



Office of the
Comptroller of the Currency
Washington, DC 20219

INTERMEDIATE SMALL BANK

PUBLIC DISCLOSURE

May 09, 2016

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Commercial Bank of Texas, National Association
Charter Number 14371

215 E. Main Street; Nacogdoches, TX 75963

Office of the Comptroller of the Currency

1800 NW Loop 281 Suite 306 Longview, TX 75604-2516

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: Satisfactory.

The major factors that support the bank's rating are as follows:

- Commercial Bank's loan-to-deposit ratio is reasonable based on the bank's size, financial condition, and assessment areas' credit needs.
- A majority of the bank's loans were originated within its designated assessment areas.
- The distribution of loans to borrowers of different incomes and to businesses of different sizes represents a reasonable penetration throughout the bank's assessment areas.
- The geographic distribution of loans to census tracts of different income levels reflects reasonable dispersion throughout all census tracts in the bank's assessment areas.
- Commercial Bank demonstrated adequate responsiveness to community development needs.

Scope of Examination

Commercial Bank of Texas, National Association's (Commercial Bank) Community Reinvestment Act (CRA) performance was evaluated using the intermediate small bank procedures. Under these procedures, banks are subject to a lending test and a community development (CD) test. The lending test evaluates the bank's record of meeting the credit needs of its assessment areas (AAs) through its lending activities. The community development test evaluates the bank's responsiveness to community development needs in its AAs through community development lending, qualified investments and donations, and community development services.

Conclusions regarding the bank's lending performance were based on lending activity in the bank's Nacogdoches/Lufkin AA, Collin/Denton Counties AA, and Tarrant County AA. A review of the lending activity in the Roxton AA was not completed as deposit and lending activity in this branch does not constitute a significant portion of the bank's activities. The bank's primary loan products in the Nacogdoches/Lufkin AA include 1-4 family mortgages, commercial loans, and consumer loans. The primary loan products for the Collin/Denton Counties AA and Tarrant County AA include 1-4 family mortgages and commercial loans. Our sample included all 1-4 family mortgages originated from January 1, 2014 to December 31, 2015. In addition, we reviewed a sample of sixty commercial loans and sixty consumer loans originated during the same period.

The community development test included a review of investments, donations, and loans that meet the definition of community development. This test also included a review of delivery systems as well as retail and community development services provided in Commercial Bank's AAs. The evaluation period for the community development test covered April 19, 2013 through May 9, 2016.

Description of Institution

Commercial Bank is headquartered in Nacogdoches, Texas with total assets of \$571 million, as of March 31, 2016. The bank is wholly owned by Nacogdoches Commercial Bancshares, Inc., a one-bank holding company. Commercial Bank is a full service community bank providing financial products and services to consumers and businesses. The bank offers a wide array of loan and deposit products to its customers. Commercial Bank has fifteen locations in ten cities throughout East Texas and the Dallas Metropolitan Statistical Area (MSA). In addition, the bank has fifty-two automatic teller machines, thirty-seven of which are stand alone.

The bank's market encompasses a large portion of East Texas along with three counties located in the Dallas MSA. Major markets served include six contiguous counties in East Texas, portions of two counties (Collin/Denton) located in the Dallas Metropolitan District, part of one county (Tarrant) located in the Fort Worth Metropolitan District, and two counties located in Northeast Texas.

As of March 31, 2016, Commercial Bank's loan portfolio totaled \$347 million. The chart below reflects the distribution of loans by category as of March 31, 2016.

Loan Category	\$ (000)	%
Commercial Real Estate	\$171,949	49.62%
Residential Real Estate	\$80,649	23.27%
Commercial Loans	\$47,302	13.65%
Consumer Loans	\$32,967	9.52%
Agricultural Loans	\$12,522	3.61%
Other Loans	\$1,145	0.33%
Total	\$346,534	100.00%

There are no legal, financial or other factors impeding the bank's ability to meet the credit needs in its assessment areas. The bank's CRA performance was previously evaluated as of March 5, 2013 with a performance rating of "Satisfactory."

Description of Assessment Area(S)

Commercial Bank has designated four assessment areas for evaluation under CRA. The AAs consist of Nacogdoches/Lufkin AA, Collin/Denton Counties AA, Tarrant County AA, and Roxton AA. Our assessment of the bank's CRA performance was limited to lending activity for the Nacogdoches/Lufkin AA, Collin/Denton Counties AA, and Tarrant County AA, as lending in the Roxton AA does not represent a significant portion of the bank's lending activities. Following is the demographic information for each AA.

Nacogdoches/Lufkin AA

The Nacogdoches/Lufkin AA consists of Nacogdoches County, Anderson County, Angelina County, along with adjacent census tracts (CTs) located in Houston, Cherokee, and Trinity Counties. None of the CTs are part of a MSA. The AA has a total population of 239 thousand and consists of three low-income CTs, nine moderate-income CTs, twenty-seven distressed middle-income CTs, and eleven upper-income CTs. Commercial Bank has twelve branches and thirty-nine ATMs located in this AA. The following table details the demographics of the AA.

DEMOGRAPHIC AND ECONOMIC CHARACTERISTICS OF AA	
Population	
Number of Families	55,398
Number of Households	80,456
Geographies	
Number of Census Tracts/BNA	50
% Low-Income Census Tracts/BNA	6.00%
% Moderate-Income Census Tracts/BNA	18.00%
% Middle-Income Census Tracts/BNA	54.00%
% Upper-Income Census Tracts/BNA	22.00%
<i>Median Family Income (MFI)</i>	
2010 MFI for AA	\$48,013
FFIEC Adjusted MSA MFI	\$52,800
Economic Indicators	
Unemployment Rate	3.83%
2010 Median Housing Value	\$82,375
% of Households Below Poverty Level	19.02%

Source: U.S. Census Data

Major employers include Stephen F. Austin University, Lufkin Industries, Pilgrim's Pride, and the Nacogdoches and Lufkin Independent School Districts. While the local economy is considered stable, demographic information reflects a moderately high poverty level with 19.02 percent of households living below the poverty level.

Unemployment was reported at 3.83 percent. Community development opportunities are limited. Competition is strong with several local community banks, credit unions, and large regional banks located within the AA.

We contacted a local government official as part of our community needs assessment. The contact indicated that the local financial institution offers products that meet the community’s credit needs. They also indicated that they viewed economic growth opportunities as limited due to the lack of major interstate access and limited commercial air transportation.

Collin/Denton Counties AA

The Collin/Denton Counties AA consists of one hundred eighty-one CTs, one of which is designated as low-income, nineteen as moderate-income, thirty-nine as middle income, and one hundred twenty-two as upper income. These tracts are part of the Dallas Metropolitan District. The AA has a total population of 870 thousand. The bank has branch locations in Allen and Lewisville, Texas, along with seven ATMs. The following table details the demographics of the AA.

DEMOGRAPHIC AND ECONOMIC CHARACTERISTICS OF AA	
Population	
Number of Families	217,852
Number of Households	303,168
Geographies	
Number of Census Tracts/BNA	181
% Low-Income Census Tracts/BNA	0.55%
% Moderate-Income Census Tracts/BNA	10.50%
% Middle-Income Census Tracts/BNA	21.55%
% Upper-Income Census Tracts/BNA	67.40%
<i>Median Family Income (MFI)</i>	
2010 MFI for AA	\$98,250
FFIEC Adjusted MSA MFI	\$72,500
Economic Indicators	
Unemployment Rate	3.72%
2010 Median Housing Value	\$215,359
% of Households Below Poverty Level	6.09%

Source: U.S. Census Data

Major employers within the area include Raytheon Company, Medical Center of McKinney, Experian Information Solutions, local school districts, the University of North Texas, JP Morgan Chase, Walmart, and Peterbilt Motors Co. The local economy is considered stable with a low poverty level at 6.09 percent.

The AAs unemployment rate was listed at 3.72 percent. Competition is strong with several local community banks, credit unions, and large regional banks located within the AA.

We contacted a local grass roots organization as part of our community needs assessment. The contact indicated that the biggest credit need was for small business loans.

Tarrant County AA

The Tarrant County AA consists of seventy-six CTs. No CT was identified as low, ten were designated as moderate-income, twenty-nine as middle-income, thirty-six as upper-income, and one was not designated. The bank has a branch location in Bedford, Texas and includes one ATM. These tracts are part of the Fort Worth Metropolitan District. The AA has a total population of 378 thousand. The following table details the demographics of the AA.

DEMOGRAPHIC AND ECONOMIC CHARACTERISTICS OF AA	
Population	
Number of Families	99,267
Number of Households	141,888
Geographies	
Number of Census Tracts/BNA	76
% Low-Income Census Tracts/BNA	0.00%
% Moderate-Income Census Tracts/BNA	13.16%
% Middle-Income Census Tracts/BNA	38.16%
% Upper-Income Census Tracts/BNA	47.37%
% NA	1.32%
<i>Median Family Income (MFI)</i>	
2010 MFI for AA	\$93,717
FFIEC Adjusted MSA MFI	\$72,500
Economic Indicators	
Unemployment Rate	4.14%
2010 Median Housing Value	\$189,718
% of Households Below Poverty Level	6.79%

Major employers in the Tarrant County AA include American Airlines, Lockheed Martin, and the Fort Worth and Arlington Independent School Districts. The local economy is considered stable with a low poverty level at 6.79 percent. The AAs unemployment rate was detailed at 4.14 percent. Competition is strong with several local community banks, credit unions, and large regional banks located within the AA.

We contacted a local government official as part of our community needs assessment. The contact indicated that the biggest credit need was for multifamily apartments.

Conclusions with Respect to Performance Tests

Lending Test

Commercial Bank's performance under the lending test is satisfactory. The bank's loan-to-deposit is reasonable and a majority of the bank's lending activity occurred inside its AAs. In addition, the distribution of loans to borrowers of different income and business sizes reflects a reasonable penetration. The bank's geographic distribution of loans also represents a reasonable dispersion throughout the AAs. Finally, there were no CRA related complaints filed during this evaluation period.

Loan-to-Deposit Ratio

Commercial Bank's loan-to-deposit ratio is reasonable given the bank's size, financial condition and assessment area credit needs. Commercial Bank's loan-to-deposit ratio is comparable to other banks that are similarly situated. The bank's quarterly loan-to-deposit ratio has averaged 56.99 percent since the prior CRA evaluation. The average quarterly loan-to-deposit ratio of similarly situated banks for the same period was 78.95 percent and ranged from 43.96 percent to 119.26 percent.

Institution	Assets (000s) as of 03/31/16	Average LTD Ratio
Affiliated Bank; Bedford, Texas	\$575,144	119.26%
Texas National Bank; Jacksonville, Texas	\$452,693	103.67%
Liberty Bank; Hurst, Texas	\$421,265	85.05%
Benchmark Bank; Plano, Texas	\$495,556	83.10%
Austin Bank Texas National Association; Jacksonville, Texas	\$1,570,970	82.74%
Woodhaven National Bank; Fort Worth, Texas	\$555,466	82.59
Huntington State Bank; Huntington, Texas	\$229,535	73.76
Bank of the West; Grapevine, Texas	\$417,421	71.00
First Bank & Trust East Texas; Diboll, Texas	\$980,698	69.86
Commercial Bank of Texas, National Association; Nacogdoches, Texas	\$569,056	56.99
PointBank; Pilot Point, Texas	\$458,732	53.46
First Command Bank; Fort Worth, Texas	\$700,411	43.96

Lending in Assessment Area

A majority of the bank's lending activity is located within its assessment areas. We reviewed all residential loans, along with samples of twenty consumer loans and sixty commercial loans, which originated during 2014 and 2015. Seventy-seven percent of loans by number were originated within the bank's assessment areas, while seventy-two percent by dollar amount was originated within the bank's assessment area.

Loan Type	Number of Loans					Dollars of Loans				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	
Home Purchase	456	77.82	130	22.18	586	70,928	76.60	21,663	23.40	92,591
Home Improvement	23	85.19	4	14.81	27	1,321	78.91	353	21.09	1,674
Refinance	197	79.44	51	20.56	248	22,744	72.25	8,734	27.75	31,478
Commercial	38	63.33	22	36.67	60	16,967	57.50	12,437	42.30	29,404
Consumer	15	75.00	5	25.00	20	266	74.37	92	25.63	358
Total	729	77.47	212	22.53	941	112,226	72.17	43,279	27.83	155,505

Source: Data reported under HMDA; Sample of loans.

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

The distribution of loans to borrowers of different incomes and to businesses of different sizes represents a reasonable penetration throughout the bank's assessment areas. Following is a summary for each assessment area reviewed.

Nacogdoches/Lufkin AA

The distribution of loans to borrowers of different incomes and businesses of different sizes represents a reasonable penetration. While the distribution of consumer loans reflected a poor penetration for moderate-income borrowers, distributions of residential mortgages reflected a reasonable penetration and loans to small businesses reflected an excellent penetration.

The distribution of residential mortgages by borrower income is reasonable. While, the distribution to low and moderate-income borrowers was below the percentage of low and moderate-income families, over 19 percent of families within the AA live below the poverty level. In addition, the amount of affordable housing stock is limited. The median housing value for the AA is \$82,375.

Table 2 - Borrower Distribution of Residential Real Estate Loans in Nacogdoches/Lufkin 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
Home Purchase	22.66	3.99	18.19	12.97	18.68	19.45	40.46	60.60
Home Improvement	22.66	15.00	18.19	15.00	18.68	15.00	40.46	55.00
Refinance	22.66	2.33	18.19	9.88	18.68	15.70	40.46	65.70

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

Note: No income information was available for 2.99 percent of home purchase and 6.40 of refinance applicants.

The distribution of loans to small businesses is excellent. The percentage of loans to small businesses exceeded the percent of small businesses located with the assessment area.

Table 2A - Borrower Distribution of Loans to Businesses in Nacogdoches/Lufkin AA				
Business Revenues (or Sales)	≤\$1,000,000	>\$1,000,000	Unavailable/Unknown	Total
% of AA Businesses	71.52	3.83	24.65	100%
% of Bank Loans in AA by #	85.00	15.00	0.00	100%
% of Bank Loans in AA by \$	38.28	61.62	0.00	100%

Source: Loan sample; Dun and Bradstreet data.

The distribution of consumer loans represents a poor penetration to borrowers of different income levels. The percentage of loans to both low and moderate-income borrowers was below the percentage of low and moderate-income households within the assessment area. A high level of households that live below the poverty level mitigates the percentage of loans to low-income borrowers.

Table 2B - Borrower Distribution of Consumer Loans in Nacogdoches/Lufkin AA								
Borrower Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans
Consumer Loans	25.95	8.33	16.62	6.67	17.27	21.67	40.16	63.33

Source: Loan Sample; U.S. Census data.

Collin/Denton Counties AA

The distribution of loans to borrowers of different incomes and businesses of different sizes represents a reasonable penetration.

The distribution of residential mortgages by borrower income is reasonable. While no loans were extended to low-income borrowers, given the fact that 6.09 percent of the assessment area households live below the poverty level and that the median housing value is \$215,359, makes it difficult for a low-income borrower to qualify for a mortgage loan. The distribution of loans to moderate-income families is reasonable.

Table 2 - Borrower Distribution of Residential Real Estate Loans in Collin/Denton Counties 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
1-4 Family Mortgages	11.48	0.00	11.95	6.25	17.22	28.13	59.35	65.63

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

The distribution of loans to small businesses is reasonable with 65 percent of business loans originated to businesses with revenues less than \$ 1 million.

Table 2A - Borrower Distribution of Loans to Businesses in Collin/Denton Counties AA				
Business Revenues (or Sales)	≤\$1,000,000	>\$1,000,000	Unavailable/Unknown	Total
% of AA Businesses	81.29	3.32	15.39	100%
% of Bank Loans in AA by #	65.00	35.00	0.00	100%
% of Bank Loans in AA by \$	47.96	52.04	0.00	100%

Source: Loan sample; Dun and Bradstreet data.

Tarrant County AA

The distribution of loans to borrowers of different incomes and businesses of different sizes represents a reasonable penetration.

The distribution of residential mortgages represents a reasonable penetration to borrowers of different incomes. While the percentage of loans to low-income families is below the area's demographics, the percentage of loans to moderate-income families exceeds the area's demographics. In addition, 6.79 percent of the population live below the poverty level and the median housing value equaled \$189,718. These factors make it more difficult for a low-income family to qualify for a mortgage loan.

Table 2 - Borrower Distribution of Residential Real Estate Loans in Tarrant County 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
1-4 Family Mortgages	13.81	2.13	14.08	14.89	17.73	10.64	54.37	70.21

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

Note: No income information available for 2.13 percent of HMDA applicants.

The distribution of loans to small businesses represents a reasonable penetration. The percentage of loans to businesses with revenues less than \$1 million is near to the percentage of small businesses located in the assessment area.

Table 2A - Borrower Distribution of Loans to Businesses in AA				
Business Revenues (or Sales)	≤\$1,000,000	>\$1,000,000	Unavailable/ Unknown	Total
% of AA Businesses	71.29	2.88	25.83	100%
% of Bank Loans in AA by #	70.00	30.00	0.00	100%
% of Bank Loans in AA by \$	43.74	56.26	0.00	100%

Source: Loan sample; Dun and Bradstreet data.

Geographic Distribution of Loans

The geographic distribution of loans to census tracts of different income levels reflects reasonable dispersion throughout all census tracts in the bank's assessment areas. Following is a summary for each assessment reviewed.

Nacogdoches/Lufkin AA

The geographic distribution of residential, consumer, and business loans reflects reasonable dispersion throughout the assessment area.

The geographic distribution of residential loans is reasonable. The distribution of residential loans for home purchase and home improvement exceed the percentage of owner occupied housing in low-income census tracts, while the distribution for refinances is near to the area's demographics. The distribution of residential loans for home improvements and refinances exceed the percentage of owner occupied housing in moderate-income tracts, while the distribution for home purchases was below the area's demographics.

Table 3 - Geographic Distribution of Residential Real Estate Loans in Nacogdoches/Lufkin 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
Home Purchase	2.98	2.99	13.77	9.98	59.15	49.63	24.10	37.41
Home Improvement	2.98	5.00	13.77	15.00	59.15	65.00	24.10	15.00
Refinance	2.98	2.33	13.77	15.12	59.15	48.26	24.10	34.30

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

The geographic distribution of business loans is reasonable. While the percentage of small business loans within low and moderate-income census tracts is less than the percentage of businesses residing there, the percentage of small business loans originated in distressed middle-income census tracts exceeds the area's demographics.

Table 3A - Geographic Distribution of Loans to Businesses in Nacogdoches/Lufkin 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 Loans	5.04	0.00	21.24	5.00	53.16	65.00	20.57	30.00

Source: Loan sample; D & B data.

The geographic distribution of consumer loans is reasonable. The percentage of loans originated in low, moderate, and middle-income distressed census tracts is near to the percentage of households that reside in these areas. In addition, 42.55 percent of the households located in low-income census tracts and 23.71 percent of the households located in moderate-income census tracts are below the poverty level. It is more difficult for households with incomes below the poverty level to qualify for credit.

Table 3B - Geographic Distribution of Consumer Loans in Nacogdoches/Lufkin AA								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan type	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans
Consumer Loans	5.02	3.33	17.12	16.67	55.17	55.00	14.69	25.00

Source: Loan sample; U.S. Census data.

Collin/Denton Counties AA

The geographic distribution of residential and business loans reflects reasonable dispersion throughout the assessment area.

The geographic distribution of residential loans is reasonable. While there were no loans extended in low-income tracts, the percent of loans originated in moderate-income tracts exceeded the percentage of owner occupied housing. Factors mitigating the absence of loan originations in low-income tracts include a high median housing value of \$152,500. In addition, the percentage of available housing stock in low-income census tracts is limited at 0.05 percent.

Table 3 - Geographic Distribution of Residential Real Estate Loans in Collin/Denton Counties 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
1-4 Family Mortgages	0.05	0.00	4.41	6.25	16.33	18.75	79.21	75.00

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

The geographic distribution of business loans is reasonable. While there were no business loan originations in low-income tracts, the percentage of businesses located in these geographies was limited at 0.11 percent. The percentage of small business loans within moderate-income census tracts was reasonable at 21.74 percent.

Table 3A - Geographic Distribution of Loans to Businesses in Collin/Denton Counties 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 Loans	0.11	0.00	45.00	21.74	5.00	47.83	73.42	50.00

Source: Loan sample; Dun & Bradstreet data.

Tarrant County AA

The geographic distribution of residential and business loans is excellent.

The geographic distribution of residential loans is excellent. There are no low-income census tracts in this AA. The percentage of loans originated in moderate-income census tracts exceeded the percentage of owner occupied housing.

Table 3 - Geographic Distribution of Residential Real Estate Loans in Tarrant County 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
1-4 Family Mortgages	0.00	0.00	8.17	14.89	34.73	57.45	57.10	27.66

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

The geographic distribution of business loans is excellent. The percentage of loans originated in moderate-income tracts significantly exceeded the percentage of businesses located in these tracts.

Table 3A - Geographic Distribution of Loans to Businesses in Tarrant County 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 Loans	0.00	0.00	6.75	60.00	34.93	15.00	57.75	25.00

Source: Loan sample; Dun and Bradstreet data.

Note: 0.57 percent of businesses located in CT designated as N/A

Responses to Complaints

The bank did not receive any complaints or public comments regarding CRA performance during this evaluation period.

Community Development Test

Responsiveness to Community Development Needs

The bank has demonstrated adequate responsiveness to community development needs through loan activity, qualified investments and donations, and CD services. Community development responsiveness for the Nacogdoches/Lufkin and Collin/Denton Counties AAs are adequate, while community responsiveness for the Tarrant County AA is poor. The overall conclusion placed more emphasis on activity in the Nacogdoches/Lufkin AA as the bulk of the bank's assets and deposits are in this AA. Following is a discussion of the bank's activities for each criteria.

Number and Amount of Community Development Loans

Commercial Bank originated an adequate level of community development loans in its AAs. The overall conclusion placed more emphasis on activity in the Nacogdoches/Lufkin AA due as the majority of the bank's assets and deposits are located at this location. Commercial Bank originated eighteen community development loans totaling \$10.3 million in the Nacogdoches/Lufkin AA and one loan totaling \$100 thousand in the Collin/Denton Counties AA. No community development loans were originated in the Tarrant County AA.

Number and Amount of Qualified Investments

Commercial Bank has provided an adequate level of community development investments and donations in its AAs. The overall conclusion placed more emphasis on activity in the Nacogdoches/Lufkin AA due as the majority of the bank's assets and deposits are located at this location. Commercial Bank maintained one qualified investment totaling \$600 thousand and made donations totaling \$103 thousand in the Nacogdoches/Lufkin AA. In addition, the bank made qualified donations of \$3 thousand in the Collin/Denton Counties AA and no qualified donations in the Tarrant County AA.

Extent to Which the Bank Provides Community Development Services

Commercial Bank demonstrated adequate responsiveness to the assessment area's CD needs through bank provided services. Bank employees provide financial and managerial expertise to service organizations and community development groups throughout the assessment areas. These include financial literacy programs to local schools, organizations, and correctional facilities. Additionally, bank officers are active in numerous local organizations that promote community development and serve in financial leadership roles that benefit the organization. These include Habitat for Humanity, CASA of Deep East Texas, Mission Central Metroplex, Inc., Nacogdoches Economic Development Corporation, Elkhart Industrial Foundation, and Nacogdoches Main Street Program.

In addition, the bank's business hours are equitable and do not hinder any specific group or class of individuals. Delivery systems are reasonably accessible to all geographies and individuals of different income levels. The bank operates fifteen banking offices that are conveniently located throughout the AAs, including one branch site that is located in a low-income CT, four branch sites that are located in moderate-income CTs, and eight branch sites that are located in distressed or underserved non-metropolitan middle-income CTs. Additionally, a wide range of financial services are provided at each branch and are consistent throughout the bank's branch network.

The bank offers ATMs at branch locations along with thirty-seven stand-alone ATMs, with two located in low-income CTs, thirteen located in moderate-income CTs, and twelve located in distressed or underserved non-metropolitan middle-income CTs. In addition, the bank offers telephone, mobile banking and Internet banking services, interactive teller machines, ACH deposits, and low cost checking accounts.

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.