



PUBLIC DISCLOSURE

July 31, 2017

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Golden Bank, National Association
Charter Number 18558

9315 Bellaire Boulevard Houston, TX 77036

Office of the Comptroller of the Currency

1301 McKinney Street Suite 1410 Houston, TX 77010-3031

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

Overall Conclusion:

Golden Bank, N.A. (GBNA) has a Satisfactory record of meeting community credit needs based on the following:

- GBNA has maintained a loan-to-deposit (LTD) ratio on a quarterly basis that is more than reasonable when compared to similarly situated peer groups.
- A substantial majority of the bank's lending is inside its assessment areas (AA) by number and dollar amount of loan originations/renewals.
- The overall distribution of loans reflects reasonable penetration among businesses of different sizes given the bank's performance context.
- The overall geographic distribution of loans reflects excellent dispersion among businesses in low- and moderate-income (LMI) census tracts (CT) given the bank's performance context.
- The overall level of Community Development (CD) activities is Satisfactory in relation to the bank's performance context and reflects adequate responsiveness to needs in the bank's AAs.

Scope of Examination

Our evaluation included a full-scope review of GBNA's Community Reinvestment Act (CRA) performance in its designated AAs. GBNA was evaluated under the Intermediate Small Bank (ISB) Examination Procedures, which include a Lending Test and a CD Test. The Lending Test evaluates the bank's record of meeting the credit needs of its AAs through lending activities. The CD Test evaluates the bank's responsiveness to CD needs in its AA through qualified CD loans, investments, and services.

As of June 30, 2017, GBNA's primary lending product was business lending, which represented 72 percent by dollar and 76 percent by number of the total loan portfolio. The bank also originates consumer and mortgage loans, but we did not analyze the distribution, as these are not significant loan products. The evaluation period used for the Lending Test included business loans originated/renewed from January 1, 2015 through December 31, 2016. For the CD Test, the evaluation period included all CD loans, investments, and services since the date of the last performance evaluation. The timeframe was from July 22, 2014 through the date of this evaluation, July 31, 2017.

For our analysis, we used a random sample of 69 loans or \$43.4 million by dollar for loans originated/renewed for the Houston AA. We reviewed all 51 loans or \$32 million by dollar for loans originated/renewed for the Dallas AA.

While the bank operates a full-service branch in California as of May 2017, loans originated/renewed were not included in our evaluation as the branch opened after the evaluation period for the Lending Test. In addition, we did not include any CD activity in California, given the short time frame of when the branch was opened, as it did not provide for meaningful analysis. As of June 30, 2017, deposits in the Houston AA represented 78 percent of total deposits, while deposits in Dallas totaled 20 percent. GBNA generated \$13 million in deposits in California or 2 percent of total bank deposits.

Description of the Institution

GBNA is a minority-owned community bank headquartered at 9315 Bellaire Boulevard, Houston, Texas. The bank was chartered on May 3, 1985 as Texas First National Bank, with a name change to Golden Bank, N.A. in December 2006. GBNA has a total of seven full-service branches including six in Texas and one in California, with two loan production offices located in California that have been operating since 2013 and 2015. The bank opened a full-service branch in May 2017 located in Tustin, California. There have been no additional branch openings or closings since the last evaluation; however, the bank did relocate one of the Harris County branches in April 2017 from a middle-income CT to a moderate-income CT.

As of June 30, 2017, the bank had \$777 million in total assets and a tier one leverage capital ratio of 13.36 percent. The bank offers a variety of lending products for consumers and businesses, but the bank's primary lending focus is business loans. The bank provides a comprehensive line of deposit products and other banking services including online banking, wire transfer, check cards, night deposit, merchant services, and safe deposit boxes.

There are no legal or financial circumstances impeding the bank's ability to meet the credit and CD needs of its AAs. The bank received a "Satisfactory" rating at the prior evaluation dated July 21, 2014.

Please refer to the bank's Public File for additional information.

Description of the Assessment Areas

GBNA has two AAs, which encompasses 16 full counties in two Metropolitan Statistical Areas (MSA). The Houston AA includes all nine counties in the Houston-The Woodlands, Sugar Land MSA and the Dallas-Fort Worth AA includes seven counties located in the Dallas-Fort Worth-Arlington MSA. All AAs meet regulatory requirements and do not arbitrarily exclude LMI geographies.

Houston AA

The Houston AA is comprised of all 1,069 CTs in the Houston-The Woodlands-Sugar Land MSA. Of all CTs, 131 are low-income (12 percent), 306 are moderate-income (29 percent), 289 are middle-income (27 percent), and 337 are upper-income (32 percent). Six CTs did not have a designation. The MSA is located in the Gulf Coast Region of Texas and includes Austin, Brazoria, Chambers, Fort Bend, Galveston, Harris, Liberty, Montgomery, and Waller Counties.

The MSA is the sixth largest in the nation and has an estimated population of 6.8 million according to 2016 U.S. Census (Census) data. Houston is the largest city in the MSA and is located in Harris County. The 2016 MSA median family income was \$68,000 and the June 2017 Bureau of Labor Statistics (BLS) data indicated an unemployment rate of 5.3 percent. GBNA has four branches within the AA. One branch is located in a low-income CT, two are located in moderate-income CTs, and one is located in an upper-income CT.

Community Contact

A representative from the OCC contacted organizations in the Houston AA. All organizations indicated the need for affordable housing in the AA, as well as credit counseling for first-time homebuyers. One organization, which serves as a real estate consultant, indicated the need for small business lending. Another organization, which offers affordable housing programs and economic development projects, indicated the need for scholarship programs based on income needs. While GBNA's primary lending product is business lending, the bank also provides community development opportunities for affordable housing and scholarship funds in the Houston AA.

Harris County

The bank designated all 786 CTs as part of the AA. Of these CTs, 121 are low-income (15 percent), 251 are moderate-income (32 percent), 183 are middle-income (23 percent), and 228 are upper-income (29 percent). Three CTs did not have income designation (1 percent). According to 2016 Census data, the estimated population of Harris County was 4.59 million. As the county seat, Houston is the largest city in Texas and the fourth largest in the nation.

The economy in Harris County is good. According to Here is Houston magazine, top employers included Walmart, Memorial Hermann Health System, H-E-B, The University of Texas MD Anderson Cancer Center, and McDonald's Corp. All of the major businesses employ more than 20,000 employees each. Per 2015 Census data, the median household income was \$54,457 and 18 percent of the population lived below the poverty level. Per 2017 BLS data, unemployment was 5.3 percent.

Banking is concentrated, with one bank holding 42 percent of the total deposit market share. As of June 30, 2016, the Federal Deposit Insurance Corporation (FDIC) reported 79 financial institutions operating 998 branches in Harris County.

The top five competitors include JPMorgan Chase, NA, Wells Fargo Bank, NA, Bank of America, NA, Compass Bank, and Zions Bank, NA. GBNA held a deposit market share of 0.19 percent.

Fort Bend County

The bank designated all 76 CTs as part of the AA. Of these CTs, eight are moderate-income (11 percent), 27 are middle-income (36 percent), and 40 are upper-income (53 percent). One CT did not have an income designation. As of 2016 Census data, the estimated population was 741,237. While the county seat is Richmond, Sugar Land is the largest city with a population of 88,177.

The economic climate in Fort Bend County is good. Per the City of Sugar Land Economic Development, major employers include Methodist Sugar Land Hospital, Schlumberger (Fortune 500 company), Fluor Corporation, United Healthcare (Fortune 500 company), and Nalco Champion. Per 2015 Census data, the median household income was \$89,152 and 8.2 percent of the population lives below the poverty level. Per 2017 BLS data, unemployment was 5 percent.

Banking competition is intense, with the top four competitors holding 58 percent of the market. As of June 30, 2016, FDIC reported 38 financial institutions operating 135 branches in Fort Bend County. The five largest competitors include Wells Fargo Bank, NA, JP Morgan Chase Bank, NA, Bank of America, NA, Prosperity Bank, and Zions Bank, NA. GBNA held a deposit market share of 0.79 percent.

Montgomery County

The bank designated all 59 CTs as part of the AA. Of these CTs, one is low-income (2 percent), nine are moderate-income (15 percent), 21 are middle-income (36 percent) and 28 are upper-income (47 percent). As of 2016 Census data, the estimated population of Montgomery County was 556,203. While the county seat Conroe is the largest city with a population at 82,000, the county also includes The Woodlands Township, which as of 2016 had a total population of 115,000. The Woodlands is home to several major companies and offers a variety of shops, restaurants, and entertainment venues.

The economic state of Montgomery County is good. Per The Woodlands Area Economic Development Partnership, major employers in The Woodlands include Conroe Independent School District (ISD), Anadarko Petroleum Corporation (Fortune 500 company), Memorial Hermann The Woodlands Hospital, Aon, and ExxonMobil. Per 2015 Census data, the median household income was \$68,838 and 12 percent of the population lived below the poverty level. Per 2017 BLS data, unemployment was 4.7 percent.

Banking competition is intense, with the top three competitors holding 58 percent of the market. As of June 30, 2016, FDIC reported 33 financial institutions operating 147 branches in Montgomery County. The five largest competitors in the county include Wells Fargo Bank, NA, Woodforest National Bank, JP Morgan Chase Bank, NA, Bank of America, NA, and Zions Bank, NA.

Brazoria County

The bank designated all 50 CTs as part of the AA. Of these CTs, ten are moderate-income (20 percent), 23 are middle-income (46 percent), and 17 are upper-income (34 percent). There were no low-income CTs. As of 2016 Census data, the estimated population was 354,195. While the county seat is Angleton, Pearland is the largest city with a population of 91,000.

The economic climate in Brazoria County is good. According to the Economic Development Alliance for Brazoria County, major employers include Dow Chemical Company, Alvin ISD, Pearland ISD, Texas Department of Criminal Justice, and The Infinity Group. Per 2015 Census data, the median household income was \$69,749 and 11.2 percent of the population lived below the poverty level. Per 2017 BLS data, unemployment was 5.8 percent.

Banking competition is intense, with the top competitor holding 41 percent of the total deposit market share. The next largest competitor held 8.67 percent. As of June 30, 2016, FDIC reported 27 financial institutions operating 81 branches in Brazoria County. The five largest competitors in the county include Wells Fargo Bank, NA, JP Morgan Chase Bank, NA, Compass Bank, Texas Gulf Bank, NA, and Bank of America, NA.

Galveston County

The bank designated all 66 CTs as part of the AA. Of these CTs, eight are low-income (12 percent), 17 are moderate-income (26 percent), 20 are middle-income (30 percent), and 21 are upper-income (32 percent). As of 2016 Census data, the population of Galveston County was 329,000. While Galveston is the county seat, League City is the largest city with a population of 100,117.

The economic climate of Galveston County is good. Per the Galveston Economic Development Partnership, major employers in Galveston included University of Texas Medical Branch, Landry's, Inc., Galveston County, Galveston ISD, and Moody Gardens. Per 2015 Census data, the median household income was \$62,313 and 13.9 percent of the population lived below the poverty level. Per 2017 BLS data, unemployment is low at 5.6 percent.

The banking environment is relatively spread out, with the top three competitors holding 38 percent. No competitor holds more than 15 percent of the market. As of June 30, 2016, FDIC reported 20 financial institutions operating 77 branches in Galveston County. The five largest competitors in the county include Moody National Bank, Texas First Bank, JPMorgan Chase Bank, NA, HomeTown Bank, NA, and Bank of America, NA.

Liberty County

The bank designated all 14 CTs as part of the AA. Of these CTs, one is low-income (7 percent), five are moderate-income (36 percent) and eight are middle-income (57 percent). As of 2016 Census data, the estimated population was 82,000. Liberty is the county seat and the largest city.

The economic climate in Liberty County is good. According to the Dayton Community Development Corporation, the major employers in the county include Dayton ISD, Boomerang Tubing, Global Tubing, and Dayton Lease and Pipeline Services. Per 2015 Census data, the median household income was \$48,729 and 17.6 percent of the population lived below the poverty level. Per 2017 BLS data, unemployment was 7.6 percent.

Banking competition is intense, with the top two competitors holding 63 percent of the total deposit market share in the county. As of June 30, 2016, FDIC reported eight financial institutions operating 15 branches in Liberty County. The five largest competitors in the county include Prosperity Bank, The First Liberty National Bank, First Bank & Trust East Texas, Wells Fargo Bank, NA, and Post Oak Bank, N.A.

Chambers County

The bank designated all six CTs as part of the AA. Of these CTs, two are moderate-income (33 percent), two are middle-income (33 percent), one is upper-income (17 percent), and one had no designation (17 percent). There are no low-income CTs in the county. As of 2016 Census data, the population of Chambers County was 40,000. While Anahuac is the county seat, Mont Belvieu is the largest city with a population of 5,584.

The economic climate of Chambers County is good. Per the City of Baytown, top employers include ExxonMobil Baytown, Goose Creek Consolidated ISD, Houston Methodist San Jacinto, Bayer Corporation, and City of Baytown. Per 2015 Census data, the median household income was \$70,544 and 10.6 percent of the population lived below the poverty level. Per 2017 BLS data, unemployment was 7 percent.

Banking competition is intense, with the top competitor holding 44 percent of the total deposit market share in the county. As of June 30, 2016, FDIC reported six financial institutions operating nine branches in Chambers County. The five largest competitors in the county include Prosperity Bank, Anahuac National Bank, Post Oak Bank, NA, Texas First Bank, and Wells Fargo Bank, NA.

Waller County

The bank designated all six CTs as part of the AA. Of these CTs, two are moderate-income (33 percent), two are middle-income (33 percent), one is upper-income (17 percent), and one was not designated (17 percent). There are no low-income CTs in the county. As of 2016 Census data, the population of Waller County was 50,000. Hempstead is the county seat and largest city with a population of 7,457.

The economic climate of Waller County is good. Per BLS, the primary industry concentrations in the county is manufacturing, wholesale/retail trade, and healthcare services. According to the Houston-Galveston Area Council, major employees in Waller County include Briarwood-Brookwood Inc., Creekside Nursery, Hempstead ISD, Igloo, and Prairie View A&M University. Per 2015 Census data, the median household income was \$51,348 and 18.2 percent of the population lived below the poverty level. Per 2017 BLS data, unemployment was 5.6 percent.

Banking competition is concentrated with the top competitor holding 57 percent of the total deposit market share. As of June 30, 2016, FDIC reported four financial institutions operating seven branches in Waller County. Banks in the county include Prosperity Bank, Wells Fargo Bank, NA, Trustmark National Bank, and Allegiance Bank.

Austin County

The bank designated all six CTs as part of the AA. Of these CTs, two are moderate-income (33 percent), three are middle-income (50 percent), and one is upper-income (17 percent). There were no low-income CTs in the county. As of 2016 Census data, the population of Austin County was 30,000. The city of Bellville is the county seat but Sealy is the largest city with a population of 6,490.

The economic climate of Austin County is good. According to the Sealy Economic Development Corporation, major employers include Wal-Mart Distribution Center, Sealy ISD, Wal-Mart Super Center, International Paper Company, and ACME Brick Company. Per 2015 Census data, the median household income was \$53,687 and 11.5 percent of the population lived below the poverty level. Per 2017 BLS data, unemployment was 4.8 percent.

Banking competition is intense, with the top three competitors holding 76 percent of the total deposit market share in the county. As of June 30, 2016, FDIC reported nine financial institutions operating 13 branches in Austin County. The five largest competitors in the county include Industry State Bank, The First National Bank of Bellville, Citizens State Bank, Austin County State Bank, and Wells Fargo Bank, NA.

Dallas-Fort Worth AA

The Dallas-Fort Worth AA is comprised of 1,223 CTs in seven contiguous counties, which is a portion of the larger Dallas-Fort Worth-Arlington MSA. Of the total AA CTs, 146 (12 percent) are low-income, 319 (26 percent) are moderate-income, 346 are middle-income (28 percent), and 408 are upper-income (33 percent). Four CTs did not have a designation (1 percent). The AA consists of all CTs in Dallas, Tarrant, Collin, Denton, Hunt, Kaufman, and Rockwall Counties. Tarrant County is located in the Fort Worth-Arlington Metropolitan Division (MD), while the remaining six counties are located in the Dallas-Plano-Irving MD.

Per 2016 Census data, the estimated population of the Dallas-Fort Worth MSA was 6.6 million, making it the fourth largest MSA in the nation. The largest counties by population are Dallas at 2.6 million, Tarrant at 2 million, and Collin at 940,000. The 2016 MSA median family income was \$70,999 and June 2017 BLS data indicated an unemployment rate of 4 percent. GBNA has two branches in the AA, both located in middle-income CTs in Richardson and Plano, TX.

Community Contact

Representatives from the OCC and the FDIC contacted organizations in the Dallas-Fort Worth AA. One organization, with the mission of promoting neighborhood revitalization through affordable housing, indicated the need for credit counseling and small business loans. Another organization, with the mission of stimulating opportunities for economic growth, indicated a need for affordable housing. The organization also indicated that competition has increased from out of area banks, as interest in affordable housing grows. While GBNA's primary lending product is business lending, the bank also provides community development opportunities for affordable housing in the Dallas Fort-Worth AA.

Dallas County

The bank designated all 529 CTs as part of the AA, of which 104 are low-income (20 percent), 176 are moderate-income (33 percent), 124 are middle-income (23 percent), and 122 are upper-income (23 percent). Three CTs had no income designation (1 percent). Per 2016 Census data, the estimated population was 2.6 million or a 9 percent growth from the 2010 Census. Dallas is the county seat and the largest in the county with a population of 1.2 million. It is the third largest city in Texas.

The economic climate in Dallas is good. According to Destination DFW magazine, Dallas County has the fourth-largest concentration of Fortune 500 corporate headquarters including Texas Instruments, Kimberly-Clark, and Southwest Airlines. Major employers include AMR Corporation (American Airlines), Bank of America Corp., Texas Health Resources Inc., Dallas ISD, and Baylor Health Care System. Per 2015 Census data, the median household income was \$50,270 and 19.3 percent of the population lived below the poverty level. Per 2017 BLS data, unemployment was 4.2 percent.

Banking competition is intense, with the top two competitors holding 61 percent of the total deposit market share in the county. As of June 30, 2016, the FDIC reported 101 financial institutions operating 638 branches in Dallas County. The five largest competitors in the county include Bank of America, NA, JP Morgan Chase Bank, NA, Texas Capital Bank, NA, Wells Fargo Bank, NA, and Compass Bank. GBNA holds 0.03 percent of the county deposit market share.

Tarrant County

The bank designated all 357 CTs as part of the AA, of which 33 are low-income (9 percent), 101 are moderate-income (28 percent), 125 are middle-income (35 percent), 97 are upper-income (27 percent) and one was not designated (1 percent). Per 2016 Census data, the estimated population was 2 million. The city of Fort Worth is the county seat and has the largest population in the county at 854,000.

The economic climate of Tarrant County is good. According to the Fort Worth Chamber, the largest employers in Fort Worth include AMR Corp (American Airlines), Lockheed Martin, Fort Worth ISD, Texas Health Resources, and NAS Fort Worth JRB, which all employ more than 10,000 individuals. Per 2015 Census data, the median household income was \$58,711 and 15 percent of the population lived below the poverty level. Per 2017 BLS data, unemployment is low at 4 percent.

Banking competition is intense, with the top three competitors holding 50 percent of the market. As of June 30, 2016, FDIC reported 62 financial institutions operating 445 branches in Tarrant County. The five largest competitors in the county include JP Morgan Chase Bank, NA, Wells Fargo Bank, NA, Bank of America, NA, Frost Bank, and Compass Bank.

Collin County

The bank designated all 152 CTs as part of the AA. Of these, one is low-income (1 percent), 11 are moderate-income (7 percent), 34 are middle-income (22 percent), and 106 are upper-income (70 percent). Per 2016 Census data, the estimated population for the county was 940,000, a 20 percent growth from the 2010 Census data. While the county seat is McKinney, the largest city is Plano with a population of 280,000.

The economic climate in Collin County is good. Per Collin County's website, major employers include Texas Instruments, Bank of American Home Loans, Plano ISD, Frisco ISD, and Capital One Finance. In addition, there are numerous Fortune 1000 headquarters such as J.C. Penny, Dr. Pepper Snapple Group, Denbury, and Rent-A-Center. Per 2015 Census data, the median household income was \$84,735 and 7.6 percent of the population lived below the poverty level. Per 2017 BLS data, unemployment was 3.8 percent.

Banking competition is intense, with the top five competitors holding 63 percent of the total deposit market share. As of June 30, 2016, the FDIC reported 56 financial institutions operating 258 branches in Collin County. The five largest competitors in the county include Legacy Texas Bank, JP Morgan Chase Bank, NA, Bank of America, NA, Wells Fargo Bank, NA, and Independent Bank. GBNA holds 0.19 percent of the deposit market share.

Denton County

The bank designated all 137 CTs as part of the AA. Of these, four are low-income (3 percent), 18 are moderate-income (13 percent), 44 are middle-income (32 percent), and 71 are upper-income (52 percent). As of the 2016 Census data, the estimated population for the county was 806,000, a 22 percent growth from the 2010 Census data. Denton is the county seat and it is the ninth most populous county in Texas.

The economic climate in Denton County is good. The county's primary industry concentration is education. According to the Denton Economic Development Partnership, major employers include the University of North Texas, Denton ISD, Peterbilt Motors, Denton State Supported Living Center, and Texas Woman's University. Per 2015 Census data, the median household income was \$75,050 and 8.8 percent of the population lived below the poverty level. Per 2017 BLS data, unemployment is low at 3.7 percent.

Banking competition is intense, with the top three competitors holding 59 percent of the county's deposit market share. As of June 30, 2016, the FDIC reported 36 financial institutions operating 156 branches in Denton County. The five largest competitors in the county include Wells Fargo Bank, NA, JP Morgan Chase Bank, NA, Bank of America, NA, Northstar Bank of Texas, and Compass Bank.

Hunt County

The bank designated all 19 CTs as part of the AA. Of these, three are low-income (16 percent), seven are moderate-income (37 percent), seven are middle-income (37 percent), and two are upper-income (10 percent). As of 2016 Census data, the estimated population was 92,000, a 7 percent growth from the 2010 Census data. The county seat is Greenville, which has the largest population at 27,000.

The economic climate in Hunt County is good. The primary industry concentrations are manufacturing and retail trade. According to the Greenville Economic Development Corporation, major employers in Greenville include L-3 Communications Integrated Systems, McKesson, Cytex Engineered Materials, Weatherford International, and Raytheon. Per 2015 Census data, the median household income was \$45,197 and 18.9 percent of the population lived below the poverty level. Per 2017 BLS data, unemployment was 4.4 percent.

A few institutions dominate banking competition, with the top four competitors holding 80 percent of the county's deposit market share. As of June 30, 2016, the FDIC reported 11 financial institutions operating 19 branches in Hunt County. The five largest competitors in the county include The American National Bank of Texas, Alliance Bank, JPMorgan Chase Bank, NA, Bank of America, NA, and Guaranty Bank & Trust, NA.

Kaufman County

The bank designated all 18 CTs as part of the AA. Of these CTs, one is low-income (6 percent), six are moderate-income (33 percent), seven are middle-income (39 percent), and four are upper-income (22 percent). According to 2016 Census data, the population was 118,000. While Kaufman is the county seat, Forney is the largest city with a population of 19,000.

The economic climate of Kaufman County is good. The primary industry sectors are government and schools, as well as manufacturing. Per the Kaufman Chamber of Commerce, major employers include Kaufman County, Kaufman ISD, Walmart, Texas Health Presbyterian Hospital, and Advance Tabco. Per 2015 Census data, the median household income was \$60,391 and 14 percent of the population lives below the poverty level. Per 2017 BLS data, unemployment was 4 percent.

Banking competition is intense, with the top competitor holding 53 percent of the total deposit market share in the county. The next largest competitor only holds 12 percent of the county's deposit market share.

As of June 30, 2016, FDIC reported 11 financial institutions operating 19 branches in Kaufman County. The five largest competitors in the county include The American National Bank of Texas, City Bank, Wells Fargo Bank, NA, Texas Bank and Trust Company, and Bank of American, NA.

Rockwall County

The bank designated all 11 CTs as part of the AA. Of these, five are middle-income (45 percent), and six are upper-income (55 percent). There are no low or moderate-income CTs located in the county. As of 2016 Census data, the estimated population was 94,000, a 20 percent growth from the 2010 Census data. The county seat is Rockwall, which is also the county's largest city.

The economic climate in Rockwall County is good. Major industry sectors include education, healthcare, and distribution/retail. The Rockwall Economic Development Corporation indicates that major employers include Rockwall ISD, Lake Pointe Medical Center, Texas Star Express, Wal-Mart Superstore, and the County of Rockwall. Per 2015 Census data, the median household income was \$87,524 and 6.3 percent of the population lived below the poverty level. Per 2017 BLS data, unemployment was 3.7 percent.

Banking competition is concentrated, with the top three competitors holding 62 percent of the county's total deposit market share. As of June 30, 2016, the FDIC reported 14 financial institutions operating 25 branches in Rockwall County. The five largest competitors in the county include The American National Bank of Texas, JPMorgan Chase Bank, NA, Bank of America, NA, Northstar Bank of Texas, and Wells Fargo Bank, NA.

Conclusions with Respect to Performance Tests

LENDING TEST

Overall, performance under the Lending Test is Satisfactory.

Loan-to-Deposit Ratio

GBNA's LTD ratio is more than reasonable. Our analysis included nine similarly situated banks in GBNA's AAs ranging in total asset size from \$548 million to \$836 million. GBNA's quarterly average LTD ratio since the last CRA evaluation was 85.29 percent, ranging from a low of 66.02 percent in the second quarter of 2014 to a high of 94.39 percent in the third quarter of 2016. The comparator quarterly average ratio over the same period was 83.57 percent. These quarterly average ratios ranged from a low of 65.36 percent to a high of 100.37 percent.

Lending in Assessment Area

A substantial majority of loan originations/renewals were inside the bank's AA. Specifically, 89 percent by number and 88 percent by dollar of loan originations/renewals were in the combined AA. Our analysis included 120 loans originated/renewed in 2015 and 2016. The following table details lending in the combined AA for business loans.

Loan Type	Number of Loans					Dollars of Loans				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	
Business	107	89.17	13	10.83	120	66,104	87.66	9,309	12.34	75,413

Source: Loan sample

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

The overall distribution of loans reflects reasonable penetration given the bank's product offerings, local economic conditions, and performance context. We analyzed the distribution of lending among businesses of different sizes, but concentrated on small businesses with gross annual revenues of \$1 million or less. Both the Houston and Dallas-Fort Worth AAs are reasonable, which are detailed below.

Houston AA

GBNA's distribution of business loans reflects penetration among small businesses in the Houston AA that is lower than the percent of AA businesses. During the evaluation period, 39 percent by number and 37 percent by dollar of the bank's loan originations/renewals were to small businesses. While these ratios are significantly lower than the comparator, this is reasonable given the bank's performance context.

A large portion of the bank's business lending is to gas stations/convenience stores that typically have revenues greater than \$1 million due to gasoline sales. In addition, a number of business loans are secured by certificates of deposits and do not require income verification. Of our sample in the Houston AA, 18 loans or 29 percent did not require income verification even though those borrowers may have been small businesses. Management is now beginning to collect income information on CD secured loans for CRA purposes. The following table details the bank's performance as compared to different sized businesses.

Business Revenues	≤\$1,000,000	>\$1,000,000	Unavailable	Total
% of AA Businesses	85.28	5.78	8.94	100%
% of Bank Loans in AA by #	38.71	32.26	29.03	100%
% of Bank Loans in AA by \$	37.26	58.13	4.61	100%

Source: Loan sample; Dun and Bradstreet data.

Dallas Fort-Worth AA

GBNA’s distribution of business loans reflects reasonable penetration by number and excellent penetration by dollar among businesses of different sizes in the Dallas-Fort Worth AA. During the evaluation period, 64 percent by number and 81 percent by dollar of the bank’s loan originations/renewals were to small businesses. The bank’s level of lending to small businesses was near the level of all small businesses in the AA.

As noted above, a number of business loans do not require income verification. Of our sample in the Dallas-Fort Worth AA, 10 loans or 22 percent did not require income verification even though those borrowers may have been small businesses. The following table details the bank’s performance as compared to different sized businesses.

Table 2A - Borrower Distribution of Loans to Businesses in Dallas-Fort Worth AA				
Business Revenues	≤\$1,000,000	>\$1,000,000	Unavailable	Total
% of AA Businesses	85.28	5.35	9.37	100%
% of Bank Loans in AA by #	64.45	13.33	22.22	100%
% of Bank Loans in AA by \$	80.83	15.53	3.64	100%

Source: Loan sample; Dun and Bradstreet data.

Geographic Distribution of Loans

The geographic distribution of loans reflects excellent dispersion given the bank’s product offerings, local economic conditions, and performance context. We analyzed the geographic distribution of lending among businesses of different sizes in both AAs, but concentrated on small businesses. We noted no conspicuous gaps in the geographic distribution. Details for each AA are below.

Houston AA

GBNA’s geographic distribution of business loans in the Houston AA reflects excellent dispersion throughout CTs of different income levels. During the evaluation period, loan originations/renewals significantly exceeded the characteristics of businesses in low-income CTs at 12.91 percent and moderate-income CTs at 24.19 percent. The following table details GBNA’s performance as compared to the percentage of businesses in each CT income level.

Table 3A - Geographic Distribution of Loans to Businesses in Houston AA								
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
Business Loans	7.98	12.91	19.34	24.19	25.25	24.19	47.38	38.71

Source: Loan sample; Dun and Bradstreet data. Note: 0.05 percent of businesses did not report CT location

Dallas Fort-Worth AA

GBNA’s geographic distribution of business loans in the Dallas Fort-Worth AA reflects excellent dispersion throughout CTs of different income levels. During the evaluation period, loan originations/renewals significantly exceeded the characteristics of businesses in low-income CTs at 22.22 percent and moderate-income CTs at 28.89 percent. The following table details GBNA’s performance as compared to the percentage of businesses in each CT income level.

Table 3A - Geographic Distribution of Loans to Businesses in Dallas-Fort Worth AA								
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
Business Loans	7.19	22.22	18.82	28.89	27.49	26.67	46.29	22.22

Source: Loan sample; Dun and Bradstreet data. Note: 0.21 percent of businesses did not report CT location

Responses to Complaints

The bank did not receive any complaints related to CRA during the evaluation period.

COMMUNITY DEVELOPMENT TEST

The level of CD activities demonstrates adequate responsiveness to the needs of the community. GBNA has a satisfactory record regarding qualified CD loans, investments/donations, and services. GBNA provided \$15.2 million in qualifying CD loans and \$2 million in qualifying investments/donations. In addition, bank officers provided 21 CD services to 12 organizations during the evaluation period.

Number and Amount of Community Development Loans

GBNA demonstrated adequate responsiveness to CD needs by providing qualified loans for economic development and affordable housing within the AAs. During the evaluation period, GBNA originated/renewed 14 CD loans totaling \$15.2 million. Of the total qualified loans, seven loans totaling \$7.9 million promoted economic development through job creation, retention, and improvement. In addition, seven loans totaling \$7.3 million promoted affordable housing for LMI individuals within both AAs. The majority of CD lending occurred in the Houston AA; however, this is appropriate considering the bank’s level of lending and opportunities in its AAs. Overall, GBNA responded to identified credit needs in its AAs by providing affordable housing to LMI individuals in the form of rental and multi-family units.

Number and Amount of Qualified Investments

GBNA demonstrated adequate responsiveness to CD needs through qualified investment activities within the AAs. During the evaluation period, GBNA made 11 qualifying investments/donations totaling \$2 million. Investments during the evaluation period included a \$1 million investment in a certified CRA fund and a \$1 million investment in a mutual fund. GBNA also holds prior-period investments in both of these funds totaling \$2.5 million and \$1.5 million, respectively.

Funds provided by the CRA fund investment promoted economic development and affordable housing, as well as provided community services to LMI individuals in both AAs. Four loans in the investment provided financing to small businesses and job creation/retention in LMI income areas. In addition, a portion of the fund provided 13 loans for affordable housing. Allocations from the fund also provided consumer loan financing for LMI borrowers with limited or no credit history. The mutual investment fund promoted affordable housing and economic development initiatives throughout both AAs. The majority of the fund was concentrated in mortgage-backed securities that provided affordable housing to LMI borrowers. The remaining funds were centered in loans to small businesses within both AAs.

GBNA provided nine charitable contributions totaling \$7,400 to organizations that offer community services to LMI individuals. Contributions benefited scholarship funds for LMI students, as well as organizations that provide tax preparation assistance to LMI individuals. GBNA also donated to international organizations that provide disaster recovery assistance outside of the bank's AAs.

Extent to Which the Bank Provides Community Development Services

GBNA demonstrated adequate responsiveness to CD needs through qualified service activities within the AAs. During the evaluation period, GBNA provided 21 services to 12 organizations in its AAs. Bank employees provided services and served as board members to various organizations. Of the qualified services, a majority utilized employee financial expertise to assist organizations that provide tax preparation assistance to LMI individuals in the bank's AAs. Other CD services included providing technical expertise to organizations that facilitate economic development through small businesses, as well as financial education presentations to economically disadvantaged students.

In addition to the CD services performed by bank officers, GBNA also offers reasonable access to services in both AAs. GBNA operates six full-service branches within both AAs. Of the total branches, one is located in a low-income CT and two are located in moderate-income CTs. While the remaining branch locations are located in middle- and upper-income CTs, access for LMI individuals is reasonable. The bank's service delivery systems are accessible to geographies and individuals of different income levels in the AAs. In addition, GBNA offers various products that provide opportunities to LMI individuals to establish checking and savings accounts.

Fair Lending or Other Illegal Credit Practices Review

Pursuant to 12 CFR 25.28(c), or 12 CFR 195.28(c), in determining a national bank's or Federal savings association's (collectively, banks) CRA rating, the OCC considers evidence of discriminatory or other illegal credit practices in any geography by the banks, or in any AA by an affiliate whose loans have been considered as part of the banks' lending performance.

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