



2025 – 2029 CRA STRATEGIC PLAN
Effective Plan Date: July 3, 2025

DATED
April 4, 2025

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TITAN BANK

2025 – 2029 CRA STRATEGIC PLAN

1 Executive Summary

Titan Bank N.A. desires to continue to be evaluated under a CRA Strategic Plan. The Bank's current strategic plan concludes on December 31, 2024 and the Bank's most recent OCC audit determined the Bank complied with that plan, with a rating of Outstanding. The enclosed 2025-2029 proposed plan is predominantly based on the Bank's existing CRA Strategic Plan, though its CRA goals have been scaled up since the Bank's assets have slowly grown over the past five years. An additional objective has been added as well based around LMI residential lending that replaced loan to deposits, as suggested by the Bank's local OCC field office as loan to deposit requirement could conflict with safety and soundness objectives.

Titan Bank, N.A. (the "Bank" or "Titan Bank") has served the Pinto County, TX area since 1907. The Bank's current ownership acquired the bank in 2009 and steered it from a teetering institution to a fully compliant bank with strong financial footing. As part of the Bank's continued efforts, the board recruited competent and experienced management, upgraded all policies, put in place best in class IT systems and meaningfully invested into compliance. The proposed CRA strategic plan is consistent with the Bank's existing CRA Strategic Plan format that initiated in 2012. The Bank has diligently abided by the current cycle CRA strategic plan and we anticipate a Satisfactory or Outstanding rating on the next CRA exam. The Bank believes that based on its business model the proposed plan is an appropriate approach to combining the Bank's commercial aspirations and community commitment.

The proposed term of the Plan will from July 3, 2025 to December 31, 2029. Titan Bank's performance will be measured by its ability to meet stated CRA financial metrics, including projected loan volumes, assessment area percentages, and community development loan / investment / donation / service benchmarks.

The contact person for questions on the CRA Strategic Plan Submission is:

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2 Description of Business

2.1 Background

Titan Bank N.A. is a 117 year old national bank headquartered in Mineral Wells. Titan Bank is a wholly owned subsidiary of BMC Bancshares, Inc. As of December 31, 2024, the Bank is a \$481 million full-service community bank headquartered approximately 65 miles northwest of Fort Worth, Texas. The Bank's sole branch is in Mineral Wells, TX and operates one cash vending ATM at the Branch. The vast majority of the Bank's customers are very small business depositors. The Bank provides almost all of these

customers with free business treasury accounts, including free wires and most other transactions for free. The model has appealed to small businesses which generally feel overlooked by larger banks that charge high monthly and transaction fees for similar accounts.

The Bank has been under the control of the current ownership group for approximately sixteen years. Previously the Bank had faced a series of lending and regulatory difficulties resulting it being put under a formal enforcement action by the OCC. Over the past sixteen years the current ownership group replaced the full management team and the majority of the staff members to successfully rectify these issues while greatly professionalizing the Bank.

High level overview of changes to the Bank post acquisition

In the past sixteen years following the acquisition of the Bank a wide number of changes have been put in place improving all aspects of operations. A summary of these is as follows:

Customer Experience Improvements

- Fully renovated and updated main branch in Mineral Wells.
- Implemented a far more robust core system providing more options for consumer and business customers, and then further upgraded this to the FIS IBS realtime core to better serve small businesses.
- Launched full consumer and business Internet banking, bill payment and online customer service. Website is www.titanbank.com
- Introduced consumer and business mobile phone banking.
- Initiated SBA 7a and SBA504 lending programs. Achieved SBA PLP status for the Bank, a major achievement.
- Was recognized by SBA as a Rising Star bank for its small business lending achievements in North Texas.
- Initiated USDA B&I small business lending program.
- Extended local branch hours for the local community.
- Launched free checking accounts significantly reducing fees to the majority of the Bank's consumer customers. Previously, virtually all local customers had to pay a monthly fee for banking services.
- Eliminated wire and monthly fees for almost all the Bank's business customers.
- Implemented remote capture checking for business customers.

Bank Safety and Soundness Improvements / Management Improvements

- New ownership invested additional capital into the Bank.
- Implemented extensive new lending and compliance policies.
- Hired new Chief Financial Officer and expanded financial reporting capabilities.
- Hired new head of Loan Operations with extensive mortgage lending operations experience.
- Hired a new Chief Credit Officer with prior senior experience at other banks
- Hired at full time head of IT
- Hired a CAMS certified BSA officer and built a BSA team
- Implemented new FIS banking system with better compliance, risk management, and reporting modules.
- Moved core banking hosting out of Bank's branch and into FIS's data center for far better performance and redundancy.
- Worked out a large number of the most problematic loans from the Bank's pre-acquisition portfolio.
- Initiated IT compliance exams as well as accounting internal control exams for the first time.

- Significantly improved documentation of new loan requests and ongoing portfolio monitoring.
- Converted entirely to imaged files for loans.
- Implemented Bankpoint for improved tracking of loan files.
- Implemented Verafin for better BSA AML tracking and monitoring.

Bank Revenue Model Improvements

- Implemented SBA 504 and SBA 7a lending programs to bolster fee income and improve customer lending options to small businesses. Recognized by the SBA as a PLP lender.
- Lend on high quality loans outside of market to improve net interest margin while reducing geographic concentration risk.
- Large-scale cost cutting effort eliminated many wasteful practices of the Bank.
- Built a competitive program to attract deposits from tens of thousands of “micro-businesses” by eliminating fees.
- Retained consumer deposits via free checking accounts when many competitors charge for the same service.

Summary of the Bank’s Business Model

Titan Bank’s business model has been developed to position a small bank for long-term financial and regulatory success in a challenging marketplace for small institutions. The business model differs from the legacy model some small banks use, which makes a CRA strategic plan appropriate for the Bank.

Titan Bank focuses primarily on small business loans, both real estate collateralized, and non-real estate collateralized. It fills a critical community need in that regard. Its deposit products and services are marketed primarily to very small business customers who are often overlooked by larger banks. As the Bank’s clients are primarily businesses, the Bank’s product line is focused on commercial banking products. The other unique features of the Bank’s business model include a sophisticated web and mobile based interface for retail customers, a Mineral Wells branch that has compelling opening hours than competitor’s branches in Palo Pinto County, and expertise in offering a variety of government business loan products. Thus, a high percentage of the Bank’s loans are to small businesses.

Titan Bank has a particular focus on helping small business entrepreneurs that are often overlooked by large money center banks and larger regional banks. As a small bank Titan is well positioned to help these small business owners who in turn represent the best hope for job creation and economic recovery in the US. In that manner, Titan feels it can appropriately serve the community while also executing a sustainable business model.

The CRA Strategic plan is important for Titan Bank to carry out this plan. Palo Pinto county is a small negative population growth county in Texas. The county is already served by seven banks including First Financial which has long been dominant in Palo Pinto County. It is not possible for Titan Bank to fulfill its strategic focus on small business SBA lending exclusively in Palo Pinto county because relatively few creditworthy loans are available to be funded there annually, and the very strong competition. Titan adequately services the county with a range of consumer and business lending products, but its net loan balance in the market continues to shrink reflecting the market overall. Thus, this CRA strategic plan allows Titan Bank an appropriate mechanism to deploy creditworthy small business loans to markets outside of Palo Pinto county which in turn provides a viable business model for the Bank.

2.2 Previous CRA Examination

The Bank received an Outstanding rating on its most recent CRA examination conducted in December 31, 2019. The Bank expects to receive a Satisfactory or Outstanding rating on its next CRA examination as the Bank has diligently complied with the current CRA Strategic plan.

2.3 CRA Strategic Plan Implementation

The Bank's CRA Officer and Executive Management is charged with the responsibility of administering the Bank's CRA Program. The Bank's CRA Officer and Management Committees ensure that adequate resources are dedicated to the CRA Program in order to implement the Bank's CRA Strategic Plan.

2.4 Effective Date and Term

The term of this Plan is five years, covering the period July 3, 2025 through December 31, 2029. If the Bank's board determines there are material changes in the Bank's branch geography or volume projections that would have an impact on the goals enumerated in this Strategic Plan document, the Bank will amend the Plan.

2.5 Public Participation

In accordance with CRA regulations, a bank seeking approval of a CRA strategic plan is to perform a number of tasks associated with the submission process. In addition to seeking review by the CRA and Management Committees, the Plan received approval by the Bank's Board of Directors prior to informally and formally soliciting public comment. Specifically, the pertinent part of § 12 CFR 25 of The Office of the Comptroller of the Currency (OCC) regulations provides for public participation in plan development. Before submitting a plan to the OCC for approval, a bank shall:

(1) Informally seek suggestions from members of the public in its assessment area(s) covered by the plan while developing the plan;

The Bank staff members conversed with leaders in the areas of affordable housing, small business lending, community services, community development, as well as individuals from local government agencies. These conversations, along with other research, form the basis of the needs assessments. Some types of community organizations Titan Bank talked with include:

- **United Way – Palo Pinto County**
- **Meals on Wheels – Palo Pinto County**
- **Brazos Foundation – Palo Pinto County**
- **Hope Foundation – Palo Pinto County**
- **Mineral Wells Chamber of Commerce**
- **Mineral Wells Housing Authority**
- **Mineral Wells Center of Life**
- **Mineral Wells Industrial Foundation**
- **Various church related programs in Palo Pinto County**

Additionally, the Bank staff and directors currently serve as directors of several of these organizations. Unfortunately, there is not a single non profit in Palo Pinto County focused on financial education, where

the Bank has a valuable knowledge offering. Thus, the Bank has had to focus on non profits who either do some financial education, or simply provide needed assistance for the residents of Palo Pinto County.

(2) The Bank has formally solicited public comment on the plan for at least 30 days by publishing notice in at least one newspaper of general circulation in each assessment area covered by the plan; and

As required, the notice of proposed Community Reinvestment Act Strategic Plan was published in the following newspaper of general circulation within the Bank's current and proposed assessment area in accordance with the requirements. This was published on October 5th, 2024

Primary daily newspaper of for the area that covers the full assessment area.

- *Palo Pinto Press – (see copy of attached notice)*

(3) During the period of formal public comment, the bank made copies of the plan available for review by the public at no cost at all offices of the Bank in any assessment area covered by the plan and would provide copies of the plan upon request for a reasonable fee to cover copying and mailing, if applicable.

The Bank's proposed CRA Strategic Plan is available at the Mineral Wells branch which is the Bank's sole branch.

(4) The Bank shall also submit with its plan a description of its informal efforts to seek suggestions from members of the public, any written public comment received, and, if the plan was revised in light of the comment received, the initial plan as released for public comment. The primary goal of the Bank's Strategic Plan is to be responsive to the credit and community development needs of the communities it serves. The Bank is fully committed to complying with the requirements of the CRA and recognizes its obligation to help meet the credit and community development needs within its designated CRA Assessment area.

The Bank submitted its CRA Strategic Plan to the OCC for consideration on November 5, 2024. No community feedback was received based on the October 5, 2024 publication.

2.6 Competition

Titan Bank has numerous competitors in both the local market and external to it. The following represent some key components of this competition.

Local Market

There are seven deposit taking institutions locations operating in Palo Pinto County, TX today including Titan Bank. Bank of America and Citibank have both exited the Palo Pinto market.

First Financial Bank, based in Abilene, is a \$11 billion multi branch bank specialized on small rural communities. It operates one branch in Palo Pinto County, two blocks from the Bank's Mineral Wells office, and holds 43% of the county's deposits. First Financial caters to a similar clientele as Titan but has been more successful at attracting well-heeled customers due to its long-term presence, strong product offering and large-scale marketing capabilities. Titan Bank's lower loan to one borrower legal lending limit also hurts the Bank's ability to cater to larger companies than First Financial services. First Financial is an entrenched competitor that services the community well and it is a difficult process to take significant share away from it.

Community National Bank & Trust of Texas entered Palo Pinto County in 2013 by acquiring First State Bank of Mineral Wells. It is a direct competitor for community-based banking services. Its three branches control 25.9% of the county's deposits. Community National's borrowers tend to be similar to that of First Financial Bank.

Graham Savings & Loan, based in Graham, Texas (25 miles NW of Graford), operates one branch in Graford with 2.72% of the county's deposits. The Bank has traditionally seen very little competition from Graham S&L.

Simmon Bank is a \$22B multi state financial institution which has come into Palo Pinto county and used its considerable size to offer low interest loan and high deposit rates. It has 20 percent market share.

Out of Market Competitors

The Bank faces a number of different competitors from out of market that compete with it both inside and outside of Palo Pinto County. A synopsis of these is as follows:

- Money center banks compete with Titan Bank for customers. These banks have strong internet presences that alleviate the need for frequent branch visits. The banks also offer consumer and commercial loans in Palo Pinto County even though they might not have a direct presence there.
- Online banks and fintechs compete with Titan Bank for customers primarily via rate. These online banks and fintechs do not have to support branch infrastructures like Titan does and thus can afford large marketing efforts and aggressive rates. These banks do put pressure on Titan Bank to some extent to stay reasonably competitive on larger balances or the Bank faces the risk of losing some more significant deposits.
- Non-regulated mortgage brokers and business loan brokers compete with Titan Bank for consumer and commercial loans. These entities have the advantage of being unregulated and thus not have the costs associated with compliance.
- Investment firms such as Charles Schwab, Fidelity Investments, Raymond James, State Farm, and AG Edwards also compete with the bank. They provide deposit options such as money market funds and some consumer loan options.

3 Deposit Market Share

3.1 Palo Pinto County

Titan Bank's historical assessment area is comprised of all nine census tracts of Palo Pinto County.

Titan Bank will continue to serve Palo Pinto. The Bank expects the majority of its consumer depositors will reside in Palo Pinto County going forward. The Bank currently has 3.36% market share for deposits in Palo Pinto County. As of June 30, 2024, there were 14 branches operating within the Bank's Palo Pinto Assessment Area including one by Titan.

The table below contains deposit market share data for the Bank's current PSA as of June 30 2024, as reported to the FDIC by other banks, and using Titan Bank internal data for Palo Pinto county deposits.

| Institution Name | CERT | State (Hqtrd) | Bank Class | State/ Federal Charter | No. of Offices | Palo Pinto Deposits \$0 | Market Share |
|--|-------|------------------|---------------|------------------------------|-------------------|-------------------------------|-----------------|
| Titan Bank, N.A. | 3225 | TX | N | Federal | 1 | 24,610 | 3.36% |
| First Financial Bank | 3066 | TX | SM | State | 1 | 264,205 | 36.08% |
| Community National Bank & Trust of Texas | 18185 | TX | N | Federal | 3 | 189,756 | 25.92% |
| Simmons Bank | 3890 | AR | SM | State | 4 | 150,322 | 20.53% |
| Clear Fork Bank, National Association | 3067 | TX | N | Federal | 3 | 76,529 | 10.45% |
| Graham Savings and Loan, SSB | 29206 | TX | SB | State | 1 | 19,922 | 2.72% |
| First National Bank Texas | 3285 | TX | N | Federal | 1 | 6,852 | 0.94% |
| | | | | | | | |
| Number of Institutions in the Market: 7 | | | | TOTALS | 14 | 732,196 | 100.00% |

3.2 Lending Products

Titan Bank offers a number of lending products that will help it continue to meet its CRA requirements. The Bank focuses on small business lending and employs significant effort on carrying out marketing to small businesses. The Bank originates SBA loans and has received a Preferred Lender Designation from the SBA. It has also been recognized as a Rising Star by the SBA for its small business lending efforts in North Texas. Several of the Banks business loans products are outlined below.

SBA 7A Loans

The Bank make loans to small businesses both inside and outside of its assessment area. These are primarily SBA 7(a) loans for business real estate, equipment, and working capital loans.

SBA 504 Loans

The Bank may make loans through the SBA 504 lending program. This program allows for lending on qualified real estate to small business owners. This program supports the Bank's strategic direction of helping provide small business access to growth capital.

USDA B&I Guaranteed Loan Program

The USDA B&I Guaranteed Loan Program is similar in scope to the SBA 7(a) lending program. Generally, loans are conducted and funded in a similar manner for small businesses. USDA loans can only be used for rural areas. USDA is highly complex and many businesses in Palo Pinto county are unlikely to qualify.

Income Producing Commercial Real Estate Loans

The Bank continues to originate and acquire commercial real estate loans to qualified borrowers

Unsecured Commercial Acquisition and Working Capital Loans

The Bank makes unsecured business acquisition and working capital loans to companies both inside and outside of its assessment area.

Consumer Loans

The Bank makes and acquires a variety of consumer loans including auto and unsecured consumer loans, primarily within its assessment area.

Home Loans

The Bank acquires for its portfolio a number of residential loans, including LMI home loans.

4 CRA Plan

4.1 Branch Overview

The Bank currently operates a single branch in Mineral Wells, TX with a single ATM at the branch.

The Bank branch is open Monday through Friday 9:00 am to 6:00 pm and 9:00 am to 12:00 pm on Saturday.

4.2 Products and Services

The Bank offers a wide variety of full-service loan and deposit products tailored to individual and business needs within its existing assessment area. The Bank provides commercial and consumer lending services with no geographic limitations for products and/or services.

4.3 Financial Impediments

There are no financial or legal impediments to the Bank's ability to meet the credit needs of the communities served.

4.4 CRA Oversight

The Bank's CRA Officer and Executive Management are charged with the responsibility of administering the Bank's CRA program. Management ensures that adequate resources are dedicated to the CRA Program in order to implement the Bank's Strategic Plan. Titan Bank continues to be committed to CRA and helping to meet the credit and deposit needs of its communities.

Titan Bank has appointed Jonathan Morris, the bank's Chief Executive Officer as the Bank's CRA Officer. In this capacity he will focus on community outreach, identifying CRA related lending, investment and service opportunities. The CRA Officer maintains strong ties with the consumer as well as business and economic development community.

The Bank's CRA Officer and Executive Management work closely with community leaders by holding board seats on community organizations, participating in committees addressing credit needs and housing issues, and participating with various business leaders in addressing the bank and credit needs of the community.

4.5 Assessment Area

Titan Bank's assessment area is Palo Pinto County which includes all of the Bank's branches as well as all deposit taking ATMs. The assessment area meets the requirements of the CRA regulation and does not arbitrarily exclude any low- or moderate-income areas and is indicative of the Bank's business orientation and geographic lending strategies.

4.5.1 Palo Pinto County Assessment Area Profile

The Palo Pinto County Assessment Area consists of the entire county and meets the requirements of the CRA Regulation. It does not arbitrarily exclude any low- or moderate-income areas. The assessment area is located in a rural Texas county and is not in a designated Metropolitan Division (MD) or Metropolitan Statistical Area (MSA).

Palo Pinto County is in north central Texas, bounded on the east by Parker County, on the south by Erath County, on the west by Stephens County, and on the north by Young and Jack counties. The July 1, 2020 population estimate of the county is 28,409 per the U.S. Census Bureau. The population has continued to shrink over time.

The Bank's branch (Mineral Wells) is located within the Palo Pinto County Assessment Area. The assessment area consists of the entire county. Palo Pinto County is not located in any designated Metropolitan Division (MD) or Metropolitan Statistical Area (MSA).

4.5.1.1 Assessment Area Configuration

The Assessment Area encompasses ten census tracts; 0 designated as low-income tracts; 2 designated as moderate-income tracts; 6 designated as middle-income tracts; 2 designated as upper-income tracts; and 0% designated as unclassified. Approximately 20% of the census tracts are designated as moderate-income and 60% of the census tracts are designated as middle-income. No tract was identified as “Distressed” or “Under-served”. The distribution within the assessment area is noted in the following charts.

| Tract Code | Tract Income Level | Distressed or Under-served Tract | Tract Median Family Income % | 2024 FFIEC Est. MSA/MD non-MSA/MD Median Family Income | 2024 Est. Tract Median Family Income | 2020 Tract Median Family Income | Tract Population | Tract Minority % | Minority Population | Owner Occupied Units | 1- to 4- Family Units |
|------------|--------------------|----------------------------------|------------------------------|--|--------------------------------------|---------------------------------|------------------|------------------|---------------------|----------------------|-----------------------|
| 0001.00 | Middle | No | 119.31 | \$75,500 | \$90,079 | \$73,750 | 2740 | 15.47 | 424 | 1013 | 2927 |
| 0002.00 | Middle | No | 88.06 | \$75,500 | \$66,485 | \$54,432 | 1974 | 19.96 | 394 | 756 | 1984 |
| 0003.00 | Upper | No | 144.71 | \$75,500 | \$109,256 | \$89,444 | 3894 | 13.84 | 539 | 1389 | 2189 |
| 0004.01 | Middle | No | 114.33 | \$75,500 | \$86,319 | \$70,669 | 2396 | 17.49 | 419 | 606 | 870 |
| 0004.02 | Middle | No | 111.93 | \$75,500 | \$84,507 | \$69,183 | 3819 | 19.80 | 756 | 1061 | 1539 |
| 0005.00 | Middle | No | 92.82 | \$75,500 | \$70,079 | \$57,375 | 1624 | 23.28 | 378 | 491 | 864 |
| 0006.00 | Middle | No | 108.49 | \$75,500 | \$81,910 | \$67,059 | 3464 | 31.73 | 1099 | 618 | 1150 |
| 0007.00 | Upper | No | 120.70 | \$75,500 | \$91,129 | \$74,604 | 3213 | 36.17 | 1162 | 824 | 1128 |
| 0008.00 | Moderate | No | 50.30 | \$75,500 | \$37,977 | \$31,090 | 2928 | 51.95 | 1521 | 575 | 955 |
| 0009.00 | Moderate | No | 76.13 | \$75,500 | \$57,478 | \$47,061 | 2357 | 39.84 | 939 | 370 | 959 |
| 9999.99 | Middle | No | 109.93 | \$75,500 | \$82,997 | \$67,951 | 28409 | 26.86 | 7631 | 7703 | 14565 |

*FFIEC 2024 Data

| Assessment Area | |
|---|-----------|
| Population | |
| Number of Families (2020 Census) | 7,275 |
| Number of Households (2020 Census) | 10,640 |
| Geographies | |
| Number of Census Tracts (2024 FFIEC) | 10 |
| % Low-Income Census Tracts (2024 FFIEC) | 0.0% |
| % Moderate-Income Census Tracts (2024 FFIEC) | 20% |
| % Middle-Income Census Tracts (2024 FFIEC) | 60% |
| % Upper-Income Census Tracts (2024 FFIEC) | 20% |
| Median Family Income (MFI) | |
| 2020 Census | \$65,242 |
| Economic Indicators | |
| Unemployment Rate (June 30, 2019 Bureau of Labor | 3.30% |
| 2020 Median Housing Value (U.S. Census) | \$151,500 |
| % of Population Below Poverty Level (2017 Census) | 15.8% |

Per Capital Income

Per capita income is one measurement to determine the income. Per capita income measures the sources of all income for a designated geography. Based on most recent data provided by the 2020 Census for the, the per capita money income for Palo Pinto County is \$31,890 which is below the State of Texas at \$37,514. While it is a measurement for consideration, if the distribution of income within an area is skewed, a small wealthy class can increase per capita income far above that of the majority of the population.

4.5.1.2 Median Family Income

A more acceptable income measurement is median family income. Based on 2024 FFIEC data the median family income for the Palo Pinto Assessment Area for 2024 is \$82,997.

| Tract Code | Tract Income Level | Distressed or Under-served Tract | Tract Median Family Income % | 2024 FFIEC Est. MSA/MD non-MSA/MD Median Family Income | 2024 Est. Tract Median Family Income | 2020 Tract Median Family Income | Tract Population | Tract Minority % | Minority Population | Owner Occupied Units | 1- to 4-Family Units |
|------------|--------------------|----------------------------------|------------------------------|--|--------------------------------------|---------------------------------|------------------|------------------|---------------------|----------------------|----------------------|
| 0001.00 | Middle | No | 119.31 | \$75,500 | \$90,079 | \$73,750 | 2740 | 15.47 | 424 | 1013 | 2927 |
| 0002.00 | Middle | No | 88.06 | \$75,500 | \$66,485 | \$54,432 | 1974 | 19.96 | 394 | 756 | 1984 |
| 0003.00 | Upper | No | 144.71 | \$75,500 | \$109,256 | \$89,444 | 3894 | 13.84 | 539 | 1389 | 2189 |
| 0004.01 | Middle | No | 114.33 | \$75,500 | \$86,319 | \$70,669 | 2396 | 17.49 | 419 | 606 | 870 |
| 0004.02 | Middle | No | 111.93 | \$75,500 | \$84,507 | \$69,183 | 3819 | 19.80 | 756 | 1061 | 1539 |
| 0005.00 | Middle | No | 92.82 | \$75,500 | \$70,079 | \$57,375 | 1624 | 23.28 | 378 | 491 | 864 |
| 0006.00 | Middle | No | 108.49 | \$75,500 | \$81,910 | \$67,059 | 3464 | 31.73 | 1099 | 618 | 1150 |
| 0007.00 | Upper | No | 120.70 | \$75,500 | \$91,129 | \$74,604 | 3213 | 36.17 | 1162 | 824 | 1128 |
| 0008.00 | Moderate | No | 50.30 | \$75,500 | \$37,977 | \$31,090 | 2928 | 51.95 | 1521 | 575 | 955 |
| 0009.00 | Moderate | No | 76.13 | \$75,500 | \$57,478 | \$47,061 | 2357 | 39.84 | 939 | 370 | 959 |
| 9999.99 | Middle | No | 109.93 | \$75,500 | \$82,997 | \$67,951 | 28409 | 26.86 | 7631 | 7703 | 14565 |

4.5.1.3 Home Ownership Rates

Home ownership rates in Palo Pinto County is higher than that in Texas overall. According to Census Data, Palo Pinto County's home ownership rate for 2020 is 71.83% while the percentage is 64.9% for the State overall.

4.5.1.4 Poverty Level

The poverty level in Palo Pinto County is higher than that of Texas overall. According to Census Data, Palo Pinto County's poverty rate for 2020 is 15.8% while the percentage is 13.9% for the State overall.

4.5.1.5 Employment / Unemployment

Palo Pinto County has experienced a significant decrease in the unemployment rate from Q1 2010 of 9.2% to an unemployment rate of 4.3% in Q2 2024, according to Federal Reserve Data. The largest employers include both local and county governments, school districts, Cantex, Inc., the Palo Pinto General Hospital, and Wal-Mart.

Housing

The assessment area is comprised of 15,522 housing units with 49.6 percent is owner occupied, 16.9 percent rental, and 33.4 percent vacant. The median housing value is \$151,500 with a median rent of \$963 according to the Census data.

4.5.1.6 Competitive / Peer Overview

The Bank operates in a competitive market. As of June 30, 2024, there were seven financial institutions operating with 14 branches operating within the Bank's Palo Pinto Assessment Area including one Titan Bank branch.

- As of June 30, 2024 Titan, Bank's deposit market share for the Palo Pinto Assessment Area was 3.36%. The Bank faces the strongest competition from local, regional and large national lenders including First Financial Bank NA and Community National Bank & Trust of Texas with market shares of 36.08% and 25.92% respectively.

The table below contains deposit market share data for the Bank's current PSA as of June 30 2024, as reported to the FDIC, and using Titan Bank's internal data for county deposits.

| Institution Name | CERT | State (Hqtrd) | Bank Class | State/ Federal Charter | No. of Offices | Palo Pinto Deposits \$0 | Market Share |
|--|-------|------------------|---------------|------------------------------|-------------------|-------------------------------|-----------------|
| Titan Bank, N.A. | 3225 | TX | N | Federal | 1 | 24,610 | 3.36% |
| First Financial Bank | 3066 | TX | SM | State | 1 | 264,205 | 36.08% |
| Community National Bank & Trust of Texas | 18185 | TX | N | Federal | 3 | 189,756 | 25.92% |
| Simmons Bank | 3890 | AR | SM | State | 4 | 150,322 | 20.53% |
| Clear Fork Bank, National Association | 3067 | TX | N | Federal | 3 | 76,529 | 10.45% |
| Graham Savings and Loan, SSB | 29206 | TX | SB | State | 1 | 19,922 | 2.72% |
| First National Bank Texas | 3285 | TX | N | Federal | 1 | 6,852 | 0.94% |
| | | | | | | | |
| Number of Institutions in the Market: 7 | | | | TOTALS | 14 | 732,196 | 100.00% |

Source: FDIC.

4.5.1.7 Identified Community Needs – Palo Pinto

Palo Pinto county is a rural market with few established charities and NGOs compared with denser urban markets. No local non-profit is exclusively focused on financial education. Charitable work is often completed by organizations on an informal basis but with high impact. The Bank has had an instrumental impact on the community in these ways for more than 100 years. Existing charitable endeavors of the

Bank vary from teaching financial education classes, Meals on Wheels deliveries, Hope Foundation Donations, Brazos Foundation Donations, etc. The Bank is also very involved in the community via serving on the boards of local charities.

The Bank has had discussion with major non-profits in the area to better ascertain the community's needs. These non-profits include:

- **United Way – Palo Pinto County**
- **Palo Pinto Children's Alliance Center – Palo Pinto County**
- **Brazos Foundation – Palo Pinto County**
- **Hope Foundation – Palo Pinto County**
- **Mineral Wells Chamber of Commerce**
- **Various church related programs in Palo Pinto County**
- **Mineral Wells Center for Life – Palo Pinto County**

Consistent with what the Bank has historically found, several themes came across. Financial education is needed in the local area especially for lower income residents. Job training is needed for unemployed residents. Business education is needed for many smaller, struggling entrepreneurs. Funds are needed to help facilitate LMI housing. All charities requested financial donations.

In Section 5 of this document the specific charitable endeavors are listed which the Bank intends to concentrate on as part of this CRA plan. In general, the Bank's focus will continue to be on 1) areas such as financial and business counseling which it is uniquely positioned to fulfill in the community, 2) Assistance with LMI Housing, and 3) general areas of extreme need in the community as the Bank will determine from time to time via its on the ground perspective.

4.5.1.8 Designated Enterprise Zones

There are no designated Enterprise Zones within this Assessment Area.

4.6 FEMA Disaster / Distressed / Underserved Designation

There are no FEMA designated disaster areas within the Bank's assessment area. Nor are there any designated distressed and / or underserved geographies in the assessment area.

4.7 **CRA Review**

The Bank's review of its CRA activity reflects the following:

- The Bank's has Satisfactorily complied with or exceeded all of its existing CRA obligations.
- The Bank has not received any CRA related complaints.

5 CRA Strategic Performance Goals and Measurement Standards 2025 – 2029

Titan Bank, N.A. is committed to meeting the needs of its assessment area and the larger regional area it serves. The Bank will continue to accomplish this through several initiatives. Titan Bank, N.A. recognizes that the lending, investment and service goals outlined in this strategic plan are based on general assumptions about the Bank's business model, industry as well as general economic conditions. These assumptions and conditions may change. The Bank will monitor its performance on an annual basis and any changes to the plan that are deemed necessary as a result of these reviews will be made in accordance with the OCC's requirements, guidelines and their approval process. Such changes are only expected to be made if there are significant changes to the underlying assumptions that render the goals contained in this strategic plan no longer viable or appropriate. It is the intent and expectation of management and the Board of Directors that Titan Bank N.A. will meet or exceed all goals established in this plan.

In determining appropriate standards for the Bank its management referenced its existing CRA Strategic Plan and scaled it up for asset growth and projected performance of the Bank. Since the prior CRA Strategic Plan was enacted, the Bank has continued to slowly grow. Accordingly, the CRA goals and standards have increased.

5.1 Goals and Measurement Standards

5.1.1 Retail Loans within Palo Pinto County

Performance Context

For the Bank's proposed strategic plan, the Bank has elected to break out retail loans and community development loans, which it has not done on prior CRA strategic plans. The Bank is located in a highly competitive rural county serviced by numerous other banks. Several of these banks including First Financial have a branch located within a half mile of Titan Bank's branch. All banks in the community are actively looking for loans and have frequently discussed the challenges of finding additional loan volume in Palo Pinto County. On a macro level Titan Bank believes the community's needs are being well served for loans that regulators would consider to be safe and sound for a bank to hold.

The Bank's intention is to primarily fulfill its retail lending objectives by adding to its loan portfolio Palo Pinto County loans that are 1) small business loans under \$1 million, 2) residential mortgages to LMI borrowers or in LMI census tracts, and 3) rental property loans less than \$1 million that are targeted to LMI renters or located in LMI census tracts. These loans may include SBA or USDA B&I loans that qualify as retail loans. All of these loans will be in Palo Pinto County.

Retail Lending Goals

Titan Bank will commit a portion of its average assets to making retail loans in its Assessment Area. The Bank will focus on meeting its target by adding to its portfolio 1) small business loans under \$1 million, 2) residential mortgages to LMI borrowers or in LMI census tracts, and 3) rental property loans less than \$1 million that are targeted to LMI renters or located in LMI census tracts. The Bank considers outstanding lines of credit and letters of credit to be counted as loans for this calculation, as well as participations in loans and committed construction loans that may not be fully drawn.

At least ten percent of the Bank's retail lending objective for each year should be newly added loans, which may include increases in loan commitments to existing borrowers.

| Cumulative Retail Lending Goals in Assessment Area | | | | |
|--|--------------------------|-----------|-------------------------|-----------|
| Plan Year | Satisfactory Performance | | Outstanding Performance | |
| 2025 | \$ | 2,500,000 | \$ | 3,000,000 |
| 2026 | \$ | 2,625,000 | \$ | 3,150,000 |
| 2027 | \$ | 2,756,250 | \$ | 3,307,500 |
| 2028 | \$ | 2,894,063 | \$ | 3,472,875 |
| 2029 | \$ | 3,038,766 | \$ | 3,646,519 |

5.1.2 Community Development Loans in Palo Pinto County

Performance Context

The Bank will commit a portion of its loan portfolio to Community Development Loans in Palo Pinto County. These loans may include SBA or USDA B&I loans that qualify as community development loans. All of these loans will be in Palo Pinto County.

Community Development Loan Goals

Titan Bank will commit a portion of its average assets to making community development loans in Palo Pinto County. The Bank will focus on meeting its target by adding to its portfolio community development loans defined by 12 CFR 25.13. The Bank considers outstanding lines of credit and letters of credit to be counted as loans for this calculation, as well as participations in loans and committed construction loans that may not be fully drawn.

At least ten percent of the Bank's Community Development Loan Objective for each year should be newly added loans, which may include increases in loan commitments to existing borrowers.

| Cumulative Community Development Lending Goals in Assessment Area | | | | |
|---|--------------------------|-----------|-------------------------|-----------|
| Plan Year | Satisfactory Performance | | Outstanding Performance | |
| 2025 | \$ | 2,500,000 | \$ | 3,000,000 |
| 2026 | \$ | 2,625,000 | \$ | 3,150,000 |
| 2027 | \$ | 2,756,250 | \$ | 3,307,500 |
| 2028 | \$ | 2,894,063 | \$ | 3,472,875 |
| 2029 | \$ | 3,038,766 | \$ | 3,646,519 |

5.1.3 Community Development Investments

Performance Context

Palo Pinto County is a rural Texas community. The average household income of the community is below the average for the state. There are material CD investment needs in the county. These include investments in LMI housing, small businesses, workforce education and other areas. Titan Bank has been a supporter of the local community and intends to further increase its support via community development investments. A challenge in Palo Pinto County is the lack of initiatives that are undertaken with formal Community Development accreditation, specific to the country. There are no CDFIs in the county, few qualified bonds offerings, no SBICs etc. Thus, in some cases the Bank may determine the soundest community development investments will be made in an organization or project that services a wider geographic area that includes Palo Pinto County, consistent with regulatory policies.

For the next plan cycle, the Bank plans to continue to increase Community Development Investments over the goals from the prior plan.

CD Investment Goals

Titan Bank will commit a portion of its average assets to support its community development Investments, the Bank will focus on CRA qualified investments and commitments including, but not limited to:

- Targeted Municipal Bonds.
- New Market Tax Credit Funds.
- SBIC Funds.
- Low Income Tax Credits.
- Low Income Housing Projects.
- CDFI Deposits.
- Organizations Engaged in Affordable Housing Rehabilitation and Construction, Including Multifamily Rental Housing.
- Direct Investments in Rental Real Estate that Serves the Public Welfare as outlined in 12 CFR 24.
- Other CRA qualifying community development investments.

CRA qualified investments will be considered on an aggregate basis held on book, with such investments made in prior years carrying forward as long as the qualified investment remains outstanding. Investments do not include grants or donations, which will be calculated separately and has its own Goal. Investments will be made in Bank's assessment area or in organization/projects that cover a broader regional geographic area and which includes the Bank's assessment area.

At least ten percent of the Bank's Community Development Investment objective for each year should be newly added investments, which may include increases in investment commitments to existing investees.

The goals for aggregate CD investment held on book are listed below by year.

| Plan Year | Satisfactory Performance | Outstanding Performance |
|-----------|--------------------------|-------------------------|
| 2025 | \$1,750,000 | \$3,500,000 |
| 2026 | \$1,837,500 | \$3,675,000 |

| | | |
|-------------|--------------------|--------------------|
| 2027 | \$1,929,375 | \$3,858,750 |
| 2028 | \$2,025,844 | \$4,051,688 |
| 2029 | \$2,127,136 | \$4,254,272 |

5.1.4 Qualified Grants and Donations

Performance Context

Palo Pinto County has a number of non-profit organizations serving critical needs in the community. For more than 100 years the Bank has supported these organizations and the Bank will continue to do so to play a vital role in the community.

The Bank is well positioned to provide grants and assistance for financial education, housing assistance, workforce education, and other CRA qualifying activities. The Bank plans to make donations and grants to charitable organizations that carry out CRA qualified activities. There are no charitable organizations based in Palo Pinto county that exclusively focus on CRA qualified activities. Thus, if the Bank donates to an organization in Palo Pinto County, it will ear-mark the donation to the charity to carry out specific to a CRA qualifying activity such as LMI housing assistance, and document this intention with the charity at the time of the donation. The Bank may also provide donations and grants to charitable organizations located in North Texas which focus exclusively on a CRA qualifying activities, if the organization's coverage area includes Palo Pinto county and can provide a letter or documentation of that.

Qualified Grant and Donation Goals

Titan Bank intends to meet its community development grants and donations goals through a combination of grants, donations, and sponsorships in a given plan year. Satisfactory performance will be based upon CRA qualified grants, donations, and sponsorships of \$15,000 during the initial plan year with annual increases as listed below.

| Plan Year | Satisfactory Performance | Outstanding Performance |
|------------------|---------------------------------|--------------------------------|
| 2025 | \$ 15,000 | \$ 18,000 |
| 2026 | \$ 15,750 | \$ 18,900 |
| 2027 | \$ 16,538 | \$ 19,845 |
| 2028 | \$ 17,364 | \$ 20,837 |
| 2029 | \$ 18,233 | \$ 21,879 |

Grants will focus on CRA qualifying activities and be made to charitable organizations that serve the Palo Pinto County Market.

5.1.5 CRA Qualified Service Goals and Measurement Standards

Performance Context

There is a limited number of non-profit organizations in Palo Pinto County that service a variety of needs. Since the county is small, almost all of these organizations are cross functional and work on a range of issues. The Bank plays a vital community role by both providing leadership via board service to non-profits in the County and volunteering paid employee time to help non-profits.

As a financial services firm the Bank is uniquely situated to provide assistance on issues which can take advantage of its staff's training. Thus, the Bank's will contribute employee time to volunteer on CRA qualifying activities.

CRA Service Goals

Titan Bank N.A. will continue to be actively engaged in community development services by serving on the boards of non-profits and volunteering staff time to local non profits. The Bank puts special emphasis on non profits that support low- and moderate-income individuals. Bank staff, board, and officers will sit on boards, task forces, or committees whose has a goal is community development within its assessment area. The Bank will additionally support community development areas as identified.

The Bank's staff and directors will be active on the boards of local non-profits serving the assessment area. By "active", it's expected that each board member contribute in a material executive manner that assists the non-profit they serve. No charitable organization in Palo Pinto County focuses exclusively on CRA qualifies activities. However, each board the Bank's team will sit on will concentrate on at least some activities that are CRA qualifying.

The CD goals for board service are listed below. The service goals are consistent with the prior plan, even though the Bank's number of staff in its assessment area has decreased.

| Plan Year | Satisfactory Performance | Outstanding Performance |
|-----------|--------------------------|-------------------------|
| 2025 | 3 | 4 |
| 2026 | 3 | 4 |
| 2027 | 3 | 4 |
| 2028 | 3 | 4 |
| 2029 | 3 | 4 |

The Bank's staff, officers and directors will also contribute Community Development service hours in the assessment area and focus their volunteered time on CRA qualifying activities. Service hours that may be counted included hands on volunteer activities as well as board service hours. The Bank anticipates these ours will be mostly focused on assisting LMI individuals in the community as this is the largest need based on community feedback.

The Bank's CD service hour goals listed below has increased from its prior 2020-24 CRA Strategic Plan even though the number of staff in the assessment area has decreased.

| Plan Year | Satisfactory Performance | Outstanding Performance |
|-----------|--------------------------|-------------------------|
| 2025 | 63 | 84 |
| 2026 | 66 | 88 |
| 2027 | 69 | 92 |
| 2028 | 73 | 97 |
| 2029 | 77 | 102 |

5.2 Satisfactory and Outstanding Goals

Titan Bank N.A. believes the measurable goals for lending/investments, grants, and service hours, as specified in this plan, adequately consider the realities of the Bank's current business model and operating environment and meeting these goals constitutes a "Satisfactory" or "Outstanding" performance, as appropriate, under CRA requirements. For calculating CRA compliance, the Bank will measure its performance against these goals annually using its end of fiscal year statement to calculate.

5.3 Market Expansion Approach

Were Titan Bank to open branches in new assessment areas, this CRA strategic plan would be amended to include those new assessment areas. The plan metric goals would remain similar in approach and be apportioned by market share of the assessment areas. However, each assessment area would have Community Development activities sent by the unique CD needs of the assessment area. If the Bank were to change its charter location, the Bank would develop a new CRA strategic plan appropriate for that new assessment area.

5.4 Ongoing Review of Performance Goals and Measurement Standards

Titan Bank N.A. recognizes that the lending/investment, grants, and service hours goals outlined in this strategic plan are based on general assumptions about the Bank's business model and industry as well as general economic conditions. These assumptions and conditions may change and as a result the Board of Directors or a sub-committee will monitor the Bank's performance vis-à-vis these goals on a quarterly basis. Any changes to the plan that are deemed necessary as a result of these quarterly reviews will be made in accordance with the OCC's requirements, guidelines and approval process. Such changes are only expected to be made if there are significant changes to the underlying assumptions which render the goals contained in this strategic plan no longer viable or appropriate.

5.5 Election of Alternative Performance Evaluation

If it fails to achieve a "Satisfactory" rating under this strategic plan, Titan Bank intends to be evaluated under standard Small Bank CRA criteria. However, it is the intent and expectation of management that Titan Bank N.A. will meet or exceed all goals established in this plan.

Additionally, the Bank continues to monitor the OCC's proposals for revising CRA regulations. If CRA regulations materially change from those that are currently in place, the Bank may coordinate the OCC to be revert to evaluation under the new standard CRA regulations.

6 Conclusion

Titan Bank N.A. is committed to continuing to meet the intent and "Spirit" of the CRA. By establishing these goals, it believes that it will accomplish this goal.

Appendix A: NOTICE OF PROPOSED COMMUNITY REINVESTMENT ACT STRATEGIC PLAN: Notice Regarding Public Inspection of Proposed CRA Strategic Plan

The notice of the proposed Community Reinvestment Act Strategic Plan was published in the following newspapers of general circulation within the Bank's current and proposed assessment area in accordance with the requirements. The Bank received no community feedback after its publication.

Primary daily newspaper of for the area that covers the full assessment area.

- *Palo Pinto Press – (see copy of attached notice), October 5, 2024*