

PUBLIC DISCLOSURE

May 28, 2024

**COMMUNITY REINVESTMENT ACT
PERFORMANCE EVALUATION**

Texas First Bank
RSSD # 473266
3232 Palmer Highway
Texas City, Texas 77592

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.

TABLE OF CONTENTS

| | |
|--|---------------|
| INSTITUTION RATING | 1 |
| INSTITUTION’S COMMUNITY REINVESTMENT ACT RATING | 1 |
| SUMMARY OF MAJOR FACTORS SUPPORTING RATING..... | 1 |
| INSTITUTION | 2 |
| DESCRIPTION OF THE INSTITUTION..... | 2 |
| SCOPE OF THE EVALUATION | 3 |
| CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS..... | 4 |
| HOUSTON METROPOLITAN ASSESSMENT AREA | 8 |
| DESCRIPTION OF THE INSTITUTION’S OPERATIONS..... | 8 |
| CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS..... | 13 |
| BEAUMONT METROPOLITAN ASSESSMENT AREA | 23 |
| DESCRIPTION OF THE INSTITUTION’S OPERATIONS..... | 23 |
| CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS..... | 23 |
| APPENDIX A – MAPS OF THE ASSESSMENT AREAS | 24 |
| APPENDIX B – FULL-SCOPE ASSESSMENT AREA DEMOGRAPHIC INFORMATION | 26 |
| APPENDIX C – LIMITED-SCOPE ASSESSMENT AREA DEMOGRAPHIC INFORMATION | 27 |
| APPENDIX D – LIMITED-SCOPE ASSESSMENT AREA LENDING PERFORMANCE DATA | 29 |
| APPENDIX E – GLOSSARY | 35 |

INSTITUTION RATING

INSTITUTION'S COMMUNITY REINVESTMENT ACT RATING: Texas First Bank is rated **Satisfactory**.

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

Table of Performance Ratings

| Performance Levels | Texas First Bank Performance Tests | | |
|----------------------------|---------------------------------------|-----------------|--------------|
| | Lending Test* | Investment Test | Service Test |
| Outstanding | | | |
| High Satisfactory | X | | X |
| Low Satisfactory | | X | |
| 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 the bank's rating include:

- Lending activity reflects good responsiveness to the credit needs of the assessment areas (AAs).
- A high percentage of loans are made in the bank's AAs.
- The geographic distribution of loans reflects good penetration throughout the AAs.
- The distribution of lending reflects good penetration among borrowers of different income levels and businesses of different revenue sizes.
- Texas First has a good record of serving the credit needs of low-income individuals and areas and very small businesses.
- The bank makes a relatively high level of community development (CD) loans.
- Texas First makes use of innovative and/or flexible lending practices in serving the AAs' credit needs.
- The bank has an adequate level of qualified CD investments and grants, particularly those not routinely provided by private investors, and is rarely in a leadership position.
- Texas First exhibits adequate responsiveness to credit and CD needs.
- The bank makes occasional use of innovative and/or complex investments to support CD initiatives.
- Delivery systems are accessible to the bank's geographies and individuals of different income levels.
- The record of opening and closing of branches has not adversely affected the accessibility of its delivery systems, particularly to low- and moderate-income (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.
- The bank provides a relatively high number of CD services.

INSTITUTION

DESCRIPTION OF THE INSTITUTION

Texas First, a financial institution headquartered in Texas City, Texas, has the following characteristics.

- Texas Independent Bancshares, headquartered in Texas City, Texas, wholly owns the bank.
- As of December 31, 2023, the bank reported total assets of approximately \$2.2 billion and gross loans of \$1.2 billion.
- Texas First operates in two AAs in the state of Texas: the Houston Metropolitan AA and the Beaumont Metropolitan AA. The delineation of the AAs remains unchanged from the prior examination. Refer to Appendix A for maps of the AAs.
- The bank operates 27 branch offices, 26 full-service automated teller machines (ATMs), 23 cash-only ATMs, and two loan production offices (LPOs). One of the LPOs is located outside of its AAs.
- Since the previous CRA performance evaluation, the bank relocated a branch and closed and opened another one.
 - The Liberty Branch relocated approximately one mile from the original location.
 - The Conroe Branch closed, and a new branch was opened three miles away.
- Texas First offers traditional deposit and loan products to meet the needs of the communities it serves.
 - The bank is predominately a commercial lender, as noted in the following table. Commercial loan products include working capital, lot and construction, commercial real estate, credit cards, equipment, and Small Business Administration (SBA) loans.
 - Residential real estate loans comprise a smaller but significant portion of the total loan portfolio. Real estate loans include home mortgage, home improvement, land development, interim construction financing, and home equity loans.

| Composition of Loan Portfolio as of December 31, 2023 | | |
|---|------------------|--------------|
| Loan Type | \$(000) | Percent (%) |
| Agricultural | 29,170 | 2.5 |
| Commercial | 887,234 | 76.4 |
| Consumer | 10,817 | 0.9 |
| Residential Real Estate | 183,883 | 15.8 |
| Other Loans | 49,582 | 4.3 |
| Gross Loans | 1,160,686 | 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** under Intermediate Small Bank procedures at the previous performance evaluation dated March 14, 2022. The bank received a Satisfactory rating under the lending test and an Outstanding rating under the CD test. The bank's ability to meet various credit needs of the communities it serves has not been hampered by Texas First's capacity to lend, financial condition and size, prior performance, legal impediments, or other factors.

SCOPE OF THE EVALUATION

Examiners utilized the Federal Financial Institutions Examination Council's (FFIEC) *Interagency Examination Procedures for Large Institutions* to evaluate Texas First Bank's CRA performance. This constitutes the first time Texas First's CRA performance is evaluated under the large bank examination procedures. The evaluation considered performance context, including the bank's asset size, financial condition, business strategy, and market conditions, as well as the credit needs and demographic and economic characteristics of the AAs.

Texas First delineates two AAs: Houston Metropolitan AA and Beaumont Metropolitan AA. To assess the bank's CRA performance, examiners conducted a full-scope review of the Houston Metropolitan AA and a limited-scope review of the Beaumont Metropolitan AA. The Houston Metropolitan AA encompasses 91.0 percent of Texas First's total lending activity (by number of loans), 94.0 percent of total deposits, and 89.0 percent of the bank's total branches are located in this AA. In addition, the analysis considered comments received from community groups and the public regarding the bank's CRA performance, population density, the number of other financial institutions in the AA, and the length of time since the most recent full-scope review.

This evaluation consists of a review of the bank's 2021 and 2022 Home Mortgage Disclosure Act (HMDA) loans and CRA-reported small business lending data, as well as the qualified CD loans, investments, and services extended from March 15, 2022, through May 28, 2024, including the prior period's CD investments. Please note that during the review period, the bank did not originate or purchase a sufficient volume of CRA-reported small farm loans in the delineated AAs to allow for a meaningful analysis of the bank's performance. As a result, CRA-reported small farm lending data was not considered when evaluating Texas First's performance. Examiners placed more weight on small business lending when assessing the bank's overall CRA performance given that it is a strategic focus. Moreover, the volume of small business loan originations exceeded that of home mortgage loans in 2021 and 2022.

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 Bureau American Community Survey (ACS), 2022 FFIEC Census data, and 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 and geographical location by businesses. 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.

Examiners interviewed community leaders serving the Houston Metropolitan AA to better understand the local economic conditions, credit needs, and the responsiveness of area banks in meeting such needs. Community contacts included representatives of community-based and non-profit organizations who focus on affordable housing and economic development.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS

LENDING TEST

The bank's performance under the lending test is **High Satisfactory**. Lending activity reflects good responsiveness to the AAs' credit needs. The distribution of loans reflects good dispersion among geographies of different income levels and among borrowers of different income levels and businesses of different revenue sizes. Texas First makes a relatively high level of CD loans. As the Houston Metropolitan AA is the only AA reviewed using full-scope examination procedures, the bank's overall performance aligns with its performance in this AA.

Lending Activity

The bank's overall lending levels reflect good responsiveness to the credit needs of the AAs, taking into consideration performance context, such as the bank's resources and business strategy. The following table summarizes the bank's HMDA, small business, and small farm lending activity from January 1, 2021 through December 31, 2022. In alignment with its business focus, Texas First extended more small business loans than any other type of loans. In 2021, there was a notable increase in small business lending, as a result of the bank's active involvement in the SBA's Paycheck Protection Program (PPP) to address the credit needs within the AAs. The bank's participation in PPP demonstrates use of flexible lending practices in serving AA credit needs.

| Summary of Lending Activity January 1, 2021 through December 31, 2022 | | | | |
|--|--------------|--------------|----------------|--------------|
| Loan Type | # | % | \$(000s) | % |
| Home Improvement | 190 | 48.6 | 14,108 | 12.5 |
| Home Purchase | 145 | 37.1 | 65,451 | 57.9 |
| Multi-Family Housing | 7 | 1.8 | 15,648 | 13.8 |
| Refinancing | 28 | 7.2 | 16,390 | 14.5 |
| Other Purpose Closed-End | 21 | 5.4 | 1,435 | 1.3 |
| Total HMDA related | 391 | 18.0 | 113,032 | 31.0 |
| Total Small Business | 1,780 | 80.0 | 245,241 | 67.0 |
| Total Small Farm | 63 | 3.0 | 8,990 | 2.0 |
| Total Loans | 2,234 | 100.0 | 367,263 | 100.0 |
| <i>Note: Percentages may not total 100.0 percent due to rounding.</i> | | | | |

Assessment Area Concentration

This performance criterion evaluates the volume and percentage of HMDA and CRA-reported small business, and small farm loans extended inside and outside of the bank's delineated AAs. Texas First extends a high percentage of its loans, by number and dollar, within its AAs and is intentional with its lending strategies. As reflected in the table below, a significant volume of home improvement loans made during the review period were originated outside the bank's AAs. During the review period, the bank partnered with another financial institution to originate home improvement loans, resulting in many of these loans being made outside the bank's delineated AAs. While home improvement loans represent a small portion of Texas First's overall lending,

the bank displayed responsiveness to the communities' credit needs and efforts to meet them by establishing this partnership.

| Lending Inside and Outside the Assessment Areas | | | | | | | | |
|--|---------------|-------------|----------------|-------------|----------------|-------------|----------------|-------------|
| Loan Type | Inside | | | | Outside | | | |
| | # | % | \$(000) | % | # | % | \$(000) | % |
| Home Improvement | 33 | 17.4 | 2,477 | 17.6 | 157 | 82.6 | 11,631 | 82.4 |
| Home Purchase Conventional | 134 | 92.4 | 62,690 | 95.8 | 11 | 7.6 | 2,761 | 4.2 |
| Multi-Family Housing | 5 | 71.4 | 8,747 | 55.9 | 2 | 28.6 | 6,901 | 44.1 |
| Other Purpose Closed-End | 21 | 100.0 | 1,435 | 100.0 | 0 | 0.0 | 0 | 0.0 |
| Refinancing | 28 | 100.0 | 16,390 | 100.0 | 0 | 0.0 | 0 | 0.0 |
| Total HMDA Loans | 221 | 56.5 | 91,739 | 81.2 | 170 | 43.5 | 21,293 | 18.8 |
| Total Small Business Loans | 1,620 | 91.0 | 219,889 | 89.7 | 160 | 9.0 | 25,352 | 10.3 |
| Total Small Farm Loans | 60 | 95.2 | 8,568 | 95.3 | 3 | 4.8 | 422 | 4.7 |
| TOTAL LOANS | 1,901 | 85.1 | 320,196 | 87.2 | 333 | 14.9 | 47,067 | 12.8 |

The remaining loan distribution analyses discussed in this performance evaluation only consider those loans originated within the bank's AAs.

Geographic and Borrower Distribution

The overall geographic distribution of loans reflects good penetration throughout the bank's AAs. The distribution of lending reflects good penetration among borrowers of different income levels and businesses of different revenue sizes. In alignment with the bank's business strategy and product offerings, small business lending was given more weight in assessing the bank's overall performance. Additionally, Texas First partners with a third party for mortgage lending and has a limited range of products, reducing the impact of the bank's HMDA lending performance when evaluating the bank's overall performance. Furthermore, the increased cost burden, rising interest rates, and limited housing stock in LMI census tracts significantly hinder the bank's ability to compete in saturated markets.

A detailed discussion of the facts and data supporting the overall conclusions are presented in the Conclusions with Respect to Performance Criteria section for the AA receiving a full-scope review.

Community Development Lending

The bank makes a relatively high level of CD loans. In alignment with Texas First's business strategy, most of the CD lending were attributed to the bank's participation in the SBA's 504 loan program. These loans provide long-term, fixed-rate financing for major assets that promote business growth and job creation. A community contact stated that the small business loans and capital is a need. Moreover, the community contact identified Texas First as one of the biggest SBA lenders within the AAs.

Texas First extended five loans or approximately \$30.0 million, with an economic development purpose, in geographies located within a broader statewide or regional area that includes its AAs.

For example, the bank extended a \$8.7 million loan to a business operating in an economically distressed community that created permanent job creation and retention, which were responsive to the needs of the community.

Specific details regarding the CD lending can be found in the Conclusions with Respect to Performance Tests section for each AA.

| Community Development Lending Assessment Area: All | | |
|---|-----------|----------------|
| Purpose | # | \$(000) |
| Affordable Housing | 3 | 5,981 |
| Community Services | 0 | 0 |
| Economic Development | 15 | 57,684 |
| Revitalization and Stabilization | 7 | 67,473 |
| Total | 25 | 131,138 |

INVESTMENT TEST

Texas First's overall investment test rating is **Low Satisfactory**. The bank is rarely in a leadership position given the adequate level of qualified CD investments and grants, particularly those not routinely provided by private investors. Texas First makes occasional use of innovative and/or complex investments to support CD initiatives. Many of the bank's investments are municipal bonds supporting revitalization and stabilization and mortgage-backed securities; however, investments for economic development make use of complex CD initiatives. Specifically, the bank invested \$2.0 million to a Small Business Investment Company that supports rural small businesses throughout Texas First's AAs. The bank exhibits adequate responsiveness to credit and CD needs.

Specific details regarding investments, grants, and donations are documented in the Conclusions with Respect to Performance Tests section for each AA.

| Investments, Grants, and Donations Assessment Area: All | | | | | | | | |
|--|---|----------------|--|----------------|------------------|----------------|--------------|----------------|
| Community Development Purpose | Prior Period Investments¹ | | Current Investments² | | Donations | | Total | |
| | # | \$(000) | # | \$(000) | # | \$(000) | # | \$(000) |
| Affordable Housing | 2 | 576 | 0 | 0 | 0 | 0 | 2 | 576 |
| Community Services | 0 | 0 | 0 | 0 | 34 | 170 | 34 | 170 |
| Economic Development | 2 | 5,000 | 0 | 0 | 5 | 102 | 7 | 5,102 |
| Revitalization and Stabilization | 27 | 16,765 | 1 | 547 | 1 | 25 | 29 | 17,337 |
| Total | 31 | 22,341 | 1 | 547 | 40 | 297 | 72 | 23,185 |
| ¹ Book value of investment | | | | | | | | |
| ² Original market value of investment | | | | | | | | |

SERVICE TEST

The bank's overall service test rating is **High Satisfactory**. Texas First's delivery systems are accessible to geographies and individuals of different income levels in the delineated AAs. The bank's record of opening or closing branches has not adversely affected the accessibility of its delivery systems, including to LMI geographies. Services do not vary in a way that inconveniences

its AAs particularly in LMI geographies or to LMI individuals. In addition, the bank provides a relatively high level of CD services.

Retail Services

The bank's delivery systems are accessible to geographies and individuals of different income levels in the AAs. Texas First offers alternative delivery services, such as banking by telephone, mail, and through the internet, including online services and electronic transfers between financial institutions. The bank's record of opening or closing branches has not adversely affected the accessibility of its delivery systems, including to LMI geographies and individuals. Since the prior performance evaluation, Texas First relocated a branch that borders a moderate-income census tract. Banking services and hours of operations do not vary in a way that inconveniences the AA, particularly in LMI geographies or to LMI individuals.

| Branch and Full-Service ATM Locations | | | | | | | |
|--|-------------------------|------------------------|------------------------|-----------------|--------------|--------------------------|--------------|
| Assessment Area: All | | | | | | | |
| Tract Income | % of Geographies | % of Population | % of Businesses | Branches | | Full-Service ATMs | |
| | | | | # | % | # | % |
| Low | 13.4 | 10.5 | 8.6 | 0 | 0.0 | 0 | 0.0 |
| Moderate | 25.1 | 23.9 | 20.0 | 9 | 33.3 | 9 | 34.6 |
| Middle | 26.2 | 28.6 | 25.5 | 9 | 33.3 | 8 | 30.8 |
| Upper | 31.8 | 35.3 | 44.0 | 7 | 25.9 | 7 | 26.9 |
| Unknown | 3.4 | 1.8 | 1.8 | 2 | 7.4 | 2 | 7.7 |
| Total | 100.0 | 100.0 | 100.0 | 27 | 100.0 | 26 | 100.0 |
| Note: Percentages may not total precisely due to rounding. | | | | | | | |

Community Development Services

Texas First provides a relatively high level of CD services. As noted in the table below, bank employees and officers extended 53 services, totaling 2,535 hours, to 40 organizations. They provided financial expertise to CD organizations, serving in boards of directors and finance committees as well as conducting financial literacy education courses within the AAs.

| Community Development Services | | | |
|---------------------------------------|-----------------------|--------------------|----------------------------|
| Assessment Areas: All | | | |
| Purpose | Total Services | Total Hours | Total Organizations |
| Affordable Housing | 3 | 34 | 2 |
| Community Services | 25 | 1,064 | 19 |
| Economic Development | 19 | 974 | 14 |
| Revitalization and Stabilization | 6 | 463 | 5 |
| Total | 53 | 2,535 | 40 |

FAIR LENDING OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

No evidence of discriminatory or other illegal credit practices inconsistent with helping to meet community credit needs was identified. Texas First is in compliance with the substantive provisions of the anti-discrimination laws and regulations. Established policies and procedures are designed to ensure ongoing compliance with applicable laws and regulations.

HOUSTON METROPOLITAN ASSESSMENT AREA
 (Full-Scope Review)

DESCRIPTION OF THE INSTITUTION'S OPERATIONS IN HOUSTON METROPOLITAN ASSESSMENT AREA

- The AA consists of the following counties from the Houston–The Woodlands–Sugar Land, Texas Metropolitan Statistical Area (MSA): Brazoria, Chambers, Fort Bend, Galveston, Harris, Liberty, and Montgomery¹. Refer to Appendix A for an AA map and Appendix B for additional demographic data.
- The bank operates 24 full-service branches in the Houston Metropolitan AA including nine branches in moderate-income, nine branches in middle-income, four branches in upper-income, and two branches in unknown-income census tracts.
- According to the Federal Deposit Insurance Corporation's (FDIC's) Market Share Report as of June 30, 2023, the bank had a 0.6 percent market share, ranking 19th out of 101 FDIC-insured depository institutions operating in the AA. Primary deposit holders in the market include JPMorgan Chase (48.7 percent), Wells Fargo (8.9 percent), and Bank of America (8.3 percent).
- In 2022, 275 institutions originated or purchased 230,240 CRA-reportable small business and small farm loans in the Houston Metropolitan AA. Of those, the bank ranked 40th, originating 378 or 0.2 percent of total loans. The top three lenders have over 60.0 percent of the market share of small business loans.
- In 2022, Texas First ranked 212th among 1,025 institutions originating or purchasing HMDA-reportable loans in the AA, originating 117 (0.1 percent) of the 184,827 total HMDA-reportable loans in the Houston Metropolitan AA.
- A community member representing an organization that promotes economic development by supporting small businesses in the AA indicated that banks should look for opportunities to invest in long term projects rather than one-time financial commitments. For example, banks should reach out to local universities to develop and implement programs that could aid the local workforce.

| Population Change | | | |
|--|------------------------|------------------------|-----------------------|
| Assessment Area: Houston Metropolitan | | | |
| Area | 2015 Population | 2020 Population | Percent Change |
| Houston Metropolitan AA | 6,271,920 | 7,035,279 | 12.2 |
| Brazoria County, Texas | 331,741 | 372,031 | 12.1 |
| Chambers County, Texas | 37,251 | 46,571 | 25.0 |
| Fort Bend County, Texas | 658,331 | 822,779 | 25.0 |
| Galveston County, Texas | 308,163 | 350,682 | 13.8 |
| Harris County, Texas | 4,356,362 | 4,731,145 | 8.6 |
| Liberty County, Texas | 77,486 | 91,628 | 18.3 |
| Montgomery County, Texas | 502,586 | 620,443 | 23.5 |
| Houston-The Woodlands-Sugar Land, Texas MSA | 6,346,653 | 7,122,240 | 12.2 |
| 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 | | | |

¹ Austin and Waller counties are included in the Houston–The Woodlands–Sugar Land, Texas MSA but excluded from the delineation of the AA.

- As illustrated in the table above, the AA population experienced significant growth from 2015 to 2020, exceeding the growth rate for the state of Texas by 2.4 percent.
- Harris County is the most populous county in the state of Texas, containing the greatest amount of Opportunity Zones² in the state.
- The city of Houston continues to distribute federal disaster relief funds for Hurricane Harvey, which ravished much of the AA in 2017.
- As a percentage, Chambers, Fort Bend, and Montgomery counties experienced the greatest population growth in the AA from 2015 to 2020. The population growth in these counties is an indication of more affordable housing options in proximity to the attractive job market of Harris County.

| Median Family Income Change Assessment Area: Houston Metropolitan | | | |
|--|--------------------------------|--------------------------------|--------------------|
| Area | 2015 Median Family Income (\$) | 2020 Median Family Income (\$) | Percent Change (%) |
| Houston Metropolitan | 75,496 | 81,265 | 7.6 |
| Brazoria County, Texas | 89,293 | 96,168 | 7.7 |
| Chambers County, Texas | 92,002 | 116,398 | 26.5 |
| Fort Bend County, Texas | 108,399 | 109,870 | 1.4 |
| Galveston County, Texas | 84,895 | 94,795 | 11.7 |
| Harris County, Texas | 67,969 | 73,274 | 7.8 |
| Liberty County, Texas | 62,970 | 62,605 | -0.6 |
| Montgomery County, Texas | 88,680 | 99,511 | 12.2 |
| Houston-The Woodlands-Sugar Land, Texas MSA | 75,795 | 81,859 | 8.0 |
| 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. | | | |

- Despite the AA median family income (MFI) exceeded the statewide MFI by \$5,192 in 2020, the MFI for the state of Texas increased at a higher rate between 2015 and 2020.
- As noted in the table above, Chambers County experienced significant growth, more than doubling the growth rate for the AA and the state of Texas.
- The AA has approximately 1.6 million families, with 40.2 percent of these families classified as LMI.
- Poverty levels within the AA are comparable to the state of Texas, with 10.7 and 10.9 percent of families living below the poverty line, respectively; however, the poverty level in Harris County, at 12.7 percent, exceeds both the AA and statewide levels.

² The Opportunity Zones Program is a private equity tax incentive program designed to spur investment in the country's low-income urban and rural communities. Investors can receive a series of tax benefits through qualified Opportunity Funds, which are investment vehicles that deploy capital to designated Opportunity Zones.

| Housing Cost Burden Assessment Area: Houston Metropolitan | | | | | | |
|--|-----------------------|-----------------|-------------|----------------------|-----------------|------------|
| Area | Cost Burden – Renters | | | Cost Burden – Owners | | |
| | Low Income | Moderate Income | All Renters | Low Income | Moderate Income | All Owners |
| Houston Metropolitan | 81.3 | 46.3 | 44.6 | 59.9 | 36.0 | 19.6 |
| Brazoria County, Texas | 76.3 | 32.9 | 39.4 | 49.4 | 28.2 | 16.9 |
| Chambers County, Texas | 75.4 | 13.8 | 41.2 | 65.2 | 38.9 | 19.1 |
| Fort Bend County, Texas | 76.6 | 65.7 | 41.8 | 70.8 | 48.2 | 19.8 |
| Galveston County, Texas | 80.2 | 47.0 | 43.6 | 59.6 | 32.1 | 17.8 |
| Harris County, Texas | 82.0 | 45.4 | 45.7 | 60.7 | 35.9 | 20.3 |
| Liberty County, Texas | 71.9 | 25.0 | 43.8 | 47.3 | 17.4 | 18.8 |
| Montgomery County, Texas | 80.2 | 52.3 | 38.4 | 54.8 | 35.5 | 17.4 |
| Houston-The Woodlands-Sugar Land, Texas MSA | 81.2 | 46.2 | 44.6 | 59.8 | 35.9 | 19.5 |
| Texas | 78.3 | 44.6 | 42.7 | 57.3 | 31.0 | 19.0 |

Cost burden is housing cost that equals 30 percent or more of household income.
Source: U.S. Department of Housing and Urban Development (HUD), 2016-2020 Comprehensive Housing Affordability Strategy

- The table above shows the housing cost burden in the AA for LMI renters is significantly greater than that LMI homeowners.
- The AA housing cost burden is above the statewide, for both renters and owners, with the greatest burden in noted in Harris County.
- The AA has approximately 2.6 million housing units, of which 55.3 percent are owner-occupied, 35.7 percent are rental, and 9.0 percent are vacant units.
- The supply of housing units in LMI geographies is limited, representing 35.3 percent of the total housing units in the AA. Of those, 24.9 percent are owner-occupied. It is noteworthy that 63.2 percent of the housing units located in the AA's low-income census tracts are rental units.
- A community contact noted that while land is affordable in the AA, investors are buying rental properties and charging higher rents.

| Unemployment Rates Assessment Area: Houston Metropolitan | | | | | |
|---|------|------|------|------|------|
| Region | 2019 | 2020 | 2021 | 2022 | 2023 |
| Houston Metropolitan | 3.8 | 8.7 | 6.3 | 4.2 | 4.3 |
| Brazoria County, Texas | 4.2 | 8.6 | 6.8 | 4.5 | 4.4 |
| Chambers County, Texas | 4.5 | 9.4 | 8.1 | 5.3 | 5.4 |
| Fort Bend County, Texas | 3.5 | 7.6 | 5.9 | 3.9 | 4.0 |
| Galveston County, Texas | 4.4 | 8.8 | 6.6 | 4.4 | 4.3 |
| Harris County, Texas | 3.9 | 9.0 | 6.4 | 4.2 | 4.3 |
| Liberty County, Texas | 5.0 | 10.5 | 9.0 | 5.8 | 5.8 |
| Montgomery County, Texas | 3.4 | 7.5 | 5.8 | 3.9 | 4.0 |
| Houston-The Woodlands-Sugar Land, Texas MSA | 3.8 | 8.7 | 6.3 | 4.2 | 4.3 |
| Texas | 3.5 | 7.7 | 5.6 | 3.9 | 3.9 |

Source: Bureau of Labor Statistics: Local Area Unemployment Statistics

- As shown above, the AA unemployment rate almost reached pre-pandemic levels in 2022 and 2023 while remaining slightly higher than the statewide rate. It is noteworthy that the AA consistently experiences higher unemployment rates than the state of Texas.
- Major industries in the AA include government, retail trade, health care and social assistance, and accommodation and food services.
- Top employers in the AA include HEB, Memorial Hermann Health System, UT MD Anderson Cancer, and Walmart.

The table below provides additional demographic information.

| 2022 Houston Metropolitan AA Demographics | | | | | | | | |
|---|---------------------------|-----------------------|------------------------------------|-----------|--|-----------|---------------------------|-----------|
| Income Categories | Tract Distribution | | Families by Tract Income | | Families < Poverty Level as % of Families by Tract | | Families by Family Income | |
| | # | % | # | % | # | % | # | % |
| Low | 216 | 13.6 | 168,778 | 10.0 | 54,264 | 32.2 | 397,112 | 23.6 |
| Moderate | 395 | 24.9 | 389,588 | 23.2 | 62,515 | 16.0 | 279,426 | 16.6 |
| Middle | 417 | 26.3 | 481,966 | 28.7 | 36,766 | 7.6 | 299,962 | 17.8 |
| Upper | 508 | 32.0 | 622,544 | 37.0 | 21,203 | 3.4 | 705,494 | 41.9 |
| Unknown | 51 | 3.2 | 19,118 | 1.1 | 4,477 | 23.4 | 0 | 0.0 |
| Total AA | 1,587 | 100.0 | 1,681,994 | 100.0 | 179,225 | 10.7 | 1,681,994 | 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 | 5.0 | 24.2 | 188,837 | 63.2 | 37,520 | 12.6 |
| Moderate | 624,126 | 287,674 | 19.9 | 46.1 | 276,697 | 44.3 | 59,755 | 9.6 |
| Middle | 730,986 | 439,754 | 30.4 | 60.2 | 227,632 | 31.1 | 63,600 | 8.7 |
| Upper | 914,061 | 634,710 | 43.9 | 69.4 | 212,171 | 23.2 | 67,180 | 7.3 |
| Unknown | 48,212 | 12,289 | 0.8 | 25.5 | 28,761 | 59.7 | 7,162 | 14.9 |
| Total AA | 2,616,055 | 1,446,740 | 100.0 | 55.3 | 934,098 | 35.7 | 235,217 | 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 | 8.8 | 29,630 | 8.7 | 2,846 | 11.6 | 240 | 5.3 |
| Moderate | 73,657 | 19.8 | 67,251 | 19.6 | 5,809 | 23.6 | 597 | 13.2 |
| Middle | 94,649 | 25.5 | 88,131 | 25.7 | 5,594 | 22.8 | 924 | 20.5 |
| Upper | 164,164 | 44.2 | 151,752 | 44.3 | 9,749 | 39.7 | 2,663 | 59.1 |
| Unknown | 6,387 | 1.7 | 5,734 | 1.7 | 569 | 2.3 | 84 | 1.9 |
| Total AA | 371,573 | 100.0 | 342,498 | 100.0 | 24,567 | 100.0 | 4,508 | 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 | 3.4 | 84 | 3.3 | 3 | 6.5 | 0 | 0.0 |
| Moderate | 387 | 14.9 | 369 | 14.5 | 17 | 37.0 | 1 | 16.7 |
| Middle | 769 | 29.6 | 755 | 29.7 | 10 | 21.7 | 4 | 66.7 |
| Upper | 1,319 | 50.8 | 1,303 | 51.2 | 15 | 32.6 | 1 | 16.7 |
| Unknown | 34 | 1.3 | 33 | 1.3 | 1 | 2.2 | 0 | 0.0 |
| Total AA | 2,596 | 100.0 | 2,544 | 100.0 | 46 | 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

The bank's lending performance in the Houston Metropolitan AA is good. For this evaluation, performance of small business lending weighed more heavily in the lending test rating. Texas First made substantially more small business loans within the AA than any other type of loan, representing 89.1 percent of the originations and purchases over the presented years. Lending activity reflects good responsiveness to AA's credit needs. The geographic distribution of loans reflects good dispersion throughout the AA as well as good penetration among borrowers of different income levels and businesses of different revenue sizes. Additionally, the bank makes a relatively high level of CD loans.

Lending Activity

As shown in the table below, lending levels reflect good responsiveness to AA credit needs. Despite operating in a highly competitive banking market during a rising interest rates period, the bank's lending efforts persisted. In alignment with its business focus, Texas First extended more small business loans than any other type. Additionally, the bank's participation in PPP lending demonstrates use of flexible lending practices in serving the AA's credit needs.

| Summary of Lending Activity January 1, 2021 through December 31, 2022 Assessment Area: Houston Metropolitan | | | | |
|--|--------------|--------------|----------------|--------------|
| Loan Type | # | % | \$(000) | % |
| Home Improvement | 31 | 1.8 | 2,366 | 0.8 |
| Home Purchase | 129 | 7.5 | 62,014 | 21.8 |
| Multi-Family Housing | 2 | 0.1 | 1,582 | 0.6 |
| Refinancing | 26 | 1.5 | 14,960 | 5.2 |
| Other Purpose Closed-End | 21 | 1.2 | 1,435 | 0.5 |
| Total HMDA related | 209 | 12.1 | 82,357 | 28.9 |
| Total Small Business | 1,472 | 85.2 | 195,851 | 68.7 |
| Total Small Farm | 46 | 2.7 | 6,822 | 2.4 |
| Total Loans | 1,727 | 100.0 | 285,030 | 100.0 |
| <i>Note: Percentages may not total 100.0 percent due to rounding.</i> | | | | |

Geographic Distribution of Loans

The bank's geographic distribution of loans reflects good penetration throughout the AA. Distribution of residential real estate lending is poor, while small business lending is good. Residential real estate lending performance received less weight when drawing overall conclusions about the bank's lending performance because Texas First originated fewer of these loans when compared to small business lending. Moreover, small business loans play a much larger role in the bank's business plan than residential real estate lending. For this analysis, the geographic distribution of small business and HMDA lending was compared to available demographic information. Performance context and aggregate lending data were also taken into consideration. Loans were generally made in proximity to the bank's branches, and there were no conspicuous gaps or anomalies in the lending patterns.

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

Residential Real Estate (HMDA) Lending

The geographic distribution of HMDA loans reflects poor penetration throughout the AA when compared to demographics and aggregate lenders. Both the bank and aggregate lenders lagged in originations of total home mortgage lending when compared to demographics. In 2021 and 2022, Texas First originated fewer loans to LMI census tract. In 2021, the bank's HMDA lending was 13.0 percent compared to the aggregate lenders at 15.2 percent. While in 2022, Texas First HMDA lending dropped to 11.2 percent compared to aggregate lending of 19.3 percent. While the bank's HMDA lending is considered poor, rising interest rates and competitive lending market are continued challenges the bank faces.

The volume of home refinance, home improvement, and multifamily loans originated within the AA would have not provided a meaningful analysis if performed separately; therefore, these product categories were analyzed at the total HMDA level.

Home Purchase Lending

The geographic distribution of home purchase loans reflects poor penetration throughout the AA. In 2021, the bank did not originate any home purchase loans in low-income census tracts. Aggregate lenders originated 3.0 percent by number of home purchase loans in low-income census tracts, indicating a small, but clear opportunity to lend in these areas. In 2022, the bank originated one home purchase loan in a low-income census tract, which accounts for 1.5 percent of lending. Aggregate lenders again surpassed the bank, lending 3.6 percent of loans in low-income census tracts.

The bank's home purchase lending in moderate-income census tracts is also well below the demographic figure and aggregate lenders' performance. In 2021, Texas First originated 9.8 percent of home purchase loans in moderate-income census tracts, while aggregate lenders originated 14.4 percent by number. In 2022, the bank originated 10.3 percent by number of home purchase loans in moderate-income census tracts. Aggregate lenders originated 16.0 percent by number of home purchase loans in moderate-income census tracts.

| Distribution of 2021 and 2022 Home Mortgage Lending By Income Level of Geography Assessment Area: Houston 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 | 0 | 0.0 | 3.0 | 0 | 0.0 | 2.2 | 1 | 1.5 | 3.6 | 113 | 0.3 | 2.5 | 5.0 |
| Moderate | 6 | 9.8 | 14.4 | 1,441 | 5.2 | 10.3 | 7 | 10.3 | 16.0 | 2,352 | 6.9 | 11.2 | 19.9 |
| Middle | 11 | 18.0 | 28.3 | 2,020 | 7.3 | 22.8 | 12 | 17.6 | 31.7 | 5,331 | 15.5 | 27.3 | 30.4 |
| Upper | 44 | 72.1 | 54.2 | 24,232 | 87.5 | 64.6 | 47 | 69.1 | 47.7 | 26,340 | 76.7 | 58.1 | 43.9 |
| Unknown | 0 | 0.0 | 0.1 | 0 | 0.0 | 0.1 | 1 | 1.5 | 0.9 | 185 | 0.5 | 0.8 | 0.8 |
| Total | 61 | 100.0 | 100.0 | 27,693 | 100.0 | 100.0 | 68 | 100.0 | 100.0 | 34,321 | 100.0 | 100.0 | 100.0 |
| Refinance Loans | | | | | | | | | | | | | |
| Low | 0 | 0.0 | 2.0 | 0 | 0.0 | 1.5 | 0 | 0.0 | 3.0 | 0 | 0.0 | 2.0 | 5.0 |
| Moderate | 3 | 17.6 | 10.2 | 1,289 | 15.9 | 7.1 | 1 | 11.1 | 15.3 | 242 | 3.5 | 10.2 | 19.9 |
| Middle | 6 | 35.3 | 24.6 | 1,705 | 21.1 | 18.9 | 2 | 22.2 | 31.1 | 1,200 | 17.5 | 24.8 | 30.4 |
| Upper | 8 | 47.1 | 63.2 | 5,094 | 63.0 | 72.4 | 4 | 44.4 | 49.8 | 4,359 | 63.4 | 62.2 | 43.9 |
| Unknown | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 2 | 22.2 | 0.8 | 1,071 | 15.6 | 0.7 | 0.8 |
| Total | 17 | 100.0 | 100.0 | 8,088 | 100.0 | 100.0 | 9 | 100.0 | 100.0 | 6,872 | 100.0 | 100.0 | 100.0 |
| Home Improvement Loans | | | | | | | | | | | | | |
| Low | 0 | 0.0 | 2.5 | 0 | 0.0 | 1.9 | 0 | 0.0 | 3.0 | 0 | 0.0 | 2.3 | 5.0 |
| Moderate | 0 | 0.0 | 12.1 | 0 | 0.0 | 9.2 | 2 | 8.7 | 11.1 | 198 | 11.1 | 8.1 | 19.9 |
| Middle | 6 | 75.0 | 19.0 | 418 | 72.6 | 14.5 | 7 | 30.4 | 23.5 | 367 | 20.5 | 19.2 | 30.4 |
| Upper | 2 | 25.0 | 66.4 | 158 | 27.4 | 74.3 | 14 | 60.9 | 61.7 | 1,225 | 68.4 | 69.7 | 43.9 |
| Unknown | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.7 | 0 | 0.0 | 0.7 | 0.8 |
| Total | 8 | 100.0 | 100.0 | 576 | 100.0 | 100.0 | 23 | 100.0 | 100.0 | 1,790 | 100.0 | 100.0 | 100.0 |
| Multifamily Loans | | | | | | | | | | | | | Multi-family Units % |
| Low | 0 | 0.0 | 22.6 | 0 | 0.0 | 16.5 | 0 | 0.0 | 19.4 | 0 | 0.0 | 12.7 | |
| Moderate | 0 | 0.0 | 30.8 | 0 | 0.0 | 23.3 | 0 | 0.0 | 28.4 | 0 | 0.0 | 20.0 | |
| Middle | 0 | 0.0 | 20.3 | 0 | 0.0 | 21.0 | 0 | 0.0 | 21.9 | 0 | 0.0 | 28.0 | |
| Upper | 1 | 100.0 | 26.1 | 1,000 | 100.0 | 38.4 | 1 | 100.0 | 26.8 | 582 | 100.0 | 34.1 | |
| Unknown | 0 | 0.0 | 0.2 | 0 | 0.0 | 0.8 | 0 | 0.0 | 3.5 | 0 | 0.0 | 5.2 | |
| Total | 1 | 100.0 | 100.0 | 1,000 | 100.0 | 100.0 | 1 | 100.0 | 100.0 | 582 | 100.0 | 100.0 | |
| Total Home Mortgage Loans | | | | | | | | | | | | | Owner Occupied Units % |
| Low | 0 | 0.0 | 2.6 | 0 | 0.0 | 2.8 | 1 | 0.9 | 3.5 | 113 | 0.3 | 3.7 | |
| Moderate | 12 | 13.0 | 12.6 | 2,895 | 7.7 | 9.8 | 12 | 10.3 | 15.8 | 2,879 | 6.4 | 12.1 | |
| Middle | 24 | 26.1 | 26.6 | 4,210 | 11.2 | 21.1 | 31 | 26.5 | 31.3 | 7,461 | 16.7 | 26.8 | |
| Upper | 56 | 60.9 | 58.2 | 30,539 | 81.1 | 66.2 | 70 | 59.8 | 48.6 | 33,004 | 73.8 | 55.9 | |
| Unknown | 0 | 0.0 | 0.1 | 0 | 0.0 | 0.1 | 3 | 2.6 | 0.9 | 1,256 | 2.8 | 1.4 | |
| Total | 92 | 100.0 | 100.0 | 37,644 | 100.0 | 100.0 | 117 | 100.0 | 100.0 | 44,713 | 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. | | | | | | | | | | | | | |

| Distribution of 2021 and 2022 Home Mortgage Lending By Income Level of Geography Assessment Area: Houston 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) | \$% | \$% | |
| Other Purpose LOC | | | | | | | | | | | | | |
| Low | 0 | 0.0 | 2.0 | 0 | 0.0 | 1.3 | 0 | 0.0 | 2.0 | 0 | 0.0 | 1.5 | 5.0 |
| Moderate | 0 | 0.0 | 9.1 | 0 | 0.0 | 6.4 | 0 | 0.0 | 7.6 | 0 | 0.0 | 5.3 | 19.9 |
| Middle | 0 | 0.0 | 18.4 | 0 | 0.0 | 12.7 | 0 | 0.0 | 22.5 | 0 | 0.0 | 17.0 | 30.4 |
| Upper | 0 | 0.0 | 70.5 | 0 | 0.0 | 79.7 | 0 | 0.0 | 67.1 | 0 | 0.0 | 75.6 | 43.9 |
| Unknown | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.7 | 0 | 0.0 | 0.6 | 0.8 |
| Tract-Unk | 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 |
| Other Purpose Closed/Exempt | | | | | | | | | | | | | |
| Low | 0 | 0.0 | 3.3 | 0 | 0.0 | 1.7 | 0 | 0.0 | 2.9 | 0 | 0.0 | 1.8 | 5.0 |
| Moderate | 3 | 60.0 | 14.0 | 165 | 57.5 | 6.3 | 2 | 12.5 | 15.1 | 87 | 7.6 | 8.5 | 19.9 |
| Middle | 1 | 20.0 | 26.4 | 67 | 23.3 | 14.5 | 10 | 62.5 | 28.8 | 563 | 49.0 | 18.5 | 30.4 |
| Upper | 1 | 20.0 | 56.4 | 55 | 19.2 | 77.5 | 4 | 25.0 | 52.6 | 498 | 43.4 | 70.2 | 43.9 |
| Unknown | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.5 | 0 | 0.0 | 1.0 | 0.8 |
| Tract-Unk | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | |
| Total | 5 | 100.0 | 100.0 | 287 | 100.0 | 100.0 | 16 | 100.0 | 100.0 | 1,148 | 100.0 | 100.0 | 100.0 |
| Purpose Not Applicable | | | | | | | | | | | | | |
| Low | 0 | 0.0 | 3.3 | 0 | 0.0 | 2.1 | 0 | 0.0 | 4.0 | 0 | 0.0 | 6.6 | 5.0 |
| Moderate | 0 | 0.0 | 20.5 | 0 | 0.0 | 14.6 | 0 | 0.0 | 25.9 | 0 | 0.0 | 18.8 | 19.9 |
| Middle | 0 | 0.0 | 40.3 | 0 | 0.0 | 38.5 | 0 | 0.0 | 39.7 | 0 | 0.0 | 35.4 | 30.4 |
| Upper | 0 | 0.0 | 36.0 | 0 | 0.0 | 44.8 | 0 | 0.0 | 29.5 | 0 | 0.0 | 38.4 | 43.9 |
| Unknown | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.9 | 0 | 0.0 | 0.8 | 0.8 |
| Tract-Unk | 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 |
| 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 loans reflects good penetration throughout the AA. Despite a high level of competition from both large and regional banks, Texas First's efforts to originate loans in low-income census tracts in 2021 and 2022 is noteworthy even though it is slightly below area demographics.

As noted in the table below, Texas First's small business lending performance in moderate-income census tracts exceeds the performance of aggregate lenders and the demographic figure in 2021 and 2002, demonstrating the bank's responsiveness to the credit needs of businesses in LMI geographies.

| Distribution of 2021 and 2022 Small Business Lending By Income Level of Geography Assessment Area: Houston 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 | 76 | 6.7 | 9.4 | 8,842 | 6.9 | 11.8 | 18 | 5.2 | 7.9 | 3,104 | 4.5 | 9.4 | 8.8 |
| Moderate | 291 | 25.8 | 18.4 | 38,985 | 30.6 | 19.4 | 86 | 25.0 | 18.5 | 17,039 | 24.9 | 20.5 | 19.8 |
| Middle | 366 | 32.4 | 23.9 | 44,423 | 34.9 | 22.7 | 132 | 38.4 | 25.5 | 26,707 | 39.0 | 24.1 | 25.5 |
| Upper | 395 | 35.0 | 47.6 | 35,156 | 27.6 | 45.8 | 105 | 30.5 | 46.2 | 20,634 | 30.1 | 44.4 | 44.2 |
| Unknown | 0 | 0.0 | 0.1 | 0 | 0.0 | 0.1 | 3 | 0.9 | 1.5 | 961 | 1.4 | 1.5 | 1.7 |
| Total | 1,128 | 100.0 | 100.0 | 127,406 | 100.0 | 100.0 | 344 | 100.0 | 100.0 | 68,445 | 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 Revenues

The distribution of loans reflects a good penetration among borrowers of different income levels and businesses of different revenue sizes. As previously noted, Texas First's lending to small businesses was weighed more heavily for this analysis given that it is a strategic focus of the bank. Additionally, the distribution of the remainder of bank lending to middle- and upper-income borrowers did affect conclusions about the bank's performance considering its lending to LMI borrowers.

Residential Real Estate (HMDA) Lending

HMDA lending by borrower income in the AA is poor when compared to demographic characteristics of the community, as well as the performance of aggregate in the AA. The bank did not originate any HMDA loans to low-income borrowers during the review period. Aggregate lending to low-income borrowers was also significantly below the demographic but exceeded the bank's performance, suggesting that affordability of home loans in the AA may be a factor for lagging performance. This was supported by community contacts and additional context. Additionally, while Texas First offers 30-year traditional mortgages, they are limited to balloon mortgages, resulting in a less favorable loan product for LMI borrowers.

Texas First originated a nominal number of HMDA loans to moderate-income borrowers during the review period; however, aggregate lenders outperformed the bank and were much closer to the demographic, indicating reasonable opportunities to lend.

| Distribution of 2021 and 2022 Home Mortgage Lending By Borrower Income Level | | | | | | | | | | | | | |
|--|----------------------------------|-------|-------|---------|-------|-------|------|-------|-------|---------|-------|-------|-----------------------------------|
| Assessment Area: Houston 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 | 2.3 | 0 | 0.0 | 1.1 | 0 | 0.0 | 2.7 | 0 | 0.0 | 1.2 | 23.6 |
| Moderate | 3 | 4.9 | 14.2 | 555 | 2.0 | 9.5 | 3 | 4.4 | 14.1 | 414 | 1.2 | 9.2 | 16.6 |
| Middle | 8 | 13.1 | 20.5 | 1,250 | 4.5 | 17.0 | 4 | 5.9 | 20.4 | 710 | 2.1 | 17.1 | 17.8 |
| Upper | 43 | 70.5 | 40.7 | 23,641 | 85.4 | 52.7 | 50 | 73.5 | 40.3 | 29,609 | 86.3 | 52.1 | 41.9 |
| Unknown | 7 | 11.5 | 22.3 | 2,247 | 8.1 | 19.6 | 11 | 16.2 | 22.6 | 3,588 | 10.5 | 20.3 | 0.0 |
| Total | 61 | 100.0 | 100.0 | 27,693 | 100.0 | 100.0 | 68 | 100.0 | 100.0 | 34,321 | 100.0 | 100.0 | 100.0 |
| Refinance Loans | | | | | | | | | | | | | |
| Low | 0 | 0.0 | 2.4 | 0 | 0.0 | 1.2 | 0 | 0.0 | 6.8 | 0 | 0.0 | 3.5 | 23.6 |
| Moderate | 0 | 0.0 | 9.3 | 0 | 0.0 | 5.6 | 1 | 11.1 | 16.6 | 250 | 3.6 | 10.8 | 16.6 |
| Middle | 0 | 0.0 | 16.6 | 0 | 0.0 | 12.2 | 0 | 0.0 | 21.0 | 0 | 0.0 | 16.5 | 17.8 |
| Upper | 3 | 17.6 | 48.6 | 3,753 | 46.4 | 58.6 | 5 | 55.6 | 41.8 | 5,564 | 81.0 | 54.4 | 41.9 |
| Unknown | 14 | 82.4 | 23.0 | 4,335 | 53.6 | 22.5 | 3 | 33.3 | 13.7 | 1,058 | 15.4 | 14.9 | 0.0 |
| Total | 17 | 100.0 | 100.0 | 8,088 | 100.0 | 100.0 | 9 | 100.0 | 100.0 | 6,872 | 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 | 8.7 | 0 | 0.0 | 6.0 | 1 | 4.3 | 11.2 | 35 | 2.0 | 7.9 | 16.6 |
| Middle | 0 | 0.0 | 15.7 | 0 | 0.0 | 12.1 | 1 | 4.3 | 16.7 | 57 | 3.2 | 12.4 | 17.8 |
| Upper | 8 | 100.0 | 68.6 | 576 | 100.0 | 75.9 | 20 | 87.0 | 64.7 | 1,663 | 92.9 | 73.9 | 41.9 |
| Unknown | 0 | 0.0 | 2.6 | 0 | 0.0 | 3.8 | 1 | 4.3 | 2.1 | 35 | 2.0 | 2.5 | 0.0 |
| Total | 8 | 100.0 | 100.0 | 576 | 100.0 | 100.0 | 23 | 100.0 | 100.0 | 1,790 | 100.0 | 100.0 | 100.0 |
| Total Home Mortgage Loans | | | | | | | | | | | | | |
| Low | 1 | 1.1 | 2.4 | 55 | 0.2 | 1.2 | 3 | 2.6 | 3.7 | 95 | 0.2 | 1.7 | 23.6 |
| Moderate | 4 | 4.4 | 11.8 | 580 | 1.6 | 7.8 | 10 | 8.6 | 14.4 | 969 | 2.2 | 9.5 | 16.6 |
| Middle | 8 | 8.8 | 18.4 | 1,250 | 3.4 | 14.8 | 11 | 9.5 | 20.1 | 1,117 | 2.5 | 16.8 | 17.8 |
| Upper | 56 | 61.5 | 44.3 | 28,110 | 76.7 | 55.2 | 77 | 66.4 | 41.2 | 37,269 | 84.5 | 52.8 | 41.9 |
| Unknown | 22 | 24.2 | 23.1 | 6,649 | 18.1 | 21.1 | 15 | 12.9 | 20.5 | 4,681 | 10.6 | 19.3 | 0.0 |
| Total | 91 | 100.0 | 100.0 | 36,644 | 100.0 | 100.0 | 116 | 100.0 | 100.0 | 44,131 | 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. | | | | | | | | | | | | | |

| Distribution of 2021 and 2022 Home Mortgage Lending By Borrower Income Level | | | | | | | | | | | | | |
|--|----------------------------------|-------|-------|---------|-------|-------|------|-------|-------|---------|-------|-------|-----------------------------------|
| Assessment Area: Houston 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) | \$% | \$% | |
| Other Purpose LOC | | | | | | | | | | | | | |
| Low | 0 | 0.0 | 5.4 | 0 | 0.0 | 2.4 | 0 | 0.0 | 6.0 | 0 | 0.0 | 3.9 | 23.6 |
| Moderate | 0 | 0.0 | 9.8 | 0 | 0.0 | 5.7 | 0 | 0.0 | 10.8 | 0 | 0.0 | 6.2 | 16.6 |
| Middle | 0 | 0.0 | 14.5 | 0 | 0.0 | 9.7 | 0 | 0.0 | 15.0 | 0 | 0.0 | 10.4 | 17.8 |
| Upper | 0 | 0.0 | 67.7 | 0 | 0.0 | 79.5 | 0 | 0.0 | 63.9 | 0 | 0.0 | 75.5 | 41.9 |
| Unknown | 0 | 0.0 | 2.6 | 0 | 0.0 | 2.6 | 0 | 0.0 | 4.4 | 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 |
| Other Purpose Closed/Exempt | | | | | | | | | | | | | |
| Low | 1 | 20.0 | 5.5 | 55 | 19.2 | 2.8 | 3 | 18.8 | 7.3 | 95 | 8.3 | 4.1 | 23.6 |
| Moderate | 1 | 20.0 | 13.5 | 25 | 8.7 | 6.8 | 5 | 31.3 | 16.4 | 270 | 23.5 | 9.3 | 16.6 |
| Middle | 0 | 0.0 | 17.8 | 0 | 0.0 | 9.1 | 6 | 37.5 | 19.1 | 350 | 30.5 | 11.0 | 17.8 |
| Upper | 2 | 40.0 | 57.1 | 140 | 48.8 | 70.0 | 2 | 12.5 | 50.8 | 433 | 37.7 | 64.0 | 41.9 |
| Unknown | 1 | 20.0 | 6.1 | 67 | 23.3 | 11.3 | 0 | 0.0 | 6.5 | 0 | 0.0 | 11.7 | 0.0 |
| Total | 5 | 100.0 | 100.0 | 287 | 100.0 | 100.0 | 16 | 100.0 | 100.0 | 1,148 | 100.0 | 100.0 | 100.0 |
| Purpose Not Applicable | | | | | | | | | | | | | |
| Low | 0 | 0.0 | 0.6 | 0 | 0.0 | 0.3 | 0 | 0.0 | 1.4 | 0 | 0.0 | 0.8 | 23.6 |
| Moderate | 0 | 0.0 | 0.8 | 0 | 0.0 | 0.6 | 0 | 0.0 | 1.3 | 0 | 0.0 | 1.1 | 16.6 |
| Middle | 0 | 0.0 | 0.3 | 0 | 0.0 | 0.3 | 0 | 0.0 | 0.4 | 0 | 0.0 | 0.4 | 17.8 |
| Upper | 0 | 0.0 | 0.4 | 0 | 0.0 | 0.5 | 0 | 0.0 | 0.2 | 0 | 0.0 | 0.4 | 41.9 |
| Unknown | 0 | 0.0 | 97.9 | 0 | 0.0 | 98.3 | 0 | 0.0 | 96.7 | 0 | 0.0 | 97.3 | 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 |
| 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 borrower distribution of small business loans by revenue size is good. During the review period, 92.2 percent of the businesses in the AA reported annual revenues of \$1 million or less, indicating significant opportunities to lend to small businesses. While the bank's lending did not match the demographic (small businesses as a percent of total businesses), it was notably higher than aggregate lenders in 2021 and similar to aggregate lenders in 2022. Furthermore, Texas First participated in the SBA's PPP in 2021 in response to small business and community needs during the COVID-19 pandemic. The bank's participation is noted as responsive to the credit needs of the AA.

| Distribution of 2021 and 2022 Small Business Lending By Revenue Size of Businesses | | | | | | | | | | | | | |
|---|----------------------------------|-------|-------|---------|-------|-------|------|-------|-------|---------|-------|-------|--------------------------|
| Assessment Area: Houston 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 | 622 | 55.1 | 42.2 | 49,614 | 38.9 | 26.9 | 157 | 45.6 | 50.1 | 34,731 | 50.7 | 34.4 | 92.2 |
| Over \$1 Million | 268 | 23.8 | | 67,532 | 53.0 | | 105 | 30.5 | | 27,355 | 40.0 | | 6.6 |
| Revenue Unknown | 238 | 21.1 | | 10,260 | 8.1 | | 82 | 23.8 | | 6,359 | 9.3 | | 1.2 |
| Total | 1,128 | 100.0 | | 127,406 | 100.0 | | 344 | 100.0 | | 68,445 | 100.0 | | 100.0 |
| By Loan Size | | | | | | | | | | | | | |
| \$100,000 or Less | 816 | 72.3 | 92.6 | 24,933 | 19.6 | 37.2 | 178 | 51.7 | 94.6 | 5,718 | 8.4 | 41.3 | |
| \$100,001 - \$250,000 | 155 | 13.7 | 4.1 | 25,596 | 20.1 | 17.3 | 72 | 20.9 | 2.8 | 13,321 | 19.5 | 14.9 | |
| \$250,001 - \$1 Million | 157 | 13.9 | 3.4 | 76,877 | 60.3 | 45.4 | 94 | 27.3 | 2.5 | 49,406 | 72.2 | 43.8 | |
| Total | 1,128 | 100.0 | 100.0 | 127,406 | 100.0 | 100.0 | 344 | 100.0 | 100.0 | 68,445 | 100.0 | 100.0 | |
| By Loan Size and Revenues \$1 Million or Less | | | | | | | | | | | | | |
| \$100,000 or Less | 505 | 81.2 | | 14,571 | 29.4 | | 77 | 49.0 | | 2,225 | 6.4 | | |
| \$100,001 - \$250,000 | 62 | 10.0 | | 9,687 | 19.5 | | 36 | 22.9 | | 6,376 | 18.4 | | |
| \$250,001 - \$1 Million | 55 | 8.8 | | 25,356 | 51.1 | | 44 | 28.0 | | 26,130 | 75.2 | | |
| Total | 622 | 100.0 | | 49,614 | 100.0 | | 157 | 100.0 | | 34,731 | 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

Texas First makes a relatively high level of CD loans in the AA, totaling close to \$88 million during the review period. The bank's CD lending efforts centered on economic development and revitalization and stabilization. Counties within the AA were declared a disaster area in 2017 due to Hurricane Harvey. While the designation of disaster area has expired, needs and efforts to rebuild continue. During the review period, the bank responded to disaster relief needs by financing projects to revitalize and stabilize the community in the ongoing response to the devastating effects of the hurricane. In addition, Texas First supported economic development by extending SBA 504 loans, which promote job creation in the AA. The bank's performance is particularly responsive because of these efforts and the great need for small business lending as noted by a community contact.

| Community Development Lending Assessment Area: Houston Metropolitan | | |
|--|-----------|---------------|
| Purpose | # | \$(000) |
| Affordable Housing | 3 | 5,981 |
| Community Services | 0 | 0 |
| Economic Development | 7 | 14,436 |
| Revitalization and Stabilization | 7 | 67,473 |
| Totals | 17 | 87,890 |

INVESTMENT TEST

Texas First has an adequate level of qualified CD investments and grants, particularly those not routinely provided by private investors, and is rarely in a leadership position. The bank's qualified investments primarily focused on municipal bonds targeting improvements and repairs of city infrastructure and renovations to independent school districts, in alignment with revitalization and stabilization efforts. While a significant volume of investments is outstanding from prior periods, the activities are responsive to continued efforts toward disaster recovery. Additionally, the bank's investments to a small business investment company continue to promote economic development for small businesses within the AA.

| Investment, Grants, and Donations Assessment Area: Houston Metropolitan | | | | | | | | |
|--|---------------------------------------|---------------|----------------------------------|------------|-----------|------------|-----------|---------------|
| Community Development Purpose | Prior Period Investments ¹ | | Current Investments ² | | Donations | | Total | |
| | # | \$(000) | # | \$(000) | # | \$(000) | # | \$(000) |
| Affordable Housing | 2 | 576 | 0 | 0 | 0 | 0 | 2 | 576 |
| Community Services | 0 | 0 | 0 | 0 | 32 | 156 | 32 | 156 |
| Economic Development | 2 | 5,000 | 0 | 0 | 4 | 102 | 6 | 5,102 |
| Revitalization and Stabilization | 25 | 15,640 | 1 | 547 | 0 | 0 | 26 | 16,187 |
| Total | 29 | 21,216 | 1 | 547 | 36 | 258 | 66 | 22,021 |
| ¹ Book value of investment | | | | | | | | |
| ² Original market value of investment | | | | | | | | |

SERVICE TEST

Texas First's overall service test performance in the Houston Metropolitan AA is good. The conclusion is supported by the type and level of retail and CD services, including accessibility of branches in comparison with the population within LMI geographies, availability of alternative delivery systems, changes in branch locations, and reasonableness of services.

Retail Services

The bank's delivery systems are accessible to the AA geographies and individuals of different income levels. The distribution of the bank's 24 branch offices and 23 full-service ATMs as of May 28, 2024, was compared to the distribution of the population and businesses among the tract categories within the AA. While the bank does not operate any branches in low-income census tracts, it has a presence in moderate-income areas. Moreover, several branches are adjacent to LMI geographies. The table below summarizes the bank's retail locations in the AA.

| Branch and Full-Service ATM Locations Assessment Area: Houston Metropolitan | | | | | | | |
|--|------------------|-----------------|-----------------|-----------|--------------|-------------------|--------------|
| Tract Income | % of Geographies | % of Households | % of Businesses | Branches | | Full-Service ATMs | |
| | | | | # | % | # | % |
| Low | 13.6 | 10.7 | 8.8 | 0 | 0.0 | 0 | 0.0 |
| Moderate | 24.9 | 23.8 | 19.8 | 9 | 37.5 | 9 | 39.1 |
| Middle | 26.3 | 28.6 | 25.5 | 9 | 37.5 | 8 | 34.8 |
| Upper | 32.0 | 35.3 | 44.2 | 4 | 16.7 | 4 | 17.4 |
| Unknown | 3.2 | 1.6 | 1.7 | 2 | 8.3 | 2 | 8.7 |
| Total | 100.0 | 100.0 | 100.0 | 24 | 100.0 | 23 | 100.0 |

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

Texas First's record of opening or closing branches has not adversely affected the accessibility of its delivery systems, including to LMI income geographies. During the review period, the bank opened a branch and closed another one in the AA. In addition, Texas First relocated an existing branch that now borders a moderate-income census tract.

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

Texas First provides a relatively high level of CD services in the AA. The bank's employees served in various capacities for 29 organizations offering CD services that focused on financial literacy and extension of provisional financial services targeted to LMI individuals. Per the table below, the bank extended 45 services for a total of 2,283 hours. Refer to the table below for details on the type of involvement.

| Community Development Services | | | |
|--|-----------------------|--------------------|----------------------------|
| Assessment Area: Houston Metropolitan | | | |
| Purpose | Total Services | Total Hours | Total Organizations |
| Affordable Housing | 3 | 34 | 2 |
| Community Services | 23 | 1,009 | 18 |
| Economic Development | 16 | 932 | 7 |
| Revitalization and Stabilization | 3 | 308 | 2 |
| Total | 45 | 2,283 | 29 |

One of the more recent and notable services the bank extended during the review period consisted of assistance to the city of Texas City in the preparation of a grant proposal to the Federal Home Loan Bank for an ongoing housing rehabilitation program that reduces maintenance cost, promotes energy efficiency, and preserves affordable housing for LMI homeowners. Based on the need for affordable housing, as noted by a community contact, this service is responsive to AA's needs.

BEAUMONT METROPOLITAN ASSESSMENT AREA
(Limited-Scope Review)

DESCRIPTION OF THE INSTITUTION'S OPERATIONS IN BEAUMONT METROPOLITAN ASSESSMENT AREA

- The Beaumont Metropolitan AA is comprised of Hardin and Jefferson counties, which are a part of the Beaumont-Port Arthur, Texas MSA. The AA delineation excludes the remaining county from the MSA: Orange County.
- The AA is comprised of nine low-income, 26 moderate-income, 23 middle-income, 26 upper-income, and six unknown-income census tracts.
- The AA has 75,760 families, of which 24.2 percent are low-, 18.2 percent moderate-, 17.8 middle-, and 39.9 upper-income.
- As of December 31, 2023, Texas First operates three branches in the AA, representing 11.5 percent of its branches. Each branch is in an upper-income census tract.
- As of June 30, 2023, the bank held \$129.1 million in deposits in this AA, representing a market share of 2.3 percent and 6.8 percent of the bank's total deposits.
- In 2022, 94 institutions originated or purchased 6,665 CRA-reportable loans in the AA. Of those, the bank ranked 20th, originating 68 or 1.0 percent of total loans. Additionally, Texas First ranked 55th among 321 institutions originating or purchasing HMDA-reportable loans in the AA in 2022, originating less than 1.0 percent of the 6,155 HMDA-reportable loans in the AA.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS

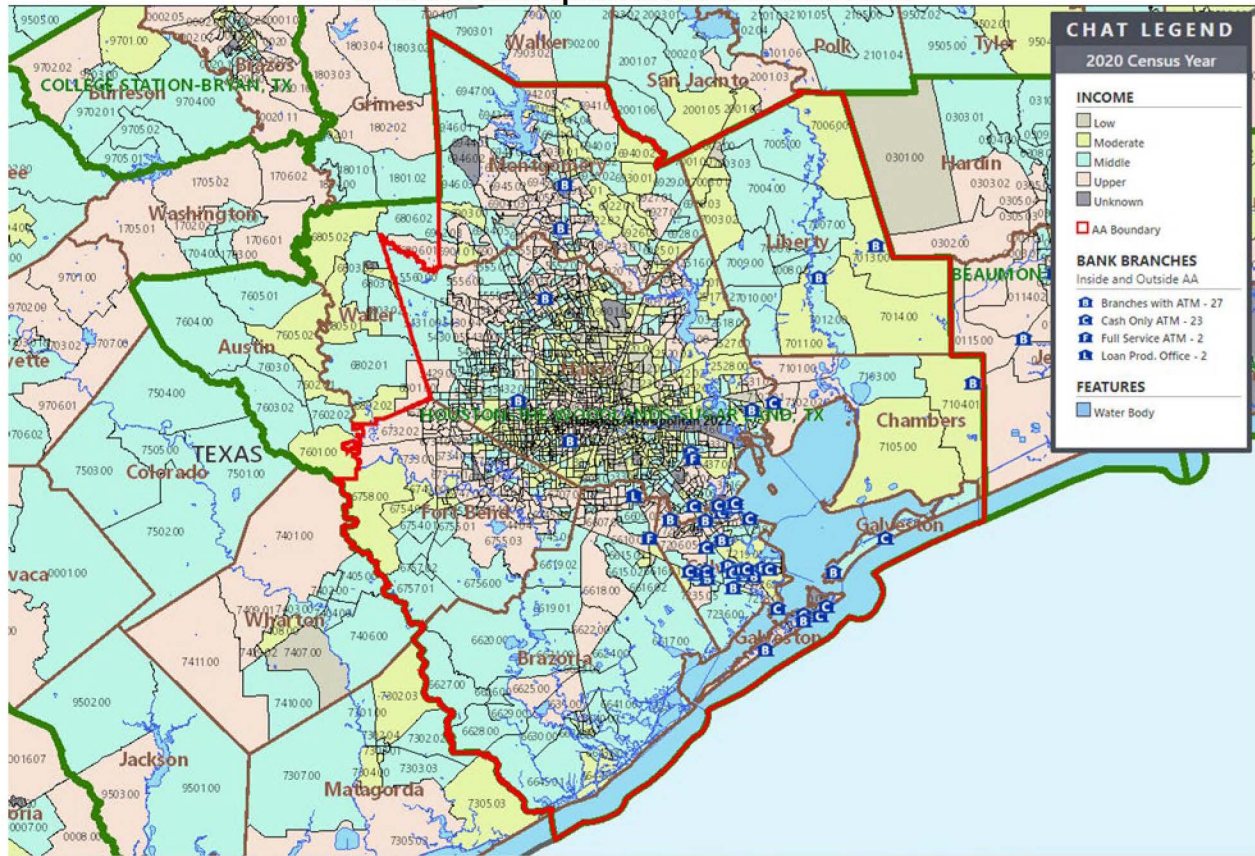
Facts and data reviewed, including performance and demographic information, can be found in the appendices accompanying this report.

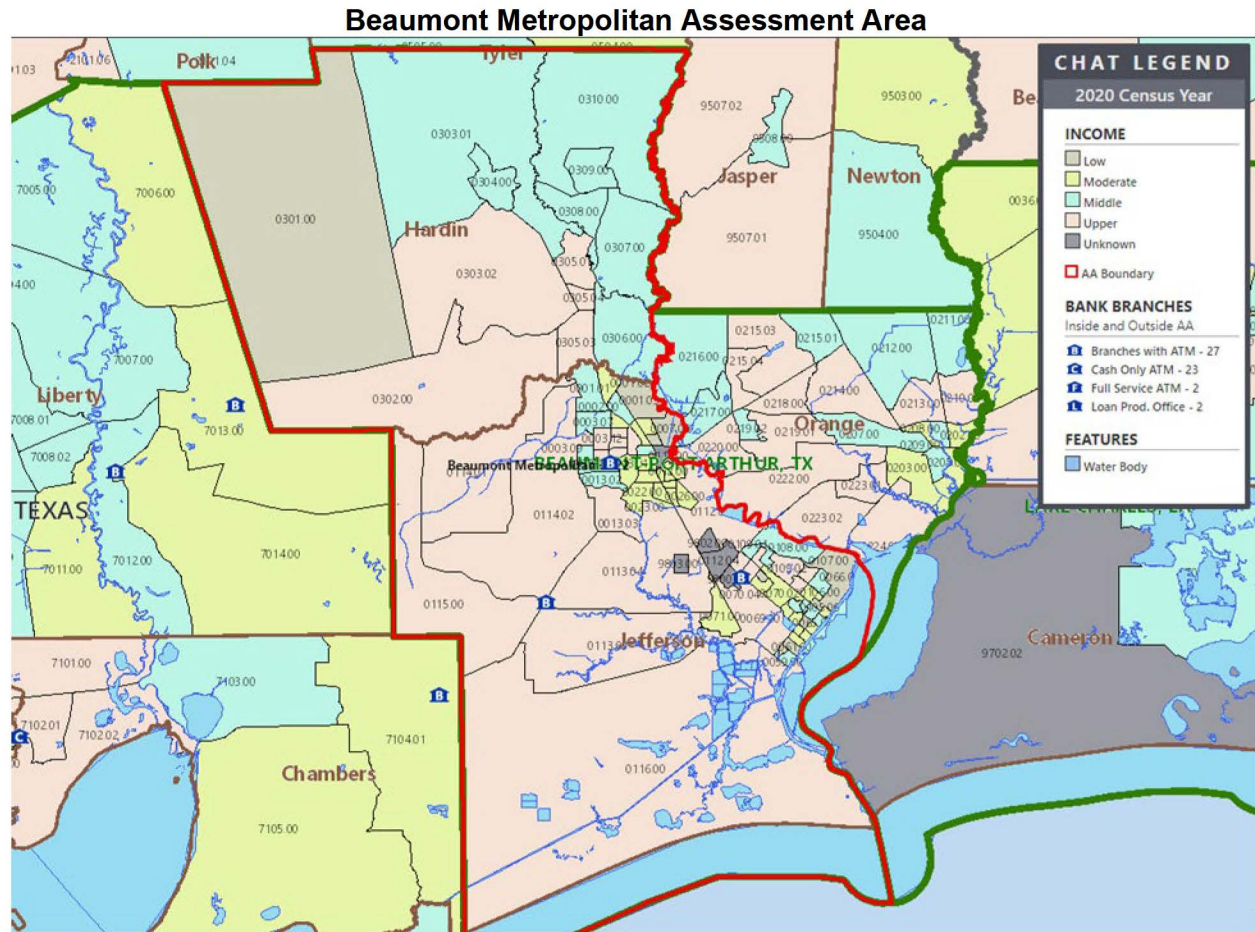
| Assessment Area | Lending Test | Investment Test | Service Test |
|-----------------------|--------------|-----------------|--------------|
| Beaumont Metropolitan | Consistent | Consistent | Consistent |

Texas First's lending, investment, and service performance in the AA is consistent with the performance in the Houston Metropolitan AA, which received a full-scope review.

APPENDIX A – MAPS OF THE ASSESSMENT AREAS

Houston Metropolitan Assessment Area





APPENDIX B – FULL-SCOPE ASSESSMENT AREA DEMOGRAPHIC INFORMATION

Table B-1

| 2021 Houston Metropolitan AA Demographics | | | | | | | | |
|---|---------------------------|-----------------------|------------------------------------|-----------|--|-----------|---------------------------|-----------|
| Income Categories | Tract Distribution | | Families by Tract Income | | Families < Poverty Level as % of Families by Tract | | Families by Family Income | |
| | # | % | # | % | # | % | # | % |
| Low | 159 | 15.0 | 160,151 | 10.6 | 57,356 | 35.8 | 368,976 | 24.4 |
| Moderate | 309 | 29.2 | 367,830 | 24.3 | 71,303 | 19.4 | 243,252 | 16.1 |
| Middle | 267 | 25.2 | 418,095 | 27.6 | 42,481 | 10.2 | 257,709 | 17.0 |
| Upper | 314 | 29.6 | 563,749 | 37.3 | 21,790 | 3.9 | 642,193 | 42.5 |
| Unknown | 11 | 1.0 | 2,305 | 0.2 | 999 | 43.3 | 0 | 0.0 |
| Total AA | 1,060 | 100.0 | 1,512,130 | 100.0 | 193,929 | 12.8 | 1,512,130 | 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 | 5.3 | 23.4 | 178,780 | 61.1 | 45,645 | 15.6 |
| Moderate | 599,718 | 275,625 | 21.3 | 46.0 | 256,026 | 42.7 | 68,067 | 11.3 |
| Middle | 634,768 | 375,415 | 28.9 | 59.1 | 205,719 | 32.4 | 53,634 | 8.4 |
| Upper | 840,021 | 576,657 | 44.5 | 68.6 | 201,507 | 24.0 | 61,857 | 7.4 |
| Unknown | 6,183 | 789 | 0.1 | 12.8 | 4,770 | 77.1 | 624 | 10.1 |
| Total AA | 2,373,494 | 1,296,865 | 100.0 | 54.6 | 846,802 | 35.7 | 229,827 | 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 | 9.9 | 31,433 | 9.6 | 3,535 | 14.4 | 244 | 6.3 |
| Moderate | 68,028 | 19.0 | 62,068 | 18.9 | 5,480 | 22.3 | 480 | 12.4 |
| Middle | 85,082 | 23.8 | 79,056 | 24.0 | 5,316 | 21.6 | 710 | 18.4 |
| Upper | 168,462 | 47.1 | 155,810 | 47.4 | 10,237 | 41.6 | 2,415 | 62.6 |
| Unknown | 647 | 0.2 | 596 | 0.2 | 44 | 0.2 | 7 | 0.2 |
| Total AA | 357,431 | 100.0 | 328,963 | 100.0 | 24,612 | 100.0 | 3,856 | 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 | 3.4 | 82 | 3.3 | 5 | 11.1 | 0 | 0.0 |
| Moderate | 330 | 13.0 | 317 | 12.7 | 11 | 24.4 | 2 | 28.6 |
| Middle | 800 | 31.4 | 782 | 31.3 | 14 | 31.1 | 4 | 57.1 |
| Upper | 1,327 | 52.1 | 1,311 | 52.5 | 15 | 33.3 | 1 | 14.3 |
| Unknown | 3 | 0.1 | 3 | 0.1 | 0 | 0.0 | 0 | 0.0 |
| Total AA | 2,547 | 100.0 | 2,495 | 100.0 | 45 | 100.0 | 7 | 100.0 |
| Percentage of Total Farms: | | | | 98.0 | | 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 INFORMATION

Table C-1

| 2021 Beaumont Metropolitan AA Demographics | | | | | | | | |
|---|---------------------------|-----------------------|------------------------------------|-----------|--|-----------|---------------------------|-----------|
| Income Categories | Tract Distribution | | Families by Tract Income | | Families < Poverty Level as % of Families by Tract | | Families by Family Income | |
| | # | % | # | % | # | % | # | % |
| Low | 7 | 8.3 | 4,728 | 6.3 | 2,068 | 43.7 | 17,275 | 23.2 |
| Moderate | 26 | 31.0 | 17,515 | 23.5 | 4,023 | 23.0 | 12,730 | 17.1 |
| Middle | 28 | 33.3 | 27,845 | 37.4 | 3,429 | 12.3 | 14,094 | 18.9 |
| Upper | 19 | 22.6 | 24,417 | 32.8 | 1,549 | 6.3 | 30,406 | 40.8 |
| Unknown | 4 | 4.8 | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 |
| Total AA | 84 | 100.0 | 74,505 | 100.0 | 11,069 | 14.9 | 74,505 | 100.0 |
| | Housing Units by Tract | Housing Type by Tract | | | | | | |
| | | Owner-occupied | | | Rental | | Vacant | |
| | | # | % by tract | % by unit | # | % by unit | # | % by unit |
| Low | 8,656 | 3,488 | 4.6 | 40.3 | 3,797 | 43.9 | 1,371 | 15.8 |
| Moderate | 35,258 | 16,999 | 22.5 | 48.2 | 12,172 | 34.5 | 6,087 | 17.3 |
| Middle | 48,947 | 28,221 | 37.4 | 57.7 | 15,531 | 31.7 | 5,195 | 10.6 |
| Upper | 37,240 | 26,785 | 35.5 | 71.9 | 7,301 | 19.6 | 3,154 | 8.5 |
| Unknown | 0 | 0 | 0.0 | 0.0 | 0 | 0.0 | 0 | 0.0 |
| Total AA | 130,101 | 75,493 | 100.0 | 58.0 | 38,801 | 29.8 | 15,807 | 12.1 |
| | Total Businesses by Tract | | Businesses by Tract & Revenue Size | | | | | |
| | | | Less Than or = \$1 Million | | Over \$1 Million | | Revenue Not Reported | |
| | # | % | # | % | # | % | # | % |
| Low | 703 | 5.2 | 630 | 5.1 | 72 | 7.7 | 1 | 0.8 |
| Moderate | 2,991 | 22.3 | 2,732 | 22.1 | 234 | 25.0 | 25 | 19.7 |
| Middle | 5,822 | 43.4 | 5,354 | 43.4 | 427 | 45.6 | 41 | 32.3 |
| Upper | 3,881 | 29.0 | 3,620 | 29.3 | 201 | 21.5 | 60 | 47.2 |
| Unknown | 8 | 0.1 | 5 | 0.0 | 3 | 0.3 | 0 | 0.0 |
| Total AA | 13,405 | 100.0 | 12,341 | 100.0 | 937 | 100.0 | 127 | 100.0 |
| Percentage of Total Businesses: | | | | 92.1 | | 7.0 | | 0.9 |
| | Total Farms by Tract | | Farms by Tract & Revenue Size | | | | | |
| | | | Less Than or = \$1 Million | | Over \$1 Million | | Revenue Not Reported | |
| | # | % | # | % | # | % | # | % |
| Low | 1 | 0.5 | 1 | 0.6 | 0 | 0.0 | 0 | 0.0 |
| Moderate | 19 | 10.4 | 18 | 10.1 | 1 | 50.0 | 0 | 0.0 |
| Middle | 59 | 32.4 | 57 | 31.8 | 1 | 50.0 | 1 | 100.0 |
| Upper | 103 | 56.6 | 103 | 57.5 | 0 | 0.0 | 0 | 0.0 |
| Unknown | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 |
| Total AA | 182 | 100.0 | 179 | 100.0 | 2 | 100.0 | 1 | 100.0 |
| Percentage of Total Farms: | | | | 98.4 | | 1.1 | | 0.5 |
| 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 C-2

| 2022 Beaumont Metropolitan AA Demographics | | | | | | | | |
|---|---------------------------|-----------------------|------------------------------------|-----------|--|-----------|---------------------------|-----------|
| Income Categories | Tract Distribution | | Families by Tract Income | | Families < Poverty Level as % of Families by Tract | | Families by Family Income | |
| | # | % | # | % | # | % | # | % |
| Low | 9 | 10.0 | 5,871 | 7.7 | 2,259 | 38.5 | 18,336 | 24.2 |
| Moderate | 26 | 28.9 | 18,526 | 24.5 | 3,909 | 21.1 | 13,761 | 18.2 |
| Middle | 23 | 25.6 | 21,719 | 28.7 | 2,123 | 9.8 | 13,467 | 17.8 |
| Upper | 26 | 28.9 | 27,969 | 36.9 | 1,286 | 4.6 | 30,196 | 39.9 |
| Unknown | 6 | 6.7 | 1,675 | 2.2 | 260 | 15.5 | 0 | 0.0 |
| Total AA | 90 | 100.0 | 75,760 | 100.0 | 9,837 | 13.0 | 75,760 | 100.0 |
| | Housing Units by Tract | Housing Type by Tract | | | | | | |
| | | Owner-occupied | | | Rental | | Vacant | |
| | | # | % by tract | % by unit | # | % by unit | # | % by unit |
| Low | 11,248 | 4,701 | 6.3 | 41.8 | 4,485 | 39.9 | 2,062 | 18.3 |
| Moderate | 36,900 | 15,859 | 21.1 | 43.0 | 15,332 | 41.6 | 5,709 | 15.5 |
| Middle | 37,854 | 21,962 | 29.3 | 58.0 | 10,765 | 28.4 | 5,127 | 13.5 |
| Upper | 45,126 | 30,665 | 40.9 | 68.0 | 8,886 | 19.7 | 5,575 | 12.4 |
| Unknown | 2,930 | 1,869 | 2.5 | 63.8 | 676 | 23.1 | 385 | 13.1 |
| Total AA | 134,058 | 75,056 | 100.0 | 56.0 | 40,144 | 29.9 | 18,858 | 14.1 |
| | Total Businesses by Tract | | Businesses by Tract & Revenue Size | | | | | |
| | | | Less Than or = \$1 Million | | Over \$1 Million | | Revenue Not Reported | |
| | # | % | # | % | # | % | # | % |
| Low | 622 | 4.6 | 567 | 4.5 | 46 | 5.0 | 9 | 6.5 |
| Moderate | 3,705 | 27.3 | 3,377 | 27.0 | 310 | 33.5 | 18 | 12.9 |
| Middle | 3,455 | 25.4 | 3,224 | 25.7 | 202 | 21.8 | 29 | 20.9 |
| Upper | 5,128 | 37.7 | 4,789 | 38.2 | 265 | 28.6 | 74 | 53.2 |
| Unknown | 684 | 5.0 | 572 | 4.6 | 103 | 11.1 | 9 | 6.5 |
| Total AA | 13,594 | 100.0 | 12,529 | 100.0 | 926 | 100.0 | 139 | 100.0 |
| Percentage of Total Businesses: | | | | 92.2 | | 6.8 | | 1.0 |
| | Total Farms by Tract | | Farms by Tract & Revenue Size | | | | | |
| | | | Less Than or = \$1 Million | | Over \$1 Million | | Revenue Not Reported | |
| | # | % | # | % | # | % | # | % |
| Low | 9 | 5.0 | 8 | 4.5 | 1 | 50.0 | 0 | 0.0 |
| Moderate | 11 | 6.1 | 11 | 6.2 | 0 | 0.0 | 0 | 0.0 |
| Middle | 42 | 23.3 | 40 | 22.6 | 1 | 50.0 | 1 | 100.0 |
| Upper | 109 | 60.6 | 109 | 61.6 | 0 | 0.0 | 0 | 0.0 |
| Unknown | 9 | 5.0 | 9 | 5.1 | 0 | 0.0 | 0 | 0.0 |
| Total AA | 180 | 100.0 | 177 | 100.0 | 2 | 100.0 | 1 | 100.0 |
| Percentage of Total Farms: | | | | 98.3 | | 1.1 | | 0.6 |
| 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 D – LIMITED-SCOPE ASSESSMENT AREA LENDING PERFORMANCE DATA

Table D-1 (1 of 2)

| Distribution of 2021 and 2022 Home Mortgage Lending By Income Level of Geography Assessment Area: Beaumont 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 | 0 | 0.0 | 1.7 | 0 | 0.0 | 1.3 | 0 | 0.0 | 3.2 | 0 | 0.0 | 2.4 | 6.3 |
| Moderate | 0 | 0.0 | 8.3 | 0 | 0.0 | 6.5 | 0 | 0.0 | 11.8 | 0 | 0.0 | 8.6 | 21.1 |
| Middle | 1 | 25.0 | 40.5 | 140 | 22.8 | 36.5 | 1 | 100.0 | 30.5 | 63 | 100.0 | 26.5 | 29.3 |
| Upper | 3 | 75.0 | 49.5 | 473 | 77.2 | 55.8 | 0 | 0.0 | 52.6 | 0 | 0.0 | 60.4 | 40.9 |
| Unknown | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0 | 0.0 | 1.9 | 0 | 0.0 | 2.1 | 2.5 |
| Total | 4 | 100.0 | 100.0 | 613 | 100.0 | 100.0 | 1 | 100.0 | 100.0 | 63 | 100.0 | 100.0 | 100.0 |
| Refinance Loans | | | | | | | | | | | | | |
| Low | 0 | 0.0 | 1.4 | 0 | 0.0 | 1.0 | 0 | 0.0 | 2.5 | 0 | 0.0 | 2.2 | 6.3 |
| Moderate | 0 | 0.0 | 7.3 | 0 | 0.0 | 6.1 | 0 | 0.0 | 15.0 | 0 | 0.0 | 9.6 | 21.1 |
| Middle | 0 | 0.0 | 39.5 | 0 | 0.0 | 35.3 | 1 | 50.0 | 32.0 | 180 | 12.6 | 26.9 | 29.3 |
| Upper | 0 | 0.0 | 51.7 | 0 | 0.0 | 57.6 | 1 | 50.0 | 48.7 | 1,250 | 87.4 | 59.5 | 40.9 |
| Unknown | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0 | 0.0 | 1.9 | 0 | 0.0 | 1.8 | 2.5 |
| Total | 0 | 0.0 | 100.0 | 0 | 0.0 | 100.0 | 2 | 100.0 | 100.0 | 1,430 | 100.0 | 100.0 | 100.0 |
| Home Improvement Loans | | | | | | | | | | | | | |
| Low | 0 | 0.0 | 3.1 | 0 | 0.0 | 1.8 | 0 | 0.0 | 4.2 | 0 | 0.0 | 2.9 | 6.3 |
| Moderate | 0 | 0.0 | 13.8 | 0 | 0.0 | 10.3 | 0 | 0.0 | 18.1 | 0 | 0.0 | 13.3 | 21.1 |
| Middle | 0 | 0.0 | 38.4 | 0 | 0.0 | 39.5 | 0 | 0.0 | 28.9 | 0 | 0.0 | 25.5 | 29.3 |
| Upper | 0 | 0.0 | 44.7 | 0 | 0.0 | 48.4 | 2 | 100.0 | 46.4 | 111 | 100.0 | 56.6 | 40.9 |
| Unknown | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0 | 0.0 | 2.4 | 0 | 0.0 | 1.8 | 2.5 |
| Total | 0 | 0.0 | 100.0 | 0 | 0.0 | 100.0 | 2 | 100.0 | 100.0 | 111 | 100.0 | 100.0 | 100.0 |
| Multifamily Loans | | | | | | | | | | | | | Multi-family Units % |
| Low | 0 | 0.0 | 5.3 | 0 | 0.0 | 3.3 | 0 | 0.0 | 6.3 | 0 | 0.0 | 1.6 | 14.9 |
| Moderate | 0 | 0.0 | 34.2 | 0 | 0.0 | 43.1 | 0 | 0.0 | 29.2 | 0 | 0.0 | 45.6 | 37.5 |
| Middle | 3 | 100.0 | 39.5 | 7,165 | 100.0 | 37.5 | 0 | 0.0 | 27.1 | 0 | 0.0 | 25.3 | 24.6 |
| Upper | 0 | 0.0 | 21.1 | 0 | 0.0 | 16.1 | 0 | 0.0 | 31.3 | 0 | 0.0 | 26.6 | 21.2 |
| Unknown | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0 | 0.0 | 6.3 | 0 | 0.0 | 0.9 | 1.8 |
| Total | 3 | 100.0 | 100.0 | 7,165 | 100.0 | 100.0 | 0 | 0.0 | 100.0 | 0 | 0.0 | 100.0 | 100.0 |
| Total Home Mortgage Loans | | | | | | | | | | | | | Owner Occupied Units % |
| Low | 0 | 0.0 | 1.7 | 0 | 0.0 | 1.3 | 0 | 0.0 | 3.0 | 0 | 0.0 | 2.3 | 6.3 |
| Moderate | 0 | 0.0 | 8.4 | 0 | 0.0 | 8.8 | 0 | 0.0 | 12.7 | 0 | 0.0 | 12.8 | 21.1 |
| Middle | 4 | 57.1 | 40.2 | 7,305 | 93.9 | 36.3 | 2 | 40.0 | 30.8 | 243 | 15.1 | 26.4 | 29.3 |
| Upper | 3 | 42.9 | 49.7 | 473 | 6.1 | 53.6 | 3 | 60.0 | 51.5 | 1,361 | 84.9 | 56.6 | 40.9 |
| Unknown | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0 | 0.0 | 2.0 | 0 | 0.0 | 2.0 | 2.5 |
| Total | 7 | 100.0 | 100.0 | 7,778 | 100.0 | 100.0 | 5 | 100.0 | 100.0 | 1,604 | 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. | | | | | | | | | | | | | |

Table D-1 (2 of 2)

| Distribution of 2021 and 2022 Home Mortgage Lending By Income Level of Geography Assessment Area: Beaumont 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) | % | % | |
| Other Purpose LOC | | | | | | | | | | | | | |
| Low | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 6.3 |
| Moderate | 0 | 0.0 | 30.0 | 0 | 0.0 | 28.1 | 0 | 0.0 | 15.8 | 0 | 0.0 | 9.7 | 21.1 |
| Middle | 0 | 0.0 | 30.0 | 0 | 0.0 | 29.5 | 0 | 0.0 | 31.6 | 0 | 0.0 | 14.9 | 29.3 |
| Upper | 0 | 0.0 | 40.0 | 0 | 0.0 | 42.4 | 0 | 0.0 | 47.4 | 0 | 0.0 | 72.1 | 40.9 |
| Unknown | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0 | 0.0 | 5.3 | 0 | 0.0 | 3.3 | 2.5 |
| Tract-Unk | 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 |
| Other Purpose Closed/Exempt | | | | | | | | | | | | | |
| Low | 0 | 0.0 | 3.7 | 0 | 0.0 | 2.3 | 0 | 0.0 | 1.4 | 0 | 0.0 | 0.8 | 6.3 |
| Moderate | 0 | 0.0 | 11.0 | 0 | 0.0 | 7.4 | 0 | 0.0 | 8.4 | 0 | 0.0 | 7.6 | 21.1 |
| Middle | 0 | 0.0 | 39.0 | 0 | 0.0 | 38.4 | 0 | 0.0 | 30.5 | 0 | 0.0 | 27.1 | 29.3 |
| Upper | 0 | 0.0 | 46.3 | 0 | 0.0 | 51.9 | 0 | 0.0 | 57.3 | 0 | 0.0 | 61.6 | 40.9 |
| Unknown | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0 | 0.0 | 2.3 | 0 | 0.0 | 2.9 | 2.5 |
| Tract-Unk | 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 |
| Purpose Not Applicable | | | | | | | | | | | | | |
| Low | 0 | 0.0 | 3.0 | 0 | 0.0 | 2.6 | 0 | 0.0 | 3.4 | 0 | 0.0 | 3.4 | 6.3 |
| Moderate | 0 | 0.0 | 18.8 | 0 | 0.0 | 15.4 | 0 | 0.0 | 19.5 | 0 | 0.0 | 16.3 | 21.1 |
| Middle | 0 | 0.0 | 48.9 | 0 | 0.0 | 48.4 | 0 | 0.0 | 34.5 | 0 | 0.0 | 27.2 | 29.3 |
| Upper | 0 | 0.0 | 29.3 | 0 | 0.0 | 33.6 | 0 | 0.0 | 40.2 | 0 | 0.0 | 49.7 | 40.9 |
| Unknown | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0 | 0.0 | 2.3 | 0 | 0.0 | 3.4 | 2.5 |
| Tract-Unk | 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 |
| 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 Small Business Lending By Income Level of Geography Assessment Area: Beaumont 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 | 3 | 3.5 | 5.6 | 1 | 9.1 | 6.0 | 4 | 6.3 | 4.6 | 1 | 7.7 | 3.0 | 4.6 |
| Moderate | 9 | 10.6 | 20.4 | 1 | 9.1 | 22.9 | 14 | 22.2 | 23.7 | 3 | 23.1 | 23.9 | 27.3 |
| Middle | 24 | 28.2 | 41.4 | 3 | 27.3 | 40.4 | 9 | 14.3 | 24.9 | 2 | 15.4 | 21.5 | 25.4 |
| Upper | 49 | 57.6 | 31.4 | 6 | 54.5 | 30.5 | 35 | 55.6 | 40.4 | 7 | 53.8 | 41.7 | 37.7 |
| Unknown | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 1 | 1.6 | 5.5 | 0 | 0.0 | 9.7 | 5.0 |
| Total | 85 | 100.0 | 100.0 | 11 | 100.0 | 100.0 | 63 | 100.0 | 100.0 | 13 | 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-3 (1 of 2)

| Distribution of 2021 and 2022 Home Mortgage Lending By Borrower Income Level | | | | | | | | | | | | | |
|--|----------------------------------|-------|-------|---------|-------|-------|------|-------|-------|---------|-------|-------|-----------------------------------|
| Assessment Area: Beaumont 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 | 1.9 | 0 | 0.0 | 1.1 | 0 | 0.0 | 4.0 | 0 | 0.0 | 2.2 | 24.2 |
| Moderate | 0 | 0.0 | 12.0 | 0 | 0.0 | 8.2 | 0 | 0.0 | 16.4 | 0 | 0.0 | 11.7 | 18.2 |
| Middle | 0 | 0.0 | 20.1 | 0 | 0.0 | 17.6 | 0 | 0.0 | 21.9 | 0 | 0.0 | 20.4 | 17.8 |
| Upper | 2 | 50.0 | 42.0 | 409 | 66.7 | 51.5 | 1 | 100.0 | 34.4 | 63 | 100.0 | 44.3 | 39.9 |
| Unknown | 2 | 50.0 | 24.0 | 204 | 33.3 | 21.6 | 0 | 0.0 | 23.2 | 0 | 0.0 | 21.4 | 0.0 |
| Total | 4 | 100.0 | 100.0 | 613 | 100.0 | 100.0 | 1 | 100.0 | 100.0 | 63 | 100.0 | 100.0 | 100.0 |
| Refinance Loans | | | | | | | | | | | | | |
| Low | 0 | 0.0 | 1.8 | 0 | 0.0 | 0.9 | 0 | 0.0 | 5.5 | 0 | 0.0 | 2.9 | 24.2 |
| Moderate | 0 | 0.0 | 7.4 | 0 | 0.0 | 4.5 | 0 | 0.0 | 13.6 | 0 | 0.0 | 8.6 | 18.2 |
| Middle | 0 | 0.0 | 14.9 | 0 | 0.0 | 11.3 | 0 | 0.0 | 19.9 | 0 | 0.0 | 17.1 | 17.8 |
| Upper | 0 | 0.0 | 49.3 | 0 | 0.0 | 55.6 | 0 | 0.0 | 40.1 | 0 | 0.0 | 48.2 | 39.9 |
| Unknown | 0 | 0.0 | 26.6 | 0 | 0.0 | 27.7 | 2 | 100.0 | 20.8 | 1,430 | 100.0 | 23.3 | 0.0 |
| Total | 0 | 0.0 | 100.0 | 0 | 0.0 | 100.0 | 2 | 100.0 | 100.0 | 1,430 | 100.0 | 100.0 | 100.0 |
| Home Improvement Loans | | | | | | | | | | | | | |
| Low | 0 | 0.0 | 3.8 | 0 | 0.0 | 2.3 | 0 | 0.0 | 11.4 | 0 | 0.0 | 7.1 | 24.2 |
| Moderate | 0 | 0.0 | 14.5 | 0 | 0.0 | 10.2 | 0 | 0.0 | 15.1 | 0 | 0.0 | 11.6 | 18.2 |
| Middle | 0 | 0.0 | 19.5 | 0 | 0.0 | 15.0 | 0 | 0.0 | 20.5 | 0 | 0.0 | 21.1 | 17.8 |
| Upper | 0 | 0.0 | 57.9 | 0 | 0.0 | 66.2 | 1 | 50.0 | 49.4 | 49 | 44.1 | 56.3 | 39.9 |
| Unknown | 0 | 0.0 | 4.4 | 0 | 0.0 | 6.4 | 1 | 50.0 | 3.6 | 62 | 55.9 | 3.9 | 0.0 |
| Total | 0 | 0.0 | 100.0 | 0 | 0.0 | 100.0 | 2 | 100.0 | 100.0 | 111 | 100.0 | 100.0 | 100.0 |
| Total Home Mortgage Loans | | | | | | | | | | | | | |
| Low | 0 | 0.0 | 2.0 | 0 | 0.0 | 1.0 | 0 | 0.0 | 4.7 | 0 | 0.0 | 2.4 | 24.2 |
| Moderate | 0 | 0.0 | 10.0 | 0 | 0.0 | 6.7 | 0 | 0.0 | 15.9 | 0 | 0.0 | 11.3 | 18.2 |
| Middle | 0 | 0.0 | 17.7 | 0 | 0.0 | 14.9 | 0 | 0.0 | 21.4 | 0 | 0.0 | 19.8 | 17.8 |
| Upper | 2 | 50.0 | 45.0 | 409 | 66.7 | 53.0 | 2 | 40.0 | 36.1 | 112 | 7.0 | 45.1 | 39.9 |
| Unknown | 2 | 50.0 | 25.3 | 204 | 33.3 | 24.3 | 3 | 60.0 | 21.9 | 1,492 | 93.0 | 21.5 | 0.0 |
| Total | 4 | 100.0 | 100.0 | 613 | 100.0 | 100.0 | 5 | 100.0 | 100.0 | 1,604 | 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 (2 of 2)

| Distribution of 2021 and 2022 Home Mortgage Lending By Borrower Income Level Assessment Area: Beaumont 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) | % | % | |
| Other Purpose LOC | | | | | | | | | | | | | |
| Low | 0 | 0.0 | 20.0 | 0 | 0.0 | 13.8 | 0 | 0.0 | 15.8 | 0 | 0.0 | 8.0 | 24.2 |
| Moderate | 0 | 0.0 | 10.0 | 0 | 0.0 | 5.8 | 0 | 0.0 | 21.1 | 0 | 0.0 | 13.6 | 18.2 |
| Middle | 0 | 0.0 | 20.0 | 0 | 0.0 | 17.3 | 0 | 0.0 | 26.3 | 0 | 0.0 | 21.7 | 17.8 |
| Upper | 0 | 0.0 | 35.0 | 0 | 0.0 | 46.3 | 0 | 0.0 | 36.8 | 0 | 0.0 | 56.7 | 39.9 |
| Unknown | 0 | 0.0 | 15.0 | 0 | 0.0 | 16.8 | 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 |
| Other Purpose Closed/Exempt | | | | | | | | | | | | | |
| Low | 0 | 0.0 | 4.3 | 0 | 0.0 | 2.1 | 0 | 0.0 | 5.8 | 0 | 0.0 | 3.5 | 24.2 |
| Moderate | 0 | 0.0 | 15.2 | 0 | 0.0 | 10.2 | 0 | 0.0 | 22.5 | 0 | 0.0 | 18.4 | 18.2 |
| Middle | 0 | 0.0 | 18.9 | 0 | 0.0 | 15.5 | 0 | 0.0 | 26.8 | 0 | 0.0 | 24.5 | 17.8 |
| Upper | 0 | 0.0 | 59.8 | 0 | 0.0 | 69.6 | 0 | 0.0 | 42.7 | 0 | 0.0 | 51.5 | 39.9 |
| Unknown | 0 | 0.0 | 1.8 | 0 | 0.0 | 2.7 | 0 | 0.0 | 2.3 | 0 | 0.0 | 2.1 | 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 |
| Purpose Not Applicable | | | | | | | | | | | | | |
| Low | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0 | 0.0 | 2.3 | 0 | 0.0 | 1.0 | 24.2 |
| Moderate | 0 | 0.0 | 2.3 | 0 | 0.0 | 2.6 | 0 | 0.0 | 1.1 | 0 | 0.0 | 1.0 | 18.2 |
| Middle | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 17.8 |
| Upper | 0 | 0.0 | 3.0 | 0 | 0.0 | 3.4 | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 39.9 |
| Unknown | 0 | 0.0 | 94.7 | 0 | 0.0 | 94.0 | 0 | 0.0 | 96.6 | 0 | 0.0 | 98.0 | 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 |
| 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-4

| Distribution of 2021 and 2022 Small Business Lending By Revenue Size of Businesses | | | | | | | | | | | | | |
|--|----------------------------------|-------|-------|----|-------|-------|------|-------|-------|----|-------|-------|--------------------|
| Assessment Area: Beaumont Metropolitan | | | | | | | | | | | | | |
| | Bank And Aggregate Loans By Year | | | | | | | | | | | | Total Businesses % |
| | 2021 | | | | | | 2022 | | | | | | |
| | Bank | | Agg | | Bank | | Agg | | Bank | | Agg | | |
| | # | % | # | % | # | % | # | % | # | % | # | % | |
| By Revenue | | | | | | | | | | | | | |
| \$1 Million or Less | 40 | 47.1 | 39.8 | 4 | 36.4 | 31.3 | 33 | 52.4 | 43.7 | 6 | 46.2 | 35.2 | 92.2 |
| Over \$1 Million | 27 | 31.8 | | 7 | 63.6 | | 25 | 39.7 | | 7 | 53.8 | | 6.8 |
| Revenue Unknown | 18 | 21.2 | | 1 | 9.1 | | 5 | 7.9 | | 0 | 0.0 | | 1.0 |
| Total | 85 | 100.0 | | 11 | 100.0 | | 63 | 100.0 | | 13 | 100.0 | | 100.0 |
| By Loan Size | | | | | | | | | | | | | |
| \$100,000 or Less | 85 | 100.0 | 88.0 | 11 | 100.0 | 29.0 | 63 | 100.0 | 88.4 | 13 | 100.0 | 26.8 | |
| \$100,001 - \$250,000 | 0 | 0.0 | 6.2 | 0 | 0.0 | 18.9 | 0 | 0.0 | 6.3 | 0 | 0.0 | 20.3 | |
| \$250,001 - \$1 Million | 0 | 0.0 | 5.7 | 0 | 0.0 | 52.1 | 0 | 0.0 | 5.3 | 0 | 0.0 | 53.0 | |
| Total | 85 | 100.0 | 100.0 | 11 | 100.0 | 100.0 | 63 | 100.0 | 100.0 | 13 | 100.0 | 100.0 | |
| By Loan Size and Revenues \$1 Million or Less | | | | | | | | | | | | | |
| \$100,000 or Less | 40 | 100.0 | | 4 | 100.0 | | 33 | 100.0 | | 6 | 100.0 | | |
| \$100,001 - \$250,000 | 0 | 0.0 | | 0 | 0.0 | | 0 | 0.0 | | | | | |
| \$250,001 - \$1 Million | 0 | 0.0 | | 0 | 0.0 | | 0 | 0.0 | | | | | |
| Total | 40 | 100.0 | | 4 | 100.0 | | 33 | 100.0 | | 6 | 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/assessment area.

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/assessment area.

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.