

PUBLIC DISCLOSURE

December 2, 2024

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

PointBank
RSSD # 844567
200 South Highway 377
Pilot Point, TX 76258

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 is rated: **Satisfactory**.

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

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

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

- PointBank's 13-quarter average net loan-to-deposit ratio (NLTD) is reasonable given the bank's asset size, financial condition, and credit needs of the assessment area (AA).
- A majority of the bank's loans are originated outside the AA.
- A reasonable distribution of loans occurs throughout the bank's AA.
- Lending reflects a reasonable distribution among individuals of different income levels, including low- and moderate-income (LMI), and businesses of different revenue sizes.
- Neither the bank nor the Federal Reserve Bank of Dallas received any CRA-related complaints since the previous evaluation.
- CD activity reflects adequate responsiveness to the needs of the AA.

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 CRA performance context, including PointBank's asset size, financial condition, business strategy and market competition, as well as AA credit needs and demographic and economic characteristics. Performance was assessed within the bank's only AA, the Denton County Metropolitan AA. Examiners reviewed the following data:

- The bank's 13-quarter average NLTD ratio, ending June 30, 2024;
- A statistically derived sample of the bank's main loan product, commercial loans, which consists of 74 small business loans selected from a universe of 117 loans originated between January 1, 2023, and December 31, 2023;
- The universe of residential real estate lending activity reported by the bank on its 2023 Home Mortgage Disclosure Act (HMDA) Loan/Application Register, which totaled 65 originated or purchased loans;
- Qualified CD loans, investments, and services provided by the bank since the previous CRA evaluation dated July 26, 2021; and
- Information provided by an executive of a nonprofit organization serving the bank's AA to ascertain the credit and CD needs of the communities, the responsiveness of area banks in meeting those credit needs, and the local economic conditions.

DESCRIPTION OF THE INSTITUTION

PointBank, an intrastate community bank headquartered in Pilot Point, Texas, has the following characteristics.

- The bank is a wholly owned subsidiary of Pilot Point Bancorp, Pilot Point, Texas.
- As of June 30, 2024, PointBank had total assets of \$1.0 billion.
- The bank operates nine locations across Denton County, Texas, with a full-service automatic teller machine (ATM) available at each location.
- PointBank is primarily a commercial lender. As shown in Table 1, commercial loans comprise 73.3 percent of the bank's loan portfolio as of June 30, 2024.

Table 1

Composition of Loan Portfolio as of June 30, 2024		
Loan Type	\$(000)	%
Residential Real Estate	104,320	19.1
Agricultural	2,928	0.5
Commercial and Industrial	399,366	73.3
Consumer	26,799	4.9
Other	11,463	2.1
Gross Loans	544,876	100.0
<i>Note: Percentages may not total 100.0 percent due to rounding.</i>		

The Federal Reserve Bank of Dallas rated PointBank's CRA performance as **Satisfactory** at the previous performance evaluation dated July 26, 2021. There are no known legal, financial, or other factors impeding the bank's ability to help meet the credit needs in its communities.

DENTON COUNTY METROPOLITAN ASSESSMENT AREA
(Full-Scope Review)

DESCRIPTION OF THE INSTITUTION'S OPERATIONS IN THE DENTON COUNTY METROPOLITAN ASSESSMENT AREA

- The Denton County Metropolitan AA consists of the entirety of Denton County. Denton County is part of the Dallas-Plano-Irving Metropolitan Division (MD). Other counties in the MD include Collin, Dallas, Ellis, Hunt, Kaufman, and Rockwall. The Dallas-Plano-Irving MD is part of the Dallas-Fort Worth-Arlington Metropolitan Statistical Area (MSA). Refer to Appendix A for an AA map.
- PointBank operates nine branches within the AA. Six branches are located in middle-income census tracts, two are in upper-income census tracts, and one branch is located within an unknown-income census tract.
- According to 2023 American Community Survey (ACS) data, the AA consists of 193 census tracts: five low-income, 28 moderate-income, 64 middle-income, 93 upper-income, and three census tracts with unknown income.
- As of June 30, 2024, the Federal Deposit Insurance Corporation (FDIC) Deposit Market Share Report shows PointBank had a 0.4 percent market share, ranking eighth out of 42 FDIC-insured depository institutions operating in the AA. Charles Schwab Bank, SSB led the market, with 83.5 percent of the market share. Other market leaders include JPMorgan Chase Bank and Bank of America, with 1.6 percent and 1.0 percent, respectively, of the market share.
- The community contact highlighted the AA's growing population and the corresponding strain this growth places on local schools, as well as the far-reaching impact of early education on the economic potential of individuals.

Table 2

Population Change			
Assessment Area: Denton County Metropolitan			
Area	2015 Population	2020 Population	Percent Change
Denton County Metropolitan	731,851	906,422	23.9
Dallas-Plano-Irving, TX MD	4,519,004	5,129,966	13.5
Texas	26,538,614	29,145,505	9.8
<i>Source: 2020 U.S. Census Bureau Decennial Census 2011-2015 U.S. Census Bureau: American Community Survey</i>			

- As depicted in Table 2, the AA population grew significantly between 2015 and 2020, adding over 170,000 residents. This growth rate was substantially higher than the growth rate of the MD and the state of Texas, indicating the AA is a desirable place to live.
- The county seat and largest city in the AA, Denton, Texas, grew by approximately 11,000 residents between 2015 and 2020, representing less than 6.5 percent of the total AA population growth.
- The population growth in smaller towns and suburbs reinforces observations made by the community contact, who indicated that the influx of new residents, many of whom moved from more affluent regions of the country seeking less densely populated areas, has strained the availability of affordable housing.

Table 3

Median Family Income Change			
Assessment Area: Denton County Metropolitan			
Area	2015 Median Family Income (\$)	2020 Median Family Income (\$)	Percent Change
Denton County Metropolitan	99,628	111,436	11.9
Dallas-Plano-Irving, TX MD	77,736	88,315	13.6
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.			

- As depicted in Table 3, the median family income (MFI) in the AA grew between 2015 and 2020 at a rate slightly above the statewide MFI but below that of the Dallas-Plano-Irving, TX MD. Nevertheless, the MFI in the AA remains significantly higher than both the MD and state MFI.
- According to the 2023 FFIEC census data, 6.9 percent of AA households live below the poverty level, which is lower than the statewide figure of 13.4 percent. However, the poverty threshold might not accurately indicate a livable income.
- The community contact highlighted that even though MFI data indicates an increase in family income, the percentage of households in Denton County earning more than the federal poverty level but less than the basic cost of living for the State has also increased. According to the contact, approximately one in three households earn less than a survival wage¹.

Table 4

Housing Cost Burden						
Assessment Area: Denton County Metropolitan						
Area	Cost Burden - Renters			Cost Burden – Owners		
	Low Income	Moderate Income	All Renters	Low Income	Moderate Income	All Owners
Denton County Metropolitan	86.7	56.6	41.7	69.8	48.1	18.8
Dallas-Plano-Irving, TX MD	81.3	47.6	42.0	63.0	36.2	20.6
Texas	78.3	44.6	42.7	57.3	31.0	19.0
Note: Cost burden is housing cost that equals 30 percent or more of household income.						
Source: U.S. Department of Housing and Urban Development (HUD), 2015-2019 Comprehensive Housing Affordability Strategy						

- As illustrated in Table 4, the housing cost burden for LMI residents is greater than the statewide average for both renters and homeowners, indicating that housing is less affordable for LMI individuals and families within the AA than other areas of the state.
- Housing affordability within the AA for low-income renters is a substantially greater burden than the burden on residents at any other level. The majority of LMI renters spend more than 30 percent of household income on housing, significantly limiting resources available for other needs.
- Of the housing units within the AA, 61.7 percent are owner-occupied while only 32.8 percent are rental units, indicating that AA residents prefer home ownership over renting. However, barriers, such as downpayment and credit requirements, may limit the ability of

¹ The contact referenced the “Asset Limited, Income Constrained, Employed (ALICE) Household Survival Budget,” which estimates the minimum cost of household necessities. With income above the federal poverty level, ALICE households earn too much to qualify as “poor” but are still unable to cover basic household expenses.

LMI residents to purchase a home. Furthermore, the lower volume of available rental units, especially affordable rental units, highlights the need for additional affordable housing options in the AA.

Table 5

Unemployment Rates					
Assessment Area: Denton County Metropolitan					
Area	2019	2020	2021	2022	2023
Denton County Metropolitan	3.0	6.4	4.4	3.2	3.6
Dallas-Plano-Irving, TX MD	3.3	7.1	5.0	3.5	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 5, the AA unemployment rates peaked in 2020 as a result of the COVID-19 pandemic and measures taken to combat the spread of the virus. While rates returned to near pre-pandemic levels in 2022, the AA and Dallas-Plano-Irving, TX MD experienced a slight increase in 2023.
- Major industries that provide employment opportunities in the AA are healthcare and social services, accommodation and food services, and retail trade.
- The AA hosts a variety of large employers operating across multiple sectors of the economy from manufacturing to healthcare. The largest employers in the AA include the University of North Texas, Peterbilt Motors Company, Texas Health Presbyterian Hospital Denton, and Texas Women's University.

Table 6

Home Mortgage Loan Trends					
Assessment Area: Denton County Metropolitan					
Area	2018	2019	2020	2021	2022
Denton County Metropolitan	25,394	31,405	56,656	54,684	29,519
Dallas-Plano-Irving, TX MD	104,256	124,069	216,785	214,738	118,895
Texas	503,850	592,278	976,766	1,002,616	589,884
<i>Source: FFIEC Home Mortgage Disclosure Act Loan/Application Records</i>					

- As highlighted in Table 6, the number of HMDA loans made in the AA peaked during the pandemic (2020 and 2021) as people flocked away from the city centers and into rural areas due to encouraged work-from-home policies offered by employers. Lending was further bolstered by the decline in mortgage rates, as the 30-year fixed rate mortgage average in the United States reached historic lows in January 2021 before increasing sharply throughout 2022. This created a buyer's market and led to a sharp increase in home prices.
- Increased interest rates led to a rapid decline in home mortgage loan demand in 2022 and an increased level of competition among lenders vying for originations in the AA, particularly LMI borrowers.

Table 7 on the follow page details selected characteristics of the AA.

Table 7

2023 Combined Demographics Assessment Area: Denton County Metropolitan								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low-income	5	2.6	2,715	1.3	792	29.2	28,392	13.4
Moderate-income	28	14.5	23,876	11.3	2,406	10.1	30,441	14.4
Middle-income	64	33.2	68,372	32.3	2,936	4.3	40,266	19.0
Upper-income	93	48.2	115,402	54.5	3,205	2.8	112,788	53.2
Unknown-income	3	1.6	1,522	0.7	203	13.3	0	0.0
Total Assessment Area	193	100.0	211,887	100.0	9,542	4.5	211,887	100.0
	Housing Units by Tract	Housing Types by Tract						
		Owner-Occupied			Rental		Vacant	
		#	%	%	#	%	#	%
Low-income	7,866	278	0.1	3.5	6,309	80.2	1,279	16.3
Moderate-income	51,953	13,585	6.9	26.1	33,968	65.4	4,400	8.5
Middle-income	106,510	63,949	32.6	60.0	36,563	34.3	5,998	5.6
Upper-income	148,229	117,486	59.9	79.3	25,214	17.0	5,529	3.7
Unknown-income	3,711	921	0.5	24.8	2,312	62.3	478	12.9
Total Assessment Area	318,269	196,219	100.0	61.7	104,366	32.8	17,684	5.6
	Total Businesses by Tract		Businesses by Tract & Revenue Size					
			Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported	
	#	%	#	%	#	%	#	%
Low-income	714	1.7	648	1.6	60	3.4	6	1.1
Moderate-income	4,944	11.7	4,592	11.5	309	17.6	43	7.6
Middle-income	12,703	30.0	12,007	30.0	564	32.1	132	23.2
Upper-income	23,568	55.7	22,404	56.0	777	44.3	387	68.0
Unknown-income	418	1.0	372	0.9	45	2.6	1	0.2
Total Assessment Area	42,347	100.0	40,023	100.0	1,755	100.0	569	100.0
Percentage of Total Businesses:				94.5		4.1		1.3
	Total Farms by Tract		Farms by Tract & Revenue Size					
			Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported	
	#	%	#	%	#	%	#	%
Low-income	4	0.7	4	0.7	0	0.0	0	0.0
Moderate-income	36	6.3	35	6.2	1	50.0	0	0.0
Middle-income	257	45.0	257	45.2	0	0.0	0	0.0
Upper-income	274	48.0	273	48.0	1	50.0	0	0.0
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0
Total Assessment Area	571	100.0	569	100.0	2	100.0	0	0.0
Percentage of Total Farms:				99.6		0.4		0.0
Source: 2023 FFIEC Census Data 2023 D&B Information 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

PointBank's overall performance under the lending test is satisfactory. The rating is based on a reasonable NLTD ratio, a majority of loans originated outside the bank's delineated AA, and reasonable distribution among geographies of different income levels as well as among borrowers of different income levels and businesses of different revenue sizes.

More weight was given to the bank's small business lending when determining the overall lending performance, as this product makes up the largest portion of the bank's loan portfolio and is a strategic focus of the institution. In addition, more consideration was given to the volume of loan originations than the dollar amount, as this represents the number of individuals and entities served. For home mortgage lending, emphasis was placed on PointBank's performance relative to other HMDA-reporting institutions operating in the same area (aggregate lenders) rather than respective demographic figures, as aggregate lending is a better indicator of credit demand. As PointBank is not a reporter of small business loan data, the bank's small business lending was not directly compared to aggregate small business lending performance. However, data related to aggregate lending in the AA was utilized to provide context to the bank's performance.

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 demographic and economic factors present in the AA. Moreover, PointBank's performance was compared to similarly situated institutions insured by the FDIC. Examiners considered the bank's asset size, activity in the delineated AA, and loan portfolio composition when selecting similarly situated institutions.

PointBank's 13-quarter average NLTD ratio is reasonable. Throughout the review period, the bank's NLTD ratio ranged between 49.2 and 55.7 percent, which is comparable to the NLTD ratios of the selected similarly situated institutions that ranged between 48.0 and 85.5 percent. It is noteworthy that the similarly situated banks delineated AAs that expanded beyond Denton County. While PointBank made loans outside of the AA, its entire physical presence and focus, was within Denton County, which may limit lending opportunities and account for the lower NLTD when compared to similarly situated institutions. Given that context, the bank's NLTD ratio, as presented in Table 2, reflects reasonable lending levels in the AAs.

Table 8

Comparative Net Loan to Deposit Ratios April 1, 2021 – June 30, 2024			
Institution	Location	Asset Size \$(000)	13-Quarter Average NLTD Ratio (%)
PointBank	Pilot Point, Texas	1,029,027	52.0
Similarly Situated Institutions			
Comparator Banks	Graham, Texas	903,233	76.8
	Gainesville, Texas	1,749,574	52.6
	Nacogdoches, Texas	1,432,425	66.5

Assessment Area Concentration

This performance criterion evaluates the percentage of lending extended inside and outside of PointBank's delineated AA. As depicted in Table 9, the bank originated a majority of loans, by number and dollar amount, outside the AA. This is generally considered unfavorably in the overall assessment; however, additional context must be considered. A material volume of the bank's lending is located in counties contiguous to the AA. These counties share significant economic and cultural links with Denton County, and the bank's lending here likely benefits (either directly or indirectly) the AA. For example, a loan to a business owner that lives within the AA but operates a business in an adjacent county is considered outside the AA but materially benefits residents of the AA. Given the interdependence of these counties, the bank's lending outside its delineated AA had minimal impact on conclusions drawn and overall rating. Furthermore, these adjacent counties could be added to PointBank's delineated AA to mitigate the bank's poor AA concentration performance. However, adding the contiguous counties would create an excessively large AA that the bank would not reasonably be able to serve.

The remaining loan distribution analysis discussed in this performance evaluation considers only those loans originated within the bank's AA.

Table 9

Lending Inside and Outside of the AA								
Loan Type	Inside Assessment Area				Outside Assessment Area			
	#	%	\$(000)	%	#	%	\$(000)	%
Home Purchase	19	33.9	17,394	38.6	37	66.1	45,060	61.4
Home Improvement	0	0.0	0	0.0	1	100.0	235	100.0
Other Purpose Closed-End	0	0.0	0	0.0	2	100.0	3,386	100.0
Refinancing	2	33.3	11,112	75.2	4	66.7	14,777	24.8
Total HMDA-related	21	32.3	28,506	44.9	44	67.7	63,458	55.1
Total Small Business-related	32	43.2	8,921	50.4	42	56.8	8,784	49.6
TOTAL LOANS	53	38.1	37,427	46.1	86	61.9	43,736	53.9

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

Geographic Distribution of Loans

This performance criterion evaluates the distribution of lending within the AA by income level of census tracts with consideration given to the dispersion of loans throughout the AA. The bank's home mortgage and small business lending each reflect reasonable distribution among geographies of different income levels and census tracts throughout the AA.

Residential Real Estate (HMDA) Lending

The geographic distribution of total home mortgage loans reflects reasonable penetration throughout the AA when compared to the percentage of owner-occupied housing units located in LMI census tracts (the demographic figure) and to aggregate lending data in the AA. During the review period, the bank's home mortgage origination volume within the AA was too low to conduct a meaningful analysis of the individual loan product categories; thus, the product categories were combined and analyzed at the total HMDA level.

During the review period, the bank did not originate home mortgage loans to borrowers in low-income census tracts. This is attributed to the lack of demand for home mortgage loans in these

geographies. Low-income census tracts contain only 278 owner-occupied housing units, 0.1 percent of the owner-occupied housing units in the AA. While aggregate lending data reflects lending at the same level as the demographics, only 29 of the more than 31,000 home mortgage loans originated in the AA were extended to borrowers in low-income census tracts. This highlights the substantial competition among the 664 HMDA-reporting institutions that made loans in the AA in 2023 to acquire these loans. As a result, PointBank's lack of lending in these tracts does not negatively impact the bank's performance.

Among moderate-income census tracts, PointBank's home mortgage lending as a percent of total lending was greater than that of aggregate lenders. The bank originated two home mortgage loans to borrowers in moderate-income census tracts, representing 9.5 percent of total home mortgages during the review period. This is higher than the performance of aggregate lenders and above the demographic figure. Overall, the bank's level of lending among LMI census tracts within the AA reflects favorably on the bank's responsiveness to the credit needs of the community in which it operates.

Table 10

Distribution of 2023 Home Mortgage Lending by Income Level of Geography							
Assessment Area: Denton County Metropolitan							
Geographic Income Level	Bank and Aggregate Loans						Owner Occupied Units %
	Bank		Agg	Bank		Agg	
	#	#%	#%	\$(000)	\$%	\$%	
Low	0	0.0	0.1	0	0.0	0.6	0.1
Moderate	2	9.5	4.8	10,502	36.8	4.8	6.9
Middle	3	14.3	42.2	2,790	9.8	37.5	32.6
Upper	16	76.2	52.8	15,214	53.4	54.2	59.9
Unknown	0	0.0	0.1	0	0.0	2.9	0.5
Total	21	100.0	100.0	28,506	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.							

Small Business Lending

The geographic distribution of small business lending is reasonable. As depicted in Table 11, PointBank's small business lending among low-income census tracts was significantly above the percentage of AA businesses located in low-income census tracts, which reflects favorably on the bank's performance. Among moderate income census tracts, PointBank's small business lending was below the percentage of total businesses in moderate-income census tracts. Nevertheless, the distribution of small business lending among LMI tracts reflects favorably on PointBank's responsiveness to the credit needs of the AA considering the bank's asset size and branch locations, as well as the high percentage of lending to small businesses located in low-income census tracts.

Table 11

Distribution of 2023 Small Business Lending by Income Level of Geography Assessment Area: Denton County Metropolitan					
Geographic Income Level	Bank Loans				Total Businesses %
	#	#%	\$(000)	\$%	
Low	3	9.4	0.9	1,422	1.7
Moderate	2	6.3	8.6	266	11.7
Middle	12	37.5	26.7	2,686	30.0
Upper	15	46.9	62.7	4,547	55.7
Unknown	0	0.0	0.9	0	1.0
Total	32	100.0	100.0	8,921	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.					

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

This performance criterion evaluates PointBank's lending to borrowers of different income levels and businesses of different revenue sizes. The bank's lending reflects an overall reasonable borrower distribution. The distribution of home mortgage lending reflects poor distribution among borrowers of different income levels, while the distribution of small business loans among businesses of different revenue sizes is reasonable.

Residential Real Estate (HMDA) Lending

The distribution of home mortgage lending to borrowers of different income levels is poor when compared to demographic characteristics of the community, as well as the performance of aggregate lenders. As reflected in Table 12, the bank did not originate any home mortgage loans to LMI borrowers during the review period. Aggregate lending reflected demand for home mortgage loans among LMI borrowers, although it was well below the percentage of AA families classified as LMI. This is attributable to challenges faced by LMI families when securing a home mortgage, including downpayment requirements, high cost of housing in the area, and high interest rates. Despite the lower demand among LMI borrowers, PointBank's lack of lending to these borrowers reflects poorly on the bank's responsiveness to the credit needs of its AA.

Table 12

Distribution of 2023 Home Mortgage Lending by Borrower Income Level Assessment Area: Denton County Metropolitan							
Borrower Income Level	Bank and Aggregate Loans						Families by Family Income %
	Bank		Agg	Bank		Agg	
	#	#%	#%	\$(000)	\$%	\$%	
Low	0	0.0	1.3	0	0.0	0.6	13.4
Moderate	0	0.0	8.1	0	0.0	5.0	14.4
Middle	1	4.8	19.3	380	1.3	15.5	19.0
Upper	12	57.1	47.9	12,459	43.7	54.8	53.2
Unknown	8	38.1	23.5	15,667	55.0	24.1	0.0
Total	21	100.0	100.0	28,506	100.0	100.0	100.0
Source: 2023 FFIEC Census Data and 2016 – 2020 U.S. Census Bureau: American Community Survey Note: Percentages may not total 100.0 percent due to rounding. Multifamily loans are not included in the borrower distribution analysis.							

Small Business Lending

The distribution of small business lending among businesses of different revenue sizes is reasonable. As shown in Table 13, 94.5 percent of businesses within the AA reported revenues of \$1 million or less. While PointBank did not report CRA small business loan data and its performance is not directly compared to the performance of aggregate lenders, this data point provides context related to the loan demand. During the review period, aggregate lending reflected 56.3 percent of reported small business loans in the AA were originated to businesses with annual revenues of \$1 million or less, which is comparable to PointBank's performance. Additionally, 40.6 percent of the bank's small business loan originations were made in amounts of \$100,000 or less, which reflects reasonable responsiveness to small businesses as they typically require loans in smaller dollar amounts.

Table 13

Table 10

Distribution of 2023 Small Business Lending by Revenue Size of Businesses Assessment Area: Denton County Metropolitan					
	Bank Loans				Total Businesses %
	#	#%	\$(000)	%	
By Revenue					
\$1 Million or Less	16	50.0	4,886	54.8	94.5
Over \$1 Million	8	25.0	1,684	18.9	4.1
Revenue Unknown	8	25.0	2,352	26.4	1.3
Total	32	100.0	8,922	100.0	100.0
By Loan Size					
\$100,000 or Less	13	40.6	811	9.1	
\$100,001 - \$250,000	6	18.8	1,056	11.8	
\$250,001 - \$1 Million	13	40.6	7,055	79.1	
Total	32	100.0	8,922	100.0	
By Loan Size and Revenue \$1 Million or Less					
\$100,000 or Less	7	43.8	471	9.6	
\$100,001 - \$250,000	2	12.5	426	8.7	
\$250,001 - \$1 Million	7	43.8	3,989	81.6	
Total	16	100.0	4,886	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

The CD test is rated satisfactory. The CD test evaluates the bank's responsiveness to CD needs of the delineated AA through qualified loans, investments and donations, and services, in light of the bank's capacity and the need and availability of such opportunities. PointBank's CD performance, as outlined in Table 14, demonstrates adequate responsiveness to the CD needs of the AA.

PointBank's total CD lending declined by 95.3 percent when compared to the previous evaluation; however, this is attributable to the bank's significant involvement in the Small Business Administration's (SBA's) Paycheck Protection Program (PPP), which supported businesses through the COVID-19 pandemic and ended prior to the current evaluation period. During the

previous evaluation, the substantial majority of PointBank's CD lending was comprised of PPP loans. For this evaluation, the bank's non-PPP lending grew significantly, with loans made for a variety of CD purposes. The majority of the bank's qualified CD lending during the review period consisted of loans promoting economic development by financing small businesses. These loans were structured in a variety of ways, including three SBA 504 loans totaling approximately \$3.8 million made to businesses for the creation or retention of more than 50 LMI jobs in the bank's AA.

When compared to the previous evaluation, PointBank's level of qualified investments increased significantly, growing more than threefold. The majority of the bank's investments were comprised of deposits in minority- or women-owned financial institutions and low-income credit unions (MWLIs). While most of the institutions receiving these deposits are located outside of the bank's AA, the impact of MWLIs on LMI communities is sufficient for deposits in such to be recognized as qualified investments under the CRA regardless of location.

During the review period the bank made qualified donations to a variety of area non-profit organizations. Many of these donations were made to organizations specifically serving LMI children by providing essentials, such as shelter, food, and legal advocacy.

In addition to loans and investments, bank employees provided 426 qualified services in the AA, a sizable increase compared to 44 services provided during the previous evaluation. PointBank representatives served in leadership positions at 19 local organizations supporting LMI individuals and families and small businesses operating in the bank's AA.

Table 14

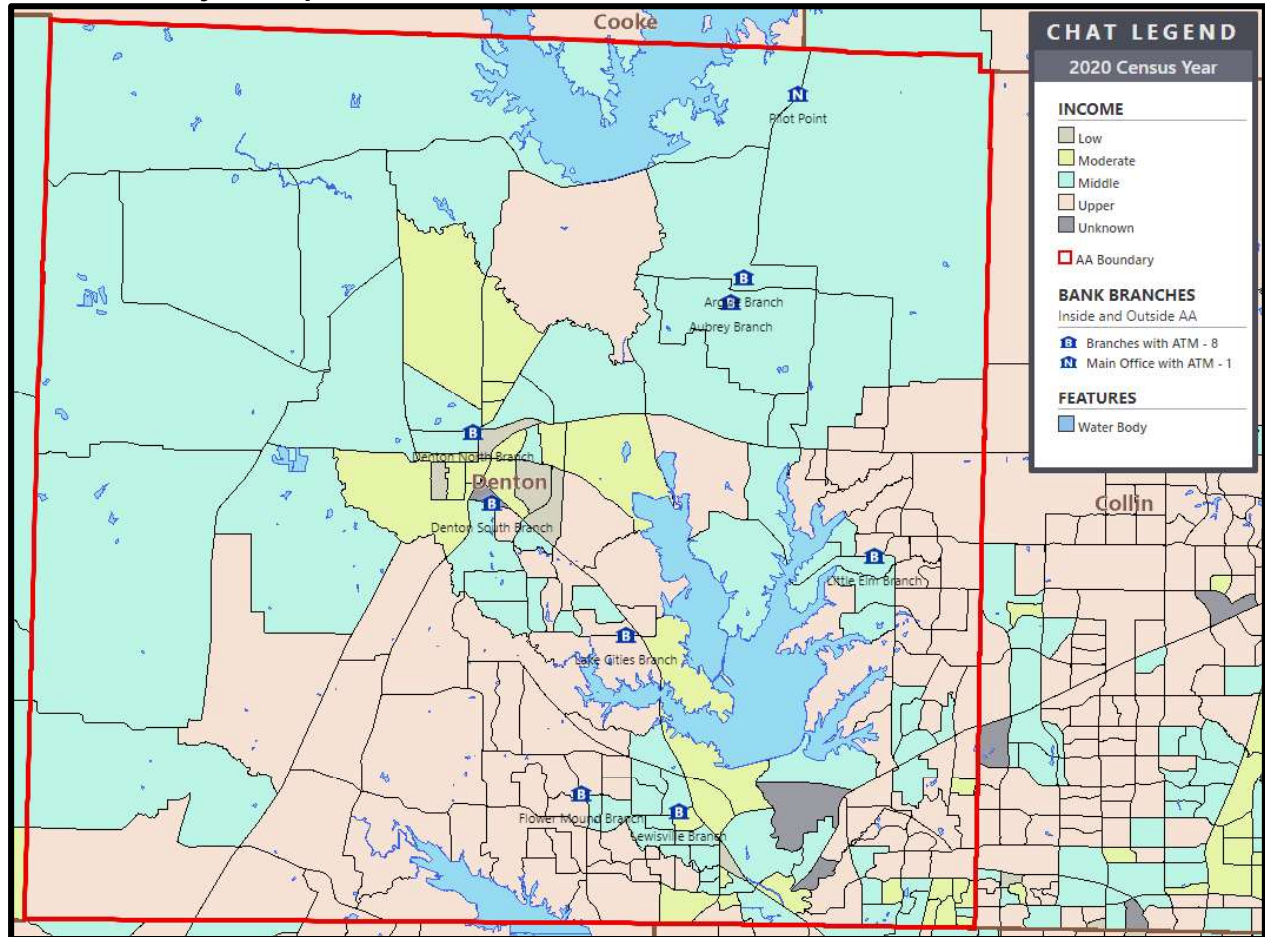
Community Development Activity Assessment Area: Denton County Metropolitan									
Community Development Purpose	CD Loans		Qualified Investments						CD Services
			Investments		Donations		Total Investments		
	#	\$(000)	#	\$(000)	#	\$(000)	#	\$(000)	#
Affordable Housing	0	0	7	7,051	3	30	10	7,081	0
Community Services	6	7,590	14	3,500	186	266	200	3,766	193
Economic Development	19	25,277	0	0	0	0	0	0	233
Revitalization and Stabilization	8	4,353	0	0	0	0	0	0	0
Totals	33	37,220	21	10,551	189	296	210	10,847	426

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.

APPENDIX A – MAP OF THE ASSESSMENT AREA

Denton County Metropolitan Assessment Area



APPENDIX B – 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.