CRA Public File

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Public Written Comments

1. **2024**
    a. 1Q 2024 – None
    b. 2Q 2024 – None
    c. 3Q 2024 – None
    d. 4Q 2024 – None

2. **2025**
    a. 1Q 2025 – None
    b. 2Q 2025 – None
    c. 3Q 2025 – None
    d. 4Q 2025 – None

3. **2026**
    a. 1Q 2026 – None
    b. 2Q 2026 – None
    c. 3Q 2026 – None

PUBLIC DISCLOSURE

July 26, 2021

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Capital Bank of Texas
Certificate Number: 57495

2105 North First Street
Carrizo Springs, Texas 78834

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.

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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 area, including low- and moderate-income neighborhoods, in a manner consistent with its resources and capabilities.

Capital Bank of Texas' satisfactory Lending Test record supports the overall Community Reinvestment Act (CRA) rating. The following points summarize conclusions regarding the applicable test, 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 assessment area credit needs.

- A majority of loans and other lending-related activities are in the institution's assessment area.

- The geographic distribution of loans reflects poor dispersion throughout the assessment area.

- The distribution of borrowers reflects, given the demographics of the assessment area, reasonable penetration among individuals of different income levels (including low- and moderate-income) and businesses of different sizes.

- The institution did not receive any CRA-related complaints since the previous evaluation; therefore, this criterion did not affect the rating.

DESCRIPTION OF INSTITUTION

Capital Bank of Texas, headquartered in Carrizo Springs, Texas, began operations in 2003. No affiliates or subsidiaries exist relevant to this CRA evaluation. The bank received a Satisfactory rating at its previous Federal Deposit Insurance Corporation (FDIC) evaluation, dated October 5, 2015, and based on Federal Financial Institutions Examination Council (FFIEC) Small Institution CRA Examination Procedures.

Capital Bank of Texas functions as a retail bank focusing on commercial and consumer loans from its two offices in the towns of Carrizo Springs and Crystal City, located in southwest Texas, southwest of San Antonio between Laredo and Del Rio, Texas. The Description of Assessment Area depicts the offices' specific locations. The bank also operates a loan production office outside of its assessment area in Austin, Texas. The bank did not open or close any branches or participate in any merger or acquisition activities since the previous evaluation. However, the bank relocated its home office from 200 North Fifth Street, Carrizo Springs, Texas to 2105 North First Street, Carrizo Springs, Texas in January of 2018.

The bank offers a variety of loan products including consumer, commercial, agricultural, and real estate loans. It also provides a variety of consumer and commercial deposit services including checking and savings accounts. The institution maintains banking hours typical for its area and the industry, with extended hours available at the two drive-thru facilities. Alternative banking services include online banking and one automated teller machine (ATM) located at the bank's main office in Carrizo Springs.

As of the March 31, 2021, Report of Condition, or Call Report, total assets equaled $86.4 million, net loans totaled $18.2 million, and total deposits equaled $75.1 million. Since the last evaluation, on average per year, total assets increased 6.5 percent, net loans decreased 8.3 percent, and total deposits increased 6.7 percent. As of March 31, 2021, the bank reported a negative Return on Average Assets of 0.2 percent and a Tier 1 Leverage Capital Ratio of 12.4 percent. The following table illustrates the mix of outstanding loans as of March 31, 2021, which reflects a distribution generally supportive of the institution's primary business focus.

Loan Portfolio Distribution as of 03/31/2021		
Loan Category	**$(000s)**	**%**
Construction, Land Development, and Other Land Loans	1,661	9.0
Secured by Farmland	3,357	18.1
Secured by 1-4 Family Residential Properties	2,062	11.1
Secured by Multifamily (5 or more) Residential Properties	842	4.5
Secured by Nonfarm Nonresidential Properties	8,542	46.1
Total Real Estate Loans	**16,464**	**88.8**
Commercial and Industrial Loans	1,721	9.3
Agricultural Production and Other Loans to Farmers	0	0.0
Consumer Loans	343	1.9
Obligations of State and Political Subdivisions in the U.S.	0	0.0
Other Loans	1	<0.1
Lease Financing Receivable (net of unearned income)	0	0.0
Less: Unearned Income	0	0.0
Total Loans	**18,529**	**100.0**
Source: Reports of Condition and Income (03/31/2021)		

Based on the information discussed in this section as well as other regulatory data, the institution's financial condition, size, product offerings, prior performance, and status of any legal impediments did not affect its ability to meet the assessment area's credit needs.

DESCRIPTION OF ASSESSMENT AREA

Capital Bank of Texas designated one assessment area, the Texas Non-Metropolitan Statistical Area Assessment Area (Non-MSA AA) consisting of six contiguous census tracts in the entire counties of Dimmit and Zavala. The assessment area conforms to CRA regulatory requirements.

The Non-MSA AA accounts for 100 percent of the bank's loans, deposits, and offices considered in this evaluation. Examiners performed a full-scope review of this area. As reflected in the following table, the bank operates both offices and one ATM in this assessment area. At the bank's previous CRA performance evaluation, the main office operated in a moderate-income census tract, specifically census tract 9502.00; however, the census tract became a middle-income geography in 2017.

Office Locations					
County/Office	**Office Type**	**Census Tract Number**	**Census Tract Income Level**	**ATM**	**Office Opened or Closed Since Last Evaluation**
Dimmit County: 2105 N. First St., Carrizo Springs	Main	9502.00	Middle	1	No
Zavala County: 925 N. Veterans Ave., Crystal City	Branch	9503.02	Moderate	0	No
Source: Bank Data; 2015 American Community Survey (ACS) Census					

Economic and Demographic Data

The area's six census tracts reflect the following income designations based on the 2015 ACS Census data: 1 low-, 4 moderate-, 1 middle-, and no upper-income tracts. Since 2017, tract number 9502.00 in Dimmit County has been designated as a distressed/poverty identified area.

According to business demographic data, the services industry represents the largest portion of businesses at 35.4 percent; followed by retail trade at 17.1 percent, and non-classifiable trades at 8.7 percent. In addition, 59.4 percent of the area's businesses maintain 4 or fewer employees and 75.8 percent operate from a single location.

Major employers in the bank's assessment area include various oil and gas companies such as Axis Energy, LLC and Apache Corporation. Other major employers include the Carrizo Springs CISD, Dimmit Regional Hospital, and Border Patrol along with other various county and city governmental offices. Based on data from the U.S. Bureau of Labor and Statistics, the following table shows that Dimmit County posted unemployment rates comparable to both the State of Texas and National figures, while Zavala County's rates landed significantly higher, suggesting a relatively weaker economy in Zavala County.

Unemployment Rates		
Area	**December 2020**	**May 2021**
	%	**%**
Dimmit County	6.4	5.8
Zavala County	14.1	12.4
Texas Average	7.6	5.9
National Average	8.1	5.5
Source: Bureau of Labor Statistics		

According to the 2015 ACS Census, the assessment area's population includes 7,195 households of which 51.4 percent reported either low- or moderate-incomes. Approximately 29.4 percent of the area's households and 22.4 percent of the families reported incomes below the poverty level. The census data also reflected that 53.9 percent of the area's families reported either low- or moderate-incomes. These figures suggest that fewer opportunities exist to extend higher dollar, longer term loans to the area's low- and moderate-income families. Further, data shows that individuals under the age of 16 and over the age of 65 comprise over four-fifths of the area's population. Such individuals generally have more limited credit needs, further decreasing loan demand.

Finally, in addition to general economic decline and adverse impacts to the area due to the COVID-19 pandemic as further described by the community contact below, the area has experienced the departure of oilfield workers and retirees in recent years, resulting in further economic decline and even more limited loan demand. The following table provides additional demographic and economic data for the assessment area.

Demographic Information of the Assessment Area
Non-MSA AA

Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	6	16.7	66.7	16.7	0.0	0.0
Population by Geography	22,742	9.4	53.4	37.2	0.0	0.0
Housing Units by Geography	8,650	8.9	52.3	38.8	0.0	0.0
Owner-Occupied Units by Geography	4,924	6.2	55.0	38.8	0.0	0.0
Occupied Rental Units by Geography	2,271	16.2	41.8	42.0	0.0	0.0
Vacant Units by Geography	1,455	6.9	59.4	33.7	0.0	0.0
Businesses by Geography	752	7.6	38.6	53.9	0.0	0.0
Farms by Geography	37	10.8	45.9	43.2	0.0	0.0
Family Distribution by Income Level	4,871	36.2	17.7	17.7	28.4	0.0
Household Distribution by Income Level	7,195	37.2	14.2	14.8	33.8	0.0
Median Family Income Non-MSAs - TX		$52,198	Median Housing Value			$50,638
			Median Gross Rent			$564
			Families Below Poverty Level			22.4%

Source: 2015 ACS Census; 2020 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.

Examiners used applicable FFIEC median family income (MFI) information to analyze consumer loans under the borrower profile performance factor. The following table presents the low-, moderate-, middle-, and upper-income ranges based on the applicable 2020 FFIEC median family income of $59,100.

Median Family Income Ranges				
Median Family Incomes	**Low <50%**	**Moderate 50% to <80%**	**Middle 80% to <120%**	**Upper ≥120%**
TX NA Median Family Income (99999)				
2020 ($59,100)	<$29,550	$29,550 to <$47,280	$47,280 to <$70,920	≥$70,920
Source: FFIEC				

Competition

The assessment area contains a relatively low level of competition from other chartered banks based on its population, with each of the five offices from its three institutions serving about 4,548 people, on average. Credit unions, mortgage companies, finance companies, and payday lenders also compete for loans in the area, thus adding to the competition level. Capital Bank of Texas ranks 2nd in deposit market share by capturing 27.8 percent of the area's deposits based on the June 30, 2020, FDIC Deposit Market Share Report. Overall, the competition level allows for some lending opportunities.

Community Contact

Examiners contacted a community member knowledgeable of the area's economic and business environments to help assess the current economic conditions, community credit needs, and potential opportunities for bank involvement in the area. The contact described the area's economic conditions as stagnant to declining. According to the contact, jobs in the oil and gas industry at present are not stable for long-term employment. The contact noted that the younger generation are moving out of the area seeking job opportunities in larger cities and that there is limited growth in the commercial area, which appears to be dependent on the oil and gas industry. The contact also noted declining economic growth due to the impacts of the COVID-19 pandemic. The contact shared that local financial institutions perform well in meeting the community's financial needs but loan demand is limited due to the declining economic environment.

Credit Needs

The area presents a variety of credit needs and lending opportunities; however, with a depressed and declining economic condition, loan demand is weak. Considering information obtained from the community contact, bank management, as well as demographic and economic data, examiners concluded that the area's primary credit needs include consumer, commercial, and farm loans.

SCOPE OF EVALUATION

General Information

Examiners evaluated performance based on FFIEC Small Institution CRA Examination Procedures, which include the Lending Test. The appendices list the applicable test's criteria. This evaluation covers the period from October 5, 2015, to July 26, 2021, the date of the previous evaluation to this evaluation's date.

Activities Reviewed

For the Lending Test, CRA Small Bank procedures require examiners to determine the bank's major product lines for review. As an initial matter, examiners may select from among 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 originations and purchases over the most recent full calendar year, 2020. The activity reflects a generally consistent pattern with the bank's lending emphasis since the last evaluation.

Loans Originated or Purchased				
Loan Category	**$(000s)**	**%**	**#**	**%**
Construction and Land Development	2,894	25.9	22	31.4
Secured by Farmland	0	0.0	0	0.0
Secured by 1-4 Family Residential Properties	472	4.2	1	1.4
Multi-Family (5 or more) Residential Properties	0	0.0	0	0.0
Commercial Real Estate Loans	500	4.5	1	1.4
Commercial and Industrial Loans	2,819	25.3	22	31.5
Agricultural Loans	4,200	37.7	1	1.4
Consumer Loans	265	2.4	23	32.9
Other Loans	0	0.0	0	0.0
Total Loans	**11,150**	**100.0**	**70**	**100.0**
Source: Bank Data (2020)				

Considering the number and dollar volume of loans originated in the previous table as well as management's stated business strategy, examiners determined that the bank's major product lines, of those typically reviewed, consist of commercial lending (commercial and industrial and commercial real estate loans) at 29.8 percent of the dollar volume of loans originated during 2020 and consumer loans at 32.9 percent of the number. Since none of the other typically considered loan categories represent a major product line and thus would not materially affect any conclusions or ratings, including residential and agricultural loans, this evaluation does not discuss them. Although agricultural loans accounted for 37.7 percent of the dollar volume of loans originated in 2020, examiners noted that only one loan comprised such dollar volume and therefore, consistent with the bank's business strategy, agricultural loans did not represent a major product line.

Consequently, this evaluation considered the universe of 23 small business loans totaling $3,319,000 and the universe of 23 consumer loans totaling $265,000 originated during 2020. D&B data for 2020 and 2015 ACS Census data provided a standard of comparison for the small business and consumer loans reviewed, respectively.

Examiners considered the universes of the dollar volume and number of loans originated in 2020 for the loan categories reviewed, as reflected in the following table, as well as management's stated business strategy to determine the weighting applied to those categories when evaluating the applicable performance factors. Consequently, examiners weighed small business loans heavier than consumer loans when arriving at applicable conclusions.

Loan Products Reviewed				
Loan Category	**Universe**		**Reviewed**	
	#	**$(000s)**	**#**	**$(000s)**
Small Business	23	3,319	23	3,319
Consumer	23	265	23	265
Source: Bank Data				

CONCLUSIONS ON PERFORMANCE CRITERIA

LENDING TEST

Capital Bank of Texas demonstrated a satisfactory record regarding the Lending Test. Reasonable records regarding the bank's borrower profile loan distribution and LTD ratio, as well as a majority of loans originated in the bank's assessment area, outweighed a poor record regarding the geographic loan distribution to support this conclusion.

Loan-to-Deposit Ratio

The LTD ratio is reasonable (considering seasonal variations and taking into account lending-related activities) given the institution's size, financial condition, and assessment area credit needs. The bank recorded a 38.0 percent average, net LTD ratio for the 22 calendar quarters since the previous evaluation, October 5, 2015, to March 31, 2021. The bank's quarterly, net LTD ratios ranged from a low of 24.3 percent on March 31, 2021, to a high of 53.5 percent as of June 30, 2016. The quarterly ratios have steadily declined from the beginning of the review period due largely to limited and declining loan demand as noted under Description of Assessment Area.

Examiners identified and listed in the following table four comparable institutions reflecting somewhat similar lending emphases and asset sizes, and that operate in or near the bank's assessment area. The table shows that Capital Bank of Texas posted the highest ratio out of those listed, landing 1.0 percentage point above the next highest listed ratio and 22.9 percentage points above the lowest listed ratio.

Loan-to-Deposit (LTD) Ratio Comparison		
Bank	**Total Assets as of 03/31/2021 ($000s)**	**Average Net LTD Ratio (%)**
Capital Bank of Texas, Carrizo Springs, Dimmit County, TX	**86,404**	**38.0**
Dilley Sate Bank, Dilley, Frio County, TX	134,049	15.1
Stockmans National Bank, Cotulla, LaSalle County, TX	105,634	17.2
First National Bank, Hebbronville, Jim Hogg County, TX	97,858	37.0
Zavala County Bank, Crystal City, Zavala County, TX	80,014	15.2
Source: Reports of Condition and Income (12/31/2015 to 03/31/2021)		

Assessment Area Concentration

A majority of loans and other lending-related activities are in the institution's assessment area. A majority of small business loans by number combined with a majority of consumer loans by both number and dollar originated inside the assessment area support this conclusion. Examiners considered the bank's asset size and office structure as well as the loan categories reviewed relative to the assessment area's size and economy when arriving at this conclusion.

Small Business Loans

The following table shows that for small business loans by number, the bank originated a majority inside its assessment area; however, the table also shows that by dollar volume, the bank originated a majority outside its assessment area. Examiners noted that the bank originated a majority of the small business loans, by dollar, outside its assessment area due to its loan production office operations in Austin, Texas, and demand for larger dollar small business loans in such area.

Consumer Loans

The following table shows that, both by number and dollar volume of loans, the bank made a majority of its consumer loans within the assessment area. This performance demonstrates the bank's willingness to provide credit to borrowers within its assessment area.

Lending Inside and Outside of the Assessment Area										
Loan Category	**Number of Loans**				**Total #**	**Dollar Amount of Loans $(000s)**				**Total $(000s)**
	Inside		**Outside**			**Inside**		**Outside**		
	#	**%**	**#**	**%**		**$**	**%**	**$**	**%**	
Small Business	14	60.9	9	39.1	23	1,073	32.3	2,246	67.7	3,319
Consumer	20	87.0	3	13.0	23	164	61.9	101	38.1	265
Source: Bank Data *Due to rounding, totals may not equal 100.0%*										

Geographic Distribution

The geographic distribution of loans reflects poor dispersion throughout the assessment area. A poor record regarding small business loans not sufficiently hampered by very poor performance regarding consumer loans in the bank's Non-MSA AA supports this conclusion.

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

Small Business Loans

The geographic distribution of small business loans within the Non-MSA AA reflects poor performance. Reasonable performance in the low-income census tract somewhat hampered by very poor performance in the moderate-income tracts, coupled with performance context considerations, support this conclusion. Given the demographic data, examiners placed more emphasis on the bank's performance in the moderate-income census tracts.

The following table shows that in the low-income census tract, the bank's level of lending rises above D&B data by 6.7 percentage points, reflective of reasonable performance. The table also shows that in moderate-income geographies, the bank's level falls 24.3 percentage points below D&B data, reflective of very poor performance. Although the bank's record in moderate-income census tracts received more weight, examiners considered performance context information including the bank's main office's transition from a moderate-income census tract to a middle-income geography during the review period, and examiners noted that a majority of the bank's lending originated from this location. Consequently, the following table shows that 71.4 of the small business loans reviewed were in this one distressed/poverty identified area.

Geographic Distribution of Small Business Loans
Non-MSA AA

Tract Income Level	% of Businesses	#	%	$(000s)	%
Low	7.6	2	14.3	13	1.2
Moderate	38.6	2	14.3	101	9.4
Middle	53.9	10	71.4	959	89.4
Upper	0.0	0	0.0	0	0.0
Not Available	0.0	0	0.0	0	0.0
Totals	**100.0**	**14**	**100.0**	**1,073**	**100.0**

Source: 2020 D&B Data; Bank Data
Due to rounding, totals may not equal 100.0%

Consumer Loans

The geographic distribution of consumer loans reflects a very poor dispersion throughout the bank's assessment area. Poor performance in the low-income census tract hampered by very poor performance in the moderate-income tracts, coupled with performance context considerations, support this conclusion. Examiners afforded more weight to performance in moderate-income census tracts given the greater lending opportunity as illustrated by the corresponding percentage of households.

The following table shows that in the low-income census tract, the bank's level falls below, by 9.3 percentage points, the percentage of households, reflective of poor performance. In moderate-income census tracts, the table further shows that the bank's level of lending falls significantly below, by 20.8 percentage points, the percentage of households, thereby reflecting very poor performance. Although the bank's record in moderate-income census tracts received more weight, examiners considered performance context information including the bank's main office's census tract transition as previously noted. Nonetheless, the bank's overall geographic distribution of consumer loans continues to reflect very poor performance.

Geographic Distribution of Consumer Loans Non-MSA AA					
Tract Income Level	**% of Households**	**#**	**%**	**$(000s)**	**%**
Low	9.3	0	0.0	0	0.0
Moderate	50.8	6	30.0	41	25.0
Middle	39.8	14	70.0	123	75.0
Upper	0.0	0	0.0	0	0.0
Not Available	0.0	0	0.0	0	0.0
Totals	**100.0**	**20**	**100.0**	**164**	**100.0**
Source: 2015 ACS Census; Bank Data *Due to rounding, totals may not equal 100.0%*					

Borrower Profile

The distribution of borrowers reflects, given the demographics of the assessment area, reasonable penetration among individuals of different income levels (including low- and moderate-income) and businesses of different sizes. Reasonable records regarding small business and consumer loans in the bank's Non-MSA AA support this conclusion.

Examiners considered the bank's performance relative to the available comparative data, focusing primarily on the percentages by number of loans to businesses with gross annual revenues (GARs) of $1 million or less and loans to low- and moderate-income borrowers, as well as performance context information, when arriving at conclusions. This analysis only considered loans originated within the bank's assessment area.

Small Business Loans

The borrower profile distribution of small business loans reflects reasonable penetration among businesses of different sizes in the Non-MSA AA. A reasonable record regarding the bank's overall level of lending to businesses with GARs of $1 million or less primarily supports this conclusion.

The table below shows that the bank originated less than a majority of its small business loans to businesses with GARs of $1 million or less, typically reflecting poor performance. While the bank's level trailed, by 41.6 percentage points, the percent of businesses reporting GARs of $1 million or less, the table also notes 9 small business loans to businesses with revenues not available. The nine loans originated as Paycheck Protection Program (PPP) loans, which carried no requirement to collect revenue information. During the 2020 year, the bank originated 12 PPP loans, totaling $941,522, in conjunction with normal small business lending, illustrating the bank's willingness to meet credit needs of businesses of varying sizes, including small businesses. Excluding the PPP loans with revenue not available from the calculation, the bank originated 80.0 percent of the small business loans reviewed to businesses with GARs of $1 million or less, supporting overall reasonable performance.

Distribution of Small Business Loans by Gross Annual Revenue Category Non-MSA AA					
Gross Revenue Level	**% of Businesses**	**#**	**%**	**$(000s)**	**%**
< $100,000	35.8	0	0.0	0	0.0
$100,000 - $249,999	23.8	3	21.4	48	4.5
$250,000 - $499,999	7.7	1	7.1	8	0.7
$500,000 - $1,000,000	2.8	0	0.0	0	0.0
Subtotal <= $1,000,000	**70.1**	**4**	**28.5**	**56**	**5.2**
>$1,000,000	5.2	1	7.1	100	9.3
Revenue Not Available	24.7	9	64.3	917	85.5
Total	**100.0**	**14**	**100.0**	**1,073**	**100.0**
Source: 2020 D&B Data, Bank Data *Due to rounding, totals may not equal 100.0%*					

As a result of the volume of PPP loans without revenue available, examiners also evaluated such loans using loan size as a proxy. As illustrated in the below table, a clear majority of the PPP loans with revenue not available by number had loan sizes of less than $100,000, demonstrating the bank's willingness to help serve the needs of small businesses in the assessment area and further supporting reasonable performance.

Distribution of PPP Loans by Loan Size Non-MSA AA				
Loan Size	**#**	**%**	**$(000s)**	**%**
< $100,000	6	66.7	235	25.6
$100,000 - $249,999	2	22.2	361	39.4
$250,000 - $499,999	1	11.1	321	35.0
Total	**9**	**100.0**	**917**	**100.0**
Source: Bank Data				

Consumer Loans

The distribution of consumer loans reflects reasonable penetration among borrowers of different income levels in the Non-MSA AA. Poor performance to low-income borrowers somewhat lifted by excellent performance to moderate-income borrowers supports this conclusion. Examiners afforded more weight to performance to low-income borrowers given the corresponding demographic data.

The following table shows that to low-income borrowers, the bank's level of lending falls 12.2 percentage points below the demographic figure, reflective of poor performance. The table also shows that the bank's distribution of loans originated to moderate-income borrowers rises 15.8 percentage points above the demographic figure, reflective of excellent performance.

Distribution of Consumer Loans by Borrower Income Level Non-MSA AA					
Borrower Income Level	**% of Households**	**#**	**%**	**$(000s)**	**%**
Low	37.2	5	25.0	33	20.1
Moderate	14.2	6	30.0	44	26.8
Middle	14.8	5	25.0	42	25.6
Upper	33.8	4	20.0	45	27.4
Not Available	0.0	0	0.0	0	0.0
Totals	**100.0**	**20**	**100.0**	**164**	**100.0**
Source: 2015 ACS Census; Bank Data *Due to rounding, totals may not equal 100.0%*					

Response to Complaints

The institution did not receive any CRA-related complaints since the previous evaluation; therefore, this criterion did not affect the rating.

DISCRIMINATORY OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

The bank's compliance with the laws relating to discrimination and other illegal credit practices was reviewed, including the Fair Housing Act and the Equal Credit Opportunity Act. Examiners did not identify any discriminatory or other illegal credit practices.

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 geographic distribution of the bank's loans;
4) 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; 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 bank 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.

List of Branch Locations

1. **Austin (Census Tract: 0019.10)**

   Address:
   4301 Westbank Dr.
   Ste. 100C
   Austin, TX 78746

   Lobby Hours:

Monday-Friday	9:00AM – 4:00PM
Saturday & Sunday	Closed

   Drive-thru Hours:

Monday-Friday	9:00AM – 4:00PM
Saturday & Sunday	Closed

2. **Carrizo Springs (Census Tract: 9502.00)**

   Address:
   2105 North 1st Street
   Carrizo Springs, TX 78834

   Lobby Hours:

Monday-Friday	9:00AM – 4:00PM
Saturday & Sunday	Closed

   Drive-thru Hours:

Monday-Thursday	9:00AM – 5:00PM
Friday	9:00AM – 6:00PM
Saturday	9:00AM – 1:00PM
Sunday	Closed

3. **Crystal City (Census Tract: 9503.02)**

   Address:
   925 North Veterans Ave.
   Crystal City, TX 78839

   Lobby Hours:

Monday-Friday	9:00AM – 4:00PM
Saturday & Sunday	Closed

   Drive-thru Hours:

Monday-Thursday	9:00AM – 5:00PM
Friday	9:00AM – 6:00PM
Saturday & Sunday	Closed

List of Opened/Closed Branch Locations

1. **2024**
    a. 1Q 2024 – None
    b. 2Q 2024 – None
    c. 3Q 2024 – None
    d. 4Q 2024 – None

2. **2025**
    a. 1Q 2025 – None
    b. 2Q 2025 – None
    c. 3Q 2025 – None
    d. 4Q 2025 – None

3. **2026**
    a. 1Q 2026 – None
    b. 2Q 2026 – None
    c. 3Q 2026 – None

List of Bank Service (Lending/Deposit/Other)

Types of Credit Services

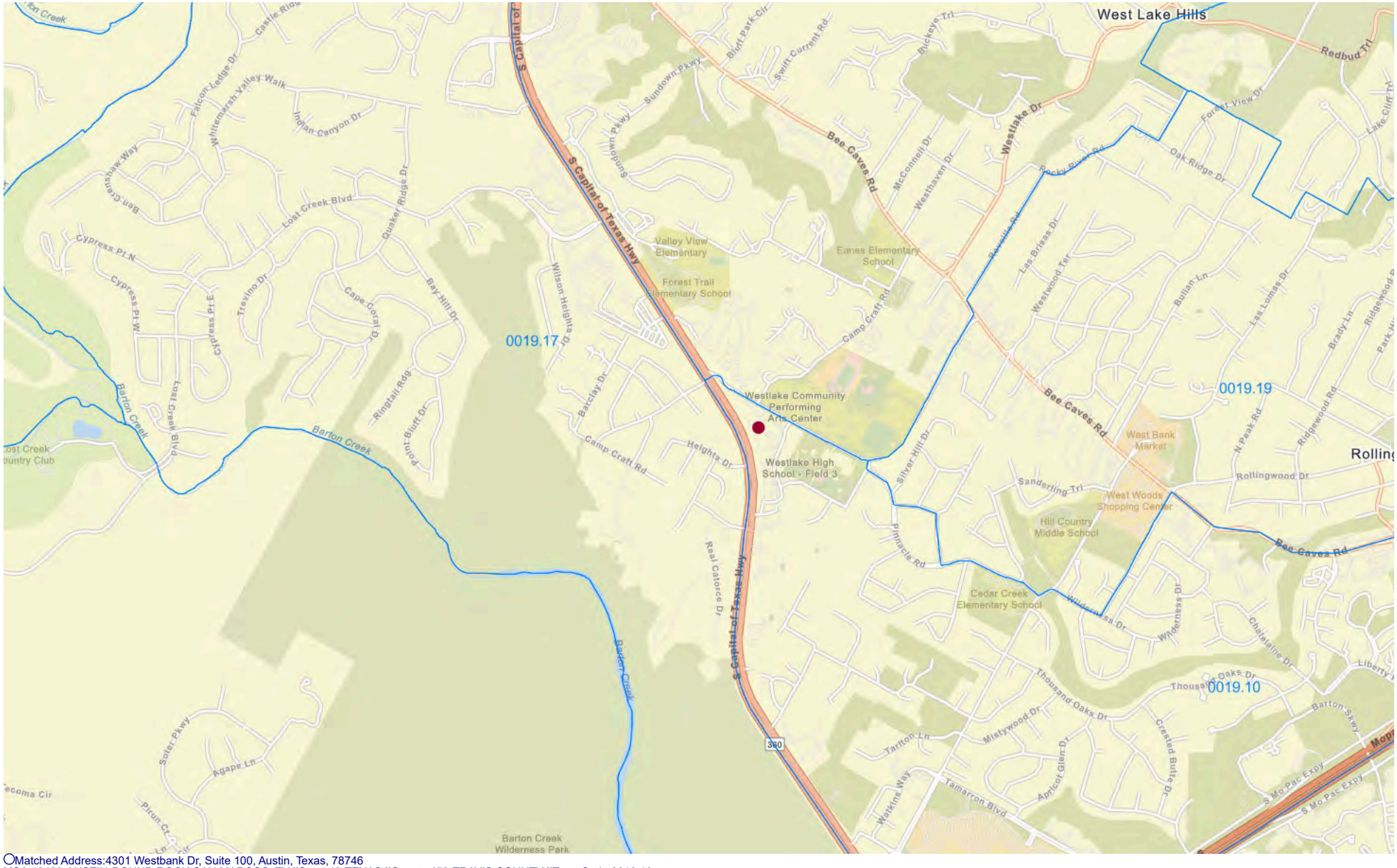
1. Consumer Loans
2. Mortgage Loans
3. Vehicle Loans
4. Real Estate Loans
5. Small Business Loans
6. Commercial Loans
7. Letters of Credit

Deposit Services

1. Regular and Interest-Bearing Checking Accounts – Consumer and Business
2. Savings Accounts – Consumer
3. Money Market Accounts - Consumer and Business
4. Certificates of Deposit Accounts – Consumer and Business

Other Services

1. Automated Teller Machine Services (ATM)
2. Safe Deposit Boxes
3. ACH Origination
4. Online Banking
5. Overdraft Coverage
6. 24-Hour Telephone Banking
7. Night Depository
8. Wire Transfers
9. PrimeBank Chap Card



Matched Address:4301 Westbank Dr, Suite 100, Austin, Texas, 78746
MSA:12420-AUSTIN-ROUND ROCK-SAN MARCOS, TX ||State:48-TEXAS ||County:453-TRAVIS COUNTY ||Tract Code:0019.10
Selected Tract
MSA:-||State:- ||County:-||Tract Code:

2026 FFIEC Geocode Census Report

Matched Address:4301 Westbank Dr, Suite 100, Austin, Texas, 78746
MSA:12420-AUSTIN-ROUND ROCK-SAN MARCOS, TX
State:48-TEXAS
County:453-TRAVIS COUNTY
Tract Code:0019.10

Summary Census Demographic Information

Tract Income Level	Upper
Underserved or Distressed Tract	No
2026 FFIEC Estimated MSA/MD/non-MSA/MD Median Family Income	$134,400
2020 Tract Median Family Income	$167,823
Tract Median Family Income %	167.46
Tract Population	4914
Tract Minority %	26.43
Owner-Occupied Units	1106
1- to 4- Family Units	1447

Census Income Information

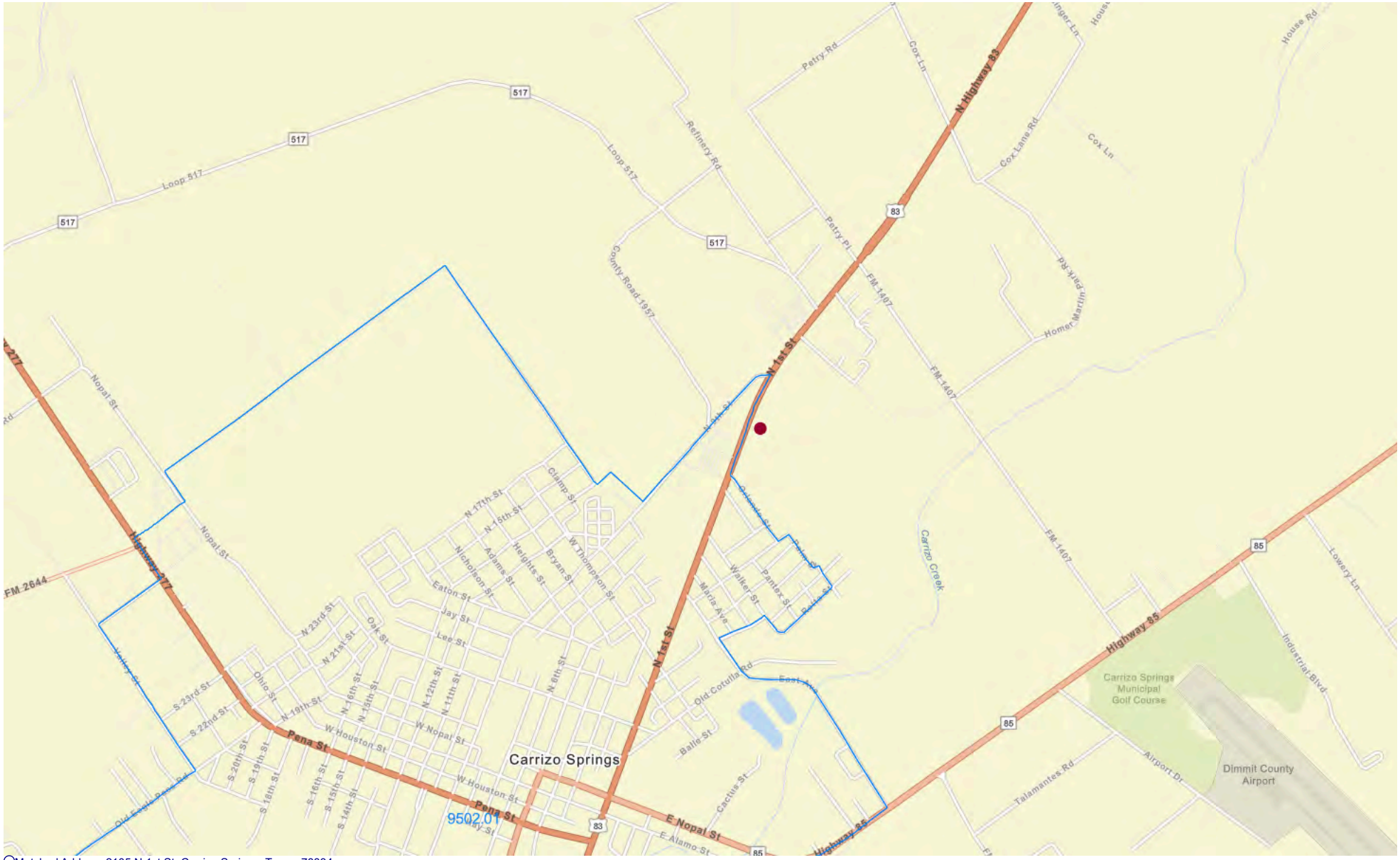
Tract Income Level	Upper
2020 MSA/MD/statewide non-MSA/MD Median Family Income	$100,215
2026 FFIEC Estimated MSA/MD/non-MSA/MD Median Family Income	$134,400
% below Poverty Line	8.86
Tract Median Family Income %	167.46
2020 Tract Median Family Income	$167,823
2020 Tract Median Household Income	$143,125

Census Population Information

Tract Population	4914
Tract Minority %	26.43
Number of Families	1260
Number of Households	1769
Non-Hispanic White Alone Population	3615
Tract Minority Population	1299
Hispanic	574
Non-Hispanic Black/African American Alone	53
Non-Hispanic American Indian/Alaska Native Alone	14
Non-Hispanic Asian Alone	399
Non-Hispanic Hawaiian/Pacific Islander Alone	0
Non-Hispanic Other Race Alone	20
Non-Hispanic Two or More Races	239

Census Housing Information

Total Housing Units	1983
1- to 4- Family Units	1447
Median House Age (Years)	35
Owner-Occupied Units	1106
Renter Occupied Units	663
Owner Occupied 1- to 4- Family Units	1081
Inside Principal City?	YES
Vacant Units	214



Matched Address:2105 N 1st St, Carrizo Springs, Texas, 78834
MSA:NA-NA (Outside of MSA) ||State:48-TEXAS ||County:127-DIMMIT COUNTY ||Tract Code:9502.02
Selected Tract
MSA:-||State:- ||County:-||Tract Code:

2026 FFIEC Geocode Census Report

Matched Address:2105 N 1st St, Carrizo Springs, Texas, 78834
MSA:NA-NA (Outside of MSA)
State:48-TEXAS
County:127-DIMMIT COUNTY
Tract Code:9502.02

Summary Census Demographic Information

Tract Income Level	Unknown
Underserved or Distressed Tract	No
2026 FFIEC Estimated MSA/MD/non-MSA/MD Median Family Income	$83,700
2020 Tract Median Family Income	$0
Tract Median Family Income %	0.00
Tract Population	2357
Tract Minority %	81.04
Owner-Occupied Units	672
1- to 4- Family Units	1230

Census Income Information

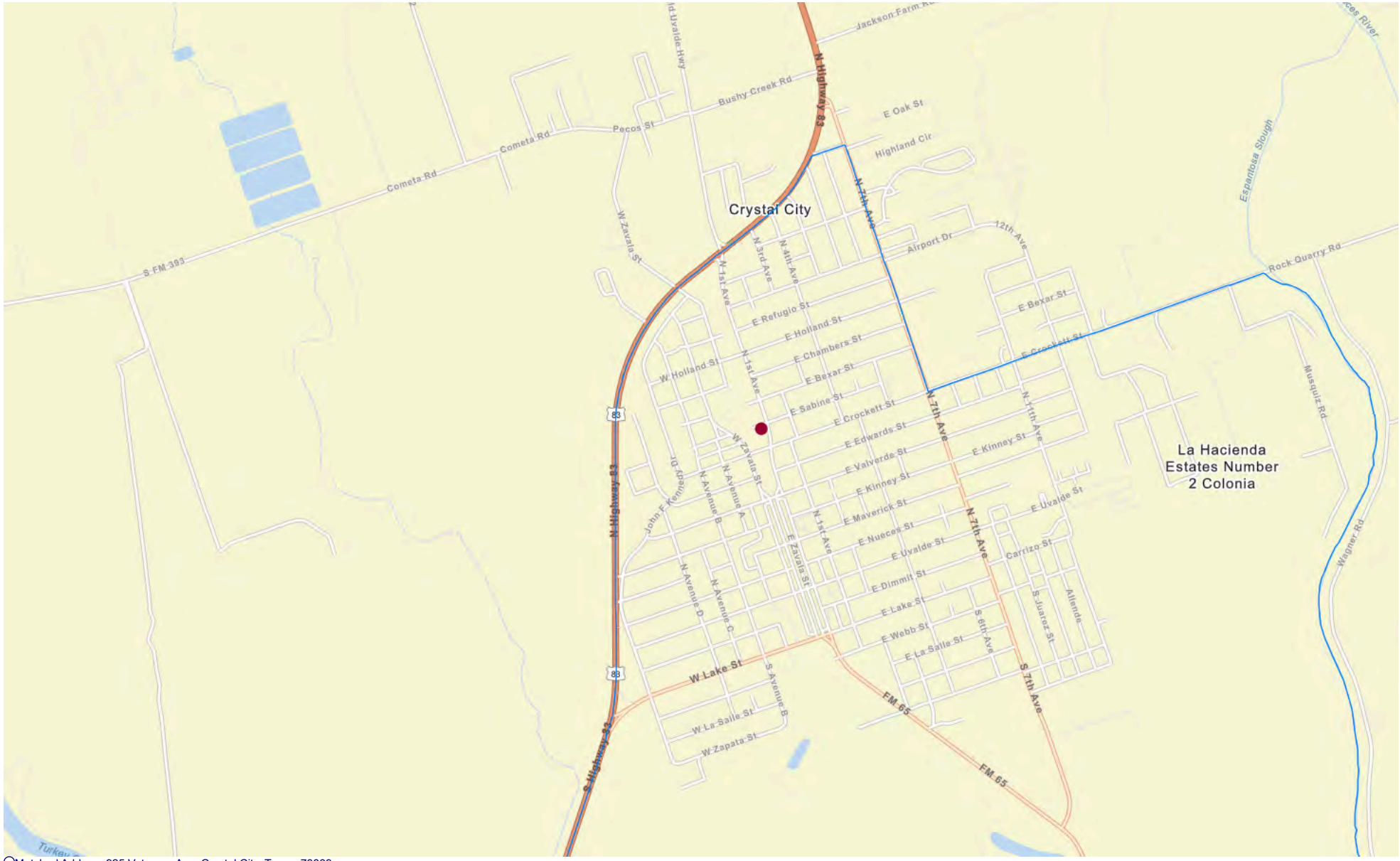
Tract Income Level	Unknown
2020 MSA/MD/statewide non-MSA/MD Median Family Income	$61,809
2026 FFIEC Estimated MSA/MD/non-MSA/MD Median Family Income	$83,700
% below Poverty Line	59.10
Tract Median Family Income %	0.00
2020 Tract Median Family Income	$0
2020 Tract Median Household Income	$18,375

Census Population Information

Tract Population	2357
Tract Minority %	81.04
Number of Families	699
Number of Households	736
Non-Hispanic White Alone Population	447
Tract Minority Population	1910
Hispanic	1859
Non-Hispanic Black/African American Alone	10
Non-Hispanic American Indian/Alaska Native Alone	0
Non-Hispanic Asian Alone	17
Non-Hispanic Hawaiian/Pacific Islander Alone	2
Non-Hispanic Other Race Alone	0
Non-Hispanic Two or More Races	22

Census Housing Information

Total Housing Units	1344
1- to 4- Family Units	1230
Median House Age (Years)	25
Owner-Occupied Units	672
Renter Occupied Units	64
Owner Occupied 1- to 4- Family Units	672
Inside Principal City?	NO
Vacant Units	608



Matched Address:925 Veterans Ave, Crystal City, Texas, 78839
MSA:NA-NA (Outside of MSA) ||State:48-TEXAS ||County:507-ZAVALA COUNTY ||Tract Code:9503.02
Selected Tract
MSA:-||State:- ||County:-||Tract Code:

2026 FFIEC Geocode Census Report

Matched Address:925 Veterans Ave, Crystal City, Texas, 78839
MSA:NA-NA (Outside of MSA)
State:48-TEXAS
County:507-ZAVALA COUNTY
Tract Code:9503.02

Summary Census Demographic Information

Tract Income Level	Moderate
Underserved or Distressed Tract	No
2026 FFIEC Estimated MSA/MD/non-MSA/MD Median Family Income	$83,700
2020 Tract Median Family Income	$41,163
Tract Median Family Income %	66.59
Tract Population	5588
Tract Minority %	97.17
Owner-Occupied Units	1733
1- to 4- Family Units	2288

Census Income Information

Tract Income Level	Moderate
2020 MSA/MD/statewide non-MSA/MD Median Family Income	$61,809
2026 FFIEC Estimated MSA/MD/non-MSA/MD Median Family Income	$83,700
% below Poverty Line	27.39
Tract Median Family Income %	66.59
2020 Tract Median Family Income	$41,163
2020 Tract Median Household Income	$40,563

Census Population Information

Tract Population	5588
Tract Minority %	97.17
Number of Families	1759
Number of Households	2059
Non-Hispanic White Alone Population	158
Tract Minority Population	5430
Hispanic	5344
Non-Hispanic Black/African American Alone	44
Non-Hispanic American Indian/Alaska Native Alone	9
Non-Hispanic Asian Alone	6
Non-Hispanic Hawaiian/Pacific Islander Alone	1
Non-Hispanic Other Race Alone	3
Non-Hispanic Two or More Races	23

Census Housing Information

Total Housing Units	2288
1- to 4- Family Units	2288
Median House Age (Years)	49
Owner-Occupied Units	1733
Renter Occupied Units	326
Owner Occupied 1- to 4- Family Units	1733
Inside Principal City?	NO
Vacant Units	229

PrimeBank Quarterly Loan to Deposit Ratio				
Date	Total Assets (in thousands)	Net Loans (in thousands)	Total Deposits (in thousands)	Net LTD Ration (%)
3/31/2025	$224,381	$124,660	$193,295	64.49%
6/30/2025	$225,757	$143,737	$194,276	73.99%
9/30/2025	$264,382	$157,889	$231,461	68.21%
12/31/2025	$290,358	$165,966	$257,000	64.58%
3/31/2026	$275,404	$173,457	$241,338	71.87%
6/30/2026	$279,739	$184,209	$244,240	75.42%
Avg. Quarterly Bank LTD Ration (%) Since last FDIC CRA Examination (7/2021)				**69.76%**