
COMMUNITY REINVESTMENT ACT
(CRA)
PUBLIC FILE



CARMINE STATE BANK

Since 1907

P.O. Box 341 | 235 Centennial Street | Carmine, TX 78932

979-278-3244 | 800-720-1441

www.carminestatebank.com





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Locations

Carmine State Bank maintains one location in Carmine, Texas. Details of our location is below:

Name	Street Address	ATM	Census Data			
			State	County	Census Tract	MSA
Main Bank	235 Centennial Carmine, TX 78932	Drive Up 24 Hours	48 Texas	149 Fayette	9701.00	N/A

Hours of Operations

	Monday thru Friday	Saturday
Lobby	8:30 AM to 3:00 PM	8:30 AM to 12:00 PM
Drive-Thru	8:00 AM to 4:00 PM	8:00 AM to 12:00 PM

Branches Opened or Closed

Carmine State Bank has not opened or closed any branches during the previous two (2) years.

Products & Services

Deposit Products

Checking Accounts

- Unlimited check writing
- Monthly statements include images of all checks and deposits
- Low minimum balance requirements, which are waived for students and senior citizens
- VISA Debit Card is available upon approval

Saving Accounts

- Allows your money to earn interest and be available for convenient withdrawals.

Money Market Checking

- Interest bearing account
- Offers limited check writing
- Monthly statements include images of checks and deposits.

Certificate of Deposits (CDs)

- Terms ranging from 6 months to 5 Years
- Competitive interest rates

Individual Retirement Account (IRA)

- Roth IRAs
- Traditional IRAs

Health Savings Accounts (HSAs)

- Tax-exempt accounts established exclusively for paying qualified medical expenses for you, your spouse and/or dependents.
- Monthly statements, check writing, and interest bearing
- Certain eligibility rules apply, such as being covered by a High Deductible Health Plan or HSA-qualified health plan.
- HSA VISA Debit Card is available upon approval



Loan Products

- Real Estate Loans
 - Residential
 - Home Improvements
 - Refinance
 - Construction
 - Home Equity
 - Farm & Ranch
 - Commercial
- Home Equity Loans
- Consumer Loans
 - Secured & Unsecured
 - Personal Expense
 - Bill Consolidation
 - ATV's & Lawn Equipment
- Auto Loans
 - New & Used Vehicles
- Agriculture Loans
 - Livestock
 - Farm Equipment
 - Operating Expenses
- Business Loans
 - Working Capital
 - Equipment
 - Short-Term Loans
- Mobile Home Loans
 - Personal Property Mobile Home
 - Real Estate Mobile Home



Electronic Banking

- Internet Banking
- Mobile Banking
- Mobile Deposit Capture
- E-Statements
- VISA Debit Cards
 - Instant Issue Cards available
 - Card Control App (Card Suite Lite)
- Digital Wallets
 - Apple Pay
 - Google Pay

Other Services

- Cashier's Checks
- Wire Transfers
- Notary Service
- MasterCard Gift Cards
- MasterCard Travel Cards
- Safe Deposit Boxes
- Merchant Services for Small Business
- ATM – Automated Teller Machine





Fee Schedule



CARMINE STATE BANK

Since 1907

Member FDIC | Equal Housing Lender

FEE SCHEDULE
Effective January 1, 2025

CHECKING ACCOUNTS

- Return Item Fee*.....\$ 25.00 per presentment
- Overdraft Fee*.....\$ 25.00 per presentment

*No overdraft fee is charged if the account is overdrawn less than \$10.00
Maximum Return Item/Overdraft Fees per day is \$125.00 per account*

**NOTE: The categories of transactions for which an Overdraft Fee or Return Item Fee may be imposed are those by any of the following means: check, in-person withdrawal, ATM withdrawal, or other electronic means.*

An item returned unpaid due to insufficient funds may be represented multiple times with additional fees being assessed depending on how the Bank handles the item.

- Stop Payment Charges.....\$ 25.00 per item
- "FREEZE" Watch for signature or check number (good for 30 days).....\$ 25.00
- Duplicate Statement (with copies of checks) given or faxed.....\$ 5.00 per statement
- Computer Printout given or faxed.....\$ 2.00 per printout
- Returned Deposited Checks.....\$ 5.00 per check
- Counter Checks.....\$ 0.10 per check
- Account closed within 30 days of opening.....\$ 20.00 service charge
- Account Balancing Assistance.....\$ 25.00 per hour
- Carmine State Bank VISA Debit Card monthly maintenance fee (first 6 months free).....\$ 1.00 per card
- Minimum balance to open account (excluding students and senior citizens).....\$100.00 opening balance
- Service Charge Fees are based on DAILY account balance:
Daily balance falls below \$250.00 for the statement cycle.....\$ 5.00 service charge
Daily balance at least \$250.00 but no more than \$499.99 for the statement cycle.....\$ 3.00 service charge

Accounts which maintain a daily balance of \$500.00 or more each day of statement cycle will not incur a service charge.

Service charges are assessed when statement is printed.

Students or Senior Citizens (65 & over) & Trust Accounts are exempt from service charge fee.

SAVINGS ACCOUNTS

- Minimum Balance to Open Account.....\$ 10.00 opening balance
- If balance falls below \$10.00.....\$ 5.00 service charge fee
- Account closed within 30 days of opening.....\$ 20.00 service charge
- For each withdrawal in excess of six (6) during a statement cycle.....\$ 2.00 excess withdrawal fee

MISCELLANEOUS

- Safety Deposit Box Rates.....Yearly based upon size
4 ½ x 5 = \$20.00 10 ½ x 4 = \$35.00 10 ½ x 5 = \$40.00 10 ½ x 10 = \$55.00
No insurance coverage is provided on Safe Deposit Box contents by FDIC or this financial institution
- Cashier's Check.....\$ 5.00 per check
- Phone Transfers of Deposits & Loan Payments (excludes students & senior citizens).....\$ 5.00 per transfer
- Preauthorized Deposit Transfers.....\$ 1.00 per transfer
- Research fees or Special Bookkeeping Fees (minimum one hour charge).....\$ 25.00 per hour
- Wire Transfer Fees thru the Federal Reserve.....\$ 25.00 fee
- MasterCard Travel Money Card (\$100.00 minimum purchase).....\$ 9.95 per card
- Reload MasterCard Travel Money Card (\$100.00 minimum re-load).....\$ 4.95 per card
- MasterCard Gift Card (\$25.00 minimum purchase).....\$ 3.99 per card
- Drafts/Collection Items for Non-Customers, Recurring Drafts, or Foreign Currency.. \$ 5.00 per draft
- Facsimile Charges OUTGOING.....\$1.00 per page INCOMING.....\$ 0.50 per page
- Counting of loose and unrolled coin (applies to non-customers).....10% fee of amount exchanged
- Ordering of special coins or currency (applies to non-customers).....10% fee of the total amount

MONEY MARKET CHECKING

- For each withdrawal in excess of six (6) during a statement cycle.....\$ 5.00 excess debit fee
- If balance is under \$2,500 on any day during a statement cycle.....\$ 5.00 service charge fee
- If balance is under \$1,000 on any day during a statement cycle.....\$ 10.00 service charge fee



Member
FDIC



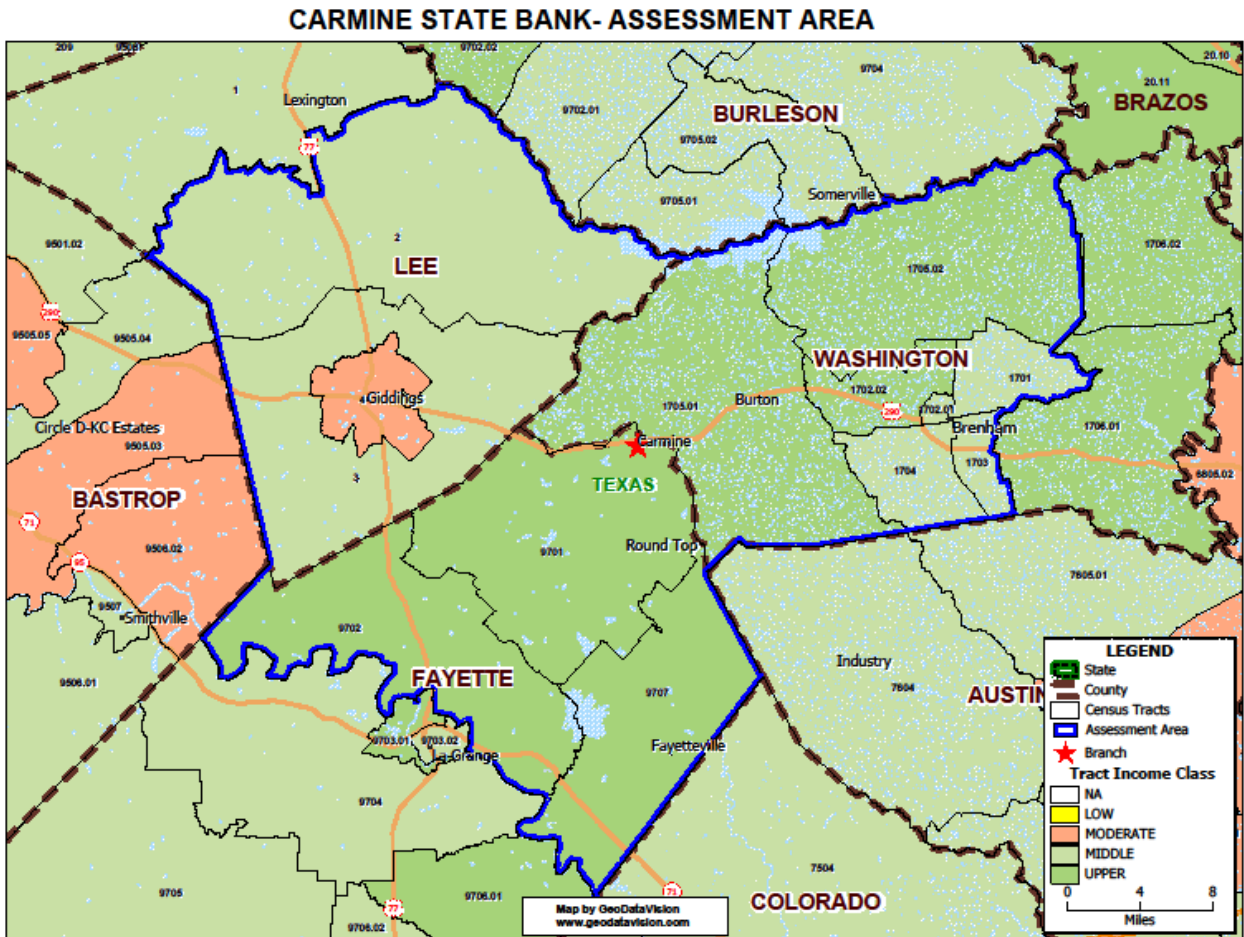
Loan to Deposit Ratio

Date	Loans (In Thousands)	Deposits (In Thousands)	Loan to Deposit Ratio
March 31, 2022	24,485	96,720	25.32%
June 30, 2022	25,369	103,963	24.40%
September 30, 2022	27,846	107,950	25.80%
December 31, 2022	26,515	113,841	25.05%
March 31, 2023	29,331	115,810	25.33%
June 30, 2023	29,731	111,780	26.60%
September 30, 2023	30,426	111,008	27.41%
December 31, 2023	31,066	113,214	27.44%
March 31, 2024	30,973	116,925	26.49%
June 30, 2024	31,605	116,966	27.02%
September 30, 2024	33,092	118,973	27.81%
December 31, 2024	36,946	119,220	30.99%

Data above obtained from Call Reports.



Assessment Area Map





Assessment Area Geographies

State code	County code	Tract	MSA/MD name	State	County name	FIPS code	Tract income level
48	149	9701.00	N/A	TX	FAYETTE COUNTY	48149970100	Upper
48	149	9702.00	N/A	TX	FAYETTE COUNTY	48149970200	Upper
48	149	9707.00	N/A	TX	FAYETTE COUNTY	48149970700	Upper
48	287	0002.00	N/A	TX	LEE COUNTY	48287000200	Middle
48	287	0003.00	N/A	TX	LEE COUNTY	48287000300	Middle
48	287	0004.00	N/A	TX	LEE COUNTY	48287000400	Moderate
48	477	1701.00	N/A	TX	WASHINGTON COUNTY	48477170100	Middle
48	477	1702.01	N/A	TX	WASHINGTON COUNTY	48477170201	Middle
48	477	1702.02	N/A	TX	WASHINGTON COUNTY	48477170202	Upper
48	477	1703.00	N/A	TX	WASHINGTON COUNTY	48477170300	Middle
48	477	1704.00	N/A	TX	WASHINGTON COUNTY	48477170400	Middle
48	477	1705.01	N/A	TX	WASHINGTON COUNTY	48477170501	Upper
48	477	1705.02	N/A	TX	WASHINGTON COUNTY	48477170502	Upper



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, including, for example, information about our branches, such as their locations and services provided at them; the public section of our most recent CRA performance evaluation, prepared by the FDIC; and comments received from the public relating to our performance in helping to meet community credit needs, as well as our responses to those comments. You may review this information today.

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 in that quarter. This list is available from the Regional Director, FDIC, 600 North Pearl Street, Suite 700, Dallas, Texas 75201. You may send written comments about our performance in helping to meet community credit needs to Carmine State Bank, Attn: Christopher Coufal, President, P. O. Box 341, Carmine, Texas 78932 and 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.



Written Comments

Carmin State Bank has not received any CRA written comments in the previous two (2) years.

HMDA Disclosure

Carmin State Bank has not been required to report HMDA data.

CRA Disclosure

Carmin State Bank is not a CRA Submission reporter.

CRA Performance Evaluation

Carmin State Bank's most recent CRA Performance Evaluation ("PE") from 2019 is attached.

Updated 03 18 2025

PUBLIC DISCLOSURE

November 4, 2019

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Carmine State Bank
Certificate Number: 19278

235 Centennial Street
Carmine, Texas 78932

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

1601 Bryan Street, Suite 1410
Dallas, Texas 75201

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

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INSTITUTION RATING

INSTITUTION'S COMMUNITY REINVESTMENT ACT (CRA) RATING: This institution is rated **Satisfactory**. An institution in this group has a satisfactory record of helping to meet the credit needs of its assessment area, including low- and moderate-income neighborhoods, in a manner consistent with its resources and capabilities.

Satisfactory performance regarding the Lending Test supports the overall rating. The bank did not request consideration of its investments and services, nor did examiners identify any discriminatory or other illegal credit acts or practices; consequently, these considerations did not affect the overall rating. The following discussion summarizes the bank's performance under the applicable test, discussed in detail elsewhere.

Lending Test

Carmine State Bank demonstrated an overall satisfactory record regarding the Lending Test. Reasonable records regarding its borrower profile loan distribution and loan-to-deposit ratio primarily support the Lending Test conclusion. Additionally, the bank granted a substantial majority of loans inside its assessment area. The following points summarize the bank's records regarding the applicable performance factors, discussed in detail elsewhere.

- The bank exhibited a reasonable record regarding its loan-to-deposit ratio. A reasonable overall level and a reasonable comparative level support this conclusion.
- The institution originated a substantial majority of its loans inside its assessment area. A majority of home mortgage loans granted inside the bank's assessment area sufficiently lifted by a substantial majority of consumer loans granted inside the assessment area supports this conclusion.
- The bank established a reasonable record regarding its borrower profile loan distribution. Reasonable performances regarding consumer and home mortgage activities support this conclusion.
- The assessment area does not include any low- or moderate-income geographies. A review of the geographic distribution criterion would not result in meaningful conclusions and therefore, examiners did not evaluate this criterion.
- The bank did not receive any CRA-related complaints since the previous evaluation. Therefore, this factor did not affect the Lending Test conclusion.

SCOPE OF EVALUATION

General Information

This evaluation covers the period from November 18, 2013, to November 4, 2019, the date of the previous evaluation to this evaluation’s date. To assess performance, examiners applied the Federal Financial Institutions Examination Council (FFIEC) Small Institution CRA Examination Procedures, which include the Lending Test. Appendix B lists the applicable test’s criteria.

The bank operates in one assessment area, located in the State of Texas, as more fully described under Description of Assessment Area. Examiners applied full-scope procedures to the Non-Metropolitan Statistical Area (Non-MSA) Assessment Area (Non-MSA AA) after contemplating all considerations in outstanding guidance and given the existence of only one assessment area. Therefore, examiners gave 100 percent weighting to the Non-MSA AA when arriving at applicable conclusions.

Lending Test

Loan Products Reviewed

For the Lending Test, CRA Small Bank procedures require examiners to determine the bank’s major product lines from which to review. As an initial matter, examiners may select from among the same loan categories used for CRA Large Bank evaluations: home mortgage, small business, small farm, and consumer loans.

The following table shows the bank’s 2018 lending activity, which reflects a generally consistent pattern with the bank’s lending emphasis since the last evaluation. Consumer lending continues to represent the bank’s largest loan product by dollar volume followed by residential real estate loans.

Loans Originated or Purchased				
Loan Category	\$(000)	%	#	%
Construction and Land Development	419	4.4	4	0.9
Secured by Farmland	354	3.7	2	0.4
1-4 Family Residential	3,049	32.1	24	5.5
Multi-Family (5 or more) Residential	0	0.0	0	0.0
Commercial Real Estate	250	2.6	3	0.6
Commercial and Industrial	1,139	12.0	37	8.3
Agricultural	538	5.7	35	7.8
Consumer	3,633	38.3	341	76.1
Other Loans	115	1.2	2	0.4
Total Loans	9,497	100.0	448	100.0
<i>Source: Bank Records 1/1/2018 through 12/31/2018</i>				

Considering the volume of loans originated in the previous table as well as management’s stated business strategy, examiners determined the bank’s major product lines consist of consumer loans at 38.3 percent of the dollar volume and home mortgage loans at 32.1 percent. Since none of the other loan categories represent a major product line, including commercial loans at 14.6 percent and agricultural loans at 9.4 percent, and thus would not materially affect any conclusions or the rating, this evaluation does not discuss them.

Consequently, this evaluation considered a random sample of 58 consumer loans totaling \$610,000 from a universe of 341 loans totaling \$3,633,429, originated during 2018. Examiners based the random sample on a statistical 90 percent Confidence Interval with a 10 percent Precision Level. In addition, this evaluation considered the entire universe of 24 home mortgage loans totaling \$3,049,291 originated during 2018.

Loan Products Weighting

Examiners considered the universes of the dollar volume and number of loans originated in 2018, as well as management’s stated business strategy, to determine the weighting applied to the different loan categories reviewed when arriving at applicable conclusions. The following table shows that considering both the dollar volume and number percentages, consumer loans account for 73.9 percent of the reviewed loans while home mortgage loans account for 26.1 percent. Consequently, examiners weighed the bank’s performance regarding consumer loans clearly heavier than its performance regarding home mortgage loans when arriving at conclusions.

Universe of Loan Categories Reviewed				
Loan Category	\$(000)	%	#	%
Consumer	3,633	54.4	341	93.4
Home Mortgage	3,049	45.6	24	6.6
Total Loans	6,682	100.0	365	100.0
<i>Source: Bank Records 1/1/2018 through 12/31/2018</i>				

DESCRIPTION OF INSTITUTION

Background

Carmine State Bank began operations in 1907 and is located approximately 90 miles northwest of Houston, Texas. The bank received a Satisfactory rating at its previous November 18, 2013 Federal Deposit Insurance Corporation (FDIC) CRA Performance Evaluation based on FFIEC Small Institution CRA Examination Procedures.

Operations

Carmine State Bank functions as a retail community bank focusing on consumer and residential real estate loans from its one full-service office in Fayette County, Texas. The bank did not open or close any offices or participate in any merger or acquisition activities since the prior evaluation. The Description of Assessment Area depicts the office's specific location.

The bank offers a full line of loan products including consumer, residential real estate, commercial, agricultural, and construction and land development loans. Carmine State Bank also offers a variety of consumer and commercial deposit products and other services including internet banking, mobile banking, debit cards, and an automated teller machine. Service hours remain consistent with area and industry norms and include Saturdays. Drive-thru facilities offer extended business hours.

Ability and Capacity

The following table shows that cash constitutes the largest asset category and comprises 40.8 percent of the bank's September 30, 2019, total assets. Since the prior evaluation, on average per year, total assets increased 4.4 percent, net loans increased 6.2 percent, and total deposits increased 4.5 percent. As of September 30, 2019, the bank reported a Return on Average Assets of 0.9 percent and a Tier 1 Leverage Capital ratio of 12.5 percent.

Asset Distribution as of September 30, 2019		
Asset Category	\$(000)	%
Cash	33,840	40.8
Securities	24,783	30.0
Federal Funds Sold	0	0.0
Net Loans & Leases	23,647	28.5
Premises & Fixed Assets	229	0.3
Other Real Estate Owned	0	0.0
Other Assets	398	0.4
Total Assets	82,897	100.0
<i>Source: Reports of Condition</i>		

As seen in the following table, the mix of outstanding loans as of September 30, 2019, reflects a loan distribution somewhat similar to the distribution of loans originated and discussed under the Scope of Evaluation. Residential real estate loans, at 42.3 percent of outstanding loans and consumer loans at 23.5 percent, again represent the largest two loan categories.

Loan Portfolio Distribution as of September 30, 2019		
Loan Category	\$(000)	%
Construction and Land Development	418	1.7
Secured by Farmland	1,831	7.7
1-4 Family Residential	10,066	42.3
Multi-family (5 or more) Residential	0	0.0
Commercial Real Estate	1,227	5.2
Total Real Estate Loans	13,542	56.9
Commercial and Industrial	1,978	8.3
Agricultural	1,082	4.5
Consumer	5,595	23.5
Obligations of states and political subd. in the US	828	3.5
Other	774	3.3
Total Loans	23,799	100.0
<i>Source: Reports of Income and Condition</i>		

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

DESCRIPTION OF ASSESSMENT AREA

Carmine State Bank designated one assessment area, the Non-MSA AA, consisting of portions of Fayette, Lee, and Washington Counties in South East Texas. The area conforms to CRA regulatory requirements. As seen in the following table, the bank currently operates one office in Fayette County.

Office Location				
County/City	Office Type	Census Tract Number	Census Tract Income Level	Office Opened or Closed Since Last Evaluation
<i>Fayette County:</i> Carmine	Main Office	9701.00	Middle	No
<i>Source: 2015 American Community Survey (ACS) U.S. Census; Bank Records</i>				

Economic and Demographic Data

The assessment area’s seven census tracts reflect the following income designations based on 2015 ACS U.S. Census data: 4 middle-income and 3 upper-income census tracts. The Federal Emergency Management Agency made one major disaster declaration involving Fayette and Lee Counties during August of 2017. Furthermore, the FFIEC’s lists of distressed or underserved non-metropolitan middle-income geographies did not designate any tracts within these categories for the time period of November 18, 2013 through October 18, 2019. The City of La Grange serves as the county seat of Fayette County. La Grange, Schulenburg, and Flatonia represent Fayette County’s largest cities with economies centered in services, retail trade, agriculture, finance, and construction.

The Bureau of Labor Statistics reports a June 2019 unemployment rate of 3.2 percent for Fayette County, 3.3 percent for Lee County, and 4.2 percent for Washington County. For comparison purposes, the State of Texas and the U.S reported unemployment rates of 3.4 and 3.5 percent, respectively, for the same time period. According to business demographic data, the services industry represents the largest portion of businesses at 37.7 percent, followed by retail trade at 13.3 percent, and non-classifiable establishments at 10.2 percent. In addition, 73.2 percent of the area’s businesses have four or fewer employees, and 89.9 percent operate from a single location. Major employers in the assessment area include RoundTop/Carmine ISD, Giddings ISD, J.W. Steakhouse, Kieke Egg Farm, Brenham State Supported Living Center, and Blue Bell Creameries.

According to the 2015 ACS Census, the assessment area’s population includes 9,536 households, of which 33.7 percent reported either low- or moderate-incomes. Approximately 12.9 percent of the area’s households and 7.9 percent of the families reported incomes below the poverty level. The census data also reflects that 28.1 percent of the area’s families reported low- or moderate incomes. These figures suggest that fewer opportunities exist to extend higher dollar volume, longer term loans to the area’s low- or moderate-income families. The following table provides additional demographic and economic data for the assessment area.

Demographic Information of the Assessment Area						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	7	0.0	0.0	57.1	42.9	0.0
Population by Geography	25,114	0.0	0.0	51.4	48.6	0.0
Housing Units by Geography	13,592	0.0	0.0	49.3	50.7	0.0
Owner-Occupied Units by Geography	7,349	0.0	0.0	47.9	52.1	0.0
Occupied Rental Units by Geography	2,187	0.0	0.0	52.4	47.6	0.0
Vacant Units by Geography	4,056	0.0	0.0	50.3	49.7	0.0
Businesses by Geography	1,802	0.0	0.0	55.5	44.5	0.0
Farms by Geography	176	0.0	0.0	42.6	57.4	0.0
Family Distribution by Income Level	6,703	13.2	14.9	20.5	51.4	0.0
Household Distribution by Income Level	9,536	19.6	14.1	13.8	52.5	0.0
Median Family Income Non-MSAs - TX	\$52,076		Median Housing Value			\$125,353
			Median Gross Rent			\$765
			Families Below Poverty Level			7.9%
<i>Source: 2015 ACS Census; 2018 D&B Data</i> <i>Due to rounding, totals may not equal 100.0</i> <i>(*) The NA category consists of geographies that have not been assigned an income classification.</i>						

Competition

The assessment area contains relatively strong competition with 20 chartered banks. Carmine State Bank ranks 13th in deposit market share with 2.3 percent of the area’s deposits based on the June 30, 2019 FDIC Deposit Market Share Report. Credit unions, financial institutions, and finance companies also serve the assessment area; nevertheless, the competition level still allows for lending opportunities.

Community Contact

Examiners utilized a contact with a community member knowledgeable of the area’s business and economic environment to help assess the current economic conditions, community credit needs, and potential opportunities for bank involvement.

The contact described current economic conditions as fluctuating. Oil and gas production activity increased; however, within the past two years the contact noted that the economy has declined as seen by the exit of many oil and gas production workers. Nonetheless, the area’s economy is supported by diverse industries, most of which continue to positively contribute to its needs and growth. The contact indicated that area financial institutions continue to participate in community development projects and take an active role in community activities regarding general banking and credit needs.

Consistent with other non-metropolitan areas, the Non-MSA AA creates fewer lending opportunities for a smaller variety of loan products. Considering information obtained from the community contact, bank management, as well as demographic and economic information, examiners determined the area’s primary credit needs include residential and consumer loans.

CONCLUSIONS ON PERFORMANCE CRITERIA

LENDING TEST

Carmine State Bank demonstrated an overall satisfactory record regarding the Lending Test. Reasonable records regarding its borrower profile loan distribution and loan-to-deposit ratio primarily support the Lending Test conclusion. Additionally, the bank granted a substantial majority of loans inside its assessment area.

For the CRA Small Bank Lending Test, typically, examiners will first determine whether the presence of any weaker loan-to-deposit ratio or assessment area concentration performance warrants downgrading the overall Lending Test conclusion. Absent any such warranted downgrading, examiners will then place more weight on the bank's borrower profile and geographic loan distributions when arriving at the overall Lending Test conclusion.

Loan-to-Deposit Ratio

The bank exhibited a reasonable record regarding its loan-to-deposit ratio. Reasonable overall and comparative levels support this conclusion. Examiners considered the bank's size, business strategy, and capacity relative to the area's needs when arriving at this conclusion.

Overall Level

The overall level of the bank's average, net loan-to-deposit (LTD) ratio reflects reasonable performance. For the 23 quarters since the previous evaluation, the bank recorded a 30.4 percent average, net LTD ratio, slightly lower than the 33.1 percent average ratio reported at the previous evaluation. The bank's quarterly, net LTD ratio ranged from a low of 27.8 percent on June 30, 2014, to a high of 32.9 percent on June 30, 2019. The ratio experienced a gradual increase for the first half of the evaluation period before slightly leveling off and then evidencing another slight upward trend. Thus, within the context of the noted considerations, particularly the bank's relative capacity with respect to its core deposits, the overall level of the bank's average, net LTD ratio reflects reasonable performance.

Comparative Level

The comparative level of the bank's average, net LTD ratio reflects reasonable performance. In the following table, examiners identified and listed three comparable institutions operating in or near the bank's assessment area and reflecting similar lending emphases and somewhat similar asset sizes.

The following table shows that Carmine State Bank's ratio falls slightly lower than two of the comparable listed institutions' ratios by only 1.1 and 1.9 percentage points, and lands 9.9 percentage points higher than the lowest listed ratio. Given the minimal gaps between Carmine State Bank's ratio and the other ratios, the comparative level of Carmine State Bank's average, net LTD ratio reflects reasonable performance.

Loan-to-Deposit Ratio Comparison		
Bank	Total Assets as of 6/30/2019 \$(000)	Average, Net LTD Ratio (%)
Carmine State Bank, Carmine, Texas	81,886	30.4
Burton State Bank, Burton, Texas	69,546	32.3
National Bank & Trust, LaGrange, Texas	234,086	31.5
The First State Bank, Columbus, Texas	142,939	20.5
<i>Source: Reports of Income and Condition 12/31/2013 through 6/30/2019</i>		

Consequently, given the two measures' relative conclusions and weightings, the bank's overall lending performance exhibited a reasonable record regarding its LTD ratio.

Assessment Area Concentration

The institution originated a substantial majority of its loans inside its assessment area. A majority of home mortgage loans granted inside the bank's assessment area sufficiently lifted by a substantial majority of consumer loans granted inside the assessment area supports this conclusion. As previously noted, consumer loans account for 73.9 percent of the 2018 loan activity categories reviewed while home mortgage loans account for 26.1 percent. Examiners considered the bank's asset size and office structure as well as the loan categories reviewed relative to the assessment area's size and economy when arriving at this conclusion.

Consumer Loans

The institution originated a substantial majority of its consumer loans inside its assessment area. The following table shows that for consumer loans by both measures, the percentage of the number and dollar volume of loans, the bank originated substantial majorities inside its assessment area.

Home Mortgage Loans

The institution originated a majority of its home mortgage loans inside its assessment area. The following table shows that for home mortgage loans by both measures, the percentages of the number and dollar volume of loans, the bank originated majorities inside its assessment area.

Lending Inside and Outside of the Assessment Area										
Loan Category	Number of Loans				Total #	Dollar Amount of Loans \$(000)				Total \$(000)
	Inside		Outside			Inside		Outside		
	#	%	#	%		\$	%	\$	%	
Consumer	53	91.4	5	8.6	58	573	93.9	37	6.1	610
Home Mortgage	20	83.3	4	16.7	24	2,530	83.0	519	17.0	3,049
<i>Source: Bank Records</i>										

Consequently, considering each loan category's relative overall performance and relative weighting, the institution originated a substantial majority of its loans inside its assessment area.

Borrower Profile

The bank established a reasonable record regarding its borrower profile loan distribution. Reasonable performances regarding consumer and home mortgage activities support this conclusion. Examiners considered the loan categories reviewed relative to the available comparative data and any performance context issues. Examiners focused on the percentages by number of loans when arriving at conclusions and only considered loans granted inside the assessment area.

Consistent with outstanding guidance, examiners used the Texas Non-MSA's Median Family Income (MFI) to calculate the borrowers' income levels. The following table displays the income levels, percent of MFI used to determine ranges, and the income ranges for both analyses.

Median Family Income Ranges				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
TX NA Median Family Income (99999)				
2018 (\$56,500)	<\$28,250	\$28,250 to <\$45,200	\$45,200 to <\$67,800	≥\$67,800

Source: FFIEC

Consumer Loans

The distribution of consumer loans based on the borrowers' profiles reflects reasonable performance. A reasonable record in the bank's sole assessment area primarily supports this conclusion. Examiners focused on the bank's percentages by number of loans granted to low- and moderate-income borrowers relative to the percentage of households when arriving at this conclusion. The borrowers' income designations defined the borrowers' profiles for this analysis as noted in the MFI table above.

The following table shows that to low-income borrowers, the bank's level of lending exceeds, by 4.9 percentage points, the applicable demographic figure, reflective of reasonable performance. The table further shows that to moderate-income borrowers, the bank's performance slightly exceeds, by 1.0 percentage point, the applicable percent of households, also reflecting reasonable performance.

Distribution of Consumer Loans by Borrower Income Category					
Borrower Income Level	% of Households	#	%	\$(000)	%
Low	19.6	13	24.5	31	5.4
Moderate	14.1	8	15.1	50	8.7
Middle	13.8	17	32.1	178	31.1
Upper	52.5	15	28.3	314	54.8
Not Available	0.0	0	0.0	0	0.0
Totals	100.0	53	100.0	573	100.0

*Source: 2015 ACS Census; Bank Records
Due to rounding, totals may not equal 100.0*

Home Mortgage Loans

The distribution of home mortgage loans based on the borrowers' profiles reflects reasonable performance. A reasonable record in the bank's sole assessment area primarily supports this conclusion. Examiners focused on the bank's percentages of the number of loans granted to low- and moderate-income borrowers relative to the percentage of families when arriving at this conclusion. The borrowers' income designations defined the borrowers' profiles for this analysis.

The following table shows that lending to low-income borrowers reflects poor performance when compared to the percent of families, as the bank's level lands 13.2 percentage points below the applicable demographic figure. However, examiners noted that such performance is attributed to the high cost of land in the bank's assessment area. Examiners noted that 7.9 percent of the families in the bank's assessment area reported incomes below the poverty level. At a current price of up to \$25,000 per acre of land, low-income borrowers experience difficulty qualifying for a home mortgage loan. The table further shows that to moderate-income borrowers, the bank's level lands 0.1 percentage point above the demographic level, reflective of reasonable performance. Given the noted performance context considerations and the bank's record to moderate-income borrowers, the borrower profile distribution of home mortgage loans reflects reasonable performance.

Distribution of Home Mortgage Loans by Borrower Income Level					
Borrower Income Level	% of Families	#	%	\$(000)	%
Low	13.2	0	0.0	0	0.0
Moderate	14.9	3	15.0	230	9.1
Middle	20.5	5	25.0	621	24.5
Upper	51.4	12	60.0	1,679	66.4
Not Available	0.0	0	0.0	0	0.0
Total	100.0	20	100.0	2,530	100.0

*Source: 2015 ACS Census; Bank Records
Due to rounding, totals may not equal 100.0*

Consequently, considering the loan categories' relative performances and weightings, the bank established a reasonable record regarding its borrower profile loan distribution.

Geographic Distribution

As previously noted, the Non-MSA AA consists of four middle-income and three upper-income census tracts. Because the assessment area does not include any low- or moderate-income geographies, review of the geographic distribution criterion would not result in meaningful conclusions. Therefore, examiners did not evaluate this criterion.

Response to Complaints

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

DISCRIMINATORY OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

Examiners did not identify any evidence of discriminatory or other illegal credit practices inconsistent with helping to meet community credit needs; therefore, this consideration did not affect the overall rating.

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.

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

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

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

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

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

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

Family: Includes a householder and one or more other persons living in the same household who are related to the householder by birth, marriage, or adoption. The number of family households always equals the number of families; however, a family household may also include non-relatives living with the family. Families are classified by type as either a married-couple family or other family. Other family is further classified into “male householder” (a family with a male householder and no wife present) or “female householder” (a family with a female householder and no husband present).

Family Income: Includes the income of all members of a family that are age 15 and older.

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 (for example, geographic distribution, borrower profile, and total number and dollar amount of investments), and qualitative factors (for example, 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 Disclosure Loan Application Register (HMDA LAR): The HMDA LARs record all applications received for residential purchase, refinance, home improvement, and temporary-to-permanent construction loans.

Home Mortgage Loans: Includes home purchase and home improvement loans as defined in the HMDA regulation. This definition also includes multi-family (five or more families) dwelling loans, loans to purchase manufactured homes, and refinancings of home improvement and home purchase loans.

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

Household Income: Includes the income of the householder and all other persons that are age 15 and older in the household, whether related to the householder or not. Because many households are only one person, median household income is usually less than median family income.

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 (for example, geographic distribution, borrower profile, total number and dollar amount of investments, and branch distribution).

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

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

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

Metropolitan Division (MD): A county or group of counties within a CBSA that contain(s) an urbanized area with a population of at least 2.5 million. A MD is one or more main/secondary counties representing an employment center or centers, plus adjacent counties associated with the main/secondary county or counties through commuting ties.

Metropolitan Statistical Area (MSA): CBSA associated with at least one urbanized area having a population of at least 50,000. The MSA comprises the central county or counties or equivalent entities containing the core, plus adjacent outlying counties having a high degree of social and economic integration with the central county or counties as measured through commuting.

Micropolitan Statistical Area: CBSA associated with at least one urbanized area having a population of at least 10,000, but less than 50,000.

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: All areas outside of metropolitan areas. The definition of nonmetropolitan area is not consistent with the definition of rural areas. Urban and rural classifications cut across the other hierarchies. For example, there is generally urban and rural territory within metropolitan and nonmetropolitan areas.

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

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

branches in two or more states within a multistate metropolitan area, the institution will receive a rating for the multistate metropolitan area.

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

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

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

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

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

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

SMALL BANK TEST'S PERFORMANCE CRITERIA

Lending Test

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

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