



PUBLIC DISCLOSURE

November 16, 2020

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

First National Bank of Kemp
Charter Number: 5932

100 South State Highway 274
Kemp, TX 75143

Office of the Comptroller of the Currency
225 E. John Carpenter Freeway, Suite 900
Irving, TX 75062

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 rating under the Lending Test is based on performance in the Kaufman County and Henderson County assessment areas (AAs).
- The bank's loan-to-deposit (LTD) ratio is reasonable.
- A majority of the bank's loans are inside its AAs.
- The bank exhibits reasonable geographic distribution of loans across geographies of different income levels.
- The bank exhibits reasonable distribution of loans to borrowers of different income levels and businesses of different sizes.

Loan-to-Deposit Ratio

Considering the bank's size, financial condition, and credit needs of the AA(s), the bank's loan-to-deposit ratio is reasonable. The LTD ratio is calculated on a bank-wide basis. The bank's quarterly average LTD ratio during the evaluation period was 47.9 percent. During this same period, the bank's quarterly average LTD ratio ranged from a low of 40.4 percent to a high of 57.4 percent. We compared the bank's LTD ratio to similarly situated institutions operating in the area. The average LTD ratio for the peer banks was 59.0 percent. The bank's quarterly average LTD ratio compares less favorably to peer banks, but this is reasonable considering loan demand and increased competition within the bank's AAs.

Lending in Assessment Area

A majority of the bank's loans are inside its assessment area(s) (AAs).

The bank originated and purchased 62.3 percent of its total loans inside the bank's AAs during the evaluation period. This analysis is performed at the bank, rather than the AA, level. This percentage does not include extensions of credit by affiliates that may be considered under the other performance criteria. The bank's primary products are home mortgages and small loans to businesses. The findings from this analysis factored into the overall analysis of the geographic distribution of lending by income level of the geography.

Loan Category	Number of Loans				Total #	Dollar Amount of Loans \$(000s)				Total \$(000s)
	Inside		Outside			Inside		Outside		
	#	%	#	%		\$	%	\$	%	
Home Mortgage	79	76.7	24	23.3	103	12,117	66.2	6,174	33.8	18,291
Business Loans	86	53.1	76	46.9	162	8,405	37.2	14,160	62.8	22,565
Total	165	62.3	100	37.7	265	20,522	50.2	20,334	49.8	40,856

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

Description of Institution

The First National Bank of Kemp (FNBK or bank) is a single-state community bank chartered in 1901 in Kemp, Kaufman County, Texas. FNBK is a wholly owned subsidiary of FNBK Holdings, Inc., a one bank holding company. No branches have been opened or closed since the last CRA evaluation. The bank's corporate structure has not changed during the review period.

The bank serves the community from its main office located at 100 State Highway 274 South, Kemp, Texas (moderate-income census tract (CT)). The bank has a second branch office located at 316 South Points Drive, Seven Points, Texas (middle-income CT). In addition, the bank has two stand-alone ATM machines (cash-dispensing only):

- 1002 W Main Street, Gun Barrell City, Texas
- 200 North US Highway 175 Frontage Road, Seagoville, Texas

The bank operates out of two different AAs. The Kaufman County AA is made up of six contiguous census tracts (CTs) within Kaufman County. Kaufman County is located in the Dallas-Plano-Irving, Texas Metropolitan Division (MD), which is located within the Dallas-Fort Worth-Arlington, Texas Metropolitan Statistical Area (MSA). The main branch location is in the southern part of Kaufman County, so the bank elected to take the six southernmost CTs (partial county). Of the six CTs, three of them are moderate-income CTs (including the main branch location), and three are middle-income CTs. There are not any low-income CTs in all of Kaufman County. The bank has not arbitrarily excluded any low- or moderate-income CTs. There is a full-service ATM at the branch location.

Henderson County is located just south of Kaufman County and is not included in an MSA. The branch location is within a middle-income geography located in the northwest side of the county. The AA consists of 14 contiguous CTs expanding east within Henderson County. There are not any low-income CTs in all of Henderson County. There are three moderate-income CTs, which are all included within the defined AA. There are eight middle-income CTs, five of which have been designated as qualified opportunity zones, and three upper-income CTs. The bank has not arbitrarily excluded any low- or moderate-income CTs. There is a full-service ATM at the branch location.

The branch locations have reasonable operating hours and a drive in to meet the community needs. There was no difference in operating hours for either location. The bank has a website, which offers multiple bank services including mobile and online bill payment, transfers, and balance inquiries. The bank offers deposit products and banking services including safe deposit boxes, checking accounts, savings accounts, NOW accounts, money market deposit accounts, certificates of deposit, and wire transfers.

The majority of the bank's loans originated in the Kaufman County AA. The bank's main products are mortgage and business loans. The bank retains a small portfolio of mortgage loans that are not eligible to be sold into the secondary market.

FNBK developed and instituted a secondary market mortgage program in 2016 which provides customers permanent financing options in the form of 15, 20, and 30 year Conventional, FHA, and VA residential mortgage loans with a fixed or adjustable rate. This program is known as *Mortgage Street* and since the last evaluation, the bank has built two branded physical locations.

The first location is in Kemp, Texas directly next to the main branch. The second location is located in Tyler, Texas and was built in 2019. Analysis of the loans made under the Mortgage Street Program indicated that there were four loans made to low-income borrowers in the Henderson County AA totaling \$324 thousand and five loans made to moderate-income borrowers totaling \$584 thousand. There was also one loan made to a low-income borrower in the Kaufman County AA totaling \$88 thousand. While Mortgage Street is a part of FNBK's operations, the loans made and sold through this program are not kept in the bank's portfolio. However, this program allows the bank to serve the surrounding communities by providing additional financing opportunities. This line of business provides access to numerous residential loan products and structures, including various down payment levels, longer term repayment options, and higher debt-to-income thresholds. These financing options capture a wide audience of applicants and borrowers for many different loan sizes and borrower profiles.

As of December 31, 2019, the bank reported total assets of \$96.5 million, total deposits of \$84.9 million, and total equity capital of \$11.0 million. Net loans and leases totaled \$48.7 million, or 50.5 percent of total assets. Outstanding loans by category include one- to four-family residential mortgages at 39.7 percent, commercial real estate loans at 26.0 percent, commercial and industrial loans at 31.6 percent, and consumer loans at 2.7 percent. The bank has \$37.4 million in investments. Tier 1 capital totaled \$9.0 million.

FNBK has no affiliate or operating subsidiary activities considered when evaluating the CRA performance. No legal or financial factors impede the bank from meeting the credit needs of its community. The bank was rated "Satisfactory" at the prior Community Reinvestment Act (CRA) evaluation dated June 6, 2016.

Scope of the Evaluation

Evaluation Period/Products Evaluated

This Performance Evaluation (PE) assesses the bank's performance under the Lending Test. In evaluating the bank's lending performance, we reviewed residential mortgage loans and small loans to businesses. The bank reported some farm loans, but there was not enough activity to provide for meaningful analysis. Therefore, tables for this product are not included Appendix D.

The evaluation period for the Lending Test is January 1, 2017 through December 31, 2019. For geographic and borrower distribution analyses, loans originated in 2017 through 2019 are compared to the 2015 American Community Survey (ACS) Census Data for mortgages and the 2019 Dunn & Bradstreet (D&B) Data for loans to small businesses.

Selection of Areas for Full-Scope Review

In each state where the bank has an office, one or more of its 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. There were no changes made by the Office of Management and Budget (OMB) that has any effect on the bank's AAs. We performed a full-scope review of both Kaufman County and Henderson County AAs, with more weight being given to the Kaufman County AA.

Refer to the "Scope" section under each State Rating for details regarding how full-scope AAs were selected. Refer to Appendix A, Scope of Examination, for a list of full- and limited-scope AAs.

Ratings

The bank's overall rating is based on the performance in the State of Texas. The state rating is based on performance in all bank AAs. Refer to the "Scope" section under the State Rating section for details regarding how the areas were weighted in arriving at the respective ratings.

For the geographic and borrower distribution of loans under the Lending Test, consideration was given to the number of loans and dollar volume of loans originated in each category. One- to four-family mortgage lending and loans to small businesses were considered. Refer to the "Scope" section under the "State Rating" section for details regarding how the areas were weighted in arriving at the respective ratings.

Discriminatory or Other Illegal Credit Practices Review

Pursuant to 12 CFR 25.28(c) or 195.28(c), respectively, in determining a national bank's 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 Bureau of Consumer Financial Protection, as applicable.

The OCC has not identified that this institution 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 Texas¹: Satisfactory

The Lending Test is rated: Satisfactory

The major factors that support this rating include:

- The geographic distribution of loans across geographies of different income levels is reasonable.
- The borrower distribution of loans to borrowers of different income levels is reasonable.

Description of Institution's Operations in Texas

The bank operates in two AAs in the State of Texas as described in the "Description of the Institution" and the "Scope of Evaluation" sections of this PE. Competitors, in both markets, include other local community banks in its markets and some of the United States' largest banks that have a nationwide footprint as well as credit unions and nonbank financial entities that compete for residential, business, and consumer loans.

Community credit needs in the full-scope AAs were determined by reviewing recent housing and demographic information, CRA PEs from other banks operating in the bank's AAs, and information from two different community contacts with organizations that provide services within the full-scope AAs.

Kaufman County AA

The Kaufman County AA is the headquarters of FNBK and deposits total 75.7 percent, with 52.7 percent of all loans originated coming from this AA. The AA is made up of six contiguous CTs. Three of the CTs are considered moderate-income geographies and the other three are middle-income geographies. There are no low-income CTs in all of Kaufman County. Based on 2019 Peer Mortgage Data for the Kaufman County AA, FNBK has a market share of 0.76 percent for total loans and 0.95 percent of the total dollar amount of loans, which ranks 33rd out of 243 institutions that originated or purchased loans within the AA. FNBK has one branch in the Kaufman County AA which equates to 16.7 percent of the total market, with average deposits per branch representing 12.7 percent, which ranks 4th out of five lenders. The top employers are Wal-Mart Stores, Inc., Forney Independent School District, AT&T, Inc., Terrell State Hospital, and Texas Health Resources.

The community contact for the Kaufman County AA is an economic development organization for a city located in Kaufman County, Texas. The organization is committed to legislative advocacy and community development, economic development, internal operations, and tourism. The most critical need identified by this contact was affordable housing.

¹ This rating reflects performance within the state. The statewide evaluations do not reflect performance in the parts of those states contained within a MMSA.

The following table depicts the demographic information for the Kaufman County AA:

Table A – Demographic Information of the Assessment Area						
Assessment Area: Kaufman County AA 2017-2019						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	6	0.0	50.0	50.0	0.0	0.0
Population by Geography	33,068	0.0	46.0	54.0	0.0	0.0
Housing Units by Geography	12,475	0.0	48.4	51.6	0.0	0.0
Owner-Occupied Units by Geography	8,411	0.0	39.9	60.1	0.0	0.0
Occupied Rental Units by Geography	2,737	0.0	69.8	30.2	0.0	0.0
Vacant Units by Geography	1,327	0.0	58.0	42.0	0.0	0.0
Businesses by Geography	2,116	0.0	50.8	49.2	0.0	0.0
Farms by Geography	87	0.0	40.2	59.8	0.0	0.0
Family Distribution by Income Level	8,464	26.1	18.1	21.9	33.8	0.0
Household Distribution by Income Level	11,148	28.9	16.5	18.4	36.3	0.0
Median Family Income – 19124 Dallas-Plano-Irving, TX MD		\$71,149	Median Housing Value			\$103,685
			Median Gross Rent			\$814
			Families Below Poverty Level			12.8%

*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.*

Henderson County AA

The Henderson County AA is the second branch location of FNBK and deposits total 24.4 percent, with 47.3 percent of all loans originated coming from this AA. The AA is made up of 14 contiguous CTs. Three of the CTs are considered moderate-income geographies, eight are middle-income geographies, and three are upper-income geographies. There are no low-income CTs in all of Henderson County. Based on 2019 Peer Mortgage Data for the Henderson County AA, FNBK has a market share of 1.3 percent for total loans and 1.0 percent of the total dollar amount of loans, which ranks 20th out of 280 institutions that originated or purchased loans within the AA. FNBK has one branch in the Henderson County AA which equates to 5.3 percent of the total market, with average deposits per branch representing 2.3 percent, which ranks 8th out of eight lenders. The top employers are UT Health East Texas, Biometrics FMI, Athens ISD, Henderson County Government, Maximus, and Wal-Mart, Inc.

The following table depicts the demographic information for the Henderson County AA:

Table A – Demographic Information of the Assessment Area						
Assessment Area: Henderson County AA 2017-2019						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	14	0.0	21.4	57.1	21.4	0.0
Population by Geography	60,213	0.0	20.9	61.9	17.2	0.0
Housing Units by Geography	31,130	0.0	16.4	59.9	23.7	0.0
Owner-Occupied Units by Geography	16,411	0.0	16.1	61.9	22.0	0.0
Occupied Rental Units by Geography	6,266	0.0	25.2	61.5	13.3	0.0
Vacant Units by Geography	8,453	0.0	10.6	54.7	34.7	0.0
Businesses by Geography	4,005	0.0	16.5	68.7	14.8	0.0
Farms by Geography	148	0.0	16.2	68.2	15.5	0.0
Family Distribution by Income Level	15,586	21.9	19.9	21.2	36.9	0.0
Household Distribution by Income Level	22,677	23.9	18.3	18.9	39.0	0.0
Median Family Income – Non-MSAs TX		\$52,198	Median Housing Value			\$94,919
			Median Gross Rent			\$730
			Families Below Poverty Level			14.3%

*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.*

Scope of Evaluation in Texas

The evaluation period for our review of mortgage and consumer loan data is January 1, 2017 through December 31, 2019.

The bank has two full-scope AAs. They have designated their AAs to be a portion of Kaufman County which is located in the Dallas-Plano-Irving, Texas MSA, and a portion of Henderson County which is not located in an MSA. There are no limited-scope areas to review. Refer to the table in Appendix A for a list of all AAs under review.

Kaufman County AA represents 75.7 percent of total deposits, whereas Henderson County AA represents 24.4 percent of total deposits. Similarly, there are more total loans in Kaufman County (52.7 percent) than in Henderson County (47.3 percent). As such, we have given more weight to the Kaufman County AA at this evaluation.

Lending Test

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

Conclusions for Areas Receiving Full-Scope Reviews

Based on full-scope reviews, the bank's performance in the State of Texas is good.

Distribution of Loans by Income Level of the Geography

The bank exhibits reasonable geographic distribution of loans in the State of Texas.

Kaufman County AA

Home Mortgage Loans

The geographic distribution of mortgage loans in the AA is excellent. Refer to Table O in the State of Texas section of Appendix D for the facts and data used to evaluate the geographic distribution of the bank's home mortgage loan originations and purchases.

In 2017-2019, the bank's mortgage lending in moderate-income geographies exceeded both the owner-occupied housing units and the aggregate lending in moderate-income geographies. There are no low-income CTs in all of Kaufman County.

Small Loans to Businesses

The geographic distribution of small loans to businesses is excellent. 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.

In 2017-2019, the bank's small loans to businesses in moderate-income geographies exceeded the percentage of businesses located in moderate-income geographies and the percentage of aggregate lending to small businesses in moderate-income geographies. There are no low-income CTs in all of Kaufman County.

Henderson County AA

Home Mortgage Loans

The geographic distribution of mortgage loans in the AA is excellent. Refer to Table O in the State of Texas section of Appendix D for the facts and data used to evaluate the geographic distribution of the bank's home mortgage loan originations and purchases.

In 2017-2019, the bank's mortgage lending in moderate-income geographies exceeded both the owner-occupied housing units and the aggregate lending in moderate-income geographies. There are no low-income CTs in all of Henderson County.

Small Loans to Businesses

The geographic distribution of small loans to businesses is poor. 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.

In 2017-2019, the bank's small loans to businesses in moderate-income geographies was lower than the percentage of businesses located in moderate-income geographies and the percentage of aggregate lending to small businesses in moderate-income geographies. Most of the business lending in the Henderson County AA is completed in the cities of Mabank and Gun Barrell City, Texas. The CTs that experienced less business lending are closer to the cities of Athens and Malakoff, Texas, which are further from the bank's physical locations and have increased competition from state banks and credit unions. There are no low-income CTs in all of Henderson County.

Lending Gap Analysis

We evaluated the lending distribution in the bank's AAs to determine if any unexplained conspicuous gaps existed. There were no unexplained conspicuous gaps identified after reviewing performance context.

Distribution of Loans by Income Level of the Borrower

The bank exhibits a reasonable distribution of loans to individuals of different income levels and businesses and farms of different sizes, given the product lines offered by the bank.

Kaufman County AA

Home Mortgage Loans

The distribution of loans to low- and moderate-income individuals in the AA is adequate. Refer to Table P in the State of Texas section of Appendix D for the facts and data used to evaluate the borrower distribution of the bank's home mortgage loan originations and purchases.

In 2017-2019, the bank's mortgage lending to low-income borrowers was lower than the percentage of families identified as low-income and lower than the aggregate lending. For moderate-income borrowers, the bank's mortgage lending exceeded the percentage of families identified as moderate-income and was near to the percentage of the aggregate lending.

Small Loans to Businesses

The distribution of loans to small businesses in the AA is good. 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.

In 2017-2019, the bank's loans to businesses with revenues less than or equal to \$1 million was somewhat lower than the percentage of businesses identified as having revenues less than or equal to \$1 million and exceeded the aggregate lending.

Henderson County AA

Home Mortgage Loans

The distribution of loans to low- and moderate-income individuals in the AA is adequate. Refer to Table P in the State of Texas section of Appendix D for the facts and data used to evaluate the borrower distribution of the bank's home mortgage loan originations and purchases.

In 2017-2019, the bank's mortgage lending to low-income borrowers was significantly lower than the percentage of families identified as low-income and the aggregate lending. For moderate-income borrowers, the bank's mortgage lending was lower than the percentage of families identified as moderate-income and exceeded the percentage of the aggregate lending.

As previously noted, analysis of the loans made under the Mortgage Street Program indicated that there were four loans made to low-income borrowers in the Henderson County AA totaling \$324 thousand and five loans made to moderate-income borrowers totaling \$584 thousand. This program allows the bank to serve the surrounding communities by providing additional financing opportunities, even if the loans are not retained in the bank's portfolio.

Small Loans to Businesses

The distribution of loans to small businesses in the AA is good. 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.

In 2017-2019, the bank's loans to businesses with revenues less than or equal to \$1 million was near to the percentage of businesses identified as having revenues less than or equal to \$1 million and exceeded the aggregate lending to these businesses.

Responses to Complaints

There were no complaints related to the institution's CRA performance within the State of Texas during the review 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, 2017 through December 31, 2019	
Bank Products Reviewed:	Home Mortgage (home purchase, home improvement, and refinance) and Loans to Small Businesses	
Affiliate(s)	Affiliate Relationship	Products Reviewed
None		
List of Assessment Areas and Type of Examination		
Rating and Assessment Areas	Type of Exam	Other Information
Texas		
Kaufman County AA	Full-scope	Six contiguous census tracts located in Kaufman County
Henderson County AA	Full-scope	Non-MSA; made up of 14 contiguous census tracts located in Henderson County

Appendix B: Summary of State Ratings

RATINGS The First National Bank of Kemp	
Overall Bank:	Lending Test Rating
The First National Bank of Kemp	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 O: Assessment Area Distribution of Home Mortgage Loans by Income Category of the Geography																			2017-19		
Assessment Area:	Total Home Mortgage Loans				Low-Income Tracts			Moderate-Income Tracts			Middle-Income Tracts			Upper-Income Tracts			Not Available-Income Tracts				
	#	\$	% of Total	Overall Market	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate		
Kaufman County AA	36	5,976	49.3	1,242	0.0	0.0	0.0	39.9	66.7	35.1	60.1	33.3	64.9	0.0	0.0	0.0	0.0	0.0	0.0		
Henderson County AA	43	6,140	50.7	1,725	0.0	0.0	0.0	16.1	16.3	11.4	61.9	46.5	60.5	22.0	37.2	28.1	0.0	0.0	0.0		
Total	79	12,117	100.0	2,967	0.0	0.0	0.0	24.2	39.2	21.3	61.3	40.5	62.4	14.5	20.3	16.3	0.0	0.0	0.0		

Source: 2015 ACS Census; 01/01/2017 - 12/31/2019 Bank Data, 2019 HMDA Aggregate Data, "--" data not available.
Due to rounding, totals may not equal 100.0%.

Table P: Assessment Area Distribution of Home Mortgage Loans by Income Category of the Borrower																			2017-19		
Assessment Area:	Total Home Mortgage Loans				Low-Income Borrowers			Moderate-Income Borrowers			Middle-Income Borrowers			Upper-Income Borrowers			Not Available-Income Borrowers				
	#	\$	% of Total	Overall Market	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate		
Kaufman County AA	36	5,976	49.3	1,242	26.1	2.8	8.2	18.1	19.4	21.7	21.9	19.4	25.4	33.8	58.4	28.3	0.0	0.0	16.3		
Henderson County AA	43	6,140	50.7	1,725	21.9	0.0	3.0	19.9	9.3	9.2	21.2	4.7	18.4	36.9	86.0	55.0	0.0	0.0	14.4		
Total	79	12,117	100.0	2,967	23.4	1.3	5.2	19.3	13.9	14.4	21.5	11.4	21.3	35.8	73.4	43.8	0.0	0.0	15.2		

Source: 2015 ACS Census; 01/01/2017 - 12/31/2019 Bank Data, 2019 HMDA Aggregate Data, "--" data not available.
Due to rounding, totals may not equal 100.0%.

Table Q: Assessment Area Distribution of Loans to Small Businesses by Income Category of the Geography																			2017-19		
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		
Kaufman County AA	20	3,151	52.6	594	0.0	0.0	0.0	50.8	60.0	41.9	49.2	40.0	58.1	0.0	0.0	0.0	0.0	0.0	0.0		
Henderson County AA	20	2,845	47.4	1,020	0.0	0.0	0.0	16.5	5.0	16.7	68.7	80.0	69.0	14.8	15.0	14.3	0.0	0.0	0.0		
Total	40	5,996	100.0	1,614	0.0	0.0	0.0	28.3	32.5	26.0	62.0	60.0	65.0	9.7	7.5	9.0	0.0	0.0	0.0		

Source: 2019 D&B Data; 01/01/2017 - 12/31/2019 Bank Data; 2018 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												2017-19	
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		
Kaufman County AA	20	3,151	52.6	594	88.2	70.0	40.7	3.1	30.0	8.6	0.0		
Henderson County AA	20	2,845	47.4	1,020	86.0	75.0	43.2	3.4	25.0	10.5	0.0		
Total	40	5,996	100.0	1,614	86.8	72.5	42.3	3.3	27.5	9.9	0.0		

Source: 2019 D&B Data; 01/01/2017 - 12/31/2019 Bank Data; 2018 CRA Aggregate Data, “—” data not available.
Due to rounding, totals may not equal 100.0%.