

# **PUBLIC DISCLOSURE**

October 6, 2014

## **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

The Bank of River Oaks  
Certificate Number: 58142

2929 Kirby  
Houston, Texas 77098

Federal Deposit Insurance Corporation  
Division of Depositor and Consumer Protection  
Dallas Regional Office

1601 Bryan Street  
Dallas, Texas 75201

**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 RATING

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

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

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

As noted above, ratings regarding both of the applicable tests support the overall rating of Satisfactory. Examiners did not identify any discriminatory or other illegal credit practices; therefore, this consideration did not affect the overall rating.

For this evaluation, examiners reviewed those tests and performance factors applicable to intermediate small banks. Intermediate small banks are defined as institutions with total assets of at least \$300 million as of December 31 of both the prior two calendar years, and less than \$1.202 billion as of December 31 of either of the prior two calendar years. Appendix B lists all the criteria used to evaluate the Lending Test and the Community Development Test. The following discussion summarizes the performance regarding each test, discussed in detail elsewhere.

### **Lending Test**

The Bank of River Oaks demonstrated a reasonable record regarding the Lending Test. A reasonable loan-to-deposit ratio and borrower profile loan distribution primarily supports this conclusion. Examiners considered the bank's small business loans in the assessment area in which it operates when arriving at applicable conclusions and ratings. The following points summarize the bank's performance regarding the Lending Test performance factors.

- The bank exhibited a reasonable record regarding its loan-to-deposit ratio. A reasonable overall level and comparative level supports this conclusion.
- The institution originated a majority of its small business loans inside its assessment area.
- The bank established a reasonable record regarding its borrower profile loan distribution. A reasonable record to businesses with revenues of \$1 million or less supports this conclusion.
- The institution achieved a poor record regarding its geographic loan distribution. A poor record in low-and moderate-income geographies supports this conclusion.
- The bank did not receive any CRA-related complaints since the previous evaluation; therefore, this performance factor did not affect the Lending Test rating.

### **Community Development Test**

The Bank of River Oaks exhibited an adequate record regarding the Community Development Test. An excellent record regarding community development loans and an adequate level of qualified investments and community development services support this conclusion. The bank

The following are examples of the bank’s CD lending activities:

- **Affordable Housing** –In 2014, the bank made a \$750,000 loan with a term of one year to the Senior Housing Crime Prevention Foundation, Inc. for the purpose of purchasing a community development security (Ginnie Mae pool) providing housing for LMI persons in the area.
- **Community Organizations** – Bank granted a loan for \$400,000 to Educational Leadership, Inc. to build out lease space for the relocation of an existing middle and high school opening in a LMI area which provides a charter school for LMI students.
- **Revitalize or Stabilize** – Bank granted 18 loans totaling \$8,348,000 that help to attract new, or retain existing businesses in LMI geographies, thereby revitalizing or stabilizing these areas.

**Qualified Investments**

The institution established an adequate record regarding its qualified investments. An adequate level regarding the number and dollar volume of qualified investments primarily supports this conclusion. Examiners evaluated the number and dollar volume relative to the considerations noted for the Community Development Test when arriving at this conclusion.

The table below indicates the bank made 46 qualified investments, grants, and donations totaling \$494,000 since the last evaluation. This dollar figure equals 0.16 percent of average total assets of \$312,277,000 and 1.14 percent of average securities of \$43,181,000 since the last evaluation.

Qualified Investments					
Qualifying Category	Activity Year				Totals Per Category
	2011	2012	2013	2014	
Affordable Housing:					
Number	0	0	0	1	<b>1</b>
Dollar Amount \$(000)	0	0	0	341	<b>341</b>
Community Organizations:					
Number	11	13	13	8	<b>45</b>
Dollar Amount \$(000)	48	52	30	23	<b>153</b>
Economic Development:					
Number	0	0	0	0	<b>0</b>
Dollar Amount \$(000)	0	0	0	0	<b>0</b>
Revitalize or Stabilize:					
Number	0	0	0	0	<b>0</b>
Dollar Amount \$(000)	0	0	0	0	<b>0</b>
Abandoned/Foreclosed Homes:					
Number	0	0	0	0	<b>0</b>
Dollar Amount \$(000)	0	0	0	0	<b>0</b>
<b>Totals Per Year:</b>					
<b>Number</b>	<b>11</b>	<b>13</b>	<b>13</b>	<b>9</b>	<b>46</b>
<b>Dollar Amount \$(000)</b>	<b>48</b>	<b>52</b>	<b>30</b>	<b>364</b>	<b>494</b>

Source: Bank records.

The following point provides examples of the bank’s qualified investment activities:

- **Affordable Housing** – Bank purchased an investment, with a qualifying underlying security (Ginnie Mae pool) benefitting the Senior Housing Crime Prevention Foundation in February, 2014, for \$341,291. This investment provides safe, secure, crime free affordable housing to low- or moderate-income senior citizens in Harris County.
- **Community Organizations** – The bank made 45 donations for \$153,000 to various organizations that provide services specifically for LMI individuals.

**Community Development Services**

The bank established an adequate record of providing community development services. Excellent performance regarding the types of services primarily supports this conclusion. Examiners evaluated the types of services and the availability of services relative to the considerations noted for the Community Development Test when arriving at this conclusion.

***Types of Services***

The types of services that primarily benefit low- and moderate-income individuals reflect excellent performance. The average number of CD services per branch office supports this conclusion.

The following table shows the bank provided a total of 40 CD services, which on average, equate to 4.3 CD services, per office, per year. Relative to the considerations previously noted for the Community Development Test, this level reflects excellent performance regarding the types of services offered.

Community Development Services					
Qualifying Category	Activity Year (Number of Services)				Totals Per Category
	2011	2012	2013	2014	
Affordable Housing	0	0	0	0	0
Community Organizations	6	8	14	12	40
Economic Development	0	0	0	0	0
Revitalize or Stabilize	0	0	0	0	0
Abandoned/Foreclosed Homes	0	0	0	0	0
<b>Totals Per Year</b>	<b>6</b>	<b>8</b>	<b>14</b>	<b>12</b>	<b>40</b>

Source: Bank records.

The following are examples of the bank’s community development services:

- **Community Organizations** – The bank provides free financial education and research so that women and girls have the knowledge they need to make sound financial decisions and improve their lives. These financial literacy classes are targeted and taught to low-and moderate-income individuals through The Woman’s Resource of Greater Houston.