

PUBLIC DISCLOSURE

August 19, 2024

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Pinnacle Bank
Certificate Number: 20231

250 West Lancaster Avenue
Fort Worth, Texas 76102

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

1100 Walnut Street, Suite 2100
Kansas City, Missouri 64106

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

TABLE OF CONTENTS

INSTITUTION RATING	1
DESCRIPTION OF INSTITUTION	2
DESCRIPTION OF ASSESSMENT AREAS.....	3
SCOPE OF EVALUATION.....	4
CONCLUSIONS ON PERFORMANCE CRITERIA.....	6
DISCRIMINATORY OR OTHER ILLEGAL CREDIT PRACTICES REVIEW	13
DALLAS FORT-WORTH ASSESSMENT AREA – Full-Scope Review	14
COMBINED NON-MSA ASSESSMENT AREA – Full-Scope Review	23
OTHER ASSESSMENT AREAS – Limited-Scope Review	32
APPENDICES	37
LARGE BANK PERFORMANCE CRITERIA	37
SCOPE OF EVALUATION	39
DESCRIPTION OF LIMITED-SCOPE ASSESSMENT AREAS.....	40
GLOSSARY	43

INSTITUTION RATING

INSTITUTION’S CRA RATING: This institution is rated **Outstanding**.

An institution in this group has an outstanding 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.

PERFORMANCE LEVELS	PERFORMANCE TESTS		
	Lending Test*	Investment Test	Service Test
Outstanding	X		
High Satisfactory		X	X
Low Satisfactory			
Needs to Improve			
Substantial Noncompliance			
<i>* The Lending Test is weighted more heavily than the Investment and Service Tests when arriving at an overall rating.</i>			

The Lending Test is rated Outstanding.

- Lending levels reflect excellent responsiveness to assessment area credit needs.
- The institution made a high percentage of loans in its assessment areas.
- The institution exhibits a good record of serving the credit needs of the most economically disadvantaged areas, low-income individuals and/or very small businesses, consistent with safe and sound banking practices.
- The geographic distribution of loans reflects excellent penetration throughout the assessment areas.
- The distribution of borrowers reflects good penetration among business customers of different sizes and retail customers of different income levels.
- The institution makes limited use of innovative and/or flexible lending practices in order to serve assessment area credit needs.
- The institution is a leader in making community development loans.

The Investment Test is rated High Satisfactory.

- The institution has a significant level of qualified community development investments and grants, occasionally in a leadership position, particularly those that are not routinely provided by private investors.
- The institution exhibits good responsiveness to credit and community economic development needs.
- The institution occasionally uses innovative and/or complex investments to support community development initiatives.

The Service Test is rated High Satisfactory.

- Delivery systems are accessible to essentially all portions of the institution’s assessment areas.
- To the extent changes have been made, the institution’s record of opening and closing branches has improved the accessibility of its delivery systems, particularly in low and moderate-income geographies and/or to low- and moderate-income individuals.
- Services, including business hours, do not vary in a way that inconveniences certain portions of the assessment areas, particularly in low- and moderate-income geographies and/or to low- and moderate-income individuals.
- The institution provides a relatively high level of community development services.

DESCRIPTION OF INSTITUTION

Pinnacle Bank operates as a state-chartered, retail bank headquartered in Fort Worth, Texas. The institution is wholly owned by Pinnacle Bancorp Inc., a four-bank holding company based in Omaha, Nebraska. Pinnacle Bancorp, Inc. also owns the following affiliated financial institutions: Bank of Colorado, Fort Collins, Colorado; Pinnacle Bank, Lincoln, Nebraska; and Pinnacle Bank – Wyoming, Cody, Wyoming. The bank received a Outstanding CRA rating at its prior FDIC performance evaluation dated August 16, 2021, which used the Interagency Large Institution Examination Procedures to evaluate its performance.

Pinnacle Bank operates 27 full-service offices, 1 limited-service office, and 2 loan production offices in Texas. The institution operates a vast network of 36 ATMs throughout its assessment areas. Since the prior evaluation, the bank acquired Crockett National Bank, San Antonio, Texas on December 1, 2022. This included the addition of 5 full-service branches in College Station, Ozona, San Angelo (2), and San Antonio, Texas; a limited-service branch in San Angelo; as well as 2 loan production offices in San Antonio and New Braunfels. There were no branch closures since the previous evaluation. For a distribution of the bank’s branches and ATMs by geography income level, refer to the Service Test section.

Pinnacle Bank also offers a variety of loan products including commercial, home mortgage, consumer, and agricultural loans, primarily focusing on commercial lending. Commercial loans include commercial real estate, equipment and inventory financing, installment, revolving lines of credit, and other loans to businesses. Home mortgage loans include construction, purchase, refinance, home equity, and home improvement. Consumer loans include automobile, recreational vehicle, and other personal need loans, as well as credit cards.

As of June 30, 2024, Pinnacle Bank reported total assets of \$2.8 billion, total loans of \$1.6 billion, total securities of \$662.9 million, and total deposits of \$2.3 billion. Total assets, loans, securities, and deposits increased by 44.3 percent, 49.5 percent, 3.9 percent, and 35.1 percent, respectively since the prior evaluation, which utilized figures as of June 30, 2021. As shown in the following table, commercial real estate lending is the institution’s primary credit product. The composition of the loan portfolio is illustrated in the following table.

Loan Portfolio Distribution as of June 30, 2024		
Loan Category	\$(000s)	%
Construction, Land Development, and Other Land Loans	321,465	19.9
Secured by Farmland	206,194	12.7
Secured by 1-4 Family Residential Properties	251,975	15.6
Secured by Multifamily (5 or more) Residential Properties	59,588	3.7
Secured by Nonfarm Nonresidential Properties	688,773	42.6
Total Real Estate Loans	1,527,995	94.5
Commercial and Industrial Loans	75,544	4.7
Agricultural Production and Other Loans to Farmers	1,002	0.1
Consumer Loans	11,257	0.7
Obligations of State and Political Subdivisions in the U.S.	2,296	0.1
Other Loans	3,029	0.2
Lease Financing Receivable (net of unearned income)	0	0.0
Less: Unearned Income	(4,817)	(0.3)
Total Loans	1,616,306	100.0
<i>Source: Reports of Condition and Income</i>		
<i>Due to rounding, totals may not equal 100.0%</i>		

Examiners did not identify any financial, legal, or other impediments that affect the bank’s ability to meet the credit or community development needs of its assessment areas.

DESCRIPTION OF ASSESSMENT AREAS

The CRA requires each financial institution to define one or more assessment areas within which its CRA performance will be evaluated. Pinnacle Bank has defined six assessment areas located throughout Texas, as depicted in the following table.

Description of Assessment Areas			
Assessment Area	Counties in Assessment Area	# of Census Tracts	# of Branches
College Station	Brazos	63	1
Crockett Non-MSA	Crockett	1	1
Hood-Somervell Non-MSA	Hood and Somervell	17	1
Dallas-Fort Worth	Ellis, Johnson, Parker, Tarrant, and Wise	569	21
San Angelo	Tom Green	27	3
San Antonio	Bexar and Comal	408	1
<i>Source: 2020 U.S. Census and Bank Data</i>			

Since the previous evaluation, the bank added the Crockett Non-MSA Assessment Area, as well as the College Station, San Angelo, and San Antonio assessment areas, due to the aforementioned branch acquisitions through Crockett National Bank. The Crockett and Hood-Somervell Non-MSA assessment areas are not contiguous; however, both are in nonmetropolitan portions of Texas. Examiners did not identify any significant anomalies or trends in performance between these assessment areas. Further, the assessment areas reflect similar economic and demographic conditions. Therefore, examiners presented the Crockett and Hood-Somervell Non-MSA

assessment areas as the Combined Non-MSA Assessment Area for this evaluation. Refer to the individual assessment area sections within each rated area for additional details.

SCOPE OF EVALUATION

General Information

This evaluation covers the period from the prior evaluation dated August 16, 2021, to the current evaluation dated August 19, 2024. Examiners used the Interagency Large Institution Examination Procedures to evaluate Pinnacle Bank’s CRA performance. These procedures include the Lending, Investment, and Service tests, which are described in detail in the Appendices. Banks must achieve at least a Low Satisfactory rating under the Lending Test to obtain an overall Satisfactory rating. None of the institution’s affiliates activities were considered in the evaluation. This evaluation does not include any lending activity from the affiliated entities.

Examiners evaluated the bank’s lending, deposit, and branch activity to determine which assessment areas received full- or limited-scope reviews and appropriate weighting. In addition, examiners evaluated reported loan activity and market share data to determine the bank’s relative impact in each assessment area when establishing the appropriate scope of review. Examiners applied full-scope procedures to the Dallas-Fort Worth and Combined Non-MSA assessment areas, while limited-scope procedures were utilized for the College Station, San Angelo, and San Antonio assessment areas. Performance in the Dallas-Fort Worth Assessment Area contributed more weight to overall conclusions as this area accounts for a significant volume of loan and deposit activity and includes a majority of the institution’s branch offices. Performance in the other assessment areas received considerably less weight. The following table reflects the distribution of reported loans, deposits, and office locations in each assessment area.

Assessment Area Breakdown of Loans, Deposits, and Branches						
Assessment Area	Loans*		Deposits		Branches	
	\$(000s)	%	\$(000s)	%	#	%
College Station	829	0.9	12,220	0.5	1	3.6
Combined Non-MSA	5,013	5.4	104,342	4.5	2	7.1
Dallas-Fort Worth	83,204	90.2	1,943,393	84.2	21	75.0
San Angelo	840	0.9	204,782	8.9	3	10.7
San Antonio	2,371	2.6	42,076	1.8	1	3.6
Total	92,257	100.0	2,306,813	100.0	28	100.0
<small>Source: 2023 HMDA & CRA Reported Data; FDIC Summary of Deposits (6/30/2024); Bank Data (6/30/2024) (*) Includes HMDA, small business, and small farms loans Due to rounding, totals may not equal 100.0%</small>						

Activities Reviewed

As previously indicated, Pinnacle Bank’s primary lending focus is commercial lending, and to a much lesser extent, residential estate lending. This conclusion considered the bank’s business strategy, loan portfolio distribution, and records regarding the number and dollar volume of loans originated or renewed during the evaluation period. As such, this evaluation evaluated small business and home mortgage lending when arriving at conclusions for applicable Lending Test performance criteria. No other loan product type, such as agricultural lending, represented a major

product line. Therefore, examiners did not evaluate small farm lending performance as it would not materially affect conclusions.

Examiners analyzed small business loans for 2021 through 2023 collected and reported pursuant to the CRA data collection requirements. D&B data for the respective years and CRA aggregate data for 2021 and 2022 provided standards for comparison for the small business loans. CRA aggregate data for 2023 was not available as of the date of this evaluation.

Examiners also analyzed all home mortgage loans collected and reported on the bank’s 2021 through 2023 Home Mortgage Disclosure Act (HMDA) Loan Application Registers pursuant to HMDA data collection requirements. HMDA aggregate data for 2021 and 2015 American Community Survey data served as the standard of comparison for 2021 home mortgage lending performance. Due to changes in census boundaries, 2020 U.S. Census data and 2022 and 2023 HMDA aggregate data provided the standards of comparison for 2022 and 2023 home mortgage lending performance.

For the Lending Test, examiners reviewed and presented the number and dollar volume of small business and home mortgage lending; however, examiners emphasized performance by number of loans because it is a better indicator of the number of businesses and individuals served. In addition, more weight was placed on comparisons to aggregate data since it is typically a better indicator of market conditions and loan demand. The following table details the loan universes and loans reviewed.

Loan Products Reviewed				
Loan Category	Universe		Reviewed*	
	#	\$(000s)	#	\$(000s)
Small Business				
2021	1,533	183,711	1,348	156,389
2022	672	101,474	611	92,257
2023	540	81,080	464	68,468
Subtotal	2,745	366,265	2,423	317,114
Home Mortgage				
2021	253	65,886	168	43,775
2022	164	134,658	130	118,092
2023	121	39,991	88	22,203
Subtotal	538	240,535	386	184,070

Source: 2021-2023 CRA and HMDA Reported Data; () Loans originated inside assessment areas*

Examiners did not identify any trends between the 2021 and 2022 CRA and HMDA data that materially affect conclusions. However, the bank’s lending activity in 2021 and 2022 does not represent the bank’s lending performance in the new assessment areas resulting from the aforementioned merger with Crockett National Bank in December 2022. Therefore, examiners presented small business and home mortgage loans made inside the assessment areas for both 2022 and 2023 in the Geographic Distribution and Borrower Profile tables to illustrate trends in performance between the years. Pinnacle Bank was not required to collect and report small business lending data for transactions made by Crockett National Bank in 2022. As such,

examiners reviewed and presented only 2023 small business lending for the San Angelo, College Station, and Crockett assessment areas and the performance to 2023 D&B data.

For the Lending Test, small business lending performance received the most weight since these loans represent a substantial majority of the lending activity and outstanding loan portfolio and are the primary business strategy. For the same reasons, home mortgage loan conclusions were provided secondary weight. Innovative and/or flexible lending practices were also considered in the evaluation.

Examiners considered community development loans, qualified investments, and community development services made since the previous evaluation dated August 16, 2021. Additionally, qualified investments made before the prior evaluation, and that remain outstanding as of August 19, 2024, are included at the current book values as prior period investments. Under the Investment Test, greater weight is given to the bank's dollar amount of qualified investments made during the evaluation period and the responsiveness of the bank's investment activity to the community development needs in the assessment area.

For the Service Test, examiners reviewed delivery systems for providing retail banking services, including branch locations and alternative delivery systems. As previously noted, the bank acquired branches during the evaluation period. Examiners also reviewed retail banking products and services targeted toward low- and moderate-income individuals or small businesses.

Three Large Institutions, as defined by CRA, were referenced for comparison purposes when evaluating the institution's community development lending, qualified investments and grants, and community development services activity. The comparable institutions were selected based on similar markets served, business focus, and asset size. The CRA evaluations of these banks were performed during Pinnacle Bank's evaluation period.

CONCLUSIONS ON PERFORMANCE CRITERIA

LENDING TEST

Pinnacle Bank demonstrated outstanding performance under the Lending Test. The bank's performance under Lending Activity, Geographic Distribution, and Community Development Lending criteria primarily supports this conclusion. This performance is consistent with the Dallas-Fort Worth Assessment Area, which received the most weight when determining overall conclusions. Overall conclusions for the other assessment areas was inconsistent. Specifically, the bank exhibited good lending performance in the Combined Non-MSA Assessment Area, which was also consistent with the lending performance in the San Angelo and San Antonio assessment areas. Performance in the College Station Assessment Area was below the overall performance.

Lending Activity

Lending levels reflect excellent responsiveness to the credit needs of the assessment areas. Specifically, Pinnacle Bank continues to actively originate a significant volume of small business and home mortgage loans in its assessment areas, ranking highly when compared to aggregate data. Pinnacle Bank's lending activity and small business loan ranking in the Dallas-Fort Worth Assessment Area contributed the greatest weight to this conclusion. Pinnacle Bank demonstrated

good performance in its Combined-Non-MSA Assessment Area; and maintained lower rankings in its College Station, San Angelo, and San Antonio assessment areas. Lending volumes and market shares for small business and home mortgage lending, are included in the full-scope assessment areas sections of this evaluation. Examiners considered the bank’s size, business strategy, and capacity relative to the credit needs of its assessment areas when arriving at this conclusion.

Further, Pinnacle Bank ’s net loan-to-deposit ratio averaged 67.8 percent over the past 12 quarters from September 30, 2021, to June 30, 2024. During the review period, the bank’s net loan-to-deposit has steadily increased, with a low of 60.0 percent as of December 31, 2021, to a high of 76.1 percent as of June 30, 2023.

Assessment Area Concentration

Overall, a high percentage of loans are made in the assessment areas. As shown in the following table, Pinnacle Bank originated a high percentage of small business loans and an adequate percentage of home mortgage loans within its assessment areas. The overall conclusion is derived from small business lending results, which provided the most weight. The bank’s performance reflects its commitment to meeting the credit needs of its assessment areas.

Lending Inside and Outside of the Assessment Area										
Loan Category	Number of Loans				Total	Dollar Amount of Loans				Total
	Inside		Outside			Inside		Outside		
	#	%	#	%	#	\$(000s)	%	\$(000s)	%	\$(000s)
Home Mortgage										
2021	168	66.4	85	33.6	253	43,775	66.4	22,111	33.6	65,886
2022	130	79.3	34	20.7	164	118,092	87.7	16,566	12.3	134,658
2023	88	72.7	33	27.3	121	22,203	55.5	17,788	44.5	39,991
Subtotal	386	71.7	152	28.3	538	184,070	76.5	56,465	23.5	240,535
Small Business										
2021	1,348	87.9	185	12.1	1,533	156,389	85.1	27,322	14.9	183,711
2022	611	90.9	61	9.1	672	92,257	90.9	9,217	9.1	101,474
2023	464	85.9	76	14.1	540	68,468	84.4	12,612	15.6	81,080
Subtotal	2,423	88.3	322	11.7	2,745	317,114	86.6	49,151	13.4	366,265
Total	2,809	85.6	474	14.4	3,283	501,184	82.6	105,616	17.4	606,800

*Source: HMDA Reported Data; CRA Reported Data
Due to rounding, totals may not equal 100.0%.*

Geographic Distribution

The geographic distribution of loans reflects excellent penetration throughout the assessment areas. An excellent record in the Dallas-Fort Worth Assessment Area primarily supports this conclusion. The Combined Non-MSA reflected good performance, and performance in the San Angelo, College Station, and San Antonio assessment areas was below the institution level. However, they did not negatively affect the overall rating given the weighting of the assessment areas. Emphasis under the Geographic Distribution criterion is placed on the bank’s record of lending in low- and moderate-income census tracts. Examiners reviewed only those loans extended within the assessment areas to perform this analysis. A complete discussion of the institution’s geographic distribution lending performance can be found in the individual assessment area sections of this evaluation.

Borrower Profile

The distribution of borrowers reflects good penetration among business customers of different sizes and retail customers of different income levels. A good record of small business lending performance in the Dallas Fort Worth Assessment Area primarily supports this conclusion. This performance was consistent with conclusions for the Combined Non-MSA and San Antonio assessment areas. Performance in the San Angelo Assessment Area exceeded the institution level performance and the College Station Assessment Area was below the institution level. Conclusions for either of these assessment areas did not affect the overall rating given the weighting of the assessment areas. Examiners focused on the percentage by number of the bank's small business loans to businesses with gross annual revenues of \$1 million or less and home mortgage loans to low- and moderate-income borrowers. A complete discussion of the borrower profile lending performance can be found in the separate assessment area sections of this evaluation.

Innovative or Flexible Lending Practices

The institution makes limited use of innovative and/or flexible lending practices in order to serve the credit needs of the assessment areas. Specifically, the bank continues to offer flexible loan products including government-backed loans from the Veterans Administration, a federal program that offers long-term financing to eligible veterans and surviving spouses. Veterans Administration loans help veterans purchase homes with no down payment and provide 100 percent financing without private mortgage insurance. Since the previous evaluation, the bank originated six Veterans Administration loans totaling \$2.5 million.

Further, the bank purchases participations from a lending company for Habitat for Humanity home buyers. Since the previous evaluation, this equated to eight participations totaling over \$1 million. Additionally, the bank participates in a Neighbor Loans program with the City of San Angelo to provide financing to low- and moderate-income families for single family construction. Since acquiring Crocket National Bank in December 2022, and expanded its assessment area, Pinnacle Bank has financed three loans totaling \$237,000.

Community Development Loans

The institution is a leader in making community development loans. Pinnacle Bank originated 63 community development loans totaling approximately \$110.0 million during the evaluation period. Pinnacle Bank's activity reflects excellent responsiveness to the community development needs of its assessment areas, particularly its Dallas-Fort Worth Assessment Area, which received the most weight. The bank also made an excellent level of community development loans in the Combined Non-MSA Assessment Area, and performance in the San Angelo and San Antonio assessment areas was consistent with relatively high levels of activity. Performance in the College Station Assessment Area was below that of the institution's overall level, but did not impact the overall conclusions.

Pinnacle Bank's total community development loans represent 3.9 percent of total assets and 6.9 percent of net loans as of June 30, 2024. Given the acquisition, examiners also relied on average assets and average net loans throughout the evaluation period when arriving at conclusions. Pinnacle Bank's total community development loans represent 4.5 percent of average total assets of \$2.4 billion and 7.6 percent of average net loans of \$1.5 billion since the previous evaluation. The bank's community development lending increased by both number and dollar volume since the

previous evaluation when the bank received consideration for 35 loans totaling \$61.5 million, which represented 4.0 percent of average total assets and 6.4 percent of average net loans.

Pinnacle Bank’s community development lending level is within a comparable range to the three similarly situated institutions, whose community development loans to average total assets ranged from 4.8 percent to 8.9 percent, and whose community development loans to average net loans ranged from 7.9 percent to 17.1 percent. These comparable institutions were also leaders in making community development loans. The following tables detail the institution’s community development lending by category, area, and year.

Community Development Lending by Assessment Area										
Assessment Area	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
College Station	0	0	0	0	0	0	0	0	0	0
Combined Non-MSA	0	0	2	3,266	0	0	1	3,006	3	6,272
Dallas-Fort Worth	9	1,690	0	0	8	17,117	35	75,653	52	94,460
San Angelo	1	43	2	275	0	0	2	2,132	5	2,450
San Antonio	0	0	0	0	0	0	3	6,822	3	6,822
Total	10	1,733	4	3,541	8	17,117	41	87,613	63	110,004

Source: Bank Data

Community Development Lending by Year										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
2021 (Partial)	0	0	0	0	1	2,200	8	5,815	9	8,015
2022	0	0	2	1,316	2	4,796	16	34,698	20	40,810
2023	2	298	1	2,000	3	8,477	7	34,500	13	45,275
Year-to-Date 2024	8	1,435	1	225	2	1,644	10	12,600	21	15,904
Total	10	1,733	4	3,541	8	17,117	41	87,613	63	110,004

Source: Bank Data

INVESTMENT TEST

The institution demonstrated a high satisfactory performance under the Investment Test. A significant level of investment and grant activity, coupled with good responsiveness to credit and community development needs primarily supports this conclusion. This performance was consistent in the Dallas-Fort Worth, Combined Non-MSA, College Station, and San Angelo assessment areas. While the San Antonio assessment area reflected low satisfactory performance, the bank’s overall performance remains good.

Investment and Grant Activity

Pinnacle Bank has a significant level of qualified community development investments and grants, occasionally in a leadership position, particularly those that are not routinely provided by private investors. The institution purchased, retained, or donated 269 qualified investments and donations totaling approximately \$41.2 million during the evaluation period, with \$40.9 million that directly benefited the bank’s assessment areas. The total also includes a \$245,000 investment in a minority-

owned financial institution, which is included in the broader statewide or regional area activities in the table below.

Qualified investments and donations represent 1.5 percent of total assets and 6.2 percent of total securities as of June 30, 2024. Qualified investments and donations also represent 1.7 percent of average total assets and 5.7 percent of average total securities since the previous evaluation. This activity reflects an increase in the number and dollar volume from the previous evaluation when the bank received consideration for 252 qualified investments and donations totaling \$38.6 million, which represented 2.5 percent of average total assets and 10.7 percent of average total securities.

Nonetheless, the bank’s performance is within the range of the three similarly situated institutions, with qualified investments that ranged from 0.8 percent to 10.6 percent of average total assets and 8.4 percent to 33.7 percent of average total securities. Pinnacle Bank’s investment activity is consistent with the comparable institution that also exhibited a significant level of activity. The following tables illustrate qualified investments by purpose, area, and year.

Qualified Investments by Assessment Area										
Assessment Area	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
College Station	0	0	1	300	0	0	0	0	1	300
Dallas Fort Worth	17	31,688	198	2,425	3	333	17	238	235	34,684
San Angelo	3	3,002	0	0	1	1	0	0	4	3,003
San Antonio	0	0	1	1	0	0	0	0	1	1
Combined Non-MSA	1	2,915	26	73	0	0	0	0	27	2,988
Broader Statewide or Regional Area	0	0	1	245	0	0	0	0	1	245
Total	21	37,605	227	3,044	4	334	17	238	269	41,221

Source: Bank Data

Qualified Investments by Year										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Prior Period	16	34,498	4	2,115	0	0	1	200	21	36,813
2021 (Partial)	0	0	0	0	0	0	0	0	0	0
2022	0	0	0	0	0	0	0	0	0	0
2023	1	3,000	0	0	0	0	0	0	1	3,000
Year-to-Date 2024	0	0	1	245	2	333	0	0	3	578
Subtotal	17	37,498	5	2,360	2	333	1	200	25	40,391
Grants & Donations	4	107	222	684	2	1	16	38	244	829
Total	21	37,605	227	3,044	4	334	17	238	269	41,220

Source: Bank Data

Responsiveness to Credit and Community Development Needs

Pinnacle Bank has shown good responsiveness to credit and community development needs, especially as shown by qualified investments made in affordable housing initiatives. As noted in

the table above, 91.2 percent of the bank’s qualified investments promoted affordable housing to meet the needs in the assessment areas. Additionally, the bank supported needs through community services targeted to low- and moderate-income individuals.

Community Development Initiatives

The institution occasionally uses innovative and/or complex investments to support community development initiatives. Examples include investments in a Small Business Investment Corporation as well as affordable housing projects and investments. These efforts demonstrate the bank’s use of investments routinely provided by the private sector.

SERVICE TEST

The institution demonstrated a high satisfactory performance under the Service Test. When evaluating the Service Test, retail banking services received the greatest weight, followed by community development services, when taking into consideration community credit needs and opportunities. This performance is consistent with the Dallas-Fort Worth Assessment Area, which carried the most weight. Performance was adequate in the Combined Non-MSA Assessment Area. Further, performance in the San Angelo Assessment Area exceeds the overall performance, while performance in the San Antonio and College Station assessment areas are below the overall performance.

Accessibility of Delivery Systems

Pinnacle Bank’s delivery systems are accessible to essentially all portions of the institution's assessment areas. Overall performance under this criterion is primarily supported by the conclusions for the Dallas-Fort Worth Assessment Area. As noted previously, the bank operates 27 full-service offices and 1 limited-service office within its assessment areas. A vast majority of branch locations have at least one ATM available, with a total of 36 ATMs operating throughout the assessment areas. Additionally, the bank’s ATM Live service uses real-time video technology to connect users with a live personal teller.

As shown in the following table, the institution maintains branches and ATMs in low- or moderate-income areas. Refer to the individual assessment area sections for additional details regarding the bank’s branch and ATM distribution.

Branch and ATM Distribution by Geography Income Level								
Tract Income Level	Census Tracts		Population		Branches		ATMs	
	#	%	#	%	#	%	#	%
Low	82	7.6	322,908	6.1	1	3.6	1	2.8
Moderate	321	29.6	1,436,537	27.1	5	17.9	7	19.4
Middle	348	32.1	1,791,179	33.8	13	46.4	19	52.8
Upper	318	29.3	1,715,306	32.4	8	28.6	8	22.2
Not Available	16	1.5	32,524	0.6	1	3.6	1	2.8
Totals	1,085	100.0	5,298,454	100.0	28	100.0	36	100.0

*Source: 2020 U.S. Census Data; Bank Data
Due to rounding, totals may not equal 100.0%*

In addition to branches and ATMs, Pinnacle Bank offers electronic delivery systems that include telephone, internet, and mobile banking. The institution's website also offers a chat feature, which provides access to an agent. This service is available on the institution's website and may be used by customers and non-customers alike. Additionally, the bank offers mobile deposit, peer-to-peer mobile payments, merchant payment solutions for commercial customers, ACH origination services, and automatic bill payment. These alternative delivery systems enhance access to financial services.

Changes in Branch Locations

To the extent changes have been made, the institution's opening and closing of branches has improved the accessibility of its delivery systems, particularly in low and moderate-income geographies and/or to low-and moderate-income individuals. As previously noted, Pinnacle Bank acquired Crockett National Bank in December 2022. The acquisition expanded the bank's markets to include five new full-service branches, one limited-service branch, and two loan production offices. Two of the new full-service branches are in moderate-income census tracts.

Reasonableness of Business Hours and Services

Services and business hours do not vary in a way that inconveniences certain portions of the assessment areas, particularly low- and moderate-income geographies and/or individuals. Branch hours and services are convenient and reasonable in comparison to other financial institutions operating in the assessment areas. Most of the branch lobbies open at 9:00 AM and close Monday thru Thursday at 4:00 PM and Fridays at 5:00 PM or 6:00 PM. In addition, 23 locations include drive-thru services that offer extended hours, generally from 8:00 AM to 6:00 PM. Furthermore, ten locations offer drive-thru services on Saturdays from 9:00 AM to 12:00 PM and the Keene branch is open on Sundays from 9:00 AM to 12:00 PM.

Pinnacle Bank continues to offer various deposit accounts consistent with the previous evaluation that helps the unbanked, and low- and moderate-income individuals obtain access to banking products and services. The bank offers a free checking account, which has no minimum balance restriction and no monthly service charge. Additionally, Pinnacle Bank offers certificates of deposit, individual retirement (including traditional, Roth, and educational), savings, health savings, and health savings investment accounts. Further, the bank provides services designed to meet the needs of small businesses, including its Pincheck Small Business checking account. This account has no minimum balance requirements and no monthly maintenance fees.

Community Development Services

Pinnacle Bank provides a relatively high level of community development services. Bank officers, employees, and senior management demonstrated good responsiveness to community development needs through the provision of financial expertise to numerous qualified organizations within the assessment areas. As shown in the table below, bank employees dedicated their time and resources to organizations, providing 147 instances of community development services totaling 4,026 hours. The current level also reflects an increase from the 110 community development services and 2,176 hours noted at the previous evaluation.

Pinnacle Bank’s personnel performed services to organizations within the assessment area, as well as the broader statewide or regional area. The following tables illustrate the community development service activity by purpose, area, and year.

Community Development Services by Assessment Area					
Area	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Totals
	#	#	#	#	#
College Station	0	0	3	0	3
Dallas Fort Worth	4	110	8	0	122
San Angelo	0	18	0	0	18
San Antonio	0	1	0	0	1
Combined Non-MSA	0	0	0	0	0
Broader Statewide or Regional Area	0	3	0	0	3
Total	4	132	11	0	147
<i>Source: Bank Data</i>					

Community Development Services by Activity Year					
Activity Year	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Totals
	#	#	#	#	#
2021 (Partial)	1	18	0	0	19
2022	1	36	4	0	41
2023	1	48	4	0	53
Year-to-Date 2024	1	30	3	0	34
Total	4	132	11	0	147
<i>Source: Bank Data</i>					

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.

DALLAS FORT-WORTH ASSESSMENT AREA – Full-Scope Review

DESCRIPTION OF INSTITUTION’S OPERATIONS IN DALLAS FORT-WORTH ASSESSMENT AREA

The Dallas Fort-Worth Assessment Area consists of 569 census tracts and includes Ellis, Johnson, Parker, Tarrant, and Wise Counties. Ellis County is 1 of 7 counties in the Dallas-Plano-Irving, Texas Metropolitan Division, while Johnson, Parker, Tarrant, and Wise counties comprise the entirety of the Fort-Worth-Arlington-Grapevine, Texas Metropolitan Division. These metropolitan divisions make-up the Dallas–Fort Worth–Arlington Metropolitan Statistical Area (MSA). The boundaries of the assessment area remain unchanged since the previous evaluation; however, the income designations of some census tracts changed following the release of the 2020 U.S. Census. According to 2020 U.S. Census data, the assessment area consists of 37 low-, 158 moderate-, 204 middle-, 165 upper-income census tracts, as well as 5 census tracts with no income designation. Most of Pinnacle Bank’s operations are within this assessment area. Specifically, the bank operates 21 full-service offices as well as 33 ATMs within its Dallas-Fort Worth Assessment Area.

Economic and Demographic Data

The table below illustrates select demographic characteristics of the assessment area.

Demographic Information of the Dallas-Fort Worth Assessment Area						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	569	6.5	27.8	35.9	29.0	0.9
Population by Geography	2,699,876	5.3	26.0	37.6	30.7	0.4
Housing Units by Geography	982,683	5.7	26.2	37.9	29.7	0.4
Owner-Occupied Units by Geography	577,327	2.3	20.2	39.9	37.2	0.3
Occupied Rental Units by Geography	330,890	10.7	35.6	35.1	18.1	0.5
Vacant Units by Geography	74,466	10.4	31.4	33.7	23.3	1.1
Businesses by Geography	401,360	3.8	21.2	33.0	41.5	0.5
Farms by Geography	8,402	2.6	19.1	38.2	39.8	0.2
Family Distribution by Income Level	645,366	20.9	17.8	20.5	40.8	0.0
Household Distribution by Income Level	908,217	22.4	16.7	18.8	42.1	0.0
Median Family Income – Dallas-Plano-Irving, Texas MD		\$88,315	Median Housing Value			\$212,938
			Median Gross Rent			\$1,157
Median Family Income – Fort Worth-Arlington-Grapevine, Texas MD		\$82,649	Families Below Poverty Level			8.1%
<i>Source: 2020 U.S. Census and 2023 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>						

According to 2023 D&B data, service industries represent the largest portion of businesses at 32.3 percent; followed by non-classifiable establishments at 29.0 percent; finance and insurance at 10.7 percent; and retail trade at 9.4 percent. In addition, 60.2 percent of assessment area businesses have four or fewer employees, and 94.5 percent operate from a single location.

The Federal Financial Institutions Examination Council (FFIEC)-estimated median family income levels are used to analyze home mortgage loans under the Borrower Profile criterion and to analyze certain community development activities. The low-, moderate-, middle-, and upper-income categories for the assessment area are presented in the following table.

Median Family Income Ranges				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
Dallas-Plano-Irving, Texas Median Family Income				
2021 (\$89,000)	<\$44,500	\$44,500 to <\$71,200	\$71,200 to <\$106,800	≥\$106,800
2022 (\$97,400)	<\$48,700	\$48,700 to <\$77,920	\$77,920 to <\$116,880	≥\$116,880
2023 (\$105,600)	<\$52,800	\$52,800 to <\$84,480	\$84,480 to <\$126,720	≥\$126,720
Fort Worth-Arlington-Grapevine, Texas Median Family Income				
2021 (\$80,500)	<\$40,250	\$40,250 to <\$64,400	\$64,400 to <\$96,600	≥\$96,600
2022 (\$92,400)	<\$46,200	\$46,200 to <\$73,920	\$73,920 to <\$110,880	≥\$110,880
2023 (\$97,600)	<\$48,800	\$48,800 to <\$78,080	\$78,080 to <\$117,120	≥\$117,120

Source: FFIEC

Competition

The Dallas Fort-Worth Assessment Area has a high level of competition for financial services. Per the FDIC Deposit Market Share data as of June 30, 2024, 86 financial institutions operate 532 offices within the assessment area. Of these institutions, Pinnacle Bank ranked 7th with 2.8 percent of the deposit market share. Further, there is a high level of demand and competition for home mortgage loans according to HMDA aggregate data. In 2022, 873 lenders reported 85,084 home mortgage loans in the assessment area, while in 2023, 822 lenders reported 63,958 home mortgage loans in the assessment area. The 2022 CRA aggregate data, the most recent year available, revealed a high level of demand and competition, with 230 lenders reported 74,046 small business loans in the assessment area.

Community Contact

As part of the evaluation process, examiners evaluate information from third parties active in the assessment area to assist in identifying the credit and community development needs. This information helps to determine financial institutions’ responsiveness to these needs and shows available credit and community development opportunities.

Examiners interviewed a representative from a non-profit organization that serves Fort Worth. The contact stated current economic conditions of Fort Worth are stable and the vibrant areas of the city are rapidly growing. The population is increasing due to a migration of younger individuals from other larger cities, while there is also an older demographic of long-term residents. The younger demographic is generally looking for new development rather than older homes. The contact implied that a mix of housing will attract people to settle down in these areas and create demand for higher quality businesses. Additionally, while people want to be closer to the City of Fort Worth, they want to be in newly developed areas. The contact identified that land values in low-to-moderate income areas that were once historically inexpensive have been increasing. Further, property and land prices have made single-family housing unaffordable for low- and moderate-income borrowers and caused challenges for investment by private and public sectors.

According to the contact, there are a lot of opportunities for participation from financial institutions in the Fort Worth area. The contact felt that larger financial institutions engage in efforts to meet the credit needs of Fort Worth; however, they believe many financial institutions do not consider Fort Worth as an underserved area in comparison to South Dallas and other similar areas.

Credit and Community Development Needs and Opportunities

Considering information from bank management and demographic and economic data, examiners determined that commercial and mortgage lending represent the primary credit needs in the assessment area. The community development needs primarily relate to affordable housing, economic development, and revitalization or stabilization. The assessment area provides numerous community development opportunities to support revitalization and stabilization efforts in low- and moderate-income areas. In addition, community development opportunities include supporting economic development and affordable housing initiatives sponsored by state and local governments.

CONCLUSIONS ON PERFORMANCE CRITERIA IN THE DALLAS-FORT WORTH ASSESSMENT AREA

LENDING TEST

Pinnacle Bank demonstrated excellent performance under the Lending Test in the Dallas-Fort Worth Assessment Area. The combined performance for Lending Activity, Geographic Distribution, and Community Development Loans supports this conclusion.

Lending Activity

Lending levels reflect excellent responsiveness to the credit needs of the Dallas-Fort Worth Assessment Area. An excellent record regarding small business lending outweighed good home mortgage lending to support this conclusion. In 2023, the bank's reported lending activity in the Dallas-Fort Worth Assessment Area accounted for 91.1 percent of the bank's reported loans, by number, in its assessment areas. In comparison, according to 2023 FDIC Summary of Deposits data, 84.1 percent of the bank's deposits were in the Dallas-Fort Worth Assessment Area.

Small Business Loans

The institution's small business lending activity reflects excellent responsiveness to assessment area credit needs. Excellent overall market shares and ranking performance in comparison to other lenders in the assessment area support this conclusion. In 2022, the bank originated 584 small business loans totaling approximately \$89.3 million in the assessment area. Pinnacle Bank's small business lending activity ranked 20th out of 230 reporters in the Dallas-Fort Worth Assessment Area, capturing 0.8 percent market share by number of loans. This puts the bank in the top 8.7 percent of lenders reporting small business loans in the assessment area. In 2023, the bank originated 433 small business loans totaling approximately \$62.7 million in the assessment area.

Home Mortgage Loans

The institution's home mortgage lending activity reflects good responsiveness to assessment area credit needs. Good overall market shares and ranking performance in comparison to other lenders in the assessment area support this conclusion. In 2022, the bank originated 118 home mortgage loans totaling approximately \$114.0 million in the assessment area. Pinnacle Bank ranked 121st out

of 873 reporters in the Dallas-Fort Worth Assessment area, capturing 0.1 percent market share by number of loans. This puts the bank in the top 13.9 percent of lenders reporting home mortgage loans in the assessment area. In 2023, the bank originated 74 home mortgage loans totaling approximately \$19.6 million in the assessment area. Pinnacle Bank ranked 141st out of 822 reporters in the Dallas-Fort Worth Assessment Area, capturing 0.1 percent market share by number of loans. This puts the bank in the top 17.1 percent of lenders reporting home mortgage loans in the assessment area.

Geographic Distribution

The geographic distribution of loans reflects excellent penetration throughout the assessment area, which is consistent with the bank’s small business and home mortgage lending performance.

Small Business Loans

As depicted in the table below, the geographic distribution of small business loans reflects excellent penetration throughout the assessment area when compared to D&B and aggregate data. The good performance in low-income geographies, coupled with excellent performance in moderate-income geographies support this conclusion. The bank’s 2022 and 2023 performance within low-income census tracts is generally commensurate with comparable data. In 2022, the bank ranked 16th out of 78 lenders for loans originated in low-income census tracts, reflecting good performance. Performance within moderate-income census tracts notably exceeded aggregate and demographic data.

Geographic Distribution of Small Business Loans – Dallas-Fort Worth						
Tract Income Level	% of Businesses	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2022	3.7	3.1	16	2.7	3,426	3.8
2023	3.8	--	15	3.5	2,418	3.9
Moderate						
2022	21.2	20.9	162	27.7	25,984	29.1
2023	21.2	--	119	27.5	17,853	28.5
Middle						
2022	33.0	34.0	246	42.1	33,516	37.5
2023	33.0	--	190	43.9	28,374	45.2
Upper						
2022	41.6	41.6	160	27.4	26,407	29.6
2023	41.5	--	109	25.2	14,074	22.4
Not Available						
2022	0.5	0.4	0	0.0	0	0.0
2023	0.5	--	0	0.0	0	0.0
Totals						
2022	100.0	100.0	584	100.0	89,333	100.0
2023	100.0	--	433	100.0	62,719	100.0

Source: 2022 & 2023 D&B Data; 2022 CRA Aggregate Data; CRA Reported Data; "--" data not available.
Due to rounding, totals may not equal 100.0%

Home Mortgage Loans

The geographic distribution of home mortgage loans reflects excellent penetration throughout the assessment area when compared to aggregate and demographic data. As depicted in the table

below, performance in low-income census tracts slightly trails aggregate data; however, it is considered good given the limited opportunities in these tracts, as evidenced by aggregate and demographic data. Performance in moderate-income census tracts noticeably exceeds aggregate data, reflecting excellent performance. The good performance in low-income geographies coupled with excellent performance in moderate-income geographies supports the overall excellent conclusion.

Geographic Distribution of Home Mortgage Loans – Dallas-Fort Worth						
Tract Income Level	% of Owner-Occupied Housing Units	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2022	2.3	2.1	1	0.8	130	0.1
2023	2.3	2.3	1	1.4	90	0.5
Moderate						
2022	20.2	16.7	43	36.4	9,159	8.1
2023	20.2	17.6	20	27.0	4,245	21.8
Middle						
2022	39.9	41.1	55	46.6	94,727	83.3
2023	39.9	41.7	34	45.9	9,173	47.1
Upper						
2022	37.2	39.9	19	16.1	9,753	8.6
2023	37.2	38.2	19	25.7	5,959	30.6
Not Available						
2022	0.3	0.2	0	0.0	0	0.0
2023	0.3	--	0	0.0	0	0.0
Totals						
2022	100.0	100.0	118	100.0	113,769	100.0
2023	100.0	--	74	100.0	19,467	100.0
<i>Source: 2020 U.S. Census; HMDA Reported Data; 2022 HMDA Aggregate Data; "--" data not available. Due to rounding, totals may not equal 100.0%</i>						

Borrower Profile

The distribution of borrowers reflects, given the product lines offered by the institution, good penetration among business customers of different sizes and retail customers of different income levels in the Dallas Fort-Worth Assessment Area. Good performance regarding small business loans outweighed the adequate performance for home mortgage loans.

Small Business Loans

The distribution of borrowers reflects good penetration among businesses of different sizes. As shown in the following table, the level of lending to businesses with gross annual revenues of \$1 million or less is 13.6 percentage points below aggregate performance in 2022. However, for loans originated to businesses with gross annual revenues of 1 million or less, the bank ranks 14th out of 78 lenders, which is within the top 20.0 percent of all reporters. Consequently, this reflects good performance. Furthermore, the bank's lending performance to businesses with gross annual revenues of \$1 million or less in 2023 notably improved.

Distribution of Small Business Loans by Gross Annual Revenue Category – Dallas-Fort Worth						
Gross Revenue Level	% of Businesses	Aggregate Performance % of #	#	%	\$(000s)	%
<=\$1,000,000						
2022	91.6	48.4	203	34.8	31,565	35.3
2023	92.2	--	225	52.0	23,678	37.8
>\$1,000,000						
2022	2.2	--	169	28.9	38,149	42.7
2023	2.0	--	154	35.6	31,745	50.6
Revenue Not Available						
2022	6.2	--	212	36.3	19,619	22.0
2023	5.8	--	54	12.5	7,296	11.6
Totals						
2022	100.0	100.0	584	100.0	89,333	100.0
2023	100.0	--	433	100.0	62,719	100.0

*Source: 2022 & 2023 D&B Data; 2022 CRA Aggregate Data; CRA Reported Data; "--" data not available.
Due to rounding, totals may not equal 100.0%*

Home Mortgage Loans

The distribution of borrowers reflects adequate penetration among individuals of different income levels. As shown in the following table, lending to low-income borrowers, based on the number of loans, is comparable to aggregate data in both 2022 and 2023. The table further shows that the bank's lending to moderate-income borrowers slightly lagged aggregate data in 2022. The bank did not originate any loans to moderate-income borrowers in 2023, reflecting poor performance. Poor lending performance to moderate-income borrowers coupled with good performance to low-income borrowers to support this conclusion.

Distribution of Home Mortgage Loans by Borrower Income Level – Dallas-Fort Worth						
Borrower Income Level	% of Families	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2022	20.9	3.9	4	3.4	279	0.2
2023	20.9	2.7	3	4.1	289	1.5
Moderate						
2022	17.8	14.1	8	6.8	1,101	1.0
2023	17.8	13.8	0	0.0	0	0.0
Middle						
2022	20.5	22.2	16	13.6	3,434	3.0
2023	20.5	22.0	10	13.5	2,680	13.8
Upper						
2022	40.8	38.4	39	33.1	15,402	13.5
2023	40.8	37.0	27	36.5	8,293	42.6
Not Available						
2022	0.0	21.4	51	43.2	93,553	82.2
2023	0.0	24.6	34	45.9	8,205	42.1
Totals						
2022	100.0	100.0	118	100.0	113,769	100.0
2023	100.0	100.0	74	100.0	19,467	100.0

*Source: 2020 U.S. Census; HMDA Reported Data; 2022 HMDA Aggregate Data, "--" data not available.
Due to rounding, totals may not equal 100.0%*

Community Development Loans

Pinnacle Bank is a leader in making community development loans in the Dallas-Fort Worth Assessment Area. Specifically, the bank originated 52 community development loans totaling \$94.5 million during the evaluation period. By dollar volume, activity in the Dallas-Fort Worth Assessment Area equates to 85.9 percent of the bank’s community development lending. The level of community development lending increased by number and dollar volume since the prior evaluation, which included 35 loans totaling \$61.5 million in the Dallas-Fort Worth Assessment Area.

Community Development Lending by Year – Dallas-Fort Worth										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
2021 (Partial)	0	0	0	0	1	2,200	7	5,5683	8	7,883
2022	0	0	0	0	2	4,796	13	26,752	15	31,548
2023	2	298	0	0	3	8,477	6	31,018	11	39,793
Year-to-Date 2024	7	1,392	0	0	2	1,645	9	12,200	18	15,236
Total	9	1,690	0	0	8	17,117	35	75,653	52	94,460

Source: Bank Data

Additionally, the institution exhibits an excellent record of serving the community development needs of the Dallas-Fort Worth Assessment Area. As reflected in the table above, the bank was particularly responsive to the needs primarily by supporting revitalization and/or stabilization efforts and economic development. The following are examples of community development lending that was particularly responsive to the needs of the assessment area:

- **Affordable housing:** A loan totaling \$645,000 to refinance a duplex that provides low-income housing to the elderly.
- **Revitalize or Stabilize:** A \$5.2 million loan to a church to update and expand its facilities primarily for a daycare program. The church and daycare are in a moderate-income census tract and serves local residents, and thus stabilizes the area and promotes community development.

INVESTMENT TEST

Pinnacle Bank demonstrated good performance under the Investment Test in the Dallas-Fort Worth Assessment Area. This conclusion is primarily based on the level of investment and grant activity as described below.

Investment and Grant Activity

The institution has a significant level of qualified community development investments and grants, occasionally in a leadership position, particularly those that are not routinely provided by private investors. Specifically, the bank made 235 qualified investments and donations totaling over \$34.6 million in the assessment area. This level of qualified investments slightly decreased from the prior evaluation, which included 252 qualified investments totaling \$38.6 million.

Qualified Investments by Year – Dallas Fort Worth										
Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Total	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Prior Period	15	31,584	3	2,095	0	0	1	200	19	33,879
2021 (Partial)	0	0	0	0	0	0	0	0	0	0
2022	0	0	0	0	0	0	0	0	0	0
2023	0	0	0	0	0	0	0	0	0	0
Year-to-Date 2024	0	0	0	0	2	333	0	0	2	333
Subtotal	15	31,584	3	2,095	2	333	1	200	21	34,212
Grants & Donations	2	104	195	330	1	0	16	38	214	472
Total	17	31,688	198	2,425	3	333	17	238	235	34,684
<i>Source: Bank Data</i>										

As illustrated in the table above, 97.7 percent of the community development investment activity by dollar volume are prior period investments. Investment activity during the current evaluation period was limited; however, the following highlights a notable investment in the Dallas Fort-Worth Assessment Area made during the evaluation period:

- **Economic Development:** In 2024, the institution invested \$87,500 into a Small Business Investment Corporation focused on providing flexible debt and equity capital solutions to small businesses. The investment into the fund allows economic growth for select small businesses in the Dallas-Fort Worth area.

Responsiveness to Credit and Community Development Needs

The bank exhibits good responsiveness to credit and community development needs. A majority of the qualified investments addressed identified needs by supporting affordable housing.

Community Development Initiatives

The institution occasionally uses innovative and/or complex investments to support community development initiatives.

SERVICE TEST

Pinnacle Bank demonstrated good performance under the Service Test in the Dallas-Fort Worth Assessment Area. Performance under the criteria described below collectively supports this conclusion.

Accessibility of Delivery Systems

The bank’s delivery systems are accessible to essentially all portions of the Dallas-Fort Worth Assessment Area and are consistent with its overall performance. Alternative delivery systems provide further access to banking services and are consistent with those discussed in the bank’s overall performance. Refer to the following table for more detail on the distribution of branches and ATMs.

Branch and ATM Distribution by Geography Income Level – Dallas Fort Worth								
Tract Income Level	Census Tracts		Population		Branches		ATMs	
	#	%	#	%	#	%	#	%
Low	37	6.5	142,782	5.3	1	4.8	1	2.9
Moderate	158	27.8	701,436	26.0	3	14.3	7	20.0
Middle	204	35.9	1,014,574	37.6	10	47.6	16	48.5
Upper	165	29.0	830,027	30.7	6	28.6	8	22.9
Not Available	5	0.9	11,057	0.4	1	4.8	1	2.9
Totals	569	100.0	2,699,876	100.0	21	100.0	33	100.0

*Source: 2020 U.S. Census & Bank Data
Due to rounding, totals may not equal 100.0%*

Changes in Branch Locations

No changes were made with regard to opening and/or closing branches during the evaluation period in the assessment area. Therefore, there has been no impact to the accessibility of the bank’s delivery systems.

Reasonableness of Business Hours and Services

Services and business hours do not vary in a way that inconveniences certain portions of the assessment area, particularly low- and moderate-income geographies and/or individuals. The business hours, product offerings, and services within the Dallas-Fort Worth Assessment Area are consistent with the bank’s overall performance.

Community Development Services

Pinnacle Bank provides a relatively high level of community development services in the assessment area. Bank employees provided 122 instances of financial expertise or technical assistance to community development organizations, a majority of which were community service activities. The number of community development services slightly increased when compared to the prior evaluation, which included 110 community development services.

The following are notable examples of community development services in the Dallas-Fort Worth Assessment Area:

- ***Community Services:*** A bank employee is member of a non-profit organization in Johnson County. The employee provides financial guidance and assists with fundraising and budgeting efforts. The organization provides free services to women expecting a child and current women with children, specifically to low-and moderate-income individuals. This organization provides free online classes, testing and screenings, and resources such as diapers, formulas, and a children’s clothing boutique.
- ***Community Services:*** A bank employee serves as a Board member of a community organization that provides programs for youth. The bank employee uses financial expertise to assist with budgeting and programs for the organization. The organization helps to promote community services through a vast array of enrichment activities for low-and moderate-income individuals with a special emphasis on elementary through high school age students who are economically disadvantaged.

- **Community Services:** A bank employee serves as the secretary and treasury for a non-profit organization. The organization provides grants for teachers and scholarships to students for continuing education. The organization targets low- and moderate-income individuals from school districts with over 70.0 percent of students economically disadvantaged.
- **Community Services:** An officer serves as the Treasurer on the Board for the Fort Worth branch of non-profit organization. The organization focuses on providing hunger relief, disaster relief, clean water, and medical care to those in need through donations and volunteering. The Fort Worth branch focuses on fighting food insecurity in low-income areas of the city.

COMBINED NON-MSA ASSESSMENT AREA – Full-Scope Review

DESCRIPTION OF INSTITUTION’S OPERATIONS IN THE COMBINED NON-MSA ASSESSMENT AREA

The Combined Non-MSA Assessment Area includes Crockett, Hood, and Somervell counties. According to 2020 U.S. Census data, the assessment area includes 1 moderate-, 5 middle-, and 12 upper-income census tracts. Additionally, the FFIEC designated a census tract in Crockett County as an underserved middle-income nonmetropolitan census tract during the entire evaluation period. Certain revitalization or stabilization activities in these geographies are eligible to receive CRA consideration under the community development definition. Pinnacle Bank operates 2 full-service branches and 2 ATMs within this assessment area. The Ozona branch in Crockett County was acquired in 2022 through the acquisition of Crockett National Bank.

Economic and Demographic Data

The following table notes certain demographic data for the assessment area.

Demographic Information of the Combined Non-MSA Assessment Area						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA % of #
Geographies (Census Tracts)	18	0.0	5.6	27.8	66.7	0.0
Population by Geography	73,901	0.0	4.3	27.5	68.2	0.0
Housing Units by Geography	32,465	0.0	3.8	26.9	69.3	0.0
Owner-Occupied Units by Geography	22,020	0.0	4.2	24.2	71.6	0.0
Occupied Rental Units by Geography	5,734	0.0	2.9	33.9	63.2	0.0
Vacant Units by Geography	4,711	0.0	3.1	30.9	66.0	0.0
Businesses by Geography	10,318	0.0	1.2	25.4	73.4	0.0
Farms by Geography	457	0.0	0.2	31.7	68.1	0.0
Family Distribution by Income Level	20,436	12.9	13.2	17.1	56.8	0.0
Household Distribution by Income Level	27,754	17.5	13.3	14.3	54.9	0.0
Median Family Income – Texas Non-MSAs		\$61,785	Median Housing Value			\$194,188
			Median Gross Rent			\$922
			Families Below Poverty Level			7.6%
<i>Source: 2020 U.S. Census and 2023 D&B Data Due to rounding, totals may not equal 100.0%</i>						

According to 2023 D&B data, service industries represent the largest portion of businesses at 31.6 percent; followed by non-classifiable establishments at 24.2 percent; finance and insurance at 11.8 percent; and retail trade at 10.2 percent. In addition, 65.3 percent of assessment area businesses have four or fewer employees, and 94.2 percent operate from a single location.

The FFIEC-estimated median family income levels are used to analyze home mortgage loans under the Borrower Profile criterion and to analyze certain community development activities. The low-, moderate-, middle-, and upper-income categories for the assessment area are presented in the following table.

Median Family Income Ranges – Texas Non-MSAs				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
2021 (\$60,100)	<\$30,050	\$30,050 to <\$48,080	\$48,080 to <\$72,120	≥\$72,120
2022 (\$68,800)	<\$34,400	\$34,400 to <\$55,040	\$55,040 to <\$82,560	≥\$82,560
2023 (\$73,200)	<\$36,600	\$36,600 to <\$58,560	\$58,560 to <\$87,840	≥\$87,840

Source: FFIEC

Competition

The Combined Non-MSA Assessment Area has a moderate level of competition for financial services. Per FDIC Deposit Market Share data as of June 30, 2024, 14 financial institutions operate 28 offices within the assessment area. Of these institutions, Pinnacle Bank ranked 6th with 4.6 percent of the deposit market share. Further, there is a high level of demand and competition for home mortgage loans as evidenced by HMDA aggregate data. In 2022, 332 lenders reported 2,915 home mortgage loans in the assessment area. In 2023, 282 lenders reported 2,080 home mortgage loans in the assessment area. Further, 2022 CRA aggregate data revealed that 72 lenders reported 2,007 small business loans in the assessment area, reflecting a moderately competitive environment for small business loans. Overall, the competition level allows for a moderate amount of lending opportunities in the area.

Community Contact

Examiners contacted a community member from a government organization, who is knowledgeable of the economic, demographic, and housing needs. The contact identified a need for affordable single-family housing as many of the rental housing units are multi-family units. The contact indicated that they would like to see partnerships between banks and non-profit organizations to provide job training assistance.

Credit and Community Development Needs and Opportunities

Considering information obtained from bank management, as well as demographic and economic data, examiners concluded that the primary credit needs of the assessment area include home mortgage and small business loans.

With respect to the community development needs, demographic data shows that 26.1 percent of area families are classified as low- or moderate-income, which suggests a need for activities that provide affordable housing and community services. The area also displays a need to create, retain, and improve jobs, specifically for low- and moderate-income individuals. Additionally, opportunities exist to revitalize and stabilize are limited to the one moderate-income census tract

and the one middle-income census tract classified as underserved. Lastly, economic development opportunities exist to generate and support new and small businesses.

CONCLUSIONS ON PERFORMANCE CRITERIA IN THE COMBINED NON-MSA ASSESSMENT AREA

LENDING TEST

Pinnacle Bank demonstrated a good performance in the Combined Non-MSA Assessment Area under the Lending Test. Good lending levels and records regarding borrower profile and geographic loan distribution support this conclusion. Further, the institution is a leader in making community development loans.

Lending Activity

Lending levels reflect good responsiveness to the credit needs of the Combined Non-MSA Assessment Area. A good record regarding small business and home mortgage lending activity levels supports this conclusion. In 2023, the bank's reported lending activity in the Combined Non-MSA Assessment Area accounted for 5.8 percent of the bank's total reported loans, by number, inside its assessment areas. In comparison, according to 2023 FDIC Summary of Deposits data, 4.7 percent of the bank's deposits were in the Combined Non-MSA Assessment Area.

Small Business Loans

The institution's small business lending activity reflects good responsiveness to assessment area credit needs. Good overall market shares and ranking performance in comparison to other lenders in the assessment area support this conclusion. In 2022, the bank originated 25 small business loans totaling approximately \$2.8 million in the assessment area. Pinnacle Bank ranked 14th out of 72 reporters in the Combined Non-MSA Assessment Area, capturing 1.3 percent market share by number of loans. This puts the bank in the top 19.4 percent of lenders reporting small business loans in the assessment area. In 2023, the bank originated 21 small business loans totaling approximately \$3.3 million in the assessment area.

Home Mortgage Loans

The institution's home mortgage lending activity reflects good responsiveness to assessment area credit needs. Good overall market shares and ranking performance in comparison to other lenders in the assessment area support this conclusion. In 2022, the bank originated 11 home mortgage loans totaling approximately \$4.1 million in the assessment area. Pinnacle Bank ranked 52nd out of 322 reporters in the Combined Non-MSA Assessment Area, capturing 0.4 percent and 0.5 percent market share by number and dollar volume, respectively. This puts the bank in the top 16.1 percent of lenders reporting home mortgage loans in the assessment area. In 2023, the bank originated 7 home mortgage loans totaling approximately \$1.6 million in the assessment area. Pinnacle Bank ranked 57th out of 282 reporters in the Combined Non-MSA Assessment Area, capturing 0.4 percent market share by number of loans. This puts the bank in the top 20.2 percent of lenders reporting home mortgage loans in the assessment area.

Geographic Distribution

The geographic distribution of loans reflects good penetration throughout the assessment area. This is primarily supported by the good penetration of small business loans, as well as the good penetration of home mortgage loans throughout the assessment area.

Small Business Loans

The geographic distribution of small business loans reflects good penetration throughout the assessment area. As depicted in the following table, the bank did not make any small business loans in the sole moderate-income census tract in 2022 or 2023. While the bank did not originate any loans in this tract, their performance is good given the limited opportunities, as evidenced by aggregate and demographic data.

Geographic Distribution of Small Business Loans – Combined Non-MSA						
Tract Income Level	% of Businesses	Aggregate Performance % of #	#	%	\$(000s)	%
Moderate						
2022	1.3	1.1	0	0.0	0	0.0
2023	1.2	--	0	0.0	0	0.0
Middle						
2022	23.5	25.2	8	32.0	1,480	53.2
2023	23.8	--	9	42.9	330	10.0
Upper						
2022	75.3	73.7	17	68.0	1,304	46.8
2023	74.9	--	12	57.1	2,956	90.0
Not Available						
2022	0.0	0.0	0	0.0	0	0.0
2023	0.0	--	0	0.0	0	0.0
Totals						
2022	100.0	100.0	25	100.0	2,784	100.0
2023	100.0	--	21	100.0	3,286	100.0

*Source: 2022 & 2023 D&B Data; 2022 CRA Aggregate Data; CRA Reported Data; "--" data not available.
Due to rounding, totals may not equal 100.0%*

Home Mortgage Loans

The geographic distribution of home mortgage loans reflects good penetration throughout the assessment area. As depicted in the table below, the bank originated one home mortgage loan in the moderate-income census tract in 2022 and the performance exceeded aggregate data. While the bank did not originate any loans in the moderate-income census tract in 2023, the bank's performance is comparable to aggregate data.

Geographic Distribution of Home Mortgage Loans – Combined Non-MSA						
Tract Income Level	% of Owner-Occupied Housing Units	Aggregate Performance % of #	#	%	\$(000s)	%
Moderate						
2022	4.2	2.1	1	9.1	150	3.6
2023	4.2	3.7	0	0.0	0	0.0
Middle						
2022	24.2	27.4	3	27.3	1,049	25.4
2023	24.2	30.3	4	57.1	464	29.7
Upper						
2022	71.6	70.5	7	63.6	2,927	70.9
2023	71.6	66.1	3	42.9	1,095	70.3
Not Available						
2022	0.0	0.0	0	0.0	0	0.0
2023	0.0	0.0	0	0.0	0	0.0
Totals						
2022	100.0	100.0	11	100.0	4,126	100.0
2023	100.0	100.0	7	100.0	1,559	100.0

*Source: 2020 U.S. Census; HMDA Reported Data; 2022 HMDA Aggregate Data; "--" data not available.
Due to rounding, totals may not equal 100.0%*

Borrower Profile

The distribution of borrowers reflects, given the product lines offered by the institution, good penetration among businesses of different sizes and retail customers of different income levels in the Combined Non-MSA Assessment Area. Good performance regarding small business loans outweighed the adequate performance for home mortgage loans.

Small Business Loans

The distribution of borrowers reflects good penetration among businesses of different sizes. As shown in the following table, the bank's lending to businesses with gross annual revenues of \$1 million or less is comparable to aggregate performance in 2022. Furthermore, the bank's lending performance to businesses with gross annual revenues of \$1 million or less in 2023 notably improved.

Distribution of Small Business Loans by Gross Annual Revenue Category – Combined Non-MSA						
Gross Revenue Level	% of Businesses	Aggregate Performance % of #	#	%	\$(000s)	%
<=\$1,000,000						
2022	91.3	48.9	11	44.0	1,796	64.5
2023	91.7	--	11	52.4	1,116	34.0
>\$1,000,000						
2022	2.2	--	3	12.0	573	20.6
2023	2.1	--	9	42.9	1,670	50.8
Revenue Not Available						
2022	6.4	--	11	44.0	415	14.9
2023	6.2	--	1	4.8	500	15.2
Totals						
2022	100.0	100.0	25	100.0	2,784	100.0
2023	100.0	--	21	100.0	3,286	100.0

*Source: 2022 & 2023 D&B Data; 2022 CRA Aggregate Data; CRA Reported Data; "--" data not available.
Due to rounding, totals may not equal 100.0%*

Home Mortgage Loans

The distribution of home mortgage loans reflects adequate penetration among borrowers of different income levels. As shown in the following table, the bank made no loans to low-income borrowers in 2022 or 2023; however, the performance is adequate considering it is comparable to aggregate data. The table further shows that the bank did not make any loans to moderate-income borrowers in 2022. On the contrary, lending to moderate-income borrowers exceeded aggregate data by 7.3 percentage points in 2023. Combined, the level of lending to low- and moderate-income borrowers reflects adequate performance.

Distribution of Home Mortgage Loans by Borrower Income Level – Combined Non-MSA						
Borrower Income Level	% of Families	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2022	12.9	2.0	0	0.0	0	0.0
2023	12.9	1.9	0	0.0	0	0.0
Moderate						
2022	13.2	7.6	0	0.0	0	0.0
2023	13.2	7.0	1	14.3	34	2.2
Middle						
2022	17.1	17.4	1	9.1	255	6.2
2023	17.1	--	0	0.0	0	0.0
Upper						
2022	56.8	54.0	3	27.3	1,255	30.4
2023	56.8	--	5	71.4	1,419	91.0
Not Available						
2022	0.0	19.1	7	63.6	2,616	63.4
2023	0.0	--	1	14.3	106	6.8
Totals						
2022	100.0	100.0	11	100.0	4,126	100.0
2023	100.0	--	7	100.0	1,559	100.0

Source: 2020 U.S. Census; HMDA Reported Data; 2022 HMDA Aggregate Data; "--" data not available.
Due to rounding, totals may not equal 100.0%

Community Development Loans

Pinnacle Bank is a leader in making community development loans in the Combined Non-MSA Assessment Area. This level of community development loans reflects excellent responsiveness to the assessment area needs given the assessment area's size and availability of opportunities. As noted under the institution level and the table below, the bank made three community development loans totaling \$6.3 million in the Combined Non-MSA Assessment Area during the evaluation period. By dollar volume, this equates to 5.7 percent of the community development loans overall. This assessment area was not reviewed at the previous evaluation, given the limited time of operations at the branch locations.

Community Development Lending by Activity Year – Combined Non-MSA										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
2021 (Partial)	0	0	0	0	0	0	0	0	0	0
2022	0	0	1	1,266	0	0	1	3,006	2	4,272
2023	0	0	1	2,000	0	0	0	0	1	2,000
Year-to-Date 2024	0	0	0	0	0	0	0	0	0	0
Total	0	0	2	3,266	0	0	1	3,006	3	6,272

Source: Bank Data

In addition to reflecting excellent performance based on the dollar level, the community development loans reflect excellent responsiveness to the identified needs, particularly community services and revitalization and/or stabilization efforts. The following is an example of a notable community development loan in the Combined Non-MSA Assessment Area:

- **Community Services:** In 2023, the bank originated a \$2.0 million loan to a non-profit organization that provides numerous services to low- and moderate-income individuals. Such services include, but are not limited to, counseling, childcare, food and clothing assistance, legal assistance as examples.

INVESTMENT TEST

Pinnacle demonstrated good performance in the Combined Non-MSA Assessment Area regarding the Investment Test. A significant level of qualified investments, coupled with good responsiveness to community development needs and occasional use of complex and/or innovative investments supports this conclusion.

Investment and Grant Activity

The institution has a significant level of qualified community development investments and grants, occasionally in a leadership position, particularly those that are not routinely provided by private investors. The bank made 27 qualified investments and donations totaling over \$2.9 million in the assessment area. By dollar volume, this activity equates to 7.2 percent of the bank’s qualified investments and grants activity. This assessment area was not reviewed at the previous evaluation, given the limited time of operations at the branch locations.

As shown in the following table, Pinnacle Bank made two qualified equity investments totaling approximately \$2.9 million in the Combined Non-MSA Assessment Area, as well as various donations totaling approximately \$53,000. The two investments mentioned were made prior to the evaluation period but remained outstanding as of August 19, 2024. While investment activity was limited to prior period investments, examiners noted there were limited opportunities to engage in qualified investments in the Combined Non-MSA Assessment Area during the evaluation period.

Qualified Investments by Year – Combined Non-MSA										
Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Prior Period	1	2,915	1	20	0	0	0	0	2	2,935
2021 (Partial)	0	0	0	0	0	0	0	0	0	0
2022	0	0	0	0	0	0	0	0	0	0
2023	0	0	0	0	0	0	0	0	0	0
Year-to-Date 2024	0	0	0	0	0	0	0	0	0	0
Subtotal	1	2,915	1	20	0	0	0	0	2	2,935
Grants & Donations	0	0	25	53	0	0	0	0	5	53
Total	1	2,915	26	73	0	0	0	0	27	2,988

Source: Bank Data

Responsiveness to Credit and Community Development Needs

Pinnacle Bank exhibits good responsiveness to credit and community development needs of the Combined Non-MSA Assessment Area. The bank’s responsiveness to investments and donations, despite a lack of opportunities for community development investments in the assessment area, supports this conclusion.

Community Development Initiatives

The institution occasionally uses innovative and/or complex investments to support community development initiatives.

SERVICE TEST

Pinnacle Bank achieved adequate performance under the Service Test in the Combined Non-MSA Assessment Area. While the institution provides few, if any, community development services in the assessment area, the reasonableness of accessibility of delivery systems enhanced performance to support this conclusion.

Accessibility of Delivery Systems

Delivery systems are reasonably assessable to essentially all portions of the Combined Non-MSA Assessment Area. As shown in the following table, the bank does not operate a branch in the sole moderate-income census tract in the assessment area. However, this is adequate given the demographics of the assessment area. The bank provides access to customers via the two branches and two live ATMs, in middle-income census tracts.

Branch and ATM Distribution by Geography Income Level – Combined Non-MSA								
Tract Income Level	Census Tracts		Population		Branches		ATMs	
	#	%	#	%	#	%	#	%
Moderate	1	5.6	3,145	4.3	0	0.0	0	0.0
Middle	5	27.8	20,338	27.5	2	100.0	2	100.0
Upper	12	66.7	50,418	68.2	0	0.0	0	0.0
Totals	18	100.0	73,901	100.0	2	100.0	2	100.0
<i>Source: 2020 U.S. Census & Bank Data Due to rounding, totals may not equal 100.0%</i>								

The branch and ATM distribution in this assessment area is below that discussed at the institution level. Refer to the institution level section for specific details of other types of alternative delivery systems offered in the Combined Non-MSA Assessment Area, which remain consistent with the institution as a whole.

Changes in Branch Locations

To the extent changes have been made, the opening and closing of branches has generally not adversely affected the accessibility of its delivery systems, particularly in low- and moderate-income geographies and/or to low- and moderate-income individuals. Since the prior evaluation, Pinnacle Bank acquired the Ozona full-service branch in this assessment area, which is located in a middle-income tract.

Reasonableness of Business Hours and Services

Services and business hours do not vary in a way that inconveniences certain portions of the assessment area, particularly low- and moderate-income geographies and/or individuals. The Ozona branch lobby is open Monday thru Friday from 8:00 AM to 3:00 PM, with drive-thru services until 5:00 PM. The Granbury branch lobby opens at 9:00 AM on weekdays and closes Monday thru Thursday at 4:00 PM and closes on Friday at 6:00 PM. The Granbury branch also

offers extended hours for drive-thru services from 8:00 AM to 5:00 PM, and on Friday until 6:00 PM. This performance is generally consistent with the bank’s overall performance.

Community Development Services

The institution provides few, if any, community development services in the Combined Non-MSA Assessment Area. No community development services were recorded in this assessment area, reflecting very poor performance.

OTHER ASSESSMENT AREAS – Limited-Scope Review

CONCLUSIONS ON PERFORMANCE CRITERIA IN THE LIMITED-SCOPE REVIEW ASSESSMENT AREAS

The following table summarizes the conclusions for three assessment areas reviewed using limited-scope examination procedures. Examiners determined conclusions regarding the institution’s CRA performance from reviewing available facts and data, including performance figures, aggregate lending data comparisons, and demographic information. The conclusions from the limited-scope reviews did not alter the institution’s overall performance rating.

Assessment Area	Lending Test	Investment Test	Service Test
College Station	Below	Consistent	Below
San Angelo	Consistent	Consistent	Exceeds
San Antonio	Consistent	Below	Below

The following sections present facts and data supporting the conclusions for each limited-scope assessment area, beginning with a summary of Pinnacle Bank’s operations and activities, followed by the Geographic Distribution and Borrower Profile tables by loan type. The Appendices contain demographic data and deposit market share information for the limited-scope assessment areas.

COLLEGE STATION ASSESSMENT AREA

The bank acquired its full-service branch in this assessment area through the acquisition of Crockett National Bank in December 2022. The College Station Assessment Area accounted for 0.9 percent of the bank’s reported loans, by number, in its assessment areas for 2023. This assessment area accounts for 0.5 percent of the bank’s deposits and 3.6 percent of the bank’s offices as of June 30, 2024. Given the bank’s limited lending activities, this lending performance was poor overall. The bank originated and engaged in the following activities in the assessment area.

Activity	#	\$(000)
Small Business Loans	0	0
Home Mortgage Loans	3	829
Community Development Loans	0	0
Investments (New)	0	0
Investments (Prior Period)	0	0
Donations	1	300
CD Services	3	-
<i>Source: HMDA & CRA Reported Data; Bank Data</i>		

The sole branch and ATM in the College Station Assessment Area are located in an upper-income census tract; therefore, the distribution is below the overall institution. Branch hours and services are generally consistent with the institution level as the lobby is open Monday thru Friday from 8:00 AM to 4:00 PM, however it does not offer drive-thru services. Despite not offering drive-thru services, hours and services do not inconvenience certain individuals and areas.

SAN ANGELO ASSESSMENT AREA

The bank operates two full-service branches, one limited-service branch, and one ATM in this assessment area. The branches and ATM were a part of the aforementioned acquisition of Crockett National Bank in December 2022. The San Angelo Assessment Area accounted for 0.9 percent of the bank’s reported loans, by number, in its assessment areas for 2023. This assessment area also garners 8.9 percent of the bank’s deposits and operates 10.7 percent of the bank’s offices as of June 30, 2024. The bank originated and engaged in the following activities in the assessment area.

Activity	#	\$(000)
Small Business Loans	3	130
Home Mortgage Loans	3	235
Community Development Loans	5	2,449
Investments (New)	1	3,000
Investments (Prior Period)	0	0
Donations	2	3
CD Services	18	-

Source: HMDA & CRA Reported Data; Bank Data

As shown in the following table, the distribution of branches and alternative delivery systems in this assessment area are consistent with the overall institution. Services and business hours do not vary in a way inconveniences certain individuals and areas. The San Angelo Main branch lobby opens Monday thru Friday from 8:30 AM to 3:00 PM and does not offer drive-thru services. However, the Motor Branch and Sherwood branches offer drive thru services with extended hours Monday thru Friday from 7:30 AM to 5:30 PM and Saturday from 9:00 AM to 12:00 PM.

Tract Income Level	Census Tracts		Population		Branches		ATMs		Open/New Branches		Closed Branches	
	#	%	#	%	#	%	#	%	#	%	#	%
Low	2	6.9	6,777	5.5	0	0.0	0	0.0	0	0.0	0	0.0
Moderate	6	20.7	19,893	16.2	1	33.3	0	0.0	1	33.3	0	0.0
Middle	11	37.9	45,630	37.1	1	33.3	1	100.0	1	33.3	0	0.0
Upper	9	31.0	50,579	41.2	1	33.3	0	0.0	1	33.3	0	0.0
Not Available	1	3.4	9	0.0	0	0.0	0	0.0	0	0.0	0	0.0
Totals	29	100.0	122,888	100.0	3	100.0	1	100.0	2	100.0	0	100.0

*Source: 2020 U.S. Census & Bank Data
Due to rounding, totals may not equal 100.0%*

SAN ANTONIO ASSESSMENT AREA

The bank operates one full-service branch in San Antonio within this assessment area. The branch was acquired through the acquisition of Crockett National Bank, as previously noted. In addition, the bank operates two loan production offices within this assessment area. The San Antonio Assessment Area accounted for 2.7 percent of the bank's reported loans, by number, in its assessment areas for 2023. This assessment area also garners 1.8 percent of the bank's deposits and operates 3.6 percent of the bank's offices as of June 30, 2024. The San Antonio Assessment Area's investment and service performances were below the overall institution due to the lack of qualified investment activity and limited community development services. The bank originated and engaged in the following activities in the assessment area.

Activity	#	\$(000)
Small Business Loans	5	1,433
Home Mortgage Loans	1	113
Community Development Loans	3	6,823
Investments (New)	0	0
Investments (Prior Period)	0	0
Donations	1	1
CD Services	1	-
<i>Source: HMDA & CRA Reported Data; Bank Data</i>		

The bank's sole branch in the assessment area is located in a moderate-income census tract, which is consistent with its overall performance. However, the bank does not provide access to an ATM in this assessment area. The branch lobby is open Monday thru Friday from 9:00 AM to 4:00 PM and does not offer drive-thru services. Ultimately, services and business hours do not vary in way inconveniences certain individuals and areas.

GEOGRAPHIC DISTRIBUTION AND BORROWER PROFILE PERFORMANCE TABLES FOR THE LIMITED-SCOPE REVIEW ASSESSMENT AREAS

Distribution of Loans to Small Businesses by Income Category of the Geography – Limited-Scope Assessment Areas																		2023		
Assessment Area	Total Loans to Small Businesses				Low-Income Tracts			Moderate-Income Tracts			Middle-Income Tracts			Upper-Income Tracts			Not Available-Income Tracts			
	#	\$(000)	% of Total	Overall Market	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	
College Station	0	0	0.0	--	8.0	0.0	--	19.3	0.0	--	25.9	0.0	--	44.9	0.0	--	2.0	0.0	--	
San Angelo	4	205	0.9	--	11.6	25.0	--	12.5	0.0	--	31.3	25.0	--	44.4	50.0	--	0.2	0.0	--	
San Antonio	6	2,258	1.3	--	5.2	0.0	--	22.8	16.7	--	26.1	0.0	--	45.3	83.3	--	0.5	0.0	--	

*Source: 2023 D&B Data; 2023 CRA Reported Data; 2023 CRA Aggregate Data; "--" data not available.
Due to rounding, totals may not equal 100.0%*

Assessment Area Distribution of Loans to Small Businesses by Gross Annual Revenues – Limited-Scope Assessment Areas												2023	
Assessment Area	Total Loans to Small Businesses				Businesses with Revenues <=\$1MM			Businesses with Revenues > \$1MM		Businesses with Revenues Not Available			
	#	\$(000)	% of Total	Overall Market	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	% Businesses	% Bank Loans		
College Station	0	0	0.0	--	88.1	--	--	2.5	--	9.4	--		
San Angelo	4	205	0.9	--	86.5	75.0	--	3.1	0.0	10.4	25.0		
San Antonio	6	2,258	1.3	--	90.9	83.3	--	2.3	16.7	6.7	0.0		

*Source: 2023 D&B Data; 2023 CRA Reported Data; 2023 CRA Aggregate Data; "--" data not available.
Due to rounding, totals may not equal 100.0%*

Distribution of Home Mortgage Loans by Income Category of the Geography – Limited-Scope Assessment Areas																		2023		
Assessment Area	Total Home Mortgage Loans				Low-Income Tracts			Moderate-Income Tracts			Middle-Income Tracts			Upper-Income Tracts			Not Available-Income Tracts			
	#	\$(000)	% of Total	Overall Market	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	
College Station	3	829	3.4	3,819	4.2	0.0	4.5	15.7	33.3	12.5	29.4	33.3	24.7	50.4	33.3	57.7	0.3	0.0	0.6	
San Angelo	3	235	3.4	2,261	4.1	66.7	2.7	14.7	33.3	12.6	35.7	0.0	34.4	45.5	0.0	50.4	0.0	0.0	0.0	
San Antonio	1	113	1.1	54,004	4.5	0.0	2.1	27.3	100.0	19.2	31.6	0.0	32.5	36.4	0.0	46.1	0.3	0.0	0.2	

Source: 2020 U.S. Census; 2023 HMDA Reported Data; 2023 HMDA Aggregate Data; "--" data not available.
Due to rounding, totals may not equal 100.0%

Distribution of Home Mortgage Loans by Income Category of the Borrower – Limited-Scope Assessment Areas																		2023		
Assessment Area	Total Home Mortgage Loans				Low-Income Borrowers			Moderate-Income Borrowers			Middle-Income Borrowers			Upper-Income Borrowers			Not Available-Income Borrowers			
	#	\$(000)	% of Total	Overall Market	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	
College Station	3	829	3.4	3,819	23.6	0.0	1.3	16.6	0.0	7.5	17.3	33.3	17.1	42.5	66.7	49.8	0.0	0.0	24.4	
San Angelo	3	235	3.4	2,261	19.2	100.0	3.2	18.7	0.0	11.8	21.1	0.0	18.6	41.1	0.0	32.4	0.0	0.0	34.1	
San Antonio	1	113	1.1	54,004	23.0	0.0	2.9	17.5	0.0	14.0	19.5	0.0	20.5	40.0	0.0	35.6	0.0	100.0	27.0	

Source: 2020 U.S. Census; 2023 HMDA Reported Data; 2023 HMDA Aggregate Data; "--" data not available.
Due to rounding, totals may not equal 100.0%

APPENDICES

LARGE 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) through its lending activities by considering a bank's home mortgage, small business, small farm, and community development lending. If consumer lending constitutes a substantial majority of a bank's business, the FDIC will evaluate the bank's consumer lending in one or more of the following categories: motor vehicle, credit card, other secured, and other unsecured. The bank's lending performance is evaluated pursuant to the following criteria:

- 1) The number and amount of the bank's home mortgage, small business, small farm, and consumer loans, if applicable, in the bank's assessment area;
- 2) The geographic distribution of the bank's home mortgage, small business, small farm, and consumer loans, if applicable, based on the loan location, including:
 - i. The proportion of the bank's lending in the bank's assessment area(s);
 - ii. The dispersion of lending in the bank's assessment areas(s); and
 - iii. The number and amount of loans in low-, moderate-, middle- and upper-income geographies in the bank's assessment area(s);
- 3) The distribution, particularly in the bank's assessment area(s), of the bank's home mortgage, small business, small farm, and consumer loans, if applicable, based on borrower characteristics, including the number and amount of:
 - i. Home mortgage loans low-, moderate-, middle- and upper-income individuals
 - ii. Small business and small farm loans to businesses and farms with gross annual revenues of \$1 million or less;
 - iii. Small business and small farm loans by loan amount at origination; and
 - iv. Consumer loans, if applicable, to low-, moderate-, middle- and upper-income individuals;
- 4) The bank's community development lending, including the number and amount of community development loans, and their complexity and innovativeness; and
- 5) The bank's use of innovative or flexible lending practices in a safe and sound manner to address the credit needs of low- and moderate-income individuals or geographies.

Investment Test

The Investment Test evaluates the institution's record of helping to meet the credit needs of its assessment area(s) through qualified investments that benefit its assessment area(s) or a broader statewide or regional area that includes the bank's assessment area(s). Activities considered under the Lending or Service Test may not be considered under the investment test. The bank's investment performance is evaluated pursuant to the following criteria:

- 1) The dollar amount of qualified investments;
- 2) The innovativeness or complexity of qualified investments;
- 3) The responsiveness of qualified investments to available opportunities; and
- 4) The degree to which qualified investments are not routinely provided by private investors.

Service Test

The Service Test evaluates the bank's record of helping to meet the credit needs of its assessment area(s) by analyzing both the availability and effectiveness of the bank's systems for delivering retail banking services and the extent and innovativeness of its community development services.

The bank's retail banking services are evaluated pursuant to the following criteria:

- 1) The current distribution of the bank's branches among low-, moderate-, middle-, and upper-income geographies;
- 2) In the context of its current distribution of the bank's branches, the bank's record of opening and closing branches, particularly branches located in low- or moderate-income geographies or primarily serving low- or moderate-income individuals;
- 3) The availability and effectiveness of alternative systems for delivering retail banking services (*e.g.*, RSFs, RSFs not owned or operated by or exclusively for the bank, banking by telephone or computer, loan production offices, and bank-at-work or bank-by-mail programs) in low- and moderate-income geographies and to low- and moderate-income individuals; and
- 4) The range of services provided in low-, moderate-, middle-, and upper-income geographies and the degree to which the services are tailored to meet the needs of those geographies.

The bank's community development services are evaluated pursuant to the following criteria:

- 1) The extent to which the bank provides community development services; and
- 2) The innovativeness and responsiveness of community development services.

SCOPE OF EVALUATION

Scope of Evaluation Pinnacle Bank (Cert. 20231)		
Evaluation Type:	Large Institution	
Time Period Reviewed:	8/16/2021 – 8/19/2024	
Products Reviewed:		
Small Business Loans	CRA Reported Data	1/1/2021 – 12/31/2023
Home Mortgage Loans	HMDA Reported Data	1/1/2021 – 12/31/2023
Community Development Loans	Bank Data	8/16/2021 to 8/19/2024
Qualified Investments and Donations	Bank Data	8/16/2021 to 8/19/2024*
Community Development Services	Bank Data	8/16/2021 to 8/19/2024
Branches and ATMs	Bank Data	8/16/2021 to 8/19/2024
<i>(*) Includes qualified investments made prior to the current evaluation period that remained outstanding as of 8/19/2024</i>		

List of Assessment Areas and Type of Evaluation		
Assessment Area	Type of Evaluation	Other Information
Dallas-Fort Worth	Full-Scope	None
Combined Non-MSA	Full-Scope	The Crockett and Hood-Somervell Non-MSA assessment areas were combined for presentation purposes since examiners did not identify any trends between the two that materially affected conclusions.
College Station	Limited-Scope	New since previous evaluation. Only 2023 small business lending analyzed since Pinnacle Bank was not required to collect and report small business lending data for transactions made by Crockett National Bank in 2022. Only presented 2023 home mortgage data to reflect the bank's efforts following the merger with Crockett National Bank in December 2022.
San Angelo	Limited-Scope	New since previous evaluation. Only 2023 small business lending analyzed since Pinnacle Bank was not required to collect and report small business lending data for transactions made by Crockett National Bank in 2022. Only presented 2023 home mortgage data to reflect the bank's efforts following the merger with Crockett National Bank in December 2022.
San Antonio	Limited-Scope	New since previous evaluation. Only 2023 small business lending analyzed since Pinnacle Bank was not required to collect and report small business lending data for transactions made by Crockett National Bank in 2022. Only presented 2023 home mortgage data to reflect the bank's efforts following the merger with Crockett National Bank in December 2022.

DESCRIPTION OF LIMITED-SCOPE ASSESSMENT AREAS

COLLEGE STATION ASSESSMENT AREA

The College Station Assessment Area is comprised of the entirety of Brazos County. Based on 2020 U.S. Census data, the assessment area includes 8 low-, 17 moderate-, 13 middle-, and 20 upper-income census tracts, as well as 5 census tracts with no income designation. The following table provides select demographic characteristics of the assessment area.

Demographic Information of the College Station Assessment Area						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	63	12.7	27.0	20.6	31.7	7.9
Population by Geography	233,849	14.2	23.1	23.0	32.6	7.1
Housing Units by Geography	91,831	9.3	28.0	25.7	31.8	5.2
Owner-Occupied Units by Geography	38,290	4.2	15.7	29.4	50.4	0.3
Occupied Rental Units by Geography	43,224	13.3	37.9	23.6	16.7	8.5
Vacant Units by Geography	10,317	11.2	32.2	20.7	26.1	9.8
Businesses by Geography	22,572	8.0	19.3	25.9	44.9	2.0
Farms by Geography	713	3.6	10.5	28.9	55.8	1.1
Family Distribution by Income Level	46,221	23.6	16.6	17.3	42.5	0.0
Household Distribution by Income Level	81,514	28.3	13.8	15.8	42.2	0.0
Median Family Income MSA – College Station-Bryan, Texas MSA		Median Housing Value				\$195,486
		Median Gross Rent				\$990
		Families Below Poverty Level				13.2%
<i>Source: 2020 U.S. Census and 2023 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.</i>						

Pinnacle Bank ranks 23rd in deposit market share, out of 24 banks, with 0.2 percent of the area’s deposits based on the FDIC’s Deposit Market Share data as of June 30, 2024. The top 3 institutions hold 49.4 percent of the deposits. There is a moderate level of competition for home mortgage loans in the College Station Assessment Area. According to 2023 HMDA aggregate data, the bank captured approximately 0.1 percent of the market share by both number and dollar volume. Pinnacle Bank ranked 129th out of 345 total lenders who reported home mortgage loans in the College Station Assessment Area. Regarding small business lending, 2023 CRA aggregate has not been released by the FFIEC; therefore, 2023 aggregate small business lending data and market share information is not included in this evaluation. Further, examiners only analyzed 2023 small business lending in the limited-scope assessment areas since Pinnacle Bank was not required to collect and report small business lending data for transactions made by Crockett National Bank in 2022.

SAN ANGELO ASSESSMENT AREA

The San Angelo Assessment Area is comprised of the entirety of Tom Green County. Based on 2020 U.S. Census data, the assessment area includes 2 low-, 6 moderate-, 9 middle-, and 9 upper-income, as well as one tract with no income designation. The following table includes certain demographic data of the assessment area.

Demographic Information of the San Angelo Assessment Area						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	27	7.4	22.2	33.3	33.3	3.7
Population by Geography	120,003	5.6	16.6	35.6	42.1	0.0
Housing Units by Geography	48,785	6.1	16.3	36.8	40.7	0.0
Owner-Occupied Units by Geography	28,175	4.2	15.2	33.7	46.9	0.0
Occupied Rental Units by Geography	14,778	8.1	15.9	46.4	29.6	0.0
Vacant Units by Geography	5,832	10.3	23.0	28.0	38.7	0.0
Businesses by Geography	11,417	11.9	12.8	29.6	45.4	0.2
Farms by Geography	625	8.0	6.1	24.8	61.1	0.0
Family Distribution by Income Level	27,500	19.2	18.5	21.2	41.1	0.0
Household Distribution by Income Level	42,953	23.5	17.8	17.0	41.7	0.0
Median Family Income MSA – San Angelo, Texas MSA	\$71,287	Median Housing Value				\$150,836
		Median Gross Rent				\$896
		Families Below Poverty Level				8.2%
<i>Source: 2020 U.S. Census and 2023 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.</i>						

Pinnacle Bank ranks 6th in deposit market share out of 16 banks, with 6.7 percent of the area’s deposits based on the FDIC’s Deposit Market Share data as June 30, 2024. The top 3 institutions hold 58.0 percent of the deposits. There is a moderate level of competition for residential mortgage loans in the San Angelo Assessment Area. According to 2023 HMDA aggregate data, the bank captured 0.1 percent of the market share by number of loans and less than 0.1 percent of the market share by dollar volume. Pinnacle Bank ranked 73rd out of 197 total lenders who originated or purchased home mortgage loans in the San Angelo Assessment Area.

SAN ANTONIO ASSESSMENT AREA

The San Antonio Assessment Area is comprised of the entireties of Bexar and Comal counties. Based on 2020 U.S. Census data, the assessment area census tracts include 35 low-, 139 moderate-, 117 middle-, and 112 upper-income, as well as 5 census tracts with no income designation. The following table includes certain demographic data of the assessment area.

Demographic Information of the San Antonio Assessment Area						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	408	8.6	34.1	28.7	27.5	1.2
Population by Geography	2,170,825	6.5	30.3	30.4	32.6	0.2
Housing Units by Geography	760,307	6.9	33.2	29.6	29.9	0.3
Owner-Occupied Units by Geography	417,920	4.5	27.2	31.6	36.4	0.3
Occupied Rental Units by Geography	281,227	10.1	41.0	27.4	21.1	0.5
Vacant Units by Geography	61,160	9.3	37.7	26.2	26.5	0.3
Businesses by Geography	252,920	5.2	22.8	26.1	45.3	0.5
Farms by Geography	5,026	3.6	17.8	25.4	52.5	0.7
Family Distribution by Income Level	461,408	23.0	17.5	19.5	40.0	0.0
Household Distribution by Income Level	699,147	25.0	16.3	18.5	40.2	0.0
Median Family Income MSA – San Antonio-New Braunfels, Texas MSA	\$74,284	Median Housing Value				\$198,878
		Median Gross Rent				\$1,064
		Families Below Poverty Level				11.3%
<i>Source: 2020 U.S. Census and 2023 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.</i>						

Pinnacle Bank ranks 41st in deposit market share, out of 58 banks, with less than 0.1 percent of the area’s deposits based on the FDIC’s Deposit Market Share data as June 30, 2024. The top 3 institutions hold 81.8 percent of the deposits. There is a high level of competition for residential mortgage loans in the San Angelo Assessment Area. According to 2023 HMDA aggregate data, the bank captured less than 0.1 percent of the market share by number dollar volume. Pinnacle Bank ranked 545th out of 709 total lenders who originated or purchased home mortgage loans inside the San Antonio Assessment Area.

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. Bank CDCs can develop innovative debt instruments or provide near-equity investments tailored to the development needs of the community. Bank 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 banking organization.

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 bank:
 - (i) Has not been reported or collected by the bank or an affiliate for consideration in the bank'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 bank's assessment area(s) or a broader statewide or regional area including the bank's assessment area(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 bank'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 of CBSAs.

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 HMDA regulation.

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

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

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

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.

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 (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.