Southwest Bank

February 6, 2014

Robert deV.Frierson, Secretary
Board of Governors of the Federal Reserve System
20th Street and Constitution Avenue, NW
Washington, DC 20551

Sent via electronic email to:
Regs.comments@federalreserve.gov

RE: Docket No. OP-1465
Proposed Interagency Policy Statement Establishing Joint Standards for Assessing the Diversity Policies and Practices of Banks Regulate by the Agencies

Dear Sir:

Southwest Bank, located in Fort Worth, Texas has been in existence since 1963. At the end of 2013, we had $1.2 billion in assets with 16 branches located in Tarrant (13), Dallas (2); and, Johnson (1) Counties. We currently provide career opportunities for 280 Texans of diverse backgrounds living in the diverse communities we serve. According to census data for Tarrant County, female persons represent 51% of the population (65% of our employees are female) and Hispanic or Latino persons represent 27% of the total (25% of our employees represent a minority group). We have long shown our commitment to women and minorities in the workplace and our current employment numbers demonstrate this commitment. Hiring employees from the communities we serve ensures the diversity of our employees compliments the diversity of our customer base.

The proposed policy statement urges banks to have an organizational commitment to diversity and inclusion. This would include the appointment of a diversity czar in senior management, a diversity and inclusion policy approved by management and the board of directors, continued education and training, and an ongoing, proactive effort to promote diversity in hiring, retention and promotion. These criteria would also apply to the selection of board members and senior management.

Southwest Bank, with over 100 employees, is already required to file annual EEO-1 Reports and annual Affirmative Action Plans for review by the EEOC. We can use this data for some of the diversity assessments; however, what about the hundreds of smaller community banks in Texas that are not required to file federal reports? How much more costs would be added to the already high compliance costs all banks are experiencing?

The proposed policy statement also urges banks to establish a supplier diversity policy to allow minority-owned and women-owned businesses to compete in all types of contracts. Good business practices have always dictated using the supplier that can do the best job for the best price regardless of ownership category. Establishing methods to evaluate supplier diversity, including the use of metrics and analytics, again only increases the cost for banks without any direct benefit.

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Another troubling proposal in the Policy Statement urges banks to promote transparency in their efforts toward organizational diversity and inclusion. We are already required to provide to the public our data on home mortgage applications detailing race, sex, ethnicity, rate, location, and income of our applicants. Also available, is the data on our small farm and small business lending activities and soon we will be required to report under Section 1071 of the Equal credit Opportunity Act, information concerning credit applications made by women or minority owned businesses. This publicly available data along with the EEO-1 and Affirmative Action Plan requirements mentioned above, already reflect transparency in the majority of our activities.

Although the policy statement is being characterized as merely "suggestions" or "guidelines" for the assessments of bank diversity policies, if past is prologue, guidelines often become enforced as if they were statutory requirements.

This interagency policy statement, if passed as proposed, will continue to drive up the compliance costs in our Texas community banks - costs that are already at an all time high as the result of the regulatory changes required by Dodd-Frank. I urge you to please withdraw this proposal and come up with a simpler, more effective and less costly way for community banks to comply with this section of the Dodd-Frank Act.

Thank you for the opportunity to share my views.

Sincerely,

Vernon W. Bryant, Jr.
Chairman of the Board & CEO