

Public Disclosure

September 27, 1999

Community Reinvestment Act Performance Evaluation

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

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

**Office of the Comptroller of the Currency
Houston Field Office
1301 McKinney Street, Suite 3750
Houston, Texas 77010**

NOTE: This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion, or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.

General Information

The Community Reinvestment Act (CRA) requires each federal financial supervisory agency to use its authority, when examining financial institutions subject to its supervision, to assess the 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. Upon conclusion of such examination, the agency must prepare a written evaluation of the institution's record of meeting the credit needs of its community.

This document is an evaluation of the CRA performance of **Southern National Bank of Texas** prepared by the **Office of the Comptroller of the Currency**, the institution's supervisory agency, as of **September 27, 1999**. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 CFR Part 25.

Institutions's CRA Rating: This institution is rated *satisfactory*.

Southern National Bank has a *satisfactory* record of meeting credit needs within the community. The bank meets the factors considered to assign the rating as evidenced by:

- ! A loan-to-deposit ratio that meets the standards for satisfactory performance;
- ! A majority of loan originations within the bank's assessment area;
- ! A reasonable distribution of loan originations to borrowers of different income levels and businesses of different sizes; and,
- ! A reasonable geographic distribution of loan originations within the assessment area.

Description of Institution

Southern National Bank of Texas is a \$279 million institution serving its customers through three locations, a drive-in only facility, and eleven automated teller machine locations (ATMs) in Houston and Sugar Land, Texas. Plans include opening a new branch in late 1999 and installing another ATM. The main office is located in Sugar Land, Texas in Fort Bend County at 14060 Southwest Freeway with a drive-in facility. The two branches are in Southwest Houston, Harris County. One is at 9000 West Bellfort (no drive-in), and the other branch is located at 7737 Southwest Freeway. The Southwest Freeway branch will have a drive-in facility by October of 1999. The bank's Southwest Motor Branch is a drive-in only facility, and it is located in southwest Houston at 7500-A Beechnut. ATMs are located in Fort Bend County and southwest Harris County. The locations are:

- ! Memorial Hospital, 7777 Southwest Freeway, Houston
- ! Memorial Hospital Southwest, Cafeteria, 7777 Southwest Freeway, Houston
- ! Beechnut Motor Bank, 7500-A Beechnut, Houston
- ! Beechnut Professional Building, 7500 Beechnut, Houston
- ! Houston Baptist University, 7502 Fondren, Houston
- ! Southwest Motor Bank, 11285 Southwest Freeway, Houston
- ! Sugar Land Location, 14060 Southwest Freeway, Houston
- ! Stewart Title Building, 1980 Post Oak Boulevard, Houston
- ! Methodist Health Center, 16651 Southwest Freeway, Sugar Land
- ! Houston Zoo, 1513 MacGregor, Houston
- ! Memorial Hermann Health Center, 1211 Highway 6, Sugar Land

The bank is a subsidiary of a holding company, SNB Bancshares, Inc. It is located in the same building as the bank's main office, and it is approximately \$288 million in asset size. The single major asset of the holding company is the bank. The hours of operation are reasonable and similar to other financial institutions in the area. To help meet the credit needs of its community, traditional loan products for small businesses and consumers are offered.

Total loans at June 30, 1999 were \$181 million and represented 63 percent of assets. Although 1 - 4 family residential lending is the single largest category, overall lending is primarily in three categories of commercial loans to small business. The categories are commercial real estate, construction and land development, and commercial and industrial. The following table reflects lending per the Consolidated Report of Condition and Income (Call Report) information at June 30, 1999.

Table 1

Loan Category	Dollar Amount (In 000's)	Percentage
1 - 4 Family Residential	54,643	30%
Commercial Real Estate	44,834	25%
Construction and Land Development	32,349	18%
Commercial and Industrial	29,130	16%
5 or More Family Residential	10,628	6%
Consumer and Other	9,655	5%
Total	181,239	100%

The bank offers a wide variety of typical deposit accounts such as checking accounts, savings accounts, money market accounts, individual retirement accounts, and time accounts. In addition, personal computer banking and merchant MasterCard/Visa credit card services are offered.

The bank does not have any legal, financial, or other factors that impede the ability to help meet the credit needs in its assessment area. The evaluation period is from the prior CRA examination date of May 21, 1996 through September 27, 1999. At the prior examination, the bank was assigned a rating of “*satisfactory*.”

Description of Fort Bend and Harris County Assessment Area

The assessment area meets the requirements of the regulation and does not arbitrarily exclude low- or moderate-income geographies. The area includes all forty-nine census tracts in Fort Bend County and all five hundred eighty-two tracts in Harris County. Both are part of the Houston Metropolitan Statistical (MSA) area. The entire MSA was not chosen because of its size. The assessment area census tracts have the following characteristics: seventy-four low income (12 percent), one hundred eighty-three moderate income (29 percent), one hundred and ninety middle income (30 percent), and one hundred and seventy upper income (27 percent). The remaining 2 percent or fourteen tracts are NA indicating the area is a commercial or industrial tract without residents.

The weighted average of the MSA/Non-MSA Census Median Family Income was \$36,886 as of 1990. The updated MSA Median Family Income for 1999 is \$54,100. The income levels and percentages of families within the assessment area are low (22 percent), moderate (17 percent), middle (20 percent), and upper income (41 percent). Approximately 13 percent of the families in the assessment area live below the

established poverty level and 21 percent receive public assistance or social security. According to the 1990 census, the assessment area had approximately 1.2 million housing units with about 64 percent being 1 - 4 family units and 32 percent multifamily units. Mobile homes or trailers and boarded up units comprise the remainder. Owner occupied units were less than half of the units at 47 percent. Rental occupied units were 41 percent, and vacant housing units were 12 percent of the total. The weighted average of the median housing value was \$76 thousand, and the monthly gross rent weighted average was \$419. The weighted average of the median year built was 1970. The 1990 census placed the total population of Harris County and Fort Bend County at three million individuals. As determined by the Chamber of Commerce, major employers in Fort Bend County include Fort Bend Independent School District (6,678 employees), Fluor Daniel (4,100 employees), and Schlumberger Companies (2,200 employees). According to the Greater Houston Partnership, major employers in Harris County in 1997 were Brown & Root, Inc. (17,000 employees), Kroger Company (12,000 employees), Columbia/HCA Healthcare (11,000 employees), and Randall's Food Markets (11,000 employees).

Economic conditions are favorable. As of June 1999, unemployment was 5.3 percent according to the Greater Houston Partnership, moderately above the national average of 4.5 percent and not significantly different from the Texas average of 5.4 percent. The primary industry is oil and gas, but the area continues to diversify away from dependence on the oil and gas sector. Other significant industries include export related fields, medical and medical research facilities, and business services. Opportunities to trade with Mexico and other Latin American nations are significant. According to the Greater Houston Partnership, more than one-half of the world's one hundred largest non-U.S. based corporations have operations in Houston. Among U. S. Ports in 1996, Houston was first in foreign tonnage, first in import tonnage, and fourth in export tonnage. It ranks eighth worldwide in total tonnage. Dun & Bradstreet 1999 business demographic data shows 146 thousand businesses in the assessment area. A significant majority of those that reported income information (73 percent) had sales of less than \$1 million. Small businesses in the assessment area are located in designated income tracts as follows: low income (6 percent), moderate income (25 percent), middle income (31 percent), and upper income (38 percent). The business demographics provide significant lending opportunities to small businesses.

The bank is subject to intense competition from a number of non-bank financial entities, branches of regional and multinational corporations, and other financial institutions. For example, Dun & Bradstreet business demographic data for 1999 shows fifty-six financial institutions with ten or more loans in just Harris County. In addition, the MSA has numerous nonfinancial institution entities that compete for deposits and loans.

We contacted a representative of an area Chamber of Commerce during our examination to determine credit needs of the community and performance of the institutions. Our contact was positive concerning the efforts of local banks. Our community contact did not reveal any unaddressed credit needs. We learned the greatest need and opportunity for banks is in housing related loans. The second is in lines of credit for businesses. Also, equipment loans to small and medium sized businesses are a need in the area. Our contact indicated that there isn't any need for additional financial institutions in the area. The credit needs can be easily met by the financial institutions already in the area.

Conclusions about Performance Criteria

Loan-to-Deposit Ratio

The bank's loan-to-deposit ratio meets the standards for satisfactory performance. Southern National Bank of Texas attempts to meet the credit needs of its assessment area. The loan-to-deposit ratio has averaged 72 percent for the thirteen quarters since the May 21, 1996 CRA exam. Table 2 shows the bank's ratios compared to three peer groups for the most recent five quarters. The first comparison is to a local peer group of banks with more than \$100 million and less than \$500 million in assets in Harris and Fort Bend County. The second comparison is to all banks in Harris and Fort Bend County regardless of size. The final comparison is to a national peer group of similar banks.

Table 2

For the Quarter Ending	Southern National Bank Loan-to-Deposit Ratio*	Harris and Fort Bend Counties Peer Group Loan-to-Deposit Ratio*	Harris and Fort Bend Counties - All Banks Loan-to-Deposit Ratio*	National Peer Group of Similar Banks Loan-to-Deposit Ratio*
June 30, 1999	69%	69%	65%	72%
March 31, 1999	72%	67%	63%	71%
December 31, 1998	72%	66%	62%	70%
September 30, 1998	68%	63%	60%	71%
June 30, 1998	70%	61%	60%	71%
Recent Five Quarter Average Loan-to-Deposit Ratio	70%	65%	62%	71%

* as determined from Consolidated Report of Condition and Income data.

The table shows the loan-to-deposit ratio is slightly above the two local peer groups and in line with the national peer group.

Lending in The Assessment Area

The level of lending in the assessment area is a majority and meets the standard for satisfactory performance. The following table details the results of a management loan origination analysis of all loans granted from January 1, 1997 through the examination date. Table 4 and Table 5 are tests of management's analysis of total loans.

Table 3

TOTAL LOANS FOR THE PERIOD	INSIDE AREA	OUTSIDE AREA	TOTAL
Number of Loans	2,771	152	2,923
Percentage of Number of Loans	95%	5%	100%
Dollar Amount of Loans	\$222.9 Million	\$8.8 Million	\$231.7 Million
Percentage of Dollar Amount	96%	4%	100%

We verified the accuracy of management's analysis by testing two of the bank's primary product lines. The results of our test showed:

Table 4

COMMERCIAL LOANS ORIGINATED IN 1999	INSIDE AREA	OUTSIDE AREA	TOTAL
Number of Loans	171	23	194
Percentage of Number of Loans	88%	12%	100%
Dollar Amount of Loans	\$16.9 Million	\$3.9 Million	\$20.8 Million
Percentage of Dollar Amount	81%	19%	100%

Table 5

HOME PURCHASE LOANS ORIGINATED IN 1999	INSIDE AREA	OUTSIDE AREA	TOTAL
Number of Loans	20	3	23
Percentage of Number of Loans	87%	13%	100%
Dollar Amount of Loans	\$4.2 Million	\$1.3 Million	\$5.5 Million
Percentage of Dollar Amount	76%	24%	100%

The tests revealed that both product lines had a majority of loans in the bank's assessment area and confirm the bank meets the standards for satisfactory performance.

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

The bank's lending to borrowers of different incomes and to businesses of different sizes

meets the standard for satisfactory performance.

Lending to Individuals

We reviewed information from the bank's 1998 and 1999 Home Mortgage Disclosure Act - Loan Application Register (HMDA-LAR). We confirmed the information by sampling loan files used to compile the information. Our sample did not reveal any significant differences between bank information and the original files. The following table details lending for owner occupied 1 - 4 family properties:

Table 6

HOME PURCHASE, REFINANCE, AND IMPROVEMENT LENDING TO BORROWERS OF DIFFERENT INCOME LEVELS BY NUMBER OF LOANS										
Income of Families	Low Income		Moderate Income		Middle Income		Upper Income		Total	
Area Demographic Characteristics	22%		17%		20%		41%		100%	
Loan Types	#	%	#	%	#	%	#	%	#	%
Home Purchase	0	0%	2	3%	6	11%	48	86%	56	100%
Home Refinance	1	6%	0	0%	3	18%	13	76%	17	100%
Improvement	0	0%	0	0%	4	15%	22	85%	26	100%
Total	1	1%	2	2%	13	13%	83	84%	99	100%
BY DOLLAR AMOUNT OF LOANS IN THOUSANDS (000)										
Loan Types	\$	%	\$	%	\$	%	\$	%	\$	%
Home Purchase	0	0%	238	2%	655	4%	13,915	94%	14,808	100%
Home Refinance	52	1%	0	0%	311	4%	7,533	95%	7,896	100%
Improvement	0	0%	0	0%	74	9%	781	91%	855	100%
Total	52	0%	238	1%	1,040	5%	22,229	94%	23,559	100%

The physical location of the main office in Sugar Land, Fort Bend County, Texas limits the ability to offer home loans to low- and moderate-income borrowers. The main office originates most of the loans. In Fort Bend County's forty-nine census tracts, only one

census tract is designated as low income and four tracts are moderate income. None of these five tracts are located close to the bank. In addition, Fort Bend County is the third fastest growing county with populations of more than 250 thousand in the United States creating housing needs mostly in the middle and upper income ranges. According to Chamber of Commerce information, the county has seventeen planned communities that have presented significant opportunities for lending. These communities attract middle and upper income buyers, and most of these communities are a short distance from the main office. The home prices range from the lowest of approximately \$90 thousand to more than \$1 million.

Although not a significant part of the portfolio, we reviewed a limited sample of twenty-four consumer loans. Our review revealed a distribution of borrowers by number of loans as follows: low income six of twenty-four (25 percent), moderate income one of twenty-four (4 percent), middle income seven of twenty-four (29 percent), and upper income ten of twenty-four (42 percent). Referring to the area demographic characteristics in Table 6 shows the bank exceeds the characteristics of the assessment area in lending to low income borrowers for consumer loans.

Small Business Loan Originations

Information from the bank's Call Report as of June 30, 1999 shows that a majority of loans to businesses in both the number and dollar amount are less than \$1 million. These loans meet the definition of loans to small businesses as discussed in the instructions to the Call Report. For the Call Report, loans currently outstanding are reported in two categories. The first is commercial real estate, and the other category is commercial and industrial. We reviewed Call Report information and obtained additional information from management to arrive at our conclusion that the majority of the loans met that definition. The results are shown in Table 7.

Table 7

LOANS TO SMALL BUSINESSES				
Loan Category	Number	Percent	Amount in Thousands (000)	Percent
Loans to Small Businesses Commercial Real Estate	168	93.3%	27,129	60.5%
Loans in excess of \$1 million Commercial Real Estate	12	6.7%	17,705	39.5%
Total Commercial Real Estate Loans	180	100%	44,834	100%
Loan Category	Number	Percent	Amount in Thousands (000)	Percent
Loans to Small Businesses Commercial and Industrial	1,279	99.8%	27,971	96.0%
Loans in excess of \$1 million Commercial and Industrial	3	.2%	1,159	4.0%
Total Commercial and Industrial Loans	1,282	100%	29,130	100%

In addition to analyzing the loans as to size outstanding at June 30, 1999 from Call Report information, we reviewed information as to originations in 1998 and 1999 for the major categories of the loans. For commercial real estate loans originated in 1998 or 1999, we found a borrower revenue range as shown in the following table:

Table 8

COMMERCIAL REAL ESTATE				
Borrower Revenue Range	Number	%	Total of Loans in Thousands (000)	%
\$0 to \$250,000	31	51%	8,749	42%
\$250,001 to \$500,000	6	10%	4,426	21%
\$500,001 to \$1,000,000	5	8%	1,473	7%
Over \$1,000,000	15	25%	5,623	27%
Revenue not available	4	6%	588	3%
Total	61	100%	20,859	100%

The above table illustrates the commercial real estate loans are concentrated in loans to small businesses with less than \$1 million in annual revenues. Of the total number of loans, 69 percent is to small businesses in this category. This percentage is similar to the number of small businesses in the bank's assessment area. Dun & Bradstreet information for 1999 on businesses that reported financial information shows that approximately 73 percent of those businesses had annual revenues of less than \$1 million. Our analysis of the dollar amount shows a lesser percentage; however, loans to businesses with more than \$1 million in annual revenues are normally for larger amounts. The number of loans is a better estimate of the level of lending.

Loans to new custom home builders is a significant part of the portfolio. As a group, home builders tend to have revenues in excess of \$1 million and were analyzed separately for that reason. The number and dollar amount of loans to builders with their revenue range is presented below. Table 9 reflects originations since the prior examination and still outstanding as of August 5, 1999. As shown in the table, the lending concentration to builders is in the \$1 million to \$10 million range of revenues. An analysis of the Construction & Development Loan Summary revealed most of the bank's homebuilder borrowers were building homes for middle and upper income purchasers. Discussions with management revealed the bank's ability to finance builders specializing in more affordable homes was limited. Lender discussions with these builders have revealed that these builders usually construct homes in a greater volume than custom home builders. As a result, required credit lines are larger and many have been in excess of the bank's legal lending limit.

Table 9

RESIDENTIAL CONSTRUCTION BUILDERS AS OF AUGUST 5, 1999				
Borrower Revenue Range	Number of Builders	%	Total of Loans in Thousands (000)	%
\$0 to < \$1 million	10	25%	6,922	18%
\$1 million to < \$10 million	26	65%	26,809	68%
\$10 million and over	4	10%	5,581	14%
Total	40	100%	39,312	100%

The level of commercial and industrial lending to small businesses is reasonable. An analysis of all commercial loan originations in 1998 and 1999 reflects 50 percent of the number of loans and 48 percent of the dollar amount of loans were granted to businesses with less than \$1 million in revenues. Table 10 details this information.

Table 10

COMMERCIAL AND INDUSTRIAL LOAN SAMPLE				
Borrower Revenue Range	Number	%	Total of Loans in Thousands (000)	%
\$0 to \$250,000	118	25%	14,508	27%
\$250,001 to \$500,000	56	12%	6,972	13%
\$500,001 to \$1,000,000	60	13%	4,330	8%
Over \$1,000,000	171	36%	23,173	43%
Revenue not available	68	14%	5,056	9%
Total	473	100%	54,039	100%

We found during discussions with management that several longtime borrowers with revenues in excess of \$1 million annually had multiple loan originations in 1998 and 1999. This caused the number to be higher for originations to businesses with more than \$1 million in gross receipts.

Geographic Distribution of Loans

The geographic distribution of loans is reasonable and meets the standards for satisfactory performance. It reflects lending in all income level census tracts within the assessment area. Our review did not reveal any significant concerns or unexplained reasons as to the lack of or low penetration in low- and moderate-income census tracts.

To review the home mortgage lending, we used all loan originations in 1998 and 1999 from the HMDA-LAR. A limited review of the information revealed it was reliable. Only those loans in the assessment area were used. Table 11 illustrates the results:

Table 11

HOME PURCHASE, REFINANCE, AND IMPROVEMENT GEOGRAPHIC DISTRIBUTION OF LOANS BY NUMBER OF LOANS										
Census Tract Designation	Low Income		Moderate Income		Middle Income		Upper Income		Total	
Percent of Owner Occupied by Tracts	5%		21%		33%		41%		100%	
Loan Types	#	%	#	%	#	%	#	%	#	%
Home Purchase	1	2%	0	0%	9	17%	44	81%	54	100%
Home Refinance	0	0%	1	6%	1	6%	14	88%	16	100%
Improvement	0	0%	4	17%	4	17%	16	66%	24	100%
Total	1	1%	5	5%	14	15%	74	79%	94	100%
BY DOLLAR AMOUNT OF LOANS IN THOUSANDS (000)										
Loan Types	\$	%	\$	%	\$	%	\$	%	\$	%
Home Purchase.	44	0%	0	0%	2,167	15%	12,597	85%	14,808	100%
Home Refinance	0	0%	195	2%	71	1%	7,630	97%	7,896	100%
Improvement	0	0%	103	12%	91	11%	661	77%	855	100%
Total	44	0%	298	1%	2,329	10%	20,888	89%	23,559	100%

In the above table, we analyzed the location of loans as to census tract income characteristics. This analysis reflects a reasonable distribution of lending in all census tracts considering the bank's location as previously discussed in the section on lending to

borrowers of different incomes and to businesses of different sizes. Home mortgage lending is mostly in middle and upper income areas based on the bank's location and demand.

We analyzed a small sample of twenty-four consumer loans. Our review showed that twenty-two of the twenty-four loans were in the assessment area, and we adjusted the sample to reflect only those loans in the assessment area. The analysis of the sample revealed a distribution by census tract as follows: moderate income three of twenty-two (14 percent), middle income eight of twenty-two (36 percent), and upper income eleven of twenty-two (50 percent). This is less than the characteristics of the assessment area of low income tracts (12 percent), moderate tracts (29 percent), middle tracts (30 percent), and upper tracts (27 percent) with 2 percent or fourteen tracts being NA indicating no residents. However, consumer lending is not a significant loan product. Consumer loans comprised only 5 percent of the loan portfolio at June 30, 1999. We found a reasonable level of lending in low income census tracts for commercial loans during our review.

Overall, most of the bank's lending is in the commercial area. We analyzed two categories of commercial lending to sample the geographic distribution of business lending. In addition, we compared the distribution of the loans by both number and dollar amounts to Dun & Bradstreet demographic data for 1999 showing the location of businesses in the assessment area as to income characteristic of the census tract. The loans were all 1998 and 1999 originations as determined by management. In addition, we considered only those loans in the assessment area and in tracts designated with an income category. Our review shows that the geographic distribution of the loans originated in 1998 and 1999 does not significantly differ from the locations of businesses in the assessment area as to income characteristics of the tracts. The results of our review are shown in Table 12 as follows:

Table 12

COMMERCIAL REAL ESTATE and COMMERCIAL AND INDUSTRIAL GEOGRAPHIC DISTRIBUTION OF LOANS BY NUMBER OF LOANS										
Census Tract Designation	Low Income		Moderate Income		Middle Income		Upper Income		Total	
Location of Businesses in Assessment Area	7%		26%		31%		36%		100%	
Loan Types	#	%	#	%	#	%	#	%	#	%
Commercial Real Estate	2	4%	12	23%	15	28%	24	45%	53	100%
Commercial and Industrial	21	5%	80	19%	133	31%	190	45%	424	100%
Total	23	5%	92	19%	148	31%	214	45%	477	100%
BY DOLLAR AMOUNT OF LOANS IN THOUSANDS (000)										
Loan Types	\$	%	\$	%	\$	%	\$	%	\$	%
Commercial Real Estate	918	5%	3,185	18%	4,088	22%	9,981	55%	18,172	100%
Commercial and Industrial	2,514	6%	6,727	16%	10,823	25%	22,940	53%	43,004	100%
Total	3,432	6%	9,912	16%	14,911	24%	32,921	54%	61,176	100%

Responses to Complaints

Southern National Bank has not received any complaints during this evaluation period regarding its CRA performance.

Record of Compliance with Antidiscrimination Laws

A Fair Lending review was performed at the same time as this CRA examination. The scope included a review of twenty-five consumer applications from January 1 through August 31, 1999. The sample was five denied female applicants and twenty approved male applicants. Our review focused on a comparison of underwriting criteria and their application in the decision making process. Our sample did not disclose any evidence of discrimination on a prohibited basis. The bank is in compliance with the provisions of antidiscrimination laws and regulations. We did not find any violations of the substantive provisions of the antidiscrimination laws and regulations. Fair lending policies, procedures, training programs, and internal assessment efforts are satisfactory.

Other Information

The bank participates in numerous activities designed to improve and provide service to the community. These include:

- ! Offering the use of the facilities to customers and community groups for meetings;
- ! Making significant charitable contributions in the community. For example, the bank made contributions of \$187 thousand to local organizations, activities, and charities in 1998. Through the examination date, contributions of \$152 thousand have been made. And, the budget projects 1999 contributions of \$178 thousand. The organizations are too numerous to mention in this document but include medical research and prevention organizations, scouting, child advocates, schools, Chamber of Commerce activities, YMCA, athletic foundations and associations, crime and drug awareness, Junior Achievement, and other similar activities. Many can be directly identified as benefiting low-and moderate-income areas. Recently, the bank pledged \$6.5 thousand for a street light project for up to five years in an unincorporated low- and moderate-income area; and,
- ! The bank actively solicits loans from nonprofit organizations, primarily churches. At August 31, 1999, the loan portfolio had \$8.5 million in loans to nonprofit organizations with church loans representing \$6.2 million of the total. Total loans to nonprofit organizations are about 5% of the loan portfolio.