.0</b>	<b>100.0</b>	<b>7,241</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
<p>Source: 2021 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. Multifamily loans are not included in the borrower distribution analysis. Due to limited volume in the Other Purpose LOC, Other Purpose Closed/Exempt, and Purpose Not Applicable product categories, these categories are not displayed individually but are included in the total HMDA section of the table.</p>							



Small Business Lending

The borrower distribution of small business lending is excellent. The bank’s lending to businesses with revenues of \$1.0MM or less was comparable to the percentage of total businesses operating in the AA with revenues of \$1.0MM or less. Additionally, reviewing small business lending by loan amount, 98.0 percent of the bank’s loans were originated in the amounts of \$250,000 or less, which reflects the bank’s willingness to meet the credit needs of small businesses in the AA.

While the bank does not report CRA data, a review of the three-year average aggregate lending data (2018-2020) reported by all CRA-filers in the AA revealed that 33.7 percent of loans by number and 44.8 percent by dollar were made to small businesses. As previously stated, aggregate CRA data is not used as a direct comparator for performance; however, it reflects small business loan demand in the area, which further supports the bank’s excellent small business lending performance.

**Table 13**

<b>Distribution of 2021 Small Business Lending By Revenue Size of Businesses</b>					
<b>Assessment Area: Southeast Oklahoma</b>					
	<b>Bank Loans</b>				<b>Total Businesses</b>
	<b>#</b>	<b>#%</b>	<b>\$(000)</b>	<b>%</b>	
<b>By Revenue</b>					
<b>\$1 Million or Less</b>	47	92.2	2,030	64.8	89.5
<b>Over \$1 Million</b>	4	7.8	1,100	35.1	7.3
<b>Revenue Unknown</b>	0	0.0	0	0.0	3.3
<b>Total</b>	51	100.0	3,131	100.0	100.0
<b>By Loan Size</b>					
<b>\$100,000 or Less</b>	43	84.3	1,135	36.3	
<b>\$100,001 - \$250,000</b>	7	13.7	1,036	33.1	
<b>\$250,001 - \$1 Million</b>	1	2.0	959	30.6	
<b>Total</b>	51	100.0	3,131	100.0	
<b>By Loan Size and Revenues \$1 Million or Less</b>					
<b>\$100,000 or Less</b>	40	85.1	994	49.0	
<b>\$100,001 - \$250,000</b>	7	14.9	1,036	51.0	
<b>\$250,001 - \$1 Million</b>	0	0.0	0	0.0	
<b>Total</b>	47	100.0	2,030	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.					

**STATE OF TEXAS  
SHERMAN-DENISON TEXAS MSA ASSESSMENT AREA  
METROPOLITAN AREA  
(Full-Scope Review)**

**COMMUNITY INVESTMENT ACT RATING FOR TEXAS: Satisfactory**

This rating is based on the following conclusions with respect to the performance criteria:

- A reasonable distribution of loans occurs throughout the bank's AA.
- Lending reflects an excellent distribution among individuals of different income levels, including LMI, and businesses of different sizes.

**SCOPE OF EXAMINATION**

The scope of the review for the state of Texas was consistent with the overall scope for the institution. A full-scope review was conducted for the Sherman-Denison Texas MSA AA. A statistical sample of 11 HMDA loans were selected from a universe of 91 loans and 20 small business loans selected from a universe of 195 loans originated between January 1, 2021 and December 31, 2021 were evaluated for the State of Texas analysis. The bank's HMDA origination volume within the AA is too low to conduct a meaningful analysis of the individual loan product categories; thus, the product categories were combined and analyzed at the total HMDA level.

**DESCRIPTION OF THE INSTITUTION'S OPERATIONS IN TEXAS/SHERMAN-DENISON TEXAS MSA AA**

The bank's Sherman-Denison Texas MSA AA consists of Grayson County which comprises the Sherman-Denison Texas MSA (see Appendix B for an AA map and Appendix C for additional demographic data).

- The AA is comprised of eight moderate-, twelve middle-, and six upper-income census tracts. At the previous evaluation on December 11, 2017, the AA had eight moderate-, fifteen middle-, and three upper-income census tracts.
- The bank operates one branch located in Sherman, Texas.
- According to the June 30, 2021 FDIC Deposit Market Share Report, the bank has a market share of 1.4 percent, which ranked 10th out of 14 FDIC-insured depository institutions operating in the AA.
- One interview with a member of the community within the bank's AA was conducted to ascertain the credit needs of the communities, the responsiveness of area banks in meeting those credit needs, and the local

economic conditions. The community member represented an organization that supports local businesses and economic development within the AA.

**Table 14**

<b>Population Change</b>			
<b>Assessment Area: Sherman-Denison Texas MSA</b>			
<b>Area</b>	<b>2010 Population</b>	<b>2015 Population</b>	<b>Percent Change</b>
Sherman-Denison Texas MSA AA	120,877	122,780	1.6
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 2020 Census, the AA’s population has increased 10.4 percent between 2015 and 2020, reflecting a population figure of 135,543.
- A community member stated that the area continues to see a growth in population due to its location between Dallas, Texas and Oklahoma City, Oklahoma, and individuals wanting access to metropolitan areas but a smaller town feel.

**Table 15**

<b>Median Family Income Change</b>			
<b>Assessment Area: Sherman-Denison Texas MSA</b>			
<b>Area</b>	<b>2010 Median Family Income</b>	<b>2015 Median Family Income</b>	<b>Percent Change</b>
Sherman-Denison Texas MSA AA	62,749	60,873	(3.0)
Texas	63,314	62,717	(0.9)
<i>Source: 2006 - 2010 U.S. Census Bureau American Community Survey 2011 - 2015 U.S. Census Bureau American Community Survey Median Family Incomes have been inflation-adjusted and are expressed in 2015 dollars.</i>			

- The percentage of AA families living below the poverty line, at 12.3 percent, is below the statewide figure of 13.5 percent.
- According to the 2015 American Community Survey, 39.8 percent of AA families are considered LMI, which is comparable to the statewide figure at 39.9 percent.

**Table 16**

<b>Housing Cost Burden</b>						
<b>Assessment Area: Sherman-Denison Texas MSA</b>						
<b>Area</b>	<b>Cost Burden - Renters</b>			<b>Cost Burden - Owners</b>		
	<b>Low Income</b>	<b>Moderate Income</b>	<b>All Renters</b>	<b>Low Income</b>	<b>Moderate Income</b>	<b>All Owners</b>
Sherman-Denison Texas MSA AA	73.7	42.6	37.6	55.6	30.2	17.0
Texas	78.1	51.1	42.5	60.1	34.8	19.4
<i>Cost Burden is housing cost that equals 30 percent or more of household income</i>						

Source: U.S. Department of Housing and Urban Development (HUD), 2014 - 2018 Comprehensive Housing Affordability Strategy

- The median housing value in the AA of \$107,019 is below the statewide figure of \$136,000.
- The AA's median gross rent of \$780 is below the statewide figure of \$882.
- The AA's affordability ratio<sup>2</sup> of 44.9 percent is higher than the state of Texas at 39.1 percent, indicating greater levels of affordability in the AA.

**Table 17**

Unemployment Rates					
Assessment Area: Sherman-Denison Texas MSA					
Area	2017	2018	2019	2020	2021
Sherman-Denison Texas MSA AA	3.6	3.3	3.1	5.9	4.6
Texas	4.3	3.9	3.5	7.7	5.7

Source: Bureau of Labor Statistics: Local Area Unemployment Statistics

- Major industries operating in the AA include health care, manufacturing, and educational services.
- A community member stated the primary employers in the AA include Texoma Medical Center, Tyson Foods, and the Sherman Independent School District.

**Table 18**

Small Business Loan Trends					
Assessment Area: Sherman-Denison Texas MSA					
Area	2016	2017	2018	2019	2020
Sherman-Denison Texas MSA AA	2,043	2,088	2,106	2,430	3,401
Texas	489,462	505,454	554,930	623,895	689,544

Source: Federal Financial Institutions Examination Council (FFIEC) Community Reinvestment Act Aggregate Data

- Table 18 denotes increasing demand for small business loans over time, including a growth rate of 66.5 percent in the AA between 2016 and 2020. This is above the statewide growth rate over the same period of time at 40.9 percent.

**Table 19**

Home Mortgage Loan Trends			
Assessment Area: Sherman-Denison Texas MSA			
Area	2018	2019	2020
Sherman-Denison Texas MSA AA	3,017	3,455	5,162
Texas	503,831	592,007	973,514

Source: Federal Financial Institutions Examination Council (FFIEC), Home Mortgage Disclosure Act Loan/Application Records

<sup>2</sup> Affordability ratios are calculated using the median household income and median housing values, with the lower ratios indicating less affordable housing.

- The surge in home mortgage lending in 2020 was driven, in part, by low interest rates that increased both home purchase and refinance lending resulting from a shift to work from home after the onset of the pandemic.

## **CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA IN TEXAS/SHERMAN-DENISON TEXAS MSA AA**

The bank's performance under the lending test in the Sherman-Denison Texas MSA AA is reasonable and the state of Texas is rated Satisfactory. This is based on reasonable small business and HMDA loan penetration among geographies of different income levels, reasonable levels of lending to borrowers of different income levels, and excellent levels of lending to businesses of different revenue sizes.

### **Geographic Distribution of Loans**

The bank's geographic distribution of loans reflects reasonable distribution among the different census tracts and dispersion throughout the AA.

### Total Home Mortgage Lending

The geographic distribution of total home mortgage lending is reasonable. Lending to moderate-income census tracts is comparable to both aggregate lending data and the demographic figure. An evaluation of the dispersion of home mortgage lending revealed some gaps in lending in portions of the AA, they were not considered significant given competition within the AA and the bank's geographic proximity to moderate-income census tracts in the AA.

**Table 20**

Distribution of 2021 Home Mortgage Lending By Income Level of Geography Assessment Area: Sherman-Denison Texas MSA							
Geographic Income Level	Bank And Aggregate Loans						Owner Occupied Units %
	Bank		Agg	Bank		Agg	
	#	%	%	\$(000)	%	%	
<b>Home Purchase Loans</b>							
Low	0	0.0	0.0	0	0.0	0.0	0.0
Moderate	0	0.0	19.2	0	0.0	11.4	20.4
Middle	5	83.3	42.6	894	81.2	39.8	50.0
Upper	1	16.7	38.3	207	18.8	48.8	29.6
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	
<b>Total</b>	<b>6</b>	<b>100.0</b>	<b>100.0</b>	<b>1,101</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
<b>Refinance Loans</b>							
Low	0	0.0	0.0	0	0.0	0.0	0.0
Moderate	2	66.7	11.2	115	78.2	7.4	20.4
Middle	1	33.3	46.8	32	21.8	43.3	50.0
Upper	0	0.0	42.0	0	0.0	49.3	29.6
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	
<b>Total</b>	<b>3</b>	<b>100.0</b>	<b>100.0</b>	<b>147</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
<b>Home Improvement Loans</b>							
Low	0	0.0	0.0	0	0.0	0.0	0.0
Moderate	0	0.0	18.1	0	0.0	11.2	20.4
Middle	1	50.0	48.9	40	33.9	58.2	50.0
Upper	1	50.0	33.0	78	66.1	30.7	29.6
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	
<b>Total</b>	<b>2</b>	<b>100.0</b>	<b>100.0</b>	<b>118</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
<b>Multifamily Loans</b>							<b>Multi-family Units %</b>
Low	0	0.0	0.0	0	0.0	0.0	0.0
Moderate	0	0.0	35.7	0	0.0	32.0	16.7
Middle	0	0.0	46.4	0	0.0	50.5	61.0
Upper	0	0.0	17.9	0	0.0	17.5	22.3
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	
<b>Total</b>	<b>0</b>	<b>0.0</b>	<b>100.0</b>	<b>0</b>	<b>0.0</b>	<b>100.0</b>	<b>100.0</b>
<b>Total Home Mortgage Loans</b>							<b>Owner Occupied Units %</b>
Low	0	0.0	0.0	0	0.0	0.0	0.0
Moderate	2	18.2	16.0	115	8.4	10.3	20.4
Middle	7	63.6	44.5	966	70.7	41.6	50.0
Upper	2	18.2	39.5	285	20.9	48.1	29.6
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	
<b>Total</b>	<b>11</b>	<b>100.0</b>	<b>100.0</b>	<b>1,366</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
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.							

Small Business Lending

The geographic distribution of small business lending is reasonable. The bank's performance in the moderate-income census tracts is comparable to the percentage of total businesses operating within the moderate-income census tracts. An evaluation of the dispersion of small business lending revealed some gaps in lending in portions of the AA, they weren't considered significant given competition within the AA and the bank's geographic proximity to moderate-income census tracts in the AA.

**Table 21**

<b>Distribution of 2021 Small Business Lending By Income Level of Geography</b>					
<b>Assessment Area: Sherman-Denison Texas MSA</b>					
<b>Geographic Income Level</b>	<b>Bank Loans</b>				<b>Total Businesses %</b>
	<b>#</b>	<b>#%</b>	<b>\$(000)</b>	<b>\$%</b>	
<b>Low</b>	0	0.0	0	0.0	0.0
<b>Moderate</b>	5	25.0	90	5.2	22.7
<b>Middle</b>	9	45.0	1,051	60.7	49.0
<b>Upper</b>	6	30.0	590	34.1	28.3
<b>Unknown</b>	0	0.0	0	0.0	0.0
<b>Tract-Unk</b>	0	0.0	0	0.0	
<b>Total</b>	20	100.0	1,731	100.0	100.0

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

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

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

The bank's lending has an excellent distribution among individuals of different income levels and businesses of different sizes.

Total Home Mortgage Lending

The borrower distribution of total home mortgage lending is reasonable. Lending to low-income borrowers is comparable to the aggregate lending data and below the demographic figure. Lending to moderate-income borrowers is comparable to both aggregate lending data and the demographic figure.

**Table 22**

Distribution of 2021 Home Mortgage Lending By Borrower Income Level							
Assessment Area: Sherman-Denison Texas MSA							
Borrower Income Level	Bank And Aggregate Loans						Families by Family Income %
	Bank		Agg	Bank		Agg	
	#	%	%	\$(000)	%	%	
<b>Home Purchase Loans</b>							
Low	0	0.0	3.2	0	0.0	1.5	22.4
Moderate	1	16.7	13.0	84	7.6	8.1	17.5
Middle	1	16.7	17.7	319	29.0	15.1	19.3
Upper	4	66.7	41.3	698	63.4	53.3	40.9
Unknown	0	0.0	24.8	0	0.0	22.0	0.0
<b>Total</b>	<b>6</b>	<b>100.0</b>	<b>100.0</b>	<b>1,101</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
<b>Refinance Loans</b>							
Low	1	33.3	3.4	48	32.7	1.6	22.4
Moderate	2	66.7	10.6	99	67.3	6.6	17.5
Middle	0	0.0	16.9	0	0.0	13.7	19.3
Upper	0	0.0	43.8	0	0.0	51.9	40.9
Unknown	0	0.0	25.4	0	0.0	26.2	0.0
<b>Total</b>	<b>3</b>	<b>100.0</b>	<b>100.0</b>	<b>147</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
<b>Home Improvement Loans</b>							
Low	0	0.0	9.6	0	0.0	4.3	22.4
Moderate	0	0.0	8.5	0	0.0	5.9	17.5
Middle	0	0.0	17.0	0	0.0	14.8	19.3
Upper	2	100.0	52.1	118	100.0	64.3	40.9
Unknown	0	0.0	12.8	0	0.0	10.7	0.0
<b>Total</b>	<b>2</b>	<b>100.0</b>	<b>100.0</b>	<b>118</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
<b>Total Home Mortgage Loans</b>							
Low	1	9.1	3.5	48	3.5	1.6	22.4
Moderate	3	27.3	11.8	183	13.4	7.4	17.5
Middle	1	9.1	17.2	319	23.4	14.4	19.3
Upper	6	54.5	42.2	816	59.7	52.8	40.9
Unknown	0	0.0	25.4	0	0.0	23.7	0.0
<b>Total</b>	<b>11</b>	<b>100.0</b>	<b>100.0</b>	<b>1,366</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
<i>Source: 2021 FFIEC Census Data 2011-2015 U.S. Census Bureau: American Community Survey</i>							
<i>Note: Percentages may not total 100.0 percent due to rounding. Multifamily loans are not included in the borrower distribution analysis.</i>							



Small Business Lending

The borrower distribution of small business lending is excellent. The bank’s lending to businesses with gross annual revenues of \$1MM or less is comparable to the percentage of total businesses operating in the AA with revenues of \$1.0MM or less. Despite, the bank facing strong competition from several large community and national banks the bank’s performance demonstrates a willingness to meet the needs of small businesses by making 95 percent of its small business loans in amounts of \$250,000 or less.

While the bank does not report CRA data, a review of the three-year average aggregate lending data (2018-2020) reported by all CRA-filers in the AA revealed that 38.9 percent of loans by number and 36.5 percent by dollar were made to small businesses. As previously stated, aggregate CRA data is not used as a direct comparator for performance; however, it reflects small business loan demand in the area, which further supports the bank’s excellent small business lending performance.

**Table 23**

<b>Distribution of 2021 Small Business Lending By Revenue Size of Businesses</b>					
<b>Assessment Area: Sherman-Denison Texas MSA</b>					
	<b>Bank Loans</b>				<b>Total Businesses</b>
	<b>#</b>	<b>#%</b>	<b>\$(000)</b>	<b>%</b>	
<b>By Revenue</b>					
<b>\$1 Million or Less</b>	14	70.0	1,435	82.9	92.5
<b>Over \$1 Million</b>	6	30.0	295	17.0	6.0
<b>Revenue Unknown</b>	0	0.0	0	0.0	1.5
<b>Total</b>	20	100.0	1,731	100.0	100.0
<b>By Loan Size</b>					
<b>\$100,000 or Less</b>	16	80.0	561	32.4	
<b>\$100,001 - \$250,000</b>	3	15.0	620	35.8	
<b>\$250,001 - \$1 Million</b>	1	5.0	550	31.8	
<b>Total</b>	20	100.0	1,731	100.0	
<b>By Loan Size and Revenues \$1 Million or Less</b>					
<b>\$100,000 or Less</b>	10	71.4	265	18.5	
<b>\$100,001 - \$250,000</b>	3	21.4	620	43.2	
<b>\$250,001 - \$1 Million</b>	1	7.1	550	38.3	
<b>Total</b>	14	100.0	1,435	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.					

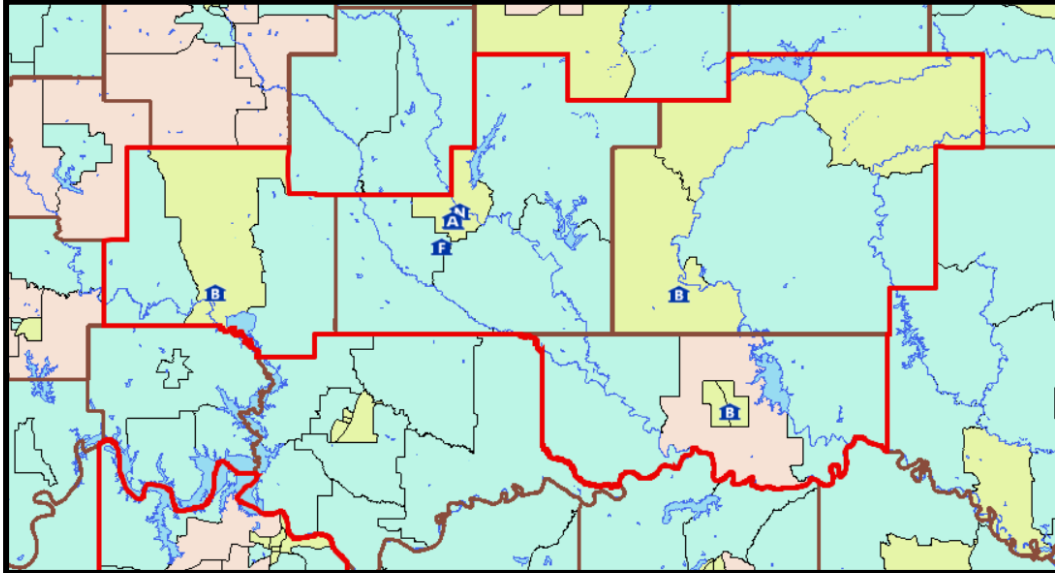
**APPENDIX A – SCOPE OF EXAMINATION TABLE**

**Table A-1**

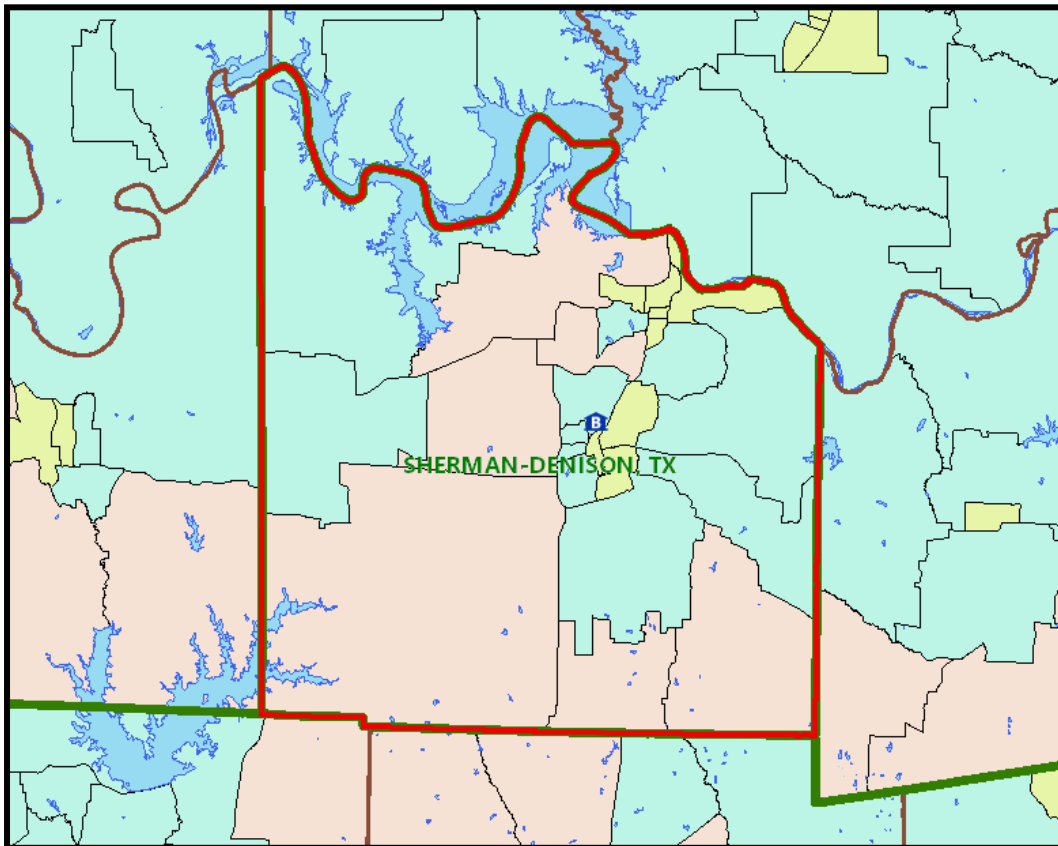
<b>SCOPE OF EXAMINATION</b>			
<b><u>FINANCIAL INSTITUTION</u></b> Ameristate Bank Atoka, Oklahoma		<b><u>PRODUCTS/SERVICES REVIEWED</u></b> <ul style="list-style-type: none"> <li>• Small Business</li> <li>• HMDA Loans</li> </ul>	
<b><u>TIME PERIODS REVIEWED</u></b>			
<u>Small Business:</u>		January 1, 2021 – December 31, 2021	
<u>HMDA Loans:</u>		January 1, 2021 – December 31, 2021	
<b>LIST OF AFFILIATES CONSIDERED IN THIS EVALUATION</b>			
AFFILIATES	AFFILIATE RELATIONSHIP	PRODUCTS REVIEWED	
Not Applicable	Not Applicable	Not Applicable	
<b>LIST OF ASSESSMENT AREAS AND TYPE OF EXAMINATION</b>			
ASSESSMENT AREA	TYPE OF EXAM	BRANCHES VISITED	OTHER INFORMATION
<u>Oklahoma</u> Southeast Oklahoma AA	Full Review	None	1 community contact
<u>Texas</u> MSA 43300 Sherman-Denison Texas MSA AA	Full Review	None	1 community contact

APPENDIX B – MAPS OF THE ASSESSMENT AREAS

Southeast Oklahoma AA



Sherman-Denison Texas MSA AA



APPENDIX C – DEMOGRAPHIC INFORMATION

Table C-1

2021 Southeast Oklahoma 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	3,454	26.2
Moderate	6	40.0	5,979	45.4	1,399	23.4	2,703	20.5
Middle	8	53.3	6,327	48.0	860	13.6	2,525	19.2
Upper	1	6.7	867	6.6	124	14.3	4,491	34.1
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
<b>Total AA</b>	<b>15</b>	<b>100.0</b>	<b>13,173</b>	<b>100.0</b>	<b>2,383</b>	<b>18.1</b>	<b>13,173</b>	<b>100.0</b>
	Housing Units by Tract	Housing Type by Tract						
		Owner-occupied		Rental		Vacant		
		#	% by tract	% by unit	#	% by unit	#	% by unit
Low	0	0	0.0	0.0	0	0.0	0	0.0
Moderate	12,287	6,353	43.5	51.7	3,458	28.1	2,476	20.2
Middle	11,334	7,179	49.2	63.3	1,871	16.5	2,284	20.2
Upper	1,523	1,071	7.3	70.3	163	10.7	289	19.0
Unknown	0	0	0.0	0.0	0	0.0	0	0.0
<b>Total AA</b>	<b>25,144</b>	<b>14,603</b>	<b>100.0</b>	<b>58.1</b>	<b>5,492</b>	<b>21.8</b>	<b>5,049</b>	<b>20.1</b>
	Total Businesses by Tract		Businesses by Tract & Revenue Size					
			Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported	
			#	%	#	%	#	%
Low	0	0.0	0	0.0	0	0.0	0	0.0
Moderate	1,079	68.2	978	69.1	78	67.8	23	44.2
Middle	457	28.9	393	27.8	35	30.4	29	55.8
Upper	47	3.0	45	3.2	2	1.7	0	0.0
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
<b>Total AA</b>	<b>1,583</b>	<b>100.0</b>	<b>1,416</b>	<b>100.0</b>	<b>115</b>	<b>100.0</b>	<b>52</b>	<b>100.0</b>
<b>Percentage of Total Businesses:</b>				<b>89.5</b>		<b>7.3</b>		<b>3.3</b>
	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	37	31.9	37	32.2	0	0.0	0	0.0
Middle	71	61.2	70	60.9	1	100.0	0	0.0
Upper	8	6.9	8	7.0	0	0.0	0	0.0
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
<b>Total AA</b>	<b>116</b>	<b>100.0</b>	<b>115</b>	<b>100.0</b>	<b>1</b>	<b>100.0</b>	<b>0</b>	<b>0.0</b>
<b>Percentage of Total Farms:</b>				<b>99.1</b>		<b>0.9</b>		<b>0.0</b>
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**

2021 Sherman-Denison Texas MSA AA Demographics								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low	0	0.0	0	0.0	0	0.0	7,225	22.4
Moderate	8	30.8	6,980	21.6	1,670	23.9	5,643	17.5
Middle	12	46.2	16,016	49.6	1,636	10.2	6,230	19.3
Upper	6	23.1	9,298	28.8	674	7.2	13,196	40.9
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
<b>Total AA</b>	<b>26</b>	<b>100.0</b>	<b>32,294</b>	<b>100.0</b>	<b>3,980</b>	<b>12.3</b>	<b>32,294</b>	<b>100.0</b>
	Housing Units by Tract	Housing Type by Tract						
		Owner-occupied			Rental		Vacant	
		#	% by tract	% by unit	#	% by unit	#	% by unit
Low	0	0	0.0	0.0	0	0.0	0	0.0
Moderate	12,179	6,446	20.4	52.9	4,288	35.2	1,445	11.9
Middle	27,914	15,786	50.0	56.6	7,988	28.6	4,140	14.8
Upper	14,151	9,361	29.6	66.2	3,346	23.6	1,444	10.2
Unknown	0	0	0.0	0.0	0	0.0	0	0.0
<b>Total AA</b>	<b>54,244</b>	<b>31,593</b>	<b>100.0</b>	<b>58.2</b>	<b>15,622</b>	<b>28.8</b>	<b>7,029</b>	<b>13.0</b>
	Total Businesses by Tract	Businesses by Tract & Revenue Size						
		Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported		
		#	%	#	%	#	%	
Low	0	0.0	0	0.0	0	0.0	0	0.0
Moderate	1,238	22.7	1,141	22.6	85	25.8	12	15.0
Middle	2,670	49.0	2,488	49.4	143	43.5	39	48.8
Upper	1,542	28.3	1,412	28.0	101	30.7	29	36.3
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
<b>Total AA</b>	<b>5,450</b>	<b>100.0</b>	<b>5,041</b>	<b>100.0</b>	<b>329</b>	<b>100.0</b>	<b>80</b>	<b>100.0</b>
<b>Percentage of Total Businesses:</b>				<b>92.5</b>		<b>6.0</b>		<b>1.5</b>
	Total Farms by Tract	Farms by Tract & Revenue Size						
		Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported		
		#	%	#	%	#	%	
Low	0	0.0	0	0.0	0	0.0	0	0.0
Moderate	10	4.8	10	4.8	0	0.0	0	0.0
Middle	104	50.2	104	50.2	0	0.0	0	0.0
Upper	93	44.9	93	44.9	0	0.0	0	0.0
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
<b>Total AA</b>	<b>207</b>	<b>100.0</b>	<b>207</b>	<b>100.0</b>	<b>0</b>	<b>0.0</b>	<b>0</b>	<b>0.0</b>
<b>Percentage of Total Farms:</b>				<b>100.0</b>		<b>0.0</b>		<b>0.0</b>
<i>Source: 2021 FFIEC Census Data                  2021 Dun &amp; Bradstreet Data                  2011-2015 U.S. Census Bureau: American Community Survey                  Note: Percentages may not total 100.0 percent due to rounding.</i>								

## 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.