

PUBLIC DISCLOSURE

July 22, 2024

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

First State Bank
Certificate Number: 24498

1526 4th Street
Graham, Texas 76450

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 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.
- A majority of loans and other lending related activities are in the institution's assessment areas.
- The assessment areas do not include any low- or moderate-income geographies, and a review of the geographic distribution criterion would not result in any meaningful conclusions. Therefore, this criterion was not evaluated.
- The distribution of borrowers reflects, given the demographics of the assessment areas, reasonable penetration among businesses and farms 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 rating.

DESCRIPTION OF INSTITUTION

First State Bank (FSB) is a small bank with total assets of \$251.4 million headquartered in Graham, Texas. The bank is wholly owned by Woodson Bancshares Inc., a one-bank holding company. The bank does not operate any affiliates or subsidiaries. FSB received a Satisfactory rating at its previous FDIC CRA Performance Evaluation, dated October 15, 2018, based on Federal Financial Institutions Examination Council (FFIEC) Small Institution Examination Procedures.

In addition to the main office, FSB operates six full-service branches and one loan production office all in the State of Texas. One branch and the loan production office are located in Graham; one branch is in Woodson; one branch is in Throckmorton; one branch is in Olney, one branch is in Archer City, and one is in Jacksboro. The institution opened new branch locations in Archer County and Jack County since the previous evaluation. There were no mergers or acquisitions or branch closures since the prior evaluation. All locations offer hours consistent with the industry and area served.

FSB's primary business focus is commercial lending, while also offering traditional banking products and services. In addition to commercial lending products, the institution offers agricultural, home mortgage, and consumer loan products, and provides a variety of deposit services

including checking accounts, savings accounts, money market deposit accounts, and certificates of deposit. Alternative services include ATMs and online banking.

Loan Portfolio Distribution as of 6/30/2024		
Loan Category	\$(000s)	%
Construction, Land Development, and Other Land Loans	6,147	4.4
Secured by Farmland	31,448	22.3
Secured by 1-4 Family Residential Properties	32,389	22.9
Secured by Multifamily (5 or more) Residential Properties	416	0.3
Secured by Nonfarm Nonresidential Properties	23,485	16.6
Total Real Estate Loans	93,885	66.5
Commercial and Industrial Loans	32,382	22.9
Agricultural Production and Other Loans to Farmers	7,472	5.3
Consumer Loans	2,959	2.1
Obligations of State and Political Subdivisions in the U.S.	4,459	3.2
Other Loans	77	<0.1
Lease Financing Receivable (net of unearned income)	0	0.0
Less: Unearned Income	0	0.0
Total Loans	141,234	100.0
<i>Source: Reports of Condition and Income</i>		

Examiners did not identify any financial, legal, or other impediments that limit the institution’s ability to meet the credit needs of its assessment areas.

DESCRIPTION OF ASSESSMENT AREAS

The CRA requires each financial institution to define one or more assessment areas within which examiners will evaluate its CRA performance. FSB designated two assessment areas in the State of Texas: Texas Non-Metropolitan Statistical Area assessment area (Texas Non-MSA AA) and the Wichita Falls MSA AA. The Texas Non-MSA AA consists of contiguous Non-MSA Texas counties of Jack, Throckmorton, and Young. As well as select census tracts in the contiguous county of Palo Pinto. The bank’s assessment area has changed since the last evaluation due to the opening of new branches located in Archer County and Jack County. The new branch located in Archer County falls under the Wichita Falls MSA which will be reviewed as the Wichita Falls MSA AA. At the last CRA evaluation, FSB designated their assessment area to include: all census tracts in Stephen, Throckmorton, and Young County, as well as select tracts in the contiguous Non-MSA Texas county of Palo Pinto. The bank’s current assessment area consists of a total of 12 census tracts based on 2020 U.S. Census data: 5 census tracts in Young County, 1 census tract in Throckmorton County, 3 census tracts in Jack County, 1 census tract in northern Palo Pinto County, and 2 census tracts in Archer County. The bank removed Stephen County from its CRA assessment area since the last evaluation as the bank closed the branch in 2015. The assessment areas conform to CRA regulatory requirements.

SCOPE OF EVALUATION

General Information

This evaluation covers the period from the prior evaluation dated October 15, 2018, to the current evaluation dated July 22, 2024. Examiners evaluated the bank's performance following the FFIEC Small Institution Examination Procedures. These procedures include the Lending Test. The appendix lists the test's criteria.

The following table shows that the bank generated a substantial majority of its loans, garnered the largest percentage of its deposits, and contained a majority of its offices in the Texas Non-MSA AA. Consequently, examiners applied full-scope procedures to and placed the greatest weight on the bank's performance in the Texas Non-MSA AA. Since the Wichita Falls MSA AA is new since the prior evaluation, full-scope procedures were also used on this assessment area for this evaluation. Loans captured in the table below only include those generally considered under CRA: small business, home mortgage, small farm, and consumer.

Assessment Area Breakdown of Loans, Deposits, and Branches						
Assessment Area	Loans		Deposits		Branches	
	\$(000s)	%	\$(000s)	%	#	%
Texas Non-MSA	53,850	92.7	217,404	95.9	7	87.5
Wichita Falls MSA	4,254	7.3	9,275	4.1	1	12.5
Total	58,104	100.0	226,679	100.0	8	100.0

Source: Bank Data; FDIC Summary of Deposits (6/30/2024)

Activities Reviewed

CRA Small Institution Examination Procedures require examiners to determine the bank's major product lines from which to 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. The following table illustrates the bank's originations and purchases over the 2023 calendar year by loan type.

Loans Originated or Purchased				
Loan Category	\$(000s)	%	#	%
Construction and Land Development	1,051	1.8	3	0.4
Secured by Farmland	5,536	9.5	22	3.2
Secured by 1-4 Family Residential Properties	8,321	14.3	39	5.7
Multi-Family (5 or more) Residential Properties	0	0.0	0	0.0
Commercial Real Estate Loans	8,205	14.1	16	2.3
Commercial and Industrial Loans	18,092	31.1	338	49.2
Agricultural Loans	9,811	16.9	63	9.2
Consumer Loans	1,409	2.4	154	22.4
Other Loans	5,680	9.8	52	7.6
Total Loans	58,105	100.0	687	100.0
<i>Source: 2023 Bank Data; Due to rounding, totals may not equal 100.0%</i>				

Considering the dollar volume and number of loans originated during 2023, as well as the products commonly reviewed for CRA, examiners determined the bank's major product lines consist of small business loans and small farm loans. The 2023 review period was determined for review due to 2023 being the most recent full calendar year. Commercial loans and agriculture loans comprise 45.2 and 26.4 percent of the total loans by dollar volume and 51.5 and 12.4 percent by number respectively for 2023. Residential and consumer loans do not represent major product lines for the review period, comprising 14.3 and 2.4 percent of dollar volume and comprising 5.7 and 22.4 percent by number of total loans, respectively, and thus would not materially affect any conclusions or the rating; therefore, this evaluation does not analyze them.

Small business loans and small farm loans totaled 350 and 78 by number and \$19.3 million and \$7.3 million by dollar volume respectively. Due to the higher volume by number and by dollar amount, small business loans will receive more weight when drawing conclusions.

For the assessment area concentration test, examiners will use the universe of small business and small farm loans. A random sample of 53 small business loans totaling \$3.9 million and 29 small farm loans totaling \$3.0 million inside of the Texas Non-MSA AA will be used for the borrower profile test based on a precision level of 10 percent. Examiners will use the universe of small business and small farm loans for the Wichita Falls MSA AA which includes 14 small business loans totaling \$890 thousand and 15 small farm loans totaling \$1.4 million. Examiners compared the bank's small business and small farm lending to 2023 D&B data

Examiners emphasized performance by number of loans because it is a better indicator of the number of businesses and farms served.

CONCLUSIONS ON PERFORMANCE CRITERIA

LENDING TEST

FSB demonstrated satisfactory performance regarding the Lending Test. This performance is primarily supported by a reasonable LTD ratio, a majority of loans originated inside the assessment areas, and

reasonable record regarding borrower profile. The bank did not receive any CRA-related complaints since the previous evaluation.

Loan-to-Deposit Ratio

The 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. FSB’s LTD ratio, calculated from the Report of Income and Condition data, averaged 60.2 percent over the past 23 quarters since the previous evaluation, a decrease from the 62.6 percent average at the last evaluation. The ratio for the period ranged from a low of 50.4 percent as of September 30, 2022, to a high of 71.5 percent as of September 30, 2020.

Examiners identified and listed in the following table, three comparable institutions operating in or near the bank’s assessment areas and reflecting similar asset sizes and/or lending emphases. The table shows that FSB’s ratio falls within range of the ratios of the similarly situated institutions.

LTD Ratio Comparison		
Bank	Total Assets as of 3/31/2024 (\$000s)	Average Net LTD Ratio (%)
First State Bank, Graham, Texas	251,390	60.2
Graham Savings and Loan, SSB, Graham, Texas	157,286	90.6
The Jacksboro National Bank, Jacksboro, Texas	315,472	47.3
Titan Bank, N.A., Mineral Wells, Texas	478,459	62.5
<i>Source: Reports of Condition and Income (6/30/2018-3/31/2024)</i>		

Assessment Area Concentration

A majority of loans and other lending related activities are in the institution’s assessment areas. As seen in the following table, FSB originated a majority of small business and small farm loans, by number and dollar, inside its assessment areas. Examiners considered the bank’s asset size and office structure as well as the loan categories reviewed relative to the combined size and economy of the assessment area when arriving at this conclusion.

Lending Inside and Outside of the Assessment Area										
Loan Category	Number of Loans					Dollar Amount of Loans				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%	#	\$	%	\$	%	\$
Small Business	298	85.1	52	14.9	350	16,102	83.6	3,162	16.4	19,264
Small Farm	56	71.8	22	28.2	78	5,680	78.1	1,591	21.9	7,271
<i>Source: Bank Data; Due to rounding, totals may not equal 100.0%</i>										

Geographic Distribution

The assessment areas do not include any low- and moderate-income geographies, 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 assessment areas, reasonable penetration among businesses and farms of different sizes. The performance is inconsistent in each of the assessment areas with reasonable performance noted in the Texas Non-MSA AA and excellent performance in the Wichita MSA AA. As noted, this evaluation weighted the Texas Non-MSA AA more when arriving at conclusions. Examiners focused primarily on loans to businesses and farms with gross annual revenues of \$1.0 million or less when arriving at conclusions. Refer to the comments under each separately analyzed assessment area for additional analysis.

Response to Complaints

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

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.

TEXAS NON-MSA AA – Full-Scope Review

DESCRIPTION OF INSTITUTION'S OPERATIONS IN (TEXAS NON-MSA AA)

Economic and Demographic Data

According to the 2020 U.S. Census data, the Texas Non-MSA AA consists of 10 census tracts reflecting the following income designations: 0 low-, 0 moderate-, 7 middle-, and 3 upper-income tracts. The following table illustrates select demographic characteristics for the assessment area based on 2020 U.S. Census data.

Demographic Information of the Assessment Area						
Assessment Area: Texas Non-MSA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	10	0.0	0.0	70.0	30.0	0.0
Population by Geography	30,519	0.0	0.0	72.6	27.4	0.0
Housing Units by Geography	17,023	0.0	0.0	77.0	23.0	0.0
Owner-Occupied Units by Geography	9,538	0.0	0.0	72.2	27.8	0.0
Occupied Rental Units by Geography	3,008	0.0	0.0	87.4	12.6	0.0
Vacant Units by Geography	4,477	0.0	0.0	80.3	19.7	0.0
Businesses by Geography	4,050	0.0	0.0	73.6	26.4	0.0
Farms by Geography	261	0.0	0.0	65.9	34.1	0.0
Family Distribution by Income Level	8,420	20.5	14.4	20.4	44.8	0.0
Household Distribution by Income Level	12,546	24.6	16.2	14.2	45.0	0.0
Median Family Income Non-MSAs - TX		\$61,785	Median Housing Value			\$119,758
			Median Gross Rent			\$668
			Families Below Poverty Level			10.6%

Source: 2020 U.S. Census Data and 2023 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.

Major industries for the assessment area include service industries which represent the largest portion of business, followed by retail trade, finance/insurance, and agriculture. Major employers in the area include Graham Independent School District, Wal-Mart, Graham Regional Medical Center, Southern Bleacher Corporation, and Zack Burkett Industries.

Based on data obtained from the U.S. Bureau of Labor Statistics indicates unemployment rates as of May 2024, at 3.2 percent for Young County, 3.2 percent for Throckmorton County, 3.7 percent for Jack County, and 3.6 percent for Palo Pinto County. The unemployment rates for Jack, Palo Pinto, Throckmorton, and Young counties were similar to the state and national rates of 3.8 and 4.0 percent respectively.

Competition

The bank's assessment area contains competition from other chartered banks based on the assessment area's population of 30,519 with 30 offices representing 13 institutions. FSB ranks 5th in deposit market share capturing 8.7 percent of the area's deposits, as of the June 30, 2023, per the FDIC Deposit Market Share Report.

Community Contact

As part of the evaluation process, examiners contact third parties active in the assessment area to assist in identifying the credit and community development needs. This information helps

determine whether local financial institutions are responsive to these needs. It also identifies what credit opportunities are available.

Examiners interviewed a community member knowledgeable of the area's businesses, demographics, and economic environment. The contact stated that there is an economic need for affordable housing and multifamily housing to account for the growing population. The contact also stated that they believe a future increase in demand for small businesses in retail and grocery due to the growing population. They also stated that the property value for the city have increased significantly, predicting an increase in revenue for the city thus creating more opportunities for development. Overall, the contact felt the institutions in the community are doing well in meeting the credit needs.

Credit Needs

Considering information from the community contact, bank management, and demographic data, examiners determined the primary credit needs of the assessment area include small business and home mortgage lending.

CONCLUSIONS ON PERFORMANCE CRITERIA IN (TEXAS NON-MSA AA)

LENDING TEST

FSB's demonstrated satisfactory performance in the Texas Non-MSA AA. The bank's reasonable borrower profile performance for both small business and small farm loans primarily support this conclusion.

Geographic Distribution

The assessment area does not include any low- or moderate-income geographies, 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 assessment area, reasonable penetration among businesses and farms of different sizes in the Texas Non-MSA AA. This conclusion is supported by reasonable performance for both small business and small farm loans.

Small Business Loans

The borrower profile distribution of small business loans reflects reasonable penetration among businesses of different sizes. A reasonable record of lending to businesses with gross annual revenues of \$1 million or less supports this conclusion. The following table shows the bank granted more than six out of ten small business loans to businesses with gross annual revenues of \$1 million or less, which reflects a reasonable level.

Detailed Distribution of Small Business Loans by Gross Annual Revenues					
Assessment Area: Texas Non-MSA AA					
Gross Revenue Level	% of Businesses	#	%	\$(000s)	%
< \$100,000	62.0	18	34.0	381	9.9
\$100,000 - \$249,999	17.9	7	13.2	144	3.7
\$250,000 - \$499,999	5.6	5	9.4	459	11.9
\$500,000 - \$1,000,000	2.9	7	13.2	603	15.7
Subtotal <= \$1,000,000	88.3	37	69.8	1,587	41.2
>\$1,000,000	3.1	7	13.2	1,324	34.4
Revenue Not Available	8.6	9	17.0	940	24.4
Total	100.0	53	100.0	3,851	100.0

Source: 2023 D&B Data, Bank Data

Small Farm Loans

The borrower profile distribution of small farm loans reflects reasonable penetration in the assessment area. The reasonable level of lending to farms with gross annual revenues of \$1 million or less supports this conclusion. The following table shows the bank granted more than eight out of ten small farm loans to farms with gross annual revenues of \$1 million or less, which reflects a reasonable level.

Detailed Distribution of Small Farm Loans by Gross Annual Revenues					
Assessment Area: Texas Non-MSA AA					
Gross Revenue Level	% of Farms	#	%	\$(000s)	%
< \$100,000	76.6	14	48.3	371	12.2
\$100,000 - \$249,999	19.2	7	24.1	1,065	35.0
\$250,000 - \$499,999	3.1	1	3.5	160	5.3
\$500,000 - \$1,000,000	0.4	3	10.3	763	25.1
Subtotal <= \$1,000,000	99.2	25	86.2	2,359	77.6
>\$1,000,000	0.4	3	10.3	676	22.2
Revenue Not Available	0.4	1	3.5	6	0.2
Total	100.0	29	100.0	3,041	100.0

Source: 2023 D&B Data, Bank Data

WICHITA FALLS MSA – Full-Scope Review

DESCRIPTION OF INSTITUTION’S OPERATIONS IN (WICHITA FALLS MSA AA)

Economic and Demographic Data

According to the 2020 U.S. Census data, the Wichita Falls MSA AA consists of 2 census tracts reflecting the following income designations: 1 middle-and 1 upper-income tracts. The following table illustrates select demographic characteristics for the assessment area based on 2020 U.S. Census data.

Demographic Information of the Assessment Area						
Assessment Area: Wichita Falls MSA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	2	0.0	0.0	50.0	50.0	0.0
Population by Geography	5,663	0.0	0.0	43.1	56.9	0.0
Housing Units by Geography	2,998	0.0	0.0	45.4	54.6	0.0
Owner-Occupied Units by Geography	1,875	0.0	0.0	42.1	57.9	0.0
Occupied Rental Units by Geography	545	0.0	0.0	43.1	56.9	0.0
Vacant Units by Geography	578	0.0	0.0	58.1	41.9	0.0
Businesses by Geography	458	0.0	0.0	37.3	62.7	0.0
Farms by Geography	83	0.0	0.0	32.5	67.5	0.0
Family Distribution by Income Level	1,603	25.1	13.2	16.4	45.3	0.0
Household Distribution by Income Level	2,420	26.7	14.5	14.1	44.7	0.0
Median Family Income MSA - 48660 Wichita Falls, TX MSA		\$66,634	Median Housing Value			\$111,942
			Median Gross Rent			\$693
			Families Below Poverty Level			11.8%

Source: 2020 U.S. Census Data and 2023 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.

Major industries for the assessment area include service industries which represent the largest portion of business, followed by agriculture, and retail trade. According to Moody’s Analytics major employers in the area include Sheppard Air Force Base, United Regional Health Care System, Midwestern State University, and Howmet Corp.

Based on data obtained from the U.S. Bureau of Labor Statistics indicates unemployment rate as of May 2024, at 3.3 percent for Archer County. The county’s unemployment rate is lower than the state rate and the national rates of 3.8 and 4.0 percent respectively.

Competition

The bank's assessment area contains competition from other chartered banks based on the assessment area's population of 5,663 with 4 offices representing 3 institutions. FSB ranks 3rd in deposit market share capturing 10.0 percent of the area's deposits, as of the June 30, 2023, per the FDIC Deposit Market Share Report.

Credit Needs

Examiners identify the credit needs of the assessment area based on information from bank management and demographic and economic data. Based on this information, examiners determined small business and small farm loans are notable credit needs.

CONCLUSIONS ON PERFORMANCE CRITERIA IN (WICHITA FALLS MSA AA)

LENDING TEST

FSB's demonstrated excellent performance in the Wichita Falls MSA AA. The bank's excellent borrower profile performance for both small business and small farm loans primarily support this conclusion.

Geographic Distribution

The assessment area does not include any low- or moderate-income geographies, 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 assessment area, excellent penetration among businesses and farms of different sizes in the Wichita Falls MSA AA. This conclusion is supported by excellent performance for both small business and small farm loans.

Small Business Loans

The borrower profile distribution of small business loans reflects excellent penetration among businesses of different sizes. An excellent record of lending to businesses with gross annual revenues of \$1 million or less supports this conclusion. The following table shows the bank granted more than nine out of ten small business loans to businesses with gross annual revenues of \$1 million or less, which reflects an excellent level.

Detailed Distribution of Small Business Loans by Gross Annual Revenues Assessment Area: Wichita Falls AA					
Gross Revenue Level	% of Businesses	#	%	\$(000s)	%
< \$100,000	58.0	7	50.0	530	59.6
\$100,000 - \$249,999	22.3	2	14.3	119	13.4
\$250,000 - \$499,999	4.5	2	14.3	89	10.0
\$500,000 - \$1,000,000	1.8	2	14.3	70	7.9
Subtotal <= \$1,000,000	86.6	13	92.9	808	90.9
>\$1,000,000	3.1	1	7.1	82	9.2
Revenue Not Available	10.3	0	0.0	0	0.0
Total	100.0	14	100.0	890	100.0

Source: 2023 D&B Data, Bank Data; Due to rounding, totals may not equal 100.0%

Small Farm Loans

The borrower profile distribution of small farm loans reflects excellent penetration in the assessment area. The excellent level of lending to farms with gross annual revenues of \$1 million or less supports this conclusion. The following table shows the bank granted ten out of ten small farm loans to farms with gross annual revenues of \$1 million or less, which reflects an excellent level.

Detailed Distribution of Small Farm Loans by Gross Annual Revenues Assessment Area: Wichita Falls AA					
Gross Revenue Level	% of Farms	#	%	\$(000s)	%
< \$100,000	60.7	5	33.3	106	7.8
\$100,000 - \$249,999	27.7	1	6.7	400	29.4
\$250,000 - \$499,999	7.1	2	13.3	650	47.7
\$500,000 - \$1,000,000	1.8	7	46.7	206	15.1
Subtotal <= \$1,000,000	97.3	15	100.0	1,362	100.0
>\$1,000,000	0.9	0	0.0	0	0.0
Revenue Not Available	1.8	0	0.0	0	0.0
Total	100.0	15	100.0	1,362	100.0

Source: 2023 D&B Data, Bank Data

APPENDICES

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).

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.

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.

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.

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.

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 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.

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.