

**January 2014**

**Statement on the Anti-Money Laundering Program of Lone Star National Bank**

To Whom It May Concern,

Lone Star National Bank (“LSNB”) is committed to its continued efforts to combat money laundering and terrorism financing. Management has made significant changes and enhancements in several key areas and has taken corrective action to achieve compliance with the Consent Order with the OCC, including updating its BSA/AML monitoring software to add additional tools to assist in its compliance with key articles in the Consent Order with the OCC.

**Anti-Money Laundering Program**

To facilitate compliance with anti-money laundering laws, LSNB has developed, enhanced its written anti-money laundering program, consisting of policies, procedures, internal controls and systems. This program includes, but is not limited to:

- The designation of a BSA/AML compliance officer responsible for day-to-day AML compliance;
- AML annual training, including training of senior management and Directors;
- Internal processes for monitoring and reporting potentially suspicious activities;
- A BSA Committee with periodic meetings with AML compliance oversight;
- Customer identification and verification;
- Screen customers against relevant financial sanctions lists, including OFAC;
- Enhanced due diligence for increased risk clients;
- Identification of potential AML risks relevant to each bank’s customer, product, and service;
- The identification and risk assessment of Politically Exposed Persons (PEPs);

Compliance with Policy is monitored at a Board level by a number of methods including an annual audit of the BSA/AML Program; in addition to management reports. The Bank also has a variety of automated systems and controls designed to monitor BSA/AML compliance.

**Correspondent Banking Policy**

LSNB’s correspondent banking policy does not allow LSNB to provide correspondent banking services to foreign banks, nor does it maintain or open accounts with shell banks or have anonymous accounts.

**Further information**

If you have any questions or require further information regarding LSNB’s anti-money laundering program, please contact:

**Lone Star National Bank Attn: BSA Department, 520 East Nolana Avenue | McAllen, TX 78504**