



## **PUBLIC DISCLOSURE**

July 27, 2020

### **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

Brazos National Bank  
Charter Number: 17383

2300 Brazosport Boulevard  
Richmond, TX 77531

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

**NOTE:** This document is an evaluation of this institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the institution. This evaluation is not, and should not be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion, or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.

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## Overall CRA Rating

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

**The lending test is rated: Satisfactory.**

The major factors that support this rating include:

- The Lending Test rating is based on performance in the Brazoria County and Dallas MSA assessment areas (AAs).
- The Community Development (CD) Test rating is based primarily on the performance in the Dallas MSA.
- The loan-to-deposit (LTD) ratio is more than reasonable.
- A substantial majority of the bank's loans are inside its AAs.
- The geographic distribution of loans across geographies of different income levels is reasonable.
- The borrower distribution of loans to borrowers of different income levels and businesses of different sizes is reasonable.
- CD Lending reflects excellent responsiveness to community development needs, which had a positive effect on the bank's rating in the state.

### Loan-to-Deposit Ratio

Considering the bank's size, financial condition, and credit needs of the AAs, the bank's LTD ratio is more than reasonable. The LTD ratio averaged 146.8 percent during the review period. The average quarterly LTD ratio for the peer banks was 43.5 percent.

### Lending in Assessment Area

A substantial majority of the bank's loans are inside its assessment areas.

The bank originated and purchased 83.5 percent of its total loans inside the bank's AAs during the evaluation period. This analysis is performed at the bank, rather than the AA level. The primary products are home mortgage and consumer loans. Loans to small businesses are not a primary product but were included in the table below for informational purposes.

Lending Inside and Outside of the Assessment Area										
Loan Category	Number of Loans				Total #	Dollar Amount of Loans \$(000s)				Total \$(000s)
	Inside		Outside			Inside		Outside		
	#	%	#	%		\$	%	\$	%	
Home Mortgage	1,368	83.8	265	16.2	1,633	359,988	84.1	68,111	15.9	428,099
Consumer	28	73.7	10	26.3	38	399	68.0	188	32.0	587
Small Business	8	80.0	2	20.0	10	143	85.6	24	14.4	167
Total	1,404	83.5	277	16.5	1,681	360,530	84.1	68,323	15.9	428,853

## Description of Institution

Brazos National Bank (BNB or Bank) is a single-state community bank chartered in 1982 in Richwood, Brazoria County, Texas. BNB is a wholly owned subsidiary of Gulfport Bancshares of Delaware, Inc., a one bank holding company. No branches have been opened or closed since the last CRA evaluation. The Bank's corporate structure has not changed during the review period.

The bank serves the community from its main office located at 2300 Brazosport Boulevard in Richwood, Texas (middle-income census tract (CT)). In addition, the bank has three loan production offices (LPOs) in the Dallas, Texas metropolitan area:

- 1625 N. Stemmons Freeway, Dallas, Texas 75207 (moderate-income CT)
- 14114 N. Dallas Parkway, Dallas, Texas 75254 (low-income CT)
- 1205 W. Trinity Mills Road #214, Carrollton, Texas 75006 (middle-income CT)

The bank operates out of two different AAs. The first being the bank's main branch location in Brazoria County which is located within the Houston-The Woodlands-Sugarland, Texas Metropolitan Statistical Area (MSA). A deposit-taking automated teller machine (ATM) is located at the N. Dallas Parkway LPO. As such, the bank named their second AA as the entire Dallas-Fort Worth-Arlington, Texas MSA (Dallas MSA). The Dallas MSA is made up of the Dallas-Plano-Irving, Texas metropolitan division (MD) and the Fort Worth-Arlington-Grapevine, Texas MD. It is BNB's practice to take all counties located within the Dallas MSA. We will assess the performance in both of the bank's AAs.

The main location has reasonable operating hours and a drive in to meet the community needs. The bank has a website, which offers multiple bank services including online bill payment, transfers, and balance inquiries. The bank offers deposit products and banking services including safe deposit boxes, checking accounts, negotiable order of withdrawals (NOW), money market deposit accounts, certificates of deposit, and wire transfers.

The primary focus of the bank is mortgage banking. The majority of the bank's loans originated in the Brazoria County AA are consumer loans, while the majority of loans originated in the Dallas MSA are mortgage loans which are sold into the secondary market. The bank retains a small portfolio of mortgage loans that are not eligible to be sold into the secondary market. The bank's main products are mortgage and consumer loans.

As of December 31, 2019, the bank reported total assets of \$29.5 million, total deposits of \$14.8 million, and total equity capital of \$9.4 million. Net loans and leases totaled \$22.5 million, or 76.5 percent of total assets. Outstanding loans by category include one- to four-family residential mortgages at 91.4 percent, commercial real estate loans at 0.67 percent, commercial and industrial loans at 0.79 percent, and consumer loans at 1.7 percent. The bank has no investments. Tier 1 capital totaled \$8.2 million.

BNB has no affiliate or operating subsidiary activities considered when evaluating the CRA performance. No legal or financial factors impede the bank from meeting the credit needs of its community. The bank was rated "Satisfactory" at the prior CRA evaluation dated March 22, 2016.

## Scope of the Evaluation

### Evaluation Period/Products Evaluated

This Performance Evaluation (PE) assesses the bank's performance under the Lending Test with an evaluation period of January 1, 2017 through December 31, 2019. We also reviewed community development loans for the same reporting period at the request of the bank. In evaluating the bank's lending performance, we reviewed residential mortgage loans and consumer loans. The bank reported some loans to small businesses, but there was not enough activity to provide for meaningful analysis. Therefore, tables for this product are not included in Appendix D. However, we included them in the analysis of loans inside the AA and on the lending activity table.

The Lending Test evaluates the bank's record of meeting the credit needs of the AAs through its lending activities. The CD Test evaluates the bank's responsiveness to CD needs in its AAs through qualified CD activities. Our focus at this examination is on CD loans.

For geographic and borrower distribution analyses, loans originated in 2017 through 2019 are compared to the 2015 American Community Survey (ACS) census data for mortgages and consumer loans.

### Selection of Areas for Full-Scope Review

In each state where the bank has an office, one or more of AAs within that state was selected for a full-scope review. For purposes of this evaluation, bank delineated assessment areas located within the same metropolitan statistical area (MSA), multistate metropolitan statistical area (MMSA), or combined statistical area (CSA) are combined and evaluated as a single AA. Similarly, bank delineated non-MSA AAs within the same state are combined and evaluated as a single area. These combined AAs may be evaluated as full- or limited-scope.

BNB has two AAs in Texas, Brazoria County AA and Dallas MSA. At the end of 2018, the Office of Management and Budget (OMB) removed Hood and Somervell Counties from the Dallas MSA. The bank has elected to continue to define their AA as the counties included in the Dallas MSA, which is updated to reflect any changes that are made to the MSA. This means Hood and Somervell are no longer included in the bank's AA starting in 2019. As a result, tables are presented separately for 2017-2018 data and 2019 data throughout the PE for the Dallas MSA. There were no OMB changes that had any affect on Brazoria County AA. We performed a full-scope review of both the Brazoria County and Dallas MSA AAs.

Refer to the "Scope" section under each State Rating for details regarding how full-scope AAs were selected. Refer to Appendix A, Scope of Examination, for a list of full- and limited-scope AAs.

## **Ratings**

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

For the geographic and borrower distribution of loans under the Lending Test, consideration was given to the number of loans and dollar volume of loans originated in each category based on a sample of loans.

For the Dallas MSA, one- to four-family mortgage lending received the most weight. In Brazoria County AA, consumer loans received the most weight. This is due to the different lending needs and practices of each AA.

## **Discriminatory or Other Illegal Credit Practices Review**

Pursuant to 12 CFR 25.28(c) or 195.28(c), respectively, in determining a national bank's or federal savings association's (collectively, bank) CRA rating, the OCC considers evidence of discriminatory or other illegal credit practices in any geography by the bank, or in any AA by an affiliate whose loans have been considered as part of the bank's lending performance. As part of this evaluation process, the OCC consults with other federal agencies with responsibility for compliance with the relevant laws and regulations, including the U.S. Department of Justice, the U.S. Department of Housing and Urban Development, and the Bureau of Consumer Financial Protection, as applicable.

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

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

## State Rating

### State of Texas

**CRA rating for the State of Texas<sup>1</sup>:** Satisfactory

**The Lending Test is rated:** Satisfactory

The major factors that support this rating include:

- The geographic distribution of loans across geographies of different income levels is reasonable.
- The borrower distribution of loans to borrowers of different income levels is reasonable.
- CD lending reflects excellent responsiveness to community development needs.

### Description of Institution's Operations in Texas

The bank operates in two AAs in the State of Texas as described in the "Description of the Institution" and the "Scope of Evaluation" sections of this PE. Competitors, in both markets, include other local community banks in its markets and some of the United States largest banks that have a nationwide footprint. Competition also includes credit unions and nonbank financial entities that compete for residential, business, and consumer loans.

#### Dallas MSA

The bank's primary lending focus continues to be one- to four-family residential mortgages, primarily to sell in the secondary market. A majority of the mortgage lending is done in the Dallas MSA. Community credit needs in the full-scope AA were determined by reviewing recent housing and demographic information, CRA PEs from other banks operating in the bank's AA, performance context information provided by management, and discussions with a community contact conducted in conjunction with this evaluation.

The community contact for the Dallas MSA is a community development organization that focuses on homeownership and affordable housing. The organization is committed to fight poverty in Dallas through the development of affordable housing, providing needed services for low-income homebuyers, community engagement, job training, and workforce development. The most critical need identified from this contact was access to capital for land acquisition and construction of affordable housing through the development of vacant land.

#### Brazoria County AA

There were very few mortgage loans originated in Brazoria County AA due to strong competition in that area, primarily large credit unions and large national banks. As such, the bank's primary product in the Brazoria County AA is consumer loans.

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<sup>1</sup> This rating reflects performance within the state. The statewide evaluations do not reflect performance in the parts of those states contained within a MMSA.

Community credit needs in the full-scope AA were determined by reviewing recent housing and demographic information, CRA PEs from other banks operating in the bank's AA, performance context information provided by management, and discussions with a community contact conducted in conjunction with this evaluation.

The community contact for the Brazoria AA is an organization that collaborates with community partners to mobilize resources, finding sustainable solutions that lead to higher quality of life. The organization's pillars of impact focus on education, income, health, and basic needs. The most critical needs identified from this contact were associated with financial education and consumer (auto) lending.

The following tables depict the demographic information for the two full scope AAs.

## Dallas MSA

<b>Table A – Demographic Information of the Assessment Area</b>						
<b>Assessment Area: Dallas MSA 2017-2018</b>						
<b>Demographic Characteristics</b>	<b>#</b>	<b>Low % of #</b>	<b>Moderate % of #</b>	<b>Middle % of #</b>	<b>Upper % of #</b>	<b>NA* % of #</b>
Geographies (Census Tracts)	1,324	13.0	25.3	29.6	31.6	0.5
Population by Geography	6,833,420	10.9	24.7	31.3	33.1	0.1
Housing Units by Geography	2,612,915	11.3	23.6	31.9	33.0	0.2
Owner-Occupied Units by Geography	1,448,218	5.2	19.0	33.4	42.4	0.1
Occupied Rental Units by Geography	959,112	18.8	29.7	30.0	21.1	0.3
Vacant Units by Geography	205,585	19.2	27.3	30.3	23.0	0.3
Businesses by Geography	569,817	7.0	18.9	28.8	44.6	0.6
Farms by Geography	11,317	4.7	16.4	35.9	42.6	0.4
Family Distribution by Income Level	1,671,492	23.3	16.6	18.3	41.8	0.0
Household Distribution by Income Level	2,407,330	23.9	16.5	17.8	41.8	0.0
Median Family Income – 19124 Dallas-Plano-Irving, TX MD		\$77,200	Median Housing Value			\$175,126
Median Family Income - 23104 Fort Worth-Arlington, TX MD		\$75,000	Median Gross Rent			\$978
			Families Below Poverty Level			11.3%
<i>Source: 2015 ACS and 2018 D&amp;B Data</i> <i>Due to rounding, totals may not equal 100.0%</i> <i>(*) The NA category consists of geographies that have not been assigned an income classification.</i>						

<b>Table A – Demographic Information of the Assessment Area</b>						
<b>Assessment Area: Dallas MSA 2019</b>						
<b>Demographic Characteristics</b>	<b>#</b>	<b>Low % of #</b>	<b>Moderate % of #</b>	<b>Middle % of #</b>	<b>Upper % of #</b>	<b>NA* % of #</b>
Geographies (Census Tracts)	1,312	12.9	25.6	28.7	32.2	0.5
Population by Geography	6,771,641	10.8	24.9	30.5	33.7	0.1
Housing Units by Geography	2,583,855	11.3	23.9	30.9	33.7	0.2
Owner-Occupied Units by Geography	1,429,830	5.1	19.3	32.4	43.2	0.1
Occupied Rental Units by Geography	953,182	18.8	29.9	29.3	21.6	0.3
Vacant Units by Geography	200,843	19.4	27.9	28.7	23.8	0.3
Businesses by Geography	672,415	6.8	18.6	27.6	46.4	0.6
Farms by Geography	12,751	4.8	16.7	33.7	44.4	0.4
Family Distribution by Income Level	1,654,593	23.3	16.5	18.2	41.9	0.0
Household Distribution by Income Level	2,383,012	23.8	16.5	17.7	41.9	0.0
Median Family Income – 19124 Dallas-Plano-Irving, TX		\$83,100	Median Housing Value			\$175,471
Median Family Income – 23104 Fort Worth-Arlington-Grapevine, TX		\$75,300	Median Gross Rent			\$978
			Families Below Poverty Level			11.3%
<i>Source: 2015 ACS and 2019 D&amp;B Data</i> <i>Due to rounding, totals may not equal 100.0%</i> <i>(*) The NA category consists of geographies that have not been assigned an income classification.</i>						

## Brazoria County AA

Table A – Demographic Information of the Assessment Area						
Assessment Area: Brazoria County AA 2017-2019						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	51	2.0	13.7	56.9	25.5	2.0
Population by Geography	331,741	1.7	8.4	47.3	42.6	0.0
Housing Units by Geography	124,547	1.7	10.1	47.6	40.5	0.0
Owner-Occupied Units by Geography	80,749	0.9	7.9	46.6	44.6	0.0
Occupied Rental Units by Geography	31,761	3.7	11.7	46.3	38.3	0.0
Vacant Units by Geography	12,037	2.2	21.2	57.4	19.2	0.0
Businesses by Geography	23,228	1.3	8.6	39.4	50.7	0.0
Farms by Geography	597	0.8	7.0	60.5	31.7	0.0
Family Distribution by Income Level	82,536	17.4	14.9	18.5	49.2	0.0
Household Distribution by Income Level	112,510	20.1	13.9	16.9	49.1	0.0
Median Family Income – 26420 Houston-The Woodlands-Sugar Land, TX MSA		\$69,373	Median Housing Value			\$143,290
			Median Gross Rent			\$933
			Families Below Poverty Level			8.3%
<i>Source: 2015 ACS and 2019 D&amp;B Data</i> <i>Due to rounding, totals may not equal 100.0%</i> <i>(*) The NA category consists of geographies that have not been assigned an income classification.</i>						

## Scope of Evaluation in Texas

The evaluation period for our review of mortgage and consumer loan data is January 1, 2017 through December 31, 2019.

The bank has two full-scope AAs. They have designated their AAs to be the entire Dallas-Fort Worth-Arlington, Texas MSA, which is comprised of the Dallas-Plano-Irving, Texas and Fort Worth-Arlington-Grapevine, Texas Metropolitan Divisions (MD), and Brazoria County which is located in the Houston-The Woodlands-Sugarland, Texas MSA. There are no limited-scope areas to review. Refer to the table in Appendix A for a list of all AAs under review.

## LENDING TEST

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

## Conclusions for Areas Receiving Full-Scope Reviews

Based on full-scope reviews, the bank's performance in the Dallas MSA and the Brazoria County AA is adequate.

## **Distribution of Loans by Income Level of the Geography**

The bank exhibits reasonable geographic distribution of loans in the State of Texas.

### Dallas MSA

#### ***Home Mortgage Loans***

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

In 2017-2018, the bank's mortgage lending in low-income geographies was lower than the owner-occupied housing units and somewhat lower than the aggregate lending. For moderate-income geographies, the bank's lending was somewhat lower than the owner-occupied units and exceeded the aggregate lending.

In 2019, the bank's mortgage lending in low-income geographies was significantly lower than the owner housing units and the aggregate lending. For moderate-income geographies, the bank's lending was somewhat lower than the owner-occupied units and exceeded the aggregate lending.

### Brazoria County AA

#### ***Consumer Loans***

The geographic distribution of consumer loans in the AA is excellent. Refer to Table U in the State of Texas section of Appendix D for the facts and data used to evaluate the geographic distribution of the bank's consumer loan originations and purchases.

In 2017-2019, the bank's consumer lending in low-income geographies exceeded the percentage of households. For moderate-income geographies, the bank's lending also exceeded the percentage of households in the AA.

We evaluated lending distribution in the full-scope AA to determine if any unexplained conspicuous gaps existed. No unexplained, conspicuous gaps in lending were identified.

## **Distribution of Loans by Income Level of the Borrower**

The bank exhibits a reasonable distribution of loans to individuals of different income levels given the product lines offered by the bank.

### Dallas MSA

#### ***Home Mortgage Loans***

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

In 2017-2018, the bank's mortgage lending to low-income borrowers was lower than the percentage of families identified as low-income but exceeded the aggregate lending to low-income borrowers. For moderate-income borrowers, the bank's mortgage lending exceeded the percentage of families identified as moderate-income and the percentage of the aggregate lending to moderate-income borrowers.

In 2019, the bank's mortgage lending to low-income borrowers was lower than the percentage of families identified as low-income but exceeded the aggregate lending to low-income borrowers. For moderate-income borrowers, the bank's mortgage lending exceeded the percentage of families identified as moderate-income and the percentage of the aggregate lending to moderate-income.

### Brazoria County AA

#### ***Consumer Loans***

The distribution of consumer loans in the AA is excellent. Refer to Table V in the State of Texas section of Appendix D for the facts and data used to evaluate the borrower distribution of the bank's consumer loan originations and purchases.

In 2017-2019, the bank's consumer lending to low-income borrowers exceeded the percentage of families identified as low-income. For moderate-income borrowers, the bank's consumer lending exceeded the percentage of families identified as moderate-income.

#### **Responses to Complaints**

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

### **COMMUNITY DEVELOPMENT**

Based on a full-scope review of the Dallas MSA, the bank exhibits excellent responsiveness to community development needs in the state through community development loans, considering the bank's capacity and the need and availability of such opportunities for community development in the bank's assessment area(s). Performance related to community development activities had a positive effect on the bank's rating in the state.

#### **Number and Amount of Community Development Loans**

Refer to the Community Development (CD) Loans Table below for the facts and data used to evaluate the bank's level of CD lending. The table includes all CD loans, including multifamily loans that also qualify as CD loans.

<i>Community Development Loans</i>				
Assessment Area	Total			
	#	% of Total #	\$(000's)	% of Total \$
Dallas MSA	27	100.0	\$4,300	100.0
Brazoria County AA	0	0.0	\$0	0.0

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

BNB is an active member in the FHLB Homebuyer Equity Leverage Partnership (HELP) program. Through member institutions, HELP assists low-income qualified, first-time homebuyers with down payment assistance and closing costs. FHLB Dallas disburses HELP funds to members on a first-come, first-serve basis, one homebuyer at a time. During this exam period, BNB originated a total of 27 mortgages to first-time homebuyers who applied and received HELP funds. The mortgages totaled \$4.3 million and the borrowers received a total of \$206 thousand in down payment assistance. Of the 27 loans made through HELP program, 13 loans were made in the 2017-2018 reporting period with three loans located in low-income CTs and eight located in moderate-income CTs. In 2019, 14 additional loans were made with one located in a low-income CT, and eight located in moderate-income CTs. While our sample indicated poor geographic distribution for the Dallas MSA, the bank's level of participation in the HELP program reflects a commitment to making loans in low- and moderate-income geographies in the Dallas MSA. The total dollar amount of CD lending represents 51.5 percent of the bank's tier 1 capital as of December 31, 2019.

## Appendix A: Scope of Examination

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

<b>Time Period Reviewed:</b>	January 1, 2017 through December 31, 2019	
<b>Bank Products Reviewed:</b>	Home Mortgage and Consumer Loans; Community Development Loans	
<b>Affiliate(s)</b>	<b>Affiliate Relationship</b>	<b>Products Reviewed</b>
None		
<b>List of Assessment Areas and Type of Examination</b>		
<b>Rating and Assessment Areas</b>	<b>Type of Exam</b>	<b>Other Information</b>
Texas		
Dallas MSA	Full-Scope	Assessment area includes the entire Dallas-Fort Worth-Arlington, TX MSA
Brazoria County AA	Full-Scope	Assessment area includes all of Brazoria County which is located within the Houston-The Woodlands-Sugar Land, TX MSA

## Appendix B: Summary of MMSA and State Ratings

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RATINGS: Brazos National Bank	
Overall Bank:	Lending Test Rating
Brazos National Bank	Satisfactory
MMSA or State:	
Texas	Satisfactory

## Appendix C: Definitions and Common Abbreviations

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

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

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

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

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

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

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

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

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

**Full-Scope Review:** Performance under the Lending, Investment, and Service Tests is analyzed considering performance context, quantitative factors (e.g., geographic distribution, borrower distribution, and total number and dollar amount of investments), and qualitative factors (e.g., innovativeness, complexity, and responsiveness).

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

**Home Mortgage Disclosure Act (HMDA):** The statute that requires certain mortgage lenders that conduct business or have banking offices in a metropolitan statistical area to file annual summary reports of their mortgage lending activity. The reports include such data as the race, gender, and the income of applicants, the amount of loan requested, the disposition of the application (e.g., approved, denied, and withdrawn), the lien status of the collateral, any requests for preapproval, and loans for manufactured housing.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

## Appendix D: Tables of Performance Data

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### Content of Standardized Tables

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

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

- Table O. Assessment Area Distribution of Home Mortgage Loans by Income Category of the Geography** - Compares the percentage distribution of the number of loans originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies to the percentage distribution of owner-occupied housing units throughout those geographies. The table also presents aggregate peer data for the years the data is available.
- Table P. Assessment Area Distribution of Home Mortgage Loans by Income Category of the Borrower** - Compares the percentage distribution of the number of loans originated and purchased by the bank to low-, moderate-, middle-, and upper-income borrowers to the percentage distribution of families by income level in each MMSA/assessment area. The table also presents aggregate peer data for the years the data is available.
- Table U. Assessment Area Distribution of Consumer Loans by Income Category of the Geography** - Compares the percentage distribution of the number of loans originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies to the percentage distribution of households in those geographies.
- Table V. Assessment Area Distribution of Consumer Loans by Income Category of the Borrower** - Compares the percentage distribution of the number of loans originated and purchased by the bank to low-, moderate-, middle-, and upper-income borrowers to the percentage distribution of households by income level in each MMSA/assessment area.

<b>Table O: Assessment Area Distribution of Home Mortgage Loans by Income Category of the Geography</b>																				<b>2017-18</b>	
Assessment Area:	Total Home Mortgage Loans				Low-Income Tracts			Moderate-Income Tracts			Middle-Income Tracts			Upper-Income Tracts			Not Available-Income Tracts				
	#	\$	% of Total	Overall Market	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate		
Dallas MSA	60	16,509	100.0	239,386	5.2	1.7	3.0	19.0	15.0	13.2	33.4	20.0	34.6	42.4	63.3	49.1	0.1	0.0	0.1		
<b>Total</b>	<b>60</b>	<b>16,509</b>	<b>100.0</b>	<b>239,386</b>	<b>5.2</b>	<b>1.7</b>	<b>3.0</b>	<b>19.0</b>	<b>15.0</b>	<b>13.2</b>	<b>33.4</b>	<b>20.0</b>	<b>34.6</b>	<b>42.4</b>	<b>63.3</b>	<b>49.1</b>	<b>0.1</b>	<b>0.0</b>	<b>0.1</b>		

*Source: 2015 ACS Census; 01/01/2017 - 12/31/2018 Bank Data, 2018 HMDA Aggregate Data, "--" data not available.  
Due to rounding, totals may not equal 100.0%*

<b>Table O: Assessment Area Distribution of Home Mortgage Loans by Income Category of the Geography</b>																				<b>2019</b>	
Assessment Area:	Total Home Mortgage Loans				Low-Income Tracts			Moderate-Income Tracts			Middle-Income Tracts			Upper-Income Tracts			Not Available-Income Tracts				
	#	\$	% of Total	Overall Market	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate		
Dallas MSA	60	16,115	100.0	236,598	5.1	0.0	3.0	19.3	13.3	13.3	32.4	28.3	34.1	43.2	58.3	49.6	0.1	0.0	0.1		
<b>Total</b>	<b>60</b>	<b>16,115</b>	<b>100.0</b>	<b>236,598</b>	<b>5.1</b>	<b>0.0</b>	<b>3.0</b>	<b>19.3</b>	<b>13.3</b>	<b>13.3</b>	<b>32.4</b>	<b>28.3</b>	<b>34.1</b>	<b>43.2</b>	<b>58.3</b>	<b>49.6</b>	<b>0.1</b>	<b>0.0</b>	<b>0.1</b>		

*Source: 2015 ACS Census; 01/01/2019 - 12/31/2019 Bank Data, 2018 HMDA Aggregate Data, "--" data not available.  
Due to rounding, totals may not equal 100.0%*

<b>Table P: Assessment Area Distribution of Home Mortgage Loans by Income Category of the Borrower</b>																			<b>2017-18</b>	
Assessment Area:	Total Home Mortgage Loans				Low-Income Borrowers			Moderate-Income Borrowers			Middle-Income Borrowers			Upper-Income Borrowers			Not Available-Income Borrowers			
	#	\$	% of Total	Overall Market	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	
Dallas MSA	60	16,509	100.0	239,386	23.3	5.0	3.9	16.6	20.0	13.2	18.3	20.0	20.2	41.8	55.0	44.8	0.0	0.0	17.9	
<b>Total</b>	<b>60</b>	<b>16,509</b>	<b>100.0</b>	<b>239,386</b>	<b>23.3</b>	<b>5.0</b>	<b>3.9</b>	<b>16.6</b>	<b>20.0</b>	<b>13.2</b>	<b>18.3</b>	<b>20.0</b>	<b>20.2</b>	<b>41.8</b>	<b>55.0</b>	<b>44.8</b>	<b>0.0</b>	<b>0.0</b>	<b>17.9</b>	

*Source: 2015 ACS Census; 01/01/2017 - 12/31/2018 Bank Data, 2018 HMDA Aggregate Data, "--" data not available.  
Due to rounding, totals may not equal 100.0%*

<b>Table P: Assessment Area Distribution of Home Mortgage Loans by Income Category of the Borrower</b>																			<b>2019</b>	
Assessment Area:	Total Home Mortgage Loans				Low-Income Borrowers			Moderate-Income Borrowers			Middle-Income Borrowers			Upper-Income Borrowers			Not Available-Income Borrowers			
	#	\$	% of Total	Overall Market	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	
Dallas MSA	60	16,115	100.0	236,598	23.3	6.7	3.9	16.6	30.0	13.2	18.2	28.3	20.2	41.9	35.0	44.8	0.0	0.0	17.9	
<b>Total</b>	<b>60</b>	<b>16,115</b>	<b>100.0</b>	<b>236,598</b>	<b>23.3</b>	<b>6.7</b>	<b>3.9</b>	<b>16.6</b>	<b>30.0</b>	<b>13.1</b>	<b>18.2</b>	<b>28.3</b>	<b>20.2</b>	<b>41.9</b>	<b>35.0</b>	<b>44.8</b>	<b>0.0</b>	<b>0.0</b>	<b>17.9</b>	

*Source: 2015 ACS Census; 01/01/2019 - 12/31/2019 Bank Data, 2018 HMDA Aggregate Data, "--" data not available.  
Due to rounding, totals may not equal 100.0%*

Table U: Assessment Area Distribution of Consumer Loans by Income Category of the Geography													2017 - 2019	
Assessment Area:	Total Consumer Loans			Low-Income Tracts		Moderate-Income Tracts		Middle-Income Tracts		Upper-Income Tracts		Not Available-Income Tracts		
	#	\$	% of Total	% of Households	% Bank Loans	% of Households	% Bank Loans	% of Households	% Bank Loans	% of Households	% Bank Loans	% of Households	% Bank Loans	
Brazoria County AA	20	347	100.0	1.7	5.0	9.0	35.0	46.5	40.0	42.8	20.0	0.0	0.0	
<b>Total</b>	<b>20</b>	<b>347</b>	<b>100.0</b>	<b>1.7</b>	<b>5.0</b>	<b>9.0</b>	<b>35.0</b>	<b>46.5</b>	<b>40.0</b>	<b>42.8</b>	<b>20.0</b>	<b>0.0</b>	<b>0.0</b>	

*Source: 2015 ACS Census; 01/01/2017 - 12/31/2019 Bank Data.  
Due to rounding, totals may not equal 100.0%*

Table V: Assessment Area Distribution of Consumer Loans by Income Category of the Borrower													2017 - 2019	
Assessment Area:	Total Consumer Loans			Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Not Available-Income Borrowers		
	#	\$	% of Total	% of Households	% Bank Loans	% of Households	% Bank Loans	% of Households	% Bank Loans	% of Households	% Bank Loans	% of Households	% Bank Loans	
Brazoria County AA	20	347	100.0	20.1	25.0	13.9	50.0	16.9	10.0	49.1	10.0	0.0	5.0	
<b>Total</b>	<b>20</b>	<b>347</b>	<b>100.0</b>	<b>20.1</b>	<b>25.0</b>	<b>13.9</b>	<b>50.0</b>	<b>16.9</b>	<b>10.0</b>	<b>49.1</b>	<b>10.0</b>	<b>0.0</b>	<b>5.0</b>	

*Source: 2015 ACS Census; 01/01/2017 - 12/31/2019 Bank Data.  
Due to rounding, totals may not equal 100.0%*