



**LARGE BANK**

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Comptroller of the Currency  
Administrator of National Banks

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Washington, DC 20219

## **PUBLIC DISCLOSURE**

January 28, 2013

### **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

1301 McKinney Street, Suite 1410  
Houston, TX 77010-3031

**NOTE:** This document is an evaluation of this institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the institution. This evaluation is not, 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 Community Reinvestment Act (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	(Name of Depository Institution) Performance Tests		
	Lending Test*	Investment Test	Service Test
Outstanding			
High Satisfactory	X		
Low Satisfactory		X	X
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:

- The overall geographic distribution of small loans to businesses in the Beaumont Assessment Area (AA) is adequate. Loans to small businesses represent 65 percent of the bank’s reportable loans. More weight was assigned to this product in determining the final Lending Test rating.
- CBOT had good performance of funding small loans to businesses in moderate-income census tracts (CTs) for the Beaumont AA and excellent performance for the Houston AA.
- The distribution of small loans to businesses with annual revenues of \$1 million or less is good for the Beaumont AA and excellent for the Houston AA.
- The distribution of home purchase loans by income level of the geography is adequate. CBOT had poor performance on this product for borrowers located in low-income CTs for both full scope AAs; however, the bank had good performance in moderate-income CTs in the Houston AA. This product represents 48 percent of home mortgage loans in Beaumont AA and 57 percent in the Houston AA.
- Community development (CD) lending had a positive impact on the Lending Test conclusion. During the evaluation period, the bank reported a total of 30 loans with a dollar volume of \$18.1 million in its AA.
- Delivery systems are reasonably accessible to businesses and individuals of different income levels and different geographies in the AA.
- CBOT had an adequate level of qualified community development investments.

## 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 metropolitan area/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 C.F.R. 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 refinancings, 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 a 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 metropolitan area/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 (HUD) 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:** 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 a geography

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

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

**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 a geography.

## Description of Institution

CommunityBank of Texas, N.A. (CBOT) is a full-service community bank headquartered in Beaumont, Texas, in Jefferson County. It has a total of 28 locations in Harris, Jefferson, Hardin, Orange, Jasper, Newton and Tyler counties. In addition, there is a Loan Production Office in Montgomery County. Branch distribution is as follows: Beaumont (4 branches); Houston (3); Port Arthur (2), Crosby (2), Baytown (2), 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), and Deweyville (Orange address) (1). All of the locations have Automated Teller Machines with the exception of the Stedman and Turtle Creek locations.

CBOT was formed July 31, 2007 with the acquisition of CountyBank, National Association, of Orange, Texas, by the holding company, CBOTFH, Inc. At the time of the acquisition, CountyBank had a total of seven locations in Orange, Newton and Jasper counties. Total assets were approximately \$181 million, total loans were approximately \$48 million, and total deposits were \$165 million.

In December 2008, CBOT acquired Crosby Bancshares, Inc., located in Crosby, Texas, through the purchase of 100% of the outstanding shares of common stock. As a result, CBOT acquired a net of 10 branch locations spread throughout Harris County with the exception of the Baytown location in Chambers County.

As of September 30, 2012, CBOT had total assets of \$1.56 billion, total loans of \$1.09 billion, total deposits of \$1.35 billion, and a Tier One Leverage Capital ratio of 9.84 percent. The primary lending focus is commercial and industrial lending as well as small business lending. Commercial real estate loans and commercial loans represent approximately 70 percent of the loan portfolio. One-to-four family residential and multifamily lending is 12 percent, and construction and land development is 11 percent. Consumer lending is 4.7 percent. All other loan originations are less than 1 percent.

CBOT offers a wide range of services including checking accounts, such as Free Checking, Thrifty Checking, Student Checking and Community 50 Checking, and savings accounts, Automatic Teller Machine (ATM) cards, debit cards, online banking, safe deposit boxes, IRAs, and Certificates of Deposit, among other services. The bank offers mortgage products including FHA loans. Small business and 1-to-4 family single family lending are core business activities for CBOT.

Of the total 28 locations, Harris County has ten branches, Jefferson County has seven branches, Hardin County has two branches, Orange County has two branches, Jasper County has three branches, Newton County has two branches, and Chambers County and Tyler County have one branch each.

Six branches are located in upper-income CTs, with two each in Beaumont and Baytown, and the remaining two in Crosby and Humble. There are six locations servicing moderate-income CTs, with two each in Houston and Beaumont, and one each in Port Arthur and Jasper. Fifteen branches service middle-income CT areas in the following towns: Buna, Crosby, Deweyville, Huffman, Kirbyville, Lumberton, Nederland, Newton, Orange, Port Arthur, Silsbee, South Pasadena, Tomball, Vidor, and Woodville. The Memorial branch in Houston services a low-income CT area.

The majority of CBOT's 28 branches have lobby hours from 9:00 AM. to 4:00 PM Monday through Thursday, and extended hours until 5:00 PM on Friday. Drive-through hours are typically 7:30 AM to 6:30 PM Monday through Friday, and 9:00 AM. to 12:00 PM on Saturdays. See CBOT's website for further details on 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 bank received a Satisfactory rating at the prior examination dated July 13, 2009.

## 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 the Home Mortgage Disclosure Act (HMDA). The evaluation period for the Lending Test for small loans to businesses and home mortgage loans was January 1, 2009 through December 31, 2011. CBOT was not a small business reporter prior to 2011; therefore, performance for 2009 and 2010 was determined by choosing a sample of 120 small business loans. The entire population of 2011 small business loans was used for evaluation.

For community development (CD) loans and the Investment and Service Tests, the evaluation period was from July 13, 2009 through January 28, 2013. 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 2000 U. S. Census Bureau and U. S. Department of Housing and Urban Development (HUD) information. The small loans to businesses tables in Appendix C used demographic comparators from 2011 Dunn and 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 less than 3 percent of the reportable loans which were small loans to farms.

### Data Integrity Review

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. For HMDA loans, we reviewed home purchase loans, home improvement loans, and home refinance loans from the bank's 2010 and 2011 Loan Application Registers (LAR). For the combined period of 2010 and 2011, home purchase loans totaled 291, home improvement loans totaled 127, and home refinance loans totaled 154. We reviewed 60 loans (10 of each product type for each year) that consisted of 30 loans from the 2010 LAR and 30 loans from the 2011 LAR. For small loans to businesses, we reviewed the data for small business loans originated in 2011. Our sample consisted of 30 loans with *revenue code 1 - gross revenue of \$1 million or less*, 30 loans with *revenue code 2 - gross revenue of more than \$1 million*, and seven loans with *revenue code 3 - gross revenue is unknown*. We also validated the accuracy of data on 120 loans to small businesses originated in 2009 and 2010.

Based on the verification work, we considered the bank's lending data to be accurate.

### **Selection of Areas for Full-Scope Review**

The Beaumont AA and Houston AA received full-scope reviews. The Beaumont AA has 58 percent of the deposits and 62 percent of the reportable loans. The Houston AA has 34 percent of the deposits and 28 percent of the reportable loans. Both the Beaumont AA and Houston AA have 11 branches located in each AA, which represents 39 percent each of total bank branches.

The Beaumont Non-MSA area received a limited scope review. This area had 8 percent of the deposits, 9 percent of the loans, and 6 branches or 21 percent of the bank branches.

Please refer to the tables in Appendix A for additional information about the bank's lending.

### **Ratings**

The bank's overall rating was based primarily on the performance in the Beaumont AA and Houston AA. Both of these AAs received a full-scope review, with slightly more weight given to the performance in the Beaumont AA. The Beaumont AA has the majority of the deposits at 58 percent and loans at 62 percent. 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 64 percent of the total reportable loans by number during the evaluation period. HMDA loans represented 32 percent of the total reportable loans. The Lending Test rating was supported by a significant number and dollar amount of community development loans.

### **Other – Community Contacts**

#### Beaumont AA

We completed a group community contact during the examination of this bank. Leaders of community development organizations were interviewed. One organization provides financial counseling, low-income housing, and financial education targeted to low- and moderate-income (LMI) persons. One organization was a government agency charged with administering HUD funds to ensure the adequacy and availability of housing for area LMI residents.

According to these contacts, some of the most pressing financial needs and opportunities for financial institutions in the Beaumont AA are as follows:

- Affordable housing within the AA;
- Lines of credit, working capital loans, and contract financing for interim construction loans to nonprofit organizations to construct affordable housing units;
- Increased participation in educational outreach to the small business community to provide information about the kinds of credit available;
- Increased involvement with community development service activities such as first-time home buyer education, including the Individual Development Account (IDA) Program, credit and budgeting classes, and the annual credit fair; and
- Financial support for affordable housing programs including the IDA Program.

Contacts stated that local banks have been conservative and hesitant to get involved with or commit significant funding to any initiative geared toward the LMI population. They stated that perceptions of local financial institutions are the same, with no one institution viewed more favorably than the other.

### Houston AA

There are many community and economic development organizations throughout the Houston AA. As part of the CRA assessment, information from a recent regulator-sponsored *Listening Session* was reviewed to develop a better understanding of the community development needs and how financial institutions are addressing those needs. More than 30 invited attendees, representing area nonprofit organizations, expressed their views and concerns.

The comments revealed that community needs include the following:

- Small Business - loans to small businesses in underserved areas; need for venture capital programs in Texas; funding for nonprofit organizations; and investments in Community Development Financial Institutions (CDFIs) to provide alternative small business financing.
- Affordable Housing - including the use of IDA funds as down payment and closing costs for home loans; and funding for mixed income rental units.
- Financial Education - homebuyer education; financial literacy; second chance banking opportunities particularly in LMI areas; and help promote the state requirement to provide financial education in schools.
- Asset Building - be more proactive in meeting this need such as facilitating a meeting/event to discuss employment challenges; and expand participation in Volunteer Income Tax Assistance (VITA) programs.

This information led us to conclude that there are many opportunities for formal community development relationships at the local level. There are also opportunities available through statewide programs.

## **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".

#### 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.

Based on full-scope reviews, the bank's performance in the Beaumont AA and Houston AA is good.

The largest product by number of loans in both AAs is small loans to businesses. This represents 65 percent of the total reportable loans during the evaluation period. More weight will be assigned to this product. We also reviewed home mortgage products in both AAs.

#### Beaumont AA home mortgage products

These loans represent 31 percent of total reportable loans in the Beaumont AA. By purpose, home mortgage products include home purchase loans (48 percent), home improvement loans (21 percent), and home refinance loans (31 percent). CBOT originated two multifamily loans during the evaluation period in the Beaumont AA.

#### Houston AA home mortgage products

These loans represent 31 percent of total reportable loans in the Houston AA. By purpose, home mortgage products include home purchase loans (57 percent), home improvement loans (20 percent), and home refinance loans (21 percent). CBOT originated five multifamily loans during the evaluation period in the Houston AA.

#### Beaumont AA market share

Based on the June 30, 2011 FDIC Deposit Market Share Report, CBOT ranks third in the Beaumont AA with 8.05 percent of the deposit market share and total deposits of \$731 million. Based on the 2011 aggregate small business data, CBOT has 10.65 percent market share by number and 30.51 percent by dollar amount for small loans to businesses and is ranked third out of 48 lenders by number of loans in the Beaumont AA.

Based on the most recent 2011 aggregate peer mortgage data, CBOT ranked eleventh out of 310 lenders of home mortgage products with an overall market share of 1.94 percent by number and 2.23 percent by dollar amount. CBOT ranked nineteenth out of 174 lenders for home purchase loans with a 1.14 percent market share, ranked fifth out of 36 lenders for home improvement loans with a 6.53 percent market share, and ranked twenty-sixth out of 173 lenders for home refinance loans with a 0.94 percent market share by number of loans.

Houston AA market share

Based on the June 30, 2011 FDIC Deposit Market Share Report, CBOT ranks thirty-second in the Houston AA with 0.87 percent of the deposit market share and total deposits of \$385 million. Based on the 2011 aggregate small business data, CBOT has 0.38 percent market share by number and 1.04 percent by dollar amount for small loans to businesses and is ranked twenty-third out of 155 lenders by number of loans in the Houston AA.

Based on the most recent 2011 aggregate peer mortgage data, CBOT ranked 117th out of 745 lenders of home mortgage products with an overall market share of 0.11 percent by number and 0.09 percent by dollar amount. CBOT ranked 146th out of 485 lenders for home purchase loans with a 0.05 percent market share, ranked thirty-first out of 158 lenders for home improvement loans with a 0.71 percent market share, and ranked 171st out of 483 lenders for home refinance loans with a 0.03 percent market share by number of loans.

**Distribution of Loans by Income Level of the Geography*****Home Mortgage Loans***Beaumont AAHome Purchase Loans

The distribution of home purchase loans by income level of the geography is poor. During the evaluation period, CBOT did not originate any home purchase loans to borrowers located in low-income tracts. There are only 3.21 percent of the owner-occupied housing units located in low-income CTs in the Beaumont AA. According to the 2000 census information, 15.68 percent of households in the Beaumont AA live below the poverty level. The median housing value from HUD is reported at \$59,472. See **Community Contact** 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 2.97 percent is very poor and significantly lower than the 15.67 percent of the families located in moderate-income CTs. CBOT did not have a market share for low-income or moderate-income CTs. Home purchase loans represent 48 percent of home mortgage products in the Beaumont AA.

Home Improvement Loans

The distribution of home improvement loans by income level of the geography is poor. The percentage of loan originations to borrowers located in low-income CTs at 1.16 percent is poor and lower than the 3.21 percent of the families located in low-income CTs. CBOT's market share for low-income CTs at 16.67 percent exceeds its overall market share of 6.52 percent by geography. The percentage of loan originations to borrowers located in moderate-income CTs at 5.81 percent is poor and lower than the 15.67 percent of the families located in moderate-income CTs. CBOT's market share for moderate-income CTs at 1.67 percent is lower than its overall market share of 6.52 percent by geography. Home improvement loans represent 21 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. The percentage of loan originations to borrowers located in low-income CTs at 2.34 percent is adequate and lower than the 3.21 percent of the families located in low-income CTs. CBOT's market share for low-income CTs at 7.14 percent exceeds its overall market share of 1.04 percent by geography. The percentage of loan originations to borrowers located in moderate-income CTs at 5.47 percent is poor and lower than the 15.67 percent of the families located in moderate-income CTs. CBOT's market share for moderate-income CTs at 1.23 percent exceeds its overall market share of 1.04 percent by geography. Home Refinance loans represent 31 percent of home mortgage products in the Beaumont AA.

Multifamily Loans

CBOT originated two multifamily loans during the evaluation period. Both loans were located in middle-income CTs. These loans represent less than 1 percent of the reportable loans. This product will not have any weight in the overall Lending Test rating.

Houston AAHome Purchase Loans

The distribution of home purchase loans by income level of the geography is adequate. According to the 2000 census information, 13.07 percent of households in the Houston AA live below the poverty level. The median housing value from HUD is reported at \$100,397. See **Community Contact** section of this Performance Evaluation for additional factors in the area, which support a lack of available affordable housing in the Houston AA. The percentage of loan originations to borrowers located in low-income CTs at 1.80 percent is poor and lower than the 3.90 percent of the families located in low-income CTs. CBOT's market share for low-income CTs at 0.18 percent exceeds its overall market share of 0.09 percent by geography. The percentage of loan originations to borrowers located in moderate-income CTs at 24.32 percent is good and near to the 26.02 percent of the families located in moderate-income CTs. CBOT's market share for moderate-income CTs at 0.12 percent exceeds its overall market share of 0.09 percent by geography. Home purchase loans represent 57 percent of home mortgage products in the Houston AA.

Home Improvement Loans

The distribution of home improvement loans by income level of the geography is adequate. CBOT did not make any home improvement loans to borrowers located in low-income CTs during the evaluation period. The percentage of loan originations to borrowers located in moderate-income CTs at 13.16 percent is adequate and lower than the 26.02 percent of the families located in moderate-income CTs. CBOT's market share for moderate-income CTs at 0.25 percent is lower than its overall market share of 0.73 percent by geography. Home improvement loans represent 20 percent of home mortgage products in the Houston AA.

Home Refinance Loans

The distribution of home refinance loans by income level of the geography is good. The percentage of loan originations to borrowers located in low-income CTs at 2.50 percent is adequate and somewhat lower than the 3.90 percent of the families located in low-income CTs. CBOT's market share for low-income CTs at 0.12 percent exceeds its overall market share of 0.05 percent by geography.

The percentage of home refinance loan originations to borrowers located in moderate-income CTs at 25 percent is good and near to the 26.02 percent of the families located in moderate-income CTs. CBOT's market share for moderate-income CTs at 0.09 percent exceeds its overall market share of 0.05 percent by geography. Home Refinance loans represent 21 percent of home mortgage products in the Houston AA.

### Multifamily Loans

CBOT originated five multifamily loans in the Houston AA during the evaluation period. Four of five of these were located in moderate-income CTs. The percentage of multifamily loan originations located in moderate-income CTs at 80 percent is excellent and exceeds the 36.03 percent of multifamily units located in moderate CTs. CBOT did not have a market share for multifamily units in the Houston AA. This product represents less than 2 percent of the reportable loans. This product will not have any weight in the overall Lending Test rating. See **Community Development** section of this Performance Evaluation, as some of the loans qualified as CD 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.

### ***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 and more weight was given to this product in the overall Lending Test rating.

### Beaumont AA

Overall, the geographic distribution of small loans to businesses in the Beaumont AA is adequate. The percentage of loans originated in low-income CTs of 0.46 percent is lower than the percentage of businesses of 2.57 percent located in low-income CTs. The percentage of loans in moderate-income CTs of 17.01 percent is near to the percentage of businesses located in moderate-income CTs of 17.25 percent. CBOT's market share of 5.19 percent is lower than its overall market share of 10.24 percent for loans to small businesses located in low-income tracts, and evidences adequate performance. CBOT's market share of 11.35 percent exceeds its overall market share of 10.24 percent for loans to small businesses located in moderate-income tracts, and evidences excellent performance. Small loans to businesses represent 66 percent of the total reportable loans in the Beaumont AA. The most weight was assigned to this product in the final rating.

The 2009-2010 sample of small loans to businesses reflected stronger performance than the 2011 data. The sample of 120 loans included 73 loans in the Beaumont AA. The sample did not reflect any small loans to businesses originated in low-income CTs in the Beaumont AA. The percentage of loans in moderate-income CTs of 21.33 percent exceeds the percentage of businesses located in moderate-income CTs of 17.25 percent.

Houston AA

Overall, the geographic distribution of small loans to businesses in the Houston AA is adequate. The percentage of loans originated in low-income CTs of 1.53 percent is lower than the percentage of businesses of 4.70 percent located in low-income CTs. The percentage of loans in moderate-income CTs of 31.63 percent exceeds the percentage of businesses located in moderate-income CTs of 23.87 percent. CBOT's market share of 0.06 percent is significantly lower than its overall market share of 0.37 percent for loans to small businesses located in low-income tracts, and evidences very poor performance.

CBOT's market share of 0.46 percent exceeds its overall market share of 0.37 percent for loans to small businesses located in moderate-income tracts, and evidences excellent performance. Small loans to businesses represent 65 percent of the total reportable loans in the Houston AA. The most weight was assigned to this product in the final rating.

The 2009-2010 sample of small loans to businesses reflected similar performance to the 2011 performance. The sample of 120 loans included 27 loans in the Houston AA. The percentage of small loans to businesses in low-income CTs of 3.70 percent is somewhat lower than the percentage of businesses located in low-income CTs in the Houston AA. The percentage of loans in moderate-income CTs of 22.22 percent is near to the the percentage of businesses located in moderate-income CTs of 23.87 percent and reflects good performance.

**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.

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***

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, 91 percent of the number and 87 percent of the dollar volume originated within the AAs. By loan product and number of loans, 94 percent of small loans to businesses, 88 percent of home mortgage loans, and 88 percent of community development loans originated within the AA's. The excellent distribution of loans originating inside the assessment areas factored positively in the overall Lending Test rating.

## Distribution of Loans by Income Level of the Borrower

### *Home Mortgage Loans*

#### Beaumont AA

##### Home Purchase Loans

The distribution of home purchase loans by income level of the borrower is very poor. The percentage of loan originations to low-income borrowers at 1.14 percent is very poor and significantly lower than the 22.47 percent of the families designated as low-income. CBOT does not have a market share for low-income-borrowers. The percentage of loan originations to moderate-income borrowers at 5.68 percent is poor and lower than the 17.06 percent of the families designated as moderate-income. CBOT has a 0.16 percent market share for moderate-income borrowers, which is significantly lower than its overall market share of 1.33 percent.

##### Home Improvement Loans

The distribution of home improvement loans by income level of the borrower is poor. The percentage of loan originations to low-income borrowers at 4.76 percent is very poor and significantly lower than the 22.47 percent of the families designated as low-income. CBOT has a 2.44 percent market share for low-income-borrowers which is lower than its overall market share of 6.54 percent for home improvement loans. The percentage of loan originations to moderate-income borrowers at 7.14 percent is poor and lower than the 17.06 percent of the families designated as moderate-income. CBOT has a 3.23 percent market share for moderate-income borrowers which is lower than its overall market share of 6.54 percent.

##### Home Refinance Loans

The distribution of home refinance loans by income level of the borrower is poor. CBOT did not originate any home refinance loans to low-income borrowers. The percentage of loan originations to moderate-income borrowers at 4.72 percent is poor and lower than the 17.06 percent of the families designated as moderate-income. CBOT has a 0.44 percent market share for moderate-income-borrowers which is lower than its overall market share of 1.21 percent.

#### Houston AA

##### Home Purchase Loans

The distribution of home purchase loans by income level of the borrower is adequate. The percentage of loan originations to low-income borrowers at 5.38 percent is very poor and significantly lower than the 24.32 percent of the families designated as low-income. CBOT has a 0.06 percent market share for low-income borrowers, which is somewhat lower than its overall market share of 0.08 percent. The percentage of loan originations to moderate-income borrowers at 9.68 percent is adequate and lower than the 17.92 percent of the families designated as moderate-income. CBOT has a 0.04 percent market share for moderate-income borrowers, which is somewhat lower than its overall market share of 0.08 percent.

Home Improvement Loans

The distribution of home improvement loans by income level of the borrower is adequate. The percentage of loan originations to low-income borrowers at 5.41 percent is very poor and significantly lower than the 24.32 percent of the families designated as low-income. CBOT has a 0.71 percent market share for low-income-borrowers which substantially meets its overall market share of 0.78 percent for home improvement loans. The percentage of loan originations to moderate-income borrowers at 16.22 percent is good and near to the 17.92 percent of the families designated as moderate-income. CBOT has a 1.09 percent market share for moderate-income borrowers which exceeds its overall market share of 0.78 percent.

Home Refinance Loans

The distribution of home refinance loans by income level of the borrower is adequate. CBOT did not originate any home refinance loans to low-income borrowers. The percentage of loan originations to moderate-income borrowers at 17.14 percent is good and near to the 17.92 percent of the families designated as moderate-income. CBOT has a 0.06 percent market share for moderate-income borrowers which exceeds its overall market share of 0.05 percent.

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.

**Small Loans to Businesses**Beaumont AA

The distribution of small loans to businesses with annual revenues of \$1 million or less is good. During the evaluation period, the percentage of bank loans originated to businesses in the Beaumont AA with revenues of \$1 million or less was 61.07 percent, and is near to the percentage of businesses in the AA that reported gross annual revenues of \$1 million or less of 67.35 percent. In addition, the bank's market share of 14.73 percent exceeds its overall market share of 10.24 percent. Approximately 69 percent of the small loans to businesses originated by CBOT in the Beaumont AA were for loans less than \$100,000.

The 2009-2010 sample of small loans to businesses reflected similar performance to the 2011 performance. The sample of 120 loans included 73 loans in the Beaumont AA. The percentage of bank loans originated to businesses with revenues of \$1 million or less of 64.38 percent was near to the percentage of businesses in the AA that reported gross annual revenues of \$1 million or less of 67.35 percent.

Houston AA

The distribution of small loans to businesses with annual revenues of \$1 million or less is excellent. During the evaluation period, the percentage of bank loans originated to businesses in the Houston AA with revenues of \$1 million or less was 71.43 percent, and exceeds the percentage of businesses in the AA that reported gross annual revenues of \$1 million or less of 66.43 percent.

In addition, the bank's market share of 0.73 percent exceeds its overall market share of 0.37 percent. Approximately 69 percent of the small loans to businesses originated by CBOT in the Houston AA were for loans less than \$100,000.

The 2009-2010 sample of small loans to businesses reflected similar performance to the 2011 performance. The sample of 120 loans included 27 loans in the Houston AA. The percentage of bank loans originated to businesses with revenues of \$1 million or less of 74.07 percent exceeded the percentage of businesses in the AA that reported gross annual revenues of \$1 million or less of 66.43 percent.

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.

### **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 businesses.

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.

## Community Development Lending

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.

Community development (CD) lending had a positive effect on the Lending Test conclusion. During the evaluation period the bank reported a total of 30 loans with a dollar volume of \$18.1 million in its assessment areas. The following is a sample of the more significant CD loans:

### Beaumont AA

- Affordable Housing - \$2.06 million: Thirteen loans totaling \$2.06 million were made for affordable housing. The bank's CD loans were made to several entities that provide affordable housing including loans to a nonprofit community redevelopment corporation that provides housing to low- and moderate-income families. One loan was renewed once during the evaluation period.
- Economic Development - \$3.5 million: One loan of \$3.5 million was made for economic development. This loan provided working capital to an entity that supports permanent job creation and retention and was partially funded by the U. S. Department of Commerce Economic Development Administration.

### Houston AA

- Affordable Housing – \$5.99 million: Nine loans totaling \$5.99 million were made for affordable housing. One loan for \$4.2 million was made to purchase a 416-unit apartment complex in a low-income tract in the city of Houston benefiting low- and moderate-income families.

### Non-MSA Beaumont AA

- Affordable Housing - \$5 million: One loan of \$5 million was made for the construction of an 80-unit apartment complex for low-income senior adults.

In addition, CBOT originated four CD loans totaling \$23.13 million outside its AA. Although these loans are outside the bank's AAs, they benefit a broader statewide or regional area. Three of these loans were for the purchase of apartment complexes for low- and moderate-income families in Fort Worth, Del Rio, and Texarkana. The fourth loan provided funding for the operation and management of a 76-unit apartment that will provide housing for low- and moderate-income families in Eagle Pass. 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**

CBOT did not have any innovative or flexible lending products during this evaluation period.

### **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 "High Satisfactory" performance under the Lending Test rating. In the Beaumont non-MSA, the bank's performance is comparable to the bank's overall performance. This is primarily based on the performance for small loans to businesses, as this is the primary product in all markets, and community development loans in the 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 "Low Satisfactory."

Based on the full-scope reviews, the bank's performance is adequate in the Beaumont AA and adequate 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.

During the evaluation period, CBOT made 25 investments comprised of donations and grants totaling \$29 thousand. Refer to Table 14 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. CBOT purchased mortgage back securities, and made donations and contributions resulting in \$2.4 million in qualified investments in the Beaumont and Houston AA during the evaluation period.

#### Mortgage-Back Securities

CBOT's most significant qualified investment was the purchase of a mortgage-backed security secured by pools of affordable housing mortgages. The mortgages are originated to low- and moderate-income (LMI) individuals in the bank's AA by other unaffiliated financial institutions. They are allocated to the affiliate according to the location of the underlying mortgages. During the evaluation period, CBOT purchased \$2.4 million in one 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 low- to moderate-income (LMI) borrowers. Thirty-three percent of the loans were located in LMI census tracts. 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. Refer to Table 14 under the Houston AA for the facts and data.

#### Donations and Contributions

##### Beaumont AA

CBOT made \$25 thousand in donations/contributions to a number of organizations that provide assistance and/or support to LMI individuals or LMI geographies in the Beaumont AA. The largest donation was for \$5 thousand to a charter school whose mission is to empower learning to LMI students in the Port Arthur and Orange, Texas communities.

The majority of the donations and grants were for community development programs that support the AA and LMI individuals and families. The various programs included affordable housing; financial education for first time home buyers and young adults; downtown small business development; social and health services; and educational scholarships for LMI students. The qualifying investments are not complex or innovative.

### Houston AA

The number and dollar volume of CBOT's qualified investments is poor based on the opportunities to make investments in the Houston AA. CBOT made six qualified grants and donations totaling \$4 thousand in the Houston AA during the evaluation period. The bank's qualified investments consisted primarily of charitable contributions to the Houston Food Bank and other organizations that provide community services targeted to LMI individuals, support social and health services, affordable housing for LMI individuals, and support activities that promote community and economic development. The qualifying investments are not complex or innovative.

### Prior Period Investments

The bank had prior period investments totaling \$2 million. CBOT purchased two School Building Unlimited Tax Bonds that were used to construct, equip and renovate school buildings in the Cleveland School District. During this evaluation period, the bond values totaled \$1.5 million. This investment benefits a broader statewide or regional area that does not include the Beaumont or Houston AAs.

CBOT purchased a Fannie Mae mortgage backed security (MBS) for \$2.5 million for loans made to LMI borrowers. The current book value is \$500 thousand. This investment benefits a broader statewide or regional area that does not include the Beaumont or Houston AAs.

### **Conclusions for Area Receiving Limited-Scope Reviews**

Based on limited-scope reviews, the bank's performance under the Investment Test in the Beaumont Non-MSA AA is not consistent with the bank's overall performance under the Investment Test. The bank's performance outside the Beaumont-Port Arthur Non-MSA AA is weaker than the bank's overall "Low Satisfactory" performance. CBOT did not make any investments in Jasper, Newton or Tyler Counties during this evaluation period. The performance is mitigated by the bank's limited presence in the Beaumont 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 "Low Satisfactory". Based on full-scope reviews, the bank's performance in the Beaumont AA and Houston AA is good.

### 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 reasonably accessible to businesses and individuals of different income levels and different geographies in the AA. CBOT operates a total of 28 full service branches, which are all located in Texas. Of the bank's 28 branches, 11 are located in each of the Beaumont and Houston AAs, and six in the Beaumont Non-MSA. Refer to Description of Institution above. There were no branch openings or closings during our evaluation period. However, there were two branch openings in the Beaumont MSA and 12 branch openings in the Houston AA since the prior public evaluation. The Beaumont branches were opened on 6/28/2010 and 7/19/2010 and are both are located in Beaumont, Texas. Of the Houston AA openings, the bank acquired ten branches with the acquisition of Crosby Bancshares, Inc., and opened two after the acquisition. The branches were opened on 2/28/2011 and 6/25/2012 and are located in Tomball and Pasadena, TX, respectively. Both branches are within middle-income census tracts. Of the Houston AA acquisitions, one was closed in Pasadena, TX due to the lack of drive-through lanes and ATM. The opening in Pasadena reflected a location movement. Full service branches in the Beaumont and Houston MSAs provide convenient access to both credit and non-credit retail banking services. Lobby hours are generally 9:00 AM to 4:00 PM, Monday through Thursday with extended Friday and drive-in hours. Additionally, 21 of the 28 branches offer lobby hours on Saturdays from 9:00 AM to 12:00 PM.

The overall branch distribution by income level of the geography in the Beaumont AA is 39 percent. The bank has three branches or 27 percent of its Beaumont branches in moderate-income census tracts, which is slightly above the population within this geography of 20 percent.

The overall branch distribution by income level of the geography in the Houston AA is also 39 percent. The bank has two branches or 18 percent of its branches in the Houston AA in moderate-income census tracts, which is well below the population within this geography of 34 percent. The bank has one branch or 9 percent of its branches in the Houston AA in a low-income census tract, which is slightly above the population within this geography of 8 percent.

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](http://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.

## Community Development Services

CBOT has demonstrated “Low Satisfactory” performance in providing community development services to the Beaumont MSA assessment area. Efforts demonstrate a commitment to community development through providing technical assistance on financial and banking-related matters to community groups. Specific examples where CBOT provided financially-related educational or technical assistance, include, but are not limited to the following organizations:

- SBAlliance Capital – Several bank officers serve in various financial capacities, such as Board members, and loan review and committee membership.
- Financial Literacy Education – Several bank officers and employees participated in teaching the Junior Achievement program, Finance Park, at a local middle school and area high schools. Finance Park is a month-long economics education program that introduces personal financial planning and career exploration. A Senior Vice President taught classes related to learning basics of credit, money and banking, savings, and new business start-up processes at two local nonprofit organizations.
- Services targeted to low- and moderate-income individuals – An Executive Vice-President serves on the Board of Directors of Nutrition and Services for Seniors. The program targets low- to moderate-income senior citizens.
- Habitat for Humanity – A Senior Vice President serves on the Board of Directors, providing financial technical assistance to the organization.

Performance in providing community development services in the Houston AA is “Low Satisfactory”. Specific examples where CBOT provided financially-related educational or technical assistance, include, but are not limited to the following organizations:

- Financial Literacy Education – Several bank officers and employees taught Fundamentals of Good Credit - Financial and Pre-Purchase Education Spanish Classes offered through the Credit Coalition. Additionally, bank officers and employees provided assistance at the Foreclosure Intervention Borrower Event sponsored by the Credit Coalition of Houston, HOPE NOW Alliance, and NeighborWorks America.
- Affordable Housing for low- and moderate-income individuals – An Executive Vice President serves on the Board of Bay Area Rehabilitation, an organization that advocates for and works to provide accessible and affordable housing for persons with disabilities or injuries. Additionally, a Senior Vice President is a Director for two organizations that provide affordable housing, Tejano Center for Community Concerns, Inc. and Harris County Housing Finance Corporation.
- United Way of Baytown Area and the Baytown Resource and Assistance Center – An Executive Vice President serves on the Board of Directors, providing financial technical assistance to the organization.

**Conclusion for Area Receiving Limited-Scope Review**

Based on a limited-scope review, the bank's performance in the Beaumont non-MSA AA is not inconsistent with the "Low Satisfactory" performance rating under the Service Test. This was determined by analyzing the branch distribution according to census tract income level. Refer to Table 15 in Appendix C for the facts and data that support these conclusions.

## Appendix A: Scope of Examination

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The following table identifies the time period covered in this evaluation, affiliate activities that were reviewed, and loan products considered. The table also reflects the 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”).

<b>Time Period Reviewed</b>	Lending Test (excludes CD Loans): 01/01/2009 to 12/31/2011 Investment & Service Tests and CD Loans: 07/13/2009 to 01/28/2013	
<b>Financial Institution</b>	<b>Products Reviewed</b>	
CommunityBank of Texas, N.A (CBOT) Beaumont, TX	Home mortgage, small loans to businesses, and community development loans	
<b>Affiliate(s)</b>	<b>Affiliate Relationship</b>	<b>Products Reviewed</b>
None	NA	NA
<b>List of Assessment Areas and Type of Examination</b>		
<b>Assessment Areas</b>	<b>Type of Exam</b>	<b>Other Information</b>
Beaumont AA Houston AA Beaumont non-MSA	Full Scope Full Scope Limited Scope	

## Appendix B: Market Profiles for Full-Scope Areas

### 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)	101	6.93	22.77	47.52	19.80	2.97
Population by Geography	385,090	4.06	20.33	49.45	24.22	1.94
Owner-Occupied Housing by Geography	100,383	3.21	15.67	54.46	26.66	0.00
Business by Geography	39,663	2.57	17.25	49.33	30.82	0.04
Farms by Geography	958	1.25	10.13	60.23	28.39	0.00
Family Distribution by Income Level	102,041	22.47	17.06	20.02	40.44	0.00
Distribution of Low and Moderate Income Families throughout AA Geographies	40,343	7.31	29.30	49.03	14.36	0.00
Median Family Income		43,014	Median Housing Value		59,472	
HUD Adjusted Median Family Income for 2011		56,700	Unemployment Rate (2000 US Census)		3.41%	
Households Below Poverty Level		16%				

(\*) The NA category consists of geographies that have not been assigned an income classification.

Source: 2000 US Census and 2011 HUD updated MFI

## Description of Assessment Areas

CBOT has two full scope AAs; both are in Texas. The Beaumont AA consists of the Beaumont - Port Arthur Metropolitan Statistical Area (MSA), including all census tracts (CTs) in Hardin, Jefferson, and Orange Counties and the Beaumont Non-MSA, including all of the CTs in Jasper, Newton, and Tyler Counties. The other AA is within the Houston-Baytown-Sugar Land MSA and consists of the counties of Chambers and Harris (Harris AA). Both AAs meet the requirements of the regulation and do not arbitrarily exclude low- or moderate-income CTs. Based on June 2012 FDIC Deposit Market Share data, CBOT ranks third in the Beaumont AA in total deposits, which represents a market share of 14.91 percent. For the same reporting period, CBOT ranks 25th in the Houston AA in total deposits, which represent a market share of 0.28 percent.

### BEAUMONT- PORT ARTHUR MSA

CBOT's full-scope AA (Beaumont-Port Arthur MSA) includes 101 CTs. Seven percent of the CTs are low-income, and 23 percent are moderate-income. Middle-income tracts represent 48 percent while upper-income tracts represent 20 percent. The total AA population is 385 thousand and approximately 16 percent of the population lives below the poverty level. The HUD adjusted MSA median family income (MFI) for the AA in 2011 was \$58,700. There are 100,383 owner occupied single-family units and the weighted average median value of a single-family residence is \$59,472. The unemployment rate for the Beaumont-Port Arthur MSA was 9.8% in December 2012.

Banking competition in the Beaumont AA is intense and includes branches of large national banks, regional banks, small community banks, and non-bank financial institutions. CBOT is ranked third in deposit market share among financial institutions in the AA. The five largest competitors are: Compass Bank, Bank of America, National Association (N.A.), Capital One, N.A., Wells Fargo Bank, N.A., and JPMorgan Chase, N.A. CBOT maintains 12 branches in the Beaumont-Port Arthur MSA.

We completed a group community contact during the examination of this bank. Leaders of community development organizations that provide financial counseling, low-income housing, and financial education targeted primarily to LMI persons and a government agency charged with administering HUD funds to ensure the adequacy and availability of housing for area LMI residents were interviewed.

According to these contacts, some of the most pressing financial needs and opportunities for financial institutions in the Beaumont AA are as follows:

- Affordable housing within the AA;
- Lines of credit, working capital loans, and contract financing for interim construction loans to nonprofit organizations to construct affordable housing units;
- Increased participation in educational outreach to the small business community to provide information about the kinds of credit available;
- Increased involvement with community development service activities such as first time home buyer education including the Individual Development Account (IDA) program, credit and budgeting classes and the annual credit fair; and
- Financial support for affordable housing programs including the IDA program.

Our contacts stated that local banks have been conservative and hesitant to get involved with or commit significant funding to any initiative geared toward the LMI population. They stated that perceptions of local financial institutions are the same, with no one institution viewed more favorably than the other.

## **HARDIN COUNTY**

Hardin County, Texas is designated as part of CBOT's Beaumont AA and in the Beaumont – Port Arthur MSA. Hardin County is the home and center of the Big Thicket of Southeast Texas. More than 85 percent of the county is forested and timber remains the most important agricultural product. The population of the county is estimated at 55,246 according to 2011 U.S. Census Bureau information with an estimated growth rate since the 2010 Census of 1.1 percent. The median household income in 2011 was \$52,514, with 11.5 percent of the population living below the poverty level. The unemployment rate in September was 7.7 percent.

Kountze (2010 population, 2,123) became the county seat because of its proximity to the geographic center of the county. The city was founded as a lumber town at the juncture of two early East Texas railroads. Lumberton is the largest city in the county with a population of 10 thousand.

Other incorporated cities in Hardin County include Rose Hill Acres, Silsbee, and Sour Lake.

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 Independent School District (I.S.D.), Texas Home Health of America Inc., Louisiana Pacific Corp., Silsbee Doctors Hospital, and Burlington Northern Santa Fe Railroad.

## **JEFFERSON COUNTY**

Jefferson County, Texas is designated as part of CBOT's Beaumont AA and is in the Beaumont - Port Arthur MSA. Jefferson County is the 20<sup>th</sup> most populous county in Texas. The population is estimated at 252 thousand according to 2011 U. S. Census Bureau. The median household income in 2011 was \$42,883, with 19 percent of the population living below the poverty level. The unemployment rate in January 2013 was 9.5 percent.

The county comprises 937 square miles, mainly of grassy plains, though a dense forest belt crosses the northwest part. The southern third of the county consists of marshy salt grass terrain good for cattle-raising, the middle third is coastal prairie used for grazing and rice culture, and the northern third is heavily forested with hardwoods and southern yellow pine.

The county seat is Beaumont. Beaumont is located on the Neches River at the county's approximate midpoint. The population is 118,548 as of 2011, making it the 25th most populous city in the state of Texas. With Port Arthur and Orange, it forms the Golden Triangle, a major industrial area on the Gulf Coast. Area employment relies heavily on petroleum-based industries, timber production and shipping through area ports. The Port of Beaumont is a significant element of the city and surrounding region's economy and is one of the nation's largest ports when measured by tonnage. It also boasts to be one of the largest military seaports in the world. Beaumont has also become a source for sophisticated medical instruments, precision industrial equipment, and back-office call centers that appreciate the low cost of living and skilled workforce. Beef cattle and rice yield are major farm income sources, but the majority of wage earners are employed in the petrochemical, shipbuilding, and rubber industries.

Beaumont serves the entire region as the hub for government, education, shopping, business, health care and entertainment. The area is also home to Lamar University. In 2012, Lamar University set an enrollment record with 14,675 students; a two percent growth over the fall of 2011. The university's six academic colleges and nine research centers contribute to the growth and development of Southeast Texas through programs that provide special benefits to small businesses and dedication to continuing education for area educators.

Medical facilities include one neurological and at least three general hospitals. The Ninth Court of Civil Appeals, the federal district court, and the Lower Neches Valley Authority are also located in Beaumont. Jack Brooks Regional Airport in Nederland operates commercial flights to Houston/George Bush Intercontinental Airport on United Express. American Eagle began operating daily flights direct from Jack Brooks Regional Airport to Dallas/Fort Worth in February 2013. Beaumont is also served by its own municipal airport.

Other incorporated towns include: Bevil Oaks, China, Groves, Nederland, Nome, Port Arthur, and Port Neches.

Major industries in Beaumont include transportation, health care, defense and education. The major employers in the county include Jefferson County Courthouse, Lamar University, Baptist Hospital of Southeast Texas, CB&I Constructors Inc., Christus Health Southeast Texas, Conex International Corporation, ExxonMobil Corporation, M&E Foodmart, Motiva Company, Signal International Texas LP, Texas Home Health Skilled Services and Walmart Associates Inc.

## **ORANGE COUNTY**

Orange County, Texas is designated as part of CBOT's Beaumont AA and in the Beaumont - Port Arthur MSA. The population is estimated at 82 thousand according to 2011 US Census Bureau. The median household income in 2011 was \$44,758, with 16 percent of the population living below the poverty level. The unemployment rate in September 2012 was 9.9 percent.

Orange, Texas is the county seat. As of the 2011 census, the city population was 19 thousand. It is the easternmost city in Texas, located on the Sabine River at the border with Louisiana. It is a deep-water port to the Gulf of Mexico known as the "Greatest Small Port in America". The Port of Orange is located on Interstate Highway 10, less than 100 miles east of Houston, Texas. It has the capacity to handle any type of break-bulk general cargo and heavy lift cargo to or from barges or deep-sea vessels.

Orange has educational activities through Lamar State College-Orange, a two-year public college that is part of the Texas State University System. Lamar State College-Orange currently has a student body of approximately 2,000. The two-year academic programs lead to associate of science degrees that will transfer to four-year institutions. The college also offers technical programs that lead to associate of applied science degrees, certificates of completion and institutional awards.

Primary economic activities in Orange County are the petroleum refining industry, paper milling, rice farming, educational, health and social services, and shrimping. More recently, oil and gas production and refining have become the major source of economic growth and development. Salt domes, sand, and gravel are other natural resources of economic importance to the region.

Other cities in the county are Vidor, Bridge City, West Orange, and Pinehurst. Orange County Airport operates general aviation flights.

## 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)	655	9.62	34.35	27.33	27.48	1.22
Population by Geography	3,426,609	8.18	33.98	29.01	28.76	0.07
Owner-Occupied Housing by Geography	674,766	3.90	26.02	30.27	39.80	0.00
Business by Geography	479,945	4.70	23.87	27.60	43.56	0.26
Farms by Geography	6,507	3.89	20.09	33.61	42.34	0.08
Family Distribution by Income Level	847,851	24.32	17.92	18.73	39.03	0.00
Distribution of Low and Moderate Income Families throughout AA Geographies	358,155	13.95	47.32	26.56	12.17	0.00
Median Family Income		51,431	Median Housing Value		100,397	
HUD Adjusted Median Family Income for 2011		66,000	Unemployment Rate (2000 US		3.12%	
Households Below Poverty Level		13%	Census)			

(\*) The NA category consists of geographies that have not been assigned an income classification.  
 Source: 2000 US Census and 2011 HUD updated MFI

## HOUSTON AA

The Houston-Baytown-Sugar Land MSA is a ten-county metropolitan area in the Gulf Coast region of Southeast Texas. This MSA is the fifth largest in the nation with a population of 6.08 million, as of U.S. Census Bureau's July 1, 2011 estimates. The population of the metropolitan area is centered in the city of Houston, the largest economic and cultural center in Texas, with a population of 2.1 million.

The Houston AA is within the Houston-Baytown-Sugar Land MSA and consists of the counties of Harris and Chambers (Harris AA). The AA includes 655 CTs. Sixty-three CTs in the AA are designated as low-income (9.62%); 225 CTs are moderate-income (34%); 179 CTs are middle-income (27%); 180 CTs are upper-income (27%); and, eight are not designated (1.22%). The 2011 HUD adjusted median family income for the AA was \$66,000. About 11.6 percent of the families in the AA were low-income, earning a median annual income of \$33,000 or less. Approximately 43.3 percent of the families were moderate-income, earning an annual income of \$52,800 or less. Approximately 13 percent of all households in the AA had incomes below the poverty level, and 2.53 percent received public assistance.

CBOT has eleven branches in the AA, with branch distribution by CT as follows: one branch (.09%) in a low-income CT; two branches (18%) in moderate-income CTs, four branches (36%) in middle-income tracts and four branches (36%) in upper-income CTs.

Banking competition is intense. There were 90 financial institutions with a total of 1,054 offices in the Houston AA of June 30, 2012. These financial institutions have deposits totaling \$155 million, and CBOT's market share is 0.28 percent of total deposits in the AA. The five largest competitors in the Houston AA include: JPMorgan Chase Bank, N.A., Wells Fargo Bank, N.A., Bank of America, N.A., Compass, and Amegy Bank, N.A.

## **CHAMBERS COUNTY**

All of Chambers County, Texas has been designated as part of the AA. Chambers County is located in the Gulf Coast region of Texas, 50 miles east of Houston, on the shorelines of Galveston and Trinity Bays. Interstate Highway 10, the southernmost coast-to-coast highway in the U.S., traverses the county with Harris County at its western border and Jefferson County at its eastern border.

The County is largely rural with a population of 35,552 in 2011. Natural resources, lakes, beaches and a mild climate provide an abundance of outdoor opportunities for residents and tourists. Proximity to the cities of Houston and Beaumont enables residents to commute to jobs in urban areas while enjoying a small town quality of life.

The Chambers County seat is in the City of Anahuac, population 2,256 in 2011. Anahuac is located on the northeast bank of Trinity Bay and 45 minutes from the metropolitan areas of Houston, Galveston and Beaumont/Port Arthur. Other Chambers County communities include Wallisville, Hankamer, Double Bayou, Oak Island, Smith Point, Mont Belvieu, Winnie and Stowell.

Chambers County has a diverse economic makeup. Government is a significant job source for the area, while additional employment focuses on agribusiness and the commercial fishing industry. In addition, there are numerous petrochemical plants and related salt dome storage facilities, construction and service industries, and retail and manufacturing businesses that play a fundamental role in the County's economy. The U.S. Bureau of Labor Statistics shows an unemployment rate of 6.4 percent in 2012.

Banking competition is intense. The three largest competitors in Chambers County: Prosperity Bank, Anahuac National Bank and Security State Bank. CBOT maintains one branch in Chambers County.

## **HARRIS COUNTY**

Harris County, Texas is designated as part of CBOT'S Houston AA. Harris County is the largest county in Texas and contains all or part of 34 cities including Houston, the nation's fourth largest city. The county seat is Houston, the largest city in Texas.

Harris County has 63 CTs (10%) designated as low-income and 223 CTs (35%) designated as moderate-income. Middle-income CTs in the AA total 178 (27%), and upper-income CTs total 178 (27%). Seven CTs do not have a designation (1%). Harris County continues to experience substantial population growth according to a 2011 U.S. Census Bureau estimate of 4.2 million in 2011, up 2.1 percent from the recent 2010 Census and a growth rate of 23 percent since the year 2000. Much of that growth is due to immigrants from other states and nations, and their descendants. The U.S. Bureau of Labor Statistics shows an unemployment rate of 6 percent in 2012. Harris County accounts for 9 percent of all U.S. jobs, which is up from 1.7 percent ten years ago. According to the 2011 U.S. Census estimates, Harris County had approximately 18.3 percent of its residents living below the poverty level.

The county's economic activity is centered in the City of Houston. In January 2012, the Brookings Institute named Houston as North America's fastest growing metro area. For Houston, U.S. Census information reveals the population increased 9.8 percent from 1.95 million in 2000 to 2.15 million in 2011. Houston is home to the Port of Houston, which ranks first in the United States in foreign waterborne tonnage and first in United States imports. Houston has the largest medical center in the world, the Texas Medical Center. The Center's economic impact exceeds \$10 billion annually and it has approximately 52 thousand employees. In 2012, Texas Medical Center added Shriners Hospitals for Children in Galveston, which treats pediatric trauma burns, as its 50th member institution. Houston is home to almost two dozen of the Fortune 500 companies, second only to New York City, and more than 5 thousand energy-related firms are located in the city.

In 2012, Houston led the state in job growth for the third consecutive year, accounting for 31.8 percent of the state's job growth. The 10-county metro area added 84,500 jobs, a 3.2 percent increase over the previous year. The unemployment rate for Houston was 6 percent as of December 2012. Houston's economy has a broad industrial base in the energy, aeronautics, and technology industries. Major employers include ExxonMobil & ExxonMobil Chemical Company Baytown, Memorial Hermann Healthcare System, University of Texas MD Anderson Cancer Center, United Continental Airlines, Schlumberger Limited & Schlumberger Integrated, The Methodist Hospital System, Shell Oil Co., Kroger Co., and United Space Alliance, all with more than 10 thousand employees each.

The Metropolitan Transit Authority of Harris County (METRO) operates bus, light-rail, and METROLift (para-transit) service in Harris County. Most METRO buses run on city streets with the majority of the routes serving downtown Houston. This allows people and small businesses easy access to branch locations through public transportation. METRO also operates one light-rail line, with three new light-rail lines currently under construction and two more in the works. The expanded light-rail system is an essential element of the city's plans to meet the transportation and future environmental and traffic challenges.

Banking competition in the Houston AA is intense. According to the June 30, 2012 FDIC Market Share Report, there were approximately 88 financial institutions operating 1,046 branches in Harris County. The five largest competitors in Harris County include: JPMorgan Chase Bank, N.A., Wells Fargo Bank, N.A., Bank of America, N.A., Compass Bank, and Amegy Bank, N.A. CBOT maintains ten branches in Harris County.

There are many community and economic development organizations throughout the Houston AA. As part of the CRA assessment, information from a recent regulator-sponsored *Listening Session* was reviewed to develop a better understanding of the community development needs and how financial institutions are addressing those needs. More than 30 invited attendees, representing area nonprofit organizations, expressed their views and concerns.

The comments revealed that community needs include:

- Small Business - loans to small businesses in underserved areas; need for venture capital programs in Texas; funding for nonprofit organizations; and investments in CDFIs to provide alternative small business financing.
- Affordable Housing - including the use of IDA funds as down payment and closing costs for home loans; and funding for mixed income rental units.
- Financial Education - homebuyer education; financial literacy; second chance banking opportunities particularly in LMI areas; and help promote the state requirement to provide financial education in schools.
- Asset Building - be more proactive in meeting this need such as facilitating a meeting/event to discuss employment challenges; and expand participation in Volunteer Income Tax Assistance (VITA) programs.

This information led us to conclude that there are many opportunities for formal community development relationships at the local level. There are also opportunities available through statewide programs.

## Appendix C: Tables of Performance Data

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### 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 Performance Evaluation.

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.
- 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.

**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: State of Texas						Evaluation Period: January 1, 2009 to December 31, 2011				
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)	
<b>Full Review:</b>												
Beaumont AA	62.21	418	84,189	881	117,200	36	4,398	20	7,102	1,355	212,889	0.00
Houston AA	28.45	194	33,268	405	50,791	11	847	9	5,997	619	90,903	0.00
<b>Limited Review:</b>												
Beaumont Non MSA	9.38	77	5,352	116	6,318	10	377	1	5000	204	17,047	0.00

\* Loan Data as of [Date]. Rated area refers to either the state or multi-state MA rating area.

\*\* The evaluation period for Community Development Loans is [Date of Last CRA Evaluation] to [Start Date of CRA Data Analysis Phase].

\*\*\* Deposit Data as of [Date]. 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: STATE OF TEXAS								Evaluation Period: January 1, 2009 to December 31, 2011				
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	Over all	Low	Mod	Mid	Upp
<b>Full Review:</b>															
Beaumont AA	202	61.21	3.21	0.00	15.67	2.97	54.46	39.60	26.66	57.43	1.41	0.00	0.00	1.02	2.15
Houston AA	111	33.64	3.90	1.80	26.02	24.32	30.27	34.23	39.80	39.64	0.09	0.18	0.12	0.09	0.08
<b>Limited Review:</b>															
Beaumont Non MSA	17	5.15	0.00	0.00	7.08	0.00	92.92	100.00	0.00	0.00	1.35	0.00	0.00	1.39	0.00

\* Based on 2011 Peer Mortgage Data:

\*\* 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 2000 Census information.

**Table 3. Geographic Distribution of Home Improvement Loans**

Geographic Distribution: HOME IMPROVEMENT												Geography: STATE OF TEXAS				Evaluation Period: January 1, 2009 to December 31, 2011				
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					
<b>Full Review:</b>																				
Beaumont AA	86	52.12	3.21	1.16	15.67	5.81	54.46	60.47	26.66	32.56	6.52	16.67	1.67	6.88	7.14					
Houston AA	38	23.03	3.90	0.00	26.02	13.16	30.27	44.74	39.80	42.11	0.73	0.00	0.25	1.09	0.73					
<b>Limited Review:</b>																				
Beaumont Non-MSA	41	24.85	0.00	0.00	7.08	4.88	92.92	95.12	0.00	0.00	20.55	0.00	0.00	21.74	0.00					

\* Based on 2011 Peer Mortgage Data:

\*\* 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 2000 Census information.

**Table 4. Geographic Distribution of Home Mortgage Refinance Loans**

Geographic Distribution: HOME MORTGAGE REFINANCE											Geography: STATE OF TEXAS					Evaluation Period: January 1, 2009 to December 31, 2011				
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					
<b>Full Review:</b>																				
Beaumont AA	128	68.45	3.21	2.34	15.67	5.47	54.46	39.06	26.66	53.13	1.04	7.14	1.23	0.85	1.15					
Houston AA	40	21.39	3.90	2.50	26.02	25.00	30.27	32.50	39.80	40.00	0.05	0.12	0.09	0.06	0.03					
<b>Limited Review:</b>																				
Beaumont Non-MSA	19	10.16	0.00	0.00	7.08	0.00	92.92	100.00	0.00	0.00	2.14	0.00	0.00	2.21	0.00					

\* Based on 2011 Peer Mortgage Data:

\*\* 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 2000 Census information.

**Table 5. Geographic Distribution of Multifamily Loans**

Geographic Distribution: MULTIFAMILY			Geography: STATE OF TEXAS						Evaluation Period: January 1, 2009 to December 31, 2011						
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
<b>Full Review:</b>															
Beaumont AA	2	28.57	6.11	0.00	27.01	0.00	35.64	100.00	31.24	0.00	0.00	0.00	0.00	0.00	0.00
Houston AA	5	71.43	10.56	0.00	36.03	80.00	31.16	20.00	22.25	0.00	0.00	0.00	0.00	0.00	0.00
<b>Limited Review:</b>															
Beaumont Non-MSA	0	0.00	0.00	0.00	33.56	0.00	66.44	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

\* Based on 2011 Peer Mortgage Data:

\*\* 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 2000 Census information.

**Table 6. Geographic Distribution of Small Loans to Businesses**

Geographic Distribution: SMALL LOANS TO BUSINESSES												Geography: STATE OF TEXAS					Evaluation Period: January 1, 2009 to December 31, 2011				
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	Upp				
<b>Full Review:</b>																					
Beaumont AA	876	63.29	2.57	0.46	17.25	17.01	49.33	50.00	30.82	32.53	10.24	5.19	11.35	9.49	12.06						
Houston AA	392	28.32	4.70	1.53	23.87	31.63	27.60	35.71	43.56	31.12	0.37	0.06	0.46	0.55	0.26						
<b>Limited Review:</b>																					
Beaumont Non-MSA	116	8.38	0.00	0.00	9.76	6.90	90.24	93.10	0.00	0.00	15.19	0.00	10.00	18.10	0.00						

\* Based on 2011 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 (2017).

**Table 7. Geographic Distribution of Small Loans to Farms**

Geographic Distribution: SMALL LOANS TO FARMS											Geography: STATE OF TEXAS					Evaluation Period: January 1, 2009 to December 31, 2011				
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					
<b>Full Review:</b>																				
Beaumont AA	36	63.16	1.25	0.00	10.13	8.33	60.23	38.89	28.39	52.78	38.46	0.00	0.00	29.55	56.67					
Houston AA	11	19.30	3.89	0.00	20.09	63.64	33.61	27.27	42.34	9.09	4.52	0.00	10.91	6.25	0.93					
<b>Limited Review:</b>																				
Beaumont Non-MSA	10	17.54	0.00	0.00	8.70	0.00	91.30	100.00	0.00	0.00	44.44	0.00	0.00	50.00	0.00					

\* Based on 2011 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 (2017).

**Table 8. Borrower Distribution of Home Purchase Loans**

Borrower Distribution: HOME PURCHASE			Geography: STATE OF TEXAS						Evaluation Period: January 1, 2009 to December 31, 2011						
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
<b>Full Review:</b>															
Beaumont AA	202	61.21	22.47	1.14	17.06	5.68	20.02	9.66	40.44	83.52	1.33	0.00	0.16	0.37	2.50
Houston AA	111	33.64	24.32	5.38	17.92	9.68	18.73	17.20	39.03	67.74	0.08	0.06	0.04	0.07	0.10
<b>Limited Review:</b>															
Beaumont Non-MSA	17	5.15	22.28	6.25	17.39	6.25	21.93	18.75	38.40	68.75	1.25	5.56	1.75	0.00	1.30

\* Based on 2011 Peer Mortgage Data:  
 \*\* 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 2000 Census information.  
 \*\*\*\* As a percentage of loans with borrower income information available. No information was available for 13.6 of loans originated and purchased by Bank.

**Table 9. Borrower Distribution of Home Improvement Loans**

Borrower Distribution: HOME IMPROVEMENT			Geography: STATE OF TEXAS								Evaluation Period: January 1, 2009 to December 31, 2011				
	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
<b>Full Review:</b>															
Beaumont AA	86	52.12	22.47	4.76	17.06	7.14	20.02	23.81	40.44	64.29	6.54	2.44	3.23	5.56	8.73
Houston AA	38	23.03	24.32	5.41	17.92	16.22	18.73	24.32	39.03	54.05	0.78	0.71	1.09	0.95	0.67
<b>Limited Review:</b>															
Beaumont Non-MSA	41	24.85	22.28	12.20	17.39	9.76	21.93	21.95	38.40	56.10	20.83	33.33	14.29	31.25	17.39

\* Based on 2011 Peer Mortgage Data;  
 \*\* 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 2000 Census information.  
 \*\*\*\* As a percentage of loans with borrower income information available. No information was available for 1.8% of loans originated and purchased by Bank.

**Table 10. Borrower Distribution of Home Mortgage Refinance Loans**

Borrower Distribution: HOME MORTGAGE REFINANCE												Geography: STATE OF TEXAS				Evaluation Period: January 1, 2009 to December 31, 2011			
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				
<b>Full Review:</b>																			
Beaumont AA	128	68.45	22.47	0.00	17.06	4.72	20.02	13.21	40.44	82.08	1.21	0.00	0.44	1.11	1.40				
Houston AA	40	21.39	24.32	0.00	17.92	17.14	18.73	14.29	39.03	68.57	0.05	0.00	0.06	0.03	0.06				
<b>Limited Review:</b>																			
Beaumont Non-MSA	19	10.16	22.28	5.88	17.39	5.88	21.93	29.41	38.40	58.82	2.71	0.00	0.00	4.00	2.63				

\* Based on 2011 Peer Mortgage Data:  
 \*\* 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 2000 Census information.  
 \*\*\*\* As a percentage of loans with borrower income information available. No information was available for 15.5% of loans originated and purchased by Bank.

**Table 11. Borrower Distribution of Small Loans to Businesses**

Borrower Distribution: SMALL LOANS TO BUSINESSES					Geography: STATE OF TEXAS			Evaluation Period: January 1, 2009 to December 31, 2011	
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
<b>Full Review:</b>									
Beaumont AA	876	63.29	67.35	61.07	69.41	17.24	13.36	10.24	14.73
Houston AA	392	28.32	66.43	71.43	69.39	17.09	13.52	0.37	0.73
<b>Limited Review:</b>									
Beaumont Non-MSA	116	8.38	65.58	68.10	90.52	6.90	2.59	15.19	25.86

\* Based on 2011 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 - 2011).

\*\*\*\* 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 0.43% 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: STATE OF TEXAS			Evaluation Period: January 1, 2009 to December 31, 2011	
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
<b>Full Review:</b>									
Beaumont AA	36	63.16	98.75	91.67	52.78	33.33	13.89	38.46	41.79
Houston AA	11	19.30	96.73	100.00	81.82	9.09	9.09	4.52	6.57
<b>Limited Review:</b>									
Beaumont Non-MSA	10	17.54	97.52	100.00	90.00	10.00	0.00	44.44	57.14

\* Based on 2011 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 - 2011).

\*\*\*\* 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 1.75% of small loans to farms originated and purchased by Bank.

**Table 14. Qualified Investments**

QUALIFIED INVESTMENTS		Geography: STATE OF TEXAS				Evaluation Period: July 13, 2009 to January 28, 2013			
MA/Assessment Area:	Prior Period Investments*		Current Period Investments		Total Investments			Unfunded Commitments**	
	#	\$(000's)	#	\$(000's)	#	\$(000's)	% of Total	#	\$(000's)
<b>Full Review:</b>									
Beaumont AA	0	0	0	0	19	25	86%	0	0
Houston AA	0	0	1	2,400	6	4	14%	0	0
<b>Limited Review:</b>									
Beaumont Non-MSA	0	0	0	0	0	0	0.00	0	0

\* '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: STATE OF TEXAS																	
Evaluation Period: July 13, 2009 to January 28, 2013																	
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
<b>Full Review:</b>																	
Beaumont AA	58.17	11	39.29	0.00	27.27	54.55	18.18	2	0	0	0	+2	0	4.06	20.33	49.45	24.22
Houston AA	33.65	11	39.29	9.09	18.18	36.36	36.36	12	-1	+1	+2	+4	+4	8.18	33.98	29.01	28.76
<b>Limited Review:</b>																	
Beaumont Non-MSA	8.18	6	21.42	0.00	16.67	83.33	0.00	0	0	0	0	0	0	0.00	8.63	91.37	0.00

