

PUBLIC DISCLOSURE

June 2, 2025

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

TXN Bank
RSSD # 77253
103 19th Street
Hondo, Texas 78861

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

NOTE: This document is an evaluation of this institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the institution. This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion, or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.

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INSTITUTION'S COMMUNITY REINVESTMENT ACT RATING

This institution's Community Reinvestment Act (CRA) performance is rated: **Satisfactory**.

The lending test is rated: **Satisfactory**.

The community development (CD) test is rated: **Satisfactory**.

TXN Bank (TXN or bank) is rated **Satisfactory**. This rating is based on the following conclusions with respect to the performance criteria under the lending and CD tests:

- TXN's 16-quarter average net loan-to-deposit ratio (NLTD) is reasonable given the bank's asset size, financial condition, and the credit needs of the assessment areas (AAs).
- A majority of the bank's loans are originated inside the AAs.
- A poor distribution of loans occurs throughout the bank's AAs.
- Lending reflects a reasonable distribution among individuals of different income levels, including low- and moderate-income (LMI), and businesses of different revenue sizes.
- Neither TXN nor the Federal Reserve Bank of Dallas (Reserve Bank) received any CRA-related complaints since the previous evaluation.
- CD activity reflects adequate responsiveness to the needs of its AAs.

SCOPE OF THE EVALUATION

Examiners utilized the Federal Financial Institutions Examination Council's (FFIEC's) *Interagency Examination Procedures for Intermediate Small Institutions* to evaluate the bank's CRA performance. The evaluation considered performance context, including TXN's asset size, financial condition, business strategy and market competition, as well as the demographic and economic characteristics and credit needs of the AAs. Performance was assessed within the bank's three delineated AAs within the state of Texas: San Antonio Metropolitan, Real and Uvalde Counties Nonmetropolitan, and Blanco County Nonmetropolitan. The San Antonio Metropolitan AA received a full-scope review, as it encompasses 55.0 percent of TXN's lending activity (by number of loans), 79.0 percent of total deposits, and 71.4 percent of the bank's branches are located in this AA. The Real and Uvalde Counties Nonmetropolitan and Blanco County Nonmetropolitan AAs received a limited-scope review.

To assess TXN's CRA performance, examiners reviewed the following data:

- TXN's 16-quarter average NLTD ratio, ending December 31, 2024;
- A statistically derived sample of 81 small business loans selected from a universe of 135 loans originated between January 1, 2023, and December 31, 2023;
- The universe of residential real estate lending activity reported on the bank's 2023 Home Mortgage Disclosure Act (HMDA) Loan/Application Register, which totaled 101 loans;
- Qualified CD loans, investments, and services extended and/or acquired between February 22, 2022, and June 2, 2025; and
- Information provided by representatives from an affordable housing organization and a local nonprofit serving the San Antonio Metropolitan AA to ascertain its credit and CD needs as well as local economic conditions.

DESCRIPTION OF THE INSTITUTION

TXN, an intrastate community bank headquartered in Hondo, Texas, has the following characteristics:

- The bank is a wholly owned subsidiary of TXN Bancshares, Inc., a single bank holding company in Hondo, Texas. The holding company was formed on February 22, 2022, after Texas Heritage Bancshares, Inc., holder of The Hondo National Bank, acquired Medina Community Bancshares, Inc., holder of Community National Bank.
- Following the merger, The Hondo National Bank, Hondo, Texas, and Community National Bank, Hondo, Texas, rebranded to TXN.
- As of December 31, 2024, TXN reported total assets of \$611.8 million.
- After the closure of the location in Blanco County, Texas, on April 23, 2023, the bank operates seven locations and 16 full-service automated teller machines (ATMs).
- As shown in Table 1, TXN is primarily a commercial lender, as commercial loans comprise a majority of the loan portfolio. The bank is strategically focused on growing commercial lending. In addition, residential real estate loans comprise a smaller, but still material, portion of the loan portfolio.

Table 1
Composition of Loan Portfolio
as of December 31, 2024

Loan Type	\$(000)	Percent (%)
Agricultural	50,614	16.1
Commercial	164,618	52.4
Consumer	9,449	3.0
Residential Real Estate	82,969	26.4
Other	6,762	2.2
Gross Loans	314,412	100.0
<i>Note: Percentages may not total 100.0 percent due to rounding.</i>		

The Office of the Comptroller of the Currency (OCC) rated the CRA performance of The Hondo National Bank and Community National Bank as Satisfactory on May 17, 2021, and August 13, 2018, respectively. Both banks were evaluated using the FFIEC's *Interagency Examination Procedures for Small Institutions*.

There are no known legal, financial, or other factors impeding TXN's ability to help meet the credit and CD needs of the communities within the delineated AAs.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS

LENDING TEST¹

This performance evaluation first discusses the bank's overall performance under the lending test and CD test, followed by an in-depth evaluation of performance in the San Antonio Metropolitan AA (full-scope review) and a brief discussion of performance in the Real and Uvalde Counties

¹ The NLTD ratio and percentage of loans and other lending-related activity in the AA only apply to the institution overall. No discussion of these performance criteria applies to sections of the performance evaluation related to the AA.

Nonmetropolitan AA and Blanco County Nonmetropolitan AA (limited-scope reviews).

TXN's overall performance under the lending test is satisfactory. This rating is based on a reasonable NLTD ratio and a majority of loans originated within the bank's AAs. While lending reflected an overall reasonable distribution of loans to individuals of different income levels and businesses of different revenue sizes, the geographic distribution of loans was poor within the San Antonio Metropolitan AA. Each of the performance criteria considered under this test are discussed below.

Overall conclusions are primarily based on the bank's performance in the full-scope AA, with the limited-scope AAs receiving a cursory review for comparative purposes. TXN's performance in the Blanco County AA was not considered when drawing overall conclusions given limited lending activity and the closure of the sole branch during the review period. In addition, more consideration was given to the volume of loan originations than the dollar amount, as this represents the number of individuals or entities served. Lastly, when drawing overall conclusions, the bank's commercial and residential real estate lending carried similar weight, as TXN extends a comparable number of loan originations.

Net Loan-to-Deposit Ratio

This performance criterion evaluates the bank's average NLTD ratio to determine the reasonableness of lending in light of performance context, such as the bank's capacity to lend, the availability of lending opportunities, and the AAs demographic and economic characteristics. Moreover, TXN's performance was compared to similarly situated institutions insured by the Federal Deposit Insurance Corporation (FDIC). Given that TXN serves various rural towns² with very small populations, similarly situated institutions were selected based on asset size and location, and general observations were made rather than direct comparison.

TXN's 16-quarter average NLTD ratio, at 51.1 percent, is reasonable. As shown in Table 2, TXN's average NLTD ratio is below that of similarly sized institutions. However, additional context must be considered. TXN holds a material volume of public funds from the small towns it serves. These deposits provide critical services to the community but generally must be protected by a corporate surety bond or pledged collateral, which has the effect of reducing the NLTD ratio. To illustrate the impact of public funds in the bank's NLTD ratio, examiners noted that TXN's NLTD ratio as of December 31, 2024, increases to 63.8 percent after accounting for the public funds held (12.2 percent of total deposits). In addition, TXN serves very small towns and communities where loan demand may be limited. As such, the NLTD ratio is not unreasonably lower than comparator institutions and reflects favorably on the bank's efforts to meet the credit needs of the communities TXN serves.

² Of the bank's seven branches, only one is located in a town with a population greater than 10,000, and two are located in towns with populations of less than 1,000.

Table 2

Comparative Net Loan-to-Deposit Ratios January 1, 2021 – December 31, 2024			
Institution	Location	Asset Size \$(000)	16-Quarter Average NLTD Ratio (%)
TXN Bank	Hondo, Texas	611,776	51.1
Similarly Situated Institutions			
Comparator Banks	Waco, Texas	643,974	63.8
	Sonora, Texas	616,846	72.0
	Round Top, Texas	882,509	65.6

Assessment Area Concentration

This performance criterion evaluates the percentage of lending extended inside and outside of the bank's delineated AAs. As shown in Table 3, TXN originated a majority of loans, by number and dollar, inside its AAs. The bank's lending patterns reflect reasonable efforts to lend within its AAs and reflect favorably on the bank's overall performance.

Table 3

Lending Inside and Outside the Assessment Area								
Loan Type	Inside Assessment Area				Outside Assessment Area			
	#	#%	\$(000)	%	#	#%	\$(000)	%
Home Purchase	28	75.7	9,734	73.0	9	24.3	3,599	27.0
Other Purpose Closed-End	8	61.5	1,085	47.4	5	38.5	1,205	52.6
Refinancing	13	76.5	2,496	80.3	4	23.5	612	19.7
Total HMDA	49	73.1	13,315	71.1	18	26.9	5,416	28.9
Total Small Business	66	81.5	3,416	54.2	15	18.5	2,884	45.8
Total Loans	115	77.7	16,731	66.8	33	22.3	8,300	33.2

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

The remaining analysis is based on the loans made inside the bank's AAs.

Geographic Distribution of Loans

This performance criterion evaluates the bank's distribution of lending within the delineated AAs by income level of census tracts with consideration given to the dispersion of loans throughout the AAs in light of performance context, such as strategic focus, lending opportunities, and geographic characteristics. TXN's overall geographic distribution of loans reflects poor distribution among census tracts of different income levels and dispersion throughout the AAs.

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

This performance criterion evaluates the bank's lending to borrowers of different income levels and businesses of different revenue sizes. TXN's lending has an overall reasonable distribution among individuals of different income levels and businesses of different revenue sizes.

Due to the limited originations in the Real and Uvalde Counties Nonmetropolitan and Blanco County Nonmetropolitan AAs, the overall rating was primarily based on the performance in the San Antonio Metropolitan AA.

COMMUNITY DEVELOPMENT TEST

The CD test evaluates the bank's responsiveness to the CD needs of the delineated AAs through qualified loans, investments, and services, considering TXN's capacity and the need and availability of such opportunities in the AAs. TXN's overall CD performance demonstrates adequate responsiveness to the needs of the communities in which the bank operates. As such, consideration was also given to CD activity conducted outside of the delineated AAs. The outside activities include two CD loans, totaling \$3.6 million, extended to fund an affordable housing development that benefits LMI individuals and four community services, totaling 56 hours, where employees provided financial technical assistance to nonprofit organizations.

As shown in Table 4, TXN originated 27 CD loans for a total of \$14.6 million during the review period, demonstrating an appropriate commitment to supporting LMI communities. Specifically, TXN extended \$1.4 million in support of affordable housing initiatives, which enhanced access to stable housing for LMI individuals, and \$8.1 million toward redevelopment efforts in underserved and economically distressed areas that promote revitalization. These activities reflect a meaningful commitment to addressing critical needs, such as housing stability and economic recovery, within the bank's AAs.

In addition to its lending efforts, TXN made three qualified investments, totaling \$2.4 million, supporting local development projects and infrastructure benefiting LMI populations. Specifically, the bank invested \$1.5 million to support improvements in the local city's drainage system. TXN also provided 43 grants and donations, totaling \$36,200, to local nonprofit and community-based organizations that focus on housing, financial education, and essential community services.

TXN demonstrates adequate community engagement through 40 instances of CD services, in which bank staff provided financial expertise and supported organizations addressing community needs. These services were responsive to local priorities and further contributed to the bank's overall performance under the CD test.

Table 4

Community Development Activity Assessment Area: All									
Community Development Purpose	Community Development Loans		Qualified Investments						Community Development Services
			Investments		Donations		Total Investments		
	#	\$(000)	#	\$(000)	#	\$(000)	#	\$(000)	#
Affordable Housing	13	1,403	0	0	0	0	0	0	0
Community Services	4	530	1	295	43	36	44	331	40
Economic Development	5	8,131	0	0	0	0	0	0	0
Revitalization and Stabilization	5	4,495	2	2,185	0	0	2	2,185	0
Totals	27	14,559	3	2,480	43	36	46	2,516	40
Note: Percentages may not total 100.0 percent due to rounding.									

Details related to TXN's CD activity in the AA receiving a full-scope review can be found in the separate AA discussion below.

FAIR LENDING OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

Compliance with the substantive provisions of antidiscrimination and other consumer protection laws and regulations, including the Equal Credit Opportunity Act and the Fair Housing Act, was considered as part of this CRA evaluation. No evidence of a pattern or practice of discrimination on a prohibited basis or of other illegal credit practices inconsistent with helping to meet community credit needs was identified.

SAN ANTONIO METROPOLITAN ASSESSMENT AREA
(Full-Scope Review)

DESCRIPTION OF THE INSTITUTION’S OPERATIONS IN THE SAN ANTONIO METROPOLITAN ASSESSMENT AREA

- The San Antonio Metropolitan AA consists of Atascosa, Bandera, and Medina counties, which are adjacent counties on the western side of the San Antonio-New Braunfels, TX Metropolitan Statistical Area (MSA). The AA delineation excludes the counties of Bexar, Comal, Guadalupe, Kendall, and Wilson, which comprise the more populated regions of the MSA. Atascosa County was added to the AA following the merger in 2022. Refer to Appendix A for an AA map.
- TXN operates five branches within the AA: one located in a moderate-income census tract, three in middle-income census tracts, and one branch in an upper-income census tract. Moreover, TXN operates 13 full-service ATMs in the AA.
- The AA consists of 31 census tracts: nine moderate-income (29.0 percent), 17 middle-income (54.8 percent), and five upper-income census tracts (16.1 percent).
- The FDIC Deposit Market Share Report as of June 30, 2024, indicates TXN held 21.1 percent of the deposit market share, ranking 1st out of 17 FDIC-insured depository institutions operating in the AA. Other market leaders holding significant portions of the deposits include Security State Bank (14.6 percent) and Castroville State Bank (11.6 percent). However, the AA counties are on the outskirts of the MSA and contain more rural areas. When considering the entire San Antonio – New Braunfels, TX MSA, TXN ranked 20th out of 67 institutions and only held 0.3 percent of the deposit market share. Market leaders holding the majority of deposits in the MSA include USAA Federal Savings Bank (54.8 percent), Citibank, NA (17.2 percent), and Frost Bank (7.1 percent). In this context, TXN is a major contributor within its AA but a relatively small player in the overall San Antonio market.
- In 2023, TXN originated 29 HMDA-reportable loans, representing 1.3 percent of the 2,164 loans originated by HMDA-reporting (aggregate) lenders in the AA. TXN ranked 20 out of 252 HMDA-reporting lenders in the AA.
- A community contact noted that while local banks in the AA are actively engaged in community events to support small business owners, expanded opportunities for small businesses to access credit are needed. This need has been exacerbated by the reduced availability of funding since the conclusion of the Small Business Administration’s Paycheck Protection Program, which ceased in May 2021.

Table 5

Population Change			
Assessment Area: San Antonio Metropolitan			
Area	2015 Population	2020 Population	Percent Change
San Antonio Metropolitan	115,238	120,580	4.6
Atascosa County, TX	47,050	48,981	4.1
Bandera County, TX	20,796	20,851	0.3
Medina County, TX	47,392	50,748	7.1
San Antonio-New Braunfels, TX MSA	2,286,702	2,558,143	11.9
Texas	26,538,614	29,145,505	9.8
Source: 2011-2015 U.S. Census Bureau American Community Survey 2020 U.S. Census Bureau Decennial Census			

- As depicted in Table 5, the AA population grew 4.6 percent from 2015 to 2020, adding 5,342 residents. However, counties in the AA grew at a much slower rate than the San Antonio – New Braunfels, TX MSA and the state of Texas. Notably, San Antonio-New Braunfels, TX MSA's population increased by 11.9 percent or 271,441 people, while the AA population increase of 4.6 percent represents less than 6,000 people, indicating that more residents are moving to the central and eastern parts of the MSA.
- A local community leader attributed the rapid growth in the area to the proximity of the Mexico-United States border, which provides ample job opportunities from multiple businesses in the AA.

Table 6

Median Family Income Change			
Assessment Area: San Antonio Metropolitan			
Area	2015 Median Family Income (\$)	2020 Median Family Income (\$)	Percent Change
San Antonio Metropolitan	68,246	71,227	4.4
Atascosa County, TX	62,283	64,807	4.1
Bandera County, TX	69,934	65,000	(7.1)
Medina County, TX	72,822	79,441	9.1
San Antonio-New Braunfels, TX MSA	67,989	74,284	9.3
Texas	68,523	76,073	11.0
Source: 2011-2015 U.S. Census Bureau American Community Survey 2020 U.S. Census Bureau Decennial Census			
Note: Median family incomes have been inflation-adjusted and are expressed in 2020 dollars.			

- As shown in Table 6, the AA's median family income (MFI) experienced a slight increase, while the MFI of the San Antonio–New Braunfels, TX MSA increased at twice the rate of the AA. This disparity suggests limited growth opportunities in the AA when compared to other parts of the MSA.
- Bandera County's MFI decline is somewhat offset by the growth experienced in Medina County. The significant decline in Bandera County's MFI suggests a regression in household earning power that is more likely to impact LMI families.
- According to the 2023 FFIEC Census data, 9.4 percent of AA families live below the poverty level, which is slightly less than the statewide percentage, at 10.9 percent.

Table 7

Housing Cost Burden Rates						
Assessment Area: San Antonio Metropolitan						
Area	Cost Burden - Renters			Cost Burden - Owners		
	Low Income	Moderate Income	All Renters	Low Income	Moderate Income	All Owners
San Antonio Metropolitan	66.2	43.6	33.4	50.1	18.5	16.8
Atascosa County, TX	59.9	48.5	24.6	46.6	20.5	15.3
Bandera County, TX	50.0	34.1	27.0	54.3	12.5	18.8
Medina County, TX	74.2	41.9	44.8	51.2	19.6	17.1
San Antonio-New Braunfels, TX MSA	79.2	53.0	44.7	58.6	34.2	19.9
Texas	79.4	49.8	43.5	59.0	32.7	19.4
Cost burden is housing cost that equals 30 percent or more of household income.						
Source: U.S. Department of Housing and Urban Development (HUD) 2017-2021 Comprehensive Housing Affordability Strategy						

- As illustrated in Table 7, housing costs within the AA for low-income renters are a greater burden than to low-income homeowners, indicating that it is more economical for low-income families to purchase a home than to rent it. However, various factors, such as downpayment requirements and high property taxes, act as a barrier to homeownership for many LMI individuals.
- According to the 2023 FFIEC Census data, the AA's median gross rent is \$867.
- The median age of housing stock and median housing value in the AA are 37 years and \$139,817, respectively, which exceeds the statewide median age of 33 years but below the median statewide housing value of \$187,200.
- The AA's median housing value makes homeownership theoretically more attainable; however, a community contact noted slower income growth and rising interest rates have made qualifying for mortgage financing more difficult for LMI families.

Table 8

Unemployment Rates					
Assessment Area: San Antonio Metropolitan					
Area	2019	2020	2021	2022	2023
San Antonio Metropolitan	3.4	7.1	5.4	3.9	3.7
Atascosa County, TX	3.6	8.6	6.1	4.1	3.8
Bandera County, TX	3.3	5.8	4.8	3.7	3.5
Medina County, TX	3.2	6.3	5.0	3.9	3.8
San Antonio-New Braunfels, TX MSA	3.1	7.3	5.2	3.7	3.7
Texas	3.5	7.7	5.6	3.9	3.9
<i>Source: Bureau of Labor Statistics: Local Area Unemployment Statistics</i>					

- As shown in Table 8, the AA unemployment rate closely tracks that of the state of Texas and the San Antonio-New Braunfels, TX MSA, with only minor variations. In 2020 and 2021, unemployment rates increased due to the COVID-19 pandemic, stabilizing in 2022 and nearing pre-pandemic rates.
- The top three industries in the AA consist of mining, quarrying, oil and gas extraction, retail trade, and food and service.
- The AA key employers include Joint Base San Antonio, H-E-B Grocery, and Methodist Healthcare System, which provide employment across a range of skill levels.

The table below presents key demographic information for the AA.

Table 9

2023 Combined Demographics Assessment Area: San Antonio Metropolitan								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low	0	0.0	0	0.0	0	0.0	6,710	22.3
Moderate	9	29.0	8,184	27.2	1,337	16.3	5,500	18.3
Middle	17	54.8	16,774	55.7	1,308	7.8	6,172	20.5
Upper	5	16.1	5,174	17.2	171	3.3	11,750	39.0
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	31	100.0	30,132	100.0	2,816	9.3	30,132	100.0
	Housing Units by Tract	Housing Type by Tract						
		Owner-occupied			Rental		Vacant	
		#	% by tract	% by unit	#	% by unit	#	% by unit
Low	0	0	0.0	0.0	0	0.0	0	0.0
Moderate	12,743	8,211	25.2	64.4	2,485	19.5	2,047	16.1
Middle	29,124	18,919	58.0	65.0	4,406	15.1	5,799	19.9
Upper	7,477	5,469	16.8	73.1	983	13.1	1,025	13.7
Unknown	0	0	0.0	0.0	0	0.0	0	0.0
Total AA	49,344	32,599	100.0	66.1	7,874	16.0	8,871	18.0
	Total Businesses by Tract		Businesses by Tract & Revenue Size					
			Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported	
	#	%	#	%	#	%	#	%
Low	0	0.0	0	0.0	0	0.0	0	0.0
Moderate	875	21.5	800	21.1	60	28.4	15	20.3
Middle	2,416	59.3	2,258	59.6	110	52.1	48	64.9
Upper	783	19.2	731	19.3	41	19.4	11	14.9
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	4,074	100.0	3,789	100.0	211	100.0	74	100.0
Percentage of Total Businesses:				93.0		5.2		1.8
	Total Farms by Tract		Farms by Tract & Revenue Size					
			Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported	
	#	%	#	%	#	%	#	%
Low	0	0.0	0	0.0	0	0.0	0	0.0
Moderate	65	20.8	62	20.7	3	25.0	0	0.0
Middle	188	60.3	181	60.3	7	58.3	0	0.0
Upper	59	18.9	57	19.0	2	16.7	0	0.0
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	312	100.0	300	100.0	12	100.0	0	0.0
Percentage of Total Farms:				96.2		3.8		0.0
Source: 2023 FFIEC Census Data 2023 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 IN THE SAN ANTONIO METROPOLITAN ASSESSMENT AREA

LENDING TEST

TXN's lending performance in the AA is reasonable. While the geographic distribution of lending is poor, lending to borrowers of different income levels and businesses of different revenue sizes reflects reasonable distribution. When drawing overall conclusions, HMDA and small business lending carried similar weight, as the bank originates a comparable volume of HMDA and small business loans. Lending to borrowers of different income levels and businesses of different sizes carried more weight when drawing overall conclusions, as there were limited moderate-income tracts and no low-income census tracts in the AA.

Among HMDA-reportable loan products, there was not sufficient volume of individual products for a meaningful analysis to be conducted; therefore, conclusions were based on total volume of HMDA-reportable lending.

Geographic Distribution of Loans

TXN's geographic distribution of home mortgage and small business loans reflect poor distribution among census tracts of different income levels and dispersion throughout the AA. The bank's performance primarily focused on lending in moderate-income geographies given the absence of low-income census tracts in the AA. The following sections provide additional context and analysis to explain the factors contributing to these performance levels.

Residential Real Estate (HMDA) Lending

The geographic distribution of HMDA lending is poor. While there are no low-income census tracts in the AA, TXN's performance in moderate-income census tracts is notably weak when compared to aggregate HMDA reporters' performance and the percentage of owner-occupied housing units in moderate-income census tracts. As shown in Table 10, aggregate HMDA-reporters originated a percentage of loans in moderate-income census tracts comparable to the demographic figure, indicating a strong demand for HMDA-reportable loans in these areas. TXN's lending activity demonstrates a willingness to lend in moderate-income areas, as 10.3 percent of HMDA reportable loans were extended in such geographies; however, it falls significantly short of market demand. It is noteworthy that TXN faces strong competition from large mortgage lenders serving the AA, such as 21st Mortgage Corporation, PennyMac Loan Services, LLC, and Security Service Federal Credit Union.

Table 10 (1of 2)

Distribution of 2023 Home Mortgage Lending by Income Level of Geography Assessment Area: San Antonio Metropolitan							
Geographic Income Level	Bank And Aggregate Loans						Owner Occupied Units %
	Bank		Agg	Bank		Agg	
	#	##	##	\$(000)	%	%	
Home Purchase Loans							
Low	0	0.0	0.0	0	0.0	0.0	0.0
Moderate	0	0.0	25.6	0	0.0	20.3	25.2
Middle	14	77.8	42.7	5,404	81.4	39.6	58.0
Upper	4	22.2	31.7	1,238	18.6	40.1	16.8
Unknown	0	0.0	0.0	0	0.0	0.0	0.0
Total	18	100.0	100.0	6,642	100.0	100.0	100.0
Refinance Loans							
Low	0	0.0	0.0	0	0.0	0.0	0.0
Moderate	3	33.3	20.1	820	51.4	14.8	25.2
Middle	5	55.6	50.9	676	42.4	51.1	58.0
Upper	1	11.1	29.0	100	6.3	34.1	16.8
Unknown	0	0.0	0.0	0	0.0	0.0	0.0
Total	9	100.0	100.0	1,596	100.0	100.0	100.0
Home Improvement Loans							
Low	0	0.0	0.0	0	0.0	0.0	0.0
Moderate	0	0.0	13.3	0	0.0	4.3	25.2
Middle	0	0.0	40.0	0	0.0	23.4	58.0
Upper	0	0.0	46.7	0	0.0	72.3	16.8
Unknown	0	0.0	0.0	0	0.0	0.0	0.0
Total	0	0.0	100.0	0	0.0	100.0	100.0
Multifamily Loans							Multi-family Units %
Low	0	0.0	0.0	0	0.0	0.0	
Moderate	0	0.0	0.0	0	0.0	0.0	41.0
Middle	0	0.0	50.0	0	0.0	19.1	38.4
Upper	0	0.0	50.0	0	0.0	80.9	20.6
Unknown	0	0.0	0.0	0	0.0	0.0	0.0
Total	0	0.0	100.0	0	0.0	100.0	100.0
Total Home Mortgage Loans							Owner Occupied Units %
Low	0	0.0	0.0	0	0.0	0.0	
Moderate	3	10.3	24.3	820	9.7	19.1	25.2
Middle	21	72.4	44.3	6,325	74.6	41.8	58.0
Upper	5	17.2	31.4	1,338	15.8	39.1	16.8
Unknown	0	0.0	0.0	0	0.0	0.0	0.0
Total	29	100.0	100.0	8,483	100.0	100.0	100.0
Source: 2023 FFIEC Census Data							
2016-2020 U.S. Census Bureau: American Community Survey							
Note: Percentages may not total 100.0 percent due to rounding.							

Table 10 (2 of 2)

Distribution of 2023 Home Mortgage Lending By Income Level of Geography Assessment Area: San Antonio Metropolitan							
Geographic Income Level	Bank And Aggregate Loans						Owner Occupied Units %
	Bank		Agg	Bank		Agg	
	#	##	##	\$(000)	%	\$%	
Other Purpose LOC							
Low	0	0.0	0.0	0	0.0	0.0	0.0
Moderate	0	0.0	14.3	0	0.0	20.8	25.2
Middle	0	0.0	42.9	0	0.0	38.0	58.0
Upper	0	0.0	42.9	0	0.0	41.1	16.8
Unknown	0	0.0	0.0	0	0.0	0.0	0.0
Total	0	0.0	100.0	0	0.0	100.0	100.0
Other Purpose Closed/Exempt							
Low	0	0.0	0.0	0	0.0	0.0	0.0
Moderate	0	0.0	25.0	0	0.0	29.6	25.2
Middle	2	100.0	51.4	245	100.0	50.9	58.0
Upper	0	0.0	23.6	0	0.0	19.5	16.8
Unknown	0	0.0	0.0	0	0.0	0.0	0.0
Total	2	100.0	100.0	245	100.0	100.0	100.0
Purpose Not Applicable							
Low	0	0.0	0.0	0	0.0	0.0	0.0
Moderate	0	0.0	50.0	0	0.0	55.2	25.2
Middle	0	0.0	40.0	0	0.0	23.8	58.0
Upper	0	0.0	10.0	0	0.0	21.1	16.8
Unknown	0	0.0	0.0	0	0.0	0.0	0.0
Total	0	0.0	100.0	0	0.0	100.0	100.0
Source: 2023 FFIEC Census Data 2016-2020 U.S. Census Bureau: American Community Survey Note: Percentages may not total 100.0 percent due to rounding.							

Small Business Lending

The geographic distribution of small business lending is poor. TXN's lending to businesses located in moderate-income census tracts, at 5.9 percent, is significantly below the 21.5 percent of small businesses in the AA are located in such tracts. The disparity between TXN's lending activity and the demographic figure indicates limited penetration that reflects poorly on the bank's performance in serving the credit needs of businesses located in moderate-income geographies. It is noteworthy that the bank's performance is slightly below the performance of CRA small business loan data reporters, at 25.9 percent. While TXN does not report CRA-small business loan data, the performance of CRA reporters may point to challenges in extending credit in moderate-income geographies.

Table 11

Distribution of 2023 Small Business Lending by Income Level of Geography Assessment Area: San Antonio Metropolitan					
Geographic Income Level	Bank Loans				Total Businesses (%)
	#	#%	\$(000)	\$%	
Low	0	0.0	0	0.0	0.0
Moderate	2	5.9	39	2.0	21.5
Middle	24	70.6	1,683	87.9	59.3
Upper	8	23.5	193	10.1	19.2
Unknown	0	0.0	0	0.0	0.0
Total	34	100.0	1,915	100.0	100.0
<i>Source: 2023 FFIEC Census Data 2023 Dun & Bradstreet Data 2016 – 2020 U.S. Census Bureau: American Community Survey Note: Percentages may not total 100.0 percent due to rounding.</i>					

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

This performance criterion evaluates the distribution of lending among borrowers of different income levels and businesses of different revenue sizes. TXN's lending reflects a reasonable distribution among individuals of different income levels and businesses of different revenue sizes.

Residential Real Estate (HMDA) Lending

The distribution of HMDA-reportable lending to borrowers of different income levels is reasonable. In 2023, TXN originated 6.9 percent of its HMDA-reportable loans to low-income borrowers, almost doubling aggregate lenders' performance. However, the bank's performance falls significantly below the percentage of low-income families in the AA. Conversely, TXN's HMDA-reportable lending to moderate-income borrowers is comparable to the demographic figure and slightly exceeds aggregate HMDA lenders' performance. Given the challenges LMI families face in securing mortgage lending (e.g., insufficient funds for a downpayment, lack of affordable housing, and high-interest rate environment), the bank's performance reflects well on management's efforts to meet the credit needs of moderate-income borrowers in the AA.

Table 12 (1of 2)

Distribution of 2023 Home Mortgage Lending By Borrower Income Level Assessment Area: San Antonio Metropolitan							
Borrower Income Level	Bank And Aggregate Loans						Families by Family Income %
	Bank		Agg	Bank		Agg	
	#	##	##	\$(000)	\$%	\$%	
Home Purchase Loans							
Low	0	0.0	3.4	0	0.0	1.1	22.3
Moderate	3	16.7	15.4	195	2.9	9.5	18.3
Middle	1	5.6	20.9	131	2.0	17.4	20.5
Upper	14	77.8	34.2	6,316	95.1	47.4	39.0
Unknown	0	0.0	26.1	0	0.0	24.6	0.0
Total	18	100.0	100.0	6,642	100.0	100.0	100.0
Refinance Loans							
Low	1	11.1	4.1	100	6.3	1.3	22.3
Moderate	2	22.2	9.7	325	20.4	4.4	18.3
Middle	0	0.0	20.5	0	0.0	13.7	20.5
Upper	2	22.2	45.4	216	13.5	52.9	39.0
Unknown	4	44.4	20.3	955	59.8	27.6	0.0
Total	9	100.0	100.0	1,596	100.0	100.0	100.0
Home Improvement Loans							
Low	0	0.0	5.0	0	0.0	3.4	22.3
Moderate	0	0.0	15.0	0	0.0	9.7	18.3
Middle	0	0.0	21.7	0	0.0	11.6	20.5
Upper	0	0.0	56.7	0	0.0	69.4	39.0
Unknown	0	0.0	1.7	0	0.0	5.9	0.0
Total	0	0.0	100.0	0	0.0	100.0	100.0
Total Home Mortgage Loans							
Low	2	6.9	3.7	180	2.1	1.3	22.3
Moderate	5	17.2	14.1	520	6.1	8.6	18.3
Middle	1	3.4	20.9	131	1.5	16.7	20.5
Upper	17	58.6	37.5	6,697	78.9	48.8	39.0
Unknown	4	13.8	23.9	955	11.3	24.8	0.0
Total	29	100.0	100.0	8,483	100.0	100.0	100.0
Source: 2023 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 12 (2 of 2)

Distribution of 2023 Home Mortgage Lending By Borrower Income Level							
Assessment Area: San Antonio Metropolitan							
Borrower Income Level	Bank And Aggregate Loans						Families by Family Income %
	Bank		Agg	Bank		Agg	
	#	#%	#%	\$(000)	%	%	
Other Purpose LOC							
Low	0	0.0	10.2	0	0.0	12.9	22.3
Moderate	0	0.0	8.2	0	0.0	14.6	18.3
Middle	0	0.0	28.6	0	0.0	27.5	20.5
Upper	0	0.0	53.1	0	0.0	45.0	39.0
Unknown	0	0.0	0.0	0	0.0	0.0	0.0
Total	0	0.0	100.0	0	0.0	100.0	100.0
Other Purpose Closed/Exempt							
Low	1	50.0	4.2	80	32.7	2.2	22.3
Moderate	0	0.0	12.5	0	0.0	9.3	18.3
Middle	0	0.0	18.1	0	0.0	19.2	20.5
Upper	1	50.0	58.3	165	67.3	59.7	39.0
Unknown	0	0.0	6.9	0	0.0	9.6	0.0
Total	2	100.0	100.0	245	100.0	100.0	100.0
Purpose Not Applicable							
Low	0	0.0	0.0	0	0.0	0.0	22.3
Moderate	0	0.0	0.0	0	0.0	0.0	18.3
Middle	0	0.0	0.0	0	0.0	0.0	20.5
Upper	0	0.0	0.0	0	0.0	0.0	39.0
Unknown	0	0.0	100.0	0	0.0	100.0	0.0
Total	0	0.0	100.0	0	0.0	100.0	100.0
Source: 2023 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 distribution of small business lending among businesses of different revenue sizes is reasonable. As shown in Table 13, TXN originated 82.4 percent of its commercial lending to businesses reporting revenues of \$1 million or less, which is below the 93.0 percent of small businesses in the AA. Approximately 85.7 percent of TXN's small business loan originations were made in amounts of \$100,000 or less, which reflects favorably on the bank's efforts to lend to small businesses as they typically require loans in smaller dollar amounts. Given this context, the bank's lending demonstrates reasonable efforts to lend to small businesses and reflects favorably on the overall performance.

Table 13

Table 10

Distribution of 2023 Small Business Lending by Revenue Size of Businesses					
Assessment Area: San Antonio Metropolitan					
	Bank Loans				Total Businesses %
	#	#%	\$(000)	\$%	
By Revenue					
\$1 Million or Less	28	82.4	1,658	86.6	93.0
Over \$1 Million	2	5.9	224	11.7	5.2
Revenue Unknown	4	11.8	33	1.7	1.8
Total	34	100.0	1,915	100.0	100.0
By Loan Size					
\$100,000 or Less	29	85.3	915	47.8	
\$100,001 - \$250,000	5	14.7	1,000	52.2	
\$250,001 - \$1 Million	0	0.0	0	0.0	
Total	34	100.0	1,915	100.0	
By Loan Size and Revenue \$1 Million or Less					
\$100,000 or Less	24	85.7	858	51.7	
\$100,001 - \$250,000	4	14.3	800	48.3	
\$250,001 - \$1 Million	0	0.0	0	0.0	
Total	28	100.0	1,658	100.0	
Source: 2023 FFIEC Census Data 2023 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 TEST

TXN's CD performance demonstrates adequate responsiveness to the needs of the San Antonio Metropolitan AA, considering the bank's capacity and the availability of such opportunities. The bank addressed CD needs through a combination of qualified loans, investments, and services.

During the evaluation period, \$14.5 million in CD loans, including \$8.1 million in economic development loans supported small businesses and created or retained jobs in the AA. Furthermore, TXN originated a notable loan to support infrastructure-related expenses, contributing to improved public transportation access for LMI residents. Access to affordable and reliable transit is a critical need in rural areas of the region, and this activity supports both economic mobility and revitalization goals.

In addition, TXN demonstrated strong employee engagement through the provision of 37 services encompassing 982 hours of community service. Bank representatives provided financial expertise on the boards of directors for charities and organizations serving small businesses. In addition to providing technical assistance, TXN employees provided financial education curriculum to schools and non-profit organizations to address financial literacy needs among LMI individuals.

Table 14

Community Development Activity Assessment Area: San Antonio Metropolitan									
Community Development Purpose	Community Development Loans		Qualified Investments						Community Development Services
			Investments		Donations		Total Investments		
	#	\$(000)	#	\$(000)	#	\$(000)	#	\$(000)	#
Affordable Housing	13	1,403	0	0	0	0	0	0	0
Community Services	4	530	1	295	41	35	42	330	37
Economic Development	5	8,131	0	0	0	0	0	0	0
Revitalization and Stabilization	5	4,495	2	2,185	0	0	2	2,185	0
Totals	27	14,559	3	2,480	41	35	44	2,515	37

REAL AND UVALDE COUNTIES NONMETROPOLITAN ASSESSMENT AREA
(Limited-Scope Review)

DESCRIPTION OF THE INSTITUTION'S OPERATIONS IN THE REAL AND UVALDE COUNTIES NONMETROPOLITAN ASSESSMENT AREA

- The Real and Uvalde Counties Nonmetropolitan AA is comprised of the entirety of Real and Uvalde counties, nonmetropolitan counties in the Rio Grande region of Texas. Refer to Appendix A for AA map, Appendix B for AA demographic data, and Appendix C for AA lending tables.
- The bank operates two branches and three ATMs in the AA, representing 28.0 percent of its total branches.
- According to the FDIC's Deposit Market Share Report as of June 30, 2024, the bank had a market share of 6.7 percent, ranking second of three FDIC-insured institutions in the AA. TXN held \$114.8 million in deposits in this AA, representing 21.0 percent of its total deposits.
- According to American Community Survey (ACS) data, the AA consists of six middle-income and one upper-income census tracts.
- The AA population, at 27,322 residents, represents 0.1 percent of the state of Texas' population.
- Approximately 10,175 families reside in the AA, of which 32.4 percent are low-, 13.6 percent are moderate-, 17.2 percent are middle-, and 36.8 percent are upper-income. Close to 20.0 percent of the AA families live below the poverty level, which almost doubles the statewide percentage, at 10.9 percent.
- In 2023, 96 HMDA-reporting institutions originated or purchased 322 HMDA-reportable loans in the AA. The bank ranked second, after originating 19 home mortgage loans, representing 5.9 percent of total reportable loans in the AA.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN THE REAL AND UVALDE COUNTIES NONMETROPOLITAN ASSESSMENT AREA

Conclusions regarding the bank's CRA performance are drawn from a review of available data, including performance figures, aggregate lending comparisons, and demographic information.

Conclusions with Respect to Performance Tests		
Assessment Area	Lending Test	Community Development Test
Real and Uvalde Counties Nonmetropolitan	Consistent	Consistent

The conclusions regarding TXN's performance in the AA do not change the overall performance rating for the bank.

BLANCO COUNTY NONMETROPOLITAN ASSESSMENT AREA
(Limited-Scope Review)

DESCRIPTION OF THE INSTITUTION'S OPERATIONS IN THE BLANCO COUNTY NONMETROPOLITAN ASSESSMENT AREA

- The Blanco County Nonmetropolitan AA is comprised of the entirety of Blanco County, a nonmetropolitan county in the central region of Texas. Refer to Appendix A for AA map, Appendix B for AA demographic data, and Appendix C for AA lending tables.
- The bank has not operated any branches or full-service ATM in the AA since the closure of its sole location in April 2023.
- According to the FDIC's Deposit Market Share Report as of June 30, 2022, the bank had a market share of 2.4 percent, ranking last of five FDIC-insured institutions in the AA. TXN held \$10,232 in deposits, representing 0.2 percent of the bank's total deposits.
- The ACS data indicates the AA consists of two middle-income and two upper-income census tracts.
- The AA population, at 11,374 residents, represents 0.03 percent of the state of Texas' population.
- Approximately 3,266 families reside in the AA, of which 16.8 percent are low-, 11.5 percent are moderate-, 18.4 percent are middle-, and 53.3 percent are upper-income. The percentage of AA families living below the poverty level, at 9.9 percent, is comparable to the statewide figure, at 10.9 percent.
- In 2023, 128 HMDA-reporting institutions originated or purchased 376 HMDA-reportable loans in the AA. TXN ranked 15th after originating one mortgage loan, representing 0.3 percent of the total reportable loans in the AA.

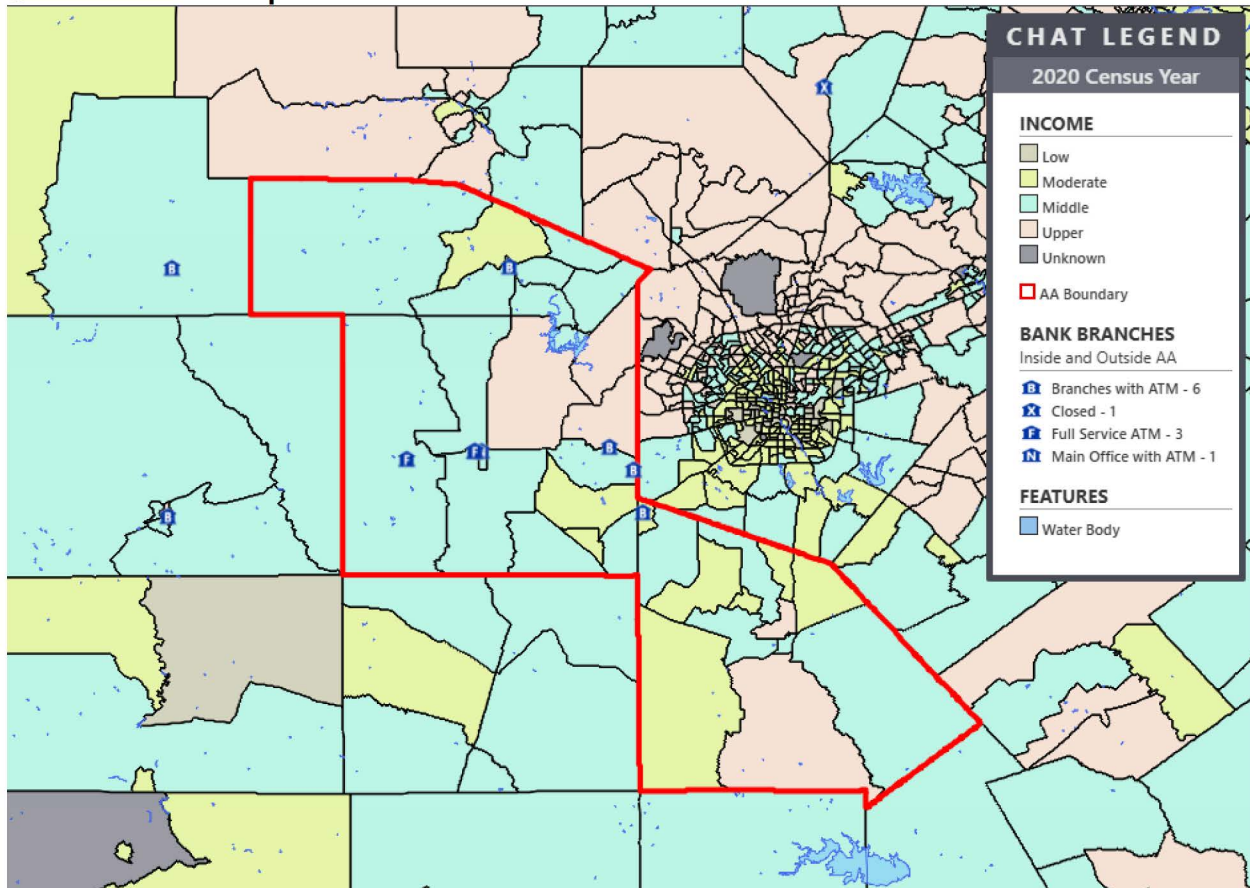
CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN THE BLANCO COUNTY NONMETROPOLITAN ASSESSMENT AREA

Conclusions regarding the bank's CRA performance are drawn from a review of available data, including performance figures, aggregate lending comparisons, and demographic information.

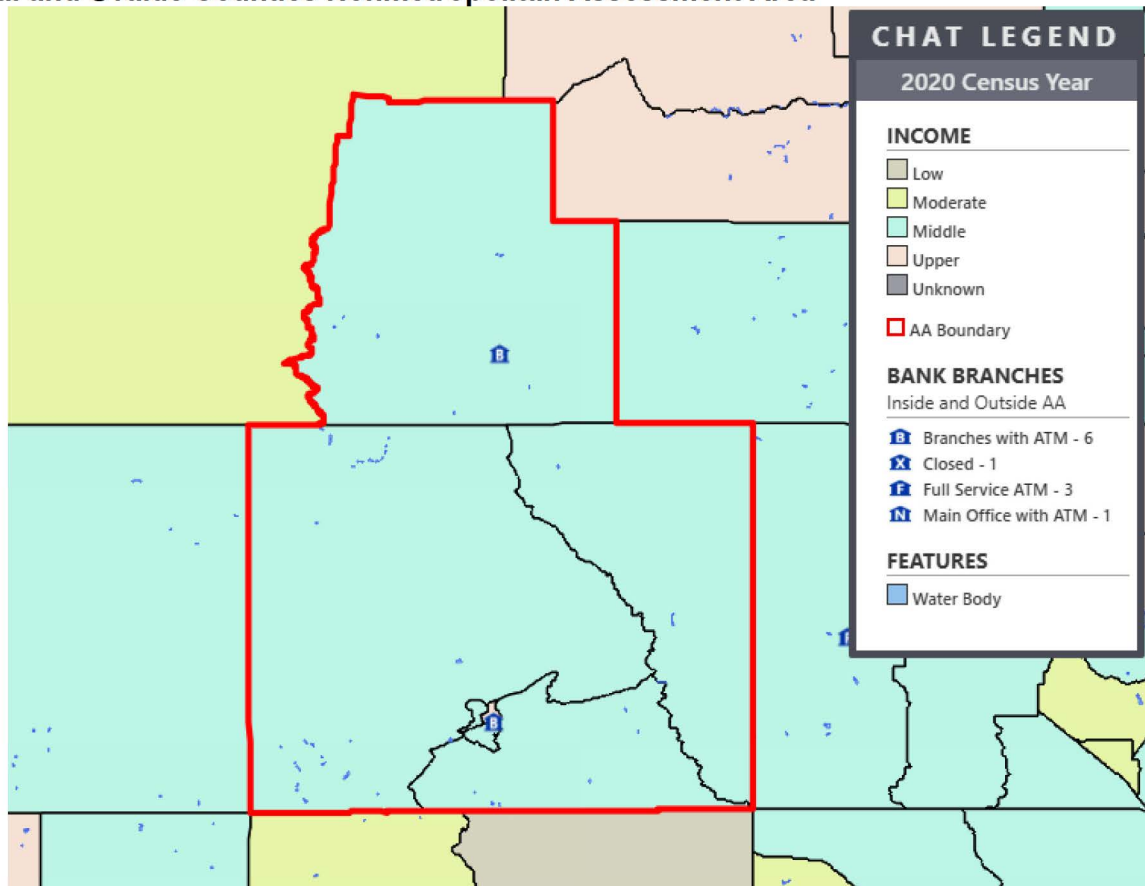
TXN's performance in the Blanco County AA was not considered when drawing overall conclusions given limited lending activity and the closure of the sole branch during the review period. Therefore, it does not change the overall performance rating for the bank.

APPENDIX A – MAPS OF THE ASSESSMENT AREAS

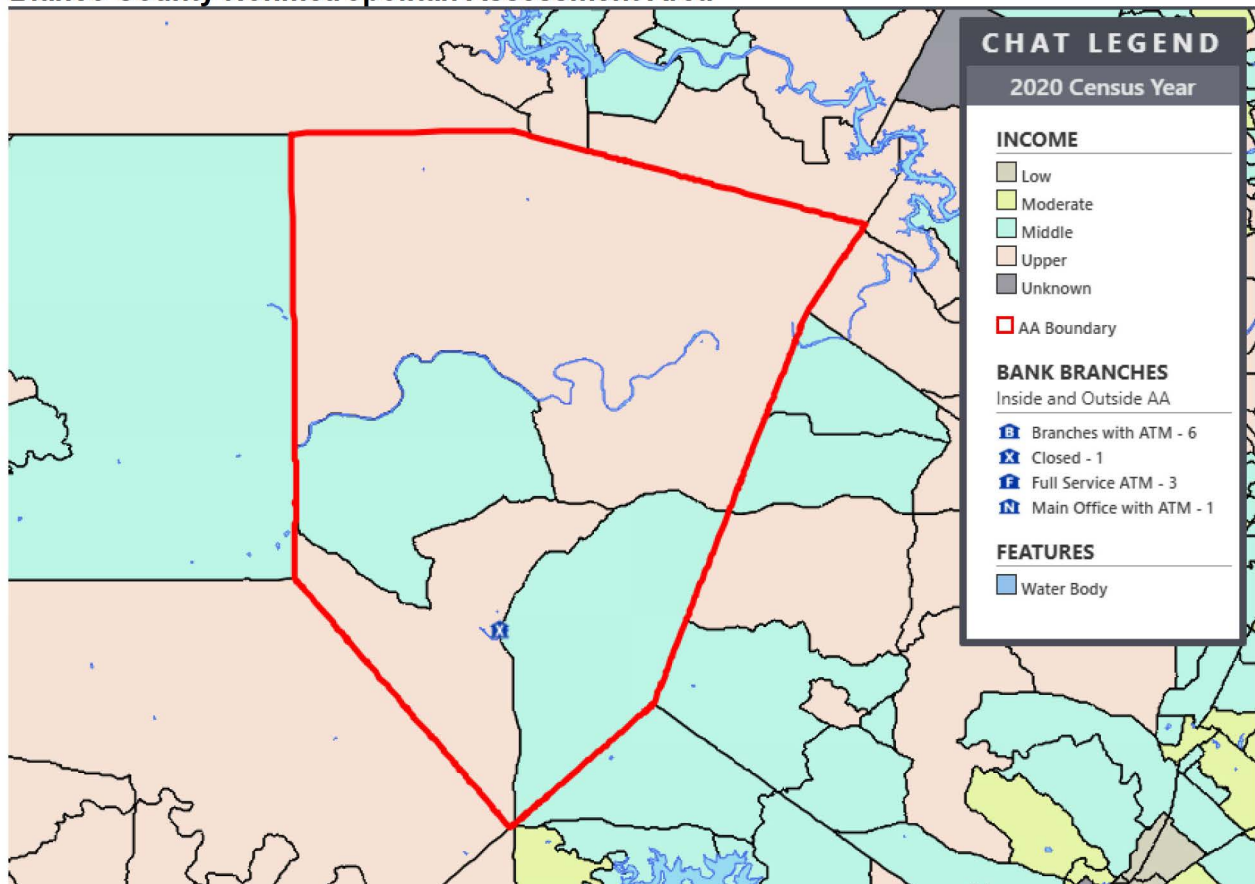
San Antonio Metropolitan Assessment Area



Real and Uvalde Counties Nonmetropolitan Assessment Area



Blanco County Nonmetropolitan Assessment Area



APPENDIX B – LIMITED-SCOPE REVIEW ASSESSMENT AREA DEMOGRAPHIC INFORMATION

Table B-1

2023 Combined Demographics Assessment Area: Real and Uvalde Counties Nonmetropolitan								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low	0	0.0	0	0.0	0	0.0	1,935	27.4
Moderate	0	0.0	0	0.0	0	0.0	1,088	15.4
Middle	6	85.7	6,247	88.6	900	14.4	1,537	21.8
Upper	1	14.3	804	11.4	123	15.3	2,491	35.3
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	7	100.0	7,051	100.0	1,023	14.5	7,051	100.0
	Housing Units by Tract	Housing Type by Tract						
		Owner-occupied			Rental		Vacant	
		#	% by tract	% by unit	#	% by unit	#	% by unit
Low	0	0	0.0	0.0	0	0.0	0	0.0
Moderate	0	0	0.0	0.0	0	0.0	0	0.0
Middle	12,326	6,328	89.3	51.3	2,480	20.1	3,518	28.5
Upper	1,539	758	10.7	49.3	609	39.6	172	11.2
Unknown	0	0	0.0	0.0	0	0.0	0	0.0
Total AA	13,865	7,086	100.0	51.1	3,089	22.3	3,690	26.6
	Total Businesses by Tract		Businesses by Tract & Revenue Size					
			Less Than or = \$1 Million		Less Than or = \$1 Million		Revenue Not Reported	
	#	%	#	%	#	%	#	%
Low	0	0.0	0	0.0	0	0.0	0	0.0
Moderate	0	0.0	0	0.0	0	0.0	0	0.0
Middle	904	82.1	827	82.2	63	80.8	14	82.4
Upper	197	17.9	179	17.8	15	19.2	3	17.6
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	1,101	100.0	1,006	100.0	78	100.0	17	100.0
Percentage of Total Businesses:				91.4		7.1		1.5
	Total Farms by Tract		Farms by Tract & Revenue Size					
			Less Than or = \$1 Million		Less Than or = \$1 Million		Revenue Not Reported	
	#	%	#	%	#	%	#	%
Low	0	0.0	0	0.0	0	0.0	0	0.0
Moderate	0	0.0	0	0.0	0	0.0	0	0.0
Middle	73	86.9	69	86.3	4	100.0	0	0.0
Upper	11	13.1	11	13.8	0	0.0	0	0.0
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	84	100.0	80	100.0	4	100.0	0	0.0
Percentage of Total Farms:				95.2		4.8		0.0
Source: 2023 FFIEC Census Data 2023 Dun & Bradstreet Data 2016-2020 U.S. Census Bureau: American Community Survey Note: Percentages may not total 100.0 percent due to rounding.								

Table B-2

2023 Combined Demographics								
Assessment Area: Blanco County Nonmetropolitan								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low	0	0.0	0	0.0	0	0.0	547	16.7
Moderate	0	0.0	0	0.0	0	0.0	376	11.5
Middle	2	50.0	1,720	52.7	289	16.8	602	18.4
Upper	2	50.0	1,546	47.3	33	2.1	1,741	53.3
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	4	100.0	3,266	100.0	322	9.9	3,266	100.0
	Housing Units by Tract	Housing Type by Tract						
		Owner-occupied			Rental		Vacant	
		#	% by tract	% by unit	#	% by unit	#	% by unit
Low	0	0	0.0	0.0	0	0.0	0	0.0
Moderate	0	0	0.0	0.0	0	0.0	0	0.0
Middle	3,132	1,947	53.4	62.2	619	19.8	566	18.1
Upper	2,702	1,696	46.6	62.8	403	14.9	603	22.3
Unknown	0	0	0.0	0.0	0	0.0	0	0.0
Total AA	5,834	3,643	100.0	62.4	1,022	17.5	1,169	20.0
	Total Businesses by Tract		Businesses by Tract & Revenue Size					
			Less Than or = \$1 Million		Less Than or = \$1 Million		Revenue Not Reported	
	#	%	#	%	#	%	#	%
Low	0	0.0	0	0.0	0	0.0	0	0.0
Moderate	0	0.0	0	0.0	0	0.0	0	0.0
Middle	366	54.6	337	54.2	21	56.8	8	72.7
Upper	304	45.4	285	45.8	16	43.2	3	27.3
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	670	100.0	622	100.0	37	100.0	11	100.0
Percentage of Total Businesses:				92.8		5.5		1.6
	Total Farms by Tract		Farms by Tract & Revenue Size					
			Less Than or = \$1 Million		Less Than or = \$1 Million		Revenue Not Reported	
	#	%	#	%	#	%	#	%
Low	0	0.0	0	0.0	0	0.0	0	0.0
Moderate	0	0.0	0	0.0	0	0.0	0	0.0
Middle	18	28.1	18	29.5	0	0.0	0	0.0
Upper	46	71.9	43	70.5	3	100.0	0	0.0
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	64	100.0	61	100.0	3	100.0	0	0.0
Percentage of Total Farms:				95.3		4.7		0.0
Source: 2023 FFIEC Census Data 2023 Dun & Bradstreet Data 2016-2020 U.S. Census Bureau: American Community Survey								
Note: Percentages may not total 100.0 percent due to rounding.								

APPENDIX C – LIMITED-SCOPE REVIEW ASSESSMENT AREA LENDING TABLES

Table C-1

Distribution of 2023 Home Mortgage Lending by Income Level of Geography Assessment Area: Real and Uvalde Counties Nonmetropolitan							
Geographic Income Level	Bank and Aggregate Loans						Owner Occupied Units %
	Bank		Agg	Bank		Agg	
	#	%	%	\$(000)	%	%	
Low	0	0.0	0.0	0	0.0	0.0	0.0
Moderate	0	0.0	0.0	0	0.0	0.0	0.0
Middle	17	89.5	85.8	2,983	71.3	88.6	89.3
Upper	2	10.5	14.2	1,199	28.7	11.4	10.7
Unknown	0	0.0	0.0	0	0.0	0.0	0.0
Total	19	100.0	100.0	4,182	100.0	100.0	100.0

Source: 2023 FFIEC Census Data
2016 – 2020 U.S. Census Bureau: American Community Survey
Note: Percentages may not total 100.0 percent due to rounding.

Table C-2

Distribution of 2023 Small Business Lending by Income Level of Geography Assessment Area: Real and Uvalde Counties Nonmetropolitan					
Geographic Income Level	Bank Loans				Total Businesses (%)
	#	%	\$(000)	%	
Low	0	0.0	0	0.0	0.0
Moderate	0	0.0	0	0.0	0.0
Middle	31	96.9	1,494	99.5	82.1
Upper	1	3.1	7	0.5	17.9
Unknown	0	0.0	0	0.0	0.0
Total	32	100.0	1,501	100.0	100.0

Source: 2023 FFIEC Census Data
2023 Dun & Bradstreet Data
2016 – 2020 U.S. Census Bureau: American Community Survey
Note: Percentages may not total 100.0 percent due to rounding.

Table C-3

Distribution of 2023 Home Mortgage Lending by Borrower Income Level Assessment Area: Real and Uvalde Counties Nonmetropolitan							
Borrower Income Level	Bank and Aggregate Loans						Families by Family Income %
	Bank		Agg	Bank		Agg	
	#	%	%	\$(000)	%	%	
Low	2	10.5	5.0	95	2.3	1.9	27.4
Moderate	3	15.8	10.6	299	7.1	5.2	15.4
Middle	1	5.3	17.5	180	4.3	11.4	21.8
Upper	9	47.4	44.6	2,664	63.7	61.9	35.3
Unknown	4	21.1	22.4	944	22.6	19.6	0.0
Total	19	100.0	100.0	4,182	100.0	100.0	100.0

Source: 2023 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 C-4

Distribution of 2023 Small Business Lending by Revenue Size of Businesses					
Assessment Area: Real and Uvalde Counties Nonmetropolitan					
	Bank Loans				Total Businesses %
	#	#%	\$(000)	%	
By Revenue					
\$1 Million or Less	31	96.9	1,420	94.7	91.4
Over \$1 Million	1	3.1	80	5.3	7.1
Revenue Unknown	0	0.0	0	0.0	1.5
Total	32	100.0	1,500	100.0	100.0
By Loan Size					
\$100,000 or Less	31	96.9	1,350	90.0	
\$100,001 - \$250,000	1	3.1	150	10.0	
\$250,001 - \$1 Million	0	0.0	0	0.0	
Total	32	100.0	1,500	100.0	
By Loan Size and Revenue \$1 Million or Less					
\$100,000 or Less	30	96.8	1,270	89.4	
\$100,001 - \$250,000	1	3.2	150	10.6	
\$250,001 - \$1 Million	0	0.0	0	0.0	
Total	31	100.0	1,420	100.0	
Source: 2023 FFIEC Census Data					
2023 Dun & Bradstreet Data					
2016 – 2020 U.S. Census Bureau: American Community Survey					
Note: Percentages may not total 100.0 percent due to rounding.					

Table C-5

Distribution of 2023 Home Mortgage Lending by Income Level of Geography Assessment Area: Blanco County Nonmetropolitan							
Geographic Income Level	Bank and Aggregate Loans						Owner Occupied Units %
	Bank		Agg	Bank		Agg	
	#	#%	#%	\$(000)	%	%	
Low	0	0.0	0.0	0	0.0	0.0	0.0
Moderate	0	0.0	0.0	0	0.0	0.0	0.0
Middle	1	100.0	68.5	650	100.0	59.9	53.4
Upper	0	0.0	31.2	0	0.0	39.8	46.6
Unknown	0	0.0	0.3	0	0.0	0.2	0.0
Total	1	100.0	100.0	650	100.0	100.0	100.0
Source: 2023 FFIEC Census Data 2016 – 2020 U.S. Census Bureau: American Community Survey Note: Percentages may not total 100.0 percent due to rounding.							

Table C-6

Distribution of 2023 Small Business Lending by Income Level of Geography Assessment Area: Blanco County Nonmetropolitan					
Geographic Income Level	Bank Loans				Total Businesses (%)
	#	#%	\$(000)	\$%	
Low	0	0.0	0	0.0	0.0
Moderate	0	0.0	0	0.0	0.0
Middle	0	0.0	0	0.0	54.6
Upper	0	0.0	0	0.0	45.4
Unknown	0	0.0	0	0.0	0.0
Total	0	0.0	0	0.0	100.0
<i>Source: 2023 FFIEC Census Data 2023 Dun & Bradstreet Data 2016 – 2020 U.S. Census Bureau: American Community Survey Note: Percentages may not total 100.0 percent due to rounding.</i>					

Table C-7

Distribution of 2023 Home Mortgage Lending by Borrower Income Level Assessment Area: Blanco County Nonmetropolitan							
Borrower Income Level	Bank and Aggregate Loans						Families by Family Income %
	Bank		Agg	Bank		Agg	
	#	#%	#%	\$(000)	\$%	\$%	
Low	0	0.0	1.1	0	0.0	0.3	16.7
Moderate	0	0.0	3.5	0	0.0	1.3	11.5
Middle	0	0.0	8.5	0	0.0	4.5	18.4
Upper	1	100.0	69.1	650	100.0	78.6	53.3
Unknown	0	0.0	17.9	0	0.0	15.4	0.0
Total	1	100.0	100.0	650	100.0	100.0	100.0
<i>Source: 2023 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.</i>							

Table C-8

Distribution of 2023 Small Business Lending by Revenue Size of Businesses					
Assessment Area: Blanco County Nonmetropolitan					
	Bank Loans				Total Businesses %
	#	#%	\$(000)	\$%	
By Revenue					
\$1 Million or Less	0	0.0	0	0.0	92.8
Over \$1 Million	0	0.0	0	0.0	5.5
Revenue Unknown	0	0.0	0	0.0	1.6
Total	0	0.0	0	0.0	100.0
By Loan Size					
\$100,000 or Less	0	0.0	0	0.0	
\$100,001 - \$250,000	0	0.0	0	0.0	
\$250,001 - \$1 Million	0	0.0	0	0.0	
Total	0	0.0	0	0.0	
By Loan Size and Revenue \$1 Million or Less					
\$100,000 or Less	0	0.0	0	0.0	
\$100,001 - \$250,000	0	0.0	0	0.0	
\$250,001 - \$1 Million	0	0.0	0	0.0	
Total	0	0.0	0	0.0	
Source: 2023 FFIEC Census Data					
2023 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 – 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 subdivision of metropolitan and other densely populated counties. Census tract boundaries do not cross county lines; however, they may cross the boundaries of metropolitan statistical areas. Census tracts usually have between 2,500 and 8,000 persons, and their physical size varies widely depending upon population density. Census tracts are designed to be homogeneous with respect to population characteristics, economic status, and living conditions to allow for statistical comparisons.

Community development: Affordable housing (including multifamily rental housing) for low- or moderate-income individuals; community services targeted to low- or moderate-income individuals; activities that promote economic development by financing businesses or farms that meet 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; or, activities that revitalize or stabilize low- or moderate-income geographies, designated disaster areas; or designated distressed or underserved nonmetropolitan middle-income geographies.

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

Family: Includes a householder and one or more other persons living in the same household who are related to the householder by birth, marriage, or adoption. The number of family households always equals the number of families; however, a family household may also include nonrelatives living with the family. Families are classified by type as either a married-couple family or other family, which is further classified into 'male householder' (a family with a male householder and no wife present) or 'female householder' (a family with a female householder and no husband present).

Full-scope review: Performance is analyzed considering performance context, quantitative factors (for example, geographic distribution, borrower distribution, and total number and dollar amount of investments), and qualitative factors (for example, innovativeness, complexity, and responsiveness).

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

Home Mortgage Disclosure Act (HMDA): The statute that requires certain mortgage lenders that 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 the income of applications, the amount of loan requested, and the disposition of the application (for example, approved, denied, and 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 refinancings 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.

Limited-scope review: Performance is analyzed using only quantitative factors (for example, geographic distribution, borrower distribution, total number and dollar amount of investments, and branch distribution).

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.

Nonmetropolitan area (NonMSA): Any area that is not located within an MSA.

Other products: Includes any unreported optional category of loans for which the institution collects and maintains data for consideration during a CRA examination. 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. For these institutions, no state ratings will be received unless the bank also maintains deposit facilities outside of the multistate metropolitan area. CRA activity is captured in either a state rating or a multistate metropolitan area rating, but not both.

Small loan(s) to business(es): A loan included in 'loans to small businesses' as defined in the Consolidated Report of Condition and Income (Call Report) instructions. These loans have original amounts of \$1 million or less and typically are either secured by nonfarm or nonresidential real estate or are classified as commercial and industrial loans. 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 Consolidated Reports of Condition and Income (Call Report) instructions. 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 more than 120 percent of the area median income, or a median family income that is more than 120 percent, in the case of a geography.