



SMALL BANK

Comptroller of the Currency
Administrator of National Banks

Washington, DC 20219

PUBLIC DISCLOSURE

January 19, 2010

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Nevada National Bank
Charter Number 24682

6110 Spring Mountain Road
Las Vegas, NV 89146

Office of the Comptroller of the Currency

Houston Field Office
1301 McKinney Street, Suite 1410
Houston, TX. 77010-3031

NOTE: This document is an evaluation of this institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods consistent with safe and sound operation of the institution. This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion, or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.

INSTITUTION'S CRA RATING: This institution is rated Satisfactory.

Nevada National Bank reflects satisfactory lending performance in its efforts to meet the credit needs of its community, including low- and moderate-income geographies in its assessment area (AA). Factors that support the overall rating include the following:

- A substantial majority of loans are in the bank's AA.
- The distribution of loans reflects reasonable penetration among businesses of different sizes given the demographics of the AA.
- The geographic distribution of loans reflects reasonable dispersion throughout the AA.

SCOPE OF EXAMINATION

Nevada National Bank was evaluated under the Small Bank examination procedures which include the lending test. The lending test evaluates the bank's record of meeting the credit needs of its AA through its lending activities. Our examination evaluated the bank's lending performance from June 1, 2007 to September 30, 2009.

The bank's primary loan product is business loans. Business loans are the largest product by both dollar volume and by number. The population of other lending products, including residential real estate loans, was not significant enough to do a meaningful analysis. While residential real estate loans comprised 5.42 percent of the dollar volume of loans, they accounted for only four loans in the bank. Therefore, business loans were the only product we reviewed.

For the borrower gross revenue distribution of loans to businesses, we reviewed all business loans originated since the bank opened in June 2007. Although not required to collect the information as a small bank, management collected reliable census tract information on all business loans originated since the bank opened. We used this information to determine the geographic distribution of all originated business loans. As detailed in Table 1 below there are a total of 35 business loans originated in the AA.

DESCRIPTION OF INSTITUTION

Nevada National Bank is a \$39 million community bank located in Las Vegas, NV. The bank is wholly owned by SWNB Bancorp, Inc., a Texas Corporation and bank holding company. Nevada National Bank serves Clark County, NV through two full service banking locations. The main office is located at 6110 Spring Mountain Road, Las Vegas, NV 89146. The bank's second office, commonly referred to as the Chinatown branch, is located in a moderate-income census tract at 4115 Spring Mountain Road, Las Vegas, NV 89102. The bank's target market includes individuals and small- and medium-sized businesses.

As of September 30, 2009, the bank had total assets of \$39 million and a tier one leverage capital ratio of 23.02 percent. The loan portfolio represents 63.02 percent of total assets. The primary lending focus is business lending, which represents 87.84 percent of the dollar amount of total loans. Although the primary lending product is business loans, Nevada National Bank has not ignored the need for consumer and residential loans. The bank may not have many residential home loans, but they extended credit to several home builders and developers. There are no legal or financial factors that impede the bank's ability to help meet the credit needs of the AA.

For additional information, please refer to the bank's Public File.

DESCRIPTION OF ASSESSMENT AREA(S)

The bank has one assessment area, Clark County, which is part of the Las Vegas-Paradise-Henderson Metropolitan Statistical Area (MSA). Clark County has been one of the fastest-growing areas in the country with more than 5,000 people moving in each month. Clark County has three hundred forty five (345) census tracts of which seven (7) or 2.03 percent are low-income, seventy eight (78) or 22.61 percent are moderate-income, one hundred forty seven (147) or 42.61 percent are middle-income, and one hundred nine (109) or 31.59 percent are upper-income. There are also four (4) census tracts in the AA that are designated as "Not Applicable", without an income designation. The bank currently has two locations, including the main office, located in Clark County.

Clark County is located in southern Nevada and had an estimated population of 2 million as of 2008. Clark County contains the city of Las Vegas, the state's most populous city. Las Vegas has been the county seat since the county was created. Clark County is a major tourist destination with 150 thousand hotel and motel rooms. A large portion of tourism is centered in the Las Vegas Strip, which is home to 14 of the nation's largest hotels.

Las Vegas has been one of the top areas in the nation adversely affected by the recent subprime mortgage crisis, resulting in a freefall in home prices and mass foreclosures. As of April 2008, 51 percent of more than 22,000 homes for sale in the area were vacant, resulting in a 40 percent decline in residential home values. As of February 2009, Las Vegas led the nation in foreclosures with one in every 60 homes facing foreclosure. In addition, as of December 2009, the local unemployment rate increased to over 13 percent and business failures reached an all-time high.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

Loan-to-Deposit Ratio

The bank's loan-to-deposit (LTD) ratio is reasonable and meets the standard for satisfactory performance when compared to similarly situated banks in Clark County. The bank's average quarterly LTD ratio of 66.27 percent is lower than banks of similar size, location, and product offering; however, the volume is still reasonable. The

average LTD ratio of banks in Clark County with assets less than \$100 million was 98.56 percent and ranged from 79.01 percent to 116.36 percent. Each bank in the peer group was chartered between 2002 and 2007.

The lower average LTD ratio is due to a strategic decision to limit credit exposure given the current economic environment in Las Vegas. Real estate values in Las Vegas have declined at least 40 percent, the local unemployment rate was in excess of 13 percent as of December 2009, and business failures have reached an all-time high. While the average LTD ratio is lower than peer averages, it is reasonable at 66.27 percent.

Lending in Assessment Area

The percentage of loans or other lending activities in the AA is satisfactory. As illustrated in the table below, a substantial majority of business loans originated during the evaluation period were inside the bank’s AA.

Table 1 - Lending in Clark County										
Loan Type	Number of Loans					Dollars of Loans				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	
Business	35	83.33	7	16.67	42	15,941,466	78.92	4,258,000	21.08	20,199,466
Totals	35	83.33	7	16.67	42	15,941,466	78.92	4,258,000	21.08	20,199,466

Source: Data collected by bank.

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

Overall, lending to borrowers of different income levels reflects reasonable penetration and meets the standards for satisfactory performance. The bank’s lending to small businesses is satisfactory given the characteristics of the AA. As the table below illustrates, the percentage of loans to businesses reporting revenues of \$1 million or less by number and dollar amount of loans is adequate at 60.00 percent and 48.26 percent, respectively.

Table 2A - Borrower Distribution of Loans to Businesses in Clark County				
Business Revenues (or Sales)	≤\$1,000,000	>\$1,000,000	Unavailable/ Unknown	Total
% of AA Businesses	62.26	4.18	33.56	100%
% of Bank Loans in AA by #	60.00	28.57	11.43	100%
% of Bank Loans in AA by \$	48.26	35.79	15.95	100%

Source: Loan sample; Dunn and Bradstreet data

We also identified three loans originated to start-up businesses. Nevada National Bank’s willingness to extend credit to small and start-up businesses reflects positively on its commitment to meet the credit needs of the community.

Geographic Distribution of Loans

Overall, the geographic distribution of loans reflects reasonable dispersion throughout the AA. As the table below illustrates, the bank is lending to businesses in all census tracts. Although lending to businesses in moderate-income census tracts is below the characteristics of the AA, lending to businesses in low-income census tracts exceed the AA demographics. The results of this examination reflect a willingness to lend to businesses in moderate-income census tracts.

Table 3A – Geographic Distribution of Loans to Businesses in Clark County								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans
Businesses	4.51	5.71	20.59	11.43	37.65	40.00	36.84	42.86

Source: Loan sample; Dunn & Bradstreet data. The % of AA businesses does not equal 100 due to rounding.

Responses to Complaints

Nevada National Bank did not have any complaints during the evaluation period.

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.