



Office of the  
Comptroller of the Currency  
Washington, DC 20219

# INTERMEDIATE SMALL BANK

## PUBLIC DISCLOSURE

April 29, 2024

## COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Southwestern National Bank  
**Charter Number 23081**

6901 Corporate Drive  
Houston, TX 77036

Office of the Comptroller of the Currency

Two Houston Center  
909 Fannin Street, Suite 1900  
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 rating is based on a reasonable loan-to-deposit (LTD) ratio, a majority of loans originated inside the assessment area (AA), and reasonable geographic and borrower distribution of loans.
- The Community Development (CD) Test rating is based on an excellent level of CD loans, an adequate level of qualified investments and donations, and an overall adequate level of CD services.

### Loan-to-Deposit Ratio

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

To evaluate the bank's performance, we identified six similarly situated community banks comparable in asset size. As of December 31, 2023, the bank's quarterly average LTD ratio since the last CRA evaluation was 95 percent, with a low of 90 percent and a high of 100 percent. The comparator quarterly average ratio over the same period was 79 percent ranging from a low of 61 percent to a high of 109 percent.

### Lending in Assessment Area

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

The bank originated 86.3 percent of its total loans inside the bank's AAs during the evaluation period. This analysis is performed at the bank, rather than the AA, level. This percentage does not include extensions of credit by affiliates that may be considered under the other performance criteria.

| Lending Inside and Outside of the Assessment Area |                 |      |         |      |         |                                 |      |         |      |                |
|---------------------------------------------------|-----------------|------|---------|------|---------|---------------------------------|------|---------|------|----------------|
| Loan Category                                     | Number of Loans |      |         |      | Total # | Dollar Amount of Loans \$(000s) |      |         |      | Total \$(000s) |
|                                                   | Inside          |      | Outside |      |         | Inside                          |      | Outside |      |                |
|                                                   | #               | %    | #       | %    |         | \$                              | %    | \$      | %    |                |
| Business                                          | 264             | 75.2 | 87      | 24.8 | 351     | 460,290                         | 75.1 | 152,216 | 24.9 | 612,506        |
| Business - PPP                                    | 1,329           | 89.0 | 165     | 11.0 | 1,494   | 65,053                          | 90.2 | 7,041   | 9.8  | 72,094         |
| Total                                             | 1,593           | 86.3 | 252     | 13.7 | 1,845   | 525,343                         | 76.7 | 159,257 | 23.3 | 684,600        |

## 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.

SWNB operates a total of nine full-service locations including the main location in Houston, Texas. There are six locations in Texas and three locations in California. All locations offer convenient lobby hours Monday through Friday with drive-thru hours offered at the main office in Houston, Texas and the branches in Plano and Richardson, Texas. The main office, Richardson, Texas, and Austin, Texas branches are also open half a day on Saturday. The bank does not have any automated teller machines (ATMs) but instead charges no usage fees for bank customers to utilize other ATMs.

During the evaluation period, SWNB entered the San Francisco metropolitan statistical area (MSA) by opening a full-service branch located at 1528 South El Camino Real, Suite 301, San Mateo County, CA 94402 in March 2023. While outside the evaluation period, SWNB also opened a new branch in the Los Angeles combined statistical area (CSA) in February 2024 that is located at 3530 Wilshire Blvd., Suite 1520, Los Angeles, CA 90010.

SWNB offers 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 savings, and money market accounts, as well as internet banking, treasury management, remote deposit capture, and mobile banking. Additional retail services include personal banking products and services such as traditional checking, money market and savings accounts, as well as convenience services including mobile banking and deposit, online banking, external transfer, Zelle, and bill pay.

As of December 31, 2023, SWNB reported total assets of \$1.1 billion and a tier 1 capital ratio of 14 percent. The loan portfolio totaled \$948 million or 86 percent of total assets. SWNB's primary lending focus is loans to small and medium-sized businesses, with commercial real estate comprising 75 percent of total loans. Other lending segments were minimal including construction loans at 9 percent, residential loans at 7 percent, commercial and industrial loans at 6 percent, multi-family loans at 2.3 percent, and consumer loans at less than 1 percent of total loans.

In 2020, the Small Business Administration established the Paycheck Protection Program (PPP) under the Coronavirus Aid, Relief, and Economic Security Act in response to the COVID-19 pandemic. The goal of the program was to aid small businesses by funding payroll costs, mortgages, rent, and utilities. SWNB originated 1,547 PPP loans totaling \$72 million, of which 1,329 or \$65 million were within the AAs.

There are no legal or financial circumstances impeding the bank's ability to meet the credit and CD needs within its AAs. The bank was rated "Satisfactory" at the last Community Reinvestment Act (CRA) evaluation dated April 20, 2020.

## **Scope of the Evaluation**

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

The evaluation period for the Lending and CD Tests was January 1, 2020, through December 31, 2023. To evaluate lending performance, we reviewed commercial loans including PPP loans. We found revenue and geographic information on commercial loans reliable and used the entire population. For the 2020-2021 evaluation period, we compared small business loans to 2021 CRA aggregate data. We performed a separate analysis for 2022-2023 loans due to 2020 U.S. Census demographic changes. We compared those small business loans to 2023 aggregate data.

### **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 located within the same MSA, multistate metropolitan statistical area (MMSA), or CSA 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 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 bank’s overall rating is a blend of the state ratings, and where applicable, multistate ratings. SWNB operates in two states, with Texas receiving more weight, as the bulk of deposits and loans are located in the state.

The state ratings are based on performance in all bank AAs. Refer to the “Scope” section under each state 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) or 195.28(c), respectively, in determining a national bank’s or federal savings association’s (collectively, bank) 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 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:

- An excellent geographic distribution of loans
- A reasonable distribution of loans to businesses of different sizes
- An excellent level of CD loans and an adequate amount of qualified CD investments and donations, and CD services.

### Description of Institution's Operations in Texas

During the evaluation period, SWNB operated a total of six locations in Texas throughout three AAs. The Houston AA includes all census tracts (CTs) in Brazoria, Fort Bend, Galveston, Harris, and Montgomery counties. The Dallas AA includes all CTs in Collin, Dallas, Denton, Ellis, and Kaufman counties. The Austin AA includes all CTs in Travis County. Texas is SWNB's largest rating area with bank operations comprising 78 percent of total bank deposits and 27 percent of total branches.

We conducted a full-scope review of the Houston AA, which accounted for 48.5 percent of bank deposits and 54 percent of state deposits. There are two branches in the Houston AA including the main office in a low-income CT and the Sugar Land branch in an upper-income CT. According to the Federal Deposit Insurance Corporation (FDIC) deposit market share data as of June 30, 2023, SWNB held \$426 million in the AA representing a 0.1 percent market share. SWNB ranked 63<sup>rd</sup> of 201 institutions in the AA. The five largest competitors in this AA were JPMorgan Chase Bank N.A., Wells Fargo Bank, N.A., Bank of America, N.A., Zions Bancorporation N.A., and PNC Bank, NA.

The Dallas AA accounted for 38 percent of bank deposits and 43 percent of state deposits. There were two branches in Richardson, Texas in middle-income CTs. There was one additional branch in Plano, Texas in an upper-income CT. According to FDIC deposit market share data as of June 30, 2023, SWNB held \$337 million representing 0.1 percent market share.

The Austin AA accounted for 3 percent of bank deposits and 3 percent of state deposits. There was only one branch in a middle-income CT. According to FDIC Deposit Market Share data as of June 30, 2023, SWNB held \$24 million representing 0.04 percent market share.

### Community Contacts

We utilized three community contacts in the Houston AA during the evaluation period. Of the three organizations identified in the Houston AA, one provides youth services such as housing and life skills programs, one provides affordable housing assistance, and one provides small business loans for economic development. The primary needs identified included small dollar consumer loans, small business loans, CD loan funding, affordable housing, financial literacy programs, and down payment assistance programs.

Please refer to the following tables, which provide information on the demographic composition of the Houston MSA for both evaluation periods.

| Demographic Information of the Assessment Area                                                    |           |               |                              |                  |                 |               |
|---------------------------------------------------------------------------------------------------|-----------|---------------|------------------------------|------------------|-----------------|---------------|
| Assessment Area: Houston MSA (2020-2021)                                                          |           |               |                              |                  |                 |               |
| Demographic Characteristics                                                                       | #         | Low<br>% of # | Moderate<br>% of #           | Middle<br>% of # | Upper<br>% of # | NA*<br>% 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                                                                           | 663,219   | 9.3           | 17.7                         | 22.7             | 50.2            | 0.2           |
| Farms by Geography                                                                                | 9,729     | 5.4           | 15.4                         | 28.5             | 50.7            | 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 –<br>26420 Houston-The Woodlands-Sugar Land, TX<br>MSA                   |           | \$69,373      | Median Housing Value         |                  |                 | \$174,523     |
|                                                                                                   |           |               | Median Gross Rent            |                  |                 | \$943         |
|                                                                                                   |           |               | Families Below Poverty Level |                  |                 | 12.9%         |
| Source: 2015 ACS and 2021 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. |           |               |                              |                  |                 |               |

| Demographic Information of the Assessment Area                                                                                                                                                 |           |               |                              |                  |                 |               |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------|---------------|------------------------------|------------------|-----------------|---------------|
| Assessment Area: Houston MSA (2022-2023)                                                                                                                                                       |           |               |                              |                  |                 |               |
| Demographic Characteristics                                                                                                                                                                    | #         | Low<br>% of # | Moderate<br>% of #           | Middle<br>% of # | Upper<br>% of # | NA*<br>% of # |
| Geographies (Census Tracts)                                                                                                                                                                    | 1,562     | 13.8          | 24.6                         | 26.1             | 32.3            | 3.1           |
| Population by Geography                                                                                                                                                                        | 6,897,080 | 10.8          | 23.5                         | 28.5             | 35.5            | 1.6           |
| Housing Units by Geography                                                                                                                                                                     | 2,567,743 | 11.6          | 23.5                         | 27.8             | 35.2            | 1.9           |
| Owner-Occupied Units by Geography                                                                                                                                                              | 1,413,084 | 5.1           | 19.4                         | 30.3             | 44.3            | 0.9           |
| Occupied Rental Units by Geography                                                                                                                                                             | 926,071   | 20.3          | 29.5                         | 24.3             | 22.8            | 3.1           |
| Vacant Units by Geography                                                                                                                                                                      | 228,588   | 16.4          | 24.8                         | 26.6             | 29.1            | 3.1           |
| Businesses by Geography                                                                                                                                                                        | 1,136,898 | 8.8           | 18.8                         | 24.7             | 45.7            | 2.2           |
| Farms by Geography                                                                                                                                                                             | 15,591    | 6.1           | 17.3                         | 29.3             | 45.8            | 1.6           |
| Family Distribution by Income Level                                                                                                                                                            | 1,650,859 | 23.6          | 16.6                         | 17.8             | 42.0            | 0.0           |
| Household Distribution by Income Level                                                                                                                                                         | 2,339,155 | 24.5          | 15.9                         | 16.9             | 42.7            | 0.0           |
| Median Family Income MSA –<br>26429 Houston-The Woodlands-Sugar Land, TX<br>MSA                                                                                                                |           | \$81,859      | Median Housing Value         |                  |                 | \$230,632     |
|                                                                                                                                                                                                |           |               | Median Gross Rent            |                  |                 | \$1,175       |
|                                                                                                                                                                                                |           |               | Families Below Poverty Level |                  |                 | 10.6%         |
| Source: 2020 U.S. Census and 2023 D&B Data. Due to rounding, totals may not equal 100.0%<br>(* ) 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 Houston AA, which accounted for 54 percent of state deposits. We conducted limited-scope reviews of the Dallas and Austin AAs, which accounted for 43 percent and 3 percent of state deposits, respectively.

## **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 a full-scope review, 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 the state.

#### ***Small Loans to Businesses***

Refer to Table Q 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.

The overall geographic distribution of business loans is excellent.

#### ***Houston MSA***

The distribution of business loans in low- or moderate-income (LMI) geographies is excellent. In 2020-2021, the proportion of bank loans in LMI CTs significantly exceeded both the proportion of businesses and aggregate data. In 2022-2023, the proportion of bank loans in low-income CTs significantly exceeded both the proportion of businesses and aggregate data. In moderate-income CTs, the proportion of bank loans slightly exceeded both the proportion of businesses and aggregate data.

#### ***Lending Gap Analysis***

We did not identify any unexplained conspicuous gaps during our review.

### **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.

#### ***Small Loans to Businesses***

Refer to Table R 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.

The overall borrower distribution of business loans by revenue is reasonable.

#### *Houston MSA*

The distribution of business loans by revenue is reasonable. In both the 2020-2021 and 2022-2023 evaluation periods, the proportion of business loans was below the proportion of businesses but significantly exceeded aggregate data.

#### **Responses to Complaints**

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

#### **Conclusions for Areas Receiving Limited-Scope Reviews**

Based on a limited scope review, the bank's performance under the Lending Test in the Austin AA is weaker than the bank's overall performance under the Lending Test in the full-scope AA. There were too few loans to perform a meaningful analysis for the Austin AA.

Based on a limited scope review, the bank's performance under the Lending Test in the Dallas AA is consistent with the bank's overall performance under the Lending Test in the full-scope AA.

### **COMMUNITY DEVELOPMENT TEST**

The bank's performance under the Community Development Test is rated Satisfactory.

#### **Conclusions for Area Receiving a Full-Scope Review**

Based on a full-scope review, the bank exhibits reasonable responsiveness to CD needs in the state through CD loans, qualified investments and donations, and CD services, as appropriate, considering the bank's capacity and the need and availability of such opportunities for CD in the bank's AA.

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

The Community Development Loans Table, shown below, sets forth the information 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.

| <i>Community Development Loans</i> |          |              |                |               |
|------------------------------------|----------|--------------|----------------|---------------|
| Assessment Area                    | Total    |              |                |               |
|                                    | #        | % of Total # | \$(000's)      | % of Total \$ |
| Houston AA                         | 6        | 100%         | \$6,428        | 100%          |
| <b>Total</b>                       | <b>6</b> | <b>100%</b>  | <b>\$6,428</b> | <b>100%</b>   |

During the evaluation period, SWNB demonstrated excellent responsiveness to CD loans by originating six loans totaling \$6.4 million in the Houston AA. All CD loans provided affordable housing, which was identified as a need in this AA. The volume of CD lending in the Houston AA was equivalent to 10 percent of allocated tier 1 capital.

## Number and Amount of Qualified Investments

| Assessment Area | <i>Qualified Investments</i> |            |                |              |           |              |                |               |
|-----------------|------------------------------|------------|----------------|--------------|-----------|--------------|----------------|---------------|
|                 | Prior Period*                |            | Current Period |              | Total     |              |                |               |
|                 | #                            | \$(000's)  | #              | \$(000's)    | #         | % of Total # | \$(000's)      | % of Total \$ |
| Houston AA      | 1                            | 483        | 35             | 1,192        | 36        | 100          | \$1,675        | 100           |
| <b>Total</b>    | <b>1</b>                     | <b>483</b> | <b>35</b>      | <b>1,192</b> | <b>36</b> | <b>100</b>   | <b>\$1,675</b> | <b>100</b>    |

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

### *Houston MSA*

The level of CD investments made during the evaluation period was adequate. Total investments and donations in the AA represented 2 percent of allocated tier 1 capital. SWNB allocated \$483,135 to the Houston MSA from a prior period SBIC bond. The bank also purchased three current period municipal bonds totaling \$1 million that benefitted the entire population including LMI families. SWNB made 32 donations totaling \$87,180 during the evaluation period, a majority of which were to organizations providing services targeted to LMI families. The remaining donations provided COVID-19 pandemic assistance, training materials for a financial literacy program, support for a program that provided job training and health services to LMI families, and disaster assistance relief.

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

SWNB employees provided 304 hours of community services in the Houston AA that benefit LMI individuals. Of note, one employee served as an executive volunteer for an in- and post-prison release mentoring program for incarcerated individuals and another officer served as a board member on a program that provides food service to LMI children in underserved communities.

### Conclusions for Areas Receiving Limited-Scope Reviews

Based on limited scope reviews, the bank's performance under the CD Test in the Austin and Dallas AAs is weaker than the bank's overall performance in the full scope area. In both AAs, CD activities was significantly weaker than the full-scope AA for CD loans and investments and donations; however, SWNB employees provided 480 hours of community service in the Austin AA and 960 hours of community service in the Dallas AA.

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

## State Rating

### State of California

#### CRA rating for the State of California: Satisfactory

**The Lending Test is rated:** Satisfactory

**The Community Development Test is rated:** Needs to Improve

The major factors that support this rating include:

- A reasonable geographic distribution of loans
- A reasonable distribution of loans to businesses of different sizes
- A reasonable amount of CD loans but minimal investments/donations and no CD service hours

### Description of Institution's Operations in California

During the evaluation period, SWNB operated two full-service branches in California. There was one branch in the Los Angeles CSA and one branch located in the San Francisco MSA. We only evaluated the Los Angeles CSA, which accounted for 83 percent of California deposits and 9 percent of total bank deposits. The branch in the San Francisco MSA was open less than one year of our evaluation period and accounted for 17 percent of California deposits and 2 percent of total bank deposits as of year-end 2023.

The Los Angeles CSA consists of four contiguous counties surrounding Los Angeles, California. The AA includes all CTs in Los Angeles, Orange, Riverside, and San Bernardino counties. SWNB entered the Los Angeles CSA in 2019 with a branch located in a moderate-income CT in Orange County. While outside the evaluation period, SWNB opened a new location in the Los Angeles CSA in early 2023. The branch is located at 3530 Wilshire Blvd. Suite 1520, Los Angeles, CA 90010, which is in a moderate-income CT. According to FDIC deposit market share data as of June 30, 2023, SWNB held \$76 million in deposits or 0.01 percent market share. The five largest competitors were JPMorgan Chase Bank N.A., Bank of America N.A., Wells Fargo Bank, N.A., City National Bank, and East West Bank.

The San Francisco MSA consists of two contiguous counties surrounding San Francisco, California. The AA includes all CTs in San Francisco and San Mateo counties. In March 2023, SWNB opened a full-service branch located at 1528 South El Camino Real, Suite 301, San Mateo County, CA 94402, which is in an upper-income CT. According to FDIC deposit market share data as of June 30, 2023, SWNB held \$16 million or 0 percent market share. The five largest competitors were Bank of America N.A., JPMorgan Chase Bank N.A., Wells Fargo Bank N.A., Citibank N.A., and HSBC Bank USA N.A.

### Community Contacts

We utilized two community contacts in the Los Angeles CSA. Of the two organizations identified, one contact was an economic development organization that provides financial assistance, affordable housing, and advisory services to LMI families. The other contact was a nonprofit counseling agency that specializes in first-time home buying and foreclosure prevention for LMI residents in southern Los Angeles County. Primary community needs identified were financial literacy, pre-foreclosure assistance, credit counseling, workforce development, and lending for small and micro businesses.

Please refer to the following tables, which provide information on the demographic composition of the Los Angeles CSA for both evaluation periods.

| Table A – Demographic Information of the Assessment Area                                          |            |               |                              |                  |                 |               |
|---------------------------------------------------------------------------------------------------|------------|---------------|------------------------------|------------------|-----------------|---------------|
| Assessment Area: Los Angeles CSA (2020-2021)                                                      |            |               |                              |                  |                 |               |
| Demographic Characteristics                                                                       | #          | Low<br>% of # | Moderate<br>% of #           | Middle<br>% of # | Upper<br>% of # | NA*<br>% of # |
| Geographies (Census Tracts)                                                                       | 3,751      | 8.2           | 28.4                         | 28.3             | 33.4            | 1.6           |
| Population by Geography                                                                           | 17,547,258 | 7.8           | 28.6                         | 29.0             | 34.0            | 0.5           |
| Housing Units by Geography                                                                        | 6,062,644  | 6.9           | 26.2                         | 28.7             | 37.9            | 0.3           |
| Owner-Occupied Units by Geography                                                                 | 2,901,683  | 2.6           | 18.5                         | 30.3             | 48.5            | 0.1           |
| Occupied Rental Units by Geography                                                                | 2,684,296  | 11.5          | 34.5                         | 26.7             | 26.7            | 0.6           |
| Vacant Units by Geography                                                                         | 476,665    | 6.5           | 25.9                         | 31.2             | 35.8            | 0.7           |
| Businesses by Geography                                                                           | 1,859,232  | 4.8           | 20.2                         | 26.4             | 47.1            | 1.6           |
| Farms by Geography                                                                                | 21,687     | 3.8           | 20.1                         | 30.1             | 45.5            | 0.7           |
| Family Distribution by Income Level                                                               | 3,892,727  | 24.0          | 16.4                         | 17.5             | 42.1            | 0.0           |
| Household Distribution by Income Level                                                            | 5,585,979  | 25.4          | 15.6                         | 16.4             | 42.7            | 0.0           |
| Median Family Income MSA - 11244 Anaheim-Santa Ana-Irvine, CA                                     |            | \$86,003      | Median Housing Value         |                  |                 | \$448,193     |
| Median Family Income MSA - 31084 Los Angeles-Long Beach-Glendale, CA                              |            | \$62,703      | Median Gross Rent            |                  |                 | \$1,322       |
| Median Family Income MSA - 40140 Riverside-San Bernardino-Ontario, CA MSA                         |            | \$61,507      | Families Below Poverty Level |                  |                 | 13.4%         |
| Source: 2015 ACS and 2021 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. |            |               |                              |                  |                 |               |

| Table A – Demographic Information of the Assessment Area                                          |            |                              |                    |                  |                 |               |
|---------------------------------------------------------------------------------------------------|------------|------------------------------|--------------------|------------------|-----------------|---------------|
| Assessment Area: Los Angeles CSA (2022-2023)                                                      |            |                              |                    |                  |                 |               |
| Demographic Characteristics                                                                       | #          | Low<br>% of #                | Moderate<br>% of # | Middle<br>% of # | Upper<br>% of # | NA*<br>% of # |
| Geographies (Census Tracts)                                                                       | 4,096      | 5.5                          | 27.8               | 31.4             | 33.0            | 2.3           |
| Population by Geography                                                                           | 17,800,837 | 4.9                          | 28.0               | 32.6             | 33.4            | 1.1           |
| Housing Units by Geography                                                                        | 6,227,476  | 4.7                          | 25.9               | 31.8             | 36.5            | 1.1           |
| Owner-Occupied Units by Geography                                                                 | 3,011,733  | 1.6                          | 18.4               | 33.6             | 46.0            | 0.4           |
| Occupied Rental Units by Geography                                                                | 2,737,275  | 8.0                          | 34.4               | 30.2             | 25.6            | 1.7           |
| Vacant Units by Geography                                                                         | 478,468    | 4.5                          | 24.6               | 30.1             | 38.7            | 2.1           |
| Businesses by Geography                                                                           | 2,439,607  | 3.3                          | 19.5               | 29.5             | 45.5            | 2.2           |
| Farms by Geography                                                                                | 27,716     | 2.8                          | 19.0               | 32.2             | 44.8            | 1.2           |
| Family Distribution by Income Level                                                               | 3,982,791  | 23.2                         | 16.7               | 18.3             | 41.8            | 0.0           |
| Household Distribution by Income Level                                                            | 5,749,008  | 25.3                         | 15.4               | 17.0             | 42.4            | 0.0           |
| Median Family Income MSA - 11244 Anaheim-Santa Ana-Irvine, CA                                     | \$106,451  | Median Housing Value         |                    |                  | \$610,568       |               |
| Median Family Income MSA - 31084 Los Angeles-Long Beach-Glendale, CA                              | \$80,317   | Median Gross Rent            |                    |                  | \$1,631         |               |
| Median Family Income MSA - 40140 Riverside-San Bernardino-Ontario, CA MSA                         | \$76,686   | Families Below Poverty Level |                    |                  | 9.8%            |               |
| Source: 2020 U.S. Census and 2023 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 California**

The rating for California is based on a full-scope review of the Los Angeles CSA, which accounted for 83 percent of state deposits. We did not evaluate the San Francisco MSA, as the only branch opened in March 2023 and accounted for 17 percent of state deposits.

## **CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN CALIFORNIA**

### **LENDING TEST**

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

### **Conclusions for Areas Receiving Full-Scope Reviews**

Based on a full-scope review, the bank's lending performance in the state of California is reasonable.

### **Distribution of Loans by Income Level of the Geography**

The bank exhibits excellent geographic distribution of loans in the state.

#### ***Small Loans to Businesses***

Refer to Table Q 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.

The overall geographic distribution of business loans was excellent.

#### ***Los Angeles CSA***

The distribution of business loans in LMI geographies was excellent, which included PPP lending. In 2020-2021, there were too few loans for a meaningful analysis; however, PPP lending was consistent with the proportion of businesses and aggregate data in low-income CTs. In moderate-income CTs, PPP lending exceeded both the proportion of businesses and aggregate data. In 2022-2023, the proportion of bank loans in LMI CTs significantly exceeded both the proportion of businesses and aggregate data.

#### ***Lending Gap Analysis***

We did not identify any unexplained conspicuous gaps during our review.

### **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.

### ***Small Loans to Businesses***

Refer to Table R 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.

The overall borrower distribution of business loans by revenue is reasonable.

### ***Los Angeles CSA***

The distribution of business loans by revenue is reasonable. In 2020-2021, there were too few loans for a meaningful analysis. In 2022-2023, the distribution of business loans was below the proportion of businesses but significantly exceeded aggregate data.

### **Responses to Complaints**

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

## **COMMUNITY DEVELOPMENT TEST**

The bank's performance under the Community Development Test is rated Needs to Improve.

### **Conclusions for Areas Receiving Full-Scope Reviews**

Based on a full-scope review, the bank exhibits less than reasonable responsiveness to CD needs in the state through CD loans, investments/donations and services as appropriate, considering the bank's capacity and the need and availability of such opportunities for CD in the bank's AA.

SWNB originated CD loans, however, donations were minimal and there were no new investments. There were also no CD service hours. As the bank has been in the Los Angeles market since 2019, more efforts are needed in this area.

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

The Community Development Loans Table, shown below, sets forth the information 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.

| <i>Community Development Loans</i> |          |              |                |               |
|------------------------------------|----------|--------------|----------------|---------------|
| Assessment Area                    | Total    |              |                |               |
|                                    | #        | % of Total # | \$(000's)      | % of Total \$ |
| Los Angeles CSA                    | 2        | 100%         | \$5,800        | 100%          |
| <b>Total</b>                       | <b>2</b> | <b>100%</b>  | <b>\$5,800</b> | <b>100%</b>   |

During the evaluation period, SWNB demonstrated sufficient responsiveness to CD loans by originating two loans totaling \$5.8 million in the Los Angeles CSA. One of the CD loans for \$4.8 million provided affordable housing and services targeted to LMI individuals, which has been identified as a need in this AA. The second loan for \$1 million was to a local supermarket that provides jobs for LMI employees.

Although we did not evaluate the San Francisco MSA, it is important to note the bank also made one qualifying CD loan for \$8 million to a city-funded nonprofit to provide housing and services to low-income residents in San Francisco. This facility has 89 units, all occupied by low-income residents.

### Number and Amount of Qualified Investments

| Assessment Area | <i>Qualified Investments</i> |            |                |           |          |              |            |               |
|-----------------|------------------------------|------------|----------------|-----------|----------|--------------|------------|---------------|
|                 | Prior Period*                |            | Current Period |           | Total    |              |            |               |
|                 | #                            | \$(000's)  | #              | \$(000's) | #        | % of Total # | \$(000's)  | % of Total \$ |
| Los Angeles CSA | 1                            | 100        | 3              | 10        | 4        | 100          | 110        | 100           |
| <b>Total</b>    | <b>1</b>                     | <b>100</b> | <b>3</b>       | <b>10</b> | <b>4</b> | <b>100</b>   | <b>110</b> | <b>100</b>    |

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

The level of CD investments and donations during the evaluation period in the Los Angeles CSA is poor. SWNB allocated \$100,000 to the Los Angeles CSA from a prior-period SBIC bond. The bank also made three donations totaling \$10,000 during the evaluation period. One donation was to an organization providing services targeted to LMI families, one donation provided assistance during the COVID-19 pandemic, and one provided training materials for a financial literacy program.

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

SWNB did not have any community development service hours in California.

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

## Appendix A: Scope of Examination

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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”.

|                                                         |                                                              |                                                                 |
|---------------------------------------------------------|--------------------------------------------------------------|-----------------------------------------------------------------|
| <b>Time Period Reviewed:</b>                            | 01/01/2020 to 12/31/2023                                     |                                                                 |
| <b>Bank Products Reviewed:</b>                          | Small business, CD loans, qualified investments, CD services |                                                                 |
| <b>Affiliate(s)</b>                                     | <b>Affiliate Relationship</b>                                | <b>Products Reviewed</b>                                        |
| NA                                                      | NA                                                           | NA                                                              |
| <b>List of Assessment Areas and Type of Examination</b> |                                                              |                                                                 |
| <b>Rating and Assessment Areas</b>                      | <b>Type of Exam</b>                                          | <b>Other Information</b>                                        |
| <b>TEXAS</b>                                            |                                                              |                                                                 |
| Houston MSA                                             | Full-scope                                                   | Brazoria, Fort Bend, Galveston, Harris, and Montgomery counties |
| Dallas MSA                                              | Limited-scope                                                | Collin, Dallas, Denton, Ellis, and Kaufman counties             |
| Austin MSA                                              | Limited-scope                                                | Travis county                                                   |
| <b>CALIFORNIA</b>                                       |                                                              |                                                                 |
| Los Angeles CSA                                         | Full-scope                                                   | Orange, Los Angeles, Riverside and San Bernardino counties      |
|                                                         |                                                              |                                                                 |

## Appendix B: Summary of MMSA and State Ratings

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| <b>RATINGS</b>                    |                         |                   |                                          |
|-----------------------------------|-------------------------|-------------------|------------------------------------------|
| <b>Southwestern National Bank</b> |                         |                   |                                          |
| Overall Bank:                     | Lending Test<br>Rating* | CD Test<br>Rating | Overall Bank/State/<br>Multistate Rating |
| Satisfactory                      | Satisfactory            | Satisfactory      | Satisfactory                             |
| State:                            |                         |                   |                                          |
| <b>Texas</b>                      | Satisfactory            | Satisfactory      | Satisfactory                             |
| <b>California</b>                 | Satisfactory            | Needs to Improve  | Satisfactory                             |

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

## Appendix C: Definitions and Common Abbreviations

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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. Census tracts 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 nonmetropolitan 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.

**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, 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-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 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), the lien status of the collateral, any requests for preapproval, and loans for manufactured housing.

**Home Mortgage Loans:** A closed-end mortgage loan or an open-end line of credit as these terms are defined under 12 CFR 1003.2, and that is not an excluded transaction under 12 CFR 1003.3(c)(1) through (c)(10) and (c)(13).

**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/assessment 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:** 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:** 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 Metropolitan Statistical Area 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 multi-state metropolitan statistical area. 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 metropolitan statistical area, the institution will receive a rating for the multi-state metropolitan statistical area.

**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 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

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### Content of Standardized Tables

A separate set of tables is provided for each state. All multistate metropolitan statistical areas, 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 30<sup>th</sup> 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 assessment area.

**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.

The total loan amount presented in the tables for each assessment area may differ from the total loan amount reported in the aggregate table due to how the underlying loan data is rounded in each table.

## TEXAS

Table Q: Assessment Area Distribution of Loans to Small Businesses by Income Category of the Geography – TEXAS 2020-2021

| 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    | % Businesses | % Bank Loans | Aggregate              | % Businesses | % Bank Loans | Aggregate            | % Businesses | % Bank Loans | Aggregate           | % Businesses | % Bank Loans | Aggregate                   | % Businesses | % Bank Loans |
| Houston          | 78                              | 125,251        | 6.5        | 231,405           | 9.3          | 24.4         | 9.5                    | 17.7         | 33.3         | 18.3                 | 22.7         | 23.1         | 24.0                | 50.2         | 17.9         | 48.0                        | 0.2          | 1.3          |
| Houston – PPP    | 540                             | 33,048         | 44.9       | --                | 9.3          | 19.8         | 9.5                    | 17.7         | 23.7         | 18.3                 | 22.7         | 20.4         | 24.0                | 50.2         | 36.1         | 48.0                        | 0.2          | 0.0          |
| Austin           | 7                               | 23,584         | 0.6        | 47,373            | 8.1          | 28.6         | 9.3                    | 11.5         | 28.6         | 13.7                 | 24.9         | 28.6         | 27.4                | 53.7         | 14.3         | 48.3                        | 1.8          | 0.0          |
| Austin – PPP     | 39                              | 1,155          | 3.2        | --                | 8.1          | 20.5         | 9.3                    | 11.5         | 38.5         | 13.7                 | 24.9         | 38.5         | 27.4                | 53.7         | 2.5          | 48.3                        | 1.8          | 0.0          |
| Dallas           | 32                              | 66,603         | 2.7        | 164,031           | 7.3          | 28.1         | 7.4                    | 17.4         | 25.0         | 18.4                 | 26.0         | 18.8         | 25.0                | 48.3         | 28.1         | 48.4                        | 0.9          | 0.0          |
| Dallas – PPP     | 507                             | 21,328         | 42.1       | --                | 7.3          | 6.3          | 7.4                    | 17.4         | 15.8         | 18.4                 | 26.0         | 23.7         | 25.0                | 48.3         | 54.2         | 48.4                        | 0.9          | 0.0          |
| <b>Total</b>     | <b>1,203</b>                    | <b>270,969</b> | <b>100</b> | <b>442,809</b>    | <b>8.4</b>   | <b>14.7</b>  | <b>8.7</b>             | <b>16.8</b>  | <b>21.5</b>  | <b>17.8</b>          | <b>24.3</b>  | <b>22.5</b>  | <b>24.7</b>         | <b>49.9</b>  | <b>41.1</b>  | <b>48.2</b>                 | <b>0.7</b>   | <b>0.1</b>   |

Source: 2021 D&B Data; 01/01/2020 - 12/31/2021 Bank Data; 2021 CRA Aggregate Data; "—" data not available. Due to rounding, totals may not equal 100.0%. The percentage of businesses and aggregate columns include all reportable business loans including PPP.

Table Q: Assessment Area Distribution of Loans to Small Businesses by Income Category of the Geography – TEXAS Texas 2022-23

| 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    | % Businesses | % Bank Loans | Aggregate              | % Businesses | % Bank Loans | Aggregate            | % Businesses | % Bank Loans | Aggregate           | % Businesses | % Bank Loans | Aggregate                   | % Businesses | % Bank Loans |
| Houston          | 51                              | 79,453         | 51.5       | 225,405           | 8.8          | 19.6         | 8.0                    | 18.8         | 19.6         | 18.3                 | 24.7         | 19.6         | 25.5                | 45.7         | 41.2         | 46.6                        | 2.2          | 0.0          |
| Austin           | 2                               | 1,516          | 2.0        | 48,429            | 3.1          | 0.0          | 4.0                    | 14.3         | 50.0         | 19.1                 | 18.6         | 50.0         | 24.3                | 56.4         | 0.0          | 49.7                        | 7.6          | 0.0          |
| Dallas           | 46                              | 65,192         | 46.5       | 165,903           | 5.2          | 25.0         | 4.8                    | 16.6         | 27.8         | 17.5                 | 30.7         | 22.2         | 29.4                | 46.5         | 25.0         | 47.3                        | 1.0          | 0.0          |
| <b>Total</b>     | <b>99</b>                       | <b>146,161</b> | <b>100</b> | <b>439,737</b>    | <b>6.6</b>   | <b>17.2</b>  | <b>6.3</b>             | <b>17.3</b>  | <b>27.3</b>  | <b>18.1</b>          | <b>26.1</b>  | <b>21.2</b>  | <b>26.9</b>         | <b>47.5</b>  | <b>34.3</b>  | <b>47.2</b>                 | <b>2.5</b>   | <b>0.0</b>   |

Source: 2023 D&B Data; 01/01/2022 - 12/31/2023 Bank Data; 2023 CRA Aggregate Data; "—" data not available. Due to rounding, totals may not equal 100.0%.

The total loan amount presented in the tables for each assessment area may differ from the total loan amount reported in the aggregate table due to how the underlying loan data is rounded in each table.

| Table R: Assessment Area Distribution of Loans to Small Businesses by Gross Annual Revenues – TEXAS                                                         |                                 |                |            |                |                                 |              |             |                                |              |              | 2020-2021                              |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------|----------------|------------|----------------|---------------------------------|--------------|-------------|--------------------------------|--------------|--------------|----------------------------------------|
| 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                           |
| Houston                                                                                                                                                     | 78                              | 125,251        | 66.7       | 231,405        | 88.3                            | 76.9         | 42.2        | 4.0                            | 20.5         | 7.7          | 2.6                                    |
| Austin                                                                                                                                                      | 7                               | 23,584         | 5.9        | 47,373         | 88.9                            | 75.0         | 45.0        | 3.3                            | 25.0         | 7.8          | 0.0                                    |
| Dallas                                                                                                                                                      | 32                              | 66,603         | 27.4       | 164,031        | 88.6                            | 78.1         | 43.0        | 3.6                            | 15.6         | 7.8          | 6.3                                    |
| <b>Total</b>                                                                                                                                                | <b>117</b>                      | <b>215,438</b> | <b>100</b> | <b>442,809</b> | <b>88.5</b>                     | <b>76.9</b>  | <b>42.8</b> | <b>3.8</b>                     | <b>19.7</b>  | <b>7.7</b>   | <b>3.4</b>                             |
| Source: 2021 D&B Data; 01/01/2020 - 12/31/2021 Bank Data; 2021 CRA Aggregate Data, "-" data not available.<br>Due to rounding, totals may not equal 100.0%. |                                 |                |            |                |                                 |              |             |                                |              |              |                                        |

| Table R: Assessment Area Distribution of Loans to Small Businesses by Gross Annual Revenues – TEXAS                                                         |                                 |                |            |                |                                 |              |             |                                |              |              | 2022-2023                              |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------|----------------|------------|----------------|---------------------------------|--------------|-------------|--------------------------------|--------------|--------------|----------------------------------------|
| 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                           |
| Houston                                                                                                                                                     | 51                              | 79,453         | 51.5       | 225,405        | 92.6                            | 72.5         | 50.2        | 2.3                            | 21.6         | 5.0          | 5.9                                    |
| Austin                                                                                                                                                      | 2                               | 1,516          | 2.0        | 48,429         | 93.7                            | 50.0         | 48.6        | 1.7                            | 0.0          | 4.6          | 50.0                                   |
| Dallas                                                                                                                                                      | 46                              | 65,192         | 46.5       | 165,903        | 92.5                            | 67.4         | 49.4        | 2.2                            | 26.1         | 5.3          | 6.5                                    |
| <b>Total</b>                                                                                                                                                | <b>99</b>                       | <b>146,161</b> | <b>100</b> | <b>439,737</b> | <b>92.7</b>                     | <b>69.7</b>  | <b>49.7</b> | <b>2.2</b>                     | <b>23.2</b>  | <b>5.1</b>   | <b>7.1</b>                             |
| Source: 2023 D&B Data; 01/01/2022 - 12/31/2023 Bank Data; 2023 CRA Aggregate Data, "-" data not available.<br>Due to rounding, totals may not equal 100.0%. |                                 |                |            |                |                                 |              |             |                                |              |              |                                        |

The total loan amount presented in the tables for each assessment area may differ from the total loan amount reported in the aggregate table due to how the underlying loan data is rounded in each table.

## CALIFORNIA

| Table Q: Assessment Area Distribution of Loans to Small Businesses by Income Category of the Geography – CALIFORNIA |                                 |        |            |                   |              |              |                        |              |              |                      |              |              |                     |              |              | 2020-2021                   |              |              |     |
|---------------------------------------------------------------------------------------------------------------------|---------------------------------|--------|------------|-------------------|--------------|--------------|------------------------|--------------|--------------|----------------------|--------------|--------------|---------------------|--------------|--------------|-----------------------------|--------------|--------------|-----|
| 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    | % Businesses | % Bank Loans | Aggregate              | % Businesses | % Bank Loans | Aggregate            | % Businesses | % Bank Loans | Aggregate           | % Businesses | % Bank Loans | Aggregate                   | % Businesses | % Bank Loans |     |
| Los Angeles                                                                                                         | 12                              | 36,291 | 4.7        | 734,238           | 4.8          | 0.0          | 4.6                    | 20.2         | 41.7         | 20.6                 | 26.4         | 50.0         | 27.1                | 47.1         | 8.3          | 46.5                        | 1.6          | 0.0          | 1.3 |
| Los Angeles – PPP                                                                                                   | 241                             | 9,501  | 94.5       | --                | 4.8          | 4.5          | 4.6                    | 20.2         | 29.9         | 20.6                 | 26.4         | 27.8         | 27.1                | 47.1         | 37.8         | 46.5                        | 1.6          | 0.0          | 1.3 |
| Total                                                                                                               | 253                             | 45,792 | 100        | 734,238           | 4.8          | 4.3          | 4.6                    | 20.2         | 30.6         | 20.6                 | 26.4         | 28.6         | 27.1                | 47.1         | 36.5         | 46.5                        | 1.6          | 0.0          | 1.3 |

Source: 2021 D&B Data; 01/01/2020 - 12/31/2021 Bank Data; 2021 CRA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%. The percentage of businesses and aggregate columns include all reportable business loans including PPP.

| Table Q: Assessment Area Distribution of Loans to Small Businesses by Income Category of the Geography – CALIFORNIA                                         |                                 |        |            |                |                   |              |           |                        |              |           |                      |              |           |                     |              |           | 2022-2023                   |              |     |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------|--------|------------|----------------|-------------------|--------------|-----------|------------------------|--------------|-----------|----------------------|--------------|-----------|---------------------|--------------|-----------|-----------------------------|--------------|-----|
| 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 | % Businesses      | % Bank Loans | Aggregate | % Businesses           | % Bank Loans | Aggregate | % Businesses         | % Bank Loans | Aggregate | % Businesses        | % Bank Loans | Aggregate | % Businesses                | % Bank Loans |     |
| Los Angeles                                                                                                                                                 | 36                              | 62,399 | 100        | 703,936        | 3.3               | 16.7         | 3.1       | 19.5                   | 38.9         | 20.2      | 29.5                 | 30.6         | 30.4      | 45.5                | 13.9         | 44.5      | 2.2                         | 0.0          | 1.9 |
| Total                                                                                                                                                       | 36                              | 62,399 | 100        | 703,936        | 3.3               | 16.7         | 3.1       | 19.5                   | 38.9         | 20.2      | 29.5                 | 30.6         | 30.4      | 45.5                | 13.9         | 44.5      | 2.2                         | 0.0          | 1.9 |
| Source: 2023 D&B Data; 01/01/2022 - 12/31/2023 Bank Data; 2023 CRA Aggregate Data, "--" data not available.<br>Due to rounding, totals may not equal 100.0% |                                 |        |            |                |                   |              |           |                        |              |           |                      |              |           |                     |              |           |                             |              |     |

The total loan amount presented in the tables for each assessment area may differ from the total loan amount reported in the aggregate table due to how the underlying loan data is rounded in each table.

| <b>Table R: Assessment Area Distribution of Loans to Small Businesses by Gross Annual Revenues – CALIFORNIA</b>                                                         |                                        |               |            |                                           |              |              |                                          |              |                                               | <b>2020-2021</b> |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------|---------------|------------|-------------------------------------------|--------------|--------------|------------------------------------------|--------------|-----------------------------------------------|------------------|
| <b>Assessment Area:</b>                                                                                                                                                 | <b>Total Loans to Small Businesses</b> |               |            | <b>Businesses with Revenues &lt;= IMM</b> |              |              | <b>Businesses with Revenues &gt; IMM</b> |              | <b>Businesses with Revenues Not Available</b> |                  |
|                                                                                                                                                                         | #                                      | \$            | % of Total | Overall Market                            | % Businesses | % Bank Loans | Aggregate                                | % Businesses | % Bank Loans                                  | % Bank Loans     |
| Los Angeles                                                                                                                                                             | 12                                     | 36,291        | 100        | 734,238                                   | 90.4         | 75.0         | 45.5                                     | 3.7          | 25.0                                          | 0.0              |
| <b>Total</b>                                                                                                                                                            | <b>12</b>                              | <b>36,291</b> | <b>100</b> | <b>734,238</b>                            | <b>90.4</b>  | <b>75.0</b>  | <b>45.5</b>                              | <b>3.7</b>   | <b>25.0</b>                                   | <b>0.0</b>       |
| <i>Source: 2021 D&amp;B Data; 01/01/2020 - 12/31/2021 Bank Data; 2021 CRA Aggregate Data, "–" data not available.<br/>Due to rounding, totals may not equal 100.0%.</i> |                                        |               |            |                                           |              |              |                                          |              |                                               |                  |

| <b>Table R: Assessment Area Distribution of Loans to Small Businesses by Gross Annual Revenues – CALIFORNIA</b>                                                         |                                        |               |            |                                           |              |              |                                          |              |                                               | <b>2022-2023</b> |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------|---------------|------------|-------------------------------------------|--------------|--------------|------------------------------------------|--------------|-----------------------------------------------|------------------|
| <b>Assessment Area:</b>                                                                                                                                                 | <b>Total Loans to Small Businesses</b> |               |            | <b>Businesses with Revenues &lt;= IMM</b> |              |              | <b>Businesses with Revenues &gt; IMM</b> |              | <b>Businesses with Revenues Not Available</b> |                  |
|                                                                                                                                                                         | #                                      | \$            | % of Total | Overall Market                            | % Businesses | % Bank Loans | Aggregate                                | % Businesses | % Bank Loans                                  | % Bank Loans     |
| Los Angeles                                                                                                                                                             | 36                                     | 62,399        | 100        | 703,936                                   | 92.2         | 61.1         | 52.1                                     | 2.8          | 33.3                                          | 5.6              |
| <b>Total</b>                                                                                                                                                            | <b>36</b>                              | <b>62,399</b> | <b>100</b> | <b>703,936</b>                            | <b>92.2</b>  | <b>61.1</b>  | <b>52.1</b>                              | <b>2.8</b>   | <b>33.3</b>                                   | <b>5.6</b>       |
| <i>Source: 2023 D&amp;B Data; 01/01/2022 - 12/31/2023 Bank Data; 2023 CRA Aggregate Data, "–" data not available.<br/>Due to rounding, totals may not equal 100.0%.</i> |                                        |               |            |                                           |              |              |                                          |              |                                               |                  |

The total loan amount presented in the tables for each assessment area may differ from the total loan amount reported in the aggregate table due to how the underlying loan data is rounded in each table.