

**OFFICIAL ORDER OF
THE BANKING COMMISSIONER
ORDER NO. 2025-005**

IN THE MATTER OF:

CHARTER APPLICATION FOR	§	BEFORE THE BANKING
	§	
HOUSTON BANK & TRUST	§	COMMISSIONER OF TEXAS
	§	
HOUSTON, TEXAS	§	AUSTIN, TRAVIS COUNTY, TEXAS

ORDER APPROVING CHARTER

By application accepted for filing on April 24, 2024, the organizers of Houston Bank & Trust, Houston, Texas (the “Bank”), requested approval of a Texas state charter for the Bank. Based upon the sworn statements and other evidence provided by the organizers and such investigation as deemed necessary in the circumstances, I find that:

1. The Bank has properly published notice of the charter application as required by Section 32.004 of the Texas Finance Code (the “Code”) and 7 TAC § 15.5. No comments or protests were received in response to the publication;
2. The convenience and advantage of the public will be promoted by the establishment of the Bank;
3. The organizational and capital structure and amount of initial capital is adequate for the Bank’s business plan;
4. The anticipated volume and nature of business of the Bank indicates a reasonable probability of success and profitability based on the market to be served;
5. The Bank's officers and directors as a group have sufficient banking experience, ability, standing, competence, trustworthiness, and integrity to justify a belief that the Bank will operate in compliance with the law and that the success of the Bank is probable;

6. Each principal shareholder of the Bank has sufficient experience, ability, standing, competence, trustworthiness, and integrity to justify a belief that the Bank will be free from improper or unlawful influence with respect to the Bank's operation in compliance with the law; and
7. The organizers are acting in good faith.

THEREFORE, I, Charles G. Cooper, Banking Commissioner, find that the organizers of Houston Bank & Trust, Houston, Texas, have met the requirements set forth in Section 32.003 of the Code and that the Bank's application for charter should be approved, subject to the following conditions:

- A. The Bank's initial paid-in capital, net of all organization and preopening expenses, must be not less than \$35 million. The Bank must remain "well-capitalized" as defined in the federal regulations for at least the first three years of operation. In addition, the Bank's Tier 1 leverage ratio may not drop below 10% for the first three years of operation;
- B. For a period of five years after approval of the charter, the Bank will provide the Banking Commissioner of Texas (the "Commissioner") with at least 30 days prior written notice of any proposed change of any individual to the board of directors or senior executive officer position and will not make the noticed change if the Commissioner objects within 30 days of receipt of the notice;
- C. From the date of this Order through the first three years of operation, the Bank will provide written notification to the Commissioner at least 60 days in advance of any material change in or deviation from the Business Plan submitted in the charter application and will not make the noticed change if the Commissioner objects within 60 days of receipt of the notice. The notice must contain, at a minimum, a summary of the anticipated change, any proposed

management changes as a result of the change, pro forma financial statements that measure the impact of the change to actual and to the original plan, and the Board's risk assessment of the change;

- D. For the calendar years ending December 31, 2025, December 31, 2026, and December 31, 2027, the Bank will compare its Business Plan to actual performance, noting and explaining in writing any material deviations and affirmative actions which will be taken to correct any materially adverse deviations. This comparison will be submitted to the Texas Department of Banking on or before March 15 following each period;
- E. The Bank will not declare or pay dividends for the first three years of operation without the express written approval of the Commissioner;
- F. The Bank will engage the services of an independent auditor to conduct a full-scope audit, and render an unqualified audit report for each of the first three years of operation;
- G. The Bank will maintain adequate blanket bond coverage and at least \$1,000,000 in excess employee dishonesty bond coverage;
- H. The Bank will develop and implement a Directors' Training Program before the Certificate of Authority is issued. This Program will include, at a minimum, a review and assessment of the directors' training needs, identification of training providers, and a proposed training schedule for each director, which will include training for the Bank Secrecy Act and the USA PATRIOT ACT;
- I. The Bank will provide evidence of insurance of its deposit accounts by the Federal Deposit Insurance Corporation prior to the issuance of the Certificate of Authority;
- J. For the first three years of operation, the Bank will provide at least 30 days prior notice of any material change in the information technology plan which was reviewed as part of the

charter investigation, including any change in customer electronic or internet account access or expansion in activities permitted through such access. The review period will commence upon receipt by the Commissioner of sufficient documentation to permit a review, and the proposed change[s] will not be implemented should the Commissioner object;

- K. Prior to opening, the Bank will develop and implement an Information Security Program. This Program will include, at a minimum, policies and procedures to control risk; a designated, Board-approved information security officer; an information security risk assessment process; Board oversight of the information security function; patch management program; and an incident response program;
- L. Prior to the Bank opening, the Board will develop an Information Technology (IT) Strategic Plan. The plan, at a minimum, should outline the organizational structure, supports the overall business plan, addresses short and long-term goals, and consider planned changes for IT products and services, allocation of IT resources needed to achieve goals, and optimal infrastructure for the future;
- M. Prior to the first anniversary of the Bank's opening, the Board will develop and implement an appropriate vendor due diligence program; develop a business continuity plan (BCP) with resumption procedures and comprehensive business impact analysis for all business lines, including testing of the BCP; develop and implement an independent IT audit function based on an effective risk analysis process to determine the audit scope and frequency; and ensure a comprehensive independent IT audit is performed; and

N. The Bank will adopt the Statement of Trust Department Principles prior to the issuance of the Certificate of Authority.

IT IS THEREFORE ORDERED that the application for a Texas state charter for Houston Bank & Trust, Houston, Texas, subject to the conditions set forth above and under Charter Number 3242-15, be and hereby is **APPROVED**.

Signed in triplicate original this 27th day of March, 2025.

/s/ Charles G. Cooper
Charles G. Cooper
Commissioner, Department of Banking