



FIRST STATE BANK



**MAIN BANK
CRA PUBLIC FILE**

**PLEASE DIRECT ANY CRA RELATED COMMENTS OR
COMPLAINTS TO:**

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PUBLIC DISCLOSURE

November 27, 2023

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

First State Bank
Certificate Number: 15206

130 East Corsicana Street
Athens, Texas 75751

Federal Deposit Insurance Corporation
Division of Depositor and Consumer Protection Dallas Regional Office

600 North Pearl Street, Suite 700
Dallas, Texas 75201

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 RATING

INSTITUTION'S CRA RATING: This institution is rated **Satisfactory**.

An institution in this group has a satisfactory record of helping to meet the credit needs of its assessment area, including low- and moderate-income neighborhoods, in a manner consistent with its resources and capabilities.

The Lending Test is rated Satisfactory.

- The loan-to-deposit is reasonable (considering season variations and taking into account lending related activities) given the institution's size, financial condition, and assessment area credit needs.
- A majority of its loans and other lending-related activities are in the institution's assessment areas.
- The geographic distribution of loans reflects reasonable dispersion throughout the assessment areas.
- The distribution of borrowers reflects, given the demographics of the assessment areas, reasonable penetration among individuals of different income levels (including low- and moderate-income) and businesses of different sizes.
- The bank did not receive any Community Reinvestment Act (CRA)-related complaints since the previous evaluation. Therefore, this factor did not affect the Lending Test rating.

The Community Development Test is rated Outstanding.

The institution's community development performance demonstrates excellent responsiveness to community development needs in its assessment areas through community development loans, qualified investments and community development services, as appropriate, considering the institution's capacity and the need and availability of such opportunities for community development in the institution's assessment areas.

DESCRIPTION OF INSTITUTION

First State Bank (FSB) is headquartered in Athens, Texas, approximately 73 miles southeast of Dallas, Texas. Athens, TX Bancshares, Inc., of Athens, Texas, a one-bank holding company, wholly owns the bank. FSB shares common ownership with Capital Bank, Jacinto City, Texas, and Austin Bank, Texas National Association, Jacksonville, Texas. The bank received an overall "Satisfactory" rating at the prior FDIC Performance Evaluation dated November 2, 2020, using Intermediate Small Bank evaluation procedures.

The bank's primary focus is commercial lending and residential lending, consistent with the prior evaluation. FSB operates seven locations (six full-service and one limited service) in the

following northeast Texas cities: Athens, Corsicana, Mabank, Gun Barrel City, and Malakoff. Since the prior evaluation, the bank has neither opened nor closed any branch locations, and there has been no mergers or acquisition activities.

The bank offers a variety of loan products including consumer, commercial, residential, and agricultural loans. It also provides a variety of deposit services, including checking accounts, savings accounts, money market accounts, and certificates of deposit. Other alternative services include debit cards, ATMs, drive-thru facilities, telephone banking, online banking, and mobile banking.

Based on the September 30, 2023, Report of Income and Condition, the bank reported \$698.7 million in total assets, \$446.4 million in total loans, and \$601.7 million in total deposits. Since the prior CRA evaluation, total assets increase by 31.1 percent, net loans increased by 42.1 percent, and total deposits increased by 28.2 percent.

The following table illustrates the mix of outstanding loans as of September 30, 2023, which reflects a distribution generally supportive of the institution's primary business focus.

Loan Portfolio Distribution as of 09/30/2023		
Loan Category	\$(000s)	%
Construction, Land Development, and Other Land Loans	61,034	13.6
Secured by Farmland	21,151	4.7
Secured by 1-4 Family Residential Properties	233,422	52.2
Secured by Multifamily (5 or more) Residential Properties	2,677	0.6
Secured by Nonfarm Nonresidential Properties	71,160	15.9
Total Real Estate Loans	389,444	87.0
Commercial and Industrial Loans	31,950	7.2
Agricultural Production and Other Loans to Farmers	8,333	1.8
Consumer Loans	15,283	3.4
Obligations of State and Political Subdivisions in the U.S.	1,201	0.4
Other Loans	189	0.2
Lease Financing Receivable (net of unearned income)	-	-
Less: Unearned Income	-	-
Total Loans	446,400	100.0
<i>Source: Reports of Condition and Income 09/30/2023</i>		

FSB does not have any financial, legal, or other impediments that would limit the institution's ability to meet the credit needs of its assessment area (AA).

DESCRIPTION OF ASSESSMENT AREAS

FSB delineated two contiguous AAs for CRA purposes: Dallas Metropolitan Division (MD) AA and Texas Non-MSA AA. Since the previous evaluation, the bank expanded their designated AAs to include full counties. The combined AAs include 81 census tracts with the following designations according to the 2020 U.S. Census Data: 2 low-, 16 moderate-, 45 middle-, 18 upper income, and no tracts with no designation. All areas conform to CRA regulatory requirements. Refer to the individual discussions of the AAs for more details.

SCOPE OF EVALUATION

General Information

This evaluation covers the period from November 2, 2020, the date of the previous CRA evaluation, through November 27, 2023, the date of this evaluation. To evaluate performance, examiners applied the Federal Financial Institutions Examination Council (FFIEC) Intermediate Small Bank CRA Examination procedures, which include the Lending Test and the Community Development Test. Refer to Appendices for listing of criteria reviewed under each test. Banks must achieve at least a satisfactory rating under each test to obtain an overall satisfactory rating.

Examiners selected the Texas Non-MSA AA and the Dallas MD AA for a full-scope review. Examiners considered that the Texas Non-MSA AA has a significant majority of the bank's loans, deposits, and branches. Examiners also chose to perform full-scope procedures on the Dallas MD AA, as this area did not receive a full-scope review at the previous evaluation.

As presented in the table below, the Texas Non-MSA AA contains the majority of lending, deposits and branching structure and location of the main office in the area. Given these considerations, examiners placed more weight on the Texas Non-MSA AA when arriving at conclusions and the overall rating.

Assessment Area Breakdown of Loans, Deposits, and Branches						
Assessment Area	Loans		Deposits		Branches	
	\$(000s)	%	\$(000s)	%	#	%
Texas Non-MSA	102,855	91.8	525,826	83.1	5	71.4
Dallas MD	9,126	8.2	106,671	16.9	2	28.6
Total	111,981	100.0	632,497	100.0	7	100.0
Source: Bank Data; FDIC Summary of Deposits (06/30/2023)						

Activities Reviewed

For the Lending Test, CRA Intermediate Small Bank procedures require examiners to determine the bank's major product lines from which to sample. As an initial matter, examiners may select from among the same loan categories used for CRA Large Bank evaluations: home mortgage, small business, small farm, and consumer loans.

The following table shows the bank's 2022 lending activity by loan category, which reflects a generally consistent pattern with the bank's lending emphasis since the last evaluation.

Loans Originated or Purchased				
Loan Category	\$(000s)	%	#	%
Construction and Land Development	32,070	14.3	168	6.7
Secured by Farmland	6,314	2.8	31	1.2
Secured by 1-4 Family Residential Properties	66,345	29.6	188	7.6
Multi-Family (5 or more) Residential Properties	691	0.3	1	0.1
Commercial Real Estate Loans	50,529	22.5	115	4.6
Commercial and Industrial Loans	46,189	20.6	855	34.4
Agricultural Loans	10,767	4.8	297	11.9
Consumer Loans	10,869	4.8	830	33.3
Other Loans	739	0.3	3	0.2
Total Loans	224,513	100.0	2,488	100.0
<i>Source: Bank Data 01/01/2022-12/31/2022</i>				

Examiners determined that the bank's major product line includes home mortgage lending (1-4 family and multi-family residential) at 29.9 percent and commercial lending (commercial and industrial and commercial real estate) at 43.1 percent of the dollar volume of the loan portfolio. Of the other typically considered products, agriculture lending (secured by farmland and agricultural loans) represents 7.6 percent, and consumer loans account for 4.8 percent of overall lending by dollar volume. Due to their smaller presence in the originations and overall loan portfolio, examiners did not evaluate CRA performance related to small farm or consumer lending, as they would have little effect on overall conclusions.

From the universe of commercial loans, this evaluation considered all 553 small business loans totaling \$54.7 million, originated in 2022, for the analysis of the bank's lending inside and outside of the assessment areas. For the geographic and borrower profile distribution performance factors, examiners selected a random sample of 73 small business loans totaling \$5.3 million originated inside the bank's AA. Examiners based this sample on a statistical 90 percent Confidence Interval with a 10 percent Precision Level. D&B data provided the standard of comparison for small business lending.

FSB is required to report home mortgage loans under the Home Mortgage Disclosure Act (HMDA).

Therefore, examiners considered available HMDA data to evaluate home mortgage performance. Examiners reviewed the following home mortgage loans reported on the bank's 2021 and 2022 HMDA Loan Application Registers for this evaluation:

- 2021: 223 loans totaling \$72.6 million
- 2022: 214 loans totaling \$84.2 million

This evaluation includes analysis of 2021-2022 HMDA data within the Assessment Area Concentration performance factor. However, as examiners did not identify any significant trends between the different years' data that materially affected applicable conclusions, this evaluation only presents 2022 home mortgage loans, the most recent year for which aggregate data exists.

Aggregate HMDA data for 2022 provided the standard of comparison for home mortgage lending.

Examiners considered the universes by number and dollar volume, as well as management's stated business strategy, to determine the weighting applied to the loan categories reviewed when arriving at applicable conclusions. Therefore, given these considerations, examiners placed equal weighting on the bank's record of originating small business and home mortgage loans to arrive at overall conclusions.

The performance evaluation presents information regarding the number and dollar volume of small business and home mortgage loans; however, for the borrower profile and geographic distribution performance factors under the Lending Test, examiners emphasized performance by number of loans because the number of loans is a better indicator of the number of businesses and individuals served.

The review period for the Community Development Test extends from November 2, 2020, to November 27, 2023. For this test, examiners considered the bank's community development lending, investments, and services provided within the AAs, as well as the broader statewide/regional area. The scope of this evaluation further encompasses all prior period qualified investments purchased prior to the previous evaluation but still outstanding as of this evaluation's date.

CONCLUSIONS ON PERFORMANCE CRITERIA

LENDING TEST

FSB demonstrated a satisfactory overall Lending Test record. The reasonable geographic distribution and borrower profile primarily support this conclusion. A reasonable record regarding the bank's loan to-deposit ratio and a majority of loans originated inside the AAs further supports the Lending Test conclusion.

Loan-to-Deposit Ratio

The loan-to-deposit ratio (LTD) is reasonable (considering seasonal variations and taking into account lending related activities) given institution's size, financial condition, and AA credit needs.

The bank's average net LTD ratio, calculated from Report of Condition and Income data, averaged 63.2 percent over the past 12 calendar quarters from December 31, 2020, to September 30, 2023. The quarterly LTD ratio ranged from a low of 58.4 percent as of March 31, 2021, rising to a high of 73.1 percent on September 30, 2020.

Examiners identified and listed in the following table, two local institutions operating in or near the bank's AA and reflecting a comparable lending emphasis. As shown, FSB's ratio lands between the comparable banks. Specifically, FSB trails one bank by 18.1 percentage points and exceeds the other by 16.9 percentage points. In addition, an average of 26.0 percent of the total deposits was public funds.

Loan-to-Deposit (LTD) Ratio Comparison		
Bank	Total Assets as of 09/30/2023 (\$000s)	Average Net LTD Ratio (%)
First State Bank, Athens, TX	698,667	63.2
Mineola Community Bank, SSB, Mineola, TX	436,007	81.3
First State Bank of Brownsboro, Brownsboro, TX	126,696	46.3
Source: Reports of Condition and Income 12/31/2020 09/30/2023		

Assessment Area Concentration

A majority of loans are in the institution's AA. The table below illustrates that the bank originated a majority of home mortgage and small business loans within the designated AAs by both number and dollar volume. However, the table reflects a majority of the bank's home mortgage loans, by dollar volume, originated outside of the assessment areas. This resulted from a small number of high dollar loans originated by the bank outside of the AA.

Lending Inside and Outside of the Assessment Area										
Loan Category	Number of Loans				Total #	Dollars Amount of Loans \$(000s)				Total \$(000s)
	Inside		Outside			Inside		Outside		
	#	%	#	%		\$	%	\$	%	
Small Business 2022	461	83.4	92	16.6	553	36,504	66.7	18,221	33.3	54,725
Home Mortgage										
2021	159	71.3	64	28.7	223	34,945	48.1	37,688	51.9	72,633
2022	141	65.9	73	34.1	214	42,824	50.8	41,404	49.2	84,228
Subtotal	225	69.4	99	30.6	324	77,769	49.6	79,092	50.4	156,861

Source: HMDA Reported Data; Bank Data; Due to rounding, total may not equal 100.0%

Geographic Distribution

The geographic distribution of loans reflects reasonable dispersion throughout the assessments areas for the institution as a whole. An adequate record in the Texas-Non MSA AA performance primarily supports this conclusion. The Dallas MSA AA reflects performance above the performance in the Texas Non MSA AA. Please refer to the AA review sections that follow for more detail about each individual AA.

Borrower Profile

The distribution of borrowers reflects, given the demographics of the AAs reasonable penetration among individuals of different income levels (including low- and moderate-income) and business of different sizes for the institution as a whole. An adequate record in the Texas Non-MSA AA and consistent performance in the Dallas MD AA supports this conclusion. Please refer to the AA review sections that follow for more detail about each individual AA.

Response to Complaints

The institution has not received any CRA-related complaints since the previous evaluation; therefore, this criterion did not affect the Lending Test rating.

COMMUNITY DEVELOPMENT TEST

FSB's community development performance demonstrates excellent responsiveness to community development needs in its AAs through community development loans, qualified investments, and community development services, as appropriate, considering the institution's capacity and the need and availability of such opportunities for community development in the institution's AAs.

Community Development Loans

The bank originated 39 loans totaling \$62.6 million during the evaluation period. This level of activity represents 9.4 percent of average total assets and 16.2 percent of average total loans since the prior evaluation. These levels reflect an increase overall from the 2.8 percent of bank average assets and 5.9 percent of net loans noted at the last evaluation. The following table contains the distribution of community development loans by year and purpose.

Community Development Lending Whole Bank										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
2020 (Partial)	1	1,300	-	-	-	-	-	-	1	1,300
2021	-	-	-	-	2	3,360	10	8,670	12	12,030

2022	-	-	-	-	1	75	13	26,130	14	26,205
2023 (YTD)	-	-	-	-	2	8,250	10	14,864	12	23,113
Total	1	1,300	-	-	5	11,685	33	49,664	39	62,649
<i>Source: Bank Data (11/02/2020 – 11/27/2023)</i>										

The following table illustrates the community development lending activity by AA and purpose. The table denotes some activity in both the Texas Non-MSA AA and the Dallas MD AA demonstrating excellent responsiveness to needs identified in the area.

Community Development Lending by Assessment Area										
Assessment Area	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Texas Non-MSA	-	-	-	-	3	3,760	22	19,895	25	23,655
Dallas MD	-	-	-	-	-	-	2	4,099	2	4,099
Statewide Activities	1	1,300	-	-	2	7,925	9	25,670	12	34,895
Total	1	1,300	-	-	5	11,685	33	49,664	39	62,649
<i>Source: Bank Data (11/02/2020 – 11/27/2023)</i>										

The following points provide examples of the bank's community development loans in the broader statewide area:

- ***Affordable Housing:*** The bank originated a \$1.3 million loan to purchase a multi-family. This loan helps to provide affordable housing to low- and moderate-income individuals in Smith County.
- ***Revitalize & Stabilize:*** The bank originated a loan for \$2.6 million to refinance a commercial building located in a moderate-income census tract. This activity helps to attract new, or retain existing businesses in Harris County.

Refer to the review of each AA for more details on community development lending activities specific to the individual AAs.

Qualified Investments

The following table shows that the bank made use of 29 qualified investments totaling approximately \$34.6 million, as well as 105 grants and donations totaling \$117 thousand. This level equates to 9.4 percent of average total assets of approximately \$666.6 million and 17.8 percent of average total securities of approximately \$196.0 million since the previous evaluation. This level demonstrates an increase from the 8.1 percent of average assets and a decrease from the 28.7 percent of average securities noted at last evaluation.

Qualified Investments Whole Bank										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
2020 (Partial)	-	-	1	534	-	-	1	284	2	819
2021	-	-	2	717	-	-	5	4,495	7	5,213
2022	-	-	-	-	-	-	-	-	-	-
2023 (YTD)	-	-	20	28,655	-	-	-	-	20	28,656
Subtotal	-	-	23	29,906	-	-	6	4,780	29	34,688
Qualified Grants & Donations	-	-	62	80	-	-	44	47	105	117
Total	-	-	85	29,988	-	-	49	4,817	134	34,805
<i>Source: Bank Data (11/02/2020 – 11/27/2023)</i>										

The following tables contains the breakdown of qualified investment by AA and purpose. The table denotes activity in in both the Texas Non-MSA AA and the Dallas MD AA demonstrating responsiveness to needs identified in the areas.

Community Development Qualified Investments by Assessment Area										
Assessment Area	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Texas Non-MSA	-	-	58	445	-	-	39	35	98	480
Dallas MD	-	-	-	-	-	-	4	2	4	2
Statewide Activities	-	-	26	29,543	-	-	6	4,780	32	34,323
Total	-	-	85	29,988	-	-	49	4,817	134	34,805
<i>Source: Bank Data (11/02/2020 – 11/27/2023)</i>										

The following points provide examples of the bank’s qualified investments in the broader statewide area:

- **Community Service:** The bank invested \$534.2 thousand for facility improvements across multiple campuses within a school district that provided services to low- and moderate- income families in Harris County, Texas, where over 50 percent of students are economically disadvantaged.
- **Revitalize & Stabilize:** The bank invested \$1.3 million for technology devices for a school district with schools located primarily in low- and moderate-income census tracts in William County, Texas, thereby attracting and retaining residents to the area.

Refer to the review of each AA for more details on qualified investment activities specific to individual AAs.

Community Development Services

The following table shows that the bank provided 89 community development services, which on average equates to 4.6 community development services per office, per year. The bank's performance reflects an increase from the average of 3.1 community development services, per office, per year recorded at previous evaluation.

Community Development Services					
Activity Year	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Totals
	#	#	#	#	#
2020 (Partial)	-	8	-	-	8
2021	-	21	-	3	24
2022	-	26	-	4	30
2023 (YTD)	-	23	-	4	27
Total	-	78	-	11	89
<i>Source: Bank Data (11/02/2020 – 11/27/2023)</i>					

The following table illustrates the distribution of community development services by AA and purpose.

Community Development Services by Assessment Area					
Assessment Area	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Totals
	#	#	#	#	#
Texas Non MSA	-	74	-	6	80
Dallas MD	-	4	-	5	9
Statewide Activities	-	-	-	-	-
Total	-	78	-	11	89
<i>Source: Bank Data (11/02/2020 – 11/27/2023)</i>					

All community development services directly benefitted the AAs. Refer to the review of each AA for more details on services specific to individual AAs.

The branch does not operate any branches or ATMs in low-income areas. All full-service branch locations have ATMs, and two locations are in a moderate-income area; however, the ATMs do not accept deposits.

DISCRIMINATORY OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

The bank's compliance with the laws relating to discrimination and other illegal credit practices was reviewed, including Fair Housing Act and the Equal Credit Opportunity Act. Examiners did not identify any discriminatory or other illegal credit practices.

TEXAS NON-MSA AA – Full-Scope Review

DESCRIPTION OF INSTITUTION'S OPERATIONS IN TEXAS NON-MSAAA

The Texas Non-MSA AA includes the following full counties: Henderson County, Navarro County, and Van Zandt County. Since the prior evaluation, the bank expanded the AA to include full counties.

Economic and Demographic Data

The Texas Non-MSAAA is comprised of 54 census tracts, with the following income designations of the 2020 U.S. Census data: 1 low-, 7 moderate-, 33 middle-, and 13 upper-income census tracts. The following table contains additional demographic and economic information for the Texas Non-MSAAA.

Demographic Information of the Assessment Area Texas Non-MSA AA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	54	1.9	13.0	61.1	24.1	0.0
Population by Geography	194,315	1.5	11.8	64.7	22.1	0.0
Housing Units by Geography	86,212	1.0	11.2	64.3	23.5	0.0
Owner-Occupied Units by Geography	52,494	0.9	9.7	66.5	22.9	0.0
Occupied Rental Units by Geography	17,158	1.3	16.1	59.9	22.8	0.0
Vacant Units by Geography	16,560	1.0	11.1	62.0	26.0	0.0
Businesses by Geography	16,036	1.1	13.1	61.2	24.6	0.0
Farms by Geography	804	1.0	7.2	64.2	27.6	0.0
Family Distribution by Income Level	50,114	21.2	18.5	18.6	41.8	0.0
Household Distribution by Income Level	69,652	23.7	15.7	17.6	43.0	0.0
Median Family Income Non-MSAs - TX		\$61,785	Median Housing Value			\$129,535
			Median Gross Rent			\$804
			Families Below Poverty Level			11.2%
Source: 2020 U.S. Census and 2022 D&B Data Due to rounding, totals may not equal 100.0% (*) The NA category consists of geographies that have not been assigned an income classification.						

On February 19, 2021, FEMA made a disaster declaration affecting the Texas Non-MSA AA due to severe winter storms. Additionally, on March 25, 2020, FEMA made a disaster declaration affecting the Texas Non-MSA AA due to COVID-19 pandemic. Both disasters affected all three counties in the AA.

The following table shows the calculated income range based on the 2022 FFIEC adjusted median family income of \$68,800 for the Texas Non-MSA AA.

Median Family Income Ranges				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
TX NA Median Family Income (99999)				
2022 (\$68,800)	<\$34,400	\$34,400 to <\$55,040	\$55,040 to <\$82,560	≥\$82,560
<i>Source: FFIEC</i>				

According to the 2020 D&B data, the largest industries in the Texas Non-MSA AA include services (28.3 percent), non-classified establishments (25.3 percent), and retail trade (12.9 percent). Major employers are MTC Henderson/Rusk County, Henderson ISD, Sadler's Smokehouse, Rusk County, and Walmart Supercenter.

The following table presents the unemployment rates for individual counties, the state, and the national rate. As shown, with the exception of 2021, the vast majority of the county unemployment rates fell below the state and national averages for the same period.

Unemployment Rates			
Area	2020	2021	2022
	%	%	%
Henderson County	5.9	3.9	3.8
Navarro County	5.5	4.0	3.4
Van Zandt County	5.6	3.5	3.1
State of Texas	6.9	4.5	3.8
National Average	6.9	3.9	3.5
<i>Source: Bureau of Labor Statistics (2023 Year End)</i>			

Competition

The area contains a moderate level of competition from other chartered banks based on the rural nature, with 20 institutions operating 58 branches inside the market. FSB ranks 2nd in the market share by capturing 14.1 percent of the area's deposits based on the June 30, 2023, FDIC Deposit Market Share Report. The top three institutions, with 20 branches in the area hold 41.2 percent of the deposits.

Community Contact

Examiners contacted a community member knowledgeable of the area's economic and business environments to help access the current economic conditions, community credit needs, and potential opportunities for bank involvement in the area. The contact represents a local economic development organization.

The contact noted that the primary industries in the area are agricultural and industrial manufacturing. The contacted stated the area remains strong with job opportunities maintain a low unemployment rate within Navarro County and any contiguous counties. Lastly, the contact indicated a need for affordable housing stating that the area does not have a significant amount of residential loans due to the increase in housing costs in most recent years.

Credit and Community Development Needs and Opportunities

Considering information obtained from the community contact, bank management, and demographic and economic information, examiners determined that the primary credit needs of the assessment area include small business and home mortgage loans. With respect to the area's community development needs, demographic data supports the need for projects that provide affordable housing and community services targeted to low- and moderate-income individuals as well as activities that revitalize or stabilize low- and moderate-income tracts, designated disaster areas, and distressed areas. As indicated by the economic information, there is also a need for economic development for small businesses within the assessment area.

CONCLUSIONS ON PERFORMANCE CRITERIA IN TEXAS NON-MSA AA

LENDING TEST

FSB demonstrates satisfactory Lending Test record in the Texas Non-MSA AA. Reasonable records regarding the geographic distribution and borrower profile performances primarily support this conclusion.

Geographic Distribution

The geographic distribution of loans reflects reasonable dispersion throughout the Texas Non-MSA AA. Reasonable performances regarding small business loans and home mortgage loans support this conclusion.

Small Business Loans

The geographic distribution of small business loans reflects reasonable dispersion within the Texas Non-MSA AA. Reasonable levels of lending in low- and moderate-income census tracts support this conclusion.

The following table shows that the bank's lending level in the low-income census tract exceeds D&B data by 3.5 percentage points, reflecting reasonable performance. In the moderate-income census tract, the bank's lending level trails D&B data by 2.3 percentage points, reflecting reasonable performance.

Geographic Distribution of Small Business Loans Texas Non-MSA AA					
Tract Income Level	% of Businesses	#	%	\$(000s)	%
Low	1.1	3	4.6	204	4.0
Moderate	13.1	7	10.8	134	2.6
Middle	61.2	34	52.3	2,788	55.1
Upper	24.6	21	32.3	1,936	38.2
Not Available	0.0	0	0.0	0	0.0
Totals	100.0	65	100.0	5,062	100.0
Source: 2022 D&B Data; Bank Data. Due to rounding, totals may not equal 100.0%					

Home Mortgage Loans

The geographic distribution of home mortgage loans reflects reasonable dispersion in the Texas Non-MSA AA. The reasonable records in the low- and moderate-income geographies supports this conclusion.

The following table shows that, in the low-income census tract, the bank's level of lending is slightly higher than the aggregate data, reflecting reasonable performance. In the moderate-income census tracts, the bank level of lending falls 4.2 percentage point below aggregate data, reflecting reasonable performance.

Geographic Distribution of Home Mortgage Loans Texas Non-MSA AA						
Tract Income Level	% of Owner-Occupied Housing Units	Aggregate Performance % of #	#	%	\$(000s)	%
Low	0.9	0.3	1	0.8	96	0.3
Moderate	9.7	8.2	5	4.0	976	2.6
Middle	66.5	68.2	79	63.2	15,072	39.7
Upper	22.9	23.3	40	32.0	21,783	57.4
Not Available	0.0	0.0	0	0.0	0	0.0
Totals	100.0	100.0	125	100.0	37,927	100.0
Source: 2020 U.S. Census; Bank Data, 2022 HMDA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%						

Borrower Profile

The distribution of borrowers reflects, given the demographics of the Texas Non-MSA AA, reasonable penetration among individuals of different income levels and businesses of different sizes. The reasonable penetration regarding small business and home mortgage supports this conclusion.

Small Business Loans

The distribution of borrowers reflects, given the demographics of the Texas Non-MSA AA, reasonable penetration among businesses of different sizes. The following table shows that the bank's performance is slightly less than the D&B data for businesses with gross annual revenues (GARs) of \$1.0 million or less. Furthermore, the bank originated eight out of every ten loans to businesses with GAR of \$1 million or less, reflecting reasonable penetration.

Distribution of Small Business Loans by Gross Annual Revenues Texas Non-MSA AA					
Gross Revenue Level	% of Businesses	#	%	\$(000s)	%
< \$100,000	64.1	33	50.8	2,401	47.4
\$100,000 - \$249,999	18.3	11	16.9	356	7.0
\$250,000 - \$499,999	4.7	5	7.7	317	6.3
\$500,000 - \$1,000,000	2.3	5	7.7	1,004	19.8
Subtotal <= \$1,000,000	89.4	54	83.1	4,078	80.5
>\$1,000,000	2.5	3	4.6	826	16.3
Revenue Not Available	8.1	8	12.3	158	3.1
Total	100.0	65	100.0	5,062	100.0
<i>Source: 2022 D&B Data, Bank Data. Due to rounding, totals may not equal 100.0%.</i>					

Home Mortgage Loans

FSB demonstrated a reasonable level of lending to borrowers of different incomes. Reasonable records of lending to low- and moderate-income borrowers support at this conclusion.

The following table shows the bank's level of lending to low-income borrowers exceed aggregate performance by 1.1 percentage points, reflecting reasonable performance. The bank's level of lending to moderate-income borrowers trailed aggregate data by 3.7 percentage points, reflecting reasonable performance.

Distribution of Home Mortgage Loans by Borrower Income Level Texas Non-MSA AA						
Borrower Income Level	% of Families	Aggregate Performance % of #	#	%	\$(000s)	%
Low	21.2	2.9	5	4.0	249	0.7
Moderate	18.5	11.7	10	8.0	814	2.1
Middle	18.6	20.0	18	14.4	2,040	5.4
Upper	41.8	47.3	70	56.0	18,302	48.3
Not Available	0.0	18.2	22	17.6	16,522	43.6
Totals	100.0	100.0	125	100.0	37,927	100.0
<i>Source: 2020 U.S. Census; Bank Data, 2022 HMDA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%.</i>						

COMMUNITY DEVELOPMENT TEST

FSB's community development performance demonstrates adequate responsiveness to community development needs in the Texas Non-MSA AA through community development loans, qualified investments, and community development services, as appropriate, considering the institution's capacity and the need and availability of such opportunities for community development in the institution's AA.

Community Development Loans

The bank granted 25 community development loans, totaling \$23.7 million, in the Texas Non-MSA AA during the review period. This represents 64.1 percent by number and 37.8 percent by dollar of the bank's total community development lending. Relative to the considerations noted for the Community Development Test, the current figures reflect adequate performance.

The following are examples of community development loans in the Texas Non-MSA AA.

- ***Revitalize & Stabilize:*** In 2022, the bank originated a loan totaling \$336.7 thousand to purchase a new fire engine for a fire department. This will attract and retain residents in a moderate-income census tract in Henderson County.
- ***Revitalize & Stabilize:*** In 2023, the bank originated a \$1.3 million loan to purchase a commercial building. This activity helps to attract new, or retain existing businesses in a designated disaster area.

Qualified Investments

The bank made 98 qualified investments totaling \$480 thousand with most of the activity in the Texas Non-MSA AA in donations. This represents 2.5 percent by number and 0.1 percent by dollar of the bank's total qualified investments during the review period.

The following are examples of qualified investments in the Texas Non-MSA AA.

- ***Community Services:*** The bank donated \$1,000 to a non-profit organization that provides grants to students of families with low to moderate income attending college or technical schools, in Henderson County.
- ***Community Services:*** The bank donated \$5,000 to a college foundation helping low to moderate-income students in Navarro County.

Community Development Services

During the review period, the bank provided 80 community development services. The number equates to 4.1 community development services, per full-service offices in the Texas Non-MSA AA since the previous evaluation. It also accounts for 89.9 percent of the community development services for the bank as a whole.

The following lists community development services in the Texas Non-MSA AA.

- ***Community Service:*** A bank employee served as a board member of a non-profit organization with a mission to support colleges by providing scholarships to students attending school where the Economic Diversity exceeds 50.0 percent, in Henderson County. These services provided opportunities to LMI individuals.
- ***Community Service:*** A bank employee served as a board member of a child welfare organization that provides needs for children suffering from violence and neglect, in Henderson County.

Regarding the availability of services, FSB operates one of its five offices, including an ATM, in a moderate-income census tract within the AA. All other branch locations within this AA operate in middle- and upper-income census tracts.

DALLAS MD AA – Full Scope Review

DESCRIPTION OF INSTITUTION'S OPERATIONS IN DALLAS MD AA

The Dallas MD AA consisted of one census tract in Kaufman County prior to 2021; however, FSB updated the AA to include all census tracts within Kaufman County. Kaufman County is one of seven counties that make up the Dallas-Plano-Irving MD.

FSB operates one full-service office in this AA in a moderate-income census tract located approximately 54 miles southeast of Dallas, Texas. This AA includes one ATM located at the branch. The following table reflects additional economic and demographic data.

Economic and Demographic Data

The Dallas MD AA is comprised of 27 census tracts, with the following income designations of the 2020 U.S. Census Data: 1 low-, 9 moderate-, 12 middle-, and 5 upper-income census tracts. The following table contains additional demographic information.

Demographic Information of the Assessment Area						
Dallas MD AA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	27	3.7	33.3	44.4	18.5	0.0
Population by Geography	145,310	2.2	30.5	45.1	22.1	0.0
Housing Units by Geography	42,292	2.4	33.4	45.7	18.4	0.0
Owner-Occupied Units by Geography	30,075	1.3	28.7	46.6	23.5	0.0
Occupied Rental Units by Geography	9,162	6.2	44.2	45.6	4.0	0.0
Vacant Units by Geography	3,055	1.9	47.8	38.3	12.0	0.0
Businesses by Geography	13,242	2.6	27.5	45.3	24.6	0.0
Farms by Geography	363	1.1	31.4	48.2	19.3	0.0
Family Distribution by Income Level	30,399	23.0	19.4	20.2	37.4	0.0
Household Distribution by Income Level	39,237	23.4	17.2	18.4	41.0	0.0
Median Family Income MSA - 19124 Dallas Plano-Irving, TX		\$88,315	Median Housing Value			\$178,789
			Median Gross Rent			\$1,132
			Families Below Poverty Level			8.5%
Source: 2020 U.S. Census and 2022 D&B Data Due to rounding, totals may not equal 100.0% (*) The NA category consists of geographies that have not been assigned an income classification.						

On February 19, 2021, FEMA made a disaster declaration affecting the Dallas MD AA due to severe winter storms. Additionally, on March 25, 2020, FEMA made a disaster declaration affecting the Dallas MD AA due to COVID-19 pandemic.

The following table shows the calculated income range based on the 2022 FFIEC adjusted median family income of \$97,400 for the Dallas MD AA.

Median Family Income Ranges				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
Dallas-Plano-Irving, TX Median Family Income (19124)				
2022 (\$97,400)	<\$48,700	\$48,700 to <\$77,920	\$77,920 to <\$116,880	≥\$116,880
Source: FFIEC				

The area's major employers include Wal-Mart, American Airlines, and Baylor Scott & White. According to Moody's Analytics, growth will slow in 2023, Dallas-Plano-Irving will maintain their outperformance compared to the nation. The economy will be driven by financial and professional services, while homebuilding will experience slower growth. Over the long term, the presence of corporate headquarters, technology firms, financial services, and above-average population growth will continue to their solid performance.

The area's unemployment rate was the highest in 2020 with an annual average of 6.4 percent which was attributed to the COVID-19 pandemic. Before the pandemic, the unemployment rate in the area remained consistent with statewide and national averages, but has declined as of recent. As of 2022, the unemployment rate reflects an annual rate of 3.7 percent, falling below the state average of 3.8 percent and exceeding the national average of 3.5 percent.

Competition

The area contains competition from other chartered banks based on the rural nature, with 11 institutions operating 17 branches inside the market. FSB ranks 7th in the market share by capturing 4.4 percent of the area's deposits based on the June 30, 2023, FDIC Deposit Market Share Report. The top three institutions, with 8 branches in the area hold 70.4 percent of deposits.

Credit and Community Development Needs and Opportunities

Considering information obtained from the community contact, bank management, and demographic and economic information, examiners determined that the primary credit needs of the assessment area include small business and home mortgage loans. With respect to the area's community development needs, demographic data supports the need for projects that provide affordable housing and community services targeted to low- and moderate-income individuals as well as activities that revitalize or stabilize low- and moderate-income tracts, designated disaster areas, and distressed areas.

CONCLUSIONS ON PERFORMANCE CRITERIA IN DALLAS MD AA

LENDING TEST

FSB demonstrates a satisfactory performance lending test record in the Dallas MD AA. The reasonable record regarding the borrower profile outweighs the excellent geographic distribution to support this conclusion.

Geographic Distribution

The geographic distribution of lending reflects excellent dispersion throughout the Dallas MD AA. Excellent performance with small business and home mortgage loans performance supports this conclusion.

Small Business Loans

The geographic distribution of small business loans in the Dallas MD AA reflects excellent performance. The excellent record of lending in the moderate-income census tracts lifts the reasonable record of lending in low-income census tracts supports this conclusion.

In the low-income census tract, the bank's level of lending trailed D&B data by 2.6 percentage points, reflecting reasonable performance. In the moderate-income census tracts, the bank exceeded demographic data by 60.0 percentage points, reflective of excellent performance. Examiners placed more weight on the bank's lending in the moderate-income census tracts given the higher percentage of lending opportunities available.

Geographic Distribution of Small Business Loans Dallas MD AA					
Tract Income Level	% of Businesses	#	%	\$(000s)	%
Low	2.6	0	0.0	0	0.0
Moderate	27.5	7	87.5	199	88.8
Middle	45.3	1	12.5	25	11.2
Upper	24.6	0	0.0	0	0.0
Not Available	0.0	0	0.0	0	0.0
Totals	100.0	8	100.0	224	100.0
<i>Source: 2022 D&B Data; Bank Data. Due to rounding, totals may not equal 100.0%.</i>					

Home Mortgage Loans

The geographic distribution of home mortgage loans in the Dallas MD AA reflects excellent performance. The excellent record in moderate-income geographies lifts the reasonable record in low-income geographies to support this conclusion.

The following table shows the bank's level of lending within the low-income census tract trails aggregate data by 0.5 percentage points, reflecting reasonable performance. Lending in moderate income census tracts exceeds demographic data by 55.7 percentage points, reflecting excellent performance. Examiners placed more weight on the bank's lending in the moderate-income census tracts given the higher percentage of lending opportunities available.

Geographic Distribution of Home Mortgage Loans Dallas MD AA						
Tract Income Level	% of Owner-Occupied Housing Units	Aggregate Performance % of #	#	%	\$(000s)	%
Low	1.3	0.5	0	0.0	0	0.0
Moderate	28.7	25.6	13	81.3	4,305	87.9
Middle	46.6	43.9	3	18.8	593	12.1
Upper	23.5	30.0	0	0.0	0	0.0
Not Available	0.0	0.0	0	0.0	0	0.0
Totals	100.0	100.0	16	100.0	4,897	100.0
<i>Source: 2020 U.S. Census; Bank Data, 2022 HMDA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%</i>						

Borrower Profile

The distribution of borrowers reflects, given the demographics of the Dallas MD AA, reasonable penetration among individuals of different income levels (including low- and moderate-income) and businesses of different sizes. Reasonable small business and home mortgage lending supports this conclusion.

Small Business Loans

The distribution of borrowers reflects, given the demographics of the Dallas MD AA, reasonable penetration among businesses of different sizes. The following table shows that the bank originated 6 out of 10 loans to businesses with GAR of \$1 million or less, reflecting reasonable performance.

COMMUNITY DEVELOPMENT TEST

FSB's community development performance demonstrates adequate responsiveness to community development needs in its Dallas MD AA through community development loans, qualified and community development services, as appropriate, considering the institution's capacity and the need and availability of such opportunities for community development in the institution's AA.

Community Development Loans

The bank granted 2 community development loans, totaling approximately \$4.0 million, in the Dallas MD AA during the review period. This represents 5.1 percent by number and 6.5 percent by dollar of the bank's total community development lending.

The following are examples of community development loans in the Dallas MD AA.

- ***Revitalize & Stabilize:*** In 2021, the bank originated a \$2.1 million community development loan to assist a local business to support operations. This loan helped to retain an existing business in a disaster area.
- ***Revitalize & Stabilize:*** In 2022, the bank originated a loan for \$1.9 million to assist a local business to support operations. This loan helped to retain an existing business in a disaster area.

Qualified Investments

Since the prior evaluation, the bank donated \$2,000 in the Dallas MD AA. This represents 2.9 percent by number and less than 0.1 percent by dollar of the bank's total qualified investments during the review period.

The following are examples of qualified investments in the Dallas MD AA.

- ***Revitalize & Stabilize:*** In 2022 the bank donated \$1,000 to a non-profit organization that helps to attract and retain small businesses in Kaufman County.
- ***Community Service:*** In 2023, the bank made a \$500 donation to an organization that provides low- and moderate- income families' court appointed special advocates for children in Kaufman and Rockwall Counties.

Community Development Services

During the review period the bank provided 9 community development services in the Dallas MD AA, which accounted for 2.8 percent of the services for the bank as a whole.

The following provides an example of the bank's community development services in the Dallas MD AA.

- ***Revitalize & Stabilize:*** During the review period, a bank employee served on a committee of a non-profit organization that attracts and retains residents to the area by providing financial services.
- ***Community Service:*** During the review period, a bank employee served on a Board of a non-profit organization that provides food and clothing to low- and moderate-income individuals in Henderson County.

As noted previously, the bank operates one branch in a moderate-income census tract in the Dallas MD AA.

APPENDICES

INTERMEDIATE SMALL BANK PERFORMANCE CRITERIA

Lending Test

The Lending Test evaluates the bank's record of helping to meet the credit needs of its assessment area(s) by considering the following criteria:

- 1) The bank's loan-to-deposit ratio, adjusted for seasonal variation, and, as appropriate, other lending-related activities, such as loan originations for sale to the secondary markets, community development loans, or qualified investments;
- 2) The percentage of loans, and as appropriate, other lending-related activities located in the bank's assessment area(s);
- 3) The geographic distribution of the bank's loans;
- 4) The bank's record of lending to and, as appropriate, engaging in other lending-related activities for borrowers of different income levels and businesses and farms of different sizes; and
- 5) The bank's record of taking action, if warranted, in response to written complaints about its performance in helping to meet credit needs in its assessment area(s).

Community Development Test

The Community Development Test considers the following criteria:

- 1) The number and amount of community development loans;
- 2) The number and amount of qualified investments;
- 3) The extent to which the bank provides community development services; and
- 4) The bank's responsiveness through such activities to community development lending, investment, and service needs.

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.

American Community Survey (ACS): A nationwide United States Census survey that produces demographic, social, housing, and economic estimates in the form of five year estimates based on population thresholds.

Area Median Income: The median family income for the MSA, if a person or geography is located in an MSA; or the statewide nonmetropolitan median family income, if a person or geography is located outside an MSA.

Assessment Area: A geographic area delineated by the bank under the requirements of the Community Reinvestment Act.

Census Tract: A small, relatively permanent statistical subdivision of a county or equivalent entity. The primary purpose of census tracts is to provide a stable set of geographic units for the presentation of statistical data. Census tracts generally have a population size between 1,200 and 8,000 people, with an optimum size of 4,000 people. Census tract boundaries generally follow visible and identifiable features, but they may follow nonvisible legal boundaries in some instances. State and county boundaries always are census tract boundaries.

Combined Statistical Area (CSA): A combination of several adjacent metropolitan statistical areas or micropolitan statistical areas or a mix of the two, which are linked by economic ties.

Community Development: For loans, investments, and services to qualify as community development activities, their primary purpose must:

- (1) Support affordable housing for low- and moderate-income individuals;
- (2) Target community services toward low- and moderate-income individuals;
- (3) Promote economic development by financing small businesses or farms; or
- (4) Provide activities that revitalize or stabilize low- and moderate-income geographies, designated disaster areas, or distressed or underserved nonmetropolitan middle-income geographies.

Community Development Corporation (CDC): A CDC allows banks and holding companies to make equity type of investments in community development projects. Institution CDCs can develop innovative debt instruments or provide near-equity investments tailored to the development needs of the community. Institution CDCs are also tailored to their financial and marketing needs. A CDC may purchase, own, rehabilitate, construct, manage, and sell real property. Also, it may make equity or debt investments in development projects and in local businesses. The CDC activities are expected to directly benefit low- and moderate-income groups, and the investment dollars should not represent an undue risk on the banking organization.

Community Development Financial Institutions (CDFIs): CDFIs are private intermediaries (either for profit or nonprofit) with community development as their primary mission. A CDFI facilitates the flow of lending and investment capital into distressed communities and to individuals who have been unable to take advantage of the services offered by traditional financial institutions. Some basic types of CDFIs include community development banks, community development loan funds, community development credit unions, micro enterprise funds, and community development venture capital funds.

A certified CDFI must meet eligibility requirements. These requirements include the following:

- Having a primary mission of promoting community development;
- Serving an investment area or target population;
- Providing development services;
- Maintaining accountability to residents of its investment area or targeted population through representation on its governing board of directors, or by other means;
- Not constituting an agency or instrumentality of the United States, of any state or political subdivision of a state.

Community Development Loan: A loan that:

- (1) Has as its primary purpose community development; and
- (2) Except in the case of a wholesale or limited purpose institution:
 - (i) Has not been reported or collected by the institution or an affiliate for consideration in the institution's assessment area as a home mortgage, small business, small farm, or consumer loan, unless it is a multifamily dwelling loan (as described in Appendix A to Part 203 of this title); and
 - (ii) Benefits the institution's assessment area(s) or a broader statewide or regional area including the institution's assessment area(s).

Community Development Service: A service that:

- (1) Has as its primary purpose community development;
- (2) Is related to the provision of financial services; and
- (3) Has not been considered in the evaluation of the institution's retail banking services under § 345.24(d).

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

Core Based Statistical Area (CBSA): The county or counties or equivalent entities associated with at least one core (urbanized area or urban cluster) of at least 10,000 population, plus adjacent counties having a high degree of social and economic integration with the core as measured through commuting ties with the counties associated with the core. Metropolitan and Micropolitan Statistical Areas are the two categories of CBSAs.

Distressed Middle-Income Nonmetropolitan Geographies: A nonmetropolitan middle-income geography will be designated as distressed if it is in a county that meets one or more of the following triggers:

- (1) An unemployment rate of at least 1.5 times the national average;
- (2) A poverty rate of 20 percent or more; or
- (3) A population loss of 10 percent or more between the previous and most recent decennial census or a net migration loss of 5 percent or more over the 5-year period preceding the most recent census.

Family: Includes a householder and one or more other persons living in the same household who are related to the householder by birth, marriage, or adoption. The number of family households always equals the number of families; however, a family household may also include non-relatives living with the family. Families are classified by type as either a married-couple family or other family. Other family 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).

FFIEC-Estimated Income Data: The Federal Financial Institutions Examination Council (FFIEC) issues annual estimates which update median family income from the metropolitan and nonmetropolitan areas. The FFIEC uses American Community Survey data and factors in information from other sources to arrive at an annual estimate that more closely reflects current economic conditions.

Full-Scope Review: A full-scope review is accomplished when examiners complete all applicable interagency examination procedures for an assessment area. Performance under applicable tests is analyzed considering performance context, quantitative factors (e.g., geographic distribution, borrower profile, and total number and dollar amount of investments), and qualitative factors (e.g., 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 applicants; the amount of loan requested; and the disposition of the application (approved, denied, and withdrawn).

Home Mortgage Loans: Includes closed-end mortgage loans or open-end line of credits as defined in the HMDA regulation that are not an excluded transaction per the HMDA regulation.

Housing Unit: Includes a house, an apartment, a mobile home, a group of rooms, or a single room that is occupied as separate living quarters.

Limited-Scope Review: A limited scope review is accomplished when examiners do not complete all applicable interagency examination procedures for an assessment area.

Performance under applicable tests is often analyzed using only quantitative factors (e.g., geographic distribution, borrower profile, 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.

Low Income Housing Tax Credit: The Low-Income Housing Tax Credit Program is a housing program contained within the Internal Revenue Code of 1986, as amended. It is administered by the U.S. Department of the Treasury and the Internal Revenue Service. The U.S. Treasury Department distributes low-income housing tax credits to housing credit agencies through the Internal Revenue Service. The housing agencies allocate tax credits on a competitive basis.

Developers who acquire, rehabilitate, or construct low-income rental housing may keep their tax credits. Or, they may sell them to corporations or investor groups, who, as owners of these properties, will be able to reduce their own federal tax payments. The credit can be claimed annually for ten consecutive years. For a project to be eligible, the developer must set aside a specific percentage of units for occupancy by low-income residents. The set-aside requirement remains throughout the compliance period, usually 30 years.

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.

Median Income: The median income divides the income distribution into two equal parts, one having incomes above the median and other having incomes below the median.

Metropolitan Division (MD): A county or group of counties within a CBSA that contain(s) an urbanized area with a population of at least 2.5 million. A MD is one or more main/secondary counties representing an employment center or centers, plus adjacent counties associated with the main/secondary county or counties through commuting ties.

Metropolitan Statistical Area (MSA): CBSA associated with at least one urbanized area having a population of at least 50,000. The MSA comprises the central county or counties or equivalent entities containing the core, plus adjacent outlying counties having a high degree of social and economic integration with the central county or counties as measured through commuting.

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 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 and less than 80 percent in the case of a geography.

Multi-family: Refers to a residential structure that contains five or more units.

Nonmetropolitan Area (also known as **non-MSA**): All areas outside of metropolitan areas. The definition of nonmetropolitan area is not consistent with the definition of rural areas. Urban and rural classifications cut across the other hierarchies. For example, there is generally urban and rural territory within metropolitan and nonmetropolitan areas.

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 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.

Rural Area: Territories, populations, and housing units that are not classified as urban.

Small Business Investment Company (SBIC): SBICs are privately-owned investment companies which are licensed and regulated by the Small Business Administration (SBA). SBICs provide long-term loans and/or venture capital to small firms. Because money for venture or risk investments is difficult for small firms to obtain, SBA provides assistance to SBICs to stimulate and supplement the flow of private equity and long-term loan funds to small companies. Venture capitalists participate in the SBIC program to supplement their own private capital with funds borrowed at favorable rates through SBA's guarantee of SBIC debentures. These SBIC debentures are then sold to private investors. An SBIC's success is linked to the growth and profitability of the companies that it finances. Therefore, some SBICs primarily assist businesses with significant growth potential, such as new firms in innovative industries. SBICs finance small firms by providing straight loans and/or equity-type investments. This kind of financing gives them partial ownership of those businesses and the possibility of sharing in the companies' profits as they grow and prosper.

Small Business Loan: A loan included in "loans to small businesses" as defined in the Consolidated Report of Condition and Income (Call Report). These loans have original amounts of \$1 million or less and are either secured by nonfarm nonresidential properties or are classified as commercial and industrial loans.

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

Underserved Middle-Income Nonmetropolitan Geographies: A nonmetropolitan middleincome geography will be designated as underserved if it meets criteria for population

size, density, and dispersion indicating the area's population is sufficiently small, thin, and distant from a population center that the tract is likely to have difficulty financing the fixed costs of meeting essential community needs.

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

Urban Area: All territories, populations, and housing units in urbanized areas and in places of 2,500 or more persons outside urbanized areas. More specifically, "urban" consists of territory, persons, and housing units in places of 2,500 or more persons incorporated as cities, villages, boroughs (except in Alaska and New York), and towns (except in the New England states, New York, and Wisconsin).

"Urban" excludes the rural portions of "extended cities"; census designated place of 2,500 or more persons; and other territory, incorporated or unincorporated, including in urbanized areas.

PUBLIC DISCLOSURE

November 2, 2020

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

First State Bank
Certificate Number: 15206

130 East Corsicana Street
Athens, Texas 75751

Federal Deposit Insurance Corporation
Division of Depositor and Consumer Protection Dallas Regional Office

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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 RATING

INSTITUTION'S COMMUNITY REINVESTMENT ACT (CRA) RATING: This institution is rated **Satisfactory**.

An institution in this group has a satisfactory record of helping to meet the credit needs of its assessment area, including low- and moderate-income neighborhoods, in a manner consistent with its resources and capabilities.

The Lending Test is rated Satisfactory.

First State Bank (FSB) demonstrated a satisfactory overall record regarding the Lending Test. The following points summarize the applicable performance factors, discussed in detail elsewhere.

- The loan-to-deposit is reasonable (considering seasonal variations and taking into account lending related activities) given the institution's size, financial condition, and assessment area credit needs.
- A majority of loans and other lending related activities are in the institution's assessment areas.
- The geographic distribution of loans reflects reasonable dispersion throughout the assessment areas.
- The distribution of borrowers reflects, given the demographics of the assessment areas, reasonable penetration among individuals of different income levels (including low- and moderate-income) and businesses of different sizes.
- The bank did not receive any CRA-related complaints since the previous evaluation; therefore, this factor did not affect the Lending Test rating.

The Community Development Test is rated Satisfactory.

The institution's community development performance demonstrate adequate responsiveness to community development needs in its assessment areas through community development loans, qualified investments, and community development services, as appropriate, considering the institution's capacity and the need and availability of such opportunities for community development in the institution's assessment areas. FSB provided an adequate level of community development loans and services within the designated assessment areas to primarily support this conclusion. In addition, the bank provided an excellent level of qualified investments.

DESCRIPTION OF INSTITUTION

FSB, headquartered in Athens, Texas, began operations in 1935. Athens, TX Bancshares, Inc., of Athens, Texas, a one-bank holding company, wholly owns the bank. The bank shares common ownership with Capital Bank, Jacinto City, Texas, and Austin Bank, Texas National Association, Jacksonville, Texas. FSB

received a Satisfactory rating at its previous Federal Deposit Insurance Corporation (FDIC) Performance Evaluation, dated December 11, 2017, based on Intermediate Small Bank (ISB) Procedures.

Operations

FSB operates as a retail bank that focuses primarily on commercial and residential lending. The institution offers a broad array of financial products and services to businesses, consumers, farmers, and ranchers through its six banking offices in Northeast Texas and one loan production office in Santa Fe, New Mexico. The Description of Institution's Operations sections of the evaluation depict the offices' specific locations. Since the previous evaluation, the bank did not open or close any offices nor did the bank participate in any merger or acquisition activities.

The bank offers a variety of loan products including commercial, agricultural, home mortgage, and consumer loans. It also provides a variety of deposit services including checking, savings, money market deposit accounts, and certificates of deposit. Alternative services include debit cards, CardValet, Pop Money, automated teller machines (ATMs), drive-thru banking, wire transfers, telephone banking, internet banking, mobile banking, safe deposit boxes, and investments.

Ability and Capacity

As of the September 30, 2020 Report of Income and Condition, the bank reported total assets of \$532.8 million, net loans of \$314.1 million, and total deposits of \$469.3 million. Since last CRA evaluation, total assets increased by 10.2 percent, net loans increased 21.6 percent, and total deposits decreased 16.2 percent.

As seen in the following table, the mix of outstanding loans as of the September 30, 2020 Report of Income and Condition reflects a similar distribution to that shown for originated loans under the Scope of Evaluation. Residential loans (Secured by 1-4 Family and Secured by Multifamily) represent the largest loan category of outstanding loans at 44.9 percent, followed by commercial loans (Secured by Nonfarm Nonresidential Properties and Commercial and Industrial) at 34.6 percent.

Loan Portfolio Distribution as of 9/30/2020		
Loan Category	\$(000s)	%
Construction, Land Development and Other Land Loans	18,661	5.8
Secured by Farmland	22,564	7.1
Secured by 1-4 Family Residential Properties	141,474	44.4
Secured by Multifamily (5 or more) Residential Properties	1,723	0.5
Secured by Nonfarm Nonresidential Properties	58,354	18.3
Total Real Estate Loans	242,776	76.1
Commercial and Industrial Loans	51,889	16.3
Agricultural Production and Other Loans to Farmers	8,683	2.7
Consumer Loans	13,848	4.3
Obligations of State and Political Subdivisions in the U.S.	1,959	0.6
Other Loans	0	0.0
Lease Financing Receivable (net of unearned income)	0	0.0
Less: Unearned Income	0	0.0

Total Loans	319,155	100.0
<i>Source: Report of Income and Condition (9/30/20).</i>		

Based on the information discussed in this section, as well as other regulatory data, the institution's financial condition, size, product offerings, prior performance, and status of any legal impediments did not affect its ability to meet the assessment areas' credit needs.

DESCRIPTION OF ASSESSMENT AREAS

FSB designated two contiguous assessment areas (AAs) for CRA purposes: 1) a portion of the Nonmetropolitan Statistical Area of Texas (Non-MSA AA) and 2) a portion of the Dallas Metropolitan Division (Dallas MD AA). The Non-MSA AA consists of the following partial counties: Henderson, Van Zandt, and Navarro. The Dallas MD AA consist on one census tract in Kaufman County. The combined AAs encompass 25 census tracts reflecting the following income designations according to 2015 American Community Survey (ACS) data: 6 moderate-, 16 middle-, and 3 upper-income tracts. The AA does not contain any low-income census tracts. Additionally, in 2020, the Federal Financial Institutions Examination Council (FFIEC) designated six of the middle-income census tracts in the portion of the assessment area containing Navarro County as distressed due to poverty. The bank's designated assessment area meets CRA requirements.

Description of Assessment Areas			
Assessment Area	Counties in Assessment Area	# of Census Tracts	# of Branches
Non-MSA	Henderson, Navarro, Van Zandt	24	5
Dallas MD	Kaufman	1	1
<i>Source: Bank Records</i>			

SCOPE OF EVALUATION

General Information

This evaluation covers the period from December 11, 2017, the date of the previous CRA evaluation, through November 2, 2020, the date of this evaluation. To evaluate performance, examiners applied the FFIEC's ISB CRA Examination Procedures, which include the Lending Test and the Community Development Test. Institutions must achieve at least a satisfactory rating on both tests to achieve a satisfactory rating overall. The Appendices list the applicable tests' criteria.

As seen on the following table, the Non-MSA AA contains the majority of lending (88.6 percent), captures the majority of deposits (83.9 percent), and maintains five of the six branches. Lending patterns remained consistent and unchanged since the prior evaluation. Therefore, examiners used full-scope procedures on the Non-MSA AA and limited-scope on the Dallas MD AA to complete analysis. Examiners also weighted performance in the Non-MSA AA more heavily in arriving at overall conclusions and ratings.

Assessment Area Breakdown of Loans, Deposits, and Branches			
Assessment Area	Loans	Deposits	Branches

	\$(000s)	%	\$(000s)	%	#	%
Non-MSA	285,970	88.6	389,521	83.9	5	83.3
Dallas MD	36,729	11.4	74,542	16.1	1	16.7
Total	322,699	100.0	464,063	100.0	6	100.0
<i>Source: Bank Data; FDIC Summary of Deposits (06/30/2020)</i>						

Activities Reviewed

For the Lending Test, CRA ISB procedures require examiners to determine the bank's major product lines for review. As an initial matter, examiners may select from among the same loan categories used for CRA Large Bank evaluations: home mortgage, small business, small farm, and consumer loans.

Examiners considered the bank's lending strategy and dollar and number volume of originations in 2019. Examiners determined the bank's major product lines include commercial (Commercial & Industrial and Secured by Commercial Real Estate) lending at 37.5 percent of the dollar volume and home mortgage (1-4 Family residential and Multifamily) lending at 37.1 percent of the dollar volume. Agricultural (Secured by Farmland and Agricultural) lending represented 10.6 percent of the dollar volume, while consumer lending accounted for 9.1 percent of overall lending by dollar volume. Therefore, agricultural and consumer lending did not represent major product lines and inclusion in the scope would not affect performance ratings or conclusions for this evaluation. Consequently, for this evaluation, examiners evaluated and presented conclusions for small business and home mortgage lending.

The following table shows the bank's 2019 lending activity by loan category, which reflects a generally consistent pattern with the bank's lending emphasis since last evaluation.

Loans Originated or Purchased				
Loan Category	\$(000s)	%	#	%
Construction & Land Development	4,247	5.3	23	2.2
Secured by Farmland	3,287	4.1	18	1.7
Secured by 1-4 Family Residential	28,686	36.1	123	11.7
Secured by Multi-Family Residential	791	1.0	3	0.3
Secured by Commercial Real Estate	17,518	22.1	34	3.2
Agricultural Production	5,146	6.5	116	11.0
Commercial & Industrial	12,269	15.4	212	20.1
Consumer	7,204	9.1	523	49.6
Other Loans	326	0.4	2	0.2
Total Loans	79,474	100.0	1,054	100.0
<i>Source: Bank Data (1/1/19 – 12/31/19).</i>				

As noted in the table above, the bank originated 246 commercial loans in 2019, totaling \$29.8 million. Of the 246 commercial loans, 240 totaling \$19.5 million met the definition of small business. Examiners

selected a random sample of 55 small business loans, totaling \$4.9 million to arrive at applicable conclusions for the assessment area concentration performance factor. Of the 55 small business loans, examiners used the small business loans inside the bank's AAs to arrive at applicable conclusions for the borrower profile and geographic distribution performance factors. D&B data for 2019 served as the basis of comparison for small business lending.

The bank reports home mortgage data pursuant to the Home Mortgage Disclosure Act (HMDA). Therefore, examiners used 2018 and 2019 HMDA data to arrive at applicable conclusions. The 2018 HMDA loan application register (LAR) reflected 148 home mortgage loans originated or purchased totaling \$38.4 million. Additionally, 2019 HMDA LAR contained 139 loans originated or purchased totaling \$36.8 million. Examiners used both years data to arrive at a conclusion under the assessment area concentration performance factor. As no trends existed between the two years' data that would affect conclusions, examiners relied on loans originated inside the AAs in 2019 to arrive at conclusions for the geographic distribution and borrower profile performance factors. HMDA aggregate data for 2019, the most recent year with aggregate data, served as the basis of comparison.

When determining the weight to apply to each loan product, examiners considered both the dollar volume and number volume of the universes of small business and home mortgage loans originated by the bank in 2019. Consequently, examiners weighted both products equally when reaching overall conclusions.

The review period for the Community Development Test extends from December 11, 2017, to November 2, 2020. For this test, examiners considered the bank's community development lending, investments, and services provided within the assessment areas as well as the broader statewide/regional area. In addition, the scope of this evaluation encompassed all prior period qualified investments, if the investments remain outstanding as of this evaluation's date.

CONCLUSIONS ON PERFORMANCE CRITERIA

LENDING TEST

FSB demonstrated a satisfactory overall record regarding the Lending Test. The reasonable geographic distribution and borrowers profile distribution to primarily support this conclusion. A reasonable record regarding the bank's loan-to-deposit ratio and a majority of loans granted inside the assessment areas further supports the Lending Test conclusion.

Loan-to-Deposit Ratio

The loan-to-deposit (LTD) ratio is reasonable (considering seasonal variations and taking into account lending related activities) given the institution's size, financial condition, and assessment area credit needs.

For the 11 quarters since the previous evaluation, the bank recorded a 68.3 percent average, net LTD ratio, up from the 66.5 ratio recorded at the previous evaluation. The bank's quarterly, net LTD ratio ranged from a low of 64.9 percent on March 31, 2018, to a high of 73.0 percent on September 30, 2019.

Examiners identified and listed in the following table four comparable banks operating in the bank's assessment areas and reflecting similar asset sizes and lending emphases. The table shows the bank's ratio falls in the middle of the similarly-situated banks. Specifically, the bank's ratio landed 13.4 percentage points below the highest ratio and 9.5 percentage point above the lowest ratio.

Geographic Distribution

The geographic distribution of loans reflects reasonable dispersion throughout the assessment areas for the institution as a whole. Reasonable performance in the Non-MSA AA primarily supports this conclusion. The Dallas MD AA consists solely of one moderate-income census tract, and a review of the geographic distribution criterion would not result in meaningful conclusions. Please see the AA review sections that follow for more detail about each individual AA.

Borrower Profile

The distribution of borrowers reflects, given the demographics of the assessment areas, reasonable penetration among borrowers of different income levels (including low- and moderate-income) and businesses of different sizes for the institution as a whole. Reasonable performance in Non-MSA AA and the Dallas MD AA support this conclusion. Please see the AA review sections that follow for more detail about each individual AA.

Response to Complaints

The institution did not receive any CRA-related complaints since the previous evaluation; therefore, this criterion did not affect the Lending Test rating.

COMMUNITY DEVELOPMENT TEST

The institution's community development performance demonstrates adequate responsiveness to community development needs in its assessment areas through community development loans, qualified investments, and community development services, as appropriate, considering the institution's capacity and the need and availability of such opportunities for community development in the institution's assessment areas.

Examiners also considered other qualitative factors of the bank's community development activities. Examiners identified a variety of aspects regarding the bank's activities that support an overall adequate level of activity benefiting qualifying areas. Such variety includes Board membership in local community service organizations, investment in areas primarily comprised of low- and moderate-income individuals, and favorable lending activity to revitalize local townships and cities within the assessment area and the broader, statewide area.

Community Development Loans

The bank demonstrated an adequate record regarding its level of community development lending for the bank as a whole. Adequate performance regarding the dollar volume of community development loans primarily supports this conclusion. Examiners evaluated the number and dollar volume of community development loans relative to the considerations noted for the Community Development Test when arriving at this conclusion.

The following table shows that since the last evaluation the bank granted 19 community development loans totaling nearly \$11.2 million. This level equates to 2.3 percent of average total assets of \$483.4 million since

the last evaluation and 3.9 percent of average net loans of \$290.7 million for the same timeframe. These levels reflect an increase overall from the 1.7 percent of bank average assets and 2.9 percent of net loans noted at the last evaluation. The current figures reflect adequate performance.

Community Development Lending Whole Bank										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
2018	1	80	1	35	0	0	5	845	7	960
2019	1	103	0	0	2	2,301	6	1,647	9	4,051
YTD 2020	0	0	0	0	1	2,403	2	3,825	3	6,228
Total	2	183	1	35	3	4,704	13	6,317	19	11,239
<i>Source: Bank Data</i>										

The following table contains the distribution of community development loans by assessment area. The table denotes some activity in both the Non-MSA AA and the Dallas MD AA demonstrating adequate responsiveness to needs identified in the area as well as the broader needs of nearby areas within the State of Texas.

Community Development Lending by Assessment Area										
Assessment Area	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Non-MSA	2	183	1	35	0	0	9	4,157	12	4,375
Dallas MD	0	0	0	0	0	0	2	460	2	460
Statewide Activities	0	0	0	0	3	4,704	2	1,700	5	6,404
Total	2	183	1	35	3	4,704	13	6,317	19	11,239
<i>Source: Bank Data</i>										

The following points provide notable examples of the bank's community development lending within the State of Texas.

- ***Economic Development:*** The bank originated a Small Business Administration guaranteed loan totaling \$1.8 million to a manufacturing company. The proceeds will be used to purchase, expand, and renovate the business in a rural area of the state, resulting in 30 new jobs to low- and moderate-income individuals.
- ***Revitalize/Stabilize:*** The bank originated one loan for \$500,000. The purpose of the loan is to purchase and remodel a vacant commercial building in low-income census tract. The building will be remodeled into a seven retail offices.

Additionally, the institution demonstrated adequate responsiveness during the COVID-19 Pandemic by participating in the Small Business Administration's Paycheck Protection Program (PPP). As of July 2020, the bank originated 203 PPP loans for a total of \$18.1 million.

Qualified Investments

The bank displayed an excellent record regarding its qualified investments. An excellent performance regarding the dollar volume of qualified investments primarily supports this conclusion. Examiners evaluated the number and dollar volume of qualified investments relative to the considerations noted for the Community Development Test when arriving at this conclusion.

The following table shows the bank made 79 qualified investments totaling \$39.0 million, including 59 grants and donations totaling \$75,000. This level equates to 8.1 percent of average total assets of \$483.4 million and 28.7 percent of average securities of \$136.0 million since the last evaluation. This level demonstrates an increase from the 4.0 percent of average assets and 14.3 percent of average securities noted at the last examination.

Qualified Investments Whole Bank										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Prior Period	1	50	5	9,880	0	0	0	0	6	9,930
2018	0	0	0	0	0	0	0	0	0	0
2019	0	0	0	0	0	0	0	0	0	0
YTD 2020	0	0	5	12,302	1	8,000	8	8,682	14	28,984
Subtotal	1	50	10	22,182	1	8,000	8	8,682	20	38,914
Qualified Grants & Donations	1	1	49	56	9	16	0	0	59	75
Total	2	51	59	22,238	10	8,016	8	8,682	79	38,987
<i>Source: Bank Data</i>										

The following table contains the distribution of qualified investments by assessment area. The table denotes some activity in both the Non-MSA AA and the Dallas MD AA demonstrating adequate responsiveness to needs identified in the areas and the broader needs of nearby areas within the State of Texas.

Qualified Investments by Assessment Area										
Assessment Area	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Non-MSA	1	1	44	444	9	16	0	0	54	461
Dallas MD	1	50	6	2	0	0	0	0	7	52
Statewide Activities	0	0	9	21,792	1	8,000	8	8,682	18	38,474
Total	2	51	59	22,238	10	8,016	8	8,682	79	38,987
<i>Source: Bank Data</i>										

The following provides examples of notable qualified investments within the State of Texas.

- **Economic Development:** The bank invested \$8.0 million in a general obligation mobility fund that serviced and bolstered the economic development of the broader statewide area, particularly the fund improved access and infrastructure within areas considered unbanked and underbanked.
- **Community Service:** The bank also allotted \$4,000 for COVID-19 Pandemic relief initiatives, supporting targeted community services.

Community Development Services

The bank demonstrated adequate performance regarding its community development services that primarily benefit low- and moderate-income individuals. An adequate extent, or number, of community development services as well as adequate availability of services supports this conclusion. Examiners evaluated the types and availability of services relative to the considerations noted for the Community Development Test when arriving at this conclusion.

Types of Services

The bank showed adequate performance regarding the types of services, which primarily benefit low- and moderate-income individuals. An adequate number of community development services supports this conclusion.

The following table shows that, during the review period, the bank provided 74 community development services. This number equates to 3.1 community development services, per full service office, per year since the previous evaluation. This level demonstrates a decrease from the average of 5.0 community development services, per office, per year recorded at previous evaluation. The current level reflects adequate performance. All community development services benefitted the bank's assessment areas.

Community Development Services Whole Bank					
Activity Year	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Totals
	#	#	#	#	#
2017 (December)	0	11	3	1	15
2018	1	14	3	1	19
2019	1	16	3	0	20
YTD 2020	2	16	2	0	20
Total	3	57	11	2	74
<i>Source: Bank Data</i>					

The following table contains the distribution of CD services by assessment area. The table denotes all activities focused on the Non-MSA AA and the Dallas MD AA demonstrating excellent responsiveness.

Community Development Services by Assessment Area					
Assessment Area	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Totals
	#	#	#	#	#
Non-MSA	4	49	11	2	66

Dallas MD	0	8	0	0	8
Total	4	57	11	2	74
<i>Source: Bank Data</i>					

Availability of Services

The bank showed adequate performance regarding the availability of its services to low- and moderate-income individuals. Adequate availability of alternative banking services and traditional services supports this conclusion.

The following table shows that the bank maintains two full-service locations in moderate-income census tracts within the assessment areas. The distribution of both branches and ATMs align with the assessment areas populations and distribution of tracts, noting the availability of the bank's services is above area demographics by 11.4 percent.

Branch and ATM Distribution by Geography Income Level								
Tract Income Level	Census Tracts		Population		Branches		A TMs	
	#	%	#	%	#	%	#	%
Low	0	0.0	0	0.0	0	0.0	0	0.0
Moderate	6	24.0	26,993	21.9	2	33.3	2	33.3
Middle	16	64.0	86,243	69.8	4	66.7	4	66.7
Upper	3	12.0	10,330	8.3	0	0.0	0	0.0
Totals	25	100.0	123,566	100.0	6	100.0	6	100.0
<i>Source: 2015 ACS Census & Bank Data. Due to rounding, totals may not equal 100.0.</i>								

In addition to its office locations, the bank provides adequate alternative delivery systems that help avail the bank's services to low- and moderate-income individuals. The previous table shows that the bank offers six ATMs throughout its assessment areas, of which two operate in moderate income geographies. Additionally, the bank continues to provide other alternative banking services such as internet and telephone banking, and electronic bill pay.

DISCRIMINATORY OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

The bank's compliance with the laws relating to discrimination and other illegal credit practices was reviewed, including the Fair Housing Act and the Equal Credit Opportunity Act. Examiners did not identify any discriminatory or other illegal credit practices.

NON-MSA ASSESSMENT AREA – Full-Scope Review

DESCRIPTION OF INSTITUTION'S OPERATIONS IN NON-MSA AA

The Non-MSA AA is located approximately 90 miles east of the Dallas, Texas and includes the following partial counties: Henderson, Van Zandt, and Navarro. According to the 2015 ACS data, the Non-MSA AA

consist of 3 upper-, 16 middle-, and 5 moderate-income census tracts. As noted previously, six Navarro County middle-income census tracts were distressed due to poverty, population loss, and/or unemployment.

The bank operates five full-service offices and one drive through facility in this assessment area, with ATMs at each office location. One of the five full-service branches operates in a moderate income census tract in Navarro County.

Economic and Demographic Data

The following table provides additional demographic and economic information for the Non-MSA AA. Unless otherwise noted, this evaluation based all demographic data on the 2015 ACS and 2019 D&B data.

Demographic Information of the Assessment Area Non-MSA AA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	24	0.0	20.8	66.7	12.5	0.0
Population by Geography	114,626	0.0	15.7	75.2	9.0	0.0
Housing Units by Geography	54,256	0.0	13.3	73.1	13.6	0.0
Owner-Occupied Units by Geography	29,714	0.0	13.3	74.6	12.1	0.0
Occupied Rental Units by Geography	12,549	0.0	16.5	76.9	6.7	0.0
Vacant Units by Geography	11,993	0.0	10.0	65.6	24.4	0.0
Businesses by Geography	7,070	0.0	18.9	72.7	8.4	0.0
Farms by Geography	308	0.0	13.0	79.5	7.5	0.0
Family Distribution by Income Level	29,783	22.0	19.3	19.7	39.0	0.0
Household Distribution by Income Level	42,263	24.1	17.2	18.0	40.8	0.0
Median Family Income Non-MSAs - TX		\$52,198	Median Housing Value			\$90,730
			Median Gross Rent			\$731
			Families Below Poverty Level			14.8%
Source: 2015 ACS and 2019 D&B Data Due to rounding, totals may not equal 100.0% (*) The NA category consists of geographies that have not been assigned an income classification.						

The following table presents a breakdown of income levels using the Texas Non-MSA estimated median family incomes, as established annually by the FFIEC. Examiners used these income levels to stratify the home mortgage loan sample and to analyze the borrower distribution factor of the CRA performance evaluation.

Median Family Income Ranges				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
TX NA Median Family Income (99999)				
2019 (\$57,000)	<\$28,500	\$28,500 to <\$45,600	\$45,600 to <\$68,400	≥\$68,400
Source: FFIEC				

According to the 2019 D&B Business Geodemographic Data, 7,070 non-farm businesses operate in the area, of which 84.8 percent maintain gross annual revenues of \$1 million or less. The diversified economic base of the area focuses primarily on services (37.8 percent), retail trade (14.9 percent), finance, insurance, and real estate (8.9 percent), and construction (6.7 percent); with 13.2 percent as non-classifiable establishment. The three largest employers in the area include Russell Stovers Inc., Collin Street Bakery, and Guardian Glass.

As illustrated in the table below, unemployment rates remained relatively stable for all counties between 2017 and 2019. However, as of September 2020, the three counties demonstrated an increase from the previous three years primarily attributed to the COVID-19 Pandemic. Despite the increase, the three counties continue to reflect lower rates than the state and national average.

Unemployment Rates Non-MSA AA				
Area	2017	2018	2019	September 2020
	%	%	%	%
Henderson County	4.2	3.8	3.5	6.6
Navarro County	3.7	3.7	3.2	6.3
Van Zandt County	3.5	3.5	3.3	6.4
State of Texas	4.3	3.8	3.5	7.8
National Average	4.3	3.9	3.7	8.6
Source: Bureau of Labor Statistics (Year End)				

Competition

According to the June 30, 2020, FDIC Deposit Market Share Report, the assessment area contains 20 financial institutions represented by 56 offices, which reflects significant competition. FSB ranked second in deposit market share, capturing 13.8 percent of the areas deposits.

Community Contact

Examiners utilized existing community contacts to help assess the area's current economic conditions, community credit needs, and potential opportunities for bank involvement. The contact noted that the area's economic condition experienced steady growth. The contact stated that the local housing market is stressed and there is a need of more housing of all kinds (multi-family and 1-4 family) in the area. However, the contact noted that a number of developers have expressed interest in building multi-family/mixed use commercial real estate in the area. Given the close proximity of the county to the larger Dallas-Fort Worth Metroplex, the contact expects that Navarro County will see an influx of commercial and residential

development in the coming years as the entire Metroplex continues to grow. However, the biggest concern in the area will continue to be the wage growth.

Credit and Community Development Needs and Opportunities

Considering the demographics of the assessment area, historical lending patterns, information obtained from management, and the opinions expressed by the community contact, examiners concluded that commercial and residential real estate remain important credit needs in the assessment area. Affordable housing and activities the revitalize and stabilize the area remain important community development lending opportunities, while investment and service opportunities exist for activities that enhance the availability of community services.

CONCLUSIONS ON PERFORMANCE CRITERIA IN NON-MSA AA

LENDING TEST

FSB demonstrated satisfactory performance in the Non-MSA AA. Reasonable geographic distribution and reasonable borrower profile distribution support this conclusion.

Geographic Distribution

The geographic distribution of lending reflects reasonable dispersion throughout the Non-MSA AA. The reasonable small business and home mortgage performance support this conclusion. Examiners focused on the bank's level of lending within moderate-income census tracts when arriving at conclusions.

Small Business Loans

The geographic distribution of small business loans in the Non-MSA AA reflects reasonable performance. A reasonable record in moderate-income geographies supports this conclusion.

As seen in the following table, the bank originated 14.3 percent of its small business sample to businesses located in the moderate-income census tracts, falling 4.6 percentage points below the reported D&B data, reflective of reasonable performance. Additionally, 51.1 percent of loans, by dollar volume were made to businesses in the moderate-income census tract.

Geographic Distribution of Small Business Loans					
Non-MSA AA					
Tract Income Level	% of Businesses	#	%	\$(000s)	%
Low	0.0	0	0.0	0	0.0
Moderate	18.9	6	14.3	1,979	51.1
Middle	72.7	32	76.2	1,664	43.0
Upper	8.4	4	9.5	230	5.9
Totals	100.0	42	100.0	3,873	100.0
<i>Source: 2019 D&B Data; Bank Data Due to rounding, totals may not equal 100.0%</i>					

Home Mortgage Loans

The geographic distribution of home mortgage loans reflects reasonable dispersion throughout the assessment area. The reasonable performance in the moderate-income census tracts supports this conclusion.

As seen in the following table, the bank originated 11 loans in moderate-income census tracts in 2019. This figure leads aggregate performance by 3.7 percentage points, reflective of reasonable performance. The organic increase year-over-year resulted from new developments and the influx of new residents to the assessment area.

Geographic Distribution of Home Mortgage Loans Non-MSA AA						
Tract Income Level	% of Owner-Occupied Housing Units	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2019	0.0	0.0	0	0.0	0	0.0
Moderate						
2019	13.3	9.4	11	13.1	712	5.2
Middle						
2019	74.6	74.2	65	77.4	10,837	78.9
Upper						
2019	12.1	16.4	8	9.5	2,184	15.9
Totals						
2019	100.0	100.0	84	100.0	13,733	100.0
<i>Source: 2015 ACS; Bank Data, 2019 HMDA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%</i>						

Borrower Profile

The distribution of borrowers reflects, given the demographics of the Non-MSA AA, reasonable penetration among individuals of different income levels (including low- and moderate-income) and businesses of different sizes. Reasonable records regarding small business and home mortgage lending support this conclusion.

Small Business Loans

The borrower profile distribution of small business loans reflects reasonable performance. Examiners compared the bank's lending to the percentage of non-farm businesses in each revenue category, focusing on the loan number percentage to entities reporting gross annual revenues of \$1 million or less relative to the D&B data.

As illustrated in the table, the bank originated 86.0 percent by number volume of the bank's small business loans to businesses with gross annual revenues of \$1 million or less, exceeding the 2019 D&B level by 1.2 percentage points, indicative of reasonable performance. Additionally, the bank's lending in the two lowest revenue categories represents 64.3 percent, remaining on par with D&B data.

Detailed Distribution of Small Business Loans by Gross Annual Revenues Non-MSAAA					
Gross Revenue Level	% of Businesses	#	%	\$(000s)	%
< \$100,000	49.8	18	42.9	987	25.5
\$100,000 - \$249,999	24.4	9	21.4	304	7.8
\$250,000 - \$499,999	6.9	6	14.3	379	9.8
\$500,000 - \$1,000,000	3.6	3	7.1	232	6.0
Subtotal <= \$1,000,000	84.8	36	85.7	1,902	49.1
>\$1,000,000	3.8	6	14.3	1,971	50.9
Revenue Not Available	11.4	0	0.0	0	0.0
Total	100.0	42	100.0	3,873	100.0
Source: 2019 D&B Data, Bank Data Due to rounding, totals may not equal 100.0%					

Home Mortgage Loans

FSB demonstrated a reasonable level of lending to borrowers of different incomes. Reasonable records of lending to low- and moderate-income borrowers support at this conclusion. Examiners evaluated the bank's distribution of home mortgage loans by borrower income levels to determine how well the bank serves the credit needs of the assessment area, particularly those of low- and moderate-income borrowers.

As seen in the following table, the bank's percentage of 2019 home mortgage loans extended to low-income families displayed similar results to aggregate performance, exceeding aggregate performance by 0.8 percentage points, reflective of reasonable performance. For moderate-income borrowers, the bank's performance trailed aggregate by 1.3 percentage points, also reflective of reasonable performance. Overall, the bank's home mortgage distribution to low- and moderate income borrowers is reflective of reasonable performance.

Distribution of Home Mortgage Loans by Borrower Income Level Non-MSAAA						
Borrower Income Level	% of Families	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2019	22.0	2.8	3	3.6	88	0.6
Moderate						
2019	19.3	9.6	7	8.3	507	3.7
Middle						
2019	19.7	18.5	18	21.4	1,334	9.7
Upper						
2019	39.0	53.9	47	56.0	9,451	68.8
Not Available						

2019	0.0	15.2	9	10.7	2,353	17.1
Totals						
2019	100.0	100.0	84	100.0	13,733	100.0
<i>Source: 2015 ACS; Bank Data, 2019 HMDA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%</i>						

COMMUNITY DEVELOPMENT TEST

The institution's community development performance demonstrates adequate responsiveness to community development needs in its Non-MSA AA through community development loans, qualified investments, and community development services, as appropriate, considering the institution's capacity and the need and availability of such opportunities for community development in the institution's assessment area.

Community Development Loans

The community development loan performance within the Non-MSA AA displayed adequate performance and proved consistent with the record noted previously for the bank as a whole. The bank granted 12 community development loans, totaling \$4.4 million, in the Non-MSA AA during the review period. This represents 63.2 percent by number and 38.9 percent by dollar of the banks total community development lending. Relative to the considerations noted for the Community Development Test, the current figures reflect adequate performance.

Community Development Lending Non-MSA AA										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
2018	1	80	1	35	0	0	5	845	7	960
2019	1	103	0	0	0	0	3	687	4	790
YTD 2020	0	0	0	0	0	0	1	2,625	1	2,625
Total	2	183	1	35	0	0	9	4,157	12	4,375
<i>Source: Bank Data</i>										

The following are examples of community development loans in the Non-MSA AA.

- **Revitalize/Stabilize:** In 2020, the bank originated a loans totaling \$2.6 million to a development company. The proceeds will benefit the development of 130 residential properties in a distressed and underserved tract of Navarro County.
- **Affordable Housing:** In 2019, the bank originated a loan for \$102,500 for the purchase and renovate an older building. The property will provide housing to low- and moderate-income persons in Navarro County. The building provides rents far below fair market rent value and specifically targets students attending Navarro Community College.

Qualified Investments

The qualified investment performance within the Non-MSA AA demonstrated adequate performance which proved inconsistent with the record noted previously for the bank as a whole, given the bank purchased most qualified investments in the broader statewide/regional area throughout the State of Texas. The bank made \$461,000 in qualified investments and donations during the review period, noting most of the activity in the Non-MSA AA was relegated to donations. While this represents 68.4 percent by number and 1.2 percent by dollar of the bank's total qualified investments during the review period, the bank's activity in the Non-MSA AA was highly responsive to community development needs in the area as qualified donations in the Non-MSA AA comprised the majority of the bank's donations activity. Given the lack of qualified investment opportunities within the Non-MSA AA during most of the review period, the bank focused on community development needs through donations, then focused on the needs of the greater regional, statewide area. Relative to the considerations noted for the Community Development Test, the current figures reflect adequate performance.

Qualified Investments Non-MSA AA										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Prior Period	0	0	1	390	0	0	0	0	1	390
2018	0	0	0	0	0	0	0	0	0	0
2019	0	0	0	0	0	0	0	0	0	0
YTD 2020	0	0	0	0	0	0	0	0	0	0
Subtotal	0	0	1	390	0	0	0	0	1	390
Qualified Grants & Donations	1	1	43	54	9	16	0	0	53	31
Total	1	1	44	444	9	16	0	0	54	461
<i>Source: Bank Data</i>										

The following are examples of qualified investments that were focused in the Non-MSA AA.

- **Community Service:** The bank invested \$390,000 in school bonds, which supported educational support services for low- and moderate-income students who lived in a moderate-income census tract in the Non-MSA AA.
- **Community Service:** The bank donated \$1,750 to a non-profit organization that provides highly trained court appointed special advocates for children in custody with Child Protective Services and qualify for Medicaid and other low-income services.

Community Development Services

Community development services within the Non-MSA AA proved generally consistent with the record noted previously for the bank as a whole. The following table shows that, during the review period, the bank provided 66 community development services. This number equates to 3.3 community development services, per full-service office in the Non-MSA, per year since the previous evaluation. It also accounts for 89.2 percent of the community development services for the bank as a whole.

Community Development Services Non-MSA AA					
Activity Year	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Totals
	#	#	#	#	#
2017 (December)	0	9	3	1	13
2018	1	12	3	1	17
2019	1	14	3	0	18
YTD 2020	2	14	2	0	18
Total	4	49	11	2	66
<i>Source: Bank Data</i>					

The following lists community development services that focused on the Non-MSA AA.

- **Community Services:** A bank employee served as a board member in a non-profit organization with a mission to develop programs for the support, care, health, and wellbeing of the people of Henderson County. These programs provide financial literacy and other material support for low- and moderate-income individuals and in moderate-income areas.
- **Affordable Housing:** A bank employee served on the Board of a non-profit organization that helps low- and moderate-income families build and improve homes within the community.

The availability of services in the Non-MSA AA demonstrated consistent performance with the bank's performance overall. The bank maintains five branches in the Non-MSA AA, of which one, or 20.0 percent, operates in a moderate-income census tract. This falls in line with the area population in these tracts at 15.8 percent, and the percentage of moderate-income tracts in the area at 20.8 percent. As previously noted, the bank avails consumers in the area with additional access to services in addition to retail locations, including online and mobile banking.

DALLAS MD ASSESSMENT AREA – Limited-Scope Review

DESCRIPTION OF INSTITUTION'S OPERATIONS IN DALLAS MD AA

The Dallas MD AA consist of one census tract (0513.00) in Kaufman County. Kaufman County is one of seven counties that make up the Dallas-Plano-Irving MD.

The bank operates one full-service office in this assessment area in a moderate-income census tract. This assessment area includes one ATM located at the branch.

Economic and Demographic Data

The following table shows additional demographic and economic characteristics of the area.

Demographic Information of the Assessment Area Dallas MD AA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	1	0.0	100.0	0.0	0.0	0.0
Population by Geography	8,940	0.0	100.0	0.0	0.0	0.0
Housing Units by Geography	3,629	0.0	100.0	0.0	0.0	0.0
Owner-Occupied Units by Geography	2,250	0.0	100.0	0.0	0.0	0.0
Occupied Rental Units by Geography	925	0.0	100.0	0.0	0.0	0.0
Vacant Units by Geography	454	0.0	100.0	0.0	0.0	0.0
Businesses by Geography	566	0.0	100.0	0.0	0.0	0.0
Farms by Geography	24	0.0	100.0	0.0	0.0	0.0
Family Distribution by Income Level	2,332	35.5	16.5	23.6	24.4	0.0
Household Distribution by Income Level	3,175	37.7	17.4	16.0	29.0	0.0
Median Family Income MSA - 19124 Dallas-Plano Irving, TX		\$71,149	Median Housing Value			\$83,900
			Median Gross Rent			\$716
			Families Below Poverty Level			16.9%
Source: 2015 ACS and 2019 D&B Data Due to rounding, totals may not equal 100.0% (*) The NA category consists of geographies that have not been assigned an income classification.						

The unemployment rates in the area remained consistent since 2017 and, as of October 2019, Kaufman County maintained a rate of 3.3 percent, falling below the state average of 3.5 percent and the national average of 3.7 percent. As of August 2020, the unemployment rate increased to 6.9 percent in Kaufman County, remaining below the state average of 7.8 percent and national average of 8.7 percent. The increase is primarily attributed to the COVID-19 Pandemic.

Service industries represent the largest portion of the area's businesses at 34.4 percent, followed by retail trade at 16.3 percent, non-classified establishments at 15.8 percent, and construction at 8.9 percent. The area's largest employers include Texas Health Resources, Kaufman Independent School District, and Wal-Mart Stores, Inc.

CONCLUSIONS ON PERFORMANCE CRITERIA IN DALLAS MD AA

LENDING TEST

The institution's lending performance in the Dallas MD AA is consistent with the institution's lending performance in the assessment area within the Non-MSA portion of the state that was reviewed using full-scope examination procedures.

Geographic Distribution

The Dallas MD AA includes only one moderate-income census tract, and a review of the geographic distribution criterion would not result in meaningful conclusions. Therefore, this criterion was not evaluated.

Borrower Profile

The distribution of borrowers reflects, given the demographics of the Dallas MD AA, reasonable penetration among individuals of different income levels (including low- and moderate-income) and businesses of different sizes. Reasonable small business and home mortgage lending supports this conclusion.

Small Business Loans

Detailed Distribution of Small Business Loans by Gross Annual Revenues Dallas MD AA					
Gross Revenue Level	% of Businesses	#	%	\$(000s)	%
< \$100,000	52.3	0	0.0	0	0.0
\$100,000 - \$249,999	23.9	4	80.0	145	59.2
\$250,000 - \$499,999	6.7	0	0.0	0	0.0
\$500,000 - \$1,000,000	3.5	0	0.0	0	0.0
Subtotal <= \$1,000,000	86.4	4	80.0	145	59.0
>\$1,000,000	3.5	0	0.0	0	0.0
Revenue Not Available	10.1	1	20.0	100	40.8
Total	100.0	5	100.0	245	100.0
<i>Source: 2019 D&B Data, Bank Data Due to rounding, totals may not equal 100.0%</i>					

Home Mortgage Loans

Distribution of Home Mortgage Loans by Borrower Income Level Dallas MD AA						
Borrower Income Level	% of Families	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2019	35.5	12.5	1	14.3	83	15.6
Moderate						
2019	16.5	18.5	2	28.6	90	17.1
Middle						
2019	23.6	20.9	3	42.9	246	46.5
Upper						
2019	24.4	33.7	1	14.3	110	20.8
Not Available						
2019	0.0	14.5	0	0.0	0	0.0

Totals						
2019	100.0	100.0	7	100.0	529	100.0
<i>Source: 2015 ACS; Bank Data, 2019 HMDA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%</i>						

COMMUNITY DEVELOPMENT TEST

The institution's community development performance in the Dallas MD AA is consistent with the institution's community development performance in the assessment area within the Non-MSA portion of the state that was reviewed using full-scope examination procedures.

Community Development Loans

Community Development Lending Dallas MD AA										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
2018	0	0	0	0	0	0	0	0	0	0
2019	0	0	0	0	0	0	2	460	2	460
YTD 2020	0	0	0	0	0	0	0	0	0	0
Total	0	0	0	0	0	0	0	0	2	460
<i>Source: Bank Data</i>										

Qualified Investments

Qualified Investments Dallas MD AA										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Prior Period	1	50	0	0	0	0	0	0	1	50
2018	0	0	0	0	0	0	0	0	0	0
2019	0	0	0	0	0	0	0	0	0	0
YTD 2020	0	0	0	0	0	0	0	0	0	0
Subtotal	1	50	0	0	0	0	0	0	0	0
Qualified Grants & Donations	0	0	6	2	0	0	0	0	6	2
Total	1	50	6	2	0	0	0	0	7	52
<i>Source: Bank Data</i>										

Community Development Services

Community Development Services Dallas MD AA					
Activity Year	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Totals
	#	#	#	#	#
2017 (December)	0	2	0	0	2
2018	0	2	0	0	2
2019	0	2	0	0	2
YTD 2020	0	2	0	0	2
Total	0	8	0	0	8
<i>Source: Bank Data</i>					

APPENDICES

INTERMEDIATE SMALL BANK PERFORMANCE CRITERIA

Lending Test

The Lending Test evaluates the bank's record of helping to meet the credit needs of its assessment area(s) by considering the following criteria:

- 1) The bank's loan-to-deposit ratio, adjusted for seasonal variation, and, as appropriate, other lending-related activities, such as loan originations for sale to the secondary markets, community development loans, or qualified investments;
- 2) The percentage of loans, and as appropriate, other lending-related activities located in the bank's assessment area(s);
- 3) The geographic distribution of the bank's loans;
- 4) The bank's record of lending to and, as appropriate, engaging in other lending-related activities for borrowers of different income levels and businesses and farms of different sizes; and
- 5) The bank's record of taking action, if warranted, in response to written complaints about its performance in helping to meet credit needs in its assessment area(s).

Community Development Test

The Community Development Test considers the following criteria:

- 1) The number and amount of community development loans;
- 2) The number and amount of qualified investments;
- 3) The extent to which the bank provides community development services; and
- 4) The bank's responsiveness through such activities to community development lending, investment, and service needs.

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.

American Community Survey (ACS): A nationwide United States Census survey that produces demographic, social, housing, and economic estimates in the form of five year estimates based on population thresholds.

Area Median Income: The median family income for the MSA, if a person or geography is located in an MSA; or the statewide nonmetropolitan median family income, if a person or geography is located outside an MSA.

Assessment Area: A geographic area delineated by the bank under the requirements of the Community Reinvestment Act.

Census Tract: A small, relatively permanent statistical subdivision of a county or equivalent entity. The primary purpose of census tracts is to provide a stable set of geographic units for the presentation of statistical data. Census tracts generally have a population size between 1,200 and 8,000 people, with an optimum size of 4,000 people. Census tract boundaries generally follow visible and identifiable features, but they may follow nonvisible legal boundaries in some instances. State and county boundaries always are census tract boundaries.

Combined Statistical Area (CSA): A combination of several adjacent metropolitan statistical areas or micropolitan statistical areas or a mix of the two, which are linked by economic ties.

Community Development: For loans, investments, and services to qualify as community development activities, their primary purpose must:

- (1) Support affordable housing for low- and moderate-income individuals;
- (2) Target community services toward low- and moderate-income individuals;
- (3) Promote economic development by financing small businesses or farms; or
- (4) Provide activities that revitalize or stabilize low- and moderate-income geographies, designated disaster areas, or distressed or underserved nonmetropolitan middle-income geographies.

Community Development Corporation (CDC): A CDC allows banks and holding companies to make equity type of investments in community development projects. Institution CDCs can develop innovative debt instruments or provide near-equity investments tailored to the development needs of the community. Institution CDCs are also tailored to their financial and marketing needs. A CDC may purchase, own, rehabilitate, construct, manage, and sell real property. Also, it may make equity or debt investments in development projects and in local businesses. The CDC activities are expected to directly benefit low- and moderate-income groups, and the investment dollars should not represent an undue risk on the banking organization.

Community Development Financial Institutions (CDFIs): CDFIs are private intermediaries (either for profit or nonprofit) with community development as their primary mission. A CDFI facilitates the flow of lending and investment capital into distressed communities and to individuals who have been unable to take advantage of the services offered by traditional financial institutions. Some basic types of CDFIs include community development banks, community development loan funds, community development credit unions, micro enterprise funds, and community development venture capital funds.

A certified CDFI must meet eligibility requirements. These requirements include the following:

- Having a primary mission of promoting community development;
- Serving an investment area or target population;
- Providing development services;
- Maintaining accountability to residents of its investment area or targeted population through representation on its governing board of directors, or by other means;
- Not constituting an agency or instrumentality of the United States, of any state or political subdivision of a state.

Community Development Loan: A loan that:

- (1) Has as its primary purpose community development; and
- (2) Except in the case of a wholesale or limited purpose institution:
 - (i) Has not been reported or collected by the institution or an affiliate for consideration in the institution's assessment area as a home mortgage, small business, small farm, or consumer loan, unless it is a multifamily dwelling loan (as described in Appendix A to Part 203 of this title); and
 - (ii) Benefits the institution's assessment area(s) or a broader statewide or regional area including the institution's assessment area(s).

Community Development Service: A service that:

- (1) Has as its primary purpose community development;
- (2) Is related to the provision of financial services; and
- (3) Has not been considered in the evaluation of the institution's retail banking services under § 345.24(d).

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

Core Based Statistical Area (CBSA): The county or counties or equivalent entities associated with at least one core (urbanized area or urban cluster) of at least 10,000 population, plus adjacent counties having a high degree of social and economic integration with the core as measured through commuting ties with the counties associated with the core. Metropolitan and Micropolitan Statistical Areas are the two categories of CBSAs.

Distressed Middle-Income Nonmetropolitan Geographies: A nonmetropolitan middle-income geography will be designated as distressed if it is in a county that meets one or more of the following triggers:

- (1) An unemployment rate of at least 1.5 times the national average;
- (2) A poverty rate of 20 percent or more; or
- (3) A population loss of 10 percent or more between the previous and most recent decennial census or a net migration loss of 5 percent or more over the 5-year period preceding the most recent census.

Family: Includes a householder and one or more other persons living in the same household who are related to the householder by birth, marriage, or adoption. The number of family households always equals the number of families; however, a family household may also include non-relatives living with the family. Families are classified by type as either a married-couple family or other family. Other family 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).

FFIEC-Estimated Income Data: The Federal Financial Institutions Examination Council (FFIEC) issues annual estimates which update median family income from the metropolitan and nonmetropolitan areas. The FFIEC uses American Community Survey data and factors in information from other sources to arrive at an annual estimate that more closely reflects current economic conditions.

Full-Scope Review: A full-scope review is accomplished when examiners complete all applicable interagency examination procedures for an assessment area. Performance under applicable tests is analyzed considering performance context, quantitative factors (e.g., geographic distribution, borrower profile, and total number and dollar amount of investments), and qualitative factors (e.g., 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 applicants; the amount of loan requested; and the disposition of the application (approved, denied, and withdrawn).

Home Mortgage Loans: Includes closed-end mortgage loans or open-end line of credits as defined in the HMDA regulation that are not an excluded transaction per the HMDA regulation.

Housing Unit: Includes a house, an apartment, a mobile home, a group of rooms, or a single room that is occupied as separate living quarters.

Limited-Scope Review: A limited scope review is accomplished when examiners do not complete all applicable interagency examination procedures for an assessment area. Performance under applicable tests is often analyzed using only quantitative factors (e.g., geographic distribution, borrower profile, 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.

Low Income Housing Tax Credit: The Low-Income Housing Tax Credit Program is a housing program contained within the Internal Revenue Code of 1986, as amended. It is administered by the U.S. Department of the Treasury and the Internal Revenue Service. The U.S. Treasury Department distributes low-income housing tax credits to housing credit agencies through the Internal Revenue Service. The housing agencies allocate tax credits on a competitive basis.

Developers who acquire, rehabilitate, or construct low-income rental housing may keep their tax credits. Or, they may sell them to corporations or investor groups, who, as owners of these properties, will be able to reduce their own federal tax payments. The credit can be claimed annually for ten consecutive years. For a project to be eligible, the developer must set aside a specific percentage of units for occupancy by low-income residents. The set-aside requirement remains throughout the compliance period, usually 30 years.

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.

Median Income: The median income divides the income distribution into two equal parts, one having incomes above the median and other having incomes below the median.

Metropolitan Division (MD): A county or group of counties within a CBSA that contain(s) an urbanized area with a population of at least 2.5 million. A MD is one or more main/secondary counties representing an employment center or centers, plus adjacent counties associated with the main/secondary county or counties through commuting ties.

Metropolitan Statistical Area (MSA): CBSA associated with at least one urbanized area having a population of at least 50,000. The MSA comprises the central county or counties or equivalent entities containing the core, plus adjacent outlying counties having a high degree of social and economic integration with the central county or counties as measured through commuting.

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 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 and less than 80 percent in the case of a geography.

Multi-family: Refers to a residential structure that contains five or more units.

Nonmetropolitan Area (also known as non-MSA): All areas outside of metropolitan areas. The definition of nonmetropolitan area is not consistent with the definition of rural areas. Urban and rural classifications cut across the other hierarchies. For example, there is generally urban and rural territory within metropolitan and nonmetropolitan areas.

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 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.

Rural Area: Territories, populations, and housing units that are not classified as urban.

Small Business Investment Company (SBIC): SBICs are privately-owned investment companies which are licensed and regulated by the Small Business Administration (SBA). SBICs provide long-term loans and/or venture capital to small firms. Because money for venture or risk investments is difficult for small firms to obtain, SBA provides assistance to SBICs to stimulate and supplement the flow of private equity and

long-term loan funds to small companies. Venture capitalists participate in the SBIC program to supplement their own private capital with funds borrowed at favorable rates through SBA's guarantee of SBIC debentures. These SBIC debentures are then sold to private investors. An SBIC's success is linked to the growth and profitability of the companies that it finances. Therefore, some SBICs primarily assist businesses with significant growth potential, such as new firms in innovative industries. SBICs finance small firms by providing straight loans and/or equity-type investments. This kind of financing gives them partial ownership of those businesses and the possibility of sharing in the companies' profits as they grow and prosper.

Small Business Loan: A loan included in "loans to small businesses" as defined in the Consolidated Report of Condition and Income (Call Report). These loans have original amounts of \$1 million or less and are either secured by nonfarm nonresidential properties or are classified as commercial and industrial loans.

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

Underserved Middle-Income Nonmetropolitan Geographies: A nonmetropolitan middle income geography will be designated as underserved if it meets criteria for population size, density, and dispersion indicating the area's population is sufficiently small, thin, and distant from a population center that the tract is likely to have difficulty financing the fixed costs of meeting essential community needs.

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

Urban Area: All territories, populations, and housing units in urbanized areas and in places of 2,500 or more persons outside urbanized areas. More specifically, "urban" consists of territory, persons, and housing units in places of 2,500 or more persons incorporated as cities, villages, boroughs (except in Alaska and New York), and towns (except in the New England states, New York, and Wisconsin).

"Urban" excludes the rural portions of "extended cities"; census designated place of 2,500 or more persons; and other territory, incorporated or unincorporated, including in urbanized areas.

2004 Institution Disclosure Statement - Table 1-1

Loans by County

Small Business Loans - Originations

Institution: FIRST STATE BANK

Respondent ID: 0000015206

Agency: FDIC - 3

State: Arizona (04)

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Area Income Characteristics	Loan Amount at Origination ≤ \$100,000		Loan Amount at Origination > \$100,000 But ≤ \$250,000		Loan Amount at Origination > \$250,000		Loans to Businesses with Gross Annual Revenues ≤ \$1 Million		Memo Item: Loans by Affiliates	
	Num of loans	Amount (000s)	Num of loans	Amount (000s)	Num of loans	Amount (000s)	Num of loans	Amount (000s)	Num of loans	Amount (000s)
Maricopa County (013) MSA/MD 38060 Outside Assessment Area										
Median Family Income < 10%	0	0	0	0	0	0	0	0	0	0
Median Family Income 10-20%	0	0	0	0	0	0	0	0	0	0
Median Family Income 20-30%	0	0	0	0	0	0	0	0	0	0
Median Family Income 30-40%	0	0	0	0	0	0	0	0	0	0
Median Family Income 40-50%	0	0	0	0	0	0	0	0	0	0
Median Family Income 50-60%	0	0	0	0	0	0	0	0	0	0
Median Family Income 60-70%	0	0	0	0	0	0	0	0	0	0
Median Family Income 70-80%	0	0	0	0	0	0	0	0	0	0
Median Family Income 80-90%	0	0	0	0	0	0	0	0	0	0
Median Family Income 90-100%	0	0	0	0	0	0	0	0	0	0
Median Family Income 100-110%	0	0	0	0	0	0	0	0	0	0
Median Family Income 110-120%	0	0	0	0	0	0	0	0	0	0
Median Family Income ≥ 120%	0	0	1	160	0	0	1	160	0	0
Median Family Income Not Known	0	0	0	0	0	0	0	0	0	0
Tract Not Known	0	0	0	0	0	0	0	0	0	0
County Total	0	0	1	160	0	0	1	160	0	0
TOTAL INSIDE AA IN STATE	0	0	0	0	0	0	0	0	0	0
TOTAL OUTSIDE AA IN STATE	0	0	1	160	0	0	1	160	0	0
STATE TOTAL	0	0	1	160	0	0	1	160	0	0

2004 Institution Disclosure Statement - Table 1-1

Loans by County

Small Business Loans - Originations

Institution: FIRST STATE BANK

Respondent ID: 0000015206

Agency: FDIC - 3

State: Georgia (13)

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Area Income Characteristics	Loan Amount at Origination ≤ \$100,000		Loan Amount at Origination > \$100,000 But ≤ \$250,000		Loan Amount at Origination > \$250,000		Loans to Businesses with Gross Annual Revenues ≤ \$1 Million		Memo Item: Loans by Affiliates	
	Num of loans	Amount (000s)	Num of loans	Amount (000s)	Num of loans	Amount (000s)	Num of loans	Amount (000s)	Num of loans	Amount (000s)
Berrien County (019) MSA/MD NA Outside Assessment Area										
Low Income	0	0	0	0	0	0	0	0	0	0
Moderate Income	0	0	0	0	0	0	0	0	0	0
Middle Income	1	19	0	0	0	0	1	19	0	0
Upper Income	0	0	0	0	0	0	0	0	0	0
Income Not Known	0	0	0	0	0	0	0	0	0	0
Tract Not Known	0	0	0	0	0	0	0	0	0	0
County Total	1	19	0	0	0	0	1	19	0	0
TOTAL INSIDE AA IN STATE	0	0	0	0	0	0	0	0	0	0
TOTAL OUTSIDE AA IN STATE	1	19	0	0	0	0	1	19	0	0
STATE TOTAL	1	19	0	0	0	0	1	19	0	0

2004 Institution Disclosure Statement - Table 1-1

Loans by County

Small Business Loans - Originations

Institution: FIRST STATE BANK

Respondent ID: 0000015206

Agency: FDIC - 3

State: Kansas (20)

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Area Income Characteristics	Loan Amount at Origination ≤ \$100,000		Loan Amount at Origination > \$100,000 But ≤ \$250,000		Loan Amount at Origination > \$250,000		Loans to Businesses with Gross Annual Revenues ≤ \$1 Million		Memo Item: Loans by Affiliates	
	Num of loans	Amount (000s)	Num of loans	Amount (000s)	Num of loans	Amount (000s)	Num of loans	Amount (000s)	Num of loans	Amount (000s)
Shawnee County (177) MSA/MD 45820 Outside Assessment Area										
Low Income	0	0	0	0	0	0	0	0	0	0
Moderate Income	0	0	0	0	0	0	0	0	0	0
Middle Income	1	100	1	104	0	0	0	0	0	0
Upper Income	0	0	0	0	0	0	0	0	0	0
Income Not Known	0	0	0	0	0	0	0	0	0	0
Tract Not Known	0	0	0	0	0	0	0	0	0	0
County Total	1	100	1	104	0	0	0	0	0	0
TOTAL INSIDE AA IN STATE	0	0	0	0	0	0	0	0	0	0
TOTAL OUTSIDE AA IN STATE	1	100	1	104	0	0	0	0	0	0
STATE TOTAL	1	100	1	104	0	0	0	0	0	0

2004 Institution Disclosure Statement - Table 1-1

Loans by County

Small Business Loans - Originations

Institution: FIRST STATE BANK

Respondent ID: 0000015206

Agency: FDIC - 3

State: Missouri (29)

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Area Income Characteristics	Loan Amount at Origination ≤ \$100,000		Loan Amount at Origination > \$100,000 But ≤ \$250,000		Loan Amount at Origination > \$250,000		Loans to Businesses with Gross Annual Revenues ≤ \$1 Million		Memo Item: Loans by Affiliates	
	Num of loans	Amount (000s)	Num of loans	Amount (000s)	Num of loans	Amount (000s)	Num of loans	Amount (000s)	Num of loans	Amount (000s)
Callaway County (027) MSA/MD 27620 Outside Assessment Area										
Low Income	0	0	0	0	0	0	0	0	0	0
Moderate Income	0	0	0	0	0	0	0	0	0	0
Middle Income	1	1	0	0	0	0	1	1	0	0
Upper Income	0	0	0	0	0	0	0	0	0	0
Income Not Known	0	0	0	0	0	0	0	0	0	0
Tract Not Known	0	0	0	0	0	0	0	0	0	0
County Total	1	1	0	0	0	0	1	1	0	0
TOTAL INSIDE AA IN STATE	0	0	0	0	0	0	0	0	0	0
TOTAL OUTSIDE AA IN STATE	1	1	0	0	0	0	1	1	0	0
STATE TOTAL	1	1	0	0	0	0	1	1	0	0

Loans by County

Small Business Loans - Originations

Institution: FIRST STATE BANK

Respondent ID: 0000015206

Agency: FDIC - 3

State: Texas (48)

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2004 Institution Disclosure Statement - Table 1-1
Loans by County
Small Business Loans - Originations
Institution: FIRST STATE BANK

Respondent ID: 0000015206
Agency: FDIC - 3
State: Texas (48)
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Area Income Characteristics	Loan Amount at Origination <= \$100,000		Loan Amount at Origination > \$100,000 But <= \$250,000		Loan Amount at Origination > \$250,000		Loans to Businesses with Gross Annual Revenues <= \$1 Million		Memo Item: Loans by Affiliates	
	Num of loans	Amount (000s)	Num of loans	Amount (000s)	Num of loans	Amount (000s)	Num of loans	Amount (000s)	Num of loans	Amount (000s)
Cherokee County (073) MSA/MD NA Outside Assessment Area										
Middle Income	0	0	1	200	0	0	1	200	0	0
Upper Income	0	0	0	0	0	0	0	0	0	0
Income Not Known	0	0	0	0	0	0	0	0	0	0
Tract Not Known	0	0	0	0	0	0	0	0	0	0
County Total	0	0	1	200	0	0	1	200	0	0
Collin County (085) MSA/MD 19124 Outside Assessment Area										
Low Income	0	0	0	0	0	0	0	0	0	0
Moderate Income	0	0	0	0	0	0	0	0	0	0
Middle Income	0	0	0	0	0	0	0	0	0	0
Upper Income	1	50	0	0	0	0	1	50	0	0
Income Not Known	0	0	0	0	0	0	0	0	0	0
Tract Not Known	0	0	0	0	0	0	0	0	0	0
County Total	1	50	0	0	0	0	1	50	0	0
Dallas County (113) MSA/MD 19124 Outside Assessment Area										
Median Family Income < 10%	0	0	0	0	0	0	0	0	0	0
Median Family Income 10-20%	0	0	0	0	0	0	0	0	0	0
Median Family Income 20-30%	0	0	0	0	0	0	0	0	0	0
Median Family Income 30-40%	0	0	0	0	0	0	0	0	0	0
Median Family Income 40-50%	0	0	0	0	0	0	0	0	0	0
Median Family Income 50-60%	0	0	0	0	0	0	0	0	0	0
Median Family Income 60-70%	1	27	0	0	0	0	1	27	0	0
Median Family Income 70-80%	0	0	0	0	0	0	0	0	0	0
Median Family Income 80-90%	0	0	0	0	0	0	0	0	0	0
Median Family Income 90-100%	1	4	0	0	0	0	1	4	0	0
Median Family Income 100-110%	1	42	1	112	0	0	0	0	0	0
Median Family Income 110-120%	1	12	0	0	0	0	1	12	0	0
Median Family Income >= 120%	2	96	1	155	0	0	3	251	0	0

2004 Institution Disclosure Statement - Table 1-1

Loans by County
Small Business Loans - Originations

Institution: FIRST STATE BANK

Respondent ID: 0000015206

Agency: FDIC - 3

State: Texas (48)

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Area Income Characteristics	Loan Amount at Origination <= \$100,000		Loan Amount at Origination > \$100,000 But <= \$250,000		Loan Amount at Origination > \$250,000		Loans to Businesses with Gross Annual Revenues <= \$1 Million		Memo Item: Loans by Affiliates	
	Num of loans	Amount (000s)	Num of loans	Amount (000s)	Num of loans	Amount (000s)	Num of loans	Amount (000s)	Num of loans	Amount (000s)
Dallas County (113) MSA/MD 19124 Outside Assessment Area										
Median Family Income Not Known	0	0	0	0	0	0	0	0	0	0
Tract Not Known	0	0	0	0	0	0	0	0	0	0
County Total	6	181	2	267	0	0	6	294	0	0
Freestone County (161) MSA/MD NA Outside Assessment Area										
Low Income	0	0	0	0	0	0	0	0	0	0
Moderate Income	0	0	0	0	0	0	0	0	0	0
Middle Income	3	134	0	0	1	279	4	413	0	0
Upper Income	0	0	0	0	0	0	0	0	0	0
Income Not Known	0	0	0	0	0	0	0	0	0	0
Tract Not Known	0	0	0	0	0	0	0	0	0	0
County Total	3	134	0	0	1	279	4	413	0	0
Henderson County (213) ² MSA/MD NA Inside AA 0001										
Low Income	0	0	0	0	0	0	0	0	0	0
Moderate Income	0	0	0	0	0	0	0	0	0	0
Middle Income	177	4210	11	1664	2	694	156	4914	0	0
Upper Income	160	3579	21	3668	4	1203	163	6309	0	0
Income Not Known	0	0	0	0	0	0	0	0	0	0
Tract Not Known	0	0	0	0	0	0	0	0	0	0
County Total - Inside AA 0001	337	7789	32	5332	6	1897	319	11223	0	0
Henderson County (213) ² MSA/MD NA Outside Assessment Area										
Low Income	0	0	0	0	0	0	0	0	0	0
Moderate Income	0	0	0	0	0	0	0	0	0	0
Middle Income	6	78	2	375	0	0	8	453	0	0
Income Not Known	0	0	0	0	0	0	0	0	0	0
Tract Not Known	0	0	0	0	0	0	0	0	0	0
County Total - Outside AA	6	78	2	375	0	0	8	453	0	0

Institution: FIRST STATE BANK

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Loans by County
Small Business Loans - Originations

Institution: FIRST STATE BANK

Respondent ID: 0000015206

Agency: FDIC - 3

State: Texas (48)

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2004 Institution Disclosure Statement - Table 1-1

Small Business Loans - Originations

Institution: FIRST STATE BANK

Agency: FDIC - 3

State: Texas (48)

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2004 Institution Disclosure Statement - Table 1-1

Loans by County

Small Business Loans - Originations

Institution: FIRST STATE BANK

Respondent ID: 0000015206

Agency: FDIC - 3

State: Texas (48)

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Area Income Characteristics	Loan Amount at Origination ≤ \$100,000		Loan Amount at Origination > \$100,000 But ≤ \$250,000		Loan Amount at Origination > \$250,000		Loans to Businesses with Gross Annual Revenues ≤ \$1 Million		Memo Item: Loans by Affiliates	
	Num of loans	Amount (000s)	Num of loans	Amount (000s)	Num of loans	Amount (000s)	Num of loans	Amount (000s)	Num of loans	Amount (000s)
Van Zandt County (467) ² MSA/MD NA Inside AA 10010										
County Total	37	935	4	606	1	300	38	1338	0	0
Williamson County (491) MSA/MD 12420 Outside Assessment Area										
Low Income	0	0	0	0	0	0	0	0	0	0
Moderate Income	0	0	0	0	0	0	0	0	0	0
Middle Income	1	7	0	0	0	0	1	7	0	0
Upper Income	0	0	0	0	0	0	0	0	0	0
Income Not Known	0	0	0	0	0	0	0	0	0	0
Tract Not Known	0	0	0	0	0	0	0	0	0	0
County Total	1	7	0	0	0	0	1	7	0	0
TOTAL INSIDE AA IN STATE	378	8703	36	5832	9	3428	361	13517	0	0
TOTAL OUTSIDE AA IN STATE	63	1669	8	1323	3	872	67	3026	0	0
STATE TOTAL	441	10372	44	7155	12	4300	428	16543	0	0

2004 Institution Disclosure Statement - Table 1-1
Loans by County
Small Business Loans - Originations
Institution: FIRST STATE BANK

Respondent ID: 0000015206
Agency: FDIC - 3

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Area Income Characteristics	Loan Amount at Origination ≤ \$100,000		Loan Amount at Origination > \$100,000 But ≤ \$250,000		Loan Amount at Origination > \$250,000		Loans to Businesses with Gross Annual Revenues ≤ \$1 Million		Memo Item: Loans by Affiliates	
	Num of loans	Amount (000s)	Num of loans	Amount (000s)	Num of loans	Amount (000s)	Num of loans	Amount (000s)	Num of loans	Amount (000s)
TOTAL ACROSS ALL STATES										
TOTAL INSIDE AA	378	8703	36	5832	9	3428	361	13517	0	0
TOTAL OUTSIDE AA	66	1789	10	1587	4	1147	71	3481	0	0
TOTAL INSIDE & OUTSIDE	444	10492	46	7419	13	4575	432	16998	0	0

2004 Institution Disclosure Statement - Table 2-1
Loans by County
Small Farm Loans - Originations
Institution: FIRST STATE BANK

Respondent ID: 0000015206
Agency: FDIC - 3
State: Arizona (04)
Page 2 of 10

Area Income Characteristics	Loan Amount at Origination ≤ \$100,000		Loan Amount at Origination > \$100,000 But ≤ \$250,000		Loan Amount at Origination > \$250,000		Loans to Farms with Gross Annual Revenues ≤ \$1 Million		Memo Item: Loans by Affiliates	
	Num of loans	Amount (000s)	Num of loans	Amount (000s)	Num of loans	Amount (000s)	Num of loans	Amount (000s)	Num of loans	Amount (000s)
Yuma County (027) MSA/MD 49740 Outside Assessment Area										
Low Income	0	0	0	0	0	0	0	0	0	0
Moderate Income	0	0	0	0	0	0	0	0	0	0
Middle Income	1	12	0	0	0	0	1	12	0	0
Upper Income	0	0	0	0	0	0	0	0	0	0
Income Not Known	0	0	0	0	0	0	0	0	0	0
Tract Not Known	0	0	0	0	0	0	0	0	0	0
County Total	1	12	0	0	0	0	1	12	0	0
TOTAL INSIDE AA IN STATE	0	0	0	0	0	0	0	0	0	0
TOTAL OUTSIDE AA IN STATE	1	12	0	0	0	0	1	12	0	0
STATE TOTAL	1	12	0	0	0	0	1	12	0	0

2004 Institution Disclosure Statement - Table 2-1
Loans by County
Small Farm Loans - Originations
Institution: FIRST STATE BANK

Respondent ID: 0000015206
Agency: FDIC - 3
State: Texas (48)
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2004 Institution Disclosure Statement - Table 2-1

Loans by County

Small Farm Loans - Originations

Institution: FIRST STATE BANK

Respondent ID: 0000015206

Agency: FDIC - 3

State: Texas (48)

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Area Income Characteristics	Loan Amount at Origination <= \$100,000		Loan Amount at Origination > \$100,000 But <= \$250,000		Loan Amount at Origination > \$250,000		Loans to Farms with Gross Annual Revenues <= \$1 Million		Memo Item: Loans by Affiliates	
	Num of loans	Amount (000s)	Num of loans	Amount (000s)	Num of loans	Amount (000s)	Num of loans	Amount (000s)	Num of loans	Amount (000s)
Dallas County (113) MSA/MD 19124 Outside Assessment Area										
Median Family Income 110-120%	0	0	0	0	0	0	0	0	0	0
Median Family Income >= 120%	1	98	2	305	1	311	4	714	0	0
Median Family Income Not Known	0	0	0	0	0	0	0	0	0	0
Tract Not Known	0	0	0	0	0	0	0	0	0	0
County Total	3	117	2	305	1	311	6	733	0	0
Freestone County (161) MSA/MD NA Outside Assessment Area										
Low Income	0	0	0	0	0	0	0	0	0	0
Moderate Income	0	0	0	0	0	0	0	0	0	0
Middle Income	1	10	0	0	0	0	1	10	0	0
Upper Income	0	0	0	0	0	0	0	0	0	0
Income Not Known	0	0	0	0	0	0	0	0	0	0
Tract Not Known	0	0	0	0	0	0	0	0	0	0
County Total	1	10	0	0	0	0	1	10	0	0
Harris County (201) MSA/MD 26420 Outside Assessment Area										
Median Family Income < 10%	0	0	0	0	0	0	0	0	0	0
Median Family Income 10-20%	0	0	0	0	0	0	0	0	0	0
Median Family Income 20-30%	0	0	0	0	0	0	0	0	0	0
Median Family Income 30-40%	0	0	0	0	0	0	0	0	0	0
Median Family Income 40-50%	0	0	0	0	0	0	0	0	0	0
Median Family Income 50-60%	0	0	0	0	0	0	0	0	0	0
Median Family Income 60-70%	0	0	0	0	0	0	0	0	0	0
Median Family Income 70-80%	0	0	0	0	0	0	0	0	0	0
Median Family Income 80-90%	0	0	0	0	0	0	0	0	0	0
Median Family Income 90-100%	0	0	0	0	0	0	0	0	0	0
Median Family Income 100-110%	0	0	0	0	0	0	0	0	0	0
Median Family Income 110-120%	0	0	0	0	0	0	0	0	0	0
Median Family Income >= 120%	1	22	0	0	0	0	1	22	0	0

2004 Institution Disclosure Statement - Table 2-1

Loans by County
Small Farm Loans - Originations

Institution: FIRST STATE BANK

Respondent ID: 0000015206

Agency: FDIC - 3

State: Texas (48)

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Area Income Characteristics	Loan Amount at Origination <= \$100,000		Loan Amount at Origination > \$100,000 But <= \$250,000		Loan Amount at Origination > \$250,000		Loans to Farms with Gross Annual Revenues <= \$1 Million		Memo Item: Loans by Affiliates	
	Num of loans	Amount (000s)	Num of loans	Amount (000s)	Num of loans	Amount (000s)	Num of loans	Amount (000s)	Num of loans	Amount (000s)
Harris County (201) MSA/MD 26420 Outside Assessment Area										
Median Family Income Not Known	0	0	0	0	0	0	0	0	0	0
Tract Not Known	0	0	0	0	0	0	0	0	0	0
County Total	1	22	0	0	0	0	1	22	0	0
Henderson County (213) * MSA/MD NA Inside AA 0001										
Low Income	0	0	0	0	0	0	0	0	0	0
Moderate Income	0	0	0	0	0	0	0	0	0	0
Middle Income	111	2066	10	1545	3	875	119	3641	0	0
Upper Income	70	1125	2	336	0	0	70	1422	0	0
Income Not Known	0	0	0	0	0	0	0	0	0	0
Tract Not Known	0	0	0	0	0	0	0	0	0	0
County Total - Inside AA 0001	181	3191	12	1881	3	875	189	5063	0	0
Henderson County (213) * MSA/MD NA Outside Assessment Area										
Low Income	0	0	0	0	0	0	0	0	0	0
Moderate Income	0	0	0	0	0	0	0	0	0	0
Middle Income	4	103	0	0	0	0	4	103	0	0
Income Not Known	0	0	0	0	0	0	0	0	0	0
Tract Not Known	0	0	0	0	0	0	0	0	0	0
County Total - Outside AA	4	103	0	0	0	0	4	103	0	0
Henderson County (213) * MSA/MD NA County/ MSA/MD Total										
Low Income	0	0	0	0	0	0	0	0	0	0
Moderate Income	0	0	0	0	0	0	0	0	0	0
Middle Income	115	2169	10	1545	3	875	123	3744	0	0
Upper Income	70	1125	2	336	0	0	70	1422	0	0
Income Not Known	0	0	0	0	0	0	0	0	0	0
Tract Not Known	0	0	0	0	0	0	0	0	0	0
County Total	185	3294	12	1881	3	875	193	5166	0	0

Institution: FIRST STATE BANK

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[illegible]

Loans by County

Small Farm Loans - Originations

Institution: FIRST STATE BANK

Respondent ID: 0000015206

Agency: FDIC - 3

State: Texas (48)

Page 7 of 10

[illegible]

Loans by County
Small Farm Loans - Originations

Institution: FIRST STATE BANK

Respondent ID: 0000015206

Agency: FDIC - 3

State: Texas (48)

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[illegible]

2004 Institution Disclosure Statement - Table 2-1
Loans by County
Small Farm Loans - Originations
Institution: FIRST STATE BANK

Respondent ID: 0000015206
Agency: FDIC - 3
State: Texas (48)
Page 9 of 10

Area Income Characteristics	Loan Amount at Origination ≤ \$100,000		Loan Amount at Origination > \$100,000 But ≤ \$250,000		Loan Amount at Origination > \$250,000		Loans to Farms with Gross Annual Revenues ≤ \$1 Million		Memo Item: Loans by Affiliates	
	Num of loans	Amount (000s)	Num of loans	Amount (000s)	Num of loans	Amount (000s)	Num of loans	Amount (000s)	Num of loans	Amount (000s)
Van Zandt County (467) * MSA/MD NA Outside Assessment Area										
County Total - Outside AA	6	170	0	0	1	350	6	170	0	0
Van Zandt County (467) * MSA/MD NA County/ MSA/MD Total										
Low Income	0	0	0	0	0	0	0	0	0	0
Moderate Income	0	0	0	0	0	0	0	0	0	0
Middle Income	41	651	0	0	1	350	41	651	0	0
Upper Income	3	51	0	0	0	0	3	51	0	0
Income Not Known	0	0	0	0	0	0	0	0	0	0
Tract Not Known	0	0	0	0	0	0	0	0	0	0
County Total	44	702	0	0	1	350	44	702	0	0
TOTAL INSIDE AA IN STATE	232	3996	12	1881	3	875	240	5868	0	0
TOTAL OUTSIDE AA IN STATE	57	1201	4	547	4	1224	63	2616	0	0
STATE TOTAL	289	5197	16	2428	7	2099	303	8484	0	0

2004 Institution Disclosure Statement - Table 2-1
Loans by County
Small Farm Loans - Originations
Institution: FIRST STATE BANK

Respondent ID: 0000015206
Agency: FDIC - 3

Page 10 of 10

Area Income Characteristics	Loan Amount at Origination <= \$100,000		Loan Amount at Origination > \$100,000 But <= \$250,000		Loan Amount at Origination > \$250,000		Loans to Farms with Gross Annual Revenues <= \$1 Million		Memo Item: Loans by Affiliates	
	Num of loans	Amount (000s)	Num of loans	Amount (000s)	Num of loans	Amount (000s)	Num of loans	Amount (000s)	Num of loans	Amount (000s)
TOTAL ACROSS ALL STATES										
TOTAL INSIDE AA	232	3996	12	1881	3	875	240	5868	0	0
TOTAL OUTSIDE AA	58	1213	5	686	4	1224	65	2767	0	0
TOTAL INSIDE & OUTSIDE	290	5209	17	2567	7	2099	305	8635	0	0

2004 Institution Disclosure Statement - Table 3
Assessment Area/Non-Assessment Area Activity
Small Business Loans

Respondent ID: 0000015206

Agency: FDIC - 3

Institution: FIRST STATE BANK

Page 1 of 1

ASSESSMENT AREA LOANS	Originations		Originations to Businesses with <= \$1 million revenue		Purchases	
	Num of Loans	Amount (000s)	Num of Loans	Amount (000s)	Num of Loans	Amount (000s)
Assessment Area 0001 - Total	423	17,963	361	13,517	0	0
TX - Henderson County (213) - MSA/MD NA ²	375	15,018	319	11,223	0	0
Kaufman County (257) - MSA/MD 19124 ²	22	2,258	17	1,627	0	0
Van Zandt County (467) - MSA/MD NA ²	26	687	25	667	0	0
LOANS INSIDE ALL ASSESSMENT AREA(S)	423	17,963	361	13,517	0	0
LOANS OUTSIDE OF ASSESSMENT AREA(S)	80	4,523	71	3,481	0	0
TOTAL LOANS	503	22,486	432	16,998	0	0

2004 Institution Disclosure Statement - Table 5
Community Development / Consortium-Third Party Activity

Respondent ID: 0000015206
Agency: FDIC - 3

Institution: FIRST STATE BANK

Page 1 of 1

			Memo Item: Loans by Affiliates	
	Num of Loans	Amt (000s)	Num of Loans	Amt (000s)
Community Development Loans				
Originated	3	2,474	0	0
Purchased	0	0	0	0
Total	3	2,474	0	0
Consortium/Third Party Loans (optional)				

2004 Institution Disclosure Statement Table 6**Assessment Area(s) By Tract**

* denotes no loans made in specified tracts

Institution: FIRST STATE BANK**Respondent ID: 0000015206****Agency: FDIC - 3****Page 1 of 5****ASSESSMENT AREA - 0001****Henderson County(213), TX ²**
MSA/MD NA

Middle Income

9504.00 9506.00 9507.00 9508.00 9509.00 9510.00 9511.00 9512.00 9514.00

Upper Income

9503.00 9505.00 9513.00

Kaufman County(257), TX ²
MSA/MD 19124

Middle Income

0513.00

Van Zandt County(467), TX ²
MSA/MD NA

Middle Income

9510.00

OUTSIDE ASSESSMENT AREA**Fairbanks North Star Borough(090), AK**
MSA/MD 21820

Middle Income

0015.00

Maricopa County(013), AZ
MSA/MD 38060

Median Family Income >= 120%

0303.45

Yuma County(027), AZ
MSA/MD 49740

Middle Income

0111.02

2004 Institution Disclosure Statement Table 6

Assessment Area(s) By Tract

* denotes no loans made in specified tracts

Institution: FIRST STATE BANK

OUTSIDE ASSESSMENT AREA

Berrien County(019), GA
MSA/MD NA

Middle Income

9704.00

Shawnee County(177), KS
MSA/MD 45820

Middle Income

0016.02

Callaway County(027), MO
MSA/MD 27620

Middle Income

9705.00

Colfax County(007), NM
MSA/MD NA

Middle Income

9507.00

Anderson County(001), TX
MSA/MD NA

Moderate Income

9507.00

Middle Income

9501.00 9502.00 9503.00 9509.00 9510.00

Upper Income

9504.00

Bexar County(029), TX
MSA/MD 41700

Median Family Income >= 120%

Respondent ID: 0000015206

Agency: FDIC - 3

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2004 Institution Disclosure Statement Table 6

Assessment Area(s) By Tract

* denotes no loans made in specified tracts

Institution: FIRST STATE BANK

OUTSIDE ASSESSMENT AREA

Cherokee County(073), TX
MSA/MD NA

Moderate Income

9505.00

Middle Income

9506.00

Collin County(085), TX
MSA/MD 19124

Upper Income

0314.04

Dallas County(113), TX
MSA/MD 19124

Median Family Income 50-60%

0064.00

Median Family Income 60-70%

0148.01

Median Family Income 70-80%

0177.04

Median Family Income 90-100%

0174.00

Median Family Income 100-110%

0130.09

Median Family Income 110-120%

0190.10

Median Family Income >= 120%

0077.00 0097.02 0136.19 0173.05 0194.00 0196.00

Respondent ID: 0000015206

Agency: FDIC - 3

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2004 Institution Disclosure Statement Table 6**Assessment Area(s) By Tract**

* denotes no loans made in specified tracts

Institution: FIRST STATE BANK

Respondent ID: 0000015206

Agency: FDIC - 3

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OUTSIDE ASSESSMENT AREA

Freestone County(161), TX
MSA/MD NA

Middle Income

9801.00 9803.00

Harris County(201), TX
MSA/MD 26420

Median Family Income >= 120%

2507.00

Henderson County(213), TX *
MSA/MD NA

Middle Income

9501.00 9502.00

Jefferson County(245), TX
MSA/MD 13140

Moderate Income

0070.01

Kaufman County(257), TX *
MSA/MD 19124

Middle Income

0512.00

Marion County(315), TX
MSA/MD NA

Middle Income

9504.00

Navarro County(349), TX
MSA/MD NA

Middle Income

9701.00 9705.00 9706.00 9707.00 9709.00

2004 Institution Disclosure Statement Table 6

Assessment Area(s) By Tract

* denotes no loans made in specified tracts

Institution: FIRST STATE BANK

OUTSIDE ASSESSMENT AREA

Smith County(423), TX
MSA/MD 46340

Middle Income

0014.01

Tarrant County(439), TX
MSA/MD 23104

Median Family Income >= 120%

1136.10

Titus County(449), TX
MSA/MD NA

Moderate Income

9506.00

Van Zandt County(467), TX *

MSA/MD NA

Middle Income

9506.00 9508.00 9509.00

Upper Income

9504.00

Williamson County(491), TX
MSA/MD 12420

Middle Income

0215.01

Respondent ID: 0000015206

Agency: FDIC - 3

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2004 CRA Institution Disclosure Statement - Table E-1
Error Status Information

Respondent ID: 0000015206
Agency: FDIC - 3

Institution : FIRST STATE BANK

Page 1 of 1

Record Identifier: ¹¹	Total Composite Records on File	Total Composite Records Without Errors	Total Validity ¹⁰ Errors	Percentage of Validity Errors
Transmittal Sheet	1	1	0	0.00
Small Business Loans	48	48	0	0.00
Small Farm Loans	43	43	0	0.00
Community Development Loans	1	1	0	0.00
Consortium/Third Party Loans (Optional)	0	0	0	0.00
Assessment Area	5	5	0	0.00
Total	98	98	0	0.00

COMMUNITY REINVESTMENT ACT

EXPLANATION OF NOTES

1. Counties are entirely within one MSA/MD or non-MSA/MD area. Prior to 2004, there were 33 counties in New England that were split either between MSAs or between MSA and non-MSA areas. Beginning with 2004 data, there are no split counties.
2. County is only partially included in the institution's assessment area(s). At least one census tract in the county is not included in the institution's assessment area definition.
3. On the Aggregate reports, income groups (i.e., Low Income, Median Family Income 70-80%) are not listed when there are no census tracts in the grouping for the listed county.
4. On the Disclosure reports, all loans made are shown, however, some portions of counties may not be shown if no loans were made there. For example, if a portion of a county is inside the institution's assessment area and a portion is outside, the portion inside would not be shown if no loans were made there.
5. All geographies listed on the Disclosure Statements and MSA/MD Aggregate tables represent state, county, and census tract codes that conform to the 2000 Census definitions. These geographies are also based on the Office of Management & Budget (OMB) MSA/MD designations for the year the data were collected.
6. A county with a population of 500,000 or less will display county totals by low-, moderate-, middle-, and upper-income geographies.
7. The low-income category consists of census tracts where the median family income of the census tract is less than 50% of the decennial MSA/MD median family income, based on the 2000 census of population and housing. The moderate-income category consists of census tracts where the median family income of the census tract is at least 50% and less than 80% of the decennial MSA/MD median family income. The middle-income category consists of census tracts where the median family income of the census tract is at least 80% and less than 120% of the decennial MSA/MD median family income. The upper-income category consists of census tracts where the median family income of the census tract is at least 120% of the decennial MSA/MD median family income.
8. A county with a population greater than 500,000 will display county totals by median income relative to the area median income in incremental percentages.
9. Only error-free data are included on the Disclosure Statements and MSA/MD Aggregate tables.
10. A validity edit helps to verify the accuracy of the data reported. An institution's CRA submission that passes all validity edits does not ensure 100% accurate data. True accuracy is determined during the examination process.
11. A record represents one row of data reported to the Federal Reserve Board. This does not in any way represent the number of loans originated or purchased by the institution.
12. Small business loans are defined as those whose original amounts are \$1 million or less AND were reported as either Loans secured by nonfarm or nonresidential real estate or Commercial and Industrial loans in Part I of the Consolidated Reports of Condition and Income (Schedule RC-C, Part II) or the Thrift Financial Report (Schedule SB).

COMMUNITY REINVESTMENT ACT

EXPLANATION OF NOTES

13. Small farm loans are defined as those whose original amounts are \$500,000 or less AND were reported as either Loans to finance agricultural production and other loans to farmers or Loans secured by farmland in Part I of the Consolidated Reports of Condition and Income (Schedule RC-C, Part II) or the Thrift Financial Report (Schedule SB).
14. An institution delineates one or more assessment areas within which their supervisory agency evaluates the institution's record of helping to meet the credit needs of its community.
15. "Income Not Known" includes census tracts with no reported income or for which income information was not available.
16. The National Aggregate Report tables were designed to give economists and policy makers an overview of the CRA data nationwide. They are presented for information purposes only and do not necessarily reflect the types of analysis completed during a CRA examination. Some of these tables, possibly with modifications, were released as part of the Press Releases announcing the availability of CRA data.
17. "Tract Not Known" includes loans for which the institution did not provide a census tract. As required, the institution did provide an MSA/MD (if applicable), state, and county information. If these loans are in a county that is included, in its entirety, in one of the institutions assessment area(s), these loans will be identified as being inside the assessment area. If the county is only partially, or not at all, inside an assessment area the loans will be designated as "outside" the assessment area. Likewise, if the county is split into more than one assessment area, these loans will also be counted as outside the assessment area.

COMMUNITY REINVESTMENT ACT INFORMATION SHEET

****DISCLOSURE STATEMENT****

The Community Reinvestment Act (CRA) requires certain lending institutions to make annual public disclosures of their small business, small farm and community development lending activity. The CRA Aggregate and Disclosure system provides access to each lending institution's individual Disclosure Statement, Aggregate Tables covering the lending activity of all institutions subject to CRA for each MSA/MD and non-MSA/MD portion of each state as well as National Aggregate Tables covering the lending activity of all institutions for the entire nation.

Content of CRA Disclosure Statements

The Disclosure Statement may contain up to eight tables as follows:

TABLE 1-1	Small Business Loans by County - Originations
TABLE 1-2	Small Business Loans by County - Purchases
TABLE 2-1	Small Farm Loans by County - Originations
TABLE 2-2	Small Farm Loans by County - Purchases
TABLE 3	Assessment Area/Non-Assessment Area Activity - Small Business Loans
TABLE 4	Assessment Area/Non-Assessment Area Activity - Small Farm Loans
TABLE 5	Community Development/ Consortium Third-Party Activity
TABLE 6	Assessment Area(s) by Tract

In addition, the Disclosure Statement will contain a Notes Table (N-1) and an Error Status Information table (E-1). An institution's disclosure statement will only contain records that are free of validity errors. The Federal Reserve Board (Board) provides an error report to institutions whose data contains validity errors. These institutions are expected to return an error-free submission of their data prior to the release of the data to the public. Errors that remain at the time the data are released will be displayed on the Error Status table.

Public Availability

The Community Reinvestment Act requires that the CRA Disclosure Statement be made available to the public as part of an institution's CRA public file. The entire disclosure statement must be available at the main office and, if an interstate institution, at one branch office in each state within three business days of its receipt from the Board. In lieu of having a paper copy of the report available, an institution may keep the CRA Aggregate and Disclosure CD in its public file if it can readily printout the Disclosure Statement if requested. In addition, a report must be made available at a branch office within five calendar days of a request being made at that branch.

Notice of Availability

Lending institutions are required to post a notice in the public lobby of their offices informing the public of the availability of the CRA public file. Suggested text for the poster is provided in the regulation.

Questions

If you have any questions about the Disclosure Statements, MSA/MD Aggregate Tables or National Aggregate Tables, contact the CRA Assistance Line at (202) 872- 7584 or send an e-mail to crahelp@frb.gov.



ASSESSMENT AREA 1

First State Bank

Main Bank

130 E. Corsicana St.
Athens, TX 75751
MSA/MD Code: NA
MSA/MD Name: NA
County: Henderson (213)
Census Tract: 9513.00

First State Bank

Drive-In Facility

202 S. Palestine St.
Athens, TX 75751
MSA/MD Code: NA
MSA/MD Name: NA
County: Henderson (213)
Census Tract: 9513.00

First State Bank

Tyler Street Branch

1114 E. Tyler St.
Athens, TX 75751
MSA/MD Code: NA
MSA/MD Name: NA
County: Henderson (213)
Census Tract: 9513.00

First State Bank

Gun Barrel City Branch

118 W. Main St.
Gun Barrel City, TX 75156
MSA/MD Code: NA
MSA/MD Name: NA
County: Henderson (213)
Census Tract: 9506.04

First State Bank

Malakoff Branch

200 W. Royall Blvd.
Malakoff, TX 75148
MSA/MD Code: NA
MSA/MD Name: NA
County: Henderson (213)
Census Tract: 9510.00

First State Bank

Corsicana Branch

1600 W. 2nd Ave.
Corsicana, TX 75110
MSA/MD Code: NA
MSA/MD Name: NA
County: Navarro (349)
Census Tract: 9703.01

ASSESSMENT AREA 2

First State Bank

Mabank Branch

201 S. Third St.
Mabank, TX 75147
MSA/MD Code: 19124
MSA/MD Name: Dallas-Plano-Irving, TX
County: Kaufman (257)
Census Tract: 0513.01

First State Bank

Forney Branch

119 S. FM 548
Forney, TX 75126
MSA/MD Code: 19124
MSA/MD Name: Dallas-Plano-Irving, TX
County: Kaufman (257)
Census Tract: 0502.14



BRANCHES OPENED:

First State Bank opened a temporary Customer Service Center in Forney, Texas on March 1st, 2023. The **temporary** office location is:

114 W. Pacific St.
Forney, TX 75126
MSA/MD Code: 19124
MSA/MD Name: Dallas-Plano-Irving, TX
County: Kaufman (257)
Census Tract: 0502.08

******The temporary office is **only** a customer service center and not a full-service banking center******

The temporary CSC closed when the new location opened.

Our new, full-service branch and permanent office opened on *February 26, 2024*, at the following address:

119 S. FM 548
Forney, TX 75126
MSA/MD Code: 19124
MSA/MD Name: Dallas-Plano-Irving, TX
County: Kaufman (257)
Census Tract: 0502.08

BRANCHES CLOSED:

First State Bank has not had any branches to close during the current year or within the last two calendar years.



BANKING HOURS

First State Bank

Main Bank

130 E. Corsicana St.
Athens, TX 75751

Lobby Hours: Monday – Thursday 9:00 a.m. to 4:00 p.m.
Friday - 9:00 a.m. to 5:00 p.m.

Drive – Thru: Monday – Friday 7:30 a.m. to 6:00 p.m.
202 S. Palestine St. Saturday – 9:00 a.m. to 12:00 p.m.
Athens, TX 75751

First State Bank

Tyler Street Branch

1114 E. Tyler St.
Athens, TX 75751

Lobby Hours: Monday – Thursday 9:00 a.m. to 4:00 p.m.
Friday – 9:00 a.m. to 5:00 p.m.

Drive – Thru Monday – Thursday 8:00 a.m. to 5:00 p.m.
Friday – 8:00 a.m. to 5:30 p.m.
Saturday – 9:00 a.m. to 12:00 p.m.

BANKING HOURS

First State Bank
Malakoff Branch
200 W. Royall Blvd.
Malakoff, TX 75148

Lobby Hours: Monday – Thursday 9:00 a.m. to 4:00 p.m.
Friday - 9:00 a.m. to 5:00 p.m.

Drive – Thru: Monday – Thursday 8:00 a.m. to 5:00 p.m.
Friday – 8:00 a.m. – 6:00 p.m.
Saturday – 9:00 a.m. to 12:00 p.m.

First State Bank
Mabank Branch
201 S. Third St.
Mabank, TX 75147

Lobby Hours: Monday – Thursday 9:00 a.m. to 4:00 p.m.
Friday – 9:00 a.m. to 5:00 p.m.

Drive – Thru Monday – Friday 7:30 a.m. to 6:00 p.m.
Saturday – 9:00 a.m. to 12:00 p.m.

BANKING HOURS

First State Bank Gun Barrel City Branch

118 W. Main St.
Gun Barrel City, TX 75156

Lobby Hours: Monday – Thursday 9:00 a.m. to 4:00 p.m.
Friday - 9:00 a.m. to 5:00 p.m.

Drive – Thru: Monday – Friday 7:30 a.m. to 6:00 p.m.
Saturday - 9:00 a.m. to 12:00 p.m.

First State Bank Corsicana Branch

1600 W. 2nd Ave.
Corsicana, TX 75110

Lobby Hours: Monday – Thursday 9:00 a.m. to 4:00 p.m.
Friday - 9:00 a.m. to 5:00 p.m.

Drive – Thru: Monday – Friday 8:00 a.m. to 5:00 p.m.
Saturday – 9:00 a.m. to 12:00 p.m.



BANKING HOURS

First State Bank
Forney Branch
119 S. FM 548
Forney, TX 75126

Lobby Hours: Monday – Thursday 9:00 a.m. to 4:00 p.m.
Friday – 9:00 a.m. to 5:00 p.m.

Drive -Thru: Monday – Thursday 8:00 a.m. to 5:00 p.m.
Friday - 8:00 a.m. to 6:00 p.m.
Saturday - 9:00 a.m. to 12:00 p.m.



FIRST STATE BANK

PRODUCTS AND SERVICES

First State Bank offers a full range of commercial and consumer services to individuals, small and large businesses, small and large farms, governmental entities, and non-profit organizations throughout our assessment area. These products and services are available at the main office and at all branch locations.

Consumer Loans offered include but are not limited to the following:

- Personal Loans
- Auto Loans
- Home Improvement Loans
- Permanent Residential Loans
- Home Equity Loans
- Residential Construction Loans

Commercial Loans made by the bank may be grouped into the following broad categories:

- Agricultural Loans
- Commercial and Industrial Loans
- Small Business Loans
- Commercial Real Estate Loans
- Lines of Credit
- SBA (Small Business Administration) Loans

First State Bank offers a variety of Checking Accounts, Savings Accounts, and Certificates of Deposits.

Deposit Accounts available include the following:

- Free With E-Checking Accounts
- Interest Bearing Accounts
- Regular Checking Accounts
- Business Accounts
- Key Checking Accounts
- Senior Citizen Accounts
- Health Savings Accounts (HSA)

Savings Accounts:

- Regular Savings Accounts
- UTMA (Uniform Transfer to Minor Act)

Certificates of Deposit:

- Regular Certificates of Deposit
- IRAs (both ROTH and traditional with fixed or variable rates)

Non-Depository Products: (Not insured by FDIC)

First State Bank does not directly offer non-deposit products. The Bank has an agreement with **AB Financial Services** who offers our customers non-deposit products through **LPL Financial Services**. Some of the products and services include:

Estate Planning	Profit Sharing
Retirement Planning	Variable annuities
Life Insurance	Fixed annuities
Disability Insurance	Fixed indexed annuities
Mutual Funds	Exchange Traded Funds
Stocks & Bonds	REITS
401K	UITs

Safe Deposit Boxes: We have the following sizes available for rent:

3x5 4x5 5x5 3x10 4x10 5x10 6x10 10x10

Remote Deposit Capture: This service is offered to our business customers as a convenience to them to help lessen their trips to the bank.

Please refer to the below for other miscellaneous services and our fee schedule.

We have ATM machines at each bank location along with night depositories. FSB customers may use any FSB or Austin Bank location ATM free of charge.

In addition, the bank accepts bank-by-mail for customers who choose to make their deposits and loan payments by mailing them to the bank.

First State Bank makes available many of its services *free* of charge to its customers. Some of these services include:

Notary Services - no charge for customers.

Internet Banking – no charge for basic viewing, transferring funds between accounts for customers, and free bill pay. Our website also has several financial education tools available to anyone who visits our webpage including links to credit information & accessing credit reports, identity theft, fraud/scams information, and first time home buyers information. We also offer online accounting opening and mobile banking.

www.fsbathens.com

TeleBank – no charge to access our 24 hour telephone banking system to check the balance on any First State Bank account or to transfer funds between any accounts.

903-677-3388; toll free: 1-855-677-3388

Debit Cards - we also issue debits cards at no initial cost to the customer.



Schedule of Fees

Account activity printout	\$3.00
Account closed within 90 days of opening	\$25.00
Account inactivity*	\$10.00
Account research or reconciliation	\$25.00 per hour (1 hour minimum)
Account re-opening	\$10.00
Account Transfers:	
First State Bank ATM	No charge
Internet banking	No charge
Non-FSB ATM	\$2.00
Tele bank	No charge
Customer service telephone transfer	\$5.00
Automated overdraft protection	\$5.00
Sweep/Maintain minimum	\$5.00
ACH one-time transfer	\$10.00
Cashier's Check:	
Check issued or converted for customer	\$5.00
On-Us check converted for non-customer	\$10.00
Collection Item-customer only	\$20.00
Copy of cancelled check or deposit slip	\$1.00 per item
Customer requested "Hold" statement	\$10.00 per account, per statement
Debit Card/ATM Fees:	
Initial generic card issued with new acct	No charge
Replacement card-generic or custom	\$10.00
Balance inquiry-FSB or Austin Bank ATM	No charge
Balance Inquiry at other ATM's	\$2.00
Cash WD FSB or Austin Bank ATM	No charge
Cash WD at all other ATM's	\$2.00
Debit Card-Rush Delivery:	
Next day pickup	\$20.00
Overnight delivery	Additional \$30.00
Fax fee	\$1.00 per page
Foreign currency purchase	\$30.00 per order
Garnishment	\$125.00 (plus Attorney's fees)
Insufficient (NSF) or Overdraft fee**	\$32.00 per item presented (consumer max \$192/day)
Internet Banking:	
Consumer online banking	No charge
Consumer bill pay services	No charge
Commercial online banking	\$10.00 per month
IRA early closing fee (90 days)	\$25.00
IRA transfer fee	\$25.00
Letters of credit	\$400.00 plus 2%
Levy processing	\$125.00 plus Attorney's fees
Night deposit-locking bag	\$35.00
Night deposit-zipper bag	\$10.00
Night depository key	\$3.00
Overdraft collection letter (25 days overdrawn)	\$30.00
Returned deposited item	\$10.00
Returned mail processing	\$10.00 per month

Safe Deposit Box	
Annual rent	
3" X 5"	\$30.00
4" X 5"	\$35.00
5" X 5"	\$40.00
3" X 10"	\$50.00
4" X 10"	\$60.00
5" X 10"	\$75.00
6" X 10"	\$80.00
10" X 10"	\$100.00
Box drilled	\$225.00
Box key replacement	\$20.00 per key
Box rent late fee (10 days)	\$20.00
Safe Deposit Box setup	\$25.00
Secure eSignature Services	\$5.00
Statement copy with images	\$10.00 per statement
Stop payment	\$32.50
Stop payment renewal (after 6 months, on request)	\$32.50
Subpoena preparation	\$125.00 for the 1 st hour, \$25.00 per hour thereafter, \$10.00 per statement with statement images
Temporary checks	\$0.50 per check/limit 10 per day
Wire Transfers:	
Incoming Domestic	\$15.00
Outgoing Domestic	\$25.00
Incoming International	\$30.00
Outgoing International	\$60.00

*Checking or Savings accounts with a balance of \$25.00 or less that have had no customer-initiated activity for nine continuous months, will be assessed a \$10.00 dormant fee in months ten, eleven and twelve unless customer-initiated activity occurs prior to the next statement cycle. This would result in the account being closed.

**Insufficient (NSF) and Overdraft fees apply to overdrafts created by check, withdrawals, ATM transactions, electronic means, or other customer-initiated debits to the account. Multiple fees may be charged for any given item as multiple attempts may be made to resubmit a previously returned item for payment. In doing so, a fee will be assessed for each presentation regardless of the number of times the item is submitted for payment. To avoid multiple fees, a written order to stop payment of the item could be placed by the owner(s) of the account.

All fees are subject to change.

Effective 09/01/2023



Online Account Opening

Opening an account online is now more convenient than ever! Using a mobile device, laptop, or computer, simply visit www.bankfsb.com and click on "Enroll Now" to get started. You will be able to choose the account you'd like to open and once your application is submitted, a Customer Service Representative will contact you to finish the process. Easy and convenient!

E-Statements

Go green with E-Statements! When it comes to your money, we know that privacy and security are of great importance:

- Receive an online version of your statement through Online Banking at no cost to you.
- An email will notify you each month that your statement is available for viewing and printing online.
- Receive your online E-Statement several days before you would receive a paper statement.



www.bankfsb.com



(903) 676-1900

For account details, qualifications, features, and current interest rates, contact a Customer Service Representative at any First State Bank branch location.



Banking Locations

Athens-Downtown Athens-Tyler Street

130 E Corsicana St.

1114 E Tyler St.

Mabank

201 S Third St.

Malakoff

200 W Royall Blvd.

Gun Barrel City

118 W Main St.

Corsicana

1600 W Second Ave.

Forney

119 S FM 548

Manage My Card

Staying in control of your debit card is easier than ever. "Manage My Card" offers you an all-in-one dashboard for controlling your First State Bank cards all within one app... ours!

- For added security, you can easily lock and unlock your cards.
- View your spending by seeing what, when, and where your debit cards are being used.
- Set travel plans and restrict purchases to certain locations, merchant types, and transaction types.
- Report your card as lost or stolen.

Simply download our mobile app and click on "My Cards" to get started!

TransferNow

If you find yourself juggling finances between several banks, credit unions and investment firms, then worry no more! With TransferNow, you can safely transfer money between your First State Bank personal account and accounts you own at other financial institutions.



Rev. 09/01/23



FIRST STATE BANK

WELCOME

On behalf of our team, I want to personally welcome you to First State Bank. We have a variety of financial products and services that are available to you. Friendly employees are ready to answer any questions you may have and will help you determine which products and services are right for you. We are committed to keeping your business, so don't hesitate to let us know how we can help.

Thank you for choosing First State Bank!

Steve Moore
President

Lending

At First State Bank, we treat our customers as we would our neighbors; taking the time to get to know each and every one. Whether you are purchasing a dream car, renovating your home or buying livestock, our lenders are available to discuss a loan specifically tailored to your needs. Come by and visit with a loan officer to discover which option is best for you.



Important Phone Numbers

Debit Cards

After hours, weekends, and holidays:

Lost/Stolen Debit Card: (800) 472-3272

Fraud Department: (800) 262-2024

Activate/Change PIN: (800) 992-3808

Telebank

Local: (903) 677-3388

Toll Free: (855) 677-3388

Product Brochure

CHECKING ACCOUNTS*

Free With E–Checking

(Consumer)
Minimum to Open: \$200
Minimum Balance: No minimum
Monthly Service Fee: No maintenance fee

Regular Checking

(Consumer)
Minimum to Open: \$100
Minimum Balance: \$1,000
Monthly Service Fee: If balance falls below \$1,000 at anytime within the month, \$8 service charge

Key Account Checking

(Consumer)
Minimum to Open: \$100
Minimum Balance: No minimum
Monthly Service Fee: \$8 Basic (\$10,000) Coverage* or \$10 Family (\$30,000) Coverage*

3 free Cashiers Checks per month
Free Key Account Check orders (single copy)
Free E-Statements or paper statements available

*Accidental Death Insurance not FDIC insured, not a deposit, not guaranteed by the bank, not insured by any federal government agency

Business Checking

(Commercial)
Minimum to Open: \$500
Minimum Balance: \$2,500
Monthly Service Fee: If balance falls below \$2,500 at any time within the month, \$15 service charge

\$0.15 per check surcharge after first 25 checks if balance falls below \$2,500 per statement cycle

*All commercial accounts subject to Account Analysis

INTEREST CHECKING

NOW Checking

(Consumer)
Minimum to Open: \$2,500
Minimum Balance: \$2,500
Monthly Service Fee: If balance falls below \$2,500 at any time within the month, \$10 service charge

Tiered Investment (NOW) Checking

(Consumer)
Minimum to Open: \$10,000
Minimum Balance: \$10,000
Monthly Service Fee: If balance falls below \$10,000 at any time within the month, \$15 service charge

Interest Tiers:
\$0.01 to \$25,000, \$25,000.01 to \$50,000
\$50,000.01 to \$250,000, \$250,000.01 to \$1,000,000, \$1,000,000.01 or Greater

Money Market Checking

(Consumer & Commercial)
Minimum to Open: \$2,500
Minimum Balance: \$2,500
Monthly Service Fee: If balance falls below \$2,500 at any time within the month, \$10 service charge

3 withdrawals per month allowed at no charge;
Withdrawals in excess of 3 are charged \$10 per withdrawal

Tiered Money Market

(Consumer & Commercial)
Minimum to Open: \$15,000
Minimum Balance: \$15,000
Monthly Service Fee: If balance falls below \$15,000 at any time within the month, \$15 service charge

Interest Tiers:
\$0.01 to \$25,000, \$25,000.01 to \$50,000
\$50,000.01 to \$250,000, \$250,000.01 to \$1,000,000, \$1,000,000.01 or Greater

3 withdrawals per month allowed at no charge;
Withdrawals in excess of 3 are charged \$10 per withdrawal

HSA (NOW) Checking

(Consumer)
Minimum to Open: \$100
Minimum Balance: \$500
Monthly Service Fee: If balance falls below \$500 at any time within the month, \$8 service charge

Account governed by HSA guidelines

SAVINGS

Just For Kids Savings

(Consumers Under Age 18)
Minimum to Open: \$25
Minimum Balance: No Minimum
Quarterly Service Fee: No Maintenance Fee
3 withdrawals per quarter allowed at no charge;
Withdrawals in excess of 3 are charged \$2 per withdrawal

Account converted to Statement Savings at 18 years of age

Interest Tiers: \$0.01 to \$500, \$500.01 or Greater
Free E-Statements or paper statements available







Statement Savings

(Consumer & Commercial)
Minimum to Open: \$300
Minimum Balance: \$300
Quarterly Service Fee: If balance falls below \$300 at any time within the quarter, \$12 service charge
3 withdrawals per quarter allowed at no charge;
Withdrawals in excess of 3 are charged \$2 per withdrawal

Free E-Statements or paper statements available



SERVICES OFFERED WITH DEPOSIT ACCOUNTS;

-  **Debit Card**
Initial debit card for a new consumer or business account is free. Custom cards available upon request
-  **Online Banking**
Free for consumer accounts
-  **Mobile Deposit**
Free for consumer accounts
-  **Bill Pay**
Free for consumer accounts
-  **E–Statements**
Online E-statements are free; paper statements are \$4 per month for all accounts except the Key Account Checking, Just for Kids Savings, and Statement Savings
-  **ATM Access**
No charge at any First State Bank or Austin Bank location

For a full list of commercial banking products and associated fees, please contact a Customer Service Representative at (903) 676-1900

All interest rates subject to change without notice

ASSESSMENT AREA 1

NON MSA

Our assessment area includes these census tracts in the following counties:

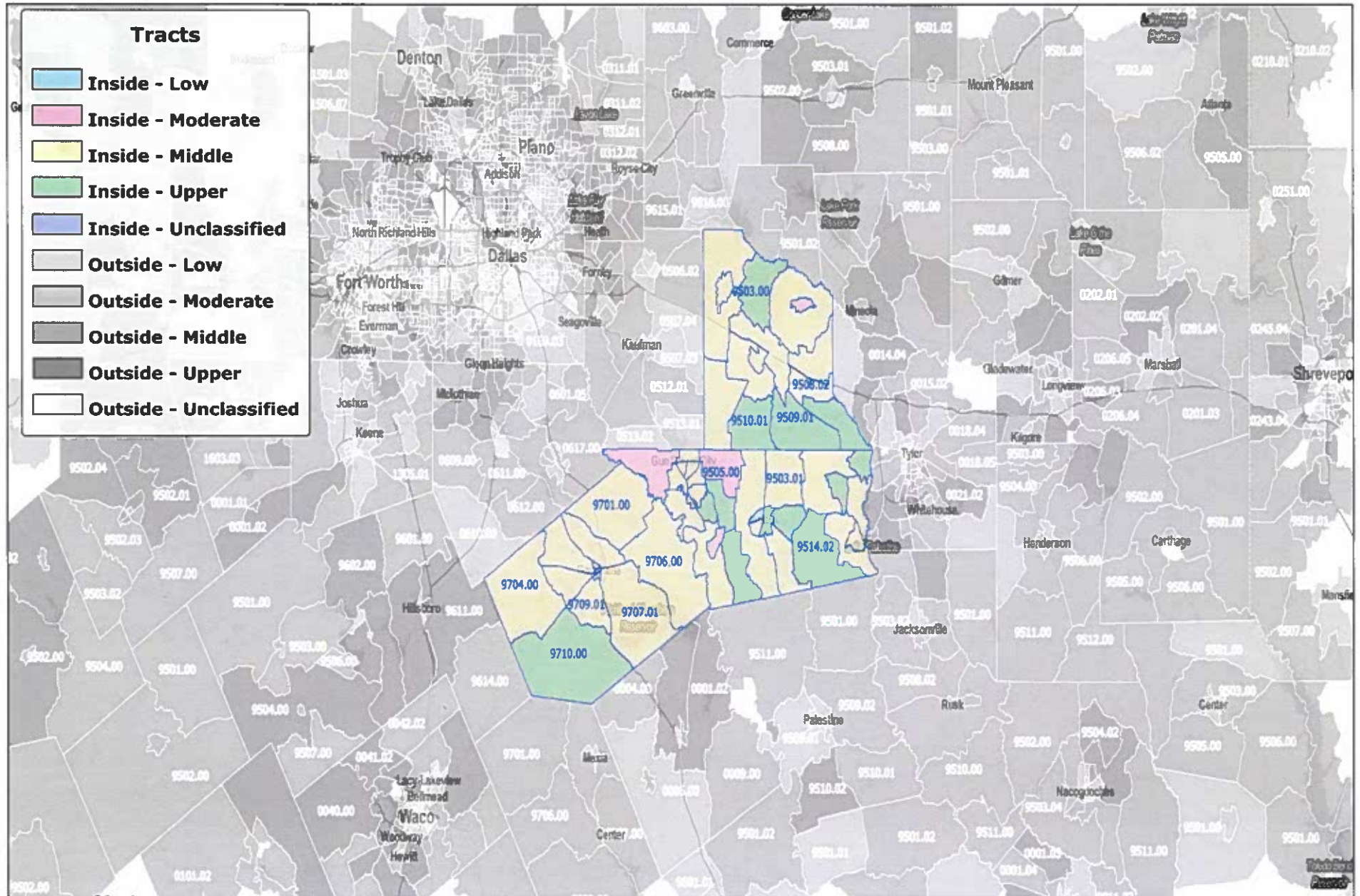
HENDERSON CO. (213)

9501.01
9501.02
9502.01
9502.02
9503.01
9503.02
9503.03
9504.00
9505.00
9506.01
9506.03
9506.04
9507.00
9508.01
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9509.02
9509.03
9509.04
9509.05
9510.00
9511.01
9511.02
9512.01
9512.02
9513.00
9514.01
9514.02
9514.03

NAVARRO CO. (349)

9701.00
9702.00
9703.01
9703.02
9704.00
9705.00
9706.00
9707.01
9708.00
9709.01
9709.02
9710.00

Assessment Area 1 Map - Non MSA



VAN ZANDT CO. (467)

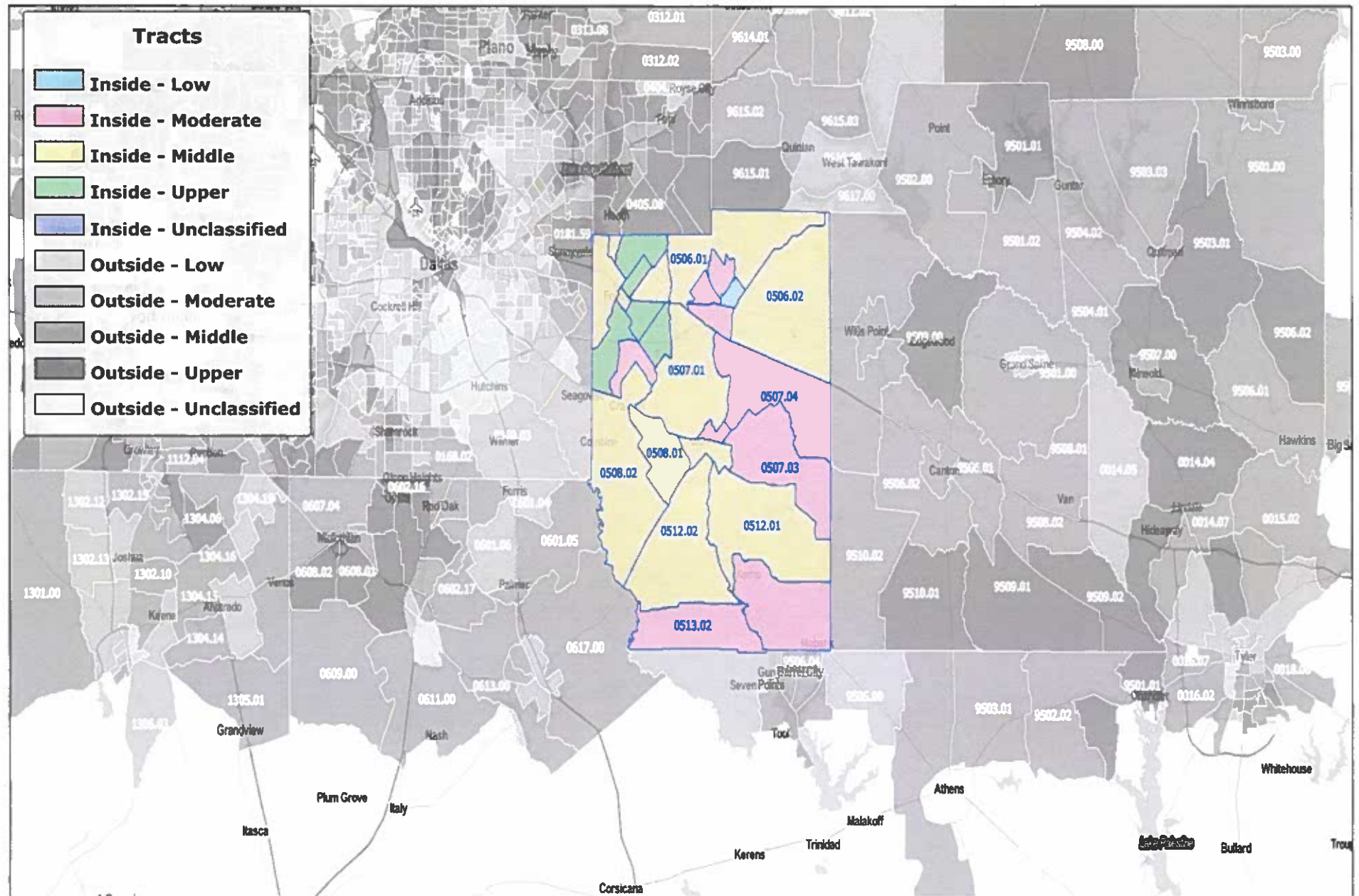
9501.00
9502.00
9503.00
9504.00
9505.00
9506.01
9506.02
9507.00
9508.01
9508.02
9509.01
9509.02
9510.01
9510.02

ASSESSMENT AREA 2
MSA

KAUFMAN CO. (257)

0502.04
0502.07
0502.08
0502.09
0502.10
0502.11
0502.12
0502.13
0502.14
0502.15
0503.00
0504.01
0504.02
0505.00
0506.01
0506.02
0507.01
0507.03
0507.04
0508.01
0508.02
0510.00
0511.00
0512.01
0512.02
0513.01
0513.02

Assessment Area 2 Map - MSA



First State Bank

HOME MORTGAGE DISCLOSURE ACT NOTICE

The HMDA data about our residential mortgage lending is available online for review. The data shows geographic distribution of loans and applications; ethnicity, race, sex, age, and income of applicants and borrowers; and information about loan approvals and denials.

This data is available online at the Consumer Financial Protection Bureau's website (www.consumerfinance.gov/hmda).

HMDA data for many other financial institutions are also available at this website.



LOAN TO DEPOSIT RATIOS

Quarter Ending June – 2023
66.40%

Quarter Ending September – 2023
68.42%

Quarter Ending December – 2023
70.11%

Quarter Ending March – 2024
76.86%

Quarter Ending June – 2024
77.64%

Quarter Ending September – 2024
80.31%

Quarter Ending December – 2024
76.56%

Quarter Ending March – 2025
75.32%

Quarter Ending June – 2025
77.06%