



## PUBLIC DISCLOSURE

July 29, 2013

### COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Green Bank, National Association  
Charter Number 24749

4000 Greenbriar Houston, TX 77098

Office of the Comptroller of the Currency

1301 McKinney Street Suite 1410 Houston, TX 77010-3031

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

**INSTITUTION'S CRA RATING: This institution is rated Satisfactory.**

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

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

Summarize the major factors supporting the institution's rating.

- The bank's loan-to-deposit ratio is more than reasonable given the institution's size and performance context factors.
- A majority of the bank's business loans are within the bank's assessment area(s).
- The bank's lending to businesses reflects reasonable penetration of businesses with revenues less than \$1 million.
- The bank's lending to businesses reflects reasonable dispersion throughout census tracts of different income levels.
- The bank's community development activities demonstrate excellent responsiveness to community development needs in its assessment areas.

## **Scope of Examination**

Green Bank was evaluated under the Intermediate Small Bank examination procedures, which include a lending test and a community development test. The lending test evaluates the bank's record of meeting the credit needs of its assessment areas (AA's) through its lending activities. The community development test evaluates the bank's responsiveness to community development needs in its AA's through qualified community development loans, investments, and services.

Performance under the lending test was evaluated based on a sample of business loans originated from January 1, 2011 to December 31, 2012. Due to the significant growth of the bank, 2011 and 2012 are most representative of the bank's CRA lending performance since the last CRA evaluation dated December 30, 2009. Business loans were determined to be the bank's primary loan product. As of June 30, 2013, loans to businesses represent 81.5 percent of the bank's loan portfolio. Business loans originated in 2011 were compared to 2000 Census demographics and business loans originated in 2012 were compared to 2010 Census demographics. Performance under the community development test was evaluated based on community development loans, investments and services from December 31, 2009 to July 29, 2013. Community development loans, investments, and services submitted by bank management were verified to ensure they met the regulatory definition for community development.

## Description of Institution

Green Bank, N.A. is a \$1.7 billion intrastate bank headquartered in Houston, Texas. The bank has no operating affiliates or subsidiaries and is wholly owned by Green Bancorp, Inc., also located in Houston, Texas. The bank was originally chartered as Redstone Bank, N.A. in 1999, and renamed Green Bank following the acquisition of Redstone Bank by Green Bancorp, Inc. in 2007. As of July 29, 2013, Green Bank has 14 locations serving three assessment areas (AAs). Eight branches are located in Harris, Liberty and Montgomery Counties serving the bank's Houston AA. Four branches and one loan production office are located in Dallas County serving the bank's Dallas AA. One branch is located in Travis County serving the bank's Austin AA. One branch in the Houston AA is located in a moderate-income census tract. All other branches are located in upper-income census tracts.

The branch located in the Austin AA and one of the branches located in the Houston AA were relocated during the evaluation period, however, this did not negatively impact the bank's ability to service the needs of the community. Since the last CRA evaluation, eight branches were added through acquisition or expansion. Five of these branches serve the Dallas AA, and three serve the Houston AA. In October 2010, Green Bank acquired La Jolita Bank and in May 2012 acquired Opportunity Bank in the Dallas AA. In October 2011, Green Bank acquired Main Street Bank with locations in Humble, Cleveland, and Kingwood, all in the Houston AA.

The bank offers a variety of deposit and loan products for businesses and individuals, as described in the CRA Public File. While various loan products are offered, the bank's primary focus is business lending. As of March 31, 2013, the bank had total assets of \$1.69 billion and total deposits of \$1.48 billion. Total loans (net of unearned income and allowance), which represent 84 percent of total assets, equaled \$1.24 billion and consisted of 47 percent commercial and industrial loans, 25 percent commercial real estate loans, 8 percent residential real estate loans (1 to 4 family homes), 4 percent multi-family real estate loans, and 10 percent construction and development loans. The remaining loans are types other than those listed above. Tier 1 Capital totaled \$162.1 million and net income as of 12/31/2012 totaled \$9 million.

There are no legal or financial impediments to Green Bank's ability to meet the credit and community development needs of its AAs. The bank was rated "Satisfactory" at its last CRA examination, dated December 30, 2009.

## Description of Assessment Areas

Green Bank has three AAs in Texas. The bank's AAs include 681 census tracts (CTs) in Harris, parts of Liberty County, and the southern portion of Montgomery County; 181 CTs in Travis County; and 204 CTs in Dallas County. The bank currently has 13 branch locations and one loan production office, including the main office, located in Harris, Liberty, Montgomery, Travis and Dallas Counties. All AAs meet the requirements of the regulation and do not arbitrarily exclude low- or moderate-income CTs.

### **Houston AA (Harris, part of Liberty and south Montgomery Counties)**

The entire Houston MSA includes ten counties: Harris, Fort Bend, Montgomery, Brazoria, San Jacinto, Galveston, Liberty, Waller, Chambers and Austin. Green Bank's assessment area includes Harris County, Liberty County and the southern portion of Montgomery County. There are 681 CTs located in the Houston AA. This AA meets the requirements of the regulation and does not arbitrarily exclude low- and moderate-income geographies. Of the CT income designations, sixty-four (64) or 9 percent are low-income CTs, two hundred twenty eight (228) or 33 percent are moderate-income CTs, and one hundred eighty eight (188) or 28 percent are middle-income. Upper-income CTs are one hundred ninety three (193) or 28 percent of the total, and the bank has eight (8) tracts in its AA that are designated NA, without an income designation.

There are 721 thousand owner occupied single-family housing units and 552 thousand rental housing units. The median value of a single-family residence is \$101 thousand, and the median family income is \$55,326. The weighted average monthly gross rent is \$608.

Harris, Liberty and Montgomery Counties are highly competitive markets for financial services. Financial service providers include branches of the nation's largest banks as well as many community banks. Also competing in the small business market are credit unions, mortgage companies, finance companies, and other financial service providers.

#### *Harris County*

Harris County is located on the upper Gulf coastal plain of Texas. Harris County's 2010 population was 4,092,459, the largest county in Texas by population. Houston is the county seat. The manufacturing, trade, service, local government, transportation, warehousing, and construction sectors fuel county employment. Houston, the largest city in Texas and the fourth largest in the nation is located in Harris County.

Houston has the largest medical center in the world, the Texas Medical Center. In 2011, the center employed over 106,000 people; including 20,000 physicians, scientists, researchers and other advanced degree professionals in the life sciences. The center's economic impact exceeds \$10 billion annually. The Port of Houston is the busiest in the nation if measured by foreign tonnage. Thirty-two energy companies based in Texas made Fortune magazine's 2013 list of the top 500 U.S. companies, ranked by revenue. Of those energy companies, 68.8 percent are based in Houston. The 10-county Houston MSA gained 84,500 jobs, an increase of 3.2 percent from December 2009 to December 2011, according to the U.S. Bureau of Labor Statistics. Major employers include Memorial Hermann, The University of Texas M.D. Anderson Cancer Center, H-E-B, United Airlines, McDonald's Corp., Kroger Co., Exxon Mobil, and the Methodist Hospital System, all with more than 14 thousand employees each. According to the 2011 U.S. Census estimates, Harris County had approximately 12.87 percent of its residents living below the poverty level. The unemployment rate for 2011 was 8.2 percent according to the U.S. Bureau of Labor Statistics.

Banking competition in the Houston MSA is intense. According to the June 30, 2012 FDIC Market Share Report, there were approximately 88 financial institutions operating 1,046 branches in Harris County. The five largest competitors in Harris County include JP Morgan Chase Bank, National Association (N.A), Wells Fargo Bank, N.A, Bank of America, N.A., Compass Bank, and Amegy Bank, N.A. Green Bank has a market share of 0.53 percent in Harris County.

### *Montgomery County*

Montgomery County is located in East Central Texas and is one of 13 counties in the Gulf Coast Region. Conroe is the county seat. Other towns include The Woodlands, Shenandoah, Montgomery and New Caney. Montgomery County is home to Lake Conroe, a popular recreation area for Houston residents that are less than an hour away. Montgomery County covers over 1,000 square miles and is the 15th largest county in Texas.

South Montgomery County is one of the fastest growing communities in the nation. According to the 2000 census, Montgomery County had a population of approximately 293,000. Montgomery County's 2010 population was 455,746, a 55.14 percent growth rate in the ten years from the last U.S. Census, making the county the 24th fastest-growing county in the United States (US). The trade, services, manufacturing and local government sectors fuel county employment. As of June 2013, the U.S. Bureau of Labor Statistics reports the unemployment rate in Montgomery County was 5.9 percent.

Financial services competition in Montgomery County and particularly in The Woodlands is intense. There are numerous branches of large multi-state national and regional financial institutions as well as entrenched local community banks competing for the small business market. In addition, Montgomery County has a large and competitive credit union located in the Conroe area as well as mortgage companies, finance companies, and other financial institutions.

### *Liberty County*

Liberty County is located in East Central Texas and is one of 13 counties in the Gulf Coast Region. Liberty County's 2010 population was 75,643. Liberty is the county seat. Other towns include Cleveland and Dayton. Liberty County covers over 1,000 square miles. The manufacturing, trade, service, and local government sectors fuel county employment. Liberty County is one of the original counties established in Texas in 1836. As of June 2013, the U.S. Bureau of Labor Statistics reports the unemployment rate in Liberty County was 8.6 percent.

There are many community and economic development organizations throughout the three counties that comprise Houston AA. Community contacts from the City of Houston's Housing and Community Development Department (HCDD) and a nonprofit, community-based, multi-program social service agency reported the following community needs:

- Affordable Housing - additional funding to assist with single-family home repairs; affordable housing for recently discharged veterans; a loan pool to assist LMI homebuyers with closing costs and down payment assistance;

- Bank Marketing Materials - need for bilingual banking material to better serve Houston's large multi-language population;
- Workforce Development - philanthropic and human support for job readiness training;
- Small dollar and short-term loans – loans to help build credit and provide an option to payday loans; and
- Financial education – to help teens and students make better choices when applying for student loans.

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

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

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

### **Austin MSA (Travis County)**

The entire Austin MSA includes the counties of Travis, Williamson, Hays, Caldwell and Bastrop. Travis County comprises 990 square miles on the eastern edge of the Edwards Plateau and is divided by the Balcones Escarpment.

Travis County, with the area's largest population, has experienced much of the region's job growth over the past decade. Green Bank has selected Travis County as its AA, where it operates one full service branch. This AA meets the requirements of the regulation and does not arbitrarily exclude low- and moderate-income geographies.

Austin is the capital of Texas and the county seat of Travis County. Located in central Texas, it is the fourth largest city in Texas and the 11<sup>th</sup> largest in the United States. Austin offers a vibrant, urban environment and is home to many of the region's technology-based companies,

government offices and five colleges and universities. Pflugerville, a rapidly growing community north of Austin, is the county's second largest city.

There are 181 CTs located in the Austin AA. Of the census tract income designations, twenty (20) or 11 percent are low-income CTs, fifty one (51) or 28 percent are moderate-income CTs, and fifty nine (59) or 33 percent are middle-income. Upper-income CTs are forty-nine (49) or 27 percent of the total, and the bank has two (2) tracts in its AA that are designated NA, without an income designation. There are 165 thousand owner occupied single-family housing units and 155 thousand rental housing units. The median value of a single-family residence is \$141 thousand, and the median family income is \$64,498. The weighted average monthly gross rent is \$738.

Austin's population grew to over 1.8 million in 2012. The decade ending 2010 saw a 37 percent increase in population, and growth was 3.0 percent for the year ending July 2012. Census Bureau estimates show that Austin remains one of the top destinations for migrating talent. Austin ranked first among the 50 largest U.S. metros based on net migration as a percent of total population in 2012. The city is the cultural and economic center of the Austin–Round Rock–San Marcos metropolitan area. Major employers in Austin include the Austin Independent School District, City of Austin, Dell Computers, The Federal Government, Seton Healthcare Network, H-E-B, State of Texas, and University of Texas at Austin. Austin recently became home to several new well-known corporations and large expansions from several already in the area. New to the Austin area were Visa Inc., General Motors Co., while Apple Inc. and Samsung have recently committed to expand their presence in Austin. Apple is predicted to become the area's largest employer, currently employing about 3,500 people and on track to double that workforce in the coming years. This will help offset any future layoffs at Dell, which has reduced its headcount in recent years, according to various sources. Several years ago, Dell reported about 14,000 Central Texas workers but that number has reportedly dropped to about 12,000. As of June 2013, the U.S. Bureau of Labor Statistics reports an unemployment rate of 5.6 percent in Travis County. According to the 2011 U.S. Census estimates, Travis County had approximately 16.6 percent of its residents living below the poverty level.

Banking competition in Austin is intense. According to the June 30, 2012 FDIC Market Share Report, there were approximately 48 financial institutions operating 283 branches in Travis County. The five largest competitors in the AA, mostly Travis County, include Wells Fargo Bank, N.A., Bank of America, N.A., JPMorgan Chase Bank, N.A., Frost Bank and Compass Bank. Green Bank has a market share of 0.09 percent in Travis County.

A community contact from a local community development financial institution (CDFI) reported that banks could assist community needs as follows:

- Small Business - support efforts to provide year round financial education to small business owners; fund the small business loan pools in small, rural communities; and
- Affordable Housing - create affordable mortgage products and serve as homebuyer training presenters.

The contact felt that this was key to growing local businesses and LMI homeowners.

**Dallas AA (Dallas County)**

The Dallas-Plano-Irving MSA contains 900 census tracts (CTs) in eight counties including Collin and Dallas Counties. Collin County contains 152 CTs and Dallas County contains 529 CTs. Dallas is the third largest city in Texas, and the eighth-largest city in the United States. The Dallas-Fort Worth Metroplex is the largest metropolitan area in the south. According to the 2010 census, Dallas, TX had a population of 1,197,816. The 2012 population estimate is 1.2 million which represents an increase of 3.6 percent. The Dallas-Fort Worth metro area has a population of approximately 6,526,566.

Dallas and its suburbs have one of the highest concentrations of corporate headquarters in the United States. The Dallas-Fort Worth metro area is well known for its information technology industry base, home to a large number of corporate IT projects and the presence of numerous electronics, computing and telecommunication firms in and around Dallas. On the other end of the business spectrum, and on the other side of the metro area, the Texas farming and ranching industry is based in Fort Worth.

The Dallas-Plano-Irving MSA is a highly competitive market for financial services. Financial service providers include branches of the nation's largest banks as well as many community banks. Also competing in the small business and mortgage markets are credit unions, mortgage companies, finance companies, and other financial service providers.

Green Bank has selected a portion of Dallas County as its AA. Dallas County is the ninth most populous county in the United States. According to 2012 U.S. Census Bureau estimates, the county had a population of 2,453,843 with a growth rate of 3.6 percent since the year 2010. Dallas, which is the largest city in the county, is also the county seat.

There are 204 census tracts located in the Dallas AA. This AA meets the requirements of the regulation and does not arbitrarily exclude low- and moderate-income geographies. Of the census tract income designations, twenty-one (21) or 10 percent are low-income CTs, forty-five (45) or 22 percent are moderate-income CTS, and sixty-six (66) or 32 percent are middle-income. Upper-income CTs are sixty-nine (69) or 34 percent of the total, and the bank has three (3) tracts in its AA that are designated NA, without an income designation.

There are 164 thousand owner occupied single-family housing units and 198 thousand rental housing units. The median value of a single-family residence is \$144 thousand, and the median family income is \$64,014. The weighted average monthly gross rent is \$695.

Dallas County is a leader in regional transportation with a program that provides approximately \$30 million a year in thoroughfare improvement funding according to the county's public website. It was also responsible for helping create the North Texas Tollway and DART, which is the Dallas area's transit authority. The light rail system is larger than the systems in Boston and Philadelphia. Major employers include American Airlines, Texas Instruments, Parkland Memorial Hospital, UT Southwestern Medical Center, CompuCom Campus, and Nortel Networks. Thirty-two energy companies based in Texas made Fortune magazine's 2013 list of the top 500 U.S. companies, ranked by revenue. Of those energy companies, 15.6 percent are

Dallas-based. Eighteen Fortune 500 companies are located in Dallas. According to the 2011 U.S. Census estimates, Dallas County had approximately 18.3 percent of its residents living below the poverty level. The unemployment rate in Dallas County was 7.2 percent as of June 2013 according to the U.S. Bureau of Labor Statistics.

Large banks dominate the banking competition in the Dallas MSA. According to the June 30, 2012 FDIC Market Share Report on deposits, there were approximately 103 financial institutions operating 663 branches. The five largest competitors in Dallas County include: Bank of America, N.A.; JP Morgan Chase Bank, N.A.; Wells Fargo Bank, N.A.; Texas Capital Bank, N.A., and Compass Bank. Green Bank has a market share of .027 percent in Dallas County.

There are many community and economic development organizations throughout the Dallas AA. During this examination, we made three community contacts in the Dallas AA. This included a company, which provided services targeted to low- and moderate-income individuals, an organization providing down payment assistance for affordable housing in the AA and an investor advisor. The investor advisor mentioned Green Bank by name as one of their commercial and industrial lending partners.

Community contacts in the bank's AA have identified the following needs:

- Less stringent commercial underwriting standards, and more credit worthy programs for new and existing small businesses.
- There is a need for more commercial and industrial revolving lines of credit for working capital, as well as term loans for machinery purchases.
- There is a need for more construction loans for speculative homes, which qualify for affordable housing.

## **Conclusions with Respect to Performance Tests**

### **LENDING TEST**

The bank's performance under the Lending Test is rated: "Satisfactory". The bank's loan to deposit ratio is more than reasonable and a majority of loans were originated in the bank's AAs. While borrower distribution in the Houston AA reflected poor penetration of loans to businesses with revenues less than \$1 million, performance in the Dallas and Austin AAs reflected reasonable penetration. Geographic distribution reflected reasonable dispersion of loans in census tracts of different income levels in the Houston AA, poor dispersion in the Dallas AA and excellent dispersion in the Austin AA. The borrower distribution and geographic distribution were given the same weight in the analysis and are the primary factors for the Lending Test rating assigned. More weight was given to performance in the Houston AA since it is the source of a majority of the bank's loans and deposits.

## Loan-to-Deposit Ratio

Green Bank's loan-to-deposit ratio is more than reasonable given the institution's size and performance context factors. The bank's quarterly average loan-to-deposit ratio since the last CRA examination is 82.50 percent, ranging from a high of 90.85 percent in the third quarter of 2010 to a low of 72.09 percent in the third quarter of 2011. The bank's ratio exceeds the 78.84 percent quarterly average ratio for the same time-period of five similarly situated banks based on asset size and lending product focus. These quarterly average ratios range from a low of 65.72 percent to a high of 91.59 percent.

## Lending in Assessment Area

A majority of Green Bank's business loan originations are in the bank's assessment area. During the evaluation period, 73 percent of the number of loans and 78 percent of the dollar volume of business loans were originated in Green Bank's assessment areas. Details are shown in the following table:

Loan Type	Number of Loans				Total	Dollars of Loans (in thousands)				
	Inside		Outside			Inside		Outside		
	#	%	#	%		\$	%	\$	%	
Business	87	<b>72.50</b>	33	27.50	120	194,137	<b>78.36</b>	53,609	21.64	247,746

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

The distribution of loans to businesses of different sizes reflects reasonable penetration of loans to businesses with revenues less than \$1 million.

### Houston AA

The distribution of loans to businesses of different sizes reflects reasonable penetration of loans to businesses with revenues less than \$1 million. The bank's distribution of loans to businesses of different sizes improved from 2011 to 2012, and 2012 is considered more reflective of the bank's performance and was given more weight.

The level of the bank's 2012 loans to small businesses (businesses with gross annual revenues of \$1 million or less) is lower than the level of such businesses operating in the assessment area, based on the 2010 Census information.

Business Revenues (or Sales)	≤\$1,000,000	>\$1,000,000	Unavailable/ Unknown	Total
% of AA Businesses	71.02	3.76	25.21	100%
% of Bank Loans in AA by #	31.42	60.00	8.57	100%
% of Bank Loans in AA by \$	7.86	90.93	1.21	100%

The level of the bank's 2011 loans to small businesses (businesses with gross annual revenues of \$1 million or less) is significantly lower than the level of such businesses operating in the assessment area, based on 2000 Census information.

<b>Table 2A - Borrower Distribution of 2011 Loans to Businesses in Houston AA</b>				
Business Revenues (or Sales)	≤\$1,000,000	>\$1,000,000	Unavailable/ Unknown	Total
% of AA Businesses	66.58	2.72	30.70	100%
% of Bank Loans in AA by #	20.00	77.14	2.86	100%
% of Bank Loans in AA by \$	12.11	69.31	18.57	100%

### Dallas AA

The distribution of loans to businesses of different sizes reflects reasonable penetration of loans to businesses with revenues less than \$1 million. The bank's distribution of loans to businesses of different sizes improved significantly from 2011 to 2012. Performance in 2012 is more representative of the bank's overall performance and is given more weight in the analysis due to the bank's new entry into the Dallas AA at the end of 2010 with only one full-service branch location and one loan production office. One full service branch was added at the end of 2011 and another was added in the first half of 2012.

The level of the bank's 2012 loans to small businesses (businesses with gross annual revenues of \$1 million or less) is lower than the level of such businesses operating in the assessment area, based on 2010 Census information.

<b>Table 2A - Borrower Distribution of 2012 Loans to Businesses in Dallas AA</b>				
Business Revenues (or Sales)	≤\$1,000,000	>\$1,000,000	Unavailable/ Unknown	Total
% of AA Businesses	69.14	4.37	26.49	100%
% of Bank Loans in AA by #	35.00	50.00	15.00	100%
% of Bank Loans in AA by \$	30.07	69.06	0.87	100%

The level of the bank's 2011 loans to small businesses (businesses with gross annual revenues of \$1 million or less) is significantly lower than the level of such businesses operating in the assessment area, based on 2000 Census information.

<b>Table 2A - Borrower Distribution of 2011 Loans to Businesses in Dallas AA</b>				
Business Revenues (or Sales)	≤\$1,000,000	>\$1,000,000	Unavailable/ Unknown	Total
% of AA Businesses	63.79	3.13	33.08	100%
% of Bank Loans in AA by #	14.29	78.57	7.14	100%
% of Bank Loans in AA by \$	16.16	83.36	0.48	100%

Austin AA

The distribution of loans to businesses of different sizes reflects reasonable penetration of loans to businesses with revenues less than \$1 million.

The level of the bank's 2012 loans to small businesses (businesses with gross annual revenues of \$1 million or less) is lower than the level of such businesses operating in the assessment area, based on 2010 Census information.

<b>Table 2A - Borrower Distribution of 2012 Loans to Businesses in Austin AA</b>				
Business Revenues (or Sales)	≤\$1,000,000	>\$1,000,000	Unavailable/ Unknown	Total
% of AA Businesses	69.42	3.14	27.44	100%
% of Bank Loans in AA by #	35.00	50.00	15.00	100%
% of Bank Loans in AA by \$	10.93	64.05	25.02	100%

The level of the bank's 2011 loans to small businesses (businesses with gross annual revenues of \$1 million or less) is near to the level of such businesses operating in the assessment area, based on 2000 Census information.

<b>Table 2A - Borrower Distribution of 2011 Loans to Businesses in Austin AA</b>				
Business Revenues (or Sales)	≤\$1,000,000	>\$1,000,000	Unavailable/ Unknown	Total
% of AA Businesses	64.88	2.35	32.77	100%
% of Bank Loans in AA by #	60.00	35.00	5.00	100%
% of Bank Loans in AA by \$	53.08	38.20	8.72	100%

**Geographic Distribution of Loans**

Overall, the geographic distribution of loans to businesses reflects reasonable dispersion throughout census tracts of different income levels.

Houston AA

The geographic distribution of loans to businesses reflects reasonable dispersion throughout census tracts of different income levels. Performance in moderate-income geographies was given more weight in the analysis since those geographies contained more than twice the number of businesses as low-income geographies.

In low-income geographies, the percentage of the bank's 2012 loan originations exceeds the percentage of businesses operating in such geographies. In moderate-income geographies, the percentage of the bank's 2012 loan originations is near to the percentage of businesses operating in such geographies. This information reflects the demographics of the 2010 Census.

<b>Table 3A - Geographic Distribution of 2012 Loans to Businesses in the Houston AA</b>								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Businesses /Farms	% of Number of Loans	% of AA Businesses/ Farms	% of Number of Loans	% of AA Businesses /Farms	% of Number of Loans	% of AA Businesses /Farms	% of Number of Loans
Business Loans	10.10	11.43	22.56	17.14	23.82	11.43	43.46	60.00

In low-income geographies, the percentage of the bank's 2011 loan originations is lower than the percentage of businesses operating in such geographies. In moderate-income geographies, the percentage of the bank's 2011 loan originations is near to the percentage of businesses operating in such geographies. This information reflects the demographics of the 2000 Census.

<b>Table 3A - Geographic Distribution of 2011 Loans to Businesses in the Houston AA</b>								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Businesses /Farms	% of Number of Loans	% of AA Businesses/ Farms	% of Number of Loans	% of AA Businesses /Farms	% of Number of Loans	% of AA Businesses /Farms	% of Number of Loans
Business Loans	4.46	2.94	22.78	20.59	27.44	26.47	44.59	50.00

### Dallas AA

The geographic distribution of loans to businesses reflects poor dispersion throughout census tracts of different income levels. Performance in 2012 is more representative of the bank's overall performance and is given more weight in the analysis due to the bank's new entry into the Dallas AA at the end of 2010 with only one full-service branch location and one loan production office. One full service branch was added at the end of 2011 and another was added in the first half of 2012. Performance in moderate-income geographies was given more weight in the analysis since those geographies contained more businesses than low-income geographies.

In low-income geographies, the percentage of the bank's 2012 loan originations exceeds the percentage of businesses operating in such geographies. The bank does not have any 2012 loan originations in moderate-income geographies. This information reflects the demographics of the 2010 census.

<b>Table 3A - Geographic Distribution of 2012 Loans to Businesses in the Dallas AA*</b>								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Businesses /Farms	% of Number of Loans	% of AA Businesses/ Farms	% of Number of Loans	% of AA Businesses /Farms	% of Number of Loans	% of AA Businesses /Farms	% of Number of Loans
Business Loans	8.70	10.00	13.08	0.00	28.81	35.00	48.76	55.00

\*Three tracts in the Dallas AA do not have an income-level designation so the total AA% does not add to 100%.

In low-income geographies, the percentage of the bank’s 2011 loan originations exceeds the percentage of businesses operating in such geographies. In moderate-income geographies, the percentage of the bank’s 2011 loan originations is lower than the percentage of businesses operating in such geographies. This information reflects the demographics of the 2000 census.

<b>Table 3A - Geographic Distribution of 2011 Loans to Businesses in the Dallas AA</b>								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Businesses /Farms	% of Number of Loans	% of AA Businesses/ Farms	% of Number of Loans	% of AA Businesses /Farms	% of Number of Loans	% of AA Businesses /Farms	% of Number of Loans
Business Loans	4.54	7.14	16.89	7.14	36.43	28.57	38.70	57.14

\*Three tracts in the Dallas AA do not have an income-level designation so the total AA% does not add to 100%.

Austin AA

The geographic distribution of loans to businesses reflects excellent dispersion throughout census tracts of different income levels. Performance in moderate-income geographies was given more weight in the analysis since those geographies contained significantly more businesses than low-income geographies.

In low-income geographies, the percentage of the bank’s 2012 loan originations is lower than the percentage of businesses operating in such geographies. In moderate-income geographies, the percentage of the bank’s 2012 loan originations exceeds the percentage of businesses operating in such geographies. This information reflects the demographics of the 2010 census.

<b>Table 3A - Geographic Distribution of 2012 Loans to Businesses in the Austin AA</b>								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Businesses /Farms	% of Number of Loans	% of AA Businesses/ Farms	% of Number of Loans	% of AA Businesses /Farms	% of Number of Loans	% of AA Businesses /Farms	% of Number of Loans
Business Loans	8.92	5.00	16.51	25.00	22.62	15.00	51.86	55.00

In low-income geographies, the percentage of the bank’s 2011 loan originations is near to the percentage of businesses operating in such geographies. In moderate-income geographies, the percentage of the bank’s 2011 loan originations exceeds the percentage of businesses operating in such geographies. This information reflects the demographics of the 2000 census.

Table 3A - Geographic Distribution of 2011 Loans to Businesses in the Austin AA								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Businesses /Farms	% of Number of Loans	% of AA Businesses/ Farms	% of Number of Loans	% of AA Businesses /Farms	% of Number of Loans	% of AA Businesses /Farms	% of Number of Loans
Business Loans	5.16	5.00	16.88	20.00	31.36	25.00	46.51	50.00

### Responses to Complaints

The bank received no complaints regarding its CRA performance since the last examination.

### COMMUNITY DEVELOPMENT TEST

Green Bank’s performance under the Community Development Test is rated: “Outstanding”. The level of community development activities demonstrates excellent responsiveness to the needs of the community in each of the bank’s AA’s. The bank originated a significant level community development loans that promoted economic development by financing small businesses and provided affordable housing. The bank also made a significant level of affordable housing investments.

### Number and Amount of Community Development Loans

During the evaluation period, Green Bank originated an excellent level of community development loans responsive to the needs of the local community.

#### Houston AA

Green bank originated fourteen community development loans totaling \$47.9 million consisting of:

- Nine multi-family affordable housing loans totaling \$30.6 million for purchase, renovations and refinance;
- Four loans to small businesses totaling \$10.3 million that promoted economic development through job creation/retention of LMI individuals and in LMI areas; and
- One loan for \$7 million that revitalized and stabilized a low-income area targeted for redevelopment through permanent job creation.

#### Dallas AA

Green Bank originated four community development loans totaling \$17.5 million consisting of:

- Two multi-family affordable housing loans totaling \$7 million for purchase and renovations; and

- Two loans totaling \$10.5 million to a small business that promotes economic development through job creation and retention for LMI individuals.

#### Austin AA

Green Bank originated one \$3.5 million multi-family affordable housing loan located in a low-income census tract.

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

During the evaluation period, Green Bank made an excellent level of community development investments responsive to the needs of the local community.

#### Houston AA

Green Bank made three community development investments promoting affordable housing totaling \$2.4 million, which consisted of mortgage backed securities containing loans to low- and moderate-income individuals. The bank also received credit for a prior period affordable housing investment with an outstanding balance as of the evaluation date of \$1 million. The bank made qualified donations totaling \$73 thousand to organizations that provide community services targeted to low- and moderate-income individuals.

#### Dallas AA

The bank did not make any community development investments; however the bank made seven qualifying donations totaling \$17 thousand. The donations benefited an organization that earmarked funds to maintain parks used by low- and moderate-income individuals, an organization that provides community food gardens for low- and moderate-income individuals in areas with limited access to grocery stores, and to an organization that builds affordable housing.

#### Austin AA

Green Bank made four community development investments promoting affordable housing totaling \$5.9 million, which consisted of mortgage backed securities containing loans to low- and moderate-income individuals. The bank also made a \$3 thousand qualified donation to an organization that serves poverty stricken and homeless individuals.

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

During the evaluation period, Green Bank provided an adequate level of community development services responsive to the needs of the local community. The bank offers basic check cashing to non-account holders with no service charges and offers deposit accounts with low opening balances and below market fees, which benefit low- and moderate-income individuals. The bank recently added a team of Small Business Administration (SBA)/US Department of Agriculture (USDA) lenders to promote financing for small businesses and small farms. The bank leverages its Federal Home Loan Bank (FHLB) membership to facilitate grant

opportunities for qualifying individuals and entities. One of the bank's thirteen branches is located in a moderate-income census tract. Several branches are located close to low- and moderate-income census tracts.

#### Houston AA

Green Bank board members and officers provided financial expertise as board members of five organizations. Three of the organizations provide community services to low- and moderate-income individuals and two of the organizations promote economic development by facilitating lending to small businesses.

The bank participated in the FHLB Special Needs Assistance Program (SNAP) and Partnership Grant Program. The SNAP program provides grant funds for rehabilitation costs to member financial institutions and eligible special needs homeowners. During the evaluation period, the bank was successful in facilitating 22 grants totaling \$102,604 benefiting low- and moderate-income individuals. The Partnership Grant Program enabled three recipients of the bank's donations to submit applications for matching funds that are made available through a lottery system.

Green Bank partnered with an organization to host an educational seminar about SBA and USDA loan programs for small businesses and farms.

#### Dallas AA

The bank officers provided financial expertise as board members to two organizations that provide community services targeted to low- and moderate-income individuals. The bank's participation in the FHLB Partnership Grant Program enabled two recipients of the bank's donations to submit applications for matching funds that are made available through a lottery system.

#### Austin AA

A bank officer provided financial expertise as a board member to an organization that provides health and hearing aid care for children of parents who have no financial alternatives.

### **Responsiveness to Community Development Needs**

The bank's level of community development activities demonstrates excellent responsiveness to the needs and opportunities in the bank's AA's. The bank's community development loans and investments directly addressed identified community needs related to affordable housing and economic development.

### **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.