



**LARGE BANK**

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Comptroller of the Currency  
Administrator of National Banks  
Washington, DC 20219

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**Public Disclosure**

**March 01, 2004**

**Community Reinvestment Act  
Performance Evaluation**

**Southern National Bank of Texas  
Charter Number: 18475**

**14060 Southwest Freeway  
Sugar Land, TX 77478**

**Office of the Comptroller of the Currency**

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**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 **Southern National Bank of Texas** with respect to the Lending, Investment, and Service Tests:

Performance Levels	Southern National Bank of Texas Performance Tests		
	Lending Test*	Investment Test	Service Test
Outstanding			
High Satisfactory	X	X	X
Low Satisfactory			
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 bank's record of extending credit to small businesses in its Assessment Area and the prevalence of small loans in the population of loans granted.
- ❑ The bank's record of Community Development Lending in its Assessment Area
- ❑ The strong concentration of deposits and loans within the bank's Assessment Area.
- ❑ Service delivery systems are readily accessible to the geographies and individuals of different income levels in the bank's Assessment Area.
- ❑ Community Development Services support the bank's other Community Development efforts and address identified needs in the community. These services had a positive impact on the Service Test rating.

## 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.

**Block Numbering Area (BNA):** A statistical subdivision of a county for grouping and numbering blocks in non-metropolitan counties where local census statistical area committees have not established census tracts. A BNA does not cross county lines.

**Census Tract (CT):** A small subdivision of metropolitan and other densely populated counties. Census tract boundaries do not cross county lines; however, they may cross the boundaries of metropolitan areas. Census tracts usually have between 2,500 and 8,000 persons, and their physical size varies widely depending upon population density. Census tracts are designed to be homogeneous with respect to population characteristics, economic status, and living conditions to allow for statistical comparisons.

**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.

**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 household 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 or a block numbering area 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 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).

**Home Mortgage Loans:** such loans include home purchase and home improvement loans, as defined in the HMDA regulation. This definition also includes loans for multifamily (five or more families) dwellings, loans for the purchase of manufactured homes and refinancing of home improvement and home purchase loans.

**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 determined by the U.S. Census Bureau every ten years and used to determine the income level category of geographies. Also, the median income determined by the Department of Housing and Urban Development annually that is used to determine the income level category of individuals. For any given area, the median is the point at which half of the families have income above it and half below it.

**Metropolitan Area (MA):** Any primary metropolitan area (PMA), metropolitan area (MA), or consolidated metropolitan area (CMA), as defined by the Office of Management and Budget, with a population of 250,000 or more, and any other area designated as such by the appropriate federal financial supervisory agency.

**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. However, thrift institutions may also exercise the option to report loans secured by nonfarm residential real estate as "small business loans" if the loans are reported on the TFR as nonmortgage, commercial 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 more than 120 percent of the area median income, or a median family income that is more than 120 percent, in the case of a geography.

## Description of Institution

Southern National Bank of Texas (SNB, or Southern) has its main office at 14060 Southwest Freeway in Sugar Land, Texas. Sugar Land is an incorporated city adjacent to the City of Houston, Texas and is part of the Houston Metropolitan Area. The bank is wholly owned by SNB Bancshares, Inc. a one-bank holding company formed in 1995. SNB does not have any other operating subsidiaries or affiliates that affect the bank's capacity to lend or invest in the community. SNB has not been involved in any merger or acquisition activity. All of its five offices are in its Assessment Area of Fort Bend and Harris Counties.

Southern National Bank was chartered in 1985 in southwest Houston, and in 1995 relocated to their current main banking facility in Sugar Land, which serves their primary market of Fort Bend County. They are the largest independent banking organization headquartered in Fort Bend County, where they rank second in terms of deposits. Southern is the sixth largest independent commercial banking organization headquartered in the greater Houston area as measured by total assets, although they are relatively small when compared to the local operations of the major banking concerns such as JP Morgan/Chase and Bank of America.

Southern has expanded with the opening of two new branches, in two of Houston's most attractive market areas for the services they provide. In 1990, they opened a branch in Memorial Hermann Southwest Hospital. In 2000 they established Uptown-Post Oak location in Houston's upscale Galleria commercial area, which also serves the very affluent Tanglewood, Memorial and River Oaks residential communities.

SNB's banking strategy has been based on personal service. They have attempted to keep pace with the expanding needs of their customer base by broadening their service and product mix. Their community banking approach focuses on readily accessible, centralized management and streamlined decision making procedures that allow them to respond quickly to the needs of their customers.

The second part of their community banking strategy centers on making their organization and officers and employees visible participants in and supporters of community activities. They have invested in local communities through participation by the officers and employees in civic and charitable organizations. Financial contributions to support community organizations have been made.

As of December 31, 2003, SNB reported total assets of \$885 million. Net loans represented some 47% of total assets and 57% of total deposits. Tier 1 Capital totaled \$73 million, or 8.53% of total assets. During the first quarter of 2004, the bank grew to \$977 million, with net loans also representing 47% of total assets and 54% of total deposits. The loan portfolio is comprised primarily of 34% commercial real estate loans, 24% construction and land development loans, 16% 1-4 family residential loans, and 13% commercial loans. No legal, financial or other factors impede the bank's ability to help meet the credit needs of its Assessment Area (AA).

The bank's Assessment Area consists of the contiguous counties of Fort Bend and Harris Counties in Southeast Texas, with combined populations of 3.76 million. Much of Harris County is occupied by the City of Houston and is largely urban. Fort Bend County is less homogenous with the northern part forming suburban communities for the Houston

Metropolitan Area and the southern portion sparsely populated, by comparison, and still devoted, primarily, to agricultural pursuits. Southern National Bank's deposit market share in Fort Bend County is 12.47%, ranking it second in the county. By contrast, the bank's deposit market share in Harris County is only 0.26%, or 33<sup>rd</sup>.

SNB's performance under the Community Reinvestment Act was last evaluated on September 27, 1999, based upon standards applicable to small banks. The bank's overall level of performance was "**Satisfactory**". This is SNB's first CRA evaluation under procedures applicable to large banks.

## Scope of the Evaluation

### Evaluation Period/Products Evaluated

This performance evaluation assesses the bank's performance under the Lending, Investment, and Service Tests. In evaluating the bank's lending performance, we reviewed Southern National Bank's residential mortgage loans and loans made to small businesses. The evaluation period under the lending test was January 1, 2000 through December 31, 2003.

During this period, the data compiled by the U. S. Census Bureau and the U. S. Department of Housing and Urban Development (HUD), pursuant to the Census of the United States conducted in 2000, was disseminated. This changed the demographic picture, so to speak, of not only this bank's Assessment Area, but of the entire nation. Populations grew, shrank, and shifted. Uninhabited areas were developed and the population density and income characteristics of other areas were altered. New census tracts were formed as old ones changed boundaries, were merged or split, or disappeared altogether.

For this reason, the evaluation of this bank's performance under the Lending Test is presented in two parts. The tables appearing in the appendix to this evaluation will reflect the bank's performance during the period January 1, 2000 through December 31, 2002, using the data provided by the U. S. Census of 1990. The bank's performance during the period January 1, 2003 through December 31, 2003, is presented using the data provided by the U. S. Census of 2000.

It is fundamental to the analysis of this bank's performance to understand the extent of the changes in the institution that took place during the evaluation period. At the beginning of the evaluation period, the bank was less than \$300 million in size, as measured by total assets. By the end of 2002, the end of the period evaluated using the census data obtained in April 1990, the bank had grown to \$578 million, nearly doubling its size in three years. During the year ending December 31, 2003, the bank grew yet another 53% to \$885 million. In the spring of 2004, the bank eclipsed the \$1 billion mark in total assets and will pursue becoming a public company through an Initial Public Offering (IPO) in the second half of 2004.

For Community Development Loans and the Investment and Service Tests, the evaluation period is September 27, 1999 through March 1, 2004. The Investment Test conclusions are based on an evaluation of investments, grants, and donations made in the bank's Assessment Area that meet the definition of community development. The Service Test was evaluated based on branch distribution, hours of operation, branch openings and closings, alternative



delivery systems, retail and commercial deposit and loan products and services, and community development services.

## **Data Integrity**

Prior to this CRA Evaluation, examining personnel of the Office of the Comptroller of the Currency (OCC) verified the accuracy of the data made available to the public in accordance with the Home Mortgage Disclosure Act (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 the management of Southern National Bank for community development loans, services and investments were reviewed to ensure they qualified as community development under the CRA regulation. Based upon the verification work performed, publicly reported lending data is considered accurate. All the data reported for the above categories was used in this evaluation.

## **Selection of Areas for Full-Scope Review**

Southern National Bank of Texas has one (1) Assessment Area. It consists of the contiguous counties of Harris County, Texas and Fort Bend County, Texas. The bank's main office is in Sugar Land, Fort Bend County, Texas. It has branches in Harris County, Texas. The bank's performance throughout its Assessment Area was evaluated. Virtually all of its deposits and loans are within this Assessment Area. Please refer to the tables in the Appendix to this Evaluation for further information.

## **Ratings**

The bank's overall rating is based primarily on those areas that received a full-scope review. Small business lending was given the greatest weight under the lending test, as it is the bank's primary line of business, followed by mortgage loans. Loans to small farms and loans to individuals for consumer purposes were given significantly less weight as neither of these is a primary business focus of the bank.

## **Other**

We reviewed summaries of fourteen (14) recent community contacts. Organizations contacted included several governmental agencies and entities involved in economic development as well as non-profit organizations that provide services to the community. The contacts indicate a high level of community development opportunities and that the area appears to be well served by area financial institutions. The primary needs identified have been affordable housing and loans to small businesses.

## **Fair Lending Review**

An analysis of the most recent public comments and consumer complaint information was performed according to the OCC's risk based fair lending approach. Based on its analysis of the information, the OCC decided that a comprehensive fair lending examination would not need to be conducted in connection with the CRA evaluation this year.

## Conclusions with Respect to Performance Tests

### LENDING TEST

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

The bank's performance under the lending test is rated "**High Satisfactory**". Based on a full-scope review, the bank's performance in the Houston Metropolitan Area is good.

#### Lending Activity

Refer to Tables 1, "Lending Volume" and 1, "Other" in Appendix C for the facts and data used to evaluate the bank's lending activity. Following the set of tables utilizing data from the 1990 Census is another set of tables utilizing the 2000 Census. Those tables relating to Community Development and Service activities are presented last, after the 2000 tables.

Southern National Bank's lending activity demonstrates satisfactory responsiveness to the credit needs of its Assessment Area considering the bank's size, resources, and primary business focus.

In the bank's Assessment Area, consisting of Fort Bend and Harris Counties, for the period January 1, 2000 to December 31, 2002, the bank made 908 loans approximating \$125 million to small businesses. Home mortgage loans originated during the same period totaled 217, approximating \$63 million. Neither consumer nor agricultural lending was nearly as significant during this period. Among the home mortgage loans originated, 118 were for home purchase, 35 were for home improvement, 44 were to refinance home mortgages, and 20 were loans for multi-family dwellings.

In the same Assessment Area for the period January 1, 2003 to December 31, 2003, the bank originated 106 home mortgage loans approximating \$30 million and 402 loans to small businesses approximating \$65 million.

Southern National Bank has no significant deposit or loan market share in Harris County, as that market is served by a considerable number of financial institutions and is dominated by multi-national concerns and large regional banks. The bank holds the second largest deposit share in Fort Bend County, despite the presence of a number of other banks, including those that dominate the market in neighboring Harris County. The population in Fort Bend County, though, is roughly ten percent of that in Harris County.

Since the previous CRA evaluation in September 1999, the bank's loan-to-deposit ratio has averaged approximately 67%, which compares satisfactorily to other institutions in the bank's Assessment Area.

## Distribution of Loans by Income Level of the Geography

The geographic distribution of Southern National Bank's home mortgage loans and small business loans is satisfactory.

### *Home Mortgage Loans*

Refer to Tables 2, 3, 4 and 5 in appendix C for the facts and data used to evaluate the geographic distribution of the bank's home mortgage loan originations and purchases.

For the portion of the evaluation period starting January 1, 2000 and ending December 31, 2002, the overall geographic distribution of home mortgage loans is good. The bank's performance in the low- to moderate-income geographies of its Assessment Area during this period is satisfactory, generally reflecting the demographic proportions of those tracts.

Home Purchase Loans during this period were concentrated in Harris County, with 85 loans made as opposed to 33 loans in Fort Bend County. Of those in Harris County, 8.24% were made in low-income tracts which account for 5.76% of owner occupied housing units. Loans in moderate-income geographies accounted for 17.65% of the bank's loans while these areas contain 22.64% of the area's owner occupied housing units.

Home Improvement Loans during this period were evenly split with 18 originated in Harris County and 17 in Fort Bend County. Again, 5.56% of the bank's loans in Harris County originated in low-income areas containing 5.76% of the owner occupied housing units. Of the loans granted in Fort Bend County, all were in middle- or upper-income tracts. However, low- and moderate-income tracts in Fort Bend County only accounted for 4.11% of owner occupied housing units during this period.

Home Mortgage Refinance Loans also reflect concentration in Harris County, with 34 loans versus ten in Fort Bend County. Southern made 35.29% of these loans in low- to moderate-income geographies in Harris County, which account for only 28.40% of the owner occupied housing units.

During this period of January 1, 2000 to December 31, 2002, the bank originated only 20 loans for multifamily dwellings. Twelve of those loans were in low- to moderate-income tracts.

For the period January 1, 2003 to December 31, 2003 the bank originated 43 Home Purchase Loans, 34 of which were in Harris County. Low-income areas accounted for 3.87% of the owner occupied housing units in Harris County during this period, while 5.88% of the bank's Home Purchase Loans were in such areas. In Fort Bend County, one-third of the nine loans the bank originated in this county were located in low- to moderate-income tracts, which account for only 5.55% of the owner occupied housing units.

For the period January 1, 2003 to December 31, 2003, Southern National Bank made only twelve Home Improvement Loans. While it made 34 Home Mortgage Refinance loans during this period, all but four of these were in Harris County. Of the thirty loans made in Harris

County, all but four were made in middle- or upper-income geographies. Multifamily loans were also quite few and were similarly concentrated in middle- and upper-income geographies.

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

Refer to Table 6 in appendix C for the facts and data used to evaluate the geographic distribution of the bank's origination/purchase of small loans to businesses.

For the period January 1, 2000 to December 31, 2002, Southern National Bank originated loans to small businesses, as defined in the CRA Regulation. Of this total, 305, or 33.59% were in Fort Bend County, with the remaining 603, or 66.41%, all in Harris County. Of the 305 loans made in Fort Bend County, only 0.33% were made to businesses in low- to moderate-income geographies. However, only 4.95% of the small businesses in Fort Bend County are so located. The bank originated 42.95% of its small business loans in Fort Bend County to businesses located in middle-income census tracts. The remaining 56.72% were made in upper-income tracts. The U.S. Census of 1990 lists 35.45% and 59.61% of small businesses in Fort Bend County in middle- and upper-income geographies, respectively.

For the same period, January 1, 2000 to December 31, 2002, Southern National Bank made 7.32% of its 603 small business loans in Harris County to small businesses located in low-income census tracts (as defined by the U.S. Census of 1990). These tracts contain 5.94% of small businesses in Harris County. Similarly, the bank originated 26.79% of its loans to small businesses to those located in moderate-income tracts. Again, according to the 1990 Census, moderate-income tracts in Harris County were home to 25.11% of small businesses.

For the period January 1, 2003 to December 31, 2003, the bank originated 402 small business loans in its Assessment Area. As in the previous period, the majority of these, 275, or 68.41%, were in the more populous Harris County. The remaining 127, or 31.59%, were in Fort Bend County. Of the loans originated in Harris County, 32.00% were in low- to moderate-income census tracts. The 2000 Census reported that these geographies were home to 33.78% of the small businesses in Harris County.

For the same period January 1, 2003 to December 31, 2003, Southern National Bank originated 127 small business loans in Fort Bend County. All of these loans were to businesses located in middle- and upper-income tracts. There were no loans to small businesses in low- or moderate-income tracts in Fort Bend County during this period. However, these tracts contain only 6.72% of small businesses in the county.

### ***Small Loans to Farms***

Refer to Table 7 in appendix C for the facts and data used to evaluate the geographic distribution of the bank's origination/purchase of small loans to farms.

Southern National Bank makes few agricultural loans. These loans were not considered in evaluating the bank's overall performance under the Community Reinvestment Act.

## ***Consumer Loans***

Refer to Table 13 in appendix C for the facts and data used to evaluate the geographic distribution of the bank's consumer loan originations and purchases.

Southern National Bank makes few loans to individuals for consumer purposes. These loans were not considered in evaluating the bank's overall performance under the Community Reinvestment Act.

## **Lending Gap Analysis**

Reports detailing Southern National Bank's lending activities over the evaluation period for home mortgage and small business loans were reviewed to identify gaps in the geographic distribution of those loans. No unexplained gaps were identified.

## ***Inside/Outside Ratio***

Virtually all the bank's loans, of all types, and all the bank's deposits, are within the bank's Assessment Area of Fort Bend and Harris Counties. This factored positively in the consideration of the bank's lending.

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

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

Refer to Tables 8, 9, and 10 in appendix C for the facts and data used to evaluate the borrower distribution of the bank's home mortgage loan originations and purchases.

The bank's performance with respect to the dispersion of loans to borrowers of differing income levels is Satisfactory.

For the period January 1, 2000 to December 31, 2002, using U.S. Census Data from the April, 1990 Census, the bank originated 118 home purchase loans in its Assessment Area. Of these, 85 were in Harris County. Of those 85 loans, some 80.00% were to upper-income borrowers, which represent 39.87% of the borrowers for the Assessment Area. The remainder of its loans was almost equally dispersed among low-, moderate-, and middle-income borrowers. For the 33 loans originated in the Fort Bend County portion of its Assessment Area over this three-year period, 73.33% went to upper-income borrowers, 20.00 % to middle-income borrowers, with the remainder to low- and moderate-income borrowers. Upper- and middle-income borrowers represent 60.01% of the Harris County portion of the Assessment Area and 74.39% in Fort Bend County.

For the 35 home improvement loans originated within its Assessment Area for the period January 1, 2000 to December 31, 2002, 17 were originated in Fort Bend County and 18 in Harris County. Seventy-five percent of those in Fort Bend County were originated to upper-income borrowers, although 12.50% went to low-income borrowers, which comprise 12.87% of the population.

For the three-year period ending December 31, 2002, the bank originated 44 home mortgage refinance loans, with 34 in Harris County and ten in Fort Bend County. Of these, the bank made 95.00% and 100.00% to middle- and upper-income borrowers in Harris and Fort Bend Counties, respectively. Again, middle- and upper-income borrowers account for 60.01% and 74.39% of the families in those areas, respectively.

Using the data gathered in the April 2000 Census of the U.S., and for the year ending December 31, 2003, the bank originated 43 home purchase loans. Of these, 34 were in Harris County and the remaining nine were in Fort Bend County. All of the loans in Fort Bend County were to middle- or upper-income borrowers, which account for 75.15% of the families in the Assessment Area. In Harris County, 90.48% of the home purchase loans were to middle- or upper-income borrowers, which represent 58.10% of the families in that portion of the bank's Assessment Area.

Only twelve home improvement loans were generated during this period, six in each county. Again, all six of the home improvement loans in Fort Bend County were made to middle- or upper-income borrowers. Borrowers in this income group accounted for 80.00% of the six loans made in Harris County.

Thirty-four home mortgage refinance loans were made during this period. All but four were in Harris County. Middle- and upper-income borrowers accounted for 90.47% of the loans in Harris County.

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

Refer to Table 11 in appendix C for the facts and data used to evaluate the borrower distribution of the bank's origination/purchase of small loans to businesses.

The bank's efforts to lend to small businesses have been excellent.

For the evaluation period beginning January 1, 2000 and ending December 31, 2002, the bank originated 908 loans to small businesses, 603 in Harris County and 305 in Fort Bend County. Of the 603 loans in Harris County, 61.36% of them were to businesses with annual gross revenues of \$1 million, or less. These businesses represented 66.68% of the businesses in Harris County during this period. Also, of those 603 loans, 65.01% were originated in amounts of \$100,000, or less, and another 15.42% were in amounts of \$100,000 to \$250,000. The bank's market share for loans to small businesses, 0.60%, exceeds its overall market share of 0.27%.

For the same period, the bank originated 305 loans to small businesses in Fort Bend County, as well. Some 49.51% of those loans were to businesses with gross annual revenues of \$1 million, or less. Those businesses account for 66.45% of the businesses in this area. Fully 72.79% of the bank's small business loans were in amounts of \$100,000, or less, with an additional 15.74% in amounts of \$100,000 to \$250,000. Southern's market share for such loans, 2.76%, exceeds its market share overall, 1.24%.

For the year ending December 31, 2003, which was evaluated using the April 2000 census data, the bank originated 402 small business loans. Loans made in Harris County represented 68.41% of these, with the remainder in Fort Bend County. Fully 63.27% of the small business

loans the bank made in Harris County and 67.72% of the small business loans the bank made in Fort Bend County, originated in amounts of \$100,000, or less. The bank's market share in either market is negligible.

## **Community Development Lending**

Refer to Table 1 Lending Volume in appendix C for the facts and data used to evaluate the bank's level of community development (CD) lending. This table includes all CD loans, including multifamily loans that also qualify as CD loans. In addition, Table 5 includes geographic lending data on all multi-family loans, including those that also qualify as CD loans. Table 5 does not separately list CD loans, however.

Community Development Lending has had a positive impact on Lending Test conclusions. Southern National Bank's level of Community Development Lending is good and enhances its overall level of mortgage lending in its Assessment Area. During the evaluation period, Southern made \$8.8 million in Community Development Loans, representing 12.15% of Net Tier 1 Capital as of December 31, 2003.

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

There were no areas receiving Limited Scope Reviews.

## **INVESTMENT TEST**

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

The bank's performance under the Investment Test is rated "**High-Satisfactory**", with a total of \$3.2 million in qualified investments, representing 4.43% of Tier 1 Capital.

Qualifying investments are investments, deposits, membership shares or grants that have as their primary purpose community development, as defined in the Community Reinvestment Act regulation. Although Southern National Bank's qualifying investments are not complex or innovative, they are beneficial and meet identified needs in the Harris and Fort Bend Counties. The bank purchased two qualified investments totaling \$3 million during the evaluation period and initiated an additional \$220 thousand in donations and contributions. The two qualified investments are detailed below.

#### CRA Qualified Investment Fund

Southern National Bank invested \$1.5 million in a CRA mutual fund with investment in the bank's AA. A portion of Southern National Bank's investment (\$650,000) was allocated to a Fannie Mae Pool to finance a Low Income Housing Tax Credit project in Katy, TX. 120 units are restricted to families with incomes at or below 60% of the area median family income. CRA Fund Advisors also allocated \$850,000 of Southern's original investment toward the purchase of the Texas Department of Housing and Community Affairs Series 2003A bond. This issue refinances a 252-unit multifamily property in Rosenberg (Fort Bend County), Texas. 10% of these units will be set-aside for families with income at or below 50% of area median



income. The remaining units will be restricted to tenants with incomes at or below 60% of area median income. In addition, 5% of the units will be targeted to tenants with special needs.

#### Access Capital Strategies Community Investment Fund, Inc. (ACSCIF)

ACSCIF is a non-diversified closed-end management investment company operating as a business development company. The fund primarily invests in private placement debt securities. Specifically, the fund is designed to support underlying community development activities targeted to low- and moderate-income individuals such as affordable housing, education, small business lending and job creation in communities designated by fund investors. Southern National Bank purchased a \$1.5 million interest in the fund, which includes an investment in a mortgage pool backed by mortgages to low- and moderate-income borrowers in the Harris and Fort Bend County assessment areas.

#### Donations & Contributions

Additionally, the bank has made \$220 thousand in donations/contributions to a number of organizations. These organizations primarily serve low to moderate income people in the bank's designated assessment areas. Some of the larger donations were provided to the following:

- Sheltering Arms - \$15,000  
Bank's donation supports the financial needs of the Sheltering Arms Senior Services facility. In 2002, approximately 14,000 individuals with household income under \$50,000 were served in Harris, Fort Bend, and surrounding counties. However, the majority of those who reported income were in the \$10,001 to 25,000 income bracket or lower.
- CASA - Child Advocates of Fort Bend - \$15,000  
Bank's donation helps to finance the overhead costs associated with this organization. The purpose of this organization is to help abused and neglected children. Its design is to lessen the trauma suffered by child victims of sexual abuse. Although not restricted to such, recipients of these services are predominantly low- to moderate-income.
- Fort Bend County Women's Center - \$15,000  
Community services targeted towards victims of domestic abuse. Although not restricted to such, recipients of these services are predominantly low- to moderate-income. Furthermore, this facility is located in a moderate-income tract.

The bank waives service charges for many non-profit organization customers. Meeting rooms are also available to local community groups at no charge.

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

There were no areas receiving a Limited-Scope Review.

## SERVICE TEST

### Conclusions for Areas Receiving Full-Scope Reviews

The bank's performance under the Service Test is rated "**High Satisfactory**".

#### Retail Banking Services

Refer to Table 15 appendix C for the facts and data used to evaluate the distribution of the bank's branch delivery system and branch openings and closings.

The dispersion of branches throughout SNB's Assessment Area and the accessibility of its products and services is satisfactory. The bank's delivery systems are readily accessible to geographies and individuals of different income levels within its Assessment Area. SNB operates five branches and eleven ATMs in its Assessment Area. Four of its five offices are in Harris County. Of the five, two are in moderate-income tracts, one is in a middle-income tract, and two are in upper-income tracts. This corresponds reasonably to the disposition of population within the Assessment Area. All offices are located on major thoroughfares.

The bank's eleven ATMs are similarly situated on major roadways or in public places such as the Houston Zoo and the Texas Medical Center. Five are in upper-income tracts, two are in middle-income tracts, and four are in moderate-income tracts. All facilities are accessible by the public.

The bank's hours, services, and products offered do not vary in a way that inconveniences any portions of the Assessment Area, particularly low- to moderate-income tracts or individuals. Banking hours are consistent throughout the Assessment Area. All offices are open at least 9AM to 4PM, with two offices open 8AM to 4PM. The bank's main office is open until 6PM on Fridays. Drive-throughs and motor banks are open 7AM to 6PM. Offices offer Saturday banking, except for the Memorial Southwest Branch.

Non-traditional delivery channels include the bank's website (transactional) and telephone banking. The latter is available in either English or Spanish. Currently, there is no charge to use telephone banking or Internet banking unless the customer elects certain services such as bill payment over the Internet.

Only one location has been closed since the bank's previous CRA evaluation. The bank's branch at 9000 West Bellfort, in Houston, closed May 12, 2000. Both the 1990 and 2000 census reflect this location as a moderate-income tract. President Harvey Zinn stated that this location was closed because of its proximity to a newer branch located on a major thoroughfare, less than a mile away.

#### Community Development Services

There are seven different qualified Community Development (CD) services. Each benefits either Fort Bend or Harris County, which are the two counties included within the bank's Assessment Area. None are performed by an affiliate.

A list and a description of the function of each of the seven qualified bank's CD services follows:

Literacy Council of Fort Bend County (Benefits Fort Bend County)

Vice President and Compliance Officer, Clay Jennings became a Board member in July 2003. The mission of this organization is to provide services to functionally illiterate adults and those with limited English proficiency. Mr. Jennings provides advice from a banking perspective and helps with ideas for projects to raise funds. Of 862 adult learners, three are on public assistance. Eighty-three percent qualify as low income. Another 15% qualify as moderate income. Fewer than two percent of the constituent adult learners fall into middle- or upper-income categories.

Greater Fort Bend Economic Development Council (benefits Fort Bend County)

Part of the organization's mission is to create and implement revitalization plans for under-served communities in Fort Bend County. It also develops plans to promote and attract small businesses to the county. Executive Vice President (EVP) Dan Roach serves as a member of the Board of Directors. He provides input to accomplish the organization's goals and helps with various projects. He states that he has been on the Board for at least three years and affiliated with this entity even longer. The primary purpose is to encourage and provide assistance to businesses seeking to locate to Fort Bend County.

Fort Bend CORPS (Benefits Fort Bend County)

EVP Dan Roach serves as a Founders' Council member. The organization's focus is to initiate and coordinate community efforts to revitalize low-income areas in Fort Bend County by effecting home repairs that remedy life, health and safety concerns in the under-served and deteriorating neighborhoods. These repairs ensure safe, sanitary, and decent housing for elderly, disabled, and low-income homeowners who are physically and financially unable to make the needed repairs to their homes. The organization is a 501(c)(3) nonprofit established by corporate and community leaders. All work is delivered at no cost to the homeowner and free of any obligation by the homeowner in the form of a lien or retention requirement. The CORPS delivers three home repair programs to qualified homeowners - Hearts and Hammers, Roofs Over Fort Bend, and the Interior Repair Program that are funded by donations and grants from corporations, churches, foundations, in-kind contributions, public sector funds and the labor and compassion of volunteers working in home repair crews. SNB employees participated in the Hearts and Hammers housing rehabilitation program working with contractors donating time and materials to improve homes.

Window of Opportunity Foundation (Benefits Harris County)

Branch President Harvey Zinn, Jr. is an advisory director. This is a 501(c)(3) non-profit organization that provides scholarships to Houston Independent School District students that could not otherwise afford to go to college. Mr. Zinn provides ideas and technical advice from a banking perspective. The bank has obtained a letter on corporate stationery indicating that this entity exists specifically to provide scholarships to economically disadvantaged students. As such, the targeted audience is low- to moderate-income individuals. It qualifies as a CD

service since the bank representative provides technical assistance on financial matters to this CD organization.

Child Advocates of Fort Bend County (Benefits Fort Bend County)

Internal Auditor Teea Blaire is on the Board of Directors and is involved in fund raising and other projects. This organization helps children who are in the legal system because of abusive parents. Its primary focus is to lessen the trauma suffered by children who are victims of sexual abuse. The facility is located in a moderate-income census tract in Richmond, Texas, the county seat of Fort Bend County.

Fort Bend County Women's Center (Benefits Fort Bend County)

Corporate Secretary Whitney Rowe is on the Board of Directors. This organization provides shelter, clothing, food, and counseling for women and their children who have experienced some type of domestic violence. Ms. Rowe helps with fundraising activities and other projects. This organization is located in a moderate-income census tract in Rosenberg, Texas. Rosenberg is adjacent to Richmond and is in Fort Bend County. Although no data is collected from the beneficiaries of this Center's services to so document, it is believed, through observations of the Center's employees and volunteers, that the vast majority of those who avail themselves of the Center's assistance are low- to moderate-income individuals or families, and/or reside in low- to moderate-income tracts.

West Brea Court Retirement Home

This is an example of an innovative Community Service. Once a week, bank representatives go to this retirement facility to help with the banking needs of resident accountholders, primarily by taking of deposits. Per information provided by the nursing home, there are 175 residents (94% occupied at this time) with nursing home management estimating that 50-60% of the residents depend solely on Social Security benefits, or other forms of public assistance, for their income.

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

There were no areas receiving a Limited-Scope Review.

## Appendix A: Scope of Examination

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The following table identifies the time period covered in this evaluation, affiliate activities that were reviewed, and loan products considered. The table also reflects the metropolitan and non-metropolitan 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 Investment and Service Tests and CD Loans:	January 1, 2000 to December 31, 2003  September 27, 1999 to March 1, 2004
<b>Financial Institution</b>	<b>Products Reviewed</b>	
Southern National Bank of Texas	Home Mortgage Loans and Small Loans to Businesses	
<b>Affiliate(s)</b>	<b>Affiliate Relationship</b>	<b>Products Reviewed</b>
<i>None</i>		
<b>List of Assessment Areas and Type of Examination</b>		
<b>Assessment Area</b>	<b>Type of Exam</b>	<b>Other Information</b>
Harris and Fort Bend Counties	Full-Scope	None

# Appendix B: Market Profiles for Full-Scope Areas

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### Market Profiles for Areas Receiving Full-Scope Reviews

Harris and Fort Bend Counties – 1990 Census Data.....	2
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### Harris and Fort Bend Counties – 1990 Census Data

Demographic Information for Full-Scope Area: Harris and Fort Bend Counties						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	631	11.73	29.00	31.11	26.94	2.22
Population by Geography	3,043,620	8.49	27.01	32.95	31.55	0.00
Owner-Occupied Housing by Geography	587,006	5.31	20.90	32.83	40.97	0.00
Businesses by Geography	162,915	5.88	24.96	31.21	37.70	0.25
Farms by Geography	2,830	2.69	16.89	37.03	43.39	0.00
Family Distribution by Income Level	768,266	22.36	16.52	20.25	40.87	0.00
Distribution of Low- and Moderate-Income Families throughout AA Geographies	298,714	15.26	39.51	31.25	13.98	0.00
Median Family Income HUD Adjusted Median Family Income for 2001 Households Below the Poverty Level	= \$36,886 = \$59,600 =13.32%	Median Housing Value Unemployment Rate				\$75,587 3.57%

(\*) The NA category consists of geographies that have not been assigned an income classification.

Source: 1990 U.S. Census, and 2002 HUD updated MFI.

**Fort Bend County – 2000 Census Data**

Demographic Information for Full Scope Area: Fort Bend County						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	58	1.72	6.90	36.21	55.17	0.00
Population by Geography	354,452	1.00	7.63	31.29	60.07	0.00
Owner-Occupied Housing by Geography	89,628	0.48	5.07	29.62	64.83	0.00
Business by Geography	22,932	1.81	4.91	28.46	64.82	0.00
Farms by Geography	671	0.60	4.62	35.77	59.02	0.00
Family Distribution by Income Level	93,808	12.19	12.67	17.84	57.31	0.00
Distribution of Low and Moderate Income Families throughout AA Geographies	23,318	2.48	15.35	43.37	38.80	0.00
Median Family Income		51,212	Median Housing Value		120,053	
HUD Adjusted Median Family Income for 2003		59,100	Unemployment Rate (1990 US Census)		2.39%	
Households Below Poverty Level		6.38%				

(\*) The NA category consists of geographies that have not been assigned an income classification.

Source: 1990 US Census and 2003 HUD updated MFI

**Harris County – 2000 Census Data**

Demographic Information for Full Scope Area: Harris County						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	649	9.55	34.21	27.58	27.58	1.08
Population by Geography	3,400,578	8.01	33.94	29.23	28.75	0.07
Owner-Occupied Housing by Geography	667,129	3.87	25.73	30.52	39.88	0.00
Business by Geography	246,241	5.84	27.94	25.83	40.08	0.30
Farms by Geography	3,655	3.17	21.81	34.50	40.49	0.03
Family Distribution by Income Level	840,630	24.07	17.82	18.70	39.40	0.00
Distribution of Low and Moderate Income Families throughout AA Geographies	352,201	13.74	47.49	26.74	12.03	0.00
Median Family Income		51,212	Median Housing Value		100,639	
HUD Adjusted Median Family Income for 2003		59,100	Unemployment Rate (1990 US Census)		3.13%	
Households Below Poverty Level		13.09%				

(\*) The NA category consists of geographies that have not been assigned an income classification.

Source: 1990 US Census and 2003 HUD updated MFI

Southern National Bank’s Assessment Area consists of Fort Bend and Harris Counties in Southeast Texas. The area includes the City of Houston and a few of the surrounding communities and unincorporated areas that are located in the two counties. On a combined basis, the area includes 707 Census Tracts, according to the 2000 Census. Of these, 63 are low-income tracts, 226 are moderate-income tracts, 200 are middle-income tracts, and 211 are upper-income tracts. Seven tracts have no assigned characteristics.

Southern National Bank ranks second in total deposit market share in Fort Bend County, behind Wells Fargo Bank, N.A. who occupies a dominant position in the county with over



17% of the market and 13 banking offices, compared to one for Southern. In Harris County, Southern ranks only 33<sup>rd</sup>, behind such multi-national concerns as JP Morgan/Chase, with a network of 52 offices in Harris County alone and 45% of the local market share, and Bank of America with 79 offices. The top five banks in Harris County hold deposit market share in excess of 70%, with deposits in the county in excess of \$54 billion, and operate some 340 banking offices. By contrast, Southern has four offices in the county with deposits in the county of approximately \$203 million.

The population of the two-county Assessment Area was 3.04 million in 1990. Throughout the next decade, the area grew rapidly with population climbing to 3.76 million by 2000, a 23% increase. Fort Bend County, where Southern National Bank is headquartered, grew 57% over this decade. In 1990, Fort Bend County was divided into 49 census tracts, 1 low-income tract, 4 moderate-income tracts, and 21 middle-income tracts. It is interesting to note, and of fundamental importance to an understanding of the bank's operating environment, that in 2000 Fort Bend County still lists the same number of low-, moderate-, and middle-income census tracts. However, from 1990 to 2000, the county went from 23 upper-income census tracts to 32, an increase of 39%. While relatively modest growth was noted in the number of households residing in low-, moderate-, and middle-income tracts, the number of households in upper-income tracts soared from 38,243 in 1990, to 68,255 in 2000. This suggests that the majority of growth in the surrounding community was in relatively affluent households.

## Appendix C: Tables of Performance Data

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### Content of Standardized 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: 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. Tables without data are not included in this PE.

The following is a listing and brief description of the tables:

- 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. Refer to Interagency Q&As \_\_.12(i) - 5 and - 6 for guidance on when a bank may receive positive CRA consideration for such loans. When such loans exist, insert a line item with the appropriate caption, such as “Statewide/Regional” or “Out of Assessment Area,” in the MA/Assessment Area column and record the corresponding numbers and amounts in the “Community Development Loans” column.
- Table 1. Other Products** - Presents the number and dollar amount of any unreported category of loans originated and purchased by the bank 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 description.
- Table 4. Geographic Distribution of Home Mortgage Refinance Loans** - See Table 2 description.
- 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 description.
- Table 10. Borrower Distribution of Refinance Loans** - See Table 8 description.
- 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. When such investments exist, insert a line item with the appropriate caption, such as "Statewide/Regional" or "Out of Assessment Area," in the MA/Assessment Area column and record the corresponding numbers and amounts in the "Qualified Investments" column.

**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.

**Table 1 (1990 Census Data) - Lending Volume**

LENDING VOLUME												
Geography: Fort Bend and Harris Counties Evaluation Period: January 1, 2000 to December 31, 2002												
MA/Assessment Area:	% 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>												
Fort Bend County	32.92	64	15,361	305	32,856	2	115	4	249	375	48,581	12.47
Harris County	67.08	153	47,951	603	92,130	0	0	7	8,584	763	148,665	0.26
<b>Limited Review:</b>												
None												

\* Loan Data as of [Date]. Rated area refers to either the state or multi-state MA rating area.  
 \*\* The evaluation period for Community Development Loans is [Date of Last CRA Evaluation] to [Start Date of CRA Data Analysis Phase].  
 \*\*\* Deposit Data as of [Date]. Rated Area refers to either the state, multi-state MA, or institution, as appropriate.

**Table 1 (1990 Census Data) - Other Products**

LENDING VOLUME		Geography: Fort Bend and Harris Counties, Texas								Evaluation Period: January 1, 2000 to December 31, 2002				
MA/Assessment Area:	% of Rated Area Loans (#) in MA/AA	Total Optional Loans**		Small Business Real Estate Secured**		Home Equity**		Motor Vehicle**		Credit Card**		Other Secured Consumer**		% of Rated Area Deposits in AA***
		#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	
<b>Full Review:</b>														
Fort Bend County	0	0	0	0	0	0	0	0	0	0	0	0	0	12.47
Harris County	0	0	0	0	0	0	0	0	0	0	0	0	0	0.26
<b>Limited Review:</b>														
None.														

\* Loan Data as of [Date]. Rated area refers to either the state or multi-state MA rating area.  
 \*\* The evaluation period for Optional Product Line(s) is From [Date of Last CRA Evaluation] to [Start Date of CRA Data Analysis Phase].  
 \*\*\* Deposit Data as of [Date]. Rated Area refers to either the state, multi-state MA, or institution, as appropriate.

**Table 1 (1990 Census Data) - Other Products**

LENDING VOLUME		Geography: FORT BEND AND HARRIS COUNTIES		Evaluation Period: January 1, 2000 to December 31, 2002	
MA/Assessment Area:	Other Unsecured Consumer Loans*		Other Optional Loans*		
	#	\$ (000's)	#	\$ (000's)	
<b>Full Review:</b>					
Fort Bend County	0	0	0	0	0
Harris County	0	0	0	0	0
<b>Limited Review:</b>					
None.					

(\*)The evaluation period for Optional Product Line(s) is from [Date of Last CRA Evaluation] to [Start date of CRA Data Analysis Phase].





**Table 3 (1990 Census Data) - Geographic Distribution of Home Improvement Loans**

Geographic Distribution: HOME IMPROVEMENT			Geography: FORT BEND AND HARRIS COUNTIES						Evaluation Period: January 1, 2000 to December 31, 2002						
MA/Assessment Area:	Total Home Improvement Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography				
	#	% of Total**	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	Over all	Low	Mod	Mid	Upp
<b>Full Review:</b>															
Fort Bend County	17	48.57	0.75	0	3.36	0	38.57	23.53	57.32	76.47	1.06	0	0	0.81	1.21
Harris County	18	51.43	5.76	5.56	22.64	5.56	32.26	22.22	39.34	66.67	0.10	0	0	0.12	0.13
<b>Limited Review:</b>															
None.															

\* Based on 2002 Peer Mortgage Data: Southwest Region.

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

\*\*\* Percentage of Owner Occupied Units is the number of owner occupied housing units in a particular geography divided by number of owner occupied housing units in the area based on 1990 Census information.

**Table 4 (1990 Census Data) - Geographic Distribution of Home Mortgage Refinance Loans**

Geographic Distribution: HOME MORTGAGE REFINANCE    Geography: FORT BEND AND HARRIS COUNTIES    Evaluation Period: January 1, 2000 to December 31, 2002															
MA/Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography*				
	#	% of Total**	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	Over all	Low	Mod	Mid	Upp
<b>Full Review:</b>															
Fort Bend County	10	22.73	0.75	10.00	3.36	10.00	38.57	50.00	57.32	30.00	0.03	4.35	0.83	0	0.02
Harris County	34	77.27	5.76	2.94	22.64	32.35	32.26	35.29	39.34	29.41	0.01	0	0.03	0.02	0.01
<b>Limited Review:</b>															
None.															

\* Based on 2002 Peer Mortgage Data: Southwest Region.

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

\*\*\* Percentage of Owner Occupied Units is the number of owner occupied housing units in a particular geography divided by number of owner occupied housing units in the area based on 1990 Census information.

**Table 5 (1990 Census Data) - Geographic Distribution of Multifamily Loans**

Geographic Distribution: MULTIFAMILY		Geography: FORT BEND AND HARRIS COUNTIES						Evaluation Period: January 1, 2000 to December 31, 2002							
MA/Assessment Area:	Total Multifamily Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography				
	#	% of Total**	% of MF Units***	% BANK Loans	% MF Units***	% BANK Loans	% MF Units***	% BANK Loans	% MF Units***	% BANK Loans	Over all	Low	Mod	Mid	Upp
<b>Full Review:</b>															
Fort Bend county	4	20.00	0.72	0.00	26.64	75.00	23.21	25.00	49.43	0.00	12.50	0.00	0.00	50.00	0.00
Harris County	16	80.00	10.14	6.25	34.85	50.00	32.55	31.25	22.66	12.50	3.69	4.35	2.97	5.95	1.59
<b>Limited Review:</b>															
None.															

\* Based on 2002 Peer Mortgage Data: Southwest Region.

\*\* Multifamily loans originated and purchased in the MA/AA as a percentage of all multifamily loans originated and purchased in the rated area.

\*\*\* Percentage of multifamily units is the number of multifamily housing units in a particular geography divided by number of multifamily housing units in the area based on 1990 Census information.

**Table 6 (1990 Census Data) - Geographic Distribution of Small Loans to Businesses**

Geographic Distribution: SMALL LOANS TO BUSINESSES      Geography: FORT BEND AND HARRIS COUNTIES      Evaluation Period: January 1, 2000 to December 31, 2002																
MA/Assessment Area:	Total Small Business Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography*					
	#	% of Total**	% of Businesses***	% BANK Loans	% of Businesses***	% BANK Loans	% of Businesses***	% BANK Loans	% of Businesses***	% BANK Loans	% of Businesses***	% BANK Loans	Overall	Low	Mod	Mid
<b>Full Review:</b>																
Fort Bend County	305	33.59	1.47	0.00	3.48	0.33	35.45	42.95	59.61	56.72	1.24	0.00	0.00	1.32	1.44	
Harris County	603	66.41	5.94	7.32	25.11	26.79	29.88	29.28	38.80	36.61	0.27	0.48	0.24	0.29	0.29	
<b>Limited Review:</b>																
None.																

\* Based on 2002 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 2002.

**Table 7 (1990 Census Data) - Geographic Distribution of Small Loans to Farms**

Geographic Distribution: SMALL LOANS TO FARMS												Geography: Fort Bend and Harris Counties					Evaluation Period: January 1, 2000 to December 31, 2002				
MA/Assessment Area:	Total Small Farm Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography										
	#	% of Total**	% of Farms***	% BANK Loans	% of Farms***	% BANK Loans	% of Farms***	% BANK Loans	% of Farms***	% BANK Loans	Overall	Low	Mod	Mid	Upp						
<b>Full Review:</b>																					
Fort Bend County	2	100.00	0.17	0.00	3.75	0.00	46.51	50.00	49.57	50.00	0.60	0.00	0.00	0.00	3.70						
Harris County	0	0.00	3.84	0.00	19.38	0.00	35.45	0.00	41.30	0.00	0.00	0.00	0.00	0.00	0.00						
<b>Limited Review:</b>																					
None.																					

\* Based on 2002 Peer Small Business Data: US and PR.

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

\*\*\* Source Data - Dun and Bradstreet 2002.

**Table 8 (1990 Census Data) - Borrower Distribution of Home Purchase Loans**

Borrower Distribution: HOME PURCHASE    Geography: FORT BEND AND HARRIS COUNTIES    Evaluation Period: January 1, 2000 to December 31, 2002															
MA/Assessment Area:	Total Home Purchase Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Market Share <sup>*</sup>				
	#	% of Total <sup>**</sup>	% Families <sup>***</sup>	% BANK Loans <sup>****</sup>	% Families <sup>**</sup>	% BANK Loans <sup>****</sup>	% Families <sup>*</sup>	% BANK Loans <sup>****</sup>	% Families <sup>**</sup>	% BANK Loans <sup>****</sup>	Over all	Low	Mod	Mid	Upp
<b>Full Review:</b>															
Fort Bend County	33	27.97	12.87	3.33	12.74	3.33	21.66	20.00	52.73	73.33	0.05	0.22	0.00	0.02	0.07
Harris County	85	72.03	23.16	5.33	16.84	5.33	20.14	9.33	39.87	80.00	0.04	0.00	0.02	0.00	0.08
<b>Limited Review:</b>															
None.															

<sup>\*</sup> Based on 2002 Peer Mortgage Data: Southwest Region.

<sup>\*\*</sup> As a percentage of loans with borrower income information available. No information was available for 11.02% of loans originated and purchased by Bank.

<sup>\*\*\*</sup> Percentage of Families is based on the 1990 Census information.

<sup>\*\*\*\*</sup> 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.

**Table 9 (1990 Census Data) - Borrower Distribution of Home Improvement Loans**

Borrower Distribution: HOME IMPROVEMENT    Geography: FORT BEND AND HARRIS COUNTIES    Evaluation Period: January 1, 2000 to December 31, 2002															
MA/Assessment Area:	Total Home Improvement Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Market Share				
	#	% of Total**	% Families**	% BANK Loans****	% Families*	% BANK Loans****	% Families*	% BANK Loans****	% Families*	% BANK Loans****	Over all	Low	Mod	Mid	Upp
<b>Full Review:</b>															
Fort Bend County	17	48.57	12.87	12.50	12.74	0.00	21.66	12.50	52.73	75.00	0.98	3.77	0.00	0.97	0.96
Harris County	18	51.43	23.16	0.00	16.84	16.67	20.14	11.11	39.87	72.22	0.10	0.00	0.11	0.09	0.12
<b>Limited Review:</b>															
None.															

\* Based on 2002 Peer Mortgage Data: Southwest Region.

\*\* As a percentage of loans with borrower income information available. No information was available for 2.88 of loans originated and purchased by Bank.

\*\*\* Percentage of Families is based on the 1990 Census information.

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

**Table 10 (1990 Census Data) - Borrower Distribution of Home Mortgage Refinance Loans**

Borrower Distribution: HOME MORTGAGE REFINANCE      Geography: FORT BEND AND HARRIS COUNTIES      Evaluation Period: January 1, 2000 to December 31, 2002															
MA/Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Market Share				
	#	% of Total**	% Families**	% BANK Loans****	% Families*	% BANK Loans****	% Families*	% BANK Loans****	% Families*	% BANK Loans****	Over all	Low	Mod	Mid	Upp
<b>Full Review:</b>															
Fort Bend County	10	22.73	12.87	0.00	12.74	0.00	21.66	16.67	52.73	83.33	0.03	0.00	0.00	0.04	0.04
Harris County	34	77.27	23.16	0.00	16.84	5.00	20.14	20.00	39.87	75.00	0.01	0.00	0.00	0.01	0.02
<b>Limited Review:</b>															
None.															

\* Based on 2002 Peer Mortgage Data: Southwest Region.

\*\* As a percentage of loans with borrower income information available. No information was available for 40.91% of loans originated and purchased by Bank.

\*\*\* Percentage of Families is based on the 1990 Census information.

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



**Table11 (1990 Census Data) - Borrower Distribution of Small Loans to Businesses**

Borrower Distribution: SMALL LOANS TO BUSINESSES					Geography: XXXXXXXXXX		Evaluation Period: MONTH DAY,XXXX TO MONTH DAY,XXXX		
MA/Assessment Area:	Total Small Loans to Businesses		Businesses With Revenues of \$1 million or less		Loans by Original Amount Regardless of Business Size			Market Share <sup>*</sup>	
	#	% of Total <sup>**</sup>	% of Businesses <sup>***</sup>	% BANK <sup>****</sup> 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>									
Fort Bend County	305	33.59	66.45	49.51	72.79	15.74	11.48	1.24	2.76
Harris County	603	66.41	66.68	61.36	65.01	15.42	19.57	0.27	0.60
<b>Limited Review:</b>									
None.									

<sup>\*</sup> Based on 2002 Peer Small Business Data: US and PR.

<sup>\*\*</sup> 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.

<sup>\*\*\*</sup> Businesses with revenues of \$1 million or less as a percentage of all businesses (Source D&B - 2002).

<sup>\*\*\*\*</sup> 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 7.71% of small loans to businesses originated and purchased by the Bank.

**Table12 (1990 Census Data) - Borrower Distribution of Small Loans to Farms**

Borrower Distribution: SMALL LOANS TO FARMS    Geography: FORT BEND AND HARRIS COUNTIES    Evaluation Period: January 1, 2000 to December 31, 2002									
MA/Assessment Area:	Total Small Loans to Farms		Farms With Revenues of \$1 million or less		Loans by Original Amount Regardless of Farm Size			Market Share	
	#	% of Total**	% of Farms***	% BANK Loans****	\$100,000 or less	>\$100,000 to \$250,000	>\$250,000 to \$500,000	All	Rev \$1 Million or Less
<b>Full Review:</b>									
Fort Bend County	2	100.00	92.50	50.00	100.00	0.00	0.00	0.60	0.00
Harris County	0	0.00	91.01	0.00	0.00	0.00	0.00	0.00	0.00
<b>Limited Review:</b>									
None.									

\* Based on 2002 Peer Small Business Data: US and PR.

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

\*\*\* Farms with revenues of \$1 million or less as a percentage of all farms (Source D&B - 2002).

\*\*\*\* Small loans to farms with revenues of \$1 million or less as a percentage of all loans reported as small loans to farms. No information was available for 0.00% of small loans to farms originated and purchased by Bank.

**Table 1 (2000 Census Data) - Lending Volume**

LENDING VOLUME		Geography: FORT BEND AND HARRIS COUNTIES Evaluation Period: January 1, 2003 to December 31, 2003										
MA/Assessment Area:	% 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>												
Fort Bend County	29.08	20	2,393	127	18,052	1	75	4	249	152	20,769	12.47
Harris County	70.92	86	27,944	275	46,779	0	0	7	8,584	368	83,307	0.26
<b>Limited Review:</b>												
None.												

\* Loan Data as of December 31, 2003. Rated area refers to either the state or multi-state MA rating area.  
 \*\* The evaluation period for Community Development Loans is January 1, 2003 to December 31, 2003.  
 \*\*\* Deposit Data as of June 30, 2003. Rated Area refers to either the state, multi-state MA, or institution, as appropriate.

**Table 1 (2000 Census Data) - Other Products**

LENDING VOLUME														
Geography: FORT BEND AND HARRIS COUNTIES Evaluation Period: January 1, 2003 to December 31, 2003														
MA/Assessment Area:	% of Rated Area Loans (#) in MA/AA	Total Optional Loans**		Small Business Real Estate Secured**		Home Equity**		Motor Vehicle**		Credit Card**		Other Secured Consumer**		% of Rated Area Deposits in AA***
		#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	
<b>Full Review:</b>														
Fort Bend County	70.92	0	0	0	0	0	0	0	0	0	0	0	0	12.47
Harris County	29.08	0	0	0	0	0	0	0	0	0	0	0	0	0.26
<b>Limited Review:</b>														
None.														

\* Loan Data as of December 31, 2003. Rated area refers to either the state or multi-state MA rating area.  
 \*\* The evaluation period for Optional Product Line(s) is From January 1, 2003 to December 31, 2003.  
 \*\*\* Deposit Data as of June 30, 2003. Rated Area refers to either the state, multi-state MA, or institution, as appropriate.

**Table 1 (2000 Census Data) - Other Products**

LENDING VOLUME					Geography: FORT BEND AND HARRIS COUNTIES					Evaluation Period: January 1, 2003 to December 31, 2003					
MA/Assessment Area:		Other Unsecured Consumer Loans*			Other Optional Loans*			#		\$ (000's)		#		\$ (000's)	
		#	\$ (000's)	\$ (000's)											
<b>Full Review:</b>															
Fort Bend County		0	0	0	0	0	0	0	0	0	0	0	0	0	0
Harris County		0	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>Limited Review:</b>															
None.															

(\*)The evaluation period for Optional Product Line(s) is from January 1, 2003 to December 31, 2003.

**Table 2 (2000 Census Data) - Geographic Distribution of Home Purchase Loans**

Geographic Distribution: HOME PURCHASE		Geography: FORT BEND AND HARRIS COUNTIES Evaluation Period: January 1, 2003 to December 31, 2003													
MA/Assessment Area:	Total Home Purchase Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography*				
	#	% of Total**	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	Over all	Low	Mod	Mid	Upp
<b>Full Review:</b>															
Fort Bend County	9	20.93	0.48	0.00	5.07	33.33	29.62	22.22	64.83	44.44	0.00	0.00	0.00	0.00	0.00
Harris County	34	79.07	3.87	5.88	25.73	17.65	30.62	26.47	39.88	50.00	0.00	0.00	0.00	0.00	0.00
<b>Limited Review:</b>															
None.															

\* Peer Mortgage Data is not available.

\*\* 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 housing units in a particular geography divided by the number of owner occupied housing units in the area based on 1990 Census information.

**Table 3 (2000 Census Data) - Geographic Distribution of Home Improvement Loans**

Geographic Distribution: HOME IMPROVEMENT		Geography: FORT BEND AND HARRIS COUNTIES						Evaluation Period: January 1, 2003 to December 31, 2003							
MA/Assessment Area:	Total Home Improvement Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography				
	#	% of Total**	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	Over all	Low	Mod	Mid	Upp
<b>Full Review:</b>															
Fort Bend County	6	50.00	0.48	0.00	5.07	0.00	29.62	33.33	64.83	66.67	0.00	0.00	0.00	0.00	0.00
Harris County	6	50.00	3.87	0.00	25.73	33.33	30.52	0.00	39.88	66.67	0.00	0.00	0.00	0.00	0.00
<b>Limited Review:</b>															
None.															

\* Peer Mortgage Data is not available

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

\*\*\* Percentage of Owner Occupied Units is the number of owner occupied housing units in a particular geography divided by number of owner occupied housing units in the area based on 1990 Census information.

**Table 4 (2000 Census Data) - Geographic Distribution of Home Mortgage Refinance Loans**

Geographic Distribution: HOME MORTGAGE REFINANCE															Geography: FORT BEND AND HARRIS COUNTIES															Evaluation Period: January 1, 2003 to December 31, 2003														
MA/Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography*																																	
	#	% of Total**	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	Over all	Low	Mod	Mid	Upp																											
<b>Full Review:</b>																																												
Fort Bend County	4	11.76	0.48	0.00	5.07	0.00	29.62	25.00	64.83	75.00	0.00	0.00	0.00	0.00	0.00																													
Harris County	30	88.24	3.87	3.33	25.73	10.00	30.52	36.67	39.88	50.00	0.00	0.00	0.00	0.00	0.00																													
<b>Limited Review:</b>																																												
None.																																												

\* Peer Mortgage Data not available

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

\*\*\* Percentage of Owner Occupied Units is the number of owner occupied housing units in a particular geography divided by number of owner occupied housing units in the area based on 1990 Census information.



**Table 5 (2000 Census Data) - Geographic Distribution of Multifamily Loans**

Geographic Distribution: MULTIFAMILY      Geography: FORT BEND AND HARRIS COUNTIES      Evaluation Period: January 1, 2003 to December 31, 2003															
MA/Assessment Area:	Total Multifamily Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography*				
	#	% of Total**	% of MF Units***	% BANK Loans	% MF Units***	% BANK Loans	% MF Units***	% BANK Loans	% MF Units***	% BANK Loans	Over all	Low	Mod	Mid	Upp
<b>Full Review:</b>															
Fort Bend County	1	5.88	0.91	0.00	19.48	100.00	17.52	0.00	62.09	0.00	0.00	0.00	0.00	0.00	0.00
Harris County	16	94.12	10.24	18.75	36.30	18.75	31.19	37.50	22.27	25.00	0.00	0.00	0.00	0.00	0.00
<b>Limited Review:</b>															
None.															

\* Peer Mortgage Data not available.

\*\* Multifamily loans originated and purchased in the MA/AA as a percentage of all multifamily loans originated and purchased in the rated area.

\*\*\* Percentage of multifamily units is the number of multifamily housing units in a particular geography divided by number of multifamily housing units in the area based on 1990 Census information.

**Table 6 (2000 Census Data) - Geographic Distribution of Small Loans to Businesses**

Geographic Distribution: SMALL LOANS TO BUSINESSES    Geography: FORT BEND AND HARRIS COUNTIES    Evaluation Period: January 1, 2003 to December 31, 2003																
MA/Assessment Area:	Total Small Business Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography*					
	#	% of Total**	% of Businesses***	% BANK Loans	% of Businesses***	% BANK Loans	% of Businesses***	% BANK Loans	% of Businesses***	% BANK Loans	% of Businesses***	% BANK Loans	Overall	Low	Mod	Mid
<b>Full Review:</b>																
Fort Bend County	127	31.59	1.81	0.00	4.91	0.00	28.46	43.31	64.82	56.69	0.00	0.00	0.00	0.00	0.00	
Harris County	275	68.41	5.84	6.55	27.94	25.45	25.83	25.82	40.08	42.18	0.00	0.00	0.00	0.00	0.00	
<b>Limited Review:</b>																
None.																

\* Based on Aggregate Small Business Data Only.

\*\* 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 (2003).

**Table 7 (2000 Census Data) - Geographic Distribution of Small Loans to Farms**

Geographic Distribution: SMALL LOANS TO FARMS      Geography: FORT BEND AND HARRIS COUNTIES      Evaluation Period: January 1, 2003 to December 31, 2003															
MA/Assessment Area:	Total Small Farm Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography				
	#	% of Total**	% of Farms***	% BANK Loans	% of Farms***	% BANK Loans	% of Farms***	% BANK Loans	% of Farms***	% BANK Loans	Overall	Low	Mod	Mid	Upp
<b>Full Review</b>															
Fort Bend County	1	100.00	0.60	0.00	4.62	0.00	35.77	0.00	59.02	100.00	0.00	0.00	0.00	0.00	0.00
Harris County	0	0.00	3.17	0.00	21.81	0.00	34.50	0.00	40.49	0.00	0.00	0.00	0.00	0.00	0.00
<b>Limited Review:</b>															
None.															

\* Based on Aggregate Small Farm Data Only.

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

\*\*\* Source Data - Dun and Bradstreet (2003).

**Table 8 (2000 Census Data) - Borrower Distribution of Home Purchase Loans**

Borrower Distribution: HOME PURCHASE		Geography: FORT BEND AND HARRIS COUNTIES								Evaluation Period: January 1, 2003 to December 31, 2003					
MA/Assessment Area:	Total Home Purchase Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Market Share				
	#	% of Total**	% Families***	% BANK Loans****	% Families**	% BANK Loans****	% Families*	% BANK Loans****	% Families*	% BANK Loans****	Over all	Low	Mod	Mid	Upp
<b>Full Review:</b>															
Fort Bend County	9	20.93	12.19	0.00	12.67	0.00	17.84	66.67	57.31	33.33	0.00	0.00	0.00	0.00	0.00
Harris County	34	79.07	24.07	4.76	17.82	4.76	18.70	23.81	39.40	66.67	0.00	0.00	0.00	0.00	0.00
<b>Limited Review:</b>															
None.															

\* Peer Mortgage Data Not Available.

\*\* As a percentage of loans with borrower income information available. No information was available for 30.23% of loans originated and purchased by Bank.

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

\*\*\*\* 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.

**Table 9 (2000 Census Data) - Borrower Distribution of Home Improvement Loans**

Borrower Distribution: HOME IMPROVEMENT      Geography: FORT BEND AND HARRIS COUNTIES      Evaluation Period: January 1, 2003 to December 31, 2003															
MA/Assessment Area:	Total Home Improvement Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Market Share				
	#	% of Total**	% Families**	% BANK Loans****	% Families*	% BANK Loans****	% Families*	% BANK Loans****	% Families*	% BANK Loans****	Over all	Low	Mod	Mid	Upp
<b>Full Review:</b>															
Fort Bend County	6	50.00	12.19	0.00	12.67	0.00	17.84	33.33	57.31	66.67	0.00	0.00	0.00	0.00	0.00
Harris County	6	50.00	24.07	20.00	17.82	0.00	18.70	20.00	39.40	60.00	0.00	0.00	0.00	0.00	0.00
<b>Limited Review:</b>															
None.															

\* Peer Mortgage Data:Not Available.

\*\* As a percentage of loans with borrower income information available. No information was available for 33.33% of loans originated and purchased by Bank.

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

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

**Table 10 (2000 Census Data) - Borrower Distribution of Home Mortgage Refinance Loans**

Borrower Distribution: HOME MORTGAGE REFINANCE    Geography: FORT BEND AND HARRIS COUNTIES    Evaluation Period: January 1, 2003 to December 31, 2003															
MA/Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Market Share				
	#	% of Total**	% Families**	% BANK Loans****	% Families*	% BANK Loans****	% Families*	% BANK Loans****	% Families*	% BANK Loans****	Over all	Low	Mod	Mid	Upp
<b>Full Review:</b>															
Fort Bend County	4	11.76	12.19	0.00	12.87	33.33	17.84	0.00	57.31	66.67	0.00	0.00	0.00	0.00	0.00
Harris County	30	88.24	24.07	4.76	17.82	4.76	18.70	4.76	39.40	85.71	0.00	0.00	0.00	0.00	0.00
<b>Limited Review:</b>															
None.															

\* Peer Mortgage Data Not Available.

\*\* As a percentage of loans with borrower income information available. No information was available for 29.41% of loans originated and purchased by Bank.

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

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

**Table11 (2000 Census Data) - Borrower Distribution of Small Loans to Businesses**

Borrower Distribution: SMALL LOANS TO BUSINESSES    Geography: FORT BEND AND HARRIS COUNTIES    Evaluation Period: January 1, 2003 to December 31, 2003									
MA/Assessment Area:	Total Small Loans to Businesses		Businesses With Revenues of \$1 million or less		Loans by Original Amount Regardless of Business Size			Market Share <sup>*</sup>	
	#	% of Total <sup>**</sup>	% of Businesses <sup>***</sup>	% BANK <sup>****</sup> 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>									
Fort Bend County	127	31.59	65.18	44.09	87.72	16.54	15.75	0.00	0.00
Harris County	275	68.41	61.90	55.64	63.27	17.09	19.64	0.00	0.00
<b>Limited Review:</b>									
None.									

<sup>\*</sup> Based on Aggregate Small Business Data Only.

<sup>\*\*</sup> 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.

<sup>\*\*\*</sup> Businesses with revenues of \$1 million or less as a percentage of all businesses (Source D&B - 2003).

<sup>\*\*\*\*</sup> 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 9.70% of small loans to businesses originated and purchased by the Bank.

**Table12 (2000 Census Data) - Borrower Distribution of Small Loans to Farms**

Borrower Distribution: SMALL LOANS TO FARMS      Geography: FORT BEND AND HARRIS COUNTIES      Evaluation Period: January 1, 2003 to December 31, 2003									
MA/Assessment Area:	Total Small Loans to Farms		Farms With Revenues of \$1 million or less		Loans by Original Amount Regardless of Farm Size			Market Share*	
	#	% of Total**	% of Farms***	% BANK Loans****	\$100,000 or less	>\$100,000 to \$250,000	>\$250,000 to \$500,000	All	Rev \$1 Million or Less
<b>Full Review:</b>									
Fort Bend County	1	100.00	88.82	100.00	100.00	0.00	0.00	0.00	0.00
Harris County	0	0.00	86.61	0.00	0.00	0.00	0.00	0.00	0.00
<b>Limited Review:</b>									
None.									

\* Based on Aggregate Small Business Data Only.

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

\*\*\* Farms with revenues of \$1 million or less as a percentage of all farms (Source D&B - 2003).

\*\*\*\* Small loans to farms with revenues of \$1 million or less as a percentage of all loans reported as small loans to farms. No information was available for 0.00% of small loans to farms originated and purchased by Bank.



**Table 14. Qualified Investments**

QUALIFIED INVESTMENTS		Geography: HARRIS AND FORT BEND COUNTIES Evaluation Period: September 27, 1999 to March 1, 2004							
MA/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>									
	NA	NA		3,220		3,220	100	0	0

\* 'Prior Period Investments' means investments made in a previous evaluation 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.

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

DISTRIBUTION OF BRANCH DELIVERY SYSTEM AND BRANCH OPENINGS/CLOSINGS Geography: HARRIS AND FORT BEND COUNTIES Evaluation Period: September 27, 1999 to March 1, 2004																	
MA/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>																	
Harris County	33.74	4	80.00	0	50.00	25.00	25.00	2	1	0	0	0	+1	9.07	28.71	32.36	29.86
Fort Bend County	66.26	1	20.00	0	0	0	100.00	0	0	0	0	0	0	1.28	5.69	40.34	52.69