



## **PUBLIC DISCLOSURE**

June 4, 2018

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

Texas Gulf Bank, National Association  
Charter Number 10420

203 This Way, Lake Jackson, TX 77566

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 CRA Rating: This institution is rated Satisfactory.**

**The Lending Test is rated: Satisfactory.**

**The Community Development Test is rated: Satisfactory.**

Texas Gulf Bank, National Association (TGB or bank) has a satisfactory record of meeting community credit needs based on the following:

- TGB's quarterly loan-to-deposit (LTD) ratio is reasonable.
- A majority of the bank's lending is inside its assessment area (AA) by number of loans originated or purchased.
- The overall geographic distribution of loans reflects reasonable dispersion in low- and moderate-income (LMI) census tracts.
- The overall borrower distribution of loans by income level of the borrower reflects reasonable penetration of borrowers of different income levels and businesses of different sizes.
- The level of community development (CD) activities is satisfactory in relation to the bank's performance context, and reflects adequate responsiveness to AA needs.

## Definitions and Common Abbreviations

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

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

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

**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 generally have a population between 1,200 and 8,000 people, with an optimal size of 4,000 people. 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 (CD):** Affordable housing (including multifamily rental housing) for low- or moderate-income individuals; community services targeted to low- or moderate-income individuals; activities that promote economic development by financing businesses or farms that meet Small Business Administration Development Company or Small Business Investment Company programs size eligibility standards or have gross annual revenues of \$1 million or less; activities that revitalize or stabilize low- or moderate-income geographies, distressed or underserved nonmetropolitan middle-income geographies, or designated disaster areas; or loans, investments, and services that support, enable or facilitate projects or activities under HUD Neighborhood Stabilization Program criteria that benefit low-, moderate-, and middle-income individuals and geographies in the bank's AA(s) or outside the AA(s) provided the bank has adequately addressed the CD needs of its AA(s).

**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 conduct business or have banking offices in a metropolitan statistical area to file annual summary reports of their mortgage lending activity. The reports include such data as the race, gender, and the income of applicants, the amount of loan requested, the disposition of the application (e.g., approved, denied, and withdrawn, 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 MA/AA.

**Median Family Income (MFI):** The median income determined by the U.S. Census Bureau every five years and used to determine the income level category of geographies. Also, the median income determined by the Federal Financial Institutions Examination Council (FFIEC) annually that is used to determine the income level category of individuals. For any given area, the median is the point at which half of the families have income above 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 Core Based Statistical Area that contains an urbanized population of at least 2.5 million. A Metropolitan Division consists of one or more main/secondary counties that represent an employment center or centers, plus adjacent counties associated with the main/secondary county or counties through commuting ties.

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

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

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

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

**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 MA. 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 MA, the institution will receive a rating for the multi-state MA.

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

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

**Tier 1 Capital:** The total of common shareholders' equity, perpetual preferred shareholders' equity with noncumulative 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**

Texas Gulf Bank is a single-state community bank headquartered in Lake Jackson, Brazoria County, Texas. The bank is a \$590 million financial institution wholly owned by Texas Gulf Bancshares, Inc., a one-bank holding company with headquarters in Houston, Texas. The bank has one AA that includes its main office and all branch locations that allow 24-hour access to automated teller machines (ATM) and other bank services. Including the main office, the bank has nine branches, including three moderate-income locations, two middle-income locations, and four upper-income locations. There are ATMs at each location and drive-through services offered at all locations except the branch on Kirby Dr. in Houston, Texas. During the evaluation period, there were no branch openings and one Freeport branch closure in December 2017. The bank offers various products, including checking, savings, certificates of deposit, online and mobile banking, wire transfers, consumer loans, commercial loans, real estate loans, and small business loans.

As of December 31, 2017, TGB reported total assets of \$589.7 million, net loans and leases of \$351.9 million, which represents 59.7 percent of total assets, and total deposits of \$524.0 million. Tier 1 capital represented 15.2 percent of risk-weighted assets. By dollar amount, business loans and mortgage loans represented 52.7 percent and 24.6 percent of gross loans, respectively. By number, business loans and home mortgage loans represented 39.3 percent and 28.5 percent of total loans, respectively. Therefore, for this evaluation, we concluded that business loans and mortgage loans are the primary products.

According to the Federal Deposit Insurance Corporation (FDIC) Deposit Market Share Report dated June 30, 2017, TGB has deposits of \$522.3 million, which represents 0.22 percent of deposit market share among depository institutions in the rating area.

There are no legal, financial, or other factors impeding the bank's ability to meet the credit needs in its AA. The last CRA evaluation was on July 13, 2015 and resulted in an overall satisfactory rating.

## **Scope of the Evaluation**

### **Evaluation Period/Products Evaluated**

We completed a review of TGB's CRA performance in its AA under the Intermediate Small Bank (ISB) examination procedures, which includes a lending test and a CD test. The lending test evaluates the bank's record of meeting the credit needs of the bank's AA through its lending activities. The CD test evaluates the bank's responsiveness to CD needs in its AA through qualified lending, investments and donations, and services.

The evaluation period for the lending test is January 1, 2015 through December 31, 2017 and includes all business and mortgage loans, which is a total of 683 loans. We performed revenue and geographic distribution analyses on all 387 loans originated or purchased inside the AA. The evaluation period for the CD test is from July 14, 2015 through December 31, 2017.

TGB's primary lending products are loans to small-and medium-size businesses and loans to finance home purchase, home improvement, and home refinancing. As an ISB, the bank is not required to collect or report loan data for business loans; however, management has elected to collect the data and present it for analysis. Additionally, the bank collects and reports home mortgage loan data under the requirements of the HMDA.

### **Data Integrity**

Prior to this evaluation, in March 2018, we completed a data integrity review of information collected by management for business and mortgage loans for years 2015, 2016, and 2017. The business loan data was found to be reliable for all three years. For mortgage loans, the error rate in 2015 data was in excess of 5 percent; therefore, we did not consider the data to be reliable. Data for years 2016 and 2017 for HMDA was deemed reliable. Management subsequently reviewed and corrected the 2015 HMDA data and we tested the corrected information at the start of this evaluation and found the data to be reliable. Therefore, our evaluation is based on all HMDA and small business loans originated or purchased during the review period and not a sample.

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

The Houston-The Woodlands-Sugar Land MSA received a full-scope review. There are no limited-scope areas.

### **Ratings**

As there is only one MSA in the bank's AA, the bank's overall rating is based solely on the full-scope review.

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

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

The OCC has not identified that this institution [or any affiliate whose loans have been considered as part of the institution's lending performance] has engaged in discriminatory or other illegal credit practices that require consideration in this evaluation.

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

# Conclusions with Respect to Performance Tests

## LENDING TEST

TGB's performance under the lending test is satisfactory. When applicable, more weight was placed on business loans originated or purchased inside the AA, as these loans represent 59.8 percent of gross loans by number and 45.9 percent by dollar amount, as of December 31, 2017. Additionally, more weight was also placed on years 2015 and 2016, as these loans represent the largest percentage of the number of loans in the evaluation period.

### Loan-to-Deposit Ratio

TGB's LTD ratio is reasonable. The bank's quarterly LTD ratio since the previous CRA evaluation averaged 72.38 percent, with a high ratio of 78.85 percent in the fourth quarter of 2016. We compared the bank's LTD ratio to three similarly situated banks (peer group banks) in Galveston and Harris counties, ranging in total asset sizes from \$411 million to \$596 million. The peer group bank's average LTD ratio was 74.44 percent with a high average ratio of 98.27 percent and a low average ratio of 58.13 percent.

### Lending in Assessment Area

Based on the data in table D below, we concluded the inside/outside ratio of the bank's originations and purchases of loans is reasonable and meets the standard for satisfactory performance. By number, a majority of the loan originations, refinances, and purchases were inside the bank's AA. The following table details the bank's lending inside and outside its AA by number and dollar amount:

Loan Category	Number of Loans				Total #	Dollar Amount of Loans \$(000s)				Total \$(000s)
	Inside		Outside			Inside		Outside		
	#	%	#	%		\$	%	\$	%	
Home Mortgage	73	46.20	85	53.80	158	28,741	36.97	49,003	63.03	77,744
Small Business	314	59.81	211	40.19	525	121,042	45.92	142,577	54.08	263,619
<b>Total</b>	<b>387</b>	<b>56.66</b>	<b>296</b>	<b>43.34</b>	<b>683</b>	<b>149,783</b>	<b>43.88</b>	<b>191,580</b>	<b>56.12</b>	<b>341,363</b>

*Source: 01/01/2015-12/31/2017 Bank Data*

### Geographic Distribution of Loans

The overall geographic distribution of loans reflects reasonable dispersion in LMI CTs. The geographic distribution of mortgage loans and moderate-income business loans significantly exceeds the AA characteristics, offset by poor dispersion in low-income geographies for business loans as discussed below.

## **Home Mortgage Loans**

Based on the data in table O, in appendix C, and the following performance context considerations, we concluded the geographic distribution of the bank's home mortgage loan originations and purchases reflects excellent dispersion.

- The distribution of the bank's home mortgage loans in LMI geographies reflects excellent dispersion. The proportion of loans was generally stronger than the proportion of owner-occupied housing units in those geographies, and stronger than the aggregate distribution of loans in those geographies.

## **Small Loans to Businesses**

Based on the data in tables Q, in appendix C, and the following performance context considerations, we concluded the geographic distribution of the bank's originations and purchases of small loans to businesses reflects reasonable penetration.

- The distribution of the bank's small loans to businesses in LMI geographies reflects reasonable dispersion. In moderate-income geographies, the proportion of loans was significantly stronger than the proportion of businesses in moderate-income geographies and significantly stronger than the aggregate distribution of loans in those geographies.
- The bank's performance in low-income geographies was weaker than its performance in moderate-income geographies in proportion to the geography and the aggregate.

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

The overall borrower distribution of loans by income level reflects reasonable penetration of borrowers of different income levels and businesses of different sizes. As previously mentioned, more weight was placed on small business loans and loan activity in years 2015 and 2016.

## **Home Mortgage Loans**

Based on the data in table P, in appendix C, and the following performance context considerations, we concluded the borrower distribution of the bank's originations and purchases of home mortgage loans reflects poor penetration.

- The distribution of the bank's home mortgage loans to low-income and moderate-income borrowers reflects poor penetration. The bank's proportion of loans to LMI borrowers was generally weaker than the portion of LMI families.
- Although the proportion of loans to LMI borrowers compared to the portion of LMI families was poor, the bank's performance was impacted by large oil and gas credit unions located within its AA. In Brazoria County, a large credit union with open enrollment posted interest rates over 200 basis points lower than the bank's best mortgage rates.

- Furthermore, with regard to the proportion of loans to low-income borrowers compared to the portion of low-income families, bank and industry performance was impacted by the ratio of median housing value to income in the AA. The high median housing value constrains lending opportunities to LMI borrowers, as the proportion of properties affordable to LMI is limited, especially in Brazoria and Galveston Counties.

### **Small Loans to Small Businesses**

Based on the data in table R, in appendix C, and the following performance context considerations, we concluded the borrower distribution of the bank's originations and purchases of small loans to small businesses by revenue is adequate.

- The distribution of the bank's small loans to small businesses by revenue reflect reasonable penetration. In years 2015 and 2016, the proportion of loans was generally comparable to the proportion small business, and was stronger than the aggregate distribution of loans to those businesses.
- The bank's 2017 performance was weaker than the 2015 and 2016 reasonable penetration.

### **Responses to Complaints**

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

## **COMMUNITY DEVELOPMENT TEST**

TGB's performance under the CD test is satisfactory. The level of CD activities demonstrates adequate responsiveness to the needs of the community. Factors supporting this conclusion include an adequate record regarding qualified CD loans, qualified investments/donations, and services, combined with good responsiveness to CD needs. The CD activities benefit LMI individuals or LMI geographic areas throughout the entire AA, including Harris, Brazoria, and Galveston Counties.

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

TGB has provided an adequate level of CD loans in its AA. During the evaluation period, we qualified nine originated or renewed loans totaling \$7.1 million which were primarily centered in community service initiatives. Of the total qualified CD loans, two loans totaling \$825,000 were made to promote affordable housing to LMI individuals in the bank's AA. Three loans totaling \$750,000 supported the revitalization and stabilization of a LMI geographic area within Harris County. Four loans, totaling \$5.5 million provided community services to LMI individuals throughout the AA.

## **Broader Statewide or Regional Area Community Development Loans**

TGB made two loans totaling \$2.9 million that support multifamily affordable housing projects. These affordable housing complexes are located Houston, Harris County but outside of the bank's designated AA. One refinanced loan was used to rehabilitate a five-unit property where four units have rents below Housing and Urban Development (HUD) fair market rents and one loan was to construct a 106 unit complex where all units were below the HUD fair market rents.

## **Number and Amount of Qualified Investments**

During the review period, there were 14 donations totaling \$16,000 and one prior period investment with a December 31, 2017 outstanding balance of \$1.4 million.

TGB provided an adequate level of CD investments/donations in its AA. During the evaluation period, we qualified 14 donations totaling \$16,000 to organizations that offer community services to LMI individuals. The investments/donations benefited programs that provide financial literacy to LMI students, jobs and skills training to LMI individuals, and services to LMI families that are in financial and life crisis situations. There were no new investments made during the evaluation period.

The prior period investment with a book balance of \$1.4 million is a Government National Mortgage Association mortgage backed security where majority of the borrowers are LMI individuals.

## **Extent to Which the Bank Provides Community Development Services**

TGB provided 18 qualified CD services to 13 organizations within its AA that consisted of 515 service hours. All services promote community services to LMI individuals and involved bank officers and personnel who presented financial literacy classes to LMI individuals, provided financial expertise as board members of organizations that target services to LMI individuals, supported organizations that provide jobs and skills training to LMI individuals, and various resources to LMI families in crisis situations.

## **Responsiveness to Community Development Needs**

The bank's level of CD activities demonstrates adequate responsiveness to the needs and opportunities in its AA. A community contact noted a need for affordable housing and financial education. During the evaluation period, TGB provided CD loans for multifamily affordable housing projects and bank officers and personnel provided financial literacy classes to LMI individuals.

## Appendix A: Scope of Examination

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

<b>Time Period Reviewed</b>	Lending Test (excludes CD loans): (01/01/15 to 12/31/17) Investment and Service Tests and CD Loans: (07/14/15 to 12/31/17)	
<b>Financial Institution</b>	<b>Products Reviewed</b>	
Texas Gulf Bank, NA Lake Jackson, TX	Residential and Business	
<b>Affiliate(s)</b>	<b>Affiliate Relationship</b>	<b>Products Reviewed</b>
None		
<b>List of Assessment Areas and Type of Examination</b>		
<b>Assessment Area</b>	<b>Type of Exam</b>	<b>Other Information</b>
Houston-The Woodlands-Sugar Land MSA	Full-Scope	

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

**Table A - Demographic Information of the Assessment Area**  
**Assessment Area: TX Gulf Houston AA 2010 Census**

Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	178	7.9	13.5	24.7	52.2	1.7
Population by Geography	818,591	8.6	14.5	26.6	49.0	1.4
Housing Units by Geography	382,467	8.0	14.0	24.0	52.7	1.3
Owner-Occupied Units by Geography	166,362	3.6	9.4	25.4	61.1	0.5
Occupied Rental Units by Geography	172,579	11.7	17.7	22.3	46.1	2.2
Vacant Units by Geography	43,526	10.4	16.5	25.1	47.0	1.1
Businesses by Geography	94,281	6.6	8.8	17.2	67.3	0.6
Farms by Geography	1,327	3.9	8.8	26.1	60.8	0.4
Family Distribution by Income Level	191,662	20.6	13.4	14.5	51.5	0.0
Household Distribution by Income Level	338,941	21.9	14.1	15.9	48.1	0.0
Median Family Income MSA	\$69,373		Median Housing Value			\$299,709
			Median Gross Rent			\$1,081
			Families Below Poverty Level			10.7%

*Source: 2010 U.S. Census and 2016 D&B Data  
 Due to rounding, totals may not equal 100.0  
 (\*) The NA category consists of geographies that have not been assigned an income classification.*

TGB has one AA in the state of Texas which meets the requirements of the regulation. The Houston-The Woodlands-Sugar Land MSA (Houston AA) is located along the gulf coast region in southeastern Texas. The bank's AA is comprised of three counties in the MSA; Harris, Brazoria, and Galveston, and includes a combined total of 178 CTs. There are 144 CTs in Harris County, 29 CTs in Brazoria County and five CTs in Galveston County. Within the three counties, there are a total of 14 low-income CTs (8 percent), 24 moderate-income CTs (13 percent), 44 middle-income CTs (25 percent), 93 upper-income CTs (52 percent), and three CTs (2 percent) that have no income designations. TGB currently has nine office locations in the Houston AA; five locations in Brazoria County, three locations in Harris County, and one location in Galveston County. 53 percent of deposits are located in Brazoria County, 40 percent in Harris County, and 7 percent in Galveston County.

## **Description of Assessment Areas**

### **Harris County**

Harris County is the largest county located in the Houston AA. The city of Houston is the county seat and the fourth largest city in the U.S. with a population of 2.3 million, according to the 2016 United States Census Bureau (USCB). The bank designated 144 of its CTs as part of its AA. Of these CTs, 13 are low-income (9 percent), 20 are moderate-income (14 percent), 24 are middle-income (17 percent), 84 are upper-income (58 percent), and three CTs have no income designation (2 percent). According to the 2016 USCB, Harris County has a population of 4.6 million with a growth rate of 13.7 percent since the year 2010. Other cities in the county include Spring, Humble, Kingwood, Tomball, Cypress, Pasadena, La Porte, Crosby, Aldine, Channelview, Bellaire, Webster, and Deer Park. TGB has three branches in Harris County that are all located in Houston and represent 40 percent of the bank's June 30, 2017 total deposits.

The economy in Harris County is stable and broad-based in energy, manufacturing, aeronautics, healthcare, and transportation industries according to Greater Houston Partnership Houston Facts publication. As of March 2018, the Bureau of Labor Statistics (BLS) reported a 4.7 percent unemployment rate for the county. According to the Greater Houston Partnership Houston Facts publication, the business climate is favorable with 20 Fortune 500 companies headquartered in Harris County and many other Fortune 500 firms that maintain U.S. offices in Houston. Houston's top employers include H-E-B, Houston Methodist, Memorial Hermann Health System, UT MD Anderson Cancer Center, and Walmart. The 2016 USCB reports the median household income as \$55,584 in Harris County, and the median value of housing units was \$145,600, with a 54.5 percent owner-occupied housing rate. Furthermore, the 2016 USCB reported that 16.7 percent of people in the county live in poverty.

### **Brazoria County**

Brazoria County is located in the Houston AA. The bank designated 29 CTs as part of its AA. Of these CTs, one is low-income (3 percent), four are moderate-income (14 percent), 20 are middle-income (69 percent) and four are upper-income (14 percent). According to the USCB, the AA had an estimated population of 362,000 in 2017, with a median household income of \$72,006. From 2010 to 2017, the AA's population grew by 15.8 percent, or 49,000 net residents added. Median housing value is \$157,100 according to the USCB. Residents below the poverty line were 9.9 percent of the AA total population, as of July 1, 2017. According to the BLS, the unemployment rate was 4.8 percent as of March 2018.

Cities located in Brazoria County include Alvin, Angleton, Bailey's Prairie, Brazoria, City of Hillcrest Village, Clute, Freeport, City of Iowa Colony, Lake Jackson, Manvel, Pearland, Richwood, Surfside Village, Sweeny, Village of Bonney, Village of Jones Creek, and West Columbia. Pearland is the largest city within the AA, with a population of 144,100 residents. TGB has five branches in Brazoria County located in Lake Jackson, Angleton, Clute, and two locations in Freeport. The branches in Brazoria County represent 53 percent of the bank's June 30, 2017 total deposits.

The largest employers in Brazoria County are Dow Chemical Company, Fluor Corporation, Zachary Group, Alvin Independent School District (ISD), Pearland ISD, Brazosport ISD, Texas Department of Criminal Justice, The Infinity Group, Brock Group, and local government offices. According to the USCB, Brazoria County has a strong manufacturing base, wherein total manufacturing shipments of \$32.9 million outpaced total retail sales of \$3.7 million in 2012. The number of business firms was 25,895 during 2012, with \$4.4 million spent on payroll and wages in 2016.

## **Galveston County**

Galveston County is located along the gulf coast region in southeastern Texas. The bank has five CTs as part of its AA and all are designated upper-income (100 percent). According to the USCB as of July 2017, the AA had an estimated population of 335,000, with a median household income of \$63,064. The city of Galveston is the county seat and has a population of 50,000, according to the 2016 U.S. Census. The largest city in the county is League City with an estimated population of 102,000 as of 2016. From 2010 to 2017, the AA's population grew by 15 percent, or 44,000 net residents added, and the median housing value is \$161,100. Residents below the poverty line were 12.9 percent. According to the BLS, the unemployment rate was 4.8 percent as of March 2018.

Cities within Galveston County include Bayou Vista, Clear Lake Shores, Dickinson, Friendswood, Galveston, Hitchcock, Jamaica Beach, Kemah, La Marque, Santa Fe, Seabrook, Texas City, and Tiki Island Village. TGB has one branch located in the city of Friendswood which represents 7 percent of the bank's June 30, 2017 total deposits.

According to the City of Galveston's website, Galveston is a major tourist destination for the Texas gulf coast and is a port of entry for cruise and cargo ships. Other industries include health care, marine-related fields, higher education, and technology research. Major employers in Galveston County include University of Texas Medical Branch, Landry's Inc., Galveston County, Galveston ISD, and Moody Gardens.

According to the USCB, Galveston County has a strong manufacturing base, wherein total manufacturing shipments of \$41.2 million outpaced total retail sales of \$3.5 million in 2012. The number of business firms was 24,613 during 2012, with \$3.4 million spent on payroll and wages in 2016.

## Appendix C: Tables of Performance Data

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### Content of Standardized Tables

A separate set of tables is provided for each state. All multistate MAs are presented in one set of tables. References to the “bank” include activities of any affiliates that the bank provided for consideration (refer to appendix A: Scope of the Examination). For purposes of reviewing the lending test tables, the following are applicable: (1) purchased loans are treated as originations/purchases; (2) “aggregate” is the percentage of the aggregate number of reportable loans originated and purchased by all lenders in the MA/AA. Deposit data are compiled by the FDIC and are available as of June 30<sup>th</sup> of each year. Tables without data are not included in this PE. Tables are identified by both letters and numbers, which result from how they are generated in supervisory analytical systems.

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

**Table O. Assessment Area Distribution of Home Mortgage Loans by Income Category of the Geography** – Compares the percentage distribution of the number of loans originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies to the percentage distribution of owner-occupied housing units throughout those geographies. The table also presents aggregate peer data for the years the data is available.

**Table P. Assessment Area Distribution of Home Mortgage Loans by Income Category of the Borrower** – Compares the percentage distribution of the number of loans originated and purchased by the bank to low-, moderate-, middle-, and upper-income borrowers to the percentage distribution of families by income level in each MA/AA. The table also presents aggregate peer data for the years the data is available.

**Table Q. Assessment Area Distribution of Loans to Businesses by Income Category of the Geography** – 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. Because small business data are not available for geographic areas smaller than counties, it may be necessary to compare bank loan data to aggregate data from geographic areas larger than the bank’s AA.

**Table R. Assessment Area Distribution of Loans to Small Businesses by Gross Annual Revenues** – 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. The table also presents aggregate peer data for the years the data is available.

**Table S. Assessment Area Distribution of Loans to Farms by Income Category of the Geography** – 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. 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 AA.

**Table T. Assessment Area Distribution of Loans to Farms by Gross Annual Revenues** – 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. The table also presents aggregate peer data for the years the data is available.

**Table U. Assessment Area Distribution of Consumer Loans by Income Category of the Geography** – Compares the percentage distribution of the number of loans originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies to the percentage distribution of households throughout those geographies.

**Table V. Assessment Area Distribution of Consumer Loans by Income Category of the Geography** – Compares the percentage distribution of the number of loans originated and purchased by the bank to low-, moderate-, middle-, and upper-income borrowers to the percentage distribution of households by income level in each MA/AA.

**Table O : Assessment Area Distribution of Home Mortgage Loans by Income Category of the Geography** **2015-2016**

Assessment Area:	Total Home Mortgage Loans			Low-Income Tracts			Moderate-Income Tracts			Middle-Income Tracts			Upper-Income Tracts			Not Available-Income Tracts		
	#	\$	% of Total	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate
Texas Gulf Houston AA	39	11,862	100.0	1.1	2.6	1.1	14.5	17.9	13.1	22.4	46.2	23.6	61.9	33.3	62.4	0.0	0.0	0.0
<b>Total</b>	<b>39</b>	<b>11,862</b>	<b>100.0</b>	<b>1.1</b>	<b>2.6</b>	<b>1.1</b>	<b>14.5</b>	<b>17.9</b>	<b>13.1</b>	<b>22.4</b>	<b>46.2</b>	<b>23.6</b>	<b>61.9</b>	<b>33.3</b>	<b>62.4</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

Source: 2010 U.S Census; 01/01/2015 - 01/01/2016 Bank Data, HMDA Aggregate data "--" data not available. Due to rounding, totals may not equal 100.0

**Table O : Assessment Area Distribution of Home Mortgage Loans by Income Category of the Geography** **2017**

Assessment Area:	Total Home Mortgage Loans			Low-Income Tracts			Moderate-Income Tracts			Middle-Income Tracts			Upper-Income Tracts			Not Available-Income Tracts		
	#	\$	% of Total	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate
Texas Gulf Houston AA	34	16,879	100.0	3.6	5.9	2.9	9.4	8.8	9.3	25.4	38.2	26.6	61.1	47.1	60.8	0.5	0.0	0.4
<b>Total</b>	<b>34</b>	<b>16,879</b>	<b>100.0</b>	<b>3.6</b>	<b>5.9</b>	<b>2.9</b>	<b>9.4</b>	<b>8.8</b>	<b>9.3</b>	<b>25.4</b>	<b>38.2</b>	<b>26.6</b>	<b>61.1</b>	<b>47.1</b>	<b>60.8</b>	<b>0.5</b>	<b>0.0</b>	<b>0.4</b>

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

<b>Table P: Assessment Area Distribution of Home Mortgage Loans by Income Category of the Borrower</b>																		<b>2015-2016</b>	
Assessment Area:	Total Home Mortgage Loans			Low-Income Borrowers			Moderate-Income Borrowers			Middle-Income Borrowers			Upper-Income Borrowers			Not Available-Income Borrowers			
	#	\$	% of Total	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	
Texas Gulf Houston AA	39	11,862	100.0	19.6	0.0	1.3	13.6	2.6	5.3	15.4	10.3	11.7	51.5	46.2	69.4	0.0	41.0	12.4	
<b>Total</b>	39	11,862	100.0	19.6	<b>0.0</b>	1.3	13.6	<b>2.6</b>	5.3	15.4	10.3	11.7	51.5	46.2	69.4	0.0	41.0	12.4	

Source: 2010 U.S Census; 01/01/2015 - 12/31/2016 HMDA Aggregate Data, "--" data not available.  
Due to rounding, totals may not equal 100.0

<b>Table P: Assessment Area Distribution of Home Mortgage Loans by Income Category of the Borrower</b>																		<b>2017</b>	
Assessment Area:	Total Home Mortgage Loans			Low-Income Borrowers			Moderate-Income Borrowers			Middle-Income Borrowers			Upper-Income Borrowers			Not Available-Income Borrowers			
	#	\$	% of Total	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	
Texas Gulf Houston AA	34	16,879	100.0	20.6	2.9	1.9	13.4	8.8	6.4	14.5	5.9	13.2	51.5	79.4	66.4	0.0	2.9	12.1	
<b>Total</b>	34	16,879	100.0	20.6	<b>2.9</b>	1.9	13.4	<b>8.8</b>	6.4	14.5	5.9	13.2	51.5	79.4	66.4	0.0	2.9	12.1	

Source: 2010 U.S Census; 01/01/2017 - 12/31/2017 HMDA Aggregate Data, "--" data not available.  
Due to rounding, totals may not equal 100.0

**Table Q: Assessment Area Distribution of Loans to Businesses by Income Category of the 2015-2016 Geography**

Assessment Area:	Total Loans to Small Businesses				Low-Income Tracts			Moderate-Income Tracts			Middle-Income Tracts			Upper-Income Tracts			Not Available-Income Tracts		
	#	\$	% of Total	Overall Market	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate
Texas Gulf Houston AA	209	93,368	100.0	32,211	2.4	0.5	2.7	13.9	27.3	13.8	16.7	33.0	16.7	67.0	39.2	66.8	0.0	0.0	0.0
<b>Total</b>	209	93,368	100.0	32,211	2.4	<b>0.5</b>	2.7	13.9	<b>27.3</b>	13.8	16.7	33.0	16.7	67.0	39.2	66.8	0.0	0.0	0.0

Source: 2015 D&B Data; 01/01/2015 - 12/31/2016 Bank Data; 2015-2016 Bank Loan Data, "--" data not available.  
Due to rounding, totals may not equal 100.0

**Table Q: Assessment Area Distribution of Loans to Businesses by Income Category of the 2017 Geography**

Assessment Area:	Total Loans to Small Businesses				Low-Income Tracts			Moderate-Income Tracts			Middle-Income Tracts			Upper-Income Tracts			Not Available-Income Tracts		
	#	\$	% of Total	Overall Market	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate
Texas Gulf Houston AA	105	27,674	100.0	32,211	6.0	1.0	6.3	8.8	21.0	9.0	17.2	34.3	16.7	67.3	43.8	67.3	0.6	0.0	0.6
<b>Total</b>	105	27,674	100.0	32,211	6.0	<b>1.0</b>	6.3	8.8	<b>21.0</b>	9.0	17.2	34.3	16.7	67.3	43.8	67.3	0.6	0.0	0.6

Source: 2017 D&B Data; 01/01/2017 - 12/31/2017 Bank Data; 2015-2016 Bank Loan Data, "--" data not available.  
Due to rounding, totals may not equal 100.0

<b>Table R: Assessment Area Distribution of Loans to Small Businesses by Gross Annual Revenues</b>										<b>2015-2016</b>	
<b>Assessment Area:</b>	<b>Total Loans to Small Businesses</b>				<b>Businesses with Revenues &lt;= 1MM</b>			<b>Businesses with Revenues &gt; 1MM</b>		<b>Businesses with Revenues Not Available</b>	
	<b>#</b>	<b>\$</b>	<b>% of Total</b>	<b>Overall Market</b>	<b>% Businesses</b>	<b>% Bank Loans</b>	<b>Aggregate</b>	<b>% Businesses</b>	<b>% Bank Loans</b>	<b>% Businesses</b>	<b>% Bank Loans</b>
Texas Gulf Houston AA	209	93,368	100.0	32,211	79.1	42.1	40.2	6.6	35.9	14.3	22.0
<b>Total</b>											
<i>Source: 2015 D&amp;B Data; 01/01/2015 - 12/31/2016 Bank Data; 2015-2016 Bank Loan Data, "--" data not available. Due to rounding, totals may not equal 100.0</i>											

<b>Table R: Assessment Area Distribution of Loans to Small Businesses by Gross Annual Revenues</b>										<b>2017</b>	
<b>Assessment Area:</b>	<b>Total Loans to Small Businesses</b>				<b>Businesses with Revenues &lt;= 1MM</b>			<b>Businesses with Revenues &gt; 1MM</b>		<b>Businesses with Revenues Not Available</b>	
	<b>#</b>	<b>\$</b>	<b>% of Total</b>	<b>Overall Market</b>	<b>% Businesses</b>	<b>% Bank Loans</b>	<b>Aggregate</b>	<b>% Businesses</b>	<b>% Bank Loans</b>	<b>% Businesses</b>	<b>% Bank Loans</b>
Texas Gulf Houston AA	105	27,674	100.0	32,211	83.4	38.1	40.2	7.6	37.1	9.1	24.8
<b>Total</b>											
<i>Source: 2017 D&amp;B Data; 01/01/2017 - 12/31/2017 Bank Loan Data; "--" data not available. Due to rounding, totals may not equal 100.0</i>											