



PUBLIC DISCLOSURE

August 18, 2022

**COMMUNITY REINVESTMENT ACT (CRA)
PERFORMANCE EVALUATION**

Central National Bank
Charter Number 16626

8320 U.S. Highway 84 West
Waco, TX 76712

Office of the Comptroller of the Currency
Dallas Field Office
225 E. John Carpenter Freeway, Suite 900
Irving, TX 75062

Note: 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, and should not 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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Overall CRA Rating

Institution's CRA Rating: This institution is rated Satisfactory.

The lending test is rated: Satisfactory.

The community development test is rated: Outstanding.

The major factors that support this rating include:

- The Lending Test rating is based on performance in the bank's assessment area (AA).
- The Community Development (CD) Test rating is based on performance in the bank's AA.
- The Loan-To-Deposit (LTD) ratio is reasonable.
- A majority of the bank's loans are inside its AA.
- The geographic distribution of loans across geographies of different income levels is excellent.
- The borrower distribution of loans to borrowers of different income levels and businesses of different sizes is reasonable.
- CD activities reflect excellent responsiveness to community development needs.

Loan-to-Deposit Ratio

Considering Central National Bank's (CNB or bank) size, financial condition, and the credit needs of the AAs, CNB's LTD ratio is reasonable. CNB's quarterly LTD ratio since the previous CRA evaluation averaged 82.96 percent. We compared CNB's LTD ratio to five similarly situated institutions operating in and around CNB's AAs. The aggregate average LTD ratio for the other institutions was 80.48 percent, with a low average of 71.26 percent and a high average of 88.17 percent.

Lending in Assessment Area

A majority of CNB's loans are inside its AAs.

CNB originated and purchased 81.9 percent of its total loans, based on the number of loans, inside the bank's AAs during the evaluation period.

Table D - 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										
2019-2021	896	82.7	188	17.3	1,084	215,366	75.1	71,364	24.9	286,730
Small Business										
2019-2021	41	68.3	19	31.7	60	9,003	38.6	14,297	61.4	23,300
Total	937	81.9	207	18.1	1,144	224,369	72.4	85,661	27.6	310,030
<i>Source: Bank Data Due to rounding, totals may not equal 100.0%</i>										

We used the entire population of Home Mortgage Disclosure Act (HMDA) loans originated during the evaluation period to complete Table D above. We also relied on the results of our sampling of small business loans. As reflected in the table, the bank originated a majority of its primary loan products, which are residential real estate loans (home mortgage) and small business commercial real estate loans (small business), within the AAs.

Description of Institution

CNB is an intrastate financial institution headquartered in Waco, Texas, located approximately 97 miles south of Dallas, Texas. The bank was founded in 1977 and has since expanded into Temple and Austin, Texas to provide services to communities along the I-35 corridor. CNB is owned by Cetrabanc Corp, a one-bank holding company. As of December 31, 2021, CNB reported total assets of \$1.29 billion. The bank's mission is to develop relationships between its customers and employees in support of the communities served.

CNB operates four full-service banking centers located in central Texas:

- 8320 W. Highway 84, Waco, Texas 76712 (Main Office) - CT 37.07 - Middle - McLennan County
- 5400 Bosque Boulevard, Waco, Texas 76710 - CT 24.98 - Middle - McLennan County
- 938 Canyon Creek Drive, Temple, Texas 76502 - CT 213.03 - Upper - Bell County
- 835 W. 6th Street, Suite 100, Austin, Texas, 78703 - CT 12.00 - Upper - Travis County

The Waco banking centers' lobby hours are 8:30 a.m. to 4:00 p.m. Monday through Thursday and are open until 6:00 p.m. on Friday. The main office lobby is open on Saturday from 9:00 a.m. until noon. Both Waco banking centers have drive-thru services that are open Monday through Friday from 7:30 a.m. until 6:00 p.m. and are open on Saturday from 9:00 a.m. until noon. The Temple banking center's lobby hours are 9:00 a.m. to 5:00 p.m. Monday through Friday with drive-thru hours from 7:30 a.m. until 6:00 p.m. and from 9:00 a.m. until noon on Saturdays. The Austin banking center is open Monday through Thursday from 9:00 a.m. until

4:00 p.m. and until 5:00 p.m. on Friday with no drive-thru or Saturday services. At each of the four banking centers, there is a 24-hour ATM. The bank has not opened or closed any branches since the previous CRA PE.

CNB has three defined AAs located in Texas that will be assessed under this evaluation, consisting of all census tracts (CT) in McLennan County, 30 CTs out of 65 CTs in Bell County, and 110 CTs out of 218 CTs in Travis County. The AAs meets the requirements of the CRA regulation and do not arbitrarily exclude any low-or-moderate-income geographies.

- McLennan County is in the Waco Metropolitan Statistical Area (MSA)
- The partial county of Bell is in the Killeen-Temple MSA
- The partial county of Travis is in the Austin-Round Rock MSA

The McLennan County AA is comprised of 51 CTs. Of those CTs, 7 are low-income, 15 are moderate-income, 13 are middle-income, 14 are upper-income, and 2 are unknown. The county does not have any underserved or distressed CTs.

The Bell County AA is comprised of 30 CTs out of the 65 CTs in Bell County, Texas. Of those CTs, 1 CT is low-income, 4 CTs are moderate-income, 15 CTs are middle-income, and 10 are upper income. The county does not have any underserved or distressed CTs.

The Travis County AA is comprised of 110 CTs out of the 218 CTs in Travis County, Texas. Of those CTs, 11 CTs are low-income, 8 are moderate-income, 33 are middle-income, 55 are upper-income, and 3 are unknown. The county does not have any underserved or distressed CTs. These AA's meet the CRA requirements and do not arbitrarily exclude any LMI geographies.

CNB provides a full range of banking services to businesses and consumers, including personal and business deposit products, internet, and mobile banking, personal, commercial and mortgage loans as well as merchant services. As of June 30, 2021, CNB's deposit market share ranked 15 out of 69 financial institutions operating within McLennan, Bell, and Travis counties. Of these 69 financial institutions, there are a total of 363 branches within the CNB's AAs resulting in the bank's Deposit Market Share being 1.70 percent or \$970.7 million.

As of December 31, 2021, CNB reported total assets of \$1.29 billion, total liabilities of \$1.19 billion, and total equity capital of \$100.8 million. Outstanding loans by category include one-to-four family residential at \$354.1 million or 45.0 percent of total loans, commercial real estate at \$294.9 million or 37.5 percent, commercial and industrial at \$127.5 million or 16.2 percent, and consumer at \$10.0 million or 1.3 percent. Since CNB's previous CRA Performance Evaluation (PE) dated July 22, 2019, the bank has grown 45.7 percent in total assets. This growth has organic and sustained through satisfactory capital levels. Tier one capital totaled \$102 million. As of December 2021, the tier one risk-based capital is 12.63 percent, which is slightly lower than CNB's peer bank group at 13.59 percent. Total investments were \$383.2 million. Based on these numbers, we determined the bank's primary lending products for this evaluation are residential real estate mortgages and small business loans.

CNB has no affiliate or operating subsidiary activities considered when evaluating their CRA performance. There are no legal or financial factors impeding CNB's ability to help meet the

credit needs of its AAs. CNB's overall rating at its previous CRA PE, dated July 22, 2019, was "Satisfactory".

Scope of the Evaluation

Evaluation Period/Products Evaluated

CNB is subject to the Interagency Intermediate Small Bank CRA evaluation procedures. As such, this PE assesses CNB's performance under the Lending Test and the CD Test. The Lending Test evaluates CNB's record of meeting the credit needs of its AAs through its lending activities. The CD Test evaluates CNB's responsiveness to CD needs in its AAs through qualified CD lending, investments and donations, and services.

The current evaluation focuses on CNB's two primary loan products: home mortgage loans reported for the HMDA and a loan sample of 180 small business loans. We assessed the aforementioned loans originated inside CNB's AAs for the period beginning January 1, 2019 and ending December 31, 2021. Conclusions regarding the CD Test are based on CNB's CD activities during the same period.

Lending activity beginning January 1, 2019, is evaluated using the 2015 U.S. Census American Community Survey (ACS) data. Therefore, in our evaluation of the distribution of loans for 2019, 2020 and 2021, we utilized the 2015 U.S. ACS demographics and geographies.

Selection of Areas for Full-Scope Review

The majority of CNB's lending activities during the evaluation period were conducted in the McLennan AA. Therefore, we selected the McLennan AA for a full-scope review. Refer to the "Scope" section under the State Rating section for details regarding how full-scope AAs were selected. Refer to Appendix A: Scope of Examination, for a list of full- and limited-scope AAs.

Ratings

CNB's overall rating is based primarily on those areas that received full-scope reviews, thus ratings for this CRA evaluation are based primarily on the results of the full-scope area, McLennan AA.

The State Rating is based on performance in all CNB's AAs. Refer to the "Scope" section under the State Rating section for details regarding how the areas were weighted in arriving at the respective ratings.

Discriminatory or Other Illegal Credit Practices Review

Pursuant to 12 CFR 25.28(c) or 195.28(c), respectively, in determining a national bank's or federal savings association's (collectively, bank) CRA rating, the OCC considers evidence of discriminatory or other illegal credit practices in any geography by the bank, or in any AA by an

affiliate whose loans have been considered as part of the bank's lending performance. As part of this evaluation process, the OCC consults with other federal agencies with responsibility for compliance with the relevant laws and regulations, including the U.S. Department of Justice, the U.S. Department of Housing and Urban Development, and the Bureau of Consumer Financial Protection, as applicable.

The OCC has not identified that this institution has engaged in discriminatory or other illegal credit practices that require consideration in this evaluation.

The OCC will consider any information that this institution engaged in discriminatory or other illegal credit practices, identified by or provided to the OCC before the end of the institution's next performance evaluation in that subsequent evaluation, even if the information concerns activities that occurred during the evaluation period addressed in this performance evaluation.

State Rating

State of Texas

CRA rating for the State of Texas: Satisfactory

The Lending Test is rated: Satisfactory

The Community Development Test is rated: Outstanding

The major factors that support this rating include:

- CNB exhibits excellent geographic distribution of loans.
- CNB exhibits a reasonable distribution of loans to individuals of different income levels and businesses of different sizes.
- CD lending services indicate excellent responsiveness to the needs of the community.
- The level of qualified investments indicates adequate responsiveness to the AA needs.

Description of Institution's Operations in Texas

The bank operates in multiple AAs in the State of Texas as described in the "Description of the Institution" and the "Scope of Evaluation" sections of this PE. The bank's primary focus based on overall dollar amounts held in the loan portfolio is mortgage loans and small business loans.

Competitors include other local community banks and some of the United States largest banks that have a nationwide footprint as well as credit unions and nonbank financial entities that compete for residential, business, and consumer loans. Community credit needs in the full scope AA were determined by reviewing recent housing and demographic information, CRA PEs from

other banks operating in the bank’s AA, and a review of community contacts with organizations that provide services within the full-scope AA.

McLennan County AA

The bank has its main office and one other branch in the McLennan County AA. According to the peer market share report, CNB had a lending market share of 1.6 percent and ranks 13th out of 416 lenders. According to the deposit market share report, the bank had a market share of 2.7 percent with total deposits of \$692.2 million. The bank ranked 2nd out of 37 institutions in deposits. The McLennan County AA has 73 financial institution branches.

Based on the FDIC Summary of Deposits, the bank had total deposits of \$970.72 million as of June 30, 2021, and four bank locations. The main office had \$393.65 million in deposits, and the other Waco office reported \$298.53 million in deposits. CNB had total deposits of \$692.23 million within McLennan County or 71.31 percent of the bank’s total deposits.

Owner-occupied housing units in the AA total 50,850. The majority of the housing units are in the upper-income geographies. Only 4.5 percent are in low-income CTs and 22.1 percent in moderate-income CTs. The poverty level in McLennan County is 14.7 percent and the median family income is \$54,026. Only 14.1 percent of the CTs are low-income and 26.7 percent are moderate-income CTs. McLennan County does not have any distressed or underserved CTs.

To help identify needs and opportunities in the AA, the OCC conducted a community contact for the McLennan County AA. We contacted the Greater Waco Chamber Economic Development, which is a traditional chamber of commerce promoting the interests of business associations within the community. The chamber has direct engagement in growing and diversifying the Waco and McLennan County economies, which helps minimize the effects of inflation as there is no one sector that is more than 20 percent of the businesses in the community.

The contact stated the current economic conditions are strong in Waco, Texas, because of being in Texas, as the state is experiencing high growth in population and business opportunities. The local community banks have a strong foundation and are very community-focused priding themselves in helping the community. He stated that there are some large institutions that also have very strong community relationships as well. The contact stated all of the local financial institutions are solid banks. He stated that CNB is one of the many community banks that are deeply invested in the growth and economic success of the city and county.

McLennan County AA

Table A – Demographic Information of the Assessment Area						
Assessment Area: McLennan County AA 2021						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	51	13.7	29.4	25.5	27.5	3.9
Population by Geography	241,505	10.4	29.8	23.2	35.0	1.6
Housing Units by Geography	96,935	12.1	30.1	24.8	33.0	0.0

Owner-Occupied Units by Geography	50,850	4.5	22.1	26.9	46.4	0.0
Occupied Rental Units by Geography	35,919	20.7	40.9	20.5	17.9	0.0
Vacant Units by Geography	10,166	19.6	31.8	29.2	19.3	0.0
Businesses by Geography	18,049	5.1	30.3	25.0	39.1	0.6
Farms by Geography	633	2.4	14.1	36.5	47.1	0.0
Family Distribution by Income Level	57,860	22.5	17.7	18.0	41.8	0.0
Household Distribution by Income Level	86,769	25.3	16.0	15.6	43.1	0.0
Median Family Income MSA - 47380 Waco, TX MSA		\$54,026	Median Housing Value			\$112,021
			Median Gross Rent			\$780
			Families Below Poverty Level			14.7%
<p><i>Source: 2015 ACS and 2020 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></p>						

Scope of Evaluation in Texas

As discussed earlier, the McLennan County AA was selected for a full-scope review. Refer to the table in Appendix A for a list of all AAs under review.

Conclusions in Respect to Performance Tests in Texas

Lending Test

The bank's performance under the Lending Test in Texas is rated **Satisfactory**.

Conclusions for Area Receiving a Full-Scope Review

Based on a full-scope review, the bank's lending performance in the state of Texas is **reasonable**.

Distribution of Loans by Income Level of the Geography

The bank exhibits **excellent** geographic distribution of loans in the state.

Home Mortgage Loans

The geographic distribution of mortgage loans in the AA is excellent. Refer to Table O in the state of Texas section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's home mortgage loan originations and purchases.

In every year from 2019-2021, the bank's mortgage lending in low- and moderate-income

geographies exceeded the percentage of households in low- and moderate-income geographies and exceeded the aggregate lending to low- and moderate-income geographies in the AA.

Small Loans to Businesses

The geographic distribution of loans to small businesses is good. Refer to Table Q in the state of Texas section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's originations and purchases of small loans to businesses.

In 2019-2021 the bank's lending to small businesses in low-income geographies was near the percentage of businesses located in low-income geographies; however, it exceeded the aggregate lending to business in low-income geographies. The bank's lending to small businesses in moderate-income geographies was somewhat lower than the percentage of businesses located in moderate-income geographies and the aggregate lending.

Lending Gap Analysis

We evaluated the lending distribution in the bank's AA to determine if any unexplained conspicuous gaps existed. There were no unexplained conspicuous gaps identified after reviewing performance context.

Distribution of Loans by Income Level of the Borrower

The bank exhibits a **reasonable** distribution of loans to individuals of different income levels and businesses and farms of different sizes, given the product lines offered by the bank.

Home Mortgage Loans

The distribution of loans to low- and moderate-income individuals is poor. Refer to Table P in the State of Texas section of appendix D for the facts and data used to evaluate the borrower distribution of the bank's home mortgage loan originations and purchases.

In 2019-2021, the bank's mortgage lending to low-income borrowers was significantly lower than the percentage of households located in low-income geographies and somewhat lower than aggregate lending to borrowers in low-income geographies. For moderate-income families, the bank's mortgage lending was lower than the percentage of households in moderate-income geographies and somewhat lower than aggregate lending to borrowers in moderate-income geographies.

In reference to the low percentage of lending to low and moderate-income families, many of the mortgage lending competitors in the AA are larger regional or nationwide institutions that can offer a broader range of mortgage products.

Furthermore, low-income and some moderate-income borrowers have difficulty purchasing homes without subsidized lending, considering the median price of a home in the AA is \$112,021 with taxes and insurance also adding to the cost of owning a home. The poverty level is also high at 14.7 percent for the AA. The median family income for the AA is \$54,026 while

low-income is considered less than 50 percent of the median family income, or less than \$29,550. Moderate-income is 50 percent to less than 80 percent of the median family income, or \$29,550 to less than \$47,280.

Small Loans to Businesses

The distribution of loans to small businesses in the AA is excellent. Refer to Table R in the State of Texas section of appendix D for the facts and data used to evaluate the borrower distribution of the bank's originations and purchases of small loans to businesses.

In 2019-2021, the bank's loans to businesses with revenues less than or equal to \$1 million exceeded the percentage of businesses identified as having revenues less than or equal to \$1 million and exceeded the aggregate lending to these businesses.

Responses to Complaints

There were no complaints related to the institution's CRA performance within the State of Texas during the review period.

Conclusions for Bell County AA Receiving a Limited Scope Review

Based on limited-scope reviews, the bank's performance under the Lending Test in the Bell County AA is weaker than the bank's overall performance under the Lending Test in the full-scope area.

Distribution of Loans by Income Level of the Geography

Home Mortgage Loans

The geographic distribution of mortgage lending in low- and moderate-income geographies in the Bell County AA is weaker than CNB's overall performance under the full-scope area. Nonetheless, the bank's lending performance is reasonable after considering the performance context. CNB's mortgage lending in moderate-income geographies in the Bell County AA was somewhat lower than the average aggregate lending of all HMDA-reporting institutions in the AA.

There are 17 other FDIC-insured institutions that have a total 35 branches that compete in the same Bell County market as CNB. CNB has one location in the Bell AA, which holds 5.8 percent of the deposit market share in Bell County. Competition combined with the limited market share explains the weaker performance. Given these facts, less consideration is given to CNB's weaker performance in the overall conclusion.

Small Loans to Businesses

The geographic distribution of small business loans to businesses in low- and moderate-income geographies in Bell AA is consistent with bank's overall performance under the full-scope area. The bank's lending performance is reasonable after considering the performance context. The geographic

distribution of small business loans to businesses in moderate-income geographies in the AA was significantly lower than the percentage of business located in moderate-income geographies. However, the bank's lending to small business in low-income geographies exceeded the percentage of business located in low-income geographies as well as the aggregate lending to business located in low-income geographies.

Distribution of Loans by Income Level of the Borrower

The distribution of home mortgage loans to low- and moderate-income borrowers in the Bell County AA is consistent with CNB's overall performance under the full-scope area. The distribution of loans to low- and moderate-income borrowers as well as businesses with revenues less than or equal to \$1 million in the Bell County AA is consistent with CNB's overall performance under the full-scope area.

Conclusions for Travis County AA Receiving a Limited Scope Review

Based on limited-scope reviews, the bank's overall performance under the Lending Test in the Travis AA is consistent with the bank's overall performance under the Lending Test in the full-scope area.

Distribution of Loans by Income Level of the Geography

Home Mortgage Loans

The geographic distribution of mortgage lending in low- and moderate-income geographies in the Travis County AA is consistent with CNB's overall performance under the full-scope area. The Travis County AA is highly competitive. There are 57 other FDIC-insured institutions in Travis County that have a total of 176 branches. CNB has one location in the Travis AA, which holds a slight 0.15 percent of the deposit market share in Travis County. Furthermore, the median family income for the AA is \$78,997.

With the AA's median home price of \$343,196 and the median monthly gross rent is \$1,123, low-income borrowers likely will have difficulty purchasing a home. Finally, the poverty level is at 8.0 percent for the AA. Therefore, less consideration is given to CNB's weaker performance in the overall conclusion.

Small Loans to Businesses

The geographic distribution of loans to small businesses in low- and moderate-income geographies in the Travis County AA is weaker than CNB's distribution in the McLennan County AA. CNB's lending to small business in low-income CTs in the Travis County AA was lower than the percentage of businesses located in low-income CTs and the aggregate lending to business located in low-income CTs. CNB's lending to small business in moderate-income CTs in the Travis County AA was somewhat lower than the percentage of businesses located in moderate-income CTs and lower than the aggregate lending to business located in moderate-income CTs.

Based on the aggregate lending data of all CRA-reporting institutions in the AA, there is a very low demand for small loans to businesses in low-income geographies. The Travis County AA is CNB's smallest market with approximately 7.5 percent of the bank's deposits coming from the Austin branch as of June 30, 2021. As noted above, CNB's deposit share in Travis County is 0.15 percent which ranked 43rd out of 57 institutions in the county. Additionally, out of a total of 110 census tracts in the AA, there are 11 low-income geographies

Distribution of Loans by Income Level of the Borrower

Home Mortgage Loans

The distribution of home mortgage loans to low- and moderate-income borrowers in the Travis County AA is consistent with CNB's overall performance under the full-scope area.

The geographic distribution of home mortgage loans in low- and moderate-income geographies in Travis AA is consistent with bank's overall performance under the full-scope area. The bank's lending performance is reasonable after considering the performance context. As mentioned above, CNB competes against significant competition in Travis County AA with 57 other FDIC-insured institutions that have a total of 176 branches. CNB has one location in the Travis AA, which holds a slight 0.15 percent of the deposit market share in Travis County. Furthermore, the median family income for the AA is \$78,997. With the AA's median home price of \$343,196 and the median monthly gross rent is \$1,123, low-income borrowers likely will have difficulty purchasing a home. Finally, the poverty level is at 8.0 percent for the AA. Therefore, less consideration is given to CNB's weaker performance in the overall conclusion.

Small Loans to Businesses

The distribution of small business loans to business with \$1 million in revenues or less is slightly weaker in the Travis County AA than CNB's distribution in the McLennan County AA. The distribution of loans to businesses with revenues less than or equal to \$1 million in the Travis County AA is somewhat lower than total percentage of businesses with revenues less than or equal to \$1 million. However, CNB's distribution of loans to businesses with revenues less than or equal to \$1 million in the Travis County AA exceeded the aggregate lending to businesses with revenues less than or equal to \$1 million in the Travis County AA.

Community Development Test

The bank's performance under the Community Development Test in the State of Texas is rated **Outstanding**.

Conclusions for Area Receiving a Full-Scope Review

Based on a full-scope review, the bank exhibits an excellent responsiveness to community development needs in the state through community development loans, qualified investments, and community development services, considering the bank's capacity and the need and availability of such opportunities for community development in the bank's AA.

Number and Amount of Community Development Loans

The Community Development Loans Table, shown below, sets forth the information and data used to evaluate the bank's level of CD lending. The table includes all CD loans, including multifamily loans that also qualify as CD loans.

Community Development Loans				
Assessment Area	Total			
	#	% of Total #	\$(000's)	% of Total \$
McLennan County AA	55	100	7,763	100

During the CD Test evaluation period, CNB originated 59 CD loans totaling \$12.4 million in the three counties.

McLennan County AA

The level of qualified CD loans in the McLennan County AA represents excellent responsiveness to the needs of the community. CNB originated 55 CD loans totaling \$7.8 million and representing approximately 7.6 percent of tier 1 capital during the evaluation period. Key lending in the AA included loans to finance affordable housing, to revitalization and stabilization projects, and loans to promote economic development. Noteworthy loans include:

- A \$637,500 loan to revitalize or improve 16 duplexes that provided affordable housing in a low-to-moderating income (LMI) geography.
- A \$1.3 million loan to purchase and renovate 21 homes in LMI geographies.

Number and Amount of Qualified Investments

Qualified Investments										
Assessment Area	Prior Period*		Current Period		Total				Unfunded Commitments**	
	#	\$(000's)	#	\$(000's)	#	% of Total #	\$(000's)	% of Total \$	#	\$(000's)
McLennan County AA	0	0	71	742	71	100	742	100	0	0

* *Prior Period Investments'* means investments made in a previous evaluation period that are outstanding as of the examination date.

** *Unfunded Commitments'* means legally binding investment commitments that are tracked and recorded by the institution's financial reporting system.

McLennan County AA

* *Prior Period Investments'* means investments made in a previous evaluation period that are outstanding as of the examination date.

The level of qualified investments in the McLennan County AA indicates adequate responsiveness to the needs of the AA. The level of donations indicates adequate responsiveness to the needs of the community. During the CD Test evaluation period, CNB held 71 CD investments totaling \$742 thousand. CD investments included mortgage-backed securities/pools in the AAs where the underlying mortgage loans were made to LMI individuals or in LMI geographies. Examples of qualified CD donations in the McLennan County AA include:

- \$30 thousand in investments to several Chambers of Commerce located within the McLennan County AA targeted to LMI individuals.
- A \$30 thousand investment to EVREFI which provided financial literacy program to high school students, some of which are LMI areas.

Statewide with no Purpose, Mandate, or Function

Qualified investments that are located in the broader statewide or regional area that do not have a purpose, mandate, or function to serve the bank's AAs may receive consideration if CNB has been responsive to the needs and opportunities of its AAs. Because the level of qualified investments in CNB's AAs is adequate, the investments with broader statewide impact receive consideration. CNB purchased school bonds from a low-income school district during the evaluation period.

Extent to Which the Bank Provides Community Development Services

McLennan County AA

The level of qualified CD services provided by bank directors, officers, and employees within the McLennan AA indicates excellent responsiveness to the needs of the community. Bank directors, officers, and employees provide technical assistance and financial services to numerous community groups serving LMI individuals or LMI geographies in the AA. During the evaluation period, executive officers and employees donated a total of 1,840 qualified service hours to 17 different community organizations in the AA.

Examples of qualified services in the McLennan County AA include:

- Junior League of Waco – A bank officer is Chair of the donor relations committee where he uses his expertise in finance to assist this organization in raising funds. This organization uses the funds for Early Childhood Education and Development in the LMI geographies of Waco.
- United Way Foundation – A bank Director is Chairman of the Board of an organization that supports many LMI people in LMI areas.

Conclusions for Areas Receiving Limited Scope Reviews

Based on limited-scope reviews, CNB's performance under the CD Test in the Bell County AA during the evaluation period was consistent with CNB's overall performance for CD loans, investments, donations, and services. In the Bell County AA, CNB originated a loan to the Temple Economic Development Corporation (TEDC) to purchase a commercial building in a moderate-income geography. A majority of the building is occupied by the TEDC where they

hold job training courses. In the Travis County AA, CNB originated a loan for \$2.3 million. The purpose is to fund the purchase of commercial property for future multi-family development that focuses on affordable housing for teachers, officers, etc. in an LMI geography. While this loan is not in the bank's immediate AA, it has the potential to positively benefit the Bank's AA.

Appendix A: Scope of Examination

The following table identifies the time period covered in this evaluation, affiliate activities that were reviewed, and loan products considered. The table also reflects the metropolitan and nonmetropolitan areas that received comprehensive examination review (designated by the term “full-scope”) and those that received a less comprehensive review (designated by the term “limited-scope”).

Time Period Reviewed:	01/01/2019 to 12/31/2021	
Bank Products Reviewed:	Home Mortgage Loans Small Business Loans Community Development Loans Qualified Community Development Investments Community Development Services	
Affiliate(s)	Affiliate Relationship	Products Reviewed
None		
List of Assessment Areas and Type of Examination		
Rating and Assessment Areas	Type of Exam	Other Information
Texas		
McLennan County AA	Full-scope	County of McLennan. This AA consists of all 51 whole census tracts within McLennan County. McLennan County makes up the northern part of the Waco, Texas MSA.
Bell County AA	Limited-scope	Partial County of Bell. This AA consists of 30 whole census tracts of a total 65 census tracts within Bell County. Bell County makes up the southeast part of the Killeen-Temple, Texas MSA.
Travis County AA	Limited-scope	Partial County of Travis. This AA consists of 110 whole census tracts of a total 218 census tracts within Travis County. Travis County makes up the center portion of the Austin-Round Rock, Texas MSA.

Appendix B: Summary of State Ratings

RATINGS – Central National Bank			
Overall Bank:	Lending Test Rating*	CD Test Rating*	Overall Bank/State/Multistate Rating
Central National Bank	Satisfactory	Outstanding	Satisfactory
State:			
Texas	Satisfactory	Outstanding	Satisfactory

(*) The Lending Test and Community Development Test carry equal weight in the overall rating.

Appendix C: Definitions and Common Abbreviations

The following terms and abbreviations are used in this performance evaluation, including the CRA tables. The definitions are intended to provide the reader with a general understanding of the terms, not a strict legal definition.

Affiliate: Any company that controls, is controlled by, or is under common control with another company. A company is under common control with another company if the same company directly or indirectly controls both companies. For example, a bank subsidiary is controlled by the bank and is, therefore, an affiliate.

Aggregate Lending (Aggt.): The number of loans originated and purchased by all reporting lenders (HMDA or CRA) in specified income categories as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the state/assessment area.

Census Tract (CT): A small, relatively permanent statistical subdivision of a county delineated by a local committee of census data users for the purpose of presenting data. Census tracts nest within counties, and their boundaries normally follow visible features, but may follow legal geography boundaries and other non-visible features in some instances, Census tracts ideally contain about 4,000 people and 1,600 housing units.

Combined Statistical Area (CSA): A geographic entity consisting of two or more adjacent Core Based Statistical Areas with employment interchange measures of at least 15. An employment interchange measure is a measure of ties between two adjacent entities. The employment interchange measure is the sum of the percentage of workers living in the smaller entity who work in the larger entity and the percentage of employment in the smaller entity that is accounted for by workers who reside in the larger entity.

Community Development (CD): Affordable housing (including multifamily rental housing) for low- or moderate-income individuals; community services targeted to low- or moderate-income individuals; activities that promote economic development by financing businesses or farms that meet Small Business Administration Development Company or Small Business Investment Company programs size eligibility standards or have gross annual revenues of \$1 million or less; or activities that revitalize or stabilize low- or moderate-income geographies, distressed or underserved nonmetropolitan middle-income geographies, or designated disaster areas.

Community Reinvestment Act (CRA): The statute that requires the OCC to evaluate a bank's record of meeting the credit needs of its entire community, including LMI areas, consistent with the safe and sound operation of the bank, and to take this record into account when evaluating certain corporate applications filed by the bank.

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, other secured consumer loans, and other unsecured consumer loans.

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, which 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).

Full-Scope Review: Performance under the Lending, Investment, and Service Tests is analyzed considering performance context, quantitative factors (e.g., geographic distribution, borrower distribution, 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 conduct 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, the disposition of the application (e.g., approved, denied, and withdrawn), the lien status of the collateral, any requests for preapproval, and loans for manufactured housing.

Home Mortgage Loans: A closed-end mortgage loan or an open-end line of credit as these terms are defined under 12 CFR 1003.2, and that is not an excluded transaction under 12 CFR 1003.3(c)(1) through (c)(10) and (c)(13).

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.

Limited-Scope Review: Performance under the Lending, Investment, and Service Tests is analyzed using only quantitative factors (e.g., geographic distribution, borrower distribution, total number and dollar amount of investments, and branch distribution).

Low-Income Individual: Individual income that is less than 50 percent of the area median income.

Low Income Geography: A census tract with a median family income that is less than 50 percent.

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 state/assessment area.

Median Family Income (MFI): The median income determined by the U.S. Census Bureau every five years and used to determine the income level category of geographies. The median is the point at which half of the families have income above, and half below, a range of incomes. Also, the median income determined by the Federal Financial Institutions Examination Council (FFIEC) annually that is used to determine the income level category of individuals. For any given area, the median is the point at which half of the families have income above, and half below, a range of incomes.

Metropolitan Division: As defined by Office of Management and Budget, a county or group of counties within a Core Based Statistical Area that contains an urbanized population of at least 2.5 million. A Metropolitan Division consists of one or more main/secondary counties that represent an employment center or centers, plus adjacent counties associated with the main/secondary county or counties through commuting ties.

Metropolitan Statistical Area: An area, defined by the Office of Management and Budget, as a core based statistical area associated with at least one urbanized area that has a population of at least 50,000. The Metropolitan Statistical Area comprises the central county or counties containing the core, plus adjacent outlying counties having a high degree of social and economic integration with the central county or counties as measured through commuting.

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

Multifamily: Refers to a residential structure that contains five or more units.

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 qualified investment is defined as any lawful investment, deposit, membership share, or grant that has as its primary purpose community development.

Rating Area: A rated area is a state or multi-state metropolitan statistical 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 multi-state metropolitan statistical area, the institution will receive a rating for the multi-state metropolitan statistical area.

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

Small Loan(s) to Farm(s): 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 or are classified as loans to finance agricultural production and other loans to farmers.

Tier 1 Capital: The total of common shareholders' equity, perpetual preferred shareholders' equity with non-cumulative dividends, retained earnings and minority interests in the equity accounts of consolidated subsidiaries.

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

Appendix D: Tables of Performance Data

Content of Standardized Tables

A separate set of tables is provided for each state. All multistate metropolitan statistical areas, if applicable, are presented in one set of tables. References to the “bank” include activities of any affiliates that the bank provided for consideration (refer to appendix A: Scope of the Examination). For purposes of reviewing the Lending Test tables, the following are applicable: (1) purchased are treated as originations; and (2) “aggregate” is the percentage of the aggregate number of reportable loans originated and purchased by all HMDA or CRA-reporting lenders in the MMSA/assessment area. Deposit data are compiled by the FDIC and are available as of June 30th of each year. Tables without data are not included in this PE.

The following is a listing and brief description of the tables included in each set:

- Table O. Assessment Area Distribution of Home Mortgage Loans by Income Category of the Geography** - Compares the percentage distribution of the number of loans originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies to the percentage distribution of owner-occupied housing units throughout those geographies. The table also presents aggregate peer data for the years the data is available.
- Table P. Assessment Area Distribution of Home Mortgage Loans by Income Category of the Borrower** - Compares the percentage distribution of the number of loans originated and purchased by the bank to low-, moderate-, middle-, and upper-income borrowers to the percentage distribution of families by income level in each MMSA/assessment area. The table also presents aggregate peer data for the years the data is available.
- Table Q. Assessment Area Distribution of Loans to Small Businesses by Income Category of the Geography** - The percentage distribution of the number of small loans (less than or equal to \$1 million) to businesses that were originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies compared to the percentage distribution of businesses (regardless of revenue size) in those geographies. Because aggregate small business data are not available for geographic areas smaller than counties, it may be necessary to compare bank loan data to aggregate data from geographic areas larger than the bank’s assessment area.
- Table R. Assessment Area Distribution of Loans to Small Businesses by Gross Annual Revenue** - Compares the percentage distribution of the number of small loans (loans less than or equal to \$1 million) originated and purchased by the bank to businesses with revenues of \$1 million or less to: 1) the percentage distribution of businesses with revenues of greater than \$1 million; and, 2) the percentage distribution of businesses for which revenues are not available. The table also presents aggregate peer small business data for the years the data is available.

- Table S. Assessment Area Distribution of Loans to Farms by Income Category of the Geography** - The percentage distribution of the number of small loans (less than or equal to \$500,000) to farms originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies compared to the percentage distribution of farms (regardless of revenue size) throughout those geographies. The table also presents aggregate peer data for the years the data is available. Because aggregate small farm data are not available for geographic areas smaller than counties, it may be necessary to use geographic areas larger than the bank's assessment area.
- Table T. Assessment Area Distribution of Loans to Farms by Gross Annual Revenues** - Compares the percentage distribution of the number of small loans (loans less than or equal to \$500 thousand) originated and purchased by the bank to farms with revenues of \$1 million or less to: 1) the percentage distribution of farms with revenues of greater than \$1 million; and, 2) the percentage distribution of farms for which revenues are not available. The table also presents aggregate peer small farm data for the years the data is available.
- Table U. Assessment Area Distribution of Consumer Loans by Income Category of the Geography** - Compares the percentage distribution of the number of loans originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies to the percentage distribution of households in those geographies.
- Table V. Assessment Area Distribution of Consumer Loans by Income Category of the Borrower** - Compares the percentage distribution of the number of loans originated and purchased by the bank to low-, moderate-, middle-, and upper-income borrowers to the percentage distribution of households by income level in each MMSA/assessment area.

Table O: Assessment Area Distribution of Home Mortgage Loans by Income Category of the Geography																			2019-21	
Assessment Area:	Total Home Mortgage Loans				Low-Income Tracts			Moderate-Income Tracts			Middle-Income Tracts			Upper-Income Tracts			Not Available-Income Tracts			
	#	\$	% 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	
McLennan County AA	503	95,901	56.1	9,828	4.5	7.4	4.8	22.1	23.5	15.4	26.9	16.7	19.7	46.4	52.5	60.2	0.0	0.0	0.0	
Bell County AA	350	83,048	39.1	9,552	0.8	0.0	0.1	4.8	1.1	2.6	46.5	25.7	41.6	47.9	73.1	55.8	0.0	0.0	0.0	
Travis County AA	43	36,417	4.8	33,579	4.1	7.0	3.9	3.0	4.7	3.2	23.3	18.6	29.1	69.3	67.4	63.3	0.2	2.3	0.5	
Total	896	215,366	100.0	52,959	3.7	4.5	3.4	8.5	13.8	5.4	28.2	20.3	29.6	59.6	61.3	61.4	0.1	0.1	0.3	

*Source: 2015 ACS; 01/01/2019 - 12/31/2021 Bank Data, 2021 HMDA Aggregate Data, "--" data not available.
Due to rounding, totals may not equal 100.0%*

Table P: Assessment Area Distribution of Home Mortgage Loans by Income Category of the Borrower																			2019-21		
Assessment Area:	Total Home Mortgage Loans				Low-Income Borrowers			Moderate-Income Borrowers			Middle-Income Borrowers			Upper-Income Borrowers			Not Available-Income Borrowers				
	#	\$	% of Total	Overall Market	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate		
McLennan County AA	503	95,901	56.1	9,828	22.5	1.0	1.8	17.7	7.0	9.4	18.0	7.4	18.2	41.8	55.5	46.7	0.0	29.2	24.0		
Bell County AA	350	83,048	39.1	9,552	19.3	0.6	1.5	16.3	4.3	9.5	19.0	12.6	17.9	45.4	61.1	43.3	0.0	21.4	27.7		
Travis County AA	43	36,417	4.8	33,579	18.6	0.0	1.8	12.9	2.3	6.3	15.5	2.3	11.9	53.0	60.5	63.5	0.0	34.9	16.5		
Total	896	215,366	100.0	52,959	19.8	0.8	1.7	14.8	5.7	7.4	16.8	9.2	14.2	48.6	57.9	56.8	0.0	26.5	19.9		

*Source: 2015 ACS; 01/01/2019 - 12/31/2021 Bank Data, 2021 HMDA Aggregate Data, "--" data not available.
Due to rounding, totals may not equal 100.0%*

Table Q: Assessment Area Distribution of Loans to Small Businesses by Income Category of the Geography																			2019-21	
Assessment Area:	Total Loans to Small Businesses				Low-Income Tracts			Moderate-Income Tracts			Middle-Income Tracts			Upper-Income Tracts			Not Available-Income Tracts			
	#	\$	% of Total	Overall Market	% Business	% Bank Loans	Aggregate	% Business	% Bank Loans	Aggregate	% Business	% Bank Loans	Aggregate	% Business	% Bank Loans	Aggregate	% Business	% Bank Loans	Aggregate	
McLennan County AA	60	10,378	100.0	4,108	5.1	5.0	4.6	30.3	16.7	26.6	25.0	21.7	26.8	39.1	56.7	41.5	0.6	0.0	0.5	
Bell County AA	60	15,954	100.0	3,039	2.9	3.3	2.4	7.9	0.0	5.8	45.5	33.3	44.1	43.6	63.3	47.7	0.0	0.0	0.0	
Travis County AA	60	45,753	100.0	29,223	5.2	1.7	6.3	3.2	1.7	3.7	21.0	25.0	24.2	68.2	71.7	64.0	2.4	0.0	1.8	
Total	180	72,085	100.0	36,370	5.0	3.3	5.8	7.1	6.1	6.5	23.4	26.6	26.2	62.5	63.9	60.1	2.0	0.0	1.5	

*Source: 2021 D&B Data; 01/01/2019 - 12/31/2021 Bank Data; 2020 CRA Aggregate Data, "--" data not available.
Due to rounding, totals may not equal 100.0%*

Table R: Assessment Area Distribution of Loans to Small Businesses by Gross Annual Revenues												2019-21
Assessment Area:	Total Loans to Small Businesses				Businesses with Revenues <= 1MM			Businesses with Revenues > 1MM		Businesses with Revenues Not Available		
	#	\$	% of Total	Overall Market	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	% Businesses	% Bank Loans	
McLennan County AA	60	10,378	100.0	4,108	83.8	86.7	41.2	4.9	13.3	11.4	0.0	
Bell County AA	60	15,954	100.0	3,039	85.4	63.3	44.9	3.5	36.7	11.0	0.0	
Travis County AA	60	45,753	100.0	29,223	88.9	56.7	43.9	3.7	43.3	7.3	0.0	
Total	180	72,085	100.0	36,370	88.0	44.4	43.7	3.9	55.5	8.1	0.0	
<i>Source: 2020 D&B Data; 01/01/2019 - 12/31/2021 Bank Data; 2020 CRA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%</i>												