



INTERMEDIATE SMALL BANK

Comptroller of the Currency
Administrator of National Banks

Washington, DC 20219

PUBLIC DISCLOSURE

December 06, 2012

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Woodhaven National Bank
Charter Number 17816

6750 Bridge Street
Fort Worth, TX 76112

Office of the Comptroller of the Currency

9003 Airport Freeway, Suite 275
North Richland Hills, TX 76180-9127

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

INSTITUTION'S CRA RATING: This institution is rated Satisfactory.

The Lending Test is rated: Satisfactory

The Community Development Test is rated: Satisfactory

Woodhaven National Bank (WNB) has a satisfactory record of meeting community credit needs. This conclusion is based on the following:

- A majority of WNB's loans were originated within the assessment area (AA).
- The loan-to-deposit ratio is more than reasonable and averaged 82 percent during the evaluation period.
- WNB's distribution of loans to businesses with gross revenues of less than \$1 million is satisfactory.
- WNB's overall distribution of home mortgage products and consumer loans to low- and moderate-income (LMI) families is reasonable when considering performance context.
- No consumer complaints regarding WNB's CRA performance were received during this evaluation period.
- WNB's community development (CD) performance is satisfactory and demonstrates adequate responsiveness to the CD needs of its AA.

Scope of Examination

WNB qualifies as an Intermediate Small Bank under the CRA regulation and is thus, subject to a Lending Test and CD Test. The Lending Test evaluates the bank's record of helping to meet the credit needs of its AA through its lending activities. The community development test evaluates a bank's CD lending, qualified investments, and CD services.

The evaluation under the Lending Test covers loans originated from July 2009 through December 2011. We excluded 2012 loan data for the lending test and bank management agreed to this. 2012 loan data must be evaluated against different census information than 2011 and prior loan data, and would have resulted in twice as many tables in the performance evaluation. We believe that such a performance evaluation would be less clear to the reader, and would not have changed our conclusions. We assessed performance under the lending test based on review of a sample of loans originated by WNB. We reviewed samples of 1-4 Family Residential loans, Auto loans, and Commercial Real Estate loans. Our sample included 30 of each type of loan and all Home Mortgage Disclosure Act (HMDA)-reportable residential real estate loans. The CD portion of the exam assessed CD activities and loans from 2009 through 2012.

Description of Institution

WNB is a community bank headquartered in Fort Worth, which is located in Tarrant County, Texas. WNB is a full-service bank offering traditional loan and deposit products and services to individuals and businesses. WNB was established in 1983 and has grown to over \$410 million by September 2012. The main office is located at 6750 Bridge Street in Fort Worth. In addition to its main office WNB operates six full-service branches and one limited-service branch located in the Texas communities of Fort Worth, Colleyville, Mansfield, Pantego, and Rhome.

The main office is located in a low-income census tract. The Rhome, Fossil Creek, Ridglea, Lakewood, and Mercantile branches are all located in middle-income census tracts. The two remaining branches, Mansfield and Northeast, are located in upper-income census tracts. WNB has not opened or closed any branches during this evaluation period. WNB also offers consumer and business internet banking services and all six full-service branches have an ATM facility.

The bank is 100 percent owned by the holding company, Myers Bancshares. WNB has no operating subsidiaries. The holding company's activities do not impact the bank's CRA rating. There are no legal, financial or other factors impeding the bank's ability to help meet the credit and community development needs in its AA.

WNB offers a variety of credit products including commercial real estate, commercial, consumer, residential, and small business loans. The bank's business strategy focuses on commercial real estate lending. The bank offers deposits products such as checking, savings, NOW, money market and time deposit accounts.

WNB reported total assets of \$410 million and total liabilities of \$371 million as of September 30, 2012. Total loans of \$288 million represent 70 percent of total assets. A summary of the loan portfolio is reflected in the table below:

Loan Portfolio Composition as of September 30, 2012		
Loan Category	\$(000)	% Total
Real Estate	\$228,088	79.06%
Commercial & Industrial	\$52,735	18.28%
Individual	\$6,225	2.16%
Farm & Agricultural	\$105	0.04%
Other	\$1,340	0.46%
Total	\$288,493	100%

WNB's identified assessment area is highly competitive. Competition from other financial institutions is above-average and increasing. The primary competition consists of other state and national financial institutions, credit unions, and branch facilities of large regional and national institutions. Much of the competition is highly visible and offers very competitive rates on loans and deposits.

WNB received an overall rating of "Satisfactory" during its previous CRA examination dated July 2009, using Intermediate Small Bank CRA Procedures.

Description of Assessment Areas

WNB has designated Tarrant and Wise Counties as its AA. The assessment area is part of the Fort Worth/Arlington Metropolitan Statistical Area. The AA comprises 321 census tracts: 24 low-income, 87 moderate-income, 117 middle-income and 93 upper-income census tracts. The AA meets the requirements of the CRA regulation and does not arbitrarily exclude low- or moderate-income geographies. Specific demographic and economic data for this area is listed below:

Demographic and Economic Characteristics of Assessment Area	
Population	
Total Population	1,495,012
Number of Families	385,035
Number of Households	551,199
Geographies	
Number of Census Tracts	321
% Low-Income Census Tracts	7.48%
% Moderate-Income Census Tracts	27.10%
% Middle-Income Census Tracts	36.45%
% Upper-Income Census Tracts	28.97%
Median Family Income (MFI)	
2008 MFI for AA	\$57,589
2011 HUD-Adjusted MFI	\$68,200
Economic Indicators	
Unemployment Rate (Tarrant County)	5.6% in Tarrant Co and 5.2% in Wise Co
% Households Below Poverty Level	9.61%

Source: 2000 Census data and HUD updated income data.

Tarrant County is an urban county located in the north central part of Texas. Fort Worth is the county seat and the largest city in the county. Tarrant County encompasses 864 square miles. Wise County is in northwest central Texas, forty miles south of the Oklahoma border. Decatur, the county seat and largest town, is thirty-five miles northwest of Fort Worth. The county comprises 922 square miles.

The Tarrant and Wise County economies are well-diversified with a variety of industries and businesses. Major industries and employers include aviation, technology, railroad, defense, medical, and retail. Despite the troubling economic conditions nationwide, Fort Worth and Tarrant County have remained one of the better positioned markets in the country.

Based on demographic data, the AA has a population of 1.5 million. There are 585,072 housing units in the AA, with 58 percent owner-occupied, 36 percent renter-occupied and 6 percent vacant. Approximately 21 percent of the families in the AA are considered low-income. Moderate-income families approximate 17 percent of the population, middle-income families total 20 percent and upper-income families make up 42 percent of the population, respectively. There are 145,867 businesses in the AA. Of these businesses, 67 percent reported gross annual revenue less than \$1 million and 2

percent reported gross annual revenue equal to or greater than \$1 million. Because reporting is voluntary, 31 percent of the businesses did not report revenues.

Community contacts conducted in connection with this examination disclosed that there are no significant gaps in local financial institutions meeting the credit needs of the AA. The primary credit needs identified include financing for affordable housing and other residential mortgage lending, small business loans in support of economic development, and consumer loans.

Conclusions with Respect to Performance Tests

LENDING TEST

WNB's performance under the Lending Test is **Satisfactory**.

WNB's primary business lines are commercial loans, commercial real estate loans, small business loans, residential real estate loans, and consumer loans. In our analysis, we included all residential real estate loans originating from July 2009 through year-end 2011 that were reported under the requirements of the HMDA, as well as 30 commercial loans and 30 consumer loans originated during our evaluation period. Though equal weight was given to each type of lending when evaluating lending performance, the bank's primary lending focus is commercial real estate.

Loan-to-Deposit Ratio

WNB's loan-to-deposit ratio is **more than reasonable** given the bank's size, financial condition, local competition, and AA credit needs. This determination is based on the quarterly average loan-to-deposit ratio from June 30, 2009 through September 30, 2012. During the evaluation period, WNB's loan-to-deposit ratio ranged from a low of 77.02 percent to a high of 86.09 percent with an average of 82.36 percent. The bank's loan-to-deposit ratio exceeded peer banks. The loan-to-deposit average ratio for Peer banks for this same time period ranged from 60.96 percent to 81.61 percent.

Lending in Assessment Area

WNB's lending in their AA meets the standards for **satisfactory** performance. A majority of the bank's loans were made within its AA. In order to assess performance for this criterion, we reviewed 30 commercial real estate, 30 auto, 293 home purchase, 44 home improvement, and 47 home refinance loans originated between July 1, 2009 and December 31, 2011. Our analysis determined that 86.04 percent of the number of loans and 81.96 percent of the dollar amount of loans in the sample were originated within the bank's AA. The breakdown by loan category is depicted in the following table.

Table 1 - Lending in AA										
Loan Type	Number of Loans					Dollars of Loans				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	
Home Purchase	251	85.67	42	14.33	293	22,089	77.67	6,352	22.33	28,441
Refinance	42	89.36	5	10.64	47	2,901	77.59	838	22.41	3,739
Home Improvement	40	90.91	4	9.09	44	2,350	95.18	119	4.82	2,469
Auto	23	76.67	7	23.33	30	751	88.21	100	11.79	851
Commercial RE	26	86.67	4	13.33	30	11,199	90.03	1,240	9.97	12,439
Totals	382	86.04	62	13.96	444	39,290	81.96	8,649	18.04	47,939

Lending to Borrowers of Different Incomes and to Businesses of Different Sizes

The distribution of loans made to individuals and families of different income levels and businesses of different sizes is **reasonable**.

The distribution of loans originated to businesses with revenues less than \$1 million reflects a reasonable penetration of loans to small businesses. The percentage of businesses within the AA that generate revenues less than \$1 million is 67.09 percent based on U.S. Census data. WNB originated 47.88 percent of the total dollar amount of its business loans to businesses with revenues less than \$1 million. When looking at the number of loans made to businesses within the AA that generate revenues less than \$1 million, the percentage improves to 65.38 percent. This level is in line with the demographic composition of the AA and reflects a reasonable penetration of loans to small businesses. The largest loan in our sample was made to a business with revenues greater than \$1 million. This loan represented 29.54 percent of the dollar amount of our sample and impacted the ratio of loans to businesses with revenues greater than \$1 million. The following table shows the distribution of commercial loans among businesses of different sizes in this AA.

Table 2A - Borrower Distribution of Loans to Businesses in AA				
Business Revenues (or Sales)	≤\$1,000,000	>\$1,000,000	Unavailable/Unknown	Total
% of AA Businesses	67.09	2.15	30.76	100%
% of Bank Loans in AA by #	65.38	23.08	11.54	100%
% of Bank Loans in AA by \$	47.88	42.34	9.78	100%

Source: Loan sample; Dunn and Bradstreet data.

The distribution of consumer loans in this AA to low-to-moderate income borrowers meets the standard for borrower distribution and shows reasonable penetration to LMI borrowers. The distribution of consumer loans in the AA is below the percentage of low-income households. 21.02 percent of households in the AA are low-income, and 4.35 percent of consumer loans in our sample were made to low-income households.

However, the distribution of consumer loans in this AA to moderate-income borrowers is significantly above the percentage of moderate-income households. 17.49 percent of households in the AA are moderate-income, and 43.48 percent of consumer loans in our sample were made to moderate-income households. The following table shows the distribution of consumer loans among borrowers of different income levels within this AA.

Table 2B - Borrower Distribution of Consumer Loans in AA								
Borrower Income Level	Low		Moderate		Middle		Upper	
	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans
Consumer Loans	21.02	4.35	17.49	43.48	19.70	4.35	41.78	43.48

Source: data collected by the bank; U.S. Census data.

Residential lending to LMI borrowers does not meet the performance standard. The level of residential loans to LMI borrowers is much lower than the percentage of low-to-moderate income families in the AA. Approximately, 19.60 percent of families are low-income and 18.43 percent are moderate-income. Based on the updated median family income for the area of \$68,200, low-income families in the AA earn less than \$34,100 per year. In addition, roughly 9.61 percent of families in the AA are below poverty level. Based on 2000 census data, the median housing cost is \$100,923. It is often difficult for low- and moderate-income individuals to qualify for mortgage loans at median housing values due to insufficient income levels and/or down payments. The following table reflects the analysis of HMDA reportable loans for July 2009 through 2011.

Table 2 - Borrower Distribution of Residential Real Estate Loans in AA								
	Low		Moderate		Middle		Upper	
	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans
Home Purchase	19.60	3.98	18.43	4.78	21.51	6.77	40.46	29.08
Refinance	19.60	4.76	18.43	2.38	21.51	11.90	40.46	66.67
Home Improvement	19.60	0.00	18.43	12.50	21.51	12.50	40.46	62.50
Total	19.60	3.60	18.43	5.41	21.51	8.11	40.46	45.05

Source: data reported under HMDA; U.S. Census data.

Geographic Distribution of Loans

WNB's geographic loan distribution is reasonable. Performance for business and residential lending reflects a reasonable dispersion throughout the AA. However, performance for consumer lending reflects a poor dispersion.

Geographic distribution of business loans in the AA is reasonable. The geographic distribution of sampled business loans in low-income CTs is higher than the percentage of businesses in these areas. The percentage of businesses located in low-income CTs is 2.81 percent, and our loan sample reflected that 3.85 percent of business loans were located in low-income CTs. The distribution of sampled loans to businesses in moderate-income CTs is somewhat below the percentage of businesses in these areas. The percentage of businesses located in moderate-income CTs is 19.55 percent, and our loan sample reflected that 15.38 percent of business loans were located in moderate-income CTs. The following table summarizes the distribution of business loans by census tract income level.

Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans
Businesses	2.81	3.85	19.55	15.38	36.40	46.15	41.23	34.62

Source: data collected by bank; D & B data.

Geographic distribution of residential loans in the AA is reasonable. The percentage distribution of residential loans is slightly lower than the percentage of owner-occupied housing units in low-income CTs. In the AA, 3.69 percent of owner-occupied housing units are located in low-income geographies, and our sample reflects that 2.40 percent of residential loans were located in low-income CTs. The percentage distribution of mortgage loans is significantly higher than the percentage of owner-occupied housing units in moderate-income CTs. In the AA, 19.64 percent of owner-occupied housing units are located in moderate-income geographies, and our sample reflects that 35.74 percent of residential loans were located in moderate-income CTs. The following table reflects the analysis of residential loans for 2009 through 2011.

Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans
Home Purchase	3.69	2.79	19.64	39.04	38.40	38.25	38.27	19.92
Refinance	3.69	0.00	19.64	28.57	38.40	45.24	38.27	26.19
Home Improvement	3.69	2.50	19.64	22.50	38.40	42.50	38.27	32.50
Total	3.69	2.40	19.64	35.74	38.40	39.64	38.27	22.22

Source: data reported under HMDA; U.S. Census data.

Geographic distribution of consumer loans in the AA is poor. The geographic distribution of sampled consumer loans in low-income CTs is below the percentage of households in these areas. In the AA, 5.21 percent of households are located in low-income CTs, and our sample reflected that no consumer loans were located in low-income CTs. The geographic distribution of sampled consumer loans in moderate-income CTs is also well below the percentage of households in these areas. In the AA, 24.58 percent of households are located in moderate-income CTs, and our sample reflected that 4.35 percent of consumer loans were located in moderate-income CTs. Consumer lending is not a primary focus for the bank, and only make up 2.16% of the total loan portfolio. Consumer loans are largely made to existing commercial customers. These are typically upper income individuals who live in upper-income CTs. The following table summarizes the distribution of consumer loans by census tract income level.

Table 3B - Geographic Distribution of Consumer Loans in AA								
Census Tract Income Level	Low		Moderate		Middle		Upper	
	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans
Consumer Loans	5.21	0.00	24.58	4.35	39.96	39.13	30.25	56.52

Source: data collected by bank; U.S. Census data.

Responses to Complaints

There have been no consumer complaints relating to WNB’s CRA performance during the evaluation period.

COMMUNITY DEVELOPMENT TEST

WNB's performance under the Community Development Test is Adequate.

Number and Amount of Community Development Loans

WNB demonstrates adequate responsiveness to the needs of its AA through qualified CD loans. WNB originated five CD loans during this evaluation period in the total amount of \$3.5 million. Two of the loans are SBA guaranteed loans; two are to minority owned businesses and the fifth loan was made to a local company that is associated with the Haltom City Economic Development Corporation.

One of the SBA loans will support the creation and retention of jobs to LMI individuals. The company is located in a LMI census tract and manufactures/distributes corporate

service and safety awards, promotional products, and employee recognition awards. The company employs 72 people with 57 at LMI levels. The other SBA-guaranteed loan was to a start-up company for the purchase of an auto parts salvage yard which is located in a LMI census tract. The loan assisted in the retention and stabilization of the business in order to promote the creation and retention of jobs to LMI individuals.

WNB has made loans to two minority-owned businesses located in its AA. One of the minority-owned businesses is located in a moderate income tract in Fort Worth and provides jobs in that area. The other is located in a middle income tract in Hurst and has received certification as an Underutilized Business Program, and it provides jobs to LMI individuals.

The final loan was made to a local company, which was also targeted by the Haltom City Economic Development Corporation with a \$50 thousand grant. The business conducts etching services for titanium parts produced for Bell Helicopter and Lockheed Martin, and is one of a select few business in the entire state of Texas qualified to provide this service. These entities will benefit LMI individuals in the bank's AA, as well as promoting economic development and providing employment opportunities.

Number and Amount of Qualified Investments

WNB demonstrates adequate responsiveness to the needs of its AA through qualified investments and CD services, considering the institution's capacity and the need and availability of such opportunities in the AA.

WNB made a donation to a Small Business Investment Company (SBIC) through VALESCO Commerce Street Capital LP in the amount of \$250 thousand. The SBIC Program, established in 1958 by the United States Congress, is a privately-owned and operated company that makes long-term investments in American small businesses, licensed by the Small Business Administration. Banks, Federal Savings Associations and their holding companies receive CRA credit for SBIC investments located or doing substantial business in the region in which the bank's AA is located.

Other qualified investments totaling \$29 thousand, include donations and contributions to CD organizations that provide services and activities that impact LMI individuals and promote economic development.

Extent to Which the Bank Provides Community Development Services

WNB's CD services reflect adequate responsiveness to the needs and opportunities in the AA. Service delivery systems are reasonably accessible to geographies and individuals of different income levels in the AA. Business hours and services are convenient and are accessible to all segments of the AA.

The branch system is the primary delivery system for retail banking services and is supplemented by six ATMs. Branch and ATM distribution is reasonable when the overall distribution of low, moderate, middle and upper income geographies in the bank's assessment area is considered. Four of the branches are within middle-income areas; two are within upper-income areas, with the main branch within a low income area. ATMs are similarly positioned at the branch facilities with the exception of one branch. The bank offers other alternative delivery systems including telephone banking, ATM/Debit cards, and Internet banking.

Banking hours provide adequate accessibility throughout the AA. All locations maintain standard banking hours Monday through Friday with extended lobby hours on Friday. WNB opens a teller window at Lakewood Retirement Village every Tuesday morning to perform banking duties for the elderly residents of the center. WNB also provides banking services to a facility that offers training and assistance of adult persons who are mentally/physically disabled, and that provides group homes, foster care and supportive home living. All motor bank locations offer extended evening and weekend hours. These services enhance the accessibility of the branches.

An adequate range of deposit and loan products and business services are available at all WNB's branch locations. Products and services are responsive to banking needs within the AA and do not vary in a way that inconveniences any portion of the AA, or any group of individuals, particularly LMI individuals.

Responsiveness to Community Development Needs

The volume and responsiveness of the bank's community development services is adequate. Qualified services focus on volunteer activities within the community. In advisory capacities, WNB's officers and employees serve various community development organizations that benefit LMI individuals and families.

Fair Lending or Other Illegal Credit Practices Review

We found no evidence of discriminatory or other illegal credit practices inconsistent with helping to meet community credit needs.