



Office of the  
Comptroller of the Currency  
Washington, DC 20219

# INTERMEDIATE SMALL BANK

## PUBLIC DISCLOSURE

June 10, 2024

## COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Legend Bank, National Association

Charter Number: 4265

101 West Tarrant Street

Bowie, TX 76230

Office of the Comptroller of the Currency

225 E. John Carpenter Fwy., Suite 900

Irving, TX 75062

**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 (CD) test is rated: Outstanding.**

The major factors that support this rating include:

- The Lending Test rating is based on performance within the bank's assessment areas (AA), all located in the state of Texas.
- The loan-to-deposit ratio (LTD) is reasonable.
- A majority of the bank's loans are inside its AAs.
- The geographic distribution of loans across geographies of different income levels is reasonable.
- The distribution of loans to borrowers of different income levels and businesses and farms of different sizes is reasonable.
- The bank exhibits excellent responsiveness to CD needs through CD loans, qualified investments, and CD services.

### Loan-to-Deposit Ratio

Considering the bank's size, financial condition, and credit needs of the AAs, the bank's LTD ratio is reasonable. The LTD ratio is calculated on a bank-wide basis. Legend Bank, National Association's (Legend or bank) quarterly LTD ratio averaged 70.7 percent during the 36-month evaluation period ending December 31, 2023. Over this period, the bank's quarterly LTD ratio ranged from a low of 68.4 percent to a high of 77 percent. We compared the bank's average LTD ratio to five similarly situated peer banks ranging in asset sizes from \$787 million to \$2.6 billion. The average LTD ratio for the peer banks was 71.8 percent, ranging from a low of 52.5 percent to a high of 94.6 percent. The bank's LTD is comparable to peer institutions.

### Lending in Assessment Area

A majority of the bank's loans are inside its AAs. Legend originated and purchased 77 percent of its total loans by number and 70.9 percent by dollar amount inside the 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. The findings from this analysis had a positive impact on the overall analysis of the geographic distribution of lending by income level of geography.

<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		
	#	%	#	%		\$	%	\$	%	
Home Mortgage	446	75.2	147	24.8	593	111,127	69.5	48,704	30.5	159,831
Small Business	137	85.6	23	14.4	160	14,771	91.3	1,402	8.7	16,173
Small Farm	120	75.0	40	25.0	160	8,951	63.3	5,188	36.7	14,139
Total	703	77.0	210	23.0	913	134,849	70.9	55,294	29.1	190,143

## Description of Institution

Legend is a single state financial institution headquartered in Bowie, Montague County, Texas. The bank has operated in Bowie with a national bank charter since March 19, 1890. The bank is wholly owned by Legend Bancorp, Inc., a single bank holding company also headquartered in Bowie, Texas with consolidated assets of approximately \$1.1 billion as of December 31, 2023.

Legend serves the public through its headquarters in Bowie, and 13 additional branch locations throughout North Texas in Alvord, Bonham (2), Cooper, Decatur, Fort Worth, Henrietta, Nocona, North Richland Hills, Sherman, Whitesboro, Whitewright, and Wichita Falls. On August 22, 2022, the bank also opened a commercial lending loan production office within the same building as the North Richland Hills branch location. As such, the bank operates in four AAs: (1) Bowie-Bonham non-metropolitan statistical area (non-MSA) consisting of Fannin, Delta, Montague, and Cooke Counties; (2) Partial Fort Worth-Arlington metropolitan division (MD) (Tarrant and Wise County); (3) Sherman-Denison MSA (Grayson County); and (4) Partial Wichita Falls MSA (Clay and Wichita Counties).

The bank offers a full range of traditional commercial and consumer banking products and related financial services. Legend continues to focus on commercial, farm and ranch production, and residential real estate lending. However, a significant portion of residential mortgage lending is originated for investment purposes. The bank also participated in the Paycheck Protection Program (PPP) administered by the Small Business Administration (SBA) during the 2020-2021 period.

The bank operates seven automatic teller machines (ATM) with three accepting deposits, and four Interactive Teller Machines (ITMs). Lobby and drive-thru hours are set to meet local customer demands. Customers have access to banking services and products through multiple delivery channels including, but not limited to, visiting a branch, online banking services at [www.legend-bank.com](http://www.legend-bank.com), mobile banking, telephone banking, and/or via mail.

As of December 31, 2023, the bank reported total assets of \$1.1 billion, total deposits of \$940.5 million, and common equity tier 1 capital of \$103.7 million. Total loans and leases of \$732.9, represented 67 percent of total assets. Major loan categories include commercial real estate at 30.6 percent, residential lending at 21.7 percent, agricultural lending and farmland at 20.9 percent, commercial and industrial lending at 13.9 percent, and construction lending at 11.7 percent. Investment securities totaled \$247.8 million.

There are no legal, financial, or other factors impeding the bank's ability to meet the credit needs of the AAs during the evaluation period. Legend received a "Satisfactory" overall rating at the last CRA evaluation dated May 17, 2021.

## Scope of the Evaluation

### Evaluation Period/Products Evaluated

We completed a review of Legend's CRA activities in its AAs under the Interagency Intermediate Small Bank CRA procedures, which includes the Lending Test and the CD Test. The Lending Test evaluates the bank's record of meeting the credit needs of the AAs through its lending activities. In evaluating the bank's lending performance, we identified residential real estate, small loans to businesses, and small loans to farms as the bank's primary loan products for review. The CD Test evaluates the bank's responsiveness to CD needs in its AAs through qualified CD lending, investments and donations, and services.

Our evaluation period for this examination is January 1, 2021, to December 31, 2023. For residential mortgage loans reviewed under the Lending Test, loan information used for this evaluation included Home Mortgage Disclosure Act (HMDA) data from 2021, 2022, and 2023. For small business and small farm loans reviewed under the Lending Test, we reviewed an initial sample of 160 small loans to businesses and 160 small loans to farms. Once this sample was evaluated to determine the prevalence of lending within the bank's delineated AAs, we identified additional small business and small farm loans within the Sherman-Denison and Partial Wichita Falls AAs for review to ensure a sufficient volume of loans for AA analysis. However, agricultural lending was not a material loan product in the Sherman-Denison MSA during the evaluation period and we could not obtain a sufficient sample size for a meaningful analysis of small loans to farms in this area. To that end, we analyzed 177 small loans to businesses and 156 small loans to farms inside the bank's AAs to evaluate performance under the Lending Test.

The evaluation period included two census periods. For mortgage lending activity in 2021, we compared the bank's performance to the 2015 American Community Survey (ACS) census data and 2021 HMDA aggregate lender data. For mortgage lending activity in 2022-2023, we compared the bank's performance to 2020 census data, which the Federal Financial Institutions Examination Council (FFIEC) released in 2022, and 2022 aggregate lender data. The analysis of small business and farm lending in 2021 focused on comparison of the bank's performance with 2021 data from Dunn & Bradstreet (D&B) and aggregate CRA data. In 2022-2023, the analysis of small business and farm lending focused on comparison with 2023 D&B data and 2022 aggregate CRA data. Deposit data was as of June 30, 2023, and based on information from the Federal Deposit Insurance Corporation (FDIC).

Examiners also evaluated CD loans, qualified investments, and services. Qualifying activities performed in response to the significant impact of the COVID-19 pandemic across the United States were also considered in this evaluation. Activities originated or engaged in between January 1, 2021, and December 31, 2021, were evaluated per the June 2020 CRA Rule. Activities engaged in outside of that period were evaluated per the 1995 CRA Rule.

## **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 AAs located within the same 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.

The bank has four AAs within the state of Texas, which includes three AAs located in MD/ MSAs and one non-MSA AA comprised of four counties. For our full-scope reviews, we selected the Bowie-Bonham non-MSA, the Partial Fort Worth-Arlington MD, and the Sherman-Denison MSA. We selected the Bowie-Bonham non-MSA AA and Fort Worth-Arlington MD AAs for full-scope reviews given these areas represented the greatest share of bank deposits, lending activity, and branching network. The Sherman-Denison MSA AA was also selected for a full-scope review given that this market has not received a full-scope review during the previous two CRA evaluations. We conducted a limited scope review of the Partial Wichita Falls MSA AA. This AA was not a material market for the bank in terms of deposit concentration and branching network, and the AA received a full-scope review during the previous CRA evaluation.

Refer to the “Scope” section under each State Rating for more details regarding how full-scope AAs were selected. Refer to appendix A, Scope of Examination, for a list of full- and limited-scope AAs.

## **Ratings**

The bank’s overall rating is based on the performance in the state of Texas. The state rating is based on the performance in all of the bank’s AAs with the most weight placed on performance in the Bowie-Bonham non-MSA and the Fort Worth-Arlington MSA. Refer to the “Scope” section under the State Rating section for details regarding how the areas were weighted in arriving at respective ratings.

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

Pursuant to 12 CFR 25.28(c), 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 Consumer Financial Protection Bureau, 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<sup>1</sup>:** Satisfactory

**The Lending Test is rated:** Satisfactory.

**The Community Development Test is rated:** Outstanding.

The major factors that support this rating include:

- The bank exhibits reasonable geographic distribution of loans across geographies of different income levels in the State of Texas.
- The bank exhibits a reasonable distribution of loans to individuals of different income levels and businesses and farms of different sizes in the State of Texas.
- The bank exhibits excellent responsiveness to the CD needs in the state of Texas through qualified CD loans, investments, and services.
- The bank did not receive any CRA related complaints during the evaluation period.

### Description of Institution's Operations in Texas

Legend is a \$1.1 billion institution headquartered in Bowie, Texas that serves four AAs in the state of Texas through 14 locations. There is no significant difference in the products and services offered at the bank's offices. Legend continues to focus on real estate lending, both commercial and 1-4 family, as well as agricultural lending. However, agricultural lending is not a significant focus for the Sherman-Denison market. Refer to the "*Description of the Institution*" for more information.

### Bowie-Bonham non-MSA AA

Legend conducts business with the public in this AA through its headquarters, four additional branch locations, two ATMs, and one ITM as of December 31, 2023. Of this branching network, two locations are in moderate-income census tracts (CTs) and three are in middle-income CTs. Most of the bank's total deposits are assigned to this AA. Specifically, deposits assigned to this AA totaled \$498.5 million, or 52.9 percent of total deposits as of June 30, 2023. The bank continues to focus on real estate lending, commercial and single family, as well as agricultural lending in this market. This AA accounts for approximately 30 percent of total bank loans and purchases during our evaluation period.

According to the FDIC, bank deposits represented 17.7 percent of the deposit market share in the AA as of June 30, 2023. Specifically, the bank ranked 2<sup>nd</sup> of 15 reporting institutions in the AA. Competing financial institutions include community banks with longstanding roots within their local rural communities, local credit unions, and a few larger, super-regional financial institutions. Other local

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<sup>1</sup> This rating reflects performance within the state. The statewide evaluations do not reflect performance in the parts of those states contained within the MMSA.



banks with notable market share include First State Bank (34.2 percent), First United Bank and Trust Company (10.3 percent), and Captex Bank (6.7 percent). Local financial institutions operate 30 offices in the AA, with First State Bank and Legend Bank having the largest branch network in the market with five offices each.

### *Demographics*

The following table provides a summary of the demographics, including housing, business, and economic information for the Bowie-Bonham non-MSA AA.

<b>Table A – Demographic Information of the Assessment Area</b>						
<b>Assessment Area: Bowie-Bonham non-MSA (2021)</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)	25	0.0	20.0	60.0	20.0	0.0
Population by Geography	97,210	0.0	15.7	59.0	25.4	0.0
Housing Units by Geography	43,468	0.0	13.7	61.8	24.4	0.0
Owner-Occupied Units by Geography	26,457	0.0	9.5	62.2	28.3	0.0
Occupied Rental Units by Geography	10,067	0.0	24.4	58.6	17.0	0.0
Vacant Units by Geography	6,944	0.0	14.5	65.0	20.6	0.0
Businesses by Geography	7,397	0.0	18.2	52.4	29.4	0.0
Farms by Geography	597	0.0	4.2	55.6	40.2	0.0
Family Distribution by Income Level	25,674	19.1	16.2	19.3	45.4	0.0
Household Distribution by Income Level	36,524	21.2	15.4	16.2	47.1	0.0
Median Family Income Non-MSAs - TX		\$52,198	Median Housing Value			\$107,608
			Median Gross Rent			\$702
			Families Below Poverty Level			12.1%
<i>Source: 2015 ACS and 2021 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>						

<b>Table A – Demographic Information of the Assessment Area</b>						
<b>Assessment Area: Bowie-Bonham non-MSA (2022-2023)</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)	28	0.0	14.3	50.0	35.7	0.0
Population by Geography	102,525	0.0	10.3	48.2	41.5	0.0
Housing Units by Geography	44,245	0.0	9.8	48.7	41.5	0.0
Owner-Occupied Units by Geography	27,845	0.0	7.1	44.7	48.2	0.0
Occupied Rental Units by Geography	10,111	0.0	18.4	56.2	25.3	0.0
Vacant Units by Geography	6,289	0.0	7.6	54.3	38.1	0.0
Businesses by Geography	10,592	0.0	13.9	41.9	44.2	0.0
Farms by Geography	798	0.0	3.8	33.5	62.8	0.0
Family Distribution by Income Level	26,681	14.8	16.5	18.4	50.3	0.0
Household Distribution by Income Level	37,956	18.7	14.7	17.3	49.3	0.0
Median Family Income Non-MSAs - TX		\$61,785	Median Housing Value			\$146,666
			Median Gross Rent			\$861
			Families Below Poverty Level			9.1%
<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>						

The poverty level across the AA was considered in the evaluation of lending performance. Families living below the stated poverty rate are identified as having difficulty meeting basic financial needs and as such are less likely to have the financial resources to qualify for a home loan than those with income above poverty. In this AA, the overall household poverty level was 9.1 percent in 2022 according to the most recent census data available. This represents a significant reduction in poverty levels in recent years as the poverty rate was reported at 12.1 percent according to 2015 ACS data.

### *Economic Data*

The Bowie-Bonham non-MSA AA is comprised of four rural Texas counties that include Montague, Fannin, Delta, and Cooke. Major employers throughout these counties include local government, health care, independent school districts, community and junior colleges, Walmart, Inc. stores, various manufacturing outlets, and mining, quarrying, oil & gas extraction. Also, a notable number of residents work for gaming casinos and resorts located in nearby Oklahoma. These counties include a significant number of businesses that employ less than 10 employees.

According to the U.S. Bureau of Labor Statistics (BLS), the average unemployment level of Montague County for the years of 2021, 2022, and 2023 totaled 5.2 percent, 3.6 percent, and 3.5 percent, respectively. Cooke and Fannin counties also experienced similar overall levels and declining trends in unemployment rate as well, likely due to the post-pandemic recovery. For Delta County, the average unemployment rate for 2021, 2022, and 2023 totaled 4.9 percent, 4.1 percent, and 4.5 percent, respectively. In comparison, the average unemployment rate in the state of Texas for 2021, 2022, and 2023 totaled 5.7 percent, 3.9 percent, and 3.9 percent, respectively. Nationally, the average

unemployment rate in 2021, 2022, and 2023 totaled 5.4 percent, 3.6 percent, and 3.6 percent, respectively.

### *Community Contacts*

We performed two community contacts for the purpose of determining a community profile, identifying opportunities for participation by local financial institutions, and determining the performance of local financial institutions in meeting the credit needs of the community. Our contacts included representatives from a nonprofit organization devoted to economic development in Bowie, and a representative from a community advocacy group in Montague. One contact indicated that economic conditions in Bowie have been largely stable, with some post-COVID population growth experienced in Montague County from remote workers moving into these rural communities. Also, one contact highlighted outlying rural areas stretching from Wichita Falls to Cooke County continue to experience significant poverty with a dearth of local jobs supporting these communities. Both contacts emphasize affordable housing is a critical need within these North Texas rural communities as housing values continue to increase in line with national trends. Also, small farm lending remains a strong need due to the rural landscape of the AA. Contacts were generally complimentary of the performance of local financial institutions.

## **Partial Fort Worth-Arlington MD AA**

The bank serves the public in the Partial Fort Worth-Arlington MD AA through four branch locations, two ITMs, and one ATM. All four locations are in middle-income geographies. Also, the bank opened its Tarrant County Commercial Loan Production Office next to its North Richland Hills branch in August 2022. This AA is ranked second among the bank's markets with \$247.7 million, or 26.3 percent of total deposits as of June 30, 2023. Within the AA, most bank deposits are concentrated in Wise County (\$166.5 million). The bank focuses on commercial and agricultural lending in Wise County, with a focus in small business and residential lending within Tarrant County. This AA accounts for approximately 24 percent of total bank loans and purchases during our evaluation period.

### *Competition*

Local competition is intense and includes several super-regional and nationwide financial institutions in the market. According to the FDIC, bank deposits represented less than one percent of deposit market share in the AA as of June 30, 2023. Specifically, the bank ranked 31<sup>st</sup> out of 76 reporting institutions in the AA. The top three banks by deposit market share are JPMorgan Chase Bank, N.A., at 25 percent, Bank of America, N.A. at 13 percent, and Wells Fargo Bank, N.A. at 12.3 percent. Institutions with the largest branching network in this market include JPMorgan Chase Bank, N.A. (50 offices), Wells Fargo Bank, N.A. (33 offices), and PNC Bank, N.A. (33 offices). The bank also competes with various credit unions, such as the American Airlines Federal Credit Union, and other nonbank financial institutions. Moreover, the following tables provide a summary of the demographics, including housing, business, and economic information for the Partial Fort Worth-Arlington MD AA.

<b>Table A – Demographic Information of the Assessment Area</b>						
<b>Assessment Area: Partial Fort Worth Arlington MD (2021)</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)	368	12.8	25.5	32.9	28.5	0.3
Population by Geography	1,975,769	9.8	24.3	33.6	32.4	0.0
Housing Units by Geography	756,902	9.7	24.4	34.2	31.7	0.0
Owner-Occupied Units by Geography	426,921	5.0	18.7	35.9	40.3	0.0
Occupied Rental Units by Geography	267,884	15.3	32.0	32.5	20.2	0.0
Vacant Units by Geography	62,097	17.4	30.1	29.8	22.6	0.0
Businesses by Geography	204,330	6.2	20.8	28.0	44.8	0.1
Farms by Geography	3,745	3.8	17.3	33.3	45.6	0.0
Family Distribution by Income Level	482,059	23.2	16.3	19.4	41.1	0.0
Household Distribution by Income Level	694,805	23.9	16.4	18.3	41.3	0.0
Median Family Income MSA - 23104 Fort Worth-Arlington-Grapevine, TX		\$69,339	Median Housing Value			\$155,134
			Median Gross Rent			\$945
			Families Below Poverty Level			11.5%
<p>Source: 2015 ACS and 2021 D&amp;B Data  Due to rounding, totals may not equal 100.0%  (*) The NA category consists of geographies that have not been assigned an income classification.</p>						

<b>Table A – Demographic Information of the Assessment Area</b>						
<b>Assessment Area: Partial Fort Worth Arlington MD (2022-2023)</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)	465	7.5	28.6	32.7	30.1	1.1
Population by Geography	2,179,272	6.2	26.8	34.7	31.8	0.5
Housing Units by Geography	805,338	6.6	26.7	35.3	30.9	0.5
Owner-Occupied Units by Geography	453,263	2.6	20.4	37.3	39.3	0.4
Occupied Rental Units by Geography	291,437	11.6	35.3	33.4	19.1	0.6
Vacant Units by Geography	60,638	12.5	32.3	29.5	24.3	1.4
Businesses by Geography	338,141	4.2	21.3	30.5	43.3	0.7
Farms by Geography	5,973	3.3	19.8	33.8	42.7	0.4
Family Distribution by Income Level	518,283	21.2	17.7	20.3	40.9	0.0
Household Distribution by Income Level	744,700	22.7	16.8	18.8	41.7	0.0
Median Family Income MSA - 23104 Fort Worth-Arlington-Grapevine, TX		\$82,649	Median Housing Value			\$215,821
			Median Gross Rent			\$1,170
			Families Below Poverty Level			8.4%
<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>						

The OCC evaluated the disparity between the median incomes of families within the AA and the cost of housing. Based on the 2015 ACS data, the weighted average median family income for the Fort Worth Arlington MD in 2021 was \$69,339. Therefore, low-income families earned less than \$34,670, and moderate-income families earned less than \$55,471. The median housing value in the AA was \$155,134. One method to determine housing affordability assumes a maximum affordable monthly principal and interest payment of no more than 30 percent of the applicant's income. The calculated maximum affordable monthly mortgage payment was \$867 for a low-income borrower, and \$1,387 for a moderate-income borrower. For comparison purposes, the monthly mortgage payment for a home at the AA median housing value would be \$833; assuming a 30-year mortgage with a 5 percent interest rate, and not considering any down payment, homeowner's insurance, real estate taxes, or additional monthly expenses

Based on the 2020 US Census data, the weighted average median family income for this AA in 2022 and 2023 combined was \$82,649. Based on this information low-income families earned less than \$41,325, and moderate-income families earned less than \$66,119. The median housing value in the AA is \$215,821. One method to determine housing affordability assumes a maximum affordable monthly principal and interest payment of no more than 30 percent of the applicant's income. The calculated maximum affordable monthly mortgage payment was \$1,033 for a low-income borrower and \$1,653 for a moderate-income borrower. Assuming a 30-year mortgage with a higher six percent interest rate

reflective of the increasing interest rate environment, and not considering any down payment, homeowner's insurance, real estate taxes or additional monthly expenses, the monthly mortgage payment for a home at the AA median housing value would be \$1,294. Low-income borrowers could be challenged to afford a mortgage loan in this AA during the 2022-2023 period.

The poverty level across the AA was considered in the evaluation of lending performance. Families living below the stated poverty rate are identified as having difficulty meeting basic financial needs and as such are less likely to have the financial resources to qualify for a home loan than those with income above poverty. In this AA, the overall household poverty level was 8.4 percent per most recent census data available. This represents a significant reduction in poverty levels in recent years as the poverty rate was reported at 11.5 percent according to 2015 ACS data.

### *Economic Data*

The local economy experienced robust growth in 2021 and 2022 during the post-pandemic recovery, with some signs of economic deceleration in 2023. Logistics, high-technology, and financial service job sectors have contributed to the robustness of the area's economy, according to Moody's analytics. Private services, particularly healthcare and hospitality, continue to be strong, but manufacturing has recently underperformed due to supply chain issues. Moreover, residential construction has weakened due to reduced affordability caused by rising mortgage rates and single-family home permits declined during the latter half of our evaluation period. Despite this recent economic deceleration, economists expect Fort Worth to advance faster than the nation as a whole during 2024, led by manufacturing and financial services. Economists expect in the long run the area's above-average population growth, diversified manufacturing base, and lower cost of business and living relative to nearby Dallas support above-average gains. Major employers in the area include American Airlines, Walmart, Baylor Scott & White Health, and Lockheed Martin.

According to the BLS, average unemployment in the Fort Worth-Arlington MD in 2021, 2022, and 2023 was 5.2 percent, 3.7 percent, and 3.7 percent, respectively. In comparison, the average unemployment rate in the state of Texas for 2021, 2022, and 2023 totaled 5.7 percent, 3.9 percent, and 3.9 percent, respectively. Nationally, the average unemployment rate in 2021, 2022, and 2023 totaled 5.4 percent, 3.6 percent, and 3.6 percent, respectively.

### *Community Contacts*

We considered information from two previously conducted community contacts for the purpose of determining a community profile, identifying opportunities for participation by local financial institutions, and determining the performance of local financial institutions in meeting the credit needs of the community. In general, the Fort Worth-Arlington-Grapevine MD has experienced significant economic growth, net migration to the area, and increasing real estate values since the COVID-19 pandemic. However, housing values have increased at a faster pace than working class wages, resulting in a need for affordable housing options for low- and moderate-income individuals. This is more pronounced in Tarrant County, rather than the more rural Wise County. One community contact expressed the need for more affordable housing financing options and noted that financial institutions appear to be working to address these issues. Moreover, community contacts indicated that more could be done by local institutions to meet small business funding needs. One community contact noted opportunities to improve deteriorating commercial property to provide additional office space for local

small businesses. Financial literacy programs were also identified as a community development need, with particular emphasis on educating local small business owners.

### **Sherman-Denison MSA AA**

The bank provides financial products and services to the public in this AA through three branch locations, two ATMs and one ITM. Of this network, two branch locations are in middle-income census tracts and one is in a moderate-income census tract. Deposits within this market account for 13.8 percent of total bank deposits, and 8.7 percent of total bank-wide lending occurs in the Sherman-Denison MSA AA. While the bank offers its traditional suite of products, management has focused on residential lending opportunities in the market in recent years due to population growth and local movement to convert agricultural land into residential neighborhoods.

According to the FDIC, bank deposits represented 3.5 percent of the deposit market share in the AA as of June 30, 2023. Specifically, the bank ranked 6<sup>th</sup> out of 15 reporting institutions in the AA. The top three banks by deposit market share are First United Bank and Trust Company at 37.1 percent, Independent Bank at 17.8 percent, and Simmons Bank at 14.8 percent. Institutions with the largest branching network in this market include First United Bank and Trust Company (7 offices) and Independent Bank (5 offices). Overall, the bank encounters a moderate level of competition that includes JPMorgan Chase Bank, N.A., a few super-regional banks, as well as community banks with longstanding roots in the local area.

The following tables provide a summary of the demographics, including housing, business, and economic information for the Sherman-Denison MSA AA.

<b>Table A – Demographic Information of the Assessment Area</b>						
<b>Assessment Area: Sherman-Denison MSA AA (2021)</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)	26	0.0	30.8	46.2	23.1	0.0
Population by Geography	122,780	0.0	24.4	48.3	27.3	0.0
Housing Units by Geography	54,244	0.0	22.5	51.5	26.1	0.0
Owner-Occupied Units by Geography	31,593	0.0	20.4	50.0	29.6	0.0
Occupied Rental Units by Geography	15,622	0.0	27.4	51.1	21.4	0.0
Vacant Units by Geography	7,029	0.0	20.6	58.9	20.5	0.0
Businesses by Geography	9,764	0.0	21.2	48.6	30.3	0.0
Farms by Geography	453	0.0	8.6	45.7	45.7	0.0
Family Distribution by Income Level	32,294	22.4	17.5	19.3	40.9	0.0
Household Distribution by Income Level	47,215	24.6	16.0	16.7	42.7	0.0
Median Family Income MSA - 43300 Sherman-Denison, TX MSA		\$60,873	Median Housing Value			\$110,160
			Median Gross Rent			\$777
			Families Below Poverty Level			12.3%
<i>Source: 2015 ACS and 2021 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>						



<b>Table A – Demographic Information of the Assessment Area</b>						
<b>Assessment Area: Sherman-Denison MSA AA(2022-2023)</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)	30	3.3	26.7	50.0	20.0	0.0
Population by Geography	135,543	2.5	25.4	48.8	23.2	0.0
Housing Units by Geography	56,749	2.3	25.5	50.0	22.3	0.0
Owner-Occupied Units by Geography	33,648	2.1	20.7	52.6	24.7	0.0
Occupied Rental Units by Geography	15,679	2.4	35.6	45.8	16.3	0.0
Vacant Units by Geography	7,422	3.0	25.6	47.1	24.3	0.0
Businesses by Geography	14,104	6.1	21.5	46.6	25.7	0.0
Farms by Geography	651	1.7	8.0	60.1	30.3	0.0
Family Distribution by Income Level	33,765	20.3	19.0	21.0	39.7	0.0
Household Distribution by Income Level	49,327	22.9	17.1	18.5	41.5	0.0
Median Family Income MSA - 43300 Sherman-Denison, TX MSA		\$71,649	Median Housing Value			\$155,334
			Median Gross Rent			\$936
			Families Below Poverty Level			8.6%
<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>						

The OCC evaluated the disparity between the median incomes of families within the AA and the cost of housing. Based on the 2015 ACS data, the weighted average median family income for the Sherman-Denison MSA in 2021 was \$60,873. Therefore, low-income families earned less than \$30,437, and moderate-income families earned less than \$48,698. The median housing value in the AA was \$110,160. One method to determine housing affordability assumes a maximum affordable monthly principal and interest payment of no more than 30 percent of the applicant's income. The calculated maximum affordable monthly mortgage payment was \$761 for a low-income borrower, and \$1,217 for a moderate-income borrower. For comparison purposes, the monthly mortgage payment for a home at the AA median housing value would be \$591 with the assumption of a 30-year mortgage with a 5 percent interest rate, and not considering any down payment, homeowner's insurance, real estate taxes, or additional monthly expenses.

Based on the 2020 US Census data, the weighted average median family income for this AA in 2022 and 2023 combined was \$71,649. Based on this information low-income families earned less than \$35,824, and moderate-income families earned less than \$57,319. The median housing value in the AA is \$155,334. One method to determine housing affordability assumes a maximum affordable monthly principal and interest payment of no more than 30 percent of the applicant's income. The calculated maximum affordable monthly mortgage payment was \$896 for a low-income borrower and \$1,433 for a moderate-income borrower. For comparison purposes, the monthly mortgage payment for a home at the AA median housing value would be \$931 with the assumption of a 30-year mortgage with a higher six percent interest rate reflective of the increasing interest rate environment, and not considering any down payment, homeowner's insurance, real estate taxes or additional monthly expenses. Low-income

borrowers could be slightly challenged to afford a mortgage loan in this AA during the 2022-2023 period.

The poverty level across the AA was considered in the evaluation of lending performance. Families living below the stated poverty rate are identified as having difficulty meeting basic financial needs and as such are less likely to have the financial resources to qualify for a home loan than those with income above poverty. In this AA, the overall household poverty level was 8.6 percent according to most recent census data. This represents a significant reduction in poverty levels in recent years as the poverty rate was reported at 12.3 percent according to 2015 ACS data.

### *Economic Data*

Per Moody's Analytics, the Sherman-Denison MSA continues to experience some economic growth supported by strong net migration to the area. Other strengths include the low-cost business environment, low tax environment, below-average employment volatility, and the market's position as a bedroom community to the Dallas-Oklahoma City corridor. Weaknesses include the low labor force participation rate compared to Texas as a whole, the dearth of local skilled labor, and a lack of local, high paying jobs. Major employment sectors in the MSA are educational and health services (20.2 percent), government (16 percent), retail trade (12.7 percent), and manufacturing (12.6 percent). Top employers in the MSA include Texoma Healthcare Systems, Tyson Foods, Ruiz Foods, and Walmart, Inc. Economists expect that the Sherman-Denison economy will continue to expand as increasing healthcare demand spurs from its growing senior population, further supporting working-age population gains. Tech investments, such as a new Texas Instruments facility, will also continue to support local manufacturing gains and position the market for growth over the next few years.

According to the BLS, average unemployment in the Sherman-Denison MSA in 2021, 2022, and 2023 was 4.7 percent, 3.7 percent, and 3.7 percent, respectively. In comparison, the average unemployment rate in the state of Texas for 2021, 2022, and 2023 totaled 5.7 percent, 3.9 percent, and 3.9 percent, respectively. Nationally, the average unemployment rate in 2021, 2022, and 2023 totaled 5.4 percent, 3.6 percent, and 3.6 percent, respectively.

### *Community Contacts*

We performed two community contacts for the purpose of determining a community profile, identifying opportunities for participation by local financial institutions, and determining the performance of local financial institutions in meeting the credit needs of the community. Our contacts involved representatives from nonprofit organizations devoted to community and economic development initiatives in Grayson County. The contacts indicated that the Sherman-Denison market is currently benefiting from "spillover" growth from nearby Collin County. Also, significant investments in projects to attract semi-conductor and other manufacturing outfits have poised the Sherman-Denison market for near term growth. With these various factors, the local area continues to experience population growth with increasing housing demand and significant new business formation in recent years. One contact indicated that affordable housing as well as small business lending are critical needs given the growth trajectory of the area. Another contact indicated that small business lending remains a need in the community, as new businesses are entering the market and longstanding existing businesses in the area likely need working capital to help stay competitive in a growing and evolving business climate.

## Scope of Evaluation in Texas

The evaluation period for the Lending Test and the Community Development Test is from January 1, 2021, through December 31, 2023.

We performed full-scope reviews of the Bowie-Bonham non-MSA AA and the Partial Fort Worth Arlington MD AA as these areas represented the majority of lending, deposit activity, and branching distribution. As stated previously, we also performed a full-scope review of the Sherman-Denison MSA AA as this AA has not been subject to a full-scope review in the previous two CRA evaluation periods. With respect to the Partial Wichita Falls MSA AA, the bank only operates two branches in this market, deposits in this market account for only seven percent of total bank deposits, and this AA was reviewed as a full-scope AA at the previous CRA evaluation. Therefore, the Partial Wichita Falls MSA AA was selected for a limited-scope review. Refer to table in Appendix A “Scope of Examination” for a list of all AAs under review.

## CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN TEXAS

### LENDING TEST

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

### Conclusions for Areas Receiving Full-Scope Reviews

Based on our full-scope reviews, the bank’s lending performance in the state of Texas is reasonable.

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

The bank exhibits a reasonable geographic distribution of loans in the state. Our analysis considered the following performance context factors when evaluating geographic distribution across the bank’s full-scope AAs:

- The Bowie-Bonham non-MSA AA did not have any low-income geographies during the evaluation period, so all weight was placed on the bank’s performance in the moderate-income geographies.
- For the Partial Fort Worth-Arlington MD AA, we placed more emphasis on the bank’s performance in moderate-income geographies, as these areas had a higher percentage of owner-occupied housing units, small businesses, and small farms. Also, there was minimal demand for small loans to farms in low-income geographies within this AA as evidenced by the minimal volume of aggregate lending in these geographies (0.4 percent in 2021 and 1.4 percent in 2022-2023). The majority of the bank’s farm loan production in this AA occurs within Wise County, which does not have any low-income geographies and accounts for a minuscule portion of the AA’s moderate-income geographies.
- The Sherman-Denison MSA AA did not have any low-income geographies in 2021 and only one low-income census tract in the 2022-2023 period. As such, we placed more emphasis on the bank’s performance in moderate-income geographies, as these areas had a higher percentage of owner-occupied housing units and small businesses. Also, we did not review small loans to

farms in the Sherman-Denison MSA AA as there were not enough farm loans in this AA to conduct a meaningful analysis and agricultural lending was not a material product in this market.

## **BOWIE-BONHAM NON-MSA AA**

### *Home Mortgage Loans*

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

#### Bowie-Bonham non-MSA AA

Based on the data in the tables and considering the performance context factors discussed above, the overall geographic distribution of home mortgage loans was excellent.

In 2021 and 2022-2023, the bank's percentage of home mortgage loans in moderate-income geographies exceeded the percentage of owner-occupied homes in those geographies as well as the aggregate distribution of loans.

#### Partial Fort Worth-Arlington MD AA

Based on the data in the tables and considering the performance context factors discussed above, the overall geographic distribution of home mortgage loans was reasonable.

In 2021, the bank's percentage of home mortgage loans in low-income geographies was somewhat below the percentage of owner-occupied homes in those geographies but exceeded the aggregate distribution of loans. For moderate-income geographies, the percentage of home mortgage loans exceeded both the percentage of owner-occupied homes in those areas and the aggregate distribution of lending.

In 2022-2023, the bank's percentage of home mortgage loans in low-income geographies was somewhat below both the percentage of owner-occupied homes in those geographies and aggregate distribution of loans. Conversely, the percentage of home mortgage loans in moderate-income geographies exceeded both the percentage of owner-occupied homes in those geographies and the aggregate distribution of loans.

#### Sherman-Denison MSA AA

Based on the data in the tables and considering the performance context factors discussed above, the overall geographic distribution of home mortgage loans was excellent.

In 2021, the bank's percentage of home mortgage loans in moderate-income geographies exceeded both the percentage of owner-occupied homes in those geographies as well as the aggregate distribution of loans.

In 2022-2023, the bank made no home mortgage loan in the one low-income geography in this AA. This performance was below the percent of owner-occupied housing units in these geographies at 2.1 percent and the aggregate lending performance at 1.2 percent, which evidences the limited opportunities in this geography. Conversely, the percentage of home mortgage loans in moderate-income geographies exceeded the percentage of owner-occupied homes and the aggregate distribution of loans.

***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.

**Bowie-Bonham non-MSA AA**

Based on the data in the tables and considering the performance context factors discussed above, the overall geographic distribution of small loans to businesses was reasonable.

In 2021, the bank's small loans to businesses in moderate-income geographies was below both the percentage of businesses within these tracts and the aggregate lending performance.

In 2022-2023, the bank's small loans to businesses in moderate-income geographies exceeded both the percentage of small businesses and aggregate lending performance.

**Partial Fort Worth-Arlington MD AA**

Based on the data in the tables and considering the performance context factors discussed above, the overall geographic distribution of small loans to businesses was excellent.

In 2021, the bank's small loans to businesses in low income-geographies exceeded both the percentage of businesses within these geographies and the aggregate lending performance. In moderate income-geographies, the percentage of small business lending approximated the percentage of businesses in the geographies and the aggregate lending performance.

In 2022-2023, the bank did not originate any small business loans in low-income CTs. Conversely, the bank's small business lending in moderate-income geographies exceeded both the percentage of businesses within these geographies and the aggregate distribution of loans.

**Sherman-Denison MSA AA**

Based on the data in the tables and considering the performance context factors discussed above, the overall geographic distribution of home mortgage loans was poor.

The bank did not originate a sufficient volume of small loans to businesses to conduct a meaningful analysis for 2021.

In 2022-2023, the bank did not originate any small loans to businesses in low-income geographies. For moderate-income geographies, the bank's small business lending was below the percentage of businesses within these tracts and the aggregate lending performance.

***Small Loans to Farms***

Refer to Table S 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 farms.

**Bowie-Bonham non-MSA AA**

Based on the data in the tables and considering the performance context factors discussed above, the overall geographic distribution of small loans to farms was excellent.

In 2021, the percentage of the bank's small loans to farms in moderate-income geographies exceeded both the percentage of farms in those geographies as well as the aggregate distribution of lending.

In 2022-2023, the percentage of the bank's small loans to farms in moderate-income geographies equaled the percentage of farms in those geographies and exceeded the aggregate distribution of lending.

#### Partial Fort Worth-Arlington MD AA

Based on the data in the tables and considering the performance context factors discussed above, the overall geographic distribution of small loans to farms was reasonable.

In 2021, the bank did not originate a small farm loan within a low-income geography. However, the percentage of the bank's small loans to farms in moderate-income geographies exceeded both the percentage of farms in those geographies as well as the aggregate distribution of lending.

In 2022-2023, the bank did not originate a small farm loan within a low-income geography. For moderate-income geographies, the bank's percentage of small farm loans was below the percentage of farms located in moderate-income geographies as well as the aggregate distribution of lending.

#### ***Lending Gap Analysis***

No unexplained, conspicuous lending gaps were identified.

#### **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. Our analysis considered the following performance context factors when evaluating income distribution across the bank's full-scope AAs:

- A significant volume of reported home mortgage loans in each AA involve investor properties in which income information is not collected for business entities. Given this, coupled with the bank's overall business strategy, we placed more weight on small loans to businesses and farms products rather than home mortgage lending when formulating overall conclusions for the distribution of loans by income level of the borrower.
- We did not review small loans to farms in the Sherman-Denison MSA. There were not enough small loans to farms in the Sherman-Denison MSA AA to conduct a meaningful analysis, and agricultural lending was not a material product in this market.

#### ***Home Mortgage Loans***

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

#### Bowie-Bonham non-MSA AA

Based on the data in the tables and considering the performance context factors discussed above, the overall borrower distribution of home mortgage loans is reasonable.

In 2021, the bank's percentage of mortgage lending to low-income borrowers was below the percentage of low-income families but exceeded the aggregate distribution of loans. The percentage of mortgage lending to moderate-income borrowers was near to the percentage of moderate-income families and exceeded the aggregate distribution of loans.

In 2022-2023, the bank's percentage of mortgage lending to low-income borrowers was significantly below the percentage of low-income families. Also, the bank's home lending to low-income borrowers at 1.4 percent was below the aggregate distribution of loans at 2.4 percent. For moderate-income borrowers, the percentage of home loans was somewhat below the percentage of moderate-income families, but near to the aggregate distribution of loans.

#### Partial Fort Worth-Arlington MD AA

Based on the data in the tables and considering the performance context factors discussed above, the overall borrower distribution of home mortgage loans is poor.

In 2021, the bank's percentage of mortgage lending to low-income borrowers was significantly below the percentage of low-income families and somewhat below the aggregate lending performance. For moderate-income borrowers, the bank's mortgage lending to these borrowers was below both the percentage of moderate-income families and the aggregate distribution of lending.

In 2022-2023, the bank's mortgage lending to low-income borrowers was significantly below the percentage of low-income families in the AA and below the aggregate distribution of lending. The bank's mortgage lending to moderate-income borrowers was below both the percentage of low-income families and the aggregate lending performance.

#### Sherman-Denison MSA AA

Based on the data in the tables and considering the performance context factors discussed above, the overall borrower distribution of home mortgage loans is poor.

In 2021, the bank's mortgage lending to low-income borrowers was below the percentage of low-income families and somewhat below the aggregate distribution of loans. The bank's mortgage lending to moderate-income borrowers was below the percentage of low-income families and somewhat below the aggregate distribution of loans.

In 2022-2023, the bank did not originate any home mortgage loans to low-income borrowers. This compares poorly to the percentage of low-income families in the geography (20.3 percent) and the aggregate lending performance at 3.1 percent. The bank's mortgage lending to moderate-income borrowers was somewhat below the percentage of moderate-income families, but near to the aggregate distribution of loans.

#### ***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.

#### Bowie-Bonham non-MSA AA

Based on the data in the tables and considering the performance context factors discussed above, the overall borrower distribution of small loans to businesses is reasonable.

In 2021 and 2022-2023, the percentage of the bank's small loans to businesses with revenues less than or equal to \$1 million was somewhat below the percentage of businesses identified as having revenue less than or equal to \$1 million but exceeded the aggregate lending to these businesses.

Partial Fort Worth-Arlington MD AA

Based on the data in the tables and considering the performance context factors discussed above, the overall borrower distribution of small loans to businesses is reasonable.

In 2021 and 2022-2023, the percentage of the bank's small loans to businesses was somewhat below the percentage of small businesses in the AA but exceeded the aggregate lending performance.

Sherman-Denison MSA AA

Based on the data in the tables and considering the performance context factors discussed above, the overall borrower distribution of small loans to businesses is reasonable.

The bank did not originate a sufficient volume of small loans to businesses to conduct a meaningful analysis for 2021.

In 2022-2023, the percentage of the bank's small loans to businesses was somewhat below the percentage of small businesses in the AA but exceeded the aggregate lending performance.

***Small Loans to Farms***

Refer to Table T 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 farms.

Bowie-Bonham non-MSA AA

Based on the data in the tables and considering the performance context factors discussed above, the overall borrower distribution of small loans to businesses is excellent.

In 2021 and 2022-2023, the bank's loans to farms with revenues less than or equal to \$1 million was near to the percentage of farms identified as having revenues less than or equal to \$1 million in the AA and exceeded the aggregate percentage of all reporting lenders.

Partial Fort Worth-Arlington MD AA

Based on the data in the tables and considering the performance context factors discussed above, the overall borrower distribution of small loans to farms is excellent.

In 2021, the bank's loans to farms with revenues less than or equal to \$1 million was near to the percentage of farms identified as having revenues less than or equal to \$1 million in the AA and exceeded the aggregate percentage of all reporting lenders.

In 2022-2023, the bank's loans to farms with revenues less than or equal to \$1 million was somewhat below the percentage of farms identified as having revenues less than or equal to \$1 million in the AA but exceeded the aggregate percentage of all reporting lenders.



## Responses to Complaints

The bank had no CRA related complaints during the evaluation period.

## Conclusions for Area Receiving a Limited Scope Review

Based on a limited-scope review, the bank's performance under the Lending Test in the Partial Wichita Falls MSA AA is consistent with the bank's overall performance under the Lending Test in the full scope areas.

## COMMUNITY DEVELOPMENT TEST

The bank's performance under the CD Test in the state of Texas is rated Outstanding.

## Conclusions for Areas Receiving Full-Scope Reviews

Based on full-scope and limited-scope reviews, the bank exhibits excellent responsiveness to CD needs in the state through CD loans, qualified investments, and CD services, as appropriate, considering the bank's capacity and the need and availability of such opportunities for CD in the bank's AAs.

## Number and Amount of Community Development Loans

The bank's overall level of CD lending demonstrates excellent responsiveness to the CD needs of the bank's AAs. The CD 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.

<i>Community Development Loans</i>				
Assessment Area	Total			
	#	% of Total #	\$(000's)	% of Total \$
Bowie-Bonham non-MSA	268	41.0	63,465	60.3
Partial Fort Worth-Arlington MD	164	25.1	25,061	23.8
Sherman-Denison MSA	57	8.7	5,519	5.3
Partial Wichita Falls MSA	70	10.7	5,876	5.6
Outside AA	95	14.5	5,291	5.0
Total	654	100.0	105,212	100.0

### Bowie-Bonham non-MSA AA

The level of CD lending in the Bowie-Bonham non-MSA AA demonstrates excellent responsiveness to local credit and CD needs. Legend made 268 CD loans totaling \$63.4 million in the AA, which accounted for 60.3 percent of total CD lending by dollar volume. This activity represented over 100 percent of allocated tier 1 capital as of December 31, 2023. Among this total, the bank originated 249 loans totaling \$7.2 million under the SBA Payroll Protection Program (PPP) to help stabilize local businesses and their employees impacted by the COVID-19 pandemic, 12 loans totaling \$1.9 million that support affordable housing for low- and moderate-income individuals in the AA, four loans totaling \$53.9 million to a local hospital authority that provides health care services benefiting low- and moderate-income individuals in the community, and three loans totaling \$409,000 thousand supporting economic development initiatives.

### Partial Fort Worth-Arlington MD AA

The level of CD lending in the Partial Fort Worth-Arlington MD AA demonstrates excellent responsiveness to local credit and CD needs. The bank originated 164 CD loans totaling \$25 million, which accounts for 23.8 percent of total CD lending by dollar volume. This activity represented 92 percent of allocated tier 1 capital. Specifically, the bank's CD lending in this market included 155 loans totaling \$6.1 million originated under the SBA PPP to help stabilize local businesses and their employees impacted by the COVID-19 pandemic, two loans totaling \$9.5 million to a local business that provides affordable housing solutions to low- and moderate-income individuals, two loans totaling \$1.3 million to support economic development activities in moderate-income geographies within Wise County, and five loans totaling \$8.2 million to businesses that provide assistance to low- and moderate-income individuals and revitalize and stabilize low- and moderate-income geographies in Tarrant County.

### Sherman-Denison MSA AA

The level of CD lending in the Sherman-Denison MSA AA demonstrates excellent responsiveness to local credit and CD needs. The bank originated 57 CD loans totaling \$5.5 million, which accounted for 5.3 percent of total CD lending by dollar volume. This activity represented 39 percent of the bank's allocated tier 1 capital. Specifically, the bank originated 50 loans totaling \$1.1 million under the SBA PPP to help stabilize local businesses and their employees impacted by the COVID-19 pandemic, six loans totaling \$1.3 million to businesses that provide affordable housing to low- and moderate-income individuals, and one loan totaling \$3 million to a new senior facility that supports job creation for low- and moderate-income individuals.

### Outside AA

Given the bank has been responsive to the needs and opportunities of its AAs, we considered qualified CD loans within broader statewide areas. The bank originated 95 CD loans totaling \$5.3 million benefiting statewide areas, which accounted for 5 percent of total CD lending by dollar volume. Specifically, the bank made 91 loans totaling approximately \$2.1 million under the SBA PPP to help stabilize businesses and their employees impacted by the COVID-19 pandemic, two loans totaling \$2.6 million that revitalize and stabilize low-income geographies in Dallas and Johnson Counties, and two loans totaling \$645 thousand supporting affordable housing in moderate-income geographies in the city

of Dallas.

### 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)
Bowie-Bonham non-MSA	0	0	20	1,405	20	41.7	1,405	18.0	0	0
Partial Fort Worth-Arlington MD	1	1,568	12	1,694	13	27.1	3,262	41.7	0	0
Sherman-Denison MSA	1	3,033	11	12	12	25.0	3,045	39.0	0	0
Wichita Falls MSA	0	0	3	102	3	6.2	102	1.3	0	0

\* 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.

The bank's overall level of CD investments demonstrates adequate responsiveness to the CD needs of the bank's AAs. The Qualified Investment Table, shown above, set forth the information and data used to evaluate the bank's level of qualified CD investments. These tables include all CD investment, including prior period investments that remain outstanding as of the examination date.

#### Bowie-Bonham non-MSA AA

Legend demonstrates adequate responsiveness to CD needs through qualified investments, donations, and grants in this AA. During the evaluation period, the bank made a \$1.2 million investment supporting residential services that benefit low- and moderate-income (LMI) seniors. Additionally, the bank made 19 qualifying donations totaling \$155,000 to 12 organizations. A significant portion of donations involved scholarship programs earmarked for LMI students that complete a financial literacy program. Current period investment dollar volume represented 2.6 percent of allocated tier 1 capital as of December 31, 2023.

#### Partial Fort Worth-Arlington MD AA

The bank demonstrates excellent responsiveness to CD needs through qualified investments, donations, and grants in this AA. The bank's investments in this AA were particularly responsive to the significant CD need of affordable housing in the Fort Worth market. The bank continued its prior-period \$1.6 million investment that supports affordable housing for LMI individuals. During the current period, the bank made two investments totaling \$1.7 million that supports affordable housing for LMI individuals and made ten qualifying donations totaling \$13,000 that benefitted five organizations. The largest donation of \$8,500 was made to a nonprofit organization that provides affordable housing to low-income families. Prior- and current-period investment dollar volume represented 12 percent of allocated tier 1 capital as of December 31, 2023.

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

Sherman-Denison MSA AA

The bank demonstrates adequate responsiveness to CD needs through qualified investments, donations, and grants in this AA given the bank's scope and scale of operations in the Sherman-Denison market. The bank continued its prior-period \$3 million investment that supports a local school district in which most students qualify for free or reduced lunch. Moreover, the bank made eleven qualifying donations for \$12,000 benefiting seven organizations. The largest donation at \$4,500 was made to a non-profit that helps provide educational and career opportunities to students of low- and moderate-income families. Prior- and current-period investment dollar volume represented 21.2 percent of allocated tier 1 capital as of December 31, 2023.

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

The bank's overall level of CD services demonstrates excellent responsiveness to CD needs. When arriving at overall conclusions, we considered the nature of the business environment considering reduced in-person activities stemming from COVID-19 mitigation practices for a portion of the review period.

Bowie-Bonham non-MSA AA

The bank's level of CD services demonstrates excellent responsiveness relative to the CD needs and opportunities in the AA. During the evaluation period, 15 employees provided 604 service hours to 26 qualified organizations within the AAs. Qualified CD service hours significantly increased from the previous CRA evaluation wherein service hours in this AA totaled 181 for the 2018-2020 review period. For 2021-2023 service hours, employees provided 92 percent of service hours to organizations engaged in a variety of community services targeted towards LMI individuals and families. Remaining hours supported organizations that promote the economic development of local small businesses and the provision of financial literacy courses for LMI individuals. Examples of service hours include the following:

- Two employees provided a total of 279 hours by serving on the board of directors of an organization dedicating to improving lives and building a healthier and stronger community. This organization works with other CD organizations that provide various community services targeted to low- and moderate-income individuals.
- Four employees provided 121 hours in qualified service as board members of a nonprofit organization located in a moderate-income geography that provides services to underprivileged children in the AA.
- One employee provided 26 hours in qualified service as a board member of an organization that provides access to a wide range of supportive services for economic development. The organization provides a full range of innovative loans, grants, subsidies, and supportive services to help local small businesses.

Partial Fort Worth-Arlington MD AA

The bank's level of CD services demonstrates excellent responsiveness relative to the AAs CD needs and the bank's market share. During the evaluation period, 16 employees provided 636 hours to 21 organizations within the AA. Qualified CD service hours significantly increased from the previous CRA evaluation period wherein service hours in this AA totaled 100 for the 2018-2020 review period. For 2021-2023 service hours, employees provided 56.4 percent of service hours to organizations engaged in

a variety of community services targeted to LMI families and individuals, 22.8 percent of service hours supported affordable housing, 17.3 percent involved the provision of financial literacy education, and 3.5 percent support organizations with an economic development focus. Examples of service hours include the following:

- A branch manager provided a total of 110 hours by serving on the board of directors as a treasurer for an organization that provides a summer food program for school-aged children for low-income families. This program provides low-income students with breakfast and lunch they would have received at school.
- A Regional Vice President provided 102 hours in service on the board of directors for an organization that provides grants that supports affordable housing initiatives for low- and moderate-income individuals in the AA.
- Seven employees provided 110 hours of qualified service by serving as a presenter to four organizations that provide financial literacy classes to students in elementary schools in LMI areas.

#### Sherman-Denison MSA AA

The bank's level of CD services demonstrates adequate responsiveness in the AA. During the evaluation period, 11 employees provided 344 service hours to 15 organizations in the AA. Qualified CD service hours increased from the previous CRA evaluation period wherein service hours in this AA totaled 66 for the 2018-2020 period. For 2021-2023 service hours, employees provided 84 percent of service hours to organizations engaged in a variety of community services targeted to low- and moderate-income individuals and families, eight percent of hours promoted economic development for small businesses, and seven percent of service hours promoted financial literacy programs to students of low- and moderate-income families. Examples of service hours include the following:

- A branch manager provided a total of 104 hours by serving on the board of directors of an organization that provides financial support to LMI youth in the community to attend college, university, or trade/vocational school.
- One employee provided 62 hours of board service to an organization that provides various community services targeted to LMI individuals. This includes providing low-income families food and other necessities around the holiday season.
- Five employees provided 25 hours of service as a presenter to four organizations that provide financial literacy classes to schools with student bodies primarily comprised of children from LMI families.

### **Conclusions for Area Receiving a Limited Scope Review**

Based on a limited-scope review, the bank's performance under the CD Test in the Partial Wichita Falls MSA AA is consistent with the bank's overall performance under the CD Test in the full scope areas. While investment volume in this market remained at a lower level, the bank's level of CD lending in the Partial Wichita Falls MSA AA exhibited excellent responsiveness to local credit and CD needs and CD service hours improved from the previous CRA evaluation.

## Appendix A: Scope of Examination

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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 MSA(s) and non-MSA(s) 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>	01/01/2021 to 12/31/2023	
<b>Bank Products Reviewed:</b>	Home mortgage, small loans to businesses, small loans to farms Community development loans, qualified investments, community development services	
<b>Affiliate(s)</b>	<b>Affiliate Relationship</b>	<b>Products Reviewed</b>
None.		
<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>
<b>State</b>		
Texas		
Bowie-Bonham non-MSA AA	Full Scope	All Census Tracts in Montague, Cooke, Delta, and Fannin Counties
Partial Fort Worth-Arlington MSA AA	Full Scope	All Census Tracts in Tarrant and Wise Counties
Sherman-Denison MSA AA	Full Scope	All Census Tracts in Grayson County
Partial Wichita Falls MSA AA	Limited Scope	All Census Tracts in Wichita and Clay Counties

# Appendix B: Summary of MMSA and State Ratings

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RATINGS		Legend Bank	
Overall Bank:	Lending Test Rating*	CD Test Rating	Overall Bank/State/Multistate Rating
Legend Bank	Satisfactory	Outstanding	Satisfactory
MMSA or State:			
Texas	Satisfactory	Outstanding	Satisfactory

(\*) The Lending Test and Community Development Test carry equal weight in the overall rating.

## 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.

The total loan amount presented in the tables for each assessment area may differ from the total loan amount reported in the aggregate table due to how the underlying loan data is rounded in each table.

**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.

The total loan amount presented in the tables for each assessment area may differ from the total loan amount reported in the aggregate table due to how the underlying loan data is rounded in each table.

**Table O: Assessment Area Distribution of Home Mortgage Loans by Income Category of the Geography** **2021**

Assessment Area:	Total Home Mortgage Loans				Low-Income Tracts			Moderate-Income Tracts			Middle-Income Tracts			Upper-Income Tracts			Not Available-Income Tracts		
	#	\$	% of Total	Overall Market	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate
Bowie-Bonham Non-MSA AA	68	13,650,421	28.9	3,672	0.0	0.0	0.0	9.5	13.2	6.2	62.2	77.9	56.6	28.3	8.8	37.2	0.0	0.0	0.0
Partial Fort Worth-Arlington MD	95	22,915,788	40.4	100,849	5.0	3.2	2.4	18.7	22.1	13.6	35.9	47.4	34.3	40.3	27.4	49.7	0.0	0.0	0.0
Sherman-Denison MSA	39	6,399,639	16.6	7,290	0.0	0.0	0.0	20.4	25.6	15.9	50.0	69.2	44.4	29.6	5.1	39.6	0.0	0.0	0.0
Partial Wichita Falls MSA	33	6,100,790	14.0	4,839	5.4	3.0	1.6	21.2	30.3	16.2	34.3	39.4	30.3	39.0	27.3	51.9	0.0	0.0	0.0
<b>Total</b>	<b>235</b>	<b>49,066,637</b>	<b>100.0</b>	<b>116,650</b>	<b>4.5</b>	<b>1.7</b>	<b>2.2</b>	<b>18.5</b>	<b>21.3</b>	<b>13.6</b>	<b>38.0</b>	<b>58.7</b>	<b>35.5</b>	<b>39.0</b>	<b>18.3</b>	<b>48.7</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

Source: 2015 ACS; 01/01/2021 - 12/31/2021 Bank Data, 2021 HMDA Aggregate Data, "--" data not available.

Due to rounding, totals may not equal 100.0%

Legend Bank N.A. (10000004265) excluded from Aggregate

The total loan amount presented in the tables for each assessment area may differ from the total loan amount reported in the aggregate table due to how the underlying loan data is rounded in each table.

**Table O: Assessment Area Distribution of Home Mortgage Loans by Income Category of the Geography** **2022-23**

Assessment Area:	Total Home Mortgage Loans				Low-Income Tracts			Moderate-Income Tracts			Middle-Income Tracts			Upper-Income Tracts			Not Available-Income Tracts		
	#	\$	% of Total	Overall Market	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate
Bowie-Bonham Non-MSA	74	15,385,766	35.1	2,789	0.0	0.0	0.0	7.1	10.8	5.9	44.7	77.0	47.2	48.2	12.2	46.9	0.0	0.0	0.0
Partial Fort Worth-Arlington MD	75	21,397,376	35.5	60,061	2.6	1.3	2.3	20.4	26.7	16.7	37.3	60.0	36.9	39.3	12.0	43.8	0.4	0.0	0.3
Sherman-Denison MSA	39	19,783,257	18.5	5,580	2.1	0.0	1.2	20.7	28.2	20.7	52.6	51.3	43.0	24.7	20.5	35.2	0.0	0.0	0.0
Partial Wichita Falls MSA	23	5,494,337	10.9	3,373	3.1	0.0	1.7	19.1	17.4	12.7	64.0	69.6	71.2	13.7	13.0	14.4	0.0	0.0	0.0
<b>Total</b>	<b>211</b>	<b>62,060,736</b>	<b>100.0</b>	<b>71,803</b>	<b>2.5</b>	<b>0.5</b>	<b>2.1</b>	<b>19.6</b>	<b>20.4</b>	<b>16.4</b>	<b>40.2</b>	<b>65.4</b>	<b>39.4</b>	<b>37.3</b>	<b>13.7</b>	<b>41.9</b>	<b>0.3</b>	<b>0.0</b>	<b>0.3</b>

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

Legend Bank N.A. (10000004265) excluded from Aggregate

The total loan amount presented in the tables for each assessment area may differ from the total loan amount reported in the aggregate table due to how the underlying loan data is rounded in each table.

**Table P: Assessment Area Distribution of Home Mortgage Loans by Income Category of the Borrower** **2021**

Assessment Area:	Total Home Mortgage Loans				Low-Income Borrowers			Moderate-Income Borrowers			Middle-Income Borrowers			Upper-Income Borrowers			Not Available-Income Borrowers		
	#	\$	% of Total	Overall Market	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate
Bowie-Bonham Non-MSA AA	68	13,650,421	28.9	3,672	19.1	7.4	2.0	16.2	13.2	8.9	19.3	11.8	16.6	45.4	52.9	49.4	0.0	14.7	23.1
Partial Fort Worth-Arlington MD	95	22,915,788	40.4	100,849	23.2	2.1	3.2	16.3	5.3	13.4	19.4	15.8	20.1	41.1	36.8	39.0	0.0	40.0	24.3
Sherman-Denison MSA	39	6,399,639	16.6	7,290	22.4	2.6	3.6	17.5	7.7	11.6	19.3	23.1	17.0	40.9	30.8	42.0	0.0	35.9	25.9
Partial Wichita Falls MSA	33	6,100,790	14.0	4,839	22.1	6.1	4.4	16.7	6.1	15.5	20.6	15.2	20.4	40.6	45.5	33.2	0.0	27.3	26.6
<b>Total</b>	<b>235</b>	<b>49,066,637</b>	<b>100.0</b>	<b>116,650</b>	<b>22.9</b>	<b>4.3</b>	<b>3.3</b>	<b>16.4</b>	<b>8.1</b>	<b>13.2</b>	<b>19.4</b>	<b>15.7</b>	<b>19.8</b>	<b>41.3</b>	<b>41.7</b>	<b>39.3</b>	<b>0.0</b>	<b>30.2</b>	<b>24.4</b>

Source: 2015 ACS ; 01/01/2021 - 12/31/2021 Bank Data, 2021 HMDA Aggregate Data, "--" data not available.

Due to rounding, totals may not equal 100.0%

Legend Bank N.A. (10000004265) excluded from Aggregate

The total loan amount presented in the tables for each assessment area may differ from the total loan amount reported in the aggregate table due to how the underlying loan data is rounded in each table.



**Table P: Assessment Area Distribution of Home Mortgage Loans by Income Category of the Borrower** **2022-23**

Assessment Area:	Total Home Mortgage Loans				Low-Income Borrowers			Moderate-Income Borrowers			Middle-Income Borrowers			Upper-Income Borrowers			Not Available-Income Borrowers		
	#	\$	% of Total	Overall Market	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate
Bowie-Bonham Non-MSA AA	74	15,385,766	35.1	2,789	14.8	1.4	2.4	16.5	10.8	11.7	18.4	20.3	19.3	50.3	51.4	46.0	0.0	16.2	20.6
Partial Fort Worth-Arlington MD	75	21,397,376	35.5	60,061	21.2	1.3	4.2	17.7	5.3	14.4	20.3	8.0	22.0	40.9	21.3	37.9	0.0	64.0	21.5
Sherman-Denison MSA	39	19,783,257	18.5	5,580	20.3	0.0	3.1	19.0	10.3	10.9	21.0	7.7	17.5	39.7	38.5	45.0	0.0	43.6	23.4
Partial Wichita Falls MSA	23	5,494,337	10.9	3,373	21.0	4.3	5.8	18.9	0.0	16.0	20.8	8.7	21.3	39.2	43.5	32.4	0.0	43.5	24.4
<b>Total</b>	<b>211</b>	<b>62,060,736</b>	<b>100.0</b>	<b>71,803</b>	<b>20.9</b>	<b>1.4</b>	<b>4.1</b>	<b>17.8</b>	<b>7.6</b>	<b>14.1</b>	<b>20.3</b>	<b>12.3</b>	<b>21.6</b>	<b>41.1</b>	<b>37.4</b>	<b>38.5</b>	<b>0.0</b>	<b>41.2</b>	<b>21.7</b>

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

Legend Bank N.A. (10000004265) excluded from Aggregate

The total loan amount presented in the tables for each assessment area may differ from the total loan amount reported in the aggregate table due to how the underlying loan data is rounded in each table.

**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		
	#	\$	% of Total	Overall Market	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate
Bowie-Bonham Non-MSA AA	21	1,820,718	24.7	1,796	0.0	0.0	0.0	18.2	4.8	11.7	52.4	85.7	51.8	29.4	9.5	34.9	0.0	0.0	1.6
Partial Fort Worth-Arlington MD	29	3,395,532	34.1	59,877	6.2	13.8	6.6	20.8	20.7	21.1	28.0	31.0	27.9	44.8	34.5	43.7	0.1	0.0	0.7
Sherman-Denison MSA	15	1,995,492	17.7	3,347	0.0	0.0	0.0	21.2	13.3	21.3	48.6	80.0	42.7	30.3	6.7	34.6	0.0	0.0	1.3
Partial Wichita Falls MSA	20	2,433,776	23.5	1,824	4.2	0.0	3.7	29.7	5.0	26.4	22.6	50.0	23.8	43.5	45.0	44.8	0.1	0.0	1.3
<b>Total</b>	<b>85</b>	<b>9,645,518</b>	<b>100.0</b>	<b>66,844</b>	<b>5.7</b>	<b>4.7</b>	<b>6.0</b>	<b>21.1</b>	<b>11.8</b>	<b>21.0</b>	<b>29.5</b>	<b>57.6</b>	<b>29.2</b>	<b>43.7</b>	<b>25.9</b>	<b>43.0</b>	<b>0.1</b>	<b>0.0</b>	<b>0.8</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%

Legend Bank N.A. (10000004265) excluded from Aggregate

The total loan amount presented in the tables for each assessment area may differ from the total loan amount reported in the aggregate table due to how the underlying loan data is rounded in each table.

**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		
	#	\$	% of Total	Overall Market	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate
Bowie-Bonham Non-MSA AA	21	2,426,543	22.8	1,985	0.0	0.0	0.0	13.9	19.0	10.3	41.9	38.1	35.6	44.2	42.9	52.1	0.0	0.0	2.0
Partial Fort Worth-Arlington MD	30	4,261,381	32.6	58,680	4.2	0.0	3.6	21.3	23.3	21.2	30.5	56.7	30.5	43.3	20.0	43.7	0.7	0.0	1.0
Sherman-Denison MSA	20	1,900,200	21.8	3,207	6.1	0.0	4.7	21.5	5.0	19.1	46.6	75.0	43.4	25.7	20.0	31.3	0.0	0.0	1.5
Partial Wichita Falls MSA	21	1,008,473	22.8	1,893	11.5	0.0	10.0	19.8	9.5	19.9	53.2	52.4	51.2	15.4	38.1	17.4	0.1	0.0	1.6
<b>Total</b>	<b>92</b>	<b>9,596,597</b>	<b>100.0</b>	<b>65,765</b>	<b>4.4</b>	<b>0.0</b>	<b>3.7</b>	<b>21.1</b>	<b>15.2</b>	<b>20.7</b>	<b>32.2</b>	<b>55.4</b>	<b>31.9</b>	<b>41.7</b>	<b>29.4</b>	<b>42.6</b>	<b>0.6</b>	<b>0.0</b>	<b>1.1</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%

Legend Bank N.A. (10000004265) excluded from Aggregate

The total loan amount presented in the tables for each assessment area may differ from the total loan amount reported in the aggregate table due to how the underlying loan data is rounded in each table.

Table R: Assessment Area Distribution of Loans to Small Businesses by Gross Annual Revenues											2021
Assessment Area:	Total Loans to Small Businesses				Businesses with Revenues <= 1MM			Businesses with Revenues > 1MM		Businesses with Revenues Not Available	
	#	\$	% of Total	Overall Market	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	% Businesses	% Bank Loans
Bowie-Bonham Non-MSA AA	21	1,820,718	24.7	1,796	85.8	61.9	46.0	3.8	38.1	10.5	0.0
Partial Fort Worth-Arlington MD	29	3,395,532	34.1	59,877	87.9	58.6	42.9	3.4	41.4	8.7	0.0
Sherman-Denison MSA	15	1,995,492	17.7	3,347	85.1	80.0	41.1	3.7	20.0	11.2	0.0
Partial Wichita Falls MSA	20	2,433,776	23.5	1,824	82.7	75.0	46.4	4.4	25.0	12.8	0.0
<b>Total</b>	<b>85</b>	<b>9,645,518</b>	<b>100.0</b>	<b>66,844</b>	<b>87.5</b>	<b>67.1</b>	<b>43.0</b>	<b>3.5</b>	<b>32.9</b>	<b>9.0</b>	<b>0.0</b>
<p>Source: 2021 D&amp;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%</p> <p>Legend Bank N.A. (10000004265) excluded from Aggregate</p>											

The total loan amount presented in the tables for each assessment area may differ from the total loan amount reported in the aggregate table due to how the underlying loan data is rounded in each table.

**Table R: Assessment Area Distribution of Loans to Small Businesses by Gross Annual Revenues** **2022-23**

Assessment Area:	Total Loans to Small Businesses				Businesses with Revenues <= 1MM			Businesses with Revenues > 1MM		Businesses with Revenues Not Available	
	#	\$	% of Total	Overall Market	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	% Businesses	% Bank Loans
Bowie-Bonham Non-MSA AA	21	2,426,543	22.8	1,985	89.5	71.4	47.2	2.7	28.6	7.8	0.0
Partial Fort Worth-Arlington MD	30	4,261,381	32.6	58,680	92.2	66.7	48.8	2.1	33.3	5.8	0.0
Sherman-Denison MSA	20	1,900,200	21.8	3,207	89.2	65.0	50.7	2.5	35.0	8.3	0.0
Partial Wichita Falls MSA	21	1,008,473	22.8	1,893	86.8	81.0	51.6	3.2	19.0	10.1	0.0
<b>Total</b>	<b>92</b>	<b>9,596,597</b>	<b>100.0</b>	<b>65,765</b>	<b>91.8</b>	<b>70.7</b>	<b>48.9</b>	<b>2.1</b>	<b>29.3</b>	<b>6.1</b>	<b>0.0</b>

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

Legend Bank N.A. (10000004265) excluded from Aggregate

The total loan amount presented in the tables for each assessment area may differ from the total loan amount reported in the aggregate table due to how the underlying loan data is rounded in each table.

**Table S - Assessment Area Distribution of Loans to Farms by Income Category of the Geography** **2021**

Assessment Area:	Total Loans to Farms				Low-Income Tracts			Moderate-Income Tracts			Middle-Income Tracts			Upper-Income Tracts			Not Available-Income Tracts		
	#	\$	% of Total	Overall Market	% Farms	% Bank Loans	Aggregate	% Farms	% Bank Loans	Aggregate	% Farms	% Bank Loans	Aggregate	% Farms	% Bank Loans	Aggregate	% Farms	% Bank Loans	Aggregate
Bowie-Bonham Non-MSA AA	26	1,194,164	33.8	285	0.0	0.0	0.0	4.2	11.5	5.3	55.6	84.6	64.9	40.2	3.8	29.8	0.0	0.0	0.0
Partial Fort Worth-Arlington MD	21	1,734,353	27.3	262	3.8	0.0	0.4	17.3	19.0	11.5	33.3	61.9	45.0	45.6	19.0	43.1	0.0	0.0	0.0
Sherman-Denison MSA	10	1,098,762	13.0	223	0.0	0.0	0.0	8.6	0.0	1.8	45.7	90.0	43.0	45.7	10.0	55.2	0.0	0.0	0.0
Partial Wichita Falls MSA	20	577,707	25.9	60	3.2	0.0	5.0	17.2	0.0	5.0	39.9	85.0	43.3	39.7	15.0	46.7	0.0	0.0	0.0
<b>Total</b>	<b>77</b>	<b>4,604,986</b>	<b>100.0</b>	<b>830</b>	<b>3.0</b>	<b>0.0</b>	<b>0.5</b>	<b>15.0</b>	<b>9.1</b>	<b>6.3</b>	<b>37.4</b>	<b>79.2</b>	<b>51.2</b>	<b>44.6</b>	<b>11.7</b>	<b>42.0</b>	<b>0.0</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%

The total loan amount presented in the tables for each assessment area may differ from the total loan amount reported in the aggregate table due to how the underlying loan data is rounded in each table.

**Table S - Assessment Area Distribution of Loans to Farms by Income Category of the Geography** **2022-23**

Assessment Area:	Total Loans to Farms				Low-Income Tracts			Moderate-Income Tracts			Middle-Income Tracts			Upper-Income Tracts			Not Available-Income Tracts		
	#	\$	% of Total	Overall Market	% Farms	% Bank Loans	Aggregate	% Farms	% Bank Loans	Aggregate	% Farms	% Bank Loans	Aggregate	% Farms	% Bank Loans	Aggregate	% Farms	% Bank Loans	Aggregate
Bowie-Bonham Non-MSA AA	26	2,193,032	32.9	292	0.0	0.0	0.0	3.8	3.8	3.4	33.5	73.1	34.9	62.8	23.1	61.6	0.0	0.0	0.0
Partial Fort Worth-Arlington MD	20	1,903,080	25.3	292	3.3	0.0	1.4	19.8	5.0	12.0	33.8	75.0	48.6	42.7	20.0	37.7	0.4	0.0	0.3
Sherman-Denison MSA	13	998,300	16.5	181	1.7	0.0	0.6	8.0	0.0	2.2	60.1	61.5	59.7	30.3	38.5	37.6	0.0	0.0	0.0
Partial Wichita Falls MSA	20	2,102,945	25.3	32	4.8	0.0	3.1	15.4	0.0	3.1	56.7	50.0	75.0	23.0	50.0	18.8	0.0	0.0	0.0
<b>Total</b>	<b>79</b>	<b>7,197,357</b>	<b>100.0</b>	<b>797</b>	<b>2.9</b>	<b>0.0</b>	<b>0.8</b>	<b>17.0</b>	<b>2.5</b>	<b>6.3</b>	<b>37.3</b>	<b>65.8</b>	<b>47.2</b>	<b>42.6</b>	<b>31.6</b>	<b>45.7</b>	<b>0.3</b>	<b>0.0</b>	<b>0.1</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%

The total loan amount presented in the tables for each assessment area may differ from the total loan amount reported in the aggregate table due to how the underlying loan data is rounded in each table.

**Table T: Assessment Area Distribution of Loans to Farms by Gross Annual Revenues** **2021**

Assessment Area:	Total Loans to Farms				Farms with Revenues <= 1MM			Farms with Revenues > 1MM		Farms with Revenues Not Available	
	#	\$	% of Total	Overall Market	% Farms	% Bank Loans	Aggregate	% Farms	% Bank Loans	% Farms	% Bank Loans
Bowie-Bonham Non-MSA AA	26	1,194,164	33.8	285	97.8	92.3	51.6	1.0	7.7	1.2	0.0
Partial Fort Worth-Arlington MD	21	1,734,353	27.3	262	96.2	81.0	55.7	2.0	19.0	1.8	0.0
Sherman-Denison MSA	10	1,098,762	13.0	223	99.3	90.0	48.9	0.2	10.0	0.4	0.0
Partial Wichita Falls MSA	20	577,707	25.9	60	96.8	85.0	51.7	2.0	15.0	1.1	0.0
<b>Total</b>	<b>77</b>	<b>4,604,986</b>	<b>100.0</b>	<b>830</b>	<b>96.7</b>	<b>87.0</b>	<b>52.2</b>	<b>1.7</b>	<b>13.0</b>	<b>1.5</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%*

The total loan amount presented in the tables for each assessment area may differ from the total loan amount reported in the aggregate table due to how the underlying loan data is rounded in each table.



**Table T: Assessment Area Distribution of Loans to Farms by Gross Annual Revenues** **2022-23**

Assessment Area:	Total Loans to Farms				Farms with Revenues <= 1MM			Farms with Revenues > 1MM		Farms with Revenues Not Available	
	#	\$	% of Total	Overall Market	% Farms	% Bank Loans	Aggregate	% Farms	% Bank Loans	% Farms	% Bank Loans
Bowie-Bonham Non-MSA AA	26	2,193,032	32.9	292	98.5	80.8	53.1	0.6	19.2	0.9	0.0
Partial Fort Worth-Arlington MD	20	1,903,080	25.3	292	97.4	70.0	61.0	1.2	30.0	1.4	0.0
Sherman-Denison MSA	13	998,300	16.5	181	99.1	84.6	49.2	0.2	15.4	0.8	0.0
Partial Wichita Falls MSA	20	2,102,945	25.3	32	97.4	85.0	53.1	1.5	15.0	1.1	0.0
<b>Total</b>	<b>79</b>	<b>7,197,357</b>	<b>100.0</b>	<b>797</b>	<b>97.7</b>	<b>79.7</b>	<b>55.1</b>	<b>1.1</b>	<b>20.3</b>	<b>1.3</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%*

The total loan amount presented in the tables for each assessment area may differ from the total loan amount reported in the aggregate table due to how the underlying loan data is rounded in each table.