



PUBLIC DISCLOSURE

August 29, 2022

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

The First National Bank in Falfurrias
Charter Number: 14072

200 South St Mary Street
Falfurrias, Texas 78355

Office of the Comptroller of the Currency
San Antonio Office
10001 Reunion Place, Suite 250
San Antonio, TX 75216

NOTE: This document is an evaluation of this institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the institution. This evaluation is not, and should not 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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Overall CRA Rating

Institution's CRA Rating: This institution is rated **Satisfactory**

The lending test is rated: Satisfactory

The major factors that support this rating include:

- The bank's loan-to-deposit (LTD) ratio is reasonable.
- A majority of the bank's loans are inside its assessment area (AA).
- The bank demonstrated a reasonable distribution of loans by income level of geography.
- The bank exhibits excellent distribution of loans to individuals of different income levels and to businesses of different sizes.
- The bank did not receive any CRA-related complaints during the evaluation period.

Loan-to-Deposit Ratio

Considering the bank's size, financial condition, and credit needs of the AA, the bank's LTD ratio is reasonable.

First National Bank in Falfurrias's (FNB) quarterly average LTD ratio calculated on a bank-wide basis for the 12-quarter evaluation period is 38 percent. The LTD ratio ranged from a low of 18 percent on June 30, 2019, to a high of 65 percent on March 31, 2021. The increase in the LTD ratio can be attributed primarily to the volume of Paycheck Protection Program (PPP) loans as well as participations purchased. The quarterly LTD average ratio compares favorably to 26 percent during the prior evaluation period.

The bank's quarterly average LTD ratio is consistent with the quarterly average ratio of three similarly situated institutions in the bank's AA and neighboring counties, which had an average LTD ratio of 43 percent during the evaluation period. LTD ratios of similarly situated institutions ranged from a low of 36 percent to a high of 54 percent.

FNB's LTD ratio was also impacted during the evaluation period by the volume of public funds held by the bank, which averaged 29 percent of total deposits. These types of deposits are generally not available for lending and are often secured by other bank assets. FNB's adjusted LTD ratio, after excluding public funds, averaged 52 percent for the evaluation period. This adjusted LTD ratio slightly exceeded the average adjusted ratio of 50 percent for the similarly situated institutions.

Lending in Assessment Area

A majority of the bank's loans are inside its AA.

FNB originated and purchased 61 percent of its total loans (by number) inside the bank's AA during the evaluation period. This analysis is performed at the bank, rather than the AA, level. The bank did not have any affiliate lending activities included in this assessment. As reflected in the table below, a significant dollar volume of commercial loans is outside of the bank's AA, which is primarily due weak loan demand within the AA, and the increased number of loan participations during the evaluation period. Management has purchased loan participations outside of their AA to strengthen the bank's financial performance. However, management continues to meet the needs of consumers and small businesses within their AA.

The bank's ratio of consumer lending within their AA is 95 percent by number of loans and 97 percent by dollar volume.

| Lending Inside and Outside of the Assessment Area | | | | | | | | | | |
|--|------------------------|-------------|----------------|-------------|----------------|--|------------|----------------|-------------|-----------------------|
| Loan Category | Number of Loans | | | | Total # | Dollar Amount of Loans \$(000s) | | | | Total \$(000s) |
| | Inside | | Outside | | | Inside | | Outside | | |
| | # | % | # | % | | \$ | % | \$ | % | |
| Commercial | 12 | 22.2 | 42 | 77.8 | 54 | 353 | 1.8 | 19,447 | 98.2 | 19,800 |
| Consumer | 57 | 95 | 3 | 5.0 | 60 | 185 | 96.9 | 6 | 3.1 | 191 |
| Total | 69 | 60.5 | 45 | 39.5 | 114 | 538 | 2.7 | 19,453 | 97.3 | 19,991 |

Source: Bank Data. Due to rounding, totals may not equal 100.0%

Description of Institution

FNB is a full-service, single-state community bank headquartered in Falfurrias, Texas, the county seat of Brooks County. There are no other subsidiaries or affiliated organizations. During the evaluation period, FNB did not engage in any mergers or acquisitions, nor has the bank opened or closed any branch offices.

FNB's only rating area is Texas. FNB's AA, includes all of Brooks County and portions of Jim Wells County, both of which are non-MSA counties. The bank has a single location and ATM (non-deposit taking) in Falfurrias. The bank offers traditional products and services such as checking accounts, savings accounts, certificates of deposit, and consumer and commercial loans. The bank also offers customers 24-hour access to account information through telephone banking and online banking. Additionally, the bank offers customers the ability to pay bills online.

As of December 31, 2021, FNB reported total assets of \$84 million. Tier 1 capital totaled \$8 million and resulted in a tier 1 leverage ratio of 9.45 percent. Loans totaled \$33 million and represented 39 percent of total assets. Of the \$33 million in loans, \$23 million or 71 percent are commercial, \$4 million or 11 percent are residential real estate, \$3 million or 9 percent are consumer, and \$3 million or 9 percent are farmland and agriculture. However, consumer lending by number represents 87 percent of total loans.

In response to the Coronavirus Aid, Relief, and Economic Security Act or CARES Act established in 2020, FNB participated in the Small Business Administration's PPP. These loans were designed to provide a direct incentive for small businesses to keep their workers on payroll during the COVID pandemic. The bank originated 370 PPP loans totaling \$35.7 million, between 2020 and 2021.

Based on the bank's financial condition, size, product offerings, and branch network, there are no legal financial or other factors that inhibit FNB's ability to help meet credit needs within its AA. The prior examination dated May 7, 2018, assigned an overall "Satisfactory" rating to FNB's CRA performance.

Scope of the Evaluation

Evaluation Period/Products Evaluated

We evaluated FNB utilizing the Small Bank examination procedures. The evaluation period for this examination was January 1, 2019, through December 31, 2021.

Our analysis of lending activity focused on commercial and consumer lending as they represent the primary loan products during the evaluation period. However, due to the substantial number of consumer loans, we placed more weight on consumer lending.

Selection of Areas for Full-Scope Review

In each state where the bank has an office, one or more of AAs within that state was selected for a full-scope review. For purposes of this evaluation, bank delineated assessment areas located within the same metropolitan statistical area (MSA), multistate metropolitan statistical area (MMSA), or combined statistical area (CSA) are combined and evaluated as a single AA. Similarly, bank delineated non-MSA AAs within the same state are combined and evaluated as a single area. These combined AAs may be evaluated as full- or limited-scope.

Ratings

The bank's overall rating is limited to the state of Texas, as FNB has their only branch in Texas. Refer to the "Scope" section under the State Rating section for details regarding how the areas and lending products were weighted in arriving at the respective ratings.

Discriminatory or Other Illegal Credit Practices Review

Pursuant to 12 CFR 25.28(c) respectively, in determining a national bank or federal savings association's (collectively, bank) CRA rating, the OCC considers evidence of discriminatory or other illegal credit practices in any geography by the bank, or in any AA by an affiliate whose loans have been considered as part of the bank's lending performance. As part of this evaluation process, the OCC consults with other federal agencies with responsibility for compliance with the relevant laws and regulations, including the U.S. Department of Justice, the U.S. Department of Housing and Urban Development, and the Consumer Financial Protection Bureau, as applicable.

The OCC has not identified that this institution (or any affiliate whose loans have been considered as part of the institution's lending performance) has engaged in discriminatory or other illegal credit practices that require consideration in this evaluation.

The OCC will consider any information that this institution engaged in discriminatory or other illegal credit practices, identified by, or provided to the OCC before the end of the institution's next performance evaluation in that subsequent evaluation, even if the information concerns activities that occurred during the evaluation period addressed in this performance evaluation.

State Rating

State of Texas

CRA rating for the State of Texas: Satisfactory

The Lending Test is rated: Satisfactory

The major factors that support this rating include:

- The bank's LTD ratio is reasonable.
- A majority of the bank's loans are inside its AA.
- The bank demonstrated a reasonable distribution of loans by income level of geography.
- The bank exhibits excellent distribution of loans to individuals of different income levels and to businesses of different sizes given the product lines offered by the bank.
- The bank did not receive any CRA-related complaints during the evaluation period.

Description of Institution's Operations in Texas

The bank has one AA which includes their only location and ATM in Falfurrias. The bank offers traditional products and services such as checking accounts, savings accounts, certificates of deposit, and consumer and commercial loans. The bank also offers customers 24-hour access to account information via their telephone banking system as well as access through the bank's website. Additionally, the bank offers customers the ability to establish online bill pay.

Falfurrias AA

FNB's AA includes both census tracts (CTs) in Brooks County as well as the adjacent CT in Jim Wells County. This AA includes the communities of Falfurrias and Encino, in Brooks County, and Premont in Jim Wells County. The AA includes two moderate CTs and one low-income CT. The low-income CT is in Brooks County. The AA does not contain any middle- or upper-income geographies. The bank's AA meets regulatory requirements and does not arbitrarily exclude low- or moderate-income geographies.

The June 30, 2021, FDIC Deposit Market Share Report indicates that 11 financial institutions operate within the AA with deposits totaling \$651 million. FNB ranks third in the deposit market with 12 percent of the market share and \$80 million in AA deposits. The competition in this AA includes large, regional, and community banks.

According to DataUSA, The economy of Brooks County employs almost 3,000 people. The largest industries in the county are Education Services (477 people), Retail Trade (470 people), and Health Care & Social Assistance (448 people). The highest paying industries are Mining, Quarrying, Oil & Gas Extraction, Education Services, and Public Administration.

The Texas Workforce Commission and US Bureau of Labor and Statistics reported that annual unemployment rates in the AA during the evaluation period were higher than both state and national levels. Unemployment rates in the AA ranged from a low of 4.7 percent in 2019 to a high of 13 percent during 2020. At year-end 2021, the annual unemployment rate was still high at 10 percent in Jim Wells County

and 9 percent in Brooks County. This compares to an annual 2021 unemployment rate in Texas of 5.7 percent and 5.3 percent nationwide. Updated ACS Census data from 2017-2021 shows a high percentage of persons in poverty within the AA at 29 percent in Brooks County, and 20 percent in Jim Wells. The following table includes other pertinent demographic information about the AA.

Table A – Demographic Information of the Assessment Area
Assessment Area: Falfurrias AA 2021

| Demographic Characteristics | # | Low % of # | Moderate % of # | Middle % of # | Upper % of # | NA* % of # |
|---|--------|---------------|------------------------------|------------------|-----------------|---------------|
| Geographies (Census Tracts) | 3 | 33.3 | 66.7 | 0.0 | 0.0 | 0.0 |
| Population by Geography | 10,469 | 51.1 | 48.9 | 0.0 | 0.0 | 0.0 |
| Housing Units by Geography | 4,543 | 45.5 | 54.5 | 0.0 | 0.0 | 0.0 |
| Owner-Occupied Units by Geography | 2,368 | 41.8 | 58.2 | 0.0 | 0.0 | 0.0 |
| Occupied Rental Units by Geography | 887 | 60.3 | 39.7 | 0.0 | 0.0 | 0.0 |
| Vacant Units by Geography | 1,288 | 42.1 | 57.9 | 0.0 | 0.0 | 0.0 |
| Businesses by Geography | 422 | 55.0 | 45.0 | 0.0 | 0.0 | 0.0 |
| Farms by Geography | 26 | 19.2 | 80.8 | 0.0 | 0.0 | 0.0 |
| Family Distribution by Income Level | 2,340 | 40.8 | 19.1 | 12.8 | 27.3 | 0.0 |
| Household Distribution by Income Level | 3,255 | 41.0 | 17.2 | 15.0 | 26.9 | 0.0 |
| Median Family Income Non-MSAs - TX | | \$52,198 | Median Housing Value | | | \$53,616 |
| | | | Median Gross Rent | | | \$553 |
| | | | Families Below Poverty Level | | | 29.1% |
| <i>Source: 2015 ACS and 2020 D&B Data. Due to rounding, totals may not equal 100.0%</i> <i>(*) The NA category consists of geographies that have not been assigned an income classification.</i> | | | | | | |

Community Contacts

To help identify the needs and opportunities in the area, we reviewed information provided by a small business development organization operating in the region and we evaluated information in the Coastal Bend Council of Government's (CBCOG) 2021-2026 Comprehensive Economic Development Strategy. The CBCOG covers an eleven county region, including the bank's AA. Brooks and Jim Wells counties are both inland counties of the Coastal Bend Region. The CBCOG was designated by the U.S. Economic Development Administration to coordinate regional economic development priorities. The 2021-2026 Comprehensive Strategy highlights several key industries that continue to thrive in the region, including construction and hospitality. The oil and gas industry is still a major, but declining economic driver. The plan mentions the 2020 COVID-19 pandemic and the 2021 winter storms as major disasters impacting the region, noting that when these events occur in areas of higher poverty rates, or vulnerable communities, the longstanding social and economic impacts are especially devastating. Declining oil prices during the pandemic also negatively impacted the region. The process involved for developing CBCOG's strategy involved a review of demographic information, labor statistics, HUD consolidated plans, as well as other studies and information from public and private organizations within the region.

The CBCOG's strategy identifies several weaknesses within the region which can also present opportunities for financial institutions. Some of the weaknesses or needs impacting the bank's AA include affordable and accessible housing for aging and low-income populations, access to quality healthcare in

rural areas, financial fitness, degraded water infrastructure systems, distressed industries such as oil and gas, broadband access in certain areas, workforce development, as well as access to jobs and exercise opportunities. Opportunities identified in the strategy included the growth potential of healthcare, manufacturing, and renewable energy industry sectors.

Needs and opportunities identified by the small business development organization included affordable housing and small business consulting. The contact stated that banks within the area were responsive to small business needs during the pandemic with participation in the PPP and meeting other community needs.

Scope of Evaluation in Texas

We performed a full-scope review of FNB's only AA. Our analysis of lending activity focused on commercial and consumer lending as they represent the primary loan products during the evaluation period. However, due to the substantial volume, we placed the most weight on consumer lending.

Lending Test

The bank's performance under the Lending Test in Texas is rated Satisfactory.

Conclusions for Area Receiving Full-Scope Review

Based on a full-scope review, the bank's performance in the FNB Falfurrias AA is good.

Distribution of Loans by Income Level of the Geography

FNB's loan distributions exhibit a reasonable geographic distribution within the AA.

Small Loans to Businesses

Refer to Table Q in the state of Texas section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's originations and purchases of small loans to businesses.

The geographic distribution of loans to small businesses is reasonable. The percentage of bank loans in low-income geographies is significantly below the percentage of businesses and performance by aggregate lenders in the AA. However, the percentage of bank loans in moderate-income geographies significantly exceeds both the percentage of businesses and aggregate lending in these geographies.

Consumer Loans

Refer to Table U in the state of Texas section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's consumer loan originations and purchases.

The geographic distribution of consumer loans is excellent. The percentage of bank loans in low-income geographies exceeds the percentage of households in the AA. The percentage of bank loans in moderate-income geographies is near the percentage of households in the AA. Aggregate lender data for consumer loans was not reported or available for review.

Lending Gap Analysis

During our analysis, we did not identify any unexplained or conspicuous gaps in the bank's loan distributions.

Distribution of Loans by Income Level of the Borrower

The bank has an excellent distribution of loans to businesses of different sizes and to individuals of different income levels, given the product lines offered by the bank.

Small Loans to Businesses

Refer to Table R in the state of Texas section of appendix D for the facts and data used to evaluate the borrower distribution of the bank's originations and purchases of small loans to businesses.

The distribution of small loans to businesses is excellent. The percentage of bank loans to businesses with annual revenues of \$1 million or less significantly exceeds both the aggregate lending and the percentage of businesses within the AA.

Consumer Loans

Refer to Table V in the state of Texas section of appendix D for the facts and data used to evaluate the borrower distribution of the bank's consumer loan originations and purchases.

The distribution of consumer loans to borrowers of different income levels is excellent. The percentage of bank loans to low-income borrowers significantly exceeds the number of households in the AA. The percentage of bank loans to moderate-income borrowers aligns with the percentage of households in the AA.

Responses to Complaints

There were no complaints against FNB during the current evaluation period.

Appendix A: Scope of Examination

The following table identifies the time period covered in this evaluation, affiliate activities that were reviewed, and loan products considered. The table also reflects the MSAs and non-MSAs that received comprehensive examination review, designated by the term “full-scope,” and those that received a less comprehensive review, designated by the term “limited-scope”.

| | | |
|---|-------------------------------------|---|
| Time Period Reviewed: | January 1, 2019 - December 31, 2021 | |
| Bank Products Reviewed: | Small business and consumer loans | |
| Affiliate(s) | Affiliate Relationship | Products Reviewed |
| None | Not Applicable | Not Applicable |
| List of Assessment Areas and Type of Examination | | |
| Rating and Assessment Areas | Type of Exam | Other Information |
| State of Texas | | |
| Falfurrias AA | Full Scope | Non-MSA Counties including all of Brooks County and one CT in Jim Wells County (9507) |

Appendix B: Summary of MMSA and State Ratings

| RATINGS: First National Bank in Falfurrias | |
|---|----------------------------|
| Overall Bank: | Lending Test Rating |
| First National Bank in Falfurrias | Satisfactory |
| State: | |
| Texas | Satisfactory |

Appendix C: Definitions and Common Abbreviations

The following terms and abbreviations are used in this performance evaluation, including the CRA tables. The definitions are intended to provide the reader with a general understanding of the terms, not a strict legal definition.

Affiliate: Any company that controls, is controlled by, or is under common control with another company. A company is under common control with another company if the same company directly or indirectly controls both companies. For example, a bank subsidiary is controlled by the bank and is, therefore, an affiliate.

Aggregate Lending (Aggt.): The number of loans originated and purchased by all reporting lenders (HMDA or CRA) in specified income categories as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the state/assessment area.

Census Tract (CT): A small, relatively permanent statistical subdivision of a county delineated by a local committee of census data users for the purpose of presenting data. Census tracts nest within counties, and their boundaries normally follow visible features, but may follow legal geography boundaries and other non-visible features in some instances, Census tracts ideally contain about 4,000 people and 1,600 housing units.

Combined Statistical Area (CSA): A geographic entity consisting of two or more adjacent Core Based Statistical Areas with employment interchange measures of at least 15. An employment interchange measure is a measure of ties between two adjacent entities. The employment interchange measure is the sum of the percentage of workers living in the smaller entity who work in the larger entity and the percentage of employment in the smaller entity that is accounted for by workers who reside in the larger entity.

Community Development (CD): Affordable housing (including multifamily rental housing) for low- or moderate-income individuals; community services targeted to low- or moderate-income individuals; activities that promote economic development by financing businesses or farms that meet Small Business Administration Development Company or Small Business Investment Company programs size eligibility standards or have gross annual revenues of \$1 million or less; or activities that revitalize or stabilize low- or moderate-income geographies, distressed or underserved nonmetropolitan middle-income geographies, or designated disaster areas.

Community Reinvestment Act (CRA): The statute that requires the OCC to evaluate a bank's record of meeting the credit needs of its entire community, including LMI areas, consistent with the safe and sound operation of the bank, and to take this record into account when evaluating certain corporate applications filed by the bank.

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

Family: Includes a householder and one or more other persons living in the same household who are related to the householder by birth, marriage, or adoption. The number of family households always equals the number of families; however, a family household may also include non-relatives living with the family. Families are classified by type as either a married-couple family or other family, which is further classified into ‘male householder’ (a family with a male householder and no wife present) or ‘female householder’ (a family with a female householder and no husband present).

Full-Scope Review: Performance under the Lending, Investment, and Service Tests is analyzed considering performance context, quantitative factors (e.g., geographic distribution, borrower distribution, 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 conduct 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, the disposition of the application (e.g., approved, denied, and withdrawn), the lien status of the collateral, any requests for preapproval, and loans for manufactured housing.

Home Mortgage Loans: A closed-end mortgage loan or an open-end line of credit as these terms are defined under 12 CFR 1003.2, and that is not an excluded transaction under 12 CFR 1003.3(c)(1) through (c)(10) and (c)(13).

Household: Includes all persons occupying a housing unit. Persons not living in households are classified as living in group quarters. In 100 percent tabulations, the count of households always equals the count of occupied housing units.

Limited-Scope Review: Performance under the Lending, Investment, and Service Tests is analyzed using only quantitative factors (e.g., geographic distribution, borrower distribution, total number and dollar amount of investments, and branch distribution).

Low-Income Individual: Individual income that is less than 50 percent of the area median income.

Low Income Geography: A census tract with a median family income that is less than 50 percent.

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 state/assessment area.

Median Family Income (MFI): The median income determined by the U.S. Census Bureau every five years and used to determine the income level category of geographies. The median is the point at which half of the families have income above, and half below, a range of incomes. Also, the median income determined by the Federal Financial Institutions Examination Council (FFIEC) annually that is used to determine the income level category of individuals. For any given area, the median is the point at which half of the families have income above, and half below, a range of incomes.

Metropolitan Division: As defined by Office of Management and Budget, a county or group of counties within a Core Based Statistical Area that contains an urbanized population of at least 2.5 million. A Metropolitan Division consists of one or more main/secondary counties that represent an employment center or centers, plus adjacent counties associated with the main/secondary county or counties through commuting ties.

Metropolitan Statistical Area: An area, defined by the Office of Management and Budget, as a core based statistical area associated with at least one urbanized area that has a population of at least 50,000. The Metropolitan Statistical Area comprises the central county or counties 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 percent and less than 120 percent, in the case of a geography

Moderate-Income: Individual income that is at least 50 percent and less than 80 percent of the area median income, or a median family income that is at least 50 percent and less than 80 percent, in the case of a geography.

Multifamily: Refers to a residential structure that contains five or more units.

Owner-Occupied Units: Includes units occupied by the owner or co-owner, even if the unit has not been fully paid for or is mortgaged.

Qualified Investment: A qualified investment is defined as any lawful investment, deposit, membership share, or grant that has as its primary purpose community development.

Rating Area: A rated area is a state or multi-state metropolitan statistical 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 multi-state metropolitan statistical area, the institution will receive a rating for the multi-state metropolitan statistical area.

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

Small Loan(s) to Farm(s): 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 or are classified as loans to finance agricultural production and other loans to farmers.

Tier 1 Capital: The total of common shareholders' equity, perpetual preferred shareholders' equity with non-cumulative dividends, retained earnings and minority interests in the equity accounts of consolidated subsidiaries.

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

Appendix D: Tables of Performance Data

Content of Standardized Tables

A separate set of tables is provided for each state. All multistate metropolitan statistical areas, if applicable, are presented in one set of tables. References to the “bank” include activities of any affiliates that the bank provided for consideration (refer to appendix A: Scope of the Examination). For purposes of reviewing the Lending Test tables, the following are applicable: (1) purchased are treated as originations; and (2) “aggregate” is the percentage of the aggregate number of reportable loans originated and purchased by all HMDA or CRA-reporting lenders in the MMSA/assessment area. Deposit data are compiled by the FDIC and are available as of June 30th of each year. Tables without data are not included in this PE.

The following is a listing and brief description of the tables included in each set:

Table O. Assessment Area Distribution of Home Mortgage Loans by Income Category of the Geography - Compares the percentage distribution of the number of loans originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies to the percentage distribution of owner-occupied housing units throughout those geographies. The table also presents aggregate peer data for the years the data is available.

Table P. Assessment Area Distribution of Home Mortgage Loans by Income Category of the Borrower - Compares the percentage distribution of the number of loans originated and purchased by the bank to low-, moderate-, middle-, and upper-income borrowers to the percentage distribution of families by income level in each MMSA/assessment area. The table also presents aggregate peer data for the years the data is available.

Table Q. Assessment Area Distribution of Loans to Small Businesses by Income Category of the Geography - The percentage distribution of the number of small loans (less than or equal to \$1 million) to businesses that were originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies compared to the percentage distribution of businesses (regardless of revenue size) in those geographies. Because aggregate small business data are not available for geographic areas smaller than counties, it may be necessary to compare bank loan data to aggregate data from geographic areas larger than the bank’s assessment area.

Table R. Assessment Area Distribution of Loans to Small Businesses by Gross Annual Revenue - Compares the percentage distribution of the number of small loans (loans less than or equal to \$1 million) originated and purchased by the bank to businesses with revenues of \$1 million or less to: 1) the percentage distribution of businesses with revenues of greater than \$1 million; and 2) the percentage distribution of businesses for which revenues are not available. The table also presents aggregate peer small business data for the years the data is available.

Table S. Assessment Area Distribution of Loans to Farms by Income Category of the Geography - The percentage distribution of the number of small loans (less than or equal to \$500,000) to farms originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies compared to the percentage distribution of farms (regardless of revenue size) throughout those geographies. The table also presents aggregate peer data for the years the

data is available. Because aggregate small farm data are not available for geographic areas smaller than counties, it may be necessary to use geographic areas larger than the bank's assessment area.

- Table T. Assessment Area Distribution of Loans to Farms by Gross Annual Revenues** - Compares the percentage distribution of the number of small loans (loans less than or equal to \$500 thousand) originated and purchased by the bank to farms with revenues of \$1 million or less to: 1) the percentage distribution of farms with revenues of greater than \$1 million; and 2) the percentage distribution of farms for which revenues are not available. The table also presents aggregate peer small farm data for the years the data is available.
- Table U. Assessment Area Distribution of Consumer Loans by Income Category of the Geography** - Compares the percentage distribution of the number of loans originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies to the percentage distribution of households in those geographies.
- Table V. Assessment Area Distribution of Consumer Loans by Income Category of the Borrower** - Compares the percentage distribution of the number of loans originated and purchased by the bank to low-, moderate-, middle-, and upper-income borrowers to the percentage distribution of households by income level in each MMSA/assessment area.

| Table Q: Assessment Area Distribution of Loans to Small Businesses by Income Category of the Geography | | | | | | | | | | | | | | | | | | | 2019-2021 | | |
|--|---------------------------------|------------|------------|----------------|-------------------|--------------|-------------|------------------------|--------------|-------------|----------------------|--------------|------------|---------------------|--------------|------------|-----------------------------|--------------|------------|--|--|
| Assessment Area: | Total Loans to Small Businesses | | | | Low-Income Tracts | | | Moderate-Income Tracts | | | Middle-Income Tracts | | | Upper-Income Tracts | | | Not Available-Income Tracts | | | | |
| | # | \$ | % Of Total | Overall Market | % Businesses | % Bank Loans | Aggregate | % Businesses | % Bank Loans | Aggregate | % Businesses | % Bank Loans | Aggregate | % Businesses | % Bank Loans | Aggregate | % Businesses | % Bank Loans | Aggregate | | |
| FNB Falfurrias AA | 20 | 560 | 100 | 111 | 55.0 | 10.0 | 45.9 | 45.0 | 90.0 | 54.1 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | | |
| Total | 20 | 560 | 100 | 111 | 55.0 | 10.0 | 45.9 | 45.0 | 90.0 | 54.1 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | | |

Source: 2021 D&B Data; 01/01/2019 - 12/31/2021 Bank Data; 2020 CRA Aggregate Data, "--" data not available.
Due to rounding, totals may not equal 100.0%

| Table R: Assessment Area Distribution of Loans to Small Businesses by Gross Annual Revenues | | | | | | | | | | | | 2019-2021 | |
|---|---------------------------------|------------|------------|----------------|---------------------------------|--------------|-------------|--------------------------------|--------------|--|--------------|-----------|--|
| Assessment Area: | Total Loans to Small Businesses | | | | Businesses with Revenues <= 1MM | | | Businesses with Revenues > 1MM | | Businesses with Revenues Not Available | | | |
| | # | \$ | % Of Total | Overall Market | % Businesses | % Bank Loans | Aggregate | % Businesses | % Bank Loans | % Businesses | % Bank Loans | | |
| FNB Falfurrias AA | 20 | 560 | 100 | 111 | 71.1 | 90.0 | 18.0 | 5.5 | 10.0 | 23.5 | 0.0 | | |
| Total | 20 | 560 | 100 | 111 | 71.1 | 90.0 | 18.0 | 5.5 | 10.0 | 23.5 | 0.0 | | |

Source: 2020 D&B Data; 01/01/2019 - 12/31/2021 Bank Data; 2020 CRA Aggregate Data, "--" data not available.
Due to rounding, totals may not equal 100.0%

| Table U: Assessment Area Distribution of Consumer Loans by Income Category of the Geography | | | | | | | | | | | | | | 2019-2021 | |
|--|----------------------|------------|------------|-------------------|--------------|------------------------|--------------|----------------------|--------------|---------------------|--------------|-----------------------------|--------------|------------------|--|
| Assessment Area: | Total Consumer Loans | | | Low-Income Tracts | | Moderate-Income Tracts | | Middle-Income Tracts | | Upper-Income Tracts | | Not Available-Income Tracts | | | |
| | # | \$ | % Of Total | % Of Households | % Bank Loans | % Of Households | % Bank Loans | % Of Households | % Bank Loans | % Of Households | % Bank Loans | % Of Households | % Bank Loans | | |
| FNB Falfurrias AA | 57 | 185 | 100 | 46.8 | 56.1 | 53.2 | 43.9 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | | |
| Total | 57 | 185 | 100 | 46.8 | 56.1 | 53.2 | 43.9 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | | |

*Source: 2015 ACS; 01/01/2019 - 12/31/2021 Bank Data.
Due to rounding, totals may not equal 100.0%*

| Table V - Assessment Area Distribution of Consumer Loans by Income Category of the Borrower | | | | | | | | | | | | | | 2019-2021 | |
|--|----------------------|------------|------------|----------------------|--------------|---------------------------|--------------|-------------------------|--------------|------------------------|--------------|--------------------------------|--------------|------------------|--|
| Assessment Area: | Total Consumer Loans | | | Low-Income Borrowers | | Moderate-Income Borrowers | | Middle-Income Borrowers | | Upper-Income Borrowers | | Not Available-Income Borrowers | | | |
| | # | \$ | % Of Total | % Of Households | % Bank Loans | % Of Households | % Bank Loans | % Of Households | % Bank Loans | % Of Households | % Bank Loans | % Of Households | % Bank Loans | | |
| FNB Falfurrias AA | 57 | 185 | 100 | 41.0 | 77.2 | 17.2 | 10.5 | 15.0 | 12.3 | 26.9 | 0.0 | 0.0 | 0.0 | | |
| Total | 57 | 185 | 100 | 41.0 | 77.2 | 17.2 | 10.5 | 15.0 | 12.3 | 26.9 | 0.0 | 0.0 | 0.0 | | |

*Source: 2015 ACS; 01/01/2019 - 12/31/2021 Bank Data.
Due to rounding, totals may not equal 100.0%*