



PUBLIC DISCLOSURE

March 28, 2016

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

CommunityBank of Texas, National Association
Charter Number 12898

5999 Delaware Street
Beaumont, TX 77706

Office of the Comptroller of the Currency

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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, 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 following table indicates the performance level of **CommunityBank of Texas, National Association (CBOT)** with respect to the Lending, Investment, and Service Tests:

| Performance Levels | (CommunityBank of Texas, N.A.) Performance Tests | | |
|---------------------------|---|-----------------|--------------|
| | Lending Test* | Investment Test | Service Test |
| Outstanding | | X | |
| High Satisfactory | X | | X |
| Low Satisfactory | | | |
| Needs to Improve | | | |
| Substantial Noncompliance | | | |

* The lending test is weighted more heavily than the investment and service tests when arriving at an overall rating.

The major factors that support this rating include:

- Overall, the geographic distribution of small loans to businesses in the Houston and Beaumont assessment area (AA) is good, with excellent performance in moderate-income census tracts (CT).
- The distribution of small loans to businesses with annual revenues of \$1 million or less is adequate.
- CBOT’s distribution of loans inside/outside of its AAs is excellent. A substantial majority of the loans made during the evaluation period originated inside the bank’s AAs.
- Community development (CD) lending had a significant positive impact on the overall lending test for both full scope areas (Houston and Beaumont AAs). CD Lending represented 60 percent of allocated Tier 1 capital in the Houston AA and 13 percent of allocated Tier 1 capital in the Beaumont AA.
- Service delivery systems are readily accessible to all portions of the AA, commensurate with the size and scope of operations of the bank.
- CBOT provides a relatively high level of community development services that are responsive to a variety of community development needs.
- The bank’s Investment performance is excellent in the Houston AA and in the Beaumont AA. During the evaluation period, CBOT purchased \$87 million Low Income Housing Tax Credit (LIHTC) tax-exempt bonds.

Definitions and Common Abbreviations

The following terms and abbreviations are used throughout 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. A bank subsidiary is controlled by the bank and is, therefore, an affiliate.

Aggregate Lending: The number of loans originated and purchased by all reporting lenders in specified income categories as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the MA/assessment area.

Census Tract (CT): A small subdivision of metropolitan and other densely populated counties. Census tract boundaries do not cross county lines; however, they may cross the boundaries of metropolitan areas. Census tracts usually have between 2,500 and 8,000 persons, and their physical size varies widely depending upon population density. Census tracts are designed to be homogeneous with respect to population characteristics, economic status, and living conditions to allow for statistical comparisons.

Community Development: 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 the size eligibility standards of the Small Business Administration's Development Company or Small Business Investment Company programs (13 CFR 121.301) or have gross annual revenues of \$1 million or less; or, activities that revitalize or stabilize low- or moderate-income geographies.

Effective September 1, 2005, the Board of Governors of the Federal Reserve System, Office of the Comptroller of the Currency, and the Federal Deposit Insurance Corporation have adopted the following additional language as part of the revitalize or stabilize definition of community development. Activities that revitalize or stabilize-

- (i) Low-or moderate-income geographies;
- (ii) Designated disaster areas; or
- (iii) Distressed or underserved nonmetropolitan middle-income geographies designated by the Board, Federal Deposit Insurance Corporation, and Office of the Comptroller of the Currency, based on-
 - a. Rates of poverty, unemployment, and population loss; or
 - b. Population size, density, and dispersion. Activities that revitalize and stabilize geographies designated based on population size, density, and dispersion if they help to meet essential community needs, including needs of low- and moderate-income individuals.

Community Reinvestment Act (CRA): The statute that requires the OCC to evaluate a bank's record of meeting the credit needs of its local community, 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, home equity 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 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 do 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 applications, the amount of loan requested, and the disposition of the application (e.g., approved, denied, and withdrawn). Beginning in 2004, the reports also include additional data on loan pricing, the lien status of the collateral, any requests for preapproval and loans for manufactured housing.

Home Mortgage Loans: Such loans include home purchase, home improvement and refinances, as defined in the HMDA regulation. These include loans for multifamily (five or more families) dwellings, manufactured housing and one-to-four family dwellings other than manufactured housing.

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 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 income that is less than 50 percent of the area median income, or a median family income that is less than 50 percent, in the case of geography.

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 MA/assessment area.

Median Family Income (MFI): The median income determined by the U.S. Census Bureau every ten years and used to determine the income level category of geographies. Also, the median income determined by the Department of Housing and Urban Development 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 it and half below it.

Metropolitan Area (MA): Any metropolitan statistical area or metropolitan division, as defined by the Office of Management and Budget and any other area designated as such by the appropriate federal financial supervisory agency.

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

Metropolitan Statistical Area (MSA): An area, defined by the Office of Management and Budget, as having at least one urbanized area that has a population of at least 50,000. The Metropolitan Statistical Area comprises the central county or counties, plus adjacent outlying counties having a high degree of social and economic integration with the central county 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 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 geography.

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

Other Products: Includes any unreported optional category of loans for which the institution collects and maintains data for consideration during a CRA examination. Examples of such activity include consumer loans and other loan data an institution may provide concerning its lending performance.

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.

Rated Area: A rated area is a state or multi-state metropolitan 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 area, the institution will receive a rating for the multi-state metropolitan 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) and the Thrift Financial Reporting (TFR) 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 One 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 geography.

Description of Institution

CBOT is a full-service independent community bank headquartered in Beaumont, Texas, in Jefferson County. CBOT has 38 branches located throughout Southeast, TX in Harris (15), Jefferson (7), Hardin (2), Orange (2), Fort Bend (1), Montgomery (1), Jasper (3), Newton (2), Wharton (2), Boling (1), Chambers (1) and Tyler (1) counties. Branch distribution is as follows: Beaumont (4), Houston (9), Sugar Land (1), The Woodlands (1), Port Arthur (2), Crosby (2), Baytown (2), Boling (1), Nederland (1), Orange (1), Jasper (1), Buna (1), Newton (1), Humble (1), Huffman (1), Tomball (1), Silsbee (1), Kirbyville (1), Lumberton (1), Woodville (1), Vidor (1), South Pasadena (1), Deweyville (1) and Wharton (1). Two new branches opened since the last CRA performance evaluation, increasing the bank's footprint in Harris and into Montgomery Counties. CBOT operates 35 branches with onsite automated tellers machines (ATMs) throughout the region.

CBOT formed in July 2007 through the acquisition of CountyBank of Newton, located in Orange, Texas, by the holding company, CBFH, Inc., the parent holding company. At the time of acquisition, CountyBank had a total of seven locations in Orange, Newton and Jasper counties with assets totaling approximately \$181 million.

Crosby State Bank merged with CBOT in October 2009. Crosby Bancshares was the holding company, and a 100 percent owner of Crosby State Bank, a state chartered, independent community bank headquartered in Crosby, TX. Crosby's assets were in excess of \$354 million and after the transaction, CBOT reported total assets at nearly \$1 billion. CBOT continued to expand its geographic footprint with market growth primarily attributed to additional mergers and acquisitions, a strategic focus since the Crosby State Bank merger.

In August 2013, Vista Bank of Texas, a commercial bank headquartered in Houston, TX, merged with CBOT, acquiring approximately \$600 million in assets and seven additional branches. Further expansion in July 2015, resulted in CBOT acquiring Memorial City Bank (MCB), a commercial bank also headquartered in Houston, TX increasing assets by approximately \$289 million with the transaction and adding two additional branches to the Houston footprint.

As of September 30, 2015, the Houston AA represented 56.64 percent of the bank's total deposits, 50 percent of the branch network and 68.82 percent of total loans. The Beaumont AA represented 37.38 percent of total deposits, 34 percent of the branch network and 30.36 percent of total loans. The Houston Non-MSA AA represented 2.19 percent of total deposits, 5 percent of the branch network and 0.35 percent of total loans. The Beaumont Non-MSA AA represented 3.79 percent of total deposits, 11 percent of the branch network, and 0.47 percent of total loans.

As of December 31, 2015, total assets were at approximately \$2.9 billion, total loans of \$2.1 billion, deposits of \$2.5 billion and a Tier 1 Leverage Capital Ratio of 10.13 percent. Total assets were at \$1.56 billion at the start of the prior CRA performance evaluation, total loans of \$1.09 billion, total deposits of \$1.4 billion and a Tier 1 capital ratio of 9.83 percent.

CBOT's primary focus is lending to small and medium sized businesses. Real estate and commercial loan investment represents approximately 71 percent of the loan portfolio.

Loans to one-to-four family residential real estate and multifamily lending account for approximately 16 percent of real estate lending. Construction and land development represents 21 percent and consumer lending, an ancillary portion of the business, totals 1.9 percent.

Numerous products and services are available to help meet the needs of the community. Products and services include checking and savings accounts, ATM cards, debit cards, online banking, safe deposit boxes, individual retirement accounts, and certificates of deposit, among other options for consumer and business customers. Telephone banking including Spanish-speaking options and multilingual services are available upon request at several branch locations.

CBOT meets the needs of low- or moderate-income (LMI) individuals by offering no fee or minimum balance requirement checking and savings products. In addition, personal mortgage products including Federal Housing Administration loans, small business lending, and community development loans are a primary lending focus of CBOT. These numerous deposit and lending options demonstrate CBOT's commitment to ongoing community reinvestment.

Nineteen of CBOT's 38 branches are located in the Houston MSA. Four locations resulted from the Vista Bank merger and two branches resulted from the MCB acquisition. CBOT opened two de novo branches and closed one during the performance period. Thirteen branches are located in the Beaumont MSA. There are four in the Beaumont Non-MSA and two in the Houston Non-MSA.

Of 38 branches, 15 are located in upper-income CTs with four in the Beaumont MSA and 11 in the Houston MSA. Seven branches serve the moderate-income CTs areas with two in the Houston MSA, three in the Beaumont MSA, and two in the Beaumont Non-MSA. There is one branch located in a low-income CT in the Houston MSA. Fifteen branches serve the middle-income CTs with five in the Houston MSA, six in the Beaumont MSA, two in the Beaumont Non-MSA, and two in the Houston Non-MSA.

The majority of CBOT's 38 branches have lobby hours from 9:00 A.M. to 4:00 P.M. Monday through Thursday, and extended hours until 5:00 P.M. on Friday. Drive-through hours are typically 7:30 A.M. to 6:30 P.M. Monday through Friday, and 9:00 A.M. to 12:00 P.M. on Saturdays. CBOT's website details lobby and drive-through hours at individual locations.

There are no legal or financial factors that impede the bank's ability to help meet the credit needs of the assessment area.

The date of the last Performance Evaluation was January 28, 2013. The bank received a **Satisfactory** overall rating.

Scope of the Evaluation

Evaluation Period/Products Evaluated

This Performance Evaluation assesses CBOT's performance under the Lending, Investment, and Service Tests. In evaluating the lending performance, we reviewed small loans to businesses and residential mortgage loans subject to filing under HMDA. The evaluation period for the Lending Test for small loans to businesses and home mortgage loans was January 1, 2012 through December 31, 2015. There was a U.S. Census change to demographics in 2014, therefore the data was analyzed in two different sets, with 2012 and 2013 data compared to U.S. Census 2010 demographic data and 2014 and 2015 data compared to the U.S. Census 2014 updated demographic data.

For CD loans and the Investment and Service Tests, the evaluation period was from January 28, 2013 through March 28, 2016. The Investment Test included a review of investments, donations, and grants originated in the AAs that met the definition of community development investments. The Service Test included a review of retail and community development services provided in the AAs.

The demographic comparators used in the tables in Appendix C for home mortgage products are from the 2010 U.S. Census Bureau and U.S. Department of Housing and Urban Development (HUD) information for 2012 and 2013 data. It also includes updated 2014 U.S. Census Bureau and HUD information for 2014 and 2015 data. The small loans to businesses tables in Appendix C used demographic comparators from 2015 Dun & Bradstreet data.

Small loans to farms are not a primary lending product of the bank and analysis of this product would not have been meaningful. CBOT had 3 percent of the reportable loans in both full scope AAs, which were small loans to farms.

Data Integrity

Prior to this CRA examination, OCC personnel verified the accuracy of data available to the public in accordance with the HMDA and the CRA regulation. This public data included HMDA-reportable lending and small loans to businesses.

The OCC personnel reviewed home purchase, home improvement, and refinance loans from the HMDA Loan Application Registers (LAR) filed in years 2012, 2013, 2014 and 1st half of 2015. Our transactional testing of the bank's HMDA information consisted of a statistically valid sample of 140 loans. This consisted of 60 loan files from 2012, 2013, and 2014. These were comprised of 20 Home Purchase, 20 Home Improvement, and 20 Refinance loans. The process was the same during these years, and changed for 2015 data collection. Therefore, we reviewed the total population of originated loans for 2015, which consisted of 51 loans. This included 32 Home Purchase, 11 Home Improvement and 8 Refinance loans. We also reviewed a sampling of loans "purchased" by the bank during the evaluation period. The sample contained ten loans from the 2014 LAR and the total population of 19 from the 2015 LAR. Key fields reviewed included: *Property type, Purpose of loan, Owner Occupancy, Loan Amount, Action Taken, Metropolitan Statistical Area, State Code, County Code, Census Tract Number, Race of Borrower and Co-Borrower, Sex of Borrower and Co-Borrower, and Income.*

We also reviewed the data for Small Business/Small Farm (SB/SF) loans originated in 2012, 2013, 2014, and 1st half of 2015. Our transactional testing of the bank's SB/SF data consisted of a statistically valid sample of 120 loans. This consisted of 10 loans from 2012, 25 from 2013 and 25 from 2014. Since the process changed in 2015, 60 loans were selected for 2015. Our sample consisted of the following:

- 63 loans with gross revenues of \$1 million or less (Revenue Code 1);
- 37 loans with gross revenues of more than \$1 million (Revenue Code 2); and,
- 20 loans with gross revenues unknown (Revenue Code 3).

We also reviewed a sampling of CD investments, donations and loans.

All of the tested data was reliable for all categories of HMDA, SB/SF and CD.

Selection of Areas for Full-Scope Review

The Houston and Beaumont AAs received full-scope reviews. As of September 30, 2015, the Houston AA represented 56.64 percent of the bank's total deposits, 50 percent of the branch network and 68.82 percent of total loans. The Beaumont AA represented 37.38 percent of total deposits, 34 percent of the branch network and 30.36 percent of total loans. The Houston Non-MSA AA represented 2.19 percent of total deposits, 5 percent of the branch network and .35 percent of total loans. The Beaumont Non-MSA AA represented 3.79 percent of total deposits, 11 percent of the branch network, and .47 percent of total loans. The Houston Non-MSA and Beaumont Non-MSA AAs received limited scope reviews.

Ratings

The bank's overall rating was primarily based on the performance in the Houston AA, with some weight given to the Beaumont AA. Both of these AAs received a full-scope review, with more weight given to the performance in the Houston AA. The Houston AA has the majority of the deposits at 56.64 percent and loans at 68.82 percent. Therefore, the overall rating will be weighted heavily on the Houston AA performance. For the Lending Test and the overall rating, small loans to businesses are assigned the greatest weight since this is a primary loan product for the bank. Small loans to businesses represented 90 percent of the total reportable loans by number during the evaluation period for the Houston AA and 85 percent for the Beaumont AA. HMDA loans represented 7 percent of the total reportable loans for the Houston AA and 12 percent from the Beaumont AA. Loans to Small Farms represented 3 percent of the total reportable loans for both AAs. The Lending Test rating was supported by a significant number and dollar amount of CD loans.

Fair Lending or Other Illegal Credit Practices Review

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

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

Conclusions with Respect to Performance Tests

LENDING TEST

Conclusions for Areas Receiving Full-Scope Reviews

The bank's performance under the Lending Test is rated **High Satisfactory**.

Based on full-scope reviews, the bank's performance in the Houston and Beaumont AA is good. The bank had better performance in the geographic distribution test for both AAs. More weight was given to the Small Business loan performance in the Houston AA. CD loans had a significantly positive impact on both the Houston and Beaumont full-scope AAs.

Lending Activity

Refer to Tables 1 Lending Volume and 1 Other in appendix C for the facts and data used to evaluate the bank's lending activity.

Distribution of Loans by Income Level of the Geography

Mortgage lending is an ancillary line of business. Mortgage loans are available generally through the secondary market on behalf of end investors who offer a wide array of mortgage products. The HMDA LAR filed by the bank reflects mortgage-related loans that are originated by the bank for its own portfolio. The HMDA LAR also reflects other conforming mortgage loans decisioned by CBOT according to the lending standards of the end investors and subsequently sold to these investors in the secondary market. Secondary market mortgage loans that are not decisioned by the bank, but by the end investor, are not recorded on the HMDA LAR in accordance with the instructions. The HMDA LAR filed by the bank appropriately includes all denials on mortgage-related applications regardless if the application was taken on behalf of an end investor or the bank's own portfolio. Due to these circumstances, the volume of mortgage loan denials may appear disproportionate to the volume of mortgage loan approvals.

Home Mortgage Loans

Refer to Tables 2, 3, 4 and 5 in Appendix C for the facts and data used to evaluate the geographic distribution of the bank's home mortgage loan originations and purchases.

Houston AA

Home Purchase Loans

The distribution of home purchase loans by income level of the geography is adequate.

According to the 2010 census information, 13.32 percent of households in the Houston AA live below the poverty level. The median housing value from HUD is reported at \$158,952.

Refer to the **Market Profile** section of this Performance Evaluation for additional factors in the area, which support a lack of available affordable housing in the Houston AA.

During 2014-2015, the percentage of loan originations to borrowers located in low-income CTs at 3.14 percent is adequate and somewhat lower than the 4.35 percent of owner occupied units located in low-income CTs. CBOT's market share for low-income CTs at 0.07 percent is somewhat lower than its overall market share of 0.10 percent by geography. The percentage of loan originations to borrowers located in moderate-income CTs at 16.75 percent is adequate and somewhat lower than the 21.62 percent of owner occupied units located in moderate-income CTs. CBOT's market share for moderate-income CTs at 0.18 percent exceeds its overall market share of 0.10 percent by geography. Home purchase loans represent 69 percent of home mortgage products in the Houston AA.

During 2012-2013, the bank's performance was weaker in low-income CT and similar in moderate-income CTs. The bank's market share in both low- and moderate-income CTs exceeded its overall market share.

Home Improvement Loans

The distribution of home improvement loans by income level of the geography is good.

During 2014-2015, the percentage of loan originations to borrowers located in low-income CTs at 4.55 percent is excellent and exceeds the 4.35 percent of owner occupied units located in low-income CTs. The bank did not have a notable market share for low-income CTs. The percentage of loan originations to borrowers located in moderate-income CTs at 9.09 percent is poor and lower than the 21.62 percent of the owner occupied units located in moderate-income CTs. CBOT's market share for moderate-income CTs at 0.16 percent is somewhat lower than its overall market share of 0.23 percent by geography. Home improvement loans represent 11 percent of home mortgage products in the Houston AA.

During 2012-2013, the bank's performance was similar in low-income CTs with excellent performance and stronger in moderate-income CTs with adequate performance. The bank did not have a notable market share for either low- or moderate-income CTs.

Home Refinance Loans

The distribution of home refinance loans by income level of the geography is good.

During 2014-2015, The percentage of loan originations to borrowers located in low-income CTs at 4.44 percent is excellent and exceeds the 4.35 percent of the owner occupied units located in low-income CTs. The bank did not have a notable market share for low-income CTs. The percentage of home refinance loan originations to borrowers located in moderate-income CTs at 24.44 percent is excellent and exceeds the 21.62 percent of the owner occupied units located in moderate-income CTs. CBOT's market share for moderate-income CTs at 0.12 percent exceeds its overall market share of 0.06 percent by geography. Home Refinance loans represent 18 percent of home mortgage products in the Houston AA.

During 2012-2013, the bank's performance was similar in low-income CTS with good performance and weaker in moderate-income CTs with poor performance. The bank did not have a notable market share in low-income CTs, and exceeded its overall market share in moderate-income CTs.

Multifamily Loans

CBOT originated seven multifamily loans in the Houston AA during the evaluation period. The bank had excellent penetration in both low- and moderate-income CTs for this product for all years in the evaluation period. CBOT did not have a market share for multifamily units in the Houston AA. This product represents 2 percent of the reportable loans. This product will not have any weight in the overall Lending Test rating. Refer to the **Community Development** section of this Performance Evaluation, as some of the loans qualified as CD loans.

Beaumont AA

Home Purchase Loans

During the evaluation period, the distribution of home purchase loans by income level of the geography is poor.

During 2014-2015, CBOT did not originate any home purchase loans to borrowers located in low-income tracts. There are only 2.31 percent of the owner-occupied housing units located in low-income CTs in the Beaumont AA. According to the 2010 census information, 15.91 percent of households in the Beaumont AA live below the poverty level. The median housing value from HUD is reported at \$89,607. Refer to the **Market Profile** section of this Performance Evaluation for additional factors in the area, which support a lack of available affordable housing in the Beaumont AA. The percentage of loan originations to borrowers located in moderate-income CTs at 7.25 percent is poor and lower than the 20.49 percent of owner occupied units located in moderate-income CTs. CBOT did not have a market share for low-income CTs and had a 0.31 percent market share for moderate-income CTs, which is lower than the bank's overall market share for home purchase loans. Home purchase loans represent 52 percent of home mortgage products in the Beaumont AA.

During 2012-2013, CBOT did not originate any home purchase loans to borrowers located in low-income tracts. The percentage of loan originations to borrowers located in moderate-income CTs at 5.63 percent is poor and lower than the 20.00 percent of owner occupied units located in moderate-income CTs. CBOT did not have a market share for low-income or moderate-income CTs.

Home Improvement Loans

The distribution of home improvement loans by income level of the geography is poor.

During 2014-2015, CBOT did not originate any home improvement loans to borrowers located in low-income or moderate-income tracts. The bank did not have a market share for home improvement loans during 2014-2015.

During 2012-2013, CBOT did not originate any home improvement loans to borrowers located in low-income tracts. The percentage of loan originations to borrowers located in moderate-income CTs at 13.64 percent is adequate and somewhat lower than the 20 percent of owner occupied units located in moderate-income CTs. CBOT's market share for moderate-income CTs at 3.33 percent exceeds its overall market share of 2.44 percent by geography. Home improvement loans represent 20 percent of home mortgage products in the Beaumont AA.

Home Refinance Loans

The distribution of home refinance loans by income level of the geography is adequate.

During 2014-2015, CBOT did not originate any home refinance loans to borrowers located in low-income tracts. The percentage of loan originations to borrowers located in moderate-income CTs at 8.70 percent is poor and lower than the 20.49 percent of owner occupied units located in moderate-income CTs. CBOT's market share for moderate-income CTs at 1.47 percent exceeds its overall market share of 0.67 percent by geography. Home Refinance loans represent 26 percent of home mortgage products in the Beaumont AA.

During 2012-2013, CBOT had stronger performance. The percentage of loan originations to borrowers located in low-income CTs at 2.13 percent is good and near the 2.41 percent of owner occupied units located in low-income CTs. The percentage of loans to borrowers located in moderate-income CTs at 2.13 percent is very poor and significantly lower than the 20 percent of owner occupied units located in moderate-income CTs. CBOT did not have a notable market share in either low-income or moderate-income CTs.

Multifamily Loans

CBOT originated four multifamily loans during the evaluation period. These were located in middle-income and upper-income CTs. These loans represent less than 2 percent of the reportable loans. This product will not have any weight in the overall Lending Test rating. Refer to the **Community Development** section of this Performance Evaluation, as some of the loans qualified as CD loans.

Small Loans to Businesses

Refer to Table 6 in appendix C for the facts and data used to evaluate the geographic distribution of the bank's origination/purchase of small loans to businesses.

Small loans to businesses are CBOT's primary loan product (86 percent) in the Houston AA and Beaumont AAs and more weight was given to this product in the overall Lending Test rating. It is important to note that the Beaumont AA only has approximately 2 percent of its area businesses located in the low-income CTs. Any penetration in these tracts would be notable.

Houston AA

During 2014-2015, overall, the geographic distribution of small loans to businesses in the Houston AA is good, with excellent performance in moderate-income CTs.

The percentage of loans originated in low-income CTs of 6.84 percent is somewhat lower than the percentage of businesses of 8.59 percent located in low-income CTs. CBOT's market share of 0.44 percent is somewhat lower than its overall market share of 0.69 percent for loans to small businesses located in low-income tracts. The percentage of loans in moderate-income CTs of 24.67 percent exceeds the percentage of businesses located in moderate-income CTs of 19.89 percent. CBOT's market share of 0.85 percent exceeds its overall market share of 0.69 percent for loans to small businesses located in moderate-income tracts. Small loans to businesses represent 86 percent of the total reportable loans in the Houston AA. The most weight was assigned to this product in the final rating.

During 2012-2013, the bank had similar performance in low-and-moderate-income CTs, with the percentage of loans exceeding the number of businesses in moderate-income CTs. The market share was similar to 2014-2015 performance with the market share in moderate-income CTs exceeding its overall market share in moderate-income CTs.

Beaumont AA

During 2014-2015, overall, the geographic distribution of small loans to businesses in the Beaumont AA is good, with excellent performance in moderate-income CTs.

The percentage of loans originated in low-income CTs of 0.59 percent is lower than the percentage of businesses of 2.28 percent located in low-income CTs. CBOT's market share of 8.33 percent is somewhat lower than its overall market share of 15.90 percent for loans to small businesses located in low-income tracts. The percentage of loans in moderate-income CTs of 27.65 percent exceeds the percentage of businesses located in moderate-income CTs of 24.80 percent. CBOT's market share of 19.20 percent exceeds its overall market share of 15.90 percent for loans to small businesses located in moderate-income tracts. Small loans to businesses represent 86 percent of the total reportable loans in the Beaumont AA. The most weight was assigned to this product in the final rating.

During 2012-2013, the bank had weaker performance in low-income CTs and similar performance in moderate-income CTs, with the percentage of loans exceeding the number of businesses in moderate-income CTs. The market share followed that same pattern, with the market share in low-income CTs weaker than the 2014-2015 performance, and the market share in moderate-income CTs being similar to said performance, with the bank's market share exceeding its overall market share in moderate-income CTs.

Small Loans to Farms

Small loans to farms are not a primary lending product of the bank and analysis of this product would not have been meaningful. CBOT had 3 percent of the reportable loans for both full scope AAs, which were small loans to farms.

Refer to Table 7 in Appendix C for the facts and data used to evaluate the geographic distribution of the bank's origination/purchase of small loans to farms.

Lending Gap Analysis

We reviewed reports detailing CBOT's lending activity over the evaluation period for home mortgage loan products and small loans to businesses to identify gaps in the geographic distribution of these loans. We did not identify any unexplained, conspicuous gaps.

Inside/Outside Ratio

For 2014-2015, CBOT's distribution of loans inside/outside of its AAs is excellent. A substantial majority of the loans made during the evaluation period originated inside the AAs of the bank. Overall, 92 percent of the number and 88 percent of the dollar volume originated within the AAs. By loan product and number of loans, 93 percent of small loans to businesses and 86 percent of home mortgage loans originated within the AAs. The excellent distribution of loans originating inside the AAs factored positively in the overall Lending Test rating.

For 2012-2013, CBOT's distribution of loans inside/outside of its AAs is excellent. A substantial majority of the loans made during the evaluation period originated inside the AAs of the bank. Overall, 90 percent of the number and 88 percent of the dollar volume originated within the AAs. By loan product and number of loans, 93 percent of small loans to businesses and 80 percent of home mortgage loans originated within the AA's. The excellent distribution of loans originating inside the assessment areas factored positively in the overall Lending Test rating.

During the entire evaluation period, 51 percent of CD loans were originated within the bank's AAs.

Distribution of Loans by Income Level of the Borrower

Home Mortgage Loans

Refer to Tables 8, 9, and 10 in Appendix C for the facts and data used to evaluate the borrower distribution of the bank's home mortgage loan originations and purchases.

Houston AA

Home Purchase Loans

During 2014-2015, the distribution of home purchase loans by income level of the borrower is adequate.

The percentage of loan originations to low-income borrowers at 5.22 percent is very poor and significantly lower than the 24.25 percent of the families designated as low-income. CBOT has a 0.13 percent market share for low-income borrowers, which exceeds its overall market share of 0.08 percent. The percentage of loan originations to moderate-income borrowers at 18.66 percent is excellent and exceeds the 16.62 percent of the families designated as moderate-income. CBOT has a 0.11 percent market share for moderate-income borrowers, which exceeds its overall market share of 0.08 percent.

During 2012-2013, the distribution of home purchase loans by income level of the borrower is adequate.

The percentage of loan originations to low-income borrowers at 5.56 percent is very poor and significantly lower than the 25.06 percent of the families designated as low-income. CBOT has a 0.03 percent market share for low-income borrowers, which is equal to its overall market share of 0.03 percent. The percentage of loan originations to moderate-income borrowers at 11.11 percent is adequate and is somewhat lower than the 16.87 percent of the families designated as moderate-income. CBOT has a 0.05 percent market share for moderate-income borrowers, which exceeds its overall market share of 0.03 percent.

Home Improvement Loans

During 2014-2015, the distribution of home improvement loans by income level of the borrower is adequate.

The percentage of loan originations to low-income borrowers at 4.55 percent is very poor and significantly lower than the 24.25 percent of the families designated as low-income. The bank did not have a notable market share for low-income borrowers for home improvement loans. The percentage of loan originations to moderate-income borrowers at 9.09 percent is adequate and somewhat lower than the 16.62 percent of the families designated as moderate-income. CBOT has a 0.23 percent market share for moderate-income borrowers, which is near to its overall market share of 0.24 percent.

During 2012-2013, the distribution of home improvement loans by income level of the borrower is excellent.

The percentage of loan originations to low-income borrowers at 23.53 percent is good and near to the 25.06 percent of the families designated as low-income. CBOT has a 0.40 percent market share for low-income borrowers, which exceeds its overall market share of 0.13 percent. The percentage of loan originations to moderate-income borrowers at 17.65 percent is excellent and exceeds the 16.87 percent of the families designated as moderate-income. CBOT did not have a notable market share for moderate-income borrowers.

Home Refinance Loans

During 2014-2015, the distribution of home refinance loans by income level of the borrower is good.

The percentage of loan originations to low-income borrowers at 10.81 percent is lower than the 24.25 percent of the families designated as low-income. CBOT has a 0.11 percent market share for low-income borrowers, which exceeds its overall market share of 0.06 percent. The percentage of loan originations to moderate-income borrowers at 35.14 percent is excellent and exceeds the 16.62 percent of the families designated as moderate-income. CBOT has a 0.13 percent market share for moderate-income borrowers which exceeds its overall market share of 0.06 percent.

During 2012-2013, the distribution of home refinance loans by income level of the borrower is adequate.

The bank did not originate any loans to low-income borrowers for home refinance loans. The percentage of loan originations to moderate-income borrowers at 14.29 percent is good and is near to the 16.87 percent of the families designated as moderate-income. CBOT did not have a notable market share for moderate-income borrowers for home refinance loans.

Beaumont AA

Home Purchase Loans

During 2014-2015, the distribution of home purchase loans by income level of the borrower is poor.

The percentage of loan originations to low-income borrowers at 7.55 percent is poor and lower than the 23.78 percent of the families designated as low-income. CBOT has a 0.94 percent market share for low-income borrowers which exceeds its overall market share for home purchase loans. The percentage of loan originations to moderate-income borrowers at 5.66 percent is poor and lower than the 16.15 percent of the families designated as moderate-income. CBOT has a 0.35 percent market share for moderate-income borrowers, which is lower than its overall market share of 0.86 percent.

During 2012-2013, the bank had similar performance. However, the market share for low-income borrowers of 0.75 percent exceeded its overall market share of 0.65 percent for home purchase loans.

Home Improvement Loans

During 2014-2015, the distribution of home improvement loans by income level of the borrower is poor.

CBOT did not originate any loans to low-income borrowers for home improvement loans. The percentage of loan originations to moderate-income borrowers at 9.09 percent is adequate and somewhat lower than the 16.15 percent of the families designated as moderate-income. CBOT has a 1.39 percent market share for moderate-income borrowers, which exceeds its overall market share of 1.20 percent.

During 2012-2013, the distribution of home improvement loans by income level of the borrower is adequate.

The percentage of loan originations to low-income borrowers at 4.65 percent is very poor and significantly lower than the 23.80 percent of the families designated as low-income borrowers. CBOT did not have a notable market share for low-income borrowers for home improvement loans. The percentage of loan originations to moderate-income borrowers at 9.30 percent is adequate and somewhat lower than the 16.32 percent of the families designated as moderate-income. CBOT has a 1.30 percent market share for moderate-income borrowers, which is somewhat lower than its overall market share of 2.13 percent.

Home Refinance Loans

During 2014-2015, the distribution of home refinance loans by income level of the borrower is adequate.

The percentage of loan originations to low-income borrowers at 4.55 percent is very poor and significantly lower than the 23.78 percent of the families designated as moderate-income. CBOT has a 2.00 percent market share for low-income borrowers, which exceeds its overall market share. The percentage of loan originations to moderate-income borrowers at 9.09 percent is adequate and somewhat lower than the 16.15 percent of the families designated as moderate-income. CBOT did not have a notable market share for moderate-income borrowers.

During 2012-2013, CBOT had similar performance for home refinance loans to low-income borrowers, and stronger performance for moderate-income borrowers. The percentage of loan originations to moderate-income borrowers at 14.29 percent is good and near to the 16.87 percent of the families designated as moderate-income. The bank did not have a significant market share for low- or moderate-income borrowers.

Small Loans to Businesses

Refer to Table 11 in Appendix C for the facts and data used to evaluate the borrower distribution of the bank's origination/purchase of small loans to businesses.

Houston AA

During 2014-2015, the distribution of small loans to businesses with annual revenues of \$1 million or less is adequate.

During the evaluation period, the percentage of bank loans originated to businesses in the Houston AA with revenues of \$1 million or less was 45.20 percent, and is somewhat lower than the percentage of businesses in the AA that reported gross annual revenues of \$1 million or less of 71.42 percent. In addition, the bank's market share of 0.74 percent exceeds its overall market share of 0.69 percent. Approximately 55 percent of the small loans to businesses originated by CBOT in the Houston AA were for loans less than \$100,000.

During 2012-2013, the distribution of small loans to businesses with annual revenues of \$1 million or less is adequate.

During the evaluation period, the percentage of bank loans originated to businesses in the Houston AA with revenues of \$1 million or less was 49.60 percent, and is somewhat lower than the percentage of businesses in the AA that reported gross annual revenues of \$1 million or less of 71.36 percent. In addition, the bank's market share of 0.57 percent exceeds its overall market share of 0.47 percent. Approximately 67 percent of the small loans to businesses originated by CBOT in the Beaumont AA were for loans less than \$100,000.

Beaumont AA

During 2014-2015, the distribution of small loans to businesses with annual revenues of \$1 million or less is adequate.

During the evaluation period, the percentage of bank loans originated to businesses in the Beaumont AA with revenues of \$1 million or less was 51.85 percent, and is somewhat lower than the percentage of businesses in the AA that reported gross annual revenues of \$1 million or less of 70.58 percent. In addition, the bank's market share of 19.85 percent exceeds its overall market share of 15.90 percent. Approximately 64 percent of the small loans to businesses originated by CBOT in the Beaumont AA were for loans less than \$100,000.

During 2012-2013, the distribution of small loans to businesses with annual revenues of \$1 million or less is adequate.

During the evaluation period, the percentage of bank loans originated to businesses in the Beaumont AA with revenues of \$1 million or less was 53.63 percent, and is somewhat lower than the percentage of businesses in the AA that reported gross annual revenues of \$1 million or less of 71.91 percent. In addition, the bank's market share of 17.10 percent exceeds its overall market share of 14.97 percent. Approximately 65 percent of the small loans to businesses originated by CBOT in the Beaumont AA were for loans less than \$100,000.

Small Loans to Farms

Refer to Table 12 in the Appendix C for the facts and data used to evaluate the borrower distribution of the bank's origination/purchase of small loans to farms.

Small loans to farms are not a primary lending product of the bank and analysis of this product would not have been meaningful. CBOT had less than 3 percent of the reportable loans which were small loans to farms in Beaumont AA and less than 8 percent of the reportable loans in Houston AA.

Community Development Lending

CD Lending had a significant positive impact on the overall lending test for both full scope areas (Houston and Beaumont AAs). CD Lending represented 60 percent of allocated Tier 1 capital in the Houston AA and 13 percent of allocated Tier 1 capital in the Beaumont AA. This is excellent performance for both full scope AAs.

Refer to Table 1 Lending Volume in appendix C for the facts and data used to evaluate the bank's level of community development lending. This table includes all CD loans, including multifamily loans that also qualify as CD loans. In addition, Table 5 includes geographic lending data on all multifamily loans, including those that also qualify as CD loans. Table 5 does not separately list CD loans, however.

The following is a sample of the more significant CD loans:

Houston AA

- Affordable Housing (2013): Three loans were made totaling \$27.5 million. All three loans funded affordable housing apartment complexes that provided a total of 570 rental units to LMI.
- Affordable Housing (2014-2016): Twelve loans were made totaling \$61.3 million. All of the loans funded affordable housing projects to LMI. Eight of these loans were made to nonprofit organizations with a purpose to construct and sell single family residences to LMI families.
- CD Services (2013): One loan in the amount of \$250 thousand was made to a nonprofit organization for the purpose of community development to meet the needs specific to the AA.
- CD Services (2014-2016): Three loans were made totaling \$650 thousand including a \$400 thousand loan made to a nonprofit organization that provides educational opportunities for over 1,300 students and their families. Approximately 95 percent of the individuals benefiting from their services are LMI.
- Economic Development (In 2014-2016): Three loans were made totaling \$9 million to fund Small Business Administration (SBA) 504 and 7(a) loans that supported small businesses and the creation of new permanent jobs to LMI.

Beaumont MSA AA

- Affordable Housing (2014-2016): Four loans were made in the amount of \$13.2 million. Included is a loan to a nonprofit organization that specializes in the development and selling of affordable single family residence (SFR) housing primarily to minority, female heads of household who earn less than 80 percent of the median income.
- CD Services (2013): Three loans for \$354 thousand were made to several organizations that provide community development services. These loans provided working capital to entities that offer various services to meet the local community's needs. For example, a loan for \$104 thousand was made to a nonprofit organization that helps transform people from homelessness to self-sufficiency by providing services including job training and placement.
- CD Services (2014-2016): One loan was made for \$50 thousand to provide a working line of credit to a nonprofit entity to provide scholarships to LMI children with an incarcerated parent.

In addition, CBOT originated 34 CD loans totaling \$247.7 million outside its AA. Although these loans are outside the bank's AAs, they benefit a broader statewide or regional area to help support organizations or activities with a CD purpose, mandate, or function. All of the CD loans made outside of the AA were for affordable housing projects to support the LIHTC. These loans were made to meet the community needs based on locations with high demand for affordable housing throughout the state of Texas.

During the assessment period, the bank has funded several projects that created a total of 4,579 residential rental units for affordable housing and public housing programs. Since CBOT satisfactorily addressed the CD lending needs of its AAs during the evaluation period, the bank received positive consideration for these loans.

Product Innovation and Flexibility

The Bank has made a concerted effort to reach LMI borrowers and those residing in LMI geographies. The innovation, flexibility and complexity found in the following products underscore the bank's commitment to affordable housing and serving the LMI community.

Community Development Home Improvement Loan (CDHIL): CDHIL is a new concept to the bank and provides for flexible loan terms. Based on feedback received from community partners, in October 2014, the bank introduced its CDHIL product, specifically designed to assist and serve LMI borrowers and those residing in LMI geographies within the Bank's CRA assessment area. The CDHIL product offers fixed rate term of 15 years when the purpose of the loan is home improvement. There are no closing costs associated with the CDHIL product. The rate on the CDHIL product is well below market. As of March 1, 2015, the interest rate was 2.50 percent. The Bank solicited and relied heavily on community feedback in the development of this product.

Low Income Housing Tax Credit Loans: LIHTC loans is innovative and a new concept to the area. The bank is a leader in providing LIHTC loans. The LIHTC program effectively uses tax policy to help develop affordable rental housing for low and very low-income families. Originally, part of the Tax Reform Act of 1986, the LIHTC program leverages private capital and investor equity to support the development of new and rehabilitated affordable rental housing. refer to the Community Development Insights publication produced by the OCC's Community Affairs Department in March 2014 for more specific information about LIHTCs and the CRA benefits resulting from the bank's participation therein. This is a highly complex product and has necessitated the bank employing highly specialized community development bankers with extensive experience in dealing with LIHTCs.

Low-income housing builder: The bank issued a \$1 million guidance line to a builder providing construction loans for low-income families. This is innovative and a new concept to the area. In December 2015, the Bank issued a \$1 million guidance line of credit to the builder for the construction of low-income housing in Beaumont, Texas. As this is a guidance line, it cannot be considered for consideration as a community development loan.

The bank also provided extensions and credit concessions (i.e. deferred payments and skip payments) for victims of the recent massive flooding in the East Texas AAs. The Federal Emergency Management Agency declared the area a National Disaster Area in March of 2016.

Conclusions for Areas Receiving Limited-Scope Reviews

Based on limited-scope reviews, the bank's performance under the Lending Test in the Beaumont non-MSA is not inconsistent with the bank's overall performance in the full scope areas. In the Beaumont non-MSA, the bank's performance is comparable to the bank's overall performance.

The bank's performance under the Lending Test in the Houston non-MSA is weaker than the bank's overall performance under the full scope areas due to a lack of CD lending activity in this AA. The bank is continuing efforts to locate organizations in this AA.

Refer to Tables 1 through 13 in Appendix C for the facts and data that support these conclusions.

INVESTMENT TEST

Conclusions for Areas Receiving Full-Scope Reviews

CBOT's performance under the Investment Test is rated **Outstanding**.

Based on the full-scope reviews, the bank's performance is excellent in the Beaumont AA and in the Houston AA. Refer to Table 14 in Appendix C for the facts and data used to evaluate the bank's level of qualified investments.

Qualifying investments are investments, deposits, membership shares, or grants that have as their primary purpose, community development, as defined in the CRA regulation. The definition includes investments and contributions meeting the definition of community development.

Community Development qualified investments represented 14 percent of Tier 1 capital in the Houston AA and 25 percent of allocated Tier 1 capital for the Beaumont AA.

Low Income Housing Tax Credit Bonds

CBOT's investments are heavily centered in the purchase of tax-exempt housing bonds for properties eligible for 4 percent tax credits. During the evaluation period, CBOT purchased \$87 million LIHTC tax-exempt bonds, consisting of four LIHTC developments totaling \$27 million that directly benefited the Beaumont AA, one LIHTC development totaling \$20 million that directly benefited the Houston AA, and three LIHTC developments totaling \$40 million that benefited a broader statewide or regional area that does not include the Beaumont or Houston AAs.

The LIHTC program helps reduce rents in units made available to low-income households in projects that receive tax credit allocations. Under Section 42, LIHTC project developers must set aside either 40 percent of the units for residents who earn no more than 60 percent of the area's median income or 20 percent of the units for residents earning 50 percent or less of the area's median income. These units are subject to rent restrictions regarding the maximum gross rent that can be charged, including an allowance for utilities. The law requires units to be rent-restricted and occupied by income-eligible households for at least 30 years. While resulting in a significant dollar volume of investments, these investments are not innovative or complex, but they demonstrate CBOT's responsiveness to meeting identified credit and CD needs.

Donations and Contributions

Houston AA

CBOT made 60 qualified grants and donations totaling \$264 thousand in the Houston AA during the evaluation period. The bank's qualified investments were made to local nonprofit organizations that provide community services targeted to LMI families. The qualifying investments are not complex or innovative.

Beaumont AA

CBOT made 50 qualified grants and donations totaling \$158 thousand in the Beaumont AA during the evaluation period. The bank's qualified investments were made to local non-profit organizations that provide community services to LMI families. The qualifying investments are not complex or innovative.

During the review period, CBOT invested in Certificates of Deposits in two minority- and women-owned financial institutions, totaling \$600 thousand. CRA recognizes the importance of encouraging the growth and strengthening of Minority- and women-owned financial institutions and low-income (MWLI) credit unions.

The deposits helped the investments and were not considered innovative or flexible in nature, but were responsive to the MWLI meeting the credit needs and supported community development services targeted to low- and moderate-income individuals of the local communities in which the MWLI financial institution is chartered.

Prior Period Investments

The bank had prior period investments totaling \$2.6 million which included a pool of mortgage-backed securities and an investment in a Small Business Investment Company (SBIC).

CBOT invested in a pool of mortgage-backed securities from the Government National Mortgage Association (GNMA). The GNMA consisted of 24 loans originated in the State of Texas, of which 12 percent of the loans benefited the Beaumont AA and 88 percent of the loans benefited the Houston AA. Eighty-three percent of the loans were made to LMI borrowers. Thirty-three percent of the loans were located in LMI CTs. The current book value is \$1.9 million. This investment benefits the Beaumont AA and Houston AA.

CBOT also maintained an investment in Velasco Commerce Street Capital (VCSC), for the purpose of serving the lending needs of small businesses in Wharton County, Fort Bend County and Harris County. VCSC was formed for the purpose of raising capital for private investment funds under the SBIC program of the U.S. SBA. The goal of VCSC is to invest in debt and/or equity securities of companies to help businesses grow as well as retain and increase job opportunities. The current book value is \$652 thousand. Investments made in prior periods continue to have a positive impact on the broader statewide or regional area that includes the Houston AA.

Broader Statewide or Regional Area

In addition, CBOT made a \$2 million investment in Pharos Capital Group, an SBIC licensed from the SBA. As an SBIC, Pharos Capital Group provides subordinated debt and equity investment targeting undercapitalized businesses in underserved areas. The investment had a positive impact on the broader statewide or regional area that include the Beaumont AA and Houston AA.

The bank also made qualified investments in a broader statewide area, that included both full scope AAs totaling \$62 million.

Conclusions for Area Receiving Limited-Scope Reviews

There are limited opportunities for CD investments in the Beaumont Non-MSA AA and in the Houston Non-MSA AA. Based on limited-scope reviews, the bank's performance under the Investment Test in the Beaumont Non-MSA AA and Houston Non-MSA AA is weaker than the bank's overall performance under the Investment Test. The bank's performance in these two areas is adequate.

CBOT made two investments in municipal bonds, totaling \$570 thousand, \$370 thousand in the Beaumont Non-MSA and \$200 thousand in the Houston Non-MSA, respectively. Donations in these two areas totaled \$25,000, \$10,250 in Beaumont Non-MSA and \$14,750 in Houston Non-MSA. The performance is mitigated by the bank's limited presence in the Beaumont and Houston Non-MSA markets. Refer to Table 14 in Appendix C for the facts and data that support these conclusions.

SERVICE TEST

Conclusions for Areas Receiving Full-Scope Reviews

The bank's performance under the Service Test is rated **High Satisfactory**. Based on full-scope reviews, the bank's performance in the Houston AA and Beaumont AA is adequate, however, the CD services in both full scope AAs is excellent and had a significant impact on the overall Service Test rating.

Retail Banking Services

Refer to Table 15 in appendix C for the facts and data used to evaluate the distribution of the bank's branch delivery system and branch openings and closings.

CBOT's delivery systems are readily accessible to businesses and individuals of different income levels and different geographies in the AA. CBOT operates a total of 38 full service branches, which are all located in Texas. Of the bank's 38 branches, 13 are located in the Beaumont AA, 19 in the Houston AA, 4 in the Beaumont Non-MSA, and two in the Houston Non-MSA. Openings and closings have not affected the accessibility of the bank for its customers. CBOT has opened two branches and closed one branch since the last CRA examination. In addition, the bank expanded its branch network by nine locations through mergers.

The two branches were opened May 1, 2014 and May 1, 2015 are located in Houston and The Woodlands, TX, respectively. The Houston branch is located in a moderate-income census tract, while The Woodlands branch is located in an Upper-income CT. The bank closed a branch that was attained in the acquisition of Vista Bank of Texas on March 17, 2015. This branch was located in an upper-income census tract. Full service branches in the Beaumont and Houston MSAs provide convenient access to both credit and non-credit retail banking services. Hours and services are tailored to the needs of the community. Lobby hours are generally 9:00 A.M. to 4:00 P.M., Monday through Thursday with extended Friday and drive-in hours. Additionally, 22 of the 38 branches offer lobby hours on Saturdays from 9:00 A.M. to 12:00 P.M.

The overall branch distribution by income level of the geography in the Houston AA is 50 percent. The bank has 5 percent of its branches in the Houston AA in low-income CTs, which is below the population within this geography of 10 percent. The bank has 11 percent of its branches in the Houston AA in moderate-income CTs, which is well below the population within this geography of 27 percent. Although the bank has 3 branches in low- and moderate-income tracts, there are 5 branches within ½ mile of low- and moderate- income tracts. This provides for 8 branches or 42 percent of branches in or near low- and moderate-income tracts in the Houston AA.

The overall branch distribution by income level of the geography in the Beaumont AA is 34 percent. The bank does not have any branches in low-income CTs in the Beaumont AA. The bank has 23 percent of its Beaumont branches in moderate-income CTs, which is on par with the population within this geography also at 23 percent. Although the bank has 3 branches in low- and moderate-income tracts, there are 2 branches within ½ mile of low- and moderate-income tracts. This provides for 5 branches or 38 percent of branches in or near low- and moderate-income tracts in the Beaumont AA.

CBOT also offers alternative delivery systems that provide reasonable access to banking services to low- and moderate-income areas, businesses, and individuals. The bank offers free online banking services, including bill pay, access to e-statements, transfers, and mobile banking. Customers can access these services through the bank's website: www.communitybankoftx.com. There was no information regarding the extent to which alternative delivery systems impacted the availability of these systems in low- and moderate-income CTs and the use of these systems by low- and moderate-income individuals. Given the limitation of the impact of these delivery systems, we did not place significant weight on the bank's alternative delivery systems as it relates to the Service Test rating.

Community Development Services

Community Development Services had a significant positive impact on the overall service test for both full scope areas (Houston and Beaumont AAs).

CBOT has demonstrated excellent performance in providing CD services to the full scope AA's. Bank employees participated in a variety of organizations and partnerships that benefited LMI individuals, promoted economic development, and provided affordable housing. Other services included activities that revitalize or stabilize LMI areas.

In addition, employees provided technical assistance on financial and banking related matters to numerous community groups, low- and moderate-income persons and families, and small businesses.

During the evaluation period, CBOT employees provided 2,899 hours of CD services within the full scope AAs. This is excellent performance.

The bank has performed CD qualified services for organizations that target low- to moderate-income families throughout all of the bank's AAs. This includes The Junior Achievement, Credit Coalition, Rebuilding Houston, and Habitat for Humanity.

- Throughout all of the bank's AA's, over 265 CBOT employees volunteered to teach financial literacy classes at an organization whose mission is to inspire and prepare young people to succeed. The organization provides financial literacy and work-readiness programs to students. CBOT employees taught at 44 schools that have 50 percent or more economically disadvantaged students.
- Two members of executive management serve on the Board of an organization that provides consumers financial and homebuyer education. The organization offers foreclosure intervention counseling and outreach services to LMI families. Several employees provide financial literacy education by teaching Fundamentals of Good Credit classes.
- Several member of executive management provide financial technical assistance by serving on the Board of an organization that builds affordable and energy efficient homes. The organization reports 100 percent of individuals served are LMI individuals. Board services are provided to the organization locations in three of the bank's AA's.

The bank performed CD qualified services for organizations that target small businesses through economic development in many of the bank's AAs. These organizations include SCORE and Capital Certified Development Company.

- An executive vice president serves on the advisory Board of an organization that provides services targeted to new and existing small businesses. The organization offers seminars, mentoring, and workshops.
- A member of executive management serves on a loan committee of an organization that administers small business loans, including SBA 504 and SBA 7(a) loans.

Houston AA

CBOT has demonstrated excellent performance in providing community development services to the Houston AA. From 2013-2014 CBOT provided 112 hours of CD services in the Houston MSA. From 2015-2016 CBOT provided 1,725 hours of CD services in the Houston AA. Efforts demonstrate a commitment to community development by providing technical assistance on financial and banking-related matters to community groups. Some specific examples are listed below:

- In the Houston AA, a bank employee provided financial services to an organization whose mission is to improve opportunities for low-income families through housing, education, and health services. The organization offers adult education programs, affordable housing and youth shelters. Approximately 90 percent of the individuals served by the organization are LMI.
- A senior vice president and vice president serve on the Board and on the Finance Committee of an organization that provides medical services targeted to LMI families. The organization reports 100 percent of the individuals served are LMI individuals.

Beaumont AA

CBOT has demonstrated excellent performance in providing CD services to the Beaumont AA. From 2013-2014, CBOT provided 239 hours of CD services in the Beaumont MSA. From 2015-2016 CBOT provided 813 hours of CD services in the Beaumont MSA. Some specific examples are listed below:

- In the Beaumont AA, a bank employee provided financial expertise to a local organization whose mission is to improve safety and rehabilitate homes and businesses in a local distressed neighborhood. The group provides financial and technical expertise during the transformation process of the distressed community. The organization reports 88 percent of residents are LMI.
- Several members of executive management serve on the Board and loan committees of a non-profit, Community Development Company (CDC). The organization assists small businesses with financing, construction and equipment purchases. In addition, the CDC acts as a servicing agent for the SBA's 504 loan program.

Conclusions for Areas Receiving Limited-Scope Reviews

Based on limited-scope reviews, the bank's performance under the Service Test in the Beaumont Non-MSA is weaker than the bank's overall **High Satisfactory** performance. From 2013-2016, CBOT provided 138 service hours to the Beaumont Non-MSA.

The bank's performance under the Service Test in the Houston Non-MSA is weaker than overall **High Satisfactory** performance. From 2013-2016 CBOT provided 146 service hours to the Houston Non-MSA.

Weaker performance in both AAs is a result of branch distribution within the AAs. Performance differences in this area are not significant enough to impact the bank's overall rating based on the bank's limited market share and presence in the limited-scope AAs. Refer to table 15 in Appendix C for the facts and data, which support this conclusion.

Appendix A: Scope of Examination

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 metropolitan and nonmetropolitan areas 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”).

| | | |
|--|---|--------------------------|
| Time Period Reviewed | Lending Test (excludes CD Loans): 01/01/2012 to 12/31/2015 Investment and Service Tests and CD Loans: 01/28/2013 to 03/22/2016 | |
| Financial Institution | Products Reviewed | |
| CommunityBank of Texas, N.A. (CBOT) Beaumont/Houston Texas | Home mortgage, small loans to businesses and community development loans | |
| Affiliate(s) | Affiliate Relationship | Products Reviewed |
| None | NA | NA |
| List of Assessment Areas and Type of Examination | | |
| Assessment Area | Type of Exam | Other Information |
| Houston AA Beaumont AA Beaumont Non-MSA Houston Non-MSA | Full-Scope Full-Scope Limited-Scope Limited-Scope | |

Appendix B: Market Profiles for Full-Scope Areas

CBOT operates in four AAs, two MSAs and two Non-MSAs, all located in the state of Texas. The Beaumont AA consists of the Beaumont - Port Arthur MSA, including all CTs in Jefferson, Hardin, Orange and Newton Counties and the Beaumont Non-MSA, including all of the CTs in Jasper and Tyler Counties. The other two AAs are in the Houston-Baytown-Sugar Land MSA consisting of four of the nine counties in the MSA, including Harris, Fort Bend, Chambers, and Montgomery Counties and the Houston Non-MSA, which includes all the CTs in Wharton County. The four AAs meet the requirements of the regulation and do not arbitrarily exclude low- or moderate-income CTs.

The June 30, 2015 FDIC Deposit Market Share data ranks CBOT third in the Beaumont AA in total deposits, which represents a market share of 15.98 percent. For the same reporting period, CBOT ranks 18th in the Houston AA in total deposits, which represent a market share of 0.53 percent.

Houston-Baytown-Sugar Land MSA (Houston AA)

| Demographic Information for Full-Scope Area: Houston AA | | | | | | |
|---|------------|------------|-----------------|----------------------|--------------|------------|
| Demographic Characteristics | # | Low % of # | Moderate % of # | Middle % of # | Upper % of # | NA* % of # |
| Geographies (Census Tracts/BNAs) | 927 | 13.16 | 29.13 | 25.13 | 32.04 | 0.54 |
| Population by Geography | 5,168,676 | 10.17 | 26.88 | 27.74 | 34.88 | 0.33 |
| Owner-Occupied Housing by Geography | 1,052,231 | 4.35 | 21.62 | 29.04 | 44.98 | 0.00 |
| Businesses by Geography | 449,220 | 8.59 | 19.89 | 24.27 | 47.19 | 0.07 |
| Farms by Geography | 7,298 | 5.29 | 18.06 | 30.54 | 46.11 | 0.00 |
| Family Distribution by Income Level | 1,206,022 | 24.25 | 16.62 | 17.41 | 41.72 | 0.00 |
| Distribution of Low- and Moderate-Income Families throughout AA Geographies | 492,969 | 18.29 | 39.13 | 26.10 | 16.48 | 0.00 |
| Median Family Income | = \$63,898 | | | | | |
| HUD Adjusted Median Family Income for XXXX | = \$70,100 | | | | | |
| Households Below the Poverty Level | = 13% | | | | | |
| | | | | Median Housing Value | = \$158,952 | |
| | | | | Unemployment Rate | = 3.44% | |

(*) The NA category consists of geographies that have not been assigned an income classification.
Source: 2010 U.S. Census and 2015 HUD updated MFI.

The Houston-Baytown-Sugar Land MSA (Houston AA) consists of a nine county area commonly referred to as “Greater Houston” situated in southeast Texas. The Houston AA is the fifth-largest metropolitan area in the U.S. and the second largest in Texas. The MSA includes the counties of Austin, Brazoria, Chambers, Fort Bend, Galveston, Harris, Liberty, Montgomery and Waller. The MSA covers 9,444 miles, an area larger than New Hampshire. The MSA’s population centers in the city of Houston.

CBOT has designated a portion, four counties of the Houston-Baytown-Sugar Land MSA including Harris, Fort Bend, Chambers, and Montgomery Counties, as part of the Houston AA. The Houston AA consists of 927 CTs distributed as follows: 122 (13.16 percent) low income CTs, 270 (29.13 percent) moderate income CTs, 233 (25.13 percent) middle income CTs, 297 (32.04 percent) upper income CTs, and five (0.54 percent) CTs with no income designations.

The Houston AA's population totals 6.5 million according to the 2015 U.S. Census Estimates and 13.32 percent live below the poverty line. The weighted average median family income is \$72 thousand and household income is \$62 thousand. There are 1 million (54 percent) owner occupied units, 649 thousand (33 percent) rental occupied units, and one-to-four family units totaling 1.3 million (68 percent). Vacant housing totals 213 thousand units. The weighted average monthly gross rent is \$856 and median average housing unit \$158 thousand. The unemployment rate was 4.6 percent as reported April 2015 by U.S. Bureau of Labor Statistics.

During a CRA evaluation, it is customary for examiners to contact various persons and organizations within the institution's AA to gain insight regarding local and economic conditions and credit needs. During our examination, we relied on an existing community contact conducted by the Office of the Comptroller of the Currency with a locally based community organization and also used information gathered from a Listening Session organized to discuss CD needs and how financial institutions are addressing those needs. Participants representing affordable housing, economic development and social service organizations targeted to LMI persons throughout the Greater Houston Area expressed their views and concerns. Critical credit, banking, and service needs identified included the following:

- Housing – Access to housing in low to moderate areas of the MSA and affordable mortgage loan products for one-to-four single-family and multifamily units
- Education – Resources to promote K – high school completion, post-secondary education, community college and vocational training
- Financial literacy – Education and counseling for youth, adults and seniors
- Homelessness – Supportive and transitional housing for the homeless and veterans
- Capacity building – Leadership and staff development programs to develop existing nonprofit leaders such as webinars, community roundtables, sponsored events
- Workforce development – Programs including mid-level skills
- Access to capital – Capacity building and training for small businesses including how to put together a proper business plan and how to attain capital loan
- Revitalization and stabilization – Resources to restore LMI areas including comprehensive planning

Harris County

Harris County is named after John Richardson Harris, an early settler of the area. Harris County is the most populous county in Texas and the third most populous county in the U.S. The county seat is Houston, the largest city in Texas and fourth-largest city in the US. Other surrounding cities are Baytown, Friendswood, Katy, League City, Missouri City, Pearland, and Stafford.

Houston is located near the bank of Buffalo Bayou and named after Sam Houston, a president of the Republic of Texas. Houston is home to the Texas Medical Center, the world largest concentration of health care and research institutions, and National Aeronautics and Space Administration (NASA), where the Mission Control Center is located. Houston is known as the “Energy Capital of the World”, with more than 3.7 thousand energy related firms located in the Houston AA.

Houston’s economy is broad base in energy, manufacturing, aeronautics, and transportation. It leads in health care sectors, and building oilfield equipment. The Port of Houston ranks first in the U.S. in international waterborne tonnage handled and second in total cargo tonnage handled. Houston is nicknamed the “Space City”, a global city with strengths in business, international trade, entertain, culture, and theater attractions to name a few.

The University of Houston System is a major part of the economy attracting more than \$1.1 billion annually, \$3.3 billion in total economic benefit and 24,000 local jobs. This is in addition to the University of Houston System, which produces 12 thousand new graduates each year. Houston is one of the most educated areas in the U. S., and most degree holders tend to stay in the Houston employment system.

Two commercial airports operate in Houston, Harris County – George Bush Intercontinental Airport and William P. Hobby Airport. The city of Houston also operates Ellington Field, a general aviation and military airport. Ellington is part of the Joint Reserve Bank, an installation unit shared by various active component and reserve component military units and NASA, under the aegis Johnson Space Center.

Numerous transportation options are available to the city, including The Metropolitan Transit Authority of Harris County (Authority), also known as Metro, which serves several areas within the Harris County. The Authority is part of the Harris County government, Harris County Transit, which services communities in the county that are not served by Metro.

Major employers in the Houston include Exxon Mobile, Halliburton, Shell Oil, M.D. Anderson Hospital, Memorial-Hermann Health Care Hospitals, Wal-Mart, United Airlines, and Administaff, along with extensive hotel/leisure industry, local schools, universities, city and county. According to the Texas Workforce Commission, Houston has more jobs than 35 U.S. states.

The population of Harris County is 4.5 million according to the 2015 U.S. Census Estimates. Median household income was \$53 thousand. The population living below the poverty level is 18.4 percent. The unemployment rate was 4.0 percent as reported in April 2015 by the U.S. Bureau of Labor Statistics.

Fort Bend County

Fort Bend County is named for a blockhouse at a bend at the Brazos River and the fort was the start of the community. Fort Bend County is the tenth-most populous county in the state of Texas. The county seat is Richmond. Sugarland is the largest city in the county. Other nearby cities include Rosenberg, Needville, Missouri City and Simonton.

The city of Richmond borders Sugar Land on one side and Rosenberg on the other. Even though it is the county seat containing most of the local government offices and historic centers, it is one of the smallest cities in the area. The city's transportation links U.S. Highways 90A and 59, the South Pacific Railroad and Santa Fe Railway.

Sugar Land was founded as a sugar plantation in the mid-20th century. The city is the most affluent and fastest growing cities in Texas, having grown 158 percent in the last decade. Sugar Land has seen significant growth, numerous low-rise buildings, banks and high-class restaurants. In 2000, the U.S. Census reported Sugar Land as one of the highest growing cities in the U.S. The 2015 U.S. Census Estimates reported the population at 86 thousand, up from 68 thousand in 2000. The median household income totals \$105 thousand and 5.1 percent live below the poverty line.

Imperial Sugar, Fluor Daniel, and Schlumberger are headquartered in Sugar Land. Sugar Land's economy is diverse, ranking on the "Top Cities in Texas" for business relocation and expansion by Outlook Magazine and Texas Business. There is a large energy presence throughout Houston and Sugar Land. CVR Energy, Inc., Western Airways, and Nalco Champion Energy Services divisions moved their headquarters to Sugar Land. Engineering firms and other related industries have also steadily relocated divisions to the city.

The city's largest employers are Fluor, Schlumberger, Methodist Sugar Land Hospital, Nalco, St. Luke's Hospital, Memorial Hermann, Baker Hughes, Noble and Aetna. The Wharton County Junior College (WCJC) and the University of Houston-Sugar Land (UHS) are both located in Sugar Land. UHS is a multi-institution teaching center of the University of Houston and the University of Houston-Victoria. WCJC offers a wide range certificates and continuing education courses.

Sugar Land does not have a mass transit system unlike the Harris County Authority. The Houston Metro System, as part of The Authority, is considering an expansion by means of a planned commuter rail along U.S. Highway 90A.

Chambers County

Chambers County is named for Thomas Jefferson Chambers, a major general in the Texas Revolution. The south and southwestern parts of the county lie in the Galveston Bay Area on the shores of Trinity Bay and East Bay. The county seat is Anahuac located within the East Houston and Harris County metropolitan area. The city was designated the "Alligator Capital of Texas" in 1989 and hosts an annual alligator festival. Other nearby cities includes Baytown, Beach City, Cove, and Mont Belvieu.

Top industries in Chamber's County are manufacturing, education services, construction, transportation and warehouse, retail trade, professional, scientific, and management. National resources in the region include salt domes, industrial sand, pine and hardwood timber. Oil, gas, and sulfur are present in commercial quantities.

The manufacturing sector accounts for 24 percent of Chambers County jobs, more than any other industry and exceeds totals regionally and within the state.

Major employers in the area are the Anahuac Independent School District (ISD), Barbers Hill ISD, Bayer Corporation, CEG Staffing Services, Cryogenic Vessel Alternatives and East Chambers County.

Chambers County had a population of 34 thousand according to the 2015 U.S. Census Estimates. The median household income totals \$33 thousand and 23.9 percent live below the poverty line.

Montgomery County

Montgomery County is named for the town of Montgomery. The county's population grew 55 percent between 2000 and 2010, the 24th fastest rate of growth of any county in the U.S. The county seat is Conroe. Other nearby cities include Cut and Shoot, Magnolia, Montgomery, Shenandoah, Willis, Splendora and the township of The Woodlands. Conroe and The Woodlands are the two largest city and township in the county.

Conroe is located about 40 miles north of Houston, named after Northern-born Union Cavalry Officer and Houston Lumberman Isaac Conroe. The city initially gained wealth from lumber and oil industries. The 2012 U.S. Census designated the area around Conroe and The Woodlands as a "large urbanized transit area" making it eligible for to receive federal transportation funds. The city launched its local bus service in 2015. Conroe's population totaled 66 thousand according to the 2014 U.S. Census Estimates.

Conroe's top employers according to the city's 2012 Comprehensive Annual Financial Report are Conroe Independent School District (ISD), Montgomery County, Conroe Regional Medical Center, National Oilwell Varco, City of Conroe and Tenaris. Two Lone Star College System campuses serve the city: the Montgomery Campus and LSC University Center. Other campuses in the county include the East Montgomery County Improvement District in New Caney and the Conroe Center.

The Woodlands is a master community located primarily in Montgomery County, with a small portion in Harris County. The community is situated 28 miles north of Houston along Interstate 45. The heavily forested area has retained trees for shade and decoration. Though it began as a suburban development and a "bedroom community", it has attracted corporations and has several corporate campuses, most notably Chevron Phillips, Anadarko Petroleum Corporation, Huntsman Corporation, Woodforest National Bank, Baker Hughes and ExxonMobil. The population totals 108 thousand according to the 2014 U.S. Census estimate, an increase of 93 percent from the 2000.

The Woodlands continues to grow residentially and commercially. Hewitt Associates, Lexicon Pharmaceuticals, Maersk SeaLand, Chicago Bridge and Iron M&S Engineering having set up operations in the township. The Town Center, the center point of The Woodlands, includes shopping and eating facilities, a waterway resembling San Antonio River Walk and water taxis known as “Waterway Cruisers” that are enclosed and cooled for added comfort. The Waterway will eventually be more than ½ mile long, reaching from The Woodlands Mall stretching around to Lake Woodlands. The top employers in The Woodlands are Anadarko Petroleum Corporation, Conroe ISD, Aon Hewitt, Memorial Hermann The Woodlands, and St. Luke’s Health The Woodlands Hospital.

Montgomery County had a population of 537 thousand according to the 2015 U.S. Census Estimates. The median household income totals \$68 thousand and 10.9 percent live below the poverty line.

Banking in the Houston AA is extremely intense. Competition includes large national banks, regional banks, small community banks, and non-bank financial institutions. The five largest competitors are J.P. Morgan Chase Bank, N.A., Wells Fargo Bank, N.A., Compass, N.A. and Amegy Bank, N.A. CBOT maintains 19 branches in the Houston AA.

Beaumont-Port Arthur MSA (Beaumont AA)

| Demographic Information for Full-Scope Area: Beaumont AA | | | | | | |
|---|------------|------------|-----------------|----------------------|--------------|------------|
| Demographic Characteristics | # | Low % of # | Moderate % of # | Middle % of # | Upper % of # | NA* % of # |
| Geographies (Census Tracts/BNAs) | 108 | 5.56 | 29.63 | 37.04 | 24.07 | 3.70 |
| Population by Geography | 403,190 | 4.68 | 23.49 | 39.36 | 30.40 | 2.06 |
| Owner-Occupied Housing by Geography | 102,978 | 2.31 | 20.48 | 44.09 | 33.10 | 0.02 |
| Businesses by Geography | 27,194 | 2.28 | 24.80 | 38.56 | 34.20 | 0.16 |
| Farms by Geography | 746 | 1.88 | 14.88 | 41.55 | 41.69 | 0.00 |
| Family Distribution by Income Level | 101,619 | 23.78 | 16.15 | 18.26 | 41.81 | 0.00 |
| Distribution of Low- and Moderate-Income Families throughout AA Geographies | 40,575 | 7.39 | 33.46 | 40.62 | 18.53 | 0.00 |
| Median Family Income | = \$54,600 | | | | | |
| HUD Adjusted Median Family Income for XXXX | = \$59,300 | | | | | |
| Households Below the Poverty Level | = 16% | | | | | |
| | | | | Median Housing Value | = \$89,607 | |
| | | | | Unemployment Rate | = 3.72% | |

(*) The NA category consists of geographies that have not been assigned an income classification.
 Source: 2010 U.S. Census and 2015 HUD updated MFI.

The Beaumont-Port Arthur MSA (Beaumont AA) borders the Houston–Sugar Land–Baytown metropolitan to the west and the Lake Charles metropolitan area to the east. This area is known as the “Golden Triangle”. The term "Golden" refers to the significant wealth that came from the Spindletop near Beaumont and the "triangle" refers to the area among the three cities of Beaumont, Port Arthur, and Orange. The county of Newton was added to the MSA in February 2013.

The Beaumont AA is a four-county region in Southeast, Texas. The AA consists of 108 CTs distributed as follows: six (5.56 percent) low income CTs, 32 (29.63 percent) moderate income CTs, 40 (37.04 percent) middle income CTs, 26 (24.07 percent) upper income CTs, and four CTs with no income designation.

The AA's population totals 403 thousand according to the 2015 U.S. Census Estimates and 15.91 percent live below the poverty line. The weighted average median family income is \$57 thousand and household income \$46 thousand. There are 103 thousand (66 percent) owner occupied units, 44 thousand (26 percent) rental occupied units and one-to-four family units totaling 131 thousand (78 percent). The vacant housing totals 20,202 units (12 percent). The weighted average monthly gross rent is \$669 and median average housing per unit \$89 thousand. The unemployment rate was 6.3 percent as reported in April 2015 by the U.S. Bureau of Labor Statistics.

During a CRA evaluation, it is customary for examiners to contact various persons and organizations within the institution's AA to gain insight regarding local and economic conditions and credit needs. During this evaluation, we reviewed information from an existing community contact conducted by the Office of the Comptroller of the Currency and completed one community contact during the examination of this bank. One organization is a public coeducational doctoral/research university and serves in a leadership role in developing a comprehensive approach to meeting the affordable housing and economic growth needs, along with creating opportunities in the neighboring South Park Neighborhood. The second organization focus areas include youth education and promoting financial stability and independence for low- and moderate-income families. The organizations provide services to the bank's AA.

The community contacts provided an assessment of the community's needs, opportunities in which financial institutions may participate in meeting those needs and information on the perception of financial institutions involvement in the community. Credit needs noted by the organizations include access to capital, particularly for startup businesses, job training for unemployed and underemployed, financial education, affordable housing units and programs including housing for the homeless and students, loans for home repairs to the aging-housing stock, and access to public transportation.

Jefferson County

Jefferson County, named after U.S. President Thomas Jefferson, had a population of 254 thousand according to the 2015 U.S. Census estimates. The county seat is the city of Beaumont. Other nearby cities include Port Neches, China, Nederland, Groves, Nome and Taylor Land. The county's median household income was \$42 thousand. The population living below the poverty level is 21.2 percent.

Beaumont is Jefferson County's largest city, with a population of 118 thousand, making it the twenty-fourth most populous city in the state of Texas. Beaumont is home to Lamar University accredited with the Southern Association of Colleges and Schools. The University is part of the Texas State University system and has 15 thousand students.

The petrochemical industry is Beaumont's primary economic sector, while rice processing and shipbuilding are significant economic elements for the region. A significant element of the city and surrounding region is the Port of Beaumont. The Port is situated 84 miles east of Houston and 270 miles west of New Orleans. The port is accessible to the Gulf of Mexico and Intracoastal Waterway via the federal maintained Sabine-Neches Ship Channel, 42 miles upstream from the Gulf. The Intercostal Waterway and Mississippi River connect Beaumont with an inland waterway system serving Minneapolis, Chicago, St. Louis, Kansas City, Louisville, Omaha and Memphis.

Beaumont's leading employment sectors are healthcare, educational services, construction, accommodation and food services, chemicals, professional, scientific, and technical services, and the government. Federal, state and local prisons also provide a number of jobs to the community. Beaumont's major employers include, Exxon Mobil Oil, Lamar University, City of Beaumont, Beaumont ISD, Jefferson County, Christus St. Elizabeth Hospital and Texas Department of Transportation.

Major industries in Jefferson County include government/services, petrochemical, and other chemical plants, shipbuilding, steel mill, port activity and oil field supplies. The unemployment rate was 6.2 percent as reported in April 2015 by the U.S. Bureau of Labor Statistics.

Hardin County

Hardin County, named after William Hardin, a prominent family from Liberty County, Texas, had a population of 56 thousand according to the 2015 U.S. Census Estimates. The county seat is the city of Kountze, which was founded as a lumber town at the juncture of two early East Texas railroads.

Lumberton is the largest city in the county and has a population of 12 thousand. Other nearby cities include Silsbee, Sour Lake and Rose Hill Acres. Lumberton is one of the fastest growing towns in Texas known as the "bedroom community".

Hardin County's most important products are forestry and timber. Hardin's median household income was \$52 thousand. The population living below the poverty level is 12.9 percent. The unemployment rate was 4.9 percent as reported in April 2015 by the U.S. Bureau of Labor Statistics.

Major industries in Hardin County include education services, healthcare and social assistance, manufacturing, retail business and construction. The top five employers in the county include Silsbee (ISD), Texas Home Health of America Inc., Louisiana Pacific Corp., Silsbee Doctors Hospital, and Burlington Northern Santa Fe Railroad.

Orange County

Orange County, named after the orange fruit, a commonly grown citrus by the early settlers near the mouth of the Sabine River had a population of 84 thousand at the 2015 U.S. Census Estimates. The county seat is Orange. Other nearby cities are Vidor, Bridge City, West Orange, and Pinehurst.

Orange is known as the “deep-water port” to the Gulf of Mexico. The Port of Orange is located less than 100 miles east of Houston. The Port handles break-bulk general cargo, heavy lift cargo to/from barges and deep-sea vessels. Primary industries in the county are petroleum refining, paper milling, rice farming, educational, health and social services, and shrimping.

Orange offers educational activities through Lamar State College-Orange, a two-year public college, part of the Texas State University System. Oil and gas production and refining have become a major source of economic growth and development in the county.

Orange County’s median income for a household in the county was \$48 thousand. Population living below the poverty line is 16 percent. The unemployment rate was 5.8 percent as reported in April 2015 by the U.S. Bureau of Labor Statistics.

Newton County

Newton County is the easternmost county in the state named for John Newton, a veteran of the American Revolutionary War. The city of Newton is the county seat. Other nearby cities includes Biloxi, Deweyville, Bon Wier, Princeton and Burkeville. Newton is the second lowest population of all the counties in east Texas, behind Red River County located in “Deep East Texas”. The population was 13 thousand according to the 2015 U.S. Census Estimates.

Newton County’s primary industry is from forestry production and reforestation. The 2013 Texas A&M Forest Service Economic Impact Analysis reported that the forest sector contributes approximately \$33 million to the county, with net \$9 million in revenues and employs 223 people.

The County’s median household income is \$36 thousand. The population living below the poverty level is 14.9 percent. The unemployment rate was 6.7 percent as reported in April 2015 by the U.S. Bureau of Labor Statistics.

Appendix C: Tables of Performance Data

Content of Standardized 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 loans are treated as originations/purchases and market share is the number of loans originated and purchased by the bank as a percentage of the aggregate number of reportable loans originated and purchased by all lenders in the MA/assessment area; (2) Partially geocoded loans (loans where no census tract is provided) cannot be broken down by income geographies and, therefore, are only reflected in the Total Loans in Core Tables 2 through 7 and part of Table 13; and (3) Partially geocoded loans are included in the Total Loans and % Bank Loans Column in Core Tables 8 through 12 and part of Table 13. Tables without data are not included in this PE. [Note: Do not renumber the tables.]

The following is a listing and brief description of the tables:

- Table 1. Lending Volume** - Presents the number and dollar amount of reportable loans originated and purchased by the bank over the evaluation period by MA/assessment area. Community development loans to statewide or regional entities or made outside the bank’s assessment area may receive positive CRA consideration. See Interagency Q&As __.12 (i) - 5 and - 6 for guidance on when a bank may receive positive CRA consideration for such loans. Refer to the CRA section of the Compliance Policy intranet page for guidance on table placement.
- Table 1. Other Products** - Presents the number and dollar amount of any unreported category of loans originated and purchased by the bank over the evaluation period by MA/assessment area. Examples include consumer loans or other data that a bank may provide, at its option, concerning its lending performance. This is a two-page table that lists specific categories.
- Table 2. Geographic Distribution of Home Purchase Loans** - 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 market share information based on the most recent aggregate market data available.
- Table 3. Geographic Distribution of Home Improvement Loans** - See Table 2.
- Table 4. Geographic Distribution of Home Mortgage Refinance Loans** - See Table 2.
- Table 5. Geographic Distribution of Multifamily Loans** - Compares the percentage distribution of the number of multifamily loans originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies to the percentage distribution of multifamily housing units throughout those geographies. The table also presents market share information based on the most recent aggregate market data available.

- Table 6. Geographic Distribution of Small Loans to Businesses** - The percentage distribution of the number of small loans (less than or equal to \$1 million) to businesses originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies compared to the percentage distribution of businesses (regardless of revenue size) throughout those geographies. The table also presents market share information based on the most recent aggregate market data available. Because small business data are not available for geographic areas smaller than counties, it may be necessary to use geographic areas larger than the bank's assessment area.
- Table 7. Geographic Distribution of Small Loans to Farms** - The percentage distribution of the number of small loans (less than or equal to \$500,000) to farms originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies compared to the percentage distribution of farms (regardless of revenue size) throughout those geographies. The table also presents market share information based on the most recent aggregate market data available. Because small farm data are not available for geographic areas smaller than counties, it may be necessary to use geographic areas larger than the bank's assessment area.
- Table 8. Borrower Distribution of Home Purchase Loans** - 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 MA/assessment area. The table also presents market share information based on the most recent aggregate market data available.
- Table 9. Borrower Distribution of Home Improvement Loans** - See Table 8.
- Table 10. Borrower Distribution of Refinance Loans** - See Table 8.
- Table 11. Borrower Distribution of Small Loans to Businesses** - Compares the percentage distribution of the number of small loans (less than or equal to \$1 million) originated and purchased by the bank to businesses with revenues of \$1 million or less to the percentage distribution of businesses with revenues of \$1 million or less. In addition, the table presents the percentage distribution of the number of loans originated and purchased by the bank by loan size, regardless of the revenue size of the business. Market share information is presented based on the most recent aggregate market data available.
- Table 12. Borrower Distribution of Small Loans to Farms** - Compares the percentage distribution of the number of small loans (less than or equal to \$500,000) originated and purchased by the bank to farms with revenues of \$1 million or less to the percentage distribution of farms with revenues of \$1 million or less. In addition, the table presents the percentage distribution of the number of loans originated and purchased by the bank by loan size, regardless of the revenue size of the farm. Market share information is presented based on the most recent aggregate market data available.
- Table 13. Geographic and Borrower Distribution of Consumer Loans (OPTIONAL)** - For geographic distribution, the table 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 within each geography. For

borrower distribution, the table 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 of households by income level in each MA/assessment area.

Table 14. Qualified Investments - Presents the number and dollar amount of qualified investments made by the bank in each MA/AA. The table separately presents investments made during prior evaluation periods that are still outstanding and investments made during the current evaluation period. Prior-period investments are reflected at their book value as of the end of the evaluation period. Current period investments are reflected at their original investment amount even if that amount is greater than the current book value of the investment. The table also presents the number and dollar amount of unfunded qualified investment commitments. In order to be included, an unfunded commitment must be legally binding and tracked and recorded by the bank's financial reporting system.

A bank may receive positive consideration for qualified investments in statewide/regional entities or made outside of the bank's assessment area. See Interagency Q&As __.12 (i) - 5 and - 6 for guidance on when a bank may receive positive CRA consideration for such investments. Refer to the CRA section of the Compliance Policy intranet page for guidance on table placement.

Table 15. Distribution of Branch Delivery System and Branch Openings/Closings - Compares the percentage distribution of the number of the bank's branches in low-, moderate-, middle-, and upper-income geographies to the percentage of the population within each geography in each MA/AA. The table also presents data on branch openings and closings in each MA/AA.

Table 1. Lending Volume

| LENDING VOLUME | | Geography: CBOT 2014-2015 | | | | Evaluation Period: | | | | January 1, 2014 to December 31, 2015 | | % of Rated Area Deposits in MA/AA ^{***} |
|------------------------|---|---------------------------|------------|---------------------------|------------|----------------------|------------|---|------------|--------------------------------------|-----------|--|
| MA/Assessment Area: | % of Rated Area Loans (#) in MA/AA [*] | Home Mortgage | | Small Loans to Businesses | | Small Loans to Farms | | Community Development Loans ^{**} | | Total Reported Loans | | |
| | | # | \$ (000's) | # | \$ (000's) | # | \$ (000's) | # | \$ (000's) | # | \$(000's) | |
| Full Review: | | | | | | | | | | | | |
| Houston MSA | 46.36 | 261 | 89,348 | 1,613 | 324,172 | 44 | 4,326 | 19 | 70,932 | 1,937 | 488,778 | 0.00 |
| Beaumont MSA | 45.32 | 106 | 23,441 | 1,705 | 261,635 | 64 | 10,093 | 5 | 13,191 | 1,880 | 308,360 | 0.00 |
| Limited Review: | | | | | | | | | | | | |
| Beaumont Non-MSA | 3.96 | 15 | 1,333 | 131 | 9,218 | 18 | 934 | 3 | 1,753 | 167 | 13,238 | 0.00 |
| Houston Non-MSA | 4.35 | 0 | 0 | 75 | 4,588 | 105 | 5,360 | 0 | 0 | 180 | 9,948 | 0.00 |

^{*} Loan Data as of 12/31/2015 Rated area refers to either the state or multi-state MA rating area.

^{**} The evaluation period for Community Development Loans is 01/28/2013 to 03/28/2016.

^{***} Deposit Data as of 06/30/2015. Rated Area refers to either the state, multi-state MA, or institution, as appropriate.

Table 2. Geographic Distribution of Home Purchase Loans

| Geographic Distribution: HOME PURCHASE | | | Geography: CBOT 2014-2015 | | | | Evaluation Period: | | | | January 1, 2014 to December 31, 2015 | | | | |
|--|---------------------------|--------------|---------------------------|--------------|-----------------------------|--------------|---------------------------|--------------|--------------------------|--------------|--------------------------------------|------|------|------|------|
| MA/Assessment Area: | Total Home Purchase Loans | | Low-Income Geographies | | Moderate-Income Geographies | | Middle-Income Geographies | | Upper-Income Geographies | | Market Share (%) by Geography* | | | | |
| | # | % of Total** | % Owner Occ Units*** | % BANK Loans | % Owner Occ Units*** | % BANK Loans | % Owner Occ Units*** | % BANK Loans | % Owner Occ Units*** | % BANK Loans | Overall | Low | Mod | Mid | Upp |
| Full Review: | | | | | | | | | | | | | | | |
| Houston MSA | 191 | 72.35 | 4.35 | 3.14 | 21.62 | 16.75 | 29.04 | 33.51 | 44.98 | 46.60 | 0.10 | 0.07 | 0.18 | 0.12 | 0.07 |
| Beaumont MSA | 69 | 26.14 | 2.31 | 0.00 | 20.49 | 7.25 | 44.10 | 28.99 | 33.10 | 63.77 | 0.92 | 0.00 | 0.31 | 0.68 | 1.25 |
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| Limited Review: | | | | | | | | | | | | | | | |
| Beaumont Non-MSA | 4 | 1.52 | 0.00 | 0.00 | 6.55 | 0.00 | 93.45 | 100.00 | 0.00 | 0.00 | 0.20 | 0.00 | 0.00 | 0.20 | 0.00 |
| Houston Non-MSA | 0 | 0.00 | 0.00 | 0.00 | 3.40 | 0.00 | 60.54 | 0.00 | 36.06 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| | | | | | | | | | | | | | | | |
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* Based on 2014 Peer Mortgage Data: Texas.

** Home purchase loans originated and purchased in the MA/AA as a percentage of all home purchase loans originated and purchased in the rated area.

*** Percentage of Owner Occupied Units is the number of owner occupied housing units in a particular geography divided by the number of owner occupied housing units in the area based on 2010 Census information.

Table 3. Geographic Distribution of Home Improvement Loans

| Geographic Distribution: HOME IMPROVEMENT | | | Geography: CBOT 2014-2015 | | | | Evaluation Period: | | | | January 1, 2014 to December 31, 2015 | | | | |
|---|------------------------------|-------------|---------------------------|--------------|-----------------------------|--------------|---------------------------|--------------|--------------------------|--------------|--------------------------------------|------|------|------|------|
| MA/Assessment Area: | Total Home Improvement Loans | | Low-Income Geographies | | Moderate-Income Geographies | | Middle-Income Geographies | | Upper-Income Geographies | | Market Share (%) by Geography* | | | | |
| | # | % of Total* | % Owner Occ Units*** | % BANK Loans | % Owner Occ Units*** | % BANK Loans | % Owner Occ Units*** | % BANK Loans | % Owner Occ Units*** | % BANK Loans | Overall | Low | Mod | Mid | Upp |
| Full Review: | | | | | | | | | | | | | | | |
| Houston MSA | 22 | 56.41 | 4.35 | 4.55 | 21.62 | 9.09 | 29.04 | 50.00 | 44.98 | 36.36 | 0.23 | 0.00 | 0.16 | 0.61 | 0.10 |
| Beaumont MSA | 11 | 28.21 | 2.31 | 0.00 | 20.49 | 0.00 | 44.10 | 63.64 | 33.10 | 36.36 | 1.20 | 0.00 | 0.00 | 1.97 | 0.86 |
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| Limited Review: | | | | | | | | | | | | | | | |
| Beaumont Non-MSA | 6 | 15.38 | 0.00 | 0.00 | 6.55 | 0.00 | 93.45 | 100.00 | 0.00 | 0.00 | 1.92 | 0.00 | 0.00 | 2.04 | 0.00 |
| Houston Non-MSA | 0 | 0.00 | 0.00 | 0.00 | 3.40 | 0.00 | 60.54 | 0.00 | 36.06 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| | | | | | | | | | | | | | | | |
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* Based on 2014 Peer Mortgage Data: Texas.

** Home improvement loans originated and purchased in the MA/AA as a percentage of all home improvement loans originated and purchased in the rated area.

*** Percentage of Owner Occupied Units is the number of owner occupied housing units in a particular geography divided by number of owner occupied housing units in the area based on 2010 Census information.

Table 4. Geographic Distribution of Home Mortgage Refinance Loans

| Geographic Distribution: HOME MORTGAGE REFINANCE | | | Geography: CBOT 2014-2015 | | | | Evaluation Period: | | | | January 1, 2014 to December 31, 2015 | | | | |
|--|-------------------------------------|--------------|---------------------------|--------------|-----------------------------|--------------|---------------------------|--------------|--------------------------|--------------|--------------------------------------|------|------|------|------|
| MA/Assessment Area: | Total Home Mortgage Refinance Loans | | Low-Income Geographies | | Moderate-Income Geographies | | Middle-Income Geographies | | Upper-Income Geographies | | Market Share (%) by Geography* | | | | |
| | # | % of Total** | % Owner Occ Units*** | % BANK Loans | % Owner Occ Units*** | % BANK Loans | % Owner Occ Units*** | % BANK Loans | % Owner Occ Units*** | % BANK Loans | Overall | Low | Mod | Mid | Upp |
| Full Review: | | | | | | | | | | | | | | | |
| Houston MSA | 45 | 61.64 | 4.35 | 4.44 | 21.62 | 24.44 | 29.04 | 20.00 | 44.98 | 51.11 | 0.06 | 0.00 | 0.12 | 0.04 | 0.05 |
| Beaumont MSA | 23 | 31.51 | 2.31 | 0.00 | 20.49 | 8.70 | 44.10 | 21.74 | 33.10 | 69.57 | 0.67 | 0.00 | 1.47 | 0.42 | 0.78 |
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| Limited Review: | | | | | | | | | | | | | | | |
| Beaumont Non-MSA | 5 | 6.85 | 0.00 | 0.00 | 6.55 | 20.00 | 93.45 | 80.00 | 0.00 | 0.00 | 1.43 | 0.00 | 0.00 | 1.52 | 0.00 |
| Houston Non-MSA | 0 | 0.00 | 0.00 | 0.00 | 3.40 | 0.00 | 60.54 | 0.00 | 36.06 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
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* Based on 2014 Peer Mortgage Data: Texas.

** Home mortgage refinance loans originated and purchased in the MA/AA as a percentage of all home mortgage refinance loans originated and purchased in the rated area.

*** Percentage of Owner Occupied Units is the number of owner occupied housing units in a particular geography divided by number of owner occupied housing units in the area based on 2010 Census information.

Table 5. Geographic Distribution of Multifamily Loans

| Geographic Distribution: MULTIFAMILY | | | Geography: CBOT 2014-2015 | | | | Evaluation Period: | | | | January 1, 2014 to December 31, 2015 | | | | |
|--------------------------------------|-------------------------|--------------|---------------------------|--------------|-----------------------------|--------------|---------------------------|--------------|--------------------------|--------------|--------------------------------------|------|------|-------|------|
| MA/Assessment Area: | Total Multifamily Loans | | Low-Income Geographies | | Moderate-Income Geographies | | Middle-Income Geographies | | Upper-Income Geographies | | Market Share (%) by Geography* | | | | |
| | # | % of Total** | % of MF Units*** | % BANK Loans | % MF Units*** | % BANK Loans | % MF Units*** | % BANK Loans | % MF Units*** | % BANK Loans | Overall | Low | Mod | Mid | Upp |
| Full Review: | | | | | | | | | | | | | | | |
| Houston MSA | 3 | 50.00 | 23.44 | 33.33 | 31.37 | 33.33 | 20.69 | 0.00 | 24.50 | 33.33 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Beaumont MSA | 3 | 50.00 | 8.67 | 0.00 | 27.21 | 0.00 | 32.38 | 33.33 | 31.74 | 66.67 | 5.00 | 0.00 | 0.00 | 10.00 | 0.00 |
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| Limited Review: | | | | | | | | | | | | | | | |
| Beaumont Non-MSA | 0 | 0.00 | 0.00 | 0.00 | 38.77 | 0.00 | 61.23 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Houston Non-MSA | 0 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 75.59 | 0.00 | 24.41 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
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* Based on 2014 Peer Mortgage Data: Texas.

** Multifamily loans originated and purchased in the MA/AA as a percentage of all multifamily loans originated and purchased in the rated area.

*** Percentage of multifamily units is the number of multifamily housing units in a particular geography divided by number of multifamily housing units in the area based on 2010 Census information.

Table 6. Geographic Distribution of Small Loans to Businesses

| Geographic Distribution: SMALL LOANS TO BUSINESSES | | | Geography: CBOT 2014-2015 | | | | | | Evaluation Period: | | January 1, 2014 to December 31, 2015 | | | | |
|--|----------------------------|-------------|---------------------------|--------------|-----------------------------|--------------|---------------------------|--------------|--------------------------|--------------|--------------------------------------|------|-------|-------|-------|
| MA/Assessment Area: | Total Small Business Loans | | Low-Income Geographies | | Moderate-Income Geographies | | Middle-Income Geographies | | Upper-Income Geographies | | Market Share (%) by Geography* | | | | |
| | # | % of Total* | % of Businesses*** | % BANK Loans | % of Businesses*** | % BANK Loans | % of Businesses*** | % BANK Loans | % of Businesses*** | % BANK Loans | Overall | Low | Mod | Mid | Upp |
| Full Review: | | | | | | | | | | | | | | | |
| Houston MSA | 1,609 | 45.83 | 8.59 | 6.84 | 19.89 | 24.67 | 24.27 | 31.26 | 47.19 | 37.23 | 0.69 | 0.44 | 0.85 | 0.97 | 0.55 |
| Beaumont MSA | 1,696 | 48.31 | 2.28 | 0.59 | 24.80 | 27.65 | 38.56 | 33.25 | 34.20 | 38.50 | 15.90 | 8.33 | 19.20 | 15.16 | 15.82 |
| | | | | | | | | | | | | | | | |
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| Limited Review: | | | | | | | | | | | | | | | |
| Beaumont Non-MSA | 131 | 3.73 | 0.00 | 0.00 | 17.13 | 8.40 | 82.87 | 91.60 | 0.00 | 0.00 | 13.29 | 0.00 | 7.46 | 16.34 | 0.00 |
| Houston Non-MSA | 75 | 2.14 | 0.00 | 0.00 | 7.01 | 0.00 | 59.94 | 68.00 | 33.05 | 32.00 | 5.95 | 0.00 | 0.00 | 8.36 | 5.08 |
| | | | | | | | | | | | | | | | |
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* Based on 2014 Peer Small Business Data: US.

** Small loans to businesses originated and purchased in the MA/AA as a percentage of all small loans to businesses originated and purchased in the rated area.

*** Source Data - Dun and Bradstreet 2014.

Table 7. Geographic Distribution of Small Loans to Farms

| Geographic Distribution: SMALL LOANS TO FARMS | | Geography: CBOT 2014-2015 | | | | | | Evaluation Period: | | | | January 1, 2014 to December 31, 2015 | | | | |
|---|------------------------|---------------------------|------------------------|--------------|-----------------------------|--------------|---------------------------|--------------------|--------------------------|--------------|--------------------------------|--------------------------------------|-------|-------|-------|--|
| MA/Assessment Area: | Total Small Farm Loans | | Low-Income Geographies | | Moderate-Income Geographies | | Middle-Income Geographies | | Upper-Income Geographies | | Market Share (%) by Geography* | | | | | |
| | # | % of Total** | % of Farms*** | % BANK Loans | % of Farms*** | % BANK Loans | % of Farms*** | % BANK Loans | % of Farms*** | % BANK Loans | Overall | Low | Mod | Mid | Upp | |
| Full Review: | | | | | | | | | | | | | | | | |
| Houston MSA | 44 | 19.05 | 5.29 | 0.00 | 18.06 | 2.27 | 30.54 | 79.55 | 46.11 | 18.18 | 6.52 | 0.00 | 2.44 | 10.75 | 3.23 | |
| Beaumont MSA | 64 | 27.71 | 1.88 | 0.00 | 14.88 | 6.25 | 41.55 | 20.31 | 41.69 | 73.44 | 32.94 | 0.00 | 28.57 | 16.67 | 40.74 | |
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| Limited Review: | | | | | | | | | | | | | | | | |
| Beaumont Non-MSA | 18 | 7.79 | 0.00 | 0.00 | 6.67 | 0.00 | 93.33 | 100.00 | 0.00 | 0.00 | 43.75 | 0.00 | 0.00 | 50.00 | 0.00 | |
| Houston Non-MSA | 105 | 45.45 | 0.00 | 0.00 | 5.36 | 0.00 | 47.79 | 61.90 | 46.85 | 38.10 | 26.80 | 0.00 | 0.00 | 31.43 | 22.89 | |
| | | | | | | | | | | | | | | | | |
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* Based on 2014 Peer Small Business Data: US.

** Small loans to farms originated and purchased in the MA/AA as a percentage of all small loans to farms originated and purchased in the rated area.

*** Source Data - Dun and Bradstreet 2014.

Table 8. Borrower Distribution of Home Purchase Loans

| Borrower Distribution: HOME PURCHASE | | Geography: CBOT 2014-2015 | | | | | Evaluation Period: | | | | January 1, 2014 to December 31, 2015 | | | | |
|--------------------------------------|---------------------------|---------------------------|---------------------------|------------------------------|---------------------------|------------------------------|---------------------------|------------------------------|---------------------------|------------------------------|--------------------------------------|------|------|------|------|
| MA/Assessment Area: | Total Home Purchase Loans | | Low-Income Borrowers | | Moderate-Income Borrowers | | Middle-Income Borrowers | | Upper-Income Borrowers | | Market Share [*] | | | | |
| | # | % of Total [*] | % Families ^{***} | % BANK Loans ^{****} | % Families ^{***} | % BANK Loans ^{****} | % Families ^{***} | % BANK Loans ^{****} | % Families ^{***} | % BANK Loans ^{****} | Overall | Low | Mod | Mid | Upp |
| Full Review: | | | | | | | | | | | | | | | |
| Houston MSA | 191 | 72.35 | 24.25 | 5.22 | 16.62 | 18.66 | 17.41 | 9.70 | 41.72 | 66.42 | 0.08 | 0.13 | 0.11 | 0.03 | 0.08 |
| Beaumont MSA | 69 | 26.14 | 23.78 | 7.55 | 16.15 | 5.66 | 18.26 | 3.77 | 41.81 | 83.02 | 0.86 | 0.94 | 0.35 | 0.10 | 1.36 |
| | | | | | | | | | | | | | | | |
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| Limited Review: | | | | | | | | | | | | | | | |
| Beaumont Non-MSA | 4 | 1.52 | 23.20 | 0.00 | 20.09 | 0.00 | 18.92 | 0.00 | 37.79 | 100.00 | 0.23 | 0.00 | 0.00 | 0.00 | 0.40 |
| Houston Non-MSA | 0 | 0.00 | 19.74 | 0.00 | 18.13 | 0.00 | 18.25 | 0.00 | 43.88 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
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^{*} Based on 2014 Peer Mortgage Data: Texas.

^{**} Home purchase loans originated and purchased in the MA/AA as a percentage of all home purchase loans originated and purchased in the rated area.

^{***} Percentage of Families is based on the 2010 Census information.

^{****} As a percentage of loans with borrower income information available. No information was available for 28.0% of loans originated and purchased by Bank.

Table 9. Borrower Distribution of Home Improvement Loans

| Borrower Distribution: HOME IMPROVEMENT | | | Geography: CBOT 2014-2015 | | | | Evaluation Period: | | | | January 1, 2014 to December 31, 2015 | | | | |
|---|------------------------------|--------------|---------------------------|------------------|---------------------------|------------------|-------------------------|------------------|------------------------|------------------|--------------------------------------|------|------|------|------|
| MA/Assessment Area: | Total Home Improvement Loans | | Low-Income Borrowers | | Moderate-Income Borrowers | | Middle-Income Borrowers | | Upper-Income Borrowers | | Market Share* | | | | |
| | # | % of Total** | % Families*** | % BANK Loans**** | % Families*** | % BANK Loans**** | % Families*** | % BANK Loans**** | % Families*** | % BANK Loans**** | Overall | Low | Mod | Mid | Upp |
| Full Review: | | | | | | | | | | | | | | | |
| Houston MSA | 22 | 56.41 | 24.25 | 4.55 | 16.62 | 9.09 | 17.41 | 9.09 | 41.72 | 77.27 | 0.24 | 0.00 | 0.23 | 0.00 | 0.32 |
| Beaumont MSA | 11 | 28.21 | 23.78 | 0.00 | 16.15 | 9.09 | 18.26 | 27.27 | 41.81 | 63.64 | 1.24 | 0.00 | 1.39 | 0.87 | 1.48 |
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| Limited Review: | | | | | | | | | | | | | | | |
| Beaumont Non-MSA | 6 | 15.38 | 23.20 | 0.00 | 20.09 | 33.33 | 18.92 | 0.00 | 37.79 | 66.67 | 1.92 | 0.00 | 0.00 | 0.00 | 2.78 |
| Houston Non-MSA | 0 | 0.00 | 19.74 | 0.00 | 18.13 | 0.00 | 18.25 | 0.00 | 43.88 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
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* Based on 2014 Peer Mortgage Data: Texas.

** Home improvement loans originated and purchased in the MA/AA as a percentage of all home improvement loans originated and purchased in the rated area.

*** Percentage of Families is based on the 2010 Census information.

**** As a percentage of loans with borrower income information available. No information was available for 0.0% of loans originated and purchased by Bank.

Table 10. Borrower Distribution of Home Mortgage Refinance Loans

| Borrower Distribution: HOME MORTGAGE REFINANCE | | | Geography: CBOT 2014-2015 | | | | Evaluation Period: | | | | January 1, 2014 to December 31, 2015 | | | | |
|--|-------------------------------------|--------------|---------------------------|------------------|---------------------------|------------------|-------------------------|------------------|------------------------|------------------|--------------------------------------|------|------|------|------|
| MA/Assessment Area: | Total Home Mortgage Refinance Loans | | Low-Income Borrowers | | Moderate-Income Borrowers | | Middle-Income Borrowers | | Upper-Income Borrowers | | Market Share* | | | | |
| | # | % of Total** | % Families*** | % BANK Loans**** | % Families*** | % BANK Loans**** | % Families*** | % BANK Loans**** | % Families*** | % BANK Loans**** | Overall | Low | Mod | Mid | Upp |
| Full Review: | | | | | | | | | | | | | | | |
| Houston MSA | 45 | 61.64 | 24.25 | 10.81 | 16.62 | 35.14 | 17.41 | 8.11 | 41.72 | 45.95 | 0.06 | 0.11 | 0.13 | 0.00 | 0.05 |
| Beaumont MSA | 23 | 31.51 | 23.78 | 4.55 | 16.15 | 9.09 | 18.26 | 4.55 | 41.81 | 81.82 | 0.75 | 2.00 | 0.00 | 0.33 | 0.92 |
| | | | | | | | | | | | | | | | |
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| Limited Review: | | | | | | | | | | | | | | | |
| Beaumont Non-MSA | 5 | 6.85 | 23.20 | 0.00 | 20.09 | 0.00 | 18.92 | 0.00 | 37.79 | 100.00 | 1.67 | 0.00 | 0.00 | 0.00 | 2.35 |
| Houston Non-MSA | 0 | 0.00 | 19.74 | 0.00 | 18.13 | 0.00 | 18.25 | 0.00 | 43.88 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| | | | | | | | | | | | | | | | |
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* Based on 2014 Peer Mortgage Data: Texas

** Home mortgage refinance loans originated and purchased in the MA/AA as a percentage of all home mortgage refinance loans originated and purchased in the rated area.

*** Percentage of Families is based on the 2010 Census information.

**** As a percentage of loans with borrower income information available. No information was available for 12.3% of loans originated and purchased by Bank.

Table 11. Borrower Distribution of Small Loans to Businesses

| Borrower Distribution: SMALL LOANS TO BUSINESSES | | | | | Geography: CBOT 2014-2015 | | Evaluation Period: | | January 1, 2014 to December 31, 2015 | |
|--|---------------------------------|--------------|---|------------------|--|-------------------------|---------------------------|---------------|--------------------------------------|--|
| MA/Assessment Area: | Total Small Loans to Businesses | | Businesses With Revenues of \$1 million or less | | Loans by Original Amount Regardless of Business Size | | | Market Share* | | |
| | # | % of Total** | % of Businesses*** | % BANK Loans**** | \$100,000 or less | >\$100,000 to \$250,000 | >\$250,000 to \$1,000,000 | All | Rev \$1 Million or Less | |
| Full Review: | | | | | | | | | | |
| Houston MSA | 1,613 | 45.77 | 71.42 | 45.20 | 55.49 | 20.09 | 24.43 | 0.69 | 0.74 | |
| Beaumont MSA | 1,705 | 48.38 | 70.58 | 51.85 | 64.11 | 19.77 | 16.13 | 15.90 | 19.85 | |
| | | | | | | | | | | |
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| | | | | | | | | | | |
| Limited Review: | | | | | | | | | | |
| Beaumont Non-MSA | 131 | 3.72 | 70.33 | 67.18 | 87.02 | 7.63 | 5.34 | 13.29 | 21.21 | |
| Houston Non-MSA | 75 | 2.13 | 71.25 | 58.67 | 86.67 | 9.33 | 4.00 | 5.95 | 6.69 | |
| | | | | | | | | | | |
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* Based on 2014 Peer Small Business Data: US.

** Small loans to businesses originated and purchased in the MA/AA as a percentage of all small loans to businesses originated and purchased in the rated area.

*** Businesses with revenues of \$1 million or less as a percentage of all businesses (Source D&B - 2014).

**** Small loans to businesses with revenues of \$1 million or less as a percentage of all loans reported as small loans to businesses. No information was available for 9.73% of small loans to businesses originated and purchased by the Bank.

Table 12. Borrower Distribution of Small Loans to Farms

| Borrower Distribution: SMALL LOANS TO FARMS | | | | | Geography: CBOT 2014-2015 | | Evaluation Period: January 1, 2014 to December 31, 2015 | | |
|---|----------------------------|--------------|--|------------------|--|-------------------------|---|---------------|-------------------------|
| MA/Assessment Area: | Total Small Loans to Farms | | Farms With Revenues of \$1 million or less | | Loans by Original Amount Regardless of Farm Size | | | Market Share* | |
| | # | % of Total** | % of Farms*** | % BANK Loans**** | \$100,000 or less | >\$100,000 to \$250,000 | >\$250,000 to \$500,000 | All | Rev \$1 Million or Less |
| Full Review: | | | | | | | | | |
| Houston MSA | 44 | 19.05 | 96.25 | 65.91 | 77.27 | 9.09 | 13.64 | 6.52 | 7.02 |
| Beaumont MSA | 64 | 27.71 | 98.93 | 90.63 | 57.81 | 17.19 | 25.00 | 32.94 | 39.34 |
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| Limited Review: | | | | | | | | | |
| Beaumont Non-MSA | 18 | 7.79 | 95.83 | 88.89 | 88.89 | 11.11 | 0.00 | 43.75 | 63.64 |
| Houston Non-MSA | 105 | 45.45 | 95.80 | 65.71 | 92.38 | 3.81 | 3.81 | 26.80 | 24.14 |
| | | | | | | | | | |
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* Based on 2014 Peer Small Business Data: US.

** Small loans to farms originated and purchased in the MA/AA as a percentage of all small loans to farms originated and purchased in the rated area.

*** Farms with revenues of \$1 million or less as a percentage of all farms (Source D&B - 2014).

**** Small loans to farms with revenues of \$1 million or less as a percentage of all loans reported as small loans to farms. No information was available for 21.65% of small loans to farms originated and purchased by Bank.

Table 14. Qualified Investments

| QUALIFIED INVESTMENTS | | Geography: CBOT 2014-2015 | | | Evaluation Period: | | | January 1, 2014 to March 28, 2016 | |
|------------------------|---------------------------|---------------------------|----------------------------|-----------|--------------------|-----------|------------|-----------------------------------|-----------|
| MA/Assessment Area: | Prior Period Investments* | | Current Period Investments | | Total Investments | | | Unfunded Commitments** | |
| | # | \$(000's) | # | \$(000's) | # | \$(000's) | % of Total | # | \$(000's) |
| Full Review: | | | | | | | | | |
| Houston MSA | 1 | 1,852 | 57 | 20,627 | 58 | 22,479 | 45 | 0 | 0 |
| Beaumont MSA | 0 | 0 | 44 | 27,335 | 44 | 27,335 | 54 | 0 | 0 |
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| | | | | | | | | | |
| Limited Review: | | | | | | | | | |
| Beaumont Non-MSA | 0 | 0 | 3 | 380 | 3 | 380 | 1 | 0 | 0 |
| Houston Non-MSA | 0 | 0 | 8 | 214 | 8 | 214 | 0 | 0 | 0 |
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* 'Prior Period Investments' means investments made in a previous evaluation period that are outstanding as of the examination date.

** 'Unfunded Commitments' means legally binding investment commitments that are tracked and recorded by the institution's financial reporting system.

Table 15. Distribution of Branch Delivery System and Branch Openings/Closings

| DISTRIBUTION OF BRANCH DELIVERY SYSTEM AND BRANCH OPENINGS/CLOSINGS Geography: CBOT | | | | | | | | | | | | | | Evaluation Period: January 28, 2013 to March 28, 2016 | | | |
|---|--------------------------------|--------------------|--------------------------------|---|-------|------|------|--------------------------|----------------------|---|-----|-----|-----|---|-------|-------|-------|
| MA/Assessment Area: | Deposits | Branches | | | | | | Branch Openings/Closings | | | | | | Population | | | |
| | % of Rated Area Deposits in AA | # of BANK Branches | % of Rated Area Branches in AA | Location of Branches by Income of Geographies (%) | | | | # of Branch Openings | # of Branch Closings | Net change in Location of Branches (+ or -) | | | | % of Population within Each Geography | | | |
| | | | | Low | Mod | Mid | Upp | | | Low | Mod | Mid | Upp | Low | Mod | Mid | Upp |
| Full Review: | | | | | | | | | | | | | | | | | |
| Houston AA | 55.00 | 19 | 50.00 | 5.00 | 11.00 | 26.0 | 58.0 | 2 | 1 | 0 | +1 | 0 | 0 | 10.17 | 26.88 | 27.74 | 34.88 |
| Beaumont AA | 39.00 | 13 | 34.00 | 0.00 | 23.00 | 46.0 | 31.0 | 0 | 0 | 0 | 0 | 0 | 0 | 4.68 | 23.49 | 39.36 | 30.40 |
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| Limited Review: | | | | | | | | | | | | | | | | | |
| Beaumont Non-MSA | 4.00 | 4 | 11.00 | 0.00 | 50.00 | 50.0 | 0.00 | 0 | 0 | 0 | 0 | 0 | 0 | 0.00 | 10.03 | 89.97 | 0.00 |
| Houston Non-MSA | 2.00 | 2 | 5.00 | 0.00 | 0.00 | 100 | 0.00 | 0 | 0 | 0 | 0 | 0 | 0 | 0.00 | 4.54 | 63.90 | 31.56 |
| | | | | | | | | | | | | | | | | | |
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*** Newton county was added to Beaumont-Port Arthur MSA in 2014– Net effect – 2 branches moved from Beaumont Non-MSA to Beaumont MSA

Table 1. Lending Volume

| LENDING VOLUME | | | | | | | | | | | | Geography: CBOT 2012-2013 | | Evaluation Period: January 1, 2012 to December 31, 2013 | |
|------------------------|--------------------------------------|---------------|------------|---------------------------|------------|----------------------|------------|--------------------------------|------------|----------------------|-----------|---------------------------------------|--|---|--|
| MA/Assessment Area: | % of Rated Area Loans (#) in MA/AA * | Home Mortgage | | Small Loans to Businesses | | Small Loans to Farms | | Community Development Loans ** | | Total Reported Loans | | % of Rated Area Deposits in MA/AA *** | | | |
| | | # | \$ (000's) | # | \$ (000's) | # | \$ (000's) | # | \$ (000's) | # | \$(000's) | | | | |
| Full Review: | | | | | | | | | | | | | | | |
| Houston AA 2013 | 32.41 | 98 | 37,588 | 1,006 | 144,907 | 50 | 4,154 | 4 | 27,783 | 1,158 | 214,432 | | | | |
| Beaumont MSA 2013 | 59.67 | 163 | 31,186 | 1,889 | 276,073 | 73 | 10,603 | 3 | 354 | 2,128 | 318,216 | | | | |
| Limited Review: | | | | | | | | | | | | | | | |
| Beaumont Non-MSA 2013 | 7.86 | 36 | 2,293 | 206 | 12,875 | 38 | 1,286 | 0 | 0 | 280 | 16,454 | | | | |
| Houston Non-MSA 2013 | 0.06 | 2 | 171 | 0 | 0 | 0 | 0 | 2 | 1,650 | 4 | 1,821 | | | | |

* Loan Data as of 12/31/2013. Rated area refers to either the state or multi-state MA rating area.

** The evaluation period for Community Development Loans is 01/28/2013 to December 31, 2013 (See 14-15 Tables for that time period).

*** Deposit Data as of 06/30/2015. Rated Area refers to either the state, multi-state MA, or institution, as appropriate.

Table 3. Geographic Distribution of Home Improvement Loans

| Geographic Distribution: HOME IMPROVEMENT | | | Geography: CBOT 2012-2013 | | | | | | | | Evaluation Period: January 1, 2012 to December 31, 2013 | | | | |
|---|------------------------------|-------------|---------------------------|--------------|-----------------------------|--------------|---------------------------|--------------|--------------------------|--------------|---|------|-------|------|------|
| MA/Assessment Area: | Total Home Improvement Loans | | Low-Income Geographies | | Moderate-Income Geographies | | Middle-Income Geographies | | Upper-Income Geographies | | Market Share (%) by Geography* | | | | |
| | # | % of Total* | % Owner Occ Units*** | % BANK Loans | % Owner Occ Units*** | % BANK Loans | % Owner Occ Units*** | % BANK Loans | % Owner Occ Units*** | % BANK Loans | Overall | Low | Mod | Mid | Upp |
| Full Review: | | | | | | | | | | | | | | | |
| Houston AA 2013 | 18 | 23.08 | 5.03 | 5.56 | 22.76 | 16.67 | 28.92 | 33.33 | 43.29 | 44.44 | 0.12 | 0.00 | 0.00 | 0.11 | 0.17 |
| Beaumont MSA 2013 | 44 | 56.41 | 2.41 | 0.00 | 20.00 | 13.64 | 44.15 | 29.55 | 33.44 | 56.82 | 2.44 | 0.00 | 3.33 | 2.00 | 2.69 |
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| Limited Review: | | | | | | | | | | | | | | | |
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| Beaumont Non-MSA 2013 | 16 | 20.51 | 0.00 | 0.00 | 16.95 | 31.25 | 78.01 | 68.75 | 5.04 | 0.00 | 9.38 | 0.00 | 11.11 | 9.62 | 0.00 |
| Houston Non-MSA 2013 | 0 | 0.00 | 0.00 | 0.00 | 3.40 | 0.00 | 60.54 | 0.00 | 36.06 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
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* Based on 2013 Peer Mortgage Data: Texas.

** Home improvement loans originated and purchased in the MA/AA as a percentage of all home improvement loans originated and purchased in the rated area.

*** Percentage of Owner Occupied Units is the number of owner occupied housing units in a particular geography divided by number of owner occupied housing units in the area based on 2010 Census information.

Table 5. Geographic Distribution of Multifamily Loans

| Geographic Distribution: MULTIFAMILY | | | Geography: CBOT 2012-2013 | | | | Evaluation Period: January 1, 2012 to December 31, 2013 | | | | | Market Share (%) by Geography* | | | | |
|--------------------------------------|-------------------------|--------------|---------------------------|--------------|-----------------------------|--------------|---|--------------|--------------------------|--------------|--------------------------------|--------------------------------|------|------|------|--|
| MA/Assessment Area: | Total Multifamily Loans | | Low-Income Geographies | | Moderate-Income Geographies | | Middle-Income Geographies | | Upper-Income Geographies | | Market Share (%) by Geography* | | | | | |
| | # | % of Total** | % of MF Units*** | % BANK Loans | % MF Units*** | % BANK Loans | % MF Units*** | % BANK Loans | % MF Units*** | % BANK Loans | Overall | Low | Mod | Mid | Upp | |
| Full Review: | | | | | | | | | | | | | | | | |
| Houston AA 2013 | 4 | 80.00 | 24.57 | 25.00 | 31.88 | 50.00 | 20.63 | 0.00 | 22.92 | 25.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | |
| Beaumont MSA 2013 | 1 | 20.00 | 8.68 | 0.00 | 27.24 | 0.00 | 32.33 | 100.00 | 31.76 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | |
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| Limited Review: | | | | | | | | | | | | | | | | |
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| Beaumont Non-MSA 2013 | 0 | 0.00 | 0.00 | 0.00 | 40.83 | 0.00 | 59.17 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | |
| Houston Non-MSA 2013 | 0 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 75.59 | 0.00 | 24.41 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | |
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* Based on 2013 Peer Mortgage Data: Texas.

** Multifamily loans originated and purchased in the MA/AA as a percentage of all multifamily loans originated and purchased in the rated area.

*** Percentage of multifamily units is the number of multifamily housing units in a particular geography divided by number of multifamily housing units in the area based on 2010 Census information.

Table 6. Geographic Distribution of Small Loans to Businesses

| Geographic Distribution: SMALL LOANS TO BUSINESSES | | | Geography: CBOT 2012-2013 | | | | | | Evaluation Period: January 1, 2012 to December 31, 2013 | | | | | | | |
|--|----------------------------|-------------|---------------------------|--------------|-----------------------------|--------------|---------------------------|--------------|---|--------------|--------------------------------|--------------|---------|-------|-------|-----|
| MA/Assessment Area: | Total Small Business Loans | | Low-Income Geographies | | Moderate-Income Geographies | | Middle-Income Geographies | | Upper-Income Geographies | | Market Share (%) by Geography* | | | | | |
| | # | % of Total* | % of Businesses*** | % BANK Loans | % of Businesses**** | % BANK Loans | % of Businesses**** | % BANK Loans | % of Businesses**** | % BANK Loans | % of Businesses**** | % BANK Loans | Overall | Low | Mod | Mid |
| Full Review: | | | | | | | | | | | | | | | | |
| Houston AA 2013 | 1,006 | 32.49 | 9.50 | 6.76 | 21.15 | 27.14 | 24.04 | 42.74 | 45.24 | 23.36 | 0.47 | 0.35 | 0.72 | 0.84 | 0.23 | |
| Beaumont MSA 2013 | 1,884 | 60.85 | 2.34 | 0.64 | 24.63 | 28.66 | 38.06 | 33.07 | 34.85 | 37.63 | 14.97 | 6.76 | 19.08 | 13.89 | 14.87 | |
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| Limited Review: | | | | | | | | | | | | | | | | |
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| Beaumont Non-MSA 2013 | 206 | 6.65 | 0.00 | 0.00 | 27.15 | 36.41 | 71.61 | 63.11 | 1.24 | 0.49 | 14.29 | 0.00 | 17.86 | 15.94 | 0.00 | |
| Houston Non-MSA 2013 | 0 | 0.00 | 0.00 | 0.00 | 6.91 | 0.00 | 59.93 | 0.00 | 33.16 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | |
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* Based on 2013 Peer Small Business Data: US.

** Small loans to businesses originated and purchased in the MA/AA as a percentage of all small loans to businesses originated and purchased in the rated area.

*** Source Data - Dun and Bradstreet 2013.

Table 7. Geographic Distribution of Small Loans to Farms

| Geographic Distribution: SMALL LOANS TO FARMS | | | Geography: CBOT 2012-2013 | | | | | | Evaluation Period: January 1, 2012 to December 31, 2013 | | | | | | |
|---|------------------------|--------------|---------------------------|--------------|-----------------------------|--------------|---------------------------|--------------|---|--------------|--------------------------------|------|-------|-------|-------|
| MA/Assessment Area: | Total Small Farm Loans | | Low-Income Geographies | | Moderate-Income Geographies | | Middle-Income Geographies | | Upper-Income Geographies | | Market Share (%) by Geography* | | | | |
| | # | % of Total** | % of Farms*** | % BANK Loans | % of Farms*** | % BANK Loans | % of Farms*** | % BANK Loans | % of Farms*** | % BANK Loans | Overall | Low | Mod | Mid | Upp |
| Full Review: | | | | | | | | | | | | | | | |
| Houston AA 2013 | 50 | 31.06 | 6.18 | 0.00 | 19.38 | 18.00 | 30.54 | 54.00 | 43.91 | 28.00 | 5.14 | 0.00 | 8.82 | 7.07 | 2.61 |
| Beaumont MSA 2013 | 73 | 45.34 | 2.16 | 0.00 | 15.26 | 5.48 | 41.69 | 45.21 | 40.89 | 49.32 | 31.17 | 0.00 | 0.00 | 36.11 | 28.21 |
| | | | | | | | | | | | | | | | |
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| Limited Review: | | | | | | | | | | | | | | | |
| Beaumont Non-MSA 2013 | 38 | 23.60 | 0.00 | 0.00 | 19.33 | 23.68 | 79.33 | 76.32 | 1.33 | 0.00 | 60.71 | 0.00 | 44.44 | 72.22 | 0.00 |
| Houston Non-MSA 2013 | 0 | 0.00 | 0.00 | 0.00 | 5.03 | 0.00 | 46.75 | 0.00 | 48.22 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
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* Based on 2013 Peer Small Business Data: US.

** Small loans to farms originated and purchased in the MA/AA as a percentage of all small loans to farms originated and purchased in the rated area.

*** Source Data - Dun and Bradstreet 2013.

Table 8. Borrower Distribution of Home Purchase Loans

| Borrower Distribution: HOME PURCHASE | | Geography: CBOT 2012-2013 | | | | | | Evaluation Period: January 1, 2012 to December 31, 2013 | | | | | | | |
|--------------------------------------|---------------------------|---------------------------|----------------------|-----------------|---------------------------|------------------|-------------------------|---|------------------------|------------------|---------------|------|------|------|------|
| MA/Assessment Area: | Total Home Purchase Loans | | Low-Income Borrowers | | Moderate-Income Borrowers | | Middle-Income Borrowers | | Upper-Income Borrowers | | Market Share* | | | | |
| | # | % of Total* | % Families*** | % BANK Loans*** | % Families*** | % BANK Loans**** | % Families*** | % BANK Loans**** | % Families*** | % BANK Loans**** | Overall | Low | Mod | Mid | Upp |
| Full Review: | | | | | | | | | | | | | | | |
| Houston AA 2013 | 56 | 41.79 | 25.06 | 5.56 | 16.87 | 11.11 | 17.37 | 5.56 | 40.70 | 77.78 | 0.03 | 0.03 | 0.05 | 0.01 | 0.03 |
| Beaumont MSA 2013 | 71 | 52.99 | 23.80 | 3.17 | 16.32 | 7.94 | 18.24 | 9.52 | 41.63 | 79.37 | 0.65 | 0.75 | 0.18 | 0.44 | 0.85 |
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| Limited Review: | | | | | | | | | | | | | | | |
| Beaumont Non-MSA 2013 | 6 | 4.48 | 24.54 | 0.00 | 18.74 | 0.00 | 18.69 | 20.00 | 38.03 | 80.00 | 0.50 | 0.00 | 0.00 | 0.00 | 0.76 |
| Houston Non-MSA 2013 | 1 | 0.75 | 19.96 | 0.00 | 18.11 | 0.00 | 18.41 | 0.00 | 43.53 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
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* Based on 2013 Peer Mortgage Data: Texas.

** Home purchase loans originated and purchased in the MA/AA as a percentage of all home purchase loans originated and purchased in the rated area.

*** Percentage of Families is based on the 2010 Census information.

**** As a percentage of loans with borrower income information available. No information was available for 22.4% of loans originated and purchased by Bank.

Table 9. Borrower Distribution of Home Improvement Loans

| Borrower Distribution: HOME IMPROVEMENT | | Geography: CBOT 2012-2013 | | | | | | Evaluation Period: January 1, 2012 to December 31, 2013 | | | | | | | |
|---|------------------------------|---------------------------|----------------------|------------------|---------------------------|------------------|-------------------------|---|------------------------|------------------|---------------|------|-------|------|------|
| MA/Assessment Area: | Total Home Improvement Loans | | Low-Income Borrowers | | Moderate-Income Borrowers | | Middle-Income Borrowers | | Upper-Income Borrowers | | Market Share* | | | | |
| | # | % of Total** | % Families*** | % BANK Loans**** | % Families*** | % BANK Loans**** | % Families*** | % BANK Loans**** | % Families*** | % BANK Loans**** | Overall | Low | Mod | Mid | Upp |
| Full Review: | | | | | | | | | | | | | | | |
| Houston AA 2013 | 18 | 23.08 | 25.06 | 23.53 | 16.87 | 17.65 | 17.37 | 5.88 | 40.70 | 52.94 | 0.13 | 0.40 | 0.00 | 0.00 | 0.16 |
| Beaumont MSA 2013 | 44 | 56.41 | 23.80 | 4.65 | 16.32 | 9.30 | 18.24 | 9.30 | 41.63 | 76.74 | 2.13 | 0.00 | 1.30 | 0.00 | 3.13 |
| | | | | | | | | | | | | | | | |
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| Limited Review: | | | | | | | | | | | | | | | |
| Beaumont Non-MSA 2013 | 16 | 20.51 | 24.54 | 6.67 | 18.74 | 20.00 | 18.69 | 0.00 | 38.03 | 73.33 | 9.38 | 0.00 | 25.00 | 0.00 | 8.11 |
| Houston Non-MSA 2013 | 0 | 0.00 | 19.96 | 0.00 | 18.11 | 0.00 | 18.41 | 0.00 | 43.53 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| | | | | | | | | | | | | | | | |
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* Based on 2013 Peer Mortgage Data: Texas

** Home improvement loans originated and purchased in the MA/AA as a percentage of all home improvement loans originated and purchased in the rated area.

*** Percentage of Families is based on the 2010 Census information.

**** As a percentage of loans with borrower income information available. No information was available for 3.8% of loans originated and purchased by Bank.

Table 10. Borrower Distribution of Home Mortgage Refinance Loans

| Borrower Distribution: HOME MORTGAGE REFINANCE | | | Geography: CBOT 2012-2013 | | | | | | Evaluation Period: January 1, 2012 to December 31, 2013 | | | | | | |
|--|-------------------------------------|--------------|---------------------------|-----------------|---------------------------|------------------|-------------------------|------------------|---|------------------|---------------|------|------|------|------|
| MA/Assessment Area: | Total Home Mortgage Refinance Loans | | Low-Income Borrowers | | Moderate-Income Borrowers | | Middle-Income Borrowers | | Upper-Income Borrowers | | Market Share* | | | | |
| | # | % of Total** | % Families*** | % BANK Loans*** | % Families*** | % BANK Loans**** | % Families*** | % BANK Loans**** | % Families*** | % BANK Loans**** | Overall | Low | Mod | Mid | Upp |
| Full Review: | | | | | | | | | | | | | | | |
| Houston AA 2013 | 20 | 24.39 | 25.06 | 0.00 | 16.87 | 14.29 | 17.37 | 14.29 | 40.70 | 71.43 | 0.01 | 0.00 | 0.00 | 0.00 | 0.02 |
| Beaumont MSA 2013 | 47 | 57.32 | 23.80 | 0.00 | 16.32 | 4.44 | 18.24 | 15.56 | 41.63 | 80.00 | 1.08 | 0.00 | 0.41 | 0.64 | 1.32 |
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| Limited Review: | | | | | | | | | | | | | | | |
| Beaumont Non-MSA 2013 | 14 | 17.07 | 24.54 | 0.00 | 18.74 | 7.69 | 18.69 | 23.08 | 38.03 | 69.23 | 1.31 | 0.00 | 0.00 | 4.44 | 0.65 |
| Houston Non-MSA 2013 | 1 | 1.22 | 19.96 | 0.00 | 18.11 | 0.00 | 18.41 | 0.00 | 43.53 | 100.00 | 0.40 | 0.00 | 0.00 | 0.00 | 0.52 |
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* Based on 2013 Peer Mortgage Data: Texas

** Home mortgage refinance loans originated and purchased in the MA/AA as a percentage of all home mortgage refinance loans originated and purchased in the rated area.

*** Percentage of Families is based on the 2010 Census information.

**** As a percentage of loans with borrower income information available. No information was available for 11.0% of loans originated and purchased by Bank.

Table 11. Borrower Distribution of Small Loans to Businesses

| Borrower Distribution: SMALL LOANS TO BUSINESSES | | Geography: CBOT 2012-2013 | | | Evaluation Period: January 1, 2012 to December 31, 2013 | | | | |
|--|---------------------------------|---------------------------|---|------------------|---|-------------------------|---------------------------|---------------|-------------------------|
| MA/Assessment Area: | Total Small Loans to Businesses | | Businesses With Revenues of \$1 million or less | | Loans by Original Amount Regardless of Business Size | | | Market Share* | |
| | # | % of Total** | % of Businesses*** | % BANK Loans**** | \$100,000 or less | >\$100,000 to \$250,000 | >\$250,000 to \$1,000,000 | All | Rev \$1 Million or Less |
| Full Review: | | | | | | | | | |
| Houston AA 2013 | 1,006 | 32.44 | 71.36 | 49.60 | 66.60 | 15.81 | 17.59 | 0.47 | 0.57 |
| Beaumont MSA 2013 | 1,889 | 60.92 | 71.91 | 53.63 | 64.85 | 20.06 | 15.09 | 14.97 | 17.10 |
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| Limited Review: | | | | | | | | | |
| Beaumont Non-MSA 2013 | 206 | 6.64 | 71.51 | 65.05 | 88.35 | 7.28 | 4.37 | 14.29 | 17.53 |
| Houston Non-MSA 2013 | 0 | 0.00 | 72.15 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| | | | | | | | | | |
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* Based on 2013 Peer Small Business Data: US.

** Small loans to businesses originated and purchased in the MA/AA as a percentage of all small loans to businesses originated and purchased in the rated area.

*** Businesses with revenues of \$1 million or less as a percentage of all businesses (Source D&B - 2013).

**** Small loans to businesses with revenues of \$1 million or less as a percentage of all loans reported as small loans to businesses. No information was available for 10.38% of small loans to businesses originated and purchased by the Bank.

Table 12. Borrower Distribution of Small Loans to Farms

| Borrower Distribution: SMALL LOANS TO FARMS | | Geography: CBOT 2012-2013 | | | Evaluation Period: January 1, 2012 to December 31, 2013 | | | | |
|---|----------------------------|---------------------------|--|------------------|---|-------------------------|-------------------------|---------------|-------------------------|
| MA/Assessment Area: | Total Small Loans to Farms | | Farms With Revenues of \$1 million or less | | Loans by Original Amount Regardless of Farm Size | | | Market Share* | |
| | # | % of Total** | % of Farms*** | % BANK Loans**** | \$100,000 or less | >\$100,000 to \$250,000 | >\$250,000 to \$500,000 | All | Rev \$1 Million or Less |
| Full Review: | | | | | | | | | |
| Houston AA 2013 | 50 | 31.06 | 96.79 | 86.00 | 76.00 | 16.00 | 8.00 | 5.14 | 5.88 |
| Beaumont MSA 2013 | 73 | 45.34 | 98.75 | 79.45 | 64.38 | 9.59 | 26.03 | 31.17 | 40.74 |
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| Limited Review: | | | | | | | | | |
| Beaumont Non-MSA 2013 | 38 | 23.60 | 96.67 | 84.21 | 89.47 | 10.53 | 0.00 | 60.71 | 70.83 |
| Houston Non-MSA 2013 | 0 | 0.00 | 96.44 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
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* Based on 2013 Peer Small Business Data: US.

** Small loans to farms originated and purchased in the MA/AA as a percentage of all small loans to farms originated and purchased in the rated area.

*** Farms with revenues of \$1 million or less as a percentage of all farms (Source D&B - 2013).

**** Small loans to farms with revenues of \$1 million or less as a percentage of all loans reported as small loans to farms. No information was available for 14.29% of small loans to farms originated and purchased by Bank.

Table 14. Qualified Investments

| QUALIFIED INVESTMENTS | | Geography: CBOT 2012-2013 | | | | Evaluation Period: January 1, 2012 to December 31, 2013 | | | |
|------------------------|---------------------------|---------------------------|----------------------------|-----------|-------------------|---|------------|------------------------|-----------|
| MA/Assessment Area: | Prior Period Investments* | | Current Period Investments | | Total Investments | | | Unfunded Commitments** | |
| | # | \$(000's) | # | \$(000's) | # | \$(000's) | % of Total | # | \$(000's) |
| Full Review: | | | | | | | | | |
| Houston AA 2013 | 0 | 0 | 7 | 237 | 7 | 237 | 19 | 0 | 0 |
| Beaumont MSA 2013 | 0 | 0 | 11 | 1,023 | 11 | 1,023 | 81 | 0 | 0 |
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| Limited Review: | | | | | | | | | |
| Beaumont Non-MSA 2013 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Houston Non-MSA 2013 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
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* 'Prior Period Investments' means investments made in a previous evaluation period that are outstanding as of the examination date.

** 'Unfunded Commitments' means legally binding investment commitments that are tracked and recorded by the institution's financial reporting system.

