



PUBLIC DISCLOSURE

July 21, 2014

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Golden Bank, National Association
Charter Number 18558

9315 Bellaire Boulevard
Houston, TX 77036

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 RATING:

This institution is rated Satisfactory.

The Lending Test is rated: Satisfactory.

The Community Development Test is rated: Satisfactory.

Golden Bank, National Association (Golden) has a Satisfactory record of meeting community credit needs based on the following:

- The average loan-to-deposit ratio of 62 percent over the prior 12 quarters is reasonable given the bank's size, financial condition, market focus, competition, and lending opportunities in the assessment areas (AAs).
- A majority of our sample of loans, 77 percent by number and 72 percent by dollar volume, were originated within the AAs.
- Lending activities to small businesses, defined as businesses with revenues of \$1 million or less, reflects reasonable penetration.
- Lending activities to businesses reflects excellent dispersion to borrowers located in low- and moderate-income census tracts.
- There were no Community Reinvestment Act (CRA) related complaints during the evaluation period.

Scope of Examination

We completed a full-scope review of the bank's CRA activities in both the Houston and Dallas AAs. Commercial loans are the bank's primary loan product, making up 87 percent of total loans originated, renewed, or purchased in the AAs for 2012 and 2013. The bank does, however, offer a full array of additional loan products. To evaluate the bank's lending performance, we relied upon management's collection of data on small business loans. We reviewed borrower and geographic distribution on all commercial loans. The Community Development Test included a review of Community Development (CD) loans, investments, donations and services since the prior CRA examination.

Description of Institution

Golden is a full service community bank headquartered in Houston, Texas. In addition to the main branch, there are three branch locations in the Houston metropolitan area. One branch is located in Fort Bend County, and two branches are located in Harris County. Additionally, there are two branches in the Dallas metropolitan area; one is located in Dallas County, and one in Collin County. The branch in Dallas County was relocated to a new building and opened for business on July 21, 2014. There have been no branch closings or new openings since the last CRA examination.

The bank provides a comprehensive line of loan and deposit products and other banking services. These include online banking, wire transfer, check cards, night depository, merchant services, and safe deposit boxes.

As of March 31, 2014, total loans and leases equal \$324 million. Commercial loans comprise 94 percent of the loan portfolio. Residential real estate loans account for 6 percent and consumer loans make up less than 1 percent. As of March 31, 2014, the bank had \$564 million in assets and a tier one leverage ratio of 13.65 percent. There are no legal or financial circumstances impeding to the bank's ability to meet the credit and CD needs of its AAs. The bank received a "Satisfactory" rating at the prior examination dated June 27, 2011.

Intense competition exists from other financial institutions in the AAs. The bank is located in Houston's Chinatown, and is adjacent to multiple well-established financial institutions serving the immediate community. According to the Federal Deposit Insurance Corporation (FDIC) June 30, 2013 Market Share Report, there are 86 financial institutions in Harris County. Golden holds 0.17 percent of the market share among these institutions. The largest deposit market shareholders in this area are JPMorgan Chase Bank, National Association (NA) and Wells Fargo Bank South Central, NA.

Please refer to Golden's public file for more information on the institution.

Description of Assessment Areas

Golden has two AAs in Texas. The Houston AA consists of a portion of the Houston-Sugarland-Baytown Metropolitan Statistical Area (MSA). The Dallas AA consists of a portion of the Dallas-Plano-Irving Metropolitan Division, which is a unit within the larger Dallas-Fort Worth-Arlington MSA. Both AAs meet the requirements of the regulation and do not arbitrarily exclude low- or moderate-income census tracts.

HOUSTON AA

The Houston AA is comprised of 920 census tracts (CTs) located in Brazoria, Fort Bend, Harris, and Montgomery counties. Of the 920 CTs, 23 are located in Brazoria County (3%), 76 in Fort Bend County (8%), 786 in Harris County (85%), and 35 in Montgomery County (4%). All CTs are contiguous. Approximately 42 percent (390) of all the CTs are designated as low- to moderate-income. The Houston AA is part of the larger Houston-Sugar Land-Baytown MSA. This MSA is located in the Gulf Coast Region of Texas and consists of 10 counties. These counties are Austin, Brazoria, Chambers, Fort Bend, Galveston, Harris, Liberty, Montgomery, San Jacinto, and Waller. Houston is the largest city in the MSA and is located in Harris County. The MSA is the sixth largest in the nation and has a population of 5.9 million according to the 2010 U.S. Census estimates. The 2013 MSA median family income was \$66,200.

The economic state of the Houston AA is good. The Greater Houston Area benefits from a skilled work force and has a large concentration of engineering talent which is generated from its energy, aerospace and medical clusters. Energy remains a cornerstone of Houston's economy. According to the Greater Houston Partnership, an organization who works with the 11-county region to cultivate economic growth, Houston is home to 40 of the nation's 134 publicly traded oil and gas exploration and production firms, including 10 of the top 25. Nine firms among the top 25 have subsidiaries, major divisions or other significant operations in Houston. Houston is also home to over half of the Fortune 500 companies located in Texas. Major employers include Exxon Mobil, Memorial Hermann Healthcare System, and Sysco Corporation. The 2010 U.S. Census indicates that the unemployment rate in the AA is at 4.55 percent, and 13.19 percent of the population lives below the poverty level.

Banking competition is intense. The five largest competitors in the Houston AA are JPMorgan Chase Bank, NA, Wells Fargo South Central, NA, Wells Fargo Bank, NA, Bank of America, N.A, and Compass Bank. Of these institutions, JPMorgan Chase, NA and Wells Fargo South Central, NA holds approximately 51 percent of the market share.

Harris County

Harris County accounts for 85 percent of the CTs located in the AA. The bank designated all 786 CTs located in Harris County as part of the AA. Of these CTs, 128 are low-income (16%), 250 are moderate-income (32%), 183 are middle-income (23%), and 225 are upper-income (29%).

According to the 2010 U.S. Census, the population of Harris County is 4,093,165. The county seat, Houston, is the largest city in Texas and the fourth largest in the nation.

Harris County's economy is performing well. Several fortune 500 companies have headquarters in Harris County including Phillips 66, Conoco Phillips, Sysco, Halliburton, and Center Point Energy. Per the 2012 U.S. Bureau of Labor Statistics, unemployment is low at 6.2 percent. According to the 2012 U.S. Census data, 17.9 percent of the county's population lives below the poverty level and the median household income is \$53,160.

Golden competes with 85 other institutions in Harris County. According to the FDIC Deposit Market Share Report, Golden holds 0.17 percent market share in a market dominated by JP Morgan Chase, NA, Wells Fargo Bank South Central, NA, and Wells Fargo Bank, NA.

Montgomery County

The 35 designated CTs in Montgomery County account for 3.80 percent of the AA. Of these CTs, 12 are middle-income (34%), and 23 are upper income (66%). There are no low- or moderate-income CTs located in Montgomery County. According to the 2010 U.S. Census, the population of Montgomery County is 455,760. The county seat, Conroe, is the largest town in the county.

The economic state of Montgomery County is good. Companies with facilities located in North Montgomery County include Bauer Manufacturing, National Oilwell Varco, and McKesson. The Woodlands Township, located in Southern Montgomery County, is home to several major companies and offers a variety of shops, restaurants, and entertainment venues. Major employers in Montgomery County include Conroe Independent School District (ISD), Woodforest National Bank, Anadarko Petroleum, Memorial Hermann The Woodlands Hospital, and Aon Hewitt. Per the 2012 U.S. Bureau of Labor Statistics, unemployment is low at 5.4 percent. According to the 2012 U.S. Census data, 12.3 percent of the county population lives below the poverty level and the median household income is \$66,422.

As Golden does not have a branch location in this county, there is no significant deposit market share.

Fort Bend County

The bank designated all 76 CTs of Fort Bend County as part of the AA. Of these CTs, one is low-income, eight are moderate-income (11%), 27 are middle-income (36%), and 40 are upper-income (53%). The population was 585,000 as of the 2010 U.S. Census. While the county seat is Richmond, Sugar Land is the largest city with a population of 79,000.

The economic climate in Fort Bend County is good. According to the Fort Bend Chamber of Commerce, major employers in the county include Fort Bend ISD, Lamar Consolidated ISD, Fluor Corporation, and Schlumberger Technology Corp. Per the 2013 Bureau of Labor Statistics, unemployment is low at 5.7 percent. According to the 2012 U.S. Census data, 8.3 percent of the population lives below the poverty level and the median household income was \$84 thousand.

Banking competition is intense. The five largest competitors in the county include Wells Fargo Bank, NA, JP Morgan Chase Bank, NA, Bank of America, NA, Prosperity Bank, and Amegy Bank, NA. Of the 40 institutions in the county, Golden has a deposit market share of 1.01 percent.

Brazoria County

The bank designated 23 CTs in the northern portion of Brazoria County as part of the AA. Of these CTs, none are low-income, three are moderate-income (13%), eight are middle-income (35%), and 12 are upper-income (52%). The population for the county was 313,000 as of 2010 U.S. Census data. Although the county seat is Angleton, Pearland is the largest city with a population of 91,000.

The economic climate in Brazoria County is good. According to the Economic Development Alliance for Brazoria County, major employers include Dow Chemical Company, Alvin ISD, Pearland ISD, Texas Department of Criminal Justice, and Fluor Corporation.

Per the 2013 U.S. Bureau of Labor Statistics, unemployment is low at 6.6 percent. According to U.S. Census data of 2012, 10.9 percent of the population lives below the poverty level and the median household income was \$68 thousand.

Banking competition is moderate. The five largest competitors in the county include Wells Fargo Bank, NA, JP Morgan Chase Bank, NA, Compass Bank, Texas Gulf Bank, NA, and Bank of America, NA.

As Golden does not have a branch location in this county, there is no significant deposit market share.

DALLAS AA

The Dallas AA is comprised of 602 CTs in two contiguous counties. Of the 602 CTs, 529 (88%) are located in Dallas County and 73 (12%) are in the southern portion of Collin County. Approximately 48 percent or 286 of all CTs are designated as low- or moderate-income. The updated MSA median family income for 2010 was \$69,000. Both counties are a part of the Dallas-Plano-Irving Metropolitan Division, which is the eastern portion of the larger Dallas-Fort Worth-Arlington MSA. This MSA is the fourth largest in the nation with an estimated population of 6.8 million per 2013 U.S. Census data.

The economic climate in the AA is good due to healthy employment and a high concentration of corporate headquarters. The North Texas Commission indicates that 18 Fortune 500 companies have headquarters in the Dallas-Fort Worth (DFW) area encompassing the technology, transportation, health and financial services industries. Major employers in the AA include American Airlines, Texas Instruments, Texas Health Resources, Dallas ISD, and AT&T. According to the Dallas County Chamber of Commerce, DFW International Airport plays a major role in the local economy as thousands of jobs are directly related to the airport. Dallas Love Field Airport, located near Downtown Dallas, is the headquarters for Southwest Airlines and served approximately 8.1 million passengers in 2012 according to the Dallas Chamber of Commerce. The 2010 U.S. Census indicates that the unemployment rate was 5.07 percent for the AA and 13.84 percent of the households are below the poverty level.

Banking competition is intense. The five largest competitors in the AA include Bank of America, NA, JP Morgan Chase Bank, NA, Wells Fargo Bank, NA, Texas Capital Bank, NA, and Compass Bank. Of these institutions, the top two hold approximately 58 percent of the total deposit market share for Dallas and Collin counties.

Dallas County

The bank designated all 529 CTs of Dallas County as part of the AA. Of these, 105 are low-income (20%), 175 are moderate-income (33%), 126 are middle-income (24%), 120 are upper-income (23%) and three are not defined.

The population was 2.3 million as of the 2010 U.S. Census. The county seat, Dallas, is the third largest city in Texas and the ninth largest in the United States.

The economic climate in Dallas is good. Many companies have headquarters in Dallas County including Texas Instruments, Kimberly-Clark, Southwest Airlines, AT&T, Comerica Bank, and Neiman Marcus. Per 2013 Bureau of Labor Statistics, unemployment is low at 6.7 percent. According to 2012 U.S. Census data, 18.8 percent of the population lived below the poverty level and the median household income was \$49 thousand.

Banking competition is intense. The five largest competitors in the county include Bank of America, NA, JP Morgan Chase Bank, NA, Wells Fargo Bank, NA, Texas Capital Bank, NA, and Compass Bank. Of the 101 institutions in the county, Golden has a deposit market share of 0.04 percent.

Collin County

The bank designated 73 CTs in the southern portion of Collin County as part of the AA. Of these, one is low-income (1%), five are moderate-income (7%), 18 are middle-income (25%), and 49 are upper-income (67%). The population for the county was 782 thousand as of 2010 U.S. Census data. Although the county seat is McKinney, Plano is the county's largest city at 260,000.

The economic climate in Collin County is good. Plano is home to many corporate headquarters including JC Penny, Dr. Pepper Snapple Group, Rent-A-Center, and Cinemark. Toyota is consolidating their U.S. headquarters to Plano, which is expected to add 4,000 jobs to the area by 2017. Per 2013 Bureau of Labor Statistics, unemployment is low at 5.7 percent. According to U.S. Census data of 2012, 7.5 percent of the population lived below the poverty level and the median household income was \$83 thousand.

Banking competition is intense. The five largest competitors in the county include JP Morgan Chase Bank, NA, Bank of America, NA, Wells Fargo Bank, NA, Viewpoint Bank, NA, and Capital One, NA. Of the 56 institutions in the county, Golden has a deposit market share of 0.26 percent.

Community Contact

During the evaluation period, we contacted multiple organizations across the bank's AAs. We spoke to a non-profit organization representative involved with small business development. The representative stated that the greatest needs are those to provide contracts, loans, and procurement opportunities. Furthermore, there is an opportunity for banks to educate consumers, helping them to gain an understanding in banking fundamentals and debt management.

We also spoke with a non-profit organization representative involved with minority-owned small business development located in Harris County. The organization serves small businesses owned by ethnic minorities exclusively, but also serves as a referral agency to other small business owners. The representative stated that there is a need in the Houston area for sources of funding outside of Small Business Administration (SBA) loans; specifically lines of credit (LOC) for construction projects, working capital, and asset-backed LOCs and loans. Furthermore, the representative indicated that there is a need for banks to provide clients with training and educational opportunities as it pertains to bonding and insurance in the construction industry. Golden conducts various financial education seminars for the community.

We also contacted multiple organizations across the Dallas AA, including a non-profit organization representative involved with minority-owned small business development. The representative stated that there is a need in the Dallas-Fort Worth area for working capital loans with longer maturities, as a number of minority business owners have shorter term operating assets, but still need capital to sustain business operations. As previously noted, commercial lending is Golden's primary loan product.

Conclusions with Respect to Performance Tests

LENDING TEST

Golden's performance under the Lending Test is Satisfactory.

Loan-to-Deposit Ratio

The loan-to-deposit (LTD) ratio is below the average for similarly sized and situated institutions (peer group banks), but is reasonable given the bank's performance context. The bank's quarterly LTD ratio since the prior CRA evaluation averaged 62 percent. Twenty-two banks with total assets of \$300 million to \$1 billion, headquartered in any of the counties in Golden's AAs, had an average LTD ratio of 76 percent for the same time period. The LTD ratios for the peer group banks ranged from 45 to 94 percent.

Lending in Assessment Area

A majority of the bank's lending, by number and dollar amount of loans originated and purchased, is inside of the AAs. During the evaluation period, 77 percent by number and 72 percent by dollar amount of loans, were originated within the bank's AAs. The following table details the bank's lending inside and outside the AAs:

Loan Type	Number of Loans					Dollars of Loans (000)				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	
Commercial	197	76.95	59	23.05	256	62,260	71.93	24,299	28.07	86,559

Source: Data collected by bank.

Lending to Businesses of Different Sizes

The distribution of loans to businesses of different sizes is reasonable based on the volume of commercial lending, which makes up a significant portion of the entire loan portfolio at 94 percent. However, in both of the bank's AAs, the penetration of loans to businesses with gross annual revenues of \$1 million or less is below the characteristics of the AAs.

Houston AA

Penetration of loans to small businesses with gross annual revenues of \$1 million or less was 46.75 percent, which is below the AA characteristic of 71.62 percent. By dollar amount, the bank's penetration was 51.86 percent. The bank's performance is shown in the following table:

Table 2A - Borrower Distribution of Loans to Businesses in Houston AA				
Business Revenues (or Sales)	≤\$1,000,000	>\$1,000,000	Unavailable/ Unknown	Total
% of AA Businesses	71.62	3.86	24.52	100.00
% of Bank Loans in AA by #	46.75	29.87	23.38	100.00
% of Bank Loans in AA by \$	51.86	42.55	5.59	100.00

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

Dallas AA

Penetration of loans to small businesses with gross annual revenues of \$1 million or less was 55.81 percent, which below the AA characteristic of 70.56 percent. By dollar amount, the bank's penetration was 68.43 percent. The bank's performance is shown in the following table:

Table 2B - Borrower Distribution of Loans to Businesses in Dallas AA				
Business Revenues (or Sales)	≤\$1,000,000	>\$1,000,000	Unavailable/ Unknown	Total
% of AA Businesses	70.56	4.31	25.13	100.00
% of Bank Loans in AA by #	55.81	30.23	13.96	100.00
% of Bank Loans in AA by \$	68.43	30.26	1.31	100.00

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

Geographic Distribution of Loans

Geographic distribution of business loans reflects excellent dispersion in low- and moderate-income CTs in both of the bank’s AAs.

Houston AA

Dispersion of loans in low-income CTs was 29.87 percent, which significantly exceeds the AA census characteristic of 8.70 percent. Dispersion of loans in moderate-income CTs was 29.87 percent, which significantly exceeds the AA census characteristic of 19.49 percent. The bank’s performance is shown in the following table:

Table 3A - Geographic Distribution of 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	8.70	29.87	19.49	29.87	24.29	16.23	47.46	24.03

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

Note: Income information was not available for .06% of AA census tracts.

Dallas AA

Dispersion of loans in low-income CTs was 20.93 percent, which significantly exceeds the AA census characteristic of 10.86 percent. Dispersion of loans in moderate-income CTs was 37.21 percent, which significantly exceeds the AA census characteristic of 21.33 percent. The bank’s performance is shown in the following table:

Table 3B - Geographic Distribution of Loans to Businesses in Dallas 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	10.86	20.93	21.33	37.21	25.30	16.28	42.19	25.58

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

Note: Income information was not available for .32% of AA census tracts.

Responses to Complaints

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

COMMUNITY DEVELOPMENT TEST

Golden's performance under the Community Development (CD) Test is Satisfactory. The bank provided qualified CD loans of \$14.8 million and qualified investments and donations of \$2 million. Golden also provided sufficient qualified financial services during the evaluation period. The bank's CD activities are described below.

Number and Amount of Community Development Loans

During the evaluation period, we qualified 17 loans totaling \$14.8 million that promoted CD within the bank's AAs. Two loans promote economic development through job creation, 12 loans provide funds for affordable housing within the community, and three loans provide funds for community services targeted to low- to moderate-income individuals. CD lending was predominately concentrated in the Houston AA. However, this is somewhat proportionate to the bank's overall lending in its AAs.

In addition, during the evaluation period, we reviewed eight loans, totaling \$8.5 million, which were not located in the bank's AAs. However, these loans provide affordable housing for low- to moderate-income individuals, promote community services through nursing home rehabilitation for low- to moderate-income seniors, and promote economic development through job creation.

Number and Amount of Qualified Investments

During the evaluation period, we qualified two investments and 10 donations totaling \$2 million. Investments included a CRA qualified investment fund through Community Capital Management (CCM) in the amount of \$1 million and an equity investment in the Access Capital Community Investment Fund (ACCIF) in the amount of \$1 million.

The Community Capital Management Fund consists of four individual investments used to promote affordable housing in both AAs, including the entire state of Texas. The Access Capital Community Investment Fund contains a combination of mortgage back securities and SBA loans, which promote affordable housing and economic development in both AAs. In addition, the bank also retained prior-period contributions to both the CCM and ACCIF, totaling \$1.5 million and \$500 thousand, respectively.

During the evaluation period, the bank made a total of ten donations that qualify for CD purposes. These contributions totaled \$2,043 and were all centered in the Houston AA. Charitable contributions were made to organizations that offer community services to low- and moderate-income individuals. Included in these contributions were several donations to an organization that provides school supplies to children of low- and moderate-income families.

Extent to Which the Bank Provides Community Development Services

Golden provided 12 CD services within its AAs. Of these, ten services provide community services to low- and moderate-income individuals and two promote economic development within the community. Bank officers and employees are active in several organizations that benefit low- and moderate-income individuals. Bank officers conducted various financial education seminars for the community, which included basic banking education and SBA loan seminars.

Golden also offers reasonable access to bank services in both AAs. The bank operates six branch locations. Of which, four are located in the Houston AA and two in the Dallas AA. Drive-up facilities are available at three of the locations. Automated Teller Machines (ATMs) are not available at any of the locations; however, customers may use any Pulse or Cirrus network ATM at no charge.

While the majority of branch locations are located in middle- and upper-income tracts, access for low- and moderate-income individuals is reasonable. Specific products that provide access to low- and moderate-income individuals include a variety of low-cost personal and commercial checking accounts. Many accounts include free internet banking, free bill pay, ATM/check cards, and telebanking services.

Responsiveness to Community Development Needs

CD activities reflect adequate responsiveness to the needs of the community. The bank has originated qualified CD loans for economic development through job creation and affordable multi-family housing. The qualified investments and services further support the Satisfactory level of CD activity.

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 AA 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.