

# **PUBLIC DISCLOSURE**

February 27, 2023

## **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

First Capital Bank  
RSSD # 919568  
120 West Third Street  
Quanah, Texas 79252

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

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

- The bank's 16-quarter average net loan-to-deposit (NLTD) ratio is more than reasonable given the bank's asset size, financial condition, and credit needs of the assessment areas (AAs).
- A substantial majority of the bank's loans are originated inside the AAs.
- A reasonable distribution of loans occurs throughout the bank's AAs.
- Lending reflects a reasonable distribution among businesses and farms of different sizes.
- Lending reflects an excellent distribution among individuals of different income levels, including low- and moderate-income (LMI).
- Neither the bank nor the Federal Reserve Bank of Dallas (Reserve Bank) received any CRA-related complaints since the previous evaluation; as such, this performance criterion was not considered when assessing the bank's CRA performance.

## SCOPE OF THE EVALUATION

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 demographics, economics, and credit needs. The bank's lending performance was assessed within the bank's delineated AAs: Wichita Falls Metropolitan Statistical Area (MSA) AA and Hardeman County Nonmetropolitan AA. The AAs have not changed since the previous evaluation, and each received a full-scope review. Examiners reviewed the following data to assess the bank's CRA performance:

- The 16-quarter average NLTD ratio of the bank and three similarly situated institutions,
- A statistically derived sample of the bank's major loan products originated between January 1, 2022, and June 30, 2022:
  - 74 small business loans from a universe of 116 loans;
  - 60 small farm loans from a universe of 85 loans; and
  - 79 motor vehicle loans from a universe of 130 loans.
- Information provided by a city official and the chief executive officer of a non-profit service organization serving the AAs to ascertain the credit needs of the community, the responsiveness of local banks in meeting those credit needs, and local economic conditions.

## DESCRIPTION OF THE INSTITUTION

First Capital Bank, a full-service, intrastate community bank headquartered in Quanah, Texas, has the following characteristics:

- The bank is a wholly-owned subsidiary of Quanah Financial Corporation, Quanah, Texas.
- Financial Assurance Company is a subsidiary of the bank.
- The bank has total assets of \$88.8 million as of September 30, 2022.

- In addition to its main office in Quanah, Texas, the bank has one additional office located in Wichita Falls, Texas with automated teller machines (ATMs) at each office location.
- As shown in the table below, the bank’s primary business focus is agricultural (39.4 percent), commercial (27.2 percent), and residential real estate (24.4 percent) loans. While residential real estate lending accounts for a large percentage by dollar of the bank’s loan portfolio, the number of originations within the review period was not as significant when compared to the number of motor vehicle originations.

<b>Composition of Loan Portfolio as of September 30, 2022</b>		
<b>Loan Type</b>	<b>\$(000)</b>	<b>%</b>
Construction and Land Development	492	0.8
Farmland	12,098	19.2
1-4 Family Residential Real Estate	15,219	24.2
Multifamily Residential Real Estate	122	0.2
Non-Farm Non-Residential Real Estate	6,050	9.6
Agricultural	12,734	20.2
Commercial and Industrial	10,579	16.8
Consumer	5,435	8.6
Other	244	0.4
<b>Gross Loans</b>	<b>62,973</b>	<b>100.0</b>
<i>Note: Percentages may not total 100.0 percent due to rounding.</i>		

The Reserve Bank rated the bank’s CRA performance as Satisfactory at the previous evaluation, dated March 11, 2019. There are no known legal, financial, or other factors impeding the bank’s ability to help meet the credit needs in its communities.

**CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA<sup>1</sup>**

This performance evaluation first discusses the bank’s overall performance, followed by an in-depth evaluation of performance in the Wichita Falls MSA AA and Hardeman County Nonmetropolitan AA. The bank’s strategic focus is on commercial lending and, as a result, this product carried a heavier weight when evaluating the institution’s CRA performance.

The bank’s lending levels reflect good responsiveness to the AAs’ credit needs. The bank’s 16-quarter average NLTD reflects the institution’s efforts to extend loans. A substantial majority of loans was originated within the AAs, and the geographic distribution of loans reflects reasonable dispersion throughout its AAs, along with a reasonable penetration among individuals of different income levels and businesses of different sizes.

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

### Net Loan-to-Deposit Ratio

This performance criterion evaluates the bank’s 16-quarter average NLTD ratio to determine the reasonableness of lending considering 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 the average NLTD ratios of three similarly situated institutions insured by the Federal Deposit Insurance Corporation (FDIC). The similarly situated institutions were selected based on asset size, product offerings, market share, and branching structure. Furthermore, these institutions’ branch locations are similar to Quanah as they all have a branch located in a non-MSA and an MSA.

The bank’s NLTD ratio is more than reasonable and significantly exceeds the 16-quarter average NLTD of similarly situated institutions. The bank’s NLTD reflects the institution’s willingness to extend credit given the demands and opportunities in the AAs.

Comparative NLTD Ratios October 1, 2018 – September 30, 2022			
Institution	Location	Asset Size \$(000)	16-Quarter Average NLTD Ratio (%)
First Capital Bank	Quanah, Texas	88,774	87.1
<b>Similarly Situated Institutions</b>			
<b>Similar Banks</b>	Haskell, Texas	80,195	36.1
	Memphis, Texas	66,192	69.9
	Abilene, Texas	130,801	74.1

### Assessment Area Concentration

This performance criterion evaluates the percentage of lending extended inside and outside of the AAs. The bank originated a substantial majority of loans inside the AAs. More than half of the loans originated outside of the bank’s delineated AAs during the review period were originated in counties neighboring those included in the bank’s AA, with a material portion of these loans originated in underserved census tracts.

Lending Inside and Outside the Assessment Areas								
Loan Type	Inside				Outside			
	#	#%	\$(000)	\$\$%	#	#%	\$(000)	\$\$%
<b>Consumer Motor Vehicle</b>	65	82.3	1,089	81.9	14	17.7	240	18.1
<b>Small Business</b>	69	93.2	4,671	94.3	5	6.8	283	5.7
<b>Small Farm</b>	50	83.3	5,218	74.1	10	16.7	1,824	25.9
<b>Total Loans</b>	<b>148</b>	<b>86.4</b>	<b>10,978</b>	<b>82.4</b>	<b>29</b>	<b>13.6</b>	<b>2,347</b>	<b>17.6</b>

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

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

### **Geographic Distribution of Loans**

This performance criterion evaluates the bank's distribution of lending within its AAs by income level of census tracts, with consideration given to the dispersion of loans throughout the AAs. The Hardeman County AA is comprised of one middle-income census tract; as such, a meaningful analysis of the geographic distribution of loans among census tracts of different income levels for this AA could not be conducted. Therefore, the analysis of geographic distribution of loans is based solely on the bank's lending performance in the Wichita Falls MSA AA. The bank's overall geographic distribution of loans reflects reasonable distribution among the different census tracts and dispersion throughout the AA. Moreover, the bank's loans are dispersed throughout the AAs, without no conspicuous gaps or anomalies in the lending patterns noted.

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

This performance criterion evaluates the bank's lending to borrowers of different income levels and businesses and farms of different revenue sizes. The Wichita Falls MSA AA was weighted more heavily for this criterion due to the percentage of loans and deposits in this AA versus the Hardeman County AA. The bank's lending has an overall reasonable distribution among individuals of different income levels and businesses and farms of different sizes.

### **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.

**WICHITA FALLS METROPOLITAN STATISTICAL AREA ASSESSMENT AREA**  
 (Full-Scope Review)

**DESCRIPTION OF THE INSTITUTION’S OPERATIONS IN THE ASSESSMENT AREA**

The Wichita Falls MSA AA consists of the entirety of the MSA, which includes the Texas counties of Wichita, Archer, and Clay. Refer to Appendix A for an AA map and Appendix B for additional demographic data.

- The AA delineation remains unchanged since the prior evaluation.
- According to the 2015 American Community Survey (ACS), the AA consists of 43 census tracts: four low-income (9.3 percent), 12 moderate- (27.9 percent), 13 middle- (30.2 percent), and 13 upper-income (30.2 percent) census tracts. There is also one census track (2.4 percent) where the income level is unknown. The composition of the AA by census tracts has remained unchanged since the prior evaluation.
- The bank operates one branch in the AA located in a middle-income census tract. The branch is in a central location within the AA, located in the southwest corner of Wichita County, near the Archer County boundary line to the south and the Clay County boundary line to the east.
- According to the U.S. Census Bureau, Wichita County accounts for 87.0 percent of the Wichita Falls MSA AA population, with Wichita Falls serving as the county seat. Other AA municipalities include Archer City, the county seat of Archer County, and Henrietta, the county seat of Clay County.
- According to the June 30, 2022, FDIC Market Share Report, 14 federally insured depository institutions operate 40 branches in the AA, holding deposits of approximately \$3.9 billion. The bank ranked ninth in deposit market share, with \$48.9 million or 1.2 percent of all deposits. The bank’s primary competitors in the AA include American National Bank and Trust (26.5 percent), Wells Fargo Bank, N.A (17.9 percent), and First National Bank (15.1 percent).

<b>Population Change</b>			
<b>Assessment Area: Wichita Falls MSA</b>			
<b>Area</b>	<b>2010 Population</b>	<b>2015 Population</b>	<b>Percent Change</b>
Wichita Falls MSA	151,306	151,215	-0.1
Archer County, Texas	9,054	8,779	-3.0
Clay County, Texas	10,752	10,479	-2.5
Wichita County, Texas	131,500	131,957	0.3
Texas	25,145,561	26,538,614	5.5
<i>Source: 2010 U.S. Census Bureau Decennial Census                  2011 - 2015 U.S. Census Bureau American Community Survey</i>			

- While the population of the state of Texas has increased, a leader in the AA stated the population of the Wichita Falls MSA AA has declined because people leave after high school for the Dallas-Fort Worth, Texas Metroplex in pursuit of greater opportunities. The contact also stated that attracting new businesses and increasing the population are main priorities for the AA.
- The AA’s population is most heavily concentrated in the city of Wichita Falls, which contains approximately 69.4 percent of the AA’s total population.

<b>Median Family Income Change</b>			
<b>Assessment Area: Wichita Falls MSA</b>			
<b>Area</b>	<b>2010 Median Family Income (\$)</b>	<b>2015 Median Family Income (\$)</b>	<b>Percent Change (%)</b>
Wichita Falls MSA	58,169	57,690	-0.8
Archer County, Texas	69,026	71,455	3.5
Clay County, Texas	63,214	62,201	-1.6
Wichita County, Texas	57,185	56,664	-0.9
Texas	63,314	62,717	-0.9
<i>Source: 2010 U.S. Census                      2011 - 2015 U.S. Census Bureau American Community Survey                      Median family income figures have been inflation-adjusted and are expressed in 2015 dollars.</i>			

- According to the 2015 ACS, the AA has 36,209 families, of which 38.3 percent are classified as LMI families. This figure is comparable to the percentage of LMI families in the state of Texas, at 39.9 percent. Additionally, 11.4 percent of the AA families live below the poverty level, which is lower than the family poverty rate for the state of Texas, at 13.5 percent. Archer County has the lowest percent of LMI families in the AA, at 30.9 percent.
- The AA median family income (MFI) declined slightly, similarly to the decline noted in the state of Texas. The MFI in Wichita County was below the state of Texas' MFI, while the Clay County's MFI was similar, and the Archer County's MFI exceeded it.

<b>Housing Cost Burden</b>						
<b>Assessment Area: Wichita Falls 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>
Wichita Falls MSA	75.8	53.3	43.6	65.7	31.3	18.4
Archer County, Texas	50.0	48.0	34.5	58.1	32.0	13.8
Clay County, Texas	50.9	34.8	30.2	61.8	19.6	15.9
Wichita County, Texas	77.6	54.1	44.3	66.7	32.8	19.2
Texas	78.1	51.1	42.5	60.1	34.8	19.4
<i>Cost burden is housing cost that equals 30 percent or more of household income.                      Source: U.S. Department of Housing and Urban Development (HUD), 2014-2018 Comprehensive Housing Affordability Strategy</i>						

- In 2022, the AA consisted of 65,162 housing units with a median age of 49 years. The AA median housing value of \$90,064 is below the \$136,000 median housing value for the state of Texas.
- In addition, home prices in the AA are well below those of the state of Texas with 75.4 percent of homes under \$150,000 in the AA compared to 55.4 percent in the state.
- The AA housing affordability index<sup>2</sup>, at 51.4 percent, indicate that AA housing is more affordable than housing in the state of Texas, at 39.1 percent.

2 The housing affordability index has a value of 100 when the median-income family has sufficient income to purchase a median-priced existing home. A higher index number indicates that more households can afford to purchase a home.



<b>Unemployment Rates</b>					
<b>Assessment Area: Wichita Falls MSA</b>					
<b>Area</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>
Wichita Falls MSA	3.7	3.4	3.2	6.5	5.2
Archer County, Texas	3.4	3.1	2.8	5.3	4.2
Clay County, Texas	3.6	3.2	3.1	5.5	4.9
Wichita County, Texas	3.7	3.4	3.2	6.6	5.3
Texas	4.3	3.9	3.5	7.7	5.7

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

- Unemployment rates in the AA remained relatively stable from 2017 through 2019, with an increased unemployment rate in 2020, attributable to the residual effects of the COVID-19 pandemic and restrictions on the community put in place to prevent contagion. Throughout the review period, unemployment rates in the AA remained slightly below the unemployment rate for the state of Texas.
- According to 2021 Dunn & Bradstreet (D&B) data, 4,239 businesses and 205 small farms operated in the AA, of which 90.3 percent and 96.6 percent reported revenues of less than \$1 million, respectively.
- A community leader indicated the AA needs alternative small business lending products to better serve companies that do not fit the typical business model, including start-up financing. The contact also stated that start-ups in the AA have a very low survival rate due to the lack of growth.
- The AA economy is mostly driven by government entities, health care and social assistance, and retail services. A community leader indicated that Sheppard Air Force Base is the largest employer in the AA. Other large employers are the aerospace sector, agriculture, and manufacturing.

**CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA IN THE WICHITA FALLS MSA AA**

The bank’s overall performance in the Wichita Falls MSA AA is rated Satisfactory. Lending activity reflects reasonable responsiveness to the AA’s credit needs. The geographic distribution of loans reflects reasonable dispersion throughout the AA in 2022, as well as a reasonable loan distribution to borrowers of different income levels and businesses and farms of different revenue sizes.

The bank did not originate a sufficient volume of motor vehicle loans in the Wichita Falls MSA AA during the review period to allow for a meaningful analysis; as such, motor vehicle loans were not considered to evaluate the institution’s CRA performance.

**Geographic Distribution of Loans**

The bank’s geographic distribution of loans reflects reasonable distribution among the census tracts of different income levels and dispersion throughout the AA. The bank’s lending performance to businesses of different revenue sizes carried more weight in the determination of the overall performance, as small business lending represents the largest product by number and dollar amount in the AA and is a strategic focus for the bank.

*Small Business Lending*

The geographic distribution of small business lending is poor. The bank originated very few small business loans to borrowers in low-income census tracts, well below the total percentage of businesses located in these tracts (the demographic figure). Though the bank is not a reporter of CRA small business loan data and the bank’s performance is not compared to reporting institutions, it is noteworthy that CRA small business loan data reporters originated a small percentage of small business loans in low-income census tracts at 3.3 percent. This may be indicative of a decreased demand in these geographies.

The bank’s lending performance in moderate-income census tracts is also below the demographic figure. Less than 10 percent of the bank’s small business originations during the review period were made to businesses in moderate-income tracts, despite these tracts containing approximately one quarter of all AA businesses. Additionally, data from CRA small business loan data-reporting institutions reflects aggregate performance comparable to the demographic figure at 23.8 percent.

<b>Distribution of 2022 Small Business Lending By Income Level of Geography</b>					
<b>Assessment Area: Wichita Falls 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>	2	3.6	8	0.2	16.1
<b>Moderate</b>	4	7.3	139	3.5	24.7
<b>Middle</b>	23	41.8	2,372	60.2	44.4
<b>Upper</b>	26	47.3	1,421	36.1	14.8
<b>Unknown</b>	0	0.0	0	0.0	0.1
<b>Total</b>	55	100.0	3,939	100.0	100.0

Source: 2022 FFIEC Census Data  
 2022 Dun & Bradstreet Data  
 2016-2020 U.S. Census Bureau: American Community Survey

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

*Small Farm Lending*

The geographic distribution of small farm lending is reasonable. During the review period, the bank made very few small farm loans to borrowers in LMI census tracts, though this performance is only slightly below the demographic figure. According to 2022 D&B data, the LMI census tracts in the AA, which are generally in the more suburban areas of Wichita County, only contain approximately 11.2 percent of the total farms in the AA. While not appropriate for direct comparison as the bank is not a CRA data reporter, analysis of aggregate lending data supports a limited demand for small farm loans in LMI census tract in the AA, with only 6.4 percent of aggregate small farm loans originated to borrowers in LMI census tracts.

Distribution of 2022 Small Farm Lending By Income Level of Geography					
Assessment Area: Wichita Falls MSA					
Geographic Income Level	Bank Loans				Total Farms %
	#	#%	\$(000)	\$%	
Low	0	0.0	0	0.0	3.4
Moderate	1	3.3	8	0.2	7.8
Middle	10	33.3	426	11.5	45.4
Upper	19	63.3	3,266	88.3	43.4
Unknown	0	0.0	0	0.0	0.0
<b>Total</b>	<b>30</b>	<b>100.0</b>	<b>3,700</b>	<b>100.0</b>	<b>100.0</b>

Source: 2022 FFIEC Census Data  
 2022 Dun & Bradstreet Data  
 2016-2020 U.S. Census Bureau: American Community Survey

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

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

The bank’s lending has a reasonable distribution among individuals of different income levels and businesses and farms of different sizes. The bank’s small business lending performance received the greatest weight in determining the bank’s overall performance rating, as small business lending represented the largest portion of reviewed loans and is a strategic focus of the bank.

*Small Business Lending*

The borrower distribution of small business lending is reasonable. As shown in table below, the bank’s lending to businesses with annual revenues of \$1 million or less is below total percentage of AA businesses reporting revenues of \$1 million or less. Analysis of the bank’s performance is skewed negatively, as the annual revenue was not collected for approximately 20 percent of the sampled small business loans. While not appropriate for direct comparison as the bank is not a CRA data reporter, analysis of the performance of data-reporting institutions reflected 47.0 percent of reported loans originated to borrowers with annual revenues of \$1 million or less.

Another way to gauge the bank’s small business lending performance is to review the data by loan amount, as small businesses typically require smaller dollar credit. A substantial majority of the bank’s small business loans during the review period was originated in amounts of \$100,000 or less, which demonstrates the bank’s willingness to extend small-dollar loans to meet the credit needs of small businesses in the AA.

<b>Distribution of 2022 Small Business Lending By Revenue Size of Businesses</b>					
<b>Assessment Area: Wichita Falls 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>	39	70.9	1,961	49.8	90.3
<b>Over \$1 Million</b>	5	9.1	1,750	44.4	8.3
<b>Revenue Unknown</b>	11	20.0	228	5.8	1.5
<b>Total</b>	55	100.0	3,939	100.0	100.0
<b>By Loan Size</b>					
<b>\$100,000 or Less</b>	46	83.6	1,292	32.8	
<b>\$100,001 - \$250,000</b>	6	10.9	897	22.8	
<b>\$250,001 - \$1 Million</b>	3	5.5	1,750	44.4	
<b>Total</b>	55	100.0	3,939	100.0	
<b>By Loan Size and Revenues \$1 Million or Less</b>					
<b>\$100,000 or Less</b>	33	84.6	914	46.6	
<b>\$100,001 - \$250,000</b>	5	12.8	747	38.1	
<b>\$250,001 - \$1 Million</b>	1	2.6	300	15.3	
<b>Total</b>	39	100.0	1,961	100.0	
<i>Source: 2022 FFIEC Census Data                      2022 Dun &amp; Bradstreet Data                      2016-2020 U.S. Census Bureau: American Community Survey</i>					
<i>Note: Percentages may not total 100.0 percent due to rounding.</i>					

### Small Farm Lending

The bank’s lending distribution among farms of different revenue sizes is reasonable. According to 2022 D&B data, the bank’s lending to small farms with annual revenues of \$1 million or less is below the demographic figure, as almost all AA farms report annual revenues of \$1 million or less. Though not a metric for direct comparison, it is of note that aggregate CRA small farm-reporting lenders originated 57.0 percent of small farm loans to farms with revenues of \$1 million or less than the bank.

As mentioned previously, another way to gauge the bank’s small farm lending performance is to review the data by loan amount, as smaller farms typically require smaller dollar credit. The table below illustrates that the bank originated a substantial majority of its small farm loans in amounts of \$100,000 or less, which demonstrates efforts to meet the credit needs of small farms in the AA.

<b>Distribution of 2022 Small Farm Lending By Revenue Size of Farms</b>					
<b>Assessment Area: Wichita Falls MSA</b>					
	<b>Bank Loans</b>				<b>Total Farms</b>
	<b>#</b>	<b>#%</b>	<b>\$(000)</b>	<b>%</b>	<b>%</b>
<b>By Revenue</b>					
<b>\$1 Million or Less</b>	23	76.7	1,908	51.6	96.6
<b>Over \$1 Million</b>	5	16.7	938	25.4	2.9
<b>Revenue Unknown</b>	1	3.3	4	0.1	0.5
<b>Total</b>	30	100.0	3,700	100.0	100.0
<b>By Loan Size</b>					
<b>\$100,000 or Less</b>	23	76.7	868	23.5	
<b>\$100,001 - \$250,000</b>	2	6.7	405	10.9	
<b>\$250,001 - \$500,000</b>	4	13.3	1,577	42.6	
<b>Total</b>	30	100.0	3,700	100.0	
<b>By Loan Size and Revenues \$1 Million or Less</b>					
<b>\$100,000 or Less</b>	19	82.6	659	34.5	
<b>\$100,001 - \$250,000</b>	1	4.3	155	8.1	
<b>\$250,001 - \$500,000</b>	3	13.0	1,094	57.3	
<b>Total</b>	23	100.0	1,908	100.0	
Source: 2022 FFIEC Census Data 2022 Dun & Bradstreet Data 2016-2020 U.S. Census Bureau: American Community Survey Note: Percentages may not total 100.0 percent due to rounding.					

**HARDEMAN COUNTY NONMETROPOLITAN ASSESSMENT AREA**  
 (Full-Scope Review)

**DESCRIPTION OF THE INSTITUTION’S OPERATIONS IN THE HARDEMAN COUNTY  
 NONMETROPOLITAN AA**

The Hardeman County Nonmetropolitan AA consists of the entirety of Hardeman County. Refer to Appendix A for an AA map and Appendix B for additional demographic data.

- There have been no changes to the AA delineation since the previous CRA evaluation, with the bank operating one branch.
- According to the 2015 ACS, the AA consists of one middle-income census tract that has been designated by the FFIEC as distressed due to population loss in 2022. The rural AA population of 3,992 declined 3.6 percent during the evaluation period. Moreover, the population decline within the AA does not align with the slight population increase in nonmetropolitan Texas.
- According to the FDIC Market Share Report as of June 30, 2022, the bank is one of three federally insured depository institutions operating in the AA, holding a total of \$107.8 million in deposits. The bank ranks second in deposit market share, with \$36 million or 33.4 percent, of all deposits in AA. The other two competitors in the county are American National Bank and Trust (47.2 percent) and Texas Republic Bank, NA (19.5 percent).

<b>Population Change</b>			
<b>Assessment Area: Hardeman County Nonmetropolitan</b>			
<b>Area</b>	<b>2010 Population</b>	<b>2015 Population</b>	<b>Percent Change</b>
Hardeman County Nonmetropolitan	4,139	3,992	-3.6
NonMSA Texas	3,035,664	3,060,473	0.8
Texas	25,145,561	26,538,614	5.5
<i>Source: 2010 U.S. Census Bureau Decennial Census                  2011 - 2015 U.S. Census Bureau American Community Survey</i>			

- One city official indicated the population decrease is a result of high school graduates relocating permanently. The contact mentioned some retirees have moved back to the area for a better cost of living and younger alumni has returned because of the ability to work remotely during the COVID-19 pandemic.
- The only two incorporated municipalities in the bank’s AA are Quannah, the county seat, and Chillicothe.

<b>Median Family Income Change</b>			
<b>Assessment Area: Hardeman County Nonmetropolitan</b>			
<b>Area</b>	<b>2010 Median Family Income (\$)</b>	<b>2015 Median Family Income (\$)</b>	<b>Percent Change (%)</b>
Hardeman County Nonmetropolitan	41,346	50,000	20.9
NonMSA Texas	52,524	52,198	-0.6
Texas	63,314	62,717	-0.9
<i>Source: 2010 U.S. Census                  2011 - 2015 U.S. Census Bureau American Community Survey                  Median family incomes have been inflation-adjusted and are expressed in 2015 dollars.</i>			

- According to the ACS data, the AA has 990 families, of which approximately 11.1 percent live below the poverty level. This is below the family poverty rate for the state of Texas, at 13.5 percent.
- The AA MFI increased significantly when compared to the other nonmetropolitan areas in Texas; however, it remains slightly below the MFI for nonmetropolitan Texas. A community leader serving in the AA attributed this to cost of living adjustments.

<b>Housing Cost Burden</b>						
<b>Assessment Area: Hardeman County Nonmetropolitan</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>
Hardeman County	49.3	16.7	22.0	32.1	17.1	10.7
NonMSA Texas	65.7	38.2	35.7	50.6	23.4	16.7
Texas	78.1	51.1	42.5	60.1	34.8	19.4

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

- The housing in the AA is less expensive than housing in the nonmetropolitan areas in the state of Texas; however, the housing stock is limited and aging.
- In 2022, the AA consisted of 1,189 housing units, with a median age of 61 years. The AA median housing value of \$45,537 is significantly lower than the state of Texas median housing value of \$136,000.
- A community leader indicated affordable housing and more flexible lending criteria for residential real estate financing, specifically for lower priced homes, are the largest need in the AA.

<b>Unemployment Rates</b>					
<b>Assessment Area: Hardeman County Nonmetropolitan</b>					
<b>Area</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>
Hardeman County Nonmetropolitan	4.0	3.6	3.0	4.4	4.3
NonMSA Texas	4.9	4.1	3.7	7.2	6.0
Texas	4.3	3.9	3.5	7.7	5.7

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

- The table above illustrates that unemployment rates decreased from 2017 and 2019 but increased again in 2020 and 2021. The community contact indicated the increased unemployment rate in 2020 and 2021 is attributed to the effects of the COVID-19 pandemic and its adverse effects on the economy. The contact also stated that the AA experienced short-term business closures in those two years.
- The AA’s economy is mostly driven by government entities, retail trade, and health care and social assistance. The community leader indicated that the AA major employers are the hospital and the school district.
- According to 2022 D&B data, of the 142 businesses and 29 small farms operating in the AA, 90.8 percent and 93.1 percent reported revenues of \$1 million or less, respectively.

**CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA IN THE HARDEMAN COUNTY NONMETROPOLITAN AA**

The bank’s overall performance in the Hardeman County Nonmetropolitan AA is rated Outstanding. Lending activity reflects more than reasonable responsiveness to the AA’s credit needs. The distribution of loans to borrowers of different income levels reflects excellent penetration throughout the AA in 2022. As the AA is comprised of a single middle-income census tract, a meaningful analysis of the geographic distribution of loans among census tracts of different income levels could not be conducted.

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

The bank’s lending has a excellent distribution among individuals of different income levels. During the review period, the bank did not originate a sufficient volume of small business or small farm loans in the AA to conduct a meaningful analysis. As a result, the bank’s performance in this AA is solely based on the borrower distribution of motor vehicle loans.

*Consumer Lending: Motor Vehicle Lending*

The borrower distribution of motor vehicle lending is excellent. The bank’s lending to LMI borrowers significantly exceeds the percentage of LMI households in the AA (the demographic figure). In low-income census tracts the bank’s performance was comparable to the demographic figure, reflecting favorably on the bank’s responsiveness to the credit needs of low-income borrowers. Furthermore, the bank’s performance in moderate-income tracts more than doubled the demographic figure based on the number of loans originated.

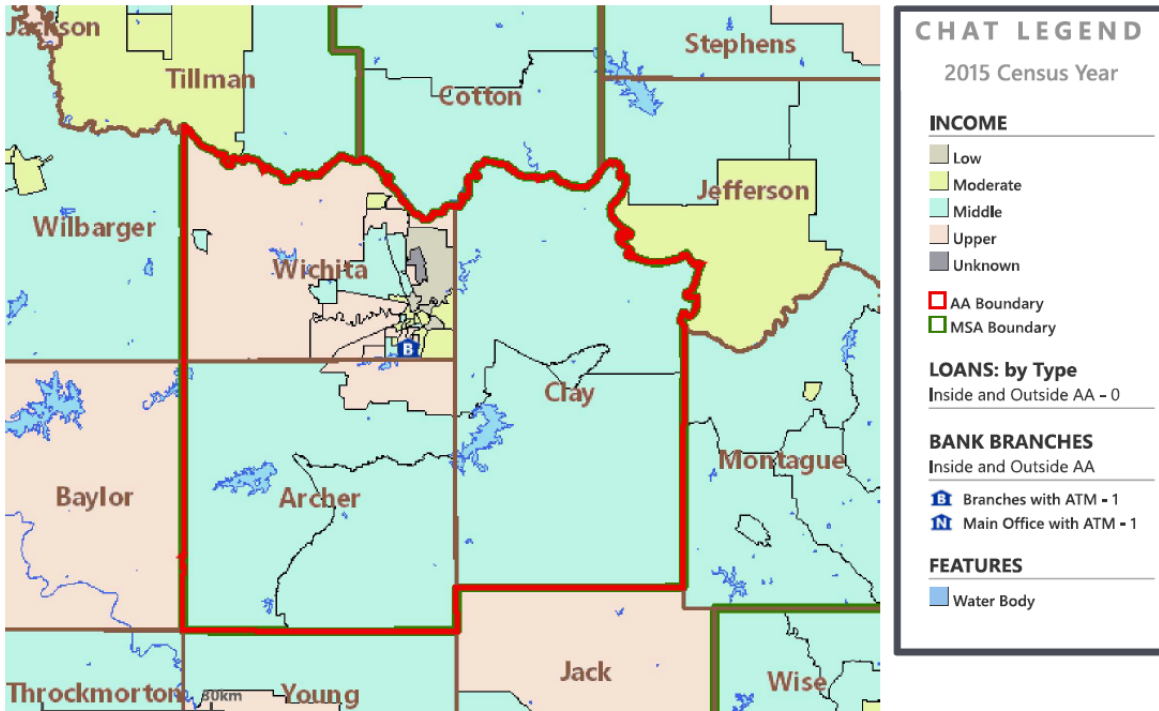
Distribution of 2022 Motor Vehicle Lending By Borrower Income Level					
Assessment Area: Hardeman County Nonmetropolitan					
Borrower Income Level	Bank Loans				Households by Household Income %
	#	#%	\$(000)	\$%	
Low	13	25.5	211	25.1	30.7
Moderate	15	29.4	128	15.2	13.9
Middle	13	25.5	160	19.0	20.0
Upper	10	19.6	343	40.8	35.5
Unknown	0	0.0	0	0.0	0.0
<b>Total</b>	<b>51</b>	<b>100.0</b>	<b>841</b>	<b>100.0</b>	<b>100.0</b>

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

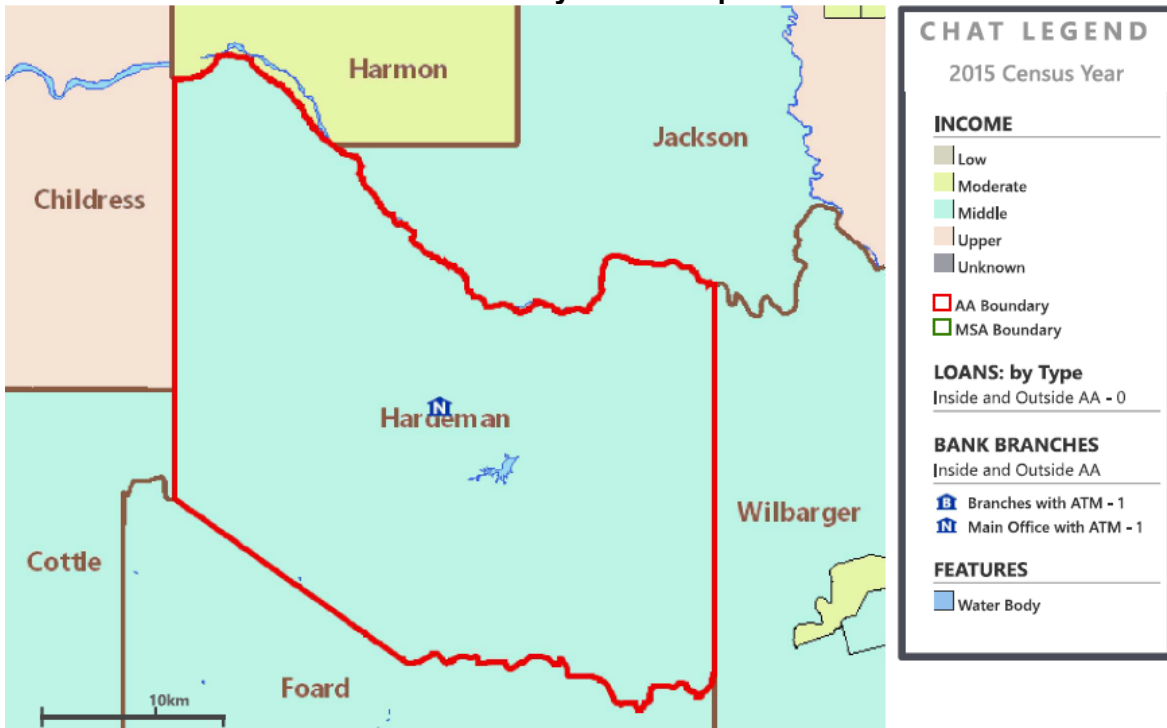


**APPENDIX A – MAPS OF THE ASSESSMENT AREAS**

**Wichita Falls MSA AA**



**Hardeman County Nonmetropolitan AA**



**APPENDIX B – DEMOGRAPHIC INFORMATION**

**Table B-1**

2022 Wichita Falls MSA AA Demographics								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low	3	6.0	1,179	3.3	547	46.4	7,558	20.9
Moderate	13	26.0	7,271	20.1	1,534	21.1	6,678	18.4
Middle	24	48.0	21,364	59.0	1,681	7.9	7,433	20.5
Upper	9	18.0	6,395	17.7	371	5.8	14,540	40.2
Unknown	1	2.0	0	0.0	0	0.0	0	0.0
<b>Total AA</b>	<b>50</b>	<b>100.0</b>	<b>36,209</b>	<b>100.0</b>	<b>4,133</b>	<b>11.4</b>	<b>36,209</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	3,142	1,026	2.9	32.7	1,424	45.3	692	22.0
Moderate	14,838	6,305	17.6	42.5	5,992	40.4	2,541	17.1
Middle	35,986	21,891	61.0	60.8	9,637	26.8	4,458	12.4
Upper	11,546	6,681	18.6	57.9	3,254	28.2	1,611	14.0
Unknown	0	0	0.0	0.0	0	0.0	0	0.0
<b>Total AA</b>	<b>65,512</b>	<b>35,903</b>	<b>100.0</b>	<b>54.8</b>	<b>20,307</b>	<b>31.0</b>	<b>9,302</b>	<b>14.2</b>
	Total Businesses by Tract		Businesses by Tract & Revenue Size					
			Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported	
	#	%	#	%	#	%	#	%
Low	682	16.1	594	15.5	82	23.4	6	9.7
Moderate	1,046	24.7	904	23.6	129	36.8	13	21.0
Middle	1,880	44.4	1,753	45.8	103	29.3	24	38.7
Upper	627	14.8	571	14.9	37	10.5	19	30.6
Unknown	4	0.1	4	0.1	0	0.0	0	0.0
<b>Total AA</b>	<b>4,239</b>	<b>100.0</b>	<b>3,826</b>	<b>100.0</b>	<b>351</b>	<b>100.0</b>	<b>62</b>	<b>100.0</b>
<b>Percentage of Total Businesses:</b>				<b>90.3</b>		<b>8.3</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	7	3.4	6	3.0	1	16.7	0	0.0
Moderate	16	7.8	14	7.1	1	16.7	1	100.0
Middle	93	45.4	92	46.5	1	16.7	0	0.0
Upper	89	43.4	86	43.4	3	50.0	0	0.0
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
<b>Total AA</b>	<b>205</b>	<b>100.0</b>	<b>198</b>	<b>100.0</b>	<b>6</b>	<b>100.0</b>	<b>1</b>	<b>100.0</b>
<b>Percentage of Total Farms:</b>				<b>96.6</b>		<b>2.9</b>		<b>0.5</b>
Source: 2022 FFIEC Census Data 2022 Dun & Bradstreet Data 2016-2020 U.S. Census Bureau: American Community Survey Note: Percentages may not total 100.0 percent due to rounding.								

**Table B-2**

2021 Wichita Falls MSA AA Demographics								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low	4	9.3	1,958	5.4	699	35.7	7,770	21.5
Moderate	12	27.9	7,734	21.4	1,763	22.8	6,069	16.8
Middle	13	30.2	12,678	35.0	1,057	8.3	7,398	20.5
Upper	13	30.2	13,804	38.2	930	6.7	14,937	41.3
Unknown	1	2.3	0	0.0	0	0.0	0	0.0
<b>Total AA</b>	<b>43</b>	<b>100.0</b>	<b>36,174</b>	<b>100.0</b>	<b>4,449</b>	<b>12.3</b>	<b>36,174</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	3,994	1,782	5.0	44.6	1,452	36.4	760	19.0
Moderate	15,312	6,982	19.6	45.6	5,674	37.1	2,656	17.3
Middle	22,480	13,123	36.8	58.4	5,314	23.6	4,043	18.0
Upper	23,376	13,816	38.7	59.1	7,294	31.2	2,266	9.7
Unknown	0	0	0.0	0.0	0	0.0	0	0.0
<b>Total AA</b>	<b>65,162</b>	<b>35,703</b>	<b>100.0</b>	<b>54.8</b>	<b>19,734</b>	<b>30.3</b>	<b>9,725</b>	<b>14.9</b>
	Total Businesses by Tract	Businesses by Tract & Revenue Size						
		Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported		
		#	%	#	%	#	%	
Low	248	4.2	212	3.9	31	7.1	5	6.2
Moderate	1,767	29.8	1,558	28.8	190	43.7	19	23.5
Middle	1,460	24.6	1,339	24.8	87	20.0	34	42.0
Upper	2,444	41.3	2,294	42.4	127	29.2	23	28.4
Unknown	4	0.1	4	0.1	0	0.0	0	0.0
<b>Total AA</b>	<b>5,923</b>	<b>100.0</b>	<b>5,407</b>	<b>100.0</b>	<b>435</b>	<b>100.0</b>	<b>81</b>	<b>100.0</b>
<b>Percentage of Total Businesses:</b>				<b>91.3</b>		<b>7.3</b>		<b>1.4</b>
	Total Farms by Tract	Farms by Tract & Revenue Size						
		Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported		
		#	%	#	%	#	%	
Low	5	2.2	5	2.2	0	0.0	0	0.0
Moderate	18	7.8	15	6.7	2	33.3	1	100.0
Middle	129	55.6	128	56.9	1	16.7	0	0.0
Upper	80	34.5	77	34.2	3	50.0	0	0.0
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
<b>Total AA</b>	<b>232</b>	<b>100.0</b>	<b>225</b>	<b>100.0</b>	<b>6</b>	<b>100.0</b>	<b>1</b>	<b>100.0</b>
<b>Percentage of Total Farms:</b>				<b>97.0</b>		<b>2.6</b>		<b>0.4</b>
Source: 2021 FFIEC Census Data 2021 Dun & Bradstreet Data 2016-2020 U.S. Census Bureau: American Community Survey Note: Percentages may not total 100.0 percent due to rounding.								

**Table B-3**

2020 Wichita Falls MSA AA Demographics								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low	4	9.3	1,958	5.4	699	35.7	7,770	21.5
Moderate	12	27.9	7,734	21.4	1,763	22.8	6,069	16.8
Middle	13	30.2	12,678	35.0	1,057	8.3	7,398	20.5
Upper	13	30.2	13,804	38.2	930	6.7	14,937	41.3
Unknown	1	2.3	0	0.0	0	0.0	0	0.0
<b>Total AA</b>	<b>43</b>	<b>100.0</b>	<b>36,174</b>	<b>100.0</b>	<b>4,449</b>	<b>12.3</b>	<b>36,174</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	3,994	1,782	5.0	44.6	1,452	36.4	760	19.0
Moderate	15,312	6,982	19.6	45.6	5,674	37.1	2,656	17.3
Middle	22,480	13,123	36.8	58.4	5,314	23.6	4,043	18.0
Upper	23,376	13,816	38.7	59.1	7,294	31.2	2,266	9.7
Unknown	0	0	0.0	0.0	0	0.0	0	0.0
<b>Total AA</b>	<b>65,162</b>	<b>35,703</b>	<b>100.0</b>	<b>54.8</b>	<b>19,734</b>	<b>30.3</b>	<b>9,725</b>	<b>14.9</b>
	Total Businesses by Tract	Businesses by Tract & Revenue Size						
		Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported		
		#	%	#	%	#	%	
Low	254	4.2	220	4.0	29	6.2	5	6.8
Moderate	1,776	29.6	1,557	28.5	201	42.7	18	24.3
Middle	1,482	24.7	1,354	24.8	96	20.4	32	43.2
Upper	2,484	41.4	2,320	42.5	145	30.8	19	25.7
Unknown	4	0.1	4	0.1	0	0.0	0	0.0
<b>Total AA</b>	<b>6,000</b>	<b>100.0</b>	<b>5,455</b>	<b>100.0</b>	<b>471</b>	<b>100.0</b>	<b>74</b>	<b>100.0</b>
<b>Percentage of Total Businesses:</b>				<b>90.9</b>		<b>7.9</b>		<b>1.2</b>
	Total Farms by Tract	Farms by Tract & Revenue Size						
		Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported		
		#	%	#	%	#	%	
Low	5	2.2	5	2.3	0	0.0	0	0.0
Moderate	20	8.8	17	7.7	2	33.3	1	100.0
Middle	128	56.1	127	57.5	1	16.7	0	0.0
Upper	75	32.9	72	32.6	3	50.0	0	0.0
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
<b>Total AA</b>	<b>228</b>	<b>100.0</b>	<b>221</b>	<b>100.0</b>	<b>6</b>	<b>100.0</b>	<b>1</b>	<b>100.0</b>
<b>Percentage of Total Farms:</b>				<b>96.9</b>		<b>2.6</b>		<b>0.4</b>

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

**Table B-4**

2022 Hardeman County Nonmetropolitan AA Demographics								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low	0	0.0	0	0.0	0	0.0	238	21.8
Moderate	0	0.0	0	0.0	0	0.0	178	16.3
Middle	1	100.0	1,093	100.0	108	9.9	297	27.2
Upper	0	0.0	0	0.0	0	0.0	380	34.8
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
<b>Total AA</b>	<b>1</b>	<b>100.0</b>	<b>1,093</b>	<b>100.0</b>	<b>108</b>	<b>9.9</b>	<b>1,093</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	0	0	0.0	0.0	0	0.0	0	0.0
Middle	2,411	1,159	100.0	48.1	513	21.3	739	30.7
Upper	0	0	0.0	0.0	0	0.0	0	0.0
Unknown	0	0	0.0	0.0	0	0.0	0	0.0
<b>Total AA</b>	<b>2,411</b>	<b>1,159</b>	<b>100.0</b>	<b>48.1</b>	<b>513</b>	<b>21.3</b>	<b>739</b>	<b>30.7</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	0	0.0	0	0.0	0	0.0	0	0.0
Middle	142	100.0	129	100.0	7	100.0	6	100.0
Upper	0	0.0	0	0.0	0	0.0	0	0.0
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
<b>Total AA</b>	<b>142</b>	<b>100.0</b>	<b>129</b>	<b>100.0</b>	<b>7</b>	<b>100.0</b>	<b>6</b>	<b>100.0</b>
<b>Percentage of Total Businesses:</b>				<b>90.8</b>		<b>4.9</b>		<b>4.2</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	0	0.0	0	0.0	0	0.0	0	0.0
Middle	29	100.0	27	100.0	2	100.0	0	0.0
Upper	0	0.0	0	0.0	0	0.0	0	0.0
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
<b>Total AA</b>	<b>29</b>	<b>100.0</b>	<b>27</b>	<b>100.0</b>	<b>2</b>	<b>100.0</b>	<b>0</b>	<b>0.0</b>
<b>Percentage of Total Farms:</b>				<b>93.1</b>		<b>6.9</b>		<b>0.0</b>

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

**Table B-5**

2021 Hardeman County Nonmetropolitan AA Demographics								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low	0	0.0	0	0.0	0	0.0	238	24.0
Moderate	0	0.0	0	0.0	0	0.0	170	17.2
Middle	1	100.0	990	100.0	109	11.0	153	15.5
Upper	0	0.0	0	0.0	0	0.0	429	43.3
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
<b>Total AA</b>	<b>1</b>	<b>100.0</b>	<b>990</b>	<b>100.0</b>	<b>109</b>	<b>11.0</b>	<b>990</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	0	0	0.0	0.0	0	0.0	0	0.0
Middle	2,395	1,189	100.0	49.6	445	18.6	761	31.8
Upper	0	0	0.0	0.0	0	0.0	0	0.0
Unknown	0	0	0.0	0.0	0	0.0	0	0.0
<b>Total AA</b>	<b>2,395</b>	<b>1,189</b>	<b>100.0</b>	<b>49.6</b>	<b>445</b>	<b>18.6</b>	<b>761</b>	<b>31.8</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	0	0.0	0	0.0	0	0.0	0	0.0
Middle	142	100.0	129	100.0	7	100.0	6	100.0
Upper	0	0.0	0	0.0	0	0.0	0	0.0
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
<b>Total AA</b>	<b>142</b>	<b>100.0</b>	<b>129</b>	<b>100.0</b>	<b>7</b>	<b>100.0</b>	<b>6</b>	<b>100.0</b>
<b>Percentage of Total Businesses:</b>				<b>90.8</b>		<b>4.9</b>		<b>4.2</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	0	0.0	0	0.0	0	0.0	0	0.0
Middle	29	100.0	27	100.0	2	100.0	0	0.0
Upper	0	0.0	0	0.0	0	0.0	0	0.0
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
<b>Total AA</b>	<b>29</b>	<b>100.0</b>	<b>27</b>	<b>100.0</b>	<b>2</b>	<b>100.0</b>	<b>0</b>	<b>0.0</b>
<b>Percentage of Total Farms:</b>				<b>93.1</b>		<b>6.9</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 B-6**

2020 Hardeman County Nonmetropolitan AA Demographics								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low	0	0.0	0	0.0	0	0.0	238	24.0
Moderate	0	0.0	0	0.0	0	0.0	170	17.2
Middle	1	100.0	990	100.0	109	11.0	153	15.5
Upper	0	0.0	0	0.0	0	0.0	429	43.3
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
<b>Total AA</b>	<b>1</b>	<b>100.0</b>	<b>990</b>	<b>100.0</b>	<b>109</b>	<b>11.0</b>	<b>990</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	0	0	0.0	0.0	0	0.0	0	0.0
Middle	2,395	1,189	100.0	49.6	445	18.6	761	31.8
Upper	0	0	0.0	0.0	0	0.0	0	0.0
Unknown	0	0	0.0	0.0	0	0.0	0	0.0
<b>Total AA</b>	<b>2,395</b>	<b>1,189</b>	<b>100.0</b>	<b>49.6</b>	<b>445</b>	<b>18.6</b>	<b>761</b>	<b>31.8</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	0	0.0	0	0.0	0	0.0	0	0.0
Middle	145	100.0	131	100.0	8	100.0	6	100.0
Upper	0	0.0	0	0.0	0	0.0	0	0.0
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
<b>Total AA</b>	<b>145</b>	<b>100.0</b>	<b>131</b>	<b>100.0</b>	<b>8</b>	<b>100.0</b>	<b>6</b>	<b>100.0</b>
<b>Percentage of Total Businesses:</b>				<b>90.3</b>		<b>5.5</b>		<b>4.1</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	0	0.0	0	0.0	0	0.0	0	0.0
Middle	28	100.0	26	100.0	2	100.0	0	0.0
Upper	0	0.0	0	0.0	0	0.0	0	0.0
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
<b>Total AA</b>	<b>28</b>	<b>100.0</b>	<b>26</b>	<b>100.0</b>	<b>2</b>	<b>100.0</b>	<b>0</b>	<b>0.0</b>
<b>Percentage of Total Farms:</b>				<b>92.9</b>		<b>7.1</b>		<b>0.0</b>
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.								

## 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.