



**PUBLIC DISCLOSURE**

October 25, 2021

**COMMUNITY REINVESTMENT ACT  
PERFORMANCE EVALUATION**

The First National Bank of Mertzon  
Charter Number 9810  
106 S. Broadway  
Mertzon, TX 76941

Office of the Comptroller of the Currency  
Southern District  
San Antonio Field Office  
10001 Reunion Place, Suite 250  
San Antonio, TX 78216

**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 community development test is rated: Outstanding**

The Lending Test and Community Development (CD) Test ratings are based on the bank's performance within the one full-scope review designated assessment area (AA).

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 AA.
- The bank exhibits a reasonable geographic distribution of loans.
- The bank exhibits an excellent distribution of loans to businesses of different sizes.
- The bank exhibits excellent responsiveness to CD needs within its AA.

### Loan-to-Deposit Ratio

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

The First National Bank of Mertzton's (FNB Mertzton) quarterly average LTD ratio calculated on a bank-wide basis for the 10-quarter evaluation period was 13.25 percent. The LTD ratio ranged from a low of 12.02 percent at March 31, 2020, to a high of 15.39 percent at December 31, 2021. The bank's average quarterly ratio has declined from 19.33 percent reported during the prior evaluation period.

The decline in the LTD ratio is due to a number of performance context factors. FNB Mertzton's deposit levels continue to be elevated due to local oil and gas activity. A large number of the bank's depositors receive oil and gas royalties and lease income. The bank's deposits move with the price of oil and gas. However, when prices decline, depositors continue to receive royalties and lease income. The bank's deposits have also increased from the Payment Protection Program loans and other government stimulus proceeds during the COVID-19 pandemic. Over the evaluation period, the bank's deposit base has grown 15 percent. Shareholder- and insider-related deposits remain significant, representing approximately 63 percent of total deposits.

Loan demand in Irion County, where FNB Mertzton is headquartered, is limited. Irion County is rural and includes only the town of Mertzton, with a population of 781 people. Liquidity is high within the county due to revenue from oil and gas activities. Loan demand is higher in nearby San Angelo, where the bank operates two branches. However, the bank faces significant competition and is often not able to meet lower rates other institutions offer. The bank originated approximately \$89 million in loans during the evaluation period with approximately 39 percent paid off during the same period.

FNB Mertzton's LTD ratio does not include unfunded loan commitments, which averaged \$15 million over the evaluation period. The bank also supports Irion County as a public funds depository. Public funds averaged \$21 million over the evaluation period. The bank must pledge investments against these funds,

making the investments unavailable as a source of funding for lending. The average LTD ratio adjusted for unfunded commitments and public funds was 17.49 percent during the evaluation period.

Due to FNB Mertzson's operational footprint and exposure to the oil and gas industry, most banks within the San Angelo metropolitan statistical area (MSA) are not comparable. Apart from two banks, most banks of similar size operating within the MSA have other locations outside of the MSA, offer different loan products, and do not have the same type of oil and gas exposure. FNB Mertzson more closely aligns with similarly situated institutions with offices in areas affected by the oil and gas industry. FNB Mertzson was compared to seven institutions with similar operational footprints and oil and gas industry exposure. The bank's quarterly LTD ratio is lower than the quarterly average LTD ratio for the seven similarly situated institutions. The similarly situated institution's quarterly LTD ratio was 27.29 percent ranging from a low of 15.27 percent to a high of 54.61 percent. FNB Mertzson's LTD ratio most closely aligns with a similarly situated institution headquartered in Sterling county, inside the San Angelo MSA. This bank's quarterly LTD ratio was 15.27 percent with a low of 13.16 percent and a high of 17.18 percent.

### Lending in Assessment Area

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

The bank originated and purchased 70 percent of its total loans by number and 51 percent by dollar volume 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.

<b>Lending Inside and Outside of the FNB Mertzson Assessment Area</b>										
Loan Category	Number of Loans				Total #	Dollar Amount of Loans \$(000s)				Total \$(000s)
	Inside		Outside			Inside		Outside		
	#	%	#	%		\$	%	\$	%	
Small Business	42	70.0	18	30.0	60	2,359	51.1	2,260	48.9	4,619
<b>Total</b>	<b>42</b>	<b>70.0</b>	<b>18</b>	<b>30.0</b>	<b>60</b>	<b>2,359</b>	<b>51.1</b>	<b>2,260</b>	<b>48.9</b>	<b>4,619</b>

*Source: Bank Data; 2018-2020 small business loan sample. Due to rounding, totals may not equal 100.0%*

### Description of the Institution

FNB Mertzson, a full-service, intrastate community bank headquartered in Mertzson, Texas, is independently owned and has no holding company. FNB Mertzson operates three full-service locations, the main office in Mertzson and two branches in San Angelo. Each location has a drive-through facility and one San Angelo branch has an onsite automatic teller machine (ATM). A bank-owned ATM is located near the other San Angelo branch and across the street from the main office in Mertzson. One San Angelo branch and its nearby ATM are in a low-income census tract (CT). FNB Mertzson has not opened or closed any branches since the previous evaluation. See the Description of Institution's Operations in Texas section for additional information.

At December 31, 2020, FNB Mertzson reported total assets of \$455 million. Tier 1 capital totaled \$37.8 million, and the tier 1 leverage ratio was 7.7 percent. Net loans totaled \$64.1 million and represented 14.1 percent of total assets and 15.4 percent of total deposits. FNB Mertzson's loan portfolio consisted of commercial real estate and construction and development loans secured by real estate (34.3 percent),

commercial and industrial loans (26.9 percent), farmland and farm-related (22.6 percent), residential real estate and multifamily (10.0 percent), and consumer and other loans (6.2 percent). The loan portfolio breakdown reflects FNB Mertzson's primary lending focus is commercial loans, specifically commercial real estate loans and small business lending.

FNB Mertzson offers a full range of loan and deposit products and services, including alternative delivery systems such as online, mobile, and telephone banking. Online banking, accessible through the bank's website ([www.fnbmertzson.com](http://www.fnbmertzson.com)), allows customers to pay bills, make loan payments, transfer funds and access secure messaging capabilities. The mobile banking application provides customers with the ability to view their accounts, initiate transfers, and make mobile deposits. Telephone banking services are available 24 hours a day and include balance inquiries, funds transfer capabilities, and hours of operation for each location.

FNB Mertzson identified its AA as Irion County and Tom Green County. Both counties comprised the San Angelo MSA until 2019, when Sterling County was added to the MSA. The bank did not add Sterling County to its AA. FNB Mertzson faces strong competition from local community banks, credit unions, regional banks, as well as some of the largest banks in the nation in Tom Green County. The FDIC Deposit Market Share Report as of June 30, 2020 reflects FNB Mertzson had a market share of 11.3 percent in Tom Green County and ranked 4<sup>th</sup> of 14 institutions. First Financial Bank, National Association ranked 1<sup>st</sup> with a market share of 29.7 percent. Wells Fargo Bank, National Association ranked 2<sup>nd</sup> with a market share of 15.6 percent. FNB Mertzson is the only institution in Irion County.

Based on the financial condition, size, product offerings, and branch network, there are no legal, financial, or other factors that inhibit FNB Mertzson's ability to help meet credit needs in its AA. The prior performance evaluation, dated October 1, 2018, assigned an overall Satisfactory rating to FNB Mertzson's CRA performance based on a lending test rating of Satisfactory and a community development test rating of Outstanding.

## **Scope of the Evaluation**

### **Evaluation Period/Products Evaluated**

The evaluation period for this examination was January 1, 2018 to December 31, 2020. Qualifying lending activities performed in response to the Coronavirus pandemic during the evaluation period are included in this CRA evaluation.

To evaluate lending performance, analysis was completed on a random sample of loans to small businesses. We also evaluated CD loans, investments (including donations), and CD services. For the geographic and borrower distribution analyses, we compared lending performance to updated 2015 American Community Survey census data effective January 2017.

### **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 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.

FNB Mertzson operates only in the state of Texas. For analytical purposes, FNB Mertzson has one AA. The San Angelo AA includes two of the three counties within the San Angelo MSA, Irion county and Tom Green county. In 2019, Sterling county was added to the San Angelo MSA by the Office of Management and Budget (OMB). The bank does not consider this as part of its 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 performance in the State of Texas. The state rating is based on performance in the bank’s one AA. 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 (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<sup>1</sup>:** Satisfactory

- **The Lending Test is rated:** Satisfactory
- **The Community Development Test is rated:** Outstanding

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 exhibits a reasonable geographic distribution of loans.
- The bank exhibits an excellent distribution of loans to businesses of different sizes.
- The bank exhibits excellent responsiveness to CD needs within its AA.

### Description of the Institution's Operations in Texas

The bank operates three locations, including its main office in its one AA in Texas. The main office is in an upper-income CT in Mertzon, the county seat of Irion County. The two branches are in San Angelo, the county seat of Tom Green County. One branch is in a low-income CT and the other is in a middle-income CT. All three locations are readily accessible to the population of the AA. As noted previously, each location has a drive-through facility and either an onsite ATM or a bank-owned ATM located nearby.

### San Angelo Assessment Area

FNB Mertzon designated the San Angelo MSA (Irion County and Tom Green County) as its AA. During 2019, the OMB revised geographic boundaries for metropolitan statistical areas and it affected the San Angelo MSA. Prior to 2019, the MSA included just Irion County and Tom Green County. The 2019 OMB changes resulted in adding Sterling County to the San Angelo MSA. The bank did not add Sterling County to its AA.

The bank's AA includes a total of 26 CTs, 25 CTs in Tom Green County and one CT in Irion County. Tom Green County has one low-income CT, seven moderate-income CTs, 10 middle-income CTs, six upper-income CT, and one CT with no income designation (the San Angelo airport). Irion County has one upper-income CT. The bank's AA meets regulatory requirements and does not arbitrarily exclude low- or moderate-income geographies.

The 2020 audited financial statements for Irion County reflect that historically oil and gas activities and mineral ownership have provided over 90 percent of the county's revenue. However, the pandemic lockdown brought that activity to an unprecedented low point in 2020 along with devastating job losses in the industry. The financial statements reflect that indicators point to a delayed reaction of unknown proportions from the pandemic that might affect future revenue from oil and gas activity in Irion County.

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

The January 2021 Moody's Analytics report indicates that the AA's economic recovery slowed at the end of 2020. Employment growth has not recovered to pre-pandemic levels, driven by weak growth in the public sector and leisure & hospitality industry, although professional & business services ended the year in expansion. Housing permits reached a multiyear high due to price appreciation from high demand for single-family homes increasing new construction. The analyst notes the energy, education, and medical industries will provide a boost to the economy moving forward. It is anticipated that the AA's recovery will progress but underperform other metro areas within Texas in the near term.

Government entities, healthcare, and education are the largest industries in San Angelo. Top employers include Goodfellow Air Force Base, Shannon Health System, Angelo State University, and San Angelo Community Medical Center. The Moody's report shows about 99 percent of the population resides in Tom Green County and 1 percent in Irion County. Median commute to work is 30 minutes.

The U.S Bureau of Labor Statistics reflects an annual employment rate of 6.3 percent at year-end 2020 for the San Angelo MSA. The rate compares favorably to the reported rate of 6.9 percent for the State of Texas and the national unemployment rate of 6.7 percent.

To help identify needs and opportunities in the AA, we reviewed a regulatory contact with a local economic development organization primarily focused on economic development and contacted a local economic development organization primarily focused on affordable housing for low- and moderate-income families. Both contacts stated primary needs within the community include affordable housing and small business lending.



The following table provides additional pertinent information about the AA.

<b>Table A – Demographic Information of the Assessment Area</b>						
<b>Assessment Area: San Angelo</b>						
<b>Demographic Characteristics</b>	<b>#</b>	<b>Low % of #</b>	<b>Moderate % of #</b>	<b>Middle % of #</b>	<b>Upper % of #</b>	<b>NA* % of #</b>
Geographies (Census Tracts)	26	3.8	30.8	42.3	19.2	3.8
Population by Geography	116,700	2.2	27.8	50.3	19.7	0.0
Housing Units by Geography	48,240	2.4	28.2	48.2	21.2	0.0
Owner-Occupied Units by Geography	26,972	1.4	24.8	48.5	25.3	0.0
Occupied Rental Units by Geography	16,511	3.5	28.2	53.4	14.8	0.0
Vacant Units by Geography	4,757	3.8	47.8	28.9	19.4	0.0
Businesses by Geography	8,017	11.2	20.3	43.5	24.7	0.3
Farms by Geography	440	5.0	9.3	31.8	53.9	0.0
Family Distribution by Income Level	27,907	21.4	18.1	20.7	39.7	0.0
Household Distribution by Income Level	43,483	23.3	16.9	17.0	42.8	0.0
Median Family Income MSA - 41660 San Angelo, TX MSA		\$59,960	Median Housing Value			\$118,628
			Median Gross Rent			\$785
			Families Below Poverty Level			10.7%
<i>Source: 2015 ACS and 2020 D&amp;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>						

## Scope of the Evaluation in Texas

As the bank's only AA, the San Angelo AA received a full-scope review.

## CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN TEXAS

### LENDING TEST

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

### Conclusions for Area Receiving a Full-Scope Review

Based on a full-scope review, the bank's lending performance in the state of Texas is reasonable.

### Distribution of Loans by Income Level of the Geography

The bank exhibits reasonable geographic distribution of loans in the state.

### ***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 small loans to businesses is reasonable. The percentage of bank loans in low-income geographies is near the percentage of businesses in low-income geographies and exceeds aggregate data from other small business lenders in the area. The percentage of bank loans in moderate-income geographies exceeds both the percentage of businesses in moderate-income geographies and aggregate data from other small business lenders in the area.

### ***Lending Gap Analysis***

We reviewed geographic distribution reports for small loans to businesses in the AA and did not identify any unexplained conspicuous gaps in lending activity.

### **Distribution of Loans by Income Level of the Borrower**

The bank exhibits an excellent distribution of loans to individuals of different income levels and businesses and farms of different sizes, 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 exceeds the reported percentage of small businesses in the AA and significantly exceeds the aggregate percentage reported by other business lenders in the AA.

### **Responses to Complaints**

FNB Mertz on did not receive any complaints related to its CRA or fair lending performance during the evaluation period.

### **COMMUNITY DEVELOPMENT TEST**

The bank's performance under the Community Development Test in the state of Texas is rated Outstanding.

### **Conclusions for Area Receiving a Full-Scope Review**

Based on a full-scope review, the bank exhibits excellent responsiveness to CD needs in the state through CD loans, qualified investments, and CD services, as appropriate, considering the bank's capacity and the need and availability of such opportunities for CD in the bank's AA.

## Number and Amount of Community Development Loans

The Community Development Loans Table, shown below, sets forth the information and data used to evaluate the bank's level of CD lending. The table includes all CD loans, including multifamily loans that also qualify as CD loans.

Community Development Loans				
Assessment Area	Total			
	#	% of Total #	\$(000's)	% of Total \$
San Angelo AA	15	100	11,107	100
<b>Total</b>	<b>15</b>	<b>100</b>	<b>11,107</b>	<b>100</b>
Source: Bank Data 1/1/2018 to 12/31/2020				

FNB Mertz on originated 15 CD loans totaling \$11 million inside the AA. Responsive to AA needs, the loans centered in loans to businesses offering community services and essential needs within the AA. Examples of the CD loans include the following:

- A \$1.35 million loan that provided funding for the construction of a headquarters for a local children's advocacy center that will allow for future expansion of services
- A \$428,000 loan that provided funding for the construction of a drug recovery center that will target the homeless, jobless, uninsured, and underinsured within the AA.
- A \$160,000 loan that provided funding for the rehabilitation of a building in downtown San Angelo in a moderate-income CT.

## Broader Area

FNB Mertz on originated 10 CD loans totaling \$8.5 million outside of its AA. The loans were centered in providing financing to small farms and businesses.

## Number and Amount of Qualified Investments

Qualified Investments										
Assessment Area	Prior Period*		Current Period		Total				Unfunded Commitments**	
	#	\$(000's)	#	\$(000's)	#	% of Total #	\$(000's)	% of Total \$	#	\$(000's)
San Angelo AA	0	0	44	1,962	44	100	1,962	100	0	0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>44</b>	<b>1,962</b>	<b>44</b>	<b>100</b>	<b>1,962</b>	<b>100</b>	<b>0</b>	<b>0</b>
* Prior Period Investments' means investments made in a previous evaluation period that are outstanding as of the examination date.										
** Unfunded Commitments' means legally binding investment commitments tracked and recorded by the institution's financial reporting system.										

During the evaluation period, FNB Mertz on's investments included investments totaling nearly \$1.90 million and donations totaling approximately \$67,000. The donations and investments provided funding for low moderate income (LMI) services and for rehabilitating and expanding schools within the AA. Examples of the donations and investments include:

\* 'Prior Period Investments' means investments made in a previous evaluation period that are outstanding as of the examination date.

- Three bonds totaling \$1.90 million issued by Irion County ISD to rehabilitate and expand school buildings.
- Three donations totaling \$10,620 to the Lake View High School in San Angelo to provide computers and internet hotspots to 32 LMI students.
- A \$10,000 donation to the Galilee Community Development Corporation to help build three homes for families on the brink of homelessness.
- Three donations totaling \$3,758 to the Irion County ISD to provide computers and internet hotspots for six LMI seniors.

### **Broader Area**

The bank did not make any new investments outside of the AA during the evaluation. The bank donated \$1,100 to charities outside the AA that provide essential services to LMI children. The bank had \$26 million in qualified prior period municipal investments. Additionally, during the evaluation period the bank invested \$480,000 in minority owned depository institutions.

### **Extent to Which the Bank Provides Community Development Services**

During the evaluation period, bank officers and staff provided 773 hours of service to 15 organizations that provide CD services in the AA. Activities included providing leadership and technical expertise through board and committee membership and providing financial education to LMI individuals. Examples of CD services conducted during the evaluation period in the AA include:

- United Way of Concho Valley – Three bank employees provided 97 hours of service as a board member and members of the Community Impact Panel that helped to determine organizations that would receive funding and the amount from the United Way.
- West Texas Boys Ranch – One employee provided 70 hours of service as a board member and Vice-Chairman assisting in making financial decisions.
- Concho Valley Food Bank – One employee provided 21 hours of service as a board member, assisting in determining how funds will be allocated.

### **Broader Area**

During the evaluation period, one employee provided approximately 8 hours of service to an organization outside of the bank's AA. This employee provided financial education to four foster children who were about to age out of the system.

## Appendix A: Scope of Examination

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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 MSA(s) and non-MSA(s) 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”.

<b>Time Period Reviewed</b>	1/1/2018-12/31/2020	
<b>Bank Products Reviewed</b>	Small business loans, Community development loans, qualified investments, community development services	
<b>Affiliate(s)</b>	<b>Affiliate Relationship</b>	<b>Products Reviewed</b>
None	Not applicable	Not applicable
<b>List of Assessment Areas and Type of Examination</b>		
<b>Rating and Assessment Areas</b>	<b>Type of Exam</b>	<b>Other Information</b>
<b>State of Texas</b>		
San Angelo AA	Full-Scope	Irion County – Includes the one census tract within the county. Tom Green County – Includes all 26 census tracts within the county.

## Appendix B: Summary of MMSA and State Ratings

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RATINGS: The First National Bank of Mertzton			
Overall Bank	Lending Test Rating*	CD Test Rating	Overall Bank/State/Multistate Rating
FNB Mertzton	Satisfactory	Outstanding	Satisfactory
MMSA or State			
Texas	Satisfactory	Outstanding	Satisfactory

(\*) The Lending Test and Community Development Test carry equal weight in the overall rating.

## Appendix C: Definitions and Common Abbreviations

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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

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### 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 30<sup>th</sup> 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.

<b>Table Q: Assessment Area Distribution of Loans to Small Businesses by Income Category of the Geography 2018-20</b>																			
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
San Angelo AA	39	2,308	100	1,815	11.2	10.3	9.4	20.3	33.3	20.3	43.5	18.0	42.7	24.7	38.5	27.5	0.3	0.0	0.1
<b>Total</b>	<b>39</b>	<b>2,308</b>	<b>100</b>	<b>1,815</b>	<b>11.2</b>	<b>10.3</b>	<b>9.4</b>	<b>20.3</b>	<b>33.3</b>	<b>20.3</b>	<b>43.5</b>	<b>18.0</b>	<b>42.7</b>	<b>24.7</b>	<b>38.5</b>	<b>27.5</b>	<b>0.3</b>	<b>0.0</b>	<b>0.1</b>

*Source: 2020 D&B Data; 01/01/2018 - 12/31/2020 Bank Data; 2019 CRA Aggregate Data, "--" data not available.  
Due to rounding, totals may not equal 100.0%*

<b>Table R: Assessment Area Distribution of Loans to Small Businesses by Gross Annual Revenues 2018-20</b>											
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
San Angelo AA	39	2,308	100	1,815	82.2	87.0	38.5	4.8	13.0	13.0	0.0
<b>Total</b>	<b>39</b>	<b>2,308</b>	<b>100</b>	<b>1,815</b>	<b>82.2</b>	<b>87.0</b>	<b>38.5</b>	<b>4.8</b>	<b>13.0</b>	<b>13.0</b>	<b>0.0</b>

*Source: 2020 D&B Data; 01/01/2018 - 12/31/2020 Bank Data; 2019 CRA Aggregate Data, "--" data not available.  
Due to rounding, totals may not equal 100.0%*