



PUBLIC DISCLOSURE

February 10, 2014

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

First Community Bank, National Association
Charter Number 20218

3 Sugar Creek Center Blvd., Suite 200
Sugar Land, TX 77478

Office of the Comptroller of the Currency

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

NOTE: This document is an evaluation of this institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods consistent with safe and sound operation of the institution. This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion, or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.

INSTITUTION'S COMMUNITY REINVESTMENT ACT RATING:

This institution is rated Satisfactory.

The Lending Test is rated: Satisfactory.

The Community Development Test is rated: Satisfactory.

First Community Bank, National Association (FCB) has a Satisfactory record of meeting community credit needs. This conclusion is based on the following:

- A majority of lending is inside the assessment area (AA) by number and dollar amount of loans originated and purchased. Of the number of business and residential loans originated/purchased during the evaluation period, 59.49 percent by number and 60.77 percent by dollar amount were within the AA.
- The loan-to-deposit (LTD) ratio is more than reasonable. Since the prior Community Reinvestment Act (CRA) performance evaluation, the quarterly LTD ratio averaged 79 percent.
- FCB had more than reasonable penetration to small businesses with revenues of \$1 million or less in the Houston, East Texas Non-Metropolitan Statistical Area, Waco, and North Central Texas AAs. The bank had reasonable penetration in the Dallas and San Antonio AAs.
- FCB had reasonable penetration to moderate-income borrowers in the Dallas AA for residential real estate loans. The bank had more than reasonable penetration to moderate-income borrowers in the East Texas Non-Metropolitan Statistical Area AA for residential real estate loans.
- FCB had reasonable dispersion to small businesses located in low- and moderate-income census tracts (CT) in the Houston AA during the 2011 period. The bank had similar performance in the Dallas CTs during the 2012 and 2013 period. The bank had more than reasonable dispersion to small businesses located in low- and moderate-income CTs for the San Antonio, Waco, and North Central Texas AAs, during the 2012 and 2013 period.
- FCB had reasonable dispersion of residential mortgage loans located in low- and moderate-income CTs in the Houston AA during the 2011 period.
- The geographic distribution of residential and small business loans reflects excellent dispersion of borrowers in different geographies in the East Texas AA.
- The bank has not received any CRA-related complaints during the evaluation period.
- Community development (CD) activities demonstrate adequate responsiveness to CD needs in the AA.

Scope of Evaluation

We completed a full-scope review of FCB's CRA activities in its AA. We evaluated FCB under the Intermediate Small Bank (ISB) performance evaluation procedures, which includes a Lending Test and Community Development (CD) Test. The Lending Test evaluates the bank's record of meeting the credit needs of the AA through lending activities. The CD Test evaluates the bank's responsiveness to CD needs in its AA through qualified CD lending, investments and donations, and services.

Prior to this evaluation cycle, FCB was subject to Small Bank CRA requirements. During this evaluation cycle, the bank became an Intermediate Small Bank (ISB), subject to a Lending Test and CD Test. As an ISB, management is not required to collect and report information on business lending; however, management has elected to do so. We completed a data integrity review in May and October 2013, to determine the accuracy of the Home Mortgage Disclosure Act (HMDA) Loan Application Register (LAR) used at this evaluation. The review deemed the HMDA LAR to be reliable.

FCB's primary lending products are business financing, consisting primarily of loans to small- and medium-size businesses; and, residential mortgage loans, consisting of 1-4 family residential loans. The Lending Test covered the period from January 1, 2011 through December 31, 2013, for business loans, and all, originated and purchased, 1-4 family residential owner-occupied loans for the same period.

For business loans, we used the entire small business loan portfolio in our analysis, except for the income distribution analysis. Total business loans for years 2012-2013 was 284 loans, and in 2011 was 159 loans. For the income distribution analysis, we populated loans for each AA, when available, which represented 108 loans for years 2012-2013 and 99 loans for year 2011.

For residential mortgage loans, we used all of the loans originated, purchased and reported on the HMDA LAR, which consisted of 3,218 loans in number and \$162.6 million by dollar amount. The number of residential mortgage loans totaled 2,553 for 2012-2013, and 665 for 2011. The dollar amount of residential mortgage loans totaled to \$132.5 million for 2012-2013 and \$30.1 million for 2011.

For the CD Test, our review included all CD loans, investments and donations, and services since the date of the last CRA performance evaluation, September 17, 2007, through the date of this performance evaluation, February 10, 2014.

Description of Institution

FCB is a full-service community bank headquartered at 3 Sugar Creek Center Boulevard, Suite 200, in Sugar Land, Texas. FCB is a wholly owned subsidiary of FC Holdings, Inc., a one-bank holding company. FCB operates 18 branches in six AAs within the state of Texas. At the prior CRA performance evaluation, FCB had five branches. However, during the review period, 33 branches were opened, 14 were sold or closed, and six were consolidated or moved. Automated Teller Machines (ATM) are located in all branches except one branch located in the Central Texas AA; however, there is a branch nearby with an ATM.

As of December 31, 2013, total assets were \$621 million and the Tier One Leverage Capital ratio was 9.23 percent. The bank's primary loan products are residential real estate and business loans. By dollar amount, residential real estate financing represented 53.30 percent and business financing represented 39.91 percent of total loans. Beginning in 2011, management began purchasing residential loan portfolios and originating swimming pool loans through a preferred contractor program. Swimming pool loans are not generally reflective of lending to low- and moderate-income individuals.

FCB operated under an Agreement with the Office of the Comptroller of the Currency (OCC) during a portion of the evaluation period. The Board of Directors signed a formal enforcement action with the OCC in November 2009, which focused on asset quality. The enforcement action was terminated in November 2012. This Agreement may have affected the bank's ability to meet the credit needs of its community during a portion of the evaluation period.

FCB was rated "Satisfactory" at its last CRA performance evaluation dated September 17, 2007.

Description of Assessment Areas

FCB has six AAs: Dallas, East Texas, Houston, North Central Texas, San Antonio and Waco. All AAs include full counties and do not arbitrarily exclude any low- and moderate-income census tracts (CT).

Dallas

The Dallas AA includes all of Dallas and Collin Counties, which are contiguous counties located in northeast Texas. The county seats are Dallas and McKinney, respectively. Other cities in the AA include Addison, DeSoto and Plano. The Dallas AA is comprised of 681 CTs, of which 106 are low-income (15.57%), 186 are moderate-income (27.31%), 161 are middle-income (23.64%), 225 are upper-income (33.04%) and three CTs are not defined (0.44%).

The economy of Dallas County is stable. Dallas County has a population of 2,368,139 according to the 2010 United States Census and a median household income of \$48,509 per the 2012 American Community Survey. According to the Bureau of Labor Statistics, the unemployment rate in Dallas County is 5.9 percent as of December 31, 2013, compared to the statewide unemployment rate of 5.6 percent for the same period. This reflects an improvement when compared to the county high unemployment rate of 9 percent as of July 31, 2010, and is below the national unemployment rate of 6.7 percent. The Dallas County Chamber of Commerce indicates major employers in Dallas County include American Airlines, Bank of America, National Association (N.A.), Texas Health Resources, and the Dallas Independent School District (ISD).

The economy of Collin County is stable. Collin County has a population of 834,642 according to the 2010 United States Census and a median household income of \$82,296 per the 2012 American Community Survey. According to the Bureau of Labor Statistics, the unemployment rate in Collin County is 4.9 percent as of December 31, 2013, and is below the statewide unemployment rate of 5.6 percent. The Collin County Chamber of Commerce indicates major employers in Collin County include Texas Instruments, Electronic Data Systems, JC Penny, and the Richardson ISD.

Competition from other financial institutions in the Dallas AA is high. According to the Federal Deposit Insurance Corporation (FDIC) June 30, 2013 Market Share Report, there are 114 financial institutions in the AA. FCB has two branches in the AA with 0.04 percent of the market share. FCB previously had three branches in the AA. The largest deposit market share holders include Bank of America, N.A., JP Morgan Chase Bank, N.A. and Wells Fargo Bank, N.A.

Based on information from community contacts, the primary credit needs of the community are business loans, including revolving lines of credit and term debt for machinery. A contact also states that banks and other investors need to be more receptive to individuals and institutions seeking to do business in low- and moderate-income communities.

East Texas

The East Texas AA includes three contiguous counties of Houston, Trinity and Walker Counties. The county seats are Crockett, Groveton, and Huntsville, respectively. The AA is comprised of 22 CTs, of which two are low-income (9.09%), four are moderate-income (18.18%), 14 are middle-income (63.64%) and two are upper-income (9.09%). All 14 middle-income CTs have been designated as Distressed Middle-Income Non-Metropolitan Tracts, due to poverty greater than 20 percent. Eight of the 14 middle-income CTs have had this designation for the past four years.

The economy of Houston County is stabilizing. Houston County has a population of 23,732 according to the 2010 United States Census and a median household income of \$32,859 per the 2012 American Community Survey. According to the Bureau of Labor Statistics, the unemployment rate in Houston County is 7.4 percent as of December 31, 2013; which is above the state and national unemployment rates of 5.6 percent and 6.7 percent, respectively. This represents a significant improvement when compared to the county high unemployment rate of 10.9 percent as of January 1, 2012. The Crockett Industrial Economic Development Corporation indicates the major employers in Houston County include the Crockett ISD and the East Texas Medical Center.

The economy of Trinity County is stable. Trinity County has a population of 14,585 according to the 2010 United States Census and a median household income of \$37,223 per the 2012 American Community Survey. According to the Bureau of Labor Statistics, the unemployment rate in Trinity County is 6.1 percent as of December 31, 2013. This is an improvement from the county high unemployment rate of 9.7 percent as of June 30, 2013, and is below the national unemployment rate of 6.7 percent. According to the 2012 American Community Survey, the leading sectors in the county are local government, retail trade, and agriculture.

The economy of Walker County is stable. Walker County has a population of 67,861 according to the 2010 United States Census and a median household income of \$38,654 per the 2012 American Community Survey. According to the Bureau of Labor Statistics, the unemployment rate in Walker County is 5.7 percent as of December 31, 2013. This is comparable to the statewide unemployment rate of 5.7 percent and below the national unemployment rate of 6.7 percent. The Huntsville-Walker County Chamber of Commerce indicates the major employers in Walker County include the Texas Department of Criminal Justice, Sam Houston State University, Huntsville ISD, and Huntsville Memorial Hospital.

Competition from other financial institutions in the AA is high. According to the FDIC Market Share Report, as of June 30, 2013, there are 17 financial institutions in the AA. FCB has two offices in the AA and holds 8.94 percent of the deposit market share. The leading market share participants include First National Bank of Huntsville, First Financial Bank, N.A., the former First Victoria Bank, N.A., and Bank of America, N.A.

Based on information from community contacts, the primary credit needs of the community are small business loans. The contact indicated the short supply of businesses and development in the area could improve with increased Small Business Administration (SBA) and United State Department of Agriculture (USDA) lending for small and rural businesses.

Houston

The Houston AA includes the three contiguous counties of Harris, Montgomery and Fort Bend Counties. The county seats are Houston, Conroe, and Richmond, respectively. Other cities in the AA include Pasadena, New Caney and Rosenberg. The AA is comprised of 921 CTs of which 126 are low-income (13.68%), 269 are moderate-income (29.21%), 230 are middle-income (24.97%), 292 are upper-income (31.70%) and four CTs are not defined (0.43%).

The economy of Harris County is stable. Harris County has a population of 4,092,459 according to the 2010 United States Census and a median household income of \$52,902 per the 2012 American Community Survey. According to the Bureau of Labor Statistics, the unemployment rate in Harris County is 5.5 percent as of December 31, 2013; which is lower than the statewide unemployment rate of 5.6 percent. The Houston Chronicle Newspaper's list of employer data for 2013 indicates that major employers in Harris County include the Memorial Herman Health System, MD Anderson Cancer Center, and Exxon Mobil.

The economy of Fort Bend County is stable. Fort Bend County has a population of 585,375 according to the 2010 United States Census and a median household income of \$82,668 per the 2012 American Community Survey. According to the Bureau of Labor Statistics, the unemployment rate in Fort Bend County is 5.0 percent as of December 31, 2013; which is lower than the statewide unemployment rate of 5.6 percent. The Greater Fort Bend Economic Development Council indicates that in 2012, some of the largest employers in the county include the Fort Bend ISD, Fluor Corporation, and Schlumberger Technology Corporation.

The economy of Montgomery County is stable. Montgomery County has a population of 455,746 according to the 2010 United States Census and a median household income of \$65,717 per the 2012 American Community Survey. According to the Bureau of Labor Statistics, the unemployment rate in Montgomery County is 4.7 percent as of December 31, 2013; which is below the statewide unemployment rate of 5.6 percent. The Woodlands Area Economic Development Partnership indicates that major employers in Montgomery County include Conroe ISD, Anadarko Petroleum, and Aon Hewitt.

Competition from other financial institutions in the Houston AA is high. According to the FDIC June 30, 2013 Market Share Report, there are 91 financial institutions in the AA. FCB has six branches in the AA with 0.12 percent of the deposit market share. FCB previously had ten branches in the AA. The largest deposit market share holders in the AA include JP Morgan Chase Bank, N.A., Wells Fargo Bank, N.A., and Bank of America, N.A.

Based on information from community contacts, credit needs in the community include lending to low- and moderate-income individuals with poor credit for home purchases and home repairs. The contact emphasized the need for banks to lend to these individuals and to support organizations, through donations, focused on alleviating the threats to health, life, and safety of homeowners from disrepairs of a residence, such as the Houston Family Home Repair Program.

North Central Texas

The North Central Texas AA includes six contiguous counties of Bosque, Erath, Hamilton, Hill, Hood, and Somervell. The county seats are Meridian, Stephenville, Hamilton, Hillsboro, Granbury, and Glen Rose, respectively. The AA is comprised of 41 CTs of which none are low-income, three are moderate-income (7.32%), 21 are middle-income (51.22%) and 17 are upper income (41.46%). Of the 21 middle-income CTs, four are designated Distressed Middle-Income Non-Metropolitan Tracts due to poverty greater than 20 percent.

The economy of Bosque County is stable. Bosque County has a population of 18,212 according to the 2010 United States Census and a median household income of \$44,860 per the 2012 American Community Survey. According to the Bureau of Labor Statistics, the unemployment rate in Bosque County is 5.9 percent as of December 31, 2013. This is comparable to the statewide unemployment rate of 5.6 percent and falls below the national unemployment rate of 6.7 percent. The Meridian Economic Development Corporation indicates that significant employers in the area include Double B Foods, Meridian Manor, and the Meridian ISD.

The economy of Erath County is stable. Erath County has a population of 37,890 according to the 2010 United States Census and a median household income of \$40,176 per the 2012 American Community Survey. According to the Bureau of Labor Statistics, the unemployment rate in Erath County is 4.7 percent as of December 31, 2013; which is below the statewide unemployment rate of 5.6 percent. The Stephenville Economic Development Foundation indicates the largest employers in the area include Tarleton State University, FMC Corporation, and Saint Gobain Abrasives.

The economy of Hamilton County is stable. Hamilton County has a population of 8,517 according to the 2010 United States Census and a median household income of \$39,702 per the 2012 American Community Survey. According to the Bureau of Labor Statistics, the unemployment rate in Hamilton County is 4.9 percent as of December 31, 2013; which is below the statewide unemployment rate of 5.6 percent. The website for the City of Hamilton indicates the largest employers in the area include the Hamilton General Hospital, Hamilton ISD, and Dove Hill Care Center and Villas.

The economy of Hill County is stable. Hill County has a population of 35,089 according to the 2010 United States Census and a median household income of \$39,405 per the 2012 American Community Survey.

According to the Bureau of Labor Statistics, the unemployment rate in Hill County is 5.7 percent as of December 31, 2013, which is comparable to the statewide unemployment rate of 5.6 percent and falls below the national unemployment rate of 6.7 percent. The larger employers listed by the Hillsboro Chamber of Commerce include Hill Regional Hospital and the Hillsboro ISD.

The economy of Hood County is stable. Hood County has a population of 51,182 according to the 2010 United States Census and a median household income of \$54,902 per the 2012 American Community Survey. According to the Bureau of Labor Statistics, the unemployment rate in Hood County is 4.5 percent as of December 31, 2013, which is below the statewide unemployment rate of 5.6 percent and the national unemployment rate of 6.7 percent. The Granbury Economic Development Council indicates that the top area employers include Granbury ISD, Walmart Supercenter, and Lake Granbury Medical Center.

The economy of Somervell County is stable. Somervell County has a population of 8,490 according to the 2010 United States Census and a median household income of \$51,618 per the 2012 American Community Survey. According to the Bureau of Labor Statistics, the unemployment rate in Somervell County is 4.2 percent as of December 31, 2012; which is below the statewide unemployment rate of 5.6 percent. The 2012 American Community Survey indicates that the primary industries in Somervell County include education, healthcare and construction.

Competition from other financial institutions in the AA is high. According to the FDIC June 30, 2013 Market Share Report, there are 28 institutions in the AA. FCB has three branches in the AA with 2.77% of the deposit market share. The largest deposit market share holders in the AA are The First National Bank of Granbury, First Financial Bank, N.A., and Citizens State Bank.

Based on information obtained from community contacts, the primary credit needs of the community are personal and small business loans. Community development needs include services for the low- and moderate-income portion of the aging community in the AA.

San Antonio

The San Antonio AA includes all of Bexar County, which is located in south-central Texas. The city of San Antonio is the county seat of Bexar County. Other cities in the county include Alamo Heights, Leon Springs, and Terrell Hills. The AA is comprised of 366 CTs, of which 36 are low-income (9.84%), 115 are moderate-income (31.42%), 106 are middle-income (28.96%), 105 are upper-income (28.69%), and four CTs are not defined (1.09%).

The economy of Bexar County is stable. Bexar County has a population of 1,714,773 according to the 2010 United States Census and a median household income of \$49,201 per the 2012 American Community Survey.

According to the Bureau of Labor Statistics, the unemployment rate is 5.5 percent as of December 31, 2013, which is below the statewide unemployment rate of 5.6 percent. The San Antonio Business Journal 2013 Book of Lists indicates major employers in the area include the United States Navy, United States Air Force, H-E-B Groceries Stores, and United Services Automobile Association (USAA).

Competition from other financial institutions in the AA is high. According to the FDIC June 30, 2013 Market Share Report, there are 43 financial institutions in Bexar County. FCB has three branches in the AA with 0.07 percent of the market share. FCB previously had four branches in the AA. The largest deposit market share holders include USAA, Frost Bank, and Bank of America, N.A.

Based on information from community contacts, the primary credit need is lending for small business owners. The contact also indicated that there is additional need for SBA and USDA loans for small businesses. They also note the need for a reasonable alternative to payday lending.

Waco

The Waco AA includes all of McLennan County, which is located on the Edwards Plateau in central Texas. The city of Waco is the county seat of McLennan County and other cities located in the AA include Axtell, Hewitt, West, and China Springs. The Waco AA is comprised of 51 CTs, of which seven are low-income (13.73%), ten are moderate-income (19.61%), 16 are middle-income (31.37%), 16 are upper-income (31.37%) and two CTs are not defined (3.92%).

The economy of McLennan County is stable. McLennan County has a population of 234,906 according to the 2010 United States Census and a median household income of \$40,894 per the 2012 American Community Survey. According to the Bureau of Labor and Statistics, the unemployment rate in McLennan County is 5.2 percent as of December 31, 2013, which is below the statewide unemployment rate of 5.6 percent. The Greater Waco Chamber of Commerce indicates that the major employers in the area include Baylor University, Waco ISD, City of Waco, and McLennan County.

Competition from other financial institutions in the AA is high. According to the FDIC June 30, 2013 Market Share Report, there are 25 financial institutions in McLennan County. FCB has one branch in the AA with a market share of 0.80 percent. FCB previously had three branches in the AA. The largest deposit market share holders in the AA include First National Bank of Central Texas, Wells Fargo Bank, N.A., and BBVA Compass.

Based on information from community contacts, the primary credit needs of the AA include mortgage lending and small business loans. The contact indicated there is further need for private investment and bank financing for development in low- and moderate-income areas.

Conclusions with Respect to Performance Tests

LENDING TEST

FCB's performance under the Lending Test is Satisfactory.

Loan-to-Deposit Ratio

The loan-to-deposit (LTD) ratio is more than reasonable. The quarterly LTD ratio since the prior CRA performance evaluation averaged 79 percent. Six similarly sized peer group banks headquartered in the largest cities in each of FCB's AAs had an average collective LTD ratio of 70 percent for the same period. The LTD ratios for the peer group banks ranged from 47 percent to 91 percent.

Lending in Assessment Area

A majority of the bank's lending is inside the AAs by number and dollar amount of loans originated and purchased. During the evaluation period, 59.49 percent by number and 60.77 percent by dollar amount of residential and business loans were originated or purchased within the bank's AAs. The following table details lending inside and outside the AAs by number and dollar amount.

Loan Type	Number of Loans					Dollars of Loans (000)				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	
Residential	3,218	56.90	2,438	43.10	5,656	162,570	57.80	118,704	42.20	281,274
Commercial	443	88.96	55	11.04	498	45,260	74.56	15,447	25.44	60,707
Totals	3,661	59.49	2,493	40.51	6,154	207,830	60.77	134,151	39.23	341,981

Source: Data reported under HMDA; data collected by bank.

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

The overall distribution of residential and small business loans reflects reasonable penetration of borrowers of different income levels and businesses of different sizes. Residential loan penetration had poor penetration. In most instances, business loans represented a higher percentage of total loans per AA. In these instances, more weight was placed on business loans.

Distribution of residential loans in the three AAs of Houston, Dallas, and San Antonio, which represent 98 percent of all residential loans originated during the evaluation period, reflects penetration that is significantly less than the census characteristics.

The only exception is that penetration to moderate-income families for 2011 residential loans in the Dallas AA is less than, but near to, the AA census characteristics. However, in these AAs, the income level of low-income families based on the 2013 Housing and Urban Development (HUD)-adjusted median family income and weighted averages of median housing costs could inhibit potential borrowers from qualifying for residential loans.

Distribution of loans to small businesses with gross annual revenues of \$1 million or less reflects penetration that is less than, but near to, the census characteristics in the three AAs referred to above. Distribution of loans to small businesses in the other AAs reflects penetration that exceeds or significantly exceeds the census characteristics of the AAs.

HOUSTON ASSESSMENT AREA

Distribution of residential mortgage loans reflects poor penetration of borrowers of different income levels and reasonable penetration to businesses with revenues less than \$1 million. The Houston AA represented 44 percent of total residential and business loans in the bank's AAs. In the Houston AA, residential loans comprised 45 percent and business loans comprised 43 percent of loans in the AA. Deposits in the AA totaled 41 percent of total deposits.

Residential Loans

The bank's penetration of residential loans to low- and moderate-income families was significantly below the AA census characteristics. Originating loans for residential homes to low-income borrowers may be difficult considering higher home costs in the AA. Households below the poverty level represent 13.34 percent of total households in the AA. The income level of low-income families based on the 2013 HUD-adjusted median family income is \$33,100 or less, which could inhibit potential borrowers from qualifying for residential loans. The 2010 median housing value is \$159,136.

For residential loans originated or purchased in 2012-2013, the bank's penetration of low-income families was 0.45 percent compared to the 2010 AA census characteristics of 24.44 percent. The penetration of moderate-income families was 1.89 percent compared to the 2010 AA census characteristics of 16.68 percent. The bank's performance is shown in the following table:

Table 2A - Borrower Distribution of 2012-2013 Residential Real Estate Loans in Houston AA								
Borrower Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans
Residential	24.44	0.45	16.68	1.89	17.38	8.86	41.50	88.72

Source: Data reported under HMDA; U.S. Census data.

Note: Income data unavailable for 0.08% of loans.

The bank's performance for 2011 residential loans similarly reflects penetration of low- and moderate-income families significantly below the 2000 AA census characteristics, as shown in the following table:

Table 2B - Borrower Distribution of 2011 Residential Real Estate Loans in Houston AA								
Borrower Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans
Residential	22.68	0.27	17.33	4.89	18.67	24.46	41.32	67.66

Source: Data reported under HMDA; U.S. Census data.

Note: Income data unavailable for 2.72% of loans.

Business Loans

The bank's distribution of 2012-2013 loans to small businesses with gross annual revenues of \$1 million or less reflects penetration by number of loans that is lower than, but near to the level of such businesses operating in the AA based on the 2010 Census information. This represents more than reasonable penetration to small businesses with revenues of \$1 million or less. The bank's performance is shown in the following table:

Table 2C - Borrower Distribution of 2012-2013 Loans to Businesses in Houston AA				
Business Revenues (or Sales)	≤\$1,000,000	>\$1,000,000	Unavailable/ Unknown	Total
% of AA Businesses	71.58	3.51	24.91	100.00%
% of Bank Loans in AA by #	70.00	20.00	10.00	100.00%
% of Bank Loans in AA by \$	75.16	23.62	1.22	100.00%

Source: Dun and Bradstreet data; loan sample.

The bank's distribution of 2011 loans to small businesses similarly reflects penetration by number of loans that is lower than, but near to the level of such businesses operating in the AA based on the 2000 Census information. The bank's performance is shown in the following table:

Table 2D - Borrower Distribution of 2011 Loans to Businesses in Houston AA				
Business Revenues (or Sales)	≤\$1,000,000	>\$1,000,000	Unavailable/ Unknown	Total
% of AA Businesses	67.19	2.56	30.25	100.00%
% of Bank Loans in AA by #	55.00	45.00	0.00	100.00%
% of Bank Loans in AA by \$	48.39	51.61	0.00	100.00%

Source: Dun and Bradstreet data; loan sample.

DALLAS ASSESSMENT AREA

Distribution of residential mortgage loans reflects poor penetration of borrowers of different income levels and reasonable penetration to businesses with revenues less than \$1 million. The Dallas AA represents 31 percent of total residential and business loans in the bank’s AAs. In the Dallas AA, residential loans comprised 37 percent and business loans comprised 24 percent of loans in the AA. More weight was given to residential lending due to the percentage of loans in the AA. Deposits in the AA represented 11 percent of total deposits.

Residential Loans

The bank’s penetration of residential loans to low- and moderate-income families was significantly below the AA census characteristics. Originating loans for residential homes to low-income borrowers may be difficult considering higher home costs in the AA. Households below the poverty level represent 12.81 percent of total households in the AA. The income level of low-income families based on the 2013 HUD-adjusted median family income is \$34,500 or less, which could inhibit potential borrowers from qualifying for residential loans. The 2010 median housing value is \$176,236.

For residential loans originated or purchased in 2012-2013, the bank’s penetration of low-income families was 0.70 percent compared to the 2010 AA census characteristics of 25.72 percent. The penetration of moderate-income families was 3.36 percent compared to the 2010 AA census characteristics of 17.15 percent. The bank’s performance is shown in the following table:

Table 2E - Borrower Distribution of 2012-2013 Residential Real Estate Loans in Dallas AA								
Borrower Income Level	Low		Moderate		Middle		Upper	
	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans
Residential	25.72	0.70	17.15	3.36	17.66	15.08	39.47	80.51

Source: Data reported under HMDA; U.S. Census data.

Note: Income data unavailable for 0.35% of loans.

The bank's performance for 2011 residential loans similarly reflects penetration of low-income families significantly below the AA census characteristics. The bank had reasonable penetration to moderate-income borrowers. Penetration of moderate-income borrowers was somewhat lower than the 2000 AA census characteristics. The bank's performance is shown in the following table:

Table 2F - Borrower Distribution of 2011 Residential Real Estate Loans in Dallas AA								
Borrower Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans
Residential	22.85	0.00	18.30	10.05	19.73	19.10	39.12	70.85

Source: Data reported under HMDA; U.S. Census data.

Business Loans

The bank's distribution of 2012-2013 loans to small businesses with gross annual revenues of \$1 million or less reflects penetration by number of loans that is lower than, but near to the level of such businesses operating in the AA based on the 2010 Census information. The bank's performance is shown in the following table:

Table 2G - Borrower Distribution of 2012-2013 Loans to Businesses in Dallas AA				
Business Revenues (or Sales)	≤\$1,000,000	>\$1,000,000	Unavailable/ Unknown	Total
% of AA Businesses	71.00	3.64	25.37	100.00%
% of Bank Loans in AA by #	60.00	40.00	0.00	100.00%
% of Bank Loans in AA by \$	74.33	25.67	0.00	100.00%

Source: Dun and Bradstreet data; loan sample.

The bank's distribution of 2011 loans to small businesses with gross annual revenues of \$1 million or less similarly reflects penetration by number of loans that is lower than, but near to the level of such businesses operating in the AA based on the 2000 Census information. The bank's performance is shown in the following table:

Table 2H - Borrower Distribution of 2011 Loans to Businesses in Dallas AA				
Business Revenues (or Sales)	≤\$1,000,000	>\$1,000,000	Unavailable/ Unknown	Total
% of AA Businesses	66.14	2.60	31.26	100.00%
% of Bank Loans in AA by #	55.00	45.00	0.00	100.00%
% of Bank Loans in AA by \$	47.75	45.19	7.06	100.00%

Source: Dun and Bradstreet data; loan sample.

SAN ANTONIO ASSESSMENT AREA

Distribution of residential mortgage loans reflects poor penetration of borrowers of different income levels and reasonable penetration to businesses with revenues of \$1 million or less. The San Antonio AA represents 16 percent of total loans in the bank's AAs. In the San Antonio AA, residential loans comprised 10.77 percent and business loans comprised 21 percent of loans in the AA. More weight was given to business loans. Deposits in the AA represented ten percent of total deposits.

Residential Loans

The bank's penetration of residential loans to low- and moderate-income families was significantly below the AA census characteristics. Originating loans for residential homes to low-income borrowers may be difficult considering higher home costs in the AA. Households below the poverty level represent 15.88 percent of total households in the AA. The income level of low-income families based on the 2013 HUD-adjusted median family income is \$30,650 or less, which could inhibit potential borrowers from qualifying for residential loans. The 2010 median housing value is \$134,349.

For residential loans originated or purchased in 2012-2013, the bank's penetration of low-income families was 0.62 percent compared to the 2010 AA census characteristics of 24.03 percent. The penetration of moderate-income families was 0.93 percent compared to the 2010 AA census characteristics of 17.32 percent. The bank's performance is shown in the following table:

Borrower Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans
Residential	24.03	0.62	17.32	0.93	19.23	9.35	39.42	88.47

Source: Data reported under HMDA; U.S. Census data.

Note: Income data unavailable for 0.63% of loans.

The bank's performance for 2011 residential loans similarly reflects penetration of low-income families and moderate-income families significantly below the 2000 AA census characteristics, as shown in the following table:

Borrower Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans
Residential	22.01	0.00	18.14	4.94	20.22	16.05	39.63	79.01

Source: Data reported under HMDA; U.S. Census data.

Business Loans

The bank's distribution of 2012-2013 loans to small businesses with gross annual revenues of \$1 million or less reflects penetration by number of loans that is lower than, but near to the level of such businesses operating in the AA based on the 2010 Census information. The bank's performance is shown in the following table:

Table 2K - Borrower Distribution of 2012-2013 Loans to Businesses in San Antonio AA				
Business Revenues (or Sales)	≤\$1,000,000	>\$1,000,000	Unavailable/ Unknown	Total
% of AA Businesses	71.43	3.15	25.42	100.00%
% of Bank Loans in AA by #	50.00	40.00	10.00	100.00%
% of Bank Loans in AA by \$	30.81	55.47	13.72	100.00%

Source: Dun and Bradstreet data; loan sample.

The bank's distribution of 2011 loans to small businesses with gross annual revenues of \$1 million or less similarly reflects penetration by number of loans that is less than, but near to the level of such businesses operating in the AA based on the 2000 Census information. This represents more than reasonable penetration to small businesses with revenues of \$1 million or less. The bank's performance is shown in the following table:

Table 2L - Borrower Distribution of 2011 Loans to Businesses in San Antonio AA				
Business Revenues (or Sales)	≤\$1,000,000	>\$1,000,000	Unavailable/ Unknown	Total
% of AA Businesses	66.86	2.41	30.73	100.00%
% of Bank Loans in AA by #	66.67	33.33	0.00	100.00%
% of Bank Loans in AA by \$	82.83	17.17	0.00	100.00%

Source: Dun and Bradstreet data; loan sample.

EAST TEXAS NON-MSA AA

Distribution of residential and small business loans reflects reasonable penetration of borrowers of different income levels and businesses of different sizes. The East Texas AA represents four percent of total residential and small business loans in the AAs. In the East Texas AA, residential loans comprised 3.25 percent and business loans comprised 4 percent of loans in the AA. More weight was given to business loans. Deposits in the AA represented 20 percent of total deposits.

Residential Loans

The bank's penetration of residential loans to low-income families was significantly below the AA census characteristics. The bank's penetration of moderate-income families exceeded the AA census characteristics.

This performance represents more than reasonable penetration to moderate-income borrowers for residential mortgage loans. Originating loans for residential homes to low-income borrowers may be challenging considering higher home costs in the AA. Households below the poverty level represent 23.41 percent of total households in the AA. The income level of low-income families based on the 2013 HUD-adjusted median family income is \$25,250 or less, which could inhibit potential borrowers from qualifying for residential loans. The 2010 median housing value is \$87,424.

For residential loans originated or purchased in 2012-2013, the bank's penetration of low-income families was 7.69 percent compared to the 2010 AA census characteristics of 24.04 percent. The penetration of moderate-income families was 23.08 percent compared to the 2010 AA census characteristics of 18.05 percent. This performance was more than reasonable for moderate-income borrowers. The bank's performance is shown in the following table:

Borrower Income Level	Low		Moderate		Middle		Upper	
	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans
Residential	24.04	7.69	18.05	23.08	18.88	23.08	39.03	46.15

Source: Data reported under HMDA; U.S. Census data.

The bank did not originate or purchase a sufficient number of residential loans in 2011 to enable a meaningful analysis.

Business Loans

The bank's distribution of 2012-2013 loans to small businesses with gross annual revenues of \$1 million or less reflects penetration by number of loans that significantly exceeds the level of such businesses operating in the AA based on the 2010 Census information. This represents more than reasonable performance to said businesses. The bank's performance is shown in the following table:

Business Revenues (or Sales)	≤\$1,000,000	>\$1,000,000	Unavailable/ Unknown	Total
% of AA Businesses	71.93	2.33	25.74	100.00%
% of Bank Loans in AA by #	95.00	5.00	0.00	100.00%
% of Bank Loans in AA by \$	92.17	7.83	0.00	100.00%

Source: Dun and Bradstreet data; loan sample.

The bank's distribution of 2011 loans to small businesses with gross annual revenues of \$1 million or less similarly reflects penetration by number of loans that significantly exceeds the level of such businesses operating in the AA based on the 2000 Census information. The bank's performance is shown in the following table:

Table 2O - Borrower Distribution of 2011 Loans to Businesses in East Texas Non-MSA AA				
Business Revenues (or Sales)	≤\$1,000,000	>\$1,000,000	Unavailable/ Unknown	Total
% of AA Businesses	67.32	1.86	30.82	100.00%
% of Bank Loans in AA by #	100.00	0.00	0.00	100.00%
% of Bank Loans in AA by \$	100.00	0.00	0.00	100.00%

Source: Dun and Bradstreet data; loan sample.

WACO ASSESSMENT AREA

Distribution of residential mortgage loans reflects less than reasonable penetration of borrowers of different income levels and reasonable penetration to businesses with revenues of \$1 million or less. The Waco AA represents four percent of total residential and small business loans in the bank's AAs. In the Waco AA, residential loans comprised 1.83 percent and business loans comprised 7 percent of loans in the AA. More weight was given to business loans. Deposits in the AA represented six percent of total deposits.

Residential Loans

The bank's penetration of residential loans to low- and moderate-income families was significantly below the AA census characteristics. Originating loans for residential homes to low-income borrowers may be challenging considering higher home costs in the AA. Households below the poverty level represent 19.74 percent of total households in the AA. The income level of low-income families based on the 2013 HUD-adjusted median family income is \$25,000 or less, which could inhibit potential borrowers from qualifying for residential loans. The 2010 median housing value is \$100,223.

For residential loans originated or purchased in 2012-2013, the bank had no penetration of low-income families compared to the 2010 AA census characteristics of 22.38 percent. The penetration of moderate-income families was 7.69 percent compared to the 2010 AA census characteristics of 17.46 percent. The bank's performance is shown in the following table:

Borrower Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans
Residential	22.38	0.00	17.46	7.69	19.52	3.85	40.64	88.46

Source: Data reported under HMDA; U.S. Census data.

The bank did not originate or purchase a sufficient number of residential loans in 2011 to enable a meaningful analysis.

Business Loans

The bank's distribution of 2012-2013 loans to small businesses with gross annual revenues of \$1 million or less reflects penetration by number of loans that exceeds the level of such businesses operating in the AA based on the 2010 Census information. This represents more than reasonable penetration to said businesses. The bank's performance is shown in the following table:

Business Revenues (or Sales)	≤\$1,000,000	>\$1,000,000	Unavailable/ Unknown	Total
% of AA Businesses	70.36	3.58	26.06	100.00%
% of Bank Loans in AA by #	78.57	21.43	0.00	100.00%
% of Bank Loans in AA by \$	94.60	5.40	0.00	100.00%

Source: Dun and Bradstreet data; loan sample.

The bank did not originate or purchase a sufficient number of small business loans in 2011 to enable meaningful analysis.

CENTRAL TEXAS NON-MSA ASSESSMENT AREA

Distribution of residential mortgage loans reflects poor penetration of borrowers of different income levels and reasonable penetration to businesses with revenues of \$1 million or less. The Central Texas AA represents two percent of total residential and small business loans in the bank's AAs. In the Central Texas AA, residential loans comprised 1.92 percent and business loans comprised two percent of loans in the AA. Deposits in the AA represented 12 percent of total deposits.

Residential Loans

Originating loans for residential homes to low-income borrowers may be challenging considering higher home costs in the AA. Households below the poverty level represent 13.80 percent of total households in the AA.

The income level of low-income families based on the 2013 HUD-adjusted median family income is \$25,250 or less, which could inhibit potential borrowers from qualifying for residential loans. The 2010 median housing value is \$115,326.

The bank did not originate or purchase a sufficient number of residential loans during the evaluation period to enable a meaningful analysis.

Business Loans

The bank's distribution of 2012-2013 loans to small businesses with gross annual revenues of \$1 million or less reflects penetration by number of loans that significantly exceeds the level of such businesses operating in the AA based on the 2010 Census information. This represents more than reasonable penetration to said businesses. The bank's performance is shown in the following table:

Table 2R - Borrower Distribution of 2012-2013 Loans to Businesses in Central Texas Non-MSA AA				
Business Revenues (or Sales)	≤\$1,000,000	>\$1,000,000	Unavailable/ Unknown	Total
% of AA Businesses	73.49	2.32	24.19	100.00%
% of Bank Loans in AA by #	92.86	7.14	0.00	100.00%
% of Bank Loans in AA by \$	79.79	20.21	0.00	100.00%

Source: Dun and Bradstreet data; loan sample.

The bank's distribution of 2011 loans to small businesses with gross annual revenues of \$1 million or less similarly reflects penetration by number of loans that significantly exceeds the level of such businesses operating in the AA based on the 2000 Census information. This represents more than reasonable penetration to said businesses. The bank's performance is shown in the following table:

Table 2S - Borrower Distribution of 2011 Loans to Businesses in Central Texas Non-MSA AA				
Business Revenues (or Sales)	≤\$1,000,000	>\$1,000,000	Unavailable/ Unknown	Total
% of AA Businesses	69.67	1.78	28.55	100.00%
% of Bank Loans in AA by #	80.00	5.00	15.00	100.00%
% of Bank Loans in AA by \$	69.03	14.04	16.93	100.00%

Source: Dun and Bradstreet data; loan sample.

Geographic Distribution of Loans

The overall geographic distribution of loans reflects poor dispersion of residential mortgage loan borrowers in different geographies and reasonable dispersion to small businesses in different geographies. Geographic distribution for residential loans yielded one AA with excellent dispersion and five AAs with poor dispersion. For business loans, there were two AAs with excellent dispersion, one AA with reasonable dispersion and three AAs with poor dispersion.

The geographic distribution of residential loans in the three AAs of Houston, Dallas, and San Antonio, which represent 98 percent of all residential loans originated in the evaluation period, reflects dispersion that is significantly below the AA Census characteristics. The only exception is that dispersion in low-income CTs for 2011 residential loans in the Houston AA is less than, but near to the AA census characteristic.

The geographic distribution of loans to small businesses with gross annual revenues of \$1 million or less reflects a mixed dispersion in low-income CTs and moderate-income CTs. Of six AAs for 2012-2013 and 2011, dispersion in low-income CTs significantly exceeded the AA census characteristics in one AA; exceeded the characteristics or was less than, but near to the census characteristics in three AAs; significantly less than the census characteristics in four AAs; and, non-applicable in four AAs. Dispersion in moderate-income CTs significantly exceeded the AA census characteristics in four AAs; exceeded the characteristics or was less than, but near to the census characteristics in four AAs; significantly less than the census characteristics in three AAs; and, non-applicable in one AA.

HOUSTON ASSESSMENT AREAS

The geographic distribution of residential mortgage loans reflects poor dispersion of borrowers of different geographies and reasonable dispersion to small businesses located in different geographies.

Residential Loans

The bank’s geographic distribution of residential loans in low-income CTs and in moderate-income CTs was significantly below the AA census characteristics.

For residential loans originated or purchased in 2012-2013, the bank's dispersion in low-income CTs was 0.68 percent compared to the 2010 AA census characteristics of 4.55 percent. The dispersion in moderate-income CTs was 3.10 percent compared to the 2010 AA census characteristics of 21.94 percent. The bank’s performance is shown in the following table:

Table 3A - Geographic Distribution of 2012-2013 Residential Real Estate Loans in Houston AA								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan type	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans
Residential	4.55	0.68	21.94	3.10	28.92	14.23	44.59	81.99

Source: Data reported under HMDA; U.S. Census data.

The geographic distribution for 2011 residential loans reflects dispersion in low-income CTs of 2.72 percent, which is less than but near to the 2000 AA census characteristics of 3.23 percent. This reflects reasonable penetration to borrowers located in low-income CTs. The dispersion in moderate-income CTs of 6.79 percent was significantly below the 2000 AA census characteristics of 22.84 percent. The bank's performance is shown in the following table:

Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan type	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans
Residential	3.23	2.72	22.84	6.79	30.35	20.92	43.58	69.57

Source: Data reported under HMDA; U.S. Census data.

Business Loans

The bank's geographic distribution of small business loans in low-income CTs and moderate-income CTs was significantly below the AA census characteristics.

For small business loans originated or purchased in 2012-2013, the bank's dispersion in low-income CTs was 2.70 percent compared to the 2010 AA census characteristics of 8.71 percent. The dispersion in moderate-income CTs was 5.41 percent compared to the 2010 AA census characteristics of 20.39 percent. The bank's performance is shown in the following table:

Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans
Commercial	8.71	2.70	20.39	5.41	24.72	28.38	46.12	63.51

Source: Dun and Bradstreet data; data collected by bank.

Note: Income information was not available for 0.06% of AA CTs.

The bank’s geographic distribution for 2011 small business loans reflects dispersion in low-income CTs of 3.45 percent, which is less than but near to the 2000 AA census characteristics of 3.95 percent. The dispersion in moderate-income CTs of 10.34 percent was less than but near to the 2000 AA census characteristics of 20.57 percent. This represents reasonable dispersion to small businesses located in low- and moderate-income tracts. The bank’s performance is shown in the following table:

Table 3D - Geographic Distribution of 2011 Loans to Businesses in Houston AA								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans
Commercial	3.95	3.45	20.57	10.34	26.94	24.14	47.93	62.07

Source: Dun and Bradstreet data; data collected by bank.
 Note: Income information was not available for 0.62% of AA CTs.

DALLAS ASSESSMENT AREA

Geographic distribution of residential mortgage loans reflects poor dispersion of borrowers of different geographies and reasonable dispersion to small businesses located in different geographies.

Residential Loans

The bank’s geographic distribution of residential loans in low-income CTs and moderate-income CTs was significantly below the AA census characteristics.

For residential loans originated or purchased in 2012-2013, the bank's dispersion in low-income CTs was 0.46 percent compared to the 2010 AA census characteristics of 6.69 percent. The dispersion in moderate-income CTs was 6.38 percent compared to the 2010 AA census characteristics of 22.65 percent. The bank’s performance is shown in the following table:

Table 3E - Geographic Distribution of 2012-2013 Residential Real Estate Loans in Dallas AA								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan type	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans
Residential	6.69	0.46	22.65	6.38	26.80	17.05	43.86	75.99

Source: Data reported under HMDA; U.S. Census data.
 Note: Income data unavailable for 0.12% of loan CTs.

The bank's geographic distribution for 2011 residential loans reflects no dispersion in low-income CTs compared to 3.27 percent for the AA census characteristics. Dispersion in moderate-income CTs of 3.52 percent was significantly lower than the 2000 AA census characteristics of 23.21 percent. The bank's performance is shown in the following table:

Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan type	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans
Residential	3.27	0.00	23.21	3.52	32.67	18.59	40.85	77.89

Source: Data reported under HMDA; U.S. Census data.

Business Loans

The bank's geographic distribution of small business loans in low-income CTs and in moderate-income CTs was less than but near to the AA census characteristics.

For small business loans originated or purchased in 2012-2013, the bank's dispersion in low-income CTs was 4.55 percent compared to the 2010 AA census characteristics of 9.60 percent. The dispersion in moderate-income CTs was 15.91 percent compared to the 2010 AA census characteristics of 19.62 percent. This represents reasonable dispersion to small businesses located in low- and moderate- income tracts. The bank's performance is shown in the following table:

Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans
Commercial	9.60	4.55	19.62	15.91	24.65	43.18	45.87	36.36

Source: Dun and Bradstreet data; data collected by bank.

Note: Income information was not available for .27% of AA CTs.

The bank's geographic distribution for 2011 small business loans is significantly lower than the AA. The bank's distribution reflects no dispersion in low-income CTs or moderate-income CTs, compared to the 2000 AA census characteristics of 3.91 percent for low-income CTs, and 21.49 percent for moderate-income CTs. The bank's performance is shown in the following table:

Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans
Commercial	3.91	0.00	21.49	0.00	29.56	33.33	43.65	66.67

Source: Dun and Bradstreet data; data collected by bank.

Note: Income information was not available for 1.39% of AA CTs.

SAN ANTONIO ASSESSMENT AREA

Geographic distribution of residential and small business loans reflects poor dispersion of borrowers of different geographies.

Residential Loans

The bank's geographic distribution of residential loans in low-income CTs and in moderate-income CTs was significantly below the AA census characteristics.

For residential loans originated or purchased in 2012-2013, the bank's dispersion in low-income CTs was 0.31 percent compared to the 2010 AA census characteristics of 5.31 percent. The dispersion in moderate-income CTs was 1.25 percent compared to the 2010 AA census characteristics of 26.57 percent. The bank's performance is shown in the following table:

Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan type	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans
Residential	5.31	0.31	26.57	1.25	32.30	16.51	35.82	81.62

Source: Data reported under HMDA; U.S. Census data.

Note: Income data unavailable for .31% of loan CTs.

The bank's geographic distribution for 2011 residential loans reflects no dispersion in low-income CTs compared to 1.94 percent for the AA census characteristics. Dispersion in moderate-income CTs of 2.47 percent was significantly lower than the 2000 AA census characteristics of 34.52 percent. The bank's performance is shown in the following table:

Table 3J - Geographic Distribution of 2011 Residential Real Estate Loans in S. A. AA								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan type	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans
Residential	1.94	0.00	34.52	2.47	26.83	9.88	36.71	87.65

Source: Data reported under HMDA; U.S. Census data.

Business Loans

The bank's geographic distribution of small business loans in low-income CTs and in moderate-income CTs was significantly below the AA census characteristics with the exception of 2012-2013 in moderate-income CTs. The dispersion of small business loans in these tracts was more than reasonable.

For small business loans originated or purchased in 2012-2013, the bank had no geographic dispersion in low-income CTs compared to the 2010 AA census characteristics of 5.51 percent. The dispersion in moderate-income CTs of 27.66 percent exceeds the 2010 AA census characteristics of 24.50 percent. This represents more than reasonable dispersion in moderate-income CTs. The bank's performance is shown in the following table:

Table 3K - Geographic Distribution of 2012-2013 Loans to Businesses in S. A. AA								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans
Commercial	5.51	0.00	24.50	27.66	30.63	23.40	39.06	48.94

Source: Dun and Bradstreet data; data collected by bank.

Note: Income information was not available for 0.30% of AA CTs.

The bank’s geographic distribution of 2011 small business loans reflects no dispersion in low-income CTs compared to the 2000 AA census characteristics of 1.66 percent. The dispersion in moderate-income CTs of 8.33 percent is significantly less than the 2000 census characteristics of 27.08 percent. The bank’s performance is shown in the following table:

Table 3L - Geographic Distribution of 2011 Loans to Businesses in S. A. AA								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans
Commercial	1.66	0.00	27.08	8.33	26.68	50.00	44.34	41.67

Source: Dun and Bradstreet data; data collected by bank.
 Note: Income information was not available for 0.25% of AA CTs.

EAST TEXAS NON-MSA ASSESSMENT AREA

Geographic distribution of residential and small business loans reflects excellent dispersion of borrowers of different geographies.

Residential Loans

The bank’s geographic distribution of residential loans in low-income CTs and in moderate-income CTs was excellent compared to the AA census characteristics.

For residential loans originated or purchased in 2012-2013, the bank's geographic dispersion in low-income CTs of 7.69 percent exceeds the 2010 AA census characteristics of 5.64 percent. The dispersion of residential loans in moderate-income CTs of 15.38 percent significantly exceeds the 2010 AA census characteristics of 7.94 percent. The bank’s performance is shown in the following table:

Table 3M - Geographic Distribution of 2012-2013 Residential Real Estate Loans in E. TX Non-MSA AA								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan type	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans
Residential	5.64	7.69	7.94	15.38	66.37	76.93	20.05	0.00

Source: Data reported under HMDA; U.S. Census data.

The bank did not originate or purchase a sufficient number of residential loans in 2011 to enable a meaningful analysis.

Business Loans

The bank’s geographic distribution of small business loans in low-income CTs and in moderate-income CTs were excellent compared to the AA census characteristics.

For small business loans originated or purchased in 2012-2013, the bank's geographic dispersion in low-income CTs of 15.38 percent significantly exceeds the 2010 AA census characteristics of 7.29 percent. The dispersion of small business loans in moderate-income CTs of 19.78 percent exceeds the 2010 AA census characteristics of 14.15 percent. This represents more than reasonable dispersion to small businesses located in low- and moderate-income tracts. The bank’s performance is shown in the following table:

Table 3N - Geographic Distribution of 2012-2013 Loans to Businesses in E. TX Non-MSA AA								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans
Commercial	7.29	15.38	14.15	19.78	60.14	64.84	18.42	0.00

Source: Dun and Bradstreet data; data collected by bank.

The bank’s geographic distribution of 2011 loans to small businesses reflects dispersion in moderate-income CTs of 20.59 percent, which significantly exceeds the 2000 AA census characteristics of 11.97 percent. This represents more than reasonable dispersion to small businesses located in moderate-income tracts. The 2000 Census did not reflect any businesses in low-income CTs. The bank’s performance is shown in the following table:

Table 3O - Geographic Distribution of 2011 Loans to Businesses in E. TX Non-MSA AA								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans
Commercial	0.00	0.00	11.97	20.59	61.03	77.94	27.00	1.47

Source: Dun and Bradstreet data; data collected by bank.

WACO ASSESSMENT AREA

Geographic distribution of residential and small business loans reflects reasonable dispersion of borrowers of different geographies. More weight was given to business loans as residential loans comprised 1.83 percent and business loans comprised 7 percent of loans in the AA.

Residential Loans

The bank’s geographic distributions of residential loans in low-income CTs and in moderate-income CTs were significantly below the AA census characteristics.

The bank’s geographic distribution for 2012-2013 residential loans reflects no dispersion in low-income CTs or moderate-income CTs, compared to the 2010 AA census characteristics of 5.49 percent for low-income CTs and 14.97 percent for moderate-income CTs. The bank’s performance is shown in the following table:

Table 3P - Geographic Distribution of 2012-2013 Residential Real Estate Loans in Waco AA								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan type	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans
Residential	5.49	0.00	14.97	0.00	30.03	11.54	49.49	88.46

Source: Data reported under HMDA; U.S. Census data.
 Note: Income data unavailable for .02% of CTs.

The bank did not originate or purchase a sufficient number of residential loans in 2011 to enable meaningful analysis.

Business Loans

The bank’s geographic distribution of small business loans in low-income CTs and in moderate-income CTs was reasonable compared to the AA census characteristics.

For small business loans originated or purchased in 2012-2013, the bank's geographic dispersion in low-income CTs of 7.41 percent exceeds the 2010 AA census characteristics of 5.60 percent. The dispersion of small business loans in moderate-income CTs of 50.00 percent significantly exceeds the 2010 AA census characteristics of 19.65 percent. This represents more than reasonable dispersion to small businesses located in moderate-income tracts. The bank’s performance is shown in the following table:

Table 3Q - Geographic Distribution of 2012-2013 Loans to Businesses in Waco AA								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans
Commercial	5.60	7.14	19.65	50.00	30.15	21.43	44.08	21.43

Source: Dun and Bradstreet data; data collected by bank.
 Note: Income information was not available for .53% of AA CTs.

The bank did not originate or purchase a sufficient number of small business loans in 2011 to enable meaningful analysis.

CENTRAL TEXAS NON-MSA ASSESSMENT AREA

Geographic distribution of residential and small business loans reflects reasonable dispersion of borrowers of different geographies. More weight was placed on business loans as the bank did not originate or purchase a sufficient number of residential loans during the evaluation period to enable a meaningful analysis.

Residential Loans

The bank did not originate or purchase a sufficient number of residential loans during the evaluation period to enable a meaningful analysis.

Business Loans

The bank’s geographic distribution of small business loans in low-income CTs and in moderate-income CTs was reasonable compared to the AA census characteristics.

The bank’s geographic distribution of 2012-2013 loans to small businesses reflects dispersion in moderate-income CTs of 14.29 percent, which significantly exceeds the 2010 AA census characteristics of 2.17 percent. This represents more than reasonable dispersion to small businesses located in moderate-income tracts. The 2010 Census did not reflect any businesses in low-income CTs. The bank’s performance is shown in the following table:

Table 3R - Geographic Distribution of 2012-2013 Loans to Businesses in Cen. TX Non-MSA AA								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans
Commercial	0.00	0.00	2.17	14.29	50.36	64.29	47.47	21.43

Source: Dun and Bradstreet data; data collected by bank.

The bank’s geographic distribution of 2011 loans to small businesses reflects dispersion in moderate-income CTs of 16.67 percent, which significantly exceeds the 2000 AA census characteristics of 2.17 percent. This represents more than reasonable dispersion to small businesses located in moderate-income tracts.

The 2000 Census did not reflect any businesses in low-income CTs. The bank's performance is shown in the following table:

Table 3S - Geographic Distribution of 2011 Loans to Businesses in Cen. TX Non-MSA AA								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans
Commercial	0.00	0.00	2.17	16.67	50.36	79.17	47.47	4.17

Source: Dun and Bradstreet data; data collected by bank.

Responses to Complaints

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

COMMUNITY DEVELOPMENT TEST

The bank demonstrated a Satisfactory record regarding the Community Development (CD) Test. Factors supporting this conclusion include an excellent record regarding CD loans, and an adequate record regarding qualified investments and donations, and services, combined with good responsiveness to community development needs.

Number and Amount of Community Development Loans

FCB has provided an excellent level of CD loans in its AAs. During the evaluation period, FCB originated or renewed 25 qualified CD loans within its AA totaling \$27 million. The composition of loans includes SBA 504 loans that promote economic development through job creation, affordable housing for low- and moderate-income individuals, community services targeted to low- and moderate-income individuals, and revitalization or stabilization of low- and moderate-income geographies.

During the evaluation period, FCB originated twenty-two 504 SBA loans totaling \$26 million. These loans were to businesses that promote economic development through job creation, including the following:

- One loan totaling \$100 thousand was to a non-profit organization that promotes economic development through micro-lending to small business and entrepreneurs who do not have access to loans from commercial sources.
- One renewed loan totaling \$225 thousand to a daycare that receives financial aid from an organization that assists low- and moderate-income individuals with childcare costs.
- One loan that renewed six times totaling \$600 thousand was to a business that provides affordable housing to low- and moderate-income individuals.

For the Houston AA, the bank originated twelve 504 SBA loans totaling \$18 million, which promote economic development through job creation. For the Dallas AA, the bank originated six 504 SBA loans totaling \$6 million. For the San Antonio AA, the bank originated five CD loans totaling \$2 million, consisting of four SBA 504 loans and one loan that promotes economic development through micro-lending to small businesses and entrepreneurs who do not have access to loans from commercial sources.

For the East Texas AA, the bank originated and renewed two CD loans totaling \$800 thousand, consisting of one loan to a business that provided affordable housing for low- and moderate-income individuals, and one loan that promotes economic development through micro-lending to small business and entrepreneurs who do not have access to loans from commercial sources.

Number and Amount of Qualified Investments

During the evaluation period, we qualified five investments and donations totaling \$509.5 thousand that include equity investments promoting economic development, a certificate of deposit promoting community development and community donations. Investments in the Dallas AA included one \$150 thousand CD fund and one \$1 million commitment, of which \$110 thousand had been funded, to a small business investment company. An Investment in the Houston AA includes one certificate of deposit in a CD credit union for \$225 thousand. Donations included three lots to one organization in the San Antonio AA for affordable housing and one copier in the Houston AA to an organization that provides services to economically disadvantaged students.

Extent to Which the Bank Provides Community Development Services

During the evaluation period, the bank provided 38 services in its AAs. Services provided by the bank included 23 S.A.F.E. (Stopping Adult Financial Exploitation) classes that target low- and moderate-income senior citizens, ten Boy Scouts of America Personal Management Merit Badge Classes that target economically disadvantaged students working toward a merit badge in financial management, and one financial literacy class for economically disadvantaged students. In addition, bank officers serve as directors on four organizations that promote CD and affordable housing. S.A.F.E. classes were performed in Houston, Dallas, San Antonio, Waco, and North Central AAs. In the Houston AA, two bank managers serve as directors on boards of organizations that promote CD and affordable housing. Additionally, one financial literacy class was administered in East Texas for economically disadvantaged students.

FCB also offers reasonable access to services in its six AAs. The bank operates 18 full-service branches that allow reasonable access to ATMs, night deposit boxes, and other services. Of the AAs, two branches are in low-income CTs located in the East Texas AA, one branch is in a moderate-income CT located in the North Central AA, and one branch is in a moderate-income CT located in the Waco AA, with the remaining branch locations split evenly between middle- and upper-income CTs. ATMs are available at all branches with the exception of one of three North Central AA branches; however, another North Central AA branch ATM is nearby and allows for reasonable access. Night deposit boxes are available at all full-service locations. Various products offered at each location include checking, savings, certificates of deposit, money market accounts, online bill pay, mobile deposit, wire transfer, consumer loans, commercial loans, real estate loans, and small business loans. Specific products that allow access to low- and moderate-income individuals include free checking, high school checking, and second chance checking.

Responsiveness to Community Development Needs

The level of lending and CD efforts demonstrates adequate responsiveness to the needs and opportunities in the AA.

The majority of the contacts in the bank's AAs indicated there were needs for small business loans and SBA and USDA lending for small and rural businesses. During the review period, FCB granted loans to small business and originated SBA loans including twenty-two 504 SBA loans.

Fair Lending or Other Illegal Credit Practices Review

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

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