



## **PUBLIC DISCLOSURE**

January 6, 2014

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

Southwest Securities, FSB  
Charter Number 708287

1201 Elm Street, Suite 3500  
Dallas, TX 75270

Office of the Comptroller of the Currency  
Dallas Field Office  
225 E. John Carpenter Freeway, Suite 500  
Irving, TX 75062

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 following table indicates the performance level of Southwest Securities, FSB with respect to the Lending, Investment, and Service Tests:

Performance Levels	Southwest Securities, FSB Performance Tests		
	Lending Test*	Investment Test	Service Test
Outstanding			
High Satisfactory			
Low Satisfactory	X	X	X
Needs to Improve			
Substantial Noncompliance			

\* The lending Test is weighted more heavily than the investment and service tests when arriving at an overall rating.

The major factors that support this rating include:

- The overall bank ratings are based on a combination of the Texas and New Mexico multi-state assessment area ratings. Full-scope and Limited-scope reviews were performed. The evaluation also reflects two separate review periods that include both the 2000 and 2010 Census periods.
- Overall lending performance is adequate in the Texas and New Mexico rating areas.
- Lending activity reflects adequate responsiveness to the small business and residential mortgage needs in the Texas rating area.
- The overall geographic distribution of loans is outstanding in Texas and good in New Mexico.
- The distribution of loans to borrowers of different income levels is adequate.
- Community development lending is good in Texas and adequate in New Mexico. Overall, community development lending had a positive impact on the Lending Test performance.
- The level of community development investments is adequate in Texas and weak in New Mexico.
- The bank provides an adequate level of community development services in both rating areas.

## Definitions and Common Abbreviations

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

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

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

**Census Tract (CT):** Small, relatively permanent statistical subdivisions of a county delineated by local participants as part of the U.S. Census Bureau's Participant Statistical Areas Program. The primary purpose of CTs is to provide a stable set of geographic units for the presentation of decennial census data. CTs generally have between 1,500 and 8,000 people, with an optimum size of 4,000 people.

**Community Development:** 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 the size eligibility standards of the Small Business Administration's Development Company or Small Business Investment Company programs (13 CFR 121.301) or have gross annual revenues of \$1 million or less; or, activities that revitalize or stabilize low- or moderate-income geographies.

Effective September 1, 2005, the Board of Governors of the Federal Reserve System, Office of the Comptroller of the Currency, and the Federal Deposit Insurance Corporation have adopted the following additional language as part of the revitalize or stabilize definition of community development.

Activities that revitalize or stabilize-

- (i) Low-or moderate-income geographies;
- (ii) Designated disaster areas; or
- (iii) Distressed or underserved nonmetropolitan middle-income geographies designated by the Board, Federal Deposit Insurance Corporation, and Office of the Comptroller of the Currency, based on-
  - a. Rates of poverty, unemployment, and population loss; or
  - b. Population size, density, and dispersion. Activities that revitalize and stabilize geographies designated based on population size, density, and dispersion if they help to meet essential community needs, including needs of low- and moderate-income individuals.

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

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

**Family:** Includes a householder and one or more other persons living in the same household who are related to the householder by birth, marriage, or adoption. The number of family households always equals the number of families; however, a family household may also include non-relatives living with the family. Families are classified by type as either a married-couple family or other family, which is further classified into 'male householder' (a family with a male householder and no wife present) or 'female householder' (a family with a female householder and no husband present).

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

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

**Home Mortgage Disclosure Act (HMDA):** The statute that requires certain mortgage lenders that do 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 applications, the amount of loan requested, and the disposition of the application (e.g., approved, denied, and withdrawn). Beginning in 2004, the reports also include data on loan pricing, the lien status of the collateral, any requests for preapproval and loans for manufactured housing.

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

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

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

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

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

**Median Family Income (MFI):** The median income derived from the United States Census Bureau's American Community Survey data every 5 years and used to determine the income level category of geographies. Also, it is the median income determined by the Federal Financial Institutions

Examination Council (FFIEC) annually that is used to determine the income level of individuals within a geography. For any given geography, the median is the point at which half of the families have income above it and half below it.

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

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

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

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

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

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

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

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

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

**Rated Area:** A rated area is a state or multi-state metropolitan 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 area, the institution will receive a rating for the multi-state metropolitan 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) and the Thrift Financial Reporting (TFR) 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 One 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.

## Description of Institution

Southwest Securities is a federal savings bank (SWS) that is a subsidiary of SWS Group, Inc. SWS Group, Inc. is a Dallas, Texas based, publicly traded, full service securities and banking firm delivering a range of investment, commercial banking, and related financial services to individuals, corporate and institutional investors, broker/dealers, governmental entities, and financial intermediaries.

SWS reported total assets of \$1.3 billion, with loans of \$620 million, deposits of \$993 million, and a Tier 1 Capital ratio of 13.5 percent as of fiscal year end June 30, 2013. The loan portfolio is comprised of 63.5 percent real estate loans, 28.1 percent non-depository financial institution loans, 8.1 percent commercial loans, and 0.3 percent loans to individuals. The real estate loan portfolio primarily consists of 55.8 percent commercial real estate loans, 25.3 percent multifamily loans, and 15.2 percent 1-4 family residential loans.

As a subsidiary of SWS Group, Inc., the bank's deposit base is substantially made up of deposits maintained in sweep accounts tied to clients in the securities division of the parent company. This reduces the bank's reliance on retail deposit accounts. The bank's business plan is based on the Broker-Bank profile. The bank offers the typical array of banking products and services but focuses on commercial/business lending, treasury management, and mortgage purchase. The bank is designated as an SBA Preferred Lender. Consumer lending products are extended on an accommodation basis for existing or new customers, but are not a primary line of business.

SWS is a large interstate bank that operates in the states of Texas and New Mexico, with eight full service banking centers located in Arlington (1), Dallas (1), El Paso (1), Granbury (1), Fort Worth (1), Waxahachie (1), Albuquerque (1) and Ruidoso (1). In addition, the bank has three loan production offices in Austin, Houston and San Antonio. The mortgage purchase division and the operations center are located in Dallas, Texas.

SWS's last CRA evaluation, performed by the Office of Thrift Supervision (OTS), was as of June 30, 2010 and was rated "Satisfactory". SWS was issued a Memorandum of Understanding in July of 2010 that affected the bank's ability to perform under CRA. On January 10, 2011, a Cease and Desist Order (C&D) was issued to the bank. This limited growth for SWS until January 14, 2013, when the bank was released from the C&D. In the last twelve months, there has been a restructuring of business units and other organizational changes. These changes include staff reductions or repositioning of employees, new senior level employees in specific areas, closing of banking centers, and revisions to the business plan. As a result, the bank closed nine full service banking centers since the last CRA evaluation located in Austin (2), Arlington (2), Fort Worth (1), Southlake (1), Park Cities (1), Houston (1) and Garland (1).



## Scope of the Evaluation

### Evaluation Period/Products Evaluated

The evaluation is based on activity in two states, Texas and New Mexico, and two separate review periods to reflect the 2000 and 2010 census periods. We reviewed activity in both full-scope and limited-scope areas for both states. Refer to Appendices B, C, and D for the facts and data.

Conclusions regarding the Lending Test are based on small business and Home Mortgage Disclosure Act (HMDA) reportable loans in Texas. In New Mexico, conclusions regarding the Lending Test are based on small business loans only due to nominal HMDA loan originations. The Lending Test has two evaluation periods, covering the 2000 (July 1, 2010 to December 31, 2011) and 2010 (January 1, 2012 to June 30, 2013) census periods. The community development lending performance analysis considered loans made since the previous CRA evaluation and includes loans made from July 1, 2010 to January 6, 2014.

The Investment Test included a review of investments, grants, and donations made within the full- and limited-scope areas for each state that meet the definition of community development investments. The Service Test included a review of retail and community development services. The evaluation period for community development investments and services is July 1, 2010 to January 6, 2014.

### Data Integrity

Prior to this CRA evaluation, the OCC performed a Data Integrity review as of June 30, 2013 and verified the accuracy of data made available to the public in accordance with the HMDA and the CRA regulation. Public data includes home mortgage lending and small loans to businesses and farms. In addition, non-public data that was submitted by bank management for community development (CD) loans, services, and investments were reviewed to ensure they qualified as community development. Based on verification work performed, publicly reported lending data is considered accurate.

### Selection of Areas for Full-Scope Review

In each state where the bank has an office, a sample of assessment areas (AAs) within that state was selected for full-scope reviews. Refer to the “Scope” section under each state for details regarding how the areas were selected.

### Ratings

The bank’s overall rating is based primarily on those areas that received full-scope reviews with the State of Texas and the Dallas AA receiving the greatest weight.

Small business lending was given the greatest weight under the Lending Test since it is the bank’s primary business line, followed by residential mortgages in Texas. However, home purchase lending was given more weight than home refinance and multifamily loans. There was not a sufficient level of originations for home improvement loans so an analysis of this product was not meaningful. The bank has very few farm loans.

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

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

## **State Rating**

### **State of Texas**

#### **CRA Rating for Texas: Satisfactory**

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

**The Investment Test is rated: Low Satisfactory**

**The Service Test is rated: Low Satisfactory**

- The geographic distribution of loans by income level in the geography is good.
- A substantial majority of home mortgage loans and small loans to businesses originated and purchased by SWS during both review periods were within its assessment areas (AAs).
- The distribution of loans to borrowers of different income levels and businesses of different sizes is adequate.
- Community Development (CD) lending in Texas reflects a good level of responsiveness to the CD needs of the area, and it reflects positively on the bank's lending performance rating.
- The level of community development investments is adequate.
- The bank provides an adequate level of community development services.

### **Description of Institution's Operations in Texas**

The bank's headquarters are located in Dallas, Texas. SWS provides telephone banking (24/7), online banking, bill payment, and night deposit services to supplement the bank's branch network to increase accessibility of banking services among low-to-moderate income individuals. In addition, SWS offers various checking and savings accounts, certificates of deposit and individual retirement accounts. The bank also offers consumer, commercial, interim construction, small business and SBA lending products at all full service banking centers and through their loan production offices.

Refer to the market profiles for the State of Texas in Appendix C for detailed demographics and other performance context information for assessment areas that received full-scope reviews.

### **Scope of Evaluation in Texas**

The full-scope Dallas AA consists of portions of the Dallas-Plano-Irving, Texas Metropolitan Division (MD) and includes all of Collin, Denton, Dallas, and Ellis counties. From June 30, 2010 through December 31, 2011, the Dallas AA consisted of four full-service branches and four ATMs. Between January 1, 2012 and December 31, 2013, management closed two of the four branches located in the Dallas AA, leaving only two branches and two ATMs in the Dallas AA. The bank does not have any branches located in low-to-moderate income census tracts in the Dallas AA. One of the branches has a drive-thru window while the other branch offers walk-up windows for customer convenience. The full

service branches in the Dallas AA provide convenient access to both credit and non-credit retail banking services. SWS has a deposit market share of 0.52 percent and is ranked 24<sup>th</sup> when compared to other FDIC insured banks in the Dallas AA based on the FDIC Summary of Deposits report dated June 30, 2013.

The limited-scope review AAs include the Austin AA, El Paso AA, Fort Worth AA, Hood County AA, and Houston AA. From June 30, 2010 through December 31, 2011, SWS closed two branches. Closures included one branch located in the Austin AA and one branch from the Fort Worth AA. After the closures, there were ten remaining branches and six ATMs open throughout the limited review AAs. One branch was located in the El Paso AA and six branches were located in the Fort Worth AA. Between January 1, 2012 and December 31, 2013, six of the ten remaining branches in the limited review AAs closed, leaving four full service branches and one ATM operational. Closures included four branches from the Fort Worth AA, one branch from the Austin AA, and one branch from the Houston AA. The branches that were closed in the Austin and Houston AAs were converted to LPOs in upper-income census tracts. One of the branches within the Fort Worth AA is located in a moderate-income census tract. This represents 50 percent penetration in moderate-income census tracts for the Fort Worth AA. The branch in the El Paso AA is in a moderate-income census tract representing 100 percent penetration in moderate-income census tracts.

Community credit needs in the AAs were determined by reviewing recent housing and demographic information and community contacts conducted by the OCC in connection with this and other CRA evaluations of banks operating in the same AA. For this evaluation, we chose a recent community contact with a non-profit community organization that primarily focuses on affordable housing. The most critical need identified by the organization is special mortgage products for low- and moderate-income borrowers. The contact noted that since the mortgage crisis, the availability of such products has been limited and many low- and moderate-income borrowers do not have the credit score necessary to obtain mortgage credit.

## **LENDING TEST**

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

The bank's performance under the lending test in Texas is rated "**Low Satisfactory**". Based on full scope reviews, the bank's performance in the Dallas AA is adequate.

The conclusion is based on the bank's performance context and the full scope review of the Dallas AA. Residential mortgage lending and small business lending were the primary products reviewed to evaluate CRA performance. Small business lending was weighted more heavily with the greatest volume of originations.

### **Lending Activity**

Refer to Table 1 Lending Volume in the State of Texas 2000 Census and Table 1a in the State of Texas 2010 Census sections for the facts and data used to evaluate the bank's lending activity.

Overall lending activity reflects adequate responsiveness to the small business and residential mortgage credit needs within the full scope review Dallas AA. Based on competition in the local market, lending

activity is adequate. Based on 2010 small business data, the bank is ranked 52<sup>nd</sup> in originated small business loans with a market share of 0.04 percent.

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

Overall, the geographic distribution of loans by income level is excellent. The volume of small loans to businesses exceeded home mortgage lending in both review periods. The majority of lending occurred during the 2010/2011 period as the formal Cease and Desist order limited lending throughout the review period of January 1, 2012 through June 30, 2013.

#### ***Home Purchase Mortgage Loans***

Refer to Table 2 in the State of Texas 2000 Census section of Appendix D-5 for the facts and data used to evaluate the geographic distribution of the bank's home purchase mortgage loan originations. Refer to Table 2a in the State of Texas 2010 Census section of Appendix D-16 for the facts and data used to evaluate the geographic distribution of the bank's home purchase mortgage loan originations.

### **2010-2011**

#### Full Scope Review

The geographic distribution of home purchase mortgage loans reflects excellent penetration in the Dallas AA. The bank's percentage of home purchase loans in low- and moderate-income (LMI) census tracts exceeds aggregate HMDA lender originations in LMI census tracts. The bank's percentage distribution of home purchase loans in low-income geographies exceeds the percentage of owner-occupied units in low-income census tracts.

#### Limited Scope Review

The geographic distribution of home purchase mortgage loans reflects good penetration throughout the limited review AAs. The majority of home purchase loans were originated in the Fort Worth AA. The bank's percentage of home purchase loans in low-income geographies exceeds aggregate HMDA lender originations and the percentage of owner-occupied units in low-income census tracts.

### **2012-2013**

#### Full Scope Review

Analysis of home purchase mortgage loans is irrelevant as no home purchase loans were originated in the Dallas AA from January 1, 2012 through June 30, 2013.

#### Limited Scope Review

Home purchase mortgage lending within the limited review AAs is limited to one loan originated in a middle-income census tract in Hood County. Given the nominal level of originations, a geographical distribution analysis is not meaningful for limited review AAs.

### ***Home Mortgage Refinance Loans***

Refer to Table 4 in the State of Texas 2000 Census section of Appendix D-6 for the facts and data used to evaluate the geographic distribution of the bank's home mortgage refinance loan originations. Refer to Table 4a in the State of Texas 2010 Census section of Appendix D-17 for the facts and data used to evaluate the geographic distribution of the bank's home mortgage refinance loan originations.

#### **2010-2011**

##### Full Scope Review

The geographic distribution of home mortgage refinance loans reflects excellent penetration in the Dallas AA. The percent of bank loans in LMI census tracts exceeds aggregate HMDA lender originations and the percentage of owner-occupied units in LMI geographies.

##### Limited Scope Review

The geographic distribution of home mortgage refinance loans reflects weak penetration throughout the limited review AAs, with the majority of loans originated in the Fort Worth AA. Loan originations, totaling eight, are limited to middle- and upper-income census tracts. The percent of home mortgage refinance loans in LMI census tracts is below the aggregate HMDA lenders originations and the percentage of owner-occupied units in LMI geographies.

#### **2012-2013**

##### Full Scope Review

Home mortgage refinance lending within the Dallas AA is limited to one loan originated in a moderate-income census tract. Given the nominal level of originations, a geographical distribution analysis is not meaningful.

##### Limited Scope Review

Home mortgage refinance lending within the limited review AAs is limited to four loans with one of these loans originated in a moderate-income census tract. Given the nominal level of originations, a geographical distribution analysis is not meaningful.

### ***Multifamily Loans***

Refer to Table 5 in the State of Texas 2000 Census section of Appendix D-7 for the facts and data used to evaluate the geographic distribution of the bank's multifamily loan originations. Refer to Table 5a in the State of Texas 2010 Census section of Appendix D-18 for the facts and data used to evaluate the geographic distribution of the bank's multifamily loan originations.

**2010-2011**Full Scope Review

Multifamily lending within the Dallas AA is limited to one loan originated in a middle-income census tract. Given the nominal level of originations, a geographical distribution analysis is not meaningful.

Limited Scope Review

The geographic distribution of multi-family loans is limited to two loans, both originated in moderate-income census tracts. Given the nominal level of originations of originations, a geographical distribution analysis is not meaningful.

**2012-2013**Full Scope Review

The geographic distribution of multifamily loans in the Dallas AA reflects excellent penetration. The percentage of bank loans originated in moderate-income geographies exceeds aggregate HMDA lending levels and the percentage of multifamily units in moderate-income census tracts. Lending in low-income geographies meets aggregate HMDA lending levels, and exceeds the percentage of multifamily units in low-income census tracts.

Limited Scope Review

The geographic distribution of multifamily lending in the limited scope AAs, with the majority of loans in the Houston AA, reflects excellent penetration. Lending in moderate-income geographies exceeds aggregate HMDA lender originations and the percentage of multifamily units in moderate-income geographies in the AA.

***Small Loans to Businesses***

Refer to Table 6 in the State of Texas 2000 Census section of Appendix D-8 for the facts and data used to evaluate the geographic distribution of the bank's origination of small loans to businesses. Refer to Table 6a in the State of Texas 2010 Census section of Appendix D-19 for the facts and data used to evaluate the geographic distribution of the bank's origination of small loans to businesses.

**2010-2011**Full Scope Review

The geographic distribution of small business loans reflects excellent penetration in the Dallas AA. The percentage of bank loans to businesses with revenues of \$1 million or less in LMI census tracts exceeds aggregate peer lending and the percentage of small businesses in LMI geographies.

Limited Scope Review

The geographic distribution of small business loans reflects good penetration throughout the limited review AAs. Small business lending in the limited review AAs exceeds aggregate peer lending and the percentage of small businesses in moderate-income geographies.

**2012-2013**Full Scope Review

The geographic distribution of small business loans reflects excellent penetration in the Dallas AA. The percentage of bank loans to businesses with revenues of \$1 million or less originated in LMI geographies exceeds aggregate peer lending and the percentage of small businesses in LMI census tracts.

Limited Scope Review

The geographic distribution of small business loans reflects good penetration in the limited review AAs. The majority of small loans to businesses in the limited review AAs were in the Fort Worth AA. Lending in LMI census tracts exceeds the aggregate peer lender originations and the percentage of small businesses in LMI geographies.

***Lending Gap Analysis***

Our review included an evaluation of the bank's geographic distribution of home mortgage loans and small loans to businesses. The analysis was conducted using maps and reports showing the bank's lending in each census tract within the Dallas AA and limited scope review AAs. No unexplained conspicuous gaps in lending were identified.

***Inside/Outside Ratio***

The Inside/Outside ratio was analyzed at the bank level, and includes a review of lending in both the Texas and New Mexico AAs. SWS's lending in its AAs meets the standard for satisfactory performance. A substantial majority of home mortgage loans and small loans to businesses originated and purchased by SWS during both review periods were within its AAs. Between July 1, 2010 and December 31, 2011, approximately 91 percent of home mortgage loans and 91 percent of small loans to businesses were originated and purchased within the AAs. Between January 1, 2012 and June 30, 2013, approximately 71 percent of home mortgage loans and 86 percent of small business loans were originated within the AAs.

**Distribution of Loans by Income Level of the Borrower**

SWS's distribution of loans to borrowers of different income levels and businesses of different sizes is adequate. The volume of small loans to businesses exceeded home mortgage lending for both review periods. The majority of lending occurred during the 2010-2011 period as the formal Cease and Desist order limited lending throughout the review period of January 1, 2012 through June 30, 2013. The distribution of loans originated between 2010 and 2011 is weak. Lending from January 1, 2012 through June 30, 2013 is adequate given performance context and small business lending.



### ***Home Purchase Mortgage Loans***

Refer to Table 8 in the State of Texas 2000 Census section of Appendix D-9 for the facts and data used to evaluate the borrower distribution of the bank's home purchase mortgage loan originations. Refer to Table 8a in the State of Texas 2010 Census section of Appendix D-20 for the facts and data used to evaluate the borrower distribution of the bank's home purchase mortgage loan originations.

#### **2010-2011**

##### Full Scope Review

The borrower distribution of home purchase mortgage loans in the Dallas AA is weak. The percentage of home purchase mortgage lending to LMI borrowers is below aggregate peer lending to LMI borrowers and the percentage of LMI families in the AA.

##### Limited Scope Review

The borrower distribution of home purchase mortgage loans in the limited review AAs, with the majority of home purchase mortgage loans originating in the Fort Worth AA, is weak. Home purchase mortgage lending to LMI borrowers is below aggregate peer lending to LMI borrowers and the percentage of LMI families in the limited review AAs.

#### **2012-2013**

##### Full Scope Review

Analysis of home purchase mortgage loans is irrelevant as no home purchase loans were originated in the Dallas AA from January 1, 2012 through June 30, 2013.

##### Limited Scope Review

Home purchase mortgage lending within the limited review AAs is limited to one loan originated to an upper-income borrower in Hood County. Given the nominal level of originations, a borrower income distribution analysis is not meaningful for limited review AAs.

### ***Home Mortgage Refinance Loans***

Refer to Table 10 in the State of Texas 2000 Census section of Appendix D-10 for the facts and data used to evaluate the borrower distribution of the bank's home mortgage refinance loan originations. Refer to Table 10a in the State of Texas 2010 Census section of Appendix D-21 for the facts and data used to evaluate the borrower distribution of the bank's home mortgage refinance loan originations.

**2010-2011**Full Scope Review

Although there were thirteen home mortgage refinance loans made in the Dallas AA, only three of these loans had borrower income information. Given the limited number of loans with borrower income information, a borrower income distribution analysis is not meaningful.

Limited Scope Review

Although there were eight home mortgage refinance loans made in the limited review AAs, only three of these loans had borrower income information. Given the limited number of loans with borrower income information, a borrower income distribution analysis is not meaningful.

**2012-2013**Full Scope Review

Home mortgage refinance lending within the Dallas AA during this time period is limited to one loan originated to a low-income borrower. Given the nominal level of originations, a borrower income distribution analysis is not meaningful.

Limited Scope Review

Home mortgage refinance lending within limited scope AAs during this time period is limited to four loans with only three loans having borrower income information. Given the nominal level of originations, a borrower income distribution analysis is not meaningful.

***Small Loans to Businesses***

Refer to Table 11 in the State of Texas 2000 Census section of Appendix D-11 for the facts and data used to evaluate the borrower distribution of the bank's origination of small loans to businesses. Refer to Table 11a in the State of Texas 2010 Census section of Appendix D-22 for the facts and data used to evaluate the borrower distribution of the bank's origination of small loans to businesses.

**2010-2011**Full Scope Review

The distribution of small business loans in the Dallas AA is adequate. The bank's percentage of small loans to businesses with revenues of \$1 million or less is reasonable when compared to aggregate peer lending.

Limited Scope Review

The distribution of small business loans in the limited review AAs is weak. The percentage of bank loans to small businesses is below aggregate peer lending and the percentage of small businesses in the majority of the limited review AAs.

**2012-2013**Full Scope Review

The distribution of loans to small businesses in the Dallas AA is weak. The percentage of bank loans to businesses with revenues of \$1 million or less is below aggregate peer lending and the percentage of small businesses in the AA.

Limited Scope Review

The distribution of loans to small businesses in the limited review AAs is good. The percentage of bank loans to small businesses exceeds aggregate peer lending in the majority of the limited review AAs.

**Community Development Lending**

SWS's Community Development (CD) lending in Texas reflects a good level of responsiveness to the CD needs of the area, and it reflects positively on the bank's lending performance rating. SWS is responsive to CD lending needs both inside and outside the bank's Texas AAs.

Refer to Table 1 captioned Lending Volume in Appendix D for the facts and data used to evaluate the bank's level of CD lending for the State of Texas 2000 Census and to Table 1a for the State of Texas 2010 Census. As shown in the tables in Appendix D, the assessment period for the current evaluation for CD activities is split into two parts with the first extending from January 1, 2010 to December 31, 2011, and the second from January 1, 2012 to January 13, 2013. Unless otherwise specified, assessment period refers to the two combined evaluation periods.

Over the assessment period, SWS granted 27 extensions of credit in Texas that qualified as CD loans. Of these 27 loans, 14 were SBA 504 1<sup>st</sup> and 2<sup>nd</sup> lien loans. CD loans in Texas totaled \$83.5 million with \$21 million in SBA loans. CD loans represent 6.7 percent of total assets and 48 percent of Tier 1 capital.

SWS had a good level of CD loans in the Dallas AA, which has a positive impact on the overall Lending Test conclusions. During the evaluation period, SWS originated 11 CD loans totaling \$46.7 million in the Dallas AA that met the CD eligibility definition. Of the 11 eligible CD loans were loans that financed CD activities such as economic development and affordable housing.

**Product Innovation and Flexibility**

Together with Federal Home Loan Bank of Dallas (FHLB), SWS participates in the Homebuyer Equity Leverage Partnership (HELP) Program. The partnership with the FHLB HELP program has assisted LMI individuals with home repairs and down payments in the amounts of \$12,000, \$35,000, and \$40,000 in 2011, 2012, and 2013, respectively.

**Conclusions for Areas Receiving Limited Scope Reviews**

The bank's performance under the community development lending test in the limited review AAs is consistent with the bank's overall "**Low Satisfactory**" performance under the lending test in Texas.

SWS has an adequate level of CD loans in the limited review AAs. During the evaluation period, SWS originated 16 CD loans totaling \$36.7 million that met the CD eligibility definition. The 16 eligible CD loans financed CD activities such as affordable housing and economic development.

In addition to CD lending in the AAs, SWS originated CD loans outside the AAs in other counties throughout Texas. During the evaluation period, SWS originated 14 CD loans totaling \$23 million in the following counties: Matagorda, Bexar, Comal, Cameron, Ector, and Lubbock. These CD loans financed affordable housing, community services, economic development, and CD activities to revitalize or stabilize low and moderate-income geographies.

## INVESTMENT TEST

### Conclusions for Areas Receiving Full-Scope Reviews

Based on the Dallas AA, the bank's performance under the Investment Test is rated "**Low Satisfactory**." Refer to Table 14 in the State of Texas section of Appendix D for the facts and data used to evaluate the bank's level of qualified investments for both prior and current time periods.

The bank's qualifying investments are centered in new market funds, municipal bonds, and donations with the primary purpose of supporting affordable housing and CD services targeted to LMI households. Prior period investments that are still outstanding total \$4.1 million and current period investments total \$660 thousand. Total outstanding qualified investments represent 2.7 percent of Tier 1 capital. The qualified investments support affordable housing and community/economic development in the Texas AAs. In addition, qualified investments provide financing for businesses located in distressed areas, minority-owned businesses, and small businesses that create jobs for LMI families.

Qualified investments also include donations made to organizations within the Dallas AA that promote community development as defined by the regulation. During the evaluation period, SWS donated \$58,605 to programs and non-profit organizations that help meet the needs of LMI individuals, families and geographies.

### Conclusions for Area Receiving Limited-Scope Reviews

The bank's performance under the Investment Test in the limited-scope review AAs is consistent with the bank's overall "Low Satisfactory" performance under the Investment Test in Texas. The largest donation amounts made by SWS were \$24,650 to Trinity Habitat for Humanity in Tarrant County. This organization provides affordable housing, which are financed by the organization at no interest and are sold at no profit for low-income working families.

## SERVICE TEST

### Conclusions for Areas Receiving Full-Scope Reviews

SWS performance under the Service Test in Texas is rated "**Low Satisfactory**". The bank's service in the Dallas AA is adequate and is primarily driven by the FHLB HELP Program. SWS's branch delivery

system and the location of their ATMs is weak. However, the bank has an adequate commitment to CD services in the Dallas AA.

### **Retail Banking Services**

Refer to Tables 15 and 15a in the State of Texas for the facts and data used to evaluate the distribution of the bank's branch delivery system and branch openings and closings for both census periods. Based on the full-scope reviews, the bank's overall performance in the Dallas AA is adequate.

*Evaluation Period: July 1, 2010 – December 31, 2011*

We found SWS's delivery systems to have weak accessibility to businesses and individuals of different income levels and different geographies in the AA. During this period, the Dallas AA operated four full-service branches and four ATMs. The bank does not have any branches in the Dallas AA that are located in LMI census tracts with 50 percent of their branches located in middle-income census tracts and 50 percent in upper-income census tracts. No branches were closed in the Dallas AA during this evaluation period.

The full service branches in the Dallas AA provide convenient access to both credit and non-credit retail banking services. The lobby is open from 9:00 AM to 4:00 PM, Monday through Thursday, with extended hours on Friday from 9:00 AM to 5:00 PM. Drive-in facilities are generally open from 8:00 AM to 5:00 PM. The bank does not offer any banking services on Saturday or Sunday. Two of the branches located in the Dallas AA do not have drive-thru windows but they do offer walk-up windows for customer convenience.

*Evaluation Period: January 1, 2012 – December 31, 2013*

We found SWS's delivery systems continue to have weak accessibility to businesses and individuals of different income levels and different geographies in the AA. Two of the four branches located in the Dallas AA were closed as of this evaluation period leaving only two branches and two ATMs. The bank does not have any branches in the Dallas AA that are located in LMI census tracts with 50 percent of their branches located in middle-income census tracts and 50 percent in upper-income census tracts. The remaining two branches operate with generally the same hours as listed above. Only one of the remaining branches has a drive-thru window. The branch without a drive-thru window offers walk-up windows for customer convenience.

### **Community Development Services**

SWS has implemented alternative methods of delivering services which include telephone banking (24/7), online banking, bill payment, and night deposit services to supplement the bank's branch network to increase accessibility of banking services among LMI individuals. Customers can transfer funds between accounts via phone or the internet.

In addition, SWS offers various checking and savings accounts, certificates of deposit and individual retirement accounts. SWS also offers lending products in the areas of consumer, commercial, interim construction, small business, and SBA at all full service banking centers and loan production offices.

The staff actively participates in various community organizations by providing technical assistance on financial matters. SWS also offers a loan modification program, which is available to all customers on a bank-wide level. This program provides foreclosure alternatives, which include reinstatement and repayment plans, forbearance, pre-foreclosure short sale, deed-in-lieu of foreclosure, and other loan modifications. During the evaluation period, 18 borrowers were assisted under the loan modification program with seven loans (39 percent) to LMI borrowers and three loans (17 percent) to borrowers located within LMI geographies.

The following community development services had a high impact and demonstrated strong leadership by SWS:

Garland Habitat for Humanity – the bank acts in partnership with Garland Habitat for Humanity and serves as the liaison between the Homebuilders Association of Greater Dallas & GISD/Garland Habitat.

Ben Milam Turkey Cup – annual charity golf tournament to raise money for Ben Elementary School located in Dallas County. School enrollment includes approximately 300 students who are economically disadvantaged.

Robert Chereck serves on the Dallas Regional Chamber, SW Medical District Board, Dallas Citizens Council, Children’s Audit Committee, and the Children’s Hospital Board, which benefits LMI individuals.

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

Based on the limited-scope reviews, SWS performance under the Service Test for the rest of Texas is consistent with the bank’s overall “**Low Satisfactory**” performance under the Service Test. In the Fort Worth AA, SWS is a partner with Trinity Habitat for Humanity and the FHLB community outreach program called HELP, which is designed to assist low-income families with home repairs and down payments. The partnership with the FHLB HELP program has assisted LMI individuals in the amounts of \$12,000, \$35,000, and \$40,000 in 2011, 2012, and 2013, respectively. Refer to Tables 15 and 15a for the facts and data that support this conclusion for both census periods.

#### *Evaluation Period: June 30, 2010 – December 31, 2011*

In limited-scope review AAs, SWS closed two branches during this evaluation period, both of which were located in upper income census tracts. These branches were located in the Austin AA and the Fort Worth AA. The bank had ten branches and six ATMs that are readily accessible to all income geographies and individuals. The bank had six branches in the Fort Worth AA with two of them located in moderate-income census tracts representing 33.33 percent, which is favorable to the population within this same geography of 25.95 percent. The bank only had one branch in the El Paso AA and it is located in a moderate-income census tract, which represents 100 percent in the moderate-income geography. There were no branches or ATMs located in a low income census tract.

#### *Evaluation Period: January 1, 2012 – December 31, 2013*

Six of the ten remaining branches included in the limited scope review AAs were closed during this evaluation period, leaving four full service branches and four ATMs. The one branch in the Austin AA was closed and converted into an LPO as of August 28, 2013, and the one branch in the Houston AA

was closed and converted into an LPO as of August 30, 2013. Both of those branches were located in upper-income census tracts. Four branches were closed in the Fort Worth AA, leaving just two branches and two ATMs. One of the remaining branches is located in a middle-income census tract, and the other is in a moderate-income census tract. This represents 50 percent penetration in moderate-income census tracts for the Fort Worth AA, which is favorable to the population within this same geography of 26.24 percent. The bank is still operating the lone branches in the El Paso AA and Hood County AA. The El Paso branch is located in a moderate-income census tract and the Hood County branch is located in an upper-income census tract.

## State Rating

### State of New Mexico

**CRA Rating for New Mexico: Satisfactory**

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

**The Investment Test is rated: Needs to Improve**

**The Service Test is rated: Low Satisfactory**

- The geographic distribution of loans by income level in the geography is good.
- A substantial majority of home mortgage loans and small loans to businesses originated and purchased by SWS during both review periods were within its assessment areas (AAs).
- The distribution of loans to borrowers of different income levels and businesses of different sizes is adequate.
- Community Development (CD) lending in New Mexico reflects an adequate level of responsiveness to the CD needs of the area.
- The bank's service in the Lincoln County Assessment Area (AA) is adequate and is primarily driven by the CD services offered by the bank and their employees' individual efforts.
- The level of community development investments in New Mexico is weak.
- The bank provides an adequate level of community development services.

### Description of Institution's Operations in New Mexico

SWS provides telephone banking (24/7), online banking, bill payment, and night deposit services to supplement the bank's branch network to increase accessibility of banking services among low-to-moderate-income (LMI) individuals. In addition, SWS offers various checking and savings accounts, certificates of deposit, and individual retirement accounts. The bank also offers lending products in the areas of consumer, commercial, interim construction, small business and SBA at all of the full service banking centers and through their loan production offices.

Refer to the market profiles for the State of New Mexico in Appendix C for detailed demographics and other performance context information for assessment areas that received full-scope reviews.

### Scope of Evaluation in New Mexico

We performed a full scope review of the performance in the Lincoln County AA and a limited scope review of the Albuquerque AA. The full scope AA includes all of Lincoln County. Although loan originations in the Lincoln County AA are marginally lower than in the Albuquerque AA, strategic focus and expected growth in New Mexico is centered in the Lincoln County AA. For this reason, the



Lincoln County AA was selected for full scope review. From July 1, 2010 through December 31, 2013, the Lincoln County AA consisted of one full-service branch in an upper-income census tract. SWS has a deposit market share of 1.28 percent and is ranked last out of eight FDIC insured banks in the Lincoln County AA based on the FDIC Summary of Deposits report dated June 30, 2013.

The limited review AA is limited to the Albuquerque AA. The bank has one branch in the Albuquerque AA, which is located in a moderate-income census tract.

Community credit needs in the AAs were determined by reviewing recent housing and demographic information and community contacts conducted by the OCC in connection with other CRA evaluations of banks operating in the same AAs. For this examination, we reviewed recent community contacts to determine credit needs and opportunities for financial institutions to meet those needs. The contacts indicated affordable housing and loans to small businesses continued as credit needs in the community. All contacts indicated banks generally provided good performance in meeting credit needs of the community, even with a perception that lending guidelines were tough to meet.

## **LENDING TEST**

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

The bank's performance under the Lending Test in New Mexico is rated "**Low Satisfactory**". Based on full scope reviews, the bank's performance in the Lincoln County AA is adequate.

The conclusion is based on performance context and the full scope review of the Lincoln County AA. Small business lending was the primary product reviewed to evaluate CRA performance.

### **Lending Activity**

Refer to Table 1 Lending Volume in the State of New Mexico 2000 Census and Table 1a in the State of New Mexico 2010 Census sections for the facts and data used to evaluate the bank's lending activity.

Overall lending activity reflects adequate responsiveness to the credit needs within the Lincoln County AA using 2012 data. SWS's small business lending activity market share of 2.96 percent exceeds the bank's deposit market share of 1.28 percent. Based on 2012 peer small business data, the bank ranks 11<sup>th</sup> in originating small business loans with a market share 2.96 percent.

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

Overall, the geographic distribution of loans by income level is good. The majority of lending occurred during the 2010/2011 period as the formal Cease and Desist order limited lending throughout the review period of January 1, 2012 through June 30, 2013. The geographic distribution of loans originated from 2010 through 2011 and January 1, 2012 through June 30, 2013 reflects good distribution. No analysis was conducted on the geographic distribution of loans by income level in the full scope assessment area of Lincoln County, as it does not contain LMI geographies. For both census periods, an analysis of home mortgage products was not relevant given the lack of volume. We will focus on small business lending for the State of New Mexico.

***Small Loans to Businesses***

Refer to Table 6 and 6a in the State of New Mexico section of Appendix D (pages D-26 and D-32) for the facts and data used to evaluate the geographic distribution of the bank's origination of small loans to businesses.

**2010-2011**Full Scope Review

Analysis of small business lending in the Lincoln County AA is irrelevant as there were no LMI census tracts in the AA during the given period.

Limited Scope Review

The geographic distribution of small business loans reflects good penetration for the Albuquerque AA. Lending to businesses with \$1 million or less in revenues in moderate-income geographies exceeds aggregate peer lending and the percentage of small businesses in moderate-income census tracts.

**2012-2013**Full Scope Review

Analysis of small business lending in the Lincoln County AA is irrelevant as there were no LMI census tracts in the AA during the given period.

Limited Scope Review

The geographic distribution of small business loans in the limited review Albuquerque AA is good. Lending to businesses with revenues of \$1 million or less in moderate-income geographies exceeds aggregate peer lending and the percentage of small businesses in moderate-income census tracts.

***Lending Gap Analysis***

Our review included an evaluation of the bank's geographic distribution of small loans to businesses. The analysis was conducted using maps and reports showing the bank's lending in each census tract within the Lincoln County AA and limited scope review AAs. No unexplained conspicuous gaps in lending were identified.

***Inside/Outside Ratio***

The Inside/Outside Ratio was performed at the bank level. See the Inside/Outside Ratio comment in the State of Texas section for the combined ratio analysis.

**Distribution of Loans by Income Level of the Borrower**

SWS's distribution of loans to borrowers of different income levels and businesses of different sizes is adequate. The majority of lending occurred during the 2010-2011 period as the formal Cease and Desist

order limited lending throughout the review period of January 1, 2012 through June 30, 2013. The borrower distribution of loans originated from 2010 through 2011 and January 1, 2012 through June 30, 2013 is adequate given performance context and the volume of small business lending. We did not consider home mortgage lending as a meaningful analysis could not be completed based on lack of volume.

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

Refer to Table 11 in the State of New Mexico 2000 Census section of Appendix D-27 for the facts and data used to evaluate the borrower distribution of the bank's origination of small loans to businesses. Refer to Table 11a in the State of New Mexico 2010 Census section of Appendix D-33 for the facts and data used to evaluate the borrower distribution of the bank's origination of small loans to businesses.

### **2010-2011**

#### Full Scope Review

The distribution of small business loans in the Lincoln County AA is good. Lending to small businesses with revenues of \$1 million or less exceeds aggregate peer small business lending in the AA.

#### Limited Scope Review

The distribution of small business loans in the Albuquerque AA limited review AA is weak. The percentage loans to small businesses is below aggregate peer small business lending and the percentage of small businesses within the AA.

### **2012-2013**

#### Full Scope Review

The distribution of loans to small businesses in Lincoln County is good. Lending to small businesses with revenues of \$1 million or less exceeds the aggregate peer small business lending in the AA. The majority of the volume of loans were for amounts \$100,000 or less, a further indication that SWS meets the credit needs of small businesses within the AA.

#### Limited Scope Review

The distribution of small business loans in the limited review Albuquerque AA is weak. The percentage of loans to small businesses is below aggregate peer small business lending and the percentage of businesses with revenues of \$1 million or less in the AA.

### **Community Development Lending**

SWS's Community Development (CD) lending in New Mexico reflects an adequate level of responsiveness to the CD needs of the area, given performance context. SWS is responsive to CD lending needs both inside and outside the bank's New Mexico AAs.

Refer to Table 1 captioned Lending Volume in Appendix D for the facts and data used to evaluate the level of CD lending for the State of New Mexico 2000 Census. Refer to Table 1a for the State of New Mexico 2010 Census data. As shown in the tables in Appendix D, the assessment period for the current evaluation for CD activities is split into two parts with the first extending from January 1, 2010 to December 31, 2011, and the second from January 1, 2012 to January 13, 2013. Unless otherwise specified, assessment period refers to the two combined evaluation periods.

Over the assessment period, SWS granted a total of four extensions of credit in New Mexico that qualified as CD loans. These loans totaled a dollar volume of \$5.2 million and all CD lending originated in the limited scope review area. This total dollar volume of CD loans represents 0.4 percent of SWS's total assets and approximately 3.1 percent of SWS's equity capital.

SWS did not originate loans that met the Community Development eligibility definition in the full scope Lincoln County AA. However, the absence of CD lending in the AA is mitigated by the limited amount of LMI geographies within the Lincoln County AA.

### **Product Innovation and Flexibility**

SWS does not offer lending that reflects product innovation and flexibility in the State of New Mexico.

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

Based on limited scope reviews, the bank's performance under the Lending Test in the Albuquerque AA is consistent with the bank's overall "Low Satisfactory" performance rating in New Mexico. SWS had a reasonable level of CD loans in the Albuquerque AA. During the evaluation period, SWS originated three CD loans totaling \$3.4 million in the Albuquerque AA that met the CD eligibility definition. The three eligible CD loans financed CD activities such as affordable housing and community services. In addition to CD lending in the Albuquerque AA, SWS originated CD loans outside the assessment area. During the evaluation period, SWS originated one CD loan totaling \$1.8 million in Dona Ana County. This CD loan financed affordable housing.

## **INVESTMENT TEST**

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

The bank's performance under the Investment Test in New Mexico is rated "**Needs to Improve**". Based on full-scope reviews, the performance in the Lincoln County AA is weak and needs to improve. The bank does not have any qualified investments for the full-scope Lincoln County AA. Refer to Table 14 and 14a in the State of New Mexico section of Appendix D for the facts and data used to evaluate the bank's level of qualified investments.

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

Based on limited-scope reviews, the bank's performance under the Investment Test in the Albuquerque AA is also rated "**Needs to Improve**". The bank does not have any investments in the limited-scope

review AA to report. Refer to the Table 14 and 14a in the State of New Mexico section of Appendix D for the facts and data that support these conclusions.

## **SERVICE TEST**

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

Southwest Securities (SWS) performance under the Service Test in New Mexico is rated “**Low Satisfactory**”. The bank’s service in the Lincoln County AA is adequate and is primarily driven by the CD services offered by the bank and their employees’ individual efforts. There are no low- to moderate income (LMI) census tracts in the Lincoln County AA. Thus, the branch delivery system and the location of their ATMs to LMI individuals and families could not be assessed. However, the bank has an adequate commitment to CD services.

### **Retail Banking Services**

Refer to Table 15 and 15a in the State of New Mexico for the facts and data used to evaluate the distribution of the bank’s branch delivery system and branch openings and closings for both census periods. Based on the full-scope reviews, the bank’s overall performance in the Lincoln County AA is adequate.

*Evaluation Period: June 30, 2010 – December 31, 2013*

The bank does not have any branches in the Lincoln County AA that are located in LMI census tracts. The only branch they have is in an upper-income census tract and they operate that branch from 8:00 AM to 5:00 PM, Monday through Friday. They also have a drive-thru window that shares the same hours.

### **Community Development Services**

SWS has implemented alternative methods of delivering services which include telephone banking (24/7), online banking, bill payment, and night deposit services to supplement the bank’s branch network to increase accessibility of banking services among LMI individuals. Customers can transfer funds between accounts via phone or the internet.

In addition, SWS offers various checking and savings accounts, certificates of deposit and individual retirement accounts, and also offers lending products in the areas of consumer, commercial, interim construction, small business and SBA at all full service banking centers and through the loan production offices.

The staff actively participates in various community organizations by providing technical assistance on financial matters, which include a loan modification program, which is available to all customers on a bank-wide level. This program provides foreclosure alternatives, which include reinstatement and repayment plans, forbearance, pre-foreclosure short sale, deed-in-lieu of foreclosure, and other loan modifications. During the evaluation period, 18 borrowers were assisted under the loan modification program. Seven of the borrowers, or 39 percent, had low or moderate-income, and three of the borrowers, or 17 percent, were located within LMI geographies.

The following activities were identified that were of high impact and demonstrated strong leadership by SWS:

Come in from the Cold Committee – Greg Cory is an active member of the committee and aids in the financial aspects involved therein. This committee was founded by a team of community leaders involved with Help End Abuse for Life (HEAL) and The Nest (a domestic violence shelter). Specifically, the committee helps women who are leaving The Nest by helping pay their heating bills as they move into their new apartments or homes. These women are economically disadvantaged.

Greg Cory has also been active in the Lincoln County AA throughout the entire review period and serves as the Board secretary and on the finance subcommittee for the Ruidoso Municipal School District, and the Ruidoso Economic Development Committee. The Ruidoso Municipal School District operates five campuses, covering grades pre-K through 12, in which 70 percent of the Districts students participate in the free lunch program (eligibility is determined by family income).

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

Based on the limited-scope reviews, SWS performance under the Service Test for the rest of New Mexico is consistent with the bank’s overall “Low Satisfactory” performance under the Service Test. Refer to Tables 15 and 15a for the facts and data that support this conclusion for both census periods.

The bank has one branch in the Albuquerque AA which is located in a moderate-income census tract. The hours for this location are from 9:00 AM to 5:00 PM, Monday through Friday.

The staff provides community development services such as providing financial expertise to the APS Sports Fund, which is a non-profit organization for the benefit of low-income middle school athletic programs. The APS Sports Fund has raised over \$1,000,000 in funds over the past 10 years. The money that is raised is distributed through grants.

## Appendix A: Scope of Examination

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

<b>Time Period Reviewed</b>	Lending Test (excludes CD loans): (01/01/2010 to 06/30/2013) Investment and Service Tests and CD Loans: (07/01/2010 to 01/06/2014)	
<b>Financial Institution</b>	<b>Products Reviewed</b>	
Southwest Securities, FSB (SWS) Dallas, Texas	Home mortgage loans, small business loans, community development loans, investments.	
<b>Affiliate(s)</b>	<b>Affiliate Relationship</b>	<b>Products Reviewed</b>
N/A	N/A	N/A
<b>List of Assessment Areas and Type of Examination</b>		
<b>Assessment Area</b>	<b>Type of Exam</b>	<b>Other Information</b>
<b>State of Texas</b> Dallas AA  Austin AA El Paso AA Ft Worth AA Hood County AA Houston AA  <b>State of New Mexico</b> Lincoln County AA  Albuquerque AA	Full Scope  Limited Scope Limited Scope Limited Scope Limited Scope Limited Scope  Full Scope  Limited Scope	Texas Full Scope includes full counties of Dallas, Collin, Denton, and Ellis.        New Mexico Full Scope includes full county of Lincoln.

## Appendix B: Summary of State Ratings

RATINGS		Southwest Securities, FSB		
Overall Bank:	Lending Test Rating*	Investment Test Rating	Service Test Rating	Overall Bank/State/ Rating
Southwest Securities, FSB	Low Satisfactory	Low Satisfactory	Low Satisfactory	Satisfactory
State:				
Texas	Low Satisfactory	Low Satisfactory	Low Satisfactory	Satisfactory
New Mexico	Low Satisfactory	Needs to Improve	Low Satisfactory	Satisfactory

(\*) The lending test is weighted more heavily than the investment and service tests in the overall rating.



## Appendix C: Market Profiles for Full-Scope Areas

### State of Texas 2000 Census

Demographic Information for Full Scope Area: SWS Dallas AA for Census 2000						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	650	9.54	28.92	31.23	29.69	0.62
Population by Geography	3,254,910	7.94	27.16	33.24	31.66	0.00
Owner-Occupied Housing by Geography	680,418	2.68	19.59	35.27	42.47	0.00
Business by Geography	509,500	3.40	18.85	31.93	44.67	1.15
Farms by Geography	8,570	2.32	16.03	41.81	39.45	0.39
Family Distribution by Income Level	813,391	21.22	17.83	20.21	40.73	0.00
Distribution of Low and Moderate Income Families throughout AA Geographies	317,703	13.89	39.10	33.01	13.99	0.00
Median Family Income HUD Adjusted Median Family Income for 2011 Households Below Poverty Level		56,313 69,600 10%	Median Housing Value Unemployment Rate (2000 US Census)		122,521 2.55%	

(\*) The NA category consists of geographies that have not been assigned an income classification.  
Source: 2000 US Census and 2011 HUD updated MFI

### State of Texas 2010 Census

Demographic Information for Full Scope Area: SWS Dallas AA 2010						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	849	13.31	24.50	26.03	35.81	0.35
Population by Geography	3,962,704	11.85	24.63	27.50	36.02	0.00
Owner-Occupied Housing by Geography	830,434	5.50	19.00	29.08	46.41	0.00
Business by Geography	492,635	8.65	17.87	26.23	47.03	0.22
Farms by Geography	8,681	6.26	17.47	32.42	43.76	0.09
Family Distribution by Income Level	937,128	23.38	16.60	18.03	41.99	0.00
Distribution of Low and Moderate Income Families throughout AA Geographies	374,651	21.16	35.66	27.10	16.09	0.00
Median Family Income HUD Adjusted Median Family Income for 2011 Households Below Poverty Level		67,501 69,600 12%	Median Housing Value Unemployment Rate (2010 US Census)		175,970 3.56%	

(\*) The NA category consists of geographies that have not been assigned an income classification.  
Source: 2010 US Census and 2011 HUD updated MFI

SWS is a federal savings bank headquartered in Dallas, Texas. The full scope assessment area is limited to the Dallas AA. SWS has implemented alternative methods of delivering services which include telephone banking (24/7), online banking, bill payment, and night deposit services to supplement the bank's branch network to increase accessibility of banking services among low-to-moderate income

individuals. In addition, SWS offers various checking and savings accounts, certificates of deposit and individual retirement accounts. The bank also offers products in the areas of consumer, commercial, interim construction, small business and SBA lending at all of the full service banking centers and through their loan production offices.

We performed a full scope review of the performance in Collin, Denton, Dallas, and Ellis County as the Dallas AA. We performed a limited scope review of the Austin AA, El Paso AA, Fort Worth AA, Hood County AA, and Houston AA.

The full scope Dallas AA consists of portions of the Dallas-Plano-Irving, TX MD and includes all of Collin, Denton, Dallas, and Ellis counties. From June 30, 2010 through December 31, 2011, the Dallas AA consisted of four full-service branches and four ATMs. Between January 1, 2012 and December 31, 2013, management closed two of the four branches located in the Dallas AA, leaving only two branches and two ATMs. The bank does not have any branches located in low-to-moderate income census tracts in the Dallas AA. One of the branches has a drive-thru window while the other branch offers walk-up windows for customer convenience. The full service branches in the AA provide convenient access to both credit and non-credit retail banking services. SWS has a deposit market share of 0.52 percent and is ranked 24<sup>th</sup> when compared to other FDIC insured banks in the Dallas AA based on the FDIC Summary of Deposits report dated June 30, 2013.

The limited review assessment areas include the Austin AA, El Paso AA, Fort Worth AA, Hood County AA, and Houston AA. From June 30, 2010 through December 31, 2011, SWS closed two branches. Closures included one branch located in the Austin AA and one branch from the Fort Worth AA. After the closures, there were ten remaining branches and six ATMs open throughout the limited review AAs. One branch was located in the El Paso AA and six branches were located in the Fort Worth AA. Between January 1, 2012 and December 31, 2013, six of the ten remaining branches in the limited review AAs closed, leaving four full service branches and one ATM operational. Closures included four branches from the Fort Worth AA, one branch from the Austin AA, and one branch from the Houston AA. The branches that were closed in the Austin and Houston AAs were converted to LPOs in upper-income census tracts. One of the branches within the Fort Worth AA is located in a moderate-income census tract. This represents 50 percent penetration in moderate-income census tracts for the Fort Worth AA. The branch in the El Paso AA is in a moderate-income census tract representing 100 percent penetration in moderate-income census tracts.

## State of New Mexico 2000 Census

Demographic Information for Full Scope Area: SWS Lincoln County AA for Census 2000						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	5	0.00	0.00	80.00	20.00	0.00
Population by Geography	19,411	0.00	0.00	68.00	32.00	0.00
Owner-Occupied Housing by Geography	6,332	0.00	0.00	65.68	34.32	0.00
Business by Geography	2,535	0.00	0.00	60.24	39.76	0.00
Farms by Geography	105	0.00	0.00	84.76	15.24	0.00
Family Distribution by Income Level	5,650	15.66	15.33	19.79	49.22	0.00
Distribution of Low and Moderate Income Families throughout AA Geographies	1,751	0.00	0.00	72.36	27.64	0.00
Median Family Income HUD Adjusted Median Family Income for 2011 Households Below Poverty Level		33,667 47,100 13%	Median Housing Value Unemployment Rate (2000 US Census)		95,835 1.80%	

(\*) The NA category consists of geographies that have not been assigned an income classification.  
Source: 2000 US Census and 2011 HUD updated MFI

## State of New Mexico 2010 Census

Demographic Information for Full Scope Area: SWS Lincoln County AA 2010						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	5	0.00	0.00	80.00	20.00	0.00
Population by Geography	20,497	0.00	0.00	69.26	30.74	0.00
Owner-Occupied Housing by Geography	6,687	0.00	0.00	68.04	31.96	0.00
Business by Geography	2,139	0.00	0.00	54.75	45.25	0.00
Farms by Geography	108	0.00	0.00	83.33	16.67	0.00
Family Distribution by Income Level	5,362	12.33	15.03	23.78	48.86	0.00
Distribution of Low and Moderate Income Families throughout AA Geographies	1,467	0.00	0.00	82.14	17.86	0.00
Median Family Income HUD Adjusted Median Family Income for 2011 Households Below Poverty Level		46,354 47,100 13%	Median Housing Value Unemployment Rate (2010 US Census)		175,448 2.36%	

(\*) The NA category consists of geographies that have not been assigned an income classification.  
Source: 2010 US Census and 2011 HUD updated MFI

The full scope assessment area is limited to Lincoln County in New Mexico. SWS has implemented alternative methods of delivering services which include telephone banking (24/7), online banking, bill payment, and night deposit services to supplement the bank's branch network to increase accessibility of banking services among low-to-moderate income individuals. In addition, SWS offers various checking and savings accounts, certificates of deposit and individual retirement accounts. The bank also offers

products in the areas of consumer, commercial, interim construction, small business and SBA lending at all of the full service banking centers and through their loan production offices.

We performed a full scope review of the performance in the Lincoln County AA and a limited scope review of the Albuquerque AA.

The full scope AA includes all of Lincoln County. From June 30, 2010 through December 31, 2013, the Lincoln County AA consisted of one full-service branch in an upper-income census tract. The bank does not have any branches located in low-to-moderate income census tracts in the AA. SWS has a deposit market share of 1.28 percent and is ranked last out of eight FDIC insured banks in the Lincoln County AA based on the FDIC Summary of Deposits report dated June 30, 2013.

The limited review assessment area is limited to the Albuquerque AA. The bank has one branch in the Albuquerque AA, which is located in a moderate-income census tract and represents 100 percent penetration in moderate-income census tracts.

## 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 areas 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 loans are treated as originations/purchases and market share is the number of loans originated and purchased by the bank as a percentage of the aggregate number of reportable loans originated and purchased by all lenders in the MA/assessment area; (2) partially geocoded loans (loans where no census tract is provided) cannot be broken down by income geographies and, therefore, are only reflected in the Total Loans in Core Tables 2 through 7 and part of Table 13; and (3) partially geocoded loans are included in the Total Loans and % Bank Loans Column in Core Tables 8 through 12 and part of Table 13. 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. [Note: Do not renumber the tables.]

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

**Table 1. Lending Volume** - Presents the number and dollar amount of reportable loans originated and purchased by the bank over the evaluation period by MA/assessment area. Community development loans to statewide or regional entities or made outside the bank’s assessment area may receive positive CRA consideration. See Interagency Q&As \_\_.12 (i) - 5 and - 6 for guidance on when a bank may receive positive CRA consideration for such loans. Refer to the CRA section of the Compliance Policy intranet page for guidance on table placement.

**Table 1. Other Products** - Presents the number and dollar amount of any unreported category of loans originated and purchased by the bank, if applicable, over the evaluation period by MA/assessment area. Examples include consumer loans or other data that a bank may provide, at its option, concerning its lending performance. This is a two-page table that lists specific categories.

**Table 2. Geographic Distribution of Home Purchase Loans** - Compares the percentage distribution of the number of loans originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies to the percentage distribution of owner-occupied housing units throughout those geographies. The table also presents market share information based on the most recent aggregate market data available.

**Table 3. Geographic Distribution of Home Improvement Loans** - See Table 2.

**Table 4. Geographic Distribution of Home Mortgage Refinance Loans** - See Table 2.

**Table 5. Geographic Distribution of Multifamily Loans** - Compares the percentage distribution of the number of multifamily loans originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies to the percentage distribution of multifamily housing units throughout those geographies. The table also presents market share information based on the most recent aggregate market data available.

**Table 6. Geographic Distribution of Small Loans to Businesses** - The percentage distribution of the number of small loans (less than or equal to \$1 million) to businesses 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) throughout those geographies. The table also presents market share information based on the most recent aggregate market data available. Because small business data are not available for geographic areas smaller than counties, it may be necessary to use geographic areas larger than the bank's assessment area.

**Table 7. Geographic Distribution of Small Loans to Farms** - The percentage distribution of the number of small loans (less than or equal to \$500,000) to farms originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies compared to the percentage distribution of farms (regardless of revenue size) throughout those geographies. The table also presents market share information based on the most recent aggregate market data available. Because small farm data are not available for geographic areas smaller than counties, it may be necessary to use geographic areas larger than the bank's assessment area.

**Table 8. Borrower Distribution of Home Purchase Loans** - Compares the percentage distribution of the number of loans originated and purchased by the bank to low-, moderate-, middle-, and upper-income borrowers to the percentage distribution of families by income level in each MA/assessment area. The table also presents market share information based on the most recent aggregate market data available.

**Table 9. Borrower Distribution of Home Improvement Loans** - See Table 8.

**Table 10. Borrower Distribution of Refinance Loans** - See Table 8.

**Table 11. Borrower Distribution of Small Loans to Businesses** - Compares the percentage distribution of the number of small loans (less than or equal to \$1 million) originated and purchased by the bank to businesses with revenues of \$1 million or less to the percentage distribution of businesses with revenues of \$1 million or less. In addition, the table presents the percentage distribution of the number of loans originated and purchased by the bank by loan size, regardless of the revenue size of the business. Market share information is presented based on the most recent aggregate market data available.

**Table 12. Borrower Distribution of Small Loans to Farms** - Compares the percentage distribution of the number of small loans (less than or equal to \$500,000) originated and purchased by the bank to farms with revenues of \$1 million or less to the percentage distribution of farms with revenues of \$1 million or less. In addition, the table presents the percentage distribution of the number of loans originated and purchased by the bank by loan size, regardless of the revenue size of the farm. Market share information is presented based on the most recent aggregate market data available.

**Table 13. Geographic and Borrower Distribution of Consumer Loans (OPTIONAL)** - For geographic distribution, the table compares the percentage distribution of the number of loans originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies to the percentage distribution of households within each geography. For borrower distribution, the table compares the percentage distribution of the number of loans originated and purchased by the bank to low-, moderate-, middle-, and upper-income borrowers to the percentage of households by income level in each MA/assessment area.

**Table 14. Qualified Investments** - Presents the number and dollar amount of qualified investments made by the bank in each MA/AA. The table separately presents investments made during prior evaluation periods that are still outstanding and investments made during the current evaluation period. Prior-period investments are reflected at their book value as of the end of the evaluation period. Current period investments are reflected at their original investment amount even if that amount is greater than the current book value of the investment. The table also presents the number and dollar amount of unfunded qualified investment commitments. In order to be included, an unfunded commitment must be legally binding and tracked and recorded by the bank's financial reporting system.

A bank may receive positive consideration for qualified investments in statewide/regional entities or made outside of the bank's assessment area. See Interagency Q&As \_\_.12 (i) - 5 and - 6 for guidance on when a bank may receive positive CRA consideration for such investments. Refer to the CRA section of the Compliance Policy intranet page for guidance on table placement.

**Table 15. Distribution of Branch Delivery System and Branch Openings/Closings** - Compares the percentage distribution of the number of the bank's branches in low-, moderate-, middle-, and upper-income geographies to the percentage of the population within each geography in each MA/AA. The table also presents data on branch openings and closings in each MA/AA.

## Tables of Performance Data

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### State of Texas 2000 Census

**Institution ID:** SOUTHWEST SECURITIES, FSB

**Table 1. Lending Volume**

LENDING VOLUME												
Geography: TEXAS												
Evaluation Period: JANUARY 1, 2010 TO DECEMBER 31, 2011												
Assessment Area (2011):	% of Rated Area Loans (#) in MA/AA*	Home Mortgage		Small Loans to Businesses		Small Loans to Farms		Community Development Loans**		Total Reported Loans		% of Rated Area Deposits in MA/AA***
		#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	
<b>Full Review:</b>												
SWS Dallas AA for Census 2000	39.88	41	17,250	225	57,073	2	345	4	14,582	272	89,250	0.00
<b>Limited Review:</b>												
SWS Austin AA for Census 2000	1.19	1	408	7	2,195	0	0	0	0	8	2,603	0.00
SWS El Paso AA for Census 2000	9.23	3	485	59	7,480	0	0	2	2,899	64	10,864	0.00
SWS Ft Worth AA for Census 2000	35.42	28	4,942	206	47,023	4	150	1	2,209	239	54,324	0.00
SWS Hood County AA for Census 2000	10.71	7	2,805	61	9,379	4	100	0	0	72	12,284	0.00
SWS Houston AA for Census 2000	3.57	0	0	24	12,327	0	0	0	0	24	12,327	0.00

\* Loan Data as of December 31, 2011. Rated area refers to either state or multi-state MA rating area.

\*\* The evaluation period for Community Development Loans is from January 01, 2010 to December 31, 2011.

\*\*\* Deposit Data as of January 03, 2014. Rated Area refers to either the state, multi-state MA, or institution, as appropriate.



Institution ID: SOUTHWEST SECURITIES, FSB

**Table 2. Geographic Distribution of Home Purchase Loans**

Geographic Distribution: HOME PURCHASE		Geography: TEXAS				Evaluation Period: JANUARY 1, 2010 TO DECEMBER 31, 2011						Aggregate HMDA Lending (%) by Tract Income*			
Assessment Area:	Total Home Purchase Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies						
	#	% of Total**	% Owner Occ Units***	% BANK Loans****	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	Low	Mod	Mid	Upp	
<b>Full Review:</b>															
SWS Dallas AA for Census 2000	22	50.00	2.68	4.55	19.59	18.18	35.27	31.82	42.47	45.45	0.81	8.33	35.46	55.40	
<b>Limited Review:</b>															
SWS Austin AA for Census 2000	1	2.27	4.16	0.00	21.43	0.00	36.00	0.00	38.41	100.00	2.93	15.65	39.42	42.00	
SWS El Paso AA for Census 2000	0	0.00	0.92	0.00	26.70	0.00	34.90	0.00	37.48	0.00	0.13	11.55	51.14	37.18	
SWS Ft Worth AA for Census 2000	20	45.45	3.48	5.00	19.52	5.00	40.41	45.00	36.59	45.00	0.55	8.01	41.17	50.27	
SWS Hood County AA for Census 2000	1	2.27	0.00	0.00	0.00	0.00	28.70	0.00	71.30	100.00	0.00	0.00	34.53	65.47	
SWS Houston AA for Census 2000	0	0.00	3.94	0.00	25.93	0.00	30.45	0.00	39.67	0.00	2.06	11.30	35.36	51.29	

\* Based on 2011 Peer Mortgage Data (USPR)

\*\* Home purchase loans originated and purchased in the MA/AA as a percentage of all home purchase loans originated and purchased in the rated area.

\*\*\* Percentage of Owner Occupied Units is the number of owner occupied units in a particular geography divided by the number of owner occupied housing units in the area based on 2000 Census information.

\*\*\*\* Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

Institution ID: SOUTHWEST SECURITIES, FSB

**Table 4. Geographic Distribution of Home Mortgage Refinance Loans**

Geographic Distribution: HOME MORTGAGE REFINANCE														Geography: TEXAS		Evaluation Period: JANUARY 1, 2010 TO DECEMBER 31, 2011			
Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Aggregate HMDA Lending (%) by Tract Income*								
	#	% of Total**	% Owner Occ Units***	% BANK Loans****	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	Low	Mod	Mid	Upp					
<b>Full Review:</b>																			
SWS Dallas AA for Census 2000	13	61.90	2.68	15.38	19.59	30.77	35.27	23.08	42.47	30.77	0.51	4.71	26.36	68.42					
<b>Limited Review:</b>																			
SWS Austin AA for Census 2000	0	0.00	4.16	0.00	21.43	0.00	36.00	0.00	38.41	0.00	2.22	12.08	32.52	53.18					
SWS El Paso AA for Census 2000	0	0.00	0.92	0.00	26.70	0.00	34.90	0.00	37.48	0.00	0.26	9.19	34.57	55.98					
SWS Ft Worth AA for Census 2000	6	28.57	3.48	0.00	19.52	0.00	40.41	50.00	36.59	50.00	0.37	5.19	34.41	60.02					
SWS Hood County AA for Census 2000	2	9.52	0.00	0.00	0.00	0.00	28.70	50.00	71.30	50.00	0.00	0.00	29.01	70.99					
SWS Houston AA for Census 2000	0	0.00	3.94	0.00	25.93	0.00	30.45	0.00	39.67	0.00	1.82	9.23	26.28	62.67					

\* Based on 2011 Peer Mortgage Data (USPR)

\*\* Home refinance loans originated and purchased in the MA/AA as a percentage of all home refinance loans originated and purchased in the rated area.

\*\*\* Percentage of Owner Occupied Units is the number of owner occupied units in a particular geography divided by the number of owner occupied housing units in the area based on 2000 Census information.

\*\*\*\* Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

Institution ID: SOUTHWEST SECURITIES, FSB

**Table 5. Geographic Distribution of Multifamily Loans**

Geographic Distribution: MULTIFAMILY		Geography: TEXAS					Evaluation Period: JANUARY 1, 2010 TO DECEMBER 31, 2011							
Assessment Area:	Total Multifamily Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Aggregate HMDA Lending (%) by Tract Income*			
	#	% of Total**	% of MF Units***	% BANK Loans****	% MF Units***	% BANK Loans	% MF Units***	% BANK Loans	% MF Units***	% BANK Loans	Low	Mod	Mid	Upp
<b>Full Review:</b>														
SWS Dallas AA for Census 2000	1	33.33	14.46	0.00	30.25	0.00	33.30	100.00	21.99	0.00	16.93	32.28	30.69	20.11
<b>Limited Review:</b>														
SWS Austin AA for Census 2000	0	0.00	19.50	0.00	33.11	0.00	32.54	0.00	14.85	0.00	25.00	30.00	25.00	20.00
SWS El Paso AA for Census 2000	2	66.67	11.43	0.00	31.34	100.00	26.23	0.00	31.00	0.00	14.29	47.62	21.43	16.67
SWS Ft Worth AA for Census 2000	0	0.00	7.10	0.00	28.62	0.00	45.36	0.00	18.92	0.00	8.45	26.76	47.89	16.90
SWS Hood County AA for Census 2000	0	0.00	0.00	0.00	0.00	0.00	42.68	0.00	57.32	0.00	0.00	0.00	50.00	50.00
SWS Houston AA for Census 2000	0	0.00	10.57	0.00	36.04	0.00	31.18	0.00	22.22	0.00	13.42	35.57	34.90	16.11

\* Based on 2011 Peer Mortgage Data (USPR)

\*\* Multi-family loans originated and purchased in the MA/AA as a percentage of all multi-family loans originated and purchased in the rated area.

\*\*\* Percentage of Multi Family Units is the number of multi family units in a particular geography divided by the number of multi family housing units in the area based on 2000 Census information.

\*\*\*\* Multifamily loan distribution includes Home Purchases, Home Improvement and Refinances.

Institution ID: SOUTHWEST SECURITIES, FSB

**Table 6. Geographic Distribution of Small Loans to Businesses**

Geographic Distribution: SMALL LOANS TO BUSINESSES														Geography: TEXAS		Evaluation Period: JANUARY 1, 2010 TO DECEMBER 31, 2011			
Assessment Area:	Total Small Business Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Aggregate Lending (%) by Tract Income*								
	#	% of Total**	% of Businesses***	% BANK Loans	% of Businesses***	% BANK Loans	% of Businesses***	% BANK Loans	% of Businesses**	% BANK Loans	Low	Mod	Mid	Upp					
<b>Full Review:</b>																			
SWS Dallas AA for Census 2000	225	38.66	3.40	4.89	18.85	32.89	31.93	37.33	44.67	24.89	2.85	17.86	29.66	49.63					
<b>Limited Review:</b>																			
SWS Austin AA for Census 2000	7	1.20	5.16	0.00	16.88	28.57	31.36	28.57	46.51	42.86	4.25	15.61	31.11	49.02					
SWS El Paso AA for Census 2000	59	10.14	6.19	8.47	26.37	33.90	28.59	15.25	38.85	42.37	8.00	26.53	25.28	40.19					
SWS Ft Worth AA for Census 2000	206	35.40	2.72	1.94	19.36	25.73	37.80	26.70	40.13	45.63	2.69	19.75	35.49	42.07					
SWS Hood County AA for Census 2000	61	10.48	0.00	0.00	0.00	0.00	30.14	47.54	69.86	52.46	0.00	0.00	31.21	68.79					
SWS Houston AA for Census 2000	24	4.12	4.74	4.17	23.87	41.67	27.71	4.17	43.42	50.00	4.35	23.74	26.48	45.42					

\* Based on 2011 Peer Small Business Data -- US and PR

\*\* Small loans to businesses originated and purchased in the MA/AA as a percentage of all small loans to businesses originated and purchased in the rated area.

\*\*\* Source Data - Dun and Bradstreet (2011).

Institution ID: SOUTHWEST SECURITIES, FSB

Table 8. Borrower Distribution of Home Purchase Loans

Borrower Distribution: HOME PURCHASE														Geography: TEXAS				Evaluation Period: JANUARY 1, 2010 TO DECEMBER 31, 2011			
Assessment Area:	Total Home Purchase Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Aggregate Lending Data*										
	#	% of Total**	% Families***	% BANK Loans****	% Families <sup>1</sup>	% BANK Loans****	% Families***	% BANK Loans****	% Families***	% BANK Loans****	Low	Mod	Mid	Upp							
<b>Full Review:</b>																					
SWS Dallas AA for Census 2000	22	50.00	21.22	6.25	17.83	6.25	20.21	12.50	40.73	75.00	7.22	19.61	22.08	51.08							
<b>Limited Review:</b>																					
SWS Austin AA for Census 2000	1	2.27	21.57	0.00	17.98	0.00	21.04	0.00	39.41	100.00	7.36	18.87	21.95	51.82							
SWS El Paso AA for Census 2000	0	0.00	22.11	0.00	17.46	0.00	18.92	0.00	41.51	0.00	2.09	12.50	27.59	57.83							
SWS Ft Worth AA for Census 2000	20	45.45	19.49	5.56	18.62	11.11	21.70	0.00	40.18	83.33	10.14	23.74	24.27	41.85							
SWS Hood County AA for Census 2000	1	2.27	10.26	0.00	14.67	0.00	17.40	0.00	57.67	100.00	3.33	8.10	19.97	68.60							
SWS Houston AA for Census 2000	0	0.00	24.35	0.00	17.94	0.00	18.71	0.00	39.00	0.00	7.08	21.99	22.46	48.47							

\* Based on 2011 Peer Mortgage Data (USPR)

\*\* Home purchase loans originated and purchased in the MA/AA as a percentage of all home purchase loans originated and purchased in the rated area.

\*\*\* Percentage of Families is based on the 2000 Census information.

\*\*\*\* As a percentage of loans with borrower income information available. No information was available for 18.2% of loans originated and purchased by BANK.

<sup>1</sup> Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

Institution ID: SOUTHWEST SECURITIES, FSB

**Table 10. Borrower Distribution of Home Mortgage Refinance Loans**

Borrower Distribution: HOME MORTGAGE REFINANCE														Geography: TEXAS				Evaluation Period: JANUARY 1, 2010 TO DECEMBER 31, 2011			
Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Aggregate Lending Data*										
	#	% of Total**	% Families***	% BANK Loans****	% Families <sup>2</sup>	% BANK Loans****	% Families***	% BANK Loans****	% Families***	% BANK Loans****	Low	Mod	Mid	Upp							
<b>Full Review:</b>																					
SWS Dallas AA for Census 2000	13	61.90	21.22	0.00	17.83	0.00	20.21	33.33	40.73	66.67	3.13	9.99	18.48	68.40							
<b>Limited Review:</b>																					
SWS Austin AA for Census 2000	0	0.00	21.57	0.00	17.98	0.00	21.04	0.00	39.41	0.00	3.77	11.05	19.66	65.52							
SWS El Paso AA for Census 2000	0	0.00	22.11	0.00	17.46	0.00	18.92	0.00	41.51	0.00	2.10	7.03	16.65	74.22							
SWS Ft Worth AA for Census 2000	6	28.57	19.49	0.00	18.62	0.00	21.70	0.00	40.18	100.00	3.97	12.31	21.66	62.06							
SWS Hood County AA for Census 2000	2	9.52	10.26	0.00	14.67	0.00	17.40	0.00	57.67	100.00	1.88	6.21	12.72	79.19							
SWS Houston AA for Census 2000	0	0.00	24.35	0.00	17.94	0.00	18.71	0.00	39.00	0.00	3.11	9.72	17.49	69.67							

\* Based on 2011 Peer Mortgage Data (USPR)

\*\* Home refinance loans originated and purchased in the MA/AA as a percentage of all home refinance loans originated and purchased in the rated area.

\*\*\* Percentage of Families is based on the 2000 Census information.

\*\*\*\* As a percentage of loans with borrower income information available. No information was available for 71.4% of loans originated and purchased by BANK.

2 Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

Institution ID: SOUTHWEST SECURITIES, FSB

**Table 11. Borrower Distribution of Small Loans to Businesses**

Borrower Distribution: SMALL LOANS TO BUSINESSES		Geography: TEXAS			Evaluation Period: JANUARY 1, 2010 TO DECEMBER 31, 2011				
Assessment Area:	Total Small Loans to Businesses		Businesses With Revenues of \$1 million or less		Loans by Original Amount Regardless of Business Size			Aggregate Lending Data*	
	#	% of Total**	% of Businesses***	% BANK Loans****	\$100,000 or less	>\$100,000 to \$250,000	>\$250,000 to \$1,000,000	All	Rev\$ 1 Million or Less
<b>Full Review:</b>									
SWS Dallas AA for Census 2000	225	38.66	66.67	35.11	38.22	24.44	37.33	74,360	31,298
<b>Limited Review:</b>									
SWS Austin AA for Census 2000	7	1.20	64.88	14.29	28.57	14.29	57.14	25,005	11,511
SWS El Paso AA for Census 2000	59	10.14	63.44	32.20	69.49	20.34	10.17	8,434	3,805
SWS Ft Worth AA for Census 2000	206	35.40	67.29	26.70	34.95	37.86	27.18	31,538	14,041
SWS Hood County AA for Census 2000	61	10.48	72.38	39.34	67.21	16.39	16.39	895	341
SWS Houston AA for Census 2000	24	4.12	66.46	12.50	12.50	16.67	70.83	76,920	29,294

\* Based on 2011 Peer Small Business Data -- US and PR

\*\* Small loans to businesses originated and purchased in the MA/AA as a percentage of all small loans to businesses originated and purchased in the rated area.

\*\*\* Businesses with revenues of \$1 million or less as a percentage of all businesses (Source D&B - 2011).

\*\*\*\* Small loans to businesses with revenues of \$1 million or less as a percentage of all loans reported as small loans to businesses. No information was available for 20.45% of small loans to businesses originated and purchased by the bank.

Institution ID: SOUTHWEST SECURITIES, FSB

Table 14. Qualified Investments

QUALIFIED INVESTMENTS									
Geography: TEXAS									
Evaluation Period: JULY 1, 2010 TO JANUARY 6, 2014									
Assessment Area:	Prior Period Investments*		Current Period Investments		Total Investments			Unfunded Commitments**	
	#	\$(000's)	#	\$(000's)	#	\$(000's)	% of Total	#	\$(000's)
<b>Full Review:</b>									
SWS Dallas AA for Census 2000 and 2010	3	4,078 0	2	660	5	4,738	99.50	3	6,810
<b>Limited Review:</b>									
SWS Austin AA for Census 2000 and 2010	0	0	0	0	0	0	0.00	0	0
SWS El Paso AA for Census 2000 and 2010	0	0	0	0	0	0	0.00	0	0
SWS Ft Worth AA for Census 2000 and 2010	0	0	1	24	1	24	0.50	0	0
SWS Hood County AA for Census 2000 and 2010	0	0	0	0	0	0	0.00	0	0
SWS Houston AA for Census 2000 and 2010	0	0	0	0	0	0	0.00	0	0

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

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



Institution ID: SOUTHWEST SECURITIES, FSB

**Table 15. Distribution of Branch Delivery System and Branch Openings/Closings**

DISTRIBUTION OF BRANCH DELIVERY SYSTEM AND BRANCH OPENINGS/CLOSINGS																		
Geography: TEXAS																		
Evaluation Period: JUNE 30, 2010 TO DECEMBER 31, 2011																		
Assessment Area:	Deposits	Branches						Branch Openings/Closings						Population				
	% of Rated Area Deposits in AA	# of BANK Branches	% of Rated Area Branches in AA	Location of Branches by Income of Geographies (%)				# of Branch Openings	# of Branch Closings	Net change in Location of Branches (+ or -)				% of Population within Each Geography				
				Low	Mod	Mid	Upp			Low	Mod	Mid	Upp	Low	Mod	Mid	Upp	
<b>Full Review:</b>																		
SWS Dallas AA for Census 2000	100.00	4	28.58	0.00	0.00	50.00	50.00	0	0	0	0	0	0	0	7.94	27.16	33.24	31.66
<b>Limited Review:</b>																		
SWS Austin AA for Census 2000	100.00	1	7.14	0.00	0.00	0.00	100.00	0	-1	0	0	0	-1	11.53	29.36	32.41	26.40	
SWS El Paso AA for Census 2000	100.00	1	7.14	0.00	100.00	0.00	0.00	0	0	0	0	0	0	3.70	30.92	33.98	31.40	
SWS Ft Worth AA for Census 2000	100.00	6	42.86	0.00	33.33	33.33	33.33	0	-1	0	0	0	-1	5.55	25.95	38.77	29.73	
SWS Hood County AA for Census 2000	100.00	1	7.14	0.00	0.00	0.00	100.00	0	0	0	0	0	0	0.00	0.00	31.79	68.21	
SWS Houston AA for Census 2000	100.00	1	7.14	0.00	0.00	0.00	100.00	0	0	0	0	0	0	8.24	33.98	29.11	28.60	

Institution ID: SOUTHWEST SECURITIES, FSB

**Distribution of Branch and ATM Delivery System**

DISTRIBUTION OF BRANCH and ATM DELIVERY SYSTEM																	
Geography: TEXAS																	
Evaluation Period: JUNE 30, 2010 TO DECEMBER 31, 2011																	
Assessment Area:	Deposits	Branches						ATMs						Population			
	% of Total Bank Deposits	# of BANK Branches	% of Total Bank Branches	Location of Branches by Income of Geographies (%)				# of Bank ATMs	% of Total Bank ATMs	Location of ATMs by Income of Geographies				% of Population within Each Geography			
				Low	Mod	Mid	Upp			Low	Mod	Mid	Upp	Low	Mod	Mid	Upp
<b>Full Review:</b>																	
SWS Dallas AA for Census 2000	100.00	4	28.58	0.00	0.00	50.00	50.00	4	40.00	0.00	0.00	50.00	50.00	7.94	27.16	33.24	31.66
<b>Limited Review:</b>																	
SWS Austin AA for Census 2000	100.00	1	7.14	0.00	0.00	0.00	100.00	0	0.00	0.00	0.00	0.00	0.00	11.53	29.36	32.41	26.40
SWS El Paso AA for Census 2000	100.00	1	7.14	0.00	100.00	0.00	0.00	1	10.00	0.00	100.00	0.00	0.00	3.70	30.92	33.98	31.40
SWS Ft Worth AA for Census 2000	100.00	6	42.86	0.00	33.33	33.33	33.33	4	40.00	0.00	50.00	25.00	25.00	5.55	25.95	38.77	29.73
SWS Hood County AA for Census 2000	100.00	1	7.14	0.00	0.00	0.00	100.00	1	10.00	0.00	0.00	0.00	100.00	0.00	0.00	31.79	68.21
SWS Houston AA for Census 2000	100.00	1	7.14	0.00	0.00	0.00	100.00	0	0.00	0.00	0.00	0.00	0.00	8.24	33.98	29.11	28.60

## State of Texas 2010 Census

Institution ID: SOUTHWEST SECURITIES, FSB

Table 1a. Lending Volume

LENDING VOLUME												
Geography: TEXAS												
Evaluation Period: JANUARY 1, 2012 TO JUNE 30, 2013												
Assessment Area (2011):	% of Rated Area Loans (#) in MA/AA*	Home Mortgage		Small Loans to Businesses		Small Loans to Farms		Community Development Loans**		Total Reported Loans		% of Rated Area Deposits in MA/AA***
		#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	
<b>Full Review:</b>												
SWS Dallas AA 2010	31.29	8	31,682	43	12,977	0	0	7	32,200	58	76,859	0.00
<b>Limited Review:</b>												
SWS Austin AA 2010	0.61	1	321	0	0	0	0	0	0	1	321	0.00
SWS El Paso AA 2010	10.43	0	0	17	2,517	0	0	0	0	17	2,517	0.00
SWS Ft Worth AA 2010	28.22	5	10,117	38	10,077	3	71	2	5,221	48	25,486	0.00
SWS Hood County AA 2010	15.95	1	161	20	2,340	5	159	0	0	26	2,660	0.00
SWS Houston AA 2010	13.50	12	31,319	10	4,739	0	0	11	26,394	33	62,452	0.00

\* Loan Data as of June 30, 2013. Rated area refers to either state or multi-state MA rating area.

\*\* The evaluation period for Community Development Loans is from January 01, 2011 to December 31, 2011.

\*\*\* Deposit Data as of January 03, 2014. Rated Area refers to either the state, multi-state MA, or institution, as appropriate.

Institution ID: SOUTHWEST SECURITIES, FSB

Table 2a. Geographic Distribution of Home Purchase Loans

Geographic Distribution: HOME PURCHASE														Geography: TEXAS				Evaluation Period: JANUARY 1, 2012 TO JUNE 30, 2013			
Assessment Area:	Total Home Purchase Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Aggregate HMDA Lending (%) by Tract Income*										
	#	% of Total**	% Owner Occ Units***	% BANK Loans****	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	Low	Mod	Mid	Upp							
<b>Full Review:</b>																					
SWS Dallas AA 2010	0	0.00	5.50	0.00	19.00	0.00	29.08	0.00	46.41	0.00	2.06	9.58	28.52	59.84							
<b>Limited Review:</b>																					
SWS Austin AA 2010	0	0.00	7.56	0.00	19.66	0.00	26.78	0.00	45.99	0.00	5.32	17.67	27.22	49.79							
SWS El Paso AA 2010	0	0.00	1.70	0.00	28.43	0.00	31.58	0.00	38.29	0.00	0.39	16.55	40.49	42.57							
SWS Ft Worth AA 2010	0	0.00	3.86	0.00	20.64	0.00	39.42	0.00	36.08	0.00	0.78	10.78	38.18	50.26							
SWS Hood County AA 2010	1	100.00	0.00	0.00	0.00	0.00	29.03	100.00	70.97	0.00	0.00	0.00	30.41	69.59							
SWS Houston AA 2010	0	0.00	5.95	0.00	25.83	0.00	28.60	0.00	39.61	0.00	1.80	11.77	30.66	55.77							

\* Based on 2012 Peer Mortgage Data (USPR)

\*\* Home purchase loans originated and purchased in the MA/AA as a percentage of all home purchase loans originated and purchased in the rated area.

\*\*\* Percentage of Owner Occupied Units is the number of owner occupied units in a particular geography divided by the number of owner occupied housing units in the area based on 2010 Census information.

\*\*\*\* Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

Institution ID: SOUTHWEST SECURITIES, FSB

Table 4a. Geographic Distribution of Home Mortgage Refinance Loans

Geographic Distribution: HOME MORTGAGE REFINANCE														Geography: TEXAS				Evaluation Period: JANUARY 1, 2012 TO JUNE 30, 2013			
Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Aggregate HMDA Lending (%) by Tract Income <sup>†</sup>										
	#	% of Total**	% Owner Occ Units***	% BANK Loans****	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	Low	Mod	Mid	Upp							
<b>Full Review:</b>																					
SWS Dallas AA 2010	1	20.00	5.50	0.00	19.00	100.00	29.08	0.00	46.41	0.00	1.35	6.47	21.49	70.69							
<b>Limited Review:</b>																					
SWS Austin AA 2010	1	20.00	7.56	0.00	19.66	0.00	26.78	0.00	45.99	100.00	3.43	11.43	24.18	60.95							
SWS El Paso AA 2010	0	0.00	1.70	0.00	28.43	0.00	31.58	0.00	38.29	0.00	0.46	10.56	29.03	59.95							
SWS Ft Worth AA 2010	3	60.00	3.86	0.00	20.64	33.33	39.42	33.33	36.08	33.33	0.44	7.72	33.88	57.96							
SWS Hood County AA 2010	0	0.00	0.00	0.00	0.00	0.00	29.03	0.00	70.97	0.00	0.00	0.00	19.52	80.48							
SWS Houston AA 2010	0	0.00	5.95	0.00	25.83	0.00	28.60	0.00	39.61	0.00	1.66	9.61	23.71	65.01							

\* Based on 2012 Peer Mortgage Data (USPR)

\*\* Home refinance loans originated and purchased in the MA/AA as a percentage of all home refinance loans originated and purchased in the rated area.

\*\*\* Percentage of Owner Occupied Units is the number of owner occupied units in a particular geography divided by the number of owner occupied housing units in the area based on 2010 Census information.

\*\*\*\* Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

Institution ID: SOUTHWEST SECURITIES, FSB

Table 5a. Geographic Distribution of Multifamily Loans

Geographic Distribution: MULTIFAMILY														Geography: TEXAS				Evaluation Period: JANUARY 1, 2012 TO JUNE 30, 2013			
Assessment Area:	Total Multifamily Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Aggregate HMDA Lending (%) by Tract Income*										
	#	% of Total**	% of MF Units***	% BANK Loans****	% MF Units***	% BANK Loans	% MF Units***	% BANK Loans	% MF Units***	% BANK Loans	Low	Mod	Mid	Upp							
<b>Full Review:</b>																					
SWS Dallas AA 2010	6	30.00	24.55	33.33	27.27	50.00	26.16	16.67	22.03	0.00	33.47	27.09	23.11	16.33							
<b>Limited Review:</b>																					
SWS Austin AA 2010	0	0.00	27.03	0.00	25.27	0.00	25.52	0.00	22.18	0.00	32.14	18.75	21.43	27.68							
SWS El Paso AA2010	0	0.00	11.85	0.00	34.01	0.00	28.74	0.00	25.40	0.00	4.44	46.67	20.00	28.89							
SWS Ft Worth AA 2010	2	10.00	8.57	50.00	37.20	50.00	43.04	0.00	11.19	0.00	8.89	37.78	37.78	15.56							
SWS Hood County AA 2010	0	0.00	0.00	0.00	0.00	0.00	37.00	0.00	63.00	0.00	0.00	0.00	50.00	50.00							
SWS Houston AA 2010	12	60.00	25.41	16.67	32.42	66.67	19.98	0.00	22.20	16.67	22.00	30.80	18.80	28.40							

\* Based on 2012 Peer Mortgage Data (USPR)

\*\* Multi-family loans originated and purchased in the MA/AA as a percentage of all multi-family loans originated and purchased in the rated area.

\*\*\* Percentage of Multi Family Units is the number of multi family units in a particular geography divided by the number of multi family housing units in the area based on 2010 Census information.

\*\*\*\* Multifamily loan distribution includes Home Purchases, Home Improvement and Refinances.

Institution ID: SOUTHWEST SECURITIES, FSB

**Table 6a. Geographic Distribution of Small Loans to Businesses**

Geographic Distribution: SMALL LOANS TO BUSINESSES														Geography: TEXAS		Evaluation Period: JANUARY 1, 2012 TO JUNE 30, 2013	
Assessment Area:	Total Small Business Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Aggregate Lending (%) by Tract Income*						
	#	% of Total**	% of Businesses***	% BANK Loans	% of Businesses***	% BANK Loans	% of Businesses***	% BANK Loans	% of Businesses**	% BANK Loans	Low	Mod	Mid	Upp			
<b>Full Review:</b>																	
SWS Dallas AA 2010	43	33.59	8.65	13.95	17.87	30.23	26.23	27.91	47.03	27.91	8.47	17.07	23.77	50.68			
<b>Limited Review:</b>																	
SWS Austin AA 2010	0	0.00	8.92	0.00	16.51	0.00	22.62	0.00	51.86	0.00	8.49	15.22	22.10	54.20			
SWS El Paso AA 2010	17	13.28	7.06	0.00	28.72	23.53	27.39	17.65	36.17	58.82	6.81	30.07	24.35	38.78			
SWS Ft Worth AA 2010	38	29.69	4.86	5.26	21.44	28.95	35.75	28.95	37.79	36.84	4.82	21.47	33.95	39.76			
SWS Hood County AA 2010	20	15.63	0.00	0.00	0.00	0.00	28.16	10.00	71.84	90.00	0.00	0.00	23.02	76.98			
SWS Houston AA 2010	10	7.81	10.79	20.00	23.31	20.00	23.71	10.00	42.12	50.00	10.73	22.44	23.41	43.42			

\* Based on 2012 Peer Small Business Data -- US and PR

\*\* Small loans to businesses originated and purchased in the MA/AA as a percentage of all small loans to businesses originated and purchased in the rated area.

\*\*\* Source Data - Dun and Bradstreet (2012).

Institution ID: SOUTHWEST SECURITIES, FSB

Table 8a. Borrower Distribution of Home Purchase Loans

Borrower Distribution: HOME PURCHASE		Geography: TEXAS				Evaluation Period: JANUARY 1, 2012 TO JUNE 30, 2013								
Assessment Area:	Total Home Purchase Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Aggregate Lending Data <sup>1</sup>			
	#	% of Total**	% Families***	% BANK Loans****	% Families <sup>3</sup>	% BANK Loans****	% Families***	% BANK Loans****	% Families***	% BANK Loans****	Low	Mod	Mid	Upp
<b>Full Review:</b>														
SWS Dallas AA 2010	0	0.00	23.38	0.00	16.60	0.00	18.03	0.00	41.99	0.00	7.52	18.80	21.76	51.92
<b>Limited Review:</b>														
SWS Austin AA 2010	0	0.00	24.61	0.00	16.96	0.00	17.60	0.00	40.83	0.00	6.60	19.34	21.28	52.77
SWS El Paso AA 2010	0	0.00	23.57	0.00	17.04	0.00	17.75	0.00	41.64	0.00	2.33	12.17	26.55	58.95
SWS Ft Worth AA 2010	0	0.00	21.91	0.00	17.56	0.00	19.50	0.00	41.03	0.00	9.27	23.92	24.34	42.47
SWS Hood County AA 2010	1	100.00	12.97	0.00	12.11	0.00	18.32	0.00	56.60	100.00	1.53	7.77	20.51	70.19
SWS Houston AA 2010	0	0.00	26.89	0.00	17.48	0.00	17.37	0.00	38.26	0.00	7.03	20.20	21.79	50.97

\* Based on 2012 Peer Mortgage Data (USPR)

\*\* Home purchase loans originated and purchased in the MA/AA as a percentage of all home purchase loans originated and purchased in the rated area.

\*\*\* Percentage of Families is based on the 2010 Census information.

\*\*\*\* As a percentage of loans with borrower income information available. No information was available for 0.0% of loans originated and purchased by BANK.

<sup>3</sup> Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)



Institution ID: SOUTHWEST SECURITIES, FSB

**Table 10a. Borrower Distribution of Home Mortgage Refinance Loans**

Borrower Distribution: HOME MORTGAGE REFINANCE														Geography: TEXAS				Evaluation Period: JANUARY 1, 2012 TO JUNE 30, 2013			
Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Aggregate Lending Data*										
	#	% of Total**	% Families***	% BANK Loans****	% Families <sup>4</sup>	% BANK Loans****	% Families***	% BANK Loans****	% Families***	% BANK Loans****	Low	Mod	Mid	Upp							
<b>Full Review:</b>																					
SWS Dallas AA 2010	1	20.00	23.38	100.00	16.60	0.00	18.03	0.00	41.99	0.00	3.71	10.15	18.14	68.00							
<b>Limited Review:</b>																					
SWS Austin AA 2010	1	20.00	24.61	0.00	16.96	0.00	17.60	0.00	40.83	100.00	3.40	11.70	19.21	65.69							
SWS El Paso AA 2010	0	0.00	23.57	0.00	17.04	0.00	17.75	0.00	41.64	0.00	2.61	7.88	15.80	73.71							
SWS Ft Worth AA 2010	3	60.00	21.91	0.00	17.56	0.00	19.50	0.00	41.03	100.00	4.49	13.06	20.98	61.47							
SWS Hood County AA 2010	0	0.00	12.97	0.00	12.11	0.00	18.32	0.00	56.60	0.00	1.37	6.02	17.32	75.29							
SWS Houston AA 2010	0	0.00	26.89	0.00	17.48	0.00	17.37	0.00	38.26	0.00	4.10	10.13	17.75	68.02							

\* Based on 2012 Peer Mortgage Data (USPR)

\*\* Home refinance loans originated and purchased in the MA/AA as a percentage of all home refinance loans originated and purchased in the rated area.

\*\*\* Percentage of Families is based on the 2010 Census information.

\*\*\*\* As a percentage of loans with borrower income information available. No information was available for 20.0% of loans originated and purchased by BANK.

<sup>4</sup> Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

Institution ID: SOUTHWEST SECURITIES, FSB

**Table 11a. Borrower Distribution of Small Loans to Businesses**

JUNE 30, 2013									
Borrower Distribution: SMALL LOANS TO BUSINESSES			Geography: TEXAS		Evaluation Period: JANUARY 1, 2012 TO JUNE 30, 2013				
Assessment Area:	Total Small Loans to Businesses		Businesses With Revenues of \$1 million or less		Loans by Original Amount Regardless of Business Size			Aggregate Lending Data*	
	#	% of Total**	% of Businesses***	% BANK Loans****	\$100,000 or less	>\$100,000 to \$250,000	>\$250,000 to \$1,000,000	All	Rev\$ 1 Million or Less
<b>Full Review:</b>									
SWS Dallas AA 2010	43	33.59	71.42	25.58	18.60	32.56	48.84	78,406	32,699
<b>Limited Review:</b>									
SWS Austin AA 2010	0	0.00	69.42	0.00	0.00	0.00	0.00	25,752	11,063
SWS El Paso AA 2010	17	13.28	68.59	64.71	70.59	17.65	11.76	8,122	3,294
SWS Ft Worth AA 2010	38	29.69	71.15	47.37	34.21	26.32	39.47	32,093	13,508
SWS Hood County AA 2010	20	15.63	76.00	55.00	60.00	25.00	15.00	929	354
SWS Houston AA 2010	10	7.81	70.91	10.00	10.00	0.00	90.00	80,191	29,413

\* Based on 2012 Peer Small Business Data -- US and PR

\*\* Small loans to businesses originated and purchased in the MA/AA as a percentage of all small loans to businesses originated and purchased in the rated area.

\*\*\* Businesses with revenues of \$1 million or less as a percentage of all businesses (Source D&B - 2012).

\*\*\*\* Small loans to businesses with revenues of \$1 million or less as a percentage of all loans reported as small loans to businesses. No information was available for 9.38% of small loans to businesses originated and purchased by the bank.

Institution ID: SOUTHWEST SECURITIES, FSB

**Table 15a. Distribution of Branch Delivery System and Branch Openings/Closings**

DISTRIBUTION OF BRANCH DELIVERY SYSTEM AND BRANCH OPENINGS/CLOSINGS				Geography: TEXAS				Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2013									
Assessment Area:	Deposits	Branches						Branch Openings/Closings				Population					
	% of Rated Area Deposits in AA	# of BANK Branches	% of Rated Area Branches in AA	Location of Branches by Income of Geographies (%)				# of Branch Openings	# of Branch Closings	Net change in Location of Branches (+ or -)				% of Population within Each Geography			
				Low	Mod	Mid	Upp			Low	Mod	Mid	Upp	Low	Mod	Mid	Upp
<b>Full Review:</b>																	
SWS Dallas AA 2010	100.00	2	33.33	0.00	0.00	50.00	50.00	0	-2	0	0	-1	-1	11.85	24.63	27.50	36.02
<b>Limited Review:</b>																	
SWS Austin AA 2010	100.00	0	0.00	0.00	0.00	0.00	0.00	+1	-1	0	0	0	0	17.49	24.43	24.39	33.46
SWS El Paso AA 2010	100.00	1	16.67	0.00	100.00	0.00	0.00	0	0	0	0	0	0	3.86	32.18	32.26	31.70
SWS Ft Worth AA 2010	100.00	2	33.33	0.00	50.00	50.00	0.00	0	-4	0	-1	-1	-2	6.90	26.24	37.38	29.47
SWS Hood County AA 2010	100.00	1	16.67	0.00	0.00	0.00	100.00	0	0	0	0	0	0	0.00	0.00	32.10	67.90
SWS Houston AA 2010	100.00	0	0.00	0.00	0.00	0.00	0.00	0	-1	0	0	0	-1	13.04	30.97	26.67	28.96

Institution ID: SOUTHWEST SECURITIES, FSB

**Distribution of Branch and ATM Delivery System**

DISTRIBUTION OF BRANCH and ATM DELIVERY SYSTEM																	
Geography: TEXAS																	
Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2013																	
Assessment Area:	Deposits	Branches						ATMs						Population			
	% of Total Bank Deposits	# of BANK Branches	% of Total Bank Branches	Location of Branches by Income of Geographies (%)				# of Bank ATMs	# of Total Bank ATMs	Location of ATMs by Income of Geographies				% of Population within Each Geography			
				Low	Mod	Mid	Upp			Low	Mod	Mid	Upp	Low	Mod	Mid	Upp
<b>Full Review:</b>																	
SWS Dallas AA 2010	100.00	2	33.33	0.00	0.00	50.00	50.00	2	33.33	0.00	0.00	50.00	50.00	11.85	24.63	27.50	36.02
<b>Limited Review:</b>																	
SWS Austin AA 2010	100.00	0	0.00	0.00	0.00	0.00	0.00	0	0.00	0.00	0.00	0.00	0.00	17.49	24.43	24.39	33.46
SWS El Paso AA 2010	100.00	1	16.67	0.00	100.00	0.00	0.00	1	16.67	0.00	100.00	0.00	0.00	3.86	32.18	32.26	31.70
SWS Ft Worth AA 2010	100.00	2	33.33	0.00	50.00	50.00	0.00	2	33.33	0.00	50.00	50.00	0.00	6.90	26.24	37.38	29.47
SWS Hood County AA 2010	100.00	1	16.67	0.00	0.00	0.00	100.00	1	16.67	0.00	0.00	0.00	100.00	0.00	0.00	32.10	67.90
SWS Houston AA 2010	100.00	0	0.00	0.00	0.00	0.00	0.00	0	0.00	0.00	0.00	0.00	0.00	13.04	30.97	26.67	28.96

**State of New Mexico 2000 Census**

**Institution ID:** SOUTHWEST SECURITIES, FSB

**Table 1. Lending Volume**

LENDING VOLUME												Geography: NEW MEXICO		Evaluation Period: JANUARY 1, 2010 TO DECEMBER 31, 2011	
Assessment Area (2011):	% of Rated Area Loans (#) in MA/AA*	Home Mortgage		Small Loans to Businesses		Small Loans to Farms		Community Development Loans**		Total Reported Loans		% of Rated Area Deposits in MA/AA***			
		#	\$(000's)	#	\$(000's)	#	\$(000's)	#	\$(000's)	#	\$(000's)				
<b>Full Review:</b>															
SWS Lincoln County AA for Census 2000	46.81	1	36	40	4,514	3	60	0	0	44	4,610	0.00			
<b>Limited Review:</b>															
SWS Albuquerque AA for Census 2000	53.19	1	700	49	19,576	0	0	0	0	50	20,276	0.00			

\* Loan Data as of December 31, 2011. Rated area refers to either state or multi-state MA rating area.  
 \*\* The evaluation period for Community Development Loans is from January 01, 2011 to December 31, 2011.  
 \*\*\* Deposit Data as of January 03, 2014. Rated Area refers to either the state, multi-state MA, or institution, as appropriate.

Institution ID: SOUTHWEST SECURITIES, FSB

**Table 6. Geographic Distribution of Small Loans to Businesses**

Geographic Distribution: SMALL LOANS TO BUSINESSES														Geography: NEW MEXICO				Evaluation Period: JANUARY 1, 2010 TO DECEMBER 31, 2011			
Assessment Area:	Total Small Business Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Aggregate Lending (%) by Tract Income*										
	#	% of Total**	% of Businesses***	% BANK Loans	% of Businesses***	% BANK Loans	% of Businesses***	% BANK Loans	% of Businesses**	% BANK Loans	Low	Mod	Mid	Upp							
<b>Full Review:</b>																					
SWS Lincoln County AA for Census 2000	40	44.94	0.00	0.00	0.00	0.00	60.24	32.50	39.76	67.50	0.00	0.00	66.77	33.23							
<b>Limited Review:</b>																					
SWS Albuquerque AA for Census 2000	49	55.06	1.75	0.00	22.28	26.53	44.29	44.90	31.68	28.57	1.70	21.25	43.65	33.40							

\* Based on 2011 Peer Small Business Data -- US and PR

\*\* Small loans to businesses originated and purchased in the MA/AA as a percentage of all small loans to businesses originated and purchased in the rated area.

\*\*\* Source Data - Dun and Bradstreet (2011).

**Institution ID:** SOUTHWEST SECURITIES, FSB

**Table 11. Borrower Distribution of Small Loans to Businesses**

Borrower Distribution: SMALL LOANS TO BUSINESSES		Geography: NEW MEXICO			Evaluation Period: JANUARY 1, 2010 TO DECEMBER 31, 2011				
Assessment Area:	Total Small Loans to Businesses		Businesses With Revenues of \$1 million or less		Loans by Original Amount Regardless of Business Size			Aggregate Lending Data*	
	#	% of Total**	% of Businesses***	% BANK Loans****	\$100,000 or less	>\$100,000 to \$250,000	>\$250,000 to \$1,000,000	All	Rev\$ 1 Million or Less
<b>Full Review:</b>									
SWS Lincoln County AA for Census 2000	40	44.94	66.82	50.00	72.50	10.00	17.50	347	167
<b>Limited Review:</b>									
SWS Albuquerque AA for Census 2000	49	55.06	68.84	22.45	22.45	20.41	57.14	11,401	5,681

\* Based on 2011 Peer Small Business Data -- US and PR

\*\* Small loans to businesses originated and purchased in the MA/AA as a percentage of all small loans to businesses originated and purchased in the rated area.

\*\*\* Businesses with revenues of \$1 million or less as a percentage of all businesses (Source D&B - 2011).

\*\*\*\* Small loans to businesses with revenues of \$1 million or less as a percentage of all loans reported as small loans to businesses. No information was available for 16.85% of small loans to businesses originated and purchased by the bank.

**Institution ID:** SOUTHWEST SECURITIES, FSB

**Table 14. Qualified Investments**

QUALIFIED INVESTMENTS									
			Geography: NEW MEXICO		Evaluation Period: JANUARY 1, 2010 TO JANUARY 6, 2014				
Assessment Area:	Prior Period Investments*		Current Period Investments		Total Investments			Unfunded Commitments**	
	#	\$(000's)	#	\$(000's)	#	\$(000's)	% of Total	#	\$(000's)
<b>Full Review:</b>									
SWS Lincoln County AA for Census 2000 and 2010	0	0	0	0	0	0	0.00	0	0
<b>Limited Review:</b>									
SWS Albuquerque AA for Census 2000 and 2010	0	0	0	0	0	0	0.00	0	0

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

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



Institution ID: SOUTHWEST SECURITIES, FSB

**Table 15. Distribution of Branch Delivery System and Branch Openings/Closings**

DISTRIBUTION OF BRANCH DELIVERY SYSTEM AND BRANCH OPENINGS/CLOSINGS																	
Geography: NEW MEXICO																	
Evaluation Period: JUNE 30, 2010 TO DECEMBER 31, 2011																	
Assessment Area:	Deposits	Branches						Branch Openings/Closings						Population			
	% of Rated Area Deposits in AA	# of BANK Branches	% of Rated Area Branches in AA	Location of Branches by Income of Geographies (%)				# of Branch Openings	# of Branch Closings	Net change in Location of Branches (+ or -)				% of Population within Each Geography			
				Low	Mod	Mid	Upp			Low	Mod	Mid	Upp	Low	Mod	Mid	Upp
<b>Full Review:</b>																	
SWS Lincoln County AA for Census 2000	100.00	1	50.00	0.00	0.00	0.00	100.00	1	50.00	0	0	0	100.00	0.00	0.00	69.26	30.74
<b>Limited Review:</b>																	
SWS Albuquerque AA for Census 2000	100.00	1	50.00	0.00	100.00	0.00	0.00	1	50.00	0	100.00	0	0	5.57	32.22	30.91	31.30

Institution ID: SOUTHWEST SECURITIES, FSB

**Distribution of Branch and ATM Delivery System**

DISTRIBUTION OF BRANCH and ATM DELIVERY SYSTEM		Geography: NEW MEXICO						Evaluation Period: JUNE 30, 2010 TO DECEMBER 31, 2011									
Assessment Area:	Deposits	Branches						ATMs				Population					
	% of Total Bank Deposits	# of BANK Branches	% of Total Bank Branches	Location of Branches by Income of Geographies (%)				# of Bank ATMs	# of Total Bank ATMs	Location of ATMs by Income of Geographies				% of Population within Each Geography			
				Low	Mod	Mid	Upp			Low	Mod	Mid	Upp	Low	Mod	Mid	Upp
<b>Full Review:</b>																	
SWS Lincoln County AA for Census 2000	100.00	1	50.00	0.00	0.00	0.00	100.00	1	50.00	0	0	0	100.00	0.00	0.00	69.26	30.74
<b>Limited Review:</b>																	
SWS Albuquerque AA for Census 2000	100.00	1	50.00	0.00	100.00	0.00	0.00	1	50.00	0	100.00	0	0	5.57	32.22	30.91	31.30

## State of New Mexico 2010 Census

Institution ID: SOUTHWEST SECURITIES, FSB

Table 1a. Lending Volume

LENDING VOLUME												Geography: NEW MEXICO		Evaluation Period: JANUARY 1, 2012 TO JUNE 30, 2013	
Assessment Area (2011):	% of Rated Area Loans (#) in MA/AA*	Home Mortgage		Small Loans to Businesses		Small Loans to Farms		Community Development Loans**		Total Reported Loans		% of Rated Area Deposits in MA/AA***			
		#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)				
<b>Full Review:</b>															
SWS Lincoln County AA 2010	48.84	2	549	19	3,013	0	0	0	0	21	3,562	0.00			
<b>Limited Review:</b>															
SWS Albuquerque AA 2010	51.16	2	3,065	20	7,196	0	0	3	3,400	25	13,661	0.00			

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\* Loan Data as of June 30, 2013. Rated area refers to either state or multi-state MA rating area.

\*\* The evaluation period for Community Development Loans is from January 01, 2011 to December 31, 2011.

\*\*\* Deposit Data as of January 03, 2014. Rated Area refers to either the state, multi-state MA, or institution, as appropriate.

Institution ID: SOUTHWEST SECURITIES, FSB

**Table 6a. Geographic Distribution of Small Loans to Businesses**

Geographic Distribution: SMALL LOANS TO BUSINESSES		Geography: NEW MEXICO					Evaluation Period: JANUARY 1, 2012 TO JUNE 30, 2013				Aggregate Lending (%) by Tract Income*			
Assessment Area:	Total Small Business Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Low	Mod	Mid	Upp
	#	% of Total**	% of Businesses***	% BANK Loans	% of Businesses***	% BANK Loans	% of Businesses***	% BANK Loans	% of Businesses**	% BANK Loans				
<b>Full Review:</b>														
SWS Lincoln County AA 2010	19	48.72	0.00	0.00	0.00	0.00	54.75	15.79	45.25	84.21	0.00	0.00	54.01	45.99
<b>Limited Review:</b>														
SWS Albuquerque AA 2010	20	51.28	7.25	5.00	27.70	50.00	32.83	30.00	32.22	15.00	7.92	26.58	30.67	34.83

\* Based on 2012 Peer Small Business Data -- US and PR

\*\* Small loans to businesses originated and purchased in the MA/AA as a percentage of all small loans to businesses originated and purchased in the rated area.

\*\*\* Source Data - Dun and Bradstreet (2013).

Institution ID: SOUTHWEST SECURITIES, FSB

**Table 11a. Borrower Distribution of Small Loans to Businesses**

Borrower Distribution: SMALL LOANS TO BUSINESSES		Geography: NEW MEXICO		Evaluation Period JANUARY 1, 2012 TO JUNE 30, 2013					
Assessment Area:	Total Small Loans to Businesses		Businesses With Revenues of \$1 million or less		Loans by Original Amount Regardless of Business Size			Aggregate Lending Data*	
	#	% of Total**	% of Businesses***	% BANK Loans****	\$100,000 or less	>\$100,000 to \$250,000	>\$250,000 to \$1,000,000	All	Rev\$ 1 Million or Less
<b>Full Review:</b>									
SWS Lincoln County AA 2010	19	48.72	73.91	57.89	57.89	10.53	31.58	372	149
<b>Limited Review:</b>									
SWS Albuquerque AA 2010	20	51.28	73.65	25.00	35.00	5.00	60.00	11,371	4,906

\* Based on 2012 Peer Small Business Data -- US and PR

\*\* Small loans to businesses originated and purchased in the MA/AA as a percentage of all small loans to businesses originated and purchased in the rated area.

\*\*\* Businesses with revenues of \$1 million or less as a percentage of all businesses (Source D&amp;B - 2013).

\*\*\*\* Small loans to businesses with revenues of \$1 million or less as a percentage of all loans reported as small loans to businesses. No information was available for 2.56% of small loans to businesses originated and purchased by the bank.

Institution ID: SOUTHWEST SECURITIES, FSB

**Table 15a. Distribution of Branch Delivery System and Branch Openings/Closings**

DISTRIBUTION OF BRANCH DELIVERY SYSTEM AND BRANCH OPENINGS/CLOSINGS				Geography: NEW MEXICO				Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2013									
Assessment Area:	Deposits	Branches						Branch Openings/Closings				Population					
	% of Rated Area Deposits in AA	# of BANK Branches	% of Rated Area Branches in AA	Location of Branches by Income of Geographies (%)				# of Branch Openings	# of Branch Closings	Net change in Location of Branches (+ or -)				% of Population within Each Geography			
				Low	Mod	Mid	Upp			Low	Mod	Mid	Upp	Low	Mod	Mid	Upp
<b>Full Review:</b>																	
SWS Lincoln County AA 2010	100.00	1	50.00	0.00	0.00	0.00	100.00	0	0	0	0	0	0	0.00	0.00	69.26	30.74
<b>Limited Review:</b>																	
SWS Albuquerque AA 2010	100.00	1	50.00	0.00	100.00	0.00	0.00	0	0	0	0	0	0	5.57	32.22	30.91	31.30

Institution ID: SOUTHWEST SECURITIES, FSB

**Distribution of Branch and ATM Delivery System**

DISTRIBUTION OF BRANCH and ATM DELIVERY SYSTEM		Geography: NEW MEXICO						Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2013									
Assessment Area:	Deposits	Branches						ATMs				Population					
	% of Total Bank Deposits	# of BANK Branches	% of Total Bank Branches	Location of Branches by Income of Geographies (%)				# of Bank ATMs	% of Total Bank ATMs	Location of ATMs by Income of Geographies				% of Population within Each Geography			
				Low	Mod	Mid	Upp			Low	Mod	Mid	Upp	Low	Mod	Mid	Upp
<b>Full Review:</b>																	
SWS Lincoln County AA 2010	100.00	1	50.00	0.00	0.00	0.00	100.00	1	50.00	0	0	0	100.00	0.00	0.00	69.26	30.74
<b>Limited Review:</b>																	
SWS Albuquerque AA 2010	100.00	1	50.00	0.00	100.00	0.00	0.00	1	50.00	0	100.00	0	0	5.57	32.22	30.91	31.30

