

PUBLIC DISCLOSURE

June 17, 2024

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Veritex Community Bank
RSSD # 3221468
8214 Westchester Drive, Suite 400
Dallas, Texas 75225

Federal Reserve Bank of Dallas
2200 North Pearl Street
Dallas, Texas 75201

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, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.

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INSTITUTION RATING

INSTITUTION'S COMMUNITY REINVESTMENT ACT RATING: Veritex Community Bank is rated **Satisfactory**.

The following table indicates the Community Reinvestment Act (CRA) performance levels of Veritex Community Bank (Veritex or bank) with respect to the lending, investment, and service tests.

Performance Levels	Veritex Community Bank Performance Tests		
	Lending Test*	Investment Test	Service Test
Outstanding		X	
High Satisfactory	X		X
Low Satisfactory			
Needs to Improve			
Substantial Non-Compliance			

* The lending test is weighted more heavily than the investment and service tests when arriving at an overall rating.

SUMMARY OF MAJOR FACTORS SUPPORTING RATING

Major factors supporting Veritex's rating include:

- Lending activity reflects good responsiveness to the credit needs of the delineated assessment areas (AAs).
- A substantial majority of loans are made in the bank's AAs.
- The geographic distribution of loans reflects excellent penetration throughout the AAs.
- The distribution of loans among individuals of different income levels, including low- and moderate-income (LMI) individuals, and businesses of different revenue sizes is good.
- A good record of serving the credit needs of LMI individuals and areas and very small businesses.
- The bank makes a relatively high level of community development (CD) loans.
- Veritex makes use of innovative and/or flexible lending practices in serving AAs' needs.
- The bank is often in a leadership position, as Veritex has an excellent level of qualified CD investments, grants, and donations, particularly those not routinely provided by private investors.
- Veritex makes significant use of innovative and/or complex investments to support CD initiatives.
- The bank exhibits good responsiveness to credit and CD needs.
- Delivery systems are accessible to individuals of different income levels throughout the bank's AAs.
- The record of opening and closing of branches has not adversely affected the accessibility of Veritex's delivery systems, particularly LMI geographies and/or LMI individuals.
- Services do not vary in a way that inconveniences the bank's AAs, particularly LMI geographies and/or LMI individuals.
- Veritex is a leader in providing CD services.

INSTITUTION

DESCRIPTION OF THE INSTITUTION

Veritex, a financial institution headquartered in Dallas, Texas and wholly owned by Veritex Holdings, Inc., has the following characteristics.

- As of December 31, 2023, the bank reported total assets of approximately \$12.4 billion and gross loans of \$9.7 billion.
- The bank operates 29 branch offices and 28 automated teller machines (ATMs) throughout its AAs: Dallas-Fort Worth, Texas Metropolitan AA (DFW Metropolitan AA), Houston, Texas Metropolitan Statistical Area (MSA) AA (Houston MSA AA), and Fannin County, Texas Nonmetropolitan AA (Fannin County Nonmetropolitan AA).
- Since the previous CRA performance evaluation, Veritex has closed two branch locations and opened one branch in the DFW Metropolitan AA.
- The bank offers traditional deposit and loan products to meet the needs of the communities it serves.
 - Veritex's primary focus is commercial lending, including small business and commercial real estate loans. Commercial loans continue to be one of the bank's key business lines and represent 79.6 percent of the loan portfolio as of December 31, 2023.
 - At 9.4 percent, residential real estate lending comprises a smaller portion of the loan portfolio; however, it is a key business line and a strategic focus. Veritex offers traditional 30-year, first lien mortgage loans that are sold on the secondary market. Thus, the loan portfolio does not completely reflect the magnitude of residential real estate lending.
 - Veritex offers loans to non-depository institutions as well as a wide variety of consumer loan products, such as auto loans, secured and unsecured personal loans, and lines of credit. Loans to non-depository institutions and consumer lending represent approximately 10.3 percent and 0.5 percent of the loan portfolio, respectively, and are not considered key business lines.

The table below reflects Veritex's loan portfolio mix as of December 31, 2023.

Composition of Loan Portfolio as of December 31, 2023		
Loan Type	\$(000)	Percent (%)
Agricultural	31,115	0.3
Commercial and Industrial	7,690,688	79.6
Consumer- Closed End	8,522	0.1
Consumer- Open End	36,921	0.4
Residential Real Estate	903,559	9.4
Other	992,607	10.3
Gross Loans	9,663,412	100.0
<i>Note: Percentages may not total 100.0 percent due to rounding.</i>		

The Federal Reserve Bank of Dallas rated the bank's CRA performance as **Satisfactory** at the previous performance evaluation, dated April 11, 2022. Veritex received a **High Satisfactory** rating under the lending test, an **Outstanding** rating under the investment test, and a **High Satisfactory** rating under the service test.

Veritex's ability to meet the credit needs of the communities it serves has not been hampered by its capacity to lend, financial condition and size, product offerings, prior performance, legal impediments, or other factors.

SCOPE OF THE EVALUATION

Veritex's CRA performance was evaluated using the *Interagency Examination Procedures for Large Retail Institutions*, developed by the Federal Financial Institutions Examination Council. Examiners evaluated the bank's CRA performance through the lending, investment, and service tests. Examiners conducted full-scope reviews for two of the bank's three delineated AAs, as illustrated in the table below. Examiners considered various factors to determine which AAs would receive full-scope reviews, including, but not limited to, the level of the bank's lending, investment, and service activities; availability of opportunities in AAs; comments received from community groups and the public regarding the Veritex's CRA performance; population density; number of financial institutions in the AAs; and the length of time since the most recent full-scope review was performed. Overall, the full-scope review of the DFW Metropolitan AA and the Houston MSA AA covers approximately 99.4 percent of Veritex's total lending activity (by number of loans), 99.0 percent of total deposits, and 96.6 percent of total branches. Moreover, the bank's performance in the DFW Metropolitan AA carried more weight when determining the overall CRA rating given Veritex's stronger presence and higher volume of loans and deposits in such AA.

The following table depicts Veritex's AAs and the scope of the review received.

Assessment Areas	Scope of Review Received
Dallas-Fort Worth, TX (DFW) Metropolitan	Full-Scope
Houston, TX Metropolitan Statistical Area (MSA)	Full-Scope
Fannin County, TX Nonmetropolitan	Limited-Scope

To evaluate Veritex's CRA performance, examiners reviewed the bank's mortgage and small business loans reported in 2021 and 2022 as required by the Home Mortgage Disclosure Act (HMDA) and the CRA. In addition, examiners reviewed the community development (CD) loans, investments, and services extended between April 12, 2022, and June 17, 2024, including prior period's CD investments. Examiners did not consider agricultural loans as part of the evaluation, as the bank does not originate a material volume of such loans. Given that the bank's volume of small business lending is greater than the volume of HMDA lending, examiners placed more weight on Veritex's small business lending when assessing the bank's CRA performance.

Evaluation Analysis

The evaluation of the bank's lending record in the individual AAs includes the use of and comparison to demographic characteristics. The primary sources for the demographic information are the 2016-2020 U.S. Census American Community Survey (ACS) and 2021 and 2022 Dun & Bradstreet (D&B) data. Demographic characteristics of a particular AA are useful in analyzing the bank's record of lending, as they provide a means of estimating loan demand and identifying lending opportunities. To understand small businesses, examiners rely on D&B data, which consists of self-reported data of revenue size and geographical location by business entities. The demographic data should not be construed as defining an expected level of lending in a particular area or to a particular group of borrowers. The information is used to understand the bank's performance context. Lastly, examiners interviewed community leaders serving the

bank's AAs that received a full-scope review. Community contacts included representatives of community-based organizations focused on affordable housing and small business development.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS

LENDING TEST

Veritex's overall lending test performance is High Satisfactory. Lending activity reflects good responsiveness to AAs' credit needs. The geographic distribution of loans is excellent, and the overall distribution of loans by borrower income and revenue size of the business is good. Veritex makes a relatively high level of CD loans. The bank's small business lending performance received greater weight in determining the overall lending test performance as it is a strategic focus and represents a larger portion of Veritex's loan portfolio.

Lending Activity

The bank's lending levels reflect good responsiveness to AAs' credit needs. The table below, titled "Lending Inside and Outside of the AAs" summarizes the lending activity from January 1, 2021 through December 31, 2022. In alignment with the bank's strategic focus, Veritex extended more small business loans than HMDA or small farm loans during the review period. The volume of small farm originations is insufficient for a meaningful analysis to be conducted. Therefore, this evaluation does not consider small farm lending to assess Veritex's CRA performance.

Lending Inside and Outside of the Assessment Areas

This performance criterion evaluates the volume and percentage of HMDA and CRA-reportable loans extended inside and outside of the bank's delineated AAs. As depicted in the table below, Veritex extends a substantial majority percentage of its loans, by number and dollar, within its three AAs.

Lending Inside and Outside of the Assessment Areas January 1, 2021 through December 31, 2022								
Loan Type	Inside				Outside			
	#	%	\$(000s)	%	#	%	\$(000s)	%
Home Purchase - Conventional	364	61.5	271,621	57.6	228	38.5	199,898	42.4
Home Purchase – VA	0	0.0	0	0.0	2	100.0	765	100.0
Refinancing	303	76.5	168,675	70.0	93	23.5	72,182	30.0
Home Improvement	17	85.0	2,872	85.7	3	15.0	479	14.3
Multi-Family Housing	46	67.6	575,510	53.5	22	32.4	501,153	46.5
Other Purpose Closed-End	54	78.3	27,320	79.4	15	21.7	7,106	20.6
Total HMDA	784	68.4	1,045,998	57.2	363	31.6	781,583	42.8
Total Small Business	2,654	90.2	489,227	86.2	287	9.8	78,432	13.8
Total Small Farm	5	100.0	390	100.0	0	0.0	0	0.0
TOTAL LOANS	3,443	84.1	1,535,615	64.1	650	15.9	860,015	35.9

Note: Percentages may not total 100.0 due to rounding.

Geographic Distribution and Distribution by Borrower Income and Business Revenue Size

Consistent with the performance standards for a large bank, the bank's geographic and borrower distribution are evaluated for the bank's AAs. Conclusions from the AAs are factored into the overall performance.

The geographic distribution of loans reflects excellent penetration throughout the AAs. Veritex generally extends loans in proximity to its branches, with no conspicuous gaps or anomalies in the lending patterns. Moreover, the borrower lending distribution reflects good penetration among individuals of different income levels and businesses of different revenue sizes. Veritex exhibits a good record of serving the credit needs of LMI individuals and areas as well as very small businesses.

A detailed discussion of the facts and data supporting the overall conclusions are presented in the Conclusions with Respect to Performance Criterion sections for each full-scope AA.

Community Development Lending

Veritex makes a relatively high level of CD loans while also making use of innovative and/or flexible lending practices in serving the credit needs of the AAs. Despite the 18.0 percent decrease in the number of CD loans originated during the evaluation period, Veritex remained responsive to the CD needs of its AAs and extended CD loans for a variety of purposes, as noted in the table below. The decrease in CD lending is primarily due to the conclusion of the Small Business Administration's Payroll Protection Program (PPP) in May 2021. Moreover, the bank has implemented a loan program that assists borrowers to cover closing costs. Given that the bank adequately met the CD needs of its AAs, this evaluation includes seven qualifying CD activities totaling \$54.4 million that benefit broader statewide or regional areas, including Veritex's AAs, for the purpose of affordable housing.

Community Development Lending All Assessment Areas		
Purpose	#	\$(000s)
Affordable Housing	3	20,692
Community Services	1	4,000
Economic Development	13	34,562
Revitalization and Stabilization	11	232,452
Total	28	291,706

INVESTMENT TEST

The bank's overall investment test rating is Outstanding. Veritex has an excellent level of qualified CD investments and grants, particularly those not routinely provided by private investors, often positioning the bank as a leader. The investments and grants increased by 6.4 percent since the previous evaluation, and the majority of the bank's investments was directed towards affordable housing and community services targeted to LMI individuals. Community members consistently noted affordable housing as a need within the AAs, and Veritex's investment focus reflects good responsiveness to the CD needs. Further, given that the bank adequately met the CD needs of its AAs, a qualifying CD investment made to a minority-owned depository institution benefiting a broader statewide or regional area is included in this evaluation.

Investments, Grants, and Donations All Assessment Areas								
Community Development Purpose	Prior Period Investments ¹		Current Investments ²		Donations		Total	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Affordable Housing	12	20,953	3	12,000	54	298	69	33,251
Community Services	16	40,549	2	5,745	120	925	138	47,219
Economic Development	4	10,990	0	0	64	227	68	11,217
Revitalization and Stabilization	4	3,944	0	0	10	34	14	3,978
Total	36	76,436	5	17,745	248	1,484	289	95,665

¹ Book value of investment
² Original market value of investment

SERVICE TEST

The bank's overall service test rating is High Satisfactory. Veritex offers traditional deposit and loan products and services to meet the needs of the communities it serves. Product and service offerings do not vary throughout the AAs.

Retail Services

Veritex's delivery systems are accessible to the bank's geographies and individuals of different income levels in its AAs. As noted in the table below, the bank operates 24.2 percent of its branches and 60.0 percent of its full-service ATMs in LMI geographies. Furthermore, the bank's record of opening or closing branches has not adversely affected the accessibility of its delivery systems given the ongoing presence in the AAs, particularly in LMI geographies. During the review period, Veritex opened a branch in a low-income census tract and closed two branches (one in a moderate- and one in an unknown- income census tract). Lastly, banking services and hours of operations do not vary in a way that inconveniences the AAs, particularly LMI geographies or LMI individuals.

Branch and Full-Service ATM Locations All Assessment Areas							
Tract Income	% of Geographies	% of Population	% of Businesses	Branches		Full-Service ATMs	
				#	%	#	%
Low	11.4	9.6	7.0	1	3.5	1	20.0
Moderate	25.5	24.6	19.7	6	20.7	2	40.0
Middle	28.2	29.8	28.5	9	31.0	1	20.0
Upper	32.6	34.8	43.6	13	44.8	1	20.0
Unknown	2.3	1.2	1.2	0	0.0	0	0.0
Total	100.0	100.0	100.0	29	100.0	5	100.0

Note: Percentages may not total 100.0 percent due to rounding.

Community Development Services

Veritex is a leader in providing CD services, extending 2,902 hours during the review period. The bank's officers and employees served in various capacities, including directors and committee members, for 126 CD organizations offering services focused on LMI individuals. In addition to these hours, the bank also partnered with local organizations to provide financial education to LMI individuals. This is particularly responsive as a community contact indicated a need for financial

literacy education for small businesses and LMI individuals. The table below shows the number of hours by type of activity.

Community Development Services All Assessment Areas			
Purpose	Total Services	Total Hours	Total Organizations
Affordable Housing	59	204	16
Community Services	821	2,283	84
Economic Development	264	384	24
Revitalization and Stabilization	15	31	2
Total	1,159	2,902	126

FAIR LENDING OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

The Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (Dodd-Frank Act) established the Consumer Financial Protection Bureau (CFPB). In general, the Dodd-Frank Act gives the CFPB, among other things, primary supervisory authority over insured depository institutions with total assets of more than \$10 billion when assessing compliance with the requirements of federal consumer financial laws. The Federal Reserve System retains authority to enforce compliance with the CRA and certain other consumer compliance laws and regulations. During the review period, the Federal Reserve Bank of Dallas did not identify violations of law involving illegal discrimination or other illegal credit practices that would adversely affect the evaluation of the bank's CRA performance. As of the date of this evaluation, the Federal Reserve Bank of Dallas is unaware of any violations of the Equal Credit Opportunity Act or Regulation B, or any unfair, deceptive, or abusive acts or practices identified by the CFPB.

DALLAS-FORT WORTH, TEXAS METROPOLITAN ASSESSMENT AREA
(Full-Scope Review)

DESCRIPTION OF THE INSTITUTION'S OPERATIONS IN THE DALLAS-FORT WORTH, TX METROPOLITAN ASSESSMENT AREA

The DFW Metropolitan AA is comprised of a portion of the Dallas-Fort Worth-Arlington, TX Metropolitan Statistical Area (MSA), which is made up of the Dallas-Plano-Irving, TX Metropolitan Division (MD) and the Fort Worth-Arlington-Grapevine, TX MD. The AA delineation includes the entirety of the Dallas-Plano-Irving, TX MD (Collin, Dallas, Denton, Ellis, Hunt, Kaufman, and Rockwall counties) as well as Tarrant County from the Fort Worth-Arlington-Grapevine MD. The remainder of the Fort Worth-Arlington-Grapevine, TX MD (Johnson, Parker, and Wise counties) is excluded from the AA. Refer to Appendix A for an AA map and Appendix B for additional demographic data.

- There have been no changes to the AA delineation since the previous evaluation.
- The AA includes 153 low-income, 424 moderate-income, 478 middle-income, 541 upper-income, and 24 unknown-income census tracts.
- Veritex operates 18 branches in this AA, representing 62.1 percent of its total branches. Since the previous evaluation, the bank opened a branch in a low-income census tract and closed two branches: one in a moderate-income census tract and one in an unknown-income geography.
- As of June 30, 2023, the Federal Deposit Insurance Corporation (FDIC) Deposit Market Share Report indicates the bank has a 1.1 percent market share, ranking 11th out of the 163 FDIC-insured depository institutions operating in the AA. Charles Schwab Bank, SSB holds the largest share, at 38.5 percent.
- In 2022, the bank ranked 144th among the 1,077 institutions that originated or purchased 218,101 HMDA-reportable loans in the AA, originating 209 or 0.1 percent of total loans. Similarly, Veritex ranked 27th among the 313 institutions that originated or purchased 222,629 CRA-reportable small business and small farm loans, originating 565 or 0.3 percent of such loans in the AA.
- A representative from a community organization serving LMI individuals in the AA identified affordable housing and mortgage payment assistance as significant needs in the AA. Additionally, a representative from an economic development organization identified access to credit for small businesses as well as financial literacy as needs within the AA, noting that the conclusion of the PPP has highlighted the need for small business loans, specifically for startup businesses.

Population Change			
Assessment Area: Dallas-Fort Worth (DFW) Metropolitan			
Area	2015 Population	2020 Population	Percent Change
Dallas-Fort Worth (DFW) Metropolitan	6,433,530	7,240,606	12.5
Collin County, TX	862,215	1,064,465	23.5
Dallas County, TX	2,485,003	2,613,539	5.2
Denton County, TX	731,851	906,422	23.9
Ellis County, TX	157,058	192,455	22.5
Hunt County, TX	88,052	99,956	13.5
Kaufman County, TX	109,289	145,310	33.0
Rockwall County, TX	85,536	107,819	26.1
Tarrant County, TX	1,914,526	2,110,640	10.2
Dallas-Plano-Irving, TX MD	4,519,004	5,129,966	13.5
Fort Worth-Arlington-Grapevine, TX MD	2,252,637	2,507,421	11.3
Texas	26,538,614	29,145,505	9.8
Source: 2011-2015 U.S. Census Bureau American Community Survey 2020 U.S. Census Bureau Decennial Census			

- As shown in the table above, the AA population experienced significant growth between 2015 to 2020. Growth within each county of the AA varied, but only one of the eight counties grew at a slower rate than the state of Texas.
- Kaufman and Rockwall counties, located in the easternmost section of the AA, experienced the greatest population growth, which exceeded 25 percent within the five-year period.
- A community contact noted that the population growth is primarily due to many companies bringing high paying jobs to the area, which have attracted individuals to move in.

Median Family Income Change			
Assessment Area: Dallas-Fort Worth (DFW) Metropolitan			
Area	2015 Median Family Income	2020 Median Family Income	Percent Change
Dallas-Fort Worth (DFW) Metropolitan	77,105	85,659	11.1
Collin County, TX	110,174	118,341	7.4
Dallas County, TX	61,072	69,689	14.1
Denton County, TX	99,628	111,436	11.9
Ellis County, TX	78,280	89,870	14.8
Hunt County, TX	63,241	69,410	9.8
Kaufman County, TX	74,920	82,674	10.3
Rockwall County, TX	104,958	113,658	8.3
Tarrant County, TX	76,367	82,856	8.5
Dallas-Plano-Irving, TX MD	77,736	88,315	13.6
Fort Worth-Arlington-Grapevine, TX MD	75,758	82,649	9.1
Texas	68,523	76,073	11.0
Source: 2011 - 2015 U.S. Census Bureau American Community Survey 2016 - 2020 U.S. Census Bureau American Community Survey Note: Median family incomes have been inflation-adjusted and are expressed in 2020 dollars.			

- The table above shows that the median family income (MFI) in the AA grew at a similar rate as the state of Texas.

- Dallas and Ellis counties experienced the largest growth rate during this period, exceeding the growth rate of the entire AA.
- While the MFIs of Collin, Denton, and Rockwall counties grew at a slower rate than the AA during the five-year period, these counties are more affluent and their MFIs exceed the AA MFI, at \$85,659 in 2020, by more than 30 percent.

Housing Cost Burden						
Assessment Area: Dallas-Fort Worth (DFW) Metropolitan						
Area	Cost Burden – Renters			Cost Burden - Owners		
	Low Income	Moderate Income	All Renters	Low Income	Moderate Income	All Owners
Dallas-Fort Worth (DFW) Metropolitan	81.9	47.7	42.6	63.4	35.7	20.2
Collin County, TX	84.3	65.1	39.4	68.9	49.3	19.1
Dallas County, TX	80.2	42.0	42.7	61.6	31.2	22.6
Denton County, TX	86.7	56.6	41.7	69.8	48.1	18.8
Ellis County, TX	78.4	42.9	41.7	57.7	27.1	17.1
Hunt County, TX	70.7	25.2	42.0	52.7	19.7	20.0
Kaufman County, TX	83.9	41.6	49.0	57.3	30.2	19.5
Rockwall County, TX	81.7	58.0	36.8	73.1	43.9	17.9
Tarrant County, TX	83.5	47.8	44.0	64.1	34.6	19.2
Dallas-Plano-Irving, TX MD	81.3	47.6	42.0	63.0	36.2	20.6
Fort Worth-Arlington-Grapevine, TX MD	82.1	46.5	43.4	61.4	33.0	18.7
Texas	78.3	44.6	42.7	57.3	31.0	19.0
<i>Cost burden is housing cost that equals 30 percent or more of household income.</i>						
<i>Source: U.S. Department of Housing and Urban Development (HUD), 2016-2020 Comprehensive Housing Affordability Strategy</i>						

- The AA contained 2,682,414 housing units, with a median age of 38 years. Of the total number of units, 54.6 percent were owner-occupied, 38.2 percent were rental units, and 7.2 percent were vacant. Of the owner-occupied units, 4.9 percent were located in low-, 20.0 percent in moderate-, 30.7 percent in middle-, and 43.5 percent in upper-income census tracts.
- The AA contained 38.2 percent of rental units, which resulted in the higher housing cost burdens for LMI households.
- The housing cost burden for LMI individuals is slightly higher in the AA than the statewide average for both renters and homeowners, as exhibited in the table above.
- A community contact highlighted the need for affordable housing, which has been exacerbated by increased housing demand to accommodate the population growth resulting from the relocation of many Fortune 500 companies to the AA in recent years.

Unemployment Rates Assessment Area: Dallas-Fort Worth (DFW) Metropolitan					
Area	2018	2019	2020	2021	2022
Dallas-Fort Worth (DFW) Metropolitan	3.6	3.3	7.2	5.1	3.5
Collin County, TX	3.4	3.1	6.3	4.4	3.2
Dallas County, TX	3.8	3.5	7.8	5.6	3.7
Denton County, TX	3.2	3.0	6.4	4.4	3.2
Ellis County, TX	3.3	3.1	6.0	4.5	3.5
Hunt County, TX	3.8	3.6	6.6	5.2	3.9
Kaufman County, TX	3.5	3.2	6.4	4.9	3.7
Rockwall County, TX	3.3	3.1	5.9	4.4	3.3
Tarrant County, TX	3.5	3.3	7.4	5.3	3.6
Dallas-Plano-Irving, TX MD	3.6	3.3	7.1	5.0	3.5
Fort Worth-Arlington-Grapevine, TX MD	3.5	3.3	7.2	5.2	3.6
Texas	3.9	3.5	7.7	5.6	3.9
<i>Source: Bureau of Labor Statistics (BLS), Local Area Unemployment Statistics</i>					

- Unemployment rates for the AA and the state of Texas declined between 2018 and 2019. In 2020, the AA and statewide unemployment rates nearly doubled due to the COVID-19 pandemic. As constraints were lifted in 2021, the unemployment rates began to decline and reached pre-pandemic levels in 2022.
- According to the Bureau of Labor Statistics (BLS), the largest industries in the AA, by number of employees, are health care and social assistance services, retail trade, and accommodation and food services.
- Major employers include Amazon, American Airlines, AT&T, Inc., and DFW International Airport.

The table below provides additional demographic data regarding the AA.

2022 Dallas-Fort Worth (DFW) Metropolitan AA Demographics								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low	153	9.4	135,337	7.9	35,241	26.0	378,376	22.1
Moderate	424	26.2	410,271	24.0	56,162	13.7	296,203	17.3
Middle	478	29.5	531,884	31.1	31,810	6.0	329,535	19.3
Upper	541	33.4	625,585	36.6	16,961	2.7	707,199	41.3
Unknown	24	1.5	8,236	0.5	1,272	15.4	0	0.0
Total AA	1,620	100.0	1,711,313	100.0	141,446	8.3	1,711,313	100.0
	Housing Units by Tract	Housing Type by Tract						
		Owner-occupied			Rental		Vacant	
		#	% by tract	% by unit	#	% by unit	#	% by unit
Low	253,181	63,944	4.4	25.3	161,215	63.7	28,022	11.1
Moderate	677,620	292,134	20.0	43.1	328,675	48.5	56,811	8.4
Middle	834,357	475,577	32.5	57.0	304,624	36.5	54,156	6.5
Upper	893,499	626,939	42.8	70.2	215,819	24.2	50,741	5.7
Unknown	23,757	5,212	0.4	21.9	15,068	63.4	3,477	14.6
Total AA	2,682,414	1,463,806	100.0	54.6	1,025,401	38.2	193,207	7.2
	Total Businesses by Tract		Businesses by Tract & Revenue Size					
			Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported	
	#	%	#	%	#	%	#	%
Low	21,553	5.3	19,787	5.3	1,607	6.5	159	3.1
Moderate	79,108	19.6	72,547	19.4	5,858	23.5	703	13.8
Middle	125,107	31.0	116,111	31.0	7,707	30.9	1,289	25.3
Upper	174,855	43.3	162,621	43.5	9,334	37.5	2,900	57.0
Unknown	3,493	0.9	3,062	0.8	397	1.6	34	0.7
Total AA	404,116	100.0	374,128	100.0	24,903	100.0	5,085	100.0
Percentage of Total Businesses:				92.6		6.2		1.3
	Total Farms by Tract		Farms by Tract & Revenue Size					
			Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported	
	#	%	#	%	#	%	#	%
Low	78	2.4	77	2.4	1	2.7	0	0.0
Moderate	448	13.6	442	13.5	6	16.2	0	0.0
Middle	1,187	35.9	1,176	36.0	11	29.7	0	0.0
Upper	1,574	47.6	1,553	47.6	19	51.4	2	100.0
Unknown	17	0.5	17	0.5	0	0.0	0	0.0
Total AA	3,304	100.0	3,265	100.0	37	100.0	2	100.0
Percentage of Total Farms:				98.8		1.1		0.1
Source: 2022 FFIEC Census Data 2022 Dun & Bradstreet Data 2016-2020 U.S. Census Bureau: American Community Survey Note: Percentages may not total 100.0 percent due to rounding.								

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS

LENDING TEST

Veritex's lending test performance in the DFW Metropolitan AA is excellent. The bank's small business lending performance received greater weight, as this product represents the largest portion of lending in the AA. Lending activity reflects good responsiveness to the AA credit needs. The geographic distribution of loans reflects excellent penetration throughout the AA, and the distribution of loans reflects good penetration among borrowers of different income levels and businesses of different revenue sizes. Further, the bank makes a relatively high level of CD loans.

Lending Activity

The bank's lending activity reflects good responsiveness to the AA credit needs. Veritex originated 526 home mortgage and 2,020 small business loans in the AA between January 1, 2021, and December 31, 2022. The volume of lending decreased considerably over the review period. While the reduction in small business lending is primarily attributed to the conclusion of the PPP in 2021, the decrease in HMDA loan originations relates to the rise of inflation and interest rates in 2022. During the review period, the bank demonstrated flexible lending practices through its home mortgage loan product, VCB Home Plus, in which it extends closing cost assistance to borrowers purchasing their primary residence within specific census tracts in Tarrant, Dallas, and Harris counties.

Geographic Distribution of Loans

For this analysis, the geographic distribution of small business and HMDA lending was compared to available demographic information. Considering performance context, including aggregate lending and the weight placed on small business lending, the bank's geographic distribution of loans reflects excellent penetration throughout the AA. Veritex generally made loans in close proximity to its branches, and no conspicuous gaps or anomalies in the lending patterns were noted.

The bank's lending in middle- and upper-income geographies did not affect the conclusions reached about its lending performance in LMI geographies.

Residential Real Estate (HMDA) Lending

The geographic distribution of HMDA loans reflects good penetration throughout the AA despite the drastic decline in originations in 2022. The distribution of 2021 home mortgage loans among low-income census tracts surpassed aggregate data and the demographic figure, which is noteworthy. The decline in performance during 2022 is understandable given larger competitors in the AA and rising interest rates. Approximately half of the available housing units in the AA are owner-occupied and 4.4 percent are located in low-income census tracts. The bank's performance is influenced by limited inventory and a highly competitive lending market. In this AA, the bank's performance in moderate-income census tracts also falls behind the demographics, though it is comparable to aggregate.

Due to the nominal number of home improvement and multifamily loans originated by the bank, a meaningful analysis of these products could not be conducted.

Home Purchase Lending

The geographic distribution of home purchase lending is good. The distribution of home purchase loans among low-income census tracts in 2021 was slightly above aggregate lending data while performing similar to the demographic figure. Veritex's home purchase lending in moderate-income census tracts fell below aggregate data and the demographic figure.

In 2022, the bank only originated one home purchase loan in low-income census tracts, performing below aggregate lenders and the demographic figure. In moderate-income census tracts, Veritex's increased the number of home purchase loans; however, the performance remained below aggregate and demographic data.

Home Refinance Lending

The geographic distribution of home refinance lending is good. The distribution of home refinance loans among low-income census tracts in 2021 exceeded aggregate lending data as well as the percentage of owner-occupied units. In 2022, the bank's lending decreased, falling below its competitors.

While the bank's distribution of home refinance loans among moderate-income census tracts exceeded aggregate lenders' performance in 2021, it was comparable in 2022. Veritex's performance lagged demographics in both years; however, it is reasonable considering the high level of competition by regional and national lenders in the AA.

Distribution of 2021 and 2022 Home Mortgage Lending By Income Level of Geography Assessment Area: Dallas-Fort Worth (DFW) Metropolitan													
Geographic Income Level	Bank And Aggregate Loans By Year												Owner Occupied Units %
	2021						2022						
	Bank		Agg	Bank		Agg	Bank		Agg	Bank		Agg	
	#	##%	##%	\$(000)	##%	##%	#	##%	##%	\$(000)	##%	##%	
Home Purchase Loans													
Low	6	4.4	3.8	1,626	1.7	2.4	1	0.9	3.9	225	0.2	2.0	4.4
Moderate	13	9.6	13.4	3,273	3.5	9.6	15	13.4	14.1	5,374	5.0	9.6	20.0
Middle	27	20.0	35.5	12,058	12.8	29.9	23	20.5	36.3	9,175	8.5	31.4	32.5
Upper	89	65.9	47.0	77,114	82.0	57.8	72	64.3	45.2	91,296	84.9	56.5	42.8
Unknown	0	0.0	0.3	0	0.0	0.3	1	0.9	0.4	1,431	1.3	0.5	0.4
Total	135	100.0	100.0	94,071	100.0	100.0	112	100.0	100.0	107,501	100.0	100.0	100.0
Refinance Loans													
Low	7	5.2	1.9	1,316	2.0	1.4	0	0.0	2.6	0	0.0	1.4	4.4
Moderate	14	10.4	9.9	5,957	8.9	6.7	11	14.3	14.3	2,585	4.4	9.2	20.0
Middle	23	17.0	28.8	7,158	10.7	23.0	11	14.3	34.3	4,511	7.7	27.0	32.5
Upper	91	67.4	59.2	52,195	78.3	68.8	53	68.8	48.4	50,689	86.0	61.9	42.8
Unknown	0	0.0	0.1	0	0.0	0.1	2	2.6	0.4	1,150	2.0	0.5	0.4
Total	135	100.0	100.0	66,626	100.0	100.0	77	100.0	100.0	58,935	100.0	100.0	100.0
Home Improvement Loans													
Low	0	0.0	2.2	0	0.0	1.4	0	0.0	1.8	0	0.0	1.2	4.4
Moderate	2	40.0	9.3	170	31.6	6.6	1	11.1	9.5	150	8.3	7.0	20.0
Middle	2	40.0	23.0	226	42.0	18.1	2	22.2	24.7	326	18.0	19.4	32.5
Upper	1	20.0	65.4	142	26.4	73.9	6	66.7	63.6	1,331	73.7	72.0	42.8
Unknown	0	0.0	0.1	0	0.0	0.1	0	0.0	0.4	0	0.0	0.4	0.4
Total	5	100.0	100.0	538	100.0	100.0	9	100.0	100.0	1,807	100.0	100.0	100.0
Multifamily Loans													Multi-family Units %
Low	5	50.0	22.5	48,658	34.1	17.3	0	0.0	16.8	0	0.0	9.7	17.3
Moderate	3	30.0	34.2	77,113	54.1	23.7	4	57.1	34.9	3,380	12.8	25.8	29.3
Middle	1	10.0	25.9	15,000	10.5	31.0	1	14.3	24.6	788	3.0	33.9	28.4
Upper	1	10.0	17.1	1,825	1.3	27.2	2	28.6	21.8	22,158	84.2	28.8	22.9
Unknown	0	0.0	0.3	0	0.0	0.8	0	0.0	1.9	0	0.0	1.8	2.1
Total	10	100.0	100.0	142,596	100.0	100.0	7	100.0	100.0	26,326	100.0	100.0	100.0
Total Home Mortgage Loans													Owner Occupied Units %
Low	19	6.3	2.8	51,817	16.8	2.9	1	0.4	3.6	225	0.1	3.0	4.4
Moderate	36	12.0	11.7	87,113	28.2	9.1	32	14.2	14.1	11,524	5.5	11.7	20.0
Middle	53	17.6	31.8	34,442	11.2	26.6	43	19.1	35.0	17,177	8.2	30.5	32.5
Upper	192	63.8	53.5	134,879	43.7	61.2	146	64.9	46.8	178,737	85.0	54.1	42.8
Unknown	1	0.3	0.2	305	0.1	0.2	3	1.3	0.4	2,581	1.2	0.7	0.4
Total	301	100.0	100.0	308,556	100.0	100.0	225	100.0	100.0	210,244	100.0	100.0	100.0
Source: 2022 FFIEC Census Data													
2016-2020 U.S. Census Bureau: American Community Survey													
Note: Percentages may not total 100.0 percent due to rounding.													

Small Business Lending

The geographic distribution of small business lending reflects excellent penetration throughout the AA. The bank's small business lending among low-income census tracts in 2021 exceeds aggregate lenders' performance and the percentage of businesses located in these geographies. In 2022, the volume of the bank's small business loan originations declined, lagging demographic data and aggregate performance. While the lending performance is inconsistent among the years evaluated, Veritex's participation in the PPP reflects favorably, as it is responsive to the credit

needs of small businesses in the AA. Further, the decline in loan originations is reasonable given the rising interest rates environment.

The bank's small business lending performance in moderate-income geographies exceeded aggregate lending data in 2021 and 2022. Despite the decrease in the number of small business loans originated in moderate-income geographies in 2022, Veritex's performance increased, outperforming the demographic figure. A community contact expressed that there is still ample need for small business loans within the AA. The bank's performance demonstrates responsiveness to the credit needs of the AA.

Distribution of 2021 and 2022 Small Business Lending By Income Level of Geography Assessment Area: Dallas-Fort Worth (DFW) Metropolitan													
Geographic Income Level	Bank And Aggregate Loans By Year												Total Businesses %
	2021						2022						
	Bank		Agg	Bank		Agg	Bank		Agg	Bank		Agg	
	#	#%	#%	\$(000)	%	%	#	#%	#%	\$(000)	%	%	
Low	134	9.2	7.1	21,569	9.9	8.4	12	2.1	4.4	2,587	2.3	4.8	5.3
Moderate	282	19.4	18.9	60,903	27.9	21.7	134	23.7	18.1	24,051	21.7	18.7	19.6
Middle	342	23.5	25.9	45,741	20.9	24.1	117	20.7	29.5	21,859	19.7	28.6	31.0
Upper	682	46.9	46.9	87,080	39.9	44.4	299	52.9	46.7	61,198	55.2	46.8	43.3
Unknown	13	0.9	0.6	3,183	1.5	1.3	3	0.5	0.9	1,194	1.1	1.0	0.9
Total	1,453	100.0	100.0	218,476	100.0	100.0	565	100.0	100.0	110,889	100.0	100.0	100.0
Source: 2022 FFIEC Census Data 2022 Dun & Bradstreet Data 2016-2020 U.S. Census Bureau: American Community Survey Note: Percentages may not total 100.0 percent due to rounding.													

Lending to Borrowers of Different Income Levels and Businesses of Different Sizes

Veritex's distribution of lending to borrowers reflects a good penetration among individuals of different income levels and businesses of different revenue sizes. While the bank's HMDA lending to LMI borrowers underperformed when compared to aggregate data, lending performance to small businesses was good and carried more weight when arriving to the overall conclusion. The lending distribution to middle- and upper-income borrowers did not affect conclusions about the bank's performance to LMI borrowers.

Residential Real Estate (HMDA) Lending

HMDA lending by borrower income in the AA is poor when compared to demographic data as well as the performance of aggregate HMDA lenders.

Veritex's home mortgage lending to low-income borrowers fell below that of aggregate lenders in the AA, originating one loan in 2022 and no loans in 2021. During the review period, the bank's lending performance to moderate-income borrowers increased; however, it trailed that of competitors within the AA. The review of aggregate performance for LMI families reflects that Veritex also lagged demographics. The performance of aggregate lenders serves as an indicator of loan demand, as not every LMI family in the AA may need a HMDA loan. With rising interest rates, increased cost burden of home ownership in the area, and competitive lending market, the bank's nominal lending is reasonable.

Distribution of 2021 and 2022 Home Mortgage Lending By Borrower Income Level													
Assessment Area: Dallas-Fort Worth (DFW) Metropolitan													
Borrower Income Level	Bank And Aggregate Loans By Year												Families by Family Income %
	2021						2022						
	Bank		Agg	Bank		Agg	Bank		Agg	Bank		Agg	
	#	#%	#%	\$(000)	%	%	#	#%	#%	\$(000)	%	%	
Home Purchase Loans													
Low	0	0.0	2.8	0	0.0	1.4	1	0.9	2.1	100	0.1	0.9	22.1
Moderate	9	6.7	14.8	2,138	2.3	10.2	4	3.6	12.6	1,010	0.9	7.9	17.3
Middle	13	9.6	19.9	3,095	3.3	17.4	10	8.9	21.8	2,622	2.4	18.1	19.3
Upper	83	61.5	39.8	72,733	77.3	51.1	65	58.0	44.0	83,026	77.2	55.2	41.3
Unknown	30	22.2	22.6	16,105	17.1	20.0	32	28.6	19.5	20,743	19.3	17.8	0.0
Total	135	100.0	100.0	94,071	100.0	100.0	112	100.0	100.0	107,501	100.0	100.0	100.0
Refinance Loans													
Low	1	0.7	3.3	78	0.1	1.6	1	1.3	7.7	75	0.1	3.8	22.1
Moderate	7	5.2	11.1	1,128	1.7	6.9	3	3.9	16.9	442	0.7	10.8	17.3
Middle	14	10.4	17.4	2,965	4.5	13.7	5	6.5	21.2	1,362	2.3	17.0	19.3
Upper	89	65.9	46.1	55,263	82.9	55.6	49	63.6	41.1	43,335	73.5	53.9	41.3
Unknown	24	17.8	22.1	7,192	10.8	22.2	19	24.7	13.1	13,721	23.3	14.4	0.0
Total	135	100.0	100.0	66,626	100.0	100.0	77	100.0	100.0	58,935	100.0	100.0	100.0
Home Improvement Loans													
Low	0	0.0	4.1	0	0.0	2.2	0	0.0	4.9	0	0.0	3.0	22.1
Moderate	1	20.0	9.1	70	13.0	6.2	1	11.1	8.9	105	5.8	5.6	17.3
Middle	1	20.0	15.0	130	24.2	12.0	0	0.0	16.2	0	0.0	11.3	19.3
Upper	2	40.0	69.1	238	44.2	75.7	5	55.6	67.3	965	53.4	76.4	41.3
Unknown	1	20.0	2.7	100	18.6	3.8	3	33.3	2.7	737	40.8	3.7	0.0
Total	5	100.0	100.0	538	100.0	100.0	9	100.0	100.0	1,807	100.0	100.0	100.0
Total Home Mortgage Loans													
Low	1	0.3	3.1	78	0.0	1.5	3	1.4	3.8	200	0.1	1.6	22.1
Moderate	21	7.2	12.6	3,936	2.4	8.5	11	5.0	13.4	2,067	1.1	8.4	17.3
Middle	30	10.3	18.4	6,781	4.1	15.4	16	7.3	21.0	4,019	2.2	17.5	19.3
Upper	183	62.9	43.3	131,551	79.3	53.5	134	61.5	44.0	142,431	77.4	55.3	41.3
Unknown	56	19.2	22.6	23,614	14.2	21.2	54	24.8	17.8	35,201	19.1	17.0	0.0
Total	291	100.0	100.0	165,960	100.0	100.0	218	100.0	100.0	183,918	100.0	100.0	100.0
Source: 2022 FFIEC Census Data													
2016-2020 U.S. Census Bureau: American Community Survey													
Note: Percentages may not total 100.0 percent due to rounding.													
Multifamily loans are not included in the borrower distribution analysis.													

Small Business Lending

Considering the bank's performance when compared to the aggregate, the distribution of lending to businesses of different revenue sizes is good. During the review period, 92.6 percent of AA businesses reported annual revenues of \$1 million or less, indicating significant opportunities to lend to small businesses. While Veritex did not perform at the level of the demographic figure, it outperformed aggregate lending in 2021 and fell just below aggregate in 2022. A community contact noted small business lending as a credit need within the AA. As such, Veritex's lending to small businesses in 2021 and 2022 demonstrates responsiveness to the AA credit needs.

Distribution of 2021 and 2022 Small Business Lending By Revenue Size of Businesses Assessment Area: Dallas-Fort Worth (DFW) Metropolitan													
	Bank And Aggregate Loans By Year												Total Businesses %
	2021						2022						
	Bank		Agg	Bank		Agg	Bank		Agg	Bank		Agg	
	#	%	%	\$(000)	%	%	#	%	%	\$(000)	%	%	
By Revenue													
\$1 Million or Less	823	56.6	42.9	77,730	35.6	26.9	262	46.4	49.2	34,066	30.7	33.1	92.6
Over \$1 Million	459	31.6		121,381	55.6		251	44.4		69,139	62.3		6.2
Revenue Unknown	171	11.8		19,365	8.9		52	9.2		7,684	6.9		1.3
Total	1,453	100.0		218,476	100.0		565	100.0		110,889	100.0		100.0
By Loan Size													
\$100,000 or Less	906	62.4	92.5	36,722	16.8	37.1	315	55.8	94.5	14,924	13.5	41.5	
\$100,001 - \$250,000	305	21.0	4.1	52,638	24.1	17.3	122	21.6	2.9	22,799	20.6	15.1	
\$250,001 - \$1 Million	242	16.7	3.4	129,116	59.1	45.6	128	22.7	2.6	73,166	66.0	43.4	
Total	1,453	100.0	100.0	218,476	100.0	100.0	565	100.0	100.0	110,889	100.0	100.0	
By Loan Size and Revenues \$1 Million or Less													
\$100,000 or Less	629	76.4		23,749	30.6		183	69.8		7,828	23.0		
\$100,001 - \$250,000	132	16.0		22,133	28.5		48	18.3		8,953	26.3		
\$250,001 - \$1 Million	62	7.5		31,848	41.0		31	11.8		17,285	50.7		
Total	823	100.0		77,730	100.0		262	100.0		34,066	100.0		
Source: 2022 FFIEC Census Data 2022 Dun & Bradstreet Data 2016-2020 U.S. Census Bureau: American Community Survey Note: Percentages may not total 100.0 percent due to rounding.													

Community Development Lending

Veritex makes a relatively high level of CD loans in the AA. The table below illustrates the types of CD loans the bank originated during the review period. Examples of the bank's CD lending activities that were considered responsive to the AA credit needs include:

- A \$5.0 million loan to a daycare organization that employs 45 LMI individuals, and
- A \$4.2 million loan to purchase a business that will retain 40 employees and hire three more.

Community Development Lending Assessment Area: Dallas-Fort Worth (DFW) Metropolitan		
Purpose	#	\$000s
Affordable Housing	0	0
Community Services	1	4,000
Economic Development	7	21,968
Revitalization and Stabilization	7	147,106
Total	15	173,074

INVESTMENT TEST

Veritex has an excellent level of qualified CD investments and grants, particularly those not routinely provided by private investors, often positioning the bank as a leader. Veritex invested primarily in activities focused on community services and affordable housing, which demonstrates the bank's continued responsiveness to the needs of the community. A majority of the bank's investments, by dollar and number, target school districts with a community service purpose. The table below reflects investments made by the bank during the review period.

Investment, Grants, and Donations Assessment Area: Dallas-Fort Worth (DFW) Metropolitan								
Community Development Purpose	Prior Period Investments ¹		Current Investments ²		Donations		Total	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Affordable Housing	8	14,528	2	10,000	27	202	37	24,730
Community Services	11	23,020	2	5,745	75	763	88	29,528
Economic Development	4	10,990	0	0	38	84	42	11,074
Revitalization and Stabilization	1	250	0	0	7	23	8	273
Total	24	48,788	4	15,745	147	1,072	175	65,605
¹ Book value of investment								
² Original market value of investment								

SERVICE TEST

Veritex's service test performance is good. Accessibility of delivery systems, record of opening and closing branches, and reasonableness of business hours and services reflect the bank's commitment and responsiveness to the needs of the AA. Additionally, the bank is a leader in providing CD services during the review period.

Retail Services

The bank's delivery systems are accessible to the AA geographies and individuals of different income levels. The distribution of Veritex's 18 branch offices and three full-service ATMs as of December 31, 2023, was compared to the distribution of the population and businesses among the tract categories within the AA. The table below summarizes the bank's retail locations in the AA.

Branch and Full-Service ATM Locations Assessment Area: Dallas-Fort Worth (DFW) Metropolitan							
Tract Income	% of Geographies	% of Population	% of Businesses	Branches		Full-Service ATMs	
				#	%	#	%
Low	9.4	9.0	5.3	1	5.6	1	33.3
Moderate	26.2	24.9	19.5	5	27.8	1	33.3
Middle	29.5	31.3	31.0	5	27.8	1	33.3
Upper	33.4	33.9	43.3	7	38.9	0	0.0
Unknown	1.5	0.8	0.9	0	0.0	0	0.0
Total	100.0	100.0	100.0	18	100.0	3	100.0

* Note percentages may not total 100.0 due to rounding

The bank opened one branch in a low-income census tract and closed two branches (one in a moderate- and one in an unknown-income census tract) in the AA. The bank's record of opening or closing branches has not adversely affected the accessibility of its delivery systems, including to LMI income geographies. Banking services and hours of operations do not vary in a way that inconveniences the AA, particularly in LMI geographies or to LMI individuals.

Community Development Services

Veritex is a leader in providing CD services in the AA, extending 752 services totaling 2,034 hours during the review period. As illustrated in the table below, Veritex focused on providing community services, specifically partnering with organizations to extend financial education to LMI individuals within the bank's AA. In addition to these hours, the bank offered services focused on economic development. Noteworthy partnerships are noted below.

- The bank partnered with Watermark Community Development Corporation (CDC), which is located in South Dallas. The organization creates sustainable change through financial empowerment, career development, and supporting small business growth. Veritex employees actively serve on the CDC's board of directors and advisory board as well as assist in teaching financial literacy classes.
- Veritex partnered with The Wilkinson Center, an organization that assists families who are facing critical life challenges such as a food insecurity, lack of education, economic instability, unemployment, and underemployment, to extend financial literacy workshops.

Community Development Services			
Assessment Area: Dallas-Fort Worth (DFW) Metropolitan			
Purpose	Total Services	Total Hours	Total Organizations
Affordable Housing	19	96	5
Community Services	602	1,792	71
Economic Development	123	127	10
Revitalization and Stabilization	8	19	2
Total	752	2,034	88

HOUSTON, TEXAS METROPOLITAN STATISTICAL AREA ASSESSMENT AREA
 (Full-Scope Review)

DESCRIPTION OF THE INSTITUTION'S OPERATIONS IN THE HOUSTON, TX MSA ASSESSMENT AREA

The Houston MSA AA consists of the entirety of the Houston-The Woodlands-Sugar Land, TX MSA, including the counties of Austin, Brazoria, Chambers, Fort Bend, Galveston, Harris, Liberty, Montgomery, and Waller. Refer to Appendix A for an AA map and Appendix B for additional demographic data.

- There have been no changes to the AA since the previous evaluation.
- As of July 21, 2023, the Office of Management and Budget added San Jacinto County, TX to the MSA and renamed it the Houston-Pasadena-The Woodlands, TX MSA. This change became effective after the end of the lending review period; thus, it is not reflected in the analysis.
- The AA includes 216 low-income, 402 moderate-income, 426 middle-income, 510 upper-income, and 52 unknown-income census tracts.
- Veritex operates 10 branches in the AA, representing 34.5 percent of its total branches. Since the previous evaluation, the bank has not opened or closed any branches in the AA.
- As of June 30, 2023, the FDIC Deposit Market Share Report indicates that the bank has a 0.5 percent market share, ranking 22nd out of the 104 FDIC-insured depository institutions operating in the AA. JPMorgan Chase Bank, N.A. holds the largest market share, at 48.3 percent.
- In 2022, Veritex ranked 196th among the 1,033 institutions that originated or purchased 183,247 HMDA-reportable loans in the AA, originating 94 or 0.1 percent of total loans. Additionally, the bank ranked 61st among 276 institutions that originated or purchased CRA-reportable loans, originating 180 of the 222,765 or 0.1 percent of CRA-reportable loans in the AA.
- A representative from an economic development organization identified access to credit for small businesses and affordable housing as AA needs. The contact also stated that the AA could benefit from more job opportunities.

Population Change			
Assessment Area: Houston MSA			
Area	2015 Population	2020 Population	Percent Change
Houston MSA	6,346,653	7,122,240	12.2
Austin County, TX	28,886	30,167	4.4
Brazoria County, TX	331,741	372,031	12.1
Chambers County, TX	37,251	46,571	25.0
Fort Bend County, TX	658,331	822,779	25.0
Galveston County, TX	308,163	350,682	13.8
Harris County, TX	4,356,362	4,731,145	8.6
Liberty County, TX	77,486	91,628	18.3
Montgomery County, TX	502,586	620,443	23.5
Waller County, TX	45,847	56,794	23.9
Texas	26,538,614	29,145,505	9.8
Source: 2011-2015 U.S. Census Bureau American Community Survey 2020 U.S. Census Bureau Decennial Census			

- As highlighted in the table above, the AA population experienced significant growth between 2015 and 2020, exceeding the statewide population growth rate.
- The counties of Fort Bend and Chambers experienced the greatest population growth within the five-year period, both experiencing a 25.0 percent increase.
- A community contact attributed the significant population growth to numerous California residents relocating to the area due to the affordability of housing.

Median Family Income Change Assessment Area: Houston MSA			
Area	2015 Median Family Income	2020 Median Family Income	Percent Change
Houston MSA	75,795	81,859	8.0
Austin County, TX	75,043	80,144	6.8
Brazoria County, TX	89,293	96,168	7.7
Chambers County, TX	92,002	116,398	26.5
Fort Bend County, TX	108,399	109,870	1.4
Galveston County, TX	84,895	94,795	11.7
Harris County, TX	67,969	73,274	7.8
Liberty County, TX	62,970	62,605	-0.6
Montgomery County, TX	88,680	99,511	12.2
Waller County, TX	69,929	76,329	9.2
Texas	68,523	76,073	11.0
<i>Source: 2011 - 2015 U.S. Census Bureau American Community Survey</i> <i>2016 - 2020 U.S. Census Bureau American Community Survey</i> <i>Note: Median family incomes have been inflation-adjusted and are expressed in 2020 dollars.</i>			

- According to 2020 ACS estimates, the AA has 1,702,047 families, of which approximately 33.2 percent are classified as LMI.
- Approximately 10.6 percent of the AA families live below the poverty level, which is slightly below the family poverty rate for the state of Texas, at 10.9 percent.
- Despite the increase in the AA MFI between 2015 and 2020 was below the increase experienced statewide, the AA MFI exceeds the MFI for the state of Texas by 7.6 percent.

Housing Cost Burden Assessment Area: Houston MSA						
Area	Cost Burden - Renters			Cost Burden – Owners		
	Low Income	Moderate Income	All Renters	Low Income	Moderate Income	All Owners
Houston MSA	81.2	46.2	44.6	59.8	35.9	19.5
Austin County, TX	76.5	14.2	42.7	45.7	34.1	18.8
Brazoria County, TX	76.3	32.9	39.4	49.4	28.2	16.9
Chambers County, TX	75.4	13.8	41.2	65.2	38.9	19.1
Fort Bend County, TX	76.6	65.7	41.8	70.8	48.2	19.8
Galveston County, TX	80.2	47.0	43.6	59.6	32.1	17.8
Harris County, TX	82.0	45.4	45.7	60.7	35.9	20.3
Liberty County, TX	71.9	25.0	43.8	47.3	17.4	18.8
Montgomery County, TX	80.2	52.3	38.4	54.8	35.5	17.4
Waller County, TX	66.8	44.0	43.2	61.6	32.5	18.9
Texas	78.3	44.6	42.7	57.3	31.0	19.0
<i>Cost burden is housing cost that equals 30 percent or more of household income</i> <i>Source: U.S. Department of Housing and Urban Development (HUD), 2016-2020 Comprehensive Housing Affordability Strategy</i>						

- As displayed in the table above, the housing cost burden for LMI individuals in the AA is higher than the statewide average, for both renters and homeowners. Moreover, the cost burden of LMI renters exceeds that of LMI homeowners.
- The AA contained 2,646,682 housing units, with a median age of 36 years. Of the total number of units, 55.4 percent were owner-occupied, 35.6 percent were rental units, and 9.0 percent were vacant. Of the owner-occupied units, 4.9 percent were located in low-, 20.0 percent in moderate-, 30.7 percent in middle-, 43.5 percent in upper- and 0.8 in unknown-income census tracts.
- A community contact noted that the housing in the Houston MSA is generally more affordable than in other regions of the nation; however, many investors have purchased rental properties and increase rental payments, exacerbating gentrification in the AA.

Unemployment Rates					
Assessment Area: Houston MSA					
Area	2018	2019	2020	2021	2022
Houston MSA	4.4	3.8	8.7	6.3	4.2
Austin County, TX	3.7	3.4	6.7	5.5	3.9
Brazoria County, TX	4.6	4.2	8.6	6.8	4.5
Chambers County, TX	5.4	4.5	9.4	8.1	5.3
Fort Bend County, TX	4.0	3.5	7.6	5.9	3.9
Galveston County, TX	4.7	4.1	8.8	6.6	4.4
Harris County, TX	4.4	3.9	9.0	6.4	4.2
Liberty County, TX	5.9	5.0	10.5	9.0	5.8
Montgomery County, TX	3.8	3.4	7.5	5.8	3.9
Waller County, TX	4.3	3.8	7.6	6.3	4.3
Texas	3.9	3.5	7.7	5.6	3.9
<i>Source: Bureau of Labor Statistics (BLS), Local Area Unemployment Statistics</i>					

- While the AA and statewide unemployment rates declined between 2018 and 2019, they more than doubled in 2020 due to the COVID-19 pandemic. As the pandemic eased, unemployment rates declined steadily, reaching pre-pandemic levels in 2022.
- According to the BLS, the largest industries by number of employees in the AA include transportation and warehousing, health care and social assistance services, retail trade, and accommodation and food services.
- The largest employers in the AA are Exxon Mobil Corp., Shell Oil Co., Chervon Corp., and Halliburton Co.

The table below provides additional demographic data about the AA.

2022 Houston MSA AA Demographics									
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income		
	#	%	#	%	#	%	#	%	
Low	216	13.4	168,778	9.9	54,264	32.2	402,006	23.6	
Moderate	402	25.0	396,918	23.3	63,674	16.0	282,843	16.6	
Middle	426	26.5	492,117	28.9	37,410	7.6	304,115	17.9	
Upper	510	31.8	625,116	36.7	21,264	3.4	713,083	41.9	
Unknown	52	3.2	19,118	1.1	4,477	23.4	0	0.0	
Total AA	1,606	100.0	1,702,047	100.0	181,089	10.6	1,702,047	100.0	
	Housing Units by Tract	Housing Type by Tract							
		Owner-occupied			Rental		Vacant		
		#	%by tract	%by unit	#	%by unit	#	%by unit	
Low	298,670	72,313	4.9	24.2	188,837	63.2	37,520	12.6	
Moderate	636,749	294,033	20.0	46.2	281,609	44.2	61,107	9.6	
Middle	745,932	450,622	30.7	60.4	229,757	30.8	65,553	8.8	
Upper	917,119	637,356	43.5	69.5	212,416	23.2	67,347	7.3	
Unknown	48,212	12,289	0.8	25.5	28,761	59.7	7,162	14.9	
Total AA	2,646,682	1,466,613	100.0	55.4	941,380	35.6	238,689	9.0	
	Total Businesses by Tract		Businesses by Tract & Revenue Size						
			Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported		
	#	%	#	%	#	%	#	%	
Low	32,716	8.7	29,630	8.6	2,846	11.5	240	5.2	
Moderate	74,887	20.0	68,335	19.8	5,934	23.9	618	13.5	
Middle	96,428	25.7	89,767	26.0	5,702	22.9	959	21.0	
Upper	164,689	43.9	152,218	44.0	9,800	39.4	2,671	58.4	
Unknown	6,387	1.7	5,734	1.7	569	2.3	84	1.8	
Total AA	375,107	100.0	345,684	100.0	24,851	100.0	4,572	100.0	
Percentage of Total Businesses:					92.2		6.6		1.2
	Total Farms by Tract		Farms by Tract & Revenue Size						
			Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported		
	#	%	#	%	#	%	#	%	
Low	87	3.1	84	3.1	3	6.0	0	0.0	
Moderate	447	16.0	427	15.6	19	38.0	1	16.7	
Middle	891	31.9	875	31.9	12	24.0	4	66.7	
Upper	1,338	47.8	1,322	48.2	15	30.0	1	16.7	
Unknown	34	1.2	33	1.2	1	2.0	0	0.0	
Total AA	2,797	100.0	2,741	100.0	50	100.0	6	100.0	
Percentage of Total Farms:					98.0		1.8		0.2
Source: 2022 FFIEC Census Data 2022 Dun & Bradstreet Data 2016-2020 U.S. Census Bureau: American Community Survey Note: Percentages may not total 100.0 percent due to rounding.									

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS

LENDING TEST

Veritex's lending test performance in the Houston MSA AA is good. Lending activity reflects good responsiveness to the AA credit needs as well as good geographic distribution of loans throughout the AA and good loan distribution to borrowers of different income levels and businesses of different revenue sizes. The bank makes an adequate level of CD loans.

Lending Activity

The bank's lending activity reflects good responsiveness to the AA credit needs. During the review period, Veritex extended 152 HMDA and 625 small business loans in the AA. The bank's loan origination volumes are consistent with the AA credit needs and to align with the bank's strategic focus on commercial lending.

Geographic Distribution of Loans

For this analysis, the geographic distribution of small business and HMDA lending was compared to demographic information and aggregate lending data while considering performance context. Greater weight was placed on the bank's small business lending performance, as it represents a larger portion of the lending extended in the AA.

The bank's geographic distribution of loans reflects good penetration throughout the AA. Veritex generally made its loans in close proximity to its branches, with no conspicuous gaps or anomalies in the lending patterns noted. The distribution of the bank's lending in middle- and upper-income geographies did not affect the conclusions reached about the performance in LMI geographies.

Residential Real Estate (HMDA) Lending

The geographic distribution of HMDA loans reflects excellent penetration throughout the AA given Veritex's performance in comparison to demographic and aggregate data and in consideration of performance context. The bank's lending performance in the low-income tracts exceeded both aggregate lenders and the demographic figure despite containing the smallest percentage of owner-occupied units in the AA.

Veritex's home mortgage lending performance in moderate-income census tracts more than doubled the performance of aggregate lenders in 2021, while falling slightly below aggregate in 2022. While the percentage of originations declined during the review period, the bank still managed to perform comparable to aggregate lenders.

Home Purchase Lending

The geographic distribution of home purchase lending is excellent. The AA low-income census tracts contain 4.9 percent of owner-occupied units, reflecting limited opportunity to extending mortgage loans in these geographies. The bank's 2021 and 2022 distribution of home purchase loans among LMI census tracts exceeded aggregate lending data and the percentage of owner-occupied housing units located in such tracts. Although the volume of originations decreased over the review period, the bank still managed to outperform aggregate lenders.

Home Refinance Lending

The geographic distribution of the bank's home refinance loans among LMI census tracts is good. Among low-income census tracts, Veritex originated one refinance loan in each year, displaying comparable performance to that of aggregate lenders. The bank originated significantly more home refinance loans in moderate-income census tracts in 2021, outperforming aggregate lenders. In 2022, the bank's performance experienced a steep decline in originations. Veritex and aggregate lenders remained below the demographic figure for the review period, which is considered reasonable given the rising interest rates environment.

Distribution of 2021 and 2022 Home Mortgage Lending By Income Level of Geography													
Assessment Area: Houston MSA													
Geographic Income Level	Bank And Aggregate Loans By Year												Owner Occupied Units %
	2021						2022						
	Bank		Agg	Bank		Agg	Bank		Agg	Bank		Agg	
	#	%	%	\$(000)	%	%	#	%	%	\$(000)	%	%	
Home Purchase Loans													
Low	5	7.5	2.9	1,218	3.0	2.2	3	6.1	3.5	591	2.0	2.4	4.9
Moderate	19	28.4	14.3	5,167	12.7	10.3	8	16.3	15.6	1,892	6.5	11.1	20.0
Middle	8	11.9	28.3	3,115	7.7	22.8	4	8.2	31.0	1,829	6.3	26.8	30.7
Upper	35	52.2	54.3	31,180	76.6	64.6	33	67.3	49.0	24,341	83.9	58.9	43.5
Unknown	0	0.0	0.1	0	0.0	0.1	1	2.0	0.9	356	1.2	0.8	0.8
Total	67	100.0	100.0	40,680	100.0	100.0	49	100.0	100.0	29,009	100.0	100.0	100.0
Refinance Loans													
Low	1	1.7	2.0	138	0.6	1.5	1	3.6	3.0	339	1.7	2.0	4.9
Moderate	15	25.0	10.2	2,439	10.8	7.2	2	7.1	15.4	294	1.5	10.4	20.0
Middle	3	5.0	24.8	1,473	6.5	19.2	5	17.9	31.3	1,771	8.9	25.1	30.7
Upper	41	68.3	62.9	18,616	82.1	72.0	20	71.4	49.4	17,562	88.0	61.7	43.5
Unknown	0	0.0	0.0	0	0.0	0.0	0	0.0	0.8	0	0.0	0.7	0.8
Total	60	100.0	100.0	22,666	100.0	100.0	28	100.0	100.0	19,966	100.0	100.0	100.0
Home Improvement Loans													
Low	0	0.0	2.5	0	0.0	1.9	0	0.0	2.9	0	0.0	2.2	4.9
Moderate	1	100.0	12.1	101	100.0	9.2	0	0.0	11.3	0	0.0	8.3	20.0
Middle	0	0.0	19.3	0	0.0	14.8	1	50.0	23.5	194	45.5	19.4	30.7
Upper	0	0.0	66.1	0	0.0	74.0	1	50.0	61.6	232	54.5	69.4	43.5
Unknown	0	0.0	0.0	0	0.0	0.0	0	0.0	0.7	0	0.0	0.7	0.8
Total	1	100.0	100.0	101	100.0	100.0	2	100.0	100.0	426	100.0	100.0	100.0
Multifamily Loans													Multi-family Units %
Low	4	28.6	22.2	21,680	8.9	16.9	4	26.7	19.1	65,283	39.8	12.3	
Moderate	5	35.7	30.6	81,518	33.6	22.8	5	33.3	28.8	6,574	4.0	20.1	26.6
Middle	1	7.1	21.0	34,139	14.1	21.4	3	20.0	23.0	29,234	17.8	28.4	21.3
Upper	4	28.6	26.0	105,253	43.4	38.2	3	20.0	25.9	62,907	38.4	33.9	25.2
Unknown	0	0.0	0.2	0	0.0	0.9	0	0.0	3.2	0	0.0	5.3	4.1
Total	14	100.0	100.0	242,590	100.0	100.0	15	100.0	100.0	163,998	100.0	100.0	100.0
Total Home Mortgage Loans													Owner Occupied Units %
Low	10	6.6	2.5	23,036	7.5	2.7	9	8.9	3.4	66,364	30.5	3.6	
Moderate	43	28.5	12.6	89,776	29.1	9.7	15	14.9	15.5	8,760	4.0	12.1	20.0
Middle	12	7.9	26.7	38,727	12.5	21.3	14	13.9	30.8	33,113	15.2	26.6	30.7
Upper	86	57.0	58.1	157,130	50.9	66.1	62	61.4	49.4	108,894	50.1	56.4	43.5
Unknown	0	0.0	0.1	0	0.0	0.1	1	1.0	0.9	356	0.2	1.4	0.8
Total	151	100.0	100.0	308,669	100.0	100.0	101	100.0	100.0	217,487	100.0	100.0	100.0
Source: 2022 FFIEC Census Data													
2016-2020 U.S. Census Bureau: American Community Survey													
Note: Percentages may not total 100.0 percent due to rounding.													

Small Business Lending

Veritex's geographic distribution of small business lending reflects good dispersion throughout the AA when compared to demographic and aggregate data and in consideration of the level of competition. The bank's originations to businesses located in low-income census tracts remained below aggregate during the review period. The performance of aggregate lenders also declined in 2022, which reflects a decrease in loan demand.

The number of small business loans originated in moderate-income census tracts declined in 2022. The overall decline in small business lending in the AA is attributed to rising interest rates and high level of competition. The bank's performance trailed aggregate data and the demographic figure in both years. Despite the decrease in number of originations in 2022, the bank was able to reduce the gap between its performance and the aggregate lenders'.

Distribution of 2021 and 2022 Small Business Lending By Income Level of Geography Assessment Area: Houston MSA												
Geographic Income Level	Bank And Aggregate Loans By Year											
	2021						2022					
	Bank		Agg	Bank		Agg	Bank		Agg	Bank		Agg
	#	%	%	\$(000)	%	%	#	%	%	\$(000)	%	%
Low	33	7.4	9.3	9,637	10.0	11.7	12	6.7	7.8	4,785	7.8	9.2
Moderate	59	13.3	18.5	17,845	18.5	19.7	29	16.1	18.6	12,761	20.7	20.7
Middle	108	24.3	24.2	26,171	27.1	23.1	32	17.8	25.7	12,077	19.6	24.5
Upper	245	55.1	47.3	43,059	44.5	45.3	102	56.7	45.9	30,788	50.0	43.9
Unknown	0	0.0	0.1	0	0.0	0.1	5	2.8	1.5	1,151	1.9	1.5
Total	445	100.0	100.0	96,712	100.0	100.0	180	100.0	100.0	61,562	100.0	100.0

Source: 2022 FFIEC Census Data
2022 Dun & Bradstreet Data
2016-2020 U.S. Census Bureau: American Community Survey
Note: Percentages may not total 100.0 percent due to rounding.

Lending to Borrowers of Different Income Levels and Businesses of Different Sizes

The bank's lending to borrowers of different income levels and businesses of different revenue sizes reflects a good distribution. While Veritex's HMDA lending reflected poor distribution among borrowers of different income levels, the distribution and dispersion of small business loans was good and carried more weight when reaching a rating. The distribution of the bank's lending to middle- and upper-income borrowers did not affect conclusions about Veritex's lending performance to LMI borrowers.

Residential Real Estate (HMDA) Lending

The bank's HMDA lending by borrower income in the AA is poor when compared to demographic characteristics and the performance of aggregate HMDA lenders. The bank originated a nominal number of loans to low-income borrowers in 2021 and 2022, falling below aggregate data. Moreover, the bank and aggregate lenders trailed demographics. While the bank originated more home mortgage loans to moderate-income borrowers, its performance lagged aggregate lenders' performance. Moreover, both lagged the percentage of families classified as moderate-income in the AA, which may be an indication of low loan demand during the review period driven by

higher-than-state-level cost-burden for home ownership in the area and the rising interest rates environment.

Distribution of 2021 and 2022 Home Mortgage Lending By Borrower Income Level													
Assessment Area: Houston MSA													
Borrower Income Level	Bank And Aggregate Loans By Year												Families by Family Income %
	2021						2022						
	Bank		Agg	Bank		Agg	Bank		Agg	Bank		Agg	
	#	#%	#%	\$(000)	%	%	#	#%	#%	\$(000)	%	%	
Home Purchase Loans													
Low	0	0.0	2.3	0	0.0	1.1	0	0.0	2.8	0	0.0	1.2	23.6
Moderate	2	3.0	14.2	478	1.2	9.5	1	2.0	14.6	218	0.8	9.3	16.6
Middle	1	1.5	20.4	408	1.0	17.0	7	14.3	21.2	1,941	6.7	17.4	17.9
Upper	36	53.7	40.8	21,329	52.4	52.8	25	51.0	42.2	18,427	63.5	53.4	41.9
Unknown	28	41.8	22.3	18,465	45.4	19.5	16	32.7	19.2	8,423	29.0	18.6	0.0
Total	67	100.0	100.0	40,680	100.0	100.0	49	100.0	100.0	29,009	100.0	100.0	100.0
Refinance Loans													
Low	1	1.7	2.4	859	3.8	1.1	0	0.0	6.9	0	0.0	3.5	23.6
Moderate	6	10.0	9.3	749	3.3	5.6	1	3.6	16.7	236	1.2	10.8	16.6
Middle	4	6.7	16.6	835	3.7	12.2	1	3.6	21.1	140	0.7	16.5	17.9
Upper	34	56.7	48.6	16,404	72.4	58.6	17	60.7	42.0	12,757	63.9	54.8	41.9
Unknown	15	25.0	23.0	3,819	16.8	22.5	9	32.1	13.3	6,833	34.2	14.4	0.0
Total	60	100.0	100.0	22,666	100.0	100.0	28	100.0	100.0	19,966	100.0	100.0	100.0
Home Improvement Loans													
Low	0	0.0	4.4	0	0.0	2.3	0	0.0	5.3	0	0.0	3.2	23.6
Moderate	0	0.0	8.6	0	0.0	6.0	0	0.0	11.1	0	0.0	7.8	16.6
Middle	0	0.0	15.7	0	0.0	12.1	0	0.0	16.5	0	0.0	12.2	17.9
Upper	0	0.0	68.8	0	0.0	75.9	0	0.0	65.0	0	0.0	73.9	41.9
Unknown	1	100.0	2.6	101	100.0	3.7	2	100.0	2.2	426	100.0	2.8	0.0
Total	1	100.0	100.0	101	100.0	100.0	2	100.0	100.0	426	100.0	100.0	100.0
Total Home Mortgage Loans													
Low	1	0.7	2.4	859	1.3	1.2	0	0.0	3.8	0	0.0	1.7	23.6
Moderate	10	7.3	11.8	1,500	2.3	7.7	2	2.3	14.8	454	0.8	9.5	16.6
Middle	5	3.6	18.4	1,243	1.9	14.8	8	9.3	20.7	2,081	3.9	17.0	17.9
Upper	75	54.7	44.4	39,743	60.1	55.2	48	55.8	42.7	33,828	63.2	53.9	41.9
Unknown	46	33.6	23.1	22,734	34.4	21.0	28	32.6	17.9	17,126	32.0	17.9	0.0
Total	137	100.0	100.0	66,079	100.0	100.0	86	100.0	100.0	53,489	100.0	100.0	100.0
Source: 2022 FFIEC Census Data													
2016-2020 U.S. Census Bureau: American Community Survey													
Note: Percentages may not total 100.0 percent due to rounding.													
Multifamily loans are not included in the borrower distribution analysis.													

Small Business Lending

The borrower distribution of small business loans by revenue size of businesses is good. During the review period, 92.2 percent of AA businesses reported annual revenues of \$1 million or less, indicating ample opportunities to lend to small businesses in the AA. While the bank did not perform at the level of the demographic figure, Veritex outperformed aggregate lending in 2021 and exhibited similar performance in 2022.

Distribution of 2021 and 2022 Small Business Lending By Revenue Size of Businesses												
Assessment Area: Houston MSA												
	Bank And Aggregate Loans By Year											
	2021						2022					
	Bank		Agg	Bank		Agg	Bank		Agg	Bank		Agg
	#	#%	#%	\$(000)	\$%	\$%	#	#%	#%	\$(000)	\$%	\$%
By Revenue												
\$1 Million or Less	264	59.3	42.2	37,431	38.7	26.9	91	50.6	50.0	24,881	40.4	34.4
Over \$1 Million	161	36.2		56,379	58.3		81	45.0		34,771	56.5	
Revenue Unknown	20	4.5		2,902	3.0		8	4.4		1,910	3.1	
Total	445	100.0		96,712	100.0		180	100.0		61,562	100.0	
By Loan Size												
\$100,000 or Less	227	51.0	92.5	9,311	9.6	37.3	64	35.6	94.6	2,970	4.8	41.3
\$100,001 - \$250,000	91	20.4	4.1	15,650	16.2	17.4	33	18.3	2.9	6,346	10.3	15.0
\$250,001 - \$1 Million	127	28.5	3.4	71,751	74.2	45.3	83	46.1	2.5	52,246	84.9	43.7
Total	445	100.0	100.0	96,712	100.0	100.0	180	100.0	100.0	61,562	100.0	100.0
By Loan Size and Revenues \$1 Million or Less												
\$100,000 or Less	178	67.4		7,150	19.1		45	49.5		1,994	8.0	
\$100,001 - \$250,000	48	18.2		7,801	20.8		14	15.4		2,656	10.7	
\$250,001 - \$1 Million	38	14.4		22,480	60.1		32	35.2		20,231	81.3	
Total	264	100.0		37,431	100.0		91	100.0		24,881	100.0	

Source: 2022 FFIEC Census Data
2022 Dun & Bradstreet Data
2016-2020 U.S. Census Bureau: American Community Survey
Note: Percentages may not total 100.0 percent due to rounding.

Community Development Lending

Veritex makes an adequate level of CD loans in the AA, primarily focused on economic development and revitalization and stabilization. Community contacts shared that job opportunities within the AA are limited and availability has been exacerbated by the increasing immigrant population. Veritex's efforts reflect adequate responsiveness to the CD needs of the AA, as the CD loans extended supported the creation of permanent jobs within the AA.

Community Development Lending		
Assessment Area: Houston MSA		
Purpose	#	\$000s
Affordable Housing	0	0
Community Services	0	0
Economic Development	4	9,124
Revitalization and Stabilization	2	55,141
Total	6	64,265

INVESTMENT TEST

Veritex has a significant level of qualified CD investments and grants, particularly those not routinely provided by private investors, occasionally positioning it as a leader. The bank makes occasional use of innovative or complex investments to support CD initiatives and exhibits

excellent responsiveness to AA needs. The bank's investments primarily focus on community services.

Investments, Grants, and Donations Assessment Area: Houston MSA								
Community Development Purpose	Prior Period Investments ¹		Current Investments ²		Donations		Total	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Affordable Housing	4	6,424	1	2,000	27	96	32	8,520
Community Services	5	17,529	0	0	43	159	48	17,688
Economic Development	0	0	0	0	26	143	26	143
Revitalization and Stabilization	2	3,444	0	0	3	12	5	3,456
Total	11	27,397	1	2,000	99	410	111	29,807
¹ Book value of investment								
² Original market value of investment								

SERVICE TEST

Veritex's service test performance is good. The bank's retail and CD services reflect good responsiveness to the needs of the AA.

Retail Services

The bank's delivery systems are accessible to the geographies and individuals of different income levels in the AA. The distribution of the bank's ten branch offices and two full-service ATMs as of December 31, 2023, was compared to the distribution of the population and businesses among the tract categories within the AA. As illustrated in the table below, Veritex operates a branch and an ATM in moderate-income geographies.

Branch and Full-Service ATM Locations Assessment Area: Houston MSA							
Tract Income	% of Geographies	% of Population	% of Businesses	Branches		Full-Service ATMs	
				#	%	#	%
Low	13.4	9.9	8.7	0	0.0	0	0.0
Moderate	25.0	23.3	20.0	1	10.0	1	50.0
Middle	26.5	28.9	25.7	3	20.0	0	0.0
Upper	31.8	36.7	43.9	6	70.0	1	50.0
Unknown	3.2	1.1	1.7	0	0.0	0	0.0
Total	100.0	100.0	100.0	10	100.0	2	100.0

The bank did not open or close any branches within the AA during the review period; therefore, the impact to the accessibility of its delivery systems was not evaluated. Banking services and hours of operations do not vary in a way that inconveniences the AA, particularly in LMI geographies or to LMI individuals. The level of branch services and hours offered are basically the same throughout the AA.

Community Development Services

Veritex is a leader in providing CD services in the AA. The bank's employees devoted 868 hours serving in various capacities, including directors and trustees, for 407 organizations offering community services that focused on financial education to LMI individuals. These efforts are particularly responsive, as a community contact indicated the need for personal finance education that includes understanding credit for small businesses and LMI individuals. Veritex also partners with The Wilkinson Center to extend a variety of financial literacy workshops for families facing critical challenges, such as a food insecurity, lack of education, economic instability, unemployment, and underemployment.

The table below shows the number of hours by type of involvement.

Community Development Services			
Assessment Area: Houston MSA			
Purpose	Total Services	Total Hours	Total Organizations
Affordable Housing	40	108	13
Community Services	219	491	37
Economic Development	141	257	18
Revitalization and Stabilization	7	12	1
Total	407	868	69

NONMETROPOLITAN ASSESSMENT AREA
(LIMITED-SCOPE REVIEW)

DESCRIPTION OF OPERATIONS

Fannin County, TX Nonmetropolitan AA

- The AA is comprised of the entirety of Fannin County, a nonmetropolitan county located northeast of the Dallas-Fort Worth Metroplex in the state of Texas.
- Veritex operates a branch in the AA, representing 3.4 percent of its branches.
- As of June 30, 2023, the bank had \$45.6 million in deposits in the AA, representing a market share of 6.3 percent and 0.1 percent of the bank's total deposits.
- In 2022, Veritex ranked 20th among the 192 institutions that originated or purchased 998 HMDA-reportable loans in the AA, originating five or 0.5 percent of total loans. Additionally, the bank ranked 17th among 59 institutions that originated or purchased CRA-reportable loans, originating six of the 700 CRA-reportable loans in the AA.
- According to the ACS, the AA consists of nine census tracts: six middle- and three upper-income tracts.
- The AA population of 35,662, includes 8,428 families. Of those families, 58.3 percent were middle-income and 41.6 percent upper-income.

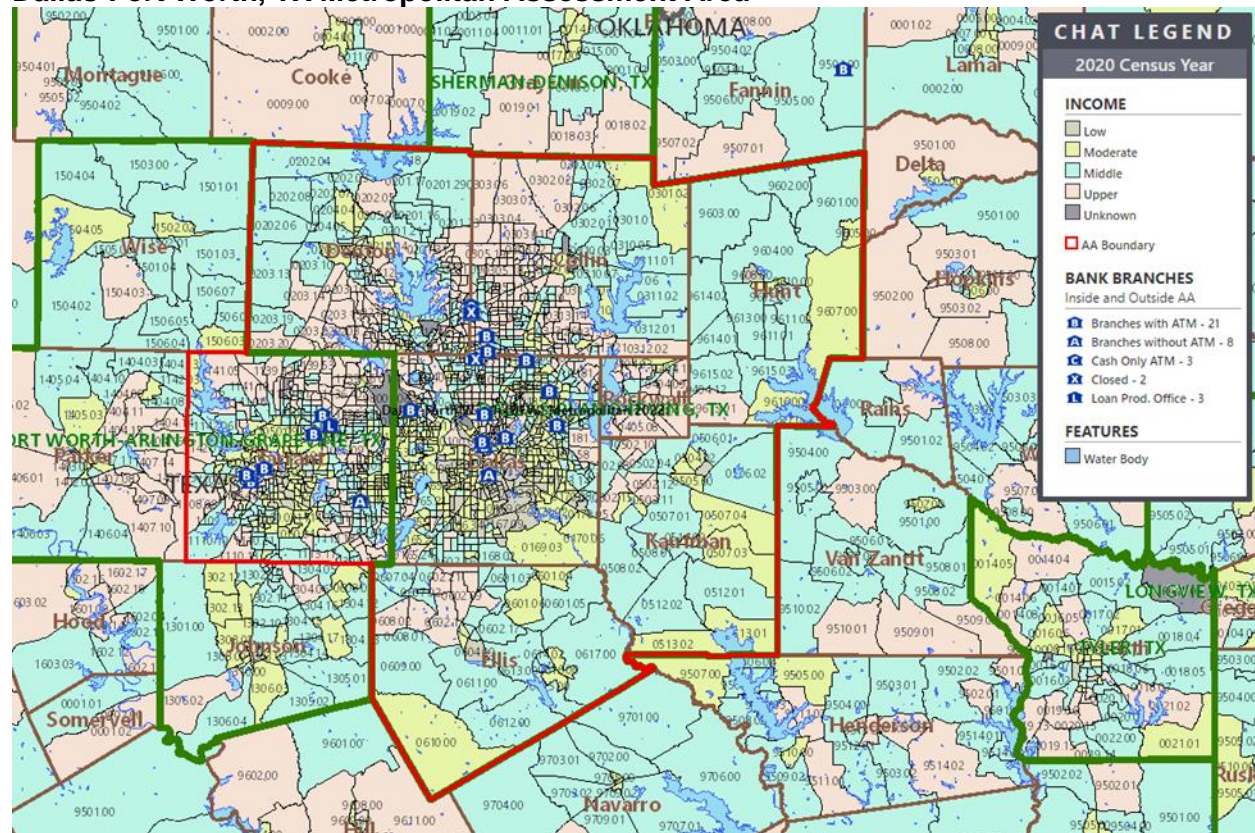
CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS

Facts and data reviewed, including performance and demographic information, regarding this AA can be found in Appendix C and Appendix D. Conclusions regarding performance are as follows.

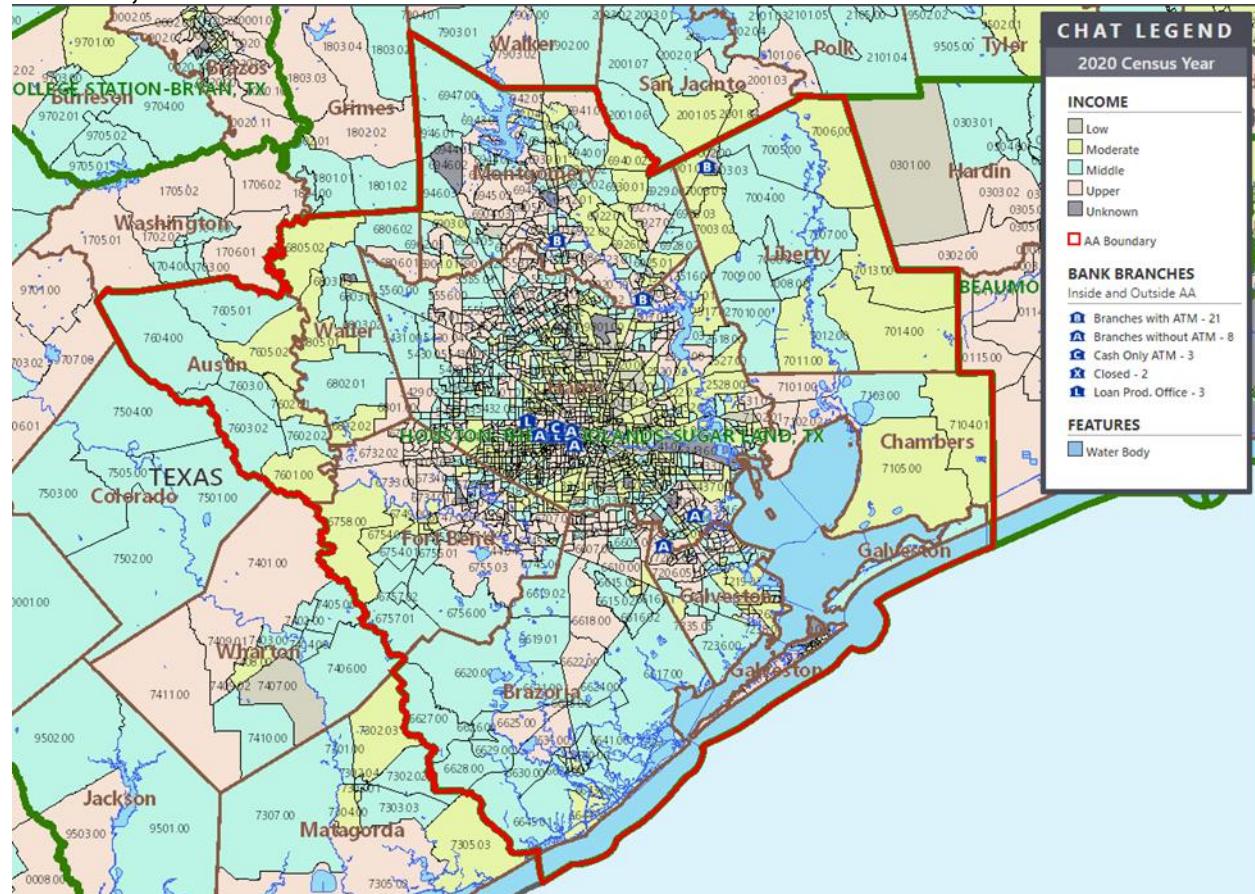
Assessment Area	Lending Test	Investment Test	Service Test
Fannin County Nonmetropolitan	Below	Below	Below

Veritex's lending, investment, and service performance in the AA is below the bank's performance overall; however, it does not change the rating assigned.

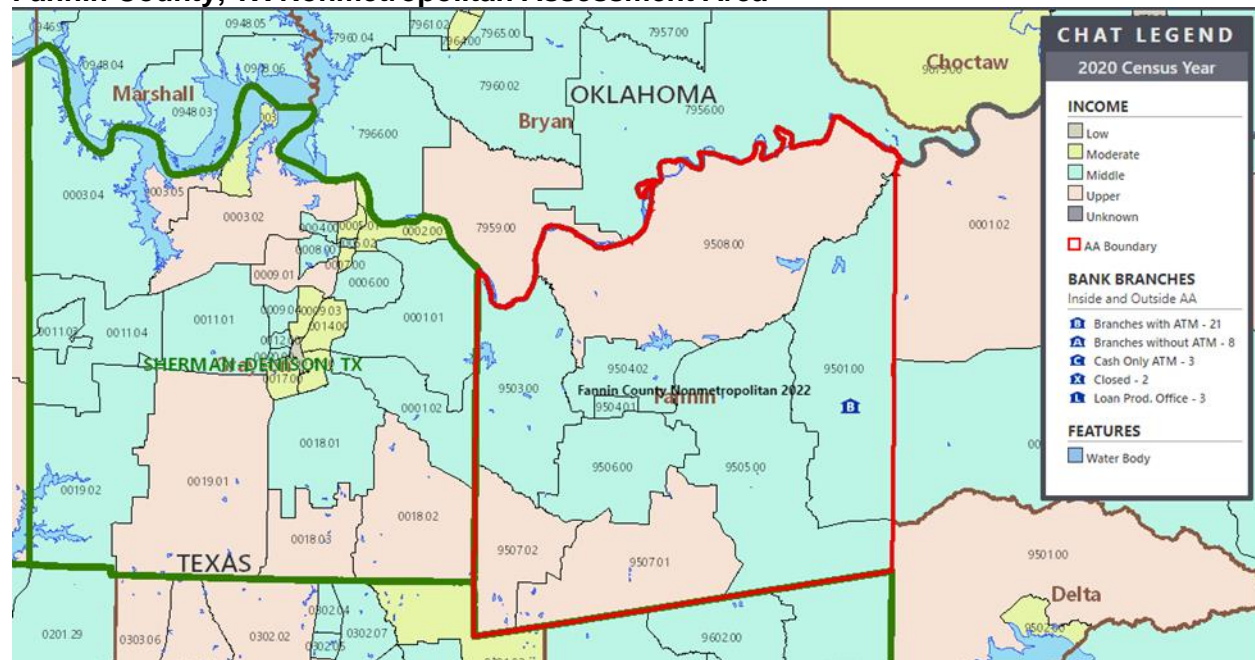
Dallas-Fort Worth, TX Metropolitan Assessment Area



Houston, TX MSA Assessment Area



Fannin County, TX Nonmetropolitan Assessment Area



APPENDIX B – FULL-SCOPE ASSESSMENT AREAS DEMOGRAPHIC DATA

Table B-1

2021 Dallas-Fort Worth (DFW) Metropolitan AA Demographics								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low	168	13.4	152,918	9.8	52,237	34.2	367,715	23.5
Moderate	327	26.1	365,492	23.4	69,005	18.9	256,681	16.4
Middle	342	27.3	461,501	29.5	38,209	8.3	283,147	18.1
Upper	410	32.7	583,551	37.3	20,579	3.5	657,407	42.0
Unknown	7	0.6	1,488	0.1	273	18.3	0	0.0
Total AA	1,254	100.0	1,564,950	100.0	180,303	11.5	1,564,950	100.0
	Housing Units by Tract	Housing Type by Tract						
		Owner-occupied			Rental		Vacant	
		#	% by tract	% by unit	#	% by unit	#	% by unit
Low	289,329	72,062	5.4	24.9	178,459	61.7	38,808	13.4
Moderate	600,492	266,507	19.9	44.4	279,714	46.6	54,271	9.0
Middle	720,874	409,965	30.6	56.9	261,440	36.3	49,469	6.9
Upper	838,433	590,868	44.1	70.5	202,082	24.1	45,483	5.4
Unknown	4,922	1,248	0.1	25.4	3,133	63.7	541	11.0
Total AA	2,454,050	1,340,650	100.0	54.6	924,828	37.7	188,572	7.7
	Total Businesses by Tract		Businesses by Tract & Revenue Size					
			Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported	
	#	%	#	%	#	%	#	%
Low	30,408	7.7	27,358	7.5	2,807	11.3	243	5.4
Moderate	77,403	19.5	70,472	19.2	6,335	25.5	596	13.2
Middle	107,748	27.2	100,400	27.4	6,315	25.4	1,033	22.9
Upper	178,045	45.0	166,594	45.5	8,844	35.6	2,607	57.7
Unknown	2,320	0.6	1,717	0.5	567	2.3	36	0.8
Total AA	395,924	100.0	366,541	100.0	24,868	100.0	4,515	100.0
Percentage of Total Businesses:			92.6		6.3		1.1	
	Total Farms by Tract		Farms by Tract & Revenue Size					
			Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported	
	#	%	#	%	#	%	#	%
Low	105	3.2	101	3.1	4	11.1	0	0.0
Moderate	418	12.6	412	12.6	6	16.7	0	0.0
Middle	1,095	33.1	1,089	33.3	6	16.7	0	0.0
Upper	1,684	50.9	1,662	50.8	19	52.8	3	100.0
Unknown	9	0.3	8	0.2	1	2.8	0	0.0
Total AA	3,311	100.0	3,272	100.0	36	100.0	3	100.0
Percentage of Total Farms:			98.8		1.1		0.1	
Source: 2021 FFIEC Census Data 2021 Dun & Bradstreet Data 2011-2015 U.S. Census Bureau: American Community Survey Note: Percentages may not total 100.0 percent due to rounding.								

Table B-2

2021 Houston MSA AA Demographics								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low	159	14.8	160,151	10.5	57,356	35.8	373,429	24.4
Moderate	311	29.0	372,532	24.3	72,108	19.4	246,391	16.1
Middle	274	25.6	429,200	28.0	43,450	10.1	261,326	17.1
Upper	316	29.5	566,033	37.0	21,915	3.9	649,080	42.4
Unknown	12	1.1	2,310	0.2	999	43.2	0	0.0
Total AA	1,072	100.0	1,530,226	100.0	195,828	12.8	1,530,226	100.0
	Housing Units by Tract	Housing Type by Tract						
		Owner-occupied			Rental		Vacant	
		#	% by tract	% by unit	#	% by unit	#	% by unit
Low	292,804	68,379	5.2	23.4	178,780	61.1	45,645	15.6
Moderate	607,454	279,883	21.3	46.1	258,286	42.5	69,285	11.4
Middle	652,813	386,484	29.4	59.2	210,164	32.2	56,165	8.6
Upper	843,248	579,096	44.1	68.7	202,006	24.0	62,146	7.4
Unknown	6,188	789	0.1	12.8	4,775	77.2	624	10.1
Total AA	2,402,507	1,314,631	100.0	54.7	854,011	35.5	233,865	9.7
	Total Businesses by Tract	Businesses by Tract & Revenue Size						
		Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported		
		#	%	#	%	#	%	#
Low	35,212	9.8	31,433	9.5	3,535	14.2	244	6.2
Moderate	68,873	19.1	62,827	18.9	5,550	22.3	496	12.7
Middle	87,020	24.1	80,802	24.3	5,470	22.0	748	19.1
Upper	169,055	46.9	156,346	47.1	10,285	41.3	2,424	61.9
Unknown	650	0.2	599	0.2	44	0.2	7	0.2
Total AA	360,810	100.0	332,007	100.0	24,884	100.0	3,919	100.0
Percentage of Total Businesses:				92.0		6.9		1.1
	Total Farms by Tract	Farms by Tract & Revenue Size						
		Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported		
		#	%	#	%	#	%	#
Low	87	3.2	82	3.1	5	10.0	0	0.0
Moderate	378	13.8	362	13.5	14	28.0	2	28.6
Middle	922	33.6	902	33.6	16	32.0	4	57.1
Upper	1,353	49.3	1,337	49.8	15	30.0	1	14.3
Unknown	3	0.1	3	0.1	0	0.0	0	0.0
Total AA	2,743	100.0	2,686	100.0	50	100.0	7	100.0
Percentage of Total Farms:				97.9		1.8		0.3
Source: 2021 FFIEC Census Data 2021 Dun & Bradstreet Data 2011-2015 U.S. Census Bureau: American Community Survey Note: Percentages may not total 100.0 percent due to rounding.								

APPENDIX C – LIMITED-SCOPE ASSESSMENT AREA DEMOGRAPHIC DATA

Table C-1

2022 Fannin County Nonmetropolitan AA Demographics								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low	0	0.0	0	0.0	0	0.0	1,194	14.2
Moderate	0	0.0	0	0.0	0	0.0	1,443	17.1
Middle	6	66.7	4,915	58.3	411	8.4	1,602	19.0
Upper	3	33.3	3,513	41.7	204	5.8	4,189	49.7
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	9	100.0	8,428	100.0	615	7.3	8,428	100.0
	Housing Units by Tract	Housing Type by Tract						
		Owner-occupied			Rental		Vacant	
		#	% by tract	% by unit	#	% by unit	#	% by unit
Low	0	0	0.0	0.0	0	0.0	0	0.0
Moderate	0	0	0.0	0.0	0	0.0	0	0.0
Middle	9,167	5,385	58.5	58.7	2,436	26.6	1,346	14.7
Upper	5,311	3,820	41.5	71.9	750	14.1	741	14.0
Unknown	0	0	0.0	0.0	0	0.0	0	0.0
Total AA	14,478	9,205	100.0	63.6	3,186	22.0	2,087	14.4
	Total Businesses by Tract		Businesses by Tract & Revenue Size					
			Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported	
	#	%	#	%	#	%	#	%
Low	0	0.0	0	0.0	0	0.0	0	0.0
Moderate	0	0.0	0	0.0	0	0.0	0	0.0
Middle	695	60.0	625	59.1	47	70.1	23	65.7
Upper	464	40.0	432	40.9	20	29.9	12	34.3
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	1,159	100.0	1,057	100.0	67	100.0	35	100.0
Percentage of Total Businesses:				91.2		5.8		3.0
	Total Farms by Tract		Farms by Tract & Revenue Size					
			Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported	
	#	%	#	%	#	%	#	%
Low	0	0.0	0	0.0	0	0.0	0	0.0
Moderate	0	0.0	0	0.0	0	0.0	0	0.0
Middle	43	46.2	42	46.2	1	50.0	0	0.0
Upper	50	53.8	49	53.8	1	50.0	0	0.0
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	93	100.0	91	100.0	2	100.0	0	0.0
Percentage of Total Farms:				97.8		2.2		0.0
Source: 2022 FFIEC Census Data 2022 Dun & Bradstreet Data 2016-2020 U.S. Census Bureau: American Community Survey Note: Percentages may not total 100.0 percent due to rounding.								

Table C-2

2021 Fannin County Nonmetropolitan AA Demographics								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low	0	0.0	0	0.0	0	0.0	1,738	20.5
Moderate	1	11.1	643	7.6	121	18.8	1,484	17.5
Middle	6	66.7	5,690	67.0	722	12.7	1,579	18.6
Upper	2	22.2	2,165	25.5	255	11.8	3,697	43.5
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	9	100.0	8,498	100.0	1,098	12.9	8,498	100.0
	Housing Units by Tract	Housing Type by Tract						
		Owner-occupied			Rental		Vacant	
		#	% by tract	% by unit	#	% by unit	#	% by unit
Low	0	0	0.0	0.0	0	0.0	0	0.0
Moderate	1,139	524	5.9	46.0	494	43.4	121	10.6
Middle	9,742	6,214	69.7	63.8	1,896	19.5	1,632	16.8
Upper	3,318	2,178	24.4	65.6	668	20.1	472	14.2
Unknown	0	0	0.0	0.0	0	0.0	0	0.0
Total AA	14,199	8,916	100.0	62.8	3,058	21.5	2,225	15.7
	Total Businesses by Tract		Businesses by Tract & Revenue Size					
			Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported	
	#	%	#	%	#	%	#	%
Low	0	0.0	0	0.0	0	0.0	0	0.0
Moderate	124	10.9	117	11.2	4	6.3	3	9.1
Middle	686	60.1	618	59.1	43	68.3	25	75.8
Upper	331	29.0	310	29.7	16	25.4	5	15.2
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	1,141	100.0	1,045	100.0	63	100.0	33	100.0
Percentage of Total Businesses:				91.6		5.5		2.9
	Total Farms by Tract		Farms by Tract & Revenue Size					
			Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported	
	#	%	#	%	#	%	#	%
Low	0	0.0	0	0.0	0	0.0	0	0.0
Moderate	2	2.2	2	2.3	0	0.0	0	0.0
Middle	64	70.3	62	70.5	2	66.7	0	0.0
Upper	25	27.5	24	27.3	1	33.3	0	0.0
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	91	100.0	88	100.0	3	100.0	0	0.0
Percentage of Total Farms:				96.7		3.3		0.0
Source: 2021 FFIEC Census Data 2021 Dun & Bradstreet Data 2011-2015 U.S. Census Bureau: American Community Survey Note: Percentages may not total 100.0 percent due to rounding.								

APPENDIX D – LIMITED-SCOPE ASSESSMENT AREA PERFORMANCE DATA

Table D-1

Distribution of 2021 and 2022 Home Mortgage Lending By Income Level of Geography Assessment Area: Fannin County Nonmetropolitan													
Geographic Income Level	Bank And Aggregate Loans By Year												Owner Occupied Units %
	2021						2022						
	Bank		Agg	Bank		Agg	Bank		Agg	Bank		Agg	
	#	#%	#%	\$(000)	\$%	\$%	#	#%	#%	\$(000)	\$%	\$%	
Home Purchase Loans													
Low	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0.0
Moderate	0	0.0	4.8	0	0.0	3.5	0	0.0	0.0	0	0.0	0.0	0.0
Middle	0	0.0	62.4	0	0.0	59.4	0	0.0	60.2	0	0.0	55.3	58.5
Upper	0	0.0	32.8	0	0.0	37.1	1	100.0	39.8	360	100.0	44.7	41.5
Unknown	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0.0
Total	0	0.0	100.0	0	0.0	100.0	1	100.0	100.0	360	100.0	100.0	100.0
Refinance Loans													
Low	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0.0
Moderate	0	0.0	3.5	0	0.0	2.3	0	0.0	0.0	0	0.0	0.0	0.0
Middle	1	100.0	56.6	132	100.0	55.4	2	100.0	49.8	350	100.0	47.0	58.5
Upper	0	0.0	39.9	0	0.0	42.3	0	0.0	50.2	0	0.0	53.0	41.5
Unknown	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0.0
Total	1	100.0	100.0	132	100.0	100.0	2	100.0	100.0	350	100.0	100.0	100.0
Home Improvement Loans													
Low	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0.0
Moderate	0	0.0	5.3	0	0.0	4.0	0	0.0	0.0	0	0.0	0.0	0.0
Middle	0	0.0	52.6	0	0.0	39.2	0	0.0	46.2	0	0.0	54.9	58.5
Upper	0	0.0	42.1	0	0.0	56.8	0	0.0	53.8	0	0.0	45.1	41.5
Unknown	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0.0
Total	0	0.0	100.0	0	0.0	100.0	0	0.0	100.0	0	0.0	100.0	100.0
Multifamily Loans													Multi-family Units %
Low	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	
Moderate	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	
Middle	0	0.0	100.0	0	0.0	100.0	0	0.0	40.0	0	0.0	57.5	
Upper	0	0.0	0.0	0	0.0	0.0	0	0.0	60.0	0	0.0	42.5	
Unknown	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	
Total	0	0.0	100.0	0	0.0	100.0	0	0.0	100.0	0	0.0	100.0	
Total Home Mortgage Loans													Owner Occupied Units %
Low	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	
Moderate	0	0.0	4.1	0	0.0	2.8	0	0.0	0.0	0	0.0	0.0	
Middle	1	100.0	59.9	132	100.0	58.0	3	60.0	57.1	400	44.0	53.6	
Upper	0	0.0	35.9	0	0.0	39.2	2	40.0	42.9	510	56.0	46.4	
Unknown	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	
Total	1	100.0	100.0	132	100.0	100.0	5	100.0	100.0	910	100.0	100.0	

Source: 2022 FFIEC Census Data

2016-2020 U.S. Census Bureau: American Community Survey

Note: Percentages may not total 100.0 percent due to rounding.

Table D-2

Distribution of 2021 and 2022 Home Mortgage Lending By Borrower Income Level Assessment Area: Fannin County Nonmetropolitan													
Borrower Income Level	Bank And Aggregate Loans By Year												Families by Family Income %
	2021						2022						
	Bank		Agg	Bank		Agg	Bank		Agg	Bank		Agg	
	#	#%	#%	\$(000)	\$%	\$%	#	#%	#%	\$(000)	\$%	\$%	
Home Purchase Loans													
Low	0	0.0	1.9	0	0.0	0.8	0	0.0	1.9	0	0.0	0.9	14.2
Moderate	0	0.0	10.0	0	0.0	6.1	0	0.0	13.2	0	0.0	7.7	17.1
Middle	0	0.0	21.1	0	0.0	17.2	0	0.0	19.1	0	0.0	15.2	19.0
Upper	0	0.0	44.2	0	0.0	55.9	1	100.0	46.3	360	100.0	56.5	49.7
Unknown	0	0.0	22.8	0	0.0	20.0	0	0.0	19.5	0	0.0	19.6	0.0
Total	0	0.0	100.0	0	0.0	100.0	1	100.0	100.0	360	100.0	100.0	100.0
Refinance Loans													
Low	0	0.0	2.0	0	0.0	0.8	0	0.0	5.5	0	0.0	2.2	14.2
Moderate	0	0.0	9.0	0	0.0	4.6	0	0.0	14.5	0	0.0	8.2	17.1
Middle	1	100.0	14.7	132	100.0	11.7	0	0.0	17.6	0	0.0	13.7	19.0
Upper	0	0.0	52.0	0	0.0	59.2	2	100.0	53.3	350	100.0	68.3	49.7
Unknown	0	0.0	22.3	0	0.0	23.7	0	0.0	9.0	0	0.0	7.6	0.0
Total	1	100.0	100.0	132	100.0	100.0	2	100.0	100.0	350	100.0	100.0	100.0
Home Improvement Loans													
Low	0	0.0	5.3	0	0.0	2.0	0	0.0	0.0	0	0.0	0.0	14.2
Moderate	0	0.0	10.5	0	0.0	6.4	0	0.0	19.2	0	0.0	8.7	17.1
Middle	0	0.0	10.5	0	0.0	12.2	0	0.0	11.5	0	0.0	5.8	19.0
Upper	0	0.0	47.4	0	0.0	51.1	0	0.0	57.7	0	0.0	81.4	49.7
Unknown	0	0.0	26.3	0	0.0	28.2	0	0.0	11.5	0	0.0	4.0	0.0
Total	0	0.0	100.0	0	0.0	100.0	0	0.0	100.0	0	0.0	100.0	100.0
Total Home Mortgage Loans													
Low	0	0.0	2.0	0	0.0	0.8	0	0.0	2.8	0	0.0	1.2	14.2
Moderate	0	0.0	9.6	0	0.0	5.5	0	0.0	13.8	0	0.0	8.0	17.1
Middle	1	100.0	18.0	132	100.0	14.6	1	20.0	18.1	50	5.5	14.5	19.0
Upper	0	0.0	47.3	0	0.0	57.2	4	80.0	48.5	860	94.5	60.0	49.7
Unknown	0	0.0	23.1	0	0.0	21.9	0	0.0	16.8	0	0.0	16.3	0.0
Total	1	100.0	100.0	132	100.0	100.0	5	100.0	100.0	910	100.0	100.0	100.0
Source: 2022 FFIEC Census Data													
2016-2020 U.S. Census Bureau: American Community Survey													
Note: Percentages may not total 100.0 percent due to rounding.													
Multifamily loans are not included in the borrower distribution analysis.													

Table D-3

Distribution of 2021 and 2022 Small Business Lending By Income Level of Geography Assessment Area: Fannin County Nonmetropolitan													
Geographic Income Level	Bank And Aggregate Loans By Year												Total Businesses %
	2021						2022						
	Bank		Agg	Bank		Agg	Bank		Agg	Bank		Agg	
	#	#%	#%	\$(000)	%	%	#	#%	#%	\$(000)	%	%	
Low	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0.0
Moderate	2	28.6	3.8	295	36.2	2.1	0	0.0	0.0	0	0.0	0.0	0.0
Middle	5	71.4	64.4	520	63.8	72.7	3	75.0	50.4	698	90.3	65.4	60.0
Upper	0	0.0	30.9	0	0.0	25.0	1	25.0	48.3	75	9.7	33.9	40.0
Unknown	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0.0
Total	7	100.0	100.0	815	100.0	100.0	4	100.0	100.0	773	100.0	100.0	100.0
Source: 2022 FFIEC Census Data 2022 Dun & Bradstreet Data 2016-2020 U.S. Census Bureau: American Community Survey Note: Percentages may not total 100.0 percent due to rounding.													

Table D-4

Distribution of 2021 and 2022 Small Business Lending By Revenue Size of Businesses													
Assessment Area: Fannin County Nonmetropolitan													
	Bank And Aggregate Loans By Year												Total Businesses %
	2021						2022						
	Bank		Agg	Bank		Agg	Bank		Agg	Bank		Agg	
	#	#%	#%	\$(000)	%	%	#	#%	#%	\$(000)	%	%	
By Revenue													
\$1 Million or Less	1	14.3	45.9	7	0.9	40.4	3	75.0	44.7	425	55.0	30.9	91.2
Over \$1 Million	1	14.3		3	0.4		0	0.0		0	0.0		5.8
Revenue Unknown	5	71.4		805	98.8		1	25.0		348	45.0		3.0
Total	7	100.0		815	100.0		4	100.0		773	100.0		100.0
By Loan Size													
\$100,000 or Less	4	57.1	94.0	101	12.4	46.1	2	50.0	90.7	175	22.6	35.3	
\$100,001 - \$250,000	2	28.6	3.6	352	43.2	18.5	1	25.0	5.9	250	32.3	23.8	
\$250,001 - \$1 Million	1	14.3	2.4	362	44.4	35.3	1	25.0	3.4	348	45.0	40.9	
Total	7	100.0	100.0	815	100.0	100.0	4	100.0	100.0	773	100.0	100.0	
By Loan Size and Revenues \$1 Million or Less													
\$100,000 or Less	1	100.0		7	100.0		2	66.7		175	41.2		
\$100,001 - \$250,000	0	0.0		0	0.0		1	33.3		250	58.8		
\$250,001 - \$1 Million	0	0.0		0	0.0		0	0.0		0	0.0		
Total	1	100.0		7	100.0		3	100.0		425	100.0		
Source: 2022 FFIEC Census Data 2022 Dun & Bradstreet Data 2016-2020 U.S. Census Bureau: American Community Survey Note: Percentages may not total 100.0 percent due to rounding.													

APPENDIX E – GLOSSARY

Aggregate lending: The number of loans originated and purchased by all reporting lenders in specified income categories as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the metropolitan area/AA.

Census tract: A small, relatively permanent statistical subdivision of a county. Census tract boundaries do not cross county lines; however, they may cross the boundaries of metropolitan statistical areas. Census tracts average about 4,000 inhabitants, and their physical size varies widely depending upon population density. Census tracts are designed to be homogeneous with respect to the population characteristics, economic status, and living conditions to allow for statistical comparisons.

Community development: All Agencies have adopted the following language:

1. Affordable housing (including multi-family rental housing) for low- or moderate-income individuals.
2. Community services targeted to low- or moderate-income individuals.
3. Activities that promote economic development by financing businesses or farms that meet the size eligibility standards of the Small Business Administration's Development Company or Small Business Investment Company programs (13 CFR 121.301) or have gross annual revenues of \$1 million or less.
4. Activities that revitalize or stabilize –
 - a. Low- or moderate-income geographies.
 - b. Designated disaster areas.
 - c. Distressed or underserved nonmetropolitan middle-income geographies designated by the Board, Federal Deposit Insurance Corporation, and Office of the Comptroller of the Currency, based on-
 - i. Rates of poverty, unemployment, and population loss.
 - ii. Population size, density, and dispersion. Activities that revitalize and stabilize geographies designated based on population size, density, and dispersion if they help to meet essential community needs, including needs of low- and moderate-income individuals.

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

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).

Geography: A census tract delineated by the United States Bureau of the Census in the most recent decennial census.

Home Mortgage Disclosure Act (HMDA): The statute that requires certain mortgage lenders that do business or have banking offices in a metropolitan statistical area to file annual summary reports of their mortgage lending activity. The reports include such data as the race, gender, and income of the applicants; the amount of loan requested; and the disposition of the application (for example, approved, denied, or withdrawn).

Home mortgage loans: Includes home purchase and home improvement loans as defined in the HMDA regulation. This definition also includes multifamily (five or more families) dwelling loans, loans for the purchase of manufactured homes, and refinancing of home improvement and home purchase loans.

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.

Low-income: Individual income that is less than 50 percent of the area median income, or a median family income that is less than 50 percent, in the case of a geography.

Market share: The number of loans originated and purchased by the institution as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the metropolitan area/AA.

Metropolitan area (MA): A metropolitan statistical area (MSA) or a metropolitan division (MD) as defined by the Office of Management and Budget. A MSA is a core area containing at least one urbanized area of 50,000 or more inhabitants, together with adjacent communities having a high degree of economic and social integration with that core. A MD is a division of a MSA based on specific criteria including commuting patterns. Only a MSA that has a population of at least 2.5 million may be divided into MDs.

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.

Other products: Includes any unreported optional category of loans for which the institution collects and maintains data for consideration during a CRA evaluation. Examples of such activity include consumer loans and other loan data an institution may provide concerning its lending performance.

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.

Rated area: A rated area is a state or multistate metropolitan area. For an institution with domestic branches in only one state, the institution's CRA rating would be the state rating. If an institution maintains domestic branches in more than one state, the institution will receive a rating for each state in which those branches are located. If an institution maintains domestic branches in two or more states within a multistate metropolitan area, the institution will receive a rating for the multistate metropolitan area.

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) and the Thrift Financial Reporting (TFR) 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. However, thrift institutions may also exercise the option to report loans secured by nonfarm residential real estate as "small business loans" if the loans are reported on the TFR as nonmortgage, commercial 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.

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