



Office of the  
Comptroller of the Currency  
Washington, DC 20219

# INTERMEDIATE SMALL BANK

## PUBLIC DISCLOSURE

September 9, 2024

## COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

The Falls City National Bank  
Charter Number 8606

100 S Front Street  
Falls City, TX 78113

Office of the Comptroller of the Currency

10001 Reunion Place, Suite 250  
San Antonio, TX 78216

Note: This document is an evaluation of this institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the institution. This evaluation is not, and should not be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion, or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.

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## Overall CRA Rating

**Institution’s CRA Rating: This institution is rated Satisfactory.**

**The lending test is rated: Satisfactory**

**The community development test is rated: Satisfactory**

The major factors that support this rating include:

- Considering the bank’s size, financial condition, and credit needs of the assessment areas (AAs), the bank’s loan to deposit (LTD) ratio is reasonable.
- A majority of the bank’s loans are inside its assessment area (AAs)
- The bank exhibits a reasonable geographic distribution of loans in its AAs.
- The bank has a reasonable distribution of loans to businesses of different sizes, and to individuals of different income levels.
- The bank did not receive any CRA-related complaints during the evaluation period.

### Loan-to-Deposit Ratio

Considering the bank’s size, financial condition, and credit needs of the AA(s), the bank’s loan-to-deposit ratio is reasonable.

The Falls City National Bank (FCNB) average quarterly LTD ratio from March 31, 2021, to December 31, 2023, was 27.60 percent; with a high of 30.06 percent and a low of 25.04 percent.

We compared the bank’s average quarterly LTD ratio with five similarly situated in or around the institution’s AAs. FCNB’s average quarterly ratio is higher than the average ratio of the five similarly situated institutions. The average LTD ratio of these institutions is 19.67 percent, with an average high of 31.71 percent and an average low of 13.10 percent. FCNB’s LTD ratio ranks second among the other similarly situated institutions.

### Lending in Assessment Area

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

The bank originated and purchased 66 percent of its total loans inside the bank’s AAs during the evaluation period. This analysis is performed at the bank, rather than the AA, level. This percentage does not include extensions of credit by affiliates that may be considered under the other performance criteria.

<b>Lending Inside and Outside of the Assessment Area</b>										
Loan Category	Number of Loans				Total #	Dollar Amount of Loans \$(000s)				Total \$(000s)
	Inside		Outside			Inside		Outside		
	#	%	#	%		\$	%	\$	%	
Small Business	26	65	14	35	40	2,345	85	414	15	2,759
Consumer	27	67.5	13	32.5	40	1,224	29	2,976	71	4,200
Total	53	66	27	34	80	3,569	51	3,390	49	6,959

## Description of Institution

FCNB is a full-service community bank headquartered in Falls City, Texas. As of December 31, 2023, FCNB reported total assets of \$578 million and tier 1 capital of \$74 million, representing 14 percent of average assets. FCNB has two AAs that consist of the entirety of both Karnes and Wilson counties. FCNB offers a traditional array of products, and the primary loan type by dollar volume is one-to-four family lending. Due to the unique complexities of the local economy, loan demand is much lower in this geographical area and has resulted in the bank's primary operational activities still being in bond purchases. The bank's primary focus has been to serve the needs of its local AAs.

FCNB operates solely in the State of Texas and has three branches: one in Falls City, one in Poth, and one in Floresville. The Falls City branch is considered the main office. All branches have a walk-in teller lobby, automated teller machine (ATM) services, and a drive-up motor bank. FCNB has not opened or closed any branches since the prior CRA examination dated August 2021.

In addition to a full offering of consumer and commercial banking products and services, FCNB offers online banking services through [www.fcnb.net](http://www.fcnb.net). This website allows for account monitoring, loan payments, transfers between accounts, mobile deposit, person to person (P2P) transfers, and limited cash management services such as automated clearing house (ACH) and wire transfers. The bank also offers services through a mobile application including account monitoring, transfer between accounts, bill pay, P2P transfers, mobile deposit, and alert and messaging services.

As of December 31, 2023, net loans totaled \$144 million and represented 29 percent of total deposits and 25 percent of total assets. The loan portfolio primarily consists of one-to-four family loans (\$52 million), construction and development loans (\$42 million), commercial real estate loans (\$15 million), consumer loans (\$13 million), and commercial and industrial loans (\$8 million).

FCNB faces competition from local, regional, and national financial institutions in their AAs. The bank's primary competitors are The Karnes County National Bank, Texas Champion Bank, Wells Fargo Bank, TexStar Credit Union, Third Coast Bank, SSB, Southtrust Bank, Commerce Bank Texas, and First National Bank Texas. According to the FDIC's June 30, 2020, market share report, FCNB ranks second in Karnes County with 35 percent of the total deposit share and second in Wilson County with 17 percent of the total deposit share.

The prior examination dated August 30, 2021, assigned an overall Satisfactory rating to FCNB's CRA performance. Based on its financial condition, local economic conditions, product offerings, and competition, we found no legal, financial, or other factors that inhibit FCNB's ability to help meet the credit needs of its AAs.

## **Scope of the Evaluation**

### **Evaluation Period/Products Evaluated**

We evaluated FCNB's CRA performance using Intermediate Small Bank (ISB) examination procedures which includes a lending test and a community development (CD) test. The evaluation period covered loans and CD activities originated between January 1, 2021, through December 31, 2023.

To evaluate lending performance, we selected a sample of 20 small business and 20 consumer loans for each year of the review period, combining 2022 and 2023 as census data was unchanged in the AA. We evaluated CD loans, investments, and services for the CD test. For the geographic and borrower distribution analysis, we compared the bank's lending performance to 2015 American Community Survey (ACS) census data, which was effective January 2017, and 2020 US Census Data. For analysis of small business loans, we compared the FNB's performance with 2021 and 2023 data from Dun & Bradstreet (D&B).

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

In each state where the bank has an office, one or more of AAs within that state was selected for a full-scope review. For purposes of this evaluation, bank delineated assessment areas located within the same metropolitan statistical area (MSA), multistate metropolitan statistical area (MMSA), or combined statistical area (CSA) are combined and evaluated as a single AA. Similarly, bank delineated non-MSA AAs within the same state are combined and evaluated as a single area. These combined AAs may be evaluated as full- or limited-scope. Refer to the "Scope" section under each State Rating for details regarding how full-scope AAs were selected. Refer to appendix A, Scope of Examination, for a list of full- and limited-scope AAs.

FCNB has two AAs consisting of the entirety of Wilson and Karnes Counties. Wilson County represents a portion of the San Antonio-New Braunfels MSA. We conducted full scope reviews for both AAs.

### **Ratings**

The bank's overall rating is based on its performance in the state of Texas. Refer to the "Scope" section under the State Rating Section for details regarding how the areas and lending products were weighted in arriving at the respective ratings.

## **Discriminatory or Other Illegal Credit Practices Review**

Pursuant to 12 CFR 25.28(c) or 195.28(c), respectively, in determining a national bank's or federal savings association's (collectively, bank) CRA rating, the OCC considers evidence of discriminatory or other illegal credit practices in any geography by the bank, or in any AA by an affiliate whose loans have been considered as part of the bank's lending performance. As part of this evaluation process, the OCC consults with other federal agencies with responsibility for compliance with the relevant laws and regulations, including the U.S. Department of Justice, the U.S. Department of Housing and Urban Development, and the Bureau of Consumer Financial Protection, as applicable.

The OCC has not identified that this institution (or any affiliate whose loans have been considered as part of the institution's lending performance) has engaged in discriminatory or other illegal credit practices that require consideration in this evaluation.

The OCC will consider any information that this institution engaged in discriminatory or other illegal credit practices, identified by or provided to the OCC before the end of the institution's next performance evaluation in that subsequent evaluation, even if the information concerns activities that occurred during the evaluation period addressed in this performance evaluation.

## State Rating

### State of Texas

**CRA rating for the State of Texas** Satisfactory

**The Lending Test is rated:** Satisfactory

**The Community Development Test is rated:** Satisfactory

The major factors that support this rating include:

- The LTD ratio is reasonable.
- A majority of the bank's loans are inside its AAs.
- The bank exhibits reasonable geographic distribution of loans in its AAs..
- The bank exhibits a reasonable distribution of loans to businesses of different sizes, and to individuals of different income levels.
- The bank did not receive any CRA-related complaints during the evaluation period.

### Description of Institution's Operations in Texas

As noted previously, FCNB has two AAs consisting of the entirety of Wilson and Karnes Counties. Wilson County represents a portion of the San Antonio-New Braunfels MSA. We conducted full scope reviews for both AAs.

#### Karnes County AA

The Karnes County AA includes all five census tracts (CTs) within the county. Karnes County is not located within an MSA. Three CTs are considered upper income, one CT is considered middle income and one CT in the eastern part of the county is considered moderate income. Karnes county has one census tract that is distressed or underserved.

FCNB's main branch is located in Falls City, Texas which is located at the northern edge of Karnes County. This is the only branch in the AA, and the branch does have an ATM. FCNB's primary deposit-taking competition is local community bank Karnes County National Bank. Wells Fargo Bank, Texas Champion Bank, and TexStar Credit Union also pose competition within the AA. FCNB ranks second in the AA for deposit market share at 38.57 percent.

Lending opportunities continue to be limited given the geography the bank operates in. Oil and gas activity generated by the Eagle Ford Shale and increased oil prices have dampened the need for loan demand as oil royalties increased. As a result, the bank's deposits have continued to increase, however, the bank has not been able to lend at the same rate.

The overall economy in the AA remains stable. The population experienced a slight decline, although the median family income has continued to increase to \$77M. The unemployment rate is low and stable at 3.3 percent.

We completed a community contact in Karnes County. The contact stated the economy was declining and still primarily dependent on oil and gas. The contact noted there is sufficient access to financial services that meet the credit needs of the community. Both contacts noted a need for more housing as population growth continues to move south. FCNB has a good standing with their community.

<b>Table A – Demographic Information of the Assessment Area</b>						
<b>Assessment Area: Karnes County</b>						
<b>Demographic Characteristics</b>	<b>#</b>	<b>Low % of #</b>	<b>Moderate % of #</b>	<b>Middle % of #</b>	<b>Upper % of #</b>	<b>NA* % of #</b>
Geographies (Census Tracts)	5	0.0	20.0	20.0	60.0	0.0
Population by Geography	14,710	0.0	9.0	32.8	58.2	0.0
Housing Units by Geography	6,063	0.0	15.0	26.0	59.0	0.0
Owner-Occupied Units by Geography	3,340	0.0	15.2	22.5	62.2	0.0
Occupied Rental Units by Geography	1,212	0.0	19.3	26.8	53.9	0.0
Vacant Units by Geography	1,511	0.0	11.2	32.8	56.0	0.0
Businesses by Geography	1,436	0.0	8.2	30.8	60.9	0.0
Farms by Geography	128	0.0	15.6	28.1	56.3	0.0
Family Distribution by Income Level	3,156	25.4	16.1	10.1	48.4	0.0
Household Distribution by Income Level	4,552	23.0	16.9	15.8	44.3	0.0
Median Family Income Non-MSAs - TX		\$61,785	Median Housing Value			\$119,299
			Median Gross Rent			\$706
			Families Below Poverty Level			15.6%
<i>Source: 2020 U.S. Census and 2023 D&amp;B Data</i>						
<i>Due to rounding, totals may not equal 100.0%</i>						
<i>(*) The NA category consists of geographies that have not been assigned an income classification.</i>						

### **Wilson County AA**

The Wilson County AA includes all 12 CTs within this county. Wilson county is also located within the San Antonio/New Braunfels MSA. The AA has 2 moderate income CTs, one located in the central portion of the county and one on the northern county boundary. The county has 4 middle income CTs and 6 upper income CTs.

FCNB has two branches within this AA; one in Floresville located near the northern boundary of the AA. The other branch is located in Poth near the southern end of the AA and closer to FCNB’s primary branch located in Karnes County.



The May 2024 Moody’s economic report shows the San Antonio/New Braunfels MSA with an unemployment rate of 3.6 percent. The continued presence of the military within this MSA brings a source of stability; however, continued population gains and low costs of doing business are key factors to support continued growth to the future within this MSA.

Overall, the Wilson County Economy also remains stable and healthy. The population has experienced growth since the last review. Additionally, the unemployment rate within the county is 3.5 percent in line with the overall MSA. Additionally, median family income continues to increase now around \$93M.

Competition within this AA continues to be high with primary deposit competition coming from Wells Fargo, SouthTrust Bank, N.A., Third Coast Bank, SSB, Commerce Bank of Texas, and First National Bank of Texas. Overall FCNB ranks third in deposit market share at 17.44 percent market share.

We completed a community contact in Wilson County. The contact noted significant growth has already happened and is planning to happen in Floresville, while Poth remains stable with expected growth from Floresville to trickle over into Poth. The contact noted there is sufficient access to financial services that meet the credit needs of the community. Both contacts noted a need for more housing as population growth continues to move south. FCNB has a good standing with their community.

<b>Table A – Demographic Information of the Assessment Area</b>						
<b>Assessment Area: Wilson County</b>						
<b>Demographic Characteristics</b>	<b>#</b>	<b>Low % of #</b>	<b>Moderate % of #</b>	<b>Middle % of #</b>	<b>Upper % of #</b>	<b>NA* % of #</b>
Geographies (Census Tracts)	12	0.0	16.7	33.3	50.0	0.0
Population by Geography	49,753	0.0	16.5	26.1	57.5	0.0
Housing Units by Geography	17,676	0.0	18.7	29.3	52.0	0.0
Owner-Occupied Units by Geography	13,943	0.0	15.7	26.6	57.7	0.0
Occupied Rental Units by Geography	2,032	0.0	34.4	42.1	23.5	0.0
Vacant Units by Geography	1,701	0.0	24.3	36.4	39.3	0.0
Businesses by Geography	4,600	0.0	17.1	25.8	57.1	0.0
Farms by Geography	301	0.0	13.0	43.9	43.2	0.0
Family Distribution by Income Level	13,235	17.1	15.3	16.4	51.2	0.0
Household Distribution by Income Level	15,975	17.5	13.5	15.2	53.8	0.0
Median Family Income MSA - 41700 San Antonio-New Braunfels, TX MSA		\$74,284	Median Housing Value			\$200,501
			Median Gross Rent			\$830
			Families Below Poverty Level			6.5%
<i>Source: 2020 U.S. Census and 2023 D&amp;B Data</i> <i>Due to rounding, totals may not equal 100.0%</i> <i>(*) The NA category consists of geographies that have not been assigned an income classification.</i>						

## **Scope of Evaluation in Texas**

For this evaluation, we completed a full-scope review for each of the two AAs. See appendix A for a list of all AAs under review. Our analysis of lending activity focused on commercial and consumer loans as these are the two primary lending products by both dollar volume and number of originated loans. All loans reviewed were weighted equally.

## **CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN TEXAS**

### **LENDING TEST**

The bank's performance under the Lending Test in Texas is rated Satisfactory.

Based on a full-scope review the bank's lending performance in the state of Texas is reasonable.

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

The bank exhibits reasonable geographic distribution of loans in the state.

#### ***Small Loans to Businesses***

Refer to Table Q in the state of Texas section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's originations and purchases of small loans to businesses.

#### **Karnes County AA**

During 2021, a meaningful analysis of the geographic distribution of small business loans in the AA could not be performed as there are no low- or moderate-income tract in the assessment area. The bank did exhibit an excellent distribution of loans in distressed middle-income tracts.

During 2022-2023, the distribution of loans within this AA is poor. The AA did not have any low income CTs during the review period. Lending in moderate income census tracts is below the percentage of businesses in a moderate-income census tract.

#### **Wilson County AA**

During 2021, The distribution of loans within this AA is poor. The AA did not have any low income CTs during the review period. The percentage of loans made to moderate income CTs is below the percentage of households that reside in moderate income census tracts. Less weight was given to this period, as the proportion of moderate income CTs in the AA is low.

During 2022-2023, the distribution of loans within this AA is poor. The AA did not have any low income CTs during the review period. The percentage of small business loans made to

businesses in moderate income census tracts is below the percentage of businesses that reside in moderate income census tracts.

### ***Consumer Loans***

Refer to Table U in the state of Texas section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's consumer loan originations and purchases.

### **Karnes County AA**

During 2021, a meaningful analysis of the geographic distribution of consumer loans in the AA could not be performed as there are no low- or moderate-income tract in the assessment area. The bank did exhibit an excellent distribution of loans in distressed middle-income tracts.

During 2022-2023, the distribution of loans within this AA is poor. The AA did not have any low income CTs during the review period. The percentage of loans made in moderate income CTs during the review period were below the number of households within these CTs.

### **Wilson County AA**

During 2021, the distribution of loans within this AA is excellent. The AA did not have any low income CTs during the review period. However, the percentage of loans made in moderate income CTs during the review period were in line with the number of households in the AA.

During 2022-2023, the distribution of loans within this AA is excellent. The AA did not have any low income CTs during the review period. Lending in moderate income census tracts exceeded the percentage of households in the AA.

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

The bank exhibits a reasonable distribution of loans to individuals of different income levels and businesses and farms of different sizes, given the product lines offered by the bank.

### ***Small Loans to Businesses***

Refer to Table R in the state of Texas section of appendix D for the facts and data used to evaluate the borrower distribution of the bank's originations and purchases of small loans to businesses.

### **Karnes County AA**

During 2021, the distribution of small business loans to business with revenues of \$1 million or less is reasonable. The percentage of loans made to small businesses were in line with the overall number of businesses within the AA. Additionally, the percentage of bank loans exceeds the aggregate level of lending of peers in the AA.

During 2022-2023, the distribution of loans to small businesses with revenues of \$1 million or less is reasonable. The percentage of bank loans to businesses with revenues of \$1 million or less is in line with the percentage of businesses in the AA. The percentage of bank loans exceeds the aggregate level of lending of peers in the AA.

### **Wilson County AA**

During 2021, the distribution of loans to small businesses is reasonable. The percentage of bank loans to businesses with revenues of \$1 million or less is in line with the percentage of small businesses with revenues of \$1MM or less. Furthermore, the percentage of bank loans exceeds the aggregate level of lending of peers in the AA.

During 2022-2023, the distribution of loans to small businesses is excellent. The percentage of bank loans to businesses with revenues of \$1 million or less is in line with the percentage of small businesses with revenues of \$1 million or less within the AA. The percentage of bank loans exceeds the aggregate level of lending of peers in the AA.

### ***Consumer Loans***

Refer to Table V in the state of Texas section of appendix D for the facts and data used to evaluate the borrower distribution of the bank's consumer loan originations and purchases.

### **Karnes County AA**

During 2021, the bank exhibits reasonable distribution of consumer loans to borrowers of different income levels within the AA. The percent of bank loans to low-income borrowers is below the percentage of households; however, the percentage of bank loans to moderate income borrowers exceeds the percentage of households in the AA.

During 2022-2023, the bank exhibits excellent distribution of consumer loans to borrowers of different income levels within the AA. Loans to low-income borrowers are in line with the percentage of low-income borrowers in the AA. However, loans to moderate income borrowers exceeds the percentage of households in the AA.

### **Wilson County AA**

During 2021, the bank exhibits reasonable distribution of consumer loans to borrowers of different income levels within the AA. Loans to low-income borrowers are lower than the percentage of low-income borrowers in the AA. However, loans to moderate income borrowers exceeds the percentage of households in the AA.

During 2022-2023, the bank exhibits an excellent distribution of consumer loans to borrowers of different income levels within the AA. Loans to low- and moderate-income borrowers exceed the overall percentage of households in the AA.

## **Responses to Complaints**

FCNB did not receive any complaints related to its CRA performance during the evaluation period.

## COMMUNITY DEVELOPMENT TEST

The bank’s performance under the Community Development Test in the state of Texas is rated Satisfactory.

### Conclusions for Areas Receiving a Full-Scope Review

Based on full scope the bank exhibits adequate responsiveness to community development needs in the state through community development loans, qualified investments, and community development services, as appropriate, considering the bank’s capacity and the need and availability of such opportunities for community development in the bank’s assessment area(s).

### Number and Amount of Community Development Loans

The Community Development Loans Table, shown below, sets forth the information and data used to evaluate the bank’s level of CD lending. The table includes all CD loans, including multifamily loans that also qualify as CD loans. During the evaluation period, FCNB originated 13 CD loans \$2.049M. These loans primarily supported CD through the financing of affordable housing benefitting low-and moderate-income individuals, primarily in the Karnes County AA, CD loans also supported economic development by financing companies with revenues of \$1 million or less that employ low- and moderate-income individuals.

<i>Community Development Loans</i>				
Assessment Area	Total			
	#	% of Total #	\$(000's)	% of Total \$
Karnes AA	10	76.92	1,875	91.50
Wilson AA	2	15.38	110	5.37
Broader Statewide	1	7.69	64	3.13

## Number and Amount of Qualified Investments

Qualified Investments										
Assessment Area	Prior Period*		Current Period		Total				Unfunded Commitments**	
	#	\$(000's)	#	\$(000's)	#	% of Total #	\$(000's)	% of Total \$	#	\$(000's)
Karnes County	0	0	2	685	2	7	685	8	0	0
Wilson County	0	0	0	0	0	0	0	0	0	0
Broader Statewide Area	9	2,513	18	5,625	27	93	8,138	92	0	0
<b>Total</b>	<b>9</b>	<b>2,513</b>	<b>20</b>	<b>6,310</b>	<b>29</b>	<b>100</b>	<b>8,823</b>	<b>100</b>	<b>0</b>	<b>0</b>

\* Prior Period Investments' means investments made in a previous evaluation period that are outstanding as of the examination date.

\*\* Unfunded Commitments' means legally binding investment commitments that are tracked and recorded by the institution's financial reporting system.

During the evaluation period FCNB made two investments within the Karnes County AA. These investments were CD bonds that benefits the local community by improving infrastructure in distressed and underserved census tracts by improving and expanding utility services including water and sewer systems. FCNB made an additional 27 qualified investments totaling \$8.14 million that were made in the greater Texas area to improve infrastructure and provide affordable housing to LMI census tracts. Additional investments were made in CDFI and Minority/women owned financial institutions across the US.

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

FCNB did not provide community development services that primarily serve LMI individuals within the AA during the review period due to limited opportunities that were presented.

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\* 'Prior Period Investments' means investments made in a previous evaluation period that are outstanding as of the examination date.

## Appendix A: Scope of Examination

The following table identifies the time period covered in this evaluation, affiliate activities that were reviewed, and loan products considered. The table also reflects the metropolitan and nonmetropolitan areas that received comprehensive examination review (designated by the term “full-scope”) and those that received a less comprehensive review (designated by the term “limited-scope”).

<b>Time Period Reviewed:</b>	<b>(01/01/20 to 12/31/23)</b>	
<b>Bank Products Reviewed:</b>	<b>Small business, small farm, community development loans, qualified investments, community development services</b>	
<b>Affiliate(s)</b>	<b>Affiliate Relationship</b>	<b>Products Reviewed</b>
Not Applicable	Not Applicable	Not Applicable
<b>List of Assessment Areas and Type of Examination</b>		
<b>Rating and Assessment Areas</b>	<b>Type of Exam</b>	<b>Other Information</b>
Karnes County AA	Full Scope	Non-MSA; contains five census tracts, one moderate, one middle, and three upper income census tracts. The middle-income CT is considered distressed or underserved.
Wilson County AA	Full Scope	Part of the San Antonio-New Braunfels MSA 41700; contains 12 census tracts; two moderate, four middle, and six upper income census tracts. There are no distressed or underserved census tracts.



## Appendix B: Summary of MMSA and State Ratings

<b>RATINGS (The Falls City National Bank)</b>			
<b>Overall Bank:</b>	<b>Lending Test Rating*</b>	<b>CD Test Rating</b>	<b>Overall Bank/State/Multistate Rating</b>
<b>The Falls City National Bank</b>	<b>Satisfactory</b>	<b>Satisfactory</b>	<b>Satisfactory</b>
<b>State:</b>			
<b>Texas</b>	<b>Satisfactory</b>	<b>Satisfactory</b>	<b>Satisfactory</b>

## Appendix C: Definitions and Common Abbreviations

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The following terms and abbreviations are used in this performance evaluation, including the CRA tables. The definitions are intended to provide the reader with a general understanding of the terms, not a strict legal definition.

**Affiliate:** Any company that controls, is controlled by, or is under common control with another company. A company is under common control with another company if the same company directly or indirectly controls both companies. For example, a bank subsidiary is controlled by the bank and is, therefore, an affiliate.

**Aggregate Lending (Aggt.):** The number of loans originated and purchased by all reporting lenders (HMDA or CRA) in specified income categories as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the state/assessment area.

**Census Tract (CT):** A small, relatively permanent statistical subdivision of a county delineated by a local committee of census data users for the purpose of presenting data. Census tracts nest within counties, and their boundaries normally follow visible features, but may follow legal geography boundaries and other non-visible features in some instances, Census tracts ideally contain about 4,000 people and 1,600 housing units.

**Combined Statistical Area (CSA):** A geographic entity consisting of two or more adjacent Core Based Statistical Areas with employment interchange measures of at least 15. An employment interchange measure is a measure of ties between two adjacent entities. The employment interchange measure is the sum of the percentage of workers living in the smaller entity who work in the larger entity and the percentage of employment in the smaller entity that is accounted for by workers who reside in the larger entity.

**Community Development (CD):** Affordable housing (including multifamily rental housing) for low- or moderate-income individuals; community services targeted to low- or moderate-income individuals; activities that promote economic development by financing businesses or farms that meet Small Business Administration Development Company or Small Business Investment Company programs size eligibility standards or have gross annual revenues of \$1 million or less; or activities that revitalize or stabilize low- or moderate-income geographies, distressed or underserved nonmetropolitan middle-income geographies, or designated disaster areas.

**Community Reinvestment Act (CRA):** The statute that requires the OCC to evaluate a bank's record of meeting the credit needs of its entire community, including LMI areas, consistent with the safe and sound operation of the bank, and to take this record into account when evaluating certain corporate applications filed by the bank.

**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 non-relatives living with the family. Families are classified by type as either a married-couple family or other family, which is further classified into ‘male householder’ (a family with a male householder’ and no wife present) or ‘female householder’ (a family with a female householder and no husband present).

**Full-Scope Review:** Performance under the Lending, Investment, and Service Tests is analyzed considering performance context, quantitative factors (e.g., geographic distribution, borrower distribution, and total number and dollar amount of investments), and qualitative factors (e.g., innovativeness, complexity, and responsiveness).

**Geography:** A 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 conduct 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 applicants, the amount of loan requested, the disposition of the application (e.g., approved, denied, and withdrawn), the lien status of the collateral, any requests for preapproval, and loans for manufactured housing.

**Home Mortgage Loans:** A closed-end mortgage loan or an open-end line of credit as these terms are defined under 12 CFR 1003.2, and that is not an excluded transaction under 12 CFR 1003.3(c)(1) through (c)(10) and (c)(13).

**Household:** Includes all persons occupying a housing unit. Persons not living in households are classified as living in group quarters. In 100 percent tabulations, the count of households always equals the count of occupied housing units.

**Limited-Scope Review:** Performance under the Lending, Investment, and Service Tests is analyzed using only quantitative factors (e.g., geographic distribution, borrower distribution, total number and dollar amount of investments, and branch distribution).

**Low-Income Individual:** Individual income that is less than 50 percent of the area median income.

**Low Income Geography:** A census tract with a median family income that is less than 50 percent.

**Market Share:** The number of loans originated and purchased by the institution as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the state/assessment area.

**Median Family Income (MFI):** The median income determined by the U.S. Census Bureau every five years and used to determine the income level category of geographies. The median is the point at which half of the families have income above, and half below, a range of incomes. Also, the median income determined by the Federal Financial Institutions Examination Council (FFIEC) annually that is used to determine the income level category of individuals. For any given area, the median is the point at which half of the families have income above, and half below, a range of incomes.

**Metropolitan Division:** As defined by Office of Management and Budget, a county or group of counties within a Core Based Statistical Area that contains an urbanized population of at least 2.5 million. A Metropolitan Division consists of one or more main/secondary counties that represent an employment center or centers, plus adjacent counties associated with the main/secondary county or counties through commuting ties.

**Metropolitan Statistical Area:** An area, defined by the Office of Management and Budget, as a core based statistical area associated with at least one urbanized area that has a population of at least 50,000. The Metropolitan Statistical Area comprises the central county or counties containing the core, plus adjacent outlying counties having a high degree of social and economic integration with the central county or counties as measured through commuting.

**Middle-Income:** Individual income that is at least 80 percent and less than 120 percent of the area median income, or a median family income that is at least 80 percent and less than 120 percent, in the case of a geography.

**Moderate-Income:** Individual income that is at least 50 percent and less than 80 percent of the area median income, or a median family income that is at least 50 percent and less than 80 percent, in the case of a geography.

**Multifamily:** Refers to a residential structure that contains five or more units.

**Owner-Occupied Units:** Includes units occupied by the owner or co-owner, even if the unit has not been fully paid for or is mortgaged.

**Qualified Investment:** A qualified investment is defined as any lawful investment, deposit, membership share, or grant that has as its primary purpose community development.

**Rating Area:** A rated area is a state or multi-state metropolitan statistical 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 multi-state metropolitan statistical area, the institution will receive a rating for the multi-state metropolitan statistical area.

**Small Loan(s) to Business(es):** A loan included in 'loans to small businesses' as defined in the Consolidated Report of Condition and Income (Call Report) instructions. These loans have original amounts of \$1 million or less and typically are either secured by nonfarm or nonresidential real estate or are classified as commercial and industrial loans.

**Small Loan(s) to Farm(s):** A loan included in 'loans to small farms' as defined in the instructions for preparation of the Consolidated Report of Condition and Income (Call Report). These loans have original amounts of \$500,000 or less and are either secured by farmland or are classified as loans to finance agricultural production and other loans to farmers.

**Tier 1 Capital:** The total of common shareholders' equity, perpetual preferred shareholders' equity with non-cumulative dividends, retained earnings and minority interests in the equity accounts of consolidated subsidiaries.

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

## Appendix D: Tables of Performance Data

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### Content of Standardized Tables

A separate set of tables is provided for each state. All multistate metropolitan statistical areas, if applicable, are presented in one set of tables. References to the “bank” include activities of any affiliates that the bank provided for consideration (refer to appendix A: Scope of the Examination). For purposes of reviewing the Lending Test tables, the following are applicable: (1) purchased are treated as originations; and (2) “aggregate” is the percentage of the aggregate number of reportable loans originated and purchased by all HMDA or CRA-reporting lenders in the MMSA/assessment area. Deposit data are compiled by the FDIC and are available as of June 30<sup>th</sup> of each year. Tables without data are not included in this PE.

The following is a listing and brief description of the tables included in each set:

- Table O. Assessment Area Distribution of Home Mortgage Loans by Income Category of the Geography** - Compares the percentage distribution of the number of loans originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies to the percentage distribution of owner-occupied housing units throughout those geographies. The table also presents aggregate peer data for the years the data is available.
- Table P. Assessment Area Distribution of Home Mortgage Loans by Income Category of the Borrower** - Compares the percentage distribution of the number of loans originated and purchased by the bank to low-, moderate-, middle-, and upper-income borrowers to the percentage distribution of families by income level in each MMSA/assessment area. The table also presents aggregate peer data for the years the data is available.
- Table Q. Assessment Area Distribution of Loans to Small Businesses by Income Category of the Geography** - The percentage distribution of the number of small loans (less than or equal to \$1 million) to businesses that were originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies compared to the percentage distribution of businesses (regardless of revenue size) in those geographies. Because aggregate small business data are not available for geographic areas smaller than counties, it may be necessary to compare bank loan data to aggregate data from geographic areas larger than the bank’s assessment area.
- Table R. Assessment Area Distribution of Loans to Small Businesses by Gross Annual Revenue** - Compares the percentage distribution of the number of small loans (loans less than or equal to \$1 million) originated and purchased by the bank to businesses with revenues of \$1 million or less to: 1) the percentage distribution of businesses with revenues of greater than \$1 million; and, 2) the percentage distribution of businesses for which revenues are not available. The table also presents aggregate peer small business data for the years the data is available.
- Table S. Assessment Area Distribution of Loans to Farms by Income Category of the Geography** - The percentage distribution of the number of small loans (less than or equal

to \$500,000) to farms originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies compared to the percentage distribution of farms (regardless of revenue size) throughout those geographies. The table also presents aggregate peer data for the years the data is available. Because aggregate small farm data are not available for geographic areas smaller than counties, it may be necessary to use geographic areas larger than the bank's assessment area.

- Table T. Assessment Area Distribution of Loans to Farms by Gross Annual Revenues -** Compares the percentage distribution of the number of small loans (loans less than or equal to \$500 thousand) originated and purchased by the bank to farms with revenues of \$1 million or less to: 1) the percentage distribution of farms with revenues of greater than \$1 million; and, 2) the percentage distribution of farms for which revenues are not available. The table also presents aggregate peer small farm data for the years the data is available.
- Table U. Assessment Area Distribution of Consumer Loans by Income Category of the Geography -** Compares the percentage distribution of the number of loans originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies to the percentage distribution of households in those geographies.
- Table V. Assessment Area Distribution of Consumer Loans by Income Category of the Borrower -** Compares the percentage distribution of the number of loans originated and purchased by the bank to low-, moderate-, middle-, and upper-income borrowers to the percentage distribution of households by income level in each MMSA/assessment area.

**Table Q: Assessment Area Distribution of Loans to Small Businesses by Income Category of the Geography** **2021**

Assessment Area:	Total Loans to Small Businesses				Low-Income Tracts			Moderate-Income Tracts			Middle-Income Tracts			Upper-Income Tracts			Not Available-Income Tracts		
	#	\$ (000s)	% of Total	Overall Market	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate
Karnes County	20	578	24.3	196	0.0	0	0.0	0.0	0	0.0	83.2	40	81.6	16.8	60	18.4	0.0	0	0.0
Wilson County	20	1,736	75.7	792	0.0	0	0.0	3.9	0	3.9	45.1	70	43.6	51.0	30	52.5	0.0	0	0.0
<b>Total</b>	<b>40</b>	<b>2,314</b>	<b>100</b>	<b>988</b>	<b>0.0</b>	<b>0</b>	<b>0.0</b>	<b>2.9</b>	<b>0</b>	<b>3.1</b>	<b>55.0</b>	<b>55</b>	<b>51.1</b>	<b>42.2</b>	<b>45</b>	<b>45.7</b>	<b>0.0</b>		<b>0.0</b>

Source: 2021 D&B Data; 01/01/2021 - 12/31/2021 Bank Data; 2021 CRA Aggregate Data, "--" data not available.  
Due to rounding, totals may not equal 100.0%

**Table Q: Assessment Area Distribution of Loans to Small Businesses by Income Category of the Geography** **2022-23**

Assessment Area:	Total Loans to Small Businesses				Low-Income Tracts			Moderate-Income Tracts			Middle-Income Tracts			Upper-Income Tracts			Not Available-Income Tracts		
	#	\$ (000s)	% of Total	Overall Market	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate
Karnes County	20	2,054	39.8	194	0.0	0	0.0	8.2	0	13.4	30.9	15	28.9	60.9	85	57.7	0.0	0	0.0
Wilson County	20	3,103	60.1	873	0.0	0	0.0	17.1	5	16.5	25.8	70	26.6	57.1	25	56.9	0.0	0	0.0
<b>Total</b>	<b>40</b>	<b>5,157</b>	<b>100</b>	<b>1,067</b>	<b>0.0</b>	<b>0</b>	<b>0.0</b>	<b>15.0</b>	<b>2.5</b>	<b>15.9</b>	<b>27.0</b>	<b>42.5</b>	<b>27.0</b>	<b>58.0</b>	<b>55</b>	<b>57.1</b>	<b>0.0</b>	<b>0</b>	<b>0.0</b>

Source: 2023 D&B Data; 01/01/2022 - 12/31/2023 Bank Data; 2022 CRA Aggregate Data, "--" data not available.  
Due to rounding, totals may not equal 100.0



<b>Table R: Assessment Area Distribution of Loans to Small Businesses by Gross Annual Revenues</b>												<b>2021</b>
Assessment Area:	Total Loans to Small Businesses				Businesses with Revenues <= 1MM			Businesses with Revenues > 1MM		Businesses with Revenues Not Available		
	#	\$ (000s)	% of Total	Overall Market	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	% Businesses	% Bank Loans	
Karnes County	20	578	24.3	196	79.4	65	35.2	2.9	15	17.7	20	
Wilson County	20	1,736	75.7	792	89.7	75	46.7	2.4	15	7.8	10	
<b>Total</b>	<b>50</b>	<b>2,314</b>	<b>100</b>	<b>988</b>	<b>87.1</b>	<b>70</b>	<b>44.4</b>	<b>2.6</b>	<b>15</b>	<b>10.4</b>	<b>15</b>	

*Source: 2021 D&B Data; 01/01/2021 - 12/31/2021 Bank Data; 2021 CRA Aggregate Data, "--" data not available.  
Due to rounding, totals may not equal 100.0%*

<b>Table R: Assessment Area Distribution of Loans to Small Businesses by Gross Annual Revenues</b>												<b>2022-2023</b>
Assessment Area:	Total Loans to Small Businesses				Businesses with Revenues <= 1MM			Businesses with Revenues > 1MM		Businesses with Revenues Not Available		
	#	\$ (000s)	% of Total	Overall Market	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	% Businesses	% Bank Loans	
Karnes County	20	2,054	39.8	194	82.8	65	40.7	2.3	20	14.9	15	
Wilson County	20	3,103	60.1	873	92.3	85	44.1	1.7	15	5.9	0	
<b>Total</b>	<b>40</b>	<b>5,157</b>	<b>100</b>	<b>1,067</b>	<b>90.0</b>	<b>75</b>	<b>43.5</b>	<b>1.9</b>	<b>17.5</b>	<b>8.1</b>	<b>7.5</b>	

*Source: 2022 D&B Data; 01/01/2022 - 12/31/2022 Bank Data; 2022 CRA Aggregate Data, "--" data not available.  
Due to rounding, totals may not equal 100.0%*

**Table U: Assessment Area Distribution of Consumer Loans by Income Category of the Geography** **2021**

Assessment Area:	Total Consumer Loans			Low-Income Tracts		Moderate-Income Tracts		Middle-Income Tracts		Upper-Income Tracts		Not Available-Income Tracts	
	#	\$ (000s)	% of Total	% of Households	% Bank Loans	% of Households	% Bank Loans	% of Households	% Bank Loans	% of Households	% Bank Loans	% of Households	% Bank Loans
Karnes County	20	654	26.7	0.0	0	0.0	0	79.0	85	21.0	15	0.0	0
Wilson County	20	1,798	73.3	0.0	0	5.0	5	50.7	70	44.3	25	0.0	0
<b>Total</b>	<b>40</b>	<b>2,452</b>	<b>100</b>	<b>0.0</b>	<b>0</b>	<b>3.9</b>	<b>2.5</b>	<b>56.9</b>	<b>77.5</b>	<b>39.2</b>	<b>20</b>	<b>0.0</b>	<b>0</b>

Source: 2015 ACS; 01/01/2021 - 12/31/2021 Bank Data.  
Due to rounding, totals may not equal 100.0%

**Table U: Assessment Area Distribution of Consumer Loans by Income Category of the Geography** **2022-23**

Assessment Area:	Total Consumer Loans			Low-Income Tracts		Moderate-Income Tracts		Middle-Income Tracts		Upper-Income Tracts		Not Available-Income Tracts	
	#	\$ (000s)	% of Total	% of Households	% Bank Loans	% of Households	% Bank Loans	% of Households	% Bank Loans	% of Households	% Bank Loans	% of Households	% Bank Loans
Karnes County	20	187	15.9	0.0	0	16.3	5	23.7	30	60.0	65	0.0	0
Wilson County	20	987	84.1	0.0	0	18.1	35	28.6	30	53.4	35	0.0	0
<b>Total</b>	<b>40</b>	<b>1,174</b>	<b>100</b>	<b>0.0</b>	<b>0</b>	<b>17.7</b>	<b>20</b>	<b>27.5</b>	<b>30</b>	<b>54.9</b>	<b>50</b>	<b>0.0</b>	<b>0</b>

Source: 2020 U.S. Census; 01/01/2022 - 12/31/2023 Bank Data.  
Due to rounding, totals may not equal 100.0%

**Table V - Assessment Area Distribution of Consumer Loans by Income Category of the Borrower** **2021**

Assessment Area:	Total Consumer Loans			Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Not Available-Income Borrowers	
	#	\$ (000s)	% of Total	% of Households	% Bank Loans	% of Households	% Bank Loans	% of Households	% Bank Loans	% of Households	% Bank Loans	% of Households	% Bank Loans
Karnes County	20	654	26.7	27.7	10	12.8	15	14.1	15	45.4	45	0.0	15
Wilson County	20	1,798	73.3	19.0	15	12.3	20	15.6	20	53.1	45	0.0	0
<b>Total</b>	<b>40</b>	<b>2,452</b>	<b>100</b>	<b>20.9</b>	<b>12.5</b>	<b>12.4</b>	<b>17.5</b>	<b>15.3</b>	<b>17.5</b>	<b>51.4</b>	<b>45</b>	<b>0.0</b>	<b>7.5</b>

Source: 2015 ACS; 01/01/2021 - 12/31/2021 Bank Data.

Due to rounding, totals may not equal 100.0%

**Table V - Assessment Area Distribution of Consumer Loans by Income Category of the Borrower** **2022-2023**

Assessment Area:	Total Consumer Loans			Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Not Available-Income Borrowers	
	#	\$ (000s)	% of Total	% of Households	% Bank Loans	% of Households	% Bank Loans	% of Households	% Bank Loans	% of Households	% Bank Loans	% of Households	% Bank Loans
Karnes County	20	187	15.9	23.0	20	16.9	40	15.8	25	44.3	15	0.0	0
Wilson County	20	987	84.1	17.5	30	13.5	35	15.2	20	53.8	15	0.0	0
<b>Total</b>	<b>40</b>	<b>1,174</b>	<b>100</b>	<b>18.8</b>	<b>25</b>	<b>14.2</b>	<b>37.5</b>	<b>15.3</b>	<b>22.5</b>	<b>51.7</b>	<b>15</b>	<b>0.0</b>	<b>0</b>

Source: 2020 U.S. Census; 01/01/2022 - 12/31/2022 Bank Data.

Due to rounding, totals may not equal 100.0%