



# INTERMEDIATE SMALL BANK

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Comptroller of the Currency  
Administrator of National Banks

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Washington, DC 20219

## PUBLIC DISCLOSURE

August 30, 2010

### COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Southwestern National Bank  
Charter Number: 23081

6901 Corporate Drive  
Houston, TX 77036-0000

Office of the Comptroller of the Currency

HOUSTON Field Office  
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 CRA RATING: This institution is rated Outstanding**

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

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

The major factors supporting the institution's rating are:

- The geographic distribution of loans originated to businesses shows excellent dispersion in low- and moderate-income census tracts in all three of the bank's assessment areas.
- The bank's average quarterly loan-to-deposit ratio since the prior examination is more than reasonable. It exceeds an average of the bank's peer group and of similarly situated banks.
- Officers have originated a significant level of community development loans reflecting excellent responsiveness to the needs of the assessment areas.

## **Scope of Examination**

Prior to this examination in April 2010, we completed a Data Integrity review to verify any information maintained by management of originated loans. Management is not required to collect data on business loans since the bank is an Intermediate Small Bank. However, management had maintained census tract information on business loans originated since the prior CRA examination, but not gross revenue information on the businesses. During the data integrity review, the CRA Officer decided to compile gross revenue information on all business loans originated since the prior examination.

We reviewed two statistically valid samples of 154 loans in total for amount, origination date, and census tract. Also, we reviewed gross revenue information. Overall, the error rate was insignificant. We concluded the gross revenue and census tract information compiled by the CRA Officer was reliable overall and could be used for the CRA examination.

For the CRA examination, we completed a full-scope review of the bank's CRA performance in the three assessment areas of Houston, Dallas, and Austin. The Lending Test included an analysis of the primary loan product of loans to businesses originated in the assessment area since the prior CRA examination through the date of this examination. And, we reviewed summary information on all loans originated to businesses during the evaluation period. Management provided reliable information on all 963 loans originated in the assessment areas to businesses during the evaluation period. Although a full array of loan products are offered, the bank does not have any significant loan products other than business loans. See the **Description of Institution** below for additional information about the loan portfolio. The Community Development Test included a review of community development loans, investments and services since the prior CRA examination through the date of this examination.

## Description of Institution

Southwestern National Bank (SWNB) is a \$335 million full-service bank with six branches headquartered in Houston, Texas. The main office is located at 6901 Corporate Drive. SWNB is a subsidiary of a two-tiered holding company. The bank is owned 100 percent by SWNB Bancorp, Inc., which is owned 100 percent by SWNB Nevada Corporation. SWNB has an affiliate bank, Nevada National Bank (NNB), also owned by the holding company. NNB received a satisfactory rating at the most recent CRA examination dated January 19, 2010. At the last CRA examination, SWNB operated from the main branch on Corporate Drive and a branch on Fannin Street in Harris County. Since the last examination, the Board of Directors opened four branches in each of the counties of Fort Bend, Dallas, Collin, and Travis. Also, the Board relocated the Fannin Street branch to Saint Emanuel Street, but it is still in Harris County. The main location, the Plano branch, and the Richardson branch have drive in services. ATM service is available at the headquarters branch. Banking hours are reasonable and meet the needs of the community.

At June 30, 2010, loans represented 77.58 percent of total assets. The primary lending focus is commercial business lending comprising 89.27 percent of all loans. By category of business loans, commercial real estate loans were 70.76 percent and commercial and industrial loans were 10.18 percent of the loan portfolio. Construction and land development was 8.33 percent of the remaining business loans. Of all other loans comprising 10.73 percent of the total loan portfolio, 1–4 family residential real estate was 3.91 percent and multifamily real estate was 6.02 percent. Multifamily loans were considered in the Community Development Test. Consumer lending and other loans were insignificant at less than 1.00 percent. Most of the loans are originated in the Houston Assessment Area. Houston accounts for approximately 91 percent of the number of loans originated, Dallas is 7 percent, and Austin is 2 percent.

SWNB offers a variety of deposit products including business, personal, low-cost, and money market checking accounts. Also, SWNB offers savings accounts, individual retirement accounts, certificates of deposit, and VISA debit cards. The bank offers banking services in several languages, including, but not limited to: Mandarin, Cantonese, Vietnamese, Japanese, and English. Commercial deposit accounts are concentrated in Houston with approximately 81 percent of all accounts. Dallas has approximately 15 percent, and Austin has approximately 4 percent of the accounts.

The Board of Directors signed a formal enforcement action with the Comptroller of the Currency on May 19, 2010 related to asset quality that may have an affect on the bank's ability to meet the credit needs of the community in the future. The prior CRA examination dated April 20, 2004 resulted in an Outstanding rating.

*Please refer to SWNB's CRA Public File for more information about this institution.*

## Description of Assessment Area(S)

Southwestern National Bank (SWNB) has three assessment areas (AAs) in Texas. One is a portion of the Houston-Sugar Land-Baytown Metropolitan Statistical Area (MSA). It is known as the Houston AA and includes all census tracts (CTs) in Harris and Fort Bend Counties. The second is a portion of the Dallas-Plano-Irving MSA. It is known as the Dallas AA and includes all CTs in Dallas and Collin Counties. The third AA includes a portion of the Austin-Round Rock-San Marcos MSA. It is known as the Austin AA and includes all CTs in Travis County. All three AAs meet the requirements of the regulation and do not arbitrarily exclude any low- or moderate-income CTs.

### HOUSTON AA

The AA includes 707 CTs in two counties. It includes all of the 649 CTs of Harris County and all 58 CTs of Fort Bend County. All CTs are contiguous. Approximately 9 percent or 64 CTs of the total are designated as low- income. Moderate-income tracts are 227 or 32 percent. Middle- and upper-income tracts account for 58 percent, and 1 percent of the CTs do not have a designation. The updated MSA median family income for 2010 is \$65,100. Although the bank has designated two counties in the MSA, the entire Houston-Sugar Land-Baytown MSA is a ten county metropolitan area located in the Gulf Coast region of Southeast Texas. The MSA is the sixth largest in the nation with a population of 5.9 million as of the 2009 U.S. Census estimate. The two counties of Harris and Fort Bend have most of the residents with an estimated 4.6 million as of the 2009 U.S. Census estimate.

Local banking competition is intense and includes branches of large national banks, regional banks, small community banks, and non-bank financial institutions. SWNB is 58<sup>th</sup> in deposit market share among financial institutions in the area. The largest deposit competitors are: JP Morgan Chase Bank, N.A., Bank of America, N.A., Wells Fargo Bank, N.A., Amegy Bank, N.A., and Compass Bank.

### Harris County

Harris County is the headquarters of SWNB. Of the 649 CTs in Harris County in the Houston AA, there are 63 low-income (10%), 223 moderate-income (34%), 178 middle-income (27.5%), 178 upper-income (27.5%), and 7 (1%) without a designation. Harris County is the most populous county in Texas and the third most populous in the nation. According to 2009 U. S. Census Bureau estimates, the county had a population of 4 million with a growth rate of 20 percent since the year 2000. The county seat is Houston which is the largest city in Texas and the 4th largest city in the nation. For Houston, U. S. Census information reveals the population increased almost 10 percent from 1.95 million in 2000 to 2.14 million in 2006. Houston has the largest medical center in the world, the Texas Medical Center. The Center's economic impact exceeds \$10 billion annually, and it has approximately 52 thousand employees. Houston is known as the capital of the oil and gas industry with over 5 thousand energy related firms in the area. Texas has more Fortune 500 company headquarters than any other

state in the nation, and many of those firms are headquartered in Houston. According to the 2008 U.S. Census, Harris County had approximately 15.3 percent of its residents living below the poverty level. The unemployment rate as of March 2010 was 8.8 percent according the U.S. Bureau of Labor Statistics (USBLS).

### **Fort Bend County**

Of the 58 CTs in Fort Bend County in the Houston AA, there are 1 low-income (2%), 4 moderate-income (7%), 21 middle-income (36%), and 32 upper-income (55%) tracts. SWNB's presence in Fort Bend County is limited with only one branch creating a reduced opportunity for originating loans. However, Fort Bend County does have a high potential for loan growth. Fort Bend is one of the fastest growing counties in the United States. As of the 2009 census, the county had a population of 557 thousand and a growth rate of 57 percent between the years 2000 to 2009. In addition, a portion of the City of Houston is in Fort Bend County further contributing to potential loan growth. As of 2006, Fort Bend County was one of the wealthiest counties in Texas. Its county seat is Richmond, Texas in the Richmond - Rosenberg area which has experienced significant growth in recent years. Major employers include the Fort Bend Independent School District with more than 8 thousand employees and Fluor Corporation with approximately 3 thousand employees. In addition, Fort Bend County is home to a significant number of people working in Houston and has ample land available for future housing developments. A 2009 Census estimate of those living below the poverty level in Fort Bend County was 8 percent. The unemployment rate as of July 2010 was 8.4 percent according the USBLS.

### **DALLAS AA**

The AA includes 572 CTs in two counties. It includes all of the 487 CTs in Dallas County and 85 CTs in Collin County. All CTs are contiguous. Approximately 41 percent or 237 CTs of the total are designated as low- or moderate-income. The updated MSA median family income for 2010 is \$68,900. The Dallas-Plano-Irving Metropolitan Division (MD) is an eight county MD. It is the eastern portion of the larger Dallas-Fort Worth-Arlington MSA, which is the fourth largest MSA in the nation with a population of 6.4 million as of the 2009 U.S. Census estimate.

DFW International Airport is halfway between Dallas and Fort Worth located partially in Irving in Dallas County. It plays a major role in the Dallas-Plano-Irving economy. A 2007 Wilbur Smith Associates economic impact assessment for the Texas Department of Transportation concluded that the DFW Airport economic impact exceeds \$16.6 billion annually and supports more than 300 thousand jobs. According to the Greater Dallas Chamber of Commerce, the ten largest employers in the Dallas-Irving-Plano MD are Wal-Mart, Dallas Independent School District, Baylor Health Care System, SBC Communications, Verizon Communications, City of Dallas, Texas Instruments, HCA Healthcare, Brinker International Inc., and the University of Texas Southwestern Medical Center.

Banking competition is intense. SWNB is 110<sup>th</sup> in deposit market share among financial institutions in the area. The largest deposit competitors are: Bank of America, N.A., JP Morgan Chase Bank, N.A., Wells Fargo Bank, N.A., Compass Bank, and Wachovia Bank National Association.

## **Dallas County**

All of Dallas County, Texas has been designated as part of the Dallas AA. It has 60 low-income CTs (12%), 174 moderate-income CTs (36%), and 141 middle-income CTs (29%). Upper-income CTs total 108 (22%), and four CTs do not have a designation (1%). Dallas County is the ninth most populous county in the United States. The county had a population of 2.4 million according to the 2009 U.S. Census Bureau estimate. Its county seat is Dallas, which is the largest city in the county. Dallas is the second largest city in Texas and the ninth-largest city in the United States.

The Dallas County economy is primarily based on petroleum, telecommunications, computer technology, banking, and transportation. Love Field Airport, close to downtown Dallas, serves many domestic passengers, and it is the home of Southwest Airlines. A 2009 Census estimate of those living below the poverty level in Dallas County was 17.3 percent. The unemployment rate as of July 2010 was 9.0 percent according to the USBLS.

## **Collin County**

All of Collin County, Texas has been designated as part of the AA. Of the 85 CTs, there are no low-income CTs, 3 CTs are moderate-income (4%), and 22 are middle-income CTs (26%). Upper-income CTs total 60 (71%). In 2000, Collin County had a population of 492 thousand. In 2009, the U.S. Census Bureau estimated the population to be 792 thousand, a 61 percent growth rate in nine years. The 2009 U. S. Census estimate of those living below the poverty level in Collin County was 6.4 percent. The unemployment rate as of July 2010 was 7.8 percent according to the USBLS. The U.S. Census Bureau reported in 2000 that Collin County was the wealthiest county in Texas based on per capita income.

The county seat is McKinney with 108 thousand residents, and the county's largest city is Plano with a population of 255 thousand as of 2006 U.S. Census estimates. Recently, Plano has drawn additional retail businesses to the area with the opening of The Shops at Legacy. It features apartments and numerous shops and restaurants and is known as an upscale area. In addition, Wal-Mart considered the city's affluence when it established the experimental luxury Wal-Mart Supercenter on Park Road and the Dallas North Tollway. Plano is home to many corporate headquarters including Ericsson Inc, Rent-A-Center, Crossmark, Perot Systems, Electronic Data Systems, JC Penney, Frito-Lay, Cinemark Theatres, and UGS. Plano also has many semiconductor and telecommunications companies in its Research and Technology District due to its proximity to the Telecom Corridor in Dallas.

## **TRAVIS COUNTY (AUSTIN AA)**

Travis County has 181 CTs. There are 20 low-income (11%), 51 moderate-income (28%), 59 middle-income (33%), and 49 upper-income (27%) CTs. Two CTs (1%) do not have an income designation. The state capital of Texas is located in the City of Austin, and Austin is also the county seat. SWNB's presence in Austin is limited with only one branch. As of the 2009 census, the county had an estimated population of 1 million. The Austin School District, the City of Austin, Dell Corporation, several federal government agencies, IBM Corp., Seton Healthcare Network, St. David's Healthcare Partnership, the State of Texas, and the University of Texas at Austin are the county's largest employers, employing over 6 thousand people each. Approximately 14.4 percent of the county population lives below the poverty line. The unemployment rate as of July 2010 was 7.1 percent according the USBLS. The updated MSA median family income for 2010 is \$73,800.

Local banking competition is intense and includes branches of large national banks, regional banks, small community banks, and non-bank financial institutions. SWNB is 66<sup>th</sup> in deposit market share among financial institutions in the area. The largest deposit competitors are: Bank of America, N.A., Wells Fargo Bank, N.A., JP Morgan Chase Bank, N.A., Frost National Bank, and Wachovia Bank, N.A.

## **COMMUNITY CONTACT**

Our Community Affairs Officer completed a contact in the Houston AA with a Chamber of Commerce officer. The officer has only been the President for one year. However, the officer stated the banking and credit needs of Asian owned small business owners are no different than those for other small business owners. The officer has heard members discuss how the banks are not lending any money. The officer stated that small businesses need working capital to help keep their doors open. But, instead it seems as if the traditional sources for small business lending seem to be drying up. SWNB has provided financing to small businesses during the evaluation period.

Further, our contact stated that there is not a shortage of good small business resources throughout Houston. The biggest problem is getting people to understand what and where they are. The next biggest challenge is to get the small business owners to take advantage of the resources.

## **Conclusions with Respect to Performance Tests**

### **LENDING TEST**

The lending test is rated Outstanding.

### **Loan-to-Deposit Ratio**

The loan-to-deposit ratio is more than reasonable.

SWNB's quarterly average Loan-to-Deposit (LTD) ratio since the prior examination of April 20, 2004 is 94.06 percent. For comparison to a peer group, we selected all banks in the three AAs with less than \$1 billion in assets. This was a group of 83 banks. This peer group's average LTD ratio for the same period was 82.24 percent. The range of LTD ratios for the 83 banks ranged from a low of 29.68 percent to a high of 138.34 percent. In addition, we compared the bank's ratio of 94.06 percent to the bank's two closest competitors in Houston that also have less than \$1 billion in assets. American First National Bank is located approximately 1 mile west of this bank and serves the same community. This bank's quarterly average LTD ratio for the same period was 91.73 percent. The other competitor, Golden Bank, N. A. is located approximately 1 mile east, serves the same community, and had a quarterly average LTD ratio for the same period of 87.04 percent.

### Lending in Assessment Area

The bank has a substantial majority of lending inside the AA. The bank's performance is shown in the following table:

<b>Table 1 – Lending in Houston AA, Dallas AA, and Austin AA</b>										
Loan Type	Number of Loans					Dollars of Loans (000)				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	
Consumer Loans	159	91	15	9	174	9,573	93	716	7	10,289
Business Loans	963	89	122	11	1,085	436,778	83	89,551	17	526,329
Totals	1,122	<b>89</b>	137	11	1,259	446,351	<b>83</b>	90,267	17	536,618

Source: Bank collected data.

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

We did not analyze lending to borrowers of different incomes since consumer lending and owner-occupied residential lending are not significant loan products. Lending to businesses of different sizes in all of the bank's AAs reflects excellent penetration.

Lending to businesses of different sizes in the Houston AA reflects reasonable penetration and meets the standards for satisfactory performance. The percentage of loan originations to small businesses with annual revenues of \$1 million or less by number and dollar is near to the characteristics of the AA. The bank has a mature customer base in the Houston AA. Also, loans are frequently originated to restaurants, apartment complexes, and strip shopping centers. These businesses traditionally have annual revenues more than \$1 million. The bank's performance is shown in the following table:

<b>Table 2A – Borrower Distribution of Loans to Businesses in Houston AA</b>				
Business Revenues (or Sales)	≤\$1,000,000	>\$1,000,000	Unavailable/ Unknown	Total
% of AA Businesses	74.93	4.43	20.64	100%
% of Bank Loans in AA by #	<b>64.28</b>	17.81	17.91	100%
% of Bank Loans in AA by \$	<b>68.49</b>	22.24	9.27	100%

*Source: Bank collected data; Dun and Bradstreet data.*

Lending to businesses in the Dallas AA reflects excellent penetration. Both the number and dollar amount of loans originated to businesses with \$1 million or less in annual revenues exceeds the characteristics of the AA. The bank's performance is shown in the following table:

<b>Table 2B - Borrower Distribution of Loans to Businesses in Dallas AA</b>				
Business Revenues (or Sales)	≤\$1,000,000	>\$1,000,000	Unavailable/ Unknown	Total
% of AA Businesses	72.73	3.88	23.39	100%
% of Bank Loans in AA by #	<b>75.93</b>	9.26	14.81	100%
% of Bank Loans in AA by \$	<b>93.04</b>	5.13	1.83	100%

*Source: Bank collected data; Dun and Bradstreet data.*

For the Austin AA, lending to businesses exceeds the characteristics of the AA in the dollar amount of loan originations to businesses with annual revenues of \$1 million or less and reflects excellent penetration. The number of loans originated to businesses with less than \$1 million in annual revenues is near to the characteristics of the AA for the number of loans and reflects reasonable penetration. The bank's performance is shown in the following table:

<b>Table 2C - Borrower Distribution of Loans to Businesses in Austin AA</b>				
Business Revenues (or Sales)	≤\$1,000,000	>\$1,000,000	Unavailable/ Unknown	Total
% of AA Businesses	73.43	4.50	22.07	100%
% of Bank Loans in AA by #	<b>68.75</b>	6.25	25.00	100%
% of Bank Loans in AA by \$	<b>79.24</b>	7.61	13.15	100%

*Source: Bank collected data; Dun and Bradstreet data.*

## **Geographic Distribution of Loans**

Overall, the geographic distribution of loans in all AAs reflects excellent dispersion. Our analysis did not identify any gaps or areas of low penetration in lending patterns.

The geographic distribution of loans to businesses in the Houston AA shows excellent dispersion. It significantly exceeds the characteristics of the AA for loan originations in low-income and moderate-income census tracts. 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
Business Loans	5.44	<b>11.98</b>	25.11	<b>35.50</b>	27.00	27.10	42.19	25.42

Source: Data collected by bank; U.S. Census data. 0.26% of the AA businesses are located in NA census tracts that do not have a designation.

The geographic distribution of loans to businesses in the Dallas AA shows excellent dispersion. It significantly exceeds the characteristics of the AA for loan originations in moderate-income CTs and is not significantly below the characteristics of the AA in low-income CTs. 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
Business Loans	5.96	<b>3.71</b>	19.27	<b>31.48</b>	32.21	24.07	42.41	40.74

Source: Data collected by bank; U.S. Census data. 0.15% of the AA businesses are located in NA census tracts that do not have a designation.

The geographic distribution of loans to businesses in the Austin AA shows excellent dispersion. It significantly exceeds the characteristics of the AA for loan originations in low-income and moderate-income CTs. The bank’s performance is shown in the following table:

Table 3C - Geographic Distribution of Loans to Businesses in Austin 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
Business Loans	5.18	<b>25.00</b>	25.04	<b>56.25</b>	30.40	0.00	38.04	18.75

Source: Data collected by bank; U.S. Census data. 1.34% of the AA businesses are located in NA census tracts that do not have a designation.

### Responses to Complaints

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

## **COMMUNITY DEVELOPMENT TEST**

Overall, the bank's performance for the Community Development Test reflects excellent responsiveness to the needs of the AA primarily in community development lending. Community development lending is concentrated in economic development and affordable housing. The level of investments reflects adequate responsiveness considering the bank's LTD. The level of services supports the overall excellent responsiveness.

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

Officers originated a significant level of community development loans. The total number originated was 32 with a total dollar amount of \$29.3 million. Opportunities for community development lending for the bank are greatest in the Houston AA and followed by the Dallas AA. Opportunities exist in the Austin AA but are more limited than in the other two AAs. We concluded based on the level of community development lending overall, that SWNB is meeting the needs of its AAs. Therefore, we concluded loans in the greater regional area of Texas could also be considered as detailed in the CRA regulation for the Community Development Test.

In the Houston AA, the level of community development lending reflects excellent responsiveness. For affordable housing, officers originated 16 loans for a total of \$20 million in multifamily residential housing. For economic development, officers originated eight loans for a total of \$2.9 million. These loans were originated to businesses that met SBA guidelines for small businesses, were located in a low or moderate-income CT, and created permanent jobs. Officers originated three loans totaling \$2.3 million that revitalized and stabilized moderate-income areas by providing essential services. Also, officers originated two community service loans for a total of \$36 thousand.

In the Dallas AA, the level of community development lending reflects reasonable responsiveness. Officers originated one loan for \$600 thousand for a property that has the offices of a doctor, dentist, and a medical center among the other tenants that revitalized and stabilized a moderate-income census tract and provided essential services.

In the Austin AA, officers have not been able to originate any qualified community development loans. Lending and deposit volume in the Austin AA is significantly less than in the Houston AA and Dallas AA. In addition, the one branch in Austin was opened in 2007.

In the greater regional area of Texas, officers originated two SBA 504 loans for a total of \$3.5 million for the construction of motels that promoted economic development in the area.

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

During the evaluation period, management originated a total of 33 qualified donations meeting the definition of community development with a dollar total of \$13 thousand. Also, the Board of Directors and management provided scholarships primarily to students who are from low- and moderate-income families. During the evaluation period, 11 students from low- and moderate-income families received a total of \$10 thousand in scholarships.

During the examination, management purchased three certificates of deposit with three minority owned banks for a total of \$579 thousand. All three banks met the test of primarily lending or facilitating lending in low- and moderate-income areas or to low- and moderate-income individuals in order to promote community development.

Although not meeting all elements of the definition of economic development since not directly related to the financing of eligible businesses, management originated 51 donations totaling \$23 thousand during the evaluation period that indirectly supported economic development. Primarily, these donations were to local Chambers of Commerce. Other organizations receiving bank donations were banking conferences, professional organizations, and world affairs councils.

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

The bank has an excellent branch distribution. Bank business hours are reasonable and consistent with competing financial institutions. Other community development services reflect adequate responsiveness.

One third or 33 percent of the branches are located in low- or moderate-income CTs. The main bank is located in a moderate-income CT in Houston, Texas in Harris County. The main bank offers an ATM and a Drive-In. Another branch in Harris County is located in a low-income CT. The third Houston AA branch is located in an upper-income CT in Sugar Land, Texas in Fort Bend County. The location of this branch was significantly influenced by the concentration of the Asian community in Sugar Land. Fort Bend County has one low-income CT and four moderate-income CTs of 58 total tracts. None are close to the Sugar Land branch.

In the Dallas AA, the branch in Plano is located in an upper-income CT. Although Dallas County and Collin County have low- and moderate-income CTs, most are not located near the bank's branch. The only moderate-income CT in the immediate area is fairly close to the bank's branch. The Richardson branch is also located in an upper-income CT. There are no low- or moderate-income tracts in close proximity.

In the Austin AA, the one branch is located in a middle-income CT. Two moderate-income CTs are adjacent to the CT in which the branch is located. In addition, two other moderate-income CTs are in close proximity to the branch.

The bank offers a "Value Checking Account" for personal accounts. There are currently 1,426 customers with value checking accounts. The minimum balance to open the account is a \$50 deposit. A per debit fee of \$.50 is charged for each debit transaction (withdrawals, checks paid, automatic transfer, or payments out of the account) in excess of 10 during a statement cycle. There are no additional service charge fees.

The bank also offers a Small Business Commercial Checking Account. There are currently 823 customers who have the account. The minimum balance to open the account is a \$200 deposit. A maintenance fee of \$10 is imposed every statement cycle if the balance in the account falls below \$200 any day of the cycle. A per item fee of \$.25 will be charged for each item in excess of 200 during a month. An uncollected funds charge of 15 percent per annum of the average daily balance per statement is charged to the account.

SWNB had fifteen qualified community development services during the evaluation period. All were provided in Harris or Travis Counties. There was no qualified community development service provided in Dallas and Collin Counties. Qualified community development services were:

- The bank has monthly seminars on various topics at the bank's main location and also a monthly television program on an International Television broadcast on channel 55 in Houston, Texas. Nine of the seminars and two of the television programs provided information directly related to the provision of financial services.
- A bank employee volunteered at the US-China Business Forum. The employee provided financial services through a presentation on international trade services (import/export letters of credit, wire transfers, banker's acceptances, documentary collections, and foreign currency payments). The purpose of the forum was to educate and inform the international business community on the latest business, investments, and trade developments. The Forum was sponsored by the U.S. Department of Commerce, International Trade Center, and the City of Austin.
- A Director of the bank is the founder and chairman of the International Trade Center (ITC). The mission of ITC is to promote, encourage and facilitate international business opportunities for U. S. based small to medium sized businesses.
- A Director of the bank also serves on the board of directors for VN Team Work. The mission of VN Team Work is to enhance the health, education, and social well-being of low-income and under-served people in the greater Houston area. One of the organization's programs is the Volunteer Income Tax Assistance (VITA) program. VITA assists low-income taxpayers with income tax return preparation.
- A Bank Officer serves on the board of directors for the Philippine-American Chamber of Commerce (PACC). The PACC promotes Filipino American business trade, develops opportunities for corporations, small businesses, entrepreneurs, and

professionals to network, do business with, and support the Filipino American community.

### **Responsiveness to Community Development Needs**

The bank's responsiveness to community development needs has been excellent overall.

### **Fair Lending or Other Illegal Credit Practices Review**

We found no evidence of discriminatory or other illegal credit practices inconsistent with helping to meet community credit needs.