



Cornerstone
CAPITAL BANK

**COMMUNITY REINVESTMENT ACT
("CRA")
PUBLIC FILE**

4/1/2024

Divisions:



Cornerstone®
HOME LENDING



ROSCOE
BANK
MEMBER FDIC

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OVERVIEW

The Community Reinvestment Act (“CRA”) is a federal law designed to encourage depository institutions to help meet the credit needs of the communities in which they operate, including low- and moderate-income (“LMI”) neighborhoods and individuals, consistent with safe and sound banking operations. The CRA also sets forth requirements for a bank to maintain a public file and make it available to the public for inspection upon request at no cost as defined in the Code of Federal Regulations (“CFR”) at [12 CFR 345.43](#). Cornerstone Capital Bank, SSB and its operating divisions (“Cornerstone” or “the Bank” or “CCB”) are committed to compliance with CRA and addressing the development needs of the communities in the Bank’s combined Assessment Areas (“AA”) through lending, investing and servicing. Cornerstone Home Lending (“CHL”) and The Roscoe State Bank (“RSB”) are referenced throughout this CRA Public File as divisions of the Bank.

Cornerstone’s CRA public file shall be available to the public for inspection upon request, at no cost at:

- The main office and, if an interstate bank, at one branch office in each state, all information in the public file; and
- At each branch:
 - A copy of the public section of the bank's most recent CRA Performance Evaluation and a list of services provided by the branch; and
 - Within five calendar days of the request, all the information in the public file relating to the assessment area in which the branch is located.

Upon request, the Bank shall provide copies, either on paper or in another form acceptable to the person making the request, of the information in its public file. The Bank may charge a reasonable fee not to exceed the cost of copying and mailing (if applicable). Except as otherwise provided in this CRA public file, a bank shall ensure that the information required is current as of April 1 of each year.

For questions or information requests, please contact:

Debbie Ray

Director of Fair and Responsible Banking / CRA Officer

Phone (218) 766-0572

dray@cornerstonecapital.com

BANK BRANCH AND SERVICE INFORMATION

This section provides:

- A list of the bank's branches, their street addresses, hours of operation, and geographies;
- A list of branches opened or closed during the current year and each of the prior two calendar years, their street addresses, and geographies;
- A list of services (available loan and deposit products, and transaction fees) generally offered at the Bank's branches and descriptions of material differences in the availability or cost of services at particular branches, if any. At its option, a bank may include information regarding the availability of alternative systems for delivering retail banking services (e.g., Remote Service Facilities ("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); and
- For a small bank or a bank that was a small bank during the prior calendar year shall include in its public file, the loan-to-deposit ratio for each quarter of the prior calendar year and, at its option, additional data on its loan-to-deposit ratio; and the information required for other banks, if the Bank has elected to be evaluated under the lending, investment, and service tests.

BANK BRANCH LOCATIONS AND HOURS OF OPERATIONS

SERVICE LOCATION			ADDRESS				HOURS OF OPERATION			
Division	Type	Name	Street	City	State	Zip	Days	Lobby	Drive-In	ATM
	Branch	Bastrop	710 Highway 71 West	Bastrop	TX	78602	Mon-Fri Sat	8:30a - 5:00p Closed	8:00a - 6:00p 8:30a - 12:30p	Drive Up 24 Hours
	Branch	Roscoe	117 Cypress Street	Roscoe	TX	79545	Mon-Fri Sat	9:00a - 4:00p Closed	8:00a - 4:00p Closed	Drive Up 24 Hours
	Branch	Sweetwater	209 Cedar Street	Sweetwater	TX	79556	Mon-Fri Sat	8:00a - 5:00p Closed	7:30a - 6:00p 7:30a - 12:00p	Drive Up 24 Hours
	LPO	Big Life	5910 Courtyard Drive	Austin	TX	78731	Mon-Fri Sat	9:00a - 5:00p Closed	NA	NA
	LPO	Builder Retail	1 Chisholm Trail	Round Rock	TX	78681	Mon-Fri Sat	9:00a - 5:00p Closed	NA	NA
	LPO	Fortuna	2801 Via Fortuna	Austin	TX	78746	Mon-Fri Sat	8:00a - 5:00p Closed	NA	NA

Low Middle
Moderate Upper

SERVICE LOCATION			GEOGRAPHIES									
Division	Type	Name	Code				¹ Tract Income	Name				
			State	MSA	County	Tract		State	MSA	County	Assessment Area	
	Branch	Bastrop	48	12420	021	9503.02	Middle	Texas	Austin	Bastrop	Austin MSA	
	Branch	Roscoe	48	NA	353	9505.00	Middle	Texas	Non	Nolan	Texas Non-MSA	
	Branch	Sweetwater	48	NA	353	9503.00	Low	Texas	Non	Nolan	Texas Non-MSA	
	LPO	Big Life	48	12420	453	0307.00	Upper	Texas	Austin	Travis	Austin MSA	
	LPO	Builder Retail	48	12420	491	0206.02	Middle	Texas	Austin	Williamson	Austin MSA	
	LPO	Fortuna	48	12420	453	0019.11	Middle	Texas	Austin	Travis	Austin MSA	


¹ As designated in the 2020 Decennial Census

BANK BRANCHES OPENED OR CLOSED


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

PRODUCTS AND SERVICES

CHECKING

<i>Offered By:</i> 	PERSONAL		
	Free Checking	Now Account	HSA
Description	A simple account with no monthly service fees	Those who want to have unlimited access and still earn interest	For those who qualify with a High Deductible Health Plan
Opening Minimum	\$0.00	\$1,500.00	\$0.00
Statements	Electronic <i>or</i> Paper	Electronic <i>or</i> Paper	Electronic <i>or</i> Paper
Monthly Service Fee	\$0.00	\$10.00 <i>if minimum balance requirements are not met</i>	\$0.00
Waiver of Monthly Service Fee	N/A	\$1,500.00 <i>daily balance requirement</i>	N/A
Earns Interest	No	Yes	Yes
Free Checks	1st Box Free <i>(Exclusive Design Only)</i>	1st Box Free <i>(Exclusive Design Only)</i>	Debit Card Only
ADDITIONAL ACCOUNT INFORMATION	<ul style="list-style-type: none"> • Free Online Banking, Mobile Banking, Mobile Deposit, Bill Pay • Debit Card Access • Optional Overdraft Services 		

CHECKING - Continued


Offered By: 	COMMERCIAL
	Free Business Checking
Monthly Service Fee	N/A
Waiver of Monthly Service Fee	N/A
Earns Interest	No
Earns Credit <i>on deposit balances to offset service and activity fees</i>	N/A
Free Transactions <i>monthly - paper and electronic</i>	Unlimited
Excess Transaction Fees <i>per item once transaction limit is reached</i>	N/A
<i>Available to</i> Nonprofit Companies	Yes
<i>Available to</i> Public Companies	Yes
ADDITIONAL ACCOUNT INFORMATION	<ul style="list-style-type: none"> Online Banking, Cash Management (with approval) Debit card access Optional overdraft services A selection of add-on tools to help manage cash flow—like Merchant Services, Remote Deposit Capture, Business Loans and Lines-of-Credit

SAVING and MONEY MARKET

Offered By: 	PERSONAL		COMMERCIAL	
	Regular Savings	Money Market Account	Regular Savings	Money Market Account
Opening Minimum	\$200.00 <i>No minimum for minors</i>	\$2,500.00	\$200.00	\$2,500.00
Monthly Service Fee	\$4.00	\$15.00	\$4.00	\$15.00
Waiver of Monthly Service Fee	\$200.00 <i>daily balance requirement</i>	\$2,500.00 <i>daily balance requirement</i>	\$200.00 <i>daily balance requirement</i>	\$2,500.00 <i>daily balance requirement</i>
Interest Tiers	No Tiers	4 Tiers	No	Yes
Withdrawal Limits	3 per Quarter \$3.00 <i>fee on each additional withdrawal over three</i>	6 per Month \$10.00 <i>fee on each additional withdrawal over six</i>	3 per Quarter \$3.00 <i>fee on each additional withdrawal over three</i>	6 per Month \$10.00 <i>fee on each additional withdrawal over six</i>
ADDITIONAL ACCOUNT INFORMATION	<ul style="list-style-type: none"> Interest is compounded and paid quarterly on collected funds for Savings Account Interest is compounded and paid monthly on collected funds for Money Market Account Overdraft protection option to link to your checking account (except for Youth Savings) Scheduled recurring transfers to your savings account from another account of your choosing Free online and mobile banking access to your accounts 		<ul style="list-style-type: none"> Interest is compounded and paid quarterly on collected funds for Savings Account Interest is compounded and paid monthly on collected funds for Money Market Account Link your business savings account to your business checking account for overdraft protection 	

Offered By: 	COMMERCIAL
	Business MMDA
Opening Minimum	N/A
Monthly Service Fee	N/A
Waiver of Monthly Service Fee	N/A
Interest Tiers	No
Withdrawal Limits	6 per Month
ADDITIONAL ACCOUNT INFORMATION	<ul style="list-style-type: none"> Interest is compounded daily and paid monthly Can be linked to business checking account for overdraft protection Wire and ACH transfers available

CERTIFICATE OF DEPOSIT and INDIVIDUAL RETIREMENT ACCOUNT

Offered By: 	PERSONAL	
	Certificate of Deposit	Individual Retirement Account <i>Traditional and Roth</i>
Opening Minimum	\$1,000.00	\$1,000.00
Additional Deposits	No	Yes <i>up to yearly max, excluding transfer rollover</i>
Interest Paid	Fixed Compounded Quarterly <i>if added back to CD</i>	Fixed Compounded Quarterly
Early Withdrawal Penalty	1 - 6 Months Interest	3 Months Interest <i>+ Government Penalties</i>
ADDITIONAL ACCOUNT INFORMATION	<ul style="list-style-type: none"> Competitive interest rates with no maintenance fees Multiple term options—save for as little as three months to five years Fixed interest rate for length of term you choose FDIC insured up to the maximum applicable limits 	

LOANS

Offered By:

PERSONAL				
	Loan Type	Terms	Rate	Payment
Cash Secured	CD Secured	Match CD Maturity	Fixed	Monthly <i>or</i> Annual
	Cash Secured <i>Other than CD</i>	1 Year	Fixed	
Unsecured		12 Months	Fixed	Monthly
Used Auto	Automobile	Based on Vehicle Age	Fixed	Monthly <i>Principal & Interest</i>
	Recreational Vehicle	Based on Vehicle Age	Fixed	Monthly <i>Principal & Interest</i>
	Motorcycle	Based on Vehicle Age	Fixed	Monthly <i>Principal & Interest</i>
	Watercraft	Based on Vehicle Age	Fixed	Monthly <i>Principal & Interest</i>
	Boat/Motor/Trailer	Based on Vehicle Age	Fixed	Monthly <i>Principal & Interest</i>
New Auto	Automobile	Based on Vehicle Age	Fixed	Monthly <i>Principal & Interest</i>
	Recreational Vehicle	Based on Vehicle Age	Fixed	Monthly <i>Principal & Interest</i>
	Motorcycle	Based on Vehicle Age	Fixed	Monthly <i>Principal & Interest</i>
	Watercraft	Based on Vehicle Age	Fixed	Monthly <i>Principal & Interest</i>
	Boat/Motor/Trailer	Based on Vehicle Age	Fixed	Monthly <i>Principal & Interest</i>
ADDITIONAL ACCOUNT INFORMATION	• No Personal Line of Credit available			

Offered By:

COMMERCIAL			
	Terms	Rate	Payment
Secured	12-60 Months	Fixed <i>or</i> Variable <i>usually 1.5% to 2% over WSIP</i>	Monthly <i>or</i> Annual
Unsecured	12 Months	Fixed	Monthly <i>or</i> Annual
Line of Credit	12 Months	Fixed <i>or</i> Variable <i>usually 1.5% to 2% over WSIP</i>	Monthly, Quarterly, <i>or</i> At Maturity <i>Interest can be paid Monthly, Quarterly or at maturity. P&I can all be due at maturity.</i>
Commercial Mortgage	1-20 Years	Variable	Monthly <i>or</i> Annual
Small Business Administration	N/A		
ADDITIONAL ACCOUNT INFORMATION	• Agriculture loans have same terms as business loans		

LOANS - Continued

Offered By:		COMMERCIAL			
Cornerstone CAPITAL BANK		Type	Terms	Rate	Payment
Line of Credit	Private Wealth and Small Businesses		Lines of credit will often be structured as one-year maturities but may be shorter	Generally a floating rate tied to SOFR 30 Day or to WSJP	Interest payable monthly or quarterly, or at maturity of SOFR tranche
	Construction Real Estate Loans	Commercial Construction	Initial maturity usually 1 to 3 years. A mini-perm option at the end of the construction period is common	Generally a floating rate tied to SOFR 30 or WSJP during construction period; mini-perm usually has a fixed rate but might be floating	Interest payable monthly or quarterly, or at maturity of SOFR tranche Monthly or quarterly principal payments typical for mini-perm; usually P&I basis
		1-4 Family Construction	Usual maturity of 6 to 24 months, depending upon size of home being built	Usually floating rate tied to WSJP or SOFR30; occasionally a fixed rate	Interest payable monthly or quarterly, or at maturity of SOFR tranche.
	1X Close SFR Construction/Permanent	Usual maturity of 9 to 24 months for the construction period then loan rolls into permanent	Generally a floating rate tied to SOFR 30 or WSJP during construction period; mini-perm may have a floating or fixed rate	Interest payable monthly or quarterly, or at maturity of SOFR tranche Monthly P&I payments are typical after conversion to permanent mortgage	
Land Loans	Lot Development		Term of 12-30 months are common, with quarterly curtailments beginning after development period if no reductions from lot sales	Usually floating rate tied to WSJP or SOFR30; occasionally a fixed rate	Interest payable monthly or quarterly, or at maturity of SOFR tranche
	Raw Land		Commonly 1 to 5 year maturity primarily based on LTV and strength of borrower	Floating Rate tied to SOFR 30 or WSJP, or fixed rate	Typically payments monthly or quarterly May be interest only or P&I or PPI primarily based LTV and strength of borrower
	Improved Land		Commonly 1 to 5 year maturity primarily based on LTV and strength of borrower	Floating Rate tied to SOFR 30 or WSJP, or fixed rate	Typically payments monthly or quarterly May be interest only or P&I or PPI primarily based LTV and strength of borrower
Permanent/Mini-Perm Commercial Real Estate Loans	Traditional Non-Owner Occupied Commercial RE		Generally terms of 6 months to 15 years; five or ten year maturities will be common Amortizations of 15 or 25 years common, and generally not to exceed 30 years	Floating Rate tied to SOFR 30 or WSJP, or fixed rate. Fixed rate will commonly have a re-pricing trigger at 3 or 5 year mark	Occasionally an interest only period of 3-12 months at inception followed by P&I amortization Commonly starts P&I monthly or quarterly at inception and throughout term
	Owner-Occupied Commercial RE (Owner occupant is greater than 50%)		Maturities typically 5 to 15 years. Re-pricing trigger common at 3 or 5 year mark	Commonly fixed rate, but may be floating based on SOFR 30 or WSJP	Principal and interest payable monthly or quarterly
ADDITIONAL ACCOUNT INFORMATION	<ul style="list-style-type: none"> • SOFR = Secured Overnight Financing Rate • WSJP = Wall Street Journal Prime 				

LOANS - Continued

Offered By:		COMMERCIAL			
 Commercial & Industrial Lending		Type	Terms	Rate	Payment
		Working Capital RLOC - Typically for Accounts Receivable and Inventory	Commonly 1-year term but may be up to 5-year term for stronger borrowers Typically secured and governed by borrowing base	Typically Floating Rate tied to SOFR 30 or WSJP	Monthly or quarterly interest payments and repayments based on borrowing base
		Machinery and/or Equipment Term	Loan maturities typically 1- to 5-years and tied to useful life of financed equipment May have an interest only draw feature or GLOC for equipment purchases Typically secured	Commonly fixed rate or floating based on SOFR 30 or WSJP	Usually monthly or quarterly PPI or P&I
		Notes Receivable Term (Discounting one or more Notes Receivable)	Typically amortizes to repayment prior to payout of underlying receivable	Commonly fixed rate but may be floating based on SOFR 30 or WSJP	Usually monthly or quarterly PPI or P&I
		Notes Receivable RLOC (Financing a portfolio of notes receivable)	Loan maturities typically 1- to 3-years, might be up to 5-years for stronger borrowers Typically on a borrowing base	Typically Floating Rate tied to SOFR 30 or WSJP	Usually monthly or quarterly interest only, with reductions tied to the borrowing base
		Aircraft	Typically 3- to 5-year term, secured, amortizing	Typically fixed rate	Monthly or quarterly P&I or PPI Amortization pace tied to useful life and generally 15-years or less
		Cash Secured	Maturity dates should not go beyond maturity date of the CD	Typically fixed rate	Typically monthly interest
		Margin Stock-Non Purpose Loans	Typically an RLOC with 1-year maturity but may be longer Borrowing base typical	Typically Floating Rate tied to SOFR 30 or WSJP, but may be fixed	Typically monthly or quarterly interest only or P&I
		Margin Stock-Purpose Loans	Typically an RLOC with 1-year maturity but may be longer Borrowing base typical	Typically Floating Rate tied to SOFR 30 or WSJP, but may be fixed	Typically monthly or quarterly interest only or P&I
		Life Insurance-Cash Value	Uncommon - may be RLOC or amortizing term	Fixed or floating	Amortizing or RLOC
		Secured by Letter of Credit	Uncommon - may be RLOC or amortizing term	Fixed or floating	Amortizing or RLOC
Automobile Floor Plan Loans	Uncommon - one-year secured RLOC with Borrowing Base	Typically floating based on SOFR 30 or WSJP	Monthly or quarterly interest payments and repayments based on borrowing base		
Unsecured RLOC	Uncommon - typically one-year but may be up five-year for very strong corporate borrowers	Typically floating based on SOFR 30 or WSJP	Monthly or quarterly interest payments		
ADDITIONAL ACCOUNT INFORMATION	<ul style="list-style-type: none"> • SOFR = Secured Overnight Financing Rate • WSJP = Wall Street Journal Prime 				

LOANS - Continued

Offered By:		COMMERCIAL			
		Type	Terms	Rate	Payment
Church Loans	Completed Construction or Existing Church Facility	Generally maturities of 5 to 15 years	Commonly fixed rate, but may be floating based on SOFR 30 or WSJP	Occasionally an interest only period of 3-12 months at inception	
		Amortizations of 15 or 25 years common, and generally not to exceed 30 years	Fixed rate typically will re-price at 3 or 5 year trigger	Commonly starts P&I monthly or quarterly at inception and throughout term	
Letters of Credit	Standby Letter of Credit	Typically up to 13 months but occasionally longer maturities for stronger borrowers	Annual fixed fee paid at inception, and at inception of any extended period	Annual fixed fee paid at inception, and at inception of any extended period	
		May include an automatic renewal clause for stronger borrowers	Other fees may apply such as a draw or transfer fee		
		Typically up to 13 months	Annual fixed fee paid at inception, and at inception of any extended period	Annual fixed fee paid at inception, and at inception of any extended period	
	Standby Letter of Credit - Direct Pay	Commonly has an automatic renewal clause	Other fees may apply such as a draw or transfer fee		
	Commercial Letter of Credit	Uncommon - typically 3- to 9-months	Commission fee at inception and at draws, plus correspondent fees	Commission fee at inception and at draws, plus correspondent fees	
ADDITIONAL ACCOUNT INFORMATION		<ul style="list-style-type: none"> • SOFR = Secured Overnight Financing Rate • WSJP = Wall Street Journal Prime 			

Offered By:		MORTGAGE		
		Terms	Rate	Lien
Purchase	1-30 Years	Variable <i>or</i> Short Term Fixed	1st	
Construction	12 Months	Fixed	1st	
Investment	1-20 Years	Variable	1st	
Texas Home Equity	1-30 Years	Variable <i>or</i> Short Term Fixed	1st	
Home Improvement	1-30 Years	Short Term Interest Only	1st	
Refinancing	1-30 Years	Variable <i>or</i> Short Term Fixed	1st	
ADDITIONAL ACCOUNT INFORMATION				

LOANS - Continued

<i>Offered By:</i>	MORTGAGE			
Cornerstone HOME LENDING	Terms	Rate	Lien	Collateral Occupancy <i>1 to 4 Family Residence</i>
Purchase	10 - 40 Years	Market	1st and Subordinate	OO / NOO / 2nd homes
Construction	3 - 13 Months	Market	1st	OO
FHA / VA	15 - 30 Years	Market	1st and Subordinate	OO / NOO / 2nd homes
Investment	10 - 40 Years	Market	1st	NOO
Texas Home Equity (Cash Out)	10 - 30 Years	Market	1st	OO
Refinancing	10 - 40 Years	Market	1st	OO / NOO / 2nd homes
ADDITIONAL ACCOUNT INFORMATION				

LOAN TO DEPOSIT RATIO

Data obtained from the Call Report as of 3/19/2024.

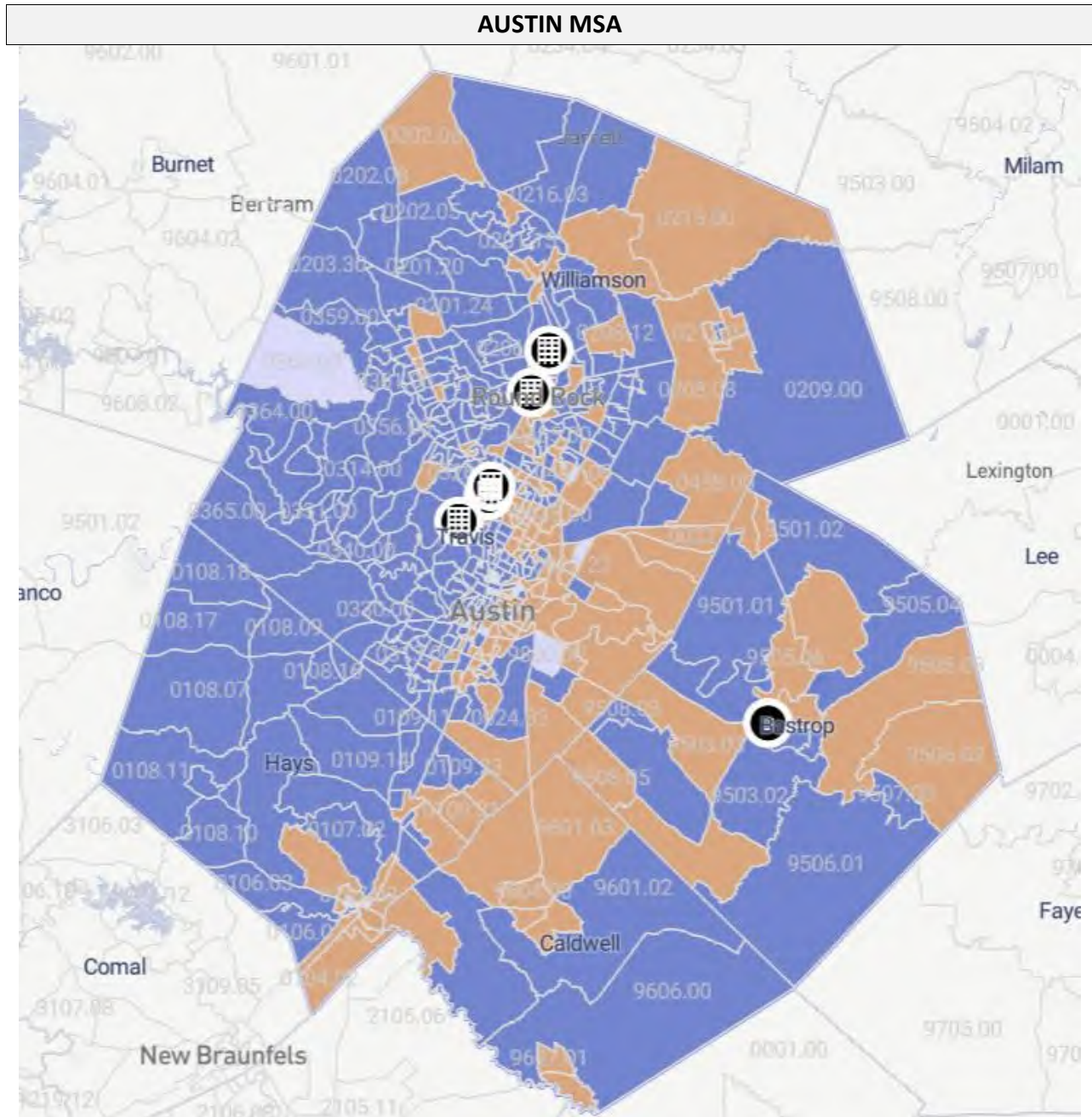
Loan To Deposit Ratio	
12/31/2023	115.68%
<u>9/30/2023</u>	85.88%
<u>6/30/2023</u>	104.66%
<u>3/31/2023</u>	120.78%
<u>12/31/2022</u>	103.43%
<u>Average</u>	106.09%

ASSESSMENT AREA INFORMATION

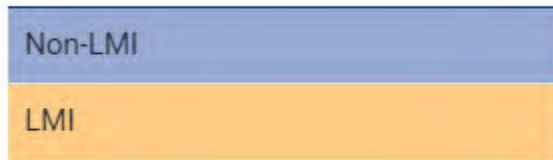
This section contains:

- A map of each assessment area showing the boundaries of the area; and
- A list of geographies contained within the area.

ASSESSMENT AREA MAPS

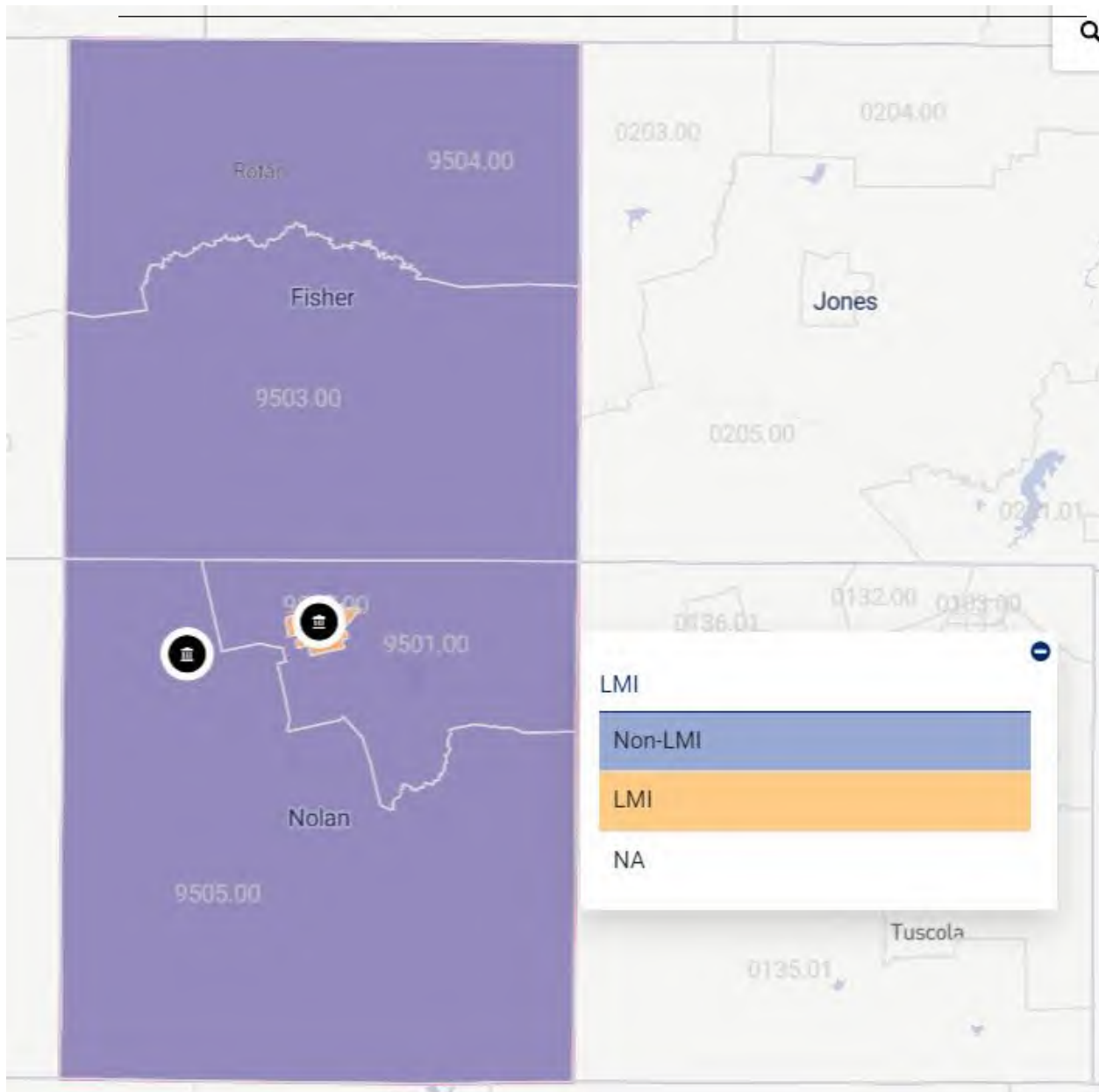


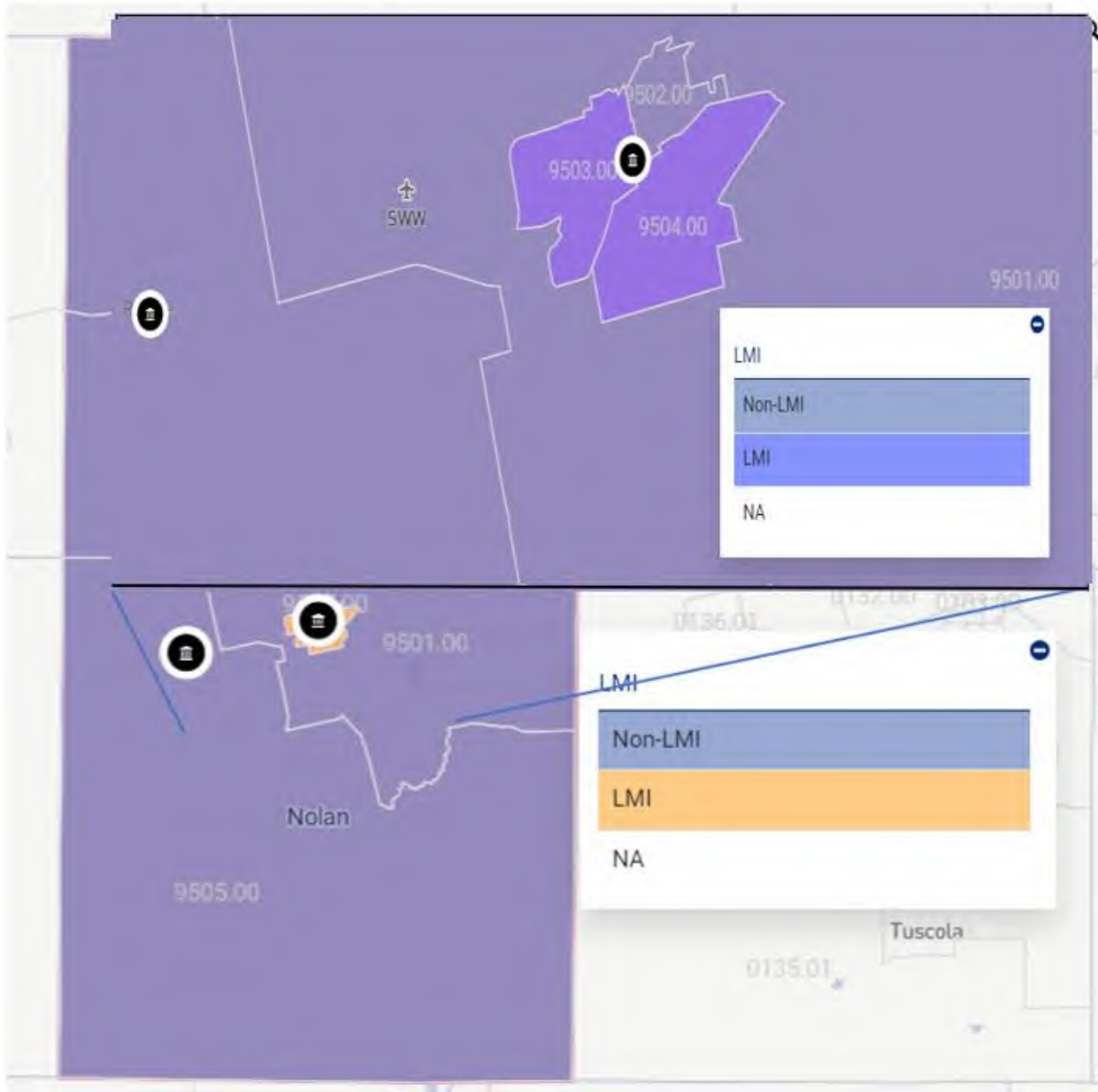
LMI



NA

TEXAS NON-MSA





OTHER REGULATORY INFORMATION

This section contains:

- All written comments received from the public for the current year and each of the prior two calendar years that specifically relate to the bank's performance in helping to meet community credit needs, and any response to the comments by the bank, if neither the comments nor the responses contain statements that reflect adversely on the good name or reputation of any persons other than the bank or publication of which would violate specific provisions of law;
- A copy of the public section of the Bank's most recent CRA Performance Evaluation prepared by the FDIC, which will be placed in the public within 30 business days after its receipt from the FDIC;
- The Bank's CRA Disclosure Statement, which shall be placed in the public file within three business days of its receipt from the FDIC; and
- For a bank required to report home mortgage loan data shall include in its public file a written notice that the institution's HMDA Disclosure Statement may be obtained on the Consumer Financial Protection Bureau's (Bureau's) Web site. In addition, a bank that elected to have the FDIC consider the mortgage lending of an affiliate shall include in its public file the name of the affiliate and a written notice that the affiliate's HMDA Disclosure Statement may be obtained at the Bureau's Web site. The bank shall place the written notice(s) in the public file within three business days after receiving notification from the Federal Financial Institutions Examination Council of the availability of the disclosure statement(s).

WRITTEN COMMENTS

Cornerstone Capital Bank and Roscoe Bank have not received any CRA written comments from the previous two (2) years.

CRA PERFORMANCE EVALUATION

Roscoe Bank's most recent CRA Performance Evaluation ("PE") follows from August 13, 2018.

PUBLIC DISCLOSURE

August 13, 2018

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

The Roscoe State Bank
Certificate Number: 1213

117 Cypress Street
Roscoe, Texas 79545

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

1601 Bryan Street
Dallas, Texas 75201

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

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INSTITUTION RATING

INSTITUTION'S CRA RATING: This institution is rated **Satisfactory**. An institution in this group has a satisfactory record of helping to meet the credit needs of its assessment area, including individuals and businesses of different income levels, in a manner consistent with its resources and capabilities.

The Roscoe State Bank's satisfactory performance under the Lending Test supports the overall Satisfactory Community Reinvestment Act (CRA) rating. Examiners did not identify any evidence of discriminatory or other illegal credit practices. The following points summarize the bank's Lending Test performance.

- The loan-to-deposit (LTD) ratio is reasonable given the institution's size, financial condition, and assessment areas credit needs.
- The bank originated a majority of small business and small farm loans inside the assessment areas.
- The geographic distribution of loans reflects reasonable dispersion throughout the assessment areas.
- The distribution of borrowers reflects reasonable penetration among businesses and farms of different sizes.
- The bank did not receive any CRA-related complaints since the previous evaluation; therefore, this factor did not affect the Lending Test rating.

SCOPE OF EVALUATION

General Information

This evaluation covers the time period from August 20, 2012 to August 13, 2018, the date of the previous evaluation to this evaluation's date. To assess performance, examiners applied the Interagency Small Institution Examination Procedures. These procedures include the CRA Small Bank Lending Test.

The Lending Test considered the bank's performance according to the following criteria:

- Loan-to-deposit ratio
- Assessment area concentration
- Geographic distribution
- Borrower profile
- Response to CRA-related complaints.

Assessment Area Weighting

The bank operates in two assessment areas in the State of Texas, as more fully described under the Description of Assessment Areas. Examiners applied full-scope procedures to both assessment areas. Examiners selected the Texas Non-MSA AA for full-scope procedures as the majority of the bank's lending, deposits, and branching activities arose from this area. Examiners also chose to perform separate full-scope procedures on the Austin MSA AA as this area did not receive a separate review at the previous evaluation.

Examiners placed greater weight on the results in the Texas Non-MSA AA when arriving at conclusions and ratings. The following table shows the distribution of loans, deposits, and branches for the designated AAs.

Assessment Area Breakdown of Loans, Deposits, and Branches			
Assessment Area	% of Loans (% of \$)	% of Deposits (% of \$)	Branch Offices (% of Total)
Austin MSA AA	38.4	19.2	33.3
Texas Non-MSA AA	61.6	80.8	66.7
Total	100.0	100.0	100.0

Source: Bank Records; FDIC Summary of Deposits (6/30/2017).

Loan Products Reviewed

CRA Small Bank procedures require examiners to determine the bank's major product lines from which to sample and as an initial matter, examiners can select from the same loan categories used for CRA Large Bank evaluations: home mortgage, small business, small farm, and consumer loans. The following table illustrates the bank's originations and purchases over the most recent calendar year by loan type.

Loans Originated or Purchased				
Loan Category	\$(000s)	%	#	%
Construction and Land Development	4,671	7.4	18	2.4
Secured by Farmland	4,343	6.9	13	1.7
Secured by 1-4 Family Residential Properties	8,651	13.6	64	8.3
Multi-Family (5 or more) Residential Properties	0	0.0	0	0.0
Commercial Real Estate Loans	3,902	6.1	16	2.1
Commercial and Industrial Loans	17,418	27.4	170	22.2
Agricultural Loans	21,055	33.2	136	17.7
Consumer Loans	3,454	5.4	350	45.6
Other Loans	0	0.0	0	0.0
Total Loans	63,494	100.0	767	100.0

Source: Bank Records 1/01/17 through 12/31/17

Based on the above table, examiners concluded the primary products to be agricultural and commercial loans. This conclusion considered the bank's business strategy, lending focus, and the dollar and number volume of loans originated during the evaluation period.

Agricultural loans (Secured by Farmland and Agricultural Loans) comprise 40.1 percent by dollar volume and commercial loans (Commercial and Industrial and Commercial Real Estate loans) comprise 33.5 percent by dollar volume. Since none of the other loan categories represented a major product line and thus would not materially affect any conclusions or ratings, including residential loans (consisting of 1-4 Family and Multi-family) at 13.6 percent and consumer loans at 5.4 percent by dollar volume, this evaluation does not discuss them. The 2017 HMDA data is available in Appendix B for informational purposes only.

This evaluation considered a random sample of 40 small farm loans totaling approximately \$3.6 million from the universe of 137 of such loans totaling over \$11 million originated in 2017. Examiners also considered an initial random sample of 40 small business loans totaling nearly \$2.3 million from a universe of 184 of such loans totaling over \$17 million originated in 2017. Examiners based the samples on a statistical 90 percent Confidence Interval with at least 15 percent Precision Level. Examiners used 2017 Dunn and Bradstreet (D&B) demographic data as the standard for comparisons.

While agricultural lending represents a major product line for the institution overall, this product does not represent a product line within the Austin MSA AA. Therefore, examiners determined small business lending to be the primary product for the Austin MSA AA.

For purposes of Geographic Distribution and Borrower Profile assessments only, evaluation considered an additional random sample of 9 small business loans totaling nearly \$1.5 million located in the Austin MSA AA originated in 2017. This expanded sample of loans originated within the designated AA allowed examiners to draw more meaningful conclusions.

Loan Product Weighting

Examiners considered the dollar volume and number of loans originated as well as management’s stated business strategy when determining the weighting to apply to the loan products reviewed. Although agricultural lending represented a larger portion of the bank’s dollar volume of lending, commercial lending represented a larger portion of lending by the number of loans. Therefore, examiners placed equal weight on the bank’s record of originating small farm and small business lending.

DESCRIPTION OF INSTITUTION

Background

The Roscoe State Bank (RSB) began operations in 1906. RSB is wholly owned by Roscoe Financial Corporation, Roscoe, Texas. The institution received a Satisfactory rating at its previous FDIC Performance Evaluation, dated August 20, 2012, based on Interagency Small Bank Procedures.

Operations

RSB functions as a commercial and agricultural bank and operates out of three offices within Texas. The main office is located in Roscoe with full service branch locations in Sweetwater and Bastrop. The Roscoe and Sweetwater locations are both located in Nolan County, which is included in the Texas Non-MSA portion of the state. The Bastrop branch is located in Bastrop County, which is within the Austin-Round Rock Texas MSA. The bank did not open or close any offices or participate in any merger or acquisition activity since the previous evaluation.

The bank offers a variety of loan products, including loans for commercial, agricultural, home mortgage, and consumer purposes, as well as a full line of deposit services, including demand accounts, interest-bearing checking accounts, savings accounts, individual retirement accounts, and certificates of deposit. The bank operates lobby hours at all three locations which are typical for the areas and the industry. All offices offer drive-up banking and automated teller machines. Additionally, the bank offers electronic banking through the bank’s website, www.rsb.bank, and mobile application.

Branch Locations				
Location	City	Office Type	CT Income Level	Branch Opened or Closed Since Last Evaluation
<i>Bastrop County:</i> 710 Hwy 71 West	Bastrop	Branch	Middle	No
<i>Nolan County:</i> 117 Cypress Street 209 Cedar Street	Roscoe Sweetwater	Main Office Branch	Upper Moderate	No No

Source: Bank Records.

Ability and Capacity

As of the June 30, 2018, Report of Income and Condition, the institution reported total assets of \$152,740,000, which included total loans of \$72.0 million and securities totaling \$69.0 million.

The following table illustrates the loan portfolio as of June 30, 2018. As shown, commercial loans comprise the largest loan category at 35.9 percent, followed by real estate loans at 28.1 percent and agricultural loans at 24.5 percent which is slightly inconsistent with the loan origination table found under the *Scope of Evaluation* section. The discrepancy in loan composition is primarily due to long-term loans remaining in the portfolio.

Loan Portfolio Distribution as of 06/30/18		
Loan Category	\$(000s)	%
Construction and Land Development	5,005	6.9
Secured by Farmland	7,986	11.1
Secured by 1-4 Family Residential Properties	19,918	27.6
Secured by Multifamily (5 or more) Residential Properties	359	0.5
Secured by Nonfarm Nonresidential Properties	14,233	19.7
Total Real Estate Loans	47,501	65.8
Commercial and Industrial Loans	11,641	16.2
Agricultural Loans	9,641	13.4
Consumer Loans	3,154	4.4
Other Loans	116	0.2
Less: Unearned Income	0	0.0
Total Loans	72,053	100.0

Source: Reports of Condition and Income

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

DESCRIPTION OF ASSESSMENT AREAS

The CRA requires each financial institution to define one or more assessment areas within which examiners will evaluate its CRA performance. RSB designated two assessment areas: 1) a portion of the Austin MSA AA and 2) a portion of the Texas Non-MSA AA. The combined AAs encompass 16 total census tracts that hold the following income designations as of the 2015 American Community Survey (2015 ACS Census data) updates to the 2010 U.S. Census data: six moderate-, seven middle-, and three upper-income tracts. The income designations within the individual tracts shifted slightly from the 2010 U.S. Census data; however, the overall number of tracts within each designation remained the same. The areas conform to CRA regulatory requirements and do not arbitrarily exclude any low- or moderate-income census tracts. The following discussion provides information on the bank's assessment areas, focusing on the 2015 ACS data.

Austin MSA Assessment Area

The Austin MSA AA includes all ten tracts of Bastrop County. The area includes four moderate- and six middle-income tracts. Bastrop County is located in central Texas, just east of Austin, Texas. Bastrop, Elgin, and Smithville represent the county's three largest cities.

Economic and Demographic Data

The assessment area contains a total population of 76,948 with 4,161 businesses and 208 farms. The area additionally contains 25,454 total households and 29,522 total housing units. The median family income for the MSA is \$78,997.

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

Demographic Information of the Assessment Area						
Assessment Area: Austin MSA AA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	10	0.0	40.0	60.0	0.0	0.0
Population by Geography	76,948	0.0	32.6	67.4	0.0	0.0
Housing Units by Geography	29,522	0.0	35.1	64.9	0.0	0.0
Owner-Occupied Units by Geography	19,874	0.0	33.5	66.5	0.0	0.0
Occupied Rental Units by Geography	5,580	0.0	42.1	57.9	0.0	0.0
Vacant Units by Geography	4,068	0.0	33.6	66.4	0.0	0.0
Businesses by Geography	4,161	0.0	40.6	59.4	0.0	0.0
Farms by Geography	208	0.0	31.3	68.8	0.0	0.0
Family Distribution by Income Level	18,355	25.5	21.8	20.8	31.9	0.0
Household Distribution by Income Level	25,454	27.2	18.7	18.9	35.2	0.0
Median Family Income MSA - 12420 Austin-Round Rock, TX MSA		\$78,997	Median Housing Value			\$128,559
			Median Gross Rent			\$932
			Families Below Poverty Level			10.1%

Source: 2013 ACS Census and 2017 D&B Data
Due to rounding, totals may not equal 100.0
(*) The NA category consists of geographies that have not been assigned an income classification.

The analysis of small business loans under the Borrower Profile performance factor compares the distribution of business by Gross Annual Revenues (GAR) to 2017 D&B Data. According to 2017 D&B Data, 88.7 percent of businesses reported GAR of \$1 million or less.

Services represent the largest portion of businesses at 41.6 percent, followed by retail trade at 14.6 percent, and non-classifiable establishments and construction each at 9.5 percent. According to the 2017 D&B survey, 91.6 percent of all businesses in the assessment area employ fewer than 10 employees.

Data obtained from the U.S. Bureau of Labor Statistics indicates that the annual unemployment rate for 2017 for Bastrop County was 3.5 percent. For the same period, the state of Texas noted an unemployment rate of 4.2 percent while the national rate stood at 4.4 percent.

Competition

The assessment area offers low competition in the market for financial services with one branch location per 4,049 persons. According to the June 30, 2017 FDIC Deposit Market Share Report, ten FDIC-insured financial institutions operated 19 branches within the Austin MSA AA. RSB ranks fifth in deposit market share but holds only 2.7 percent of the deposit market share within the AA.

Community Contact

As part of the evaluation process, examiners obtain information from third parties active in the assessment area to assist in identifying the credit needs. This information helps determine whether local financial institutions are responsive to these needs. It also shows what credit opportunities are available.

Examiners contacted a community member knowledgeable of the area's business and economic environment to help assess the current economic conditions, community credit needs and potential opportunities for bank involvement. The area has new homes, apartments, businesses, and health care systems being built, and the population is increasing. One of the apartment complexes being built is designated as affordable housing, which will increase housing options for low- and moderate-income residents. Major employers in Bastrop County area include Bastrop Independent School District, Hyatt Regency, and Bastrop County.

The contact stated the greatest need for the area is small business loans and financial education for small business owners. The contact stated the area has many financial institutions, each offering something unique to the area, and all of the institutions have a positive perception within the community.

Credit and Community Development Needs and Opportunities

The assessment area created varied loan demand for various loan types, including commercial and residential real estate loans. The area's economy also supports credit growth and opportunities for various loan types. Considering information obtained from the community contact, bank management, as well as demographic and economic data, examiners determined the areas primary credit needs include commercial and residential loans.

Texas Non-MSA Assessment Area

The Texas Non-MSA AA includes all five tracts of Nolan County and one tract in Fisher County. Combined, the area includes two moderate-, one middle-, and three upper-income tracts. Nolan County is located in west Texas, approximately 45 miles west of Abilene, Texas. Fisher County is located directly north of Nolan County. Roby, Roscoe, and Sweetwater are the assessment area's largest cities.

Economic and Demographic Data

The assessment area contains a total population of 16,779 with 988 businesses and 116 farms. The area additionally contains 6,318 total households and 8,053 total housing units. The median family income for the Texas Non-MSA is \$52,076.

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

Demographic Information of the Assessment Area						
Assessment Area: Texas-Non MSA AA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	6	0.0	33.3	16.7	50.0	0.0
Population by Geography	16,779	0.0	36.6	12.7	50.7	0.0
Housing Units by Geography	8,053	0.0	36.2	11.9	51.8	0.0
Owner-Occupied Units by Geography	4,354	0.0	31.6	12.6	55.8	0.0
Occupied Rental Units by Geography	1,964	0.0	49.1	10.4	40.5	0.0
Vacant Units by Geography	1,735	0.0	33.4	12.0	54.6	0.0
Businesses by Geography	988	0.0	41.9	11.7	46.4	0.0
Farms by Geography	116	0.0	12.1	13.8	74.1	0.0
Family Distribution by Income Level	4,042	22.6	20.1	18.9	38.4	0.0
Household Distribution by Income Level	6,318	25.4	19.2	17.8	37.7	0.0
Median Family Income Non-MSAs - TX		\$52,076	Median Housing Value			\$60,794
			Median Gross Rent			\$548
			Families Below Poverty Level			14.5%
<small>Source: 2015 ACS Census and 2017 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.</small>						

The analysis of small business and small farm loans under the Borrower Profile performance factors compares the distribution of business by Gross Annual Revenues (GAR) to 2017 D&B Data. According to 2017 D&B Data, 75.6 percent of businesses and 94.0 percent of farms reported GAR of \$1 million or less.

Services represent the largest portion of businesses at 37.0 percent, followed by retail trade at 15.1 percent, and agriculture, forestry and fishing at 10.5 percent. According to the 2017 D&B survey, 86.8 percent of all businesses in the assessment area employ fewer than ten employees.

Data obtained from the U.S. Bureau of Labor Statistics indicates the annual unemployment rate for 2017 was 4.1 percent for Nolan County and 3.5 percent for Fisher County. For the same period, the state of Texas noted an unemployment rate of 4.2 percent while the national rate stood at 4.4 percent.

Competition

The assessment area offers low competition in the market for financial services with one branch location per 3,355 persons. According to the June 30, 2017, FDIC Deposit Market Share Report, three FDIC-insured financial institutions operated five branches within the Texas Non-MSA AA. RSB ranks second in deposit market share, holding 30.2 percent of the deposit market share.

Community Contact

As part of the evaluation process, examiners obtain information from third parties active in the assessment area to assist in identifying the credit needs. This information helps determine whether local financial institutions are responsive to these needs. It also shows what credit opportunities are available.

Examiners contacted a community member knowledgeable of the area's business and economic environment to help assess the current economic conditions, community credit needs and potential opportunities for bank involvement. The contact stated the city of Sweetwater has a steady economy with a low unemployment rate. However, the contact stated the area has experienced some downturn in population based on individuals moving to larger cities. The city of Sweetwater is home to a variety of industries with an abundance of agricultural land surrounding the city. The energy sector, including oil and wind energies, additionally plays a large role in the local economy. The contact said the city has seen an increase in housing rental rates due to the wages offered in the energy sector. Major employers in the AA include the local school districts, Ludlum Measurements and the local hospital system.

The contact stated many of the larger businesses in the city are headquartered in larger cities, and tend to bank with financial institutions located out of the community based on preexisting relationships. However, the contact noted an opportunity for small business lending for the local financial institutions. The local financial institutions are involved in the community and responsive to the credit needs of the area.

CONCLUSIONS ON PERFORMANCE CRITERIA**LENDING TEST**

The Roscoe State Bank demonstrated reasonable performance under the Lending Test. The reasonable Geographic Distribution and Borrower Profile performances primarily support this conclusion. The bank additionally displayed a reasonable loan-to-deposit ratio and an overall majority lending concentration within the assessment areas.

Loan-to-Deposit Ratio

The bank demonstrated a reasonable record regarding its average, net loan-to-deposit (LTD) ratio. Reasonable performance regarding the ratio's overall and comparative levels support this conclusion. Examiners considered the bank's size, business strategy, and capacity relative to the assessment area credit needs when arriving at this conclusion.

Overall Level

The bank's LTD ratio, calculated from the Report of Income and Condition data over the 23 quarters since the previous evaluation averaged 45.1 percent. The ratio ranged from a low of 25.4 percent as of March 31, 2013 to a high of 59.3 percent as of September 30, 2017. The ratio has shown a gradual increase driven by stable deposits and increasing volume of net loans.

Comparative Level

Examiners also compared the bank's performance to similarly-situated institutions based on geographic location, business focus, and asset size. As shown in the following table, the bank's average net LTD ratio is similar to the other comparable institutions in the area. The comparable bank's average net LTD ratios present a wide range of ratios from a low of 26.2 percent to a high of 73.7 percent. As a result of the 47.5 percent gap between the lowest and highest ratios, examiners focused on the bank's ratio compared to the median figure of 52.0 percent. RSB's ratio falls 6.9 percentage points below the median ratio, which is determined to be reasonable performance.

Loan-to-Deposit Ratio Comparison		
Bank	Total Assets as of 3/31/2018 (\$000s)	Average Net LTD Ratio (%)
The Roscoe State Bank, Roscoe, TX	156,627	45.1
Similarly-Situated Institutions		
First National Bank, Rotan, TX	75,758	52.0
Frontier Bank of Texas, Elgin, TX	228,526	73.7
Texas National Bank, Sweetwater, TX	138,521	26.2
<i>Source: Reports of Condition and Income 9/30/12 through 3/31/18</i>		

Assessment Area Concentration

The institution granted a majority of its small business and small farm loans within its assessment areas. The majority record, by both number and dollar volume, regarding small business and small farm loans granted inside the assessment areas supports this conclusion. Examiners considered the bank's asset size and office structure as well as the loan categories reviewed relative to the assessment areas' size and economy when arriving at this conclusion.

Small Business Loans

RSB granted a majority of its small business loans inside its assessment areas. The following table indicates that a majority of small business loans by the percentages of number and dollar volume were originated inside the bank's assessment areas.

Small Farm Loans

RSB granted a majority of its small farm loans inside its assessment areas. The following table indicates that a majority of small farm loans by the percentages of number and dollar volume were originated inside the bank's assessment areas.

Lending Inside and Outside of the Assessment Area										
Loan Category	Number of Loans				Total #	Dollars Amount of Loans \$(000s)				Total \$(000s)
	Inside		Outside			Inside		Outside		
	#	%	#	%		\$	%	\$	%	
Small Business	29	72.5	11	27.5	40	1,452	63.5	836	36.5	2,288
Small Farm	34	85.0	6	15.0	40	2,899	80.5	704	19.5	3,603

Source: 2017 Bank Records

Examiners determined the overall performance of lending indicates the institution granted a majority of its loans inside its assessment areas.

Geographic Loan Distribution

The geographic distribution of loans reflects reasonable performance. Overall poor lending dispersion performance in the Texas Non-MSA AA in conjunction with excellent lending dispersion performance in the Austin MSA AA, reflects an overall reasonable performance. Examiners focused on the comparison of the bank’s lending performance to the distribution of small businesses and small farms when arriving at conclusions.

This factor only considered loans from the sample of small business and small farm loans granted inside the bank’s assessment areas. As previously noted, small business lending performance in the Austin MSA AA was expanded to include nine additional small business loans totaling \$1,466,778 originated within the AA to draw more meaningful conclusions. Additionally, one small farm loan for \$185,500 included in the initial sample of small farm loans was originated in the Austin MSA AA. Since this small farm lending does not represent a major product line in the Austin MSA AA, this loan is not included in any further analysis.

Texas Non-MSA AA

The geographic distribution of lending in the bank’s Texas Non-MSA AA reflects poor performance. The poor small farm lending performance outweighed the reasonable small business lending to support this conclusion.

As previously mentioned, the Texas Non-MSA AA does not include any low-income census tracts.

Small Business Loans

The geographic distribution of sampled small business loans reflects reasonable dispersion. A reasonable record of lending to entities in moderate-income tracts supports this conclusion.

The following table reveals by number, the bank originated 36.4 percent of its small business loans within this assessment area to entities in moderate-income geographies. This figure falls below, but remains in a reasonable range with, the percentage of businesses operating in these tracts. Therefore, the bank’s distribution of lending to businesses in the Texas Non-MSA AA reflects reasonable lending performance.

Geographic Distribution of Small Business Loans					
Assessment Area: Texas-Non MSA AA					
Tract Income Level	% of Businesses	#	%	\$(000s)	%
Moderate	41.9	8	36.4	124	13.3
Middle	11.7	1	4.5	13	1.4
Upper	46.4	13	59.1	793	85.3
Totals	100.0	22	100.0	930	100.0

Source: 2017 D&B Data; 1/1/2017 - 12/31/2017 Bank Data
Due to rounding, totals may not equal 100.0

Small Farm Loans

The geographic distribution of sampled small farm loan reflects poor dispersion. A poor record of lending to entities in moderate-income tracts supports this conclusion.

The following table shows the bank did not originate any small farm loans in the moderate-income geographies. D&B data shows 12.1 percent of farms reported operating within these geographies, indicating a potential for lending within these geographies. The census geographies with moderate-income designations predominately include the city of Sweetwater. Therefore, although some opportunities for small farm lending exist, the opportunities are limited. The bank's lack of lending to farms in the moderate-income geographies within the Texas Non-MSA AA reflects poor lending performance.

Geographic Distribution of Small Farm Loans					
Assessment Area: Texas-Non MSA AA					
Tract Income Level	% of Farms	#	%	\$(000s)	%
Moderate	12.1	0	0.0	0.0	0.0
Middle	13.8	3	9.1	66	2.4
Upper	74.1	30	90.9	2,647	97.6
Totals	100.0	33	100.0	2,713	100.0

Source: 2017 D&B Data; 1/1/2017 - 12/31/2017 Bank Data
Due to rounding, totals may not equal 100.0

Austin MSA AA

The geographic distribution of lending in the bank's Austin MSA AA reflects excellent performance. The excellent small business lending performance supports this conclusion.

As mentioned, the Austin MSA AA does not include any low-income census tracts.

Small Business Loans

The geographic distribution of sampled small business loans reflects excellent dispersion. An excellent record of lending to entities in moderate-income tracts supports this conclusion.

The following table reveals the bank originated 62.5 percent of its small business loans within this assessment area to entities in moderate-income geographies. This figure is slightly higher than 1.5 times the percentage of businesses operating within these geographies, reflecting excellent performance.

Geographic Distribution of Small Business Loans					
Assessment Area: Austin MSA AA					
Tract Income Level	% of Businesses	#	%	\$(000s)	%
Moderate	40.6	10	62.5	1,349	67.8
Middle	59.4	6	37.5	640	32.2
Totals	100.0	16	100.0	1,989	100.0
<small>Source: 2017 D&B Data; 1/1/2017 - 12/31/2017 Bank Data Due to rounding, totals may not equal 100.0</small>					

Borrower Profile Loan Distribution

The distribution of borrowers reflects reasonable penetration among businesses and farms of different sizes. The reasonable record of small business lending in the Texas Non-MSA AA and the Austin MSA AA and small farm lending in the Texas Non-MSA AA supports this conclusion. Examiners considered the loan categories reviewed relative to the available comparative data and any performance context issues. Therefore, examiners focused on the number volume of loans to businesses and farms with GAR’s of \$1 million or less.

This factor only considered loans from the sample of small business and small farm loans granted inside the bank’s assessment areas. As previously noted, small business lending performance in the Austin MSA AA was expanded to include nine additional small business loans totaling \$1,466,778 originated within the AA in order to draw more meaningful conclusions. Additionally, one small farm loan for \$185,500 included in the initial sample of small farm loans was originated in the Austin MSA AA. Since this small farm lending does not represent a major product line in the Austin MSA AA, this loan is not included in any further analysis.

Texas Non-MSA AA

The distribution of small business and small farm loans based on the borrowers’ profiles in the Texas Non-MSA AA reflects reasonable performance. Reasonable performance of small business and small farm lending supports this conclusion.

Small Business Loans

The distribution of small business loans in the Texas Non-MSA AA reflects reasonable penetration of loans to businesses with gross annual revenues of \$1 million or less.

The following table shows that the bank originated 72.8 percent of the sampled loans to businesses with gross annual revenues of \$1 million or less. This level of lending compares reasonably to the 75.6 percent of businesses in this revenue category. Overall, the bank’s level

of lending reflects reasonable performance regarding small business loans in the Texas Non-MSA AA.

Detailed Distribution of Small Business Loans by Gross Annual Revenues					
Assessment Area: Texas-Non MSA AA					
Gross Revenue Level	% of Businesses	#	%	\$(000s)	%
< \$100,000	35.6	3	13.6	23	2.5
\$100,000 - \$249,999	27.6	6	27.3	202	21.7
\$250,000 - \$499,999	8.9	1	4.6	6	0.7
\$500,000 - \$1,000,000	3.4	6	27.3	109	11.7
Subtotal <= \$1,000,000	75.6	16	72.8	340	36.6
>\$1,000,000	5.2	1	4.6	40	4.3
Revenue Not Available	19.2	5	22.7	550	59.1
Total	100.0	22	100.0	930	100.0
<i>Source: 2017 D&B Data, Bank Data</i>					
<i>Due to rounding, totals may not equal 100.0</i>					

Small Farm Loans

The distribution of small farm loans in the Texas Non-MSA AA reflects reasonable penetration to farms with GAR of \$1 million or less.

The following table shows that the bank originated 78.8 percent of its loans to farms with GARs of \$1 million or less. Although this level of lending falls 15.2 percentage points below the D&B Data, it remains within a reasonable range of the demographic data. Additionally, examiners noted the 7 loans in the highest revenue category were made to 3 entities. The concentration of lending to a smaller number of entities further emphasizes the reasonableness of the bank’s performance. Overall, the bank’s level of lending reflects reasonable performance regarding small farm loans.

Detailed Distribution of Small Farm Loans by Gross Annual Revenues					
Assessment Area: Texas-Non MSA AA					
Gross Revenue Level	% of Farms	#	%	\$(000s)	%
< \$100,000	45.7	4	12.1	35	1.3
\$100,000 - \$249,999	39.7	14	42.5	523	19.3
\$250,000 - \$499,999	6.9	4	12.1	483	17.8
\$500,000 - \$1,000,000	1.7	4	12.1	656	24.2
Subtotal <= \$1,000,000	94.0	26	78.8	1,697	62.6
>\$1,000,000	2.6	7	21.2	1,016	37.4
Revenue Not Available	3.4	0	0.0	0	0.0
Total	100.0	33	100.0	2,713	100.0

Source: 2017 D&B Data, Bank Data
Due to rounding, totals may not equal 100.0

Austin MSA AA

The distribution of small business loans based on borrowers' profiles in the Austin MSA AA reflects reasonable performance. Reasonable performance regarding small business lending supports this conclusion.

Small Business Loans

The distribution of small business loans in the Austin MSA AA reflects reasonable penetration of loans to businesses with gross annual revenues of \$1 million or less.

The following table shows that the bank originated 87.6 percent of the sampled loans to businesses with gross annual revenues of \$1 million or less. This level of lending compares reasonably to the 88.7 percent of businesses in this revenue category. Overall, the bank's level of lending reflects reasonable performance regarding small business loans in the Austin MSA AA.

Detailed Distribution of Small Business Loans by Gross Annual Revenues					
Assessment Area: Austin MSA AA					
Gross Revenue Level	% of Businesses	#	%	\$(000s)	%
< \$100,000	47.1	5	31.3	182	9.2
\$100,000 - \$249,999	31.5	6	37.5	419	21.1
\$250,000 - \$499,999	6.5	0	0.0	0	0.0
\$500,000 - \$1,000,000	3.7	3	18.8	1,171	58.9
Subtotal <= \$1,000,000	88.7	14	87.6	1,772	89.2
>\$1,000,000	2.7	1	6.2	216	10.8
Revenue Not Available	8.5	1	6.2	1	0.0
Total	100.0	16	100.0	1,989	100.0

*Source: 2017 D&B Data, Bank Data
Due to rounding, totals may not equal 100.0*

Response to CRA Complaints

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

**DISCRIMINATORY OR OTHER ILLEGAL CREDIT PRACTICES
REVIEW**

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

APPENDIX A

GLOSSARY

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

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

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

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

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

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

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

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

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

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

Full-Scope Review: A full-scope review is accomplished when examiners complete all applicable interagency examination procedures for an assessment area. Performance under applicable tests is analyzed considering performance context, quantitative factors (for example, geographic distribution, borrower profile, and total number and dollar amount of investments), and qualitative factors (for example, innovativeness, complexity, and responsiveness).

Geography: A census tract delineated by the United States Bureau of the Census in the most recent decennial census.

Home Mortgage Disclosure Act (HMDA): The statute that requires certain mortgage lenders that do business or have banking offices in a metropolitan statistical area to file annual summary reports of their mortgage lending activity. The reports include such data as the race, gender, and the income of applicants; the amount of loan requested; and the disposition of the application (approved, denied, and withdrawn).

Home Mortgage Disclosure Loan Application Register (HMDA LAR): The HMDA LARs record all applications received for residential purchase, refinance, home improvement, and temporary-to-permanent construction loans.

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

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

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

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

Limited-Scope Review: A limited scope review is accomplished when examiners do not complete all applicable interagency examination procedures for an assessment area.

Performance under applicable tests is often analyzed using only quantitative factors (for example, geographic distribution, borrower profile, total number and dollar amount of investments, and branch distribution).

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

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

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

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

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

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

Middle-Income: Individual income that is at least 80 percent and less than 120 percent of the area median income, or a median family income that is at least 80 and less than 120 percent in the case of a geography.

Moderate-Income: Individual income that is at least 50 percent and less than 80 percent of the area median income, or a median family income that is at least 50 and less than 80 percent in the case of a geography.

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

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

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

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

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

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

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

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

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

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

APPENDIX B

HOME MORTGAGE LOAN DISTRIBUTION

Median Family Income Ranges				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
Austin-Round Rock, TX MSA Median Family Income (12420)				
2017 (\$81,400)	<\$40,700	\$40,700 to <\$65,120	\$65,120 to <\$97,680	≥\$97,680
TX NA Median Family Income (99999)				
2017 (\$54,200)	<\$27,100	\$27,100 to <\$43,360	\$43,360 to <\$65,040	≥\$65,040
<i>Source: FFIEC Due to rounding, totals may not equal 100.0</i>				

Assessment Area Concentration:

Lending Inside and Outside of the Assessment Area										
Loan Category	Number of Loans				Total #	Dollar Amount of Loans \$(000s)				Total \$(000s)
	Inside		Outside			Inside		Outside		
	#	%	#	%	\$	%	\$	%		
Home Mortgage										
2017	21	60.0	14	40.0	35	1,675	43.9	2,144	56.1	3,819
Subtotal	21	60.0	14	40.0	35	1,675	43.9	2,144	56.1	3,819
<i>Source: Evaluation Period: 1/1/2017 - 12/31/2017 Bank Data Due to rounding, totals may not equal 100.0</i>										

Geographic Distribution:

Texas Non-MSA AA

Geographic Distribution of Home Mortgage Loans							
Assessment Area: Texas-Non MSA AA							
Tract Income Level		% of Owner-Occupied Housing Units	Aggregate Performance % of #	#	%	\$(000s)	%
Moderate							
	2017	31.6	18.7	6	35.3	492	40.3
Middle							
	2017	12.6	10.4	1	5.9	129	10.6
Upper							
	2017	55.8	70.9	10	58.8	600	49.1
Totals							
	2017	100.0	100.0	17	100.0	1,221	100.0

Source: 2015 ACS Census; 1/1/2017 - 12/31/2017 Bank Data, 2017 HMDA Aggregate Data, "--" data not available.
Due to rounding, totals may not equal 100.0

Austin MSA AA

Geographic Distribution of Home Mortgage Loans							
Assessment Area: Austin MSA AA							
Tract Income Level		% of Owner-Occupied Housing Units	Aggregate Performance % of #	#	%	\$(000s)	%
Moderate							
	2017	33.5	35.6	3	75.0	346	76.2
Middle							
	2017	66.5	64.4	1	25.0	108	23.8
Totals							
	2017	100.0	100.0	4	100.0	454	100.0

Source: 2015 ACS Census; 1/1/2017 - 12/31/2017 Bank Data, 2017 HMDA Aggregate Data, "--" data not available.
Due to rounding, totals may not equal 100.0

Borrower Profile:
Texas Non-MSA AA

Distribution of Home Mortgage Loans by Borrower Income Level						
Assessment Area: Texas-Non MSA AA						
Borrower Income Level	% of Families	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2017	22.6	3.6	0	0.0	0	0.0
Moderate						
2017	20.1	13.1	1	5.9	29	2.4
Middle						
2017	18.9	19.5	5	29.4	273	22.4
Upper						
2017	38.4	48.2	5	29.4	318	26.0
Not Available						
2017	0.0	15.5	6	35.3	601	49.2
Totals						
2017	100.0	100.0	17	100.0	1,221	100.0

Source: 2015 ACS Census ; 1/1/2017 - 12/31/2017 Bank Data, 2017 HMDA Aggregate Data, "--" data not available.
Due to rounding, totals may not equal 100.0

Austin MSA AA

Distribution of Home Mortgage Loans by Borrower Income Level						
Assessment Area: Austin MSA AA						
Borrower Income Level	% of Families	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2017	25.5	8.6	2	50.0	202	44.5
Moderate						
2017	21.8	23.1	0	0.0	0	0.0
Middle						
2017	20.8	22.5	0	0.0	0	0.0
Upper						
2017	31.9	30.0	2	50.0	252	55.5
Not Available						
2017	0.0	15.8	0	0.0	0	0.0
Totals						
2017	100.0	100.0	4	100.0	454	100.0

Source: 2015 ACS Census ; 1/1/2017 - 12/31/2017 Bank Data, 2017 HMDA Aggregate Data, "--" data not available.
Due to rounding, totals may not equal 100.0

CRA DISCLOSURE STATEMENT

Roscoe Bank has not been a CRA Submission reporter; therefore, a CRA Disclosure Statement is not available.

HMDA DISCLOSURE STATEMENT

Roscoe Bank has not been required to report HMDA data prior to October 1, 2022. Cornerstone Home Lending has been a HMDA reporter prior to October 1, 2022. Cornerstone Capital Bank's HMDA Disclosure Statement may be obtained on the Consumer Financial Protection Bureau's (Bureau's) Web site at www.consumerfinance.gov/hmda.