The First State Bank

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NMLS #512403

Community Reinvestment Act Public File

July 31, 2026



Public Comments

The First State Bank did not receive any public comments regarding Community Reinvestment Act performance.



Public Disclosure

Statement Performance

Evaluation Consumer

Loan Data

PUBLIC DISCLOSURE

July 17, 2023

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

The First State Bank
Certificate Number:
17588

206 North Street
Louise, Texas 77455

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

600 North Pearl Street, Suite 700
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 areas, including low- and moderate-income neighborhoods, in a manner consistent with its resources and capabilities.

The First State Bank's (TFSB) satisfactory Lending Test record not sufficiently lifted by its outstanding Community Development Test record supports the overall Community Reinvestment Act (CRA) rating.

The Lending Test is rated Satisfactory.

- The loan-to-deposit ratio (LTD) 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 are in the institution's assessment areas.

- The geographic distribution of loans reflects reasonable dispersion throughout the assessment areas.

- The distribution of borrowers reflects, given the demographics of the assessment areas, reasonable penetration among businesses and farms of different sizes.

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

The Community Development Test is rated Outstanding.

The institution's community development performance demonstrates excellent responsiveness to community development needs in its assessment areas through community development (CD) loans, qualified investments (QIs), and CD services, as appropriate, considering the institution's capacity and the need and availability of such opportunities for community development in the institution's assessment areas. Excellent responsiveness to the community development needs coupled with an excellent record regarding CD loans, without simply ignoring the other types of community development activities, supports this conclusion. The bank also demonstrated an excellent record regarding its QIs and an adequate record regarding its CD services.

DESCRIPTION OF INSTITUTION

TFSB, headquartered in Louise, Texas, began operations in 1956. Louise Bancshares, Inc., of Louise, Texas, a one-bank holding company, wholly owns the bank. At the previous evaluation, dated June 23, 2020, and conducted by the Federal Deposit Insurance Corporation (FDIC), TFSB received a Satisfactory performance rating pursuant to Federal Financial Institutions Examination Council (FFIEC) Intermediate Small Institution CRA Examination Procedures.

The bank maintains a primary focus on commercial and farm loans from its 12 full-service offices as well as from a loan production office in Wharton County and a loan production office in Fort Bend County, all in the State of Texas. The bank acquired Dilley State Bank in Dilley, Texas, a one-office bank in October 2021, and did not experience any additional office openings or closures since the last evaluation.

The bank offers a variety of loan products including commercial, agricultural, residential, construction, and consumer loans. It also provides a variety of deposit services including personal and business checking accounts, interest-bearing accounts, money market deposit accounts, savings accounts, certificates of deposits, and individual retirement accounts. Alternative banking systems include automated teller machines (ATM), internet and mobile banking, mobile check deposit, and electronic bill pay. The institution maintains banking hours typical for the areas and the industry, with full-service offices open Monday through Friday.

As of March 31, 2023, assets totaled approximately $806.7 million, consisting primarily of net loans and leases of $543.5 million, securities of $194.6 million, and cash of $38.1 million. Total deposits totaled approximately $748.9 million as of the same date. Since the last evaluation, on average per year, total assets increased 18.5 percent, net loans increased 14.0 percent, and total deposits increased 20.2 percent, which can be attributed to the acquisition of Dilley State Bank.

As shown in the following table, the loans outstanding as of March 31, 2023, reflect a distribution generally consistent with that of the loans originated and purchased during 2022, as discussed under the Scope of Evaluation. Commercial loans at 30.5 percent of total loans and agricultural loans at 32.1 percent represent the largest loan categories.

Loan Portfolio Distribution as of 03/31/2023		
Loan Category	$(000s)	%
Construction, Land Development, and Other Land Loans	120,639	21.9
Secured by Farmland	115,503	21.0
Secured by 1-4 Family Residential Properties	75,417	13.7
Secured by Multifamily (5 or more) Residential Properties	4,952	0.9
Secured by Nonfarm Nonresidential Properties	113,619	20.6
Total Real Estate Loans	430,130	78.1
Commercial and Industrial Loans	54,360	9.9
Agricultural Production and Other Loans to Farmers	61,298	11.1
Consumer Loans	3,468	0.6
Obligations of State and Political Subdivisions in the U.S.	760	0.2
Other Loans	608	0.1
Lease Financing Receivable (net of unearned income)	0	0.0
Less: Unearned Income	0	0.0
Total Loans	550,624	100.0
Source: Reports of Condition and Income		

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

DESCRIPTION OF ASSESSMENT AREAS

TFSB designated five assessment areas for CRA purposes: 1) a portion of the Texas non-Metropolitan Statistical Area (MSA) consisting of Jackson, Matagorda, and Wharton Counties, 2) a portion of the Texas non-MSA consisting of Refugio County, 3) a portion of the Texas Non-MSA consisting of Frio County, which the institution added with the acquisition of Dilley State Bank, 4) a portion of the Houston-The Woodlands-Sugar Land, TX MSA consisting of Brazoria and Fort Bend Counties (Houston MSA AA), and 5) a portion of the Victoria, TX MSA consisting of Victoria County (Victoria MSA AA). Due to the non-MSA assessment areas being in the same geographical area and presenting no performance anomalies, examiners combined the three areas into the Non-MSA AA for presentation purposes.

As noted in the below table, the combined assessment areas encompass 272 census tracts reflecting the following income designations as of the 2020 U.S. Census: 5 low-, 45 moderate-, 97 middle-, 120 upper-income tracts, and 5 tracts with no income designation. The areas conform to CRA regulatory requirements. FEMA declared two major disaster declarations involving all counties within the bank's assessment areas involving COVID-19 and severe winter storms in 2020 and 2021, respectively. In addition, Frio and Matagorda Counties' middle-income census tracts were identified as distressed and underserved in 2020, 2021, and 2022. Refer to the individual discussions of the assessment areas for more detail.

Description of Assessment Areas			
Assessment Area	Counties in Assessment Area	# of CTs	# of Branches
Houston MSA AA	Brazoria and Fort Bend	211	2
Victoria MSA AA	Victoria	25	1
Non-MSA AA	Jackson, Matagorda, Wharton, Refugio, and Frio	36	9
Source: Bank Data			

SCOPE OF EVALUATION

General Information

This evaluation covers the period from the prior evaluation dated June 23, 2020, to the current evaluation dated July 17, 2023. Examiners used the Interagency Intermediate Small Institution Examination Procedures to evaluate TFSB's CRA performance. These procedures include two tests: the CRA Small Bank Lending Test and the Community Development Test. The Appendices list the criteria used under each test.

Examiners applied full-scope procedures to all three assessment areas at the last evaluation. The following table shows that the bank generated a substantial majority of its loans, garnered the largest percentage of its deposits, and operated a majority of its offices in the Non-MSA AA. Consequently, examiners applied full-scope procedures to and placed the greatest weight on the

bank's performance in the Non-MSA AA at this evaluation. Examiners also applied full-scope procedures to the Houston MSA AA since it generated the second largest volume of loans and deposits, and applied limited-scope procedures to the Victoria MSA AA. Examiners generally weighed each area consistent with that area's overall lending level reflected in the below table.

Assessment Area Breakdown of Loans, Deposits, and Branches						
Assessment Area	Loans		Deposits		Branches	
	$(000s)	%	$(000s)	%	#	%
Houston MSA AA	73,527	24.2	92,424	12.3	2	16.7
Victoria MSA AA	38,279	12.6	41,915	5.6	1	8.3
Non-MSA AA	191,653	63.2	615,796	82.1	9	75.0
Total	303,459	100.0	750,135	100.0	12	100.0
Source: 2022 Bank Data; FDIC Summary of Deposits (06/30/2022) Due to rounding, totals may not equal 100.0%						

Activities Reviewed

For the Lending Test, examiners considered the number and dollar volume lending emphasis revealed in the following table as well as management's stated business strategy to determine the bank's major product lines for which to complete analysis. The following table shows the bank's originations and purchases by loan type. Farm loans (Secured by Farmland and Agricultural Loans) account for 42.1 percent of total loans by dollar volume in 2022 and commercial loans (Commercial Real Estate Loans and Commercial and Industrial Loans) account for 24.2 percent, representing the bank's primary product types of those typically considered. Consequently, examiners reviewed small farm and small business loans when evaluating performance under the Lending Test. No other loan types of those typically considered, such as home mortgage or consumer loans represent a major product line. Therefore, they provide no material support for conclusions or ratings, and this evaluation does not include a review ofthem.

Loans Originated or Purchased				
Loan Category	$(000s)	%	#	%
Construction and Land Development	108,269	25.3	327	18.4
Secured by Farmland	47,256	11.1	85	4.8
Secured by 1-4 Family Residential Properties	31,412	7.4	121	6.8
Multi-Family (5 or more) Residential Properties	820	0.2	2	0.1
Commercial Real Estate Loans	39,041	9.1	91	5.1
Commercial and Industrial Loans	64,630	15.1	432	24.3
Agricultural Loans	132,710	31.0	449	25.2
Consumer Loans	3,260	0.8	272	15.3
Other Loans	36	<0.1	1	<0.1
Total Loans	427,434	100.0	1,780	100.0
Source: 2022 Bank Data Due to rounding, totals may not equal 100.0%				

As shown in the table above, TFSB originated 523 commercial loans totaling approximately $103.7 million in 2022, of which 505 loans totaling nearly $70.4 million met the definition of a small business loan. Also shown in the table above, TFSB originated 534 farm loans totaling nearly $180.0 million in 2022, of which 435 loans totaling $55.3 million met the definition of a small farm loan.

Based upon readily available data, examiners reviewed the universes of small business and small farm loans originated from January 1, 2022, through December 31, 2022, when evaluating the bank's assessment area concentration performance. Additionally, examiners reviewed the universes of small business and small farm loans in 2022 originated inside the bank's assessment areas when evaluating geographic distribution performance. Finally, examiners selected a sample of 61 small business loans totaling $10.9 million and 58 small farm loans totaling $8.4 million from the universe of loans within the bank's assessment areas to evaluate borrower profile performance. The 2022 D&B data provided the standard of comparison for the small business and small farm loans reviewed.

As reflected in the following table, examiners considered the universes by dollar volume and number of loans originated in 2022 for small business and small farm loans, as well as management's stated business strategy to determine the weighting applied to the loan categories reviewed, when arriving at applicable conclusions. Consequently, small business loans received a slightly heavier weighting when arriving at overall conclusions. Further, examiners noted consistent loan product weighting throughout each assessment area; therefore, small business lending received heavier weight for applicable conclusions in each assessment area.

Loan Products Reviewed				
Loan Category	Universe		Reviewed	
	#	$(000s)	#	$(000s)
Small Business	505	70,350	505	70,350
Small Farm	435	55,304	435	55,304
Source: 2022 Bank Data				

To evaluate the community development activities for the Community Development Test, bank management provided data on CD loans, QIs, and CD services since the prior CRA evaluation. Examiners also considered any QIs purchased prior to the previous evaluation that remained outstanding as of the current evaluation's date.

CONCLUSIONS ONPERFORMANCE CRITERIA

LENDING TEST

TFSB demonstrated a satisfactory record regarding the Lending Test. A reasonable record regarding the LTD ratio, a majority of loans originated inside the assessment areas, and reasonable records regarding geographic distribution and borrower profile 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 LTD ratio, calculated from Reports of Condition and Income data, averaged 74.9 percent over the past 12 calendar quarters from June 30, 2020, to March 31, 2023, representing a slight decrease from the 78.9 percent average, net LTD ratio recorded at the prior evaluation. The ratio ranged from a low of 66.6 percent as of December 31, 2021, to a high of 81.8 percent as of June 30, 2020, with an overall slightly decreasing trend during the evaluation period.

The following table lists four comparable institutions operating in TFSB's assessment areas and reflecting somewhat similar lending emphases and asset sizes. The table reveals that the comparable banks mostly reported LTD ratios below TFSB's ratio.

LTD Ratio Comparison		
Bank	Total Assets as of 3/31/2023 ($000s)	Average Net LTD Ratio (%)
The First State Bank, Louise, TX	806,683	74.9
Citizens State Bank, Somerville, TX	1,022,116	67.5
NewFirst National Bank, El Campo, TX	897,324	75.5
Security State Bank, Pearsall, TX	830,253	56.6
The First National Bank of Shiner, Shiner, TX	931,935	16.9
Source: Reports of Condition and Income (06/30/2020 - 03/31/2023).		

Assessment Area Concentration

A majority of loans are in the institution's assessment areas. A majority of small business and small farm loans originated inside the assessment areas supports this conclusion. Examiners considered the bank's asset size and office structure, as well as the loan products reviewed, relative to the assessment areas' size and economy, when arriving at thisconclusion.

As reflected in the below table, the bank originated a majority of small business and small farm loans, by both the percentage of number and dollar volume, inside the bank's assessment areas.

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	379	75.0	126	25.0	505	52,719	74.9	17,631	25.1	70,350
Small Farm	350	80.5	85	19.5	435	42,147	76.2	13,157	23.8	55,304
Source: Bank Data Due to rounding, totals may not equal 100.0%										

Geographic Distribution

The geographic distribution of loans reflects reasonable dispersion throughout the assessment areas. Reasonable performances in the Non-MSA AA, Houston MSA AA, and Victoria MSA AA support this conclusion. Examiners considered the loan product types reviewed relative to the available comparative data and any performance context issues when arriving at this conclusion. They focused on the percentages by the number of loans in low- and moderate-income geographies when arriving at conclusions. Refer to the specific assessment area sections for a more detailed discussion of the bank's geographic loan distribution performance.

Borrower Profile

The distribution of borrowers reflects, given the demographics of the assessment areas, reasonable penetration among businesses and farms of different sizes. Reasonable performances in the Non-MSA AA and Victoria MSA AA outweighed excellent performance in the Houston MSA AA to support this conclusion. Examiners considered the loan product types reviewed relative to the available comparative data and any performance context issues when arriving at this conclusion. They focused on the percentages by the number of loans when arriving at conclusions. Refer to each assessment area section for a more detailed discussion of the bank's borrower profile performance.

Response to Complaints

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

COMMUNITY DEVELOPMENT TEST

TFSB demonstrated an outstanding record regarding the Community Development Test. The institution's community development performance demonstrates excellent responsiveness to community development needs in its assessment areas through CD loans, QIs, and CD services, as appropriate, considering the institution's capacity and the need and availability of such opportunities for community development in the institution's assessment areas. Excellent responsiveness to the community development needs coupled with an excellent record regarding CD loans, without simply ignoring the other types of community development activities, supports this conclusion. The bank also demonstrated an excellent record regarding its QIs and an adequate record regarding its CD services.

The bank demonstrated an appropriate level of leadership concerning its community development efforts, as, for example, the bank's CD services involve bank personnel's use of their technical expertise in key roles of organizations with a primary purpose of community development. The totals for each activity include activities benefitting a broader statewide or regional area, given the at least adequate responsiveness to activities benefitting the bank's assessment areas.

Community Development Loans

The bank exhibited an excellent record regarding its CD loans. An excellent level regarding the dollar volume of CD loans primarily supports this conclusion. Examiners evaluated the number and dollar volume relative to the considerations noted for the Community Development Test when arriving at this conclusion.

The following tables show that the bank granted 57 CD loans totaling $39.4 million. The total dollar volume equates to 5.5 percent of average total assets of $719.0 million and 8.0 percent of average net loans of $490.1 million since the prior evaluation. This level increased from the 3.2 percent of average total assets and 4.5 percent of average net loans reported at the prior evaluation. The current levels reflect excellent performance.

The CD loans proved responsive to the areas' needs given that they primarily address economic development and revitalization or stabilization needs within the bank's assessment areas. As seen in the following table, 54.4 percent by dollar volume address activities related to economic development and 30.1 percent support revitalization or stabilization of qualified areas, which demonstrate the bank's responsiveness to identified community development needs. In addition, the bank worked with the Small Business Administration (SBA) to make small business loans under the Coronavirus Aid, Relief, and Economic Security (CARES) Act, demonstrating responsiveness to community needs. In 2020, the bank originated 551 of the SBA's Paycheck Protection Program (PPP) loans totaling $42.2 million. In 2021, the bank originated 604 PPP loans totaling $69.0 million. The following table illustrates the bank's community development lending activity by year and purpose.

Community Development Lending										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	$(000s)	#	$(000s)	#	$(000s)	#	$(000s)	#	$(000s)
2020	0	0	1	320	4	387	0	0	5	707
2021	3	3,979	0	0	14	9,020	6	8,597	23	21,596
2022	1	600	0	0	22	12,036	3	2,863	26	15,499
YTD 2023	1	1,000	1	200	0	0	1	383	3	1,583
Total	5	5,579	2	520	40	21,443	10	11,843	57	39,385
Source: Bank Data										

The following table shows the distribution of CD loans by assessment area and purpose.

Community Development Lending by Assessment Area										
Assessment Area	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	$(000s)	#	$(000s)	#	$(000s)	#	$(000s)	#	$(000s)
Non-MSA AA	2	1,229	1	320	6	8,626	4	6,131	13	16,306
Houston MSA AA	0	0	0	0	3	6,438	2	1,748	5	8,186
Victoria MSA AA	0	0	1	200	3	1,264	2	536	6	2,000
Statewide/Regional	3	4,350	0	0	28	5,115	2	3,428	33	12,893
Total	5	5,579	2	520	40	21,443	10	11,843	57	39,385
Source: Bank Data										

The following point highlights the statewide/regional CD loans.

- ***Affordable Housing*** – The bank originated a loan totaling $3.5 million, which is also funded by the General Land Office (GLO), to an entity that is constructing an 84-unit apartment complex geared toward low- to moderate-income individuals impacted by Hurricane Harvey.

Qualified Investments

The bank displayed an excellent record regarding its QIs. An excellent level regarding the dollar volume of QIs primarily supports this conclusion. Examiners evaluated the number and dollar volume of QIs relative to the considerations noted for the Community Development Test when arriving at this conclusion.

The following tables show that the bank made use of 92 QIs totaling approximately $21.2 million, which includes 33 donations totaling $181 thousand. The total dollar volume equates to 2.9 percent of average total assets of $719.0 million and 13.0 percent of average securities of $162.5 million since the prior evaluation. This level decreased from the 5.4 percent of average total assets and 27.8 percent of average securities recorded at the prior evaluation. However, the current levels reflect excellent performance.

The following tables indicate that, by dollar volume, 71.2 percent of QIs supported activities targeting community services toward low- and moderate-income individuals. These efforts demonstrate the bank's responsiveness to an identified community development need. The following table illustrates the bank's QIs by year and purpose.

Qualified Investments										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	$(000s)	#	$(000s)	#	$(000s)	#	$(000s)	#	$(000s)
Prior Period	0	0	22	7,739	0	0	3	1,058	25	8,797
2020	0	0	2	890	1	301	9	2,692	12	3,883
2021	0	0	8	2,499	1	260	4	1,201	13	3,960
2022	0	0	7	3,789	0	0	2	600	9	4,389
YTD 2023	0	0	0	0	0	0	0	0	0	0
Subtotal	0	0	39	14,917	2	561	18	5,551	59	21,029
Qualified Grants & Donations	0	0	33	181	0	0	0	0	33	181
Total	0	0	72	15,098	2	561	18	5,551	92	21,210
Source: Bank Data										

The following table shows the distribution of QIs by assessment area and purpose.

Qualified Investments by Assessment Area										
Assessment Area	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	$(000s)	#	$(000s)	#	$(000s)	#	$(000s)	#	$(000s)
Non-MSA AA	0	0	26	2,687	0	0	0	0	26	2,687
Houston MSA AA	0	0	11	1,030	1	260	5	1,644	17	2,934
Victoria MSA AA	0	0	9	892	0	0	0	0	9	892
Statewide/Regional	0	0	26	10,489	1	301	13	3,907	40	14,697
Total	0	0	72	15,098	2	561	18	5,551	92	21,210
Source: Bank Data										

The following point highlights the statewide/regional QIs.

- ***Community Services –*** The bank invested in 24 bonds that benefit school districts throughout Texas in which a majority of the students are economically disadvantaged according to the Texas Education Agency.

Community Development Services

The bank established an adequate record of providing CD services. Adequate performance regarding the level of services primarily supports this conclusion. Examiners evaluated the level of services relative to the considerations noted for the Community Development Test when arriving at this conclusion.

The following tables show that the bank provided 160 instances of financial expertise or technical assistance to community development-related organizations during the evaluation period. This number equates to an average of 4.4 CD services, per office, per year. This level increased from the 75 CD services recorded at the prior evaluation. The current level reflects adequate performance.

The tables also shows that 81.3 percent of the services benefited community services targeted to low- and moderate-income individuals, which demonstrates the bank's responsiveness to an identified community development need. The following table illustrates the bank's CD services by year and purpose.

Community Development Services					
Activity Year	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Totals
	#	#	#	#	#
2020	0	24	7	0	31
2021	0	27	5	1	33
2022	0	53	6	1	60
YTD 2023	1	26	9	0	36
Total	1	130	27	2	160
Source: Bank Data					

The following table illustrates the bank's CD services by assessment area and purpose.

Community Development Services by Assessment Area					
Assessment Area	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Totals
	#	#	#	#	#
Non-MSA AA	0	68	21	0	89
Houston MSA AA	1	50	6	2	59
Victoria MSA AA	0	12	0	0	12
Statewide/Regional	0	0	0	0	0
Total	1	130	27	2	160
Source: Bank Data					

In addition, the retail banking structure benefits low- and moderate-income individuals through its branch network with three branches along with three ATMs near moderate-income census tracts within the bank's designated assessment areas.

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.

NON-MSA AA – Full-Scope Review

DESCRIPTION OF INSTITUTION'S OPERATIONS IN NON-MSA AA

The Non-MSA AA consists of the following whole counties: Frio, Jackson, Matagorda, Refugio, and Wharton. TFSB operates nine full-service offices along with six ATMs in middle- and upper-income census tracts within this assessment area.

Economic and Demographic Data

The Non-MSA AA's 36 census tracts reflect the following income designations according to the 2020 U.S. Census Data: 1 low-, 6 moderate-, 21 middle-, 7 upper-income census tracts, and 1 with no designation. The following table illustrates select demographic characteristics of 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)	36	2.8	16.7	58.3	19.4	2.8
Population by Geography	117,939	1.5	16.0	59.1	23.3	0.0
Housing Units by Geography	53,894	1.4	18.2	56.4	24.0	0.0
Owner-Occupied Units by Geography	28,375	1.2	13.8	57.6	27.5	0.0
Occupied Rental Units by Geography	12,936	2.0	21.7	59.4	16.8	0.0
Vacant Units by Geography	12,583	1.0	24.7	50.5	23.8	0.0
Businesses by Geography	9,365	2.6	13.5	57.4	26.5	0.0
Farms by Geography	779	3.0	8.7	52.2	36.1	0.0
Family Distribution by Income Level	28,556	21.5	16.7	19.3	42.5	0.0
Household Distribution by Income Level	41,311	25.4	14.8	16.6	43.2	0.0
Median Family Income Non-MSAs - TX		$61,785	Median Housing Value			$124,766
			Median Gross Rent			$757
			Families Below Poverty Level			12.5%

Source: 2020 U.S. Census; 2022 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.

Business demographics report that service industries represent the largest portion of businesses at 29.9 percent, followed by non-classifiable establishments at 20.9 percent, retail trade at 12.2 percent, and finance, insurance, and real estate at 9.0 percent. Major employers in the assessment area include the South Texas Nuclear Project, Nan Ya Plastics Corp., Aqua Matrix, Inc., Dow Chemical, Celanese, Wharton County Junior College as well as local medical establishments, local school districts, and county and city governments. In addition, 61.8 percent of area businesses have 4 or fewer employees, and 88.7 percent operate from a single location.

The Texas Workforce Commission noted that Frio, Jackson, Matagorda, Refugio, and Wharton Counties reported May 2023, unemployment rates of 3.4 percent, 3.5 percent, 5.5 percent, 4.6 percent, and 4.0 percent, respectively, compared to the State of Texas' rate of 4.1 percent and the U.S. rate of 3.4 percent for the same period.

Competition

The assessment area contains a moderate level of competition from other chartered banks based on its population. According to the FDIC Deposit Market Share data as of June 2022, there were 16 financial institutions that operated 41 offices within the bank's assessment area. Of these institutions, TFSB ranked 2nd with a 19.5 percent deposit market share. Credit unions also compete for loans in the area, thus heightening competition. The competition level allows for lending opportunities.

Community Contact

Examiners contacted a community member knowledgeable of the area's economic, demographic, and business environments to help assess the current economic conditions, community credit needs, and potential opportunities for bank involvement in the area. The contact represents an organization that focuses on small business development for thearea.

The contact stated that the area is seeing modest growth for small businesses in the general area since the COVID-19 pandemic, which is a positive sign of economic improvement. The contact further commented that credit opportunities for small businesses have been positive with recent storefront improvements and local businesses starting to expand. According to the contact, local community financial institutions appropriately serve the general credit needs of the area.

Credit and Community Development Needs and Opportunities

Considering information obtained from the community contact, bank management, as well as demographic and economic information, examiners determined that the area's primary credit needs include small business and small farm lending along with home mortgage and consumer lending.

With respect to the area's community development needs, examiners considered that more than one-third, or 38.2 percent, of the area's families report either low or moderate incomes. These characteristics typically suggest a higher need for activities that aid in providing community services targeted to low- and moderate-income individuals. In addition, multiple census tracts were designated as distressed or underserved throughout the review period, suggesting a higher need for activities that revitalize or stabilize these areas. Finally, other community development needs exist regarding activities for economic development given that D&B shows 9,365 businesses in the assessment area with 85.0 percent of those businesses with gross annual revenues (GAR) of $1 million or less.

CONCLUSIONS ON PERFORMANCE CRITERIA IN NON-MSA AA

LENDING TEST

TFSB demonstrated a satisfactory record regarding the Lending Test in the Non-MSA AA. Reasonable geographic distribution and borrower profile performances support this conclusion.

Geographic Distribution

The geographic distribution of loans reflects reasonable dispersion throughout the Non-MSA AA. Reasonable small business and small farm performances support this conclusion.

Small Business Loans

The geographic distribution of small business loans within the Non-MSA AA reflects reasonable performance. The following table shows that the bank's level of lending in the low-income census tract rises 15.7 percentage points above the percentage of businesses, indicating excellent performance. In the moderate-income census tracts, the bank's level falls 5.1 percentage points below the percentage of businesses operating in those tracts, reflecting reasonable performance. Examiners placed greater weight on the bank's performance in the moderate-income geographies given the greater opportunities in such areas as suggested by the D&B data.

Geographic Distribution of Small Business Loans
Non-MSA AA

Tract Income Level	% of Businesses	#	%	$(000s)	%
Low	2.6	48	18.3	7,572	21.8
Moderate	13.5	22	8.4	2,099	6.0
Middle	57.4	103	39.3	12,713	36.6
Upper	26.5	89	34.0	12,316	35.5
Not Available	0.0	0	0.0	0	0.0
Totals	100.0	262	100.0	34,700	100.0

Source: 2022 D&B Data; Bank Data
Due to rounding, totals may not equal 100.0%

Small Farm Loans

The geographic distribution of small farm loans within the Non-MSA AA reflects reasonable performance. The following table shows that the bank's level of lending in the low-income census tract rises 11.8 percentage points above the percentage of farms, reflect of reasonable performance. In moderate-income census tracts, the bank's level lands 7.1 percentage points below D&B data, also reflective of reasonable performance.

Geographic Distribution of Small Farm Loans Non-MSA AA					
Tract Income Level	% of Farms	#	%	$(000s)	%
Low	3.0	38	14.8	5,855	17.8
Moderate	8.7	4	1.6	221	0.7
Middle	52.2	116	45.1	12,513	38.0
Upper	36.1	99	38.5	14,314	43.5
Not Available	0.0	0	0.0	0	0.0
Totals	100.0	257	100.0	32,903	100.0
Source: 2022 D&B Data; 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 businesses and farms of different sizes in the Non-MSA AA. Reasonable small farm performance not sufficiently lifted by excellent small business performance supports this conclusion.

Small Business Loans

The borrower profile distribution of small business loans within the Non-MSA AA reflects excellent penetration among businesses of different sizes. The following table shows that the bank originated more than 9 out of every 10 small business loans to businesses with GARs of $1 million or less, thereby reflecting excellent performance. Examiners noted that, according to D&B data, 85.0 percent of businesses reported GARs of $1 million or less; however, the disparity in the Revenue Not Available category between the D&B data and the bank data makes any comparison between the two less meaningful.

Distribution of Small Business Loans by Gross Annual Revenue Category Non-MSA AA					
Gross Revenue Level	% of Businesses	#	%	$(000s)	%
< $100,000	57.7	9	33.3	395	8.7
$100,000 - $249,999	19.1	10	37.0	997	22.0
$250,000 - $499,999	5.6	4	14.8	1,251	27.6
$500,000 - $1,000,000	2.7	2	7.4	380	8.4
Subtotal <= $1,000,000	85.0	25	92.6	3,023	66.7
>$1,000,000	3.3	2	7.4	1,510	33.3
Revenue Not Available	11.7	0	0.0	0	0.0
Total	100.0	27	100.0	4,533	100.0
Source: 2022 D&B Data; Bank Data Due to rounding, totals may not equal 100.0%					

Small Farm Loans

The borrower profile distribution of small farm loans within the Non-MSA AA reflects reasonable penetration among farms of different sizes. The following table shows that the bank originated more than 7 out of every 10 small farm loans to farms with GARs of $1 million or less, thereby reflecting reasonable performance as compared to the 94.4 percent of farms reporting GARs of $1 million or less, according to D&B data.

Distribution of Small Farm Loans by Gross Annual Revenue Category Non-MSA AA					
Gross Revenue Level	% of Farms	#	%	$(000s)	%
< $100,000	58.4	4	13.8	106	2.1
$100,000 - $249,999	22.7	9	31.0	1,034	21.0
$250,000 - $499,999	9.5	8	27.6	1,971	40.0
$500,000 - $1,000,000	3.7	2	6.9	180	3.6
Subtotal <= $1,000,000	94.4	23	79.3	3,291	66.7
>$1,000,000	3.6	6	20.7	1,641	33.3
Revenue Not Available	2.1	0	0.0	0	0.0
Total	100.0	29	100.0	4,932	100.0
Source: 2022 D&B Data; Bank Data Due to rounding, totals may not equal 100.0%					

COMMUNITY DEVELOPMENT TEST

The bank demonstrated an outstanding record regarding the Community Development Test in the Non-MSA AA. The institution's community development performance demonstrates excellent responsiveness to community development needs in the Non-MSA AA through CD loans, QIs, and CD services, as appropriate, considering the institution's capacity and the need and availability of such opportunities for community development in the institution's assessment area.

Community Development Loans

The bank originated 13 CD loans totaling $16.3 million in the Non-MSA AA, demonstrating improved dollar volume performance over the last evaluation where the bank recorded 18 CD loans totaling $7.5 million in the Non-MSA AA. The current level equates to 41.4 percent of the bank's overall excellent level of CD loans by dollar volume and 61.6 percent of the bank's CD loans inside its assessment areas. As noted, this area accounted for 63.2 percent of the bank's lending volume. The CD loans in the Non-MSA AA primarily supported economic development and revitalization or stabilization, which demonstrates responsiveness to a number of the bank's identified community development needs. The following point highlights an example of the bank's CD loans in the Non-MSA AA.

- ***Economic Development –*** TFSB originated a loan totaling $3.2 million in an underserved/distressed area for an entity that employees a number of low- and moderate-income individuals to maintain farming operations. The entity meets the size eligibility standards and promotes economic development by supporting permanent job creation, retention, or improvement for low- or moderate-income persons or geographies.

Qualified Investments

The bank made use of 26 QIs totaling approximately $2.7 million in the Non-MSA AA, demonstrating improved dollar volume performance over the last evaluation where the bank recorded 37 QIs totaling $2.4 million in the Non-MSA AA. The current total dollar amount represents 12.7 percent of the bank's overall excellent level of QIs and 41.3 percent of the bank's QIs inside its assessment areas. As noted, this area contributed 82.1 percent of the bank's total deposits. The QIs benefited community services efforts within the Non-MSA AA, which demonstrates responsiveness to one of the bank's identified community development needs. The following point highlights examples of the bank's QIs in the Non-MSA AA.

- ***Community Services*** – The bank invested in 10 school bonds totaling approximately $2.6 million that benefit school districts in the assessment area where a majority of the students are economically disadvantaged according to the Texas Education Agency.

Community Development Services

Since the previous evaluation, the bank provided 89 CD services in the Non-MSA AA, which equates to 55.6 percent of the bank's total CD services, and reflects a notable increase from the 44 CD services recorded in the Non-MSA AA at the last evaluation. The number of CD services equates to an average of 3.3 CD services, per office, per year since the prior evaluation. A majority of the CD services benefited community services efforts within the Non-MSA AA, which demonstrates responsiveness to one of the bank's identified community development needs. The following point highlights examples of the bank's CD services in the Non-MSA AA.

- ***Community Services –*** Numerous employees teach financial literacy courses to students at schools throughout the Non-MSA AA. All schools are considered economically disadvantaged according to the Texas Education Agency.

The retail banking structure in the Non-MSA AA benefits low- and moderate-income individuals through its branch network. The bank currently operates three offices and three ATMs near moderate-income census tracts within the Non-MSA AA.

HOUSTON MSA AA – Full-Scope Review

DESCRIPTION OF INSTITUTION'S OPERATIONS IN HOUSTON MSA AA

The Houston MSA AA consists of the whole counties of Brazoria and Fort Bend, which are two of the nine counties that make up the Houston-The Woodlands-Sugarland, TX MSA. TFSB operates two full-service offices and two ATMs in middle- and upper-income census tracts within this assessment area.

Economic and Demographic Data

The Houston MSA AA's 211 census tracts reflect the following income designations according to the 2020 U.S. Census Data: 2 low-, 32 moderate-, 67 middle-, 107 upper-income census tracts, and 3 with no designation. The following table illustrates select demographic characteristics of the assessment area.

Demographic Information of the Assessment Area Houston MSA AA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	211	0.9	15.2	31.8	50.7	1.4
Population by Geography	1,194,810	0.6	13.0	29.4	56.2	0.7
Housing Units by Geography	400,398	0.8	13.6	31.4	53.5	0.7
Owner-Occupied Units by Geography	283,579	0.4	10.8	29.1	59.5	0.3
Occupied Rental Units by Geography	88,904	1.8	22.4	34.4	39.8	1.6
Vacant Units by Geography	27,915	1.4	15.0	45.8	36.0	1.8
Businesses by Geography	165,602	0.6	9.5	25.2	64.2	0.4
Farms by Geography	2,448	0.6	10.5	34.1	54.5	0.4
Family Distribution by Income Level	297,332	14.6	13.7	17.9	53.8	0.0
Household Distribution by Income Level	372,483	15.6	12.5	16.3	55.6	0.0
Median Family Income MSA - 26420 Houston-The Woodlands-Sugar Land, TX MSA		$81,859	Median Housing Value			$252,149
			Median Gross Rent			$1,345
			Families Below Poverty Level			6.0%

Source: 2020 U.S. Census; 2022 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.

Service industries represent the largest portion of businesses at 33.1 percent, followed by non-classifiable establishments at 30.7 percent. Major employers in the Houston MSA AA include Dow Chemical, Fort Bend ISD, Alvin ISD, Olin Corporation, Texas Department of Criminal Justice, Houston Methodist Sugar Land Hospital, Schlumberger Technology Corp., as well as local city and county government offices. In addition, 60.2 percent of area businesses have 4 or fewer employees, and 95.6 percent operate from a single location.

The Texas Workforce Commission noted that Brazoria and Fort Bend Counties reported a May 2023, unemployment rate of 4.6 percent and 4.1 percent, respectfully, compared to the State of Texas' rate of 4.1 percent and the U.S. rate of 3.4 percent for the same period.

Competition

The assessment area contains a high level of competition from other chartered banks based on its population. According to the FDIC Deposit Market Share data as of June 2022, there were 51 financial institutions that operated 211 offices within the bank's assessment area. Of these institutions, TFSB ranked 31st with a 0.4 percent deposit market share. Credit unions, mortgage, and finance companies compete for loans in the area, thus heightening competition. The competition level allows for lending opportunities.

Credit and Community Development Needs and Opportunities

The Houston MSA AA includes varied loan demand for all types of loans. The area's economy also supports credit growth and opportunities for various loan types. Considering information obtained from the community contact, bank management, as well as demographic and economic information, examiners determined that the area's primary credit needs include small business lending as well as affordable housing and small farm lending.

With respect to the area's community development needs, examiners considered that 28.3 percent of the area's families report either low or moderate incomes. These characteristics typically suggest a higher need for activities that aid in providing community services targeted to low- and moderate-income individuals. Additionally, other community development needs exist regarding activities for economic development given that D&B shows 165,602 businesses in the assessment area with 93.8 percent of those businesses reporting GARs of $1 million or less.

CONCLUSIONS ON PERFORMANCE CRITERIA IN HOUSTON MSA AA

LENDING TEST

TFSB demonstrated an outstanding record regarding the Lending Test in the Houston MSA AA. The bank's excellent borrower profile distribution performance lifted the reasonable geographic distribution record to support this conclusion.

Geographic Distribution

The geographic distribution of loans reflects reasonable dispersion throughout the Houston MSA AA. Reasonable small business and small farm performances support this conclusion.

Small Business Loans

The geographic distribution of small business loans within the Houston MSA AA shows reasonable performance. The following table shows that although the bank did not originate any of the small business loans in low-income census tracts, the bank's level falls only 0.6 percentage points below D&B data, reflective of reasonable performance. The table further shows that the bank's level of lending in the moderate-income census tracts rises 3.8 percentage points above D&B data, reflecting reasonable performance.

Geographic Distribution of Small Business Loans Houston MSA AA					
Tract Income Level	% of Businesses	#	%	$(000s)	%
Low	0.6	0	0.0	0	0.0
Moderate	9.5	10	13.3	750	7.0
Middle	25.2	52	69.3	7,112	66.1
Upper	64.2	13	17.3	2,894	26.9
Not Available	0.4	0	0.0	0	0.0
Totals	100.0	75	100.0	10,756	100.0
Source: 2022 D&B Data; Bank Data Due to rounding, totals may not equal 100.0%					

Small Farm Loans

The geographic distribution of small farm loans within the Houston MSA AA reflects reasonable performance. The following table shows that although the bank did not originate any of the small farm loans in low-income census tracts, the bank's level falls only 0.6 percentage points below D&B data, reflective of reasonable performance. The table further shows that the bank's level of lending in the moderate-income census tracts falls 5.6 percentage points below D&B data, also reflecting reasonable performance.

Geographic Distribution of Small Farm Loans Houston MSA AA					
Tract Income Level	% of Farms	#	%	$(000s)	%
Low	0.6	0	0.0	0	0.0
Moderate	10.5	4	4.9	626	8.2
Middle	34.1	61	75.3	5,736	75.2
Upper	54.5	16	19.8	1,267	16.6
Not Available	0.4	0	0.0	0	0.0
Totals	100.0	81	100.0	7,629	100.0
Source: 2022 D&B Data; 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, excellent penetration among businesses and farms of different sizes in the Houston MSA AA. Excellent small business and small farm performances support this conclusion.

Small Business Loans

The borrower profile distribution of small business loans within the Houston MSA AA reflects excellent penetration among businesses of different sizes. The following table shows that the bank originated over 9 out of every 10 small business loans to businesses with GARs of $1 million or less, reflecting excellent performance. Examiners noted that the bank's level rises slightly above the percentage of businesses reporting GAR according to D&Bdata.

Distribution of Small Business Loans by Gross Annual Revenue Category Houston MSA AA					
Gross Revenue Level	% of Businesses	#	%	$(000s)	%
< $100,000	73.6	7	33.3	257	8.4
$100,000 - $249,999	15.8	5	23.8	396	12.9
$250,000 - $499,999	3.1	5	23.8	1,231	40.0
$500,000 - $1,000,000	1.3	3	14.3	1,055	34.3
Subtotal <= $1,000,000	93.8	20	95.2	2,939	95.6
>$1,000,000	1.5	1	4.8	135	4.4
Revenue Not Available	4.7	0	0.0	0	0.0
Total	100.0	21	100.0	3,074	100.0
Source: 2022 D&B Data; Bank Data Due to rounding, totals may not equal 100.0%					

Small Farm Loans

The borrower profile distribution of small farm loans within the Houston MSA AA reflects excellent penetration among farms of different sizes. The following table shows that the bank originated over 9 out of every 10 small farm loans to farms with GARs of $1 million or less, reflecting excellent performance. Examiners noted that, according to D&B data, 97.5 percent of farms reported GARs of $1 million or less; however, the bank's overall level continues to reflect excellent performance.

Distribution of Small Farm Loans by Gross Annual Revenue Category Houston MSA AA					
Gross Revenue Level	% of Farms	#	%	$(000s)	%
< $100,000	81.7	8	44.4	440	23.3
$100,000 - $249,999	10.9	3	16.7	91	4.8
$250,000 - $499,999	3.1	2	11.1	225	11.9
$500,000 - $1,000,000	1.9	4	22.2	843	44.7
Subtotal <= $1,000,000	97.5	17	94.4	1,599	84.7
>$1,000,000	1.0	1	5.6	288	15.3
Revenue Not Available	1.5	0	0.0	0	0.0
Total	100.0	18	100.0	1,887	100.0
Source: 2022 D&B Data; Bank Data Due to rounding, totals may not equal 100.0%					

COMMUNITY DEVELOPMENT TEST

The bank demonstrated an outstanding record regarding the Community Development Test in the Houston MSA AA. The institution's community development performance demonstrates excellent responsiveness to community development needs in the Houston MSA AA through CD loans, QIs and CD services, as appropriate, considering the institution's capacity and the need and availability of such opportunities for community development in the institution's assessment area.

Community Development Loans

The bank originated 5 CD loans totaling nearly $8.2 million in the Houston MSA AA, demonstrating improved dollar volume performance over the last evaluation where the bank recorded 14 CD loans totaling $1.7 million in the Houston MSA AA. The current level equates to 20.8 percent of the bank's overall excellent level of CD loans by dollar volume and 30.9 percent of the bank's CD loans inside its assessment areas. As noted, this area accounted for 24.2 percent of the bank's lending volume. The CD loans proved responsive to the area's needs. Specifically, a substantial majority of the CD loans supported economic development efforts, which demonstrates responsiveness to an identified community development need in the area. The following point highlights an example of a CD loan in the Houston MSA AA.

- ***Economic Development –*** The bank originated a $5.0 million loan to a local hospital that provides permanent employment to low- and moderate-income individuals. The entity meets the size eligibility standards and promotes economic development by supporting permanent job creation, retention, or improvement for low- or moderate-income persons or geographies.

Qualified Investments

The bank made use of 17 QIs totaling $2.9 million in the Houston MSA AA, a slight decline from the last evaluation where the bank recorded 19 QIs totaling nearly $3.3 in the Houston MSA AA. The current total dollar amount represents 13.8 percent of the bank's overall excellent level of QIs and 45.0 percent of the bank's QIs inside its assessment areas. As noted, this area contributed only 12.3 percent of the bank's total deposits. A close majority of the QIs benefited economic development and community services efforts within the Houston MSA AA, which demonstrates responsiveness to identified community development needs. The following point provides examples of the bank's QIs in the Houston MSAAA.

- ***Community Services*** - The bank invested in 2 school bonds totaling approximately $1.0 million that benefit school districts in the assessment area where a majority of the students are economically disadvantaged according to the Texas Education Agency.

Community Development Services

Since the previous evaluation, the bank provided 59 CD services in the Houston MSA AA, which equates to 36.9 percent of the bank's total CD services, and reflects a notable increase from the 24 CD services recorded in the Houston MSA AA at the last evaluation. The number of CD services equates to an average of 9.3 CD services, per office, per year since the prior evaluation. The CD services primarily benefited community services efforts within the Houston MSA AA, which demonstrates responsiveness to an identified community development need. The following point highlights examples of the bank's CD services in the Houston MSA AA.

- ***Community Services –*** A number of bank employees serve on various Boards and help with operations and financial budgeting for organizations targeted to low- and moderate-income individuals.

VICTORIA MSA AA – Limited-Scope Review

DESCRIPTION OF INSTITUTION'S OPERATIONS IN VICTORIA MSA AA

The Victoria MSA AA consists of the whole county of Victoria. TFSB operates one full-service office and one ATM within this assessment area.

The 25 census tracts comprising the Victoria MSA AA reflect the following income designations according to the 2020 U.S. Census Data: 2 low-, 7 moderate-, 9 middle-, 6 upper-income census tracts, and 1 with no designation. The following table illustrates select demographic characteristics of the assessment area.

Demographic Information of the Assessment Area Victoria MSA AA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	25	8.0	28.0	36.0	24.0	4.0
Population by Geography	91,319	5.7	26.2	39.3	28.8	0.0
Housing Units by Geography	37,264	5.6	26.3	39.4	28.8	0.0
Owner-Occupied Units by Geography	21,872	5.1	20.3	40.3	34.3	0.0
Occupied Rental Units by Geography	10,648	5.7	37.1	37.4	19.9	0.0
Vacant Units by Geography	4,744	7.7	29.2	39.5	23.6	0.0
Businesses by Geography	8,681	3.6	30.7	35.1	30.6	0.1
Farms by Geography	294	1.7	21.1	36.1	41.2	0.0
Family Distribution by Income Level	22,172	22.6	17.4	19.0	41.1	0.0
Household Distribution by Income Level	32,520	25.1	15.0	17.6	42.3	0.0
Median Family Income MSA - 47020 Victoria, TX MSA		$71,697	Median Housing Value			$149,625
			Median Gross Rent			$947
			Families Below Poverty Level			11.4%

Source: 2020 U.S. Census; 2022 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.

Major employers in the Victoria MSA AA include Dow-Seadrift Operations, Formosa Plastics, Alcoa, Caterpillar, Invista, various school districts and colleges, as well as local city and county offices. The Texas Workforce Commission noted Victoria County reported a May 2023, unemployment rate of 4.2 percent.

CONCLUSIONS ON PERFORMANCE CRITERIA IN VICTORIA MSA AA

LENDING TEST

The institution's lending performance in the Victoria MSA AA is consistent with the institution's lending performance overall.

Geographic Distribution

Small Business Loans

Geographic Distribution of Small Business Loans Victoria MSA AA					
Tract Income Level	% of Businesses	#	%	$(000s)	%
Low	3.6	1	2.4	10	0.1
Moderate	30.7	10	23.8	1,414	19.5
Middle	35.1	15	35.7	3,694	50.9
Upper	30.6	16	38.1	2,145	29.5
Not Available	0.1	0	0.0	0	0.0
Totals	100.0	42	100.0	7,263	100.0
Source: 2022 D&B Data; Bank Data Due to rounding, totals may not equal 100.0%					

Small Farm Loans

Geographic Distribution of Small Farm Loans Victoria MSA AA					
Tract Income Level	% of Farms	#	%	$(000s)	%
Low	1.7	0	0.0	0	0.0
Moderate	21.1	3	25.0	68	4.2
Middle	36.1	8	66.7	1,522	94.2
Upper	41.2	1	8.3	25	1.5
Not Available	0.0	0	0.0	0	0.0
Totals	100.0	12	100.0	1,615	100.0
Source: 2022 D&B Data; Bank Data Due to rounding, totals may not equal 100.0%					

Borrower Profile

Small Business Loans

Distribution of Small Business Loans by Gross Annual Revenue Category Victoria MSA AA					
Gross Revenue Level	% of Businesses	#	%	$(000s)	%
< $100,000	61.1	1	7.7	150	4.5
$100,000 - $249,999	16.0	3	23.1	800	24.2
$250,000 - $499,999	5.2	3	23.1	187	5.7
$500,000 - $1,000,000	3.0	2	15.4	1,075	32.5
Subtotal <= $1,000,000	85.3	9	69.2	2,212	66.9
>$1,000,000	3.6	4	30.8	1,096	33.1
Revenue Not Available	11.1	0	0.0	0	0.0
Total	100.0	13	100.0	3,308	100.0
Source: 2022 D&B Data; Bank Data Due to rounding, totals may not equal 100.0%					

Small Farm Loans

Distribution of Small Farm Loans by Gross Annual Revenue Category Victoria MSA AA					
Gross Revenue Level	% of Farms	#	%	$(000s)	%
< $100,000	75.9	1	9.1	25	1.6
$100,000 - $249,999	16.3	5	45.5	836	52.0
$250,000 - $499,999	3.7	1	9.1	50	3.1
$500,000 - $1,000,000	2.7	0	0.0	0	0.0
Subtotal <= $1,000,000	98.6	7	63.6	911	56.6
>$1,000,000	0.7	4	36.4	698	43.4
Revenue Not Available	0.7	0	0.0	0	0.0
Total	100.0	11	100.0	1,609	100.0
Source: 2022 D&B Data; Bank Data Due to rounding, totals may not equal 100.0%					

COMMUNITY DEVELOPMENT TEST

The institution's community development performance in the Victoria MSA AA is below the community development performance for the institution; however, it does not change the institution rating.

APPENDICES

INTERMEDIATE 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 assessmentarea(s).

Community Development Test

The Community Development Test considers the following criteria:

1) The number and amount of community development loans;
2) The number and amount of qualified investments;
3) The extent to which the bank provides community development services; and
4) The bank's responsiveness through such activities to community development lending, investment, and service needs.

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.

Community Development: For loans, investments, and services to qualify as community development activities, their primary purpose must:

(1) Support affordable housing for low- and moderate-income individuals;
(2) Target community services toward low- and moderate-income individuals;
(3) Promote economic development by financing small businesses or farms; or
(4) Provide activities that revitalize or stabilize low- and moderate-income geographies, designated disaster areas, or distressed or underserved nonmetropolitan middle-income geographies.

Community Development Corporation (CDC): A CDC allows banks and holding companies to make equity type of investments in community development projects. Institution CDCs can develop innovative debt instruments or provide near-equity investments tailored to the development needs of the community. Institution CDCs are also tailored to their financial and marketing needs. A CDC may purchase, own, rehabilitate, construct, manage, and sell real property. Also, it may make equity or debt investments in development projects and in local businesses. The CDC activities are expected to directly benefit low- and moderate-income groups, and the investment dollars should not represent an undue risk on the bankingorganization.

Community Development Financial Institutions (CDFIs): CDFIs are private intermediaries (either for profit or nonprofit) with community development as their primary mission. A CDFI facilitates the flow of lending and investment capital into distressed communities and to individuals who have been unable to take advantage of the services offered by traditional financial institutions. Some basic types of CDFIs include community development banks, community development loan funds, community development credit unions, micro enterprise funds, and community development venture capital funds.

A certified CDFI must meet eligibility requirements. These requirements include the following:

- Having a primary mission of promoting community development;
- Serving an investment area or target population;
- Providing development services;
- Maintaining accountability to residents of its investment area or targeted population through representation on its governing board of directors, or by other means;
- Not constituting an agency or instrumentality of the United States, of any state or political subdivision of a state.

Community Development Loan: A loan that:

(1) Has as its primary purpose community development; and
(2) Except in the case of a wholesale or limited purpose institution:
  (i) Has not been reported or collected by the institution or an affiliate for consideration in the institution's assessment area as a home mortgage, small business, small farm, or consumer loan, unless it is a multifamily dwelling loan (as described in Appendix A to Part 203 of this title); and
  (ii) Benefits the institution's assessment area(s) or a broader statewide or regional area including the institution's assessmentarea(s).

Community Development Service: A service that:

(1) Has as its primary purpose community development;
(2) Is related to the provision of financial services; and
(3) Has not been considered in the evaluation of the institution's retail banking services under § 345.24(d).

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 ofCBSAs.

Distressed Middle-Income Nonmetropolitan Geographies: A nonmetropolitan middle-income geography will be designated as distressed if it is in a county that meets one or more of the following triggers:

(1) An unemployment rate of at least 1.5 times the national average;
(2) A poverty rate of 20 percent or more;or
(3) A population loss of 10 percent or more between the previous and most recent decennial census or a net migration loss of 5 percent or more over the 5-year period preceding the most recent census.

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 HMDAregulation.

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.

Low Income Housing Tax Credit: The Low-Income Housing Tax Credit Program is a housing program contained within the Internal Revenue Code of 1986, as amended. It is administered by the U.S. Department of the Treasury and the Internal Revenue Service. The U.S. Treasury Department distributes low-income housing tax credits to housing credit agencies through the Internal Revenue Service. The housing agencies allocate tax credits on a competitive basis.

Developers who acquire, rehabilitate, or construct low-income rental housing may keep their tax credits. Or, they may sell them to corporations or investor groups, who, as owners of these properties, will be able to reduce their own federal tax payments. The credit can be claimed annually for ten consecutive years. For a project to be eligible, the developer must set aside a specific percentage of units for occupancy by low-income residents. The set-aside requirement remains throughout the compliance period, usually 30 years.

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.

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

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

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

Small Business Investment Company (SBIC): SBICs are privately-owned investment companies which are licensed and regulated by the Small Business Administration (SBA). SBICs provide long-term loans and/or venture capital to small firms. Because money for venture or risk investments is difficult for small firms to obtain, SBA provides assistance to SBICs to stimulate and supplement the flow of private equity and long-term loan funds to small companies. Venture capitalists participate in the SBIC program to supplement their own private capital with funds borrowed at favorable rates through SBA's guarantee of SBIC debentures. These SBIC debentures are then sold to private investors. An SBIC's success is linked to the growth and profitability of the companies that it finances. Therefore, some SBICs primarily assist businesses with significant growth potential, such as new firms in innovative industries. SBICs finance small firms by providing straight loans and/or equity-type investments. This kind of financing gives them partial ownership of those businesses and the possibility of sharing in the companies' profits as they grow and prosper.

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.

Underserved Middle-Income Nonmetropolitan Geographies: A nonmetropolitan middle- income geography will be designated as underserved if it meets criteria for population size, density, and dispersion indicating the area's population is sufficiently small, thin, and distant from a population center that the tract is likely to have difficulty financing the fixed costs of meeting essential community needs.

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.

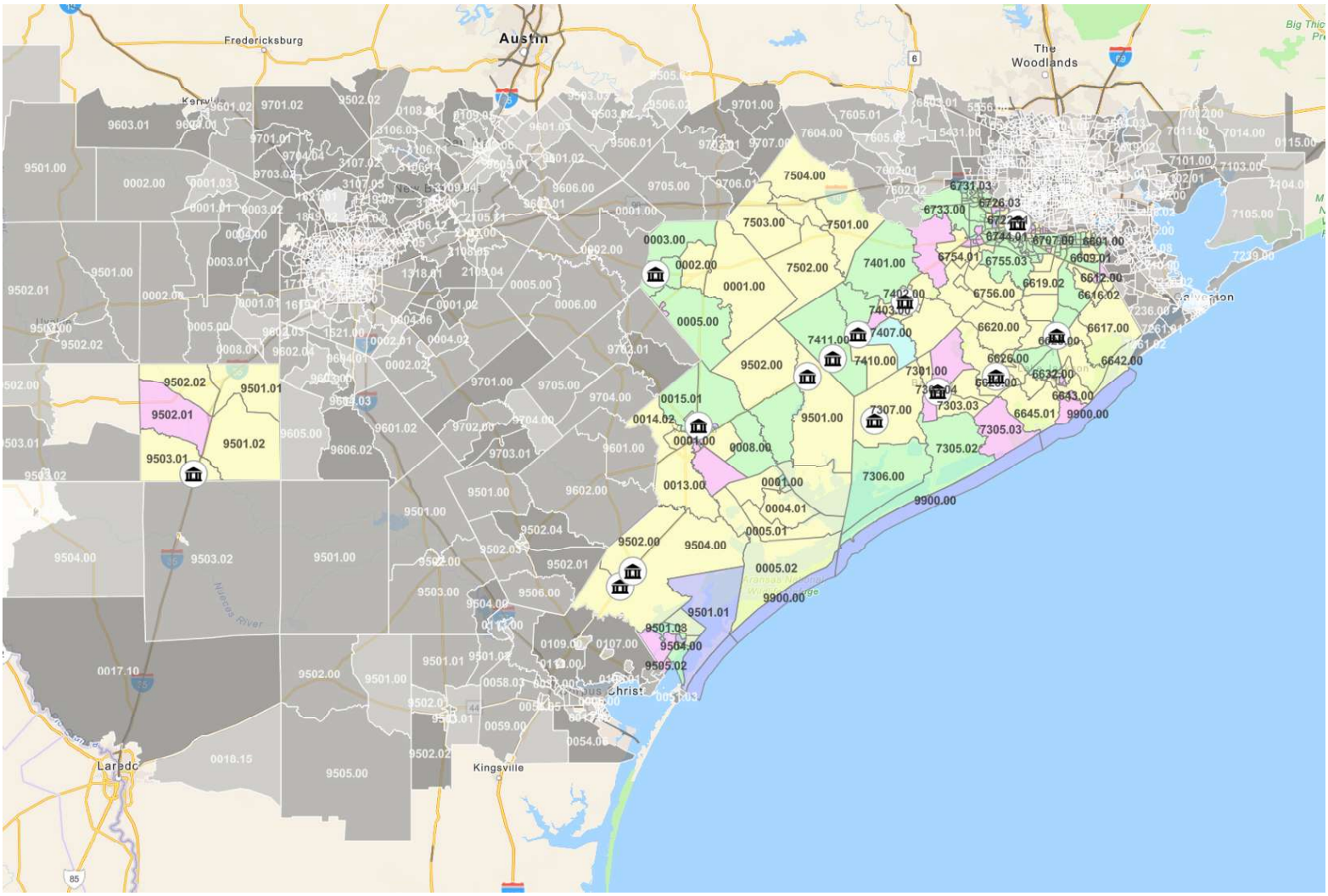


List of Current Branches including the Street Address and Geographic Areas Served

First State Bank Locations and Census Data

Branch/LPO	Address	City	State	Zip	Location Type	Metro Area	State Code	County Code	Tract Code	Income Level
Louise	206 North Street	Louise	TX	77455	Branch	NA	48	481	7411.00	Upper
El Campo	1808 West Loop	El Campo	TX	77437	Branch w/ATM	NA	48	481	7409.00	Upper
Sweeny	208 East 2nd Street	Sweeny	TX	77480	Branch w/ATM	26420	48	039	6628.00	Middle
Blessing	Avenue B & 10th Street	Blessing	TX	77419	Branch	NA	48	321	7307.00	Middle
Wharton	505 East Boling Highway	Wharton	TX	77488	Branch	NA	48	481	7405.00	Middle
Ganado	101 East York Street	Ganado	TX	77962	Branch w/ATM	NA	48	239	9501.00	Middle
Bay City	3600 7th Street	Bay City	TX	77414	Branch w/ATM	NA	48	321	7303.01	Middle
Angleton	2904 North Velasco Street	Angleton	TX	77515	Branch w/ATM	26420	48	039	6622.00	Upper
Victoria	4805 John Stockbauer	Victoria	TX	77904	Branch w/ATM	47020	48	469	0016.01	Middle
Woodsboro	320 First Street	Woodsboro	TX	78393	Branch w/ATM	NA	48	391	9504.00	Middle
Refugio	403 South Alamo Street	Refugio	TX	78377	Branch w/ATM	NA	48	391	9502.00	Middle
Sugar Land	200 Century Square Boulevard	Sugar Land	TX	77478	Branch w/ATM	26420	48	157	9721.00	Upper
El Campo	806 North Mechanic	El Campo	TX	77437	LPO	NA	48	481	7408.00	Moderate
Dilley	731 W Leona Street	Dilley	TX	78017	Branch w/ATM	NA	48	163	9503.00	Middle
El Campo	1918 West Loop	El Campo	TX	77437	Operations	NA	48	481	7409.00	Upper
Shiner	803 N Avenue E	Shiner	TX	77984	Branch w/ATM	NA	48	285	0004.00	Upper

The First State Bank Primary Assessment Area



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Tract Income Level

- Inside - Low
- Inside - Moderate
- Inside - Middle
- Inside - Upper
- Inside - Unclassified
- Outside - Low
- Outside - Moderate
- Outside - Middle
- Outside - Upper
- Outside - Unclassified

Branches



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Date: 05/20/2026 1:37:47pm By Nikki Walker

HOURS & LOCATIONS
How to find us!

Hours

Lobby Hours

Monday – Friday 9 a.m. – 3 p.m.

* Excluding Sugar Land, please check Location and Contact Information

Drive-Thru Hours

Monday – Thursday 8 a.m. – 5 p.m.
Friday – 8 a.m. – 6 p.m.

*Excluding Sugar Land, please check Location and Contact Information

LOUISE

Address:

206 North St
P.O. Box 5
Louise, TX 77455
United States

GET DIRECTIONS

Phone:

(979) 648-2691

Services:

- Drive Thru
- Safe Deposit Box



FAX: (979) 648-2110

ARU: (979) 648-2132

GANADO

Address:

101 E. York St.
P.O. Box 254
Ganado, TX 77962
United States

GET DIRECTIONS

Phone:

(361) 771-3355

Services:

- Drive Thru
- Safe Deposit Box
- ATM

FAX: (361) 771-3273

ARU: (361) 782-9191

EL CAMPO

Address:

1808 West Loop
P.O. Box 967
El Campo, TX 77437
United States

GET DIRECTIONS

Phone:

(979) 543-2274

Services:

- Drive Thru
- Safe Deposit Box
- ATM



FAX: (979) 543-1905

ARU: (979) 543-4509

EL CAMPO MORTGAGE LOAN PRODUCTION OFFICE

Address:

806 N Mechanic St
El Campo, TX 77437
United States

GET DIRECTIONS

Phone:

(979) 475-4757

Hours

Lobby Hours:

Monday – Friday 9 a.m. – 5 p.m.

ARU: (800) 781-8121

BLESSING

Address:

Ave B & 10th St.
P.O. Box 457
Blessing, TX 77419
United States

GET DIRECTIONS

Phone:

(361) 588-7777

Services:

- Drive Thru
- Safe Deposit Box



FAX: (361) 588-1135

ARU: (979) 323-9775

WHARTON

Address:

505 E. Boling Hwy
Wharton, TX 77488
United States

GET DIRECTIONS

Phone:

(979) 532-0404

Services:

- Drive Thru
- Safe Deposit Box



FAX: (979) 532-0204

ARU: (979) 532-2105

BAY CITY

Address:

3600 7th Street
Bay City, TX 77414
United States

GET DIRECTIONS

Phone:

(979) 244-3000

Services:

- Drive Thru
- Safe Deposit Box
- ATM



FAX: (979) 244-5113

ARU: (979) 323-9775

VICTORIA

Address:

4805 John Stockbauer Dr
Victoria, TX 77904
United States

GET DIRECTIONS

Phone:

(361) 578-0348

Services:

- Drive Thru
- Safe Deposit Box
- ATM



FAX: (361) 578-0763

ARU: (800) 781-8121

SWEENY

Address:

208 E. 2nd St.
P.O. Box 826
Sweeny, TX 77480
United States

GET DIRECTIONS

Phone:

(979) 548-2131

Services:

- Drive Thru
- Safe Deposit Box
- ATM



FAX: (979) 548-5311

ARU: (979) 548-2135

ANGLETON

Address:

2904 North Velasco Street
Angleton, TX 77515
United States

GET DIRECTIONS

Phone:

(979) 848-1717

Services:

- Drive Thru
- Safe Deposit Box
- ATM



FAX: (979) 848-2111

ARU: (979) 848-8685

SUGAR LAND

Address:

200 Century Square Blvd
Sugar Land, TX 77478
United States

GET DIRECTIONS

Phone:

(346) 368-2193

Services:

- ATM

Hours

Lobby Hours:

Monday – Friday 8:30 a.m. – 4 p.m.

FAX: (281) 201-8294

ARU: (800) 781-8121

REFUGIO

Address:

403 S Alamo St
Refugio, TX 78377
United States

GET DIRECTIONS

Phone:

(361) 526-4511

Services:

- Drive Thru
- ATM



FAX: (361) 526-2521

ARU: (800) 781-8121

WOODSBORO

Address:

320 First St.
P.O. Box 730
Woodsboro, TX 78393
United States

GET DIRECTIONS

Phone:

(361) 543-4511

Services:

- Drive Thru
- Safe Deposit Box
- ATM



FAX: (361) 543-5103

ARU: (800) 781-8121

DILLEY

Address:

731 W Leona St
P.O. Box 9
Dilley, TX 78017
United States

GET DIRECTIONS

Phone:

(830) 965-1511

Services:

- Drive Thru
- Safe Deposit Box
- ATM

FAX: (830) 965-1275

ARU: (844) 372-2651

SHINER

Address:

803 N Avenue E
Shiner, TX 77984
United States

GET DIRECTIONS

Phone:

(361) 594-6400



Hours

Hours: 8:00 a.m. - 5:00 p.m. Monday- Friday

FAX: (361) 594-6331

ARU: (800) 781-8121

Holiday	2026	2027	2028	2029	2030
New Year's Day	January 1	January 1	January 1*	January 1	January 1
Martin Luther King Jr. Day	January 19	January 18	January 17	January 15	January 21
Washington's Birthday (Presidents Day)	February 16	February 15	February 21	February 19	February 18
Memorial Day	May 25	May 31	May 29	May 28	May 27
Juneteenth National Independence Day	June 19	June 19*	June 19	June 19	June 19
Independence Day	July 4*	July 4**	July 4	July 4	July 4
Labor Day	September 7	September 6	September 4	September 3	September 2
Columbus Day	October 12	October 11	October 9	October 8	October 14
Veterans Day	November 11	November 11	November 11*	November 11**	November 11
Thanksgiving Day	November 26	November 25	November 23	November 22	November 28
Christmas Day	December 25	December 25*	December 25	December 25	December 25



Branches Opened or Closed

Branches Closed:

None

Branch Openings:

The First State Bank of Louise – Shiner Branch

803 N Avenue E

Shiner, TX 77984

Telephone: (361) 594-6400 Opened: September 29, 2025

The First State Bank of Louise – Sugar Land Branch

200 Century Square Blvd

Sugar Land, TX 77478

Telephone: (346) 368-2193 Opened: March 7, 2024



Services

Available Loan

Products

Deposit

Products

Transaction

Fees

Availability or Cost Among Locations

Services

- Visa® Check Card
- ATM Card
- Cash Advance (Visa®, Discover® and MasterCard®)
- Personalized Checks and Accessories
- Mobile Banking*
- Remote Deposit Capture (Commercial Customers)
- Mobile Deposit Capture (Consumer Customers)
- Mobile Deposit Capture (Commercial Customers)
- Online Banking with Bill Pay and e-Bills©
- Online Account Opening
- Online Loan Payment Platform
- Automated Teller (VRU)
- Gift and Travel Cards
- Overdraft Protection
- U.S. Savings Bonds**
- Night Depository
- Safe Deposit Boxes
- Wire Transfer
- Commercial Payroll Services
- Cash Management Services
- Collection Item Services
- Positive Pay
- Automatic Transfer
- Official Checks
- Consumer and Commercial Credit Cards (Agent)
- Notary Services
- e-Statements
- CDARS® /ICS
- Card Valet (Customer debt card controls)

Loans

- Personal Loans
- Commercial Loans
- Small Business Administration Loans
- Agricultural Loans – Preferred Ag Lender Farm Service Agency
- Real Estate Loans – Personal and Commercial

Checking and Savings Accounts

- Personal Checking Accounts
- Commercial Checking Accounts
- Tiered Money Market Accounts
- Savings Accounts
    - Personal and Business
- Certificates of Deposit
- Individual Retirement Accounts
- BankOn® Certified Checking Accounts

*Mobile Banking only available to Online Banking Users
**Savings Bonds cannot be purchased; only redeemed

Effective 09/26/2024

The First State Bank Schedule of Fees

Unless stated, services and fees apply to accountholders and customer accounts and may be subject to business days. More detailed information is available upon request. Prices, fees, and rates are subject to change after disclosure date. Additional vendor rates, fees and shipping charges may apply. Call for current information.

PUR=Price Upon Request N/C=No Charge ♦On Amount Withdrawn

NOTE: All charges are per item, per presentment, unless otherwise specified. Please be aware that an item may be presented and returned multiple times and that we do not monitor or control the number of times an item is presented for payment.

TRANSACTION CUT-OFF TIMES

(Business Days)	
ATM Transactions (ATMs owned by First State Bank)	2:00p.m.
ARU Transfers (24hr Customer Service)	6:30p.m.
Banking Centers (Monday – Thursday)	5:00p.m.
Banking Centers (Friday)	6:00p.m.
Online Banking Internal Transfers	6:00p.m.
Online Banking ACH Files (Treasury Management)	3:30p.m.
Mobile Deposit	5:00p.m.
Remote Deposit (Merchant)	5:00p.m.
Wire Transfers	3:30p.m.

LIMITS

ATM Cash Withdrawal Daily Limit (per card)	$500.00
Cash Advance Withdrawal Limit	Min $25.00 Max $5,000.00
FSB Overdraft Protection Limit	VARIES*
Visa® Travel Card Load Amount	Min $20.00 Max $3,000.00
Visa® Gift Card Load Amount	Min $10.00 Max $1,000.00
Visa® Check Card POS Daily Limit (per card)	$3,000.00

CARD SERVICES

ATM Card Replacement Fee	$15.00
ATM-Daily Balance Inquiry	N/C
ATM Withdrawal [Foreign Cards]	$3.00
ATM Withdrawal [First State Bank VCC or ATM]	N/C
Business Visa® Issue Charge (replacement fee)	$15.00
Cash Advance Fee (Customers and Non-Customers) [Visa® MasterCard® Discover® Issuer Fees/Rates may apply]	N/C
Rush Delivery Fee (Visa® and ATM Cards)	$60.00
Visa® Check Card Issue Charge (replacement fee)	$15.00
Visa® Travel Card Purchase Fee	$8.00
Visa® Gift Card Purchase Fee	$5.00

MISCELLANEOUS FEES

Automated Teller (Telebanking ARU)	N/C
Cash-Link (One Time Set-Up)	$10.00
Check Cashing (On-Us, Non-Customer > or = $50.00)	$5.00
Check Cashing (On-Us, Non-Customer < $50.00)	NC
Collection Items (Incoming)	$10.00
Collection Items (Outgoing)	$10.00
Foreign Currency Purchase Fee	$10.00
Lock Bag	$20.00
Lock Bag Duplicate Key	$5.00
Notary Services (Customers & Non-Customers)	N/C
Official Check	$5.00
Photocopy (Customers & Non-Customers) [per pg]	$2.00
Rolled Coin (per roll) (Customers & Non-Customers)	$0.10
Send/Receive Fax 1st pg (Customers & Non-Customers)	$5.00
Each Additional Page	$1.00
Strapped Currency (per strap) (Customers & Non-Customers)	$0.45
Tax Levy Processing [legal cost not included]	$100.00
Wire Transfer (Domestic Incoming Wire)	$10.00
Wire Transfer (International Incoming Wire)	$10.00
Wire Transfer (Domestic Outgoing Wire)	$25.00
Wire Transfer (International Outgoing Wire)	$50.00
Zipper Bag	$5.00

ONLINE BANKING SERVICES

Business Cash Management Services Package [per month] Positive Pay Remote Deposit Capture [Addt'l fees may apply] ACH Payroll Service Wire Transfer Service	$45.00
Electronic Statements (e-statements)	N/C
First State Bank, Louise Mobile App	N/C
Online Banking	N/C
Online Bill Pay (e-bills ©)	N/C
Mobile Banking [Text Message rates may apply]	N/C
Online Banking Transfers	N/C
Mobile Deposit Capture	N/C

ACCOUNT RELATED SERVICES

Account Research/Balance Assistance (per hour)	$25.00
Early Account Closure Fee	$25.00
Early Withdrawal Penalty for CD/IRA (1mos)	30 days Interest ♦
Early Withdrawal Penalty for CD/IRA (3mos ~~1~~2mos)	90 days Interest ♦
Early Withdrawal Penalty for CD/IRA (18mos or >)	180 days Interest ♦
Excess Debit Fee [Tiered Money Market & Savings]	$10.00
Overdraft Fee	$35.00 (per item, per presentment)**
Returned Item Fee	$35.00 (per item, per presentment)***
Harland Clarke Check Orders (Deposit Slips/Accessories)	PUR
Savings Low Balance [Minimum Bal Svc Chg]	$4.00
Special Statement Handling/Hold Mail (per acct/per month)	$5.00
Statement/Account Activity Printout (per cycle period)	$3.00
Statement Mailing Fee (Diamond Rewards Checking)	$2.00
Statement Mailing Fee (Freedom Checking)	$2.00
Statement Mailing Fee (Marquis Interest Checking)	$2.00
Statement Mailing Fee (Commercial Checking)	$10.00
Statement Mailing Fee (Platinum Rewards Checking)	$10.00
Statement Mailing Fee (Freedom Business Checking)	$10.00
Statement Returned Mail Fee	$5.00
Stop Payment Charge (Checks & ACHs only)	$35.00
Temporary Checks (Minimum 8 chks / Increments of 4)	$0.50

SAFE DEPOSIT BOXES

Security Key Deposit Fee	$20.00
Box Late Fee (after Jan 20th)	$5.00

NOTE: Box sizes listed below not available at all banking centers.

Box Size 2.5x 5	$30.00
Box Size 3x 5	$30.00
Box Size 3x 5.5	$30.00
Box Size 4x 5	$35.00
Box Size 5x 5	$35.00
Box Size 5x 5.5	$35.00
Box Size 3x 9	$40.00
Box Size 3x 10	$40.00
Box Size 4x 10	$45.00
Box Size 5x 10	$60.00
Box Size 6x 11	$60.00
Box Size 9x 10	$90.00
Box Size 10x 10	$90.00
Box Size 10x 15	$125.00

MINIMUM BALANCE SERVICE CHARGES

(Daily Balance Tiers and Fees) [Minimum Bal Svc Chg]

MARQUIS INTEREST ACCOUNT

$1,500.00 and above NONE • $1,499.99 and under =$10.00

PLATINUM REWARDS CHECKING ACCOUNT

$1,500.00 and above NONE • $1,499.99 and under =$15.00

PERSONAL & BUSINESS TIERED MONEY MARKET ACCOUNT

$2,500.00 and above NONE • $2,000.00 to $2,499.99 =$15.00 •
$1,500.00 to $1,999.99 =$17.50 • $1,000.00 to $1,499.99 =$20.00 •
$500.00 to $999.99 =$22.50 • $499.99 and under =$25.00

PERSONAL & BUSINESS SAVINGS ACCOUNT

$100.00 and above NONE • $99.99 and under =$4.00

(MINOR) TX UTMA SAVINGS ACCOUNT

$50.00 and above NONE • $49.99 and under =$3.00

INDIVIDUAL CHECKING ACCOUNT**

$1,000.00 and above NONE • $999.99 and under = $10.00

PERSONAL NOW ACCOUNT**

$1,500.00 and above NONE • $1,000.00 to $1,499.00 =$10.00 •
$500.00 to $999.99 =$12.50 • $499.99 and under =$15.00

BUSINESS NOW CHECKING ACCOUNT**

$1,500.00 and above NONE • $1,499.99 and under =$15.00

BUSINESS CHECKING ACCOUNT**

$1,500.00 and above NONE • $1,499.99 and under =$15.00

**Not available for new openings as of 6/5/23

ACCOUNT ANALYSIS

Account Analysis fees are specific to accounts on analysis. Final determination of accounts to be placed on analysis will be at the Bank's discretion.



HMDA Disclosure Statement

A copy of The First State Bank's HMDA Mortgage Loan Disclosure Statements may be obtained from the Consumer Financial Protection Bureau's Website at www.consmberfinance.gov/hmda



Loan to Deposit Ratio

First State Bank
Quarterly Loan to Deposit Ratio

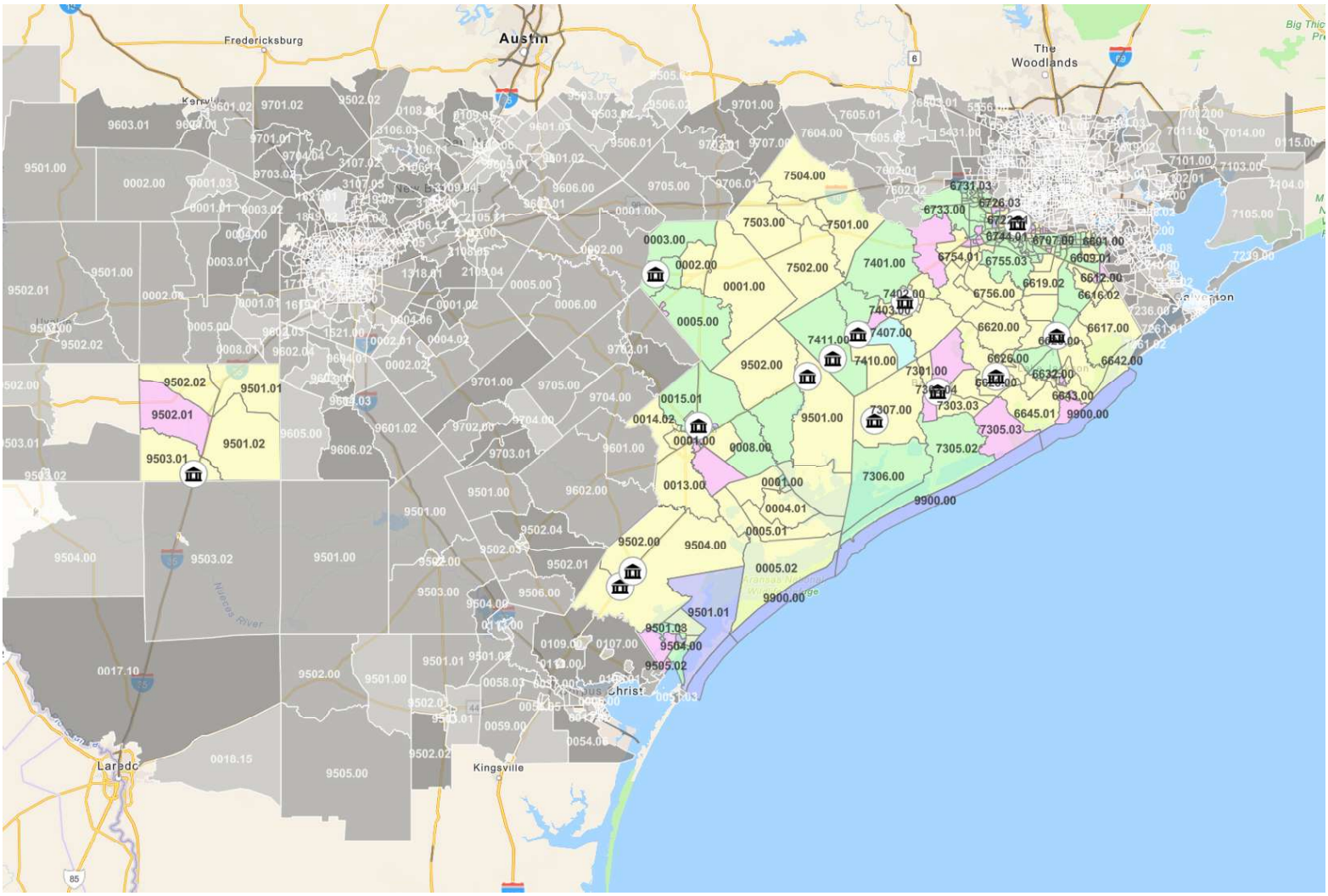
Quarterly Loan to Deposit Ratio	
Quarter Ending	**Loan to Deposit Ratio**
June 30, 2026	79.80%
March 31, 2026	79.43%
December 31, 2025	78.78%
September 30, 2025	80.44%



Assessment Area

Maps Showing Area Boundaries

The First State Bank Primary Assessment Area



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Date: 05/20/2026 1:37:47pm By Nikki Walker

Tract Income Level

- Inside - Low
- Inside - Moderate
- Inside - Middle
- Inside - Upper
- Inside - Unclassified
- Outside - Low
- Outside - Moderate
- Outside - Middle
- Outside - Upper
- Outside - Unclassified

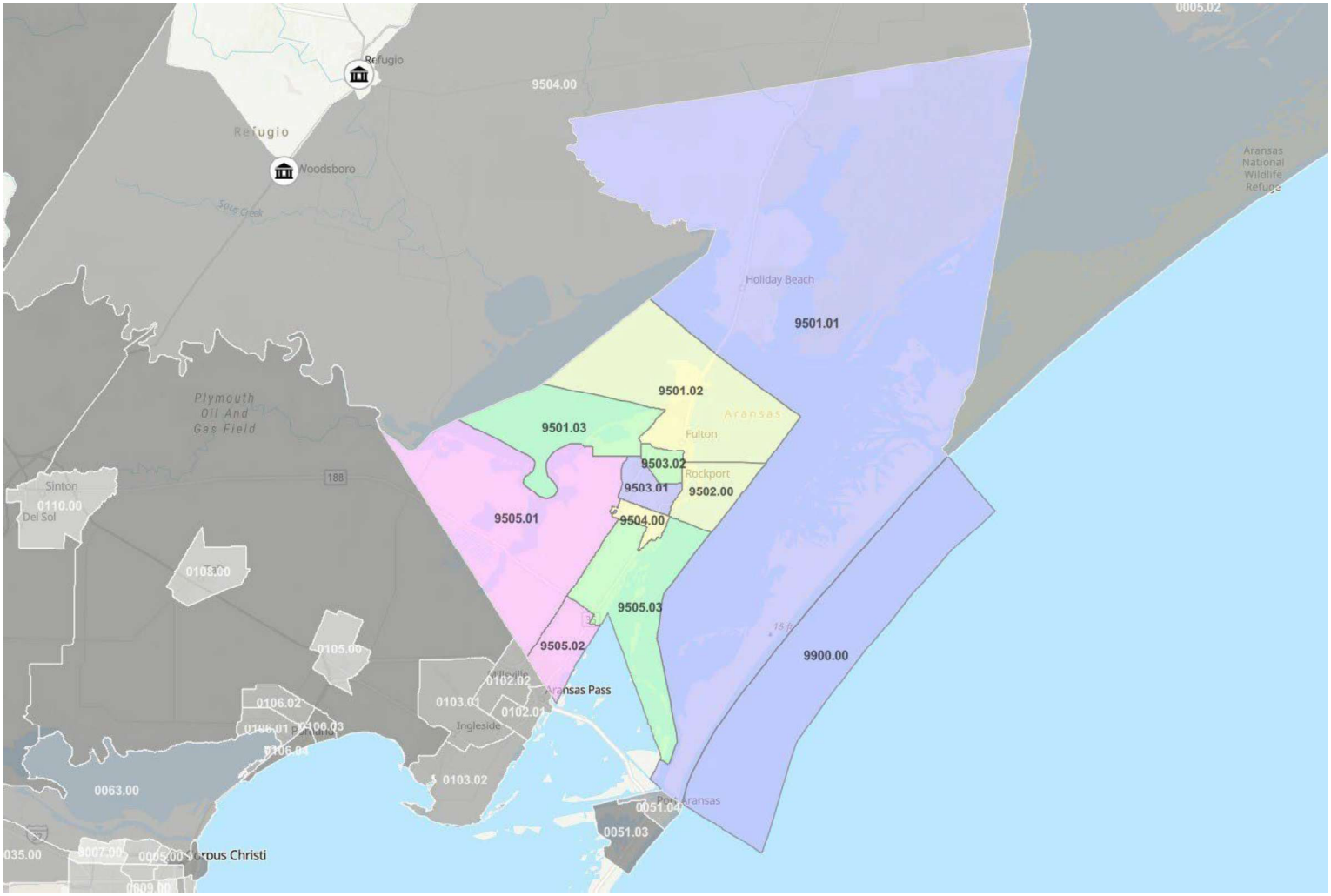
Branches



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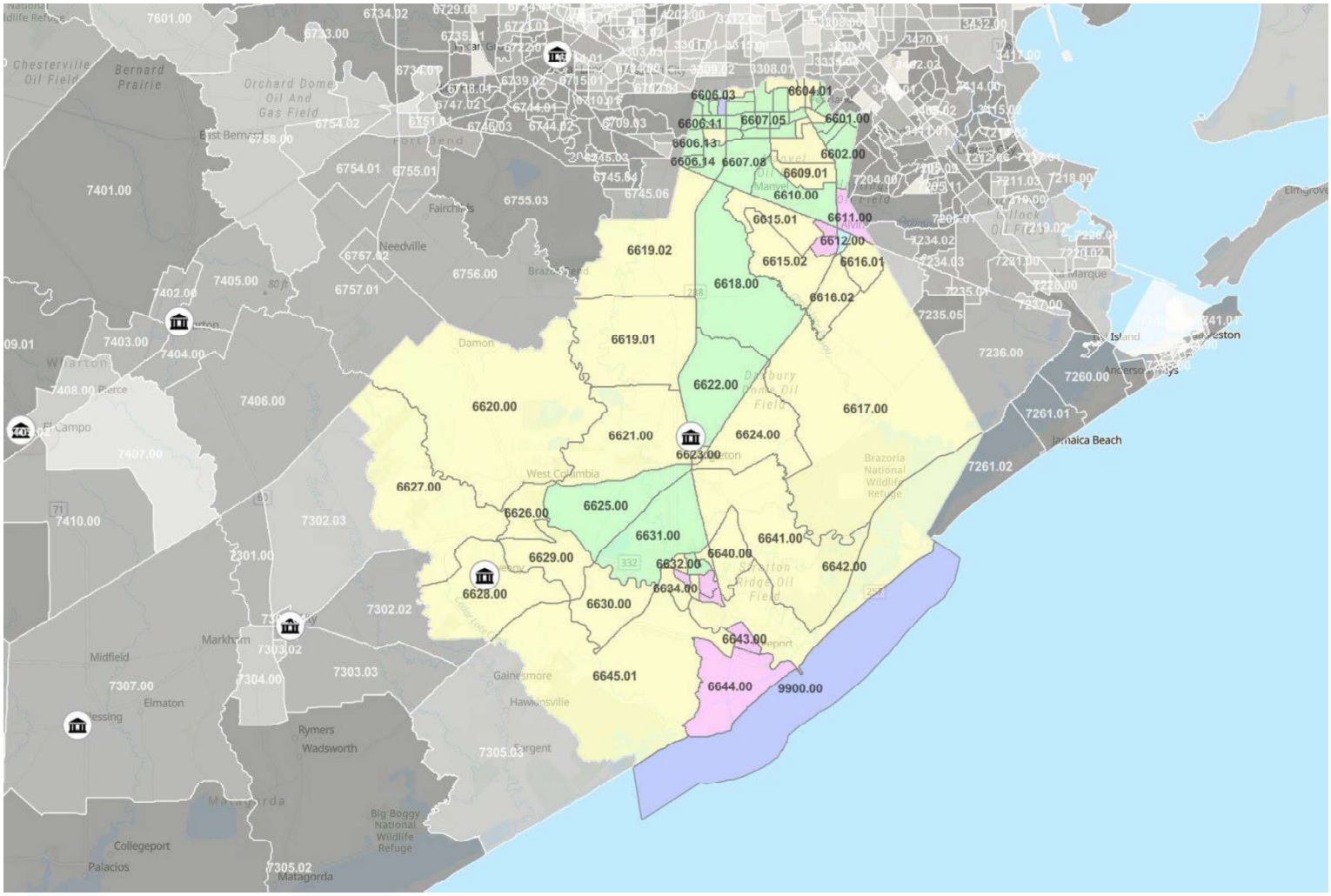
Aransas County



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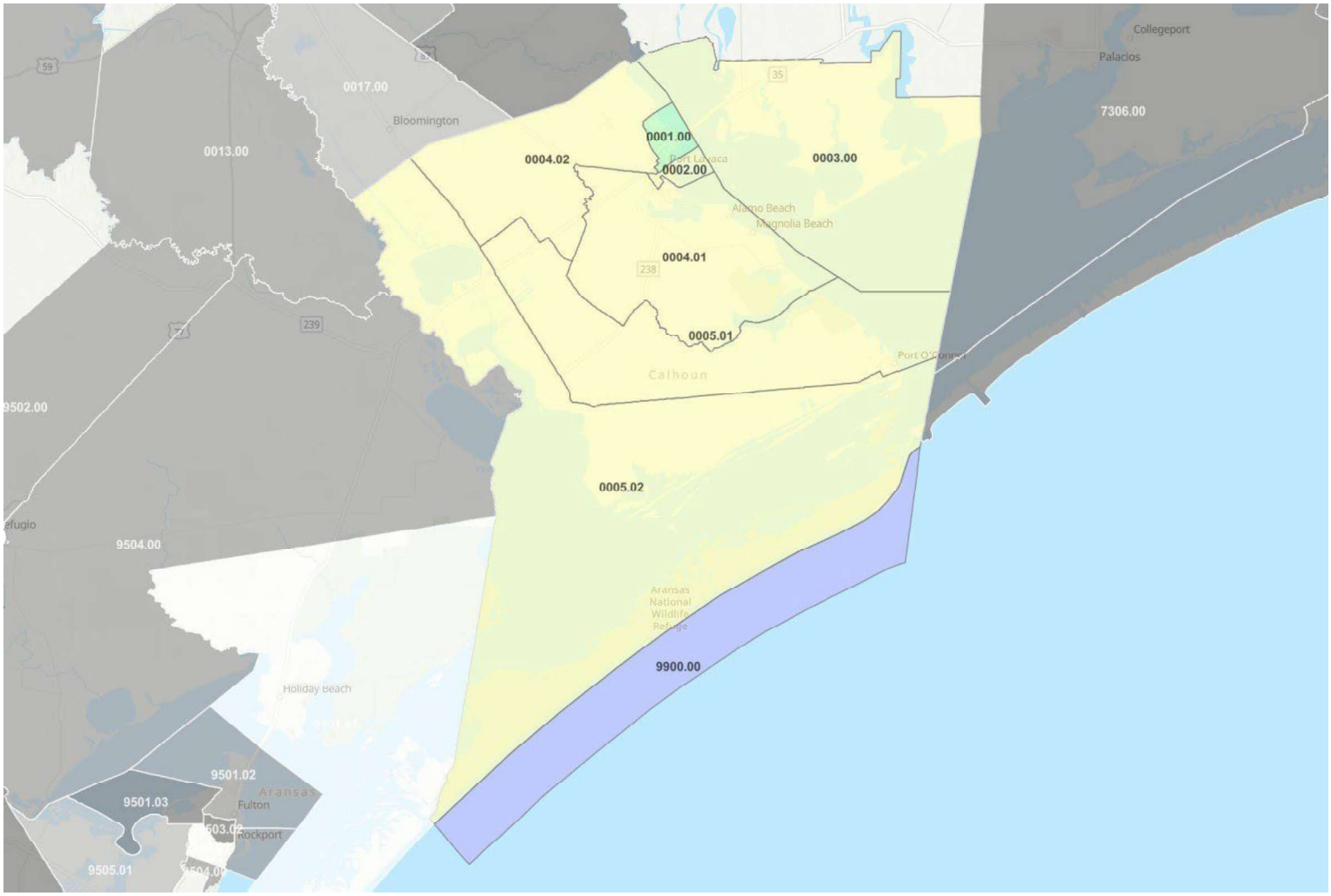
Brazoria County



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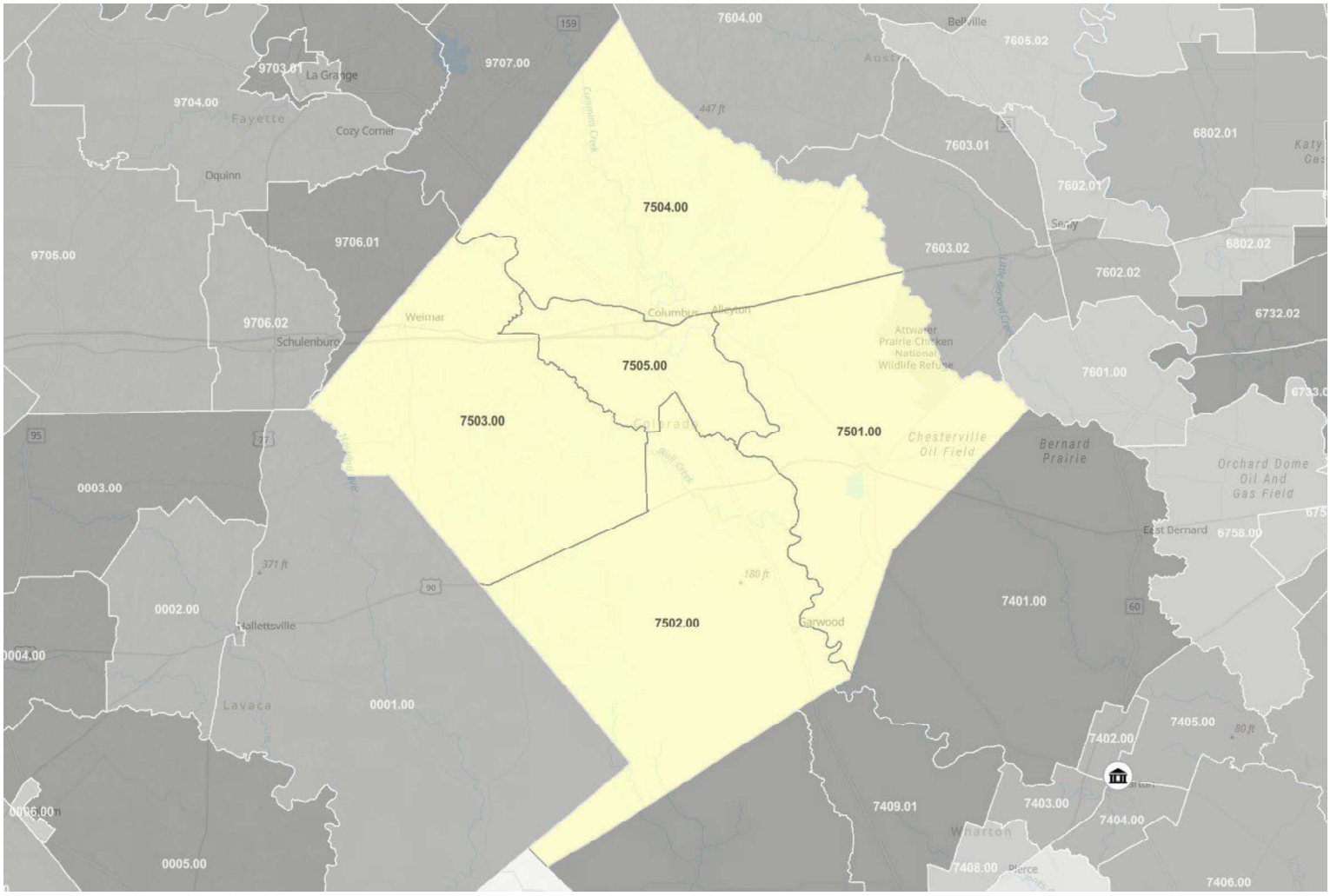
Calhoun County



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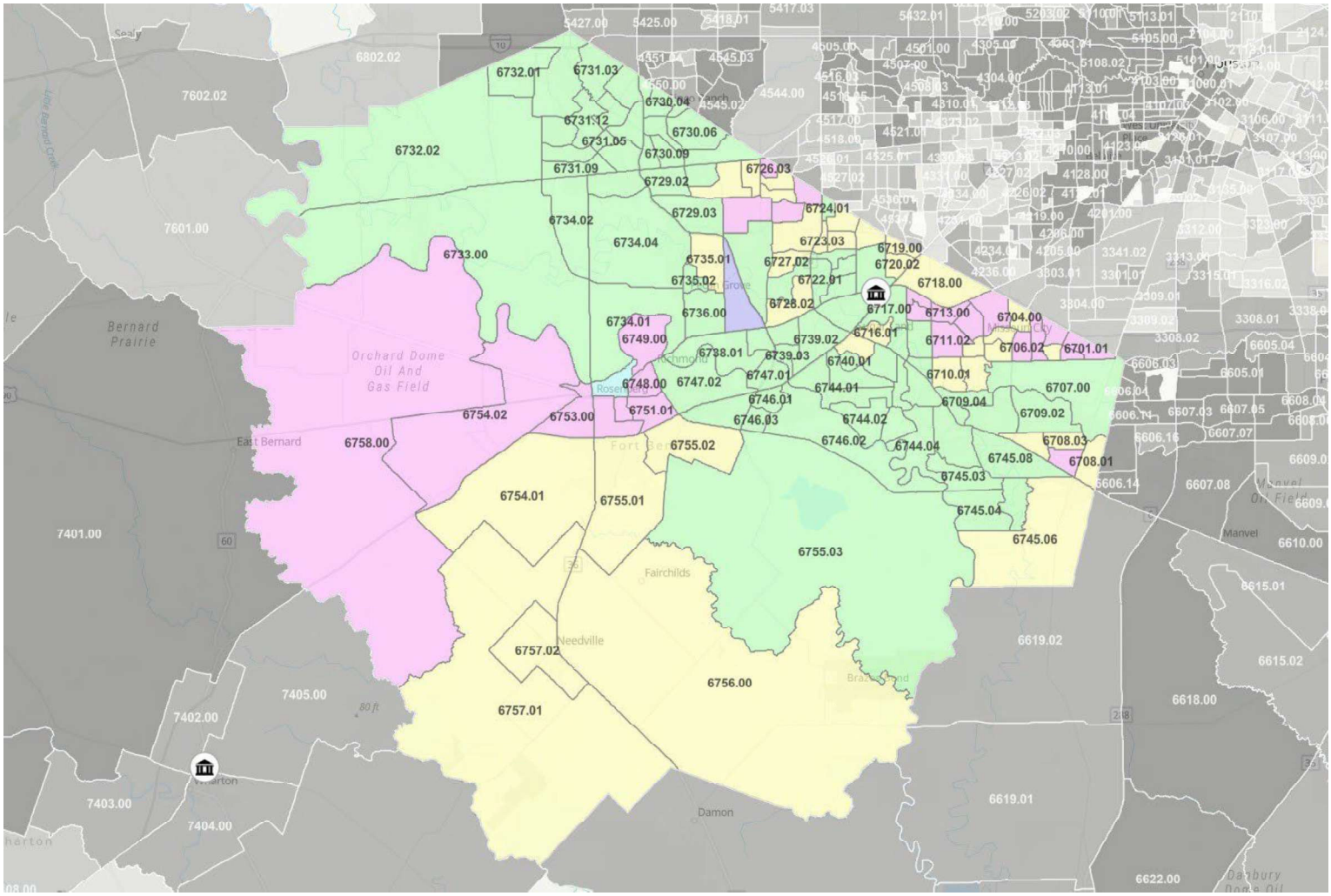
Colorado County



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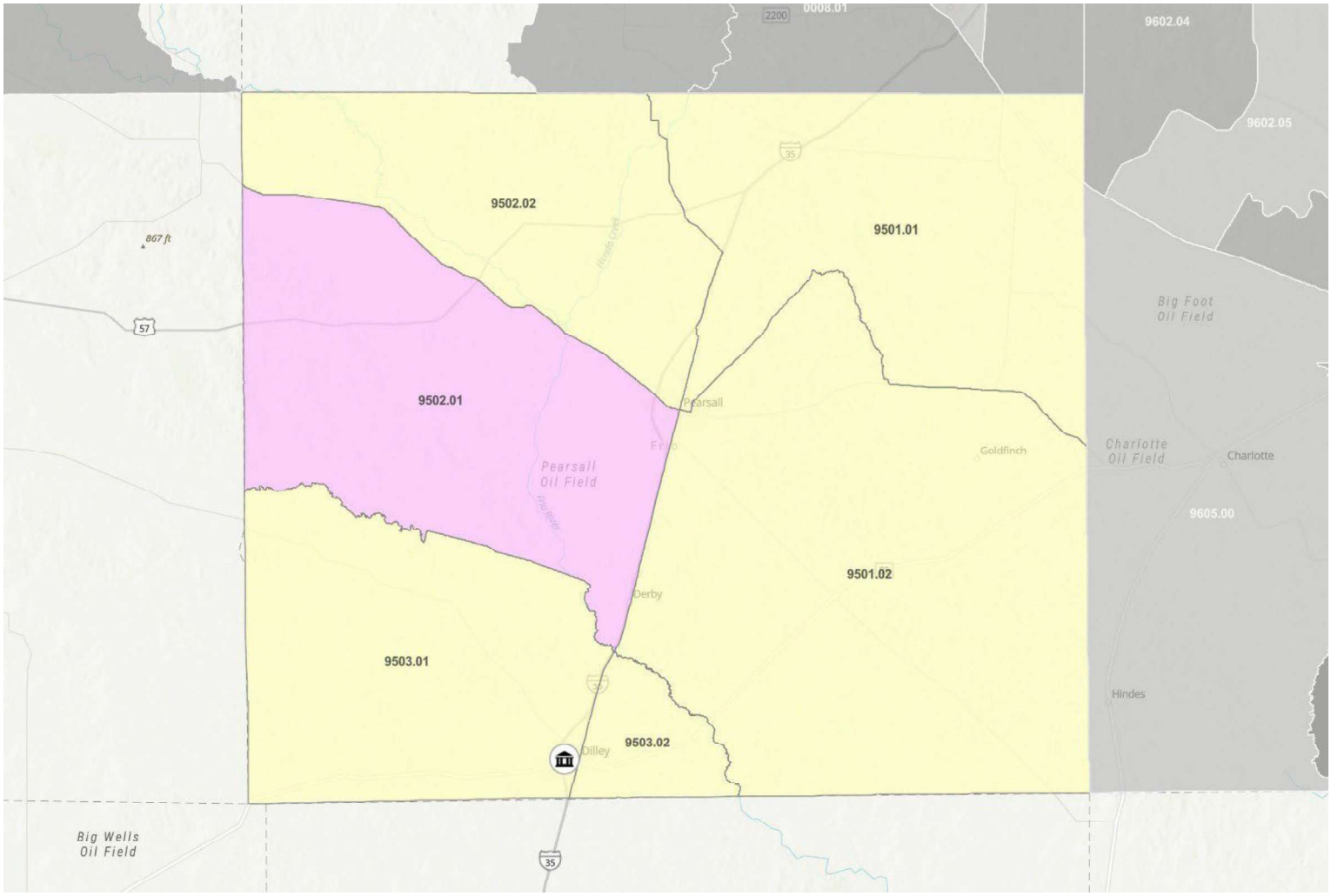
Fort Bend County



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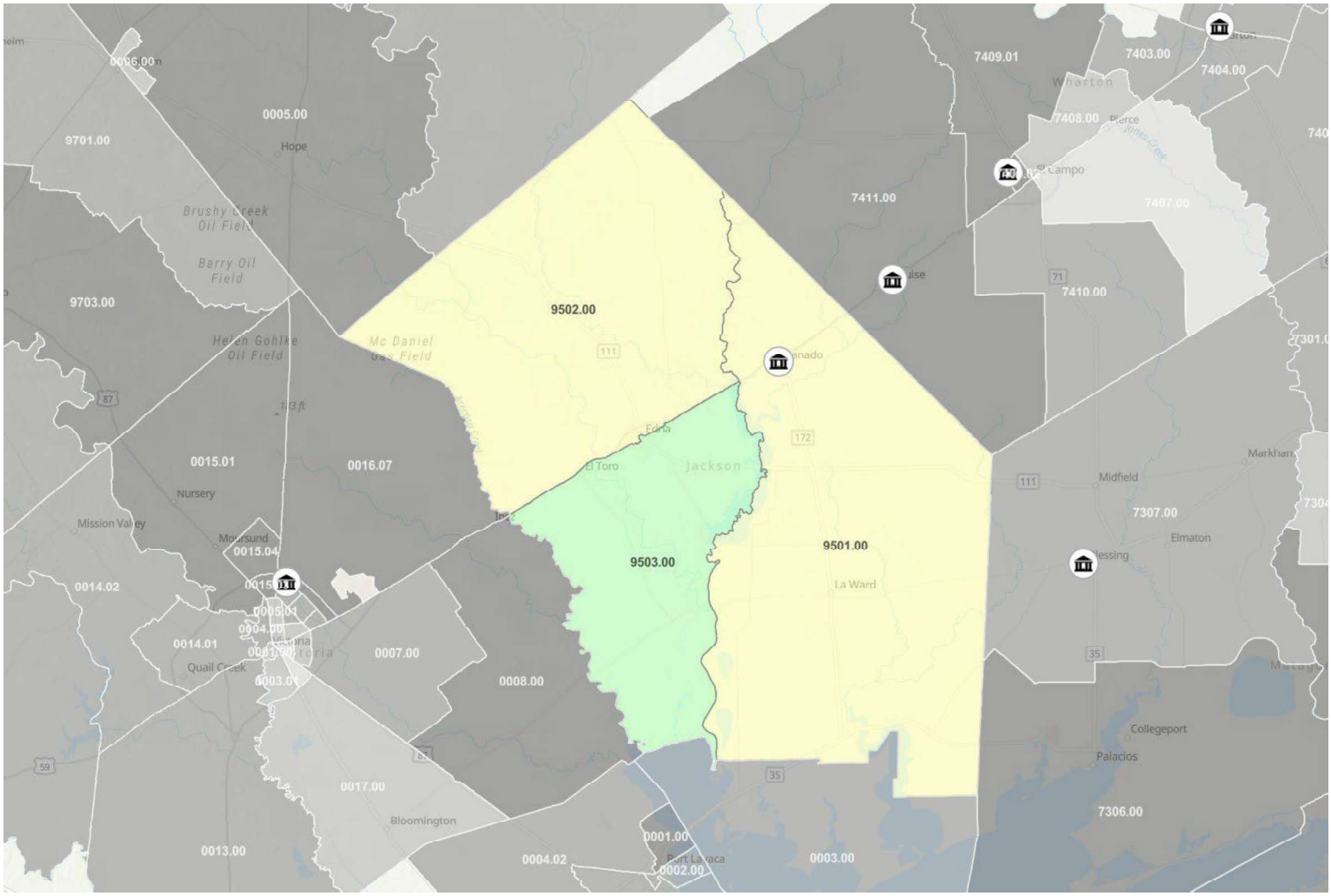
Frio County



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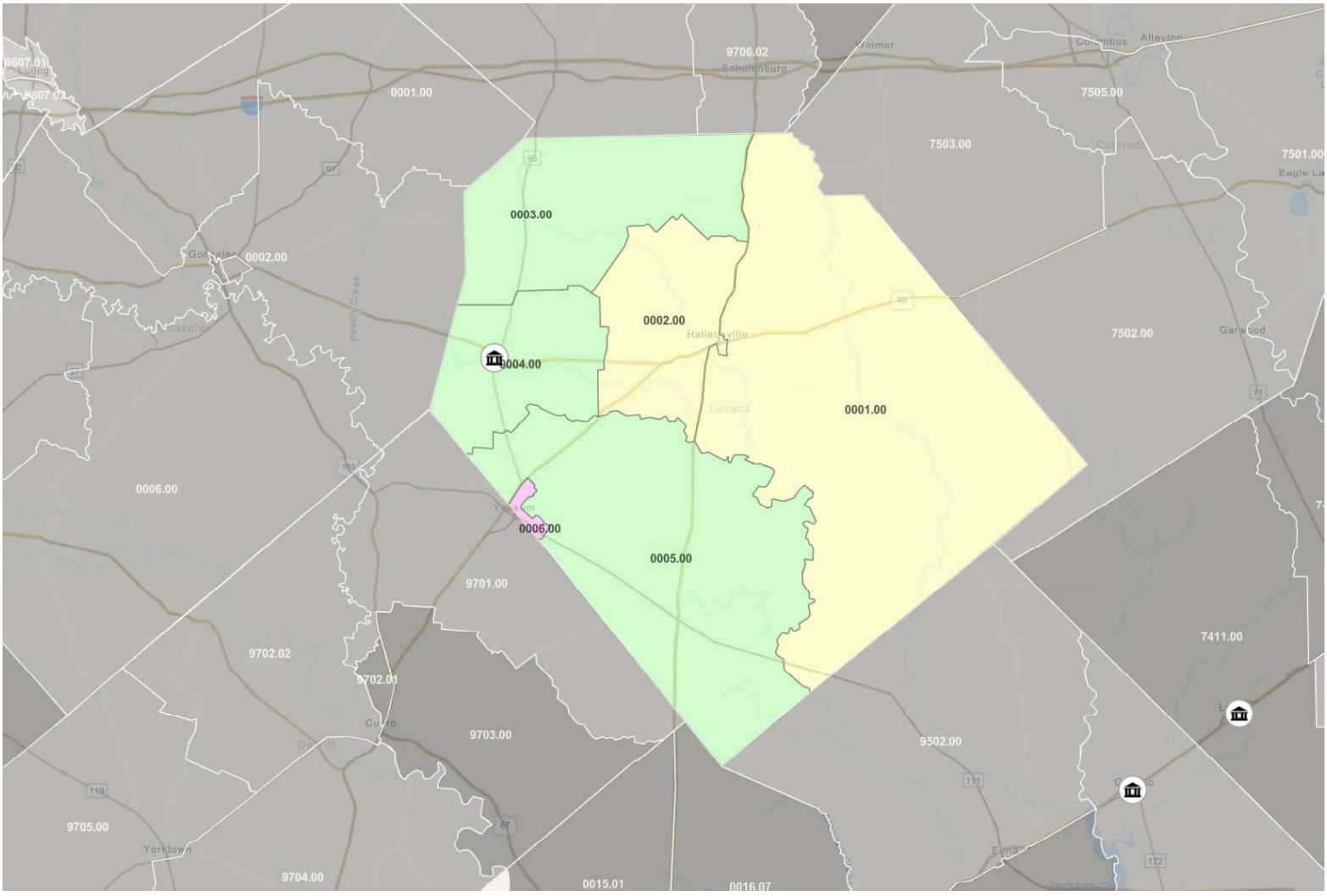
Jackson County



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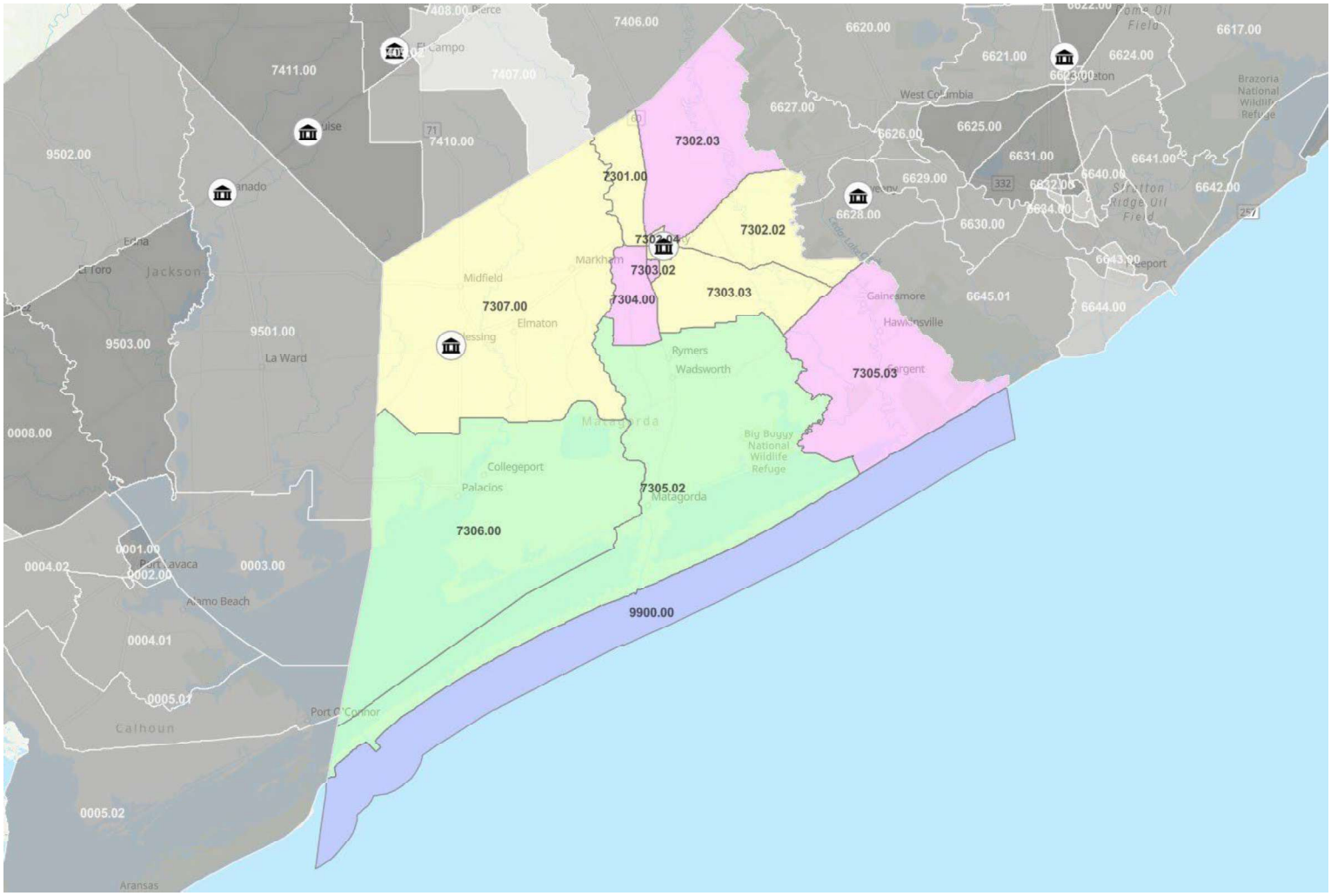
Lavaca County



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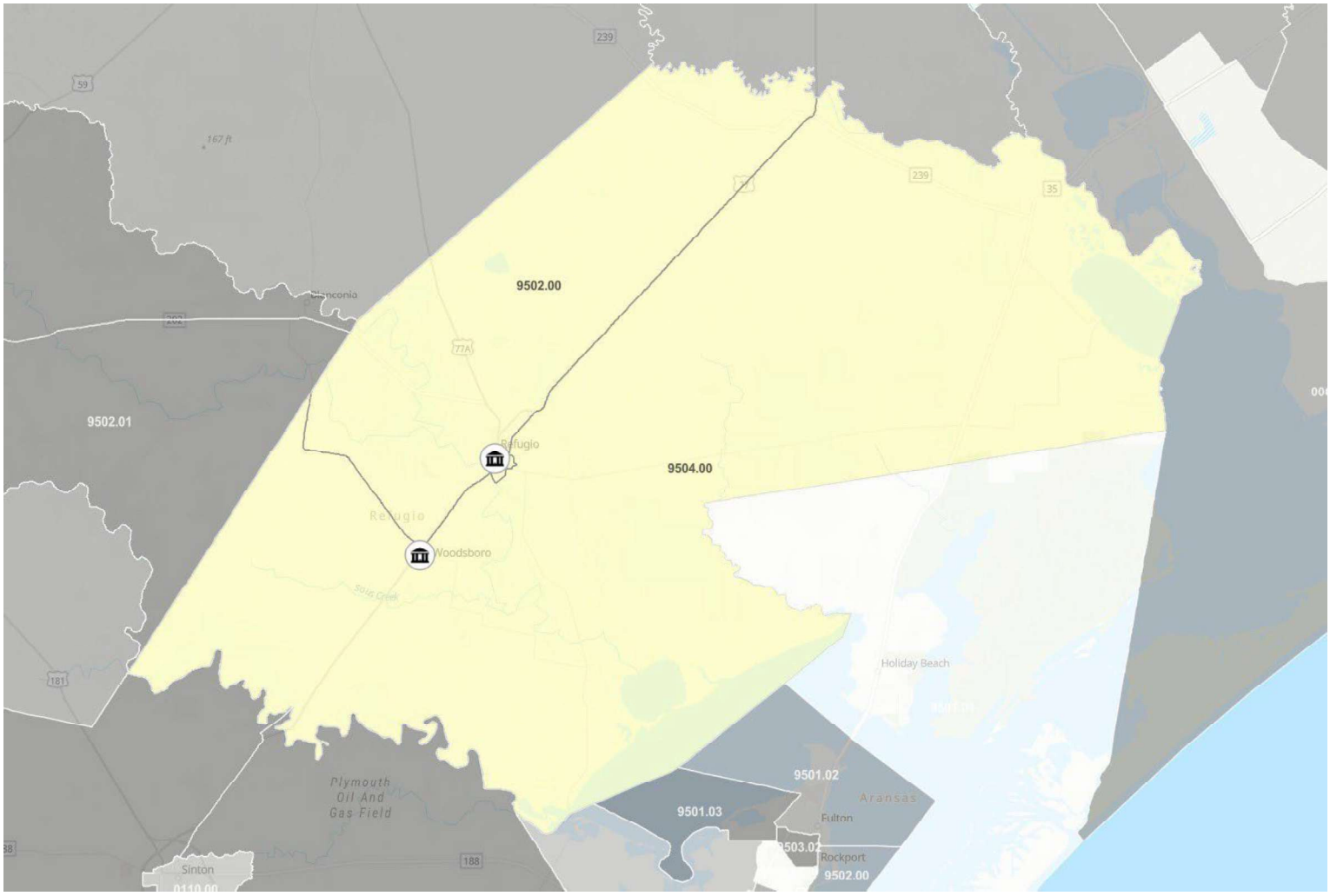
Matagorda County



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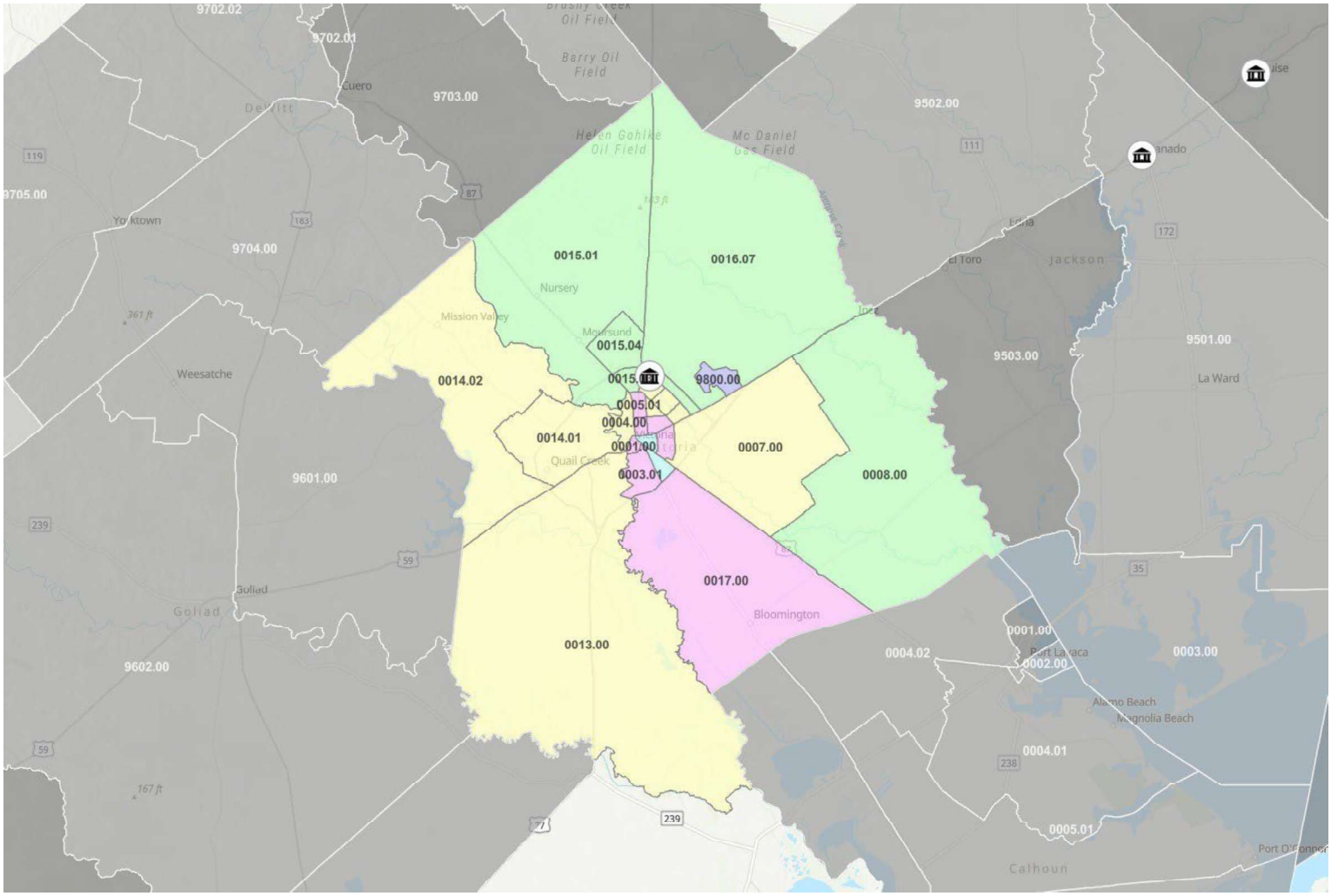
Refugio County



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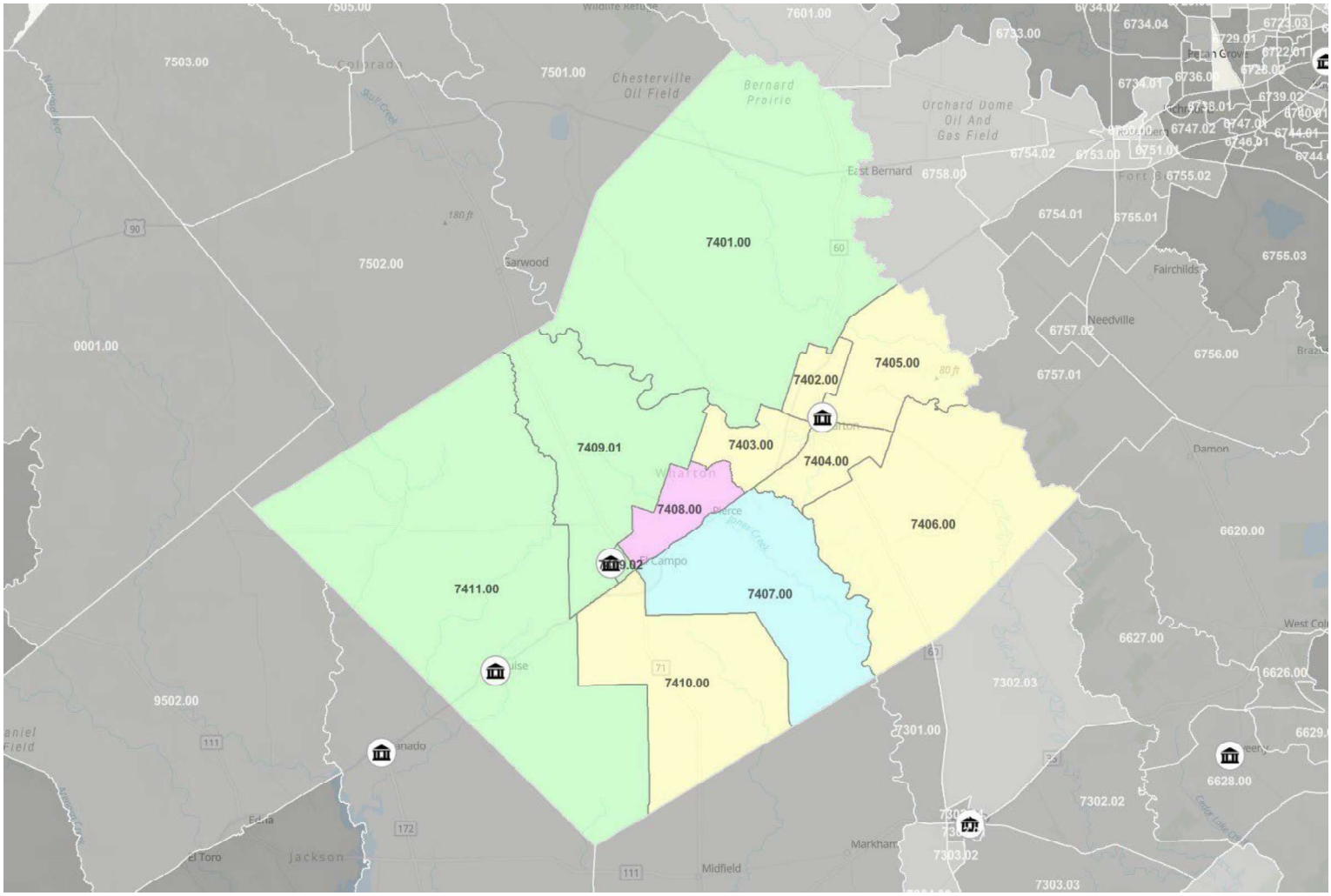
Victoria County



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Wharton County



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Lobby Notices for Main Bank and Branch Locations



Community Reinvestment Act Notice

Under the federal Community Reinvestment Act (CRA), the Federal Deposit Insurance Corporation (FDIC) evaluates our record of helping to meet the credit needs of this community consistent with safe and sound operations. The FDIC also takes this record into account when deciding on certain applications submitted by us.

Your involvement is encouraged.

You are entitled to certain information about our operations and our performance under the CRA. You may review today the public section of our most recent CRA evaluation, prepared by the FDIC, and a list of services provided at this branch. You may also have access to the following additional information, which we will make available to you at this branch within five calendar days after you make a request to us: (1) a map showing the assessment area containing this branch, which is the area in which the FDIC evaluates our CRA performance in this community; (2) information about our branches in this assessment area; (3) a list of services we provide at those locations; (4) data on our lending performance in this assessment area; and (5) copies of all written comments received by us that specifically relate to our CRA performance in this assessment area, and any responses we have made to those comments.

If you would like to review information about our CRA performance in other communities served by us, the public file for our entire bank is available at First State Bank, located at 206 North St., Louise, Texas 77455, Attn: Danielle Mitchell, SVP/Compliance Officer.

At least 30 days before the beginning of each quarter, the FDIC publishes a nationwide list of the banks that are scheduled for CRA examination for the next two quarters. This list is available from the Regional Director, FDIC 1601 Bryan Street 38th Floor, Dallas, Texas 75201. You may send written comments about our performance in helping to meet community credit needs to Danielle Mitchell, P.O. Box 826, Sweeny, Texas 77480, and the FDIC Regional Director. You may also submit comments electronically through the FDIC's Web site at *www.fdic.gov/regulations/cra*. Your letter, together with any response by us, will be considered by the FDIC in evaluating our CRA performance and may be made public.

You may ask to look at any comments received by the FDIC Regional Director. You may also request from the FDIC Regional Director an announcement of our applications covered by the CRA filed with the FDIC. We are an affiliate of Louise Bancshares Inc., a bank holding company. You may request from the Regional Director, Federal Reserve Bank of Dallas, P.O. Box 655906, Dallas, Texas 75265-5906 an announcement of applications covered by the CRA filed by bank holding companies.