



## **PUBLIC DISCLOSURE**

November 6, 2017

### **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

Icon Bank of Texas, National Association  
Charter Number 24660

7906 North Sam Houston Tollway West, Houston, TX 77064

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, and should not 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.

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## Overall CRA Rating

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

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

Icon Bank of Texas, National Association (Icon or bank) has a satisfactory record of meeting community credit needs based on the following:

- A majority of the bank's lending is inside the bank's assessment area (AA) by number and dollar amount of loans originated or refinanced;
- Geographic distribution of loans reflects reasonable dispersion among families and households of different income levels and businesses of different sizes; and
- The bank's performance under the Community Development (CD) Test is satisfactory when considering the excellent level of CD loans.

## Definitions and Common Abbreviations

The following terms and abbreviations are used throughout this performance evaluation, including the CRA tables. The definitions are intended to provide the reader with a general understanding of the terms, not a strict legal definition.

**Affiliate:** Any company that controls, is controlled by, or is under common control with another company. A company is under common control with another company if the same company directly or indirectly controls both companies. A bank subsidiary is controlled by the bank and is, therefore, an affiliate.

**Aggregate Lending:** The number of loans originated and purchased by all reporting lenders in specified income categories as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the MA/AA.

**Census Tract (CT):** A small subdivision of metropolitan and other densely populated counties. Census tract boundaries do not cross county lines; however, they may cross the boundaries of metropolitan areas. Census tracts generally have a population between 1,200 and 8,000 people, with an optimal size of 4,000 people. Their physical size varies widely depending upon population density. Census tracts are designed to be homogeneous with respect to population characteristics, economic status, and living conditions to allow for statistical comparisons.

**Community Development (CD):** Affordable housing (including multifamily rental housing) for low- or moderate-income individuals; community services targeted to low- or moderate-income individuals; activities that promote economic development by financing businesses or farms that meet Small Business Administration Development Company or Small Business Investment Company programs size eligibility standards or have gross annual revenues of \$1 million or less; activities that revitalize or stabilize low- or moderate-income geographies, distressed or underserved nonmetropolitan middle-income geographies, or designated disaster areas; or loans, investments, and services that support, enable or facilitate projects or activities under HUD Neighborhood Stabilization Program criteria that benefit low-, moderate-, and middle-income individuals and geographies in the bank's AA(s) or outside the AA(s) provided the bank has adequately addressed the CD needs of its AA(s).

**Community Reinvestment Act (CRA):** The statute that requires the OCC to evaluate a bank's record of meeting the credit needs of its local community, consistent with the safe and sound operation of the bank, and to take this record into account when evaluating certain corporate applications filed by the bank.

**Consumer Loan(s):** A loan(s) to one or more individuals for household, family, or other personal expenditures. A consumer loan does not include a home mortgage, small business, or small farm loan. This definition includes the following categories: motor vehicle loans, credit card loans, home equity loans, other secured consumer loans, and other unsecured consumer loans.

**Family:** Includes a householder and one or more other persons living in the same household who are related to the householder by birth, marriage, or adoption. The number of family households always equals the number of families; however, a family household may also

include non-relatives living with the family. Families are classified by type as either a married-couple family or other family, which is further classified into 'male householder' (a family with a male householder and no wife present) or 'female householder' (a family with a female householder and no husband present).

**Full Review:** Performance under the Lending, Investment, and Service Tests is analyzed considering performance context, quantitative factors (e.g., geographic distribution, borrower distribution, and total number and dollar amount of investments), and qualitative factors (e.g., innovativeness, complexity, and responsiveness).

**Geography:** A census tract delineated by the United States Bureau of the Census in the most recent decennial census.

**Home Mortgage Disclosure Act (HMDA):** The statute that requires certain mortgage lenders that conduct business or have banking offices in a metropolitan statistical area to file annual summary reports of their mortgage lending activity. The reports include such data as the race, gender, and the income of applicants, the amount of loan requested, the disposition of the application (e.g., approved, denied, and withdrawn, loan pricing, the lien status of the collateral, any requests for preapproval, and loans for manufactured housing.

**Home Mortgage Loans:** Such loans include home purchase, home improvement and refinancings, as defined in the HMDA regulation. These include loans for multifamily (five or more families) dwellings, manufactured housing and one-to-four family dwellings other than manufactured housing.

**Household:** Includes all persons occupying a housing unit. Persons not living in households are classified as living in group quarters. In 100 percent tabulations, the count of households always equals the count of occupied housing units.

**Limited Review:** Performance under the Lending, Investment, and Service Tests is analyzed using only quantitative factors (e.g., geographic distribution, borrower distribution, total number and dollar amount of investments, and branch distribution).

**Low-Income:** Individual income that is less than 50 percent of the area median income, or a median family income that is less than 50 percent, in the case of a geography.

**Market Share:** The number of loans originated and purchased by the institution as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the MA/AA.

**Median Family Income (MFI):** The median income determined by the U.S. Census Bureau every five years and used to determine the income level category of geographies. Also, the median income determined by the Federal Financial Institutions Examination Council (FFIEC) annually that is used to determine the income level category of individuals. For any given area, the median is the point at which half of the families have income above it and half below it.

**Metropolitan Area (MA):** Any metropolitan statistical area or metropolitan division, as defined by the Office of Management and Budget, and any other area designated as such by the appropriate federal financial supervisory agency.

**Metropolitan Division:** As defined by Office of Management and Budget, a county or group of counties within a Core Based Statistical Area that contains an urbanized population of at least 2.5 million. A Metropolitan Division consists of one or more main/secondary counties that represent an employment center or centers, plus adjacent counties associated with the main/secondary county or counties through commuting ties.

**Metropolitan Statistical Area (MSA):** An area, defined by the Office of Management and Budget, as a core based statistical area associated with at least one urbanized area that has a population of at least 50,000. The MSA comprises the central county or counties containing the core, plus adjacent outlying counties having a high degree of social and economic integration with the central county or counties as measured through commuting.

**Middle-Income:** Individual income that is at least 80 percent and less than 120 percent of the area median income, or a median family income that is at least 80 percent and less than 120 percent, in the case of a geography.

**Moderate-Income:** Individual income that is at least 50 percent and less than 80 percent of the area median income, or a median family income that is at least 50 percent and less than 80 percent, in the case of a geography.

**Multifamily:** Refers to a residential structure that contains five or more units.

**Other Products:** Includes any unreported optional category of loans for which the institution collects and maintains data for consideration during a CRA examination. Examples of such activity include consumer loans and other loan data an institution may provide concerning its lending performance.

**Owner-Occupied Units:** Includes units occupied by the owner or co-owner, even if the unit has not been fully paid for or is mortgaged.

**Qualified Investment:** A qualified investment is defined as any lawful investment, deposit, membership share, or grant that has as its primary purpose community development.

**Rated Area:** A rated area is a state or multi-state MA. For an institution with domestic branches in only one state, the institution's CRA rating would be the state rating. If an institution maintains domestic branches in more than one state, the institution will receive a rating for each state in which those branches are located. If an institution maintains domestic branches in two or more states within a multi-state MA, the institution will receive a rating for the multi-state MA.

**Small Loan(s) to Business(es):** A loan included in 'loans to small businesses' as defined in the Consolidated Report of Condition and Income (Call Report) instructions. These loans have original amounts of \$1 million or less and typically are either secured by nonfarm or nonresidential real estate or are classified as commercial and industrial loans.

**Small Loan(s) to Farm(s):** A loan included in 'loans to small farms' as defined in the instructions for preparation of the Consolidated Report of Condition and Income (Call Report).

These loans have original amounts of \$500,000 or less and are either secured by farmland, or are classified as loans to finance agricultural production and other loans to farmers.

**Tier 1 Capital:** The total of common shareholders' equity, perpetual preferred shareholders' equity with noncumulative dividends, retained earnings and minority interests in the equity accounts of consolidated subsidiaries.

**Upper-Income:** Individual income that is at least 120 percent of the area median income, or a median family income that is at least 120 percent, in the case of a geography.

## **Description of Institution**

Icon Bank is a single-state community bank headquartered in Houston, Texas with its main office location at 7908 North Sam Houston Tollway West in Houston, Texas. The bank is wholly owned by Icon Capital Corporation, a one-bank holding company, also located in Houston, Texas. The bank has one AA with seven branch locations; five branches, including the main office, are located in Harris County and two branches are located in Fort Bend County.

The bank is a full service institution and offers a variety of deposit products to business and personal customers. Deposit products include checking, savings, and money market products. The bank offers an array of business loans including, term, lines and letters of credit, construction, equipment, real estate, acquisition, and Small Business Administration (SBA) loans. Advertised personal loan products include lines of credit, automobile, and boat loans. Other personal loans are provided as accommodations to its business loan customers.

Banking hours and services are reasonable. Lobby hours and motor bank hours are generally 8:30 a.m. or 9:00 a.m. to 5:00 p.m. Each branch and the main office location have motor bank hours that are generally 8:30 a.m. to 5:00 p.m. There are no Saturday hours; however, the bank offers online banking and bill pay, mobile deposits to its personal customers, and I-Scan Remote Deposit to its business customers. There were no branch openings or closings during the evaluation period.

As of December 31, 2016, Icon reported total assets of \$755 million, net loans and leases of \$631 million, and tier 1 capital of \$68 million. As of the same time period, by dollar amount, business loans represented 57 percent of gross loans and residential real estate loans represented 14 percent. By number, business loans represented 41 percent and residential real estate represented 23 percent of gross loans. Therefore, for this evaluation, we concluded business and residential real estate loans were the primary loan products.

## **Scope of the Evaluation**

### **Evaluation Period/Products Evaluated**

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

The evaluation period for the Lending and CD Tests is January 1, 2015 through December 31, 2016. Conclusions regarding the bank's lending performance are based on home purchase and home refinance residential real estate loans that the bank reported under the HMDA, which consist of 267 loans totaling \$80 million. Home improvement loans were excluded from the Lending Test for borrowers of different incomes and geographic distribution analysis, as there were only 17 loans totaling \$3 million that were originated or refinanced during the review period which is not enough to perform a meaningful analysis.

As an ISB, the bank is not required to collect or report loan data for business loans and management has elected not to collect this information. Therefore, we based our analysis of business loans on a valid sample of 156 business loans totaling \$93 million. Since business loans represent 57 percent of gross loans by dollar amount as of December 31, 2016 and 41 percent by number, more emphasis will be given to business loans in the lending analysis.

## **Data Integrity**

We performed a data integrity review that commenced on November 14, 2016. The purpose of the review was to determine the accuracy and reliability of the HMDA Loan Application Register data. The review deemed the HMDA data accurate and reliable. No affiliates exist; therefore, affiliate activities were not considered in this evaluation.

## **Selection of Areas for Full-Scope Review**

Icon designated the Houston MSA as its AA and we performed a full-scope review of this MSA. Please refer to the table in appendix A for more information.

## **Ratings**

The bank's overall rating is based primarily on performance and context information from the Houston MSA AA.

## **Discriminatory or Other Illegal Credit Practices Review**

Pursuant to 12 CFR 25.28(c) or 195.28(c), respectively, in determining a national bank's or federal savings association's (collectively, banks) CRA rating, the OCC considers evidence of discriminatory or other illegal credit practices in any geography by the bank, or in any AA by an affiliate whose loans have been considered as part of the bank's lending performance. As part of this evaluation process, the OCC consults with other federal agencies with responsibility for compliance with the relevant laws and regulations, including the U.S. Department of Justice, the U.S. Department of Housing and Urban Development, and the Consumer Financial Protection Bureau, as applicable.

The OCC has not identified that this institution has engaged in discriminatory or other illegal credit practices that require consideration in this evaluation.

The OCC will consider any information that this institution engaged in discriminatory or other illegal credit practices, identified by or provided to the OCC before the end of the bank's next performance evaluation in that subsequent evaluation, even if the information concerns activities that occurred during the evaluation period addressed in this performance evaluation.

## Conclusions with Respect to Performance Tests

Lending Test components indicate Icon meets the standards for satisfactory performance. There were no discriminatory practices identified during the evaluation period.

### LENDING TEST

Overall, performance under the Lending Test is satisfactory, given the bank's performance context. As previously mentioned, as of December 31 2016, business loans comprise 57 percent by dollar amount and 41 percent by number and residential real estate loans comprise 14 percent by dollar amount and 23 percent by number of gross loans. Therefore, greater emphasis was given to business loans. Furthermore, a vast majority, 87 percent of total reportable HMDA loans, were nonowner borrowers with loans for business purposes, including rental properties.

### Loan-to-Deposit Ratio

Icon's loan-to-deposit (LTD) ratio is more than reasonable and exceeds the average for similarly sized and situated institutions (peer group). The bank's quarterly LTD ratio since the previous CRA evaluation averaged 103.58 percent, which exceeds ratios of three similarly sized and situated banks located in Harris and Galveston Counties ranging in total asset sizes of \$703 to \$954 million. The peer group average LTD ratio was 80.43 percent, with a high average of 92.94 percent and a low average of 60 percent.

### Lending in Assessment Area

A majority of Icon's lending activity occurred inside the AA by number and dollar amount of loans originated and refinanced. During the evaluation period, 87.94 percent by number and 85.33 percent by dollar amount of loans were originated or refinanced within the bank's AA. The bank's performance is shown in the following table:

Loan Type	Number of Loans				Total	Dollars of Loans				Total
	Inside		Outside			Inside		Outside		
	#	%	#	%		\$	%	\$	%	
Purchase	180	87.80	25	12.20	205	41,684	74.18	14,512	25.82	56,196
Improvement	15	88.24	2	11.76	17	2,382	68.55	1,093	31.45	3,475
Refinance	37	82.22	8	17.79	45	19,354	96.31	742	3.69	20,096
Business	140	89.74	16	10.26	156	84,233	90.31	9,038	9.69	93,271
<b>Totals</b>	<b>372</b>	<b>87.94</b>	<b>51</b>	<b>12.06</b>	<b>423</b>	<b>147,653</b>	<b>85.33</b>	<b>25,385</b>	<b>14.67</b>	<b>173,038</b>

Source: Data reported under HMDA and Loan sample.

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

Overall, the level of lending to borrowers of different incomes and to businesses of different sizes reflects reasonable penetration, given the performance context. More emphasis was given to business loans as they represented 57 percent of gross loans by dollar amount.

### Residential Real Estate Loans

The overall distribution of residential real estate loans reflects very poor penetration. The bank's distribution was significantly below the census data; however, majority of the HMDA reportable loans were to nonowner-occupied borrowers with loans for business purposes, including rental properties. Icon doesn't market residential loan products but lends as an accommodation to its customers. The bank's performance is shown in the following table:

Borrower Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans
Purchase	24.08	0.00	16.59	1.67	17.40	2.22	41.93	23.89
Improvement	24.08	0.00	16.59	0.00	17.40	0.00	41.93	80.00
Refinance	24.08	0.00	16.59	2.70	17.40	0.00	41.93	35.14

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

### Business Loans

The distribution of loans to small businesses with gross annual revenues of \$1 million or less is reasonable. Penetration of loans to small businesses was 65.71 percent, which is below but near to the AA characteristic of 85.30 percent. The bank's performance is shown in the following table:

Business Revenues (or Sales)	≤\$1,000,000	>\$1,000,000	Unavailable/Unknown	Total
% of AA Businesses	85.30	5.87	8.84	100%
% of Bank Loans in AA by #	<b>65.71</b>	30.00	4.29	100%
% of Bank Loans in AA by \$	67.32	31.85	0.83	100%

Source: Loan sample; Dun and Bradstreet data.

### **Geographic Distribution of Loans**

Overall, the geographic distribution of loans reflects reasonable dispersion among families and households of different income levels and businesses of different sizes. There were no conspicuous gaps identified in the geographic distribution.

## Residential Real Estate Loans

The geographic distribution of residential real estate loans reflects reasonable dispersion among CTs of different income levels in the bank's AA. For purchase loans, the bank's penetration of residential real estate loans to low-income families of 8.33 percent exceeds the AA census characteristics of 4.45 percent. Penetration of loans to moderate-income families was 13.33 percent, compared to the AA census characteristic of 21.38 percent. For refinance loans, the bank's penetration of residential real estate loans to low-income families was 2.70 percent, compared to the AA census characteristics of 4.45 percent. Penetration of loans to moderate-income families of 21.64 percent exceeded the AA census characteristic of 21.38 percent.

There were not enough home improvement loans for a meaningful analysis, as the bank only originated or refinanced 17 home improvement loans during the review period. The following table reflects the bank's performance during the evaluation period.

Table 3 - Geographic Distribution of Residential Real Estate Loans in Icon AA								
Census Tract Income Level	Low		Moderate		Middle		Upper	
	% 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
Purchase	4.45	<b>8.33</b>	21.38	<b>13.33</b>	28.86	29.44	45.31	48.89
Improvement	4.45	6.67	21.38	6.67	28.86	26.67	45.31	60.00
Refinance	4.45	<b>2.70</b>	21.38	<b>21.64</b>	28.86	43.24	45.31	32.43

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

## Business Loans

The geographic distribution of business loans reflects reasonable dispersion of loans to borrowers of different income levels within the CTs in Icon's AA. Dispersion of loans in low-income CTs is excellent, with reasonable dispersion in moderate-income CTs. The following table details the bank's performance as compared to the percentage of businesses in each CT income level.

Table 3A - Geographic Distribution of Loans to Businesses in Icon AA								
Census Tract Income Level	Low		Moderate		Middle		Upper	
	% 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	8.45	<b>11.43</b>	19.28	<b>14.29</b>	24.34	27.86	47.88	46.43

Source: Loan sample; Dun and Bradstreet data.

## **Responses to Complaints**

During the evaluation period, the bank did not receive any complaints or public comments regarding CRA performance.

## **COMMUNITY DEVELOPMENT TEST**

The bank demonstrated a satisfactory record regarding the CD Test when considering the level of CD loans. Factors supporting this conclusion include excellent responsiveness for qualified CD loans offset by poor responsiveness for investment/donations and services and good responsiveness to CD needs. Icon provided \$51 million in qualifying CD loans and \$521 thousand in qualifying investments and donations, of which \$502 thousand were two renewals of an existing certificate of deposit held in a minority-owned bank. In addition, there were two bank employees that provided two CD services to two organizations during the evaluation period.

### **Number and Amount of Community Development Loans**

Icon demonstrated excellent responsiveness to CD needs through qualified lending activities within the AA. During the review period, Icon originated or renewed 31 CD loans totaling \$51 million. Of the total qualified loans, 10 loans totaling \$21 million promoted affordable housing for low- and moderate-income (LMI) individuals, 19 loans totaling \$22 million supported economic development through job creation and job retention, one loan was an SBA 504 totaling \$6 million, and one loan totaling \$2 million for the revitalization/stabilization of an economically declining neighborhood.

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

During the evaluation period, Icon demonstrated poor responsiveness to CD needs through qualified investment and donation activities within the AA. Investments and donations totaled \$521 thousand, which included two renewals of one prior period certificate of deposit totaling \$502 thousand, and 12 qualified donations totaling \$19 thousand. During the review period, a prior period certificate of deposit was renewed twice. There were no other investments made during the review period.

Icon provided 12 charitable contributions totaling \$19 thousand to organizations that provide community services to low- and moderate-income (LMI) individuals. Highlights of the donations to community service organizations include: an organization that has incentive programs to students in a low-income school where over 90 percent of the students were on free or reduced lunch programs; an organization that provided financial services to LMI individuals after hurricane Harvey that included rental assistance, energy bills, clothing, transportation, and prescription medicines; and an organization that provides a food pantry, senior citizen services, clothes, and emergency response to LMI individuals.

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

Icon demonstrated poor responsiveness to CD needs through qualified service activities within its AA. During the evaluation period, Icon provided two services to two organizations within the AA. Services include one bank employee serving as a committee member for an economic partnership organization of small businesses where the bank employee provided banking and business expertise. The other bank employee participated in a sponsored math program at a school where 74 percent of the students are on free or reduced lunch programs.

## **Responsiveness to Community Development Needs**

During the evaluation period, the District Community Affairs Officer for the OCC made contact with local community organizations in the Houston-The Woodlands-Sugar Land, TX MSA. The representatives of the organizations identified key community needs that banks in the AA could support. The needs include access to affordable housing for LMI individuals, vocational education support, financial literacy education, workforce development programs, and small business support with technical and funding assistance. During the review period, management made affordable housing loans that benefit LMI individuals and one employee participated as a committee member of an economic partnership that benefits small businesses.

# Appendix A: Scope of Examination

The following table identifies the time period covered in this evaluation, affiliate activities that were reviewed, and loan products considered. The table also reflects the metropolitan and nonmetropolitan areas that received comprehensive examination review (designated by the term “full-scope”) and those that received a less comprehensive review (designated by the term “limited-scope”).

<b>Time Period Reviewed</b>	Lending Test (excludes CD loans): (01/01/15 to 12/31/16) Investment and Service Tests and CD Loans: (01/01/15 to 12/31/16)	
<b>Financial Institution</b>	<b>Products Reviewed</b>	
Icon Bank of Texas Houston, TX	Residential and Business	
<b>Affiliate(s)</b>	<b>Affiliate Relationship</b>	<b>Products Reviewed</b>
<i>[Instructions: Provide only if affiliate products are reviewed.]</i>  None		
<b>List of Assessment Areas and Type of Examination</b>		
<b>Assessment Area</b>	<b>Type of Exam</b>	<b>Other Information</b>
Houston-Woodlands-Sugar Land MSA	Full-Scope	

## Appendix B: Community Profiles for Full-Scope Areas

### Houston – Woodlands-Sugar Land MSA

Demographic Information for Full-Scope Area: (Name of Multistate Metropolitan Area)						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	987	13.17	28.88	25.43	32.12	0.41
Population by Geography	5,424,889	10.12	26.53	27.62	35.41	0.31
Owner-Occupied Housing by Geography	1,116,763	4.45	21.38	28.86	45.31	0.00
Businesses by Geography	417,857	8.45	19.28	24.34	47.88	0.05
Farms by Geography	6,721	5.04	17.20	29.83	47.91	0.01
Family Distribution by Income Level	1,127,119	9.32	25.41	27.42	37.86	0.00
Distribution of Low- and Moderate-Income Families throughout AA Geographies	1,796,946	24.32	16.52	16.89	42.27	0.00
Median Family Income HUD Adjusted Median Family Income for XXXX Households Below the Poverty Level	= \$68,000 = \$62,800 = 13.29%	Median Housing Value Unemployment Rate		= \$158,195 = 4.59 %		

(\*) The NA category consists of geographies that have not been assigned an income classification.  
Source: 2016 U.S. Census, 2016 FFIEC Est. MSA MFI and 2016 HUD updated MFI.

Icon has one AA in the state of Texas which meets the requirements of the regulation. The bank's AA includes the four contiguous counties of Fort Bend, Galveston, Harris, and Montgomery. All four counties are located in the Houston-Woodlands-Sugar Land MSA and include a combined total of 987 CTs. There are 76 CTs located in Fort Bend County, 66 CTs in Galveston County, 786 CTs in Harris County, and 59 CTs in Montgomery County. Within the four counties there are a total of 130 low-income CTs (13 percent), 285 moderate-income CTs (29 percent), 251 middle-income CTs (25 percent), 317 upper-income CTs (32 percent), and four CTs (0.4 percent) that have no income designations.

Cities within the bank's AA include Sugar Land, Richmond, Katy, Galveston, League City, Friendswood, Houston, Webster, Tomball, Conroe and Willis. Icon has seven branch locations in the AA; five branches, including the bank's main office, are located in Harris County and two branches are in Fort Bend County. There are no branches located in Galveston or Montgomery Counties.

## **Fort Bend County**

Fort Bend County is located in the Houston MA. It is the tenth most populous county in Texas. The city of Richmond is the county seat and has a population of 12,000 according to the 2016 U.S. Census. The bank designated all 76 CTs as part of its AA. Of these CTs, eight are moderate-income (11 percent), 27 are middle-income (36 percent), 40 are upper-income (53 percent) and one has no income designation. The population of Fort Bend County is 741,000, according to the 2016 U.S. Census, a growth of 27 percent since 2010. With a population of 88,000, Sugar Land is the largest city in the county. Other surrounding cities are Fulshear, Missouri City, Katy and Stafford. According to the Greater Fort Bend Economic Development Council, for more than 20 years, Fort Bend has been in the top 20 counties in the United States for economic excellence and population growth.

The economic climate in Fort Bend County is good. As of September 2017, the Bureau of Labor Statistics reported a 4.5 percent unemployment rate for the county. Engineering, healthcare, manufacturing, and energy technology companies are major sources of employment within the county. Major employers include the Fort Bend Independent School District (ISD), Lamar Consolidated ISD, Fort Bend County, Fluor Corporation, Schlumberger Technology and Houston Methodist Sugar Land Hospital. The 2015 U.S. Census reports the median household income as \$89,000 in Fort Bend County, and the median value of housing units was \$200,000 with a 79 percent owner-occupied housing rate. Furthermore, the 2015 U.S. Census reported that 7 percent of people in the county live in poverty.

There is strong banking competition in Fort Bend County. As of June 30, 2016, the FDIC Deposit Market Share Report reflects 38 financial institutions operating 135 branches in the Fort Bend County market. Icon operates two branches in the county for a deposit market share of 0.94 percent. The five largest competitors in the county include Wells Fargo Bank, N.A., JP Morgan Chase Bank, N.A., Bank of America, N.A., Prosperity Bank, and Compass Bank.

## **Galveston County**

Galveston County is located along the Texas Gulf Coast, southwest of the state of Louisiana. The city of Galveston is the county seat and has a population of 50,000 according to the 2016 U.S. Census. The bank designated all 66 CTs as part of its AA. Of these CTs, eight are low-income (12 percent), 17 are moderate-income (26 percent), 20 are middle-income (30 percent), and 21 are upper-income (32 percent). The 2016 U.S. Census population estimates Galveston County to have a population of 329,000. The largest city in the county is League City with an estimated population of 102,000, as of 2016.

The city of Galveston is a major tourist destination for the Texas Gulf Coast and is a port of entry for cruise and cargo ships. Other industries include health care, marine-related fields, higher education, and technology research.

Major employers in Galveston County include University of Texas Medical Branch, Landry's Inc., the County of Galveston, Galveston Independent School district (ISD), and Moody Gardens. As of September 2017, the Bureau of Labor Statistics reported a 5.2 percent unemployment rate for the county.

The economy of Galveston County continues to recover from the destruction left by the 2008 hurricane Ike. In 2011 Galveston city officials developed a comprehensive plan to address recovery strategies and overall needs of the city. Plan initiatives include improving the condition of existing housing stock and expanding choices for renters, elderly, LMI, and middle-income residents. In addition, the plan focuses on affordable housing for city residents and addresses habitable structures being brought up to minimum code standards while removing dilapidated structures in the county. City officials continue to support the Renaissance Zone Program administered by the Family, Children and Youth Board, which provides amenities such as sidewalks and American Disabilities Act improvements in LMI neighborhoods. The plan contains programs to expand housing choices for LMI households. In addition, the city has Homebuyer Assistance Programs which provide down payment and closing cost assistance to qualified buyers. The 2015 U.S. Census reports the median household income as \$62,000 in Galveston County, and the median value of housing units was \$155,000 with a 67 percent owner-occupied housing rate. Furthermore, the 2015 U.S. Census reported that 14 percent of people in the county live in poverty.

There is strong banking competition in Galveston County. As of June 30, 2016, the FDIC Deposit Market Share Report listed 20 financial institutions operating 77 branches in the Galveston County market. Icon has no branch locations in Galveston County. The largest competitors in the county include Moody National Bank, Texas First Bank, JP Morgan Chase Bank, N.A., Hometown Bank, N.A. and Bank of America, N.A.

## **Harris County**

Harris County is the largest county located in the Houston-Woodlands-Sugar Land MSA. The city of Houston is the county seat and the fourth largest city in the U.S. with a population of 2.3 million, according to the 2016 U.S. Census. The bank designated all 786 CTs as part of the AA. Of these CTs, 121 are low-income (15 percent), 251 are moderate-income (32 percent), 183 are middle-income (23 percent), 228 are upper-income (29 percent), and three CTs with no income designation (1 percent). According to 2016 U.S. Census, Harris County has a population of 4.6 million with a growth rate of 12 percent since the year 2010, and is the third largest county in the U.S. Other cities in the county include Kingwood, Cypress, and Deer Park. The bank has five branch locations in Harris County.

The economy in Harris County is stable and broad-based in energy, manufacturing, aeronautics, healthcare and transportation industries. As of September 2017, the Bureau of Labor Statistics reported a 4.9 percent unemployment rate for the county.

The business climate is favorable with many Fortune 500 companies headquartered in Harris County. Major employers include Memorial Hermann Health System, MD Anderson Cancer Center, ExxonMobil, and United Airlines, along with local ISDs, universities, and public entities. The 2015 U.S. Census reports the median household income as \$54,000 in Harris County, and the median value of housing units was \$138,000 with a 55 percent owner-occupied housing rate. Furthermore, the 2015 U.S. Census reported that 17 percent of people in the county live in poverty.

There is intense competition in the county. As of June 30, 2016, the FDIC Deposit Market Share Report reflects 80 financial institutions operating 996 branches in the Harris County market. Icon operates five branches in the county for a deposit market share of 0.27 percent. The largest competitors in the county include JP Morgan Chase Bank, N.A., Wells Fargo Bank, N.A., Bank of America, N.A., Compass Bank and Zions Bank, N.A.

### **Montgomery County**

Montgomery County is located north of Houston. The city of Conroe is the county seat and the largest city in the county with a population of 82,000, according to the 2016 U.S. Census. The bank designated all 59 CTs as part of its AA. Of these CTs, one is low-income (2 percent), nine are moderate-income (15 percent), 21 are middle-income (36 percent) and 28 are upper-income (47 percent). According to the 2016 U.S. Census, the county has a population of 556,000 with a growth rate of 22 percent since the year 2010. Other cities in the county include Magnolia, Shenandoah, Willis and The Woodlands.

The economic state of Montgomery County is good. As of September 2017, the Bureau of Labor Statistics reported a 4.1 percent unemployment rate for the county. Major employers include Conroe ISD, Anadarko Petroleum Corporation (Fortune 500 Company), Memorial Hermann The Woodlands Hospital, Aon Hewitt, and ExxonMobil. The Woodlands is home to several major companies and offers a variety of shops, restaurants, and entertainment venues. The 2015 U.S. Census reports the median household income as \$69,000 in Montgomery County, and the median value of housing units was \$177,000 with a 72 percent owner-occupied housing rate. Furthermore, the 2015 U.S. Census reported that 10 percent of people in the county live in poverty.

There is strong competition in the county. As of June 30, 2016, the FDIC Deposit Market Share Report reflects 33 financial institutions operating 149 branches in the Montgomery County market. Icon has no branch locations in Montgomery County. The largest competitors in the county include Wells Fargo Bank, N.A., Woodforest National Bank, JP Morgan Chase Bank, N.A., Bank of America, N.A. and Zions Bank, N.A.