



**PUBLIC DISCLOSURE**

June 21, 2021

**COMMUNITY REINVESTMENT ACT  
PERFORMANCE EVALUATION**

The Brenham National Bank  
Charter Number 13678

211 South Day Street  
Brenham, TX 77833

Office of the Comptroller of the Currency

909 Fannin Street, Suite 1900  
Houston, TX 77010

**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: Satisfactory**

The major factors that support this rating include:

- The lending test rating is based on a reasonable loan-to-deposit (LTD) ratio, excellent geographic distribution, reasonable borrower distribution, and a majority of loans being inside the bank's assessment areas (AAs).
- The community development (CD) test rating is based on activities reflecting an overall adequate responsiveness to community needs.

### Loan-to-Deposit Ratio

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

The bank's quarterly average LTD ratio since the last CRA examination was 52 percent. During the evaluation period, the bank's quarterly LTD ratio ranged from a low of 46 percent to a high of 57 percent. Our analysis included a comparison with four similarly situated banks in the area. The comparator banks' quarterly average LTD ratio was 40 percent for the same period, ranging from a low of 17 percent to a high of 73 percent.

### Lending in Assessment Area

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

The bank originated and purchased 81 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.

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	49	80.3	12	19.7	61	8,413	63.2	4,896	36.8	13,309
PPP	51	82.3	11	17.7	62	2,854	79.6	730	20.4	3,584
<b>Total</b>	100	<b>81.3</b>	23	18.7	123	11,267	71.4	5,626	28.6	16,893

## Description of Institution

The Brenham National Bank (BNB) is a single-state community bank headquartered in Brenham, Texas and had total assets of \$419 million as of December 31, 2020. The bank was established in 1933 and is wholly owned by Brenham Bancshares, Inc., a one bank holding company. The bank's main banking center is located in Washington County at 2211 Day Street, Brenham, TX. BNB has two additional branches located at 9005 U.S. Highway 290, Chappell Hill, TX, also in Washington County, and at 2470 Earl Rudder Freeway, College Station, TX in the adjacent Brazos County.

All locations are full-service branches providing traditional financial products and services to both business and consumer customers. Based on the bank's lending strategy, BNB is primarily a commercial lender and a community bank. The bank maintains reasonable hours of operation during the week. Lobby services at the Brenham and Chappell Hill branches are made available for additional hours on Saturday to help meet the banking needs of the community. Drive-through hours are uniform, including Saturday service, across the three branches. For customer convenience, the bank has five deposit-taking automated teller machine (ATM) locations with four located throughout Brenham and one located in College Station. The bank provides its customers with 24-hour account access through online banking. Additionally, the bank offers mobile banking and remote deposit capture to its customers.

There are no legal or financial impediments to the bank's ability to meet the credit and CD needs of its AAs. The bank was rated Outstanding at its last CRA examination dated March 26, 2018.

## Scope of the Evaluation

### Evaluation Period/Products Evaluated

We completed a review of BNB's CRA performance under the Intermediate Small Bank (ISB) CRA procedures, which includes a lending test and a CD test. The lending test evaluates the bank's record of meeting the credit needs of its AAs through lending activities. The CD test evaluates the bank's responsiveness to CD needs in its AAs through qualified lending, investments and donations, and services.

The evaluation period for both the lending and CD tests is January 1, 2018 through December 31, 2020. At the end of the evaluation period, the bank's total business loans represented 53 percent of its loan portfolio by dollar volume. By number, business loans represented 35 percent. Based on this analysis along with statements made by bank management, we concluded that business loans are the bank's primary loan product for this evaluation. Conclusions regarding the bank's lending performance are based on business loans originated or refinanced during the evaluation period. As an ISB, the bank is not required to collect or report loan data for business loans and management has elected not to collect this information. Therefore, we based our analysis of business loans on a valid sample of 61 business loans totaling approximately \$13 million. Since the bank is primarily a commercial lender and business loans represent a majority of the bank's total gross loans by dollar volume, business loans will be the primary loan product used in the analysis for the lending test.

In 2020, the bank also responded to its customer's commercial lending needs by participating in the Small Business Administration's Paycheck Protection Program (PPP), due to the special lending demand within the bank's community which was prompted by the abrupt economic changes resulting from the COVID-19 pandemic (pandemic).

The bank originated a total of 230 PPP loans and funded \$17 million to support local businesses that were impacted by the pandemic. Since these loans were originated only in the third year of the evaluation period and could not be included in the sample of traditional business loans, we highlighted the bank's PPP lending by evaluating a separate sample of 62 PPP loans totaling approximately \$4 million.

### **Selection of Areas for Full-Scope Review**

Both Brazos and Washington AAs received a full-scope review as management has selected the entire counties without arbitrarily excluding any low- or moderate-income (LMI) census tracts (CTs). The bank's overall rating is based primarily on these areas that received full-scope reviews.

### **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:** Satisfactory

**The lending test is rated:** Satisfactory

**The CD test is rated:** Satisfactory

The major factors that support this rating include:

- The LTD ratio is reasonable.
- A majority of loans were originated or renewed inside the AAs.
- The geographic distribution of loans is excellent.
- The distribution of loans to businesses of different sizes is reasonable.
- CD activities reflect adequate responsiveness to community needs.

### Description of Institution's Operations in Texas

BNB operates a total of three branches and five ATMs within its two AAs. The Washington County AA, which is not located in a metropolitan statistical area (MSA), includes all six CTs in the county. The AA does not have any low-income CTs, but has one moderate-income CT, two middle-income CTs, and three upper-income CTs. The branch in Brenham, TX is located in an upper-income CT, and the branch in Chappell Hill, TX is located in a middle-income CT. The Brazos County AA, which is located in the College Station-Bryan, TX MSA, includes all 42 CTs in the county. The AA has five low-income CTs, 13 moderate-income CTs, 10 middle-income CTs, 12 upper-income CTs, and two CTs without an income designation. The branch in College Station is located in a moderate-income CT.

Banking competition in the Washington AA is moderate. As of June 30, 2020, the bank's Deposit Market Share Report for Washington County listed 10 financial institutions operating 11 branches in the AA, with an aggregate of \$1 billion in deposits. BNB holds the second largest deposit market share position in the AA at 22 percent, with Bank of Brenham leading at 33 percent, and Citizens State Bank in third place with 12 percent of the AA's deposit market share. Banking competition in the Brazos County AA is also moderate with a total of 23 financial institutions operating 58 branches in the AA, with an aggregate of \$5 billion in deposits. BNB holds the 13<sup>th</sup> largest deposit market share in the AA at 1 percent, with Wells Fargo Bank leading at 16 percent, followed by Branch Banking and Trust Company at 15 percent of the deposit market share.

## Community Contacts

We contacted two community organizations within each of the Washington and Brazos counties. A contact within the Washington County communicated a need for affordable housing within the community. Low wages in the area is a main contributor for that need, with many family's income levels qualifying them to receive housing assistance, but there is currently not enough affordable housing available to meet the demand. Another contact indicated there are CD opportunities available within the Brazos AA to provide services targeted to small business lending and for affordable housing. Banks in the area can help meet this need by offering homeownership training as well as financing affordable housing projects. They also indicated that areas within the community that have traditionally performed well have recently struggled due to the economic effects of the pandemic.

## Washington County AA

Table A – Demographic Information of the Assessment Area						
Assessment Area: Washington County 2019						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	6	0.0	16.7	33.3	50.0	0.0
Population by Geography	34,236	0.0	10.1	32.6	57.3	0.0
Housing Units by Geography	15,667	0.0	9.5	33.9	56.6	0.0
Owner-Occupied Units by Geography	8,820	0.0	8.7	36.3	55.0	0.0
Occupied Rental Units by Geography	3,132	0.0	12.7	24.7	62.6	0.0
Vacant Units by Geography	3,715	0.0	8.7	36.0	55.2	0.0
Businesses by Geography	2,828	0.0	11.8	27.3	60.9	0.0
Farms by Geography	170	0.0	6.5	40.0	53.5	0.0
Family Distribution by Income Level	8,409	16.3	15.9	18.9	48.9	0.0
Household Distribution by Income Level	11,952	19.0	14.5	16.1	50.4	0.0
Median Family Income Non-MSAs - TX		\$52,198	Median Housing Value			\$146,487
			Median Gross Rent			\$754
			Families Below Poverty Level			10.0%
<p>Source: 2015 ACS and 2019 D&amp;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.</p>						

## Brazos County AA

Table A – Demographic Information of the Assessment Area						
Assessment Area: Brazos County 2019						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	42	11.9	31.0	23.8	28.6	4.8
Population by Geography	205,271	11.3	34.6	21.7	27.9	4.4
Housing Units by Geography	81,916	13.8	34.6	23.1	28.5	0.0
Owner-Occupied Units by Geography	33,078	2.3	27.6	23.6	46.6	0.0
Occupied Rental Units by Geography	40,780	22.3	39.7	22.9	15.1	0.0
Vacant Units by Geography	8,058	18.0	37.8	22.6	21.6	0.0
Businesses by Geography	13,296	8.0	26.7	25.8	39.2	0.4
Farms by Geography	458	4.1	20.5	26.0	49.3	0.0
Family Distribution by Income Level	40,474	24.5	15.8	16.9	42.8	0.0
Household Distribution by Income Level	73,858	27.8	14.5	15.0	42.7	0.0
Median Family Income MSA - 17780 College Station-Bryan, TX MSA		\$60,756	Median Housing Value			\$152,330
			Median Gross Rent			\$881
			Families Below Poverty Level			14.2%
<i>Source: 2015 ACS and 2019 D&amp;B Data</i> <i>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 Evaluation in Texas

The rating for Texas is based on a full-scope review of both the Washington County and Brazos County AAs. BNB's branches and ATMs are located within the AAs, as well as a significant portion of the bank's lending activities. More weight was given to the performance in the Washington AA mainly due to its larger market share. The deposit market share in the Washington AA is 22 percent compared to Brazos AA of 1 percent. The Washington AA has historically been the bank's main AA, with the bank expanding into College Station market within more recent years.

## CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN TEXAS

### LENDING TEST

The bank's performance under the lending test in Texas is rated satisfactory, given the performance context.

### Conclusions for Areas Receiving Full-Scope Reviews

Based on a full-scope review, the bank's lending performance in both the Washington County and Brazos County AAs is reasonable.



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

The bank exhibits overall excellent geographic distribution of loans in the state, given the performance context.

### ***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.

#### **Washington AA**

The overall geographic distribution of small loans to businesses in the Washington County AA is excellent. Based on our sample, the bank originated or renewed 52 percent of its small loans to businesses in moderate-income CTs. This exceeds the percent of businesses in the AA at 12 percent and also exceeds the aggregate lending performance of all financial institutions in the AA at 10 percent. The AA does not have any low-income CTs available to lend in.

#### **Brazos AA**

The overall geographic distribution of small loans to business in the Brazos County AA is reasonable overall. Based on our sample, the bank originated or renewed 10 percent of its small loans to businesses in low-income CTs. This exceeds the percent of businesses in the AA at 8 percent and also exceeds the aggregate lending performance of all financial institutions in the AA at 5 percent.

However, based on our sample, the bank did not originate or renew any small loans to businesses in its moderate-income CTs within the AA.

### ***PPP 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 of PPP loans to businesses.

#### **Washington AA**

The overall geographic distribution of PPP loans to business in the Washington County AA is excellent. Based on our sample, the bank originated or renewed 13 percent of its PPP loans to businesses in moderate-income CTs. This exceeds the percent of businesses in the AA at 12 percent and also exceeds the aggregate lending performance of all financial institutions in the AA at 10 percent. The AA does not have any low-income CTs available to lend in.

#### **Brazos AA**

The overall geographic distribution of PPP loans to business in the Brazos County AA is excellent overall. Based on our sample, the bank originated 5 percent of its PPP loans to businesses in low-income CTs. This is somewhat lower than the percent of businesses in the AA at 8 percent, but exceeds the aggregate lending performance of all financial institutions in the AA at 4.6 percent.

Also based on our sample, the bank originated 30 percent of its PPP loans to businesses in moderate-income CTs. This exceeds the percent of businesses in the AA at 26.7 percent and also exceeds the aggregate lending performance of all financial institutions in the AA at 26.3 percent.

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

There were no unexplained conspicuous gaps identified.

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

The bank exhibits a reasonable distribution of loans to businesses of different sizes, given the performance context.

### ***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.

### **Washington AA**

Based on our sample, the bank originated or renewed 41 percent of its loans to small businesses. Although this is lower than the percent of businesses in the AA at 84 percent, it exceeds the aggregate lending performance of all financial institutions in the AA at 36 percent. This is due to the effects of the pandemic significantly decreasing the demand for traditional business lending as business customers were unable to continue normal consumption of products and services during widespread lockdowns. During 2020, the bank focused on allocating resources towards PPP loans which had a high demand during this period.

### **Brazos AA**

Based on our sample, the bank originated or renewed 35 percent of its loans to small businesses. Although this is lower than the percent of businesses in the AA at 82 percent, it is near to the aggregate lending performance of all financial institutions in the AA at 39 percent. This is also due to the effects of the pandemic significantly decreasing the demand for traditional business lending within the AA as business customers were unable to continue normal consumption of products and services during widespread lockdowns. During 2020, the bank focused on allocating resources towards PPP loans which had a high demand during this period.

### ***PPP 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 of PPP loans.

### **Washington AA**

Based on our sample, the bank originated 71 percent of its PPP loans to small businesses. This is near to the percent of businesses in the AA at 84 percent, and exceeds the aggregate lending performance of all financial institutions in the AA at 36 percent.

## Brazos AA

Based on our sample, the bank originated 70 percent of its PPP loans to small businesses. This is near to the percent of businesses in the AA at 82 percent, and exceeds the aggregate lending performance of all financial institutions in the AA at 39 percent.

## Responses to Complaints

BNB received no CRA-related complaints during the evaluation period.

## COMMUNITY DEVELOPMENT TEST

The bank's performance under the CD test in the state of Texas is rated Satisfactory.

## Conclusions for Areas Receiving Full-Scope Reviews

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

## 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.

<i>Community Development Loans</i>				
Assessment Area	Total			
	#	% of Total #	\$(000's)	% of Total \$
Washington County	3	42.9	290	2.5
Brazos County	4	57.1	11,320	97.5
Total	7	100.0	11,610	100.0

During the evaluation period, BNB demonstrated poor responsiveness to CD loans in the Washington County AA. There were two loans totaling \$160,000 which supported community services to benefit LMI individuals, and one loan totaling \$130,000 which supported economic development to help retain/create permanent jobs for LMI individuals.

BNB demonstrated excellent responsiveness to CD loans in the Brazos County AA through five loans totaling \$11 million which supported economic development to help retain/create permanent jobs for LMI individuals.

## Number and Amount of Qualified Investments

<i>Qualified Investments</i>										
Assessment Area	Prior Period*		Current Period		Total				Unfunded Commitments**	
	#	\$(000's)	#	\$(000's)	#	% of Total #	\$(000's)	% of Total \$	#	\$(000's)
Washington County	0	0	25	1,425	25	38.5	1,425	9.8	0	0
Brazos County	0	0	8	21	8	12.3	21	0.2	0	0
Regional Area	0	0	32	13,160	32	49.2	13,160	90.0	0	0
Total	0	0	65	14,606	65	100.0	14,606	100.0	0	0

\* 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 that are tracked and recorded by the institution's financial reporting system.

During the evaluation period, BNB demonstrated excellent responsiveness to CD investments in Washington County AA through 25 qualified investments and donations totaling \$1.4 million. Most of the bank's investments were for municipal and school bonds. There were 21 donations totaling \$50,000 made to organizations providing services to LMI individuals.

BNB demonstrated adequate responsiveness to CD investments in Brazos County AA. There were no qualified investments bought during the evaluation period in the AA; however, the bank did make eight donations totaling \$21,000 to organizations providing services to LMI individuals.

Outside of the AAs in regional areas, the bank purchased eight school bonds totaling \$3.5 million in areas with a student population having greater than 50 percent of economically disadvantaged students, and one bond to purchase a fire truck in an area with two moderate CTs. BNB also purchased 23 municipal bonds totaling \$9.7 million for water, sewer, and drainage infrastructures in designated disaster areas.

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

BNB demonstrated satisfactory responsiveness to CD services. Bank personnel provided 894 hours of service for 14 activities to 11 organizations that primarily focus on LMI individuals or small businesses within the AAs. Activities in the Washington County AA included a presentation on budgeting, credit scores, and identity theft. In the Brazos County AA, activities promoted distributing information on traditional banking, budgeting, and credit scores through collaborative credit fairs with an organization that supports financial literacy for the underbanked. Bank employees also serve as board members to organizations which support affordable housing, economic development, and services.

# 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 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>	01/01/2018 to 12/31/2020	
<b>Bank Products Reviewed:</b>	Small business loans, including PPP lending CD loans, CD investments, and CD services	
<b>Affiliate(s)</b>	<b>Affiliate Relationship</b>	<b>Products Reviewed</b>
NA		
<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>
Washington County AA	Full-Scope	
Brazos County AA	Full-Scope	

## Appendix B: Summary of State Ratings

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RATINGS: THE BRENHAM NATIONAL BANK			
Overall Bank:	Lending Test Rating*	CD Test Rating	Overall Bank/State
	Satisfactory	Satisfactory	Satisfactory

(\*) The lending test and CD 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/AA.

**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. CTs nest within counties, and their boundaries normally follow visible features, but may follow legal geography boundaries and other non-visible features in some instances, CTs 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 non-MSA 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.

**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 CT delineated by the U.S. Bureau of the Census in the most recent decennial census.

**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 CT 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/AA 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 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 (MD):** 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 MD 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 (MSA):** 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 MSA 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 multistate MSA (MMSA). 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 MMSA, the institution will receive a rating for the MMSA.

**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 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 (MMSAs), 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/AA. Deposit data are compiled by the Federal Deposit Insurance Corporation 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 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 is 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 AA.

**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.

<b>Table Q: Assessment Area Distribution of Loans to Small Businesses by Income Category of the Geography</b>																			<b>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		
Washington County – Commercial	29	3,669	29	686	0.0	0.0	0.0	11.8	51.7	10.4	27.3	0.00	31.2	60.9	48.3	58.5	0.0	0.0	0.0		
Washington County – PPP	31	1,738	31	686	0.0	0.0	0.0	11.8	12.9	10.4	27.3	22.6	31.2	60.9	64.5	58.5	0.0	0.0	0.0		
Brazos County – Commercial	20	4,744	20	3,735	8.0	10.0	4.6	26.7	0.0	26.3	25.8	30.0	26.3	39.2	60.0	42.8	0.4	0.0	0.0		
Brazos County PPP	20	1,116	20	3,735	8.0	5.0	4.6	26.7	30.0	26.3	25.8	30.0	26.3	39.2	35.0	42.8	0.4	0.0	0.0		
<b>Total</b>	100	11,267	100	4,421	6.6	7.5	3.8	24.1	23.7	23.9	26.0	20.7	27.1	43.0	52.0	45.2	0.3	0.0	0.0		

Source: 2019 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</b>											<b>2018-20</b>
<b>Assessment Area:</b>	<b>Total Loans to Small Businesses</b>				<b>Businesses with Revenues &lt;= 1MM</b>			<b>Businesses with Revenues &gt; 1MM</b>		<b>Businesses with Revenues Not Available</b>	
	<b>#</b>	<b>\$</b>	<b>% of Total</b>	<b>Overall Market</b>	<b>% Businesses</b>	<b>% Bank Loans</b>	<b>Aggregate</b>	<b>% Businesses</b>	<b>% Bank Loans</b>	<b>% Businesses</b>	<b>% Bank Loans</b>
Washington County – Commercial	29	3,669	29	686	<b>84.4</b>	<b>41.4</b>	<b>35.7</b>	5.2	27.6	10.5	31.0
Washington County – PPP	31	1,738	31	686	<b>84.4</b>	<b>71.0</b>	<b>35.7</b>	5.2	25.8	10.5	3.2
Brazos County – Commercial	20	4,744	20	3,735	<b>82.2</b>	<b>35.0</b>	<b>39.1</b>	4.5	40.0	13.3	25.0
Brazos County PPP	20	1,116	20	3,735	<b>82.2</b>	<b>70.0</b>	<b>39.1</b>	4.5	30.0	13.3	0.0
<b>Total</b>	100	11,267	100	4,421	82.6	54.4	38.6	4.6	30.85	12.8	14.8

*Source: 2019 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%*