



Office of the
Comptroller of the Currency
Washington, DC 20219

INTERMEDIATE SMALL BANK

PUBLIC DISCLOSURE

April 20, 2020

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Southwestern National Bank
Charter Number 23081

6901 Corporate Drive
Houston, TX 77036

Office of the Comptroller of the Currency

1301 McKinney Street, Suite 1410
Houston, TX 77010

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

Institution's CRA Rating: This institution is rated **Satisfactory**.

The lending test is rated: Satisfactory

The community development test is rated: Satisfactory

The major factors that support this rating include:

- The Lending Test is based on a reasonable loan-to-deposit (LTD), excellent geographic distribution, reasonable borrower distribution, and a majority of loans being inside the assessment area (AA).
- The Community Development (CD) Test rating is based on activities reflecting adequate responsiveness to community needs.

Loan-to-Deposit Ratio

Considering the bank's size, financial condition, and credit needs of the AAs, the bank's LTD is reasonable.

The bank's quarterly average LTD ratio since the last CRA examination was 79.0 percent. During the evaluation period, the bank's quarterly LTD ratio ranged from a low of 70.5 percent to a high of 91.4 percent. Our analysis included six similarly situated banks in Texas with asset sizes ranging from \$94 million to \$552 million. The comparator banks quarterly average LTD ratio was 79.8 percent for the same period, ranging from a low of 48.7 percent to a high of 103.2 percent.

Lending in Assessment Area

A majority of the bank's loans are inside its AAs.

The bank originated or purchased 84 percent of its total loans inside the bank's AAs during the evaluation period. This analysis is performed at the bank level rather than the AA level. This percentage does not include extensions of credit by affiliates that may be considered under the other performance criteria. The findings from this analysis had a positive effect on the overall analysis of the geographic distribution of lending by income level of geography.

Lending Inside and Outside of the Bank's Assessment Area										
Loan Category	Number of Loans				Total #	Dollar Amount of Loans \$(000s)				Total \$(000s)
	Inside		Outside			Inside		Outside		
	#	%	#	%		\$	%	\$	%	
Small Business	104	83.9	20	16.1	124	86,817	71.9	33,972	28.1	120,789

Description of Institution

Southwestern National Bank (SWNB) is a full-service community bank headquartered in Houston, Texas. SWNB is wholly owned by SWNB Bancorp, Inc., a single-bank holding company also headquartered in Houston, Texas. As of December 31, 2019, SWNB's total assets were \$590 million and the tier 1 leverage capital ratio was 12 percent. The net loan portfolio was \$457 million or 77.3 percent of total assets. SWNB's primary lending focus is loans for small- and medium-sized businesses, with commercial real estate comprising 90.5 percent of all loans. Residential lending was nominal at 2.7 percent of total loans, while consumer lending was less than 1 percent of total loans.

The bank provides a comprehensive line of loan and deposit products, as well as other banking services. Business deposit products and services include small business and commercial checking accounts, commercial money market accounts and internet banking, treasury management, remote deposit capture, and mobile banking. The bank also offers personal banking products and services such as traditional checking and savings accounts, as well as convenience services that include mobile banking and deposit, online banking, and bill pay. The bank does not have any automated teller machines (ATMs) but instead charges no usage fees for bank customers to utilize other banks' ATMs.

SWNB operates a total of seven full-service branches and one Loan Production Office/Deposit Production Office (LPO/DPO). Of all branches, six are located in Texas, while one branch and one LPO/DPO are located in California. In November 2019, SWNB closed one LPO/DPO and opened a full-service branch in Anaheim, CA. In February 2020, one LPO/DPO was opened in City of Industry, CA. All branches offer convenient lobby hours Monday through Saturday, with drive-in hours offered at the Main Branch, Plano Branch, and Richardson Branch.

There are currently no legal or financial circumstances impeding the bank's ability to meet the credit needs of its AAs. The bank was rated Satisfactory at its previous CRA evaluation, dated January 31, 2017.

Scope of the Evaluation

Evaluation Period/Products Evaluated

The evaluation period for the Lending Test is January 1, 2017 through December 31, 2019. The primary loan product was business loans, which represented 87 percent of total loans by dollar amount and 80 percent by number of loans. The evaluation period for the CD Test is January 31, 2017 through December 31, 2019. With an evaluation period end date of December 31, 2019, qualifying activities performed in response to the significant impact of the coronavirus pandemic across the United States are not addressed in this evaluation. Bank qualifying activities will be considered in the subsequent evaluation.

Selection of Areas for Full-Scope Review

In each state where the bank has an office, one or more of AAs within that state was selected for a full-scope review. For purposes of this evaluation, bank delineated AAs areas located within the same MSA are combined and evaluated as a single AA. Similarly, bank delineated non-MSA AAs within the same state are combined and evaluated as a single area. These combined AAs may be evaluated as full- or limited-scope.

Refer to the “Scope” section under each State Rating for details regarding how full-scope AAs were selected. Refer to appendix A, Scope of Examination, for a list of full- and limited-scope AAs.

Ratings

The overall rating for this evaluation is based on the performance in the state of Texas. While the bank opened a full-service branch in California in November 2019, there was insufficient lending or CD activity to consider for this evaluation period.

The state rating is based on the bank’s lending performance in all AAs. Refer to the “Scope” section under each state section for details regarding how the areas were weighted in arriving at the respective ratings.

Discriminatory or Other Illegal Credit Practices Review

Pursuant to 12 CFR 25.28(c), in determining a national bank’s 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 Bureau of Consumer Financial Protection, as applicable.

The OCC has not identified that this institution (or any affiliate whose loans have been considered as part of the institution’s lending performance) 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 institution’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.

State Rating

State of Texas

CRA rating for the State of Texas: Satisfactory

The Lending Test is rated: Satisfactory

The Community Development Test is rated: Satisfactory

The major factors that support this rating include:

- The LTD ratio is reasonable.
- A majority of loans were originated inside the AA.
- The geographic distribution of loans is excellent.
- The distribution of loans to businesses of different sizes is reasonable.
- CD activities reflect adequate responsiveness to community needs.

Description of Institution's Operations in Texas

SWNB operates one main office and five branches within its three AAs in the state of Texas. The Houston MSA AA includes all 1,039 CTs in Brazoria, Fort Bend, Galveston, Harris, and Montgomery Counties, which are a part of the Houston-The Woodlands-Sugar Land, TX MSA. The main office and one branch are located within the Houston MSA AA, which accounted for 33 percent of total branches in Texas.

The Dallas-FW MSA AA includes all 1,224 CTs in Collin, Dallas, Denton, Ellis, Kaufman, and Tarrant Counties. All counties are located in the Dallas-Plano-Irving, TX MD with the exception of Tarrant County, which is located in the adjacent Fort Worth-Arlington-Grapevine, TX MD. Both of these MDs are in the greater Dallas-Fort Worth TX MSA. There are three branches within the AA, which accounted for 50 percent of all branches in Texas. The Austin MSA AA includes 218 CTs in Travis County, which is a part of the Austin-Round Rock-Georgetown, TX MSA. The one branch in the AA accounts for 17 percent of all Texas branches.

Banking competition is intense in Texas. As of June 30, 2019, SWNB had deposits of \$403.7 million in Texas, which accounted for a market share of 0.07 percent in all Texas AAs. The Houston MSA AA represented 56 percent of all deposits in Texas, while the Dallas-FW MSA AA represented 42 percent. The Austin MSA AA was nominal at 2 percent of all Texas AA deposits. The top three banks representing 61 percent of all market share within the rating area, which included JPMorgan Chase Bank, Bank of America, and Wells Fargo.

Community Contacts

We contacted several organizations in the bank's AAs. It was noted that loan demand for small business start-up capital or assistance in financing expansion for existing small businesses is typical in the area. A contact in the Houston MSA AA stated that businesses in the area were negatively impacted by Hurricane Harvey in August 2017 and in need of small business loans. Another contact also noted a need for affordable housing to low- and moderate-income (LMI) families.

Houston MSA AA

Table A – Demographic Information of the Assessment Area						
Assessment Area: Houston MSA AA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	1,039	15.2	29.1	24.8	30.0	0.9
Population by Geography	6,157,183	11.9	25.8	27.2	34.7	0.3
Housing Units by Geography	2,329,992	12.5	25.1	26.5	35.7	0.3
Owner-Occupied Units by Geography	1,267,255	5.4	21.0	28.6	44.9	0.1
Occupied Rental Units by Geography	838,075	21.3	30.2	24.1	23.9	0.6
Vacant Units by Geography	224,662	20.2	29.2	22.9	27.4	0.3
Businesses by Geography	468,853	10.0	19.0	23.0	47.9	0.2
Farms by Geography	7,447	5.7	16.3	29.4	48.5	0.1
Family Distribution by Income Level	1,483,768	24.4	16.0	17.0	42.6	0.0
Household Distribution by Income Level	2,105,330	24.8	15.9	16.8	42.5	0.0
Median Family Income MSA - 26420 Houston-The Woodlands-Sugar Land, TX MSA		\$69,373	Median Housing Value			\$174,523
			Median Gross Rent			\$976
			Families Below Poverty Level			12.9%

Source: 2015 ACS and 2018 D&B Data
Due to rounding, totals may not equal 100.0%
(* The NA category consists of geographies that have not been assigned an income classification.

Dallas-FW MSA AA

Table A – Demographic Information of the Assessment Area						
Assessment Area: Dallas-FW MSA AA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	1,224	13.5	26.1	26.8	33.0	0.6
Population by Geography	6,259,942	11.4	25.7	28.4	34.3	0.1
Housing Units by Geography	2,387,176	11.9	24.6	28.9	34.5	0.2
Owner-Occupied Units by Geography	1,296,251	5.4	20.0	30.0	44.6	0.1
Occupied Rental Units by Geography	909,938	19.3	30.3	28.0	22.0	0.3
Vacant Units by Geography	180,987	20.8	28.7	25.5	24.7	0.3
Businesses by Geography	528,707	7.4	19.4	26.7	45.9	0.6
Farms by Geography	9,493	5.5	17.7	31.4	45.0	0.4
Family Distribution by Income Level	1,520,740	23.7	16.4	18.1	41.9	0.0
Household Distribution by Income Level	2,206,189	24.0	16.5	17.7	41.8	0.0
Median Family Income MSA - 19124 Dallas-Plano-Irving, TX		\$71,149	Median Housing Value			\$178,321
			Median Gross Rent			\$981
Median Family Income MSA - 23104 Fort Worth-Arlington-Grapevine, TX		\$69,339	Families Below Poverty Level			11.6%

Source: 2015 ACS and 2018 D&B Data
Due to rounding, totals may not equal 100.0%
(* The NA category consists of geographies that have not been assigned an income classification.

Scope of Evaluation in Texas

The rating for Texas is based on a full-scope review of the AAs within the state. All branches are located within the AAs, as well as a significant portion of the bank's lending and CD activities. We reviewed lending and CD activity in both the Houston MSA and Dallas-FW MSA AAs; however, there was insufficient loan volume in the Austin MSA AA to perform a meaningful lending analysis. We reviewed CD activity in all Texas AAs.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN TEXAS

LENDING TEST

The bank's performance under the Lending Test in Texas is rated Satisfactory.

Conclusions for Areas Receiving Full-Scope Reviews

Based on full-scope reviews, the bank's lending performance in the state of Texas is reasonable.

Distribution of Loans by Income Level of the Geography

The bank exhibits excellent geographic distribution of loans in Texas.

Loans to Small Businesses

Refer to Table Q in the state of Texas section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's originations and purchases of small loans to businesses.

In the Dallas-FW MSA and Houston MSA AAs, the distribution of loans in LMI CTs exceeded both the area demographics and the aggregate data from other small business lenders in the area.

Distribution of Loans by Income Level of the Borrower

The bank exhibits a reasonable distribution of loans to businesses of different sizes, given the product lines offered by the bank.

Loans to Small Businesses

Refer to Table R in the state of Texas section of appendix D for the facts and data used to evaluate the borrower distribution of the bank's originations and purchases of small loans to businesses.

In the Dallas-FW MSA AA, the bank's distribution of loans to small businesses was lower than the proportion of small businesses but near to aggregate data when compared to other business lenders in the area. In the Houston MSA AA, the bank's distribution of loans to small businesses was lower than the proportion of small businesses but exceeded aggregate data when compared to other business lenders in the area.

Responses to Complaints

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

COMMUNITY DEVELOPMENT TEST

The bank's performance under the CD Test in the state of Texas is rated Satisfactory.

Based on full-scope reviews, the bank exhibits adequate responsiveness to community needs in its AAs through qualified CD loans, investments, donations and services. This rating was determined after consideration of the bank's financial capacity, as well as the identified needs and availability of opportunities for community development within its AAs.

Number and Amount of CD Loans

Refer to the CD Loan table below for the facts and data used to evaluate the bank's level of CD lending. The table includes all CD loans, including multifamily loans that also qualify as CD loans.

CD Loans				
Assessment Area	Total			
	#	% of Total #	\$(000's)	% of Total \$
Houston MSA	11	66.7	13,051	62.6
Dallas-FW MSA	4	26.7	4,982	24.0
Austin MSA	0	0	0	0
Regional Area	1	6.6	2,800	13.4

During the evaluation period, SWNB originated or refinanced 15 qualifying CD loans totaling \$18 million in its AAs. In the Houston MSA AA, seven loans provided affordable housing, while four loans supported organizations that provide community services to LMI individuals. In the Dallas-FW MSA AA, CD loans helped support affordable housing, community services to LMI individuals, and economic development. While outside of the AAs, an additional loan was originated that supported economic development by providing jobs to LMI individuals.

Number and Amount of Qualified Investments

Qualified Investments										
Assessment Area	Prior Period*		Current Period		Total				Unfunded Commitments**	
	#	\$(000's)	#	\$(000's)	#	% of Total #	\$(000's)	% of Total \$	#	\$(000's)
Houston MSA	0	0	15	15	15	93.8	15	1.8	0	0
Dallas-FW MSA	0	0	0	0	0	0	0	0	0	0
Austin MSA	0	0	0	0	0	0	0	0	0	0
Broader Region	1	410	1	403	1	6.3	813	98.2	1	187

* Prior Period Investments means investments made in a previous evaluation period that are outstanding as of the examination date.

** Unfunded Commitments means legally binding investment commitments that are tracked and recorded by the institution's financial reporting system.

The Qualified Investment Table, shown above, sets forth the information and data used to evaluate the bank's level of qualified CD investments. These tables include all CD investments, including prior-period investments that remain outstanding as of the examination date.

During the current evaluation period, the bank made one qualifying investment and 15 donations totaling \$412,500. In the Houston MSA AA, 15 scholarships were provided to LMI students pursuing a college degree. SWNB also invested an additional \$402,500 in a prior-period Small Business Investment Corporation headquartered in Dallas, TX, which helps lower healthcare costs across the country. This investment brought the total funded balance to \$812,500, with a future investment of \$186,500 committed during the subsequent evaluation period.

Extent to Which the Bank Provides CD Services

The level of CD services is satisfactory, with bank personnel providing 992 hours of service to 13 organizations within the bank's AAs. In the Houston MSA AA, employees provided 80 hours of service to 10 organizations that supported community services to LMI individuals. These employees used financial expertise to provide financial literacy classes and seminars. In the Dallas-FW MSA AA, two employees provided 720 hours of service through board membership to two organizations that provide community services to LMI individuals. In the Austin MSA AA, one employee provided 192 hours of service by serving as a board member for an organization that provides community services to LMI individuals.

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 MSA(s) and non-MSA(s) 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”.

Time Period Reviewed:	Lending Test: January 1, 2017 through December 31, 2019 CD Test: January 31, 2017 through December 31, 2019	
Bank Products Reviewed:	Small Business Loans CD Loans, Qualified Investments, CD Services	
Affiliate(s)	Affiliate Relationship	Products Reviewed
None		
List of Assessment Areas and Type of Examination		
Rating and Assessment Areas	Type of Exam	Other Information
State:		
California		
Los Angeles MSA AA	NA	The bank opened a full-service branch in this AA on November 19, 2019. There was insufficient lending performance to evaluate for this AA during this review period.
Texas		
Austin MSA AA	NA/Full-scope	The branch located in this AA did not originate enough loans within the review period to provide meaningful analysis for the Lending Test. Although, a full-scope review was performed for the CD Test.
Dallas-Fort Worth MSA AA	Full-scope	The Dallas-Fort Worth MSA AA consists of 1,224 census tracts in Collin, Dallas, Denton, Ellis, Kaufman, and Tarrant Counties.
Houston MSA AA	Full-scope	The Houston MSA AA, a geography located in the Houston-The Woodlands-Sugar Land, TX MSA, consists of 1,039 census tracts in Brazoria, Fort Bend, Galveston, Harris, and Montgomery Counties.

Appendix B: Summary of MMSA and State Ratings

RATINGS Southwestern National Bank			
Overall Bank:	Lending Test Rating*	CD Test Rating	Overall Bank/State/Multistate Rating
Satisfactory	Satisfactory	Satisfactory	Satisfactory

(*) The Lending Test and Community Development Test carry equal weight in the overall rating.

Appendix C: Definitions and Common Abbreviations

The following terms and abbreviations are used in 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. For example, a bank subsidiary is controlled by the bank and is, therefore, an affiliate.

Aggregate Lending (Aggt.): The number of loans originated and purchased by all reporting lenders (HMDA or CRA) in specified income categories as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the state/AA.

Census Tract (CT): A small, relatively permanent statistical subdivision of a county delineated by a local committee of census data users for the purpose of presenting data. CTs nest within counties, and their boundaries normally follow visible features, but may follow legal geography boundaries and other non-visible features in some instances, CTs ideally contain about 4,000 people and 1,600 housing units.

Combined Statistical Area (CSA): A geographic entity consisting of two or more adjacent core based statistical areas with employment interchange measures of at least 15. An employment interchange measure is a measure of ties between two adjacent entities. The employment interchange measure is the sum of the percentage of workers living in the smaller entity who work in the larger entity and the percentage of employment in the smaller entity that is accounted for by workers who reside in the larger entity.

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; or activities that revitalize or stabilize low- or moderate-income geographies, distressed or underserved non-MSA middle-income geographies, or designated disaster areas.

Community Reinvestment Act (CRA): The statute that requires the OCC to evaluate a bank's record of meeting the credit needs of its entire community, including LMI areas, 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.

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-Scope 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 CT delineated by the U.S. Bureau of the Census in the most recent decennial census.

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-Scope 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: Individual income that is less than 50 percent of the area median income.

Low Income Geography: A CT with a median family income that is less than 50 percent.

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 state/AA area.

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. The median is the point at which half of the families have income above, and half below, a range of incomes. 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, and half below, a range of incomes.

Metropolitan Division (MD): 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 MD 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.

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.

Rating Area: A rated area is a state or multistate MSA (MMSA). 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 MMSA, the institution will receive a rating for the MMSA.

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.

Tier 1 Capital: The total of common shareholders' equity, perpetual preferred shareholders' equity with non-cumulative 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.

Appendix D: Tables of Performance Data

Content of Standardized Tables

A separate set of tables is provided for each state. All MMSA, if applicable, are presented in one set of tables. References to the “bank” include activities of any affiliates that the bank provided for consideration (refer to appendix A: Scope of the Examination). For purposes of reviewing the Lending Test tables, the following are applicable: (1) purchased are treated as originations; and (2) “aggregate” is the percentage of the aggregate number of reportable loans originated and purchased by all HMDA or CRA-reporting lenders in the MMSA/AA. Deposit data are compiled by the FDIC and are available as of June 30th of each year. Tables without data are not included in this PE.

The following is a listing and brief description of the tables included in each set:

- Table Q. Assessment Area Distribution of Loans to Small Businesses by Income Category of the Geography** - The percentage distribution of the number of small loans (less than or equal to \$1 million) to businesses that were originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies compared to the percentage distribution of businesses (regardless of revenue size) in those geographies. Because aggregate small business data are not available for geographic areas smaller than counties, it may be necessary to compare bank loan data to aggregate data from geographic areas larger than the bank’s AA.
- Table R. Assessment Area Distribution of Loans to Small Businesses by Gross Annual Revenue** - Compares the percentage distribution of the number of small loans (loans less than or equal to \$1 million) originated and purchased by the bank to businesses with revenues of \$1 million or less to: 1) the percentage distribution of businesses with revenues of greater than \$1 million; and, 2) the percentage distribution of businesses for which revenues are not available. The table also presents aggregate peer small business data for the years the data is available.

Texas

Table Q: Assessment Area Distribution of Loans to Small Businesses by Income Category of the Geography																			2017-19		
Assessment Area:	Total Loans to Small Businesses				Low-Income Tracts			Moderate-Income Tracts			Middle-Income Tracts			Upper-Income Tracts			Not Available-Income Tracts				
	#	\$	% of Total	Overall Market	% Busin esses	% Bank Loans	Aggt.	% Busin esses	% Bank Loans	Aggt.	% Busin esses	% Bank Loans	Aggt.	% Busin esses	% Bank Loans	Aggt.	% Busin esses	% Bank Loans	Aggt.		
Dallas-FW MSA	47	57,334	45.2	159,666	7.4	21.3	7.3	19.4	27.7	19.4	26.7	29.8	25.1	45.9	21.3	47.4	0.6	0.0	0.8		
Houston MSA	57	67,444	54.8	163,325	10.0	26.3	9.9	19.0	36.9	18.2	23.0	19.3	22.9	47.9	17.5	48.8	0.2	0.0	0.2		
Total	104	124,778	100.0	322,991	8.6	24.0	8.7	18.5	32.7	18.2	25.2	24.0	24.3	47.2	19.2	48.2	0.6	0.0	0.5		

Source: 2019 D&B Data; 01/01/2017 - 12/31/2019 Bank Data; 2018 CRA Aggregate Data.
Due to rounding, totals may not equal 100.0%

Table R: Assessment Area Distribution of Loans to Small Businesses by Gross Annual Revenues													2017-19	
Assessment Area:	Total Loans to Small Businesses				Businesses with Revenues <= 1MM			Businesses with Revenues > 1MM		Businesses with Revenues Not Available				
	#	\$	% of Total	Overall Market	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	% Businesses	% Bank Loans			
Dallas-FW MSA	47	57,334	45.2	159,666	85.7	38.3	42.2	5.1	27.7	9.2	34.0			
Houston MSA	57	67,444	54.8	163,325	85.5	59.7	40.7	5.8	14.0	8.8	26.3			
Total	104	124,778	100.0	322,991	85.6	50.0	41.6	5.4	20.2	9.0	29.8			

Source: 2019 D&B Data; 01/01/2017 - 12/31/2019 Bank Data; 2018 CRA Aggregate Data.
Due to rounding, totals may not equal 100.0%