

# **PUBLIC DISCLOSURE**

November 30, 2020

## **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

The Buckholts State Bank  
Certificate Number: 11916

100 N. 4th Street  
Buckholts, Texas 76518

Federal Deposit Insurance Corporation  
Division of Depositor and Consumer Protection  
Dallas Regional Office

1601 Bryan Street, Suite 1410  
Dallas, Texas 75201

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

## TABLE OF CONTENTS

INSTITUTION RATING.....	1
DESCRIPTION OF INSTITUTION.....	1
DESCRIPTION OF ASSESSMENT AREAS .....	2
SCOPE OF EVALUATION .....	3
CONCLUSIONS ON PERFORMANCE CRITERIA .....	4
DISCRIMINATORY OR OTHER ILLEGAL CREDIT PRACTICES REVIEW .....	6
NON-MSA AA – Full Scope Review .....	6
KILLEEN-TEMPLE MSA AA – Full Scope Review .....	10
APPENDICES.....	14
SMALL BANK PERFORMANCE CRITERIA .....	14
GLOSSARY .....	15
HOME MORTGAGE LOAN TABLES .....	19

## INSTITUTION RATING

**INSTITUTION'S CRA RATING:** This institution is rated Satisfactory.

An institution in this group has a satisfactory record of helping to meet the credit needs of its assessment areas (AA), including low- and moderate-income neighborhoods, in a manner consistent with its resources and capabilities.

The Buckholts State Bank's (TBSB) satisfactory Lending Test record supports the overall CRA rating. The following points summarize the applicable performance factors, discussed in detail elsewhere.

- The loan-to-deposit (LTD) ratio is reasonable (considering seasonal variations and taking into account lending-related activities) given the institution's size, financial condition, and AAs' credit needs.
- A majority of loans are in the institution's AAs.
- The geographic distribution of loans reflects reasonable dispersion throughout the AAs.
- The distribution of borrowers reflects, given the demographics of the AAs, excellent penetration among businesses of different sizes.
- The bank did not receive any CRA-related complaints since the previous evaluation; therefore, this factor did not affect the rating.

## DESCRIPTION OF INSTITUTION

TBSB, a locally owned community bank headquartered in Buckholts, Texas, began operations in 1907. The bank received a Satisfactory rating at its previous FDIC evaluation, dated February 23, 2015, based on Federal Financial Institutions Examination Council's (FFIEC) Small Institution CRA Procedures.

TBSB functions as a retail bank, focusing on commercial lending, among three offices in central Texas within the predominantly rural towns of Buckholts, Cameron, and Rogers. The Description of Assessment Areas depicts the offices' specific locations. The bank did not open or close any offices or participate in any merger or acquisition activity since the prior evaluation.

TBSB offers a variety of loan products including consumer, commercial, agricultural, and home mortgage loans. The institution also provides various deposit services such as checking, savings, certificate of deposit, and IRA accounts, as well as alternative services such as 24-hour telephone and online banking and automated teller machine (ATM) cards. The bank also operates non-deposit taking ATMs at its Cameron and Rogers offices. The institution maintains banking hours typical for its areas and the industry, with extended hours available on Friday afternoons at each office.

As of September 30, 2020, assets totaled \$90.2 million, which includes total loans of \$42.9 million. Total deposits equaled \$75.8 million as of the same date. Since the prior evaluation, on average per year, total assets increased 7.6 percent, net loans increased 9.8 percent, and total deposits increased 7.7 percent. The following table illustrates the mix of outstanding loans as of September 30, 2020, which reflects a distribution generally supportive of the institution's primary business focus.

Loan Portfolio Distribution as of 9/30/2020		
Loan Category	\$(000s)	%
Construction, Land Development, and Other Land Loans	0	0
Secured by Farmland	2,747	6.4
Secured by 1-4 Family Residential Properties	11,427	26.7
Secured by Multifamily (5 or more) Residential Properties	95	0.2
Secured by Nonfarm Nonresidential Properties	4,368	10.2
<b>Total Real Estate Loans</b>	<b>18,637</b>	<b>43.5</b>
Commercial and Industrial Loans	18,830	43.9
Agricultural Production and Other Loans to Farmers	3,214	7.5
Consumer Loans	1,522	3.5
Obligations of State and Political Subdivisions in the U.S.	642	1.5
Other Loans	35	0.1
Lease Financing Receivable (net of unearned income)	0	0
Less: Unearned Income	0	0
<b>Total Loans</b>	<b>42,880</b>	<b>100.0</b>
<i>Source: Reports of Condition and Income. Due to rounding, totals may not equal 100.0.</i>		

Examiners did not identify any financial, legal, or other impediments that affect the bank's ability to meet the credit needs of its AAs.

## DESCRIPTION OF ASSESSMENT AREAS

TBSB designated two AAs as seen in the following table: 1) Killeen-Temple Metropolitan Statistical Area (MSA) AA and 2) Non-MSA AA. The combined AAs include a total of 72 census tracts reflecting the following income designations based on the 2015 American Community Survey (ACS) Data: 3-low, 16 moderate-, 34 middle-, and 16 upper-income tracts as well as 3 tracts without an income designation. Both AAs conform to CRA regulatory requirements. Refer to the individual discussions of the AAs for more details.

Description of Assessment Areas			
Assessment Area	Counties in Assessment Area	# of Census Tracts	# of Offices
Killeen-Temple MSA	Bell County	65	1
Non-MSA	Milam County	7	2
<i>Source: Bank Records; 2015 ACS Data.</i>			

## SCOPE OF EVALUATION

### General Information

This evaluation covers the period from February 23, 2015, to November 30, 2020, the date of the previous evaluation to this evaluation's date. To evaluate performance, examiners applied the FFIEC Small Institution CRA Procedures, which include the Lending Test. The Appendix lists the test's criteria.

Examiners performed a full-scope review of the Non-MSA AA after contemplating all considerations in outstanding guidance, particularly emphasizing the levels of the institution's total activities in this AA as seen in the following table. Also, examiners performed a full-scope review of the Killeen-Temple MSA AA given lending opportunities available in the AA and since it received limited-scope review at the prior evaluation.

Assessment Area Breakdown of Loans, Deposits, and Offices								
Assessment Area	Loans By \$		Loans By #		Deposits		Offices	
	\$(000s)	%	#	%	\$(000s)	%	#	%
Non-MSA AA	1,041	45.5	182	77.1	45,757	66.0	2	66.7
Killeen-Temple MSA AA	1,245	54.5	54	22.9	23,571	34.0	1	33.3
<b>Total</b>	<b>2,286</b>	<b>100.0</b>	<b>236</b>	<b>100.0</b>	<b>69,328</b>	<b>100.0</b>	<b>3</b>	<b>100.0</b>

*Source: Bank Records; FDIC Summary of Deposits (6/30/2020). Due to rounding, totals may not equal 100.0.*

As seen in the prior table, the Non-MSA AA comprises a majority of most of the activities. Consequently, examiners weighed performance slightly heavier in the Non-MSA AA compared to the Killeen-Temple MSA AA when arriving at conclusions.

### Activities Reviewed

For the Lending Test, Small Institution Procedures require examiners to determine the bank's major product lines from which to sample. As an initial matter, examiners may select from the same loan categories used for CRA Large Bank evaluations: home mortgage, small business, small farm, and consumer loans. The following table shows the bank's 2019 lending activity by loan category, which reflects a generally consistent pattern with the bank's lending emphasis since the prior evaluation.

Loans Originated or Purchased				
Loan Category	\$(000s)	%	#	%
Construction and Land Development	0	0.0	0	0.0
Secured by Farmland	861	6.4	4	0.8
Secured by 1-4 Family Residential Properties	2,022	15.0	16	3.3
Multi-Family (5 or more) Residential Properties	0	0.0	0	0.0
Commercial Real Estate Loans	237	1.8	2	0.4
Commercial and Industrial Loans	7,547	55.9	129	26.6
Agricultural Loans	1,221	9.0	66	13.6
Consumer Loans	1,549	11.5	267	55.1
Other Loans	60	0.4	1	0.2
<b>Total Loans</b>	<b>13,497</b>	<b>100.0</b>	<b>485</b>	<b>100.0</b>

*Source: 2019 Bank Data. Due to rounding, totals may not equal 100.0.*

Considering the dollar volume and number of loans originated as well as management's stated business strategy, examiners determined the bank's major product line includes commercial lending. As a result, this evaluation includes a review of a sample of 60 small business loans totaling \$3.2 million from the universe of 131 such loans totaling \$7.8 million originated in 2019, the most recent completed calendar year of available data. D&B data for 2019 provided a standard of comparison for small business lending.

Since none of the other typically considered loan categories represent major product lines and would not materially affect conclusions or the rating, this evaluation does not include a review of small farm, home mortgage, or consumer loans. Examiners noted the institution reports home mortgage loan data per the requirements of the Home Mortgage Disclosure Act (HMDA); however, as noted, home mortgage lending does not represent a significant volume for the bank. Specifically, the institution reported 51 home mortgage loans totaling \$4.3 in 2018 and 15 home mortgage loans totaling \$2.1 million in 2019. Examiners also identified that a notable volume of home mortgage loans were to borrowers with income information not available, thus making conclusions for borrower profile less meaningful. Therefore, this evaluation presents home mortgage lending tables in the appendix for informational purposes only since home mortgage lending performance did not receive any weight when drawing conclusions.

## CONCLUSIONS ON PERFORMANCE CRITERIA

### LENDING TEST

TBSB demonstrated a satisfactory record regarding the Lending Test. A majority of loans granted inside the AA and reasonable records regarding the LTD ratio and geographic distribution primarily support this conclusion. TBSB also demonstrated an excellent record regarding borrower profile.

### Loan-to-Deposit Ratio

The LTD ratio is reasonable given the institution's size, financial condition, and AAs' credit needs. For the previous 23 quarters since the prior evaluation, the bank recorded a 53.1 percent

average net LTD ratio, which rises higher than the 39.8 percent LTD ratio recorded at the previous evaluation. The ratio generally trended upward during the evaluation period and ranged from a low of 36.5 percent, as of March 31, 2015, to a high of 66.0 percent as of March 31, 2019.

The following table lists two similarly situated institutions operating in TBSB's AAs and reflecting somewhat similar lending emphases. The table shows the similarly situated banks displayed average, net LTD ratios within a reasonable range of TBSB's, further supporting reasonable performance.

Loan-to-Deposit (LTD) Ratio Comparison		
Bank	Total Assets as of 9/30/2020 (\$000s)	Average Net LTD Ratio (%)
The Buckholts State Bank, Buckholts, TX	90,230	53.1
First Texas Bank, Killeen, TX	371,693	37.4
First Texas Bank, Lampasas, TX	161,934	46.0

*Source: Reports of Condition and Income 3/31/2015 - 9/30/2020.*

### Assessment Area Concentration

A majority of loans are in the institution's AAs. As seen in the following table, a majority of small business loans, by number, granted inside the AAs supports this conclusion. Although the bank granted less than a majority of small business loans, by dollar, inside the AAs, this did not adversely affect the conclusion for this criterion.

Lending Inside and Outside of the Assessment Areas										
Loan Category	Number of Loans					Dollar Amount of Loans				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%	#	\$	%	\$	%	\$(000s)
Small Business	39	65.0	21	35.0	60	1,134	35.0	2,105	65.0	3,239

*Source: 2019 Bank Data.*

### Geographic Distribution

The geographic distribution of loans reflects reasonable dispersion throughout the AAs. Excellent performance in the Non-MSA AA combined with poor performance in the Killeen-Temple MSA AA supports this conclusion. Please see the individual AAs' sections for more details.

Examiners considered the bank's performance relative to the available comparative data and any performance context issues. They focused on the percentage by number of loans in low- and moderate-income geographies when arriving at conclusions. This factor only considered loans originated inside the bank's AAs.

### **Borrower Profile**

The distribution of borrowers reflects, given the demographics of the AAs, excellent penetration among businesses of different sizes. Excellent performance in both AAs supports this conclusion. Please see the individual AAs' sections for more details.

Examiners considered the bank's performance relative to the available comparative data, focusing on the percentage by number of loans to businesses with gross annual revenue of \$1 million or less, and any performance context issues. This factor only considered loans originated inside the bank's AAs.

### **Response to Complaints**

The bank did not receive any CRA-related complaints since the previous evaluation; therefore, this criterion did not affect the Lending Test conclusion.

## **DISCRIMINATORY OR OTHER ILLEGAL CREDIT PRACTICES REVIEW**

Examiners did not identify any evidence of discriminatory or other illegal credit practices; therefore, this consideration did not affect the institution's CRA rating.

### **NON-MSA AA – Full Scope Review**

## **DESCRIPTION OF INSTITUTION'S OPERATIONS IN NON-MSA AA**

The Non-MSA AA includes all 7 tracts within Milam County. These 7 census tracts reflect the following income designations based on the 2015 ACS Data: 1 moderate-, 4 middle-, and 2 upper-income tracts. The following table details TBSB's office distribution in the Non-MSA AA.

<b>Office Locations – Non- MSA AA</b>				
<b>County/City/Office</b>	<b>Office Type</b>	<b>Census Tract Number</b>	<b>Census Tract Income Level</b>	<b>Office Opened or Closed Since Last Evaluation</b>
<i>Milam County:</i> Buckholts – 100 N. 4 <sup>th</sup> Street. Cameron – 310 N. Houston	Main Office Branch	9501.00 9504.02	Middle Moderate	No No

*Source: 2019 Bank Data; 2015 ACS Data.*

### **Economic and Demographic Data**

According to the Texas Economic Development Corporation, major employers in the AA include Cameron ISD, Milam County, Affordable Interior Services, Inc., and EBCO General Contractors. Texas Workforce Commission reported the December 2019 unemployment rate at 4.3 percent for Milam County as compared to the State of Texas and U.S., both at 3.5 percent. However, the September 2020 figures reflect an increased unemployment rate of 7.8 percent for Milam County as



compared to the State of Texas rate of 8.3 and the U.S. rate of 7.9 percent due to the COVID-19 pandemic.

The following table provides select demographic and economic data for the AA.

Demographic Information of the Assessment Area						
Assessment Area: Non-MSA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	7	0.0	14.3	57.1	28.6	0.0
Population by Geography	24,344	0.0	13.5	62.1	24.4	0.0
Housing Units by Geography	11,324	0.0	14.2	60.7	25.1	0.0
Owner-Occupied Units by Geography	6,151	0.0	12.0	61.8	26.2	0.0
Occupied Rental Units by Geography	3,195	0.0	16.1	61.8	22.1	0.0
Vacant Units by Geography	1,978	0.0	17.6	55.3	27.1	0.0
Businesses by Geography	1,508	0.0	18.4	58.7	22.9	0.0
Farms by Geography	143	0.0	9.8	63.6	26.6	0.0
Family Distribution by Income Level	6,037	22.1	17.6	17.9	42.4	0.0
Household Distribution by Income Level	9,346	27.9	15.8	15.4	40.9	0.0
Median Family Income – TX Non-MSA	\$52,198		Median Housing Value			\$81,431
			Median Gross Rent			\$631
			Families Below Poverty Level			14.8%

*Source: 2015 ACS Data and 2019 D&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.*

The 2015 ACS Data shows that individuals under the age of 17 and over the age of 65 comprise 45.8 percent of the AA’s population. Such individuals generally have more limited banking credit needs resulting in decreasing loan demand.

### **Competition**

TBSB’s Non-MSA AA contains a moderate level of competition from other chartered banks based on its population, with 9 offices from 4 institutions serving approximately 2,705 people each. TBSB ranks 3<sup>rd</sup> in deposit market share capturing 10.8 percent of the AA’s deposits based on the June 30, 2020, FDIC Deposit Market Share Report. Three large national or regional banks with 7 offices in the AA hold 89.2 percent of the deposit market share. Overall, the competition level allows for lending opportunities.

### **Community Contact**

Examiners contacted a community member knowledgeable of the area’s business environment to help assess the current economic conditions, community credit needs, and potential opportunities

for bank involvement in the Non-MSA AA. The contact noted stable economic conditions with retail business services and other commercial enterprises primarily driving the local economy. The contact mentioned an increase in the need for business lending due to the COVID-19 pandemic, with small businesses needing assistance accessing additional credit sources while their businesses are under mandatory shutdown orders.

The contact also stated that local financial institutions remain actively involved in the community and do an excellent job of extending credit to both new and established businesses of all sizes. The contact was not aware of any unmet credit needs in the community.

### **Credit Needs**

The Non-MSA AA creates fewer lending opportunities for a smaller variety of loan products, consistent with the generally rural nature of the area. Due to the close proximity of the City of Temple, both Buckholts and Cameron serve as bedroom communities as many residents commute daily to Temple for employment, higher education opportunities, and retail and medical services.

Considering information from the community contact, bank management, and demographic and economic data, examiners determined that small business and agricultural lending represent primary credit needs of the AA.

## **CONCLUSIONS ON PERFORMANCE CRITERIA IN NON-MSA AA**

### **LENDING TEST**

TBSB demonstrated an outstanding record regarding the Lending Test in the Non-MSA AA. The excellent records regarding geographic distribution and borrower profile support this conclusion.

### **Geographic Distribution**

The geographic distribution of loans reflects excellent dispersion throughout the Non-MSA AA. An excellent record regarding small business loans supports this conclusion. Since the Non-MSA AA includes no low-income census tracts, examiners focused on lending within moderate-income census tracts when arriving at this conclusion.

### ***Small Business Loans***

The geographic distribution of small business loans reflects excellent dispersion in the Non-MSA AA. The following table shows the bank's performance in moderate-income tracts exceeds the percentage of businesses by 26.4 percentage points, indicating excellent performance.

Geographic Distribution of Small Business Loans					
Assessment Area: Non-MSA					
Tract Income Level	% of Businesses	#	%	\$(000s)	%
Low	0.0	0	0.0	0	0.0
Moderate	18.4	13	44.8	296	38.3
Middle	58.7	9	31.0	250	32.4
Upper	22.9	7	24.2	226	29.3
Not Available	0.0	0	0.0	0	0.0
<b>Totals</b>	<b>100.0</b>	<b>29</b>	<b>100.0</b>	<b>772</b>	<b>100.0</b>

Source: 2019 D&B Data; 2019 Bank Data. Due to rounding, totals may not equal 100.0.

### **Borrower Profile**

The distribution of borrowers reflects, given the demographics of the AA, excellent penetration among businesses of different sizes in the Non-MSA AA. Excellent performance regarding small business lending supports this conclusion.

### ***Small Business Loans***

The distribution of borrowers reflects excellent penetration among businesses of different sizes in the Non-MSA AA. An excellent record of lending to businesses with gross annual revenues of \$1 million or less supports this conclusion.

As reflected in the following table, the bank originated more than nine out of every ten small business loans to businesses with gross annual revenues of \$1 million or less, reflective of excellent performance. In addition, the data shows the bank granted more than seven out of every ten small business loans to entities with gross annual revenues less than \$100,000, further supporting excellent performance.

Distribution of Small Business Loans by Gross Annual Revenues					
Assessment Area: Non-MSA					
Gross Revenue Level	% of Businesses	#	%	\$(000s)	%
< \$100,000	51.0	21	72.4	243	31.5
\$100,000 - \$249,999	24.9	6	20.7	264	34.2
\$250,000 - \$499,999	6.4	1	3.4	115	14.9
\$500,000 - \$1,000,000	2.9	0	0.0	0	0.0
<b>Subtotal &lt;= \$1,000,000</b>	<b>85.2</b>	<b>28</b>	<b>96.5</b>	<b>622</b>	<b>80.6</b>
>\$1,000,000	4.0	1	3.5	150	19.4
Revenue Not Available	10.8	0	0.0	0	0.0
<b>Total</b>	<b>100.0</b>	<b>29</b>	<b>100.0</b>	<b>772</b>	<b>100.0</b>

Source: 2019 D&B Data; 2019 Bank Data. Due to rounding, totals may not equal 100.0.

## KILLEEN-TEMPLE MSA AA – Full Scope Review

### DESCRIPTION OF INSTITUTION'S OPERATIONS IN KILLEEN-TEMPLE MSA AA

The Killeen-Temple MSA AA includes all 65 tracts within Bell County, one of three counties that comprise the Killeen-Temple, Texas MSA. The AA's census tracts reflect the following income designations based on the 2015 ACS Data: 3 low-, 15 moderate-, 30 middle-, and 14 upper-income tracts as well as 3 tracts with no income designation. The following table details TBSB's office distribution in the Killeen-Temple MSA AA.

Office Locations – Killeen-Temple MSA AA				
County/City/Office	Office Type	Census Tract Number	Census Tract Income Level	Office Opened or Closed Since Last Evaluation
<i>Bell County:</i> Rogers – 119 West Mesquite Ave.	Branch	234.02	Upper	No
<i>Source: 2019 Bank Data; 2015 ACS Data.</i>				

#### Economic and Demographic Data

According to the Texas Economic Development Corporation, major employers in the AA include Northwest Health, Rogers Public Schools, and Mercy Health Systems of NWA. The Texas Workforce Commission reported a 3.4 percent unemployment rate for Bell County in December 2019 compared to 7.5 percent in September 2020. The unemployment rate increased due to the COVID-19 pandemic.

The following table provides select demographic and economic data for the AA.

Demographic Information of the Assessment Area						
Assessment Area: Killeen-Temple MSA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	65	4.6	23.1	46.2	21.5	4.6
Population by Geography	326,041	1.9	17.2	52.7	28.2	0.0
Housing Units by Geography	131,684	2.8	17.8	52.3	27.1	0.0
Owner-Occupied Units by Geography	60,615	1.0	9.2	52.0	37.8	0.0
Occupied Rental Units by Geography	49,229	3.8	26.1	52.5	17.6	0.0
Vacant Units by Geography	21,840	5.8	22.9	52.7	18.6	0.0
Businesses by Geography	18,323	4.9	13.6	49.4	32.0	0.1
Farms by Geography	643	3.0	6.8	48.1	42.1	0.0
Family Distribution by Income Level	79,124	20.1	18.5	20.9	40.5	0.0
Household Distribution by Income Level	109,844	22.4	16.6	19.8	41.2	0.0
Median Family Income MSA – Killeen-Temple, TX MSA	\$58,001		Median Housing Value			\$120,498
			Median Gross Rent			\$874
			Families Below Poverty Level			12.1%
<i>Source: 2015 ACS Data and 2019 D&amp;B Data. 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>						

### Competition

TBSB's AA contains a low level of competition from other chartered banks based on its population, with 67 offices from 17 institutions serving approximately 4,866 people each. TBSB ranks 16th in deposit market share in the AA capturing 0.5 percent of the county's deposits based on the June 30, 2020, FDIC Deposit Market Share Report. Overall, the competition level allows for lending opportunities.

### Credit Needs

Considering information obtained from bank management, as well as demographic and economic information, examiners determined the area's primary credit needs include consumer and small business lending.

## CONCLUSIONS ON PERFORMANCE CRITERIA IN KILLEEN-TEMPLE MSA AA

### LENDING TEST

TBSB demonstrated a satisfactory record regarding the Lending Test in the Killeen-Temple MSA AA. An excellent record regarding borrower profile combined with a poor record regarding geographic distribution supports this conclusion.

### Geographic Distribution

The geographic distribution of loans reflects poor dispersion throughout the Killeen-Temple MSA AA. The poor dispersion of small business loans supports this conclusion.

### *Small Business Loans*

The geographic distribution of small business loans reflects poor dispersion in the Killeen-Temple MSA AA. An absence of lending within low-and moderate moderate-income census tracts supports this conclusion.

The following table shows the bank did not originate any loans in low-or moderate-income census tracts. Although the bank's performance in low-income tracts only lags demographic data by 4.9 percentage points, performance in moderate-income tracts more notably trails demographic data by 13.6 percentage points, reflecting poor performance.

Geographic Distribution of Small Business Loans					
Assessment Area: Killeen-Temple MSA					
Tract Income Level	% of Businesses	#	%	\$(000s)	%
Low	4.9	0	0.0	0	0.0
Moderate	13.6	0	0.0	0	0.0
Middle	49.4	4	40.0	145	40.0
Upper	32.0	6	60.0	218	60.0
Not Available	0.1	0	0.0	0	0.0
<b>Totals</b>	<b>100.0</b>	<b>10</b>	<b>100.0</b>	<b>362</b>	<b>100.0</b>

*Source: 2019 D&B Data; 2019 Bank Data. Due to rounding, totals may not equal 100.0.*

### Borrower Profile

The distribution of borrowers reflects, given the demographics of the AA, excellent penetration among businesses of different sizes in the Killeen-Temple MSA AA. Excellent performance regarding small business lending supports this conclusion.

***Small Business Loans***

The distribution of borrowers reflects excellent penetration among businesses of different sizes in the Killeen-Temple MSA AA. Excellent performance to businesses with gross annual revenue of \$1 million or less supports this conclusion. The following table shows the bank originated all of its small business loans to businesses with gross annual revenues of \$1 million or less, reflective of excellent performance.

<b>Distribution of Small Business Loans by Gross Annual Revenues</b>					
<b>Assessment Area: Killeen-Temple MSA</b>					
<b>Gross Revenue Level</b>	<b>% of Businesses</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
< \$100,000	55.9	5	50.0	60	16.6
\$100,000 - \$249,999	20.9	2	20.0	168	46.3
\$250,000 - \$499,999	5.7	2	20.0	98	26.9
\$500,000 - \$1,000,000	3.1	1	10.0	36	10.2
<b>Subtotal &lt;= \$1,000,000</b>	<b>85.6</b>	<b>10</b>	<b>100.0</b>	<b>362</b>	<b>100.0</b>
>\$1,000,000	3.2	0	0.0	0	0.0
Revenue Not Available	11.2	0	0.0	0	0.0
<b>Total</b>	<b>100.0</b>	<b>10</b>	<b>100.0</b>	<b>362</b>	<b>100.0</b>

*Source: 2019 D&B Data; 2019 Bank Data. Due to rounding, totals may not equal 100.0.*

## APPENDICES

### SMALL BANK PERFORMANCE CRITERIA

#### Lending Test

The Lending Test evaluates the bank's record of helping to meet the credit needs of its assessment area(s) by considering the following criteria:

- 1) The bank's loan-to-deposit ratio, adjusted for seasonal variation, and, as appropriate, other lending-related activities, such as loan originations for sale to the secondary markets, community development loans, or qualified investments;
- 2) The percentage of loans, and as appropriate, other lending-related activities located in the bank's assessment area(s);
- 3) The bank's record of lending to and, as appropriate, engaging in other lending-related activities for borrowers of different income levels and businesses and farms of different sizes;
- 4) The geographic distribution of the bank's loans; and
- 5) The bank's record of taking action, if warranted, in response to written complaints about its performance in helping to meet credit needs in its assessment area(s).



## GLOSSARY

**Aggregate Lending:** The number of loans originated and purchased by all reporting lenders in specified income categories as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the metropolitan area/assessment area.

**American Community Survey (ACS):** A nationwide United States Census survey that produces demographic, social, housing, and economic estimates in the form of five year estimates based on population thresholds.

**Area Median Income:** The median family income for the MSA, if a person or geography is located in an MSA; or the statewide nonmetropolitan median family income, if a person or geography is located outside an MSA.

**Assessment Area:** A geographic area delineated by the institution under the requirements of the Community Reinvestment Act.

**Census Tract:** A small, relatively permanent statistical subdivision of a county or equivalent entity. The primary purpose of census tracts is to provide a stable set of geographic units for the presentation of statistical data. Census tracts generally have a population size between 1,200 and 8,000 people, with an optimum size of 4,000 people. Census tract boundaries generally follow visible and identifiable features, but they may follow nonvisible legal boundaries in some instances. State and county boundaries always are census tract boundaries.

**Combined Statistical Area (CSA):** A combination of several adjacent metropolitan statistical areas or micropolitan statistical areas or a mix of the two, which are linked by economic ties.

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

**Core Based Statistical Area (CBSA):** The county or counties or equivalent entities associated with at least one core (urbanized area or urban cluster) of at least 10,000 population, plus adjacent counties having a high degree of social and economic integration with the core as measured through commuting ties with the counties associated with the core. Metropolitan and Micropolitan Statistical Areas are the two categories of CBSAs.

**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. Other family 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).

**FFIEC-Estimated Income Data:** The Federal Financial Institutions Examination Council (FFIEC) issues annual estimates which update median family income from the metropolitan and nonmetropolitan areas. The FFIEC uses American Community Survey data and factors in information from other sources to arrive at an annual estimate that more closely reflects current economic conditions.

**Full-Scope Review:** A full-scope review is accomplished when examiners complete all applicable interagency examination procedures for an assessment area. Performance under applicable tests is analyzed considering performance context, quantitative factors (e.g, geographic distribution, borrower profile, 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 do business or have banking offices in a metropolitan statistical area to file annual summary reports of their mortgage lending activity. The reports include such data as the race, gender, and the income of applicants; the amount of loan requested; and the disposition of the application (approved, denied, and withdrawn).

**Home Mortgage Loans:** Includes closed-end mortgage loans or open-end line of credits as defined in the HMDA regulation that are not an excluded transaction per the HMDA regulation.

**Housing Unit:** Includes a house, an apartment, a mobile home, a group of rooms, or a single room that is occupied as separate living quarters.

**Limited-Scope Review:** A limited-scope review is accomplished when examiners do not complete all applicable interagency examination procedures for an assessment area. Performance under applicable tests is often analyzed using only quantitative factors (e.g, geographic distribution, borrower profile, total number and dollar amount of investments, and branch distribution).

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

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

**Median Income:** The median income divides the income distribution into two equal parts, one having incomes above the median and other having incomes below the median.

**Metropolitan Division (MD):** A county or group of counties within a CBSA that contain(s) an urbanized area with a population of at least 2.5 million. A MD is one or more main/secondary

counties representing an employment center or centers, plus adjacent counties associated with the main/secondary county or counties through commuting ties.

**Metropolitan Statistical Area (MSA):** CBSA associated with at least one urbanized area having a population of at least 50,000. The MSA comprises the central county or counties or equivalent entities 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 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 and less than 80 percent in the case of a geography.

**Multi-family:** Refers to a residential structure that contains five or more units.

**Nonmetropolitan Area (also known as non-MSA):** All areas outside of metropolitan areas. The definition of nonmetropolitan area is not consistent with the definition of rural areas. Urban and rural classifications cut across the other hierarchies. For example, there is generally urban and rural territory within metropolitan and nonmetropolitan areas.

**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.

**Rated Area:** A rated area is a state or multistate metropolitan area. For an institution with domestic branches in only one state, the institution's CRA rating would be the state rating. If an institution maintains domestic branches in more than one state, the institution will receive a rating for each state in which those branches are located. If an institution maintains domestic branches in two or more states within a multistate metropolitan area, the institution will receive a rating for the multistate metropolitan area.

**Rural Area:** Territories, populations, and housing units that are not classified as urban.

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

**Small Farm Loan:** 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, including farm residential and other improvements, or are classified as loans to finance agricultural production and other loans to farmers.

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

**Urban Area:** All territories, populations, and housing units in urbanized areas and in places of 2,500 or more persons outside urbanized areas. More specifically, “urban” consists of territory, persons, and housing units in places of 2,500 or more persons incorporated as cities, villages, boroughs (except in Alaska and New York), and towns (except in the New England states, New York, and Wisconsin).

“Urban” excludes the rural portions of “extended cities”; census designated place of 2,500 or more persons; and other territory, incorporated or unincorporated, including in urbanized areas.

## HOME MORTGAGE LOAN TABLES

### Assessment Area Concentration

Lending Inside and Outside of the Assessment Area										
Loan Category	Number of Loans				Total	Dollar Amount of Loans \$(000s)				Total
	Inside		Outside			Inside		Outside		
	#	%	#	%	#	\$	%	\$	%	\$(000s)
Home Mortgage										
2018	38	74.5	13	25.5	51	2,820	66.3	1,435	33.7	4,255
2019	10	66.7	5	33.3	15	1,490	72.5	565	27.5	2,055
<b>Subtotal</b>	<b>48</b>	<b>72.7</b>	<b>18</b>	<b>27.3</b>	<b>66</b>	<b>4,310</b>	<b>68.3</b>	<b>2,000</b>	<b>31.7</b>	<b>6,310</b>

Source: 2019 Bank Data. Due to rounding, totals may not equal 100.0.

### Borrower Profile Distribution

Median Family Income Ranges				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
<b>Killeen-Temple, TX MSA</b>				
2018 (\$59,900)	<\$29,950	\$29,950 to <\$47,920	\$47,920 to <\$71,880	≥\$71,880
2019 (\$64,300)	<\$32,150	\$32,150 to <\$51,440	\$51,440 to <\$77,160	≥\$77,160
<b>TX Non-MSA</b>				
2018 (\$56,500)	<\$28,250	\$28,250 to <\$45,200	\$45,200 to <\$67,800	≥\$67,800
2019 (\$57,000)	<\$28,500	\$28,500 to <\$45,600	\$45,600 to <\$68,400	≥\$68,400

Source: FFIEC.

<b>Distribution of Home Mortgage Loans by Borrower Income Level</b>						
<b>Assessment Area: Killeen-Temple MSA</b>						
<b>Borrower Income Level</b>	<b>% of Families</b>	<b>Aggregate Performance % of #</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
<b>Low</b>						
2018	20.1	2.7	0	0.0	0	0.0
2019	20.1	3.1	0	0.0	0	0.0
<b>Moderate</b>						
2018	18.5	12.2	0	0.0	0	0.0
2019	18.5	12.9	0	0.0	0	0.0
<b>Middle</b>						
2018	20.9	23.1	0	0.0	0	0.0
2019	20.9	22.9	0	0.0	0	0.0
<b>Upper</b>						
2018	40.5	40.0	14	48.3	1,170	48.4
2019	40.5	34.3	4	57.1	310	42.8
<b>Not Available</b>						
2018	0.0	22.0	15	51.7	1,245	51.6
2019	0.0	26.8	3	42.9	415	57.2
<b>Totals</b>						
2018	100.0	100.0	29	100.0	2,415	100.0
2019	100.0	100.0	7	100.0	725	100.0

Source: 2015 ACS Data; 2018 & 2019 HMDA LAR and Aggregate Data. Due to rounding, totals may not equal 100.0.

<b>Distribution of Home Mortgage Loans by Borrower Income Level</b>						
<b>Assessment Area: Non-MSA</b>						
<b>Borrower Income Level</b>	<b>% of Families</b>	<b>Aggregate Performance % of #</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
<b>Low</b>						
2018	22.1	3.7	0	0.0	0	0.0
2019	22.1	2.4	0	0.0	0	0.0
<b>Moderate</b>						
2018	17.6	12.3	0	0.0	0	0.0
2019	17.6	10.9	0	0.0	0	0.0
<b>Middle</b>						
2018	17.9	18.9	2	22.2	30	7.4
2019	17.9	23.2	0	0.0	0	0.0
<b>Upper</b>						
2018	42.4	50.0	7	77.8	375	92.6
2019	42.4	46.1	1	33.3	35	4.6
<b>Not Available</b>						
2018	0.0	15.1	0	0.0	0	0.0
2019	0.0	17.4	2	66.7	730	95.4
<b>Totals</b>						
2018	100.0	100.0	9	100.0	405	100.0
2019	100.0	100.0	3	100.0	765	100.0

*Source: 2015 ACS Data; 2018 & 2019 HMDA LAR and Aggregate Data. Due to rounding, totals may not equal 100.0.*

## Geographic Distribution

Geographic Distribution of Home Mortgage Loans						
Assessment Area: Killeen-Temple MSA						
Tract Income Level	% of Owner-Occupied Housing Units	Aggregate Performance % of #	#	%	\$(000s)	%
<b>Low</b>						
2018	1.0	0.2	4	13.8	420	17.4
2019	1.0	0.5	0	0.0	0	0.0
<b>Moderate</b>						
2018	9.2	6.4	7	24.1	595	24.6
2019	9.2	5.1	5	71.4	475	65.5
<b>Middle</b>						
2018	52.0	52.4	14	48.3	1,060	43.9
2019	52.0	52.9	0	0.0	0	0.0
<b>Upper</b>						
2018	37.8	40.8	4	13.8	340	14.1
2019	37.8	41.3	2	28.6	250	34.5
<b>Not Available</b>						
2018	0.0	0.2	0	0.0	0	0.0
2019	0.0	0.2	0	0.0	0	0.0
<b>Totals</b>						
2018	100.0	100.0	29	100.0	2,415	100.0
2019	100.0	100.0	7	100.0	725	100.0

Source: 2015 ACS Data; 2018 & 2019 HMDA LAR and Aggregate Data. Due to rounding, totals may not equal 100.0.



Geographic Distribution of Home Mortgage Loans						
Assessment Area: Non-MSA						
Tract Income Level	% of Owner-Occupied Housing Units	Aggregate Performance % of #	#	%	\$(000s)	%
<b>Low</b>						
2018	0.0	0.0	0	0.0	0	0.0
2019	0.0	0.0	0	0.0	0	0.0
<b>Moderate</b>						
2018	12.0	6.1	3	33.3	65	16.0
2019	12.0	7.8	1	33.3	675	88.2
<b>Middle</b>						
2018	61.8	63.0	5	55.6	255	63.0
2019	61.8	60.5	0	0.0	0	0.0
<b>Upper</b>						
2018	26.2	30.9	1	11.1	85	21.0
2019	26.2	31.7	2	66.7	90	11.8
<b>Not Available</b>						
2018	0.0	0.0	0	0.0	0	0.0
2019	0.0	0.0	0	0.0	0	0.0
<b>Totals</b>						
2018	100.0	100.0	9	100.0	405	100.0
2019	100.0	100.0	3	100.0	765	100.0
<i>Source: 2015 ACS Data; 2018 &amp; 2019 HMDA LAR and Aggregate Data. Due to rounding, totals may not equal 100.0.</i>						

## List of Branches of the Buckholts State Bank

Buckholts State Bank  
100 N 4th Street  
P O Box 278  
Buckholts TX 76518

This branch is located in Census Tract 9501.00, in downtown Buckholts, Texas, and serves north-western Milam County.

Rogers Bank  
Branch of Buckholts State Bank  
119 West Mesquite Ave  
P O Box 99  
Rogers TX 76569

This branch is located in Census Tract 0234.02 in downtown Rogers, Texas, and serves eastern Bell County.

Cameron Branch  
Branch of Buckholts State Bank  
310 N Houston  
Cameron TX 76520

This branch is located in Census Tract 9504.02 in downtown Cameron, Texas, and serves north-central Milam County.

## LIST OF SERVICES AVAILABLE AT THE BRANCHES OF THE BUCKHOLTS STATE BANK

### 1. HOURS:

LOBBY AND DRIVE-THRU

MONDAY-THURSDAY 9:00AM-3:00PM

FRIDAY 9:00AM-6:00PM

### 2. AVAILABLE DEPOSIT PRODUCTS:

REGULAR CHECKING ACCOUNTS

CLUB CHECKING ACCOUNTS

NOW ACCOUNTS

SUPER NOW ACCOUNTS

MONEY MARKET ACCOUNTS

SUPER MONEY MARKET ACCOUNTS

PASSBOOK SAVINGS ACCOUNTS

IRA, IRA/SEP, SIMPLE, EDUCATION, MEDICAL & ROTH IRA

CERTIFICATE OF DEPOSIT

AUTOMATED TELLER MACHINE

DEBIT CARD/ATM CARD

INTERNET BANKING

MOBILE DEPOSIT & BANKING

REMOTE DEPOSIT CAPTURE

NIGHT DEPOSITORY

### 3. AVAILABLE LOAN PRODUCTS:

A. Short and intermediate term real estate loans secured by farmland, 1-4 family residential rental property, commercial property, and construction and development property.

B. Loans to finance agricultural production and to purchase farm equipment and livestock.

C. Loans to finance commercial production and to purchase commercial equipment and machinery.

D. Consumer loans for the purchase of vehicles, home improvements secured by separate collateral, and other types of personal expenditures. Terms would be limited by that normally considered acceptable in the banking industry.

### 4. TRANSACTION FEES:

See the attached list of fees. There is no material difference in the availability or cost of services at the branches of Buckholts State Bank.

## MISCELLANEOUS FEES

Buckhoits State Bank  
Cameron  
310 N Houston Ave  
P.O. Box 711  
Cameron, TX 76520  
January 15, 2025

This disclosure contains information about terms, fees, and interest rates for some of the accounts we offer.

### MISCELLANEOUS FEES AND CHARGES

#### ATM

Replace ATM card or PIN: \$5.00  
Cash withdrawal at ATM Off Premises ATM Usage Fee: \$1.00, plus any additional charges from host ATM  
Replace debit card or PIN: \$5.00

#### Account Information

Account activity printout: \$1.00 per page  
Account research: \$15.00 per hour (one hour minimum)  
Copy of statement: \$1.00 per page

#### Miscellaneous

Cashier's check: \$4.00  
Collections items: \$10.00 plus external bank charges  
FAX Machine: \$2.00 per page  
Paper Copies: \$.25 per page  
Notary fee: \$5.00  
Wire transfer: \$25.00

#### Check Cashing

Non-Customer: We do not cash third party checks for non-customers

COMMUNITY REINVESTMENT ACT

PUBLIC INQUIRIES LIST

1994	NONE
1995	NONE
1996	NONE
1997	NONE
1998	NONE
1999	NONE
2000	NONE
2001	NONE
2002	NONE
2003	NONE
2004	NONE
2005	NONE
2006	NONE
2007	NONE
2008	NONE
2009	NONE
2010	NONE
2011	NONE
2012	NONE
2013	NONE
2014	NONE
2015	NONE
2016	NONE
2017	NONE
2018	NONE
2019	NONE
2020	NONE
2021	NONE
2022	NONE
2023	NONE
2024	NONE

BRANCHES OPENED AND CLOSED BY  
BUCKHOLTS STATE BANK

1993	NONE
1994	NONE
1995	NONE
1996	NONE
1997	OPENED CAMERON BRANCH FEBRUARY 18, 1997
1998	NONE
1999	NONE
2000	NONE
2001	NONE
2002	NONE
2003	NONE
2004	NONE
2005	NONE
2006	NONE
2007	NONE
2008	NONE
2009	NONE
2010	NONE
2011	NONE
2012	NONE
2013	NONE
2014	NONE
2015	NONE
2016	NONE
2017	NONE
2018	NONE
2019	NONE
2020	NONE
2021	NONE
2022	NONE
2023	NONE
2024	NONE

2024

LOAN TO DEPOSIT RATIO

1 <sup>ST</sup> QUARTER	81%
2 <sup>ND</sup> QUARTER	79%
3 <sup>RD</sup> QUARTER	76%
4 <sup>TH</sup> QUARTER	78%

## **Home Mortgage Disclosure Act Notice**

The HMDA data about our residential mortgage lending are available online for review. The data show geographic distribution of loans and applications; ethnicity, race, sex, age and income of applicants and borrowers; and information about loan approvals and denials. These data are available online at the Consumer Financial Protection Bureau's Web site ([www.consumerfinance.gov/hmda](http://www.consumerfinance.gov/hmda)). HMDA data for many other financial institutions are also available at this Web site.





