

Uvalde Consolidated Independent School District  
Business Office  
1000 N. Getty St./P.O. Box 1909  
Uvalde, Texas 78801

**Notice to Bidders**  
**Request for Proposal**  
**Depository Services**  
**RFP #2025-727**

Uvalde Consolidated Independent School District (UCISD) must receive all sealed proposals no later than **2:00 P.M. CDT, WEDNESDAY, AUGUST, 6, 2025**. Proposals must be submitted in sufficient time to be received and time-stamped at the above location. UCISD will not be responsible for delayed mail delivery from the post office. Proposals received after the time and date as indicated will not be considered. Proposals will be publicly opened at 2:00 p.m.

Sealed proposals must be clearly marked (**Depository Services RFP #2025-727**) on the outside with the company's name and addressed to:

Uvalde Consolidated Independent School District  
Attention: Leticia Leos  
1000 N. Getty/P.O. Box 1909  
Uvalde, Texas 78801

You are certifying to Uvalde CISD that you are authorized to submit this proposal by signing below.  
**Include this page as a cover to your proposal response.**

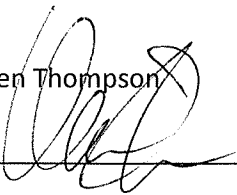
Company Name: TXN Bank

Address: 103 19<sup>th</sup> St

City: Hondo, Texas 78861

Authorized Official Name (print): Olen Thompson

Signature of Authorized Official: \_\_\_\_\_



Title: EVP

Date: 8-6-25



August 5, 2025

Uvalde Consolidated Independent School District  
Attn: Leticia Leos  
1000 N Getty  
Uvalde, Texas 78801

RE: Proposal for Depository Services

Gentlemen:

TXN Bank would like to thank Uvalde Consolidated Independent School District for the opportunity to bid on its Depository Services.

TXN Bank, as well as all banks, are in a highly regulated industry which should relieve any concerns the district may have about TXN Bank's technology or safety. Banks have regulatory requirements to meet concerning Data Processing systems, and their disaster recovery plans, and I can assure the district that TXN Bank meets or exceeds all regulatory requirements.

If the district chooses TXN Bank, there will be an experienced team assigned to the conversion which should alleviate any concerns about the conversion of accounts. After conversion, the bank would prefer a single point of contact, which would be Zachary Duron, Treasury Officer, who can in turn contact the individuals responsible for whatever is needed.

In closing, I would like to acknowledge that the bank has reviewed the school districts investment policy and agrees to adhere to it as well as all state requirements for the pledging of securities.

Sincerely,

  
Olen Thompson, EVP  
Chief Investment Officer

**Locations:**  
Hondo  
Bandera  
Castroville

LaCoste  
Leakey  
Lytle  
Uvalde

**Corp. Headquarters:**  
103 19th Street  
Hondo, TX 78861

**T:** 830.426.3066  
**W:** [www.txn.bank](http://www.txn.bank)



**TXN BANK PROPOSAL  
for Depository Services  
for Uvalde Consolidated Independent School District**

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1. TXN Bancshares, Inc and Subsidiaries – Consolidated Financial Statements Years Ended December 31, 2024 and 2023
2. UBPR Report March 31, 2025 – FFIEC Central Data Report
3. TXN Bank Historical Information – Uvalde Consolidated ISD Attachment A
4. TXN Bank Depository Rate/Fee Schedule
  - a. Fee Schedule
  - b. Rate Schedule
5. Uvalde Consolidated ISD ISD Proposal Form
6. Service Agreements
  - a. Remote Deposit Capture Service Agreement
  - b. Positive Pay Agreement
  - c. ACH Origination Service Agreement
  - d. Triparty Pledge Agreement
7. Daily Balancing Report for Remote Deposit
8. Online Banking Screenshots
  - a. ACH Origination Portal
  - b. Download Transactions
  - c. Interanl Transfers
  - d. Online Wire Services
  - e. Positive Pay
  - f. Remote Deposit Capture Portal
  - g. Single Account Overview
  - h. Stop Payment
  - i. Treasury Platform Home Page

# **TXN BANCSHARES, INC. AND SUBSIDIARIES**

Consolidated Financial Statements

Years Ended December 31, 2024 and 2023

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Audit Committee  
TXN Bancshares, Inc.  
Hondo, Texas

## **Report on the Audit of the Consolidated Financial Statements**

### ***Opinion***

We have audited the consolidated financial statements of TXN Bancshares, Inc. and its subsidiary, which comprise the consolidated balance sheets as of December 31, 2024 and 2023, and the related consolidated statements of income, comprehensive income, changes in stockholders' equity, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of TXN Bancshares, Inc. and its subsidiary as of December 31, 2024 and 2023, and the results of their operations and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Basis for Opinion***

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of TXN Bancshares, Inc., and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about TXN Bancshares, Inc.'s ability to continue as a going concern for one year after the date that the consolidated financial statements are issued.

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of TXN Bancshares, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about TXN Bancshares, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control–related matters that we identified during the audit.

### ***Supplementary Information***

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplementary consolidating information is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole

*Hamby & Hengeli LLC*

San Angelo, Texas  
April 16, 2025

# TXN BANCSHARES, INC. AND SUBSIDIARIES

## CONSOLIDATED BALANCE SHEETS

December 31, (in thousands)	2024	2023
<b>Assets</b>		
Cash and Cash Equivalents		
Cash and due from banks	\$ 12,377	\$ 8,862
Interest-bearing deposits in other financial institutions	7,679	31,151
Total cash and cash equivalents	<u>20,056</u>	<u>40,013</u>
Securities available-for-sale, at estimated market value	212,348	229,377
Securities held-to-maturity, at cost	11,120	11,779
Loans, net	309,794	296,676
Premises and equipment, net	29,646	28,485
Accrued interest receivable	3,920	3,588
Other real estate owned, net	920	800
Cash surrender value of life insurance	16,194	15,736
Goodwill	120	120
Core deposit intangible	419	486
Restricted stock	3,223	2,731
Other assets	<u>3,693</u>	<u>4,072</u>
Total assets	<u><u>\$ 611,453</u></u>	<u><u>\$ 633,863</u></u>
<b>Liabilities and Shareholders' Equity</b>		
Deposits:		
Non-interest bearing	\$ 150,395	\$ 163,274
Interest bearing	409,778	387,075
Total deposits	<u>560,173</u>	<u>550,349</u>
Note payable	5,450	6,095
Other borrowings, net	17,144	47,353
Accrued interest payable	296	344
Other liabilities	868	1,290
Total liabilities	<u>583,931</u>	<u>605,431</u>
Shareholders' Equity		
Common stock, par value \$1 per share: authorized 10,000,000 shares; 1,351,240 issued; 1,276,433 outstanding in 2024 and 1,294,433 outstanding in 2023	1,351	1,351
Additional paid-in capital	22,190	22,190
Treasury stock (at cost), 74,807 shares in 2024 and 56,807 shares in 2023	(3,890)	(2,954)
Retained earnings	37,940	35,431
Accumulated other comprehensive loss	(30,069)	(27,586)
Total shareholders' equity	<u>27,522</u>	<u>28,432</u>
Total liabilities and shareholders' equity	<u><u>\$ 611,453</u></u>	<u><u>\$ 633,863</u></u>

See notes to the consolidated financial statements.

# TXN BANCSHARES, INC. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF INCOME

Years Ended December 31st (in thousands)	2024	2023
<b>Interest Income</b>		
Loans, including fees	\$ 21,213	\$ 19,224
Investment securities:		
Taxable	2,614	2,904
Tax-exempt	2,383	2,462
Other	2,657	600
Total interest income	<u>28,867</u>	<u>25,190</u>
<b>Interest Expense</b>		
Deposits	11,228	8,837
Borrowings	3,046	1,918
Total interest expense	<u>14,274</u>	<u>10,755</u>
Net interest income	14,593	14,435
Provision for credit losses - loans	223	213
Provision for credit losses - unfunded commitments	(84)	343
Total provision for credit losses	<u>139</u>	<u>556</u>
Net interest income after provision for credit losses	<u>14,454</u>	<u>13,879</u>
<b>Non-Interest Income</b>		
Service charges on deposit accounts	1,399	1,316
ATM and debit card service charges	1,723	1,587
Service fees	120	125
Investment brokerage fees	198	129
Gain (loss) on sale of available-for-sale securities	-	19
Gain on sale of assets	-	112
Capital stock dividend	193	136
Earnings on cash surrender value insurance	458	397
Other	269	456
Total non-interest income	<u>4,360</u>	<u>4,277</u>
<b>Non-interest Expense</b>		
Salaries, wages and benefits	8,089	8,037
Occupancy and equipment	2,570	1,536
Professional services	1,244	1,181
Data and item processing	1,754	1,775
Loss and/or write down on sale of assets	145	-
Core deposit intangible amortization	67	67
Other	1,784	1,827
Total non-interest expense	<u>15,653</u>	<u>14,423</u>
Income before income taxes	3,161	3,733
State income tax expense	35	5
Net income	<u>\$ 3,126</u>	<u>\$ 3,728</u>

See notes to the consolidated financial statements.

**TXN BANCSHARES, INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)**

Years Ended December 31, (in thousands)	2024	2023
<b>Net Income</b>	<b>\$ 3,126</b>	<b>\$ 3,728</b>
<b>Other Items of Comprehensive Income (Loss)</b>		
Adjustment for (gain) loss on sale of available-for-sale securities	-	(19)
Unrealized holding gain (loss) arising during period	<u>(2,483)</u>	<u>8,516</u>
Total other items of comprehensive income (loss)	<u>(2,483)</u>	<u>8,497</u>
Comprehensive income (loss)	<u><u>\$ 643</u></u>	<u><u>\$ 12,225</u></u>

See notes to the consolidated financial statements.

# TXN BANCSHARES, INC. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

Years Ended December 31, 2024 and 2023 (in thousands)

	Common Stock	Additional Paid-In Capital	Treasury Stock	Retained Earnings	Accumulated Other Comprehensive Loss	Total Shareholders' Equity
Balance at January 1, 2023	\$ 1,351	\$ 22,190	\$ (2,999)	\$ 32,869	\$ (36,083)	\$ 17,328
Net income	-	-	-	3,728	-	3,728
Change in other comprehensive income (loss)	-	-	-	-	8,497	8,497
Distributions to shareholders	-	-	-	(1,166)	-	(1,166)
Treasury stock purchased	-	-	-	-	-	-
Treasury stock sold	-	-	45	-	-	45
Balance at December 31, 2023	1,351	22,190	(2,954)	35,431	(27,586)	28,432
Net income	-	-	-	3,126	-	3,126
Change in other comprehensive income (loss)	-	-	-	-	(2,483)	(2,483)
Distributions to shareholders	-	-	-	(617)	-	(617)
Treasury stock purchased	-	-	(936)	-	-	(936)
Treasury stock sold	-	-	-	-	-	-
Balance at December 31, 2024	<u>\$ 1,351</u>	<u>\$ 22,190</u>	<u>\$ (3,890)</u>	<u>\$ 37,940</u>	<u>\$ (30,069)</u>	<u>\$ 27,522</u>

See notes to the consolidated financial statements.

# TXN BANCSHARES, INC. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS

Years Ended December 31, (in thousands)	2024	2023
<b>Operating Activities</b>		
Net income	\$ 3,126	\$ 3,728
Adjustments to reconcile net income to net cash provided by operating activities:		
Net amortization of investment premiums	1,926	2,147
Net accretion of premiums due to purchase	(205)	(622)
Amortization of core deposit intangible	67	67
Depreciation and amortization	1,262	502
Provision for credit losses - loans	223	213
Provision for credit losses - unfunded commitments	(84)	343
Loss (gain) on sale of securities	-	(19)
Gain on sale and donation of fixed assets	-	(69)
Restricted stock dividends	(101)	(61)
Earnings on cash surrender value of life insurance	(458)	(397)
Net change in:		
Accrued interest receivable	(332)	219
Accrued interest payable	(48)	254
Other assets and other liabilities	(79)	670
Net cash provided by operating activities	<u>5,297</u>	<u>6,975</u>
<b>Investing Activities</b>		
Activity in securities available-for-sale:		
Sales proceeds from investment securities	-	24,358
Maturities, prepayments and calls	219,484	232,539
Purchases	(206,205)	(210,295)
Activity in securities held-to-maturity:		
Maturities, prepayments and calls	-	549
Purchases	-	(295)
Sale of restricted stock	68	330
Purchase of restricted stock	(459)	(1,500)
Net change in loans	(13,202)	(18,016)
Purchase of bank premises and equipment	(2,423)	(14,536)
Proceeds from sale of bank premises and equipment	-	390
Purchase of cash surrender value insurance	-	(3,000)
Proceeds from the sale of other real estate owned	-	1,300
Net cash provided by (used in) investing activities	<u>(2,737)</u>	<u>11,824</u>
<b>Financing Activities</b>		
Net change in deposits	9,824	(41,771)
Proceeds from borrowings	30,000	45,000
Payments on borrowings	(60,143)	(137)
Proceeds from notes payable	936	-
Payments on notes payable	(1,581)	(1,535)
Distributions paid to shareholders	(617)	(1,166)
Purchase of treasury stock	(936)	-
Sale of treasury stock	-	45
Net cash provided by financing activities	<u>(22,517)</u>	<u>436</u>
Increase (decrease) in cash and cash equivalents	(19,957)	19,235
Cash and cash equivalents at beginning of year	<u>40,013</u>	<u>20,778</u>
Cash and cash equivalents at end of year	<u>\$ 20,056</u>	<u>\$ 40,013</u>

See notes to the consolidated financial statements.

## **TXN BANCSHARES, INC. AND SUBSIDIARIES**

### **Notes to the Consolidated Financial Statements**

**(Dollar amounts in thousands)**

#### **1. Nature of Operations and Summary of Significant Accounting Policies**

##### Nature of Operations

TXN Bancshares, Inc. and Subsidiaries (the “Company”) provides loan and banking services to consumers and commercial customers at branch locations throughout Medina, Atascosa, Uvalde, Real, and Bandera Counties in South Texas. The accounting and reporting policies of the Company conform with generally accepted accounting principles in the United States of America (“GAAP”) and to general practices of the banking industry. Policies and practices which materially affect the determination of financial position, results of operations and cash flows are summarized as follows:

##### Charter Conversion

In August 2023, TXN Bank (“TXN”) converted to a Texas state banking association. As such, TXN Bank is now regulated by the Texas Department of Banking and the Federal Reserve Bank of Dallas, rather than the Office of the Comptroller of the Currency. This conversion was made for operational reasons and did not have any impact on the financial results of the Company for the year ended December 31, 2023.

##### Principles of Consolidation

The consolidated financial statements include the accounts of TXN Bancshares, Inc. and the accounts of its wholly-owned subsidiary, TXN Bank. All significant intercompany balances and transactions have been eliminated in consolidation.

##### Use of Estimates

In preparing consolidated financial statements in conformity with GAAP, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities as of the date of the consolidated balance sheet and reported amounts of consolidated revenues and expenses during the reporting period. Actual results could differ from those estimates. Material estimates that are particularly susceptible to significant change in the near term relate to the determination of the allowance for credit losses and the estimate of the fair value of securities.

##### Significant Group Concentrations of Credit Risk

Most of the Company’s activities are with customers located in Medina, Atascosa, Bexar, Uvalde, Real, and Bandera Counties in South Texas. The types of securities that the Company invests in are described in Note 2. The types of lending that the Company engages in are described in Note 3.

##### Cash and Cash Equivalents

For the purpose of presentation in the consolidated financial statements of cash flows, cash and cash equivalents are defined as those amounts included in the consolidated balance sheet captions “cash and due from banks”, “Interest-bearing deposits in other financial institutions” and “federal funds sold”. Generally, federal funds are purchased and sold in one-day periods. The Company considers all highly liquid investments with original maturities of three months or less to be cash equivalents. As of December 31, 2024, the FDIC Deposit insurance coverage was \$250,000.

## TXN BANCSHARES, INC. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements (*continued*)

(Dollar amounts in thousands)

#### 1. Nature of Operations and Summary of Significant Accounting Policies – continued

The majority of cash and cash equivalents of the Company are maintained with major financial institutions in the United States. As such, balances in transaction accounts at these institutions and at the Federal Home Loan Bank may exceed amounts covered by federal deposit insurance; however, these deposits typically may be redeemed upon demand and therefore, bear minimal risk. As of December 31, 2024, the maximum credit risk exposure is \$2,997. In monitoring this credit risk, the Company periodically evaluates the stability of the financial institutions with which it has deposits.

##### Investment Securities

Certain debt securities that management has the positive intent and ability to hold to maturity are classified as “held-to-maturity” and are recorded at amortized cost.

Securities not classified as held-to-maturity, are classified as “available-for-sale” and recorded at fair value, with unrealized gains and losses excluded from earnings and reported in accumulated other comprehensive loss.

Purchase premiums and discounts are recognized as interest income using the interest method over the terms of the securities. Gains and losses on the sale of securities are recorded on the trade date and are determined using the specific identification method.

Mortgage-backed securities represent participating interests in pools of long-term first mortgage loans originated and serviced by the issuers of the securities. Market interest rate fluctuations can affect the prepayment speed of principal and the yield on the security.

##### Loans

Loans that management has the ability and intent to hold to maturity are stated at the amount of unpaid principal, less the allowance for credit losses and net deferred loan fees. Interest is calculated by using the simple interest method on daily balances of the principal amount outstanding.

The Company conducts most of its banking operations, especially its lending activities, within the geographic area where it is located. As a result, the Company and its borrowers may be vulnerable to the consequences of changes in the local economy. The concentrations of credit by type of loan are set forth in Note 3 – Loans.

Commitment fees on loans with term lives in excess of one year are deferred and amortized over the lives of the related loans.

Loans are charged off or accrual of interest is discontinued, if, after considering economic and business conditions and collection efforts, it is found that the borrower’s financial condition is such that collection of interest or principal in a timely manner is doubtful. Past due status is based on contractual terms of the loan.

All interest accrued but not collected for loans that are placed on nonaccrual or charged off is reversed against interest income. The interest on these loans is accounted for on the cash-basis or cost-recovery method, until qualifying for return to accrual. Loans are returned to accrual status when all principal and interest amounts contractually due are brought current and future payments are reasonably assured.

## TXN BANCSHARES, INC. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements (*continued*)

(Dollar amounts in thousands)

#### 1. Nature of Operations and Summary of Significant Accounting Policies – continued

##### Allowance for Credit Losses

As further discussed below, the Company adopted Accounting Standards Update (“ASU”) 2016-13, “Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments,” on January 1, 2023. Accounting Standards Codification (“ASC”) Topic 326 (“ASC 326”) replaced the previous “incurred loss” model for measuring credit losses, which encompassed allowances for current known and inherent losses within the portfolio, with an “expected loss” model, which encompasses allowances for losses expected to be incurred over the life of the portfolio. The new current expected credit loss (“CECL”) model requires the measurement of all expected credit losses for financial assets measured at amortized cost and certain off-balance sheet credit exposures based on historical experience, current conditions, and reasonable and supportable forecasts. In connection with the adoption of ASC 326, the Company revised certain accounting policies and implemented certain accounting policy elections. The revised accounting policies are described below.

##### Allowance for Credit Losses – Available-for-Sale Securities

Management will assess available-for-sale securities in an unrealized loss position whether (i) the Company intends to sell or (ii) it is more likely than not that the Company will be required to sell the security before recovery of its amortized cost basis. If either case is affirmative, any previously recognized allowances are charged-off and the security's amortized cost is written down to fair value through income. If neither case is affirmative, the security is evaluated to determine whether the decline in fair value has resulted from credit losses or other factors.

In making this assessment, management considers the extent to which fair value is less than amortized cost, any changes to the rating of the security by a rating agency and any adverse conditions specifically related to the security, among other factors. If this assessment indicates that a credit loss exists, the present value of cash flows expected to be collected from the security are compared to the amortized cost basis of the security. If the present value of cash flows expected to be collected is less than the amortized cost basis, a credit loss exists and an allowance for credit losses is recorded for the credit loss, limited by the amount that the fair value is less than the amortized cost basis. Any impairment that has not been recorded through an allowance for credit losses is recognized in accumulated other comprehensive income. Adjustments to the allowance are reported in the consolidated statement of income as a component of credit loss expense. Management has made the accounting policy election to exclude accrued interest receivable on available-for-sale securities from the estimate of credit losses. Available-for-sale securities are charged-off against the allowance or, in the absence of any allowance, written down through income when deemed uncollectible by management or when either of the aforementioned criteria regarding intent or requirement to sell is met. As a result, no allowance for credit losses was recorded on available-for-sale securities at December 31, 2024 nor 2023.

## TXN BANCSHARES, INC. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements (*continued*)

(Dollar amounts in thousands)

#### 1. Nature of Operations and Summary of Significant Accounting Policies – continued

##### Allowance for Credit Losses – Held to Maturity Securities

The allowance for credit losses on held-to-maturity securities is a contra-asset valuation account, calculated in accordance with ASC 326, that is deducted from the amortized cost basis of held-to-maturity securities to present management's best estimate of the net amount expected to be collected. Held-to-maturity securities are charged-off against the allowance when deemed uncollectible by management. Adjustments to the allowance are reported in the income statement as a component of credit loss expense. Management measures expected credit losses on held-to-maturity securities on a collective basis by major security type with each type sharing similar risk characteristics and considers historical credit loss information that is adjusted for current conditions and reasonable and supportable forecasts. Management has made the accounting policy election to exclude accrued interest receivable on held-to-maturity securities from the estimate of credit losses.

With regard to securities issued by States and political subdivisions, management considers (i) historical loss rates for given bond municipalities, (ii) whether issuers continue to make timely principal and interest payments under the contractual terms of the securities, (iii) internal forecasts and (iv) whether or not such securities are guaranteed by the Texas Permanent School Fund (PSF) or pre-refunded by the issuers.

Securities classified as held-to-maturity had a book value of \$11,120 and \$11,779 or 4% and 4% of the total portfolio as of December 31, 2024 and 2023, respectively. All were Texas Municipals with the majority comprising local municipalities in Hondo (City of Hondo and Hondo Economic Development).

Historical loss rates associated with Texas Municipals similar to those in the held-to-maturity portfolio have generally not been significant. Furthermore, as of December 31, 2024 and December 31, 2023, there were no past due principal or interest payments associated with these securities. Accordingly, no allowance for credit losses has been recorded for securities classified as held-to-maturity as there were no current expectation of credit losses related to these securities.

##### Allowance for Credit Losses – Loans

The allowance for credit losses on loans is a valuation account, calculated in accordance with ASC 326, that is deducted from the amortized cost basis of loans to present management's best estimate of the net amount expected to be collected. Loans are fully or partially charged-off against the allowance when deemed uncollectible by management. Expected recoveries do not exceed the aggregate of amounts previously charged-off and expected to be charged-off. Adjustments to the allowance are reported in the statement of income as a component of credit loss expense. Management has made the accounting policy election to exclude accrued interest receivable on loans from the estimate of credit losses. Further information regarding our policies and methodology used to estimate the allowance for credit losses on loans is presented in Note 3 – Loans.

## TXN BANCSHARES, INC. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements (*continued*)

(Dollar amounts in thousands)

#### 1. Nature of Operations and Summary of Significant Accounting Policies – continued

On January 1, 2023 the Company adopted the provisions of ASC 326 using the modified retrospective method for all financial assets measured at amortized cost and off-balance-sheet credit exposures. Based on the calculation of the allowance for credit losses at January 1, 2023, no additional adjustment was required to adopt ASC 326. Operating results for periods after January 1, 2023 are presented in accordance with ASC 326.

##### Allowance for Credit Losses on Off-Balance Sheet Credit Exposures

The Company estimates expected credit losses over the contractual period in which the Company is exposed to credit risk via a contractual obligation to extend credit, unless that obligation is unconditionally cancellable by the Company. The allowance for credit losses on off-balance sheet credit exposures is adjusted through credit loss expense. The estimate includes consideration of the likelihood that funding will occur and an estimate of expected credit losses on commitments expected to be funded over its estimated life. Management has estimated an expected loss of \$363 and \$447 as of December 31, 2024 and 2023, respectively, and is included in other liabilities.

##### Transfers of Financial Assets

Transfers of financial assets are accounted for as sales when control over the assets has been relinquished. Control over transferred assets is deemed to be relinquished when the assets have been legally isolated from the Company, the transferee obtains the right (free of conditions that constrain it from taking advantage of that right) to pledge or exchange the transferred assets, and the Company does not maintain effective control over the transferred assets.

##### Financial Instruments

In the ordinary course of business, the Company has entered into commitments to extend credit, including commercial letters of credit and standby letters of credit. Such financial instruments are recorded when they are funded.

##### Premises and Equipment

Land is carried at cost. Buildings and equipment are carried at cost, less accumulated depreciation computed on the straight-line method over the estimated useful lives of the assets.

Buildings and improvements	5-40 years
Furniture and equipment	3-10 years

When an asset is sold, retired, or otherwise disposed of, cost and related accumulated depreciation are removed from the accounts and any resulting gain or loss is included in current operations. Repairs and maintenance are charged to expense as incurred and expenditures for renewals and betterments are capitalized.

## TXN BANCSHARES, INC. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements (*continued*)

(Dollar amounts in thousands)

#### 1. Nature of Operations and Summary of Significant Accounting Policies – continued

##### Other Real Estate Owned

Assets acquired through foreclosure are initially recorded at fair value less estimated selling costs at the date of foreclosure. All write-downs based on the asset's fair value at the date of acquisition are charged to the allowance for credit losses. After foreclosure, property held-for-sale is carried at the lower of the new cost basis or fair value less costs to sell and depreciation is not recorded. Impairment losses on property to be held and used are measured as the amount by which the carrying amount of a property exceeds its fair value and depreciated based on the remaining useful life. Costs of significant property improvements are capitalized, whereas costs relating to holding property are expensed. Valuations are periodically performed by management, and any subsequent write-downs are recorded as a charge to operations, if necessary, to reduce the carrying value of a property to the lower of its cost or fair value less costs to sell.

##### Cash Surrender Value of Life Insurance

The Company has purchased life insurance policies on certain officers. Life insurance policies are initially recorded at cost at the date of purchase. Subsequent to purchase, the policies are periodically adjusted for changes in the contract value. The adjustment to contract value increases or decreases the carrying value of the policies and is recorded as income or expense on the consolidated statements of income.

##### Goodwill

Goodwill arises from business combinations and is generally determined as the excess of the fair value of the consideration transferred, plus the fair value of any non-controlling interests in the acquiree, over the fair value of the net assets acquired and liabilities assumed as of the acquisition date. A bargain purchase occurs when consideration is less than the fair value of net assets. Goodwill acquired in a purchase business combination and determined to have an indefinite useful life are not amortized but tested for impairment at least annually or more frequently if events and circumstances indicate that a goodwill impairment test should be performed. The Company does not believe goodwill to be impaired as of December 31, 2024 and 2023.

##### Restricted Stock

Federal Home Loan Bank ("FHLB") Stock – The Company is a member of the FHLB system. Members are required to own a certain amount of stock based on the level of borrowings and other factors and may invest in additional amounts. FHLB stock is carried at cost, classified as a restricted security, and periodically evaluated for impairment based on ultimate recovery of par value. Both cash and stock dividends are reported as income. FHLB stock had a carrying value of \$1,932 and \$1,831 as of December 31, 2024 and 2023, respectively.

Federal Reserve Bank ("FRB") Stock – The Company is a member of its regional Federal Reserve Bank. FRB stock is carried at cost, classified as a restricted security, and periodically evaluated for impairment based on ultimate recovery of par value. Both cash and stock dividends are reported as income. FRB stock had a carrying value of \$1,024 and \$633 as of December 31, 2024 and 2023, respectively.

## TXN BANCSHARES, INC. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements (*continued*)

(Dollar amounts in thousands)

#### 1. Nature of Operations and Summary of Significant Accounting Policies – continued

The Independent Bankers ("TIB") Capital Fund Stock – The Company is a member of the TIB system. TIB stock is carried at cost, classified as a restricted security, and periodically evaluated for impairment based on ultimate recovery of par value. Both cash and stock dividends are reported as income. TIB stock had a carrying value of \$267 and \$267 as of December 31, 2024 and 2023, respectively.

##### Income Taxes

The Company and its principal subsidiary, TXN Bank will file a consolidated corporate federal income tax return. The Company elected to be taxed as a Sub-Chapter S Corporation under the Internal Revenue Code, effective January 1, 2010. Under those provisions, the Company's income, deductions, losses, and credits flow directly to the shareholders. The Company does pay franchise taxes which are considered state income taxes on the consolidated statements of income.

The Company is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. The Company's management believes it is no longer subject to income tax examinations for years prior to 2021.

The Company pays Texas Franchise Taxes which are considered state income taxes under GAAP. These are separately stated on the consolidated statements of income.

##### Retirement Plans

Employee 401(k) and profit-sharing plan expense is the amount of employer contributions.

##### Loss Contingencies

Loss contingencies, including claims and legal actions arising in the ordinary course of business, are recorded as liabilities when the likelihood of loss is probable, and an amount or range of loss can be reasonably estimated. Management does not believe there now are such matters that will have a material effect on the financial statements.

##### Comprehensive Income

Components of comprehensive income are net income and all other non-owner changes in equity. The only component of other comprehensive income consists of net unrealized holding gains and losses on available-for-sale securities.

##### Treasury Stock

Common stock shares repurchased are recorded as treasury stock at cost. At the date of subsequent reissue, treasury stock is reduced by the cost of such stock based on the first-in-first-out method with any excess proceeds credited to additional paid-in capital.

**TXN BANCSHARES, INC. AND SUBSIDIARIES**

**Notes to the Consolidated Financial Statements (*continued*)**

**(Dollar amounts in thousands)**

**1. Nature of Operations and Summary of Significant Accounting Policies – continued**

Consolidated Statements of Cash Flows

Supplemental disclosure of cash flow information for years ended December 31:

	<u>2024</u>	<u>2023</u>
Paid interest on deposits	\$ 11,280	\$ 8,601
Paid interest on borrowings	\$ 3,107	\$ 1,965
Cash paid for taxes	\$ 17	\$ 5

Supplemental disclosure of non-cash transactions for years ended December 31:

	<u>2024</u>	<u>2023</u>
Loan balances transferred to other real estate	\$ 120	\$ -

**2. Investment Securities**

The following tables summarize the amortized cost and market value of securities available-for-sale and securities held-to-maturity at December 31, 2024 and 2023 and the corresponding amounts of gross unrealized gains and losses recognized in accumulated other comprehensive income (loss).

**TXN BANCSHARES, INC. AND SUBSIDIARIES**

**Notes to the Consolidated Financial Statements (continued)**

**(Dollar amounts in thousands)**

Investment securities **available-for-sale** consisted of the following:

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Market Value
<b>December 31, 2024</b>				
Mortgage-backed securities	\$ 109,957	\$ -	\$ 14,945	\$ 95,012
Corporate bonds	5,002	-	860	4,142
U.S. agency securities	3,439	-	293	3,146
State and political subdivisions	<u>124,019</u>	<u>2</u>	<u>13,973</u>	<u>110,048</u>
Total	<u>\$ 242,417</u>	<u>\$ 2</u>	<u>\$ 30,071</u>	<u>\$ 212,348</u>
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Market Value
<b>December 31, 2023</b>				
Mortgage-backed securities	\$ 120,298	\$ -	\$ 14,335	\$ 105,963
Corporate bonds	5,003	-	966	4,037
U.S. agency securities	3,420	-	340	3,080
State and political subdivisions	<u>128,242</u>	<u>2</u>	<u>11,947</u>	<u>116,297</u>
Total	<u>\$ 256,963</u>	<u>\$ 2</u>	<u>\$ 27,588</u>	<u>\$ 229,377</u>

**2. Investment Securities – continued**

Investment securities **held-to-maturity** consisted of the following:

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Market Value
<b>December 31, 2024</b>				
State and political subdivisions	\$ 11,120	\$ -	\$ -	\$ 11,120
Total	<u>\$ 11,120</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,120</u>
<b>December 31, 2023</b>				
State and political subdivisions	\$ 11,779	\$ -	\$ -	\$ 11,779
Total	<u>\$ 11,779</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,779</u>

The proceeds from the sales of securities and the associated gains and losses are listed below:

**TXN BANCSHARES, INC. AND SUBSIDIARIES**

**Notes to the Consolidated Financial Statements (continued)**

**(Dollar amounts in thousands)**

	<u>2024</u>	<u>2023</u>
Sale proceeds from sale of available-for-sale securities	\$ -	\$ 24,358
Gross gains on sale of available-for-sale securities	\$ -	\$ 165
Gross losses on sale of available-for-sale securities	\$ -	\$ 146

The amortized cost and estimated market value of securities at December 31, 2024, by contractual maturities, are shown below. Expected maturities may differ from contractual maturities if borrowers have the right to call or prepay obligations with or without call or prepayment penalties.

Investment securities **available-for-sale**:

	<u>Amortized Cost</u>	<u>Estimated Market Value</u>
Due in one year or less	\$ 3,804	\$ 3,781
Due in one to five years	18,296	17,401
Due in five to ten years	54,384	48,524
Due in over ten years or more	<u>55,976</u>	<u>47,630</u>
	132,460	117,336
Mortgage-backed securities	<u>109,957</u>	<u>95,012</u>
Total	<u>\$ 242,417</u>	<u>\$ 212,348</u>

**2. Investment Securities – continued**

Investment securities **held-to-maturity**:

	<u>Amortized Cost</u>	<u>Estimated Market Value</u>
Due in one year or less	\$ 639	\$ 639
Due in one to five years	2,935	2,935
Due in five to ten years	2,528	2,528
Due in ten years or more	<u>5,018</u>	<u>5,018</u>
Total	<u>\$ 11,120</u>	<u>\$ 11,120</u>

Investment securities were pledged to secure public deposits and for other purposes as required or permitted by law with a carrying value of \$156,868 and \$112,207 at December 31, 2024 and 2023, respectively.

The following table shows investments gross unrealized losses and fair value, aggregated by investment category and length of time that individual securities have been in a continuous unrealized loss position, at December 31, 2024 and 2023.

**TXN BANCSHARES, INC. AND SUBSIDIARIES**

**Notes to the Consolidated Financial Statements (*continued*)**

**(Dollar amounts in thousands)**

**Available-for-sale**

	Less than 12 months		12 months or more		Total	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
<b>December 31, 2024</b>						
Mortgage-backed securities (107)	\$ 4,567	\$ 36	\$ 90,445	\$ 14,908	\$ 95,012	\$ 14,944
Corporate bonds (2)	-	-	4,142	860	4,142	860
U.S. agency securities (2)	-	-	3,146	293	3,146	293
State and political subdivisions (397)	<u>1,442</u>	<u>108</u>	<u>97,292</u>	<u>13,864</u>	<u>98,734</u>	<u>13,972</u>
Total	<u><u>\$ 6,009</u></u>	<u><u>\$ 144</u></u>	<u><u>\$ 195,025</u></u>	<u><u>\$ 29,925</u></u>	<u><u>\$ 201,034</u></u>	<u><u>\$ 30,069</u></u>
<b>December 31, 2023</b>						
Mortgage-backed securities (105)	\$ -	\$ -	\$ 105,963	\$ 14,334	\$ 105,963	\$ 14,334
Corporate bonds (2)	-	-	4,037	966	4,037	966
U.S. agency securities (2)	-	-	3,079	340	3,079	340
State and political subdivisions (246)	<u>507</u>	<u>18</u>	<u>102,000</u>	<u>11,928</u>	<u>102,507</u>	<u>11,946</u>
Total	<u><u>\$ 507</u></u>	<u><u>\$ 18</u></u>	<u><u>\$ 215,079</u></u>	<u><u>\$ 27,568</u></u>	<u><u>\$ 215,586</u></u>	<u><u>\$ 27,586</u></u>

**TXN BANCSHARES, INC. AND SUBSIDIARIES**

**Notes to the Consolidated Financial Statements (*continued*)**

**(Dollar amounts in thousands)**

**2. Investment Securities – continued**

The securities in an unrealized loss position at December 31, 2024 and 2023 did not need an allowance for credit loss due to the current interest rate environment and not increased credit risk. As of December 31, 2024 and 2023, the securities in an unrealized loss position consisted of 508 and 355 securities, respectively.

The Company monitors the credit quality of the available-for-sale debt securities through the use of credit ratings. The Company monitors the credit ratings on a quarterly basis. The following table summarizes the market value of available-for-sale debt securities at December 31, 2024, aggregated by credit quality indicators.

Rating	Available-for-Sale Market Value
AAA	\$ 44,855
AA+	87,852
AA-	6,018
AA	31,178
A+	4,572
A	4,784
A-	2,080
BBB	-
BBB-	393
NR	30,616
Total	<u>\$ 212,348</u>

Unrealized Losses

The unrealized losses on the Company's investments were caused by interest rate changes. The Company purchased some of these investments at a premium relative to their face amount. At December 31, 2024, the outstanding premium related to investments in a loss position are as follows:

	Premium
Mortgage-backed securities	\$ 2,552
Corporate Securities	\$ 8
Agencies	\$ 20

**TXN BANCSHARES, INC. AND SUBSIDIARIES**

**Notes to the Consolidated Financial Statements (continued)**

**(Dollar amounts in thousands)**

**3. Loans**

Loans consisted of the following at December 31,	<u>2024</u>	<u>2023</u>
Commercial	\$ 30,735	\$ 36,531
Real estate	241,779	219,037
Agriculture	25,685	29,605
Consumer and other	16,211	16,169
Total loans	<u>314,410</u>	<u>301,342</u>
Less: Discount on purchased loans	-	(139)
Less: Unearned loan fees	(542)	(478)
Less: Allowance for credit losses	<u>(4,074)</u>	<u>(4,049)</u>
Total loans, net	<u>\$ 309,794</u>	<u>\$ 296,676</u>

Loan Origination/Risk Management

The Company has certain lending policies and procedures in place that are designed to maximize loan income within an acceptable level of risk. Management reviews and approves these policies and procedures on an annual basis. A reporting system supplements the review process by providing management with frequent reports related to loan production, loan quality, concentrations of credit, loan delinquencies, and non-performing and potential problem loans.

Commercial loans are underwritten by evaluating and understanding the borrower's ability to repay the loan through operating profitably and effectively growing its business. The Company's management examines current and projected cash flows to determine the ability of the borrower to repay their obligations as agreed. Commercial loans are primarily made based on the credit quality and global cash flows of the borrower and secondarily on the underlying collateral provided by the borrower.

The cash flows of borrowers, however, may not be as expected and the collateral securing these loans may also fluctuate in value. Most commercial loans are secured by the assets being financed or other business assets such as accounts receivable or inventory and may incorporate a personal guarantee to add strength to the credit and reduce the risk on a transaction to an acceptable level; however, some short-term loans may be made on an unsecured basis to the most credit worthy borrowers. In the case of loans secured by accounts receivable, the availability of funds for the repayment of these loans may be substantially dependent on the ability of the borrower to collect amounts due from its customers. Due to the nature of accounts receivable and inventory secured loans, the Company closely monitors credit availability and collateral through the use of various tools, including but not limited to borrowing-base formulas, periodic accounts receivable aging, periodic inventory audits, and/or collateral inspections.

## TXN BANCSHARES, INC. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements (*continued*)

(Dollar amounts in thousands)

#### 3. Loans – continued

Commercial real estate loans are subject to underwriting standards and processes similar to commercial loans. Commercial real estate lending typically involves higher loan principal amounts and the repayment of these loans is generally largely dependent on the successful operation of the property securing the loan or the business conducted on the property securing the loan. Commercial real estate loans may be more adversely affected by conditions in the real estate markets or in the general economy. Management monitors and evaluates commercial real estate loans based on collateral and risk grade criteria. As a general rule, the Company avoids financing special use projects unless strong secondary support is present to help mitigate risk.

With respect to loans to developers and builders, the Company generally requires the borrower to have a proven record of success and an expertise in the building industry. Construction loans are underwritten utilizing feasibility studies, independent appraisal reviews, sensitivity analysis of absorption and lease rates and financial analysis of the developers and property owners. Construction loans are generally based upon estimates of costs and value associated with the completed project. These estimates may be inaccurate.

Construction loans often involve the disbursement of substantial funds with repayment substantially dependent on the success of the ultimate project. Sources of repayment for these types of loans may be pre-committed permanent loans from approved long-term lenders, sales of developed property, or an interim loan commitment from the Company until permanent financing is obtained. These loans are closely monitored by on-site inspections and are considered to have higher risks than other real estate loans due to their ultimate repayment being sensitive to interest rate changes, governmental regulation of real property, general economic conditions and the availability of long-term financing.

Consumer real estate loans are guided by the underwriting standards developed by the Federal National Mortgage Association for prime mortgages. These standards place a premium on the borrower's current ability to service debt and a proven track record of servicing debt in the past. The Company's policies and procedures discourage the underwriting of sub-prime mortgages. The Company periodically monitors its loans for deterioration in the borrower's financial strength and deterioration in property values.

The Company's non-real estate consumer loans are based on the borrower's proven earning capacity over the term of the loan. The Company monitors payment performance periodically for consumer loans to identify any deterioration in the borrower's financial strength. To monitor and manage consumer loan risk, policies and procedures are developed and modified, as needed, jointly by management and staff. This activity, coupled with a relatively small volume of consumer loans, minimizes risk.

Agricultural loans are made to sound and prudent farmers and ranchers within the Company's market area even though agriculture may be an unstable industry. In order to minimize risk, sound lending policies are extremely important, taking into consideration not only the value of collateral offered but also the performance history and anticipated cash flow from a given farming or ranching operation. All agricultural loan applications require a cash flow projection for the coming farming season, and the projection must show a margin between income and expense that is sufficient to repay the loan from normal farm operations. All agriculture loans will be supported by a perfected first security interest position in the products being produced.

**TXN BANCSHARES, INC. AND SUBSIDIARIES**

**Notes to the Consolidated Financial Statements (*continued*)**

**(Dollar amounts in thousands)**

**3. Loans – continued**

The Company engages an external consulting firm to complete an independent loan review that reviews and validates the credit risk program on a periodic basis. Results of these reviews are presented to management and the Board of Directors. The loan review process complements and reinforces the risk ratings and credit quality assessment decisions made by lenders and credit personnel, as well as the Company's policies and procedures.

In the ordinary course of business, the Company makes loans to executive officers and directors. These loans are made on substantially the same terms, including interest and collateral, as those prevailing at the time for comparable transactions with other customers. Loans to these related parties, including companies in which they are principal owners were \$14,598 and \$16,007 as of December 31, 2024 and 2023, respectively.

An age analysis of past due loans, segregated by class of loans, as of December 31, 2024 and 2023, were as follows:

	30-89 Days Past Due	Greater Than 90 Days	Total Past Due	Current	Total Loans	Recorded Investment > 90 Days and Still Accruing
<b>December 31, 2024</b>						
Commercial	\$ 494	\$ -	\$ 494	\$ 30,241	\$ 30,735	\$ -
Real estate	4,000	165	4,165	237,614	241,779	165
Agriculture	181	-	181	25,504	25,685	-
Consumer and other	222	-	222	15,989	16,211	-
Total	<u>\$ 4,897</u>	<u>\$ 165</u>	<u>\$ 5,062</u>	<u>\$ 309,348</u>	<u>\$ 314,410</u>	<u>\$ 165</u>
<b>December 31, 2023</b>						
Commercial	\$ 135	\$ -	\$ 135	\$ 36,396	\$ 36,531	\$ -
Real estate	2,172	290	2,462	216,575	219,037	290
Agriculture	13	-	13	29,592	29,605	-
Consumer and other	143	-	143	16,026	16,169	-
Total	<u>\$ 2,463</u>	<u>\$ 290</u>	<u>\$ 2,753</u>	<u>\$ 298,589</u>	<u>\$ 301,342</u>	<u>\$ 290</u>

**TXN BANCSHARES, INC. AND SUBSIDIARIES**

**Notes to the Consolidated Financial Statements (*continued*)**

**(Dollar amounts in thousands)**

**3. Loans – continued**

The following table details nonaccrual loans by segment for the years ended December 31:

	Non-accrual with no Allowance	Non-accrual with Allowance
<b>December 31, 2024</b>		
Commercial	\$ 21	\$ -
Real estate	\$ 1,464	\$ -
Agriculture	\$ -	\$ -
Consumer and other	\$ -	\$ -
 December 31, 2023		
Commercial	\$ 223	\$ -
Real estate	\$ 231	\$ -
Agriculture	\$ -	\$ -
Consumer and other	\$ -	\$ 16

There was no material effect of not recognizing interest income on nonaccrual loans in accordance with the original terms during the years ended December 31, 2024 and 2023.

Credit Quality Indicators

As part of the on-going monitoring of the credit quality of the Company's loan portfolio, the Company utilizes a risk grading system to assign a risk grade to each of its loans. Accurate and timely credit grading is a primary component of an effective loan review system. Loans are risk rated on a scale of 1 to 9. A description of the general characteristics of the 9 risk ratings are as follows:

**Risk Rating 1 – PASS** – Risk rating 1 includes any loan that is fully secured by TXN CD Deposits, U.S. Government agencies and any publicly traded stock that is properly margined.

**Risk Rating 2 – PASS** – Risk rating 2 includes borrowers that have above average credit standards based on leverage, liquidity and debt service coverage ratios and having excellent management in critical areas. Overall financial ratios are considered acceptable. Borrowers in this category should be fairly well capitalized and have a history of positive financial results. This category would also include well-secured real estate construction loans.

**Risk Rating 3 – PASS** – Risk rating 3 includes borrowers that have average leverage, liquidity and debt service coverage ratios and management that may be relatively inexperienced or untested. Overall financial ratios are considered acceptable. Borrowers in this category should be fairly well capitalized and have a history of positive financial results. This category would also include well-secured real estate construction loans.

## TXN BANCSHARES, INC. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements (*continued*)

(Dollar amounts in thousands)

#### 3. Loans – continued

**Risk Rating 4 – PASS WATCH** – Risk rating 4 includes borrowers that have average leverage, liquidity and debt service coverage ratios and management that may be relatively inexperienced or untested. Overall financial ratios may not be as solid on an historical basis or may compare less favorably with industry standards but are still considered acceptable. Borrowers in this category should be fairly well capitalized and have a history of positive financial results. This category would also include well-secured real estate construction loans.

**Risk Rating 5 – Special Mention** – Risk rating 5 includes borrowers that exhibit potential weaknesses/early warning signals that deserve close attention by the Bank. If left uncorrected, these potential weaknesses may result in the entity being unable to meet its financial obligations at some future date. Characteristics of loans within this risk rating include but are not limited to very high and deteriorating leverage, uncertainty regarding future cash flow coverage / liquidity, questionable management, consistently late or inaccurate provision of required financial information or early material negative trend in profitability/losses.

**Risk Rating 6 – Substandard, Accrual** – Risk rating 6 includes borrowers that exhibit well-defined weaknesses, are classified substandard. A substandard credit is inadequately protected by the current sound worthiness and paying capacity of the obligor or of the collateral pledged, if any. Loans so classified must have a well-defined weakness or weaknesses that jeopardize the liquidation of the debt. Potential, but unrealized, weaknesses are not sufficient cause for a Substandard classification. Loans in this category are characterized by one or more of the following: adverse trends and/or weakened financial conditions, insufficient cash flow and or working capital without adequate secondary sources of repayment, significant underwriting deficiencies and or collateral imperfections. These credits are characterized by the distinct possibility that the Bank will sustain some loss if deficiencies are not corrected.

**Risk Rating 7 – Substandard, Non-Accrual** – Risk rating 7 includes borrowers that bear all of the characteristics of those in the “6” Substandard/Accrual category with the added characteristic of meeting the criteria for being placed on a non-accrual status: the loan or extension of credit is 90 or more days past due; it becomes evident that the borrower cannot or will not make payments or meet the terms for the renewal of a matured loan; anytime full repayment of principal and interest is not expected; and/or the borrower has filed bankruptcy and an approved plan of reorganization or liquidation of collateral is not anticipated to occur in the immediate future; or when foreclosure is initiated.

**Risk Rating 8 – Doubtful (Non-Accrual)** – Risk rating 8 includes borrowers that have all the weaknesses inherent in a substandard classification with the added factor that the weaknesses are pronounced to the point where, based on current facts, conditions and values, collection or liquidation in full is highly questionable or improbable. While the possibility of loss is extremely high, the existence of specific pending factors, which may work to the obligor’s advantage, warrants that the estimated loss be deferred until a more exact status is determined.

TXN BANCSHARES, INC. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements (*continued*)

(Dollar amounts in thousands)

3. Loans – continued

**Risk Rating 9 – Loss** – Risk rating 9 would include loans to borrowers that are considered uncollectible and of such little value that its continuance as an active asset of the Bank is not warranted. This classification does not mean that an asset has absolutely no recovery or salvage value, but simply that it is not practical or desirable to defer writing off all (or sometimes a portion) of a basically worthless asset, even though partial recovery may be affected in the future. Losses should be taken in the period in which they surface as uncollectible.

	Commercial	Real Estate	Agricultural	Consumer and other	Total
December 31, 2024					
<u>Credit Risk Profile by Internally Assigned Grade</u>					
Grade:					
Pass - Risk ratings 1-3	\$ 29,202	\$ 239,521	\$ 22,697	\$ 16,211	\$ 307,631
Pass/Watch - Risk rating 4	1,491	1,346	2,850	-	5,687
Special mention - Risk rating 5	-	-	-	-	-
Substandard - Risk ratings 6-7	42	912	138	-	1,092
Doubtful - Risk rating 8	-	-	-	-	-
Loss - Risk rating 9	-	-	-	-	-
Total	<u>\$ 30,735</u>	<u>\$ 241,779</u>	<u>\$ 25,685</u>	<u>\$ 16,211</u>	<u>\$ 314,410</u>

Credit Risk Profile Based on Payment Activity

Performing	\$ 30,714	\$ 240,315	\$ 25,685	\$ 16,211	\$ 312,925
Nonperforming	21	1,464	-	-	1,485
Total	<u>\$ 30,735</u>	<u>\$ 241,779</u>	<u>\$ 25,685</u>	<u>\$ 16,211</u>	<u>\$ 314,410</u>

	Commercial	Real Estate	Agricultural	Consumer and other	Total
December 31, 2023					
<u>Credit Risk Profile by Internally Assigned Grade</u>					
Grade:					
Pass - Risk ratings 1-3	\$ 36,245	\$ 217,366	\$ 29,479	\$ 16,153	\$ 299,243
Pass/Watch - Risk rating 4	-	250	-	-	250
Special mention - Risk rating 5	-	-	-	-	-
Substandard - Risk ratings 6-7	286	1,421	126	16	1,849
Doubtful - Risk rating 8	-	-	-	-	-
Loss - Risk rating 9	-	-	-	-	-
Total	<u>\$ 36,531</u>	<u>\$ 219,037</u>	<u>\$ 29,605</u>	<u>\$ 16,169</u>	<u>\$ 301,342</u>

Credit Risk Profile Based on Payment Activity

Performing	\$ 36,308	\$ 218,806	\$ 29,605	\$ 16,153	\$ 300,872
Nonperforming	223	231	-	16	470
Total	<u>\$ 36,531</u>	<u>\$ 219,037</u>	<u>\$ 29,605</u>	<u>\$ 16,169</u>	<u>\$ 301,342</u>

## TXN BANCSHARES, INC. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements (*continued*)

(Dollar amounts in thousands)

#### 3. Loans – continued

##### Allowance for Credit Losses

The allowance for credit losses on loans is a contra-asset valuation account, calculated in accordance with ASC 326, that is deducted from the amortized cost basis of loans to present the net amount expected to be collected. Loans are charged off against the allowance when management believes the loan balance will not be collected. Expected recoveries do not exceed the aggregate of amounts previously charged-off and expected to be charged-off.

Management estimates the allowance balance using relevant available information, from internal and external sources, relating to past events, current conditions, and reasonable and supportable forecasts. Historical credit loss experience provides the basis for the estimation of expected credit losses. Adjustments to historical loss information are made for differences in current loan-specific risk characteristics such as differences in underwriting standards, portfolio mix, delinquency level, or term as well as for changes in environmental conditions, such as changes in unemployment rates, property values or other relevant factors.

The allowance for credit losses – loans is measured on a collective (pool) basis when similar risk characteristics exist. Loans that do not share risk characteristics are evaluated on an individual basis and excluded from the collective evaluation. For modeling purposes, our loan pools are based on call report codes. The most significant pools include 1-4 family real estate, commercial and industrial, owner-occupied non-farm/non-residential real estate, construction and development, other non-farm-non-residential real estate, agricultural production and farmland loans. Management periodically reassesses each pool to ensure the loans within the pool continue to share similar characteristics and risk profiles and to determine whether further segmentation is necessary.

Common characteristics and risk profiles include the type/purpose of loan, underlying collateral, geographical similarity and historical/expected credit loss patterns. In developing these loan pools for the purposes of modeling expected credit losses, we also analyzed the degree of correlation in how loans within each portfolio respond when subjected to varying economic conditions and scenarios as well as other portfolio stress factors.

Expected credit losses are estimated over the average contractual term of each loan pool, adjusted for expected prepayments when appropriate. The contractual term excludes expected extensions, renewals, and modifications unless either of the following applies: management has a reasonable expectation at the reporting date that a modification will be executed with an individual borrower or the extension or renewal options are included in the original or modified contract at the reporting date and are not unconditionally cancellable by the Company. When management determines foreclosure is probable or is deemed to be collateral dependent, expected credit losses are based on the fair value of the collateral at the reporting date, adjusted for selling costs as appropriate. A loan is collateral dependent when, based upon management's assessment, the borrower is experiencing financial difficulty and repayment is expected to be provided substantially through the operation or sale of the collateral. As of December 31, 2023 and 2024, the Company did not have any collateral dependent loans.

Management qualitatively adjusts model results for risk factors that are not considered within our modeling processes but are nonetheless relevant in assessing the expected credit losses within our loan pools.

**TXN BANCSHARES, INC. AND SUBSIDIARIES**

**Notes to the Consolidated Financial Statements (continued)**

**(Dollar amounts in thousands)**

**3. Loans – continued**

These qualitative factor (“Q-Factor”) adjustments may increase or decrease management’s estimate of expected credit losses by a calculated percentage or amount based upon the estimated level of risk. The various risks that may be considered in making Q-Factor adjustments include, among other things, the impact of (i) changes in lending policies and procedures, including changes in underwriting standards and practices for collections, write-offs, and recoveries, (ii) actual and expected changes in national and local economic and business conditions and developments that affect the collectability of the loan pools, (iii) changes in the nature and volume of the loan pools and in the terms of the underlying loans, (iv) changes in the experience, ability, and depth of our lending management and staff, (v) changes in volume and severity of past due financial assets, the volume of non-accrual assets, and the volume and severity of adversely classified or graded assets, (vi) changes in the quality of our credit review function, (vii) changes in the value of the underlying collateral for loans that are non-collateral dependent, (viii) the existence, growth, and effect of any concentrations of credit and (ix) other factors such as legal and competition.

The following table presents details of the allowance for credit losses on loans segregated by loan portfolio segment as of December 31, 2024 calculated in accordance with the CECL methodology described above.

	<u>Commercial</u>	<u>Real Estate</u>	<u>Agriculture</u>	<u>Consumer and other</u>	<u>Total</u>
<b>December 31, 2024</b>					
<b>Beginning balance</b>	\$ 553	\$ 3,053	\$ 323	\$ 120	\$ 4,049
<b>Losses charged to allowance</b>	(10)	-	-	(358)	(368)
<b>Recoveries credited to allowance</b>	37	-	-	133	170
<b>Provision</b>	(94)	73	(17)	261	223
<b>Balance, end of year</b>	<u>\$ 486</u>	<u>\$ 3,126</u>	<u>\$ 306</u>	<u>\$ 156</u>	<u>\$ 4,074</u>
	<u>Commercial</u>	<u>Real Estate</u>	<u>Agriculture</u>	<u>Consumer and other</u>	<u>Total</u>
<b>December 31, 2023</b>					
<b>Beginning balance</b>	\$ 680	\$ 2,967	\$ 313	\$ 168	\$ 4,128
<b>Losses charged to allowance</b>	(102)	-	(21)	(284)	(407)
<b>Recoveries credited to allowance</b>	16	-	21	78	115
<b>Provision</b>	(41)	86	10	158	213
<b>Balance, end of year</b>	<u>\$ 553</u>	<u>\$ 3,053</u>	<u>\$ 323</u>	<u>\$ 120</u>	<u>\$ 4,049</u>

**Modifications to Borrowers Experiencing Financial Difficulty**

From time to time, the Company may modify certain loans to borrowers who are experiencing financial difficulty. Loan modifications to borrowers experiencing financial difficulty may be in the form of a principal forgiveness, an interest rate reduction, an other-than-insignificant payment delay, or a term extension or a combination thereof, among other things. There were no modifications of loans to borrowers who were experiencing financial difficulty during the years ended December 31, 2024 and 2023.

**TXN BANCSHARES, INC. AND SUBSIDIARIES**

**Notes to the Consolidated Financial Statements (*continued*)**

**(Dollar amounts in thousands)**

**4. Premises and Equipment**

	<u>2024</u>	<u>2023</u>
Premises and Equipment consisted of the following at December 31,		
Land	\$ 5,686	\$ 4,570
Buildings and improvements	22,607	5,879
Furniture and equipment	5,032	2,137
Construction in process	400	18,716
Total premises and equipment	33,725	31,302
Less: Accumulated depreciation	(4,079)	(2,817)
Total premises and equipment, net	<u>\$ 29,646</u>	<u>\$ 28,485</u>

	<u>2024</u>	<u>2023</u>
Depreciation expense	\$ 1,262	\$ 502
Proceeds from sale of bank premises and equipment	\$ -	\$ 390
Net gain	\$ -	\$ 69

**5. Other Real Estate Owned**

Transactions in other real estate owned for the years ended December 31, are summarized as follows:

	<u>2024</u>	<u>2023</u>
Balance at beginning of year	\$ 800	\$ -
Foreclosures	-	2,100
Additions to property	120	-
Sales	-	(1,300)
Balance at end of year	<u>\$ 920</u>	<u>\$ 800</u>

In 2024, the Company had no sales of property. In 2023, the Company sold property for \$1,300, which resulted in no gain or loss.

**TXN BANCSHARES, INC. AND SUBSIDIARIES**

**Notes to the Consolidated Financial Statements (continued)**

(Dollar amounts in thousands)

**6. Deposits**

Deposits consisted of the following at December 31,	<u>2024</u>	<u>2023</u>
Non-interest bearing:		
Demand accounts	\$ <u>150,395</u>	\$ <u>163,274</u>
Interest bearing:		
NOW accounts	13,913	1,308
Money market accounts	175,542	187,766
Savings accounts	76,462	47,052
Certificates of deposit	<u>143,861</u>	<u>150,949</u>
	<u>409,778</u>	<u>387,075</u>
Total	<u>\$ 560,173</u>	<u>\$ 550,349</u>

Schedule of maturities of certificates of deposits were as follows at December 31, 2024:

2025	\$ 132,277
2026	8,997
2027	1,046
2028	712
2029	<u>829</u>
Total	<u>\$ 143,861</u>

	<u>2024</u>	<u>2023</u>
Related party deposits (executive officers and directors)	\$ 17,875	\$ 22,027
Certificates of deposit \$250,000 or greater	\$ 51,220	\$ 66,111

**7. Borrowings**

Note Payable

The Company has a note payable to an unrelated financial institution acquired with the merger in 2021 with a principal balance of \$5,450 and \$6,095 as of December 31, 2024 and 2023, respectively. The note is secured by the common stock of TXN and carries a variable interest rate based on the Wall Street Journal Prime Rate less 0.25%. Interest only payments were required until May 2022, when monthly principal and interest payments became due until maturity in April 2028. At December 31, 2024 and 2023, the Company was not in compliance with their return on asset debt covenant ratios. Subsequent to December 31, 2024 and 2023, the Company received a covenant waiver from the lender.

**TXN BANCSHARES, INC. AND SUBSIDIARIES**

**Notes to the Consolidated Financial Statements (*continued*)**

**(Dollar amounts in thousands)**

**7. Borrowings – continued**

At December 31, 2024, future scheduled principal payments on the note payable are as follows:

2025	\$	1,501
2026		1,617
2027		1,740
2028		592
		<hr/>
Total note payable	\$	<u><u>5,450</u></u>

Advances from the Federal Reserve Bank

At December 31, 2024, the Company has outstanding advances from the Federal Reserve Bank, through the Discount Window Program, of \$15,000 that matures on March 20, 2025, which has an interest rate of 4.50% and is due at maturity. The Company is eligible to borrow up to \$23,575 as of December 31, 2024.

At December 31, 2023, the Company had outstanding advances from the Federal Reserve Bank, through the Bank Term Funding Program, of \$45,000 that matured on December 27, 2024, which had an interest rate of 4.85% and was due at maturity. The Company was eligible to borrow up to \$48,571 as of December 31, 2023.

Advances from the Federal Home Loan Bank

TXN Bank has advances of \$2,062 and \$2,205 outstanding, inclusive of net premium on purchase of \$82 and \$148, for total outstanding of \$2,144 and \$2,353 as of December 31, 2024 and 2023, respectively. The interest rates on the fixed rate, long-term debt ranged from 3.257% to 3.427%, with monthly payments for all advances totaling \$18. The weighted average rate at December 31, 2024 and 2023 was 3.298%. The advances were collateralized by first mortgage loans under a blanket lien agreement. Based on this collateral and the TXN's holdings of FHLB stock, TXN is eligible to borrow up to a total of \$129 million as of December 31, 2024.

At December 31, 2024, future scheduled principal payments on advances from Federal home Loan Bank are as follows:

2025	\$	148
2026		153
2027		158
2028		164
2029		169
Thereafter		1,270
		<hr/>
		2,062
Premium on purchase, net		82
		<hr/>
Total advances on Federal Home Loan Bank	\$	<u><u>2,144</u></u>

# TXN BANCSHARES, INC. AND SUBSIDIARIES

## Notes to the Consolidated Financial Statements (*continued*)

(Dollar amounts in thousands)

### 7. Borrowings – continued

#### Other Lines of Credit

The Company has federal funds lines of credit from Frost National Bank in the amount of \$10,000,000 with an expiration of May 23, 2025, and with TIB for \$2,000,000 with no expiration date. As of December 31, 2024 and 2023, the Company had no balance outstanding on these lines.

### 8. Employee Benefit Plan

The Company has a 401(k) retirement plan for all employees. The 401(k) Plan allows employees to contribute to the plan subject to Internal Revenue Code (“IRC”) limitations. As of 2024 and 2023, the Company contributed a matching amount up to 5% of each eligible employee’s compensation. The Company contributed matching contributions to the 401(k) plan as follows:

	<u>2024</u>	<u>2023</u>
Matching contributions	\$ 260	\$ 264

### 9. Financial Instruments With Off-Balance Sheet Risk and Concentrations of Credit Risk

In the normal course of business, the Company makes various commitments and incurs certain contingent liabilities that are not presented in the accompanying consolidated financial statements. The commitments and contingent liabilities include various guarantees, commitments to extend credit, and standby letters of credit.

The Company’s exposure to credit loss in the event of nonperformance by the other party to the financial instrument for commitments to extend credit and standby letters of credit is represented by the contractual amount of those instruments. The Company uses the same credit policies in making commitments and conditional obligations as it does for on-balance-sheet instruments. The Company does not anticipate any material losses as a result of the commitments.

	<u>2024</u>	<u>2023</u>
Unfunded loan commitments	\$ 35,983	\$ 38,572
Standby letters of credit	\$ 815	\$ 1,067

Commitments to extend credit are agreements to lend to a customer as long as there is no violation of any condition established in the contract. Commitments generally have fixed expiration dates or other termination clauses and may require payment of a fee. The Company evaluates each customer’s credit worthiness on a case-by-case basis. The amount and type of collateral obtained, if deemed necessary by the Company upon extension of credit, varies and is based on management’s credit evaluation of the counterparty.

Standby letters of credit are conditional commitments issued by the Company to guarantee the performance of a customer to a third party. Standby letters of credit generally have fixed expiration dates or other termination clauses and may require payment of a fee. The credit risk involved in issuing letters of credit is essentially the same as that involved in extending loan facilities to customers. The Company’s policy for obtaining collateral, and the nature of such collateral, is essentially the same as that involved in making commitments to extend credit.

## TXN BANCSHARES, INC. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements (*continued*)

(Dollar amounts in thousands)

#### 10. Regulatory Matters

##### Cash Reserve Requirements

The Company can be required to maintain average cash reserve balances with the Federal Reserve Bank or depository banks thereof. There is no balance required at December 31, 2024 and 2023.

##### Capital Requirements

Banks are subject to regulatory capital requirements administered by federal banking agencies. Capital adequacy guidelines and, additionally for banks, prompt corrective action regulations, involve quantitative measures of assets, liabilities, and certain off-balance sheet items calculated under regulatory accounting practices. Capital amounts and classifications are also subject to qualitative judgments by regulators. Failure to meet capital requirements can initiate regulatory action. The net unrealized gain or loss on available for sale securities is not included in computing regulatory capital. Management believes as of December 31, 2024, the Company meets all capital adequacy requirements to which they are subject.

Prompt corrective action regulations provide five classifications: well capitalized, adequately capitalized, undercapitalized, significantly undercapitalized, and critically undercapitalized, although these terms are not used to represent overall financial condition. If adequately capitalized, regulatory approval is required to accept brokered deposits. If undercapitalized, capital distributions are limited, as is asset growth and expansion, and capital restoration plans are required. As of December 31, 2024 and 2023, the most recent regulatory notifications categorized the Company as well capitalized under the regulatory framework for prompt corrective action. There are no conditions or events since that notification that management believes have changed the institution's category.

The following table presents actual and required capital ratios as of December 31, 2024 and 2023 for the Company under the Basel III Capital Rules. The minimum required capital amounts presented include the minimum required capital levels as of December 31, 2024 and 2023 based on the minimum requirements for capital adequacy purposes and the minimum requirements with the capital conservation buffer. Capital levels required to be considered well capitalized are based upon prompt corrective action regulations, as amended to reflect the changes under the Basel III Capital Rules.

**TXN BANCSHARES, INC. AND SUBSIDIARIES**

**Notes to the Consolidated Financial Statements (*continued*)**

**(Dollar amounts in thousands)**

**10. Regulatory Matters – continued**

	Actual		Minimum Capital Required - For Capital Adequacy Purposes		Minimum Capital Required - With Capital Conservation Buffer		Required to be Considered Well Capitalized	
	Amount	Ratio	Amount	Ratio	Amount	Ratio	Amount	Ratio
<b>As of December 31, 2024</b>								
Common Equity Tier I Capital (to Risk-Weighted Assets)	\$ 62,338	16.08%	\$ 17,447	4.50%	\$ 27,140	7.00%	\$ 25,201	6.50%
Tier I Capital (to Risk-Weighted Assets)	\$ 62,338	16.08%	\$ 23,263	6.00%	\$ 32,956	8.50%	\$ 31,017	8.00%
Total Capital (to Risk-Weighted Assets)	\$ 66,775	17.22%	\$ 31,017	8.00%	\$ 40,710	10.50%	\$ 38,771	10.00%
Tier I Capital (to Average Assets)	\$ 62,338	9.36%	\$ 26,638	4.00%	\$ 26,638	4.00%	\$ 33,298	5.00%
<b>As of December 31, 2023</b>								
Common Equity Tier I Capital (to Risk-Weighted Assets)	\$ 61,298	16.22%	\$ 17,006	4.50%	\$ 26,454	7.00%	\$ 24,565	6.50%
Tier I Capital (to Risk-Weighted Assets)	\$ 61,298	16.22%	\$ 22,675	6.00%	\$ 32,123	8.50%	\$ 30,233	8.00%
Total Capital (to Risk-Weighted Assets)	\$ 65,794	17.41%	\$ 30,233	8.00%	\$ 39,680	10.50%	\$ 37,791	10.00%
Tier I Capital (to Average Assets)	\$ 61,298	9.27%	\$ 26,450	4.00%	\$ 26,450	4.00%	\$ 33,063	5.00%

As of December 31, 2024, capital levels at the Company exceeds all capital adequacy requirements under the Basel III Capital Rules. Based on the ratios presented above, capital levels as of December 31, 2024, at the Company exceed the minimum levels necessary to be considered “well capitalized.”

**11. Restrictions on Dividends**

TXN Bank, as a State Member Bank, was subject to the dividend restrictions set forth by the Federal Reserve Bank. Under such restrictions, TXN Bank could not, without the prior approval of the Federal Reserve Bank, declare dividends in excess of the sum of the current year’s net income plus the retained net income (as defined in the regulations) from the prior two years.

# TXN BANCSHARES, INC. AND SUBSIDIARIES

## Notes to the Consolidated Financial Statements (*continued*)

(Dollar amounts in thousands)

### 12. Revenue From Contracts With Customers

All of the Company's revenue from contracts with customers in the scope of ASC 606 is recognized within Non-Interest Income. The following table presents the Company's sources of Non-Interest Income for the years ended December 31, 2024 and 2023. Items outside the scope of ASC 606 are noted as such. A description of the Company's revenue streams accounted for under ASC 606 follows:

	<u>2024</u>	<u>2023</u>
Service charges on deposit accounts	\$ 1,399	\$ 1,316
ATM and debit card service charges	1,723	1,587
Service fees	120	125
Investment brokerage fees	198	129
Gain (loss) on sale of available-for-sale securities*	-	19
Gain on sale of assets	-	112
Capital stock dividend*	193	136
Earnings on cash surrender value*	458	397
Other	<u>269</u>	<u>456</u>
Total non-interest income	<u>\$ 4,360</u>	<u>\$ 4,277</u>

\* - Not within scope of ASC 606

#### Service Charges on Deposit Accounts

The Company earns fees from its deposit customers for transaction-based, account maintenance, and overdraft services. Transaction-based fees, which include services such as, stop payment charges, statement rendering, NSF and returned check charges are recognized at the time the transaction is executed as that is the point in time the Company fulfills the customer's request. Account maintenance fees, which relate primarily to monthly maintenance, are earned over the course of a month, representing the period over which the Company satisfies the performance obligation. Overdraft fees are recognized at the point in time that the overdraft occurs. Service charges on deposits are withdrawn from the customer's account balance monthly or quarterly.

#### ATM and Debit Card Service Charges

The Company earns interchange fees from debit and credit cardholder transactions. Interchange fees from cardholder transactions represent a percentage of the underlying transaction value and are recognized daily, concurrently with the transaction processing services provided to the cardholder. The Company earns fees from the use of the Company's ATM's by non-customers and from replacement card fees. Additionally, the category includes credit card income which is related to transaction-based fees earned by the Company to process the credit card transactions at a customer's business, charged on a monthly basis.

#### Service Fees

The Company earns fees from its deposit and non-deposit customers for service-based fees. Service based fees such as cashier's checks, wire transfers, check cashing, safe deposit boxes, and check orders are recognized at the time the transaction is executed as that is the point in time the Company fulfills the customer's request.

## TXN BANCSHARES, INC. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements (*continued*)

(Dollar amounts in thousands)

#### 12. Revenue From Contracts With Customers – continued

##### Investment Brokerage Fees

The Company earns fees from investment brokerage services provided to its customers by a third-party service provider. The Company receives commissions from the third-party service providers on a monthly basis based upon customer activity for the month. The fees are recognized monthly. Because the Company (i) acts as an agent in arranging the relationship between the customer and the third-party service provider and (ii) does not control the services rendered to the customers, investment brokerage fees are presented net of related costs.

##### Other

This category includes immaterial balances that are recognized as point in time transactions.

##### Gain on Sale of Other Real Estate

The Company records a gain or loss from the sale of Other Real Estate Owned (“OREO”) when control of the property transfers to the buyer, which generally occurs at the time of an executed deed. When the Company finances the sale of OREO to the buyer, the Company assesses whether the buyer is committed to perform their obligations under the contract and whether collectability of the transaction price is probable. Once these criteria are met, the OREO asset is derecognized and the gain or loss on sale is recorded upon the transfer of control of the property to the buyer. In determining the gain or loss on the sale, the Company adjusts the transaction price and related gain (loss) on sale if a significant financial component is present.

##### Gain on Sale of Assets

The Company recognizes gains associated with the sale of assets at the time title is transferred to the purchaser.

#### 13. Fair Value Disclosures

The authoritative guidance on fair value measurements defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. A fair value measurement assumes that the transaction to sell the asset or transfer the liability occurs in the principal market for the asset or liability or, in the absence of a principal market, the most advantageous market for the asset or liability. The price in the principal (or most advantageous) market used to measure the fair value of the asset or liability shall not be adjusted for transaction costs. An orderly transaction is a transaction that assumes exposure to the market for a period prior to the measurement date to allow for marketing activities that are usual and customary for transactions involving such assets and liabilities; it is not a forced transaction. Market participants are buyers and sellers in the principal market that are (i) independent, (ii) knowledgeable, (iii) able to transact and (iv) willing to transact.

## TXN BANCSHARES, INC. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements (*continued*)

(Dollar amounts in thousands)

#### 13. Fair Value Disclosures – continued

The authoritative guidance on fair value measurements requires the use of valuation techniques that are consistent with the market approach, the income approach and/or the cost approach. The market approach uses prices and other relevant information generated by market transactions involving identical or comparable assets and liabilities. The income approach uses valuation techniques to convert future amounts, such as cash flows or earnings, to a single present amount on a discounted basis. The cost approach is based on the amount that currently would be required to replace the service capacity of an asset (replacement costs). Valuation techniques should be consistently applied. Inputs to valuation techniques refer to the assumptions that market participants would use in pricing the asset or liability. Inputs may be observable, meaning those that reflect the assumptions market participants would use in pricing the asset or liability developed based on market data obtained from independent sources, or unobservable, meaning those that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability developed based on the best information available in the circumstances.

In that regard, the guidance establishes a fair value hierarchy for valuation inputs that gives the highest priority to quoted prices in active markets for identical assets or liabilities and the lowest priority to unobservable inputs.

The fair value hierarchy is as follows:

**Level 1 Inputs** – Unadjusted quoted prices in active markets for identical assets or liabilities that the reporting entity can access at the measurement date.

**Level 2 Inputs** – Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. These include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability (for example, interest rates, volatilities, prepayment speeds, loss severities, credit risks and default rates) or inputs that are derived principally from or corroborated by observable market data by correlation or other means.

**Level 3 Inputs** – Significant unobservable inputs that reflect an entity's own assumptions that market participants would use in pricing the assets or liabilities.

In general, fair value is based upon quoted market prices, where available. If such quoted market prices are not available, fair value is based upon internally developed models that primarily use, as inputs, observable market-based parameters. Valuation adjustments may be made to ensure that financial instruments are recorded at fair value. While management believes the Company's valuation methodologies are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different estimate of fair value at the reporting date.

A description of the valuation methodologies used for assets and liabilities measured at fair value, as well as the general classification of such instruments pursuant to the valuation hierarchy, is set forth below. There have been no changes in the methodologies used at December 31, 2024.

**TXN BANCSHARES, INC. AND SUBSIDIARIES**

**Notes to the Consolidated Financial Statements (continued)**

(Dollar amounts in thousands)

**13. Fair Value Disclosures – continued**

**Financial Assets and Financial Liabilities**

Financial assets and financial liabilities measured at fair value on a recurring and nonrecurring basis include the following:

**Securities Available-for-Sale** – Securities classified as available-for-sale are reported at fair value utilizing Level 2 inputs. For these securities, the Company obtains fair value measurements from an independent pricing service. The fair value measurements consider observable data that may include dealer quotes, market spreads, cash flows, the U.S. Treasury yield curve, live trading levels, trade execution data, market consensus prepayment speeds, credit information and the bond's terms and conditions, among other things.

**Other Real Estate** – Certain foreclosed properties, upon initial recognition and subsequent remeasurement were valued and reported at fair value through charge-offs to the allowance for loan losses and write-downs included in current period earnings. The fair value of such other real estate owned, upon initial recognition and subsequent remeasurement, is estimated utilizing Level 3 inputs. In some cases, the properties for which appraised values have been obtained are located in areas where comparable sales data is limited, outdated, or unavailable. Fair value estimates for real estate held for sale are obtained from independent appraisers. See Note 5, for the activity that occurred in Other Real Estate for the years ended December 31, 2024 and 2023.

The following table summarizes financial assets and financial liabilities measured at fair value on a recurring basis, segregated by the level of the valuation inputs within the fair value hierarchy utilized to measure fair value:

	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs	Total Fair Value
<b>December 31, 2024</b>				
Securities available-for-sale	\$ -	\$ 212,348	\$ -	\$ 212,348
<b>December 31, 2023</b>				
Securities available-for-sale	\$ -	\$ 229,377	\$ -	\$ 229,377

Certain financial assets are measured at fair value on a non-recurring basis; that is, the instruments are not measured at fair value on an ongoing basis but are subject to fair value adjustments in certain circumstances (for example, when there is evidence of impairment). As of December 31 2024 and 2023, there were no financial assets measured at fair value on a non-recurring basis.

**TXN BANCSHARES, INC. AND SUBSIDIARIES**

**Notes to the Consolidated Financial Statements (*continued*)**

**(Dollar amounts in thousands)**

**13. Fair Value Disclosures – continued**

**Non-Financial Assets and Non-Financial Liabilities**

The following table summarizes non-financial assets and non-financial liabilities measured at fair value on a recurring and non-recurring basis, segregated by the level of the valuation inputs within the fair value hierarchy utilized to measure fair value:

	<u>Level 1 Inputs</u>	<u>Level 2 Inputs</u>	<u>Level 3 Inputs</u>	<u>Total Fair Value</u>
<b>December 31, 2024</b>				
Other real estate	\$ -	\$ -	\$ 920	\$ 920
<b>December 31, 2023</b>				
Other real estate	\$ -	\$ -	\$ 800	\$ 800

**14. Subsequent Events**

Management has evaluated subsequent events for recognition and disclosure through April 16, 2025, the date the consolidated financial statements were available to be issued.

**Change in Tax Status:** Effective January 1, 2025, the Company revoked its S-Corporation election and will be taxed as a C-Corporation for federal income tax purposes going forward. As this change occurred after year-end, the financial statements for the years ended December 31, 2024 and 2023 continue to reflect the Company's status as an S-Corporation.

## **SUPPLEMENTARY INFORMATION**

# TXN BANCSHARES, INC. AND SUBSIDIARIES

## CONSOLIDATING BALANCE SHEET (in thousands)

December 31, 2024

	TXN Bancshares, Inc.	TXN Bank	Eliminations	Consolidated Balance
<b>Assets</b>				
Cash and Cash Equivalents				
Cash and due from banks	\$ 164	\$ 12,377	\$ (164)	\$ 12,377
Interest-bearing deposits in other financial institutions	-	7,679	-	7,679
Total cash and cash equivalents	164	20,056	(164)	20,056
Securities available-for-sale, at estimated market value	-	212,348	-	212,348
Securities held-to-maturity, at cost	-	11,120	-	11,120
Loans, net	-	309,794	-	309,794
Investment in subsidiary	32,808	-	(32,808)	-
Premises and equipment, net	-	29,646	-	29,646
Accrued interest receivable	-	3,920	-	3,920
Other real estate owned, net	-	920	-	920
Cash surrender value of life insurance	-	16,194	-	16,194
Goodwill	-	120	-	120
Core deposit intangible	-	419	-	419
Restricted stock	-	3,223	-	3,223
Other assets	-	3,693	-	3,693
Total assets	\$ 32,972	\$ 611,453	\$ (32,972)	\$ 611,453
<b>Liabilities and Shareholders' Equity</b>				
Deposits:				
Non-interest bearing	\$ -	\$ 150,559	\$ (164)	\$ 150,395
Interest bearing	-	409,778	-	409,778
Total deposits	-	560,337	(164)	560,173
Note payable	5,450	-	-	5,450
Other borrowings, net	-	17,144	-	17,144
Accrued interest payable	-	296	-	296
Other liabilities	-	868	-	868
Total liabilities	5,450	578,645	(164)	583,931
Shareholders' Equity				
Common stock	1,351	2,000	(2,000)	1,351
Additional paid-in capital	22,190	32,120	(32,120)	22,190
Treasury stock (at cost)	(3,890)	-	-	(3,890)
Retained earnings	37,940	28,757	(28,757)	37,940
Accumulated other comprehensive loss	(30,069)	(30,069)	30,069	(30,069)
Total shareholders' equity	27,522	32,808	(32,808)	27,522
Total liabilities and shareholders' equity	\$ 32,972	\$ 611,453	\$ (32,972)	\$ 611,453

See accompanying Independent Accountants Report.

# TXN BANCSHARES, INC. AND SUBSIDIARIES

## CONSOLIDATING STATEMENT OF INCOME (in thousands)

December 31, 2024

	TXN Bancshares, Inc.	TXN Bank	Eliminations	Consolidated Income
<b>Interest Income</b>				
Loans, including fees	\$ -	\$ 21,213	\$ -	\$ 21,213
Investment securities:				
Taxable	-	2,614	-	2,614
Tax-exempt	-	2,383	-	2,383
Other	-	2,657	-	2,657
Total interest income	-	28,867	-	28,867
<b>Interest Expense</b>				
Deposits	-	11,228	-	11,228
Borrowings	463	2,583	-	3,046
Total interest expense	463	13,811	-	14,274
Net interest income	(463)	15,056	-	14,593
Provision for credit losses - loans	-	223	-	223
Provision for credit losses - unfunded commitments	-	(84)	-	(84)
Total provision for credit losses	-	139	-	139
Net interest income after provision for credit losses	(463)	14,917	-	14,454
<b>Non-Interest Income</b>				
Dividends from subsidiaries	2,650	-	(2,650)	-
Undistributed earnings of subsidiaries	973	-	(973)	-
Service charges on deposit accounts	-	1,399	-	1,399
ATM and debit card service charges	-	1,723	-	1,723
Service fees	-	120	-	120
Investment brokerage fees	-	198	-	198
Gain on sale of available-for-sale securities	-	-	-	-
Gain on sale of other real estate	-	-	-	-
Gain on sale of assets	-	-	-	-
Capital stock dividend	-	193	-	193
Earnings on cash surrender value insurance	-	458	-	458
Other	-	269	-	269
Total non-interest income	3,623	4,360	(3,623)	4,360
<b>Non-interest Expense</b>				
Salaries, wages and benefits	-	8,089	-	8,089
Occupancy and equipment	-	2,570	-	2,570
Professional services	-	1,244	-	1,244
Data and item processing	-	1,754	-	1,754
Loss on sale of available-for-sale securities	-	-	-	-
Loss and/or write down on sale of other real estate	-	-	-	-
Loss on sale of assets	-	145	-	145
Core deposit intangible amortization	-	67	-	67
Other	34	1,750	-	1,784
Total non-interest expense	34	15,619	-	15,653
Income before income taxes	3,126	3,658	(3,623)	3,161
State income tax expense	-	35	-	35
Net income	\$ 3,126	\$ 3,623	\$ (3,623)	\$ 3,126

See accompanying Independent Accountants Report

FDIC Certificate # 15345  
OCC Charter # 0  
Public Report

FRB District/ID\_RSSD 11 / 77253  
County: MEDINA

TXN BANK; HONDO, TX  
March 31, 2025 Uniform Bank Performance Report

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### Information

#### Introduction

This uniform bank performance report covers the operations of a bank and that of a comparable group of peer banks. It is provided as a bank management tool by the Federal Financial Institutions Examination Council. Detailed information concerning the content of this report is provided in the Users Guide for the Uniform Bank Performance Report found online at [www.ffiec.gov](http://www.ffiec.gov). This report has been produced for the use of the federal regulators of financial institutions in carrying out their supervisory responsibilities. All information contained herein was obtained from sources deemed reliable however no guarantee is given as to the accuracy of the data. The information contained in this report are not to be construed as a rating or other evaluation of a financial institution by a federal banking regulator. The quarterly report of condition and income is the principal source of information for this report. Please refer to that document for additional financial information and an explanation of the accounting standards that underlie data shown herein. For questions regarding content of reports contact: 1-888-237-3111 or email: [cdr.help@cdr.ffiec.gov](mailto:cdr.help@cdr.ffiec.gov)

Financial Institution Address:

TXN BANK  
103 19TH STREET

HONDO TX  
78861

The Current Federal Regulator is:  
Board of Governors of the Federal Reserve System

The bank was established on: 02/01/1936

The current peer group for this bank is: 5

[Insured commercial banks having assets between \\$300 million and \\$1 billion](#)

#### Footnotes:

Financial data in the Uniform Bank Performance Report may have been adjusted as a result of information shown in footnotes below. Please refer to the Uniform Bank Performance Report Users Guide online for details.

Bank has elected Subchapter S tax treatment during one or more of the quarters listed. The UBPR will display ratio Net Income Adjusted for Subchapter S on Summary Ratios and One Quarter Annualized Income Analysis pages.

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#### Bank Holding Company Information:

FRB District / ID\_RSSD 11 / 3048991  
TXN BANCSHARES, INC.  
HONDO, TX

	03/31/2025			03/31/2024			12/31/2024			12/31/2023			12/31/2022		
	BANK	PG 5	PCT	BANK	PG 5	PCT	BANK	PG 5	PCT	BANK	PG 5	PCT	BANK	PG 5	PCT
<b>Earnings and Profitability</b>															
Percent of Average Assets:															
Interest Income (TE)	4.38	5.22	13	4.31	5.08	15	4.39	5.27	13	4.01	4.72	16	3.50	3.68	41
- Interest Expense	1.69	1.80	44	2.07	1.87	64	2.04	1.94	58	1.57	1.39	65	0.33	0.38	44
Net Interest Income (TE)	2.68	3.41	10	2.24	3.21	7	2.35	3.32	7	2.44	3.33	7	3.17	3.30	42
+ Noninterest Income	0.49	0.43	63	0.59	0.49	68	0.62	0.52	66	0.64	0.55	67	0.85	0.56	81
- Noninterest Expense	2.60	2.35	69	2.33	2.45	43	2.31	2.49	39	2.20	2.47	34	2.76	2.40	74
Pre-Provision Net Revenue (TE)	0.57	1.50	6	0.49	1.28	11	0.66	1.38	12	0.87	1.44	18	1.26	1.49	33
- Provision: Credit Losses	0.14	0.06	82	0.04	0.06	51	0.03	0.08	37	0.07	0.07	61	0.09	0.07	67
- Provision: Credit Loss Oth Assets	0.00	0.00	79	0.04	0.00	94	-0.01	0.00	9	0.01	0.00	83	N/A	0.00	N/A
Pretax Operating Income (TE)	0.43	1.42	6	0.41	1.20	10	0.64	1.28	14	0.79	1.35	18	1.17	1.42	30
+ Realized Gains/Losses Sec	0.00	0.00	94	0.00	0.00	94	0.00	0.00	87	0.00	-0.01	92	0.00	-0.01	22
+ Unrealized Gains / Losses Equity Sec	0.00	0.00	93	0.00	0.00	88	0.00	0.00	85	0.00	0.00	82	0.00	0.00	94
Pretax Net Operating Income (TE)	0.43	1.41	6	0.41	1.19	10	0.64	1.28	14	0.79	1.33	20	1.17	1.41	31
Net Operating Income	0.07	1.20	1	0.32	1.00	10	0.54	1.08	16	0.68	1.12	22	1.04	1.18	40
Net Inc Attrib to Min Ints	0.00	0.00	99	0.00	0.00	99	0.00	0.00	99	0.00	0.00	98	0.00	0.00	99
Net Income Adjusted Sub S	0.07	1.10	1	0.32	0.93	10	0.50	0.99	14	0.62	1.04	20	0.92	1.09	32
Net Income	0.07	1.20	1	0.32	1.00	10	0.54	1.08	16	0.68	1.11	22	1.04	1.18	40
<b>Margin Analysis:</b>															
Avg Earning Assets to Avg Assets	89.97	96.15	0	90.40	96.14	2	90.91	96.12	2	91.24	96.22	2	94.73	95.73	32
Avg Int-Bearing Funds to Avg Assets	66.87	70.76	33	67.90	70.75	35	68.10	70.83	37	64.62	69.45	30	62.19	67.87	29
Int Inc (TE) to Avg Earn Assets	4.87	5.43	22	4.77	5.29	27	4.83	5.49	21	4.40	4.92	27	3.69	3.86	42
Int Expense to Avg Earn Assets	1.88	1.88	52	2.29	1.94	71	2.24	2.02	64	1.72	1.44	70	0.34	0.39	45
Net Int Inc-TE to Avg Earn Assets	2.98	3.55	18	2.47	3.34	11	2.59	3.46	11	2.67	3.47	12	3.34	3.45	44
<b>Loan &amp; Lease Analysis:</b>															
Net Loss to Average Total LN&LS	0.01	0.03	53	0.13	0.02	88	0.07	0.06	67	0.10	0.04	80	0.07	0.02	80
Earnings Coverage of Net Losses (X)	129.17	179.12	65	6.61	155.22	13	19.42	107.39	33	16.65	131.07	26	36.48	226.96	37
ACL on LN&LS HFI to LN&LS HFI	1.35	1.26	63	1.36	1.28	64	1.30	1.26	60	1.35	1.28	62	1.45	1.31	69
ACL on LN&LS HFI to Net Losses (X)	178.88	103.13	80	10.71	102.47	23	20.58	65.95	43	13.87	80.67	31	21.06	122.38	35
ACL on LN&LS HFI to Nonaccrual LN&LS (X)	2.74	10.76	43	5.75	11.08	54	2.74	9.28	42	8.63	12.14	62	2.20	13.54	25
30-89 Days Past Due	1.44	0.63	82	1.24	0.45	87	1.56	0.49	89	0.82	0.38	81	1.07	0.31	90
Total LN&LS-90+ Days PD & Nonaccrual	0.96	0.49	79	0.24	0.42	48	0.52	0.48	63	0.25	0.38	52	0.66	0.34	78
Non-Curr Lns+OREO to Lns+OREO	1.17	0.54	80	0.51	0.47	63	0.82	0.54	71	0.52	0.42	67	0.66	0.40	75
<b>Liquidity</b>															
Net Non Core Fund Dep New \$250M	8.51	4.81	56	11.23	6.69	64	10.34	6.81	59	14.22	7.26	69	2.88	2.61	47
Net Loans & Leases to Assets	50.72	66.88	12	43.51	66.22	8	50.64	67.09	13	46.79	66.21	11	45.17	64.01	12
Net Loans & Leases to Deposits	54.70	77.95	10	50.86	77.82	9	55.23	78.35	11	53.87	78.06	11	47.30	73.79	10
<b>Capitalization</b>															
Leverage Ratio	9.6541	10.84	30	9.0510	10.51	22	9.3607	10.60	29	9.2751	10.51	28	9.1813	10.20	30
Total Capital Ratio	16.8598	15.88	64	17.7138	15.59	73	17.2227	15.68	71	17.4097	15.54	73	18.0154	15.49	77
Cash Dividends to Net Income	425.00	34.14	98	127.74	33.02	92	73.14	40.21	84	69.02	38.88	80	104.40	33.96	96
Non-Curr Lns+OREO to T1 Capital+ACL	5.62	3.02	77	2.30	2.69	56	3.87	3.10	67	2.39	2.43	60	2.93	2.19	69
<b>Growth Rates</b>															
Total Assets	-7.43	4.34	1	10.44	4.97	79	-3.51	4.20	8	2.13	4.89	37	79.18	3.95	99
Tier 1 Capital	1.31	6.14	11	0.78	6.28	11	1.69	6.15	14	2.40	6.80	19	83.32	9.39	98
Net Loans & Leases	7.91	5.84	62	-0.02	8.55	10	4.42	6.44	40	5.80	8.88	35	95.97	13.02	99
Short Term Investments	-84.97	25.16	0	932.88	46.95	98	-66.44	29.60	3	136.32	44.51	83	-47.30	-38.88	46
Short Term Non Core Funding	-60.89	9.07	3	334.79	77.77	92	-40.44	17.21	8	448.42	105.28	92	49.21	69.06	57
<b>Average Total Assets</b>		642,362			676,341			676,973			648,950			630,747	

Net Income	120	548	3,623	4,419	6,585
Number of banks in Peer Group	298	1,285	1,297	1,271	1,293

	<u>03/31/2025</u>	<u>03/31/2024</u>	<u>12/31/2024</u>	<u>12/31/2023</u>	<u>12/31/2022</u>	Percent Change 1 Year
Interest and Fees on Loans	5,496	5,185	21,213	19,222	15,553	6.00
Income From Lease Financing	0	0	0	1	7	N/A
Tax-Exempt	43	45	176	188	174	-4.44
Estimated Tax Benefit	10	10	47	50	46	-4.24
Income on Loans & Leases (TE)	5,506	5,195	21,260	19,273	15,606	5.98
US Treas & Agency (Excl MBS)	14	15	85	88	74	-6.67
Mortgage Backed Securities	553	572	2,185	2,480	2,310	-3.32
Estimated Tax Benefit	136	135	633	654	724	0.71
All Other Securities	680	680	2,728	2,799	3,061	0.00
Tax-Exempt Securities Income	601	598	2,383	2,462	2,725	0.50
Investment Interest Income (TE)	1,383	1,402	5,631	6,021	6,169	-1.36
Interest on Due From Banks	110	661	2,655	600	174	-83.36
Int on Fed Funds Sold & Resales	0	0	0	0	1	N/A
Trading Account Income	N/A	N/A	N/A	N/A	N/A	N/A
Other Interest Income	32	30	193	136	96	6.67
Total Interest Income (TE)	7,031	7,289	29,739	26,030	22,047	-3.53
Int on Deposits in Foreign Off	N/A	N/A	N/A	N/A	N/A	N/A
Interest on Domestic Deposits	2,614	2,815	11,228	8,837	2,008	-7.14
Int on Fed Funds Purch & Repos	0	0	0	33	27	N/A
Int Trad Liab & Oth Borrowings	N/A	N/A	N/A	N/A	N/A	N/A
Int on Sub Notes & Debentures	N/A	N/A	N/A	N/A	N/A	N/A
Other Interest Expense	106	692	2,583	1,336	25	-84.68
Total Interest Expense	2,720	3,507	13,811	10,206	2,060	-22.44
Net Interest Income (TE)	4,311	3,782	15,928	15,824	19,987	14.00
Non-interest Income	792	997	4,167	4,122	5,370	-20.56
Adjusted Operating Income (TE)	5,103	4,779	20,095	19,946	25,357	6.79
Non-Interest Expense	4,182	3,946	15,653	14,286	17,435	5.98
Pre-Provision Net Revenue (TE)	921	833	4,442	5,660	7,922	10.63
Provision: Credit Losses	225	73	223	463	556	208.22
Provision: Credit Losses Other Assets	0	66	-84	93	N/A	-100.00
Pretax Operating Income (TE)	696	694	4,303	5,104	7,366	0.36
Realized G/L Hld-to-Maturity Sec	0	0	0	0	0	N/A
Realized G/L Avail-for Sale Sec	0	0	0	19	-10	N/A
Unrealized G/L Equity Securities	0	0	0	0	0	N/A
Pretax Net Operating Inc (TE)	696	694	4,303	5,123	7,356	0.36
Applicable Income Taxes	430	0	0	0	0	N/A
Current Tax Equiv Adjustment	146	146	680	704	771	0.36
Other Tax Equiv Adjustments	0	0	0	0	0	N/A
Applicable Income Taxes (TE)	576	146	680	704	771	295.55
Net Operating Income	120	548	3,623	4,419	6,585	-78.10
Net Discontinued / Extraordinary Items	0	0	0	0	0	N/A
Net Inc Noncontrolling Minority Interests	0	0	0	0	0	N/A
Net Income	120	548	3,623	4,419	6,585	-78.10

Cash Dividends Declared	510	700	2,650	3,050	6,875	-27.14
Retained Earnings	-390	-152	973	1,369	-290	N/A
Memo: Net International Income	N/A	N/A	N/A	N/A	N/A	N/A
Memo: Interest on Time Dep Over Ins Limit	558	741	2,567	2,000	216	-24.70

	<u>03/31/2025</u>	<u>03/31/2024</u>	<u>12/31/2024</u>	<u>12/31/2023</u>	<u>12/31/2022</u>	Percent Change Prior Year QTR
Interest and Fees on Loans	5,496	5,185	5,515	5,349	4,082	6.00
Income From Lease Financing	0	0	0	0	1	N/A
Tax-Exempt	43	45	43	47	49	-4.44
Estimated Tax Benefit	10	10	11	12	13	-4.24
Income on Loans & Leases (TE)	5,506	5,195	5,526	5,361	4,096	5.98
US Treas & Agency (Excl MBS)	14	15	15	45	34	-6.67
Mortgage Backed Securities	553	572	543	588	688	-3.32
Estimated Tax Benefit	136	135	159	159	204	0.71
All Other Securities	680	680	680	681	855	0.00
Tax-Exempt Securities Income	601	598	599	597	766	0.50
Investment Interest Income (TE)	1,383	1,402	1,397	1,473	1,781	-1.36
Interest on Due From Banks	110	661	458	326	116	-83.36
Int on Fed Funds Sold & Resales	0	0	0	0	0	N/A
Trading Account Income	N/A	N/A	N/A	N/A	N/A	N/A
Other Interest Income	32	30	69	62	45	6.67
Total Interest Income (TE)	7,031	7,289	7,451	7,222	6,038	-3.53
Int on Deposits in Foreign Off	N/A	N/A	N/A	N/A	N/A	N/A
Interest on Domestic Deposits	2,614	2,815	2,670	2,718	1,084	-7.14
Int on Fed Funds Purch & Repos	0	0	0	0	23	N/A
Int Trad Liab & Oth Borrowings	N/A	N/A	N/A	N/A	N/A	N/A
Int on Sub Notes & Debentures	N/A	N/A	N/A	N/A	N/A	N/A
Other Interest Expense	106	692	457	506	3	-84.68
Total Interest Expense	2,720	3,507	3,127	3,224	1,110	-22.44
Net Interest Income (TE)	4,311	3,782	4,324	3,998	4,928	14.00
Non-interest Income	792	997	1,136	1,089	2,783	-20.56
Adjusted Operating Income (TE)	5,103	4,779	5,460	5,087	7,711	6.79
Non-Interest Expense	4,182	3,946	3,874	3,714	5,767	5.98
Pre-Provision Net Revenue (TE)	921	833	1,586	1,373	1,944	10.63
Provision: Credit Losses	225	73	146	46	139	208.22
Provision: Credit Losses Other Assets	0	66	-150	93	N/A	-100.00
Pretax Operating Income (TE)	696	694	1,590	1,234	1,805	0.36
Realized G/L Hld-to-Maturity Sec	0	0	0	0	0	N/A
Realized G/L Avail-for Sale Sec	0	0	0	0	0	N/A
Unrealized G/L Equity Securities	0	0	0	0	0	N/A
Pretax Net Operating Inc (TE)	696	694	1,590	1,234	1,805	0.36
Applicable Income Taxes	430	0	0	0	0	N/A
Current Tax Equiv Adjustment	146	146	171	171	217	0.36
Other Tax Equiv Adjustments	0	0	0	0	0	N/A
Applicable Income Taxes (TE)	576	146	171	171	217	295.55
Net Operating Income	120	548	1,419	1,063	1,588	-78.10
Net Discontinued / Extraordinary Items	0	0	0	0	0	N/A
Net Inc Noncontrolling Minority Interests	0	0	0	0	0	N/A
Net Income	120	548	1,419	1,063	1,588	-78.10

Cash Dividends Declared	510	700	575	625	1,200	-27.14
Retained Earnings	-390	-152	844	438	388	N/A
Memo: Net International Income	N/A	N/A	N/A	N/A	N/A	N/A
Memo: Interest on Time Dep Over Ins Limit	558	741	596	799	118	-24.70

	03/31/2025			03/31/2024			12/31/2024			12/31/2023			12/31/2022		
PERCENT OF AVERAGE ASSETS:	BANK	PG 5	PCT	BANK	PG 5	PCT	BANK	PG 5	PCT	BANK	PG 5	PCT	BANK	PG 5	PCT
Personnel Expense	1.41	1.36	55	1.30	1.43	38	1.18	1.44	23	1.24	1.42	31	1.30	1.40	40
Occupancy Expense	0.40	0.25	86	0.37	0.26	84	0.39	0.26	87	0.24	0.26	47	0.29	0.26	62
Other Oper Exp (Incl Intangibles)	0.79	0.73	61	0.66	0.75	36	0.74	0.79	46	0.72	0.77	45	1.17	0.73	93
Total Overhead Expense	2.60	2.35	69	2.33	2.45	43	2.31	2.49	39	2.20	2.47	34	2.76	2.40	74
NON-INTEREST EXPENSES:															
Personnel Expense			2,262			2,203			7,976			8,018			8,231
Occupancy Expense			644			634			2,657			1,575			1,803
Goodwill Impairment			0			0			0			0			0
Other Intangible Amortiz			17			17			67			67			67
Other Oper Exp (incl Intangibles)			1,259			1,092			4,953			4,626			7,334
Non-Interest Expense			4,182			3,946			15,653			14,286			17,435
PERCENT OF AVERAGE ASSETS:	BANK	PG 5	PCT	BANK	PG 5	PCT	BANK	PG 5	PCT	BANK	PG 5	PCT	BANK	PG 5	PCT
Fiduciary Activities	0.00	0.01	82	0.00	0.01	79	0.00	0.01	78	0.00	0.01	77	0.00	0.01	76
Deposit Service Charges	0.18	0.10	80	0.19	0.11	83	0.21	0.11	84	0.20	0.11	83	0.20	0.11	82
Trading, Vent Cap, Securtz Inc	N/A	0.00	N/A	N/A	0.01	N/A	N/A	0.00	N/A	N/A	0.00	N/A	N/A	0.00	N/A
Inv Banking, Advisory Inc	0.03	0.01	82	0.03	0.01	83	0.03	0.01	83	0.02	0.01	82	0.02	0.01	79
Insurance Comm & Fees	0.00	0.00	65	0.00	0.00	68	0.00	0.00	61	0.00	0.00	59	0.00	0.00	58
Net Servicing Fees	0.00	0.01	65	0.00	0.01	60	0.00	0.01	58	0.00	0.01	59	0.00	0.02	59
Loan & Lease Net Gains/Loss	0.00	0.01	57	0.00	0.02	54	0.00	0.02	50	0.00	0.02	49	0.00	0.04	47
Other Net Gains/Loss	-0.14	0.00	0	0.00	0.00	81	0.00	0.00	62	0.02	0.00	89	0.29	0.00	98
Other Non-interest Income	0.43	0.21	92	0.37	0.23	83	0.38	0.24	82	0.40	0.26	79	0.34	0.25	74
Non Interest Income	0.49	0.43	63	0.59	0.49	68	0.62	0.52	66	0.64	0.55	67	0.85	0.56	81
NON-INTEREST INCOME:															
Fiduciary Activities			0			0			0			0			0
Deposit Service Charges			283			327			1,399			1,316			1,249
Trading, Vent Cap, Securtz Inc			N/A			N/A			N/A			N/A			N/A
Inv Banking, Advisory Inc			44			44			198			129			111
Insurance Comm & Fees			0			0			0			0			0
Net Servicing Fees			0			0			0			0			0
Loan & Lease Net Gains/Loss			0			0			0			0			0
Other Net Gains/Loss			-221			0			0			112			1,854
Other Non-Interest Income			686			626			2,570			2,565			2,156
Non Interest Income			792			997			4,167			4,122			5,370
OTHER INCOME & EXPENSE RATIOS:	BANK	PG 5	PCT	BANK	PG 5	PCT	BANK	PG 5	PCT	BANK	PG 5	PCT	BANK	PG 5	PCT
Overhead Less Non-int Inc	2.11	1.90	69	1.74	1.93	35	1.70	1.94	29	1.57	1.89	24	1.91	1.80	58
Efficiency Ratio	81.95	61.76	93	82.58	66.77	85	77.89	65.29	82	71.62	63.80	72	68.76	61.64	73
Avg Persnl Exp Per Empl (\$000)	97.29	98.27	53	91.79	99.51	41	86.70	100.07	28	81.82	96.12	26	81.50	92.09	34
Assets Per Employee (\$Million)	6.66	7.61	43	6.97	7.26	52	6.65	7.32	45	6.47	7.17	44	6.15	6.90	43
Domestic Banking Offices (#)			7			7			7			8			9
Foreign Branches (#)			0			0			0			0			0
Assets Per Domestic Office			88,503			95,602			87,397			79,256			68,979

	03/31/2025			03/31/2024			12/31/2024			12/31/2023			12/31/2022		
YIELD ON OR COST OF:	BANK	PG 5	PCT	BANK	PG 5	PCT	BANK	PG 5	PCT	BANK	PG 5	PCT	BANK	PG 5	PCT
Total Loan & Leases (TE)	7.00	6.45	75	7.02	6.22	82	7.00	6.45	74	6.52	5.82	82	5.63	4.97	86
Loans in Domestic Offices	6.98	6.44	75	7.01	6.21	82	6.98	6.44	74	6.51	5.81	82	5.61	4.96	86
Real Estate	6.75	6.23	74	6.49	5.90	77	6.64	6.12	73	6.24	5.53	83	5.79	4.81	93
Secured by 1-4 Fam Resi Prop	6.24	6.30	48	5.94	5.98	50	6.10	6.22	46	5.73	5.64	55	6.76	4.92	94
All Other Loans Sec Real Estate	7.01	6.26	79	6.80	5.91	84	6.93	6.13	82	6.51	5.52	86	5.33	4.81	80
Commercial & Industrial	8.07	7.28	79	8.15	7.29	78	8.01	7.53	69	6.44	6.79	41	5.87	5.63	65
Individual	8.67	8.10	67	8.14	7.59	67	8.25	7.85	62	7.42	7.10	61	6.59	6.32	61
Credit Card	N/A	9.61	N/A	N/A	9.86	N/A	N/A	9.56	N/A	N/A	9.45	N/A	N/A	8.77	N/A
Agricultural	8.25	7.67	73	8.82	7.68	83	8.86	7.84	82	7.94	7.05	77	5.69	5.35	69
Loans in Foreign Offices	N/A	0.00	N/A	N/A	6.32	N/A	N/A	6.43	N/A	N/A	5.40	N/A	N/A	5.23	N/A
Total Investment Securities (TE)	2.21	2.84	24	2.11	2.71	23	2.17	2.82	23	2.13	2.54	29	2.03	2.06	50
Total Investment Securities (Book)	1.99	2.69	17	1.91	2.58	19	1.93	2.68	17	1.90	2.41	23	1.79	1.93	40
US Treas & Agency (Excl MBS)	1.63	2.42	26	1.75	2.34	34	2.14	2.49	44	2.24	2.24	56	2.01	1.64	73
Mortgage Backed Securities	2.09	2.91	23	1.98	2.71	27	1.97	2.88	22	1.97	2.52	31	1.77	1.91	43
All Other Securities	1.93	2.58	21	1.86	2.65	15	1.89	2.66	16	1.83	2.56	14	1.81	2.30	19
Interest-Bearing Bank Balances	4.41	3.96	82	5.62	4.66	91	5.39	4.76	88	5.24	4.50	83	1.22	1.32	41
Federal Funds Sold & Resales	N/A	4.01	N/A	N/A	5.00	N/A	N/A	4.84	N/A	N/A	4.70	N/A	0.18	1.45	11
Total Interest Bearing Deposits	2.50	2.50	51	2.82	2.54	65	2.77	2.66	56	2.26	1.89	71	0.52	0.51	54
Transaction accounts	2.34	1.15	86	0.15	1.21	9	0.19	1.26	11	0.09	0.97	5	0.15	0.31	32
Other Savings Deposits	0.16	1.55	1	1.87	1.76	57	1.92	1.77	58	1.63	1.38	62	0.45	0.38	66
Time Deposits	3.96	3.93	47	4.39	3.98	76	4.31	4.16	57	3.60	3.01	83	0.84	0.88	46
Foreign Office Deposits	N/A	0.00	N/A	N/A	0.00	N/A	N/A	0.34	N/A	N/A	0.22	N/A	N/A	0.18	N/A
Federal Funds Purchased & Repos	N/A	2.51	N/A	N/A	3.06	N/A	N/A	3.19	N/A	N/A	3.34	N/A	N/A	1.34	N/A
Other Borrowed Money	N/A	4.09	N/A	N/A	4.43	N/A	N/A	4.41	N/A	N/A	4.36	N/A	N/A	2.19	N/A
Subord Notes & Debentures	N/A	0.00	N/A	N/A	4.76	N/A	N/A	4.78	N/A	N/A	0.00	N/A	N/A	0.00	N/A
Other Interest Expense	3.65	3.78	34	4.57	4.41	48	4.60	4.54	45	4.73	4.33	56	0.80	2.17	12
All Interest-Bearing Funds	2.53	2.56	49	3.05	2.65	70	3.00	2.76	62	2.43	2.01	73	0.53	0.56	50
Memo: Interest on Time Dep Over Ins Limit	4.13	4.11	44	4.18	4.21	41	4.61	4.29	68	3.78	3.29	73	0.97	0.97	51
PERCENT OF AVERAGE ASSETS:															
Total Loan & Leases	49.00	67.43	10	43.75	66.58	8	44.89	66.91	9	45.52	65.67	11	43.94	61.14	13
Loans in Domestic Offices	49.00	67.37	10	43.75	66.33	8	44.89	66.72	9	45.52	65.39	11	43.92	60.95	13
Real Estate	37.65	52.74	18	32.20	51.38	12	33.84	51.59	14	33.26	50.51	15	29.57	46.57	14
Secured by 1-4 Fam Resid Prop	12.96	18.13	36	11.63	16.67	34	11.89	16.90	34	11.40	16.10	35	9.44	14.14	32
All Other Loans Sec Real Estate	24.68	33.17	25	20.56	33.35	16	21.95	33.30	18	21.86	33.06	20	20.13	31.24	18
Commercial & Industrial	5.00	6.74	38	5.34	7.55	37	4.83	7.58	33	6.50	7.47	48	6.78	7.30	52
Individual	1.44	1.71	54	1.35	1.73	54	1.38	1.75	54	1.32	1.72	53	1.49	1.56	61
Credit Card	0.00	0.01	86	0.00	0.01	83	0.00	0.01	82	0.00	0.01	81	0.00	0.01	80
Agricultural	3.94	2.78	70	4.50	1.95	78	4.03	2.21	75	4.12	1.99	77	4.05	1.90	77
Loans in Foreign Offices	N/A	0.00	N/A	N/A	0.89	N/A	N/A	0.91	N/A	N/A	1.00	N/A	N/A	0.69	N/A
Total Investment Securities	39.03	21.40	88	39.26	22.48	85	38.30	21.98	84	43.58	24.01	87	48.15	24.57	91
US Treas & Agency (Excl MBS)	0.54	4.77	19	0.51	5.19	18	0.59	4.85	19	0.60	5.76	17	0.58	5.58	19
Mortgage Backed Securities	16.51	6.70	86	17.10	6.74	87	16.38	6.71	86	19.35	6.96	89	20.74	7.25	90
All Other Securities	21.98	7.00	91	21.66	7.41	91	21.33	7.39	91	23.63	7.93	91	26.83	8.23	93
Interest-Bearing Bank Balances	1.55	5.46	24	6.96	4.94	70	7.27	5.10	72	1.76	4.41	32	2.26	7.23	23
Federal Funds Sold & Resales	0.00	0.52	50	0.00	0.47	49	0.00	0.50	45	0.00	0.44	44	0.09	0.64	55
Total Interest Bearing Deposits	65.07	67.11	38	58.95	66.02	20	59.80	66.45	21	60.27	65.17	29	61.70	65.23	36
Transaction Accounts	29.63	15.36	91	0.40	15.02	1	0.99	14.82	2	0.35	15.06	1	2.21	15.64	6
Other Savings Deposits	12.31	23.97	8	35.86	25.18	85	36.82	24.71	87	40.46	27.45	87	47.62	31.50	87
Time Deposits	23.12	25.83	39	22.68	23.35	49	21.99	24.55	42	19.46	20.15	51	11.87	15.63	36
Foreign Office Deposits	N/A	0.00	N/A	N/A	0.02	N/A	N/A	0.02	N/A	N/A	0.03	N/A	N/A	0.02	N/A

Federal Funds Purchased & Repos	0.00	0.33	62	0.00	0.29	57	0.00	0.27	43	0.00	0.33	37	0.00	0.32	41
Other Borrowed Money	1.81	2.26	53	8.95	3.33	87	8.30	3.06	87	4.35	2.86	68	0.49	1.36	46
Subord Notes & Debentures	0.00	0.05	99	0.00	0.01	99	0.00	0.01	99	0.00	0.01	99	0.00	0.01	99
Other Interest Expense Balances	1.81	2.30	53	8.95	3.34	87	8.30	3.08	87	4.35	2.87	68	0.49	1.37	46
All Interest-Bearing Funds	66.87	70.76	33	67.90	70.75	35	68.10	70.83	37	64.62	69.45	30	62.19	67.87	29
Time Deposits Over Ins Limit	8.42	8.20	54	10.48	6.70	80	8.22	7.24	63	8.16	5.57	76	3.52	3.71	55

	<u>03/31/2025</u>	<u>03/31/2024</u>	<u>12/31/2024</u>	<u>12/31/2023</u>	<u>12/31/2022</u>	Percent Change	
						1 Quarter	1 Year
Assets:							
Real Estate Loans	243,982	213,620	241,781	218,937	201,057	0.91	14.21
Construction & Development	34,262	37,967	33,907	43,331	43,356	1.05	-9.76
Farmland	24,386	24,882	24,929	25,105	27,778	-2.18	-1.99
1-4 Family Residential	84,841	78,957	82,969	78,164	69,365	2.26	7.45
Multifamily	7,969	7,992	8,030	8,038	7,866	-0.76	-0.29
Non-Farm Non-Residential	92,524	63,822	91,946	64,299	52,692	0.63	44.97
RE Loans in Foreign Offices	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Commercial Loans	32,880	35,636	30,735	36,503	44,858	6.98	-7.73
Individual Loans	9,132	9,243	9,449	9,022	8,641	-3.35	-1.20
Agricultural Loans	26,613	30,504	25,685	29,594	23,019	3.61	-12.76
Other Loans & Leases	6,444	6,667	6,762	7,147	7,469	-4.70	-3.34
ACL on LN&LS HFI	4,293	4,028	4,074	4,049	4,128	5.38	6.58
Unearned Income	522	447	543	477	498	-3.87	16.78
Net Loans & Leases	314,236	291,195	309,795	296,677	280,418	1.43	7.91
U.S. Treasury & Agency Securities	95,292	101,314	96,076	106,079	125,294	-0.82	-5.94
Municipal Securities	119,644	123,880	121,168	128,076	149,162	-1.26	-3.42
Foreign Debt Securities	0	0	0	0	0	N/A	N/A
All Other Securities	6,312	6,893	6,223	7,000	7,186	1.43	-8.43
HTM Securities Allowance	0	0	0	0	N/A	N/A	N/A
Net Securities	221,248	232,087	223,467	241,155	281,642	-0.99	-4.67
Interest-Bearing Bank Balances	7,786	76,354	7,679	31,151	9,187	1.39	-89.80
Federal Funds Sold	0	0	0	0	0	N/A	N/A
Sec Purch Under Agreement to Resell	0	0	0	0	0	N/A	N/A
Trading Account Assets	0	0	0	0	0	N/A	N/A
Total Investments	229,034	308,441	231,146	272,306	290,829	-0.91	-25.74
Total Earning Assets	543,270	599,636	540,941	568,983	571,247	0.43	-9.40
Nonint Cash & Due From Banks	15,470	12,282	12,702	9,047	11,827	21.79	25.96
Premises, Fix Assts, Cap Leases	29,412	29,686	29,646	28,485	14,771	-0.79	-0.92
Other Real Estate Owned	675	800	920	800	0	-26.63	-15.63
Dir & Indir Inv RE Ventures	0	0	0	0	0	N/A	N/A
Inv in Unconsolidated Subs	0	0	0	0	0	N/A	N/A
Other Assets	30,693	26,808	27,567	26,733	22,966	11.34	14.49
Total Assets	619,520	669,212	611,776	634,048	620,811	1.27	-7.43
Average Assets During Quarter	642,362	676,341	666,493	661,504	652,670	-3.62	-5.02
Liabilities:							
Demand Deposits	151,735	153,421	150,883	163,667	202,258	0.56	-1.10
All Now & ATS Accounts	190,665	3,355	14,461	1,882	2,572	1,218.48	5,583.01
Money Market Deposit Accounts	35,443	203,821	175,208	187,191	243,656	-79.77	-82.61
Other savings Deposits	45,019	46,508	76,462	47,052	61,125	-41.12	-3.20
Time Deps At Or Below Insurance Limit	96,389	88,991	94,141	86,338	54,529	2.39	8.31
Less: Fully Insured Brokered Deposits	0	0	0	0	0	N/A	N/A
Core Deposits	519,251	496,096	511,155	486,130	564,140	1.58	4.67
Fully Insured Brokered Deposits	0	0	0	0	0	N/A	N/A
Time Deps Above Insurance Limit	55,231	76,473	49,721	64,611	28,722	11.08	-27.78
Deposits in Foreign Offices	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Total Deposits	574,481	572,571	560,875	550,742	592,861	2.43	0.33
Federal Funds Purchased	0	0	0	0	0	N/A	N/A
Sec Sold Under Agreement to Repurch	0	0	0	0	0	N/A	N/A
Fed Home Loan Bor Mat < 1 Year	0	0	0	0	0	N/A	N/A
Fed Home Loan Bor Mat > 1 Year	2,091	2,301	2,144	2,353	2,557	-2.47	-9.13
Oth Borrowing Mat < 1 Year	0	60,000	15,000	45,000	0	-100.00	-100.00

Oth Borrowing Mat > 1 Year	0	0	0	0	0	N/A	N/A
Subordinated Notes & Debentures	0	0	0	0	0	N/A	N/A
Other Liabilities	1,118	2,470	949	1,634	940	17.81	-54.74
Total Liabilities	577,690	637,342	578,968	599,729	596,358	-0.22	-9.36
Total Bank Capital & Min Int	41,830	31,870	32,808	34,319	24,453	27.50	31.25
Total Liabilities & Capital	619,520	669,212	611,776	634,048	620,811	1.27	-7.43
Memoranda:							
Officers, Shareholder Loans (#)	5	5	5	5	5		
Officers, Shareholder Loans (\$)	22,347	20,309	20,469	21,092	19,963	9.17	10.03
Held-to-Maturity Securities	12,178	11,390	11,120	11,779	12,119	9.51	6.92
Available-for-Sale Securities	209,070	220,697	212,347	229,376	269,523	-1.54	-5.27
Non-Interest Bearing Deposits	152,320	153,421	151,097	163,667	202,258	0.81	-0.72
Estimate of Uninsured Deposits	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Deposit Accounts > \$250M	250,252	261,967	247,114	237,224	296,264	1.27	-4.47
All Brokered Deposits	0	0	0	0	0	N/A	N/A
Brokered Reciprocal Deposits	0	0	0	0	0	N/A	N/A
Listing Service Deposits	0	0	0	0	0	N/A	N/A
LN&LS in Foreign Offices	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Loans Held for Sale (HFS)	0	0	0	0	0	N/A	N/A
Loans Held for Investment (HFI)	318,529	295,223	313,869	300,726	284,546	1.48	7.89
Allowance for Credit Losses (ACL):							
ACL on LN&LS HFI	4,293	4,028	4,074	4,049	4,128	5.38	6.58
ACL on AFS/HTM Sec	0	0	0	0	N/A	N/A	N/A
ACL on Other Fin Assets	0	0	0	0	N/A	N/A	N/A
ACL on Off Bal Sheet Exp	363	513	363	447	0	0.00	-29.24
Total ACL	4,656	4,541	4,437	4,496	4,128	4.94	2.53
Less: ACL for Purch Cred-Deterior	0	0	0	0	N/A	N/A	N/A
Less: ACL for AFS Securities	0	0	0	0	N/A	N/A	N/A
Less: Allocated Transfer Risk Resv	0	0	0	0	0	N/A	N/A
Total Adjusted ACL	4,656	4,541	4,437	4,496	4,128	4.94	2.53

FDIC Certificate # 15345  
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FRB District/ID\_RSSD 11 / 77253  
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TXN BANK; HONDO, TX  
Off Balance Sheet Items--Page 5

Off Balance Sheet Items  
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	<u>03/31/2025</u>			<u>03/31/2024</u>			<u>12/31/2024</u>			<u>12/31/2023</u>			<u>12/31/2022</u>			Percent Change	
	BANK	PG 5	PCT	BANK	PG 5	PCT	BANK	PG 5	PCT	BANK	PG 5	PCT	BANK	PG 5	PCT	1 Quarter	1 Year
Outstanding (% of Total Assets)																	
Home Equity (1-4 Family)	0.00	1.49	16	0.00	1.49	15	0.00	1.48	15	0.00	1.48	15	0.00	1.46	15		
Credit Card	0.00	0.04	84	0.00	0.05	82	0.00	0.05	82	0.00	0.06	81	0.00	0.06	81		
Commercial RE Secured by RE	1.10	3.24	21	1.38	3.28	25	1.39	3.18	25	1.84	3.40	31	2.21	3.98	34		
1-4 Fam Residential Const & Land	0.51	1.00	41	0.77	0.97	52	0.73	0.98	49	1.07	1.01	60	1.28	1.24	59		
Comm RE, Oth Const & Land	0.59	1.93	25	0.61	2.00	22	0.66	1.90	24	0.76	2.06	23	0.93	2.33	27		
Commercial RE Not Secured by RE	0.00	0.00	94	0.00	0.00	92	0.00	0.00	93	0.00	0.00	91	0.00	0.00	91		
All Other	4.53	5.66	45	3.91	5.88	37	4.49	5.48	47	4.25	5.76	41	4.31	5.97	40		
Total LN&LS Commitments	5.63	11.26	11	5.29	11.58	10	5.88	11.03	14	6.08	11.57	15	6.52	12.39	15		
Securities Underwriting	N/A	0.00	N/A	N/A	0.00	N/A	N/A	0.00	N/A	N/A	0.00	N/A	N/A	0.00	N/A		
Standby Letters of Credit	0.12	0.20	50	0.14	0.20	53	0.13	0.19	51	0.17	0.20	56	0.14	0.20	50		
Amount Conveyed to Others	N/A	0.00	N/A	N/A	0.00	N/A	N/A	0.00	N/A	N/A	0.00	N/A	N/A	0.00	N/A		
Commercial Letters of Credit	0.00	0.00	87	0.00	0.00	89	0.00	0.00	89	0.00	0.00	89	0.00	0.00	89		
Assets Securitized or Sold w/Rec	0.00	0.37	79	0.00	0.38	78	0.00	0.44	78	0.00	0.38	78	0.00	0.37	78		
Amount of Recourse Exposure	N/A	0.00	N/A	N/A	0.01	N/A	N/A	0.02	N/A	N/A	0.01	N/A	N/A	0.02	N/A		
Credit Derivatives Bank as Guarantor	N/A	0.00	N/A	N/A	0.01	N/A	N/A	0.01	N/A	N/A	0.01	N/A	N/A	0.01	N/A		
Credit Derivatives Bank as Beneficiary	N/A	0.00	N/A	N/A	0.00	N/A	N/A	0.00	N/A	N/A	0.00	N/A	N/A	0.00	N/A		
All Oth Off-Balance Sheet Items	0.00	0.76	78	0.00	0.55	78	0.00	0.71	75	0.00	0.62	77	0.00	0.50	78		
Off-Balance Sheet Items	5.76	13.75	8	5.43	14.11	8	6.01	13.75	11	6.25	14.18	12	6.66	14.86	12		
Outstanding (\$000)																	
Home Equity (1-4 Family)			0			0			0			0			0	N/A	N/A
Credit Card			0			0			0			0			0	N/A	N/A
Commercial RE Secured by RE			6,802			9,232			8,506			11,656			13,710	-20.03	-26.32
1-4 Fam Residential Const & Land			3,175			5,161			4,449			6,815			7,917	-28.64	-38.48
Commercial RE, Oth Const & Land			3,627			4,071			4,057			4,841			5,793	-10.60	-10.91
Commercial RE Not Secured by RE			0			0			0			0			0	N/A	N/A
All Other			28,094			26,159			27,477			26,916			26,770	2.25	7.40
Securities Underwriting			N/A			N/A			N/A			N/A			N/A	N/A	N/A
Memo: Unused Commit w/mat GT 1 YR			N/A			N/A			9,786			7,054			7,011	N/A	N/A
Standby Letters of Credit			765			945			815			1,067			845	-6.13	-19.05
Amount Conveyed to Others			N/A			N/A			N/A			N/A			N/A	N/A	N/A
Commercial Letters of Credit			0			0			0			0			0	N/A	N/A
Assets Securitized or Sold w/recourse			0			0			0			0			0	N/A	N/A
Amount of Recourse Exposure			N/A			N/A			N/A			N/A			N/A	N/A	N/A
Credit Derivatives Bank as Guarantor			N/A			N/A			N/A			N/A			N/A	N/A	N/A
Credit Derivatives Bank as Beneficiary			N/A			N/A			N/A			N/A			N/A	N/A	N/A
All Oth Off-Balance Sheet Items			0			0			0			0			0	N/A	N/A
Off-Balance Sheet Items			35,661			36,336			36,798			39,639			41,325	-3.09	-1.86

FDIC Certificate # 15345  
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Public Report

FRB District/ID\_RSSD 11 / 77253  
County: MEDINA

TXN BANK; HONDO, TX  
Derivative Instruments--Page 5A

Derivative Instruments  
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	<u>03/31/2025</u>	<u>03/31/2024</u>	<u>12/31/2024</u>	<u>12/31/2023</u>	<u>12/31/2022</u>
Notional Amount (\$000)					
Derivative Contracts	0	0	0	0	0
Interest Rate Contracts	0	0	0	0	0
Other Derivative Contracts	0	0	0	0	0
Foreign Exchange Contracts	N/A	N/A	N/A	N/A	N/A
Equity, Comm & Oth Contracts	N/A	N/A	N/A	N/A	N/A
Derivatives Position					
Future and Forwards	N/A	N/A	N/A	N/A	N/A
Written Options	N/A	N/A	N/A	N/A	N/A
Exchange Traded	N/A	N/A	N/A	N/A	N/A
Over-the-Counter	N/A	N/A	N/A	N/A	N/A
Purchased Options	N/A	N/A	N/A	N/A	N/A
Exchange Traded	N/A	N/A	N/A	N/A	N/A
Over-the-Counter	N/A	N/A	N/A	N/A	N/A
Swaps	N/A	N/A	N/A	N/A	N/A
Held-for-Trading	0	0	0	0	0
Interest Rate Contracts	0	0	0	0	0
Other Derivative Contracts	0	0	0	0	0
Foreign Exchange Contracts	N/A	N/A	N/A	N/A	N/A
Equity, Comm & Oth Contracts	N/A	N/A	N/A	N/A	N/A
Non-Traded	0	0	0	0	0
Interest Rate Contracts	0	0	0	0	0
Other Derivative Contracts	0	0	0	0	0
Foreign Exchange Contracts	N/A	N/A	N/A	N/A	N/A
Equity, Comm & Oth Contracts	N/A	N/A	N/A	N/A	N/A
Memo: Marked-to-Market	N/A	N/A	N/A	N/A	N/A
Derivative Contracts (RBC Def)	N/A	N/A	0	0	0
One Year or Less	N/A	N/A	0	0	0
Over 1 Year to 5 Years	N/A	N/A	0	0	0
Over 5 Years	N/A	N/A	0	0	0
Gross Negative Fair Value	N/A	N/A	N/A	N/A	N/A
Gross Positive Fair Value	N/A	N/A	N/A	N/A	N/A
Held-for-Trading	N/A	N/A	N/A	N/A	N/A
Non-Traded	N/A	N/A	N/A	N/A	N/A
Memo: Marked-to-Market	N/A	N/A	N/A	N/A	N/A
Current Credit Exposure All Derivatives	N/A	N/A	0	0	0
Credit Losses Off_BS Derivatives	N/A	N/A	N/A	N/A	N/A
Past Due Derivatives Instruments:					
Fair Value Carried as Assets	N/A	N/A	N/A	N/A	N/A

FDIC Certificate # 15345  
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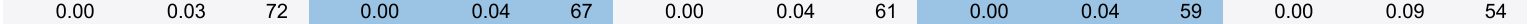
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Derivative Analysis--Page 5B

Derivative Analysis  
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	03/31/2025			03/31/2024			12/31/2024			12/31/2023			12/31/2022		
Percent of Notional Amounts	BANK	PG 5	PCT	BANK	PG 5	PCT	BANK	PG 5	PCT	BANK	PG 5	PCT	BANK	PG 5	PCT
Interest Rate Contracts	N/A	72.98	N/A	N/A	97.27	N/A	N/A	97.02	N/A	N/A	97.15	N/A	N/A	97.48	N/A
Other Derivative Contracts	N/A	0.40	N/A	N/A	2.73	N/A	N/A	2.98	N/A	N/A	2.85	N/A	N/A	2.52	N/A
Foreign Exchange Contracts	N/A	0.00	N/A	N/A	0.00	N/A	N/A	0.00	N/A	N/A	0.00	N/A	N/A	0.00	N/A
Equity, Comm & Oth Contracts	N/A	0.00	N/A	N/A	1.32	N/A	N/A	1.43	N/A	N/A	1.33	N/A	N/A	1.27	N/A
Derivatives Position															
Futures and Forwards	N/A	39.49	N/A	N/A	18.56	N/A	N/A	19.33	N/A	N/A	17.56	N/A	N/A	23.83	N/A
Written Options	N/A	21.72	N/A	N/A	17.02	N/A	N/A	18.74	N/A	N/A	17.25	N/A	N/A	18.54	N/A
Exchange Traded	N/A	0.00	N/A	N/A	1.32	N/A	N/A	0.00	N/A	N/A	2.67	N/A	N/A	1.27	N/A
Over-the-Counter	N/A	21.72	N/A	N/A	16.78	N/A	N/A	18.74	N/A	N/A	16.75	N/A	N/A	18.26	N/A
Purchased Options	N/A	8.33	N/A	N/A	0.36	N/A	N/A	0.96	N/A	N/A	0.07	N/A	N/A	0.67	N/A
Exchange Traded	N/A	0.00	N/A	N/A	1.22	N/A	N/A	1.10	N/A	N/A	0.00	N/A	N/A	0.00	N/A
Over-the-Counter	N/A	8.33	N/A	N/A	0.09	N/A	N/A	0.40	N/A	N/A	0.07	N/A	N/A	0.67	N/A
Swaps	N/A	30.45	N/A	N/A	20.12	N/A	N/A	16.58	N/A	N/A	15.94	N/A	N/A	10.98	N/A
Held-for-Trading	N/A	2.40	N/A	N/A	2.43	N/A	N/A	1.88	N/A	N/A	2.27	N/A	N/A	2.30	N/A
Interest Rate Contracts	N/A	3.20	N/A	N/A	2.61	N/A	N/A	2.11	N/A	N/A	2.35	N/A	N/A	2.50	N/A
Other Derivative Contracts	N/A	0.68	N/A	N/A	0.39	N/A	N/A	0.36	N/A	N/A	0.50	N/A	N/A	0.12	N/A
Foreign Exchange Contracts	N/A	0.00	N/A	N/A	0.00	N/A	N/A	0.00	N/A	N/A	0.00	N/A	N/A	0.00	N/A
Equity, Comm & Oth Contracts	N/A	0.00	N/A	N/A	0.00	N/A	N/A	0.00	N/A	N/A	0.00	N/A	N/A	0.00	N/A
Non-Traded	N/A	5.10	N/A	N/A	19.07	N/A	N/A	18.63	N/A	N/A	14.90	N/A	N/A	20.14	N/A
Interest Rate Contracts	N/A	9.54	N/A	N/A	22.20	N/A	N/A	22.34	N/A	N/A	18.24	N/A	N/A	22.38	N/A
Other Derivative Contracts	N/A	0.00	N/A	N/A	2.34	N/A	N/A	2.61	N/A	N/A	2.34	N/A	N/A	2.40	N/A
Foreign Exchange Contracts	N/A	0.00	N/A	N/A	0.00	N/A	N/A	0.00	N/A	N/A	0.00	N/A	N/A	0.00	N/A
Equity, Comm & Oth Contracts	N/A	0.00	N/A	N/A	1.32	N/A	N/A	1.43	N/A	N/A	1.33	N/A	N/A	1.27	N/A
Memo: Marked-to-Market	N/A	93.53	N/A	N/A	63.42	N/A	N/A	43.96	N/A	N/A	69.03	N/A	N/A	19.77	N/A
Derivative Contracts (RBC Def)	N/A	79.00	N/A	N/A	42.86	N/A	N/A	18.47	N/A	N/A	20.61	N/A	N/A	24.21	N/A
One Year or Less	N/A	26.80	N/A	N/A	19.71	N/A	N/A	8.57	N/A	N/A	6.69	N/A	N/A	10.27	N/A
Over 1 Year to 5 Years	N/A	39.80	N/A	N/A	16.19	N/A	N/A	10.76	N/A	N/A	11.25	N/A	N/A	6.10	N/A
Over 5 Years	N/A	12.40	N/A	N/A	9.28	N/A	N/A	5.75	N/A	N/A	8.54	N/A	N/A	10.49	N/A
Gross Negative Fair Value	N/A	1.10	N/A	N/A	0.25	N/A	N/A	0.25	N/A	N/A	0.34	N/A	N/A	0.66	N/A
Gross Positive Fair Value	N/A	1.93	N/A	N/A	1.90	N/A	N/A	1.80	N/A	N/A	1.65	N/A	N/A	2.17	N/A
By Tier 1 Capital:															
Gross Negative Fair Value (x)	N/A	0.00	N/A	N/A	0.00	N/A	N/A	0.00	N/A	N/A	0.00	N/A	N/A	0.00	N/A
Gross Positive Fair Value (x)	N/A	0.00	N/A	N/A	0.00	N/A	N/A	0.00	N/A	N/A	0.00	N/A	N/A	0.00	N/A
Held-for-Trading (x)	0.00	0.01	96	0.00	0.01	97	0.00	0.00	97	0.00	0.01	97	0.00	0.01	97
Non-Traded (x)	0.00	0.01	78	0.00	0.03	74	0.00	0.03	75	0.00	0.02	74	0.00	0.01	76
Non-Traded Marked-to-Mkt(x)	N/A	0.02	N/A	N/A	0.08	N/A	N/A	0.05	N/A	N/A	0.06	N/A	N/A	0.04	N/A
Current Credit Exposure (x)	N/A	0.00	N/A	N/A	0.00	N/A	0.00	0.00	91	0.00	0.00	92	0.00	0.00	93
Credit Losses on Derivatives	N/A	0.00	N/A	N/A	0.04	N/A	N/A	0.00	N/A	N/A	0.00	N/A	N/A	0.03	N/A
Past Due Derivative Instruments:															
Fair Value Carried as Assets	N/A	0.00	N/A	N/A	0.00	N/A	N/A	0.00	N/A	N/A	0.00	N/A	N/A	0.00	N/A
Other Ratios:															
Cur Credit Exposure/Risk WT AST	N/A	0.00	N/A	N/A	0.02	N/A	0.00	0.00	91	0.00	0.00	92	0.00	0.00	93
Credit Losses on Derivatives/CR Allow	N/A	0.00	N/A	N/A	0.51	N/A	N/A	-0.02	N/A	N/A	0.06	N/A	N/A	0.52	N/A

	03/31/2025			03/31/2024			12/31/2024			12/31/2023			12/31/2022		
Percent of Average Assets	BANK	PG 5	PCT	BANK	PG 5	PCT	BANK	PG 5	PCT	BANK	PG 5	PCT	BANK	PG 5	PCT
Loans HFS	0.00	0.02	72	0.00	0.02	67	0.00	0.03	61	0.00	0.03	59	0.00	0.05	54
Loans HFI	51.36	67.98	12	45.73	66.83	9	47.19	67.18	10	48.29	65.84	13	45.46	61.44	15
Less: ACL on LN&LS	0.68	0.83	29	0.62	0.84	20	0.62	0.84	20	0.68	0.84	27	0.65	0.82	26
Net Loans & Leases	50.68	67.20	12	45.11	66.17	9	46.56	66.53	10	47.61	65.26	12	44.81	60.98	14
Interest-Bearing Bank Balances	1.26	5.50	22	8.25	5.04	76	6.94	5.11	70	2.13	4.58	36	1.60	7.34	17
Federal Funds Sold & Resales	0.00	0.49	55	0.00	0.46	52	0.00	0.48	48	0.00	0.40	48	0.00	0.59	46
Trading Account Assets	0.00	0.01	97	0.00	0.01	98	0.00	0.01	98	0.00	0.01	98	0.00	0.02	97
Held-to-Maturity Securities	1.89	0.87	83	1.78	1.37	79	1.76	1.28	79	1.90	1.42	79	1.56	1.14	78
HTM Securities Allowance	0.00	0.00	92	0.00	0.00	92	0.00	0.00	91	0.00	0.00	93	N/A	0.00	N/A
Available-for-Sale Securities	34.23	17.05	87	34.53	18.23	86	34.07	18.03	86	38.75	19.38	89	43.81	20.93	91
Marketable Equity Sec at FV	0.00	0.00	81	0.00	0.00	81	0.00	0.00	80	0.00	0.00	80	0.00	0.00	81
Total Earning Assets	88.05	94.22	0	89.67	94.01	2	89.33	94.01	2	90.39	93.86	4	91.79	94.01	13
Nonint Cash & Due From Banks	2.29	1.30	91	1.64	1.27	73	1.79	1.29	79	1.86	1.38	78	2.57	1.49	88
Premises, Fix Assts & Cap Leases	4.80	1.34	98	4.46	1.42	98	4.58	1.42	98	3.55	1.43	96	2.11	1.40	80
Other Real Estate Owned	0.13	0.02	92	0.12	0.01	92	0.13	0.02	92	0.03	0.01	79	0.01	0.02	60
Dir & Indir Inv RE Ventures	0.00	0.01	96	0.00	0.01	97	0.00	0.01	97	0.00	0.01	97	0.00	0.01	97
Inv in Unconsolidated Subs	0.00	0.00	94	0.00	0.00	91	0.00	0.00	91	0.00	0.00	91	0.00	0.00	90
Other Assets	4.73	2.94	88	4.11	3.09	75	4.16	3.09	77	4.17	3.13	76	3.52	2.86	69
Total Non-Earning Assets	11.95	5.79	99	10.33	5.99	97	10.67	5.99	97	9.61	6.14	95	8.21	5.99	86
Total Assets	100.00	100.00	92	100.00	100.00	92	100.00	100.00	91	100.00	100.00	93	100.00	100.00	99
Standby Letters of Credit	0.13	0.20	50	0.15	0.20	54	0.14	0.20	52	0.15	0.20	51	0.14	0.20	49
Liabilities															
Demand Deposits	24.58	22.29	60	24.33	21.95	62	23.73	21.85	59	28.02	23.13	68	30.57	24.42	71
All NOW & ATS Accounts	16.66	10.54	72	0.40	10.51	13	1.16	10.23	16	0.35	10.97	12	0.42	11.63	10
Money Market Deposit Accounts	17.11	13.37	67	30.00	14.23	91	29.27	14.01	91	33.98	14.73	94	40.45	16.50	95
Other Savings Deposits	9.87	10.06	56	7.18	10.35	36	9.41	9.96	51	8.73	11.96	38	10.30	14.07	40
Time Deps At or Below Insurance Limit	15.47	17.38	40	13.45	16.27	38	14.07	16.94	37	11.93	14.32	41	8.82	11.78	35
Less: Fully Insured Brokered Deposits	0.00	1.23	52	0.00	1.85	52	0.00	1.93	46	0.00	1.52	51	0.00	0.77	59
Core Deposits	83.68	75.84	82	75.37	75.85	42	77.65	75.35	56	83.00	78.21	68	90.57	82.63	93
Fully Insured Brokered Deposits	0.00	1.23	52	0.00	1.85	52	0.00	1.93	46	0.00	1.52	51	0.00	0.77	59
Time Deps Above Insurance Limit	8.52	8.19	54	10.83	6.69	82	8.87	7.25	68	8.24	5.54	77	3.74	3.80	57
Deposits in Foreign Offices	N/A	0.00	N/A	N/A	0.02	N/A	N/A	0.02	N/A	N/A	0.03	N/A	N/A	0.02	N/A
Total Deposits	92.21	86.27	94	86.19	85.54	49	86.51	85.64	52	91.24	86.32	86	94.31	88.00	97
Federal Funds Purch & Repos	0.00	0.34	74	0.00	0.27	71	0.00	0.25	66	0.00	0.34	59	0.12	0.34	68
Total Fed Home Loan Borrowings	0.34	2.20	42	0.36	2.38	39	0.35	2.40	34	1.37	2.41	45	0.42	1.39	43
Total Other Borrowings	1.22	0.02	96	8.06	0.68	97	7.44	0.49	98	2.59	0.38	90	0.00	0.02	82
Memo: Sht Ter N Core Funding	9.57	10.16	48	18.77	10.26	89	16.21	10.59	82	10.86	8.63	68	2.89	5.19	30
Subordinated Notes & Debentures	0.00	0.05	99	0.00	0.01	99	0.00	0.01	99	0.00	0.01	99	0.00	0.01	99
Other Liabilities	0.17	0.65	2	0.31	0.73	11	0.38	0.75	14	0.27	0.67	11	0.23	0.54	18
Total Liabilities (Incl Mortg)	93.94	90.41	91	94.92	90.89	94	94.69	90.73	94	95.47	91.25	95	95.08	91.16	96
Total Bank Capital & Min Int	6.06	9.59	8	5.08	9.11	5	5.31	9.27	5	4.53	8.75	4	4.92	8.84	3
Total Liabilities & Capital	100.00	100.00	99	100.00	100.00	99	100.00	100.00	99	100.00	100.00	99	100.00	100.00	99
Memo: All Brokered Deposits	0.00	1.68	47	0.00	2.30	45	0.00	2.42	40	0.00	1.90	45	0.00	1.01	55
Insured Brokered Deposits	0.00	1.23	52	0.00	1.85	52	0.00	1.93	46	0.00	1.52	51	0.00	0.77	59

Loans HFS as a % Loans



	03/31/2025			03/31/2024			12/31/2024			12/31/2023			12/31/2022		
Analysis Ratios	BANK	PG 5	PCT	BANK	PG 5	PCT	BANK	PG 5	PCT	BANK	PG 5	PCT	BANK	PG 5	PCT
Loss Provision to Average Assets	0.14	0.06	82	0.04	0.06	51	0.03	0.08	37	0.07	0.07	61	0.09	0.07	67
Recoveries to Prior Credit Loss	83.70	30.52	86	24.63	46.96	49	41.87	78.77	52	40.00	120.26	41	40.83	103.92	43
Net Loss to Average Total LN&LS	0.01	0.03	53	0.13	0.02	88	0.07	0.06	67	0.10	0.04	80	0.07	0.02	80
Gross Loss to Average Total LN&LS	0.11	0.05	81	0.16	0.04	87	0.12	0.09	72	0.14	0.07	80	0.10	0.05	77
Recoveries to Average Total LN&LS	0.10	0.02	92	0.03	0.02	77	0.06	0.02	81	0.04	0.03	74	0.03	0.03	64
ACL on LN&LS HFI to LN&LS HFI	1.35	1.26	63	1.36	1.28	64	1.30	1.26	60	1.35	1.28	62	1.45	1.31	69
ACL on LN&LS HFI to Total LN&LS	1.35	1.26	64	1.36	1.28	64	1.30	1.25	60	1.35	1.28	62	1.45	1.31	70
ACL on LN&LS HFI to Net Losses (X)	178.88	103.13	80	10.71	102.47	23	20.58	65.95	43	13.87	80.67	31	21.06	122.38	35
ACL on LN&LS HFI to Nonaccrual LN&LS (X)	2.74	10.76	43	5.75	11.08	54	2.74	9.28	42	8.63	12.14	62	2.20	13.54	25
Earnings Coverage of Net Losses (X)	129.17	179.12	65	6.61	155.22	13	19.42	107.39	33	16.65	131.07	26	36.48	226.96	37
Net Losses by Type of LN&LS															
Real Estate Loans	0.00	0.00	86	0.00	0.00	87	0.00	0.01	69	0.00	0.00	71	0.00	0.00	74
Construction & Land Development	0.00	0.03	97	0.00	-0.01	98	0.00	0.00	93	0.00	0.00	93	0.00	-0.03	95
1-4 Family Construction	0.00	0.04	97	0.00	-0.02	98	0.00	-0.03	96	0.00	0.02	96	0.00	-0.01	97
Other Construction & Land	0.00	0.05	98	0.00	-0.02	99	0.00	-0.01	95	0.00	-0.02	96	0.00	-0.03	96
Secured by Farmland	0.00	0.00	99	0.00	0.00	98	0.00	0.00	97	0.00	0.01	96	0.00	0.00	96
1-4 Family Residential Loans	0.00	0.00	89	0.00	0.00	91	0.00	0.00	77	0.00	0.00	79	0.00	-0.01	79
Home Equity Loans	N/A	-0.18	N/A	N/A	-0.15	N/A	N/A	-0.02	N/A	N/A	0.00	N/A	N/A	-0.03	N/A
1-4 Family 1st Lien Loans	0.00	0.00	91	0.00	0.00	93	0.00	0.00	79	0.00	0.00	83	0.00	0.00	82
1-4 Family Jr Lien Loans	0.00	-0.07	98	0.00	-0.09	98	0.00	-0.09	95	0.00	-0.13	96	0.00	-0.25	96
Multifamily Loans	0.00	0.18	98	0.00	0.02	99	0.00	0.08	98	0.00	0.09	99	0.00	-0.01	99
Non-Farm Non-Residential Mtg	0.00	0.00	94	0.00	-0.01	95	0.00	0.00	85	0.00	0.00	88	0.00	0.00	88
Owner Occupied Nonfarm Nonresidential	0.00	-0.01	96	0.00	-0.01	97	0.00	0.00	90	0.00	0.00	91	0.00	0.00	91
Other Nonfarm Nonresidential	0.00	0.04	97	0.00	0.00	98	0.00	0.00	93	0.00	-0.01	95	0.00	-0.02	95
RE Loans in Foreign Offices	N/A	0.00	N/A	N/A	0.00	N/A	N/A	0.00	N/A	N/A	0.00	N/A	N/A	0.00	N/A
Agricultural Loans	0.00	-0.02	95	0.00	-0.02	98	0.03	0.00	94	0.00	0.00	93	0.00	0.00	92
Commercial and Industrial Loans	0.00	0.06	75	0.04	0.03	82	-0.08	0.18	7	0.21	0.11	77	-0.02	0.04	25
Loans to Individuals	0.26	0.31	66	3.94	0.32	96	2.36	0.41	93	2.39	0.33	95	2.18	0.25	96
Credit Card Plans	N/A	1.90	N/A	N/A	0.63	N/A	N/A	0.96	N/A	N/A	1.05	N/A	N/A	0.58	N/A
Auto Loans	-2.50	0.12	0	0.00	0.10	76	0.48	0.14	84	-0.19	0.12	4	0.46	0.06	90
Non-Depository, Other & Muni Loans	0.00	0.35	80	0.00	0.26	80	0.00	0.60	71	0.00	0.41	74	0.00	0.46	73
Loans to Foreign Governments	N/A	0.00	N/A	N/A	0.00	N/A	N/A	0.00	N/A	N/A	0.00	N/A	N/A	0.00	N/A
Lease Financing	N/A	0.00	N/A	N/A	0.02	N/A	N/A	0.01	N/A	0.00	0.02	91	0.00	0.00	94
Leases to Individuals	N/A	0.00	N/A	N/A	0.00	N/A	N/A	0.00	N/A	N/A	0.05	N/A	N/A	0.00	N/A
All Other Leases	N/A	0.00	N/A	N/A	-0.59	N/A	N/A	0.89	N/A	N/A	0.04	N/A	N/A	0.00	N/A
Supplemental:															
Loans to Finance Comm'l Real Estate	0.00	0.00	98	0.00	-0.07	98	0.00	-0.04	98	0.00	-0.03	98	0.00	-0.06	99
Change: ACL on LN&LS HFI (\$000)															
Beginning Balance			4,074			4,049			4,049			4,128			3,368
Gross Credit Losses			83			119			368			406			285
Memo: Loans HFS Write-down			0			0			0			0			0
Recoveries			77			25			170			114			89
Net Credit Losses			6			94			198			292			196
Provision: Credit Losses			225			73			223			463			556
Other Adjustments			0			0			0			-250			400
ACL on LN&LS HFI			4,293			4,028			4,074			4,049			4,128

Average Total Loans & Leases

314,747	295,898	303,895	295,430	277,137
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	03/31/2025			03/31/2024			12/31/2024			12/31/2023			12/31/2022		
Loan Mix, % Average Gross LN&LS	BANK	PG 5	PCT	BANK	PG 5	PCT	BANK	PG 5	PCT	BANK	PG 5	PCT	BANK	PG 5	PCT
Real Estate Loans	76.68	78.94	37	72.47	78.38	28	74.88	78.26	34	71.87	78.23	27	70.07	77.63	25
Construction & Development	10.76	7.89	69	13.62	7.95	82	12.56	7.90	78	14.49	8.04	83	14.32	7.99	83
1-4 Family Construction	2.77	2.44	62	4.75	2.43	79	4.04	2.49	76	5.70	2.67	84	6.44	2.75	86
Other Const & Land Development	7.99	5.06	77	8.87	5.11	80	8.51	5.16	79	8.79	5.09	79	7.88	4.97	76
Secured by Farmland	7.78	7.88	60	8.37	6.47	67	8.19	6.64	65	8.85	6.71	67	9.72	6.64	68
1-4 Family Residential	26.49	26.94	51	26.32	25.50	55	26.31	25.72	54	24.77	25.03	52	23.16	24.00	51
Home Equity Loans	0.00	2.06	14	0.00	1.81	13	0.00	1.87	12	0.00	1.77	12	0.00	1.76	12
1-4 Family 1st Lien Loans	26.26	23.55	60	26.01	22.34	63	26.03	22.46	63	24.49	22.02	60	22.90	21.11	59
1-4 Family Jr Lien Loans	0.23	0.72	30	0.32	0.64	35	0.28	0.69	31	0.28	0.57	34	0.26	0.48	37
Multifamily	2.53	3.60	45	2.69	3.67	47	2.64	3.66	46	2.64	3.56	48	2.83	3.46	51
Non-Farm Non-Residential	29.12	27.13	56	21.47	29.42	30	25.18	28.99	42	21.11	29.52	29	20.04	30.24	24
Owner Occupied Non-Farm Non-Residential	11.28	12.37	47	11.75	13.40	43	11.59	13.23	44	12.62	13.50	48	12.60	14.11	45
Other Non-Farm Non-Residential	17.84	14.18	66	9.72	15.42	32	13.60	15.18	48	8.49	15.44	27	7.44	15.57	23
RE Loans in Foreign Offices	N/A	0.00	N/A	N/A	1.29	N/A	N/A	1.29	N/A	N/A	1.44	N/A	N/A	1.01	N/A
Financial Institution Loans	0.00	0.06	95	0.00	0.05	96	0.00	0.05	96	0.00	0.06	95	0.00	0.06	95
Agricultural Loans	8.26	4.49	75	10.07	3.18	83	8.96	3.41	81	8.90	3.20	81	8.91	3.20	81
Commercial & Industrial Loans	10.04	10.31	52	12.09	11.56	58	10.87	11.47	53	13.96	11.62	67	15.12	12.19	70
Loans to Individuals	2.93	2.77	62	3.06	2.88	64	3.06	2.88	64	2.87	2.90	62	3.22	2.87	66
Credit Card Loans	0.00	0.01	86	0.00	0.02	82	0.00	0.02	82	0.00	0.02	81	0.00	0.02	80
Auto Loans	0.76	1.10	49	0.86	1.02	59	0.82	1.01	56	0.87	1.03	58	1.00	0.99	64
Municipal Loans	1.97	0.53	87	2.23	0.44	90	2.13	0.44	91	2.32	0.46	91	2.55	0.48	91
Non-Depository and Other	0.11	0.18	70	0.09	0.18	67	0.10	0.19	67	0.08	0.19	65	0.09	0.18	65
Loans to Foreign Governments	N/A	0.00	N/A	N/A	0.00	N/A	N/A	0.00	N/A	N/A	0.00	N/A	N/A	0.00	N/A
Lease Financing Receivables	0.00	0.02	84	0.00	0.03	83	0.00	0.03	83	0.01	0.03	83	0.04	0.04	85
Leases to Individuals	N/A	0.00	N/A	N/A	0.06	N/A	N/A	0.06	N/A	N/A	0.07	N/A	N/A	0.08	N/A
All Other Leases	N/A	0.00	N/A	N/A	0.03	N/A	N/A	0.02	N/A	N/A	0.03	N/A	N/A	0.04	N/A
Supplemental:															
Loans to Finance Comm'l Real Est	0.35	0.03	91	0.06	0.06	83	0.19	0.09	85	0.03	0.07	81	0.02	0.07	79
Foreign Office Loans & Leases	0.00	0.00	99	0.00	0.00	99	0.00	0.00	99	0.00	0.00	99	0.00	0.00	99
Memorandum (% of Avg Tot Loans):															
Loans & Lease Commitments	11.09	17.21	16	11.96	17.95	21	11.57	16.85	22	12.89	18.02	25	14.54	20.06	26
Officer, Shareholder Loans	7.10	1.08	99	6.86	1.09	98	6.58	1.07	98	7.05	1.08	98	7.17	1.12	97
Officer, Shareholder Loans to Assets	3.61	0.69	97	3.03	0.70	94	3.35	0.69	96	3.33	0.69	96	3.22	0.68	95
Other Real Estate Owned % Assets															
Construction & Land Development	0.00	0.00	89	0.00	0.00	90	0.00	0.00	86	0.00	0.00	85	0.01	0.00	86
Farmland	0.00	0.00	97	0.00	0.00	97	0.00	0.00	96	0.00	0.00	96	0.00	0.00	94
1-4 Family	0.13	0.00	97	0.12	0.00	99	0.13	0.00	98	0.03	0.00	95	0.00	0.00	73
Multifamily	0.00	0.00	98	0.00	0.00	99	0.00	0.00	98	0.00	0.00	99	0.00	0.00	99
Non-Farm Non-Residential	0.00	0.00	86	0.00	0.00	86	0.00	0.00	80	0.00	0.00	80	0.00	0.00	76
Foreign Offices	N/A	0.00	N/A	N/A	0.00	N/A	N/A	0.00	N/A	N/A	0.00	N/A	N/A	0.00	N/A
Subtotal	0.13	0.02	92	0.12	0.01	92	0.13	0.02	92	0.03	0.01	79	0.01	0.02	60
Direct and Indirect Inv	0.00	0.01	96	0.00	0.01	97	0.00	0.01	97	0.00	0.01	97	0.00	0.01	97
Total	0.13	0.02	91	0.12	0.02	91	0.13	0.02	91	0.03	0.02	77	0.01	0.02	59
Asset Servicing % Assets															
Mortgage Servicing w/ Recourse	N/A	0.27	N/A	N/A	0.25	N/A	N/A	0.27	N/A	N/A	0.17	N/A	N/A	0.20	N/A
Mortgage Servicing w/o Recourse	N/A	2.53	N/A	N/A	4.05	N/A	N/A	3.82	N/A	N/A	4.03	N/A	N/A	4.39	N/A
Other Financial Assets	N/A	0.00	N/A	N/A	0.38	N/A	N/A	0.35	N/A	N/A	0.32	N/A	N/A	0.32	N/A

Total	0.00	3.83	68	0.00	4.83	64	0.00	4.61	64	0.00	5.01	64	0.00	5.38	64
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FDIC Certificate # 15345  
OCC Charter # 0  
Public Report

FRB District/ID\_RSSD 11 / 77253  
County: MEDINA

TXN BANK; HONDO, TX  
Analysis of Concentrations of Credit--Page 7B

Concentrations of Credit  
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	03/31/2025			03/31/2024			12/31/2024			12/31/2023			12/31/2022		
	BANK	PG 5	PCT	BANK	PG 5	PCT	BANK	PG 5	PCT	BANK	PG 5	PCT	BANK	PG 5	PCT
Loan & Leases as a % of Tier 1 Capital Plus ACL on LN&LS HFI															
Real Estate Loans	368.24	463.63	28	327.69	461.93	21	364.06	463.51	26	335.03	462.82	22	314.20	453.91	19
Construction & Development	51.71	45.74	59	58.24	46.63	65	51.06	46.04	59	66.31	47.22	70	67.75	48.02	71
1-4 Family Construction	13.14	14.56	55	19.73	14.32	68	13.33	13.87	57	23.74	14.47	74	26.38	15.77	74
Other Const & Land Development	38.57	29.32	67	38.51	29.94	64	37.72	30.01	65	42.57	28.69	69	41.37	29.58	70
Secured by Farmland	36.81	45.19	57	38.17	37.04	62	37.54	37.82	61	38.42	37.92	62	43.41	36.74	65
1-4 Family Residential	128.05	159.34	42	121.12	150.67	43	124.93	153.41	42	119.61	150.12	42	108.40	141.44	40
Home Equity Loans	0.00	12.64	14	0.00	11.04	14	0.00	12.10	14	0.00	11.00	13	0.00	10.61	13
1-4 Family 1st Lien Loans	126.97	139.02	51	119.68	131.98	50	123.83	132.87	51	118.16	131.62	50	107.17	124.38	47
1-4 Family Jr Lien Loans	1.08	4.25	25	1.44	3.90	30	1.10	4.36	25	1.45	3.76	31	1.23	3.02	34
Multifamily	12.03	21.36	40	12.26	21.16	40	12.09	21.27	38	12.30	20.89	40	12.29	19.88	42
Non-Farm Non-Residential	139.64	157.39	47	97.90	174.11	23	138.45	171.93	40	98.39	173.68	23	82.34	175.70	17
Owner Occupied Non-Farm Non-Residential	53.97	71.60	39	52.94	79.05	33	53.76	78.10	34	54.47	78.80	35	55.17	80.37	34
Other Non-Farm Non-Residential	85.67	82.95	57	44.96	91.45	27	84.68	90.45	50	43.93	91.26	26	27.17	92.00	15
RE Loans in Foreign Offices	N/A	0.00	N/A	N/A	6.92	N/A	N/A	7.08	N/A	N/A	7.39	N/A	N/A	5.50	N/A
Financial Institution Loans	0.00	0.29	95	0.00	0.31	96	0.00	0.29	97	0.00	0.29	96	0.00	0.33	96
Agricultural Loans	40.17	24.72	72	46.79	17.54	80	38.68	19.59	76	45.29	18.62	79	35.97	17.55	77
Commercial & Industrial Loans	49.62	59.45	45	54.66	68.25	44	46.28	67.32	36	55.86	67.90	45	70.10	68.44	58
Loans to Individuals	13.78	14.68	56	14.18	15.82	59	14.23	15.43	59	13.81	15.96	58	13.50	15.35	59
Credit Card Loans	0.00	0.06	86	0.00	0.09	83	0.00	0.09	83	0.00	0.10	82	0.00	0.10	82
Auto Loans	3.60	6.06	47	3.86	5.65	53	3.64	5.43	52	4.03	5.66	53	4.14	5.31	57
Municipal Loans	9.27	2.84	86	9.87	2.40	87	9.58	2.47	87	10.48	2.50	88	11.13	2.66	88
Non-Depository and Other	0.45	0.93	68	0.36	1.04	64	0.60	1.12	68	0.46	1.02	66	0.42	0.99	65
Loans to Foreign Governments	N/A	0.00	N/A	N/A	0.00	N/A	N/A	0.00	N/A	N/A	0.00	N/A	N/A	0.00	N/A
Lease Financing Receivables	0.00	0.10	84	0.00	0.16	84	0.00	0.17	84	0.00	0.18	83	0.13	0.18	84
Leases to Individuals	N/A	0.00	N/A	N/A	0.36	N/A	N/A	0.35	N/A	N/A	0.37	N/A	N/A	0.49	N/A
All Other Leases	N/A	0.01	N/A	N/A	0.11	N/A	N/A	0.07	N/A	N/A	0.15	N/A	N/A	0.17	N/A
Supplemental:															
Loans to Finance Commercial Real Estate	1.77	0.17	91	0.33	0.34	83	1.56	0.46	87	0.21	0.32	83	0.11	0.34	81
Foreign Office Loans & Leases	0.00	0.00	99	0.00	0.01	99	0.00	0.01	99	0.00	0.01	99	0.00	0.02	99
Commercial Real Estate Loans as a % of Tier 1 Capital Plus ACL on LN&LS HFI															
Non-owner OCC Commercial Real Estate	151.18	162.28	48	115.80	170.35	32	149.39	170.62	43	122.75	170.28	33	107.33	170.98	29
Memo: NOO CRE 3-Year Growth Rate	39.79	42.67	54	125.73	53.27	89	201.78	44.94	95	122.05	53.56	88	111.97	53.28	84
Total Commercial Real Estate	205.16	239.23	43	168.74	253.94	27	203.15	253.42	37	177.22	253.72	30	162.50	256.00	26
Commercial Real Estate Loans as a % of Total LN&LS:															
Construction & Development	10.76	7.89	68	12.86	7.90	79	10.80	7.85	71	14.41	7.98	84	15.24	8.21	84
Non-owner OCC Commercial Real Estate	31.45	27.79	62	25.57	28.82	41	31.61	28.81	58	26.67	28.73	45	24.14	29.16	37
Total Commercial Real Estate	42.67	41.12	52	37.26	43.09	37	42.99	42.86	49	38.51	42.95	41	36.54	43.85	34

	03/31/2025			03/31/2024			12/31/2024			12/31/2023			12/31/2022		
% of Non-Current LN&LS by Loan Type	BANK	PG 5	PCT	BANK	PG 5	PCT	BANK	PG 5	PCT	BANK	PG 5	PCT	BANK	PG 5	PCT
Real Estate LNS-90+ Days P/D	0.59	0.04	95	0.00	0.02	70	0.07	0.03	82	0.13	0.02	89	0.00	0.01	71
-Nonaccrual	0.58	0.37	70	0.23	0.33	57	0.61	0.38	73	0.11	0.29	45	0.91	0.28	87
-Total	1.17	0.46	83	0.23	0.39	52	0.67	0.44	72	0.24	0.35	54	0.91	0.32	85
-30-89 DAYS P/D	1.47	0.59	83	1.18	0.40	86	1.65	0.46	90	0.99	0.34	86	0.65	0.28	81
Const & Land Dev-90+ Days P/D	0.00	0.11	95	0.00	0.00	94	0.00	0.07	95	0.67	0.00	97	0.00	0.06	96
-Nonaccrual	0.00	0.12	79	0.76	0.06	92	0.00	0.13	77	0.00	0.05	81	0.00	0.02	84
-Total	0.00	0.17	78	0.76	0.11	89	0.00	0.16	74	0.67	0.08	91	0.00	0.04	81
-30-89 DAYS P/D	0.32	0.24	78	2.34	0.22	92	1.59	0.22	90	0.20	0.15	78	0.35	0.12	84
1-4 Fam Cons & L Dev-90+ Days P/D	0.00	0.22	96	0.00	0.06	98	0.00	0.06	97	1.87	0.07	98	0.00	0.06	98
-Nonaccrual	0.00	0.02	90	2.25	0.02	96	0.00	0.04	91	0.00	0.01	93	0.00	0.17	95
-Total	0.00	0.06	88	2.25	0.04	95	0.00	0.06	89	1.87	0.03	95	0.00	0.00	94
-30-89 DAYS P/D	0.00	0.17	84	4.31	0.19	94	0.00	0.13	86	0.00	0.11	86	0.00	0.09	87
Other Const & Land Dev-90+ Days P/D	0.00	0.08	98	0.00	0.07	96	0.00	0.07	96	0.00	0.07	96	0.00	0.04	97
-Nonaccrual	0.00	0.05	84	0.00	0.03	85	0.00	0.07	83	0.00	0.02	86	0.00	0.02	87
-Total	0.00	0.07	83	0.00	0.05	83	0.00	0.09	81	0.00	0.04	84	0.00	0.03	85
-30-89 DAYS P/D	0.43	0.13	86	1.32	0.10	92	2.16	0.14	93	0.31	0.07	86	0.57	0.05	92
Secured by Farmland-90+ Day P/D	0.00	0.01	90	0.00	0.00	94	0.00	0.00	94	0.00	0.05	95	0.00	0.05	95
-Nonaccrual	0.00	0.19	75	0.00	0.13	79	0.00	0.10	80	0.00	0.15	78	0.00	0.17	77
-Total	0.00	0.29	70	0.00	0.17	76	0.00	0.13	76	0.00	0.18	75	0.00	0.20	76
-30-89 DAYS P/D	0.00	0.41	63	0.00	0.19	72	0.00	0.19	71	0.00	0.12	73	0.03	0.07	79
1-4 Family Mtg-90+ Days P/D	0.00	0.03	77	0.00	0.02	76	0.00	0.03	74	0.00	0.03	74	0.00	0.02	76
-Nonaccrual	1.18	0.30	89	0.24	0.26	61	1.26	0.29	91	0.25	0.25	62	2.64	0.26	97
-Total	1.18	0.36	87	0.24	0.33	55	1.26	0.36	89	0.25	0.31	56	2.64	0.31	96
-30-89 DAYS P/D	2.78	0.75	92	1.85	0.50	91	1.49	0.63	82	2.67	0.52	95	1.66	0.44	91
Home Equity Loans -90+ Days P/D	N/A	0.05	N/A	N/A	0.00	N/A	N/A	0.00	N/A	N/A	0.00	N/A	N/A	0.04	N/A
-Nonaccrual	N/A	0.11	N/A	N/A	0.10	N/A	N/A	0.10	N/A	N/A	0.08	N/A	N/A	0.06	N/A
-Total	N/A	0.14	N/A	N/A	0.12	N/A	N/A	0.13	N/A	N/A	0.12	N/A	N/A	0.09	N/A
-30-89 DAYS P/D	N/A	0.27	N/A	N/A	0.22	N/A	N/A	0.26	N/A	N/A	0.22	N/A	N/A	0.16	N/A
1-4 Family 1st Lien Lns-90+ Days P/D	0.00	0.02	78	0.00	0.02	79	0.00	0.03	76	0.00	0.02	77	0.00	0.02	78
-Nonaccrual	1.19	0.28	89	0.25	0.26	62	1.27	0.28	91	0.25	0.24	63	2.67	0.25	97
-Total	1.19	0.34	88	0.25	0.31	57	1.27	0.35	88	0.25	0.30	57	2.67	0.30	97
-30-89 DAYS P/D	2.80	0.79	91	1.88	0.51	90	1.51	0.65	81	2.70	0.52	95	1.68	0.44	90
1-4 Family Jr Lien Lns-90+ Days P/D	0.00	0.08	95	0.00	0.05	97	0.00	0.07	96	0.00	0.10	97	0.00	0.09	97
-Nonaccrual	0.00	0.15	82	0.00	0.11	81	0.00	0.13	81	0.00	0.10	83	0.00	0.15	81
-Total	0.00	0.21	79	0.00	0.14	79	0.00	0.16	79	0.00	0.13	80	0.00	0.19	79
-30-89 DAYS P/D	0.00	0.25	77	0.00	0.13	80	0.00	0.19	78	0.00	0.16	80	0.00	0.16	80
Multifamily Loans-90+ Days P/D	0.00	0.05	98	0.00	0.07	99	0.00	0.05	99	0.00	0.01	99	0.00	0.03	99
-Nonaccrual	5.28	0.01	97	0.00	0.19	96	5.24	0.00	97	0.00	0.15	96	0.00	0.15	96
-Total	5.28	0.02	97	0.00	0.27	95	5.24	0.00	97	0.00	0.16	96	0.00	0.18	96
-30-89 DAYS P/D	5.36	0.03	97	0.00	0.16	96	0.00	0.46	95	0.00	0.35	95	0.00	0.11	96
Non-Farm Non-Res Mtg-90+ Days P/D	1.56	0.01	98	0.00	0.00	92	0.18	0.01	93	0.00	0.00	91	0.00	0.00	92
-Nonaccrual	0.00	0.39	52	0.00	0.33	54	0.00	0.37	51	0.06	0.27	59	0.00	0.23	56
-Total	1.56	0.47	84	0.00	0.37	50	0.18	0.43	59	0.06	0.31	56	0.00	0.26	53
-30-89 DAYS P/D	0.74	0.33	79	0.26	0.25	72	2.42	0.25	95	0.00	0.19	54	0.00	0.13	58

Own Occ Non-Farm Non-Res-90+ Days P/D	4.03	0.01	99	0.00	0.00	94	0.46	0.00	96	0.00	0.00	93	0.00	0.05	95
-Nonaccrual	0.00	0.34	65	0.00	0.28	63	0.00	0.37	61	0.00	0.25	65	0.00	0.23	66
-Total	4.03	0.45	95	0.00	0.32	61	0.46	0.43	72	0.00	0.30	62	0.00	0.26	63
-30-89 DAYS P/D	1.15	0.34	84	0.49	0.23	80	4.33	0.25	97	0.00	0.20	64	0.00	0.12	67
Other Non-Farm Non-Res-90+ Days P/D	0.00	0.04	95	0.00	0.07	96	0.00	0.05	96	0.00	0.04	96	0.00	0.04	96
-Nonaccrual	0.00	0.20	77	0.00	0.18	78	0.00	0.19	76	0.13	0.13	81	0.00	0.10	79
-Total	0.00	0.24	75	0.00	0.21	75	0.00	0.23	74	0.13	0.15	79	0.00	0.12	77
-30-89 DAYS P/D	0.48	0.16	84	0.00	0.11	78	1.20	0.13	91	0.00	0.07	80	0.00	0.06	81
RE Lns in Foreign Offices-90+ Days P/D	N/A	0.00	N/A	N/A	0.00	N/A	N/A	0.00	N/A	N/A	0.00	N/A	N/A	0.00	N/A
-Nonaccrual	N/A	0.00	N/A	N/A	0.00	N/A	N/A	0.00	N/A	N/A	0.00	N/A	N/A	0.00	N/A
-Total	N/A	0.00	N/A	N/A	0.00	N/A	N/A	0.00	N/A	N/A	0.00	N/A	N/A	0.00	N/A
-30-89 DAYS P/D	N/A	0.00	N/A	N/A	0.00	N/A	N/A	0.00	N/A	N/A	0.00	N/A	N/A	0.00	N/A
Supplemental:															
LNS Fin Coml RE-90+ Days P/D	0.00	0.00	98	0.00	0.02	98	0.00	0.00	99	0.00	0.00	99	0.00	0.09	98
-Nonaccrual	0.00	0.23	96	0.00	1.08	97	0.00	0.38	96	0.00	0.42	98	0.00	0.43	96
-Total	0.00	0.23	96	0.00	1.10	96	0.00	0.38	96	0.00	0.42	98	0.00	0.52	96
-30-89 DAYS P/D	0.00	0.00	98	0.00	0.09	98	0.00	0.36	98	0.00	0.18	97	0.00	0.04	98
Non-Current LN&LS (\$000)															
90 Days and Over Past Due			1,483			0			165			290			0
Total Nonaccrual LN&LS			1,566			701			1,485			469			1,876
Total Non-Current LN&LS			3,049			701			1,650			759			1,876
LN&LS 30-89 Days Past Due			4,585			3,670			4,897			2,462			3,047
Gtyd LN&LS 90+ Days P/D			0			0			0			0			0
Gtyd LN&LS on Nonaccrual			0			0			0			0			0
Gtyd LN&LS 30-89 Days P/D			0			0			0			0			0
Modified LN&LS 90+ Days P/D			0			0			0			0			N/A
Modified LN&LS Nonaccrual			0			0			0			0			N/A
Modified LN&LS 30-89 Days P/D			0			0			0			0			N/A
Restructured LN&LS 90+ Days P/D			N/A			N/A			N/A			N/A			0
Restructured LN&LS Nonaccrual			N/A			N/A			N/A			N/A			0
Restructured LN&LS 30-89 Days P/D			N/A			N/A			N/A			N/A			0
Current 1-4 Family Modified LN&LS			N/A			N/A			0			0			N/A
Current Other Modified LN&LS			0			0			0			0			N/A
Current Total Modified LN&LS			0			0			0			0			N/A
Current 1-4 Family Restructured LN&LS			N/A			N/A			N/A			N/A			0
Current Other Restructured LN&LS			N/A			N/A			N/A			N/A			0
Current Total Restructured LN&LS			N/A			N/A			N/A			N/A			0
Loans Secured 1-4 RE in Foreclosure			0			0			0			0			0
Other Real Estate Owned			675			800			920			800			0

	03/31/2025			03/31/2024			12/31/2024			12/31/2023			12/31/2022		
% of Non-Current LN&LS by Loan Type	BANK	PG 5	PCT	BANK	PG 5	PCT	BANK	PG 5	PCT	BANK	PG 5	PCT	BANK	PG 5	PCT
Financial Institution LNS-90+ Days P/D	N/A	0.00	N/A	N/A	0.00	N/A	N/A	0.00	N/A	N/A	0.00	N/A	N/A	0.00	N/A
-Nonaccrual	N/A	0.00	N/A	N/A	0.00	N/A	N/A	0.00	N/A	N/A	0.00	N/A	N/A	0.00	N/A
-Total	N/A	0.00	N/A	N/A	0.00	N/A	N/A	0.00	N/A	N/A	0.00	N/A	N/A	0.00	N/A
-30-89 DAYS P/D	N/A	6.31	N/A	N/A	1.93	N/A	N/A	0.00	N/A	N/A	0.00	N/A	N/A	1.37	N/A
Coml & Indust LNS-90+ Days P/D	0.00	0.03	79	0.00	0.02	82	0.00	0.02	83	0.00	0.01	84	0.00	0.01	84
-Nonaccrual	0.45	0.50	67	0.61	0.38	76	0.07	0.44	51	0.61	0.32	78	0.02	0.26	54
-Total	0.45	0.58	63	0.61	0.46	73	0.07	0.53	46	0.61	0.38	76	0.02	0.32	49
-30-89 DAYS P/D	1.16	0.56	78	2.77	0.39	93	1.61	0.44	87	0.37	0.32	67	2.74	0.26	96
Agricultural LNS-90+ Days P/D	0.00	0.00	91	0.00	0.00	94	0.00	0.03	95	0.00	0.04	96	0.00	0.01	96
-Nonaccrual	0.00	0.06	80	0.00	0.02	86	0.00	0.03	85	0.00	0.03	85	0.00	0.03	85
-Total	0.00	0.12	77	0.00	0.04	83	0.00	0.04	82	0.00	0.04	84	0.00	0.04	84
-30-89 DAYS P/D	0.00	0.18	73	0.00	0.09	78	0.00	0.04	81	0.00	0.03	83	0.00	0.02	82
Loans to Individuals-90+ Days P/D	0.00	0.03	72	0.00	0.02	76	0.00	0.02	76	0.00	0.02	75	0.00	0.02	76
-Nonaccrual	0.00	0.17	53	0.00	0.11	58	0.00	0.14	56	0.18	0.11	75	0.45	0.09	88
-Total	0.00	0.25	44	0.00	0.17	48	0.00	0.20	47	0.18	0.17	67	0.45	0.14	84
-30-89 DAYS P/D	2.01	0.66	87	0.56	0.54	59	2.35	0.66	90	1.57	0.60	83	2.13	0.53	91
Credit Card Plans-90+ Days P/D	N/A	0.27	N/A	N/A	0.17	N/A	N/A	0.16	N/A	N/A	0.14	N/A	N/A	0.15	N/A
-Nonaccrual	N/A	0.00	N/A	N/A	0.00	N/A	N/A	0.09	N/A	N/A	0.00	N/A	N/A	0.06	N/A
-Total	N/A	0.27	N/A	N/A	0.24	N/A	N/A	0.23	N/A	N/A	0.20	N/A	N/A	0.20	N/A
-30-89 DAYS P/D	N/A	0.80	N/A	N/A	0.80	N/A	N/A	1.01	N/A	N/A	0.79	N/A	N/A	0.75	N/A
Auto Loans	0.00	0.01	85	0.00	0.01	88	0.00	0.01	87	0.00	0.01	88	0.00	0.00	88
-Nonaccrual	0.00	0.17	68	0.00	0.10	70	0.00	0.13	69	0.00	0.09	70	0.00	0.07	74
-Total	0.00	0.23	62	0.00	0.14	64	0.00	0.17	63	0.00	0.13	65	0.00	0.10	69
-30-89 DAYS P/D	2.94	0.63	91	0.71	0.49	69	3.84	0.66	94	2.96	0.57	91	3.17	0.52	94
Non-depository, Other and Muni-90+ Days P/D	0.67	0.00	95	0.00	0.86	95	0.00	0.00	94	0.00	1.64	95	0.00	0.41	95
-Nonaccrual	0.00	0.00	92	0.00	0.00	92	0.00	0.01	92	0.00	0.02	91	0.00	0.02	91
-Total	0.67	0.08	91	0.00	0.06	89	0.00	0.13	87	0.00	0.07	88	0.00	0.06	88
-30-89 DAYS P/D	6.89	1.03	89	1.71	0.62	86	2.68	0.63	88	0.18	0.54	79	3.25	0.32	92
Lease Financing-90+ Days P/D	N/A	0.00	N/A	N/A	0.28	N/A	N/A	0.39	N/A	N/A	0.03	N/A	0.00	0.07	97
-Nonaccrual	N/A	0.17	N/A	N/A	0.16	N/A	N/A	0.00	N/A	N/A	0.00	N/A	0.00	0.00	94
-Total	N/A	0.06	N/A	N/A	0.01	N/A	N/A	0.00	N/A	N/A	0.00	N/A	0.00	0.01	93
-30-89 DAYS P/D	N/A	0.05	N/A	N/A	0.01	N/A	N/A	0.01	N/A	N/A	0.03	N/A	100.00	0.01	99
Leases to Individuals-90+ Days P/D	N/A	0.00	N/A	N/A	0.00	N/A	N/A	0.00	N/A	N/A	0.00	N/A	N/A	0.00	N/A
-Nonaccrual	N/A	0.00	N/A	N/A	0.00	N/A	N/A	0.00	N/A	N/A	0.00	N/A	N/A	0.00	N/A
-Total	N/A	0.00	N/A	N/A	0.00	N/A	N/A	0.00	N/A	N/A	0.00	N/A	N/A	0.00	N/A
-30-89 DAYS P/D	N/A	0.00	N/A	N/A	0.00	N/A	N/A	0.00	N/A	N/A	0.00	N/A	N/A	0.00	N/A
All Other Leases-90+ Days P/D	N/A	0.00	N/A	N/A	0.00	N/A	N/A	0.00	N/A	N/A	0.13	N/A	N/A	0.00	N/A
-Nonaccrual	N/A	0.00	N/A	N/A	0.00	N/A	N/A	0.00	N/A	N/A	0.18	N/A	N/A	0.00	N/A
-Total	N/A	0.00	N/A	N/A	0.22	N/A	N/A	0.00	N/A	N/A	0.00	N/A	N/A	0.02	N/A
-30-89 DAYS P/D	N/A	0.00	N/A	N/A	0.02	N/A	N/A	0.58	N/A	N/A	0.05	N/A	N/A	0.00	N/A
Total LN&LS-90+ Days Past Due	0.46	0.05	93	0.00	0.03	54	0.05	0.04	76	0.10	0.03	84	0.00	0.02	54
-Nonaccrual	0.49	0.40	66	0.24	0.36	53	0.47	0.41	65	0.16	0.32	47	0.66	0.29	81
-Total	0.96	0.49	79	0.24	0.42	48	0.52	0.48	63	0.25	0.38	52	0.66	0.34	78
-30-89 DAYS P/D	1.44	0.63	82	1.24	0.45	87	1.56	0.49	89	0.82	0.38	81	1.07	0.31	90

## Other Pertinent Ratios:

Non-Cur LN&LS to-ACL on LN&LS HFI	71.02	41.02	75	17.40	33.31	47	40.50	39.21	61	18.75	29.98	50	45.45	26.74	75
-Equity Capital	7.29	3.40	80	2.20	3.14	54	5.03	3.54	70	2.21	2.80	56	7.67	2.67	85
% Total P/D LN&LS-Incl Nonaccrual	2.39	1.25	81	1.48	0.98	74	2.08	1.09	80	1.07	0.85	67	1.73	0.73	85
Non Curr LNS+OREO to LNS+OREO	1.17	0.54	80	0.51	0.47	63	0.82	0.54	71	0.52	0.42	67	0.66	0.40	75
Non Curr LNS+OREO to T1 Cap + ACL on LN&LS HFI	5.62	3.02	77	2.30	2.69	56	3.87	3.10	67	2.39	2.43	60	2.93	2.19	69
Mod+Nonac+RE Acq to Eqcap+ACL on LN&LS HFI	4.86	3.71	67	4.18	3.68	63	6.52	4.15	73	3.31	3.51	59	N/A	0.00	N/A
Non-Curr Modified Debt/Gr LN&LS	0.00	0.02	73	0.00	0.02	72	0.00	0.02	74	0.00	0.02	70	N/A	0.00	N/A
Curr+Non-Curr Modified/GR LN&LS	0.00	0.12	50	0.00	0.12	46	0.00	0.13	44	0.00	0.13	41	N/A	0.00	N/A
Current Modified LN&LS/Total LN&LS	0.00	0.09	56	0.00	0.08	54	0.00	0.09	51	0.00	0.09	49	N/A	0.00	N/A
Rest+Nonac+RE Acq to Eqcap+ACL on LN&LS HFI	N/A	0.00	N/A	N/A	0.00	N/A	N/A	0.00	N/A	N/A	0.00	N/A	6.56	3.87	75
Non-Curr Restruct Debt/Gr LN&LS	N/A	0.00	N/A	N/A	0.00	N/A	N/A	0.00	N/A	N/A	0.00	N/A	0.00	0.03	62
Curr+Non-Curr Restruct/GR LN&LS	N/A	0.00	N/A	N/A	0.00	N/A	N/A	0.00	N/A	N/A	0.00	N/A	0.00	0.21	30
Current Restruct LN&LS/Total LN&LS	N/A	0.00	N/A	N/A	0.00	N/A	N/A	0.00	N/A	N/A	0.00	N/A	0.00	0.15	38
Loans Sec 1-															
4 Fam RE in Forclosure as % Total Loans Sec 1-	0.00	0.02	78	0.00	0.02	78	0.00	0.02	79	0.00	0.02	77	0.00	0.02	77
4 Fam RE															
Gtyd LN&LS 90+ P/D / LN&LS 90+ P/D	0.00	1.85	95	N/A	2.89	N/A	0.00	2.47	95	0.00	0.30	93	N/A	0.05	N/A
Gtyd Nonaccrual LN&LS / Nonaccrual LN&LS	0.00	0.19	90	0.00	1.02	86	0.00	1.09	87	0.00	0.95	88	0.00	1.17	86
Gtyd LN&LS 30-89 P/D / LN&LS 30-89 P/D	0.00	0.00	93	0.00	0.01	93	0.00	0.04	93	0.00	0.02	93	0.00	0.06	92

	03/31/2025			03/31/2024			12/31/2024			12/31/2023			12/31/2022		
	BANK	PG 5	PCT	BANK	PG 5	PCT	BANK	PG 5	PCT	BANK	PG 5	PCT	BANK	PG 5	PCT
Net Interest Margin Performance															
Int Inc/AEA (1-Qtr-Ann)	4.87	5.43	22	4.77	5.29	27	4.92	5.60	21	4.83	5.23	33	3.97	4.37	30
YoY Change	0.10	0.22	28	0.70	0.74	45	0.09	0.36	13	0.87	0.84	56	0.79	0.78	54
QoQ Change	-0.06	-0.11	62	-0.06	0.06	15	0.05	0.00	61	0.38	0.18	93	0.32	0.37	45
Int Exp/AEA (1-Qtr-Ann)	1.88	1.88	52	2.29	1.94	71	2.07	2.03	54	2.16	1.81	71	0.73	0.65	61
YoY Change	-0.41	-0.02	3	1.21	0.93	82	-0.09	0.22	6	1.43	1.13	77	0.55	0.37	73
QoQ Change	-0.18	-0.11	18	0.14	0.13	53	-0.20	-0.08	12	0.08	0.19	14	0.39	0.27	72
Net Interest Margin (1-Qtr-Ann)	2.98	3.55	18	2.47	3.34	11	2.86	3.57	17	2.68	3.42	16	3.24	3.70	24
YoY Change	0.51	0.24	84	-0.51	-0.19	16	0.18	0.14	56	-0.56	-0.29	24	0.24	0.40	41
QoQ Change	0.13	0.00	76	-0.20	-0.07	18	0.25	0.08	85	0.30	-0.01	96	-0.07	0.10	28
ASSETS: Rem Mat/Reprice Date															
% of Assets: Short-Term Assets															
Securities (Up to 1 Year)	0.69	2.43	27	0.60	2.28	26	0.72	2.21	29	0.77	2.23	33	0.98	1.85	44
Loans (Up to 1 Year)	12.59	21.61	14	10.73	18.18	19	11.85	20.64	18	11.02	17.77	22	9.41	16.79	17
IBB, FFS, and Reverse Repo	1.26	6.82	11	11.41	6.29	83	1.26	6.08	15	4.91	5.41	56	1.48	5.08	28
Short-Term Assets to Total Assets	14.54	31.96	4	22.73	28.05	34	13.83	30.29	4	16.71	26.75	16	11.87	25.35	7
% of Assets: Medium-Term Assets															
Securities (>1-5 Yrs)	4.08	5.07	52	3.69	4.78	50	4.04	4.43	55	3.83	4.94	50	4.33	5.72	49
Loans (>1-5 Yrs)	21.92	29.40	26	17.89	29.08	20	22.48	29.23	29	19.52	28.83	25	18.82	25.87	33
CMO, REMIC, Strip MBS < 3 Yrs	0.53	0.38	70	0.59	0.33	75	0.55	0.39	71	0.65	0.30	78	0.07	0.28	52
Med-Term Assets to Total Assets	26.53	35.96	19	22.17	35.35	16	27.07	35.16	25	24.00	35.24	21	23.23	33.19	25
% of Assets: Long-Term Assets															
Securities (> 5 Yrs)	29.44	8.52	95	28.73	9.63	95	30.23	9.19	95	31.59	9.99	95	37.56	11.60	96
Loans (> 5 Yrs)	16.73	13.82	65	15.46	16.68	53	16.82	14.99	61	16.89	17.30	55	17.38	19.00	50
CMO, REMIC, Strip MBS > 3 Yrs	0.98	1.32	59	1.08	1.37	60	0.99	1.43	57	1.19	1.35	62	2.43	1.40	74
Long-Term Assets to Total Assets	47.14	25.77	88	45.27	29.71	81	48.03	27.55	88	49.67	30.72	85	57.36	34.19	89
LIABILITIES: Rem Mat/Reprice Date															
% of Assets: Short-Term Liabilities															
Non-maturity Deposits	68.26	60.07	74	60.83	61.40	46	68.16	60.22	72	63.05	62.29	51	82.09	70.74	84
Time Deposits (Up to 1 Year)	22.83	22.02	51	23.66	19.72	67	21.81	21.74	50	22.74	18.43	70	9.51	11.03	46
Borrowings (Up to 1 Year)	0.00	0.83	51	8.97	1.89	96	2.45	1.20	75	7.10	2.00	89	0.00	1.32	47
FFP/Repos	0.00	0.32	77	0.00	0.25	76	0.00	0.21	76	0.00	0.28	73	0.00	0.41	69
Sub Notes&Debentures (Up to 1 Yr)	0.00	0.00	99	0.00	0.00	99	0.00	0.00	99	0.00	0.00	99	0.00	0.00	99
Short-Term Liabilities to Total Assets	91.08	84.62	92	93.46	84.67	97	92.43	84.86	96	92.89	84.46	97	91.60	84.91	91
% of Assets: Medium-Term Liabilities															
Time Deposits (> 1 Yr)	1.65	3.23	36	1.06	3.64	18	1.70	3.28	37	1.06	3.82	16	3.90	4.89	47
Borrowings (>1-5 Yrs)	0.01	0.81	58	0.02	0.92	55	0.01	0.84	57	0.02	0.96	55	0.00	0.35	63
Sub Notes & Debentures (>1-5 Yrs)	0.00	0.00	99	0.00	0.00	99	0.00	0.00	99	0.00	0.00	99	0.00	0.00	99
Med-Term Liabilities to Total Assets	1.66	4.38	33	1.08	4.90	14	1.72	4.45	31	1.09	5.09	14	3.90	5.47	43
% of Assets: Long-Term Liabilities															
Borrowings (> 5 Yrs)	0.33	0.07	88	0.32	0.05	89	0.34	0.04	90	0.35	0.06	88	0.41	0.07	89
Sub Notes & Debentures (> 5 Yrs)	0.00	0.05	99	0.00	0.01	99	0.00	0.01	99	0.00	0.01	99	0.00	0.01	99
Long-Term Liabilities to Total Assets	0.33	0.08	88	0.32	0.05	88	0.34	0.04	90	0.35	0.06	88	0.41	0.07	89
Net BS Position to Total Assets															
Net Short-Term Position (Up to 1 Yr)	-76.54	-52.05	2	-70.73	-55.86	11	-78.60	-53.82	1	-76.19	-56.94	4	-79.73	-58.86	3
Net Med-Term Position (>1-5 Yrs)	24.87	30.94	29	21.09	29.85	26	25.35	30.05	35	22.91	29.57	31	19.33	27.32	29
Net Long-Term Position (> 5 Yrs)	46.82	25.42	87	44.94	29.45	81	47.70	27.31	87	49.32	30.44	85	56.95	33.90	89

Unrealized Appreciation/Depreciation															
AFS Sec Unrl App (Dep) to T1 Cap	-42.20	-14.11	5	-48.86	-17.41	7	-48.24	-15.75	6	-45.00	-16.74	7	-60.28	-21.80	5
HTM Sec Unrl App (Dep) to T1 Cap	0.00	-1.68	96	0.00	-2.77	97	0.00	-2.57	97	0.00	-2.44	97	-0.41	-3.52	22
AFS/HTM Unrl App (Dep) to T1 Cap	-42.20	-15.03	6	-48.86	-19.53	8	-48.24	-17.66	7	-45.00	-18.58	9	-60.69	-24.26	6
Unrl G/L on HTM in AOCI to T1 Cap	0.00	-0.30	99	0.00	-0.02	99	0.00	-0.05	99	0.00	-0.54	99	0.00	-0.52	99
AFS Unrl App (Dep) to AFS Amt Cost	-11.12	-7.04	19	-11.93	-8.80	23	-12.40	-8.33	18	-10.74	-8.21	26	-11.81	-9.47	27
HTM Unrl App (Dep) to HTM Amt Cost	0.00	-5.08	91	0.00	-5.38	94	0.00	-5.35	92	0.00	-4.86	92	-2.05	-5.08	62
AFS/HTM Unrl App (Dep) to Amt Cost	-10.57	-7.04	20	-11.41	-8.70	26	-11.86	-8.32	21	-10.26	-8.08	28	-11.44	-9.31	29
Investment Portfolio to Total Assets															
AFS FV to Total Assets	33.75	16.97	87	32.98	17.98	85	34.71	17.40	88	36.18	18.49	88	43.41	20.34	92
HTM Amt Cost to Total Assets	1.97	0.86	83	1.70	1.33	79	1.82	1.17	81	1.86	1.34	80	1.95	1.60	79
AFS/HTM to Total Assets	35.71	19.99	87	34.68	20.69	83	36.53	19.81	87	38.03	21.21	86	45.37	23.44	91
Subportfolio Unrl App (Dep) to T1 Cap															
US Treas & Govt Agencies	-0.37	-1.91	65	-0.57	-3.50	67	-0.47	-2.57	64	-0.55	-3.47	68	-0.75	-5.15	72
Municipal Securities	-21.02	-5.89	7	-20.87	-6.38	8	-22.41	-6.58	7	-19.49	-6.10	8	-29.60	-8.30	6
Pass-Through MBS	-18.60	-4.21	3	-24.17	-5.23	3	-22.48	-4.66	3	-22.00	-4.87	3	-26.89	-5.67	3
CMO & REMIC MBS	-1.00	-1.01	27	-1.70	-2.25	30	-1.50	-2.00	30	-1.39	-2.14	32	-1.47	-2.45	33
Commercial MBS	0.00	-0.35	94	0.00	-1.18	98	0.00	-0.95	97	0.00	-1.21	97	0.00	-1.30	98
Asset Backed Securities	0.00	-0.01	95	0.00	-0.02	95	0.00	0.00	93	0.00	-0.05	96	0.00	-0.15	99
Structured Financial Products	0.00	-0.15	97	0.00	-0.12	98	0.00	-0.16	96	0.00	-0.16	98	0.00	-0.27	99
Other Domestic Debt Sec	-1.21	-0.57	9	-1.56	-0.89	12	-1.38	-0.64	9	-1.58	-0.94	13	-1.98	-0.91	9
Foreign Debt Securities	0.00	0.00	98	0.00	-0.01	99	0.00	-0.01	99	0.00	-0.01	99	0.00	0.00	99
Unallocated Port Layer FV Hedge	N/A	-0.08	N/A	N/A	-0.52	N/A	N/A	-0.08	N/A	N/A	1.10	N/A	N/A	0.00	N/A
Tot AFS/HTM Unrl App (Dep) to T1 Cap	-42.20	-15.03	6	-48.86	-19.53	8	-48.24	-17.66	7	-45.00	-18.58	9	-60.69	-24.26	6
Subportfolio Unrl App (Dep) to Amt Cost															
US Treasury & Agencies	-6.71	-4.22	24	-10.25	-6.07	17	-8.52	-5.15	21	-9.94	-5.76	16	-13.18	-7.26	10
Municipal Securities	-9.82	-7.71	36	-9.34	-8.44	43	-10.34	-9.03	40	-8.53	-7.64	42	-10.64	-9.38	39
Pass-Through MBS	-11.96	-8.56	28	-14.11	-10.94	28	-14.06	-10.35	27	-12.51	-9.93	31	-12.74	-10.41	31
CMO & REMIC MBS	-6.23	-6.53	44	-8.51	-9.52	52	-9.06	-8.43	42	-6.81	-9.16	61	-5.36	-9.61	76
Commercial MBS	N/A	-6.36	N/A	N/A	-8.29	N/A	N/A	-7.18	N/A	N/A	-8.04	N/A	N/A	-8.41	N/A
Asset Backed Securities	N/A	-0.33	N/A	N/A	-0.58	N/A	N/A	-0.13	N/A	N/A	-1.07	N/A	N/A	-2.88	N/A
Structured Financial Products	N/A	-4.07	N/A	N/A	-4.01	N/A	N/A	-3.54	N/A	N/A	-4.34	N/A	N/A	-6.46	N/A
Other Domestic Debt Sec	-14.95	-5.11	9	-19.07	-9.20	5	-17.19	-6.40	4	-19.31	-9.39	4	-23.75	-8.00	0
Foreign Debt Securities	N/A	-1.30	N/A	N/A	-4.65	N/A	N/A	-4.00	N/A	N/A	-4.80	N/A	N/A	-7.27	N/A
Tot AFS/HTM Unrl App (Dep) to AC	-10.57	-7.04	20	-11.41	-8.70	26	-11.86	-8.32	21	-10.26	-8.08	28	-11.44	-9.31	29
Memorandum															
Int Rate Cont Not Amt % of Assets	0.00	0.19	76	0.00	0.30	73	0.00	0.28	74	0.00	0.25	73	0.00	0.14	75
Mortgage Servicing (FV) % of Assets	0.00	0.02	77	0.00	0.03	75	0.00	0.03	74	0.00	0.03	74	0.00	0.03	73
Structured Notes % of Assets	0.00	0.11	71	0.00	0.12	72	0.00	0.10	73	0.00	0.13	70	0.00	0.18	69
Long Assets Insts w/Options															
Mortgage Loans & Pass Thrus	27.11	20.16	72	25.07	18.89	72	27.27	19.06	78	27.02	18.87	77	28.50	18.31	82
Loans & Securities Over 15 Years	7.63	4.45	75	7.58	4.70	73	7.81	4.61	74	8.29	4.74	75	8.94	4.90	76
Loans & Securities 5-15 Years	15.85	4.18	96	14.50	4.29	95	16.05	3.92	97	15.49	4.45	96	16.01	4.89	95
Other Loans and Securities	58.35	64.58	29	52.02	65.84	13	58.88	65.43	28	56.61	66.41	20	59.98	67.02	27
Loans & Securities Over 15 Years	4.39	2.81	72	5.68	3.75	70	5.29	3.45	71	6.51	3.94	73	8.88	4.54	77
Loans & Securities 5-15 Years	18.29	10.12	88	16.43	12.27	73	17.90	11.05	82	18.19	12.81	77	21.10	14.84	77
Total Loans & Securities Over 15 Years	12.02	8.15	72	13.26	9.54	69	13.10	9.11	71	14.80	9.81	72	17.82	10.62	77
CMO'S Total	1.50	1.75	58	1.66	1.80	61	1.53	1.90	58	1.84	1.75	63	2.50	1.80	70
Avg Life Over 3 Years	0.98	1.32	59	1.08	1.37	60	0.99	1.43	57	1.19	1.35	62	2.43	1.40	74
Contractual Mat/Reprice Data															
Loans/Securities Over 3 Year	58.76	41.92	84	56.25	47.97	70	61.34	43.65	86	61.69	49.55	78	69.95	53.78	88

Liabilities Over 3 Year	0.62	1.09	57	0.58	1.33	50	0.59	1.09	55	0.55	1.28	49	0.63	1.10	48
Net Over 3 Year Position	58.14	40.16	85	55.66	45.96	73	60.76	41.93	87	61.14	47.58	80	69.32	52.21	90
Loans/Securities Over 1 Year	73.67	62.64	85	67.43	66.48	47	75.10	63.99	83	73.67	67.51	69	80.59	68.86	87
Liabilities Over 1 Year	1.98	4.61	37	1.40	5.12	21	2.05	4.63	35	1.44	5.31	19	4.31	5.69	45
Net Over 1 Year Position	71.69	57.31	87	66.03	60.48	63	73.05	58.42	88	72.24	61.29	82	76.28	62.39	89
Non-Maturity Deposits	68.26	60.07	74	60.83	61.40	46	68.16	60.22	72	63.05	62.29	51	82.09	70.74	84
Non-Maturity Deps % Long Assets	116.15	157.34	30	108.15	136.04	30	111.12	150.82	28	102.20	133.13	25	117.35	137.66	35
Net Over 3 Year Position	-9.49	-18.08	65	-4.59	-13.15	69	-6.82	-16.34	69	-1.36	-12.49	74	-12.14	-16.75	59
As % Tier 1 Capital															
Structured Notes	0.00	1.01	71	0.00	1.13	72	0.00	0.94	73	0.00	1.23	70	0.00	1.73	69
Mortgage Servicing (FV)	0.00	0.23	77	0.00	0.30	75	0.00	0.27	74	0.00	0.31	74	0.00	0.35	73
Total	0.00	1.52	57	0.00	1.81	53	0.00	1.54	54	0.00	1.91	52	0.00	2.50	50

	03/31/2025			03/31/2024			12/31/2024			12/31/2023			12/31/2022		
	BANK	PG 5	PCT	BANK	PG 5	PCT	BANK	PG 5	PCT	BANK	PG 5	PCT	BANK	PG 5	PCT
Percent of Total Deposits															
Individ, Partnerships, and Corp.	88.23	87.58	51	86.31	88.25	38	87.72	87.96	45	89.61	88.32	53	89.31	88.96	49
U.S. Govt, States & Political Sub in U.S.	11.77	11.24	53	13.69	10.40	66	12.28	10.78	60	10.39	10.33	53	10.69	9.79	57
Comml Banks & Other Dep Inst. in U.S.	0.00	0.51	45	0.00	0.57	41	0.00	0.53	40	0.00	0.57	41	0.00	0.50	46
Banks in Foreign Countries	0.00	0.00	98	0.00	0.01	99	0.00	0.01	99	0.00	0.01	99	0.00	0.02	99
Foreign Govts and Official Inst.	0.00	0.00	96	0.00	0.03	99	0.00	0.00	99	0.00	0.04	98	0.00	0.03	99
Total deposits	100.00	100.00	89	100.00	100.00	8	100.00	100.00	89	100.00	100.00	88	100.00	100.00	92
Domestic Demand Deposits	26.41	25.83	53	26.80	25.45	57	26.90	25.42	58	29.72	25.96	64	34.12	28.15	68
Domestic Other Transaction Accts	33.19	12.19	95	0.59	12.18	15	2.58	11.65	22	0.34	12.22	13	0.43	13.22	12
Domestic Nontransaction Accts	40.40	60.06	6	72.62	60.11	80	70.52	60.70	77	69.94	59.67	77	65.45	56.33	75
Total Domestic Deposits	100.00	100.00	99	100.00	100.00	99	100.00	100.00	99	100.00	100.00	99	100.00	100.00	99
Deposits in Foreign Offices	0.00	0.00	99	0.00	0.00	99	0.00	0.00	99	0.00	0.00	99	0.00	0.00	99
Total Deposits	100.00	100.00	99	100.00	100.00	99	100.00	100.00	99	100.00	100.00	99	100.00	100.00	99
Liquidity/Funding Ratios															
Net Non Core Fund Dep \$250M	8.51	4.81	56	11.23	6.69	64	10.34	6.81	59	14.22	7.26	69	2.88	2.61	47
Core Deposits	83.82	75.98	83	74.13	75.67	38	83.55	75.43	82	76.67	76.02	47	90.87	81.30	92
Short Term Non Core Funding	8.62	9.99	41	20.39	10.42	91	10.53	10.58	55	17.06	10.10	85	3.18	6.57	30
S.T Inv to S.T. Ncore Fund	22.63	140.81	12	58.87	108.41	42	18.79	108.02	15	33.34	108.18	29	77.36	227.42	47
S.T. Asset to S.T. Liabilities	42.05	123.21	11	63.87	106.69	28	34.68	107.77	7	50.79	107.36	19	114.15	173.41	41
Net S.T. Liabilities to Assets	12.79	-0.66	82	11.75	1.64	78	15.73	1.58	85	14.35	1.55	84	-1.31	-4.94	60
Net Loans & Leases to Deposits	54.70	77.95	10	50.86	77.82	9	55.23	78.35	11	53.87	78.06	11	47.30	73.79	10
Net LN&LS to Core Deposits	60.52	89.37	10	58.70	88.96	11	60.61	90.36	11	61.03	88.52	13	49.71	80.04	10
Brkr Dep Mat < 1 Yr to Brkr Deps	N/A	35.22	N/A	N/A	37.10	N/A	N/A	36.75	N/A	N/A	37.72	N/A	N/A	41.50	N/A
Brokered Deposits to Deposits	0.00	1.93	52	0.00	2.82	47	0.00	2.89	47	0.00	2.65	49	0.00	1.58	58
Listing Service Dep to Deposits	0.00	0.31	80	0.00	0.33	73	0.00	0.36	74	0.00	0.32	73	0.00	0.29	75
List Service and Brkrd Dep to Deps	0.00	2.57	48	0.00	3.55	42	0.00	3.63	41	0.00	3.37	43	0.00	2.20	51
Sec Bor + sec FFP to Tot Bor + FFP	0.00	0.49	88	96.31	12.59	86	87.49	2.39	95	95.03	12.00	88	0.00	2.30	85
Recip Brkrd Dep to Tot Brkrd Dep	N/A	2.34	N/A	N/A	5.12	N/A	N/A	6.18	N/A	N/A	4.75	N/A	N/A	3.97	N/A
Total Deposits															
Individ, Partnerships, and Corp.		506,856			494,174			492,016			493,525			529,461	
U.S. Govt, States & Political Sub in U.S.		67,626			78,396			68,859			57,217			63,400	
Comml Banks & Other Dep Inst. in U.S.		0			0			0			0			0	
Banks in Foreign Countries		0			0			0			0			0	
Foreign Govts and Official Inst.		0			0			0			0			0	
Total Deposits		574,481			572,571			560,875			550,742			592,861	
Domestic Demand Deposits		151,735			153,421			150,883			163,667			202,258	
Domestic Other Transaction Accts		190,665			3,355			14,461			1,882			2,572	
Domestic Nontransaction Accts		232,082			415,794			395,531			385,193			388,031	
Total Domestic Deposits		574,481			572,571			560,875			550,742			592,861	
Deposits in Foreign Offices		N/A			N/A			N/A			N/A			N/A	
Total Deposits		574,481			572,571			560,875			550,742			592,861	
Other Liquidity/Funding Data															
Non Core Liabilities \$250M		57,322			138,774			66,865			111,964			31,279	
Short Term Non Core Funding		53,376			136,473			64,411			108,153			19,721	
Core Deposits		519,251			496,096			511,155			486,130			564,140	
Time Deps \$250M & Under Mat < 1 Yr		83,354			81,053			82,875			76,728			37,875	
Time Deps \$250M & Under Mat > 1 Yr		13,035			7,938			11,266			9,610			16,654	
Time Deps over \$250M Mat < 1 Yr		53,376			76,473			49,411			63,153			19,721	
Time Deps over \$250M Mat > 1 Yr		1,855			0			310			1,458			9,001	
Fed Home Loan Bor Mat < 1 Yr		0			0			0			0			0	

Fed Home Loan Bor Mat > 1 Yr	2,091	2,301	2,144	2,353	2,557
Other Borrowing Mat < 1 Year	0	60,000	15,000	45,000	0
Other Borrowing Mat > 1 Year	0	0	0	0	0
Secured Other Borrowings	0	60,000	15,000	45,000	0
Federal Funds Purchased	0	0	0	0	0
Secured Fed Funds Purchased	0	0	0	0	0
Listing Service Deposits	0	0	0	0	0
Brokered Deposits	0	0	0	0	0
Reciprocal Brokered Deposits	0	0	0	0	0

	03/31/2025			03/31/2024			12/31/2024			12/31/2023			12/31/2022		
Percent of Total Assets	BANK	PG 5	PCT	BANK	PG 5	PCT	BANK	PG 5	PCT	BANK	PG 5	PCT	BANK	PG 5	PCT
Short Term Investments	1.95	8.89	9	12.01	8.25	75	1.98	7.99	11	5.69	7.35	47	2.46	6.73	26
Marketable Equity Sec (MES)	0.00	0.00	81	0.00	0.00	81	0.00	0.00	81	0.00	0.00	81	0.00	0.00	81
Net LN&LS & SBLC to Assets	50.85	67.23	12	43.65	66.50	8	50.77	67.37	13	46.96	66.50	11	45.31	64.29	12
Pledged Assets	43.40	34.11	70	40.09	34.69	63	43.65	34.81	70	37.64	34.54	60	12.13	29.70	17
Securities Mix															
% Total Securities															
US Treas & Govt Agencies	1.45	26.39	13	1.32	25.77	13	1.41	23.74	14	1.28	26.35	12	1.05	27.68	12
Municipal Securities	54.08	26.57	85	53.38	26.58	84	54.22	26.99	84	53.11	27.16	83	52.96	26.48	84
Pass-Through Mtg Backed Secs	38.35	18.56	80	38.75	17.98	82	38.32	18.32	82	39.11	17.58	83	39.12	17.82	82
CMO & REMIC Mtg Backed Secs	4.20	6.85	53	4.80	6.69	55	4.20	7.45	50	4.83	6.26	57	5.51	5.90	60
Commercial Mtg Back Secs	0.00	2.45	52	0.00	3.04	47	0.00	3.18	47	0.00	3.03	48	0.00	2.80	50
Asset Backed Securities	0.00	0.19	87	0.00	0.30	86	0.00	0.27	85	0.00	0.27	86	0.00	0.21	86
Structured Financial Products	0.00	0.35	77	0.00	0.32	81	0.00	0.48	76	0.00	0.28	82	0.00	0.21	83
Other Domestic Debt Secs	1.92	1.75	70	1.74	2.36	64	1.85	2.30	66	1.67	2.37	63	1.35	2.34	63
Foreign Debt Securities	0.00	0.24	95	0.00	0.00	94	0.00	0.21	95	0.00	0.00	94	0.00	0.00	93
Inv Mut Fnd & Oth Mktbl	0.00	0.02	81	0.00	0.02	81	0.00	0.02	80	0.00	0.02	81	0.00	0.01	81
Total	100.00	100.00	99	100.00	100.00	99	100.00	100.00	99	100.00	100.00	99	100.00	100.00	99
Liquidity/Securities Ratios:															
App (Dep) Hi Risk & Struc/T1 Cap	0.00	-0.26	97	0.00	-0.38	99	0.00	-0.28	98	0.00	-0.37	99	0.00	-0.60	99
App (Dep) in AFS sec to AFS Sec	-11.12	-7.04	19	-11.93	-8.80	23	-12.40	-8.33	18	-10.74	-8.21	26	-11.81	-9.47	27
App (Dep) in HTM Sec to HTM Sec	0.00	-5.08	91	0.00	-5.38	94	0.00	-5.35	92	0.00	-4.86	92	-2.05	-5.08	62
App (Dep) in HTM Sec to Eqy Cap	0.00	-1.82	96	0.00	-3.23	97	0.00	-2.95	97	0.00	-2.86	97	-1.01	-4.50	19
Pledged Securities to Tot Sec	61.69	42.26	70	61.57	42.69	69	60.95	41.48	70	46.53	41.49	52	25.82	31.43	42
Pledged Loans to Total Loans	41.55	33.36	59	42.48	33.98	61	41.68	34.71	58	42.05	33.81	61	0.90	29.98	15
Loans HFS to Total Loans	0.00	0.03	78	0.00	0.04	72	0.00	0.04	75	0.00	0.03	74	0.00	0.03	75
Short Term Investments		12,077			80,348			12,101			36,055			15,257	
Short Term Assets		57,493			138,925			51,073			93,903			65,748	
Debt Securities 90+ Days P/D		0			0			0			0			0	
Total Non-Current Debt Sec		0			0			0			0			0	
Fair Value Structured Notes		0			0			0			0			0	
Pledged Securities		136,495			142,902			136,210			112,207			72,731	
Pledged Loans & Leases		132,362			125,415			130,816			126,455			2,557	
Loans HFS		0			0			0			0			0	

	03/31/2025			03/31/2024			12/31/2024			12/31/2023			12/31/2022		
	BANK	PG 5	PCT	BANK	PG 5	PCT	BANK	PG 5	PCT	BANK	PG 5	PCT	BANK	PG 5	PCT
Capital Ratios															
Percent of Bank Equity:															
Net Loans & Leases (x)	7.51	7.15	55	9.14	7.54	76	9.44	7.44	81	8.64	7.52	69	11.47	7.83	92
Subord Notes & Debentures	0.00	0.39	99	0.00	0.13	99	0.00	0.11	99	0.00	0.12	99	0.00	0.15	99
Com RE & Related Ventures	307.52	259.30	59	322.58	292.30	57	389.57	285.95	74	316.36	290.64	56	393.06	311.46	67
Percent of Average Bank Equity:															
Net Income	1.29	12.68	2	6.62	11.09	24	10.57	11.79	44	15.77	13.19	68	21.57	13.75	90
Dividends	5.47	4.61	62	8.46	3.94	78	7.73	5.01	72	10.88	5.38	83	22.52	5.03	97
Retained Earnings	-4.18	7.57	7	-1.84	6.37	10	2.84	6.12	21	4.88	7.14	33	-0.95	8.17	3
Other Capital Ratios:															
Dividends to Net Operating Income	425.00	34.27	98	127.74	34.02	91	73.14	40.99	83	69.02	39.57	80	104.40	34.37	96
Bank Eq Cap + Min Int to Assets	6.75	9.70	10	4.76	9.10	4	5.36	9.35	5	5.41	9.12	6	3.94	8.48	4
Growth Rates:															
Total Equity Capital	31.25	11.49	95	-0.69	8.50	7	-4.40	7.85	3	40.35	14.00	94	-23.23	-11.79	27
Equity Growth Less Asst Growth	38.68	6.99	98	-11.14	3.51	6	-0.89	3.35	27	38.21	8.92	95	-102.42	-16.19	0
Intang Assets % Bank Equity															
Mortgage Servicing Rights	0.00	0.21	77	0.00	0.29	75	0.00	0.26	74	0.00	0.30	74	0.00	0.37	74
Goodwill	0.29	1.19	67	0.38	1.51	66	0.37	1.45	66	0.35	1.58	65	0.49	1.74	65
All Other Intangibles	0.96	0.07	93	1.47	0.15	91	1.28	0.14	91	1.42	0.16	91	2.27	0.18	93
Total Intangibles	1.25	1.82	62	1.85	2.47	62	1.64	2.33	62	1.77	2.57	61	2.76	2.92	65
Leverage Ratio	9.6541	10.84	30	9.0510	10.51	22	9.3607	10.60	29	9.2751	10.51	28	9.1813	10.20	30
Standardized Capital Ratios															
Com Equity Tier 1 Cap Ratio	15.6815	14.78	64	16.4895	14.44	74	16.0783	14.55	71	16.2200	14.43	72	16.8532	14.36	77
Tier 1 Capital Ratio	15.6815	14.78	64	16.4895	14.48	73	16.0783	14.58	71	16.2200	14.43	72	16.8532	14.39	77
Total Capital Ratio	16.8598	15.88	64	17.7138	15.59	73	17.2227	15.68	71	17.4097	15.54	73	18.0154	15.49	77
Adv App Cap Ratios															
Com Equity Tier 1 Cap Ratio	N/A	0.00	N/A	N/A	0.00	N/A	N/A	0.00	N/A	N/A	0.00	N/A	N/A	0.00	N/A
Tier 1 Capital Ratio	N/A	0.00	N/A	N/A	0.00	N/A	N/A	0.00	N/A	N/A	0.00	N/A	N/A	0.00	N/A
Total Capital Ratio	N/A	0.00	N/A	N/A	0.00	N/A	N/A	0.00	N/A	N/A	0.00	N/A	N/A	0.00	N/A
End of Period Capital (\$000)															
Perpetual Preferred		0			0			0			0			0	
+ Common Stock		2,000			1,812			2,000			1,812			1,812	
+ Surplus		32,120			32,308			32,120			32,308			32,308	
+ Retained Earnings		28,367			27,632			28,757			27,785			26,416	
+ Accum Other Comp Income		-20,657			-29,882			-30,069			-27,586			-36,083	
+ Other Equity Capital Comp		0			0			0			0			0	
Total Bank Equity Capital		41,830			31,870			32,808			34,319			24,453	
Minority Interest Cons Subs		0			0			0			0			0	
Total Bank Capital & Min Int		41,830			31,870			32,808			34,319			24,453	
Subordinated Notes & Debentures		0			0			0			0			0	
Changes in Bank Equity (\$000)															
Balance at Beginning of Period		32,809			34,319			34,319			24,452			31,853	
+ Net Income		120			548			3,623			4,419			6,585	
+ Sales or Purchase of Capital		0			0			0			0			0	
+ Merger & Absorptions		0			0			0			0			27,879	
+ Restate due to Acctg Error&Chg		0			0			0			0			0	
+ Trans with Parent		0			0			0			0			0	
- Dividends		510			700			2,650			3,050			6,875	
+ Other Comprehensive Income		9,411			-2,297			-2,483			8,498			-34,990	

Balance at End of Period	41,830	31,870	32,809	34,319	24,452
Intangible Assets					
Mortgage Servicing Rights	0	0	0	0	0
+ All Other Intangibles	403	470	419	486	554
+ Goodwill	120	120	120	120	120
Total Intangibles	523	590	539	606	674
Total Assets for Leverage Ratio:					
Average Total Consolidated Assets	642,362	676,341	666,493	661,504	652,670
Less: Ded from CET1 Cap & add T1C	523	590	539	606	674
Less: Other Deductions	0	0	0	0	0
Total Assets for Leverage Ratio	641,839	675,751	665,954	660,898	651,996

FDIC Certificate # 15345  
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Capital Analysis-b  
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	<u>03/31/2025</u>	<u>03/31/2024</u>	<u>12/31/2024</u>	<u>12/31/2023</u>	<u>12/31/2022</u>
Capital Analysis (\$000)					
Common Equity Tier 1 Capital: (\$000)					
Common Stock Plus Related Surplus	34,120	34,120	34,120	34,120	34,120
Retained Earnings	28,367	27,632	28,757	27,785	26,416
Accum Other Comprehensive Inc (AOCI)	-20,657	-29,882	-30,069	-27,586	-36,083
Common Equity T1 Minority Interest	0	0	0	0	0
Common Equity T1 Cap Before Adj/Ded	41,830	31,870	32,808	34,319	24,453
Common Equity Tier 1 Capital: Adj/Ded					
Less: Goodwill	120	120	120	120	120
Less: Intangible Assets	403	470	419	486	554
Less: DTA (NOL & Tax Credit Only)	0	0	0	0	0
AOCI-Related Adjustments-Opt Out	-20,657	-29,882	-30,069	-27,586	-36,083
AOCI-Related Adjustments-No Opt Out	N/A	N/A	N/A	N/A	N/A
Oth Ded (add) CET1 bef threshold ded	0	0	0	0	0
Less: Non-significant Investments	N/A	N/A	N/A	N/A	N/A
Subtotal before Threshold Limits	61,964	61,162	62,338	61,299	59,862
Less: Sig Inv, MSAs, DTA > 10% Limit	N/A	N/A	N/A	N/A	N/A
Less: Sig Inv, MSAs, DTA > 15% Limit	N/A	N/A	N/A	N/A	N/A
Less: Tot Sig Inv, MSAs, DTA > Limit	0	0	0	0	0
Less: Ded due to insuff T1 and T2 Cap	0	0	0	0	0
Total Adj and Ded for CET1 Capital	0	0	0	0	0
Common Equity Tier 1 Capital	61,964	61,162	62,338	61,299	59,862
Additional Tier 1 Capital:					
Additional T1C Inst & Related Surplus	0	0	0	0	0
Non-qualifying Cap Inst sub to phaseout	0	0	0	0	0
Tier 1 Minority Int Not Incl in CET1 Cap	0	0	0	0	0
Additional T1 Cap Before Deductions	0	0	0	0	0
Less: Additional T1 Cap Deductions	0	0	0	0	0
Additional Tier 1 Capital	0	0	0	0	0
Tier 1 Capital	61,964	61,162	62,338	61,299	59,862
Tier 2 Capital:					
T2 Cap Instruments & Related Surplus	0	0	0	0	0
Non-qualifying Capital Instruments	0	0	0	0	0
Tot Cap Min Int Not Incl in T1 Cap	0	0	0	0	0
Adjusted ACL in Tier 2 Capital	4,656	4,541	4,437	4,496	4,128
Exited Adv App Eligible Cr Reserves	N/A	N/A	N/A	N/A	N/A
Unrealized Gains on AFS Pref Stock	N/A	N/A	N/A	N/A	N/A
Tier 2 Capital Before Deductions	4,656	4,541	4,437	4,496	4,128
Exited Adv App T2C Before Deductions	N/A	N/A	N/A	N/A	N/A
Less: Tier 2 Capital Deductions	0	0	0	0	0
Tier 2 Capital - Standardized Approaches	4,656	4,541	4,437	4,496	4,128
Tier 2 Capital - Advanced Approaches	N/A	N/A	N/A	N/A	N/A
Total Capital - Standardized Approaches	66,620	65,703	66,775	65,795	63,990
Total Capital - Advanced Approaches	N/A	N/A	N/A	N/A	N/A

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	<u>03/31/2025</u>	<u>03/31/2024</u>	<u>12/31/2024</u>	<u>12/31/2023</u>	<u>12/31/2022</u>
Risk Weighted Assets					
On BS Assets and Securitization Exp					
2% Category	N/A	N/A	0	0	0
4% Category	N/A	N/A	0	0	0
20% Category	N/A	N/A	47,719	49,548	57,949
50% Category	N/A	N/A	51,555	50,030	44,989
100% Category	N/A	N/A	277,214	266,598	241,142
150% Category	N/A	N/A	279	848	72
250% Category	N/A	N/A	0	0	0
300% Category	N/A	N/A	0	0	0
400% Category	N/A	N/A	0	0	0
600% Category	N/A	N/A	0	0	0
1250% Category	N/A	N/A	0	0	0
Other Risk-Weighting App Categories	N/A	N/A	0	0	0
Tot RWA Securitization Exp SSFA Mthd	N/A	N/A	0	0	0
Total RWA Securitization Exp Gross-Up	N/A	N/A	0	0	0
On-Balance Sheet Risk Weighted Assets	N/A	N/A	376,767	367,024	344,152
Memo - 0% Category - \$	N/A	N/A	26,273	50,112	39,435
Off BS/Oth Items Subj to Risk Weighting					
2% Category	N/A	N/A	0	0	0
4% Category	N/A	N/A	0	0	0
10% Category	N/A	N/A	0	0	0
20% Category	N/A	N/A	0	0	0
50% Category	N/A	N/A	0	0	0
100% Category	N/A	N/A	10,947	10,898	11,045
150% Category	N/A	N/A	0	0	0
625% Category	N/A	N/A	0	0	0
937.5% Category	N/A	N/A	0	0	0
1250% Category	N/A	N/A	0	0	0
1250% Category Securitization Exp	N/A	N/A	0	0	0
Oth Risk-Weighting App Categories	N/A	N/A	0	0	0
Tot RWA Securitization Exp SSFA Mthd	N/A	N/A	0	0	0
Total RWA Securitization Exp Gross-Up	N/A	N/A	0	0	0
Tot Deriv, Off-BS and Oth - Risk Wght	N/A	N/A	10,947	10,898	11,045
Memo - 0% Category - \$	N/A	N/A	0	0	0
Standardized Market Risk Weighted Assets	0	0	0	0	0
Risk-Weighted Asset Before Ded	395,140	370,915	387,714	377,922	355,197
- Excess Adjusted ACL on LN&LS Loss	0	0	0	0	0
- Allocated Transfer Risk Reserve	0	0	0	0	0
Total Risk Weighted Assets	395,140	370,915	387,714	377,922	355,197
Current Credit Exposure All Derivatives	N/A	N/A	0	0	0
Derivatives Notional Prin Amounts					
OTC Contracts Total	N/A	N/A	0	0	0
Interest Rate	N/A	N/A	0	0	0
All Other	N/A	N/A	0	0	0
Centrally Cleared Contracts Total	N/A	N/A	0	0	0
Interest Rate	N/A	N/A	0	0	0
All Other	N/A	N/A	0	0	0

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THE CONTENT PREVIOUSLY  
DISPLAYED ON THIS PAGE IS  
PRESENTED ON THE TWO PRECEDING  
CAPITAL PAGES. THIS PAGE WILL BE  
REMOVED AT A LATER DATE.

<u>03/31/2025</u>	<u>03/31/2024</u>	<u>12/31/2024</u>	<u>12/31/2023</u>	<u>12/31/2022</u>

	03/31/2025			03/31/2024			12/31/2024			12/31/2023			12/31/2022		
	BANK	PG 5	PCT	BANK	PG 5	PCT	BANK	PG 5	PCT	BANK	PG 5	PCT	BANK	PG 5	PCT
Earnings and Profitability															
Percent of Average Assets:															
Interest Income (TE)	4.38	5.22	13	4.31	5.08	15	4.47	5.37	12	4.37	5.03	21	3.70	4.20	23
- Interest Expense	1.69	1.80	44	2.07	1.87	64	1.88	1.95	46	1.95	1.74	64	0.68	0.63	59
Net Interest Income (TE)	2.68	3.41	10	2.24	3.21	7	2.59	3.42	12	2.42	3.29	11	3.02	3.55	19
+ Noninterest Income	0.49	0.43	63	0.59	0.49	68	0.68	0.54	73	0.66	0.53	69	1.71	0.54	94
- Noninterest Expense	2.60	2.35	69	2.33	2.45	43	2.33	2.56	38	2.25	2.51	34	3.53	2.50	91
Pre-Provision Net Revenue (TE)	0.57	1.50	6	0.49	1.28	11	0.95	1.44	24	0.83	1.34	23	1.19	1.62	24
- Provision: Credit Losses	0.14	0.06	82	0.04	0.06	51	0.09	0.09	61	0.03	0.09	42	0.09	0.09	61
- Provision: Credit Loss Oth Assets	0.00	0.00	79	0.04	0.00	94	-0.09	0.00	1	0.06	0.00	92	N/A	0.00	N/A
Pretax Operating Income (TE)	0.43	1.42	6	0.41	1.20	10	0.95	1.33	28	0.75	1.23	24	1.11	1.53	25
+ Realized Gains/Losses Sec	0.00	0.00	94	0.00	0.00	94	0.00	0.00	93	0.00	-0.01	94	0.00	-0.09	96
+ Unrealized Gains / Losses Equity Sec	0.00	0.00	93	0.00	0.00	88	0.00	0.00	87	0.00	0.00	84	0.00	0.00	88
Pretax Net Operating Income (TE)	0.43	1.41	6	0.41	1.19	10	0.95	1.32	29	0.75	1.20	26	1.11	1.48	27
Net Operating Income	0.07	1.20	1	0.32	1.00	10	0.85	1.12	33	0.64	1.01	28	0.97	1.25	31
Net Inc Attrib Min Ints	0.00	0.00	99	0.00	0.00	99	0.00	0.00	99	0.00	0.00	99	0.00	0.00	99
Net Income Adjusted Sub S	0.07	1.10	1	0.32	0.93	10	0.75	1.03	29	0.59	0.94	26	0.87	1.16	28
Net Income	0.07	1.20	1	0.32	1.00	10	0.85	1.12	33	0.64	1.01	28	0.97	1.25	31
Margin Analysis:															
Int Inc (TE) to Avg Earn Assets	4.87	5.43	22	4.77	5.29	27	4.92	5.60	21	4.83	5.23	33	3.97	4.37	30
Int Expense to Avg Earn Assets	1.88	1.88	52	2.29	1.94	71	2.07	2.03	54	2.16	1.81	71	0.73	0.65	61
Net Int Inc-TE to Avg Earn Assets	2.98	3.55	18	2.47	3.34	11	2.86	3.57	17	2.68	3.42	16	3.24	3.70	24
Loan & Lease Analysis:															
Net Loss to Average Total LN&LS	0.01	0.03	53	0.13	0.02	88	0.04	0.09	60	0.11	0.06	78	0.08	0.04	80
Earnings Coverage of Net Loss (X)	129.17	12.62	76	6.61	1.72	44	50.48	36.37	70	13.69	16.46	51	32.58	-1.11	58
ACL on LN&LS HFI to Net Losses (X)	178.88	-1.50	86	10.71	-9.46	51	32.85	16.93	71	12.50	1.75	54	19.47	-3.71	60
Capitalization															
Cash Dividends to Net Income	425.00	34.14	98	127.74	33.02	92	40.52	47.32	52	58.80	47.93	64	75.57	41.20	75
Retain Ears to Avg Total Equity	-4.18	7.58	7	-1.84	6.37	10	9.28	5.12	71	6.32	4.32	56	6.79	7.71	41
Yield on or Cost of:															
Total Loan & Leases (TE)	7.00	6.45	75	7.02	6.22	82	7.11	6.60	74	7.17	6.15	87	5.88	5.28	82
Loans in Domestic Offices	6.98	6.44	75	7.01	6.21	82	7.09	6.59	74	7.15	6.14	87	5.87	5.27	82
Real Estate	6.75	6.23	74	6.49	5.90	77	6.84	6.29	75	6.95	5.83	89	5.72	5.08	83
Secured by 1-4 Fam Resi Prop	6.24	6.30	48	5.94	5.98	50	6.24	6.37	46	7.05	5.95	83	5.42	5.17	64
All Other Loans Sec Real Estate	7.01	6.26	79	6.80	5.91	84	7.15	6.31	81	6.90	5.83	86	5.87	5.08	84
Commercial & Industrial	8.07	7.28	79	8.15	7.29	78	8.10	7.63	70	6.94	7.21	44	6.16	6.02	60
Individual	8.67	8.10	67	8.14	7.59	67	8.53	8.03	64	8.01	7.49	65	7.29	6.58	69
Credit Card	N/A	9.61	N/A	N/A	9.86	N/A	N/A	9.56	N/A	N/A	9.88	N/A	N/A	8.94	N/A
Agricultural	8.25	6.68	75	8.82	6.54	85	8.73	6.78	82	8.51	6.48	81	5.80	5.42	51
Loans in Foreign Offices	N/A	0.00	N/A	N/A	6.32	N/A	N/A	6.38	N/A	N/A	5.96	N/A	N/A	5.45	N/A
Total Investment Securities (TE)	2.21	2.84	24	2.11	2.71	23	2.20	2.90	21	2.16	2.66	28	2.24	2.34	47
Total Investment Securities (Book)	1.99	2.69	17	1.91	2.58	19	1.95	2.76	16	1.93	2.52	22	1.99	2.20	37
US Treas & Agency (Excl MBS)	1.63	2.42	26	1.75	2.34	34	1.75	2.51	30	3.28	2.34	79	2.44	1.94	75
Mortgage Backed Securities	2.09	2.91	23	1.98	2.71	27	2.03	2.96	23	1.98	2.64	29	2.03	2.25	44
All Other Securities	1.93	2.58	21	1.86	2.65	15	1.90	2.70	16	1.84	2.63	14	1.94	2.45	22
Interest-Bearing Bank Balances	4.41	3.96	82	5.62	4.66	91	4.90	4.52	71	5.69	4.86	80	4.06	3.34	85
Federal Funds Sold & Resales	N/A	4.01	N/A	N/A	5.00	N/A	N/A	4.46	N/A	N/A	4.95	N/A	N/A	3.28	N/A
Total Interest Bearing Deposits	2.50	2.50	51	2.82	2.54	65	2.62	2.69	47	2.76	2.37	69	1.12	0.85	72
Transaction accounts	2.34	1.15	86	0.15	1.21	9	0.23	1.22	12	0.00	1.17	0	0.16	0.52	24
Other Savings Deposits	0.16	1.55	1	1.87	1.76	57	1.86	1.74	56	1.84	1.67	59	1.03	0.70	74

Time Deposits	3.96	3.93	47	4.39	3.98	76	4.18	4.22	41	4.27	3.72	80	1.57	1.24	71
Foreign Office Deposits	N/A	0.00	N/A	N/A	0.00	N/A	N/A	0.00	N/A	N/A	0.00	N/A	N/A	0.00	N/A
Federal Funds Purchased & Repos	N/A	2.51	N/A	N/A	3.06	N/A	N/A	2.54	N/A	N/A	3.36	N/A	N/A	2.02	N/A
Other Borrowed Money	N/A	4.09	N/A	N/A	4.43	N/A	N/A	3.90	N/A	N/A	4.42	N/A	N/A	2.86	N/A
Subord Notes & Debentures	N/A	0.00	N/A	N/A	4.76	N/A	N/A	4.74	N/A	N/A	0.00	N/A	N/A	0.00	N/A
Other Interest Expense	3.65	3.78	34	4.57	4.41	48	4.61	4.30	56	4.94	4.52	59	0.46	2.78	8
All Interest-Bearing Funds	2.53	2.56	49	3.05	2.65	70	2.80	2.77	52	2.97	2.50	72	1.14	0.93	68
Memo: Interest on Time Dep Over Ins Limit	4.13	4.11	44	4.18	4.21	41	4.84	4.26	82	4.93	3.91	92	1.86	1.39	73

	<u>03/31/2025</u>	<u>03/31/2024</u>	<u>12/31/2024</u>	<u>12/31/2023</u>	<u>12/31/2022</u>	Percent Change	
						1 Quarter	1 Year
Securitization Activities	0	0	0	0	0	N/A	N/A
1-4 Family Residential Loans	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Home Equity Lines	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Credit Card Receivables	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Auto Loans	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Commercial & Industrial Loans	N/A	N/A	N/A	N/A	N/A	N/A	N/A
All Other Loans and Leases	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Unused Liquidity Commitments	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Sellers Interest in Secs & Loans	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Home Equity Lines	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Credit Card Receivables	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Commercial & Industrial Loans	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Total Retained Credit Exposure	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Asset Backed Comm'l Paper Conduits	N/A	N/A	N/A	N/A	N/A	N/A	N/A
CR Exp Spons by Bank & Other	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Liquid Comm by Bank & Other	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Activity % Total Assets							
Securitization Activities	0.00	0.00	0.00	0.00	0.00		
1-4 Family Residential Loans	N/A	N/A	N/A	N/A	N/A		
Home Equity Lines	N/A	N/A	N/A	N/A	N/A		
Credit Card Receivables	N/A	N/A	N/A	N/A	N/A		
Auto Loans	N/A	N/A	N/A	N/A	N/A		
Commercial & Industrial Loans	N/A	N/A	N/A	N/A	N/A		
All Other Loans and Leases	N/A	N/A	N/A	N/A	N/A		
Asset Backed Comm'l Paper Conduits	N/A	N/A	N/A	N/A	N/A		
Cr Exp Spons by Bank & Other	N/A	N/A	N/A	N/A	N/A		
Liquid Comm by Bank & Other	N/A	N/A	N/A	N/A	N/A		
Percent of Tot Managed Assets on Balance Sheet & Sec Assets							
1-4 Family Residential Loans	26.59	26.70	26.39	25.95	24.33		
Home Equity Lines	N/A	N/A	N/A	N/A	N/A		
Credit Card Receivables	N/A	N/A	N/A	N/A	N/A		
Auto Loans	N/A	N/A	N/A	N/A	N/A		
Commercial & Industrial Loans	N/A	N/A	N/A	N/A	N/A		
All Other Loans and Leases	N/A	N/A	N/A	N/A	N/A		

FDIC Certificate # 15345  
OCC Charter # 0  
Public Report

FRB District/ID\_RSSD 11 / 77253  
County: MEDINA

TXN BANK; HONDO, TX  
Securitization & Asset Sale Activities--Page 13A

Securitization & Asset Sale-b  
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	<u>03/31/2025</u>	<u>03/31/2024</u>	<u>12/31/2024</u>	<u>12/31/2023</u>	<u>12/31/2022</u>
% Tot Securitization Act by Type					
Unused Comm to Provide Liquidity	N/A	N/A	N/A	N/A	N/A
Sellers Int in Secs & LNS % Trust	N/A	N/A	N/A	N/A	N/A
Home Equity Lines	N/A	N/A	N/A	N/A	N/A
Credit Card Receivables	N/A	N/A	N/A	N/A	N/A
Commercial & Industrial Loans	N/A	N/A	N/A	N/A	N/A
Percent of Tier 1 Capital					
Total Retained Credit Exposure	N/A	N/A	N/A	N/A	N/A
30-89 Day PD Securitized Assets					
1-4 Family Residential Loans	N/A	N/A	N/A	N/A	N/A
Home Equity Lines	N/A	N/A	N/A	N/A	N/A
Credit Card Receivables	N/A	N/A	N/A	N/A	N/A
Auto Loans	N/A	N/A	N/A	N/A	N/A
Commercial & Industrial Loans	N/A	N/A	N/A	N/A	N/A
All Other Loans and Leases	N/A	N/A	N/A	N/A	N/A
Total 30-89 Day PD Secur Assets	N/A	N/A	N/A	N/A	N/A
90+ Days PD Securitized Assets					
1-4 Family Residential Loans	N/A	N/A	N/A	N/A	N/A
Home Equity Lines	N/A	N/A	N/A	N/A	N/A
Credit Card Receivables	N/A	N/A	N/A	N/A	N/A
Auto Loans	N/A	N/A	N/A	N/A	N/A
Commercial & Industrial Loans	N/A	N/A	N/A	N/A	N/A
All Other Loans and Leases	N/A	N/A	N/A	N/A	N/A
Total 90+ Days PD Secur Assets	N/A	N/A	N/A	N/A	N/A
Total Past Due Securitized Assets	N/A	N/A	N/A	N/A	N/A
Net Losses Securitized Assets					
1-4 Family Residential Loans	N/A	N/A	N/A	N/A	N/A
Home Equity Lines	N/A	N/A	N/A	N/A	N/A
Credit Card Receivables	N/A	N/A	N/A	N/A	N/A
Auto Loans	N/A	N/A	N/A	N/A	N/A
Commercial & Industrial Loans	N/A	N/A	N/A	N/A	N/A
All Other Loans and Leases	N/A	N/A	N/A	N/A	N/A
Total Net Charge Off Secur Asset	N/A	N/A	N/A	N/A	N/A

FDIC Certificate # 15345  
OCC Charter # 0  
Public Report

FRB District/ID\_RSSD 11 / 77253  
County: MEDINA

TXN BANK; HONDO, TX  
Securitization & Asset Sale Activities--Page 13B

Securitization & Asset Sale-c  
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	<u>03/31/2025</u>	<u>03/31/2024</u>	<u>12/31/2024</u>	<u>12/31/2023</u>	<u>12/31/2022</u>
30-89 Day PD Securitized Assets %					
1-4 Family Residential Loans	N/A	N/A	N/A	N/A	N/A
Home Equity Lines	N/A	N/A	N/A	N/A	N/A
Credit Card Receivables	N/A	N/A	N/A	N/A	N/A
Auto Loans	N/A	N/A	N/A	N/A	N/A
Commercial & Industrial Loans	N/A	N/A	N/A	N/A	N/A
All Other Loans and Leases	N/A	N/A	N/A	N/A	N/A
Total 30-89 Days PD Secur Asset	N/A	N/A	N/A	N/A	N/A
90+ Day PD Securitized Assets %					
1-4 Family Residential Loans	N/A	N/A	N/A	N/A	N/A
Home Equity Lines	N/A	N/A	N/A	N/A	N/A
Credit Card Receivables	N/A	N/A	N/A	N/A	N/A
Auto Loans	N/A	N/A	N/A	N/A	N/A
Commercial & Industrial Loans	N/A	N/A	N/A	N/A	N/A
All Other Loans and Leases	N/A	N/A	N/A	N/A	N/A
Total 90+ Day PD Secur Asset	N/A	N/A	N/A	N/A	N/A
Total PD Securitized Assets %	N/A	N/A	N/A	N/A	N/A
Net Losses on Securitized Assets%					
1-4 Family Residential Loans	N/A	N/A	N/A	N/A	N/A
Home Equity Lines	N/A	N/A	N/A	N/A	N/A
Credit Card Receivables	N/A	N/A	N/A	N/A	N/A
Auto Loans	N/A	N/A	N/A	N/A	N/A
Commercial & Industrial Loans	N/A	N/A	N/A	N/A	N/A
All Other Loans and Leases	N/A	N/A	N/A	N/A	N/A
Net Losses on Securitized Assets	N/A	N/A	N/A	N/A	N/A
30-89 DAY PD managed assets %					
1-4 Family Residential Loans	N/A	N/A	N/A	N/A	N/A
Home Equity Lines	N/A	N/A	N/A	N/A	N/A
Credit Card Receivables	N/A	N/A	N/A	N/A	N/A
Commercial & Industrial Loans	N/A	N/A	N/A	N/A	N/A
All Other Loans and Leases	N/A	N/A	N/A	N/A	N/A
Total 30-89 Day PD Manage Asset	N/A	N/A	N/A	N/A	N/A
90+ DAY PD MANAGED ASSETS %					
1-4 Family Residential Loans	N/A	N/A	N/A	N/A	N/A
Home Equity Lines	N/A	N/A	N/A	N/A	N/A
Credit Card Receivables	N/A	N/A	N/A	N/A	N/A
Commercial & Industrial Loans	N/A	N/A	N/A	N/A	N/A
All Other Loans and Leases	N/A	N/A	N/A	N/A	N/A
Total 90+ Day PD Manage Asset	N/A	N/A	N/A	N/A	N/A
Total Past Due Managed Assets %	N/A	N/A	N/A	N/A	N/A
Net Losses on Managed Assets %					
1-4 Family Residential Loans	N/A	N/A	N/A	N/A	N/A
Home Equity Lines	N/A	N/A	N/A	N/A	N/A
Credit Card Receivables	N/A	N/A	N/A	N/A	N/A
Commercial & Industrial Loans	N/A	N/A	N/A	N/A	N/A
All Other Loans and Leases	N/A	N/A	N/A	N/A	N/A
Net Losses on Managed Assets	N/A	N/A	N/A	N/A	N/A

Fiduciary Services-a  
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Total Fiduciary Assets	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	
Custody and Safekeeping	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	
Memo: Fiduciary Income Foreign	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	
Collective/Common Trust Fund Assets	(\$000)	%Total	%Change	(\$000)	%Total	%Change	(\$000)	%Total	%Change	
Domestic Equity	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	
International/Global Equity	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	
Stock/Bond Blend	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	
Taxable Bond	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	
Municipal Bond	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	
Short Term/Money Market	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	
Specialty/Other	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	
Total Trust Funds	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	
Collective/Common Trust Fund Accounts	(#)	%Total	%Change	(#)	%Total	%Change	(#)	%Total	%Change	
Domestic Equity	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	
International/Global Equity	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	
Stock/Bond Blend	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	
Taxable Bond	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	
Municipal Bond	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	
Short Term/Money Market	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	
Specialty/Other	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	
Total Trust Funds	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	

Peer Group Descriptions for Fiduciary & Related Services:

Peer Number

Fiduciary Services-b  
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Peer Group Report												
	03/31/2025				12/31/2024				12/31/2023			
Gross Fiduciary Losses - Managed	(\$000)	%Rev		PCT	(\$000)	%Rev		PCT	(\$000)	%Rev		PCT
Personal Trust and Agency	N/A	N/A	0.00	N/A	N/A	N/A	0.02	N/A	N/A	N/A	0.06	N/A
EB & Retirement Related Trust & Agency	N/A	N/A	0.00	N/A	N/A	N/A	0.00	N/A	N/A	N/A	0.00	N/A
Inv Mgmt & Inv Advisory Agency	N/A	N/A	0.00	N/A	N/A	N/A	0.00	N/A	N/A	N/A	0.00	N/A
Other Fiduciary	N/A	N/A	0.00	N/A	N/A	N/A	0.07	N/A	N/A	N/A	0.08	N/A
Total Gross Managed Losses	N/A	N/A	0.00	N/A	N/A	N/A	0.00	N/A	N/A	N/A	0.01	N/A
Gross Fiduciary Losses - Non Managed												
Personal Trust & Agency	N/A	N/A	0.00	N/A	N/A	N/A	0.02	N/A	N/A	N/A	0.01	N/A
EB & Retirement Related Trust & Agency	N/A	N/A	0.00	N/A	N/A	N/A	0.00	N/A	N/A	N/A	0.02	N/A
Inv Mgmt & Inv Advisory Agency	N/A	N/A	0.00	N/A	N/A	N/A	0.01	N/A	N/A	N/A	0.01	N/A
Other Fiduciary	N/A	N/A	0.00	N/A	N/A	N/A	0.00	N/A	N/A	N/A	0.03	N/A
Total Gross Non Managed Losses	N/A	N/A	0.00	N/A	N/A	N/A	0.00	N/A	N/A	N/A	0.01	N/A
Net Fiduciary Losses - ALL												
Personal Trust and Agency	N/A	N/A	0.00	N/A	N/A	N/A	0.02	N/A	N/A	N/A	0.06	N/A
EB & Retirement Related Trust & Agency	N/A	N/A	0.00	N/A	N/A	N/A	0.00	N/A	N/A	N/A	0.00	N/A
Inv Mgmt & Inv Advisory Agency	N/A	N/A	0.00	N/A	N/A	N/A	0.01	N/A	N/A	N/A	0.01	N/A
Other Fiduciary	N/A	N/A	0.00	N/A	N/A	N/A	0.00	N/A	N/A	N/A	0.01	N/A
Total Net Losses	N/A	N/A	0.00	N/A	N/A	N/A	0.01	N/A	N/A	N/A	0.01	N/A
Corporate Trust and Agency	(\$000)	#ISS	%Change		(\$000)	#ISS	%Change		(\$000)	#ISS	%Change	
Corporate and Muni Trusteeships	N/A	N/A	N/A		N/A	N/A	N/A		N/A	N/A	N/A	
Issues in Default	N/A	N/A	N/A		N/A	N/A	N/A		N/A	N/A	N/A	
All Other Corporate		N/A	N/A			N/A	N/A			N/A	N/A	
Managed Assets in Fiduciary Accts	(\$000)	%Total	%Change		(\$000)	%Total	%Change		(\$000)	%Total	%Change	
Noninterest-Bearing Deposits	N/A	N/A	N/A		N/A	N/A	N/A		N/A	N/A	N/A	
Interest-Bearing Deposits	N/A	N/A	N/A		N/A	N/A	N/A		N/A	N/A	N/A	
U.S. Treasury & Agency	N/A	N/A	N/A		N/A	N/A	N/A		N/A	N/A	N/A	
State, County & Municipal	N/A	N/A	N/A		N/A	N/A	N/A		N/A	N/A	N/A	
Money Market Mutual Funds	N/A	N/A	N/A		N/A	N/A	N/A		N/A	N/A	N/A	
Equity Mutual Funds	N/A	N/A	N/A		N/A	N/A	N/A		N/A	N/A	N/A	
Other Mutual Funds	N/A	N/A	N/A		N/A	N/A	N/A		N/A	N/A	N/A	
Common & Collective Funds	N/A	N/A	N/A		N/A	N/A	N/A		N/A	N/A	N/A	
Other Short-Term Obligations	N/A	N/A	N/A		N/A	N/A	N/A		N/A	N/A	N/A	
Other Notes and Bonds	N/A	N/A	N/A		N/A	N/A	N/A		N/A	N/A	N/A	
Unregistered Funds & Private Equity	N/A	N/A	N/A		N/A	N/A	N/A		N/A	N/A	N/A	
Other Common & Preferred Stocks	N/A	N/A	N/A		N/A	N/A	N/A		N/A	N/A	N/A	
Real Estate Mortgages	N/A	N/A	N/A		N/A	N/A	N/A		N/A	N/A	N/A	
Real Estate	N/A	N/A	N/A		N/A	N/A	N/A		N/A	N/A	N/A	
Miscellaneous Assets	N/A	N/A	N/A		N/A	N/A	N/A		N/A	N/A	N/A	
Total Managed Assets	N/A	N/A	N/A		N/A	N/A	N/A		N/A	N/A	N/A	
Memo: Fiduciary Assets in Advised or Sponsored Mutual Funds	N/A	N/A	N/A		N/A	N/A	N/A		N/A	N/A	N/A	
Peer Group Descriptions for Fiduciary & Related Services:	Peer Number											

# ATTACHMENT A - BANK HISTORICAL INFORMATION

Bank Name: **TXN Bank**

Historical Information

(to be completed by the bank and provided to district)

ECR Rate				Explanatory Notes, if applicable
Month			%	
March-25				Not Applicable to this Bid
February-25				Not Applicable to this Bid
January-25				Not Applicable to this Bid
December-24				Not Applicable to this Bid
November-24				Not Applicable to this Bid
October-24				Not Applicable to this Bid
September-24				Not Applicable to this Bid
August-24				Not Applicable to this Bid
July-24				Not Applicable to this Bid
June-24				Not Applicable to this Bid
May-24				Not Applicable to this Bid
April-24				Not Applicable to this Bid

Interest Bearing Public Funds Accounts				Explanatory Notes, if applicable
Month			%	
March-25			2.83%	EFFR minus 150 basis points
February-25			2.83%	EFFR minus 150 basis points
January-25			2.83%	EFFR minus 150 basis points
December-24			2.83%	EFFR minus 150 basis points
November-24			3.08%	EFFR minus 150 basis points
October-24			3.33%	EFFR minus 150 basis points
September-24			3.33%	EFFR minus 150 basis points
August-24			3.83%	EFFR minus 150 basis points
July-24			3.83%	EFFR minus 150 basis points
June-24			3.83%	EFFR minus 150 basis points
May-24			3.83%	EFFR minus 150 basis points
April-24			3.83%	EFFR minus 150 basis points

**ATTACHMENT A**  
**Uvalde Consolidated ISD**

*Provide a price schedule for all services and include any one-time charges or set-up fees.*

Service	Unit Basis	Est. Vol.	Unit Bank Charge	Explanatory Notes, if applicable
<b>Account Deposit Services</b>				
Master Account Maintenance Fee	Per account		N/C	N/C - No Charge
Subsidiary Account Maintenance	Per account		N/C	
Money Market Account Maintenance Fee	Per account		N/C	
Interest Bearing Accounts Maintenance Fee	Per account		N/C	
ZBA Accounts Maintenance Fee Master	Per account		N/C	
ZBA Accounts Maintenance Subsidiary	Per account		N/C	
ZBA Account Transfers	Per item		N/C	
Investment Sweep - master account	Per account/mo		N/C	
Investment Sweep - Subsidiary accounts	Per account/mo		N/C	
Debits Posted	Per item		N/C	
Credits Posted	Per item		N/C	
	Per item			
<b>Automated Services - Balance &amp; Detail</b>				
<b>If Services are Bundled:</b>				
Bundled Balance & Activity Reporting	Per month		N/C	
Monthly Maintenance	Per month/account		N/C	
Detail Item Fees	Per item		N/C	
<b>If services are Un-Bundled (by Module)</b>				
Balance Reporting Module Maintenance	Per account		N/C	
Daily Balance Reporting	Per account		N/C	
Previous day Reporting	Per account		N/C	
Previous Day Dr/Cr Items	Per item		N/C	
ACH Module Maintenance	Per account/overall		N/C	
ACH Detail	Per item		N/C	
Reconciliation Module Maintenance	Per account/overall		N/C	
Recon detail	Per item		N/C	
Stop Pay Module Maintenance	Per account/overall		N/C	
Stop pay item	Per item		N/C	
Wire and Internal Transfer Module Maintenance	Per account/overall		N/C	
Addenda reporting	Per item		N/C	
Positive Pay Module	Per account/mo		N/C	
PP Detail	Per item		N/C	
Detail Transactions - All modules	Per item		N/C	
<b>Deposits</b>				
Commercial Account Maintenance	Per account		N/C	
Banking Center Deposits	Per item		N/C	
Night Drop Deposit	Per item		N/C	
Items Deposited				
Items deposited	Per deposit		N/C	
On-us Items	Per item		N/C	
Local items	Per item		N/C	
Local Fed/RCPC Clearing	Per item		N/C	
City Items (in state)	Per Item		N/C	
Other State Items	Per item		N/C	
11th Fed Country Items	Per item		N/C	
Other 11th Fed RCPC Items	Per item		N/C	
Transit Item Clearing	Per item		N/C	
Encoding Charge	Per item		N/C	
<b>Cash Vault</b>				
Cash Vault Base Fee Processing Fee	Per item		N/C	
Standard Deposit Vault	Per deposit		N/C	
Standard Deposit Note Vault	Per deposit		N/C	
Currency Deposits				
Cash deposited	Per \$\$		N/C	
Strapped currency furnished			N/C	
Currency Wraps Shipped	Per strap		N/C	
Coin Deposits				

**ATTACHMENT A**  
**Uvalde Consolidated ISD**

*Provide a price schedule for all services and include any one-time charges or set-up fees.*

Service	Unit Basis	Est. Vol.	Unit Bank Charge	Explanatory Notes, if applicable
Full bag - loose coin			N/C	
Partial bag of loose coin			N/C	
Rolled Coin Furnished	Per roll		N/C	
Minimum Change Order			N/C	
Branch Order Processing	Per Order		N/C	
Branch Per Deposit	Per Deposit		N/C	
Branch Coin Shipped	Per Shipment		N/C	
Change Order	Per item		N/C	
Deposit Corrections	Per item		N/C	
Return Item - Per item	Per item		N/C	
Return Items Return and Reclear	Per item		N/C	
Charge-backs	Per item		N/C	
Return Check Notice Fax	Per item		N/C	
Return Check Notice Internet	Per item		N/C	
<b>ACH Processing</b>				
Service Monthly Maintenance (Base) Fee	Per month/account		N/C	
ACH Transactions Originated	Per item		N/C	
Debits originated	Per item		N/C	
Credits Originated	Per item		N/C	
Electronic Credit Received/Posted	Per Item		N/C	
Electronic Debit Recived/Posted	Per item		N/C	
Electronic Originated Addenda	Per item		N/C	
ACH Return Items	Per item		N/C	
Return Notification	Per Item		N/C	
Deletions or Reversal Charges	Per item		N/C	
Transmission	Per file		N/C	
Fraud Filter - Review - Base Fee	Per month		N/C	
Fraud Filter - Review - Per Item	Per item		N/A	
Reports - by Fax	Per item		N/A	
<b>Positive Pay</b>				
Service Monthly Maintenance (Base) Fee*	Per account or mo		N/C	
Positive Pay Item	Per item		N/C	
Per item charge with Partial Recon	Per item		N/C	
Per item charge with Full Recon	Per item		N/C	
Per item without recon services			N/C	
Transmission - File Transmission	Per item		N/C	
<b>Imaging</b>				
Imaging Maintenance	Per month		N/C	
CD Rom Service - Per Item	Per item		N/C	
CD Rom Service - Per Disk	Per item		N/C	
<b>Reconciliation</b>				
ACH Monthly Maintenance	Per Month		N/C	
Partial Recon Monthly Maintenance	Per Month		N/C	
Partial reconciliation - detail	Per item		N/C	
Full recon monthly maintenance	Per month		N/C	
Full recon detail	Per item		N/C	
Deposit Reconciliation - Mo Maintenance	Per Month		N/C	
Deposit Recon - per detail	Per item		N/C	
Transmissions	Per Transmission		N/C	
Transmission Detail	Per item		N/C	

**ATTACHMENT A**  
**Uvalde Consolidated ISD**

*Provide a price schedule for all services and include any one-time charges or set-up fees.*

Service	Unit Basis	Est. Vol.	Unit Bank Charge	Explanatory Notes, if applicable
<b>Safekeeping</b>				
Service Monthly Maintenance Custody	Per month		N/C	
Clearing Fees			N/C	
Securities Received/ Delivered - DVP	Per item		N/C	
Safekeeping Fees	Per item		N/C	
Custody per Cusip/Holding	Per cusip		N/C	
Income Collection to DDA	Per item		N/C	
<b>Stop Pays</b>				
Stop Pays (automated)	Per item		N/C	
<b>Wire Transfers</b>				
Service Monthly Maintenance*	Per month		N/C	
Incoming - domestic Straight	Per item		N/C	
Outgoing - repetitive - automated,domestic	Per item		\$25	
Outgoing - non-repetitive - automated,domestic	Per item		\$25	
Book Transfer Internet Initiated	Per item		N/C	
Wire Advices Faxed/Mailed	Per item		N/C	
<b>OPTIONAL SERVICES REQUESTED</b>				
<b>Remote capture of checks</b>				
One-time set-up or training fees	One time		N/C	
Monthly maintenance	Per month/card		N/C	
Capture and transmission fee from provider	Per item		N/C	
On-us Item	Per item		N/C	
Local Item	Per item		N/C	
Transit Item	Per item		N/C	
<b>RCK Services</b>				
RCK Maintenance	Per account/mo		N/A	
RCK Detail	Per items		N/A	
<b>Pay/Debit Cards</b>				
Service Monthly Maintenance	Per month		N/C	
Processing and servicing	Per card		N/C	
Implementation fee	One time		N/C	
Initial system design and development	One time		N/C	
Enrollment	Per card		N/C	
Corrections	Per item		N/C	
Employee Charges				
ATM Cash Withdrawal - On-us	Per item		N/C	
ATM Cash Withdrawal - non-bank	Per item		N/C	
Cash Advance OTC	Per item		N/C	
ATM Balance Inquiry	Per item		N/C	
Overdraft Fee	Per item		\$30	
Lost/stolen replacement fee	Per card		N/C	
Standard reporting	Per item		N/C	
<b>Purchasing Cards</b>				
Service Monthly Maintenance	Per month		N/A	We do not offer purchasing cards
Card Issuance Fee	Per card		N/A	
Transaction Fee	Per item		N/A	
License Fee	Per month		N/A	
Rebate on amt purchased <\$1mm			N/A	
<b>Merchant Card Services</b>				
<b>Fees</b>				
One-time set up fee			N/A	Rates and Fee's Determined by Fitech, the Banks Merchant
Application fees: First location			N/A	Service Partner. Rates are
Locations 2-5			N/A	determined by transaction volume.
Locations >5			N/A	
Annual fee / Monthly Maintenance fee	Per month/location		N/A	Fitech uses an interchange plus
Monthly Statement Fee	Per month		N/A	rate model. (interchange rate +

**ATTACHMENT A**  
**Uvalde Consolidated ISD**

*Provide a price schedule for all services and include any one-time charges or set-up fees.*

Service	Unit Basis	Est. Vol.	Unit Bank Charge	Explanatory Notes, if applicable
Supply fee	Per month		N/A	25 bps + 10 cents per card
Minimum processing fee			N/A	transaction
Internet Set-up fee	Per location		N/A	
<b>Credit Card Processing fees</b>	Per item		N/A	
VISA CPS-2 Interchange	%		N/A	
Association	%		N/A	
Visa fee	\$		N/A	
Bank fee	\$		N/A	
MC Merit III Interchange	%		N/A	
Association	%		N/A	
MC fee	\$		N/A	
Bank fee	\$		N/A	
Visa Check Card Interchange (Signature)	%		N/A	
Association	%		N/A	
Visa fee	\$		N/A	
Bank fee	\$		N/A	
MC Debit Card Interchange (Signature)	%		N/A	
Association	%		N/A	
MC fee	\$		N/A	
Bank fee	\$		N/A	
Debit Card Processing MC/Visa			N/A	
<b>Authorization Fees</b>			N/A	
Voice authorizations			N/A	
Address verification			N/A	
Terminal Authorizations			N/A	
MC Electronic authorization			N/A	
Discover Electronic authorization			N/A	
AmEx Electronic authorization			N/A	
<b>Processing Fees</b>			N/A	
Chargeback processing			N/A	
Batch settlement fee			N/A	
Transmission Fee	Per item		N/A	
Transmission - Item	Per item		N/A	



## ATTACHMENT A

### Fee Schedule

<u>Item Description</u>	<u>Frequency</u>	<u>Published Fee</u>	<u>Uvalde ISD</u>
<b><u>Account Transaction Fees</u></b>			
Maintenance Fee	Per Item	\$15.00	N/C
Per Deposit	Per Item	\$0.15	N/C
Per Deposit Item	Per Item	\$0.15	N/C
Transit Check Deposit	Per Item	\$0.15	N/C
Per Debit (ACH/CHK)	Per Item	\$0.15	N/C
Checks Written	Per Item	\$0.15	N/C
Return Items	Per Item	\$10.00	N/C
NSF	Per Item	\$30.00	N/C
Stop Pay	Per Item	\$30.00	N/C
Wire Outgoing International	Per Item	\$75.00	N/C
Wire Outgoing Domestic	Per Item	\$20.00	N/C
Account Reconciliation	Per Item	\$25.00/hour	N/C
Cashier's Checks	Per Item	\$5.00/each	N/C
Research	Per Item	\$25.00/hour	N/C
Incoming Collection	Per Item	\$10.00	N/C
Outgoing Collection Charge	Per Item	\$20.00	N/C
Backs	Per Item	\$10.00	N/C
Remote Capture	Per Item	\$25.00/Scanner	N/C
Positive Pay	Per Item	\$10.00	N/C

#### **Forms**

Checks	At Bank Cost
Deposit Slips	At Bank Cost
Transfer Forms	At Bank Cost



## Attachment B

### CD Rates \*\*

<u>Item Description</u>	<u>Published Int Rate/APY</u>	<u>Uvalde ISD APY</u>	<u>Minimum Balance</u>
CD – 3 months	3.15%	3.15%	\$100,000.00
CD – 6 months	3.45%	3.45%	\$100,000.00
CD - 7 months	3.97%	3.97%	\$100,000.00
CD – 12 months	3.92%	3.92%	\$100,000.00
CD – 24 months	2.75%	2.75%	\$100,000.00

**\*\*All CD Rates are subject to change daily.**

# Proposal Form

for Depository Services  
by Uvalde Consolidated ISD Independent School District

## Definitions and Instructions

In this document, the terms “you” and “your” refer to the depository bank, and “we,” “our,” and “us” refer to the district named above.

You must answer all questions in this form and provide it to us as your proposal.

We have the right to reject any proposal. If any part of this proposal or any contract entered into between you and us is invalid, the remainder, at our option, remains in force and is not affected. We have the right to use a sub-depository bank other than the primary bank and those deposits will be collateralized.

## Bank Compensation

We may pay for your services by targeted balances or by fees and change the methodology when appropriate? Please detail any differences in related costs to us with either option.

The question does not apply since the account we are offering will not be on account analysis.

## Compensation Based on a Targeted Balance

We may choose to pay for your services by maintaining a targeted amount of our funds in the depository. We will maintain balances in the checking accounts to compensate you in full or in part for services provided. You must provide a monthly account analysis that reflects the earnings credited for these balances.

You may invest any excess collected balance daily as directed by us in an overnight investment that we approve, an interest-bearing account, or a money market mutual fund registered with the Securities and Exchange Commission (SEC) which strives to maintain a \$1 NAV. Please list below the overnight investment and any index upon which the rate will be based.

The account will not need to be swept overnight since it will be earning a competitive rate already.

The rate history at your bank for the months beginning **04/24** and ending **03/25** was:

The rates on Public Fund accounts are the Effective Fed Funds Rate, (EFFR), minus 150 basis points floating. The current rate would be EFFR of 4.33 - 1.50 = 2.83%, with a floor of .25%.

*\*Please complete Attachment A, Bank Historical Information (tab).*

If any of these rates is based on an index rate (such as the T-Bill auction rate), stipulate how you will use the index to calculate the rate.

Effective Fed Funds Rate minus 150 basis points with a floor of 25 basis points.

### **Compensation Based on Fees**

We may choose to pay for your services on a straight fee basis in which we will not maintain a targeted balance. You will assess fees, and we will pay them in accordance with your proposed fees as listed on *Attachment A, Volumes for Pricing Transactions (Column E-Unit Bank Charge)*.

I believe this question doesn't apply to the account we are offering the School District.

### **District Investments**

We reserve the right to purchase, sell, and invest our funds and funds under our control, including bond funds, as authorized by the Texas Government Code, Chapter 2256, Public Funds Investment Act, and in compliance with our investment policy, a copy of which is attached as Attachment C or it may be obtained at the District's website at (About Us>School Board>School Board Policy).

We may choose to invest in time deposits at the depository. You will pay interest on our funds placed in time deposits with maturities we chose. The interest rate spread on the deposits should be indicated as above, below, or equal to the "asked" yield on the comparable maturity T-Bill of the proposed time deposit being purchased as reported in an independent, financial source.

Single Maturity Time Deposits of more than \$100,000:

**\*\*Attached\*\***

### **Collateral**

#### **Collateral Conditions**

You must provide collateral equal to 102 percent of all our time and demand deposits plus accrued interest minus applicable Federal Deposit Insurance Corporation (FDIC) coverage. Collateral will be pledged to us and held in an independent safekeeping institution by a custodian or permitted institution as specified by the Texas Government Code, Chapter 2257, Public Funds Collateral Act. You will be liable for monitoring and maintaining the collateral and the required margin at all times and will provide an original safekeeping notice and a monthly report of the collateral including at least the security description, par amount, cusip, and market value.

You and we must execute a collateral agreement in accordance with the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 (FIRREA). Provide a sample collateral agreement as Attachment D, Sample Collateral Agreement.

We estimate our maximum anticipated collateral requirement to be \$15,000,000.

If voluntary collateral pooling is legislated during the period of this contract, you and we may consider it and agree to use it under this contract.

**TXN Bank Pledges Securities equal to 110% of the uninsured amounts on deposit reported monthly.**

### **Eligible Collateral**

We will accept only approved securities as specified by the TEC, §45.201, as pledged collateral, voluntary pooled collateral (if available) or a Federal Home Loan Bank Letter of Credit in accordance with our investment policy

*[Alternatively, the district may require specific collateral in accordance with its investment policy. In that case, the district would refer to its investment policy and use the following paragraph instead:]*

We will accept only the following as pledged collateral in accordance with our investment policy (see *Attachment C, District Investment Policy – CDA-Other Revenues: Investments LOCAL*):

The district lists items here.

1. Obligations of, or guaranteed by, governmental entities as permitted by Government Code 2256.009.
2. Certificates of deposit and share certificates as permitted by Government Code 2256.010.
3. Fully collateralized repurchase agreements permitted by Government Code 2256.011.
4. A securities lending program as permitted by Government Code 2256.0115.
5. Banker's acceptances as permitted by Government Code 2256.012.
6. Commercial paper as permitted by Government Code 2256.013.
7. No-load mutual funds, except for bond proceeds, and no-load money market mutual funds, as permitted by Government Code 2256.014.
8. A guaranteed investment contract as an investment vehicle for bond proceeds, provided it meets the criteria and eligibility requirements established by Government Code 2256.015.
9. Public funds investment pools as permitted by Government Code 2256.016.

**As a State Chartered financial institution, the bank meets all state requirements for the pledging of Securities on public funds.**

## Banking Services Fees

Based on the services we require from you, complete the proposed fee schedule, *Attachment A, Volumes for Pricing Transactions (Column E-Unit Bank Charge)*. All fees which may be charged to supply the services must be included or will not be eligible under the contract. We and you reserve the right to mutually agree upon any change of contract terms or pricing during the contract extension periods.

**\*\*Attached\*\***

## Depository Information

Please answer the following questions about your depository bank.

1. State the full name and address of the depository and any parent holding company. List all branch locations within our boundary.

TXN Bank  
103 19<sup>th</sup> St.  
Hondo, Texas 78861

TXN Bancshares  
103 19<sup>th</sup> St  
Hondo, Texas 78861

2. Provide the annual audited financial statement for the most current fiscal year. This may be in printed form, but we prefer an electronic link to the website. Members of your holding companies must include corporate annual financial statements and your individual call report for the most recent operating quarter. Audited financial statements are required each year of the contract. **\*\*Attached\*\***
3. State your rating from an independent depository rating agency or, if that rating is not available, the rating on your senior and subordinate debt. You must inform us of any change in this rating during the period of the contract within a reasonable period.

**5 Star, Superior, by Bauer Financial.**

4. Contact Information

To ensure smooth communication and continuation of services, you must assign a specific account executive and a backup to our account to coordinate services and help solve any problem encountered.

- a. Designate a depository officer as a primary contact with us.

Name: **Zachary Duron**

Title: **Treasury Management Officer**

Telephone: **Office 830-426-3066 Cell 210-381-0512**

Email: **[zduron@txn.bank](mailto:zduron@txn.bank)**

- b. Designate a depository representative as a backup contact with us.

Name: **Kaci Klaeger**

Title: **Operations Officer**

Telephone: **Office 830-426-3066**

Email: **[kklaeger@txn.bank](mailto:kklaeger@txn.bank)**

- c. If the primary and backup contacts are not available, how do we contact someone in an emergency? After hours?

**The primary contact assigned to this account is available via the cell phone listed above 24 hours a day.**

- d. Describe in detail how you handle problem resolution, customer service, day-to-day contact, and ongoing maintenance for governmental clients. Please be specific about exactly whom we will be calling and working with for the situations described above.

We prioritize prompt and effective problem resolution to ensure minimal disruption to our governmental clients. Our approach includes:

**Investigation:** We thoroughly investigate the issue to identify the root cause.

**Solution Offering:** We propose a clear and actionable solution, ensuring it aligns with the client's needs.

**Feedback and Follow-Up:** We seek feedback on the resolution process and follow up to ensure complete satisfaction.

Our customer service is designed to be responsive, reliable, and supportive. Key elements include:

**After Hour Support:** We offer after hour support through multiple channels (phone and email) to address any queries or concerns.

**Dedicated Account Managers:** Each governmental client is assigned a dedicated account manager to provide personalized service and ensure continuity.

**Training and Resources:** We provide comprehensive training and resources to help clients utilize our services effectively.

We maintain regular and proactive communication with our clients to ensure smooth operations. This includes:

**Scheduled Check-Ins:** Regularly scheduled check-ins to discuss ongoing needs and any potential issues.

**Real-Time Updates:** Providing real-time updates on any changes or developments that may impact on the client's operations.

**Accessibility:** Ensuring our team is easily accessible for any immediate concerns or questions

Our ongoing maintenance services are designed to ensure the reliability and efficiency of our depository services. This includes:

**Regular Audits:** Conducting regular audits to ensure compliance with all relevant regulations and standards.

**System Updates:** Implementing system updates and enhancements to improve functionality and security.

**Preventive Maintenance:** Performing preventive maintenance to avoid potential issues before they arise.

Zachary Duron and Kaci Klaeger will be the primary points of contact when calling about the situations described above.

5. List references from at least three of your current, comparable governmental clients. Include the length of time under contract and a client contact, title, and telephone number.

1. Medina Regional Hospital-Since 1994.

Kevin Frosch-CFO-830-426-7898

2. Medina ISD-Since 2005.

Charles Orr-Business Manager-830-589-2855 Ext 103

3. City of Hondo-Since 2022.

Chris Hill-CFO-830-426-3380 Ext 1010

6. Based on the services we require, please provide a proposed timeline for implementing the contract; include the timeline activities and direct responsibilities of both our district and your depository bank during implementation.
7. Provide a copy of all agreements (including those not directly referenced in this proposal) that will be required under the contract.
8. If we award the contract to you, you must review our then-current district investment policy and certify in writing to that review in accordance with the Public Funds Investment Act verifying that you have sufficient controls in place to avoid transactions not authorized by the policy. We have attached our investment policy to this proposal notice as *Attachment C* or it may be obtained at the District's website at *(Board>Board Book, Policy, and Current Board Meeting Agenda>School Board Policy)*. I have reviewed the Investment Policy and can confirm that the controls are in place to avoid transactions not authorized by the policy.
9. We may conduct a preaward interview on-site at your depository bank before awarding the contract. Please provide us with a contact name for arranging the preaward interview.  
Zachary Duron.
10. Are you offering any transition or retention incentive to us? If so, please describe it in detail.  
Yes, exceptional customer service.

## Banking Services

### 1. Consolidated Account Structure with Sweep Mechanism

We are interested in earning at then-current interest rates available at all times. We want the option to use an automated, daily sweep to a money market mutual fund or depository alternative account (if competitive) to reach our full investment goal

Our current account structure is listed as *Attachment B, District's Current Account Structure*. We do not guarantee that we will maintain the balances or structure at these same levels.

You must clearly describe your most cost-effective account structure (interest bearing accounts, zero balance accounts [ZBAs], or sweep, etc.).

- a. Fully describe the proposed account structure. Would a sweep be from a master account with ZBAs or directly swept from the individual accounts? Is interest distributed at the account level?
- b. State the average interest rate on the recommended alternative structure for the past 12 months.
- c. If an SEC-registered money market fund is used for the sweep proposal, provide the full name and a copy of the prospectus. It must strive to maintain a \$1 NAV.
- d. Interest earned on interest bearing accounts must **not** be charged as an expense on the account analysis. Confirm acceptance of this condition.

We may be required or may desire to open additional accounts, close accounts, or change account types during the contract period. If this occurs, the new accounts and services must be charged at the same contracted amount or, if unanticipated, at not more than published rates.

The most cost-effective account is the Public Funds Account referenced on page 1 which I believe negates the need for sweep accounts, although they are available.

### 2. Automated Cash Management Information

We are interested in automated balance and detail information and online retention. Minimum automated services must include the following:

- prior-day summary and detail balance reporting on all accounts **yes**
  - intraday detail and summary balances (on local main and payroll accounts)
  - initiation and monitoring of stop payments **yes**
  - positive pay exception transactions **yes**
  - initiation and monitoring of internal and wire transfers. **yes**
  - image access **yes**
  - controlled disbursement presentment totals [optional]
- a. Fully describe your online service. **List** the system capabilities (for example, balance reporting, wires, positive pay, stop payment, etc.). **All of these services are accessible in our online Treasury Platform. (Single Sign On) Balance Reporting, downloading statements, transaction history (excel, qbo), check image viewer, account alerts, Stop Pay, Positive Pay, online Wire services, ACH Origination (manual or NACHA file upload), Remote Deposit Capture, internal**

transfers, creating and maintenance of log ins, permissions for different account levels, and dual approval for transfers.

- b. What is your backup process to report balances and transactions in case the system is not available? **If online banking is down, we have a automated TeleBank number you can call to get account balances and transactions. Or you can call a POC to retrieve balance and transaction history**
- c. When is daily balance information available? **Real time**
- d. Submit samples of major screens available, or provide web link access to a demonstration module. **Attached**
- e. How is an individual security sign-on assigned, and who maintains the security module? How many levels of security are available? **Each log in created has multifactor authentication. The bank can maintain the security module but can set up a user with access to those security permissions. With wire and ACH transfers, the users with access to those modules will be equipped with an MFA token that safe keeps your password. Dual approval is also required when submitting ACH's or Wires.**
- f. [Optional] With regard to controlled disbursements: **N/A**
  - What is the cutoff time for disbursements?
  - What Federal Reserve location do these accounts clear through?
  - How do we have access to this information?

### 3. Deposit Services

We require standard commercial deposit services for all accounts.

We expect all deposited checks to clear based on your current published availability schedule, but please note any options for expedited availability in your proposal. For all cleared deposits you receive by your established deadline, you must process them for same-day ledger credit. If you fail to credit our accounts in a timely fashion, you must pay interest to us at the then-current effective federal funds rate.

- a. What is your daily cutoff time to ensure same-day ledger credit? **ITM cutoff time is 7:00PM, In branch 3:00PM, Remote Deposits 4:00PM.**
- b. Describe how and when you send credit and debit advices to us. **Yes, notifications can be sent when making deposits and/or bank transactions. They are sent when the teller is done with the deposit or transaction.**
- c. What type of deposit bags do you use or require? Are these available from you? **Yes, we can provide locked deposit bags.**
- d. In what city does item processing occur? **Hondo**

#### Remote Deposit

We are interested in ☐ establishing or using remote check deposit for a few high-volume locations during the contract period. These deposits include both consumer and commercial checks.

- e. What are your current capabilities in remote check deposit? Describe how checks are processed and cleared. Please state the cutoff time for same-day ledger credit. **Deposit Reports, Multiple Deposit Locations, Permissions for Users and no deposit limits. Once scanned in and the deposit is completed, the checks are transmitted to**

- the bank to be processed. If there are no exceptions the deposit is posted to the account. If there are any exceptions, the deposit will be reviewed for errors. Once approved it will be posted to the account. Our cutoff time for Remote Capture is 5:45 PM.
- f. Give two comparable references with contact information. City of Hondo – Olivia Hancock Assistant Finance Director 830-426-3378 ext. 1015, West Medina Water Supply Sue Long Office Manager 830-363-7616
  - g. Do you produce a daily balancing report? Provide a sample. Attached
  - h. What scanner equipment is required to operate the system? Is this equipment available through your depository bank for purchase or lease? Please list the equipment required along with its cost. There are many compatible scanners. We use an Epson - TM-S1000 – Scanner for Windows OS and MicroElite for Mac Devices. Yes, the equipment is available for purchase or lease. There will be No charge for equipment rental.

#### 4. Standard Disbursing Services

We are interested in standard disbursing services for designated accounts.

- a. Do you image all paid checks, deposit items and deposit slips? Yes
- b. Are check and deposit images available online? When? Do you provide a monthly compact disc (CD)? If not, are reports downloadable? Yes, they are available online, we do not provide a monthly CD, but the reports are downloadable and presented on monthly statements
- c. How long do you maintain check and deposit images online? Check and deposit slip images are available to view in transaction history for 1 year and 6 months. They are also available in the statements which can be downloaded from online banking indefinitely.
- d. Do you pay all our checks without charge upon presentation? If funds are available.

#### 5. Positive Pay

We require positive pay services if available at the bank for designated accounts on which checks are written. The positive pay process should be fully automated and web based. We will transmit check information electronically to you on each check run and as we create checks manually.

- a. Describe the data transmission and transfer requirements for automated and manual checks. Your issued check list can be imported into our online Treasury Platform for the automated process and can be manually entered for individual checks. The requirement for the file is a tab delimited text file.
- b. Is input available online for manual checks? If it is not available online, how do we transmit information on individual manual checks to you? Yes
- c. How can we change or delete check records, if necessary? In the online treasury platform
- d. How do you notify us of a positive pay exception? Positive Pay currently will not notify you if a check is in the exception list. During daily reconciliation you can check the exception list in online banking.
- e. When do you report exception information to us? When is the deadline for our exception elections? Are images of exceptions available? Updated between 6 and 8 AM every day, the deadline to decide on the exception online is 10 AM. But you have

until 1:00PM of the same day to call in to the bank and make a decision. Yes, exception images are available.

- f. Are all checks, including those received by the tellers and vault, verified against the positive pay file before processing? How often do you update teller information? Yes the tellers list will update as you upload your issued checklist.
- g. Do you offer payee positive pay? No, an automated process currently, but we are evaluating potential vendors.
- h. Please provide a copy of your file layout format.

## 6. Account Reconciliation

We anticipate using partial or full reconciliation services on all accounts in concert with positive pay, depending on cost effectiveness.

- a. Describe the partial and full reconciliation processes. Bank does not perform reconciliation for customers.
- b. With what format(s) does your system interface? What record formats are required? How do you send reconciled data to us? When? N/A
- c. Please provide references of customers who use the XX ledger system? N/A
- d. Specify all reporting alternatives. N/A
- e. Are reports available online? How long are reports maintained online? Provide a sample copy of reports. N/A

## 7. Funds Transfer and Wire Services

Incoming wire transfers must receive immediate same-day collected credit. Wire initiation should be available online. We require that wires be released the same business day if information is provided by the established deadline.

- a. Describe the process of online wire initiation. What backup process is available for the online process in case the system is unavailable? The process would be initiated through our treasury platform. A dual approval is required when sending wires or ACH's through online banking. Our wire team will verify before releasing the wire. Backups would include sending wiring instructions via email or by completing the wire worksheet that is located on our website.
- b. Is any paper transaction required for transfers or wires as follow-up? We require signatures for transfers and wires done outside of the treasury platform. Back up methods will require a digital or wet signature.
- c. How and when will you notify us of incoming wires? Online? Email? By email and you will get a notice as the wire team processes the wire.
- d. Is future dating available for both repetitive and non repetitive wires and transfers? How far in advance? Yes, default is 6 months.
- e. What is the deadline for initiation:
  - by telephone?
  - online?

Wire instructions must be received by 3:00 PM for the same day. (email, wire worksheet, treasury platform)

- f. Are templates and template storage available? Yes

## 8. Optical Imaging

We desire optical images that are downloadable or on CD on all accounts.

- a. What items and reports are available online (checks, statements, deposit slips, deposited items, etc.)? How long are each available? **Statements, transaction history, deposit slip and check images are all available. Statements are available indefinitely after enrolling in e-statements**
- b. What items are captured on the monthly CD, if provided? **N/A**
- c. When do you make the monthly CD or imaged reports available? **N/A**
- d. When and for how long are statements and account analyses available online? **After enrolling in e-statements statements will be available indefinitely.**

## 9. Automated Clearinghouse (ACH) Services

We require ACH transactions for payable and receivable transactions. We require a pre-notification (pre-note) on all new transactions.

- a. Describe the transmission alternatives for individual ACH transactions. Can we initiate individual ACH transactions online? **Yes, the transmission can be submitted manually by entering in account details or via NACHA File**
- b. What filters and blocks are available on our accounts for ACH transactions? **We use Stop Pay for ACH Blocks. Can block company ID's and amounts. Which will be reviewed, and you would be notified.**
- c. Are ACH addenda shown in their entirety online and in reports? **Yes**
- d. What is your policy on pre-notification? Is the pre-note charged as a standard ACH transaction? **This would be at the discretion of the Originator, we do not require prenotes, but we do monitor return activity to make sure we are within the guidelines put forth by NACHA. This is not standard but the prenote can be set up in our ACH module in the Treasury Platform.**
- e. What is the deadline for transmission (hour and day) for a payroll to credit employee accounts on a Friday? **1 day in advance. Thursday at 3:00PM would be the cutoff for an ACH to go out on Friday**
- f. Is ACH positive pay available? **No currently, but we are evaluating potential vendors.**
- g. Does ACH debit the account on day of initiation or settlement? **ACH originated debits will process the night before the settlement date. The debit might be pending the night before and posted the day of settlement.**

## 10. Safekeeping Services

We may require you or another eligible offeror to provide book-entry safekeeping services for any securities we own. We will make all our investments and transmit instructions for clearing and safekeeping to you in writing or electronically.

All securities must be cleared on a **delivery versus payment (DVP)** basis. Ownership must be documented by original clearing confirmations, and safekeeping of receipts must be provided within one business day of the transaction. Funds for investments must be drawn from our designated demand deposit account. All principal and interest payments, coupon payments, and maturities must receive automated same-day collected credit on our designated account without requiring any additional action by us.

If you use a correspondent bank for safekeeping our securities, the transactions must be handled through your systems and must not require additional interaction by us with the correspondent bank. No delay in transactions, wires, or flow of funds is acceptable under a correspondent relationship.

- a. Are you a member of either the Federal Reserve or a Federal Home Loan Bank? If not, name the correspondent depository you would use for clearing and safekeeping. Describe any safekeeping arrangement proposed with a correspondent depository including processing requirements by us.

TXN Bank is a member of the Federal Reserve Bank and offers safekeeping arrangements through Frost Bank in San Antonio. Frost Bank sets up a safekeeping account for Public Fund clients of TXN Bank who purchase Treasuries.

- b. Are security transactions available online for either originating or monitoring?

No, there is no online monitoring or origination, but a safekeeping statement will be provided monthly.

- c. What is the deadline for settlement instructions on a cash (same-day) settlement? Would we incur any charge for late instructions?

11:00 AM is the deadline.

We may choose to purchase time deposits from you, but all time deposits will be competitively bid at the time of purchase.

## 11. Collateral Requirements

You must meet all the requirements, including those beyond the Public Funds Collateral Act, as stated below. The proposal must state that you agree to the following terms and conditions:

- All collateral pledged to us must be held by a custodian or permitted institution as specified by the Texas Government Code, Chapter 2257, Public Funds Collateral Act and in compliance with our investment policy – CDA, which is provided as *Attachment C* or it may be obtained at the District's website at (About Us>School Board>School Board Policy).
- We, you, and the safekeeping bank must execute a triparty safekeeping agreement for custody of pledged securities in full compliance with the FIRREA requiring a depository resolution. (Or completion of Circular 7 if a Federal Reserve bank is acting as custodian. Even if a Federal Reserve bank is used, you and we must still execute a depository agreement.)
- All time and demand deposits above FDIC coverage must be collateralized at a minimum of 102 percent of principal plus accrued interest at all times (110 percent on mortgage-backed securities).
- You are contractually liable for continuously monitoring and maintaining collateral at our required margin levels.
- The custodian must provide evidence of pledged collateral by sending original safekeeping receipts or a report directly to us within one business day of receipt.

- We must receive a monthly report of collateral pledged including description, par, market value, and cusip, at a minimum.
- We must grant substitution rights if you obtain our prior approval and if substituting securities are received before previously pledged securities are removed from safekeeping.

Authorized collateral includes only approved securities as specified by the Texas Government Code, Chapter 2257, Public Funds Collateral Act and noted above.

- a. Do you propose any collateral charges? If so, under what conditions are they charged, and how is the charge applied?

**There is no charge for the pledging of securities.**

- b. What is your deadline for requesting collateral in excess of existing requirements?

**The bank pledges securities covering 110% of uninsured deposits. If additional is needed, the bank would be open to discussing the reason for and possibly accommodate the request.**

## 12. Account Analysis

You should provide monthly account analysis reports for each account and on a consolidated account basis.

- a. When is the account analysis available each month?
- b. Is the account analysis available online? Is it imaged on electronic media monthly?
- c. Are paper statements also sent to us? If so, when?
- d. How long will it take you to correct any billing errors on the account analysis?

**The Public Funds accounts are not placed on analysis.**

## 13. Monthly Statements

You must provide monthly account statements on all accounts with complete supporting documentation.

- a. State when monthly statements will be available each month online and on paper.  
**When enrolled in e-statements they will be available for download on the 1<sup>st</sup>. Paper statements will be received within 3-10 days.**
- b. Is the monthly statement available online? If so, when and for how long? Are the statements imaged and/or put on electronic media monthly? **Indefinite after enrolling in e-statements. Statements are imaged but not put on electronic media.**
- c. If imaged, are paper statements also sent to us? If so, when? **Yes, they are printed on the last day of the month and sent out in the mail.**

## 14. Overdrafts

- a. Are all accounts aggregated for overdraft calculation purposes? **No, it's per account and we do not charge a continuous fee. A per item fee of \$30 would be assessed.**
- b. State the rate basis for intraday and interday overdrafts. **N/A**
- c. What is the policy for daylight overdrafts? **N/A**

## 15. Stop Payments

We desire an automated stop payment process.

- a. What are the time period options available for stop payments? **6 months**
- b. What are the options for extended stop payment periods? How are they extended?  
**Stop payments can be extended in online banking.**
- c. What is the cutoff hour for same-day action on stop payments? **3PM**
- d. Can we initiate stop payment orders online? If so, do you require any paper follow-up document? **If done through online banking, there is no paper follow up required. If done over the phone or in person we will have you sign or docusign a stop payment form.**
- e. What information on current and expiring stop payments is available online? **Can view all current and expired stop payments through the Treasury Platform**

## 16. Customer Service

- a. Do you offer customer services in languages other than English? **Yes.**
- b. What languages are offered? **Spanish.**

## 17. Service Enhancements

Based on the information you provide in the proposal and your knowledge of the public sector, please describe any services or technological enhancements, not previously mentioned, that we should consider to manage our treasury operations more effectively.

**The service enhancements will come from working with a local community bank.**

## Optional Services

### 1. Nonsufficient Funds (NSF) Checks Re-presented as ACH (Re-presented Check [RCK] Entry)

We may want the option of the second presentment to be made by ACH to targeted dates for maximum collection potential.

- a. Are you currently using ACH for collection of NSF checks? How long have you been providing this service? Provide two comparable references with contact information.  
**No**
- b. How are the NSF and the later ACH transactions matched and reconciled? Does your system cross-reference the two transactions in any way? **N/A**
- c. Is the NSF information, image, or occurrence available online? When and how? For how long is it available online? **N/A**
- d. Can we specify any target pay day(s)? **N/A**

### 2. Merchant Services.

We are interested in possibly accepting credit card payments for various activities.] The service should include daily capture, transmission, and authorization of payments at point of sale and on the web. The service must include reporting by location.

- a. Do you currently offer merchant card processing services? How long has this service been available? What interface format(s) does your system supply? **Yes, the service has been available for 5 years.**
- b. How many institutions and end customers do you have? **20 customers enrolled currently.**
- c. Describe the fee components of a merchant card processing relationship. Provide a list of all the fees to us. State the association fees, the discount rates, and your fee per transaction. **Network access charges for major payment networks, PCI compliance fee, and per transactions fess they use an interchange + model. Which is the interchange fee + ~20bps and ~20 cents per transaction (Fitech's Margin). Depending on the volume of sales that margin may increase or decrease.**
- d. Do you have software that allows online payments to us through your portal? **Fitech has Virtual Terminal Options, can send invoices via email text. Or incorporate payment links.**
- e. Describe the reporting functions and data availability. **Firstview is the portal Fitech uses for reporting and statements.**
- f. Describe billing options. **Refer to Fitech**
- g. Describe the authorization method or process used. How are incorrect authorizations reversed? **It can be voided before settlement. After settlement it would need to be refunded.**
- h. Describe your debit card processing capabilities. Do you distinguish between debit and credit cards on your bank identification number (BIN)? Can you program a debit card to the lowest cost network? **Yes, to all three.**
- i. Describe your transmission process. Describe the monitoring and notification process if transmissions fail. **Refer to Fitech**
- j. Is data imaging available online? What is available online? When? For how long?  
**Refer to Fitech**
- k. Describe the dispute resolution process. **Refer to Fitech**
- l. Describe your security measures for Internet transactions and unauthorized use.  
**Refer to Fitech**

We have partnered with the merchant service provider Fitech/Deluxe and do not offer these services in-house. Some of these questions I will have to refer to Fitech for accuracy.

### 3. Payroll Cards or Debit Cards

We are exploring the use of stored-value cards (payroll cards or debit cards) as a payroll option for employees at a minimum. Cardholders should be able to use the cards as debit cards for purchases at point of sale as well as for cash withdrawals at financial institutions and automated teller machines.

The purchasing ability of the cards must be limited to the stored value of the card. We may choose not to pay for access fees for the employees issued the stored-value cards.

We will be responsible for any marketing of the program and have total discretion on the distribution of the cards. We will enroll the employees. You must provide cardholders with all processing and transaction information and reports. We expect the following services from you, at a minimum:

- embossing, encoding, and distributing standard cards as directed by us
- providing paper and electronic statements to cardholders
- administering accounts, including maintenance of accounts, application of funds, authorization of transactions, and related tracking
- customer service functions
  - a. Do you currently provide this service? If so, how long has it been available?
  - b. How many institutions and end customers use the service? Provide three comparable references for the service.
  - c. Which program (authorization marks) does your program use? (Visa, MasterCard, etc.)
  - d. Describe the enrollment process. Is enrollment batched and web-based?
  - e. Describe the manner by which funds will be made available to the cardholders.
  - f. What are the inactivity levels for the program? Do these generate additional fees? Describe any other potential fees.
  - g. Are all funding transmissions by standard ACH? Describe the data transmission requirements and deadlines.

We do not offer payroll cards

### 4. Purchasing Cards

We may consider a purchasing card program during the contract period. Cards would be assigned to our employees for defined use.

- a. What card platforms do you support (MasterCard, Visa)? Do you use a third-party processor?
- b. What, if any, information is available online? When? Describe data download and integration capabilities. Describe reporting capabilities.
- c. What client support is available? How is it provided?
- d. Describe the diverse parameters and restrictions available for the card control. How many access levels are available?

- e. Discuss settlement and corporate liability terms. Include information on your support for the program and your experience, settlement terms on payment, security procedures, and license requirements. How will we receive billing?
- f. Describe how cards are issued, deleted, or replaced. How do you handle lost or stolen cards?
- g. Provide three comparable references for the service.

We do not offer this service currently.

## 5. Check Printing

- a. Do you offer check printing services? Describe? We have a partnership with Deluxe for our check stock.
- b. What is the deadline for same-day and next day printing? No same day availability but we do offer temporary checks or cashier's checks. We can expedite for an additional fee.
- c. Where are checks printed and sent from? Deluxe. In-house for temporary and cashier's checks.

## 6. Smart Safes

- a. Do you offer smart safes? Describe. N/A
- b. From our deposit history is this cost effective? N/A

## Schedules and Attachments

We provide the following:

- Copy of our audited financial statements – Exhibit C-3 for Fiscal Year End June 30, 2024 (The entire Audit Report may be obtained at the District's website at [www.ucisd.net](http://www.ucisd.net) (Required Postings>Financial Transparency Information>Annual Financial Statements – Audit Reports.)
- Attachment A, District Historical Information
- Attachment A, Volumes for Pricing Transactions (filled in with volumes)
- Attachment A, Bank Historical Information
- Attachment B, District's Current Account Structure
- Attachment C, District Investment Policy or it may be obtained at the District's website at [www.ucisd.net](http://www.ucisd.net) ( *About Us>School Board>School Board Policy*).

You must include the following information with the proposal:

- copy of your audited financial statements *[or link to website]*
- corporate audited financial statements and the individual depository's call report (for members of your holding companies) *[or link to website]*
- Uniform Bank Performance Report reference
- Attachment A, Volumes for Pricing Transactions (filled in with rates)
- Sample Account Analysis Statement
- Attachment D, Sample Collateral Agreement
- any service agreements (including those not directly referenced in this proposal) that must be executed under the contract (if applicable)
- screen shots of major pages within your automated cash management system, or online web demo access (if available)
- sample daily balancing report for remote deposit (if applicable)
- sample account reconciliation reports (if applicable)

## Optional Acknowledgments

You confirm that you will not charge interest earned on the account analysis.

If awarded the contract, you must review our then-current district investment policy and certify in writing to that review in accordance with the Public Funds Investment Act verifying that you have sufficient controls in place to avoid transactions not authorized by the policy.

You accept the investment options and/or collateral conditions as specified in our investment policy.

By submitting this proposal, you acknowledge that you agree with and accept all specifications in the proposal except as you expressly qualified in the proposal.

Bank: **TXN Bank**

Address: **103 19<sup>th</sup> St**

City, State, Zip: **Hondo, Tx 78861**

Phone Number: **830-426-7204**

Email Address: **othompson@txn.bank**

Typed Name: **Olen Thompson, EVP**

Date: \_\_\_\_\_

## REMOTE DEPOSIT CAPTURE SERVICES AGREEMENT

**THIS REMOTE DEPOSIT CAPTURE SERVICES AGREEMENT** (this "Service Agreement") governs the provision of certain remote deposit capture services to the undersigned Customer by Bank. As used in this Service Agreement, "Bank" means TXN Bank, N.A., a national banking association, and any other affiliate of Bank which provides such services to Customer, and "Customer" means the undersigned customer and any affiliate of the undersigned, as more particularly described below.

**1. Remote Deposit Capture Services.** This Service Agreement governs the provision of remote deposit capture services as may be provided by Bank to Customer from time to time. Remote deposit capture is a service which allows Customer to scan checks and electronically transmit the scanned images with MICR data and/or ACH-data to Bank for posting and clearing (the "Remote Deposit Capture Services"). All items submitted for Remote Deposit Capture Services shall be subject to Bank's verification and final inspection and may be rejected by Bank in its sole discretion without liability. Bank is not obligated to detect errors by Customer and, except as provided herein, is not liable for errors in providing the Remote Deposit Capture Services. Further terms relating to the Remote Deposit Capture Services are contained in the addendum attached hereto ("Addendum", and the term Addendum shall refer to the original Addendum as amended, revised or replaced from time to time). The Addendum will be deemed accepted by Customer upon provision by Bank of Remote Deposit Capture Services to Customer. The Addendum may be amended, revised, or replaced at any time by the Bank and shall be deemed fully accepted by Customer upon Customer's use of the Remote Deposit Capture Services fifteen (15) days after notice of such amendment, revision or replacement is sent by Bank in accordance with Bank's normal business practices. If Customer rejects such revised Addendum during the fifteen (15) day period by written notice to Bank, either party may thereupon terminate this Service Agreement upon ten (10) days written notice. Bank acts as a depository for the funds of Customer pursuant a deposit account agreement and other agreements between Bank and Customer (collectively the "Account Agreement"), which governs the rights and obligations of the parties pertaining to the deposit, withdrawal, and availability of funds. All the terms and provisions of the Addendum and Account Agreement are incorporated herein. Customer acknowledges and agrees to all time periods, deadlines, limits, image quality requirements, acceptance requirements, and fund availability rules contained in the Addendum and herein. Customer agrees that all images shall also meet standards established by any regulatory boards, agencies, and any clearing houses and Association used by Bank or any requirements the Bank is obligated to observe. In the event of a conflict or discrepancy relating to the Remote Deposit Capture Services between the Addendum, the Account Agreement, and this Service Agreement, the following order of precedence shall apply: (1) Service Agreement, (2) Addendum, and (3) Account Agreement, but only to the extent necessary to address the conflict or discrepancy.

In the event that Bank is unable to provide Remote Deposit Capture Services, Customer acknowledges that it may instead deposit directly with Bank any original check for processing provided such item has not been previously scanned and electronically transmitted for posting and clearing.

**2. Remote Capture Hardware and Software.** As part of the Addendum, Bank will provide the specifications of any hardware and software which Bank has determined to be compatible with the Remote Deposit Capture Services. Except as provided below, Bank will provide Customer with the hardware and software to access the Remote Deposit Capture Services (the "Remote Capture Tools") upon Customer's execution of RDC setup form. Customer will have a non-exclusive, non-transferable sublicense to use the Remote Capture Tools, and by using the Remote Capture Tools, Customer agrees

to comply with license terms (including, without limitation, any shrink wrap or clickwrap license agreement) included with such Remote Capture Tools. Upon termination of the sublicense, Customer's rights to use the Remote Capture Tools will terminate immediately without notice. If Customer desires to obtain and utilize alternate software or hardware with the Remote Deposit Capture Services that complies with the specifications and requirements set forth in the Addendum, Customer shall submit a written request for approval of such hardware or software and shall provide all necessary information that Bank requests. Bank may, in its sole discretion, approve, deny or condition use of such alternate hardware or software. If such hardware or software is approved by the Bank, the Bank shall have no liability for any loss, liability or damage incurred by Customer in connection therewith, except only to the extent of the Bank's gross negligence or willful misconduct.

Customer shall be responsible for acquiring any required hardware, software, and secure communication lines and installing and maintaining them in good working condition. Bank shall not be liable to Customer for any malfunction, non-function, inaccuracy or other failure of the hardware or software, or any secure communication line or device used by Customer to access the Remote Deposit Capture Services, regardless of whether Bank approved such hardware, software or communication line.

**3. Security Procedures and Communications.** Certain procedures, including the use of identification codes, encryption, passwords, logon identifications, personal or location identification numbers, repetitive codes, tokens and other security devices, systems and software (the "Security Procedures"), designed to verify the origination (but not errors in transmission or content) of instructions, orders and other communications (each, a "Communication") sent between Customer and Bank may be used in connection with Remote Deposit Capture Services. Customer agrees that any such mutually agreed-upon Security Procedures shall be deemed commercially reasonable. Bank shall not be obligated to act on a Communication not transmitted in accordance with the Security Procedures and may refuse to act on any Communication where Bank reasonably doubts its authorization, authenticity, contents, origination or compliance with the Security Procedures. Bank shall have no duty to discover, and shall not be liable for, errors or omissions by Customer. If Bank complies with the Security Procedures in respect of a Communication, Bank shall be entitled to act on that Communication and shall not be obligated to verify the content of such Communication, establish the identity of the person giving it, or await any confirmation thereof, and Bank shall not be liable for acting on, and Customer shall be bound by, any Communication sent in the name of Customer, whether or not authorized. Whenever the Security Procedures include the assigning to Customer of any confidential password, logon identification, identification code, personal or location identification number, repetitive code, token or similar security device, Customer shall not disclose such security device except to employees or agents authorized to act for Customer in connection with Remote Deposit Capture Services. Customer shall implement such safeguards as are reasonably necessary to ensure the confidentiality and integrity of such security devices, and shall immediately notify Bank if the confidentiality or integrity of any such security device is breached or threatened. Customer shall be solely responsible for the safekeeping of such security devices and assumes all risk of accidental disclosure or inadvertent use of such security devices by any party whatsoever, whether such disclosure or use is on account of Customer's negligence or deliberate acts or otherwise. Bank shall not be liable for any loss or damage resulting from fraudulent, unauthorized or otherwise improper use of any security devices.

**4. Representations and Warranties.** Customer hereby makes the following representations and warranties with respect to each item submitted for Remote Deposit Capture Services: (a) The imaged item submitted to Bank accurately represents all of the information on the front and back of the document as of the time Customer converted the item to a scanned image and is eligible for Remote Deposit Capture Services; (b) The item submitted for Remote Deposit Capture Services contains all endorsements applied by parties that previously handled the item; (c) There will be no duplicate presentment of the item in any

form, and Customer assumes responsibility for any such duplicate presentment; (d) Customer will comply with all image quality standards and procedures and processes established by Bank or required by any federal or state agency, board, and any clearing house or Association used by Bank; (e) Customer shall fully train its own employees in the use of Remote Deposit Capture Services and all procedures and processes related thereto; (f) Customer shall provide any information or documentation requested by Bank in connection with the Remote Deposit Capture Services, allow inspection of its facilities by Bank employees or agents, and execute any additional documents reasonably requested in connection with the Remote Deposit Capture Services as requested by Bank; and (g) Customer shall maintain all equipment and software used in connection with Remote Deposit Capture Services, install all updates promptly and accurately, and maintain any necessary internet connection necessary for Remote Deposit Capture Services.

**5. Compliance with Laws.** Customer shall comply with all laws, rules, and regulations applicable to Customer, to the business and operation of Customer, and to the Remote Deposit Capture Services, including, without limitation, Regulation CC, the Uniform Commercial Code and any rules established by an image exchange network through which items are processed pursuant to this Agreement. Customer further agrees that it shall have the responsibility to fulfill any compliance requirement or obligation that Bank and/or Customer may have with respect to the Remote Deposit Capture Services under all applicable U.S. federal and state laws, regulations, and rulings, including sanction laws administered by the office of Foreign Assets Control, and other requirements relating to anti-money laundering, including but not limited to, the federal Bank Secrecy Act, the USA Patriot Act and any regulations of the U.S. Treasury Department to implement such Acts, as amended from time to time.

**6. Confidentiality.** The Addendum, data, software, processes and other information provided to Customer in connection with the Remote Deposit Capture Services and all fee and pricing information with respect to the Remote Deposit Capture Services (the "Information") is the proprietary and confidential property of Bank and/or its relevant licensors or suppliers. Customer agrees to use the Information only in the manner specified by Bank and in the ordinary course of Customer's business, to return it to Bank upon termination of the Remote Deposit Capture Services, and to keep the Information confidential and limit access thereto only to its agents and employees who require access in the normal course of their duties, except to the extent the Information is already in the public domain or Customer is required to disclose the Information by law.

**7. Intermediaries.** Bank may act on any Communication and provide the Remote Deposit Capture Services using any payment system or intermediary organization it reasonably selects ("Association"). Bank may engage third parties to provide some or all of the Remote Deposit Capture Services. Bank shall have no obligation to disclose arrangements with third parties to Customer or obtain Customer's consent thereto. Customer authorizes the transfer of information relating to Customer to agents of Bank or Customer for use in connection with the Remote Deposit Capture Services or as required by law.

**8. Compliance.** Bank's performance of the Remote Deposit Capture Services is subject to the rules and regulations of any applicable Association ("Association Rules"). If there are any conflicts or inconsistencies between this Service Agreement and the Association Rules, the Association Rules shall govern, but only to the extent necessary to address the conflict or inconsistency. Customer agrees to be bound by and shall comply with the Association Rules and all laws, rules and regulations in connection with the Remote Deposit Capture Services.

**9. Data Security Requirements.** Customer agrees at all times to comply with the applicable security requirements set forth in the Addendum, as the same may be revised from time to time, as well as the data protection/security requirements imposed under federal, state and local laws, rules and regulations. Customer shall agree to install and implement antivirus software on all devices that will host RDC service. Customer shall agree to have Firewall enabled on device(s) and/or have IDS (Intrusion Detection Service) or appliance. Customer shall agree to incorporate having all RDC users have unique login credentials. Customer shall agree to restrict administrative access to certain RDC users. Customer shall agree to install all necessary operating system patches in timely manner. Customer shall agree to NEVER disable any security, audit or monitoring controls implemented by TXN Bank ,N.A..

**10. Payment.** Customer shall compensate Bank for the performance of the Remote Deposit Capture Services in accordance with the Fee Schedule attached as RDC setup form and shall promptly pay all amounts and expenses due under this Service Agreement and the Account Agreement. Customer shall also pay any sales, use or similar tax applicable to the Remote Deposit Capture Services. If Bank is required to pay any such taxes, Customer shall reimburse Bank therefor upon demand. Customer shall also pay all attorneys' fees and other costs and expenses Bank may incur in collecting any fees or other sums Customer may owe to Bank in connection with the Remote Deposit Capture Services. Bank may collect any of the foregoing amounts and any other amounts due by Customer to Bank hereunder or in connection with the provision of the Remote Deposit Capture Services to Customer by debiting any of Customer's accounts with Bank, billing Customer, and/or setting off against any amounts Bank owes Customer, without any obligation to give prior notice thereof to Customer. Bank shall also have the right to credit or debit any accounts of Customer with Bank to correct any processing irregularity in connection with the Remote Deposit Capture Services.

**11. Recordings and Records.** Either Customer or Bank may produce telephonic or electronic recordings or computer records, including e-mail and facsimile transmissions, as evidence in any proceedings brought in connection with the Remote Deposit Capture Services. Customer agrees to Bank's telephonic or electronic recording for security and quality of service purposes. Customer shall retain each check which has been converted to a digital image in a safe and secure environment for such time as Customer deems necessary and advisable, but in no event fewer than 75 days after such check has been digitized and processed. Customer will promptly (but in any event within 5 business days) provide any retained check (or, if the check is no longer in existence, a sufficient copy of the front and back of the check) to Bank as requested to aid in the clearing and collection process or to resolve claims by third parties with respect to any check. Customer will use a commercially reasonable method approved by Bank to destroy checks after Customer's retention period has expired.

**12. Discrepancies.** Customer shall promptly notify Bank in writing of any error in connection with the Remote Deposit Capture Services and any discrepancies between any records maintained by Customer and any notice Customer receives from Bank with respect to the Remote Deposit Capture Services, and shall provide Bank with any information it may reasonably request in connection therewith. Customer agrees that 14 days is a reasonable time for Customer to notify Bank of errors or discrepancies, unless any other agreements, Association Rules, laws, rules or regulations provide for a shorter period.

**13. Notices.** Any notice or other communication may be sent by Bank to Customer at Customer's postal, e-mail, facsimile or other address provided by Customer to Bank, and Bank may assume that any notice or communication sent to Customer at any such address has been received by Customer, until Customer notifies Bank in writing of another address.

**14. Disclosure.** Customer acknowledges that Bank may have certain legal record keeping and reporting requirements with respect to the Remote Deposit Capture Services and consents to Bank's

disclosure to payment systems, intermediary organizations, and governmental authorities of information concerning Customer and the Remote Deposit Capture Services provided to Customer which Bank believes to be appropriate or necessary to fulfill such contractual and legal requirements.

**15. Fiduciary Status.** Nothing contained herein or in any Addendum shall be deemed to create any fiduciary status on the part of Bank in connection with the provision of the Remote Deposit Capture Services.

**16. Disclaimer.** EXCEPT FOR WARRANTIES EXPRESSLY MADE IN THIS SERVICE AGREEMENT, BANK MAKES NO REPRESENTATIONS OR WARRANTIES, EXPRESS OR IMPLIED, TO CUSTOMER, INCLUDING, WITHOUT LIMITATION, ANY WARRANTIES REGARDING MERCHANTABILITY, SUITABILITY, FITNESS FOR A PARTICULAR PURPOSE, OR NONINFRINGEMENT (IRRESPECTIVE OF ANY PREVIOUS COURSE OF DEALINGS BETWEEN THE PARTIES OR CUSTOM OR USAGE OF TRADE), OR COMPATIBILITY OF BANK SOFTWARE, EQUIPMENT OR COMMUNICATION INTERFACES WITH THOSE OF CUSTOMER, OR RESULTS TO BE DERIVED FROM THE USE OF ANY SOFTWARE, SERVICES, HARDWARE OR OTHER MATERIALS PROVIDED UNDER THIS SERVICE AGREEMENT.

**17. Liability.** Bank will exercise ordinary care in providing the Remote Deposit Capture Services and will be responsible for any loss sustained by Customer only to the extent such loss is caused by Bank's gross negligence or willful misconduct. In no event shall clerical errors or mistakes in judgment constitute failure to exercise ordinary care, nor shall Bank have any liability for any indirect, incidental, consequential (including lost profits), special or punitive damages, whether arising in contract or in tort, and whether or not the possibility of such damages was disclosed to or could have been reasonably foreseen by Bank. Under no circumstances shall Bank be responsible for any liability, loss or damage resulting from any delay in performance of or failure to perform in connection with the Remote Deposit Capture Services which is caused by interruption of telephone, facsimile or communication facilities, delay in transportation, equipment breakdown or mechanical malfunction, electrical, power or computer failure, accidents, fire, flood, explosion, theft, natural disaster or other catastrophe, acts or failure to act by Customer or any third party, strikes or lockouts, emergency conditions, riots, war, acts of government or other circumstances which are unavoidable or beyond Bank's control. Bank shall not be liable for failure to perform any of its obligations, or the failure of any third party contractor to perform its obligations, in connection with the Remote Deposit Capture Services if such performance would result in it being in breach of any Association Rule, law, regulation or requirement of any governmental authority. If Bank fails to credit any of Customer's accounts utilized in connection with the Remote Deposit Capture Services in accordance with the Account Agreement applicable thereto as of the date such credit was earned, upon discovery or notification of such error, Bank will properly credit such account, but Bank shall not incur any liability therefor, including any loss resulting from failure by Customer to invest the amount of funds not properly credited to the account. In no event will Bank's liability under this Service Agreement exceed an amount equal to the Service Fees collected by Bank from Customer for the Remote Deposit Capture Services for the prior twelve (12) months (or, if the Services have been used for less than twelve (12) months, the Bank's liability shall not exceed an amount equal to the Service Fees actually collected, as annualized to determine a twelve (12) month amount).

**18. Indemnification.** Customer shall indemnify and hold harmless Bank and each of its directors, officers, employees, agents, successors and assigns ("Indemnitees") from and against all liability, loss and damage of any kind (including attorneys' fees and other costs incurred in connection therewith) incurred by or asserted against such Indemnitee in any way relating to or arising out of the Remote Deposit Capture Services, by reason of any acts or omissions of Customer or any third party or

otherwise, except to the extent such liability, loss or damage is caused by the gross negligence or willful misconduct of such Indemnitee (provided that reliance, without further investigation, on any oral, telephonic, electronic, written or other request, notice or instruction believed in good faith to have been given by Customer will in no event constitute gross negligence or willful misconduct on the part of such Indemnitee). Customer shall indemnify and hold harmless the Indemnitees from and against all claims

brought by third parties and all fines, penalties or sanction imposed on Bank by any clearing house, or governmental entity in connection with the Remote Deposit Capture Services.

**19. Termination.** Any Remote Deposit Capture Services may be terminated by either party upon 30 days' prior written notice to the other. Bank may also terminate or suspend the Remote Deposit Capture Services without notice to Customer if any of the following occurs: (a) Customer becomes insolvent or files, or has filed against it, any bankruptcy or other insolvency, reorganization, liquidation or dissolution proceeding of any kind; (b) a material adverse change occurs in Customer's business or financial condition; (c) Bank has reason to believe that Customer has engaged in fraudulent or illegal activity; (d) Customer fails to maintain balances in accounts sufficient to cover overdrafts; (e) Customer violates the terms of this Service Agreement, the Account Agreement, or any financing arrangement with Bank; (f) Customer fails to provide financial information reasonably requested by Bank; (g) Bank determines it is impractical or illegal to provide the Remote Deposit Capture Services because of changes in laws, regulations or rules; (h) Bank, in good faith, is unable to satisfy itself that any Remote Deposit Capture Services have been properly authorized by Customer; (i) in the event that the Bank determines that the transmissions provided by Customer do not meet industry/Bank standards, Remote Deposit services may be suspended until such time as new qualified test files have been validated; or (j) Bank detects or reasonably suspects any virus or other program, design, or instruction which may be used to access and/or interfere with Bank's technology or other computer systems. In all events, Bank may suspend or terminate all Services under this Agreement (upon written notice to Customer) if Bank determines that any aspect of the Services may be contrary to law, rules, regulations or the rights of any third party. Notwithstanding any termination, the terms of this Service Agreement shall apply to all transactions which have been initiated prior to termination.

**20. Construction and Interpretation.** Section headings used herein are for convenience of reference only and shall not affect the meaning or interpretation of this Service Agreement.

**21. Binding Effect; Binding Upon Affiliates of Undersigned Customer.**

(a) This Service Agreement shall bind and benefit the parties and their successors and assigns. None of the terms of this Service Agreement may be waived except as Bank may consent in writing, and no agreement with or representation made by any employee of Bank that is in conflict with this Service Agreement will be binding on Bank unless contained in a written modification of this Service Agreement signed by an authorized officer of Bank. No delay on the part of Bank in exercising any right or power under this Service Agreement shall operate as a waiver thereof, nor shall any single or partial exercise of any right or power under this Service Agreement preclude further exercise thereof or the exercise of any other right or power. The rights and remedies under this Service Agreement are cumulative and not exclusive of any rights or remedies which Bank would otherwise have.

(b) As used in this Agreement, "Customer" means the undersigned Customer and all affiliates of the undersigned Customer. "Affiliates" shall include, without limitation, all parent, subsidiary, and brother-sister companies, and other companies controlled by, or under common control with, the undersigned Customer. Third party processors acting on behalf of the Customer are deemed "Affiliates" in relation to this agreement. As of the date hereof, the undersigned Customer's Affiliates are

identified on Exhibit "A" hereto. The undersigned Customer shall update Exhibit "A" from time to time to assure that it remains complete and current. Any party which qualifies as an Affiliate shall be considered an Affiliate notwithstanding the omission of such party from Exhibit "A". The undersigned Customer warrants and represents that it has full authority, right and power to execute this Service Agreement on behalf of, and thereby bind, each of its Affiliates.

**22. Modification.** Bank may from time to time amend any of the terms of this Service Agreement or restate this Agreement in its entirety. Customer will be provided with notice of any such amendment in accordance with Bank's normal business practices. By continuing to use the Remote Deposit Capture Services fifteen (15) days after notice of such amendment or restatement, Customer shall be deemed to have agreed to such amendment and shall be bound by this Service Agreement as so amended. If Customer rejects such amendment or restatement by written notice to Bank within such fifteen (15) day period, either party may thereupon terminate this Service Agreement upon ten (10) days written notice.

**23. Applicable Law and Jurisdiction.** This Service Agreement will be governed by and construed in accordance with the laws of the state of Texas. In the event of any court action in connection with this Service Agreement, the parties agree and submit to the personal and exclusive jurisdiction of and venue in the Federal and state courts (as applicable) located in Hondo, Texas.

**24. Attorney's Fees.** If any action is brought by either party against the other regarding the subject matter of this Service Agreement, including any court action or arbitration proceedings, the prevailing party shall be entitled to recover, in addition to any relief granted, reasonable attorney's fees, costs of court, expert witness fees and other expenses of action.

**25. Notices.** All notices permitted or required to be given under this Service Agreement shall be in writing and shall be deemed duly given upon actual delivery. Any notice shall be addressed to the party as follows:

**If to Bank:** TXN Bank 103 19th Street  
Hondo, Texas 78861  
Attention: Operations  
Fax Number: 830-426-2265

**If to Customer:** The address or facsimile number contained in Bank's records from time to time. Customer shall provide its current address and facsimile number to Bank concurrent with the execution hereof and thereafter immediately upon any change in such information.

**26. Entire Agreement.** This Service Agreement, the Addendum, and Account Agreement constitute the entire agreement between Bank and Customer with respect to the Remote Deposit Capture Services and supersede any prior agreements between Bank and Customer with respect thereto. This Service Agreements may be executed in more than one counterpart, each of which shall be deemed an original and all of which together shall constitute one and the same document.

**27. Miscellaneous.** An investigative or Consumer Report will be made in connection with this

application. Applicant authorizes TXN Bank ,N.A., or any credit bureau or any credit reporting agency employed by BANK to investigate the references given or any other statements or data obtained from Applicant, or any of the undersigned principals. The undersigned represents and warrants that he/she has read and understands the Service Agreement, accepts and agrees to abide by all of the terms of Service Agreement, and has authority to execute this Service Agreement. The undersigned have executed and delivered this Service Agreement to the Bank on the date indicated below.

Customer Name	
Port #	
Address	
Primary Account	
Phone Number	
Fax Number	

**CUSTOMER:**

Signature: \_\_\_\_\_ Date: \_\_\_\_\_  
 Name : \_\_\_\_\_  
 Title: \_\_\_\_\_

**BANK:** TXN Bank ,N.A.

Signature: \_\_\_\_\_ Date: \_\_\_\_\_  
 Name : \_\_\_\_\_  
 Title: \_\_\_\_\_

**UNCONDITIONAL CONTINUING GUARANTY**

Guarantors as designated below, jointly and severally, hereby guaranty the performance of all terms of this Service Agreement by Customer to induce Bank to approve this Service Agreement. This Guaranty is absolute, unconditional, unlimited, continuing and irrevocable until such time as all obligations, financial and otherwise, of the Customer have been satisfied. No event need occur to establish the liability of the Guarantors and no event except for satisfaction of all such obligations will release or modify the liability of the Guarantors. Bank shall not be required to first resort to Customer for any of its funds before enforcing this Guaranty. Guarantors waive any and all defenses, claims, setoffs and discharges available to Company and Guarantors. The liability of the Guarantors shall not be effected or impaired by any of the following (which the Bank is expressly authorized to do, suffer or omit without further notice to or consent of Guarantors): (i) extension or renewal of time for payment of any obligation; (ii) any waiver or indulgence granted to Customer, or any delay or lack of diligence of the enforcement of any obligation or failure to give notice or institute proceedings; (iii) any full or partial release, compromise or settlement with Customer or Guarantor in a respect of an obligation hereunder; or (iv) any failure to obtain or preserve rights in any collateral security (including rights of setoff) for the obligations hereunder, as well as the modification, impairment, substitution or release of such security.

The undersigned Guarantors have executed and delivered this Service Agreement to Bank on the dates indicated below.

**GUARANTORS:**

Signature: \_\_\_\_\_  
 Printed Name: \_\_\_\_\_  
 Social Security \_\_\_\_\_ Number: \_\_\_\_  
 Title: \_\_\_\_\_  
 Address: \_\_\_\_\_  
 City/State/Zip Code: \_\_\_\_\_

Dated: \_\_\_\_\_

Signature: \_\_\_\_\_  
 Printed Name: \_\_\_\_\_  
 Social Security \_\_\_\_\_ Number: \_\_\_\_  
 Title: \_\_\_\_\_  
 Address: \_\_\_\_\_  
 City/State/Zip Code: \_\_\_\_\_

Dated: \_\_\_\_\_

Signature: \_\_\_\_\_  
 Printed Name: \_\_\_\_\_  
 Social Security \_\_\_\_\_ Number: \_\_\_\_  
 Title: \_\_\_\_\_  
 Address: \_\_\_\_\_  
 City/State/Zip Code: \_\_\_\_\_

Dated: \_\_\_\_\_

Dated: \_\_\_\_\_

**Exhibit "A"**

**To REMOTE DEPOSIT CAPTURE SERVICES AGREEMENT**

**AFFILIATES**

Effective as of \_\_\_\_\_, 20\_\_\_\_, the Affiliates of Customer include the following parties:

**ADDENDUM**

Last Revised on \_\_\_\_\_, 20\_\_\_\_

General Time Periods:

Bank shall use commercially reasonable efforts to process and present items for payment within a reasonable period of time of its Receipt and Acceptance of an item using the Remote Deposit Capture Services.

Business Day:

Monday through Friday, excluding holidays.

Limits:

Bank may, at any time, establish daily dollar limits applicable to items submitted to Bank using the Remote Deposit Capture Services; and, any such limits may be increased or decreased from time to time by Bank.

Hardware Requirements:

The hardware used in connection with Remote Deposit Capture Services must include the following: Physical endorser or franker. Customer has been provided with a list of scanners that are compatible with the Bank's RDC software application.

Software Requirements:

The software used in connection with Remote Deposit Capture Services must include the following:

Duplicate detection

Micr read

Ability to prevent customer from modifying or altering the micr line

Image Quality Requirements:

The Image Quality Requirements are as follows: federal standard X9.37 specification. Bank may change such requirements at any time, and from time to time, upon fifteen (15) days written notice.

Secure Communication Line Requirements:

All communication lines used to provide the Remote Deposit Capture Services shall be provided through the following types of secure lines: SFTP or HTTPS.

Date Protection/Security Requirements:

The Data Protection/Security Requirements include the following:

All checks must be secured prior to destruction

Destruction of checks must be done by commercially reasonable standards

Customer must maintain checks for a length of time to allow customer to reproduce any image requiring repair but not for less than 75 days.

Receipt and Acceptance Requirements:

A deposit using Remote Deposit Capture Services will be received and accepted by Bank when all of the following have occurred:

- 1) Bank has preliminarily verified that the Image Quality of the item is acceptable to Bank in its discretion, all item information is complete, and the deposit totals are balanced to the item information provided for the deposit; and
  - 2) Bank has successfully performed all further validation routines with respect to the deposit; and
  - 3) The daily dollar Limit for individual items or the total deposit has not been exceeded; and
  - 4) Bank has received the item during a Business Day; and
  - 5) The Hardware, Software, Secure Communication Line, and Data Protection/Security Requirements have been satisfied.
- Notwithstanding the foregoing, items received by Bank for deposit may be rejected by Bank in Bank's sole discretion.

**Fund Availability Rules:**

Funds deposited using Remote Deposit Capture Services which meet the Receipt and Acceptance Requirements will be available per the funds availability policy of TXN Bank ,N.A., Hondo, Texas, as the same may be in force from time to time.

Bank may from time to time amend, revise or replace any of the terms of this Addendum. Customer will be provided with notice of any such amendment, revision or replacement in accordance with Bank's normal business practices. Upon Customer's use of the Remote Deposit Capture Services fifteen (15) days after notice of such amendment, revision or replacement, Customer shall be deemed to have agreed to such amendment, revision or replacement, and shall be bound by the terms of the amended, revised or replaced Addendum. If Customer rejects such amendment, revision or replacement by written notice to Bank within such fifteen (15) day period, either party may thereupon terminate this Agreement upon ten (10) days written notice.



## Positive Pay Agreement

Business Name: \_\_\_\_\_  
Contact Name: \_\_\_\_\_  
Address: \_\_\_\_\_  
Phone: \_\_\_\_\_ Tax ID#: \_\_\_\_\_

Bank: TXN Bank, 103 19th Street, Hondo, Texas 78861, (830)426-3066

This Positive Pay Agreement (the “Agreement”) is made as of the date set forth below by and between the Client and TXN Bank (the “Bank”) and shall become effective as of the Effective Date described below. The Client has requested that the Bank facilitate the Client’s detection of unauthorized and/or altered checks drawn on one or more accounts of the Client maintained with the Bank through the services described herein below (the “Services”), and the Bank is willing to perform such Services. Accordingly, in consideration of the foregoing premises and the promises and agreements set forth herein, the Client and the Bank agree as follows:

**1. TXN Bank Cash Management Agreement.** This Agreement is incorporated as an Addendum to the Client’s TXN Bank Cash Management Agreement with the Bank, as applicable, the terms and provisions of which shall apply to the Services provided to the Client hereunder, except to the extent such terms and provisions may be inconsistent with the terms and provisions of this Agreement, in which case the terms and provisions of this Agreement will govern and control.

**2. Outstanding File.** The Bank will maintain and update an electronic file (the “Outstanding File”) which will contain information received from the Client, in accordance with procedures set forth herein, regarding checks issued by the Client which have not been presented to the Bank for payment from one or more of the Client’s checking accounts (collectively the “Account”) maintained with the Bank. The Client will provide the Bank complete and accurate information regarding additions to and deletions from the Outstanding File for all checks issued against the Account in a format pre-approved by the Bank and will transmit such information (via a means approved by the Bank) by no later than 10:00 A.M. (Central Time) and (1) Business Day (herein after defined) prior to the day of the checks’ issuance in the case of additions and no later than 10:00 A.M. (Central Time) of the day on which the Client wishes the Bank to remove such checks from the Outstanding File in the case deletions.

Information regarding additions to and deletions from the Outstanding File will include (a) records of checks issued by the Client (each a “Record” and collectively, the “Records”), and each Record will contain the serial number, dollar amount, check number, issuance date and payee of an issued check, and (b) any and all deletions of Records previously entered into the Outstanding File. The Bank will not be liable for the return or payment of any check if it does not receive timely and accurate instructions from the Client with respect to adding or removing such check to or from the Outstanding File. Each Business Day, the Bank will perform an automated review comparing the MICR-encoded information on each check presented for payment against the Account with the Outstanding File. The Bank will perform a manual review of each check rejected by the automated review and will repair damaged MICR lines and identify any other checks that appear to be properly payable. The Client requests that the Bank pay, and the Bank shall pay, all checks that the Bank identifies through the automated or manual review as matching the serial number and dollar amount of a Record. All other checks will remain on the Outstanding File.

**3. Exception File.** Each Business Day prior to 8:00 A.M. (Central Time), the Bank will endeavor to make available to the Client information containing the records of checks presented for payment against the Account the previous day (such information hereinafter called the "Exception File"), which (a) have serial numbers that do not match the serial number contained in any Record on the Outstanding File or (b) have serial numbers that match serial numbers contained on records on the Outstanding File, but have a different dollar amount, payee and issued date than such Records.

**4. Return Checks.** Each Business Day before 10:00 A.M. (Central Time), the Client will instruct the Bank (via any means approved by the Bank) to return or pay each individual check corresponding to the records on the Exception File made available to the Client by the Bank on such day. The Client must indicate for every check to be returned that it either (a) is an unauthorized check or (b) has been materially altered after issuance. **If the Client fails to respond, the Bank will post and pay each check corresponding to a record on the Exception File for which the Client has provided no specific instructions (provided there are sufficient funds to cover such checks in the Account) and the Bank shall not be liable for damages caused by the payment of any such checks.** The Client waives any claim of wrongful dishonor of any such checks paid because the Client did not provide timely instructions to pay checks appearing on the Exception File. The Client understands and agrees that the Bank cannot return checks that have been cashed over-the-counter prior to the time that the Client instructs the Bank to pay or return such checks. The Bank shall not be bound by any Set up Form unless and until an authorized representative of the Bank has executed such Set Up form. As used herein, the term "Business Day" means Monday through Friday, except federal holidays and any other days on which banks in the State of Texas are authorized to close.

**5. Check Documents.** The Client agrees at all times to use high quality check documents in accordance with the Bank's check printing and MICR specifications.

**6. Termination.** Any provisions contained in the Treasury Management Services Agreement (or Cash Management Services Agreement) between the Client and the Bank that may be to the contrary notwithstanding, this Agreement may be terminated at any time by either party upon notice to the other party.

**7. Effective Date.** This Agreement shall be generally effective as of the date of its execution. However, services shall not commence until the date that the Bank has received and has had a reasonable opportunity to act upon all information and instructions from the Client that the Bank may require.

**8. Manual Return Fee.** If the Client fails to notify the bank by the previously specified regarding returns and a manual return is required by the bank a fee will be assessed to the client of \$50/day. Manual returns can ONLY be conducted after 10am and prior to 3pm. Failure to request a manual return of an item may result in that item being paid at a loss to the client.

## EXHIBIT A TO POSITIVE PAY AGREEMENT

### Positive Pay Set Up form

This Positive Pay Set Up Form is the Positive Pay Set Up Form referenced in, and made part of, that certain Positive Pay Agreement (the "Positive Pay Agreement"), by and between **TXN Bank** (the "Bank") and \_\_\_\_\_ (the "Client"); The Client makes the following selections with respect to the Bank's Positive Pay service for the accounts indicated:

Account Number	Account Name
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____

Unless otherwise specifically defined herein, all terms defined by the provisions of the Positive Pay Agreement shall have the same meanings ascribed to such terms by the provisions of the Positive Pay Agreement when used herein. **If the Client has selected the Default to Pay Option and if the Client fails to otherwise direct the Bank within the time frames set forth in the Positive Pay Agreement, checks corresponding to records on the Exception File for which no specific instructions have been received will be posted and paid (provided there are sufficient funds to cover such checks in the Account), and the Bank shall not be liable for damages caused by the payment of any such checks in the Exception File.** This Positive Pay Set up Form supersedes all previous Positive Pay Set up Forms with respect to the accounts listed above.

#### TXN BANK

#### CUSTOMER

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Authorized Signature

\_\_\_\_\_  
Printed Name

\_\_\_\_\_  
Printed Name

\_\_\_\_\_  
Title

\_\_\_\_\_  
Title

## EXHIBIT B TO POSITIVE PAY AGREEMENT

### Positive Pay Opt Out Form

This Positive Pay Opt Out Agreement is the Positive Pay Form referenced in, and made part of, that certain Positive Pay Agreement (the "Positive Pay Agreement"), by and between **TXNBank** (the "Bank") and \_\_\_\_\_ (the "Client")

i) Unless otherwise specifically defined herein, all terms defined by the provisions of the Positive Pay Agreement shall have the same meanings ascribed to such terms by the provisions of the Positive Pay Agreement when used herein. **If the Client has selected to Opt out of Positive Pay and if the Client fails to otherwise direct the Bank within the time frames set forth in the Positive Pay Agreement (Exhibit B), checks will be posted and paid (provided there are sufficient funds to cover such checks in the Account), and the Bank shall not be liable for damages caused by the payment of any such checks** This Positive Pay Opt Out Form supersedes all previous Positive Pay Forms.

ii) The Client must notify TXNBank of a check that is unauthorized, altered/fictitious or contains a fraudulent endorsement in the time frame set forth by TXNBank in accordance with the UCC (Uniform Commercial Code). The time frame to notify the bank of an unauthorized check is by 10AM the following business day in which the check was presented.

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I, \_\_\_\_\_, have chosen not to participate in Positive Pay offered by TXN Bank. As such, I agree that I (the "Client") am responsible for the reconciliation of checks presented to the accounts and agree to indemnify and hold TXN Bank harmless from any losses or liabilities it may suffer or incur as a result of the Bank paying a check.

#### TXN BANK

#### CUSTOMER

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Authorized Signature

\_\_\_\_\_  
Printed Name

\_\_\_\_\_  
Printed Name

\_\_\_\_\_  
Title

\_\_\_\_\_  
Title

# CASH MANAGEMENT SERVICE AGREEMENT

## AUTOMATED CLEARING HOUSE (ACH)

### ORIGINATOR AGREEMENT

This agreement is for Cash Management Services provided by TXN Bank, N.A. ("Financial Institution") to\_ (customer name). This agreement does not replace the existing Deposit

Account Terms and Conditions. Both parties agree that the services described and provided by Financial Institution will be subject to the terms and conditions set forth below:

#### 1. Rules & Prerequisites

The Cash Management services to be provided by Financial Institution to Customer, permits Customer to obtain certain account information reporting, electronic funds transfer services, and other account maintenance functions, by means of INTERNET, hereinafter referred to as "Services". Services are provided by the Financial Institution for access and use by the customer. The Cash Management services only allows the CCD, CTX and PPD SEC codes to be used. All other codes are not allowed and will be blocked.

The Company acknowledges receipt of a copy of the operating rules of NACHA (as amended from time to time, the "Rules"). The Company agrees to comply with and be bound by the Rules as in effect from time to time and acknowledges that entries may not be initiated that violate the laws of the United States. The Financial Institution agrees to inform the Company of revisions to the Rules of which the Financial Institution has knowledge.

Subsection 2.2.2.1 ODFI Must Enter Origination Agreement with Originator an Origination Agreement with each Originator must include, at a minimum, each of the following: (a) The Originator must authorize the ODFI to originate entries on behalf of the originator to receivers' accounts; (b) The Originator must agree to be bound by these Rules; (c) The Originator must agree not to originate entries that violate the laws of the United States; (d) Any restrictions on the types of entries that may be originated; (e) The right of the ODFI to terminate or suspend the agreement for breach of these Rules in a manner that permits the ODFI to comply with these Rules; and (f) The right of the ODFI to audit the Originator's compliance with the Origination Agreement and these Rules.

Subsection 2.2.2.2 ODFI Must Enter Origination Agreement with Third-Party Sender an ODFI must enter into an Origination Agreement with each Third Party Sender for which the ODFI will originate Entries. The Origination Agreement must include each of the following: (a) The Third-Party Sender, on behalf of the Originator, must authorize the ODFI to originate Entries on behalf of the Originator to Receivers' accounts; (b) The Third-Party Sender must agree to be bound by these Rules; (c) The Third-Party Sender must agree not to originate Entries that violate the laws of the United States; (d) Any restrictions on the types of Entries that may be originated; (e) The right of the ODFI to terminate or suspend the agreement, or any Originator of the Third-Party Sender, for breach of these Rules in a manner that permits the ODFI to comply with these Rules; (f) The right of the ODFI to audit the Third-Party Sender's and its Originators' compliance with the Origination Agreement and these Rules; and (g) The Third-Party Sender must agree that, before permitting an Originator to originate any Entry directly or indirectly through the ODFI, it will enter into an agreement with the Originator that satisfies each of the requirements of Subsection 2.2.2.1 (ODFI Must Enter Origination Agreement with Originator).

Subsection 2.5.8.3 Origination Agreements for IAT Entries an Origination Agreement between an ODFI or Third-Party Sender for IAT Entries must specify, in addition to the requirements of Subsection 2.2.2(ODFI Agreement with Originator, Third-Party Sender, or Sending Point): (a) the terms and conditions for the allocation of gains, losses, and the assumption of risk for foreign exchange conversions, and (b) the rights and responsibilities of the ODFI in the event of an Erroneous Entry.

## 2. Transmission of Entries: Security Procedures

The Company will transmit all debit and credit (PPD and/or CCD) entries to the Financial Institution at the location, on or before the deadlines, described on the Sample Deposit Schedule Attachment to this Agreement in accordance with the attached Security Procedures. The Company will confirm all entries to the format, content and specifications contained in the Rules and this Agreement. The Company authorizes the Financial Institution to transmit all entries received by the Financial Institution from the Company in accordance with the terms of this Agreement and to credit or debit entries to the specified accounts.

We recommend machines and networks used for ACH Origination are up to date with industry best practices, including but not limited to anti-virus, anti-malware, anti-spyware, operating system patches, ancillary system patches, etc. In addition, if information online to place a block on your account (and change your password ASAP). Company is required to notify financial institution if they experience a data security breach. Should you receive any communication from us that you feel may be fraudulent, please contact us at 830-426-2066.

## 3. Financial Institution Obligations

In a timely manner and in accordance with the Rules, the Financial Institution will process, transmit, and settle for the PPD or CCD entries received from the Company which comply with the terms of the Agreement, including the security procedures, ODFI will verify the Originator is not a blocked party and that a good faith effort will be undertaken to determine, through the normal course of business that the originator is not engaged in transmitting funds to, from or on behalf of a party subject to a blocking action.

## 4. Warranties

The Company warrants to the Financial Institution all warranties the Financial Institution is deemed by the Rules to make with respect to entries originated by the Company. Without limiting the foregoing, the Company warrants and agrees that (a) each entry is accurate, is timely, has been authorized by the party whose account will be credited or debited and otherwise complies with the Rules; (b) each debit entry is for a sum which, on the settlement date with respect to it, will be owing to the Company from the party whose account will be debited is for a sum specified by such party to be paid to the Company or is a corrections of a previously transmitted erroneous credit entry; (c) the Company has complied with all prenotification requirements of the Rules; and (d) the Company will comply with the terms of the Electronic Funds Transfer Act if applicable or Uniform Commercial Code Article 4A (UCC4A) if applicable and shall otherwise perform its obligations under this Agreement in accordance with all applicable laws, regulations, and orders including, but not limited to, the sanctions laws, regulations, and orders administered by OFAC and/or FINCEN. The Company will retain the original or copy of the customer authorization record as required by the rules for a period of not less than two (2) years after termination or revocation of such authorization and will, upon request of the Financial Institution, furnish such original or copy to the Financial Institution. The Company will indemnify the Financial Institution against any loss, liability or expense (including attorneys' fees and expenses) resulting from or arising out of any breach of any of the foregoing warranties or agreements.

## 5. Provisional Credit

The Company acknowledges that the Rules **make** provisional any credit given for any entry until the financial institution crediting the account specified in the entry receives final settlement. If the financial institution does not receive final settlement, it is entitled to a refund from the credited party and the Originator of the entry shall not be deemed to have paid the party.

## 6. Settlement

The Company will maintain an account with the Financial Institution at all times during the term of this Agreement. The Company will maintain in the account as of the applicable settlement date immediately available funds sufficient to cover all credit entries initiated by it. The Company authorizes the Financial Institution to debit its account on the applicable settlement date in the amount of each entry.

## 7. Cancellation or Amendment

The Company shall have no right to cancel or amend any entry/file after its receipt by the Financial Institution. However, the Financial Institution shall use reasonable efforts to act on a request by the Company to cancel an entry/file before

transmitting it to the ACH or crediting an on-us entry. Any such request shall comply with the Security Procedures Attachment to this Agreement. The Financial Institution shall have no liability if it fails to effect the cancellation.

#### 8. Rejection of Entries

The Financial Institution shall reject any entry, including an on-us entry, which does not comply with the requirements of Section 1 of this Agreement and may reject any entry if the Company is not otherwise in compliance with the terms of the Agreement. The Company authorizes the Financial Institution to not honor a transaction request if the Financial Institution believes not processing the transaction will protect the Company from fraud (**ex:** unable to confirm a transmission that is out of the ordinary for the Company such **as a different day**, differing amounts or unfamiliar recipients). The Financial Institution shall notify the Company by telephone of such rejection no later than the business day such entry would otherwise have been transmitted by the Financial Institution to the ACH or, in the case of an on-us entry, its effective entry date. The Financial Institution shall have no liability to the Company by reason of the rejection of any entry or the fact that such notice is not given at an earlier time than that provided for herein. The Financial Institution shall retain the right to reject any on-us transaction for any valid reason such as but not limited to insufficient funds or revoked authorization.

#### 9. Notice of Returned Entries

The Financial Institution shall notify the Company by secure email, telephone or fax of the receipt of a returned entry from the ACH no later than one business day after the business day of such receipt. The Financial Institution shall have no obligation to retransmit a returned entry if the Financial Institution complied with the terms of this Agreement with respect to the original entry. If a customer of the Company returns any transaction, then it is the Company's responsibility to collect any funds that are owed. The Financial Institution has no obligation to originate a transaction where authorization has been revoked.

#### 10. Reversals

The Company may initiate a reversing entry or file of entries as permitted by the Rules.

#### 11. Periodic Statement

The periodic statement issued by the Financial Institution for the Company's account will reflect entries credited and debited to the Company's account. The Company agrees to notify the Financial Institution within a reasonable time not to exceed thirty (30) days after the Company receives a periodic statement of any discrepancy between the Company's records and the information in the periodic statement.

#### 12. Fees

Fees payable by Customer for access to and use of the Internet Banking Services shall be at a rate specified by the Financial Institution's fee schedule, and amended from time to time. Financial Institution may change fees upon written notice to the company.

#### 13. Liability

- (a) The Financial Institution shall be responsible only for performing the services expressly provided for in this Agreement and shall be liable only for its negligence in performing those services. The Financial Institution shall not be responsible for the Company's acts or omissions (including without limitation the amount, accuracy, timeliness of transmittal or due authorization of any Entry received from the Company) or those of any other person, including without limitation any Federal Reserve Financial Institution or transmission or communications facility, any Receiver or Receiving Depository Financial Institution (including without limitation the return of an Entry by such Receiver or Receiving Depository Financial Institution), and no such person shall be deemed the Financial Institution's agent. The Company agrees to indemnify the Financial Institution against any loss, liability or expense (including attorneys' fees and expenses) resulting from or arising out of any claim of any person that the Financial Institution is responsible for any act or omission of the Company or any other person described in this Section 13(a).
- (b) In no event shall the Financial Institution be liable for any consequential, special, punitive or indirect loss or damage which the Company may incur or suffer in connection with this Agreement, including without limitation loss or damage from subsequent wrongful dishonor resulting from the Financial Institution's acts or omissions pursuant to this Agreement.

- (c) Without limiting the generality of the foregoing provisions, the Financial Institution shall be excused from failing to act or delay in acting if such failure or delay is caused by legal constraint, interruption of transmission or communication facilities, equipment failure, war, emergency conditions or other circumstances beyond the Financial Institution's control. In addition, the Financial Institution shall be excused from failing to transmit or delay in transmitting an Entry if such transmittal would result in the Financial Institution's having exceeded any limitation upon its intra-day net funds position established pursuant to present or future Federal Reserve guidelines or in the Financial Institution's otherwise violating any provision of any present or future risk control program of the Federal Reserve or any rule or regulation of any other U.S. governmental regulatory authority.
- (d) Subject to the foregoing limitations, the Financial Institution's liability for loss shall be limited to general monetary damages not to exceed the total amount paid by the Company for the affected ACH service, as performed by the Financial Institution under this agreement for the preceding 30 calendar days.

#### 14. Inconsistency of Name and Account Number

The Company acknowledges that, if any entry describes the Receiver inconsistently by name and account number, payment of the entry may be made on the basis of the account number even if it identifies a person different from the named Receiver.

#### 15. Rejection Due to Excessive Exposure

The Financial Institution may from time to time assign maximum exposure limits for debit and credit entries submitted by The Company. See Attachment - Sample Exposure Limits. The Financial Institution may, but is under no obligation to, reject entries based on assigned exposure limits. The Financial Institution may provide The Company with the assigned exposure limits but The Financial Institution may change the assigned exposure limits at any time with no notice to The Company. The Financial Institution will inform The Company within one business day of The Financial Institution's decision not to process a transmittal of debit or credit entries due to The Company exceeding its assigned exposure limit(s).

#### 16. Data Retention

The Company shall retain data on file adequate to permit remaking of entries for five (5) business days following the date of their transmittal to the Financial Institution as provided herein and shall provide such data to the Financial Institution upon its request.

#### 17. Termination

The Financial Institution may amend the terms of the Agreement from time to time by notice to the Company. Either party may terminate this Agreement upon ten (10) days written notice to the other. The Financial Institution shall have no obligation to transmit entries if the Company is in default of its obligation under this Agreement, including the obligation to pay the Financial Institution for each credit entry.

#### 18. Signature Form

The Financial Institution shall be entitled to rely on any written notice believed by it in good faith to be signed by one of the Authorized Representatives whose names and signatures are set forth on the ACH Authorized Signature Form Attachment to the Agreement.

#### 19. Entire Agreement

This Agreement (including the schedules attached hereto), together with the Account Agreement, is the complete and exclusive statement of the agreement between the Financial Institution and the Company with respect to the subject matter hereof and supersedes any prior agreement(s) between the Financial Institution and the Company with respect to such subject matter. In the event of any inconsistency between the terms of this Agreement and the Account Agreement, the terms of this Agreement shall govern. In the event performance of the services provided herein in accordance with the terms of this Agreement would result in a violation of any present or future statute, regulation, or a government policy to which the Financial Institution is subject and which governs or affects the transactions contemplated by this Agreement, then this Agreement shall be deemed amended to the extent necessary to comply with such statute, regulation, or policy, and the Financial Institution shall incur no liability to the Company as a result of such violation or amendment.

#### 20. Non-Assignment

The Company may not assign the Agreement or any of the rights or duties hereunder to any person without the Financial Institution's prior written consent.

#### 21. Binding Agreement Benefit

This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective legal representatives, successors, and assigns. This Agreement is not for the benefit of any other person, and no other person shall have *any* right against the Financial Institution or the Company hereunder.

#### 22. Headings

Headings are used for reference purposes only and shall not be deemed a part of this Agreement.

#### 23. Governing Law

This Agreement shall be construed in accordance with and governed by the laws of the United States of America, the State of Texas, and the NACHA rules.

Company Name

Authorized Signature

Date

Printed Name

Name of Financial Institution

Authorized Signature

Date

Printed Name

# **AUTOMATED CLEARING HOUSE (ACH) ORIGINATOR AGREEMENT**

## **ATTACHMENT**

### **DEPOSIT SCHEDULE (for Corporate Originators)**

#### **Consumer Debit Transactions**

<b>Delivery Method</b>	<b>Deadline</b>	<b>Day of Delivery</b>
Paper	4:00 p.m.	One Business Day Prior to Effective Date
Diskette	4:00 p.m.	One Business Day Prior to Effective Date
Transmission	4:00 p.m.	One Business Day Prior to Effective Date

#### **Consumer Credit Transactions**

<b>Delivery Method</b>	<b>Deadline</b>	<b>Day of Delivery</b>
Paper	4:00 p.m.	One or Two Business Days Prior to Effective Date
Diskette	4:00 p.m.	One or Two Business Days Prior to Effective Date
Transmission <sup>1</sup>	4:00 p.m.	One or Two Business Days Prior to Effective Date

## **AUTOMATED CLEARING HOUSE (ACH) ORIGINATOR AGREEMENT**

### **ATTACHMENT**

#### **SECURITY PROCEDURES**

##### Written Notice or Communication

The Financial Institution shall be entitled to rely on any written notice or other written communication believed by it in good faith to be genuine and to have been signed by the Authorized Representative, and any such communication shall be deemed to have been signed by such person.

##### Personal Computer File Transmission

The Company's Authorized Representative will access the ACH system by utilizing the prearranged logon procedures, remote ID, and file ID.

The Company's Authorized Representative will provide the Financial Institution with verification of the totals contained in the transmission by sending a facsimile transmission or secure email to the Financial Institution's ACH Contact. In the event that the Company or the Authorized Representative is unable to fax or securely email the information, the Company's Authorized Representative will telephone the Financial Institution's ACH Contact with the verification and fax or send through secure email the information as soon as they are able.

The Financial Institution will anticipate the receipt of an ACH transmission from the Company on each scheduled processing date identified by the Company in writing and agreed to by the Financial Institution. The Company's Authorized Representative will notify the Financial Institution if a transmission will not take place on the prearranged scheduled processing date. The Company is responsible for ensuring that the Financial Institution receives the transmission on each processing date indicated in the processing schedule.

The Financial Institution will verify that the file totals agree with the Company information given by the Authorized Representative. In the event of a discrepancy in the totals, the Financial Institution will call the specified Company Authorized Representative designated by an authorized signatory of the Company. If an Authorized Representative is not available for notification, then the file will not be processed until the Company's Authorized Representative can be contacted on the next business day. Once the file is processed, the Financial Institution will contact the Company informing them the file was sent.

The Company is solely responsible for the accurate creation, modification, and deletion of the account information maintained on the Company's personal computer and used for ACH money transfer. The Company agrees to comply with written procedures provided by the Financial Institution for the creation, maintenance, and initiation of ACH money transfers.

The Company is solely responsible for access by its employees of the data files maintained on the Company's computer.

The Company is responsible for operator security procedures on any personal computer used for the transmission of files.

The Company authorizes the Financial Institution to not honor a transaction, if the Financial Institution in its sole discretion, believes not processing it will protect the Company from fraud (**ex:** a file is submitted on a non-regular scheduled day and the financial institution is unable to contact the Company, or a file is submitted for a substantially different amount than regular files and/or contains transactions to a foreign bank)

##### Hand-Delivered Files

The Company's Authorized Representative will hand-deliver file(s) to the designated location. Each hand-delivered file will be accompanied by a transmittal register, signed by an authorized signatory of the account.

The Financial Institution will anticipate the receipt of an ACH file from the Company on each scheduled processing date identified by the Company in writing and agreed to by the Financial Institution. The Company's Authorized Representative will notify the Financial Institution if a file will not be delivered on the prearranged scheduled processing date. The Company is

responsible for ensuring that the Financial Institution receives the file in the ACH processing area on each processing date indicated in the processing schedule.

The Financial Institution will verify that the file totals agree with the Company information given by fax or phone. In the event of a discrepancy in the totals, the Financial Institution will call the specified Company Authorized Representative designated by an authorized signatory of the Company. If an Authorized Representative is not available for notification, then the file will not be processed until the Company's Authorized Representative can be contacted on the next business day.

No list of security practices can be all inclusive or foolproof for preventing theft. If a fraudulent payment order is received by the financial institution in compliance with our normal security procedures, the risk of loss resides with the Company.

# **AUTOMATED CLEARING HOUSE (ACH) ORIGINATOR AGREEMENT**

## **ATTACHMENT**

### **ACH ORIGINATION FEE SCHEDULE**

\$	0	Software Licensing Fee
\$	0	Additional Software Training (if needed)
\$	0	Monthly Maintenance
\$	0	Per Transmission or File
\$	0	Per Transaction Originated
\$	0	Return Items/Notification of Change

AUTOMATED CLEARING HOUSE (ACH) ORIGINATOR AGREEMENT

ATTACHMENT

ACH AUTHORIZED SIGNATURE FORM

Date:

Originating Company Name:

Originating Company Account No:

The signatures below are the signatures of employees authorized by our board of directors with full authority to sign transmittal registers used in conjunction with the deposit of ACH files. An administrator for the Company will be responsible for issuing user credentials to submit ACH transmissions to the bank, and for keeping those users current.

Name

Phone

email address

By signing below, I acknowledge that I am responsible for administration of Company users, and the financial institution may rely on instructions from listed individuals.

Authorized signature:

Title:

## DISCLOSURE OF EXPOSURE LIMITS

### CREDIT ORIGINATION:

Maximum File Value \$

Maximum Frequency weekly

### DEBIT ORIGINATION:

Maximum File Value 0.00

Maximum Entry Value 0.00

Maximum Frequency n/a

### MAXIMUM NET SETTLEMENT LIMIT

Frequency

**TRI-PARTY PLEDGE  
AND SECURITIES CUSTODIAL AGREEMENT**

This Tri-Party Pledge and Securities Custodial Agreement (“**Agreement**”) is entered into this \_\_\_\_\_ day of \_\_\_\_\_ 2025, by, between, and among Frost Bank, a Texas state bank approved to act as a safekeeping bank (hereinafter, “**Custodian**”), TXN Bank \_\_\_\_\_, a financial institution authorized to do business in Texas \_\_\_\_\_ (hereinafter, “**Pledgor**”), and Uvalde Consolidated ISD \_\_\_\_\_, a public entity (hereinafter, “**Secured Party**”) (Custodian, Pledgor and Secured Party sometimes collectively referred to herein as the “**Parties**”).

**RECITALS**

A. Secured Party, a Texas Uvalde Consolidated ISD \_\_\_\_\_ required or entitled under the Texas Public Funds Collateral Act to obtain a pledge of assets to secure the uninsured portion of its deposits of public funds, has designated Pledgor as a depository to receive demand deposits and time deposits for the purchase of certificates of deposit by Secured Party or deposits of certain funds of the Secured Party.

B. Pledgor has agreed to secure the uninsured portion of funds so deposited with it by Secured Party, by granting and conveying to Secured Party a first priority security interest in certain eligible securities owned by Pledgor.

C. Pledgor has selected Custodian, as an approved safekeeping or custodial bank, to hold securities, deposited by Pledgor with Custodian, in a safekeeping account on behalf of Secured Party.

D. Pledgor and Secured Party wish to appoint Custodian, and Custodian has accepted such appointment, as safekeeping bank to hold on behalf of Secured Party, in Custodian’s custodial capacity, securities pledged by Pledgor to Secured Party, in which Secured Party has a perfected security interest.

**AGREEMENT**

**NOW, THEREFORE**, in consideration of the foregoing and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereby agree as follows:

1. Authorization of Custodial Services. Pledgor and Secured Party appoint Custodian, and Custodian hereby accepts the appointment, as safekeeping bank to accept and hold on behalf of Secured Party, in Custodian's custodial capacity, securities pledged by Pledgor to Secured Party and deposited by Pledgor with Custodian into the following safekeeping account, incorporated herein by reference (the "**Safekeeping Account**"), pursuant to this Agreement:

Account No.	<u>4370</u>
Account Styling:	<u>TXN Bank</u>
Type of Account:	<u>Safekeeping</u>

Subject to the terms and conditions of this Agreement, the Safekeeping Account shall identify the Pledged Securities (as defined below) as held for the benefit of Secured Party. The Parties agree it is intended that Custodian act as a "securities intermediary," as such term is defined in the Uniform Commercial Code as adopted from time to time in the State of Texas (the "**UCC**"), with respect to Pledged Securities. Pledgor authorizes Custodian to comply with all entitlement orders, and all other order and instructions, originated by Secured Party with respect to Pledged Securities, including, without limitation, any interest, dividends, proceeds or income therefrom, without further consent or direction from Pledgor or any other party, and Pledgor and Secured Party authorize Custodian to utilize any book-entry system and/or third-party depositories to the fullest extent permissible in connection with Custodian's performance hereunder. Custodian agrees to and shall hold the Pledged Securities and apply the same, or any permitted substitutions or additions thereto, for the purposes set forth in this Agreement, upon the terms and conditions hereinafter set forth.

2. Pledged Securities. For the purpose of securing the uninsured portion of Secured Party's deposits of public funds with Pledgor, Pledgor has agreed to pledge and constantly maintain, in its Safekeeping Account with Custodian, eligible securities owned by Pledgor and on which Secured Party shall have a lien to the extent of its deposits. Custodian shall have no obligation or duty to (i) verify the eligibility, type, genuineness, amount or marketability of any securities pledged by Pledgor, or (ii) advise Pledgor in relation to the purchase, retention, sale, exchange, disposition, or call for redemption of Pledged Securities or related instruments. Pledgor agrees to take all actions reasonably necessary to determine the eligibility, type, genuineness, amount and marketability of such securities, to perfect the pledge, and to confirm same to Secured Party. In order to perfect the security interest of Secured Party in such pledged securities, Pledgor shall deposit into the Safekeeping Account such pledged securities (hereinafter collectively the "**Pledged Securities**") identified on Exhibit A hereto, incorporated herein by reference, which Pledged Securities shall be of one or more of the following kinds, and none other:

- (1) United States Treasury Bills, Notes and Bonds,
- (2) Notes and Bonds of United States Agencies and Instrumentalities,

- (3) Other Evidences of Indebtedness of the United States Government which are guaranteed as to principal and interest by the United States Government,
- (4) Municipal bonds rated A or better.

The Parties intend and agree that this Agreement conveys a security interest in any and all such Pledged Securities deposited by Pledgor into the Safekeeping Account, as well as in any proceeds or permitted substituted collateral. The Pledged Securities shall not be less than 110 % (the “**Mandatory Percentage**”) [must be at least 102%] of the total amount of Secured Party funds, *including accrued interest*, on deposit at all times with Pledgor. The kind, value, and substitution of such Pledged Securities shall be subject to prior approval by Secured Party. The Parties intend that Secured Party shall have a first and prior lien on such Pledged Securities to the extent of its funds on deposit with Pledgor, and that none of such Pledged Securities shall be pledged or subject to any lien other than that of Secured Party. The value of the Pledged Securities and on which Secured Party shall have its lien shall be determined by Pledgor as the current market value. The final determination of such value shall be at the discretion of Secured Party, whose decision shall be final and binding. Pledgor shall value the Pledged Securities no less than monthly.

If at any time the market value of the Pledged Securities becomes less than the Mandatory Percentage, Pledgor shall immediately pledge additional securities owned by it, upon which additional securities Secured Party shall also have its first and prior lien in such additional amount as required to provide not less than the Mandatory Percentage.

If at any time the market value of the Pledged Securities becomes more than the Mandatory Percentage, Pledgor may make request to the Secured Party to release certain securities from the pledge to bring the total to the Mandatory Percentage.

The Pledgor shall be solely responsible for monitoring and maintaining the required value and/or adequacy of the Pledged Securities at all times.

3. Custodian’s Fees and Compensation. Custodian shall be compensated by Pledgor for its services hereunder in accordance with Custodian’s fee schedule in effect on the effective date of this Agreement, and as such fee schedule may be amended from time to time. Pledgor authorizes Custodian to make all necessary and proper debits and credits to the deposit account(s) of Pledgor with Custodian in connection with the performance of custodial services under this Agreement.

4. Pledgor’s Reservation of Rights. Upon deposit of Pledged Securities with Custodian pursuant to this Agreement, and until such time as Custodian has received a Default Notice pursuant to Section 6 hereof and has had a reasonable time, not exceeding two (2) business days (any date Custodian is open for conducting substantially all business functions, hereinafter a

“**Business Day**”), to comply with and implement the Default Notice, Pledgor shall have the following rights in the Pledged Securities (unless otherwise agreed to in writing between Secured Party and Pledgor and confirmed in writing to Custodian): (i) to substitute and add securities in conformity with and pursuant to Section 8 of this Agreement, and (ii) to receive dividends, interest, income, or proceeds of sale, if any, from the Pledged Securities; *provided*, that Custodian shall have no obligation to Pledgor or Secured Party to collect or attempt to collect any interest, dividends, income or proceeds of sale on or with respect to any of the Pledged Securities. Notwithstanding the foregoing, Custodian shall accept any such interest, dividends, income or proceeds of sale as are tendered to it arising from the Pledged Securities, and shall transfer such funds to Pledgor, unless Custodian has received Default Notice pursuant to Section 6.

5. *Safekeeping; Custody Receipts and Statements.* On receipt, Custodian shall identify the Pledged Securities on Custodian’s books and records, by book entry or other method as determined by Custodian. Pledgor shall issue and deliver a custody receipt (“**Custody Receipt**” or “**Pledge Notification**”) for the deposited Pledged Securities to Secured Party evidencing Custodian’s acceptance of the Pledged Securities pursuant to this Agreement, and clearly marked as “Pledged to \_\_\_\_\_ Uvalde Consolidated ISD \_\_\_\_\_”.

Custodian shall permit a “Designated Official” of Secured Party to examine and inspect the Pledged Securities in the presence of the appropriate officials of Custodian at any time during normal business hours.

The Pledgor and Custodian shall not be within the same holding company.

6. *Default by Pledgor.* If Custodian receives from Secured Party written notice that Pledgor is in default (a “**Default Notice**”) of Pledgor’s obligations to Secured Party, including, without limitation, for failure to perform under the terms of any agreement between Pledgor and Secured Party secured by the Pledged Securities, then, notwithstanding any defense, claim or objection that Pledgor may assert or have, Secured Party shall have full power and authority to direct Custodian to transfer the Pledged Securities, in whole or in part, to Secured Party or its designee, together with any accrued interest thereon. Upon transfer of any Pledged Securities to Secured Party, Custodian shall have no duty to see to the proper application or use of any such Pledged Securities, and Custodian shall not in any manner whatsoever be answerable to Pledgor for any loss, missapplication or non-application of any such Pledged Securities by Secured Party.

7. *Indemnification of Custodian: Exculpation.* **Except in cases of the Custodian's gross negligence or willful misconduct, Pledgor hereby agrees to indemnify Custodian and hold it harmless from and against any and all claims, liabilities, losses, actions, suits or proceedings at law or in equity (collectively, "Claims"), or any other expenses, fees or charges of any character or nature which Custodian may incur arising out of or in any way relating to, or**

**by reason of Custodian's actions under this Agreement, including but not limited to, any Claims caused or alleged to be caused by the sole or concurrent negligence of Custodian, its employees or agents; and, in connection therewith, to indemnify Custodian against any and all expenses, including without limitation, reasonable attorneys' fees and expenses incurred by Custodian.** Custodian may itself defend any suit brought against it and shall be equally entitled to receive reimbursement from Pledgor, of its reasonable attorneys' fees and expenses, and all fees and costs incident to any appeals which may result. **Pledgor and Secured Party agree that Custodian shall have no liability to either of them for any loss or damage that either or both may claim to have suffered or incurred, either directly or indirectly, by reason of this Agreement or any transaction or service contemplated by this Agreement, regardless of whether such loss or damage is caused or alleged to be caused by the sole or concurrent negligence of Custodian, its employees or agents, unless occasioned solely by the gross negligence or willful misconduct of Custodian.** In no event shall Custodian be liable for losses or delays resulting from computer malfunction, interruption of communication facilities, labor difficulties or other causes beyond the Custodian's reasonable control, or for indirect, special or consequential damages. Pledgor and Secured Party further agree that Custodian shall be entitled to recover and receive from the value of the Pledged Securities all funds, fees or charges of any kind or character due to Custodian from Pledgor pursuant to the indemnity provisions of this Section 7, and Custodian's reasonable attorney's fees and expenses arising out of or in any way relating to an action in the nature of an interpleader. Such claims of Custodian shall have priority status, subject to any claims of Secured Party, as among any claims asserted against the Pledged Securities.

8. *Release, Substitution and Additions of Pledged Securities.* Subject to Section 14 of this Agreement, Custodian shall not release, transfer, substitute, or otherwise dispose of Pledged Securities except on the prior written consent of Secured Party substantially in the form of Exhibit "B" hereto, as amended from time to time. Unless and until such time as Custodian receives a Notice of Default pursuant to Section 6 of this Agreement, Pledgor may substitute securities with other eligible securities of like kind and market value as those of the Pledged Securities for which they are to be substituted. Custodian shall have no obligation or responsibility to verify eligibility, kind, or market value of any proposed substituted securities, or otherwise of the substitutability of any securities. In the event Secured Party consents to substitution of Pledged Securities pursuant to this Section, Custodian shall release to Pledgor any of the Pledged Securities upon receipt of the substituted securities therefor, and when such substitution is made, shall provide a receipt to Pledgor describing both the securities substituted and those of the Pledged Securities released, and Pledgor shall promptly provide such receipt to Secured Party. Upon such substitution, all rights and obligations of Pledgor, Secured Party and Custodian hereunder shall automatically apply to all such substituted securities. Delivery to Pledgor or its designee of any Pledged Securities in compliance with this Section shall constitute a complete release and discharge of Custodian from all responsibilities and obligations under this Agreement with respect to such released Pledged

Securities. Additionally, Pledgor may deposit with Custodian such additional securities for which Pledgor has obtained Secured Party's written approval, provided Pledgor transmits such written approval to Custodian. Upon deposit of such approved additional securities with Custodian, Custodian will provide Pledgor a receipt identifying the additional securities.

9. *Interest Payments.* The Custodian is directed to surrender all interest payments or other evidences of interest, when due, on Pledged Securities, provided that remaining Pledged Securities are sufficient to meet or exceed the Mandatory Percentage.

10. *Representations by Pledgor.* Pledgor represents and warrants to Secured Party and Custodian that the Pledged Securities are genuine and are freely negotiable, that Pledgor owns the Pledged Securities free and clear of all liens, claims, security interests and encumbrances, other than as granted to Secured Party or as otherwise set forth in this Agreement, and that Pledgor has such ownership and rights in the Pledged Securities sufficient to grant and convey a security interest therein in favor of Secured Party pursuant to this Agreement and any agreement in place between Pledgor and Secured Party.

11. *Custodian's Reliance.* Pledgor and Secured Party acknowledge and agree that Custodian, without liability to either party, may at all times act upon such instructions and authorizations of designated officers of Pledgor and Secured Party as are consistent with the terms of this Agreement, and shall at all times be entitled to rely upon any communication, writing or instrument or signature which it, in good faith, believes to be genuine, may assume the validity and accuracy of any statement or assertion made in such a communication, writing or instrument, and may assume that any person purporting to give any communication, writing, notice, advice or instructions in connection with the provisions of this Agreement has been so duly authorized. No duty of independent investigation of any authorization or representation or advice made by Pledgor or Secured Party shall be imposed on Custodian.

12. *Custodian's Duties.* Custodian undertakes to perform only such duties as are expressly set forth in this Agreement, and makes no other representations or warranties of any kind with respect to the safekeeping services to be provided hereunder, except as expressly set forth in this Agreement. No implied duties or obligations shall be read into this Agreement against Custodian, and no additional duties shall be imposed on Custodian hereunder or by operation of law, including, without limitation, the duties of a trustee under a trust indenture.

13. *Financial Statements.* Pledgor will send to Secured Party, on an annual basis, audited annual financial statements.

14. *Termination* This Agreement and the duties and responsibilities of the Parties hereunder shall remain in effect until this Agreement is terminated. This Agreement shall terminate and be

of no force and effect upon receipt by the Custodian of written notice from Secured Party that it no longer claims an interest in the Pledged Securities. This Agreement may be terminated by the Custodian, with or without cause, upon its delivery of thirty (30) days prior written notice thereof to Secured Party and Pledgor of Custodian's resignation as Custodian hereunder, and upon the expiration of such thirty (30) day period, all of Custodian's obligations hereunder shall cease. Upon the effective date of such termination, Custodian will simultaneously transmit all Pledged Securities in its possession hereunder as directed in writing by Secured Party. Notwithstanding any of the provisions hereof, Secured Party shall have, and does hereby retain the right to utilize, other depositories and the right to terminate this Agreement whenever the interest of Secured Party may demand.

15. Notices. All notices, instructions, requests, demands or other communications required or permitted to be given pursuant to this Agreement shall be in writing and given by (i) personal delivery, (ii) reputable, expedited delivery service with proof of delivery, (iii) United States mail, postage prepaid, registered or certified mail, return receipt requested, or (iv) electronic mail (email) or facsimile transmission, sent to the intended addressee at the addresses for notice listed on the signature page(s) of this Agreement, or (v) entry on Custodian's Safekeeping Online customer portal. Any such Notice shall be deemed to have been received either, in the case of personal delivery, as of the time of actual personal delivery, in the case of reputable, expedited delivery service, as of the date of first attempted delivery at the address and in the manner provided herein, in the case of mail, facsimile transmission or email, upon actual receipt, and in the case of entry on Custodian's Safekeeping Online customer portal, on the date of entry. Any Party shall have the right to change its address for notice hereunder to any other location within the continental United States by notice to the other Parties of such new address at least thirty (30) days prior to the effective date of such new address. Custodian shall have a reasonable period of time, not to exceed two (2) Business Days, to comply with and implement any Notice actually received by Custodian from Secured Party or Pledgor.

16. Severability. Any portion of this Agreement held invalid or unenforceable by a court of competent jurisdiction shall not impair or invalidate the remainder of this Agreement, and any such portion shall be deemed modified and will be applied in a manner consistent with the remainder of this Agreement and applicable law. In all such cases, the remainder of this Agreement shall be considered valid and enforceable. Custodian, Secured Party and Pledgor agree that the terms and provisions of this Agreement are contractual in nature and not merely recitals.

17. Amendments; Entire Agreement. The provisions of this Agreement may not be amended, supplemented, waived, or changed orally, except by a writing signed by all of the parties to this Agreement. This Agreement, together with all schedules attached hereto, represents the entire agreement by and between the Parties concerning the subject matter hereof and supersedes any prior oral or written agreements by and between the Parties respecting the subject matter of this

Agreement. In the event of a conflict between the provisions of this Agreement and any other agreement between Custodian and Pledgor (or any of its affiliates), the provisions of this Agreement shall control.

18. Headings. The headings, captions and arrangements used in this Agreement are for convenience only, and shall not affect the interpretation of this Agreement.

19. Successors and Assigns. The rights created by this Agreement shall inure to the benefit of, and the obligations created hereby shall be binding upon, the successors and assigns (where permitted) of Custodian, Pledgor, and the Secured Party. This Agreement may not be assigned by any Party without the prior written consent of Custodian, which consent shall not be unreasonably withheld or delayed. Notwithstanding the foregoing, Secured Party may transfer its rights and duties under this Agreement to a transferee to which, by contract or operation of law, Secured Party transfers substantially all of its rights and duties under the arrangements in place between Secured Party and Pledgor.

20. Governing Law. This Agreement is being executed and delivered, and is intended to be performed, in the State of Texas. The laws of the State of Texas shall govern the validity, construction, enforcement and interpretation of this Agreement. This Agreement is performable in Bexar County, Texas.

21. Counterparts. This Agreement may be executed in any number of counterparts, all of which when taken together shall constitute one and the same agreement, and any of the Parties may execute the Agreement by signing any of the counterparts. Signature pages may be delivered by facsimile transmission and/or by electronic mail and will be binding without the need to exchange original signature pages.

22. **WAIVER OF JURY TRIAL**. To the fullest extent permissible under applicable law, each Party knowingly, voluntarily, irrevocably and unconditionally agrees to waive its right to trial by jury of any and all issues, claims, counterclaims, actions, causes or disputes relating in any way to this Agreement or the transactions contemplated by this Agreement. To the fullest extent permissible under applicable law, each Party acknowledges that this is a waiver of a legal right and is made knowingly and voluntarily after consultation with counsel, and agrees that all such claims shall be tried before a judge of a court having jurisdiction, without a jury.

23. Official Bank Board Action In accordance with FIRREA requirements, the execution of this agreement has been authorized by a resolution of the Board of Directors of the Bank and entered into the Minutes.

EXECUTED, this \_\_\_\_\_ day of \_\_\_\_\_, 20 \_\_\_\_.

(Public Entity): Uvalde Consolidated ISD \_\_\_\_\_

Signature: \_\_\_\_\_ Date: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

Address for Notice: \_\_\_\_\_

Email: \_\_\_\_\_

PLEDGOR: TXN Bank \_\_\_\_\_

Signature: \_\_\_\_\_ Date: \_\_\_\_\_  
Name: Olen Thompson  
Title: EVP

Address for Notice: 103 19th St.  
Hondo, Texas 78861

Email: othompson@txn.bank

CUSTODIAN:

Signature: \_\_\_\_\_ Date: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

Address for Notice: Frost Bank  
ATTN: Custody Services  
111 W. Houston St.  
San Antonio, TX 78205

Telephone: 210-220-4799  
Fax: 210-220-5986

**Exhibit A**

**PLEDGED SECURITIES**

Pledgor has assigned and pledged the following described Pledged Securities to Secured Party. Pledgor and Secured Party have appointed Custodian as safekeeping bank to hold the Pledged Securities on behalf of Secured Party, pursuant to the Tri-Party Pledge and Securities Custodial Agreement between Pledgor, Secured Party, and Custodian dated \_\_\_\_\_. Pledgor represents and warrants that, as of the date of the Tri-Party Pledge and Securities Custodial Agreement, the following described Pledged Securities are eligible and adequate to secure the uninsured portion of Secured Party's deposits of public funds with Pledgor.

Reference #	CUSIP	Current Par	Market Value	Description

**PLEDGOR:**

TXN Bank

---

By: \_\_\_\_\_

Printed Name: Olen Thompson

Title: EVP

**SECURED PARTY:**

Uvalde Consolidated ISD

---

By: \_\_\_\_\_

Printed Name: \_\_\_\_\_

Title: \_\_\_\_\_

# Deposit Detail Report

## Deposit Detail for Deposit ID:

Site ID:

Batch ID:

Customer Name:

Worktype:

Deposit Name:

Deposit Report:

Processing Date:

Company ID:

Submit Date/Time

Account Name:

Location ID:

Transaction Detail for Transaction ID:

Type: ELECTRONIC

Deposit Account:

AUX/Serial	RIC	RT	WAUX/FLD4	Account	Check	Amount	Item Type	Item Status
				*****		\$7,632.21	Credit	
				*****		\$379.82	0120	
				*****		\$156.70	0120	
				*****		\$15.23	0120	
				*****		\$44.11	0120	
				*****		\$185.00	0003	
				*****		\$163.91	0003	
				*****		\$200.00	0120	
				*****		\$200.00	0003	
				*****		\$89.00	0003	
				*****		\$390.16	0120	
				*****		\$50.00	0120	
				*****		\$4,114.28	0003	
				*****		\$25.00	0120	
				*****		\$185.00	0003	
				*****		\$200.00	0003	
				*****		\$300.00	0003	
				*****		\$300.00	0003	
				*****		\$300.00	0003	
				*****		\$334.00	0003	

### Transaction Control Information:

Credit Items: 1

Credit Total: \$7,632.21

Txn Difference: \$0.00

Debit Items: 19

Debit Total: \$7,632.21

### Deposit Control Information:

Deposit Total: \$7,632.21

Difference: \$0.00

Checks Total: \$7,632.21

Item Count: 20



HOME

ACCOUNTS

PAYMENTS & TRANSFERS

CHECKS & DEPOSITS

ADMINISTRATION

## Payments & Transfers

Internal

ACH

Wire

### ACH

+ New payment

+ New collection

+ Import file

Help

Activity	Templates	File import templates	NOC>Returns							
Date	Description	Status	Withdrawal	Deposit	Type	Report				
▼ Aug 01, 2023	AP2202.TXT	Saved	0.00	1.00	Other	Copy	Edit	Delete		
▼ Aug 01, 2023	AP2202edit2.TXT	Saved	0.00	1.00	Payment	Copy	Edit	Delete		
▼ Aug 01, 2023	AP2202edit.txt	Saved	0.00	1.00	Other	Copy	Edit	Delete		
▼ Aug 01, 2023	AP2202.TXT	Saved	0.00	1.00	Payment	Copy	Edit	Delete		
▼ Aug 01, 2023	AP2202 REV.TXT	Saved	0.00	1.00	Payment	Copy	Edit	Delete		
▼ Aug 01, 2023	AP2202 REV.TXT	Saved	0.00	1.00	Other	Copy	Edit	Delete		
▼ Aug 01, 2023	AP2202.TXT	Saved	0.00	1.00	Payment	Copy	Edit	Delete		
▼ Aug 01, 2023	AP2202.TXT	Saved	0.00	1.00	Payment	Copy	Edit	Delete		
▼ Aug 01, 2023	AP2202edit.txt	Saved	0.00	1.00	Payment	Copy	Edit	Delete		
▼ Aug 01, 2023	AP2202edit2.TXT	Saved	0.00	1.00	Other	Copy	Edit	Delete		
▼ Aug 01, 2023	AP2202edit.txt	Saved	0.00	1.00	Payment	Copy	Edit	Delete		
▼ Aug 01, 2023	AP2202edit.txt	Saved	1.00	1.00	Other	Copy	Edit	Delete		
▼ Jun 23, 2023	76132.XO	Saved	200.00	200.00	Other	Copy	Edit	Delete		

Search activity

Date

All activity

Type

All types

Amount

Example: 40 or 10.00-50.00

Tax identification number

All

Description

Reference number

Priority

All

Status

All

\* Indicates required field



Accounts

Summary

Download Transactions

Download Transactions

Specify the transactions you'd like to download from multiple account and select the format in which you want them downloaded.

Activity \*

All transactions

Type \*

All

Format \*

Comma-separated values (.csv)

Select Accounts

	Nickname	Type	Number
<input type="checkbox"/>	Mia Mouse	Checking	XXXX3834
<input type="checkbox"/>	MICKEY MOUSE & ASSOC LLC	Checking	XXXX1849

\* Indicates required field

Download Transactions

Cancel



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## Payments & Transfers

[Internal](#) [ACH](#) [Wire](#)

### Create A Transfer

Internal Transfers made after 7PM CT on weekdays or anytime on a Saturday, Sunday or banking holiday will be effective the following business day.

From Account \*

MICKEY MOUSE & ASSOC LLC XXXX1849 ▼

Available balance: \$0.00

To Account

mia mouse XXXX3834

Available balance: \$0.00

Date \*

4/23/2025 SELECT

☐ Repeat...

Last available date is Apr 23, 2026

Amount \*

Description

\* Indicates required field

[Preview Transfer](#)

[Add To Batch](#)

### Issued Transfers

From	To	Amount	Date	Frequency	Status	Description
------	----	--------	------	-----------	--------	-------------

There are no issued transfers.





[HOME](#) [ACCOUNTS](#) [PAYMENTS & TRANSFERS](#) [CHECKS & DEPOSITS](#) [ADMINISTRATION](#)

## Payments & Transfers

[Internal](#) [ACH](#) [Wire](#)

### Wire

#### Select Wire Transfer Criteria

- ☒ Inquire Wire Transfer
- ☐ Change Wire Transfer
- ☐ New Wire Transfer
- ☐ New Wire Transfer Using Existing Transfer
- ☐ Delete Wire Transfer
- ☐ Review Wire Transfer
- ☐ Import Wire Transfer
- ☐ Import Wire Using Template
- ☐ Wire Transfer Template
- ☐ Review Wire Transfer Template
- ☐ Multiple Wire Transfer Using Template

Transfer Type:

Outgoing ▼

Transfer Description:

Date Range:

04/23/2025



To



Amount Range:

To

Client Name:

Reference Number:

Wire Number:

From Account Number:

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## Checks & Deposits

[Stop Payments](#)[Positive Pay](#)[Deposit Checks](#)

### Positive Pay

#### Select Positive Pay Criteria

- ☒ Issued Items
- ☐ Add Issued Items
- ☐ Review Exception Items
- ☐ File Import
- ☐ Import Templates



Merchant Capture Solution

Home

Help Logout



Create Deposit

Start a new deposit by clicking the Create Deposit button below, enter specifics on your deposit, then click Continue.

Create Deposit

View Deposits

View Items

Reports

☒ Pending Deposits

☐ All Deposits

Rows per page: 10

Search

<input type="checkbox"/>	Deposit ID	Account #	Account Name	Work Type	Processing Date	Status	Deposit Total (\$)	Actions
--------------------------	------------	-----------	--------------	-----------	-----------------	--------	--------------------	---------

No deposits to display

Page 1 of 1



MICKEY MOUSE & ASSOC LLC – XXXX1849 ▾

- Details
- Documents
- Download

Account Information

Print

Balance

Previous Day Transactions (-\$0.00 / +\$0.00)

Current Balance

Holds

Pending Transactions (-\$0.00 / +\$0.00)

Available Balance

Total Funds Available

\$0.00	Activity	
\$0.00	Last Deposit (Mar 29, 2023)	\$30.00
\$0.00	Last Check	\$0.00
\$0.00	Last Overdrawn	Mar 07, 2023
\$0.00	Interest	
\$0.00	Current Accrued Interest	\$0.00
\$0.00	Last Interest Payment	\$0.00
	Interest Paid 2025	\$0.00
	Interest Paid 2024	\$0.00

Transactions

Print

Pending   Posted

Date ▾	Description ▾	Debit ▾	Credit ▾	Balance
--------	---------------	---------	----------	---------

There are no transactions for this account.

Search Transactions

Activity \*  

Specific date ▾

Date \*  

10/20/2023 SELECT

Type \*  

All ▾

Amount  

Example: 40 or 10.00-50.00

Check Number  

Example: 101 or 101-120

\* Indicates required field



HOME

ACCOUNTS

PAYMENTS & TRANSFERS

CHECKS & DEPOSITS

ADMINISTRATION

## Checks & Deposits

Stop Payments

Positive Pay

Deposit Checks

### Create A Stop Payment

A stop payment fee of\$30 will be assessed. For a complete list offees, contact your local TXN branch.

Account \*

MICKEY MOUSE & ASSOC LLC XXXX1849

Create A Stop Payment \*

☒ For One Check   ☐ For A Range Of Checks

Check Number \*

Amount \*

Date \*

SELECT

Payee

Reason

\* Indicates required field

Preview Stop Payment

### Issued Stop Payments

Account

MICKEY MOUSE & ASSOC LLC XXXX1849

Check Number

Amount

Payee

Expires

There are no stop payments for this account.



- HOME
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- PAYMENTS & TRANSFERS
- CHECKS & DEPOSITS
- ADMINISTRATION

### Alerts

Stay Alert

Know about changes to your finances and online security. Choose when and what alerts you get by email or text message.

Enroll

### Accounts

Edit Accounts

Print

MICKEY MOUSE & ASSOC LLC XXXX1849	Available Balance \$0.00	Recent ▾
Mia Mouse XXXX3834	Available Balance \$0.00	Recent ▾

### Payments & Transfers

Review (0) Hide ▲

Wire

	Description	Reason	Amount
There are no transfers requiring review.			

ACH

	Description	Reason	Amount
There are no transfers requiring review.			

Internal

	Date	Template	Amount
--	------	----------	--------

### Pay Or Transfer

Internal	Show ▾
ACH	Show ▾
ACH Import	Show ▾
Wire	Show ▾
Wire Import	Show ▾

### Checks & Deposits

Go To Positive Pay