



Public Disclosure

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Community Reinvestment Act Performance Evaluation

Hibernia National Bank
Charter Number: 13688

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New Orleans, Louisiana 70161

Office of the Comptroller of the Currency

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NOTE: 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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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 **Hibernia National Bank** prepared by the **Office of the Comptroller of the Currency (OCC)**, the institution's supervisory agency, as of **October 18, 1999**. The agency evaluates performance in assessment area(s), as they are delineated by the institution, rather than individual branches. This assessment area evaluation may include the visits to some, but not necessarily all of the institution's branches. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 CFR Part 25.*

Definitions and Common Abbreviations

The following terms and abbreviations are used throughout this Performance Evaluation. 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 by another company. A company is under common control with another company if both companies are directly or indirectly controlled by the same company. A bank subsidiary is controlled by the bank and is, therefore, an affiliate.

Block Numbering Area (BNA) - Statistical subdivisions of counties in which census tracts have not been established. BNAs have been established by the United States Census Bureau in conjunction with state agencies.

Census Tract (CT) - Small, locally defined statistical areas within metropolitan statistical areas. These areas are determined by the United States Census Bureau in an attempt to group homogenous populations. A CT has defined boundaries per ten year census and an average population of 4,000.

Community Development (CD) - Affordable 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.

Full-Scope Review - Performance under the Lending, Investment and Service Tests is analyzed considering fully understood performance context, quantitative factors (e.g., geographic distribution, borrower distribution, total number and dollar amount of investments, branch distribution) and qualitative factors (e.g., innovation, complexity).

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 statistical area to file annual summary reports of their mortgage lending activity. The reports include such data as the race, gender, and the income of applicants, the amount of loan requested, and the disposition of the application (e.g., approved, denied, withdrawn).

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

Limited-Scope 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, branch distribution).

Low-Income - Income levels that are less than 50% of the median family income.

Median Family Income (MFI) - The median income determined by the United States 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 Statistical Area (MSA) - Area defined by the Director of the United States Office of Management and Budget. MSAs consist of one or more counties, including large population centers and nearby communities that have a high degree of interaction.

Middle-Income - Income levels that are at least 80% and less than 120% of the MFI.

Moderate-Income - Income levels that are at least 50% and less than 80% of the MFI.

Small Business Loans - Loans with original amounts of \$1 million or less that are: (1) secured by nonfarm nonresidential properties; or (2) commercial and industrial loans to U.S. addresses.

Small Farm Loans - Loans with original amounts of \$500 thousand or less that are: (1) secured by farmland; or (2) to finance agricultural production and other loans to farmers.

Tier 1 Capital - The total of common shareholders' equity, perpetual preferred shareholders' equity with noncumulative dividends, retained earnings and minority interests in the equity accounts of consolidated subsidiaries.

Upper-Income - Income levels that are 120% or more of the MFI.

Overall CRA Rating

Institution’s CRA Rating: This institution is rated **“Satisfactory.”**

The following table indicates the performance level of **Hibernia National Bank** (HNB) with respect to the Lending, Investment, and Service Tests:

Performance Levels	Hibernia National Bank Performance Tests		
	Lending Test*	Investment Test	Service Test
Outstanding			
High Satisfactory	X		X
Low Satisfactory		X	
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:

- ⌋ HNB has established an good record of lending to borrowers in multiple and diverse geographies and to borrowers of various income and revenue levels.
- ⌋ Retail services provided by HNB are adequate and reasonably accessible to persons and entities of various income levels in all assessment areas served by the bank. Accessibility to services continues to be most favorable in middle- and upper-income geographies in the more heavily populated assessment areas served by the bank.
- ⌋ HNB has provided a good level of community development loans throughout its assessment areas.
- ⌋ HNB has established a good record of providing community development services in its assess areas.
- ⌋ HNB has an adequate level of qualified community development investments.

Description of Institution

Hibernia National Bank, with headquarters in New Orleans, Louisiana, is the largest commercial bank in Louisiana. As of December 31, 1998, the bank reported total assets of \$14.7 billion, Tier One Capital of \$1.1 billion, and a loan to deposit ratio of 92%. HNB is an interstate bank with branches throughout Louisiana and East Texas. The bank is a wholly-owned subsidiary of Hibernia Corporation, a locally owned holding company also headquartered in New Orleans. Two affiliates of HNB, Hibernia Capital Corporation and Zachary Taylor Life Insurance Company (inactive), do not impact the bank's CRA efforts. The affiliate, Louisiana Seed Capital Fund, L.P. is considered under the investment performance at the request of the bank. This is a state-wide loan fund that provides small business loans. The bank also has an active subsidiary, Hibernia National Bank Community Development Corporation (HNB CDC), a non-profit organization. The activities of the CDC are considered throughout this evaluation report, at the request of the bank. The CDC's primary focus is affordable housing projects.

From its original location in New Orleans, HNB has expanded, via acquisitions and de novo branches, to include 214 full-service branches located in Louisiana and East Texas. Since our prior evaluation, HNB has acquired First Guaranty Bank and Peoples Holding Corporation, both located in Louisiana. HNB also made acquisitions in Texas which included Firstshares of Texas, Inc., MarTex Bancshares, Inc., and Beaumont, Texas bank branches purchased from Chase Bank of Texas, N.A.. In Louisiana, HNB operates 186 full-service branches within 14 separate AAs encompassing 34 parishes. Operations in Louisiana account for 90% of HNB's total deposits as of December 31, 1998. In East Texas, HNB operates 28 full-service branches within 11 separate AAs encompassing 13 counties in Texas and 1 county in Arkansas (the bank does not have any branches in Arkansas). Operations in East Texas account for 7% of HNB's total deposits as of December 31, 1998. The Louisiana AAs include 8 Metropolitan Statistical Areas (MSAs) (Alexandria, Baton Rouge, Houma, Lafayette, Lake Charles, Monroe, New Orleans, Shreveport-Bossier) and 7 non-MSAs. Hibernia's market share of deposits in each Louisiana AA ranges from a low of 10% to a high of 70%. The East Texas AAs include 4 MSAs (Beaumont, Dallas, Longview, and Tyler), 1 Multistate MSA (Texarkana), and 6 non-MSAs. Deposit market share within the East Texas AAs range from a low of 1% to a high of 45%.

There are no financial impediments which limit HNB's ability to help meet the credit needs within its AAs. HNB is well capitalized and operates profitably. HNB offers a full range of financial and credit services, in conformance with its strategy to develop into a broad-spectrum financial services company. Services include, but are not limited to, commercial, real estate (including home improvement), and consumer loan products. Loans represent approximately 72% of total assets. Residential real estate loans constitute approximately 30% of

HNB's loan portfolio, while consumer loans approximate 16%. Outstanding small business and small farm loans account for about 12% of total loans.

HNB's CRA performance was last evaluated as of February 13, 1998. At that time, the bank's overall level of performance was rated "Satisfactory".

Scope of the Evaluation

Evaluation Period/Products Evaluated

The evaluation period for the Lending Test at this examination was from January 1, 1997, through December 31, 1998. At the prior examination, the review period for the Lending Test covered loans made from July 1995 through July 1997. Lending products reviewed included home purchase loans, home improvement loans, home mortgage refinanced loans, small business loans, and community development loans. A detailed analysis of small farm lending was not included in this analysis because it is not a primary line of business, and the volume of small farm loans made during the evaluation period is not significant.

The evaluation period for the Investment and Service Tests was from July 1, 1997 (ending date of the previous review period) through October 18, 1999. The Investment Test included a review of investments, grants, and donations made in the bank's assessment areas that meet the definition of community development investments. The Service Test included a review of retail and community development services provided in the bank's assessment areas.

Data Integrity

Prior to this CRA examination, OCC personnel verified the accuracy of lending and CRA performance data supplied by the bank. Based on the verification work performed, publicly reported lending data is considered accurate.

Selection of Areas for Full-Scope Review

During this examination we performed full-scope reviews for seven Metropolitan assessment areas, four nonmetropolitan assessment areas and one Multistate metropolitan area. For the most part, The assessment areas selected for review were areas in which the bank has a substantial share of the market. Refer to the "Scope" section under each State Rating for details regarding how the areas were selected and why they are representative.

Ratings

The bank's overall Community Reinvestment Act performance rating is most heavily influenced by HNB's rating in the state of Louisiana. This is based on the fact that HNB has 90% of its deposits and 92% of total reported loans in Louisiana.

The state ratings are based primarily on those areas that received full-scope reviews. Refer to the "Scope" section under each State Rating for details regarding how the areas were weighted in arriving at the overall state rating.

Fair Lending Review

To assess the bank's compliance with fair lending laws and regulations, we conducted a comparative file analysis of refinanced home mortgage loans originated between June 1998 and June 1999. Approved applications from white applicants were compared to denied applications from African American applicants to ensure underwriting standards were applied consistently. The review was conducted in accordance with examination procedures in the *Comptroller's Handbook for Consumer Compliance*.

The review did not reveal any evidence of illegal discriminatory treatment of borrowers on any prohibited basis.

Louisiana State Rating

CRA Rating for Louisiana: Satisfactory _____
The Lending Test is rated: High Satisfactory
The Investment Test is rated: Low Satisfactory
The Service Test is rated: High Satisfactory

The major factors that support this rating include:

- p HNB has established a good record of lending to borrowers in multiple and diverse geographies and to borrowers of various income and revenue levels.
- p Retail services provided by HNB are adequate and accessible to persons and entities of various income levels in its assessment areas. Accessibility to services continues to be most favorable in middle- and upper-income geographies in the more heavily populated assessment areas served by the bank.
- p HNB has excellent performance in making community development loans throughout its assessment areas.
- p HNB has established a good record of providing community development services in its assess areas.
- p HNB has an adequate level of qualified community development investments.

Description of Institution's Operations in Louisiana

In Louisiana, HNB operates 186 full-service branches within 15 separate AAs encompassing 34 parishes. Operations in Louisiana account for 90% of HNB's total deposits as of December 31, 1998. The Louisiana AAs include 8 Metropolitan Statistical Areas (MSAs) (Alexandria, Baton Rouge, Houma, Lake Charles, Monroe, New Orleans, Shreveport-Bossier, Lafayette) and 7 non-MSAs ((Lake Charles Rural, NE Rural Region, Acadiana Rural, DeSoto, Assumption, Avoyelles, and Washington). The New Orleans MSA accounts for the largest percentage of HNB's total deposits with 39%. Deposit market shares within the Louisiana AAs range from a low of 10% to a high of 70%.

Refer to the Market Profiles for the State of Louisiana in Appendix C for detailed demographics and other performance context information for AAs that received full-scope reviews.

Scope of Evaluation in Louisiana

A full-scope review was performed for the Shreveport/Bossier MSA, New Orleans MSA, Houma MSA, Baton Rouge MSA, Lake Charles MSA, NE Rural Region, and Lake Charles Rural Region. These assessment areas comprise 76% of HNB total deposits and 76% of the reported loans. Limited scope reviews were conducted for the Monroe MSA, Alexandria MSA, Lafayette MSA, DeSoto Parish, Acadiana Rural Region, Assumption Parish, Washington Parish and Avoyelles Parish. These assessment areas comprise 14% of HNB total deposits and 16% of the reported loans. Refer to table 1-A in Appendix A for more information.

The bank's performance in the Shreveport/Bossier MSA, New Orleans MSA, Houma MSA, Baton Rouge MSA, and Lake Charles MSA were weighted the most heavily in arriving at the overall conclusions. These assessment areas represent HNB's primary markets and 76% of total deposits.

Numerous community contacts were made during the assessment period by the OCC and other regulatory agencies to better understand the public's perception of HNB's and other bank's performance. The community contacts were also made to determine credit needs and opportunities in the assessment areas. A total of 26 community contacts were made during the review period, of which, 17 were in the assessment areas that received a full scope review. The group of contacts included small business development and economic development agencies, realtors, and neighborhood associations. Community contacts most commonly cited the continuing need for small business and affordable housing lending, and financial and credit education programs. In aggregate, the comments received were positive concerning the manner in which HNB and other banks provided needed credit, investments, and services.

LENDING TEST

Conclusions for Areas Receiving Full-Scope Reviews

The bank's performance under the Lending Test in the State of Louisiana is rated "High Satisfactory". Based on full-scope reviews, the bank's performance in the Shreveport/Bossier MSA, New Orleans MSA, Houma MSA, Baton Rouge MSA, and Lake Charles MSA is good. Performance in the nonmetropolitan areas in the NE Rural Region, and Lake Charles Rural Region is adequate.

Lending Activity

Refer to Table 1-A in the state of Louisiana section of Appendix D for the facts and data used to evaluate the bank's lending activity.

HNB has demonstrated good responsiveness to the assessment areas credit needs through the number of home mortgage related loans and small business loans originated during the evaluation period.

In five of the seven assessment areas, 53% or more of the loans originated during the evaluation period were home mortgage loans, with small loans to businesses comprising the majority of the remainder.

HNB's lending activity is excellent in Houma and good in Shreveport/Bossier, New Orleans, Baton Rouge and Lake Charles MSAs and in the NE Rural and Lake Charles Rural Regions. In the Shreveport/Bossier MSA, HNB ranks third in terms of deposit market share (19%). Based on 1998 HMDA aggregate data, HNB ranks second in home purchase loans (9%) and only 12 loans separate HNB from a large nationwide mortgage company. HNB ranks first in home improvement loans (47%) and refinanced mortgage loans (16%) in the MSA. Based on 1998 CRA aggregate data, HNB also ranks first in small loans to businesses (18%). HNB's market share of home improvement loans exceed its deposit market share in the assessment area.

In the New Orleans MSA, HNB ranks second in terms of deposit market share (22%) behind another bank that has 28% of the deposit market share. Based on 1998 HMDA aggregate data, HNB ranks first in home purchase loans (7%), home improvement loans (23%) and refinanced mortgage loans (10%) in the MSA. Based on 1998 CRA aggregate data, HNB also ranks second in small loans to businesses (18%) in the MSA. The first ranked lender has 21% of the market. HNB's market share of home improvement loans exceed its deposit market share in the assessment area.

In the Baton Rouge MSA, HNB ranks first in terms of deposit market share (22%) and the second ranked bank has 15% of the deposit market share. Based on 1998 HMDA aggregate data, HNB ranks first in home purchase loans (10%), home improvement loans (23%) and refinanced mortgage loans (12%) in the MSA. Based on 1998 CRA aggregate data, HNB also ranks second in small loans to businesses (15% in the MSA). The first ranked lender has 16% of the market. HNB's market share of loans of each type is lower than its deposit market share in the assessment area, with the exception of home improvement loans which exceed the bank's deposit market share.

In the Houma MSA, HNB ranks fourth in terms of deposit market share (8%) and the bank ranked first has 26% of the market share and the second ranked bank has 21% of the deposit market share. Based on 1998 HMDA aggregate data, HNB ranks first in home purchase loans (17%), home improvement loans (26%) and refinanced mortgage loans (20%) in the MSA. Based on 1998 CRA aggregate

data, HNB also ranks first in small loans to businesses (24%) in the MSA. HNB's market share of loans of each type exceed its deposit market share in the assessment area.

In the Lake Charles MSA, HNB ranks second in terms of deposit market share (24%) and the bank ranked first has 25% of the market share. Based on 1998 HMDA aggregate data, HNB ranks third in home purchase loans (8%). The first and second ranked lenders each have 9% of the market share. HNB ranks first in home improvement loans (24%) and refinanced mortgage loans (16%) in the MSA. Based on 1998 CRA aggregate data, HNB also ranks first in small loans to businesses (27%) in the MSA. HNB's market share of home improvement loans and small loans to businesses is near to its deposit market share in the assessment area.

In the NE Rural Region, HNB ranks first in terms of deposit market share (35%). Based on 1998 HMDA aggregate data, HNB ranks first in home purchase loans (28%), home improvement loans (57%) and refinanced mortgage loans (39%) in the MSA. Based on 1998 CRA aggregate data, HNB also ranks first in small loans to businesses (41%) in the assessment area. HNB's market share of home improvement loans, refinanced mortgage loans and small loans to businesses exceed its deposit market share in the assessment area.

In the Lake Charles Rural Region, HNB ranks first in terms of deposit market share (34%). Based on 1998 HMDA aggregate data, HNB ranks third in home purchase loans (10%). The first and second ranked lenders have 17% and 12% of the deposit market, respectively. HNB ranks first in home improvement loans (45%) and refinanced mortgage loans (29%) in the assessment area. Based on 1998 CRA aggregate data, HNB also ranks first in small loans to businesses (55%) in the assessment area. HNB's market share of home improvement loans and small loans to businesses exceed its deposit market share in the assessment area.

Distribution of Loans by Income Level of the Geography

Home Mortgage Loans

Refer to Tables 2-A, 3-A and 4-A in the state of Louisiana section of Appendix D for the facts and data used to evaluate the geographic distribution of the bank's home mortgage related loan originations.

Shreveport/Bossier MSA

HNB's home mortgage related lending to individuals in low- and moderate-income census tracts is adequate.

HNB's home purchase loans to individuals living in low-income and moderate-income census tracts is poor. The percentage of loans in low-income and moderate-income census tracts is lower substantially than the percentage of owner-occupied housing units.

Home purchase lending by all lenders within the low-income tracts of the assessment area is low. A total of 96 home purchase loans were made by all lenders in low-income census tracts in the Shreveport/Bossier MSA. HNB made four loans and is ranked third in the number of loans to low-income census tracts. The leading lender made only eight loans in the low-income census tracts. Home mortgage lending opportunities are impacted by a very low turnover rate in sales of existing housing stock in the area. The median age of the housing stock is 32 years. In addition, 55% of the households in the low-income, and 35% in the moderate-income census tracts, are below the poverty level. This can make it difficult to find qualified borrowers.

Refinanced home mortgage loans in low-income and moderate-income census tracts is poor. The percentage of loans in low-income and moderate-income census tracts is lower substantially than the percentage of owner-occupied units.

Home improvement loans to individuals in low-income census tracts is good. The percentage of loans in low-income census tracts is near to the percentage of owner-occupied units assessment area. Home improvement loans to individuals in moderate-income census tracts is adequate. The percentage of home improvement loans individuals in moderate-income census tracts is lower than the percentage of owner-occupied units in the Shreveport/Bossier MSA. The level of home improvement lending is reasonable given the median age of the housing stock.

The 1998 market share data reflects that HNB's home purchase and refinanced mortgage loan originations market share in both low- and moderate-income tracts is lower than its overall market share for this type of lending in the Shreveport/Bossier MSA. The 1998 market share data reflects that HNB's home improvement loan origination market share in low-income tracts exceed its overall market share for this type of lending in the Shreveport/Bossier MSA. Market share of home improvement loans in moderate-income census tracts is lower than its overall market share.

HNB made home mortgage related loans in a substantial majority of all census tracts within the MSA. No conspicuous gaps in lending activity were noted. The low- and moderate-income tracts in which HNB did not make any home mortgage

related loans have a large volume of rental units which limits mortgage related lending opportunities.

New Orleans MSA

HNB's home mortgage related lending to individuals in low-income and moderate-income census tracts is good.

HNB's home purchase lending to individuals living in low-income census tracts is good. The percentage of home purchase loans made by the bank in this type of census tract is equal to percentage of owner-occupied housing units located within these designated census tracts. Home purchase lending to individuals living in moderate-income census tracts is adequate. The percentage of loans in moderate-income census tracts is lower than the percentage of owner-occupied units in these designated tracts.

A total of 914 home purchase loans were made by all lenders in low-income census tracts in the New Orleans MSA. HNB ranked first with 77 loans, which represents three more loans than the number of loans made by the second ranked lender. The data suggests that the New Orleans MSA is a very competitive market as none of the lenders in this market has a substantial market share percentage.

HNB's home mortgage refinanced loans to individuals in low-income census tracts and moderate-income census tracts is poor. The percentage of refinanced loans in low-income and moderate-income census tracts is lower than the percentage of owner-occupied units in these designated tracts.

HNB's home improvement loans to individuals in low-income census tracts is excellent. The percentage of home improvement loans made by the bank in low-income census tracts exceed the percentage of owner-occupied units in these tracts. Home improvement loans to individuals in moderate-income census tracts is good. The percentage of loans in moderate-income census tracts is near to the percentage of owner-occupied units in these designated tracts.

The 1998 market share data reflects that HNB's home purchase loan market share of loans in low-income census tracts exceed its overall market share. Market share of loans in moderate-income tracts is lower than its overall market share. HNB's market share of refinanced mortgage loans to individuals in low-income and moderate-income census tracts is lower than its overall market share.

Market share of home improvement loans in low-income census tracts and moderate-income census tracts is near to its overall market share.

HNB made home mortgage related loans in a substantial majority of all census tracts within the MSA. No conspicuous gaps in lending activity were noted. The low-income census tracts that did not have home loans have a large volume of rental units which limits home mortgage lending opportunities.

Houma MSA

HNB's home mortgage related lending to individuals in moderate-income census tracts is adequate.

The Houma MSA does not have census tract designated as low-income. HNB's home purchase loans, refinanced mortgage loans, and home improvement loans in moderate-income census tracts is adequate. The percentage of home purchase, refinanced and home improvement loans originated is lower than the percentage of owner-occupied housing units located in these designated census tracts. Thirty-six percent of the households in the moderate-income census tracts are below the poverty level. This can make it difficult to find qualified borrowers.

The bank's market share in moderate-income tracts, for home purchase, home refinance and home improvement lending, is lower than its overall market share for these products throughout the MSA.

No conspicuous gaps in lending activity were identified as home mortgage related loans were made in all census tracts within the MSA. Home mortgage related originations were distributed throughout all census tracts.

Baton Rouge MSA

HNB's home mortgage related lending to individuals in low-income and moderate-income census tracts is adequate.

HNB's home purchase lending to individuals living in low-income census tracts is poor. The percentage of home purchase loans made by the bank in low-income census tracts is lower substantially than the percentage of owner-occupied units in these designated tracts. Home purchase loans to individuals in moderate-income census tracts is adequate. The percentage of home purchase loans in these designated census tracts is lower than the percentage owner-occupied housing units in these designated tracts. Forty-five percent of the households in the low-income census tracts, and 26% of the moderate-income census tracts,

are below the poverty level. This can make it difficult to find qualified borrowers.

Refinanced mortgage loans to individuals living in low-income and moderate-income census tracts is poor. The percentage of loans to individuals living in low-income and moderate-income census tracts is lower substantially than the percentage of owner-occupied units in these designated tracts.

Home improvement loans to individuals in low-income census tracts is adequate. The percentage of home improvement loans to individuals living in low-income tracts is lower than the percentage of owner-occupied units in these designated census tracts. Home improvement loans to individuals living in moderate-income census tracts is good. The percentage of loans in moderate-income census tracts is near to the percentage of owner-occupied units in those designated tracts.

The 1998 market share data reflects that HNB's home purchase loan market share of loans to individuals in low-income tracts exceed overall market share. The bank's market share of home purchase loans to moderate-income tracts is lower than its overall market share. The 1998 market share data shows that bank's market share of refinanced mortgage loans to individuals in low-income and moderate-income individuals is lower than its overall market share. HNB's market share of home improvement loans in low-income tracts exceed its overall market share in these designated tracts. Market share in the moderate-income tracts is lower than its overall market share.

HNB originated home mortgage related loans in a substantial majority of all census tracts within the MSA. No conspicuous gaps in lending activity were noted. There are 2 low-income and 2 moderate-income census tracts that did not have any home mortgage related loans. These census tracts have a large volume of rental units which limits home mortgage lending opportunities. Additionally, approximately 7% of the housing units in the low-income tracts are abandoned.

Lake Charles MSA

HNB's home more related lending to individuals living in low-income and moderate-income is adequate.

HNB's home purchase lending to individuals living in low-income census tracts is poor. The percentage of home purchase loans made by the bank in low-income census tracts lower substantially than the percentage of owner-occupied housing units located within these tracts. Home purchase loans to individuals living in moderate-income census tracts is excellent. The percentage of home purchase loans in moderate-income census tracts exceed the percentage of owner-occupied units in these designated tracts. Forty-eight percent of the households in the low-

income census tracts are below poverty level. This can make it difficult to find qualified borrowers.

HNB's home mortgage refinanced loans to individuals in low-income census tracts is poor. The percentage of loans in low-income census tracts is lower substantially than the percentage of owner-occupied units in those tracts. Home mortgage refinanced loans to individuals living in moderate-income census tracts is adequate. The percentage of refinanced mortgage loans to individuals living in moderate-income census tracts is lower than the percentage of owner-occupied housing units in these designated tracts.

HNB's home improvement loans to individuals living in low-income census tracts is good. The percentage of home improvement loans in low-income census tracts is near to the percentage of owner-occupied units in these designated tracts. Home improvement loans to individuals living in moderate-income census tracts is excellent. The percentage of home improvement loans in moderate-income tracts exceed the percentage of owner-occupied units in these designated tracts.

The 1998 market share data reflects that HNB's market share of home purchase loans in low-income and moderate-income census tracts exceed its overall market.

The bank's market share of refinanced mortgage loans in low-income and moderate-income census tracts is lower than its overall market share. Market share of home improvement loans in low-income and moderate-income census tracts exceeds the bank's overall market share.

HNB has made home mortgage related loans in a substantial majority of all census tracts within the MSA. No conspicuous gaps in lending activity were noted.

NE Rural Region

HNB's home mortgage related lending to individuals living in low-income and moderate-income block numbering areas (BNAs) is adequate.

HNB's home purchase lending to individuals living in low- income BNAs is good. The percentage of home purchase loans in low-income BNAs is near to the percentage of owner-occupied units in these designated tracts. HNB's home purchase loans to individuals living in moderate-income BNAs is adequate. The percentage of home purchase loans made in moderate-income census tracts is lower than the percentage of owner-occupied units in these designated tracts. Sixty-four percent of the households in low-income BNAs, and 41% of the households in moderate-income BNAs, are below the poverty level. This can make it difficult to find qualified borrowers.

Refinanced mortgage loans to individuals living in low-income and moderate-income BNAs is adequate. The percentage of refinanced loans in low-income and moderate-income BNAs is lower than the percentage of owner-occupied units in these designated BNAs.

HNB's home improvement lending in low-income BNAs is excellent. The percentage of loans to individuals living in low-income BNAs exceed the percentage of owner-occupied units in these designated tracts. Home improvement loans to individual living in moderate-income BNAs is poor. The percentage of home improvement loans in moderate-income BNAs is lower substantially than the percentage of owner-occupied units in these designated tracts.

The 1998 market share data reflects that HNB's home purchase market share for low-income and moderate-income BNAs is lower than its overall market share in these designated tracts. The bank's market share of refinanced mortgage loans in low-income and moderate-income BNAs is lower than the bank's overall market share. Market share for home improvement loans in low-income BNAs exceed the bank's overall market share. Market share of home improvement loans in moderate-income BNAs is lower than the bank's overall market share.

HNB has made mortgage related loans in a substantial majority of all BNAs within the assessment area. No conspicuous gaps in lending activity were noted.

Lake Charles Rural Region

HNB's home mortgage related lending to individuals in moderate-income BNAs is adequate.

This region does not have any low-income BNAs. HNB's home purchase lending to individuals living in moderate-income BNAs is poor. The bank's percentage of home purchase loans to individuals living in moderate-income BNAs is lower substantially than the percentage of owner-occupied housing units within the assessment area. A total of 23 home purchase loans were made by all lenders in moderate-income BNAs in the Lake Charles Rural Region. HNB and several other lenders made one loan in moderate-income BNAs. Forty-three percent of the moderate-income households are below the poverty level. This can make it difficult to find qualified borrowers.

Refinanced mortgage lending to individuals living in moderate-income BNAs is adequate. The percentage of refinanced mortgage loans to individuals living in moderate-income BNAs is lower than the percentage of owner-occupied housing units.

HNB's home improvement lending to individuals living in the moderate-income BNAs is adequate. HNB's percentage of home improvement loans in moderate-income BNAs is lower than the percentage of owner-occupied units in these designated BNAs.

The 1998 market share data reflects that HNB's market share of home purchase, refinanced and home improvement loans to individuals living in moderate-income BNAs is lower than its overall market share.

HNB has made home mortgage related loans in a substantial majority of all census tracts within the MSA. No conspicuous gaps in lending activity were noted.

Small Business Loans

Refer to Table 5-A in the state of Louisiana section of Appendix D for the facts and data used to evaluate the geographic distribution of the bank's small business loan originations.

Shreveport/Bossier MSA

HNB's lending to small businesses located in low- and moderate-income census tracts is good compared to the opportunities available within each census tract.

The percentage of loans made for the purpose of small business lending in low-income census tracts is good and equal to the percentage of businesses located within these designated tracts. Lending in moderate-income census tracts is adequate. The percentage of bank loans originated is lower than the percentage of businesses located within these census tracts.

HNB ranks first in overall market share for 1998. The percentage of loans made in low-income census tracts exceed its overall market share in the MSA. The percentage of loans made in moderate-income census tracts is lower than its overall market share.

There were no conspicuous gaps in lending patterns in this assessment area. A small number of businesses are located in those census tracts where there was no lending. Many of them contain fewer than 50 businesses which presents limited opportunities.

New Orleans MSA

HNB's lending to small businesses located in low- and moderate-income census tracts is good compared to the opportunities available within each tract.

Small business lending in low-income census tracts is adequate and is lower than the percentage of the businesses located within these designated tracts. Lending performance in moderate-income census tracts is good and is near to the percentage of businesses in the moderate-income census tracts.

HNB ranks second in overall market share in small business loans for 1998. The percentage of small business loans in low-income census tracts is lower than the bank's overall MSA market share. HNB's market share in moderate-income census tracts exceed its overall market share.

There were no gaps in lending patterns in this assessment area. The number of businesses located in census tracts in which there was no lending is limited. Many of these tracts contain fewer than 50 businesses, which indicates limited opportunities.

Houma MSA

HNB's lending to small businesses located in moderate-income census tracts is excellent compared to the opportunities available within each tract.

The Houma MSA does not contain any census tracts that are designated as low-income. The percentage of small business loan originations within moderate-income census tracts exceeds the percentage of businesses located in these census tracts. HNB ranks first in the Houma MSA among financial institutions in overall market share for small business loans made in 1998. The percentage of small business loans in moderate-income census tracts is lower than its overall MSA market share.

There were no gaps in lending patterns in this assessment area. No tracts were identified in which there was no lending activity.

Baton Rouge MSA

HNB's lending to small businesses located in low- and moderate-income census tracts is adequate compared to the opportunities available within each tract.

Small business lending in low-income and moderate-income census tracts is adequate. The percentage of loans in the low-income and moderate-income census tracts is lower than the percentage of businesses in these tracts.

HNB ranks second among financial institutions in overall market share in small business loans made in 1998. Market share for small business loans in low-income and moderate-income census tracts exceed its overall MSA market share.

There were no gaps in lending patterns in this assessment area. A small number of businesses are located in census tracts in which there was no lending. Many of them contain fewer than 50 businesses, which indicates limited lending opportunity.

Lake Charles MSA

HNB's lending to small businesses located in low- and moderate-income census tracts is good compared to the opportunities available within each tract.

Small business lending in low-income and moderate-income census tracts is good. The percentage of loans is near to the percentage of businesses located within these designated tracts.

HNB ranks first in overall market share in small business loans made during 1998. The bank's market share in low-income and moderate-income census tracts exceed its overall MSA market share.

There were no gaps in lending patterns in this assessment area. A small number of businesses are located in census tracts where there was no lending. Many of them contain fewer than 50 businesses, which indicates limited lending opportunity.

NE Rural Region

HNB's small business lending in low-income and moderate-income BNAs is adequate compared to the opportunities available in these BNAs.

Small business loan originations in low- and moderate-income BNAs is adequate. HNB's percentage of originations to businesses in low-income and moderate-income BNAs is lower than the percentage of businesses located in these BNAs.

HNB ranks first in overall market share for 1998. Market share of loans in low-income BNAs exceed its overall market share in the assessment area. The small business lending in low-income BNAs occurred in East Carroll and Madison Parishes. The other two parishes in the assessment area do not have low-income BNAs. HNB's market share is approximately 1.3 times higher than the second ranked lender.

HNB is the second ranked lender in the moderate-income BNAs in this assessment area. HNB's market share of small business loans in the moderate-income BNAs is lower than its overall market share. HNB made small business loans in moderate-income BNAs in three of the four parishes in the assessment area. The majority of the small business loan originations are in East Carroll and Morehouse Parishes. This is reasonable given the percentage of businesses in these assessment areas.

There are no conspicuous gaps in small business lending. HNB made loans in all BNAs in the assessment area.

Lake Charles Rural Region

HNB's small business lending in moderate-income BNAs is poor compared to the opportunities available in these BNAs.

The Lake Charles Rural Region assessment area does not have any low-income BNAs. The percentage of small business loan originations in moderate-income BNAs is poor. The percentage of loans made in the BNA are lower substantially than the percentage of businesses located in these areas.

HNB ranks first in market share for 1998 lending activity. As the leading lender in this region, it has more than 4 times the overall market share of the second ranked lender in the market. The bank's market share in moderate-income BNAs is lower than its overall market share in the region.

There are no conspicuous gaps in small business lending. Lending is distributed throughout the three parishes in the assessment area. HNB made business loans in all of the moderate-income BNAs in the assessment area. Cameron Parish does not have moderate-income BNAs.

Small Farm Loans not applicable.

Distribution of Loans by Income Level of the Borrower

Refer to Tables 7-A, 8-A and 9-A in the state of Louisiana section of Appendix D for the facts and data used to evaluate the borrower distribution of the bank's home mortgage loan originations.

Shreveport/Bossier MSA

HNB's home mortgage related lending to low- and moderate-income individuals is good.

Home purchase lending to low-income individuals is poor. The percentage of home purchase loans to low-income individuals is lower substantially than the percentage of low-income families in the MSA. Home purchase loans to moderate-income individuals is excellent. The percentage of loans to moderate-income individuals exceed the percentage of moderate-income families. According to the Census Bureau, approximately 20% of total households in the assessment area are below the poverty level. The median value of a home is 3 times the HUD adjusted income of low-income family. This makes home ownership very difficult for a low-income family to attain. Home ownership is more attainable for a moderate-income family.

Refinanced home mortgage to low-income individuals is poor. The percentage of loans to low-income individuals is lower substantially than the percentage of families in these designated tracts. Refinanced loans to moderate-income individuals is adequate. The percentage of refinanced loans to moderate-income individuals is lower than the percentage of moderate-income families.

Home improvement lending to low-income individuals is poor. The percentage of loans made to low-income individuals is lower substantially than the percentage of low-income families. Home improvement loans to moderate-income individuals is excellent. The percentage of loans made to moderate-income individuals exceeds the percentage of moderate-income families in the MSA.

The 1998 market share data for the Shreveport/Bossier MSA shows that HNB's market share of home purchase mortgage loans, refinanced mortgage loans, and home improvement loans to low-income individuals is lower than its overall MSA market share. Market share of home purchase loans and refinanced loans to moderate-income individuals is lower than the bank's overall market share. Market share of home improvement to moderate-income individuals exceed the bank's overall market share.

New Orleans MSA

HNB's home mortgage related lending to low- and moderate-income individuals is adequate.

Home purchase loans to low-income individuals is poor. The percentage of home purchase loans to low-income individuals is lower substantially than the percentage of low-income families in the New Orleans MSA. Home purchase loans to individuals in moderate-income individuals is near to the percentage of moderate-income families. According to the Census Bureau approximately 20% of total households in the assessment area are below the poverty level. The median value of a home is 4 times the HUD adjusted income of a low-income family. This makes home ownership very difficult for a low-income family to attain. Home ownership is more attainable for a moderate-income family.

Refinanced home mortgage loans to low-income individuals is poor. The percentage of loans to low-income individuals is lower substantially than the percentage of low-income families. Refinanced home mortgage loans to moderate-income individuals is adequate. The percentage of loans to moderate-income individuals is lower than the percentage of moderate-income families.

Home improvement loans to low-income individuals is poor. The percentage of loans to low-income individuals is lower substantially than the percentage of low-income families. Home improvement loans to moderate-income individuals is excellent. The percentage of loans made to moderate-income individuals exceed the percentage of moderate-income families in the New Orleans MSA.

The 1998 market share data for the New Orleans MSA shows that HNB's market share of home purchase loans to low-income and moderate-income individuals is lower than its overall MSA market share. Market of refinanced loans to low-income and moderate-income individuals is lower than the bank's overall market share. Home improvement loans to low-income and moderate-income individuals exceed the bank's overall market share.

Houma MSA

HNB's mortgage related lending to low- and moderate-income individuals is adequate.

Home purchase loans to low-income individuals is poor. The percentage of home purchase loans to low-income individuals is lower substantially than the percentage of low-income families in the Houma MSA. Home purchase loans to moderate-income-individuals is good. The percentage of home purchase loans to moderate-income individuals is near to the percentage of moderate-income families. According to the Census Bureau, approximately 23% of total households in the assessment area are below the poverty level. The median value of a home

is 3 times the HUD adjusted income of a low-income family. This makes home ownership very difficult for a low-income family to attain. Home ownership is more attainable for a moderate-income family.

Refinanced mortgage loans to low-income and moderate-income individuals is poor. The percentage of refinanced loans to low-income and moderate-income individuals is lower substantially than the percentage of families in these designated census tracts.

Home improvement loans to low-income individuals is poor. The percentage of loans to low-income individuals is lower substantially than the percentage of low-income families in these designated census tracts. Home improvement loans to moderate-income individuals is adequate. The percentage of loans to moderate-income individuals is lower than the percentage of moderate-income families.

The 1998 market share data for the Houma MSA shows that HNB's market share of home purchase loans to low-income individuals exceed its overall market share. HNB's market share of home purchase loans to moderate-income individuals is lower than its overall market share. The bank's market share of refinanced mortgage loans and home improvement loans to low-income and moderate-income individuals is lower than its overall market share.

Baton Rouge MSA

HNB's mortgage related lending to low- and moderate-income individuals is adequate.

Home purchase loans to low-income individuals is poor. The percentage of home purchase loans to low-income individuals is lower substantially lower than the percentage of low-income families in the Baton Rouge MSA. The home purchase loans to moderate-income individuals is excellent. The percentage of loans to moderate-income individuals exceed the percentage of moderate-income families. According to the Census Bureau, approximately 23% of total households in the assessment area are below the poverty level. The median value of a home is 3 times the HUD adjusted income of a low-income family. This makes home ownership very difficult for a low-income family to attain. Home ownership is more attainable for a moderate-income family.

Refinanced mortgage loans to low-income individuals is poor. The percentage of loans to low-income individuals is lower substantially than the percentage of low-income families. Refinanced loans to moderate-income individuals is adequate. The percentage of loans to moderate-income individuals is lower than the percentage of moderate-income families.

Home improvement loans to low-income individuals is poor. The percentage of loans made to low-income individuals is lower substantially than percentage of low-income families. Home improvement loans to moderate-income individuals is good. The percentage of home improvement loans made equals the percentage of moderate-income families in the Baton Rouge MSA.

The 1998 market share data for the Baton Rouge MSA shows that HNB's market share of home purchase loans to low-income individuals is less than its overall market share for home purchase loans in the Baton Rouge MSA. The market share of home purchase loans to moderate-income individuals is higher than its overall market share. HNB's market share of refinanced loans to low-income and moderate-income individuals is lower than its overall market share. The market share of home improvement loans to low-income individuals is lower than the bank's overall market share. Market share of home improvement loans to moderate-income individuals is lower than its overall market share for this loan type.

Lake Charles MSA

HNB's mortgage related lending to low- and moderate-income individuals is good.

Home purchase loans to low-income individuals is poor. The percentage of home purchase loans to low-income individuals is lower substantially than the percentage of low-income families in the Lake Charles MSA. Home purchase loans to moderate-income individuals is excellent. The percentage of loans to moderate-income individuals is excellent. The percentage of loans to moderate-income exceed the percentage of moderate-income families. According to the Census Bureau, 19% of households in the assessment area are below the poverty level. The median value of a home is 2.7 times the HUD adjusted income of a low-income family. This could make home ownership more difficult for a low-income family. Home ownership is more attainable for a moderate-income family.

Refinanced mortgage loans to low-income individuals is poor. The percentage of loans to low-income individuals is lower substantially than the percentage of low-income families in these designated census tracts. Refinanced loans to moderate-income individuals is adequate. The percentage of loans to moderate-income individuals is lower than the percentage of moderate-income families in these designated census tracts.

Home improvement loans to low-income individuals is poor. The percentage of loans to low-income individuals is lower substantially than the percentage of low-income families. Home improvement loans to moderate-income individuals is excellent. The percentage of loans to moderate-income individuals for the purpose

of home improvement exceed the percentage of moderate-income families in the Lake Charles MSA.

The 1998 market share data for the Lake Charles MSA shows that the percentage of loans made by HNB to low-income individuals for the purpose of home purchase exceeds its overall MSA market share. The market share of home purchase loans to moderate-income individuals is lower than the bank's overall market share. The bank's market share of refinanced mortgage loans to low-income individuals is lower than its overall market share. Market share of refinanced loans to moderate-income individuals is greater than the bank's overall market share. Home improvement lending market share of loans to low- and moderate-income individuals exceed its overall MSA market share for this loan type.

NE Rural Region

HNB's mortgage related lending to low- and moderate-income individuals is adequate.

Home purchase lending to low-income individuals is poor. The percentage of home purchase loans made to low-income individuals is lower substantially than the percentage of low-income families in the NE Rural Region. Home purchase loans to moderate-income individuals is good. The percentage of loans to moderate-income individuals is near to the percentage of moderate-income families in the NE Rural region. According to the Census Bureau, 34% of households in the assessment area are below the poverty level. The median value of a home is 2.4 times the HUD adjusted income of a low-income family. This makes home ownership difficult for a low-income family to attain. Home ownership is more attainable for a moderate-income family. In addition, there is low housing stock turnover.

Refinanced mortgage loans to low-income and moderate-income individuals is poor. The percentage of refinanced loans to low-income and moderate-income individuals is lower substantially than the percentage of low-income and moderate-income families in this region.

Home improvement loans to low-income individuals is adequate. The percentage of loans made to low-income individuals is lower than the percentage of low-income families in the assessment area. Home improvement loans to moderate-income individuals is good. The percentage of loans to moderate-income individuals is equal to the percentage of moderate-income families in the region.

The 1998 market share data for the NE Rural Region shows that HNB's market share of home purchase loans to low-income individuals exceed its overall market share. The bank's market of home purchase loans to moderate-income individuals

is lower its overall market share in the NE Rural Region. The market share of refinanced mortgage loans to low-income and moderate income individuals is lower than the bank's overall market share. The market share of home improvement loans to low-income individuals exceeds its overall market share for this type of loan, while market share of loans to moderate-income individuals lower than overall market share.

Lake Charles Rural Region

HNB's mortgage related lending to low- and moderate-income individuals is poor.

Home purchase loans to low- and moderate-income individuals is poor. The percentage of home purchase loans to low-income and moderate-income individuals is lower substantially than the percentage of low-income families in the Lake Charles Rural Region. According to the Census Bureau, 27% of households in the assessment area are below the poverty level. The median value of a home is 3 times the HUD adjusted income of low-income family. This makes home ownership very difficult for a low-income family to attain. Home ownership is more attainable for a moderate-income family.

Refinanced home mortgage loans to low-income individuals is poor. The percentage of refinanced loans to low-income individuals is lower substantially than the percentage of low-income families in the region. Refinanced loans to moderate-income individuals is poor. The percentage of refinanced loans to moderate-income individuals is lower than the percentage of moderate-income families in the region.

Home improvement loans to low-income individuals is poor. The percentage of loans to low-income individuals is lower substantially than the percentage of low-income families. Home improvement loans to moderate-income individuals is good. The percentage of home improvement loans to moderate-income individuals is near to the percentage of moderate-income families in the Lake Charles Rural Region.

The 1998 market share data reflects zero market share for HNB in home purchase loans to low-income individuals in the Lake Charles Rural Region. Market share of home purchase loans to moderate-income individuals is lower than the bank's overall market share. Market share of refinanced mortgage loans to low-income individuals is lower than the bank's overall market share. Market share of refinanced loans to moderate-income individuals is near to the bank's overall market share. Home improvement loan market share of loans to low-income individuals is below the bank's overall market share. Loans to moderate-income individuals for home improvement loans exceed the bank's overall market share for this type of loan.

Small Business Loans

Refer to Table 10-A in the state of Louisiana section of Appendix D for the facts and data used to evaluate the borrower distribution of the bank's small business loan originations.

HNB's lending to businesses with revenues of \$1 million or less is excellent. Approximately 83% of reportable small business loans were to businesses of this revenue size which exceeds the percentage of businesses in the assessment area. The percentage of HNB's loans made to businesses with revenues less than \$1 million exceed the percentage of loans made to businesses of this size for all other lenders in the assessment area. The majority of the loans made by HNB are in amounts of less than \$100,000.

The 1998 market share data reflects that HNB ranks first among financial institutions in the number of loans made to businesses with revenues of \$1 million or less. The difference between HNB and the second ranked lender is 19 loans. HNB and one other lender made nearly 49% of the small business loans in the market. HNB's market share to companies with revenues less than \$ 1 million exceed the bank's overall market share of small business originations.

New Orleans MSA

HNB's lending to businesses with revenues of \$1 million or less is good. Approximately 75% of reportable small business loans were to businesses of this revenue size which is near to the percentage of businesses in the assessment area. The percentage of Hibernia's loans made to businesses with revenues less than \$1 million exceed the percentage of loans made to businesses of this size for all lenders in the assessment area. The majority of loans made by HNB were in amounts of less than \$100,000.

The 1998 market share data reflects that HNB ranks first among financial institutions in the number of loans made to businesses with revenues of \$1 million or less. There is a significant difference between HNB and the second ranked lender. HNB, and one other lender, make nearly 49% of the small business loan market. HNB's market share of loans to small businesses with revenues less than \$1 million exceed the bank's overall market share of small business loan originations.

Houma MSA

HNB's lending to businesses with revenues of \$1 million or less is good. Approximately 73% of reportable loans were to businesses of this revenue size which is near to the percentage of businesses in the assessment area. The

percentage of Hibernia's loans made to businesses with revenues less than \$1 million exceed the average percentage of loans made to businesses of this size for all other lenders in the assessment area. The majority of the loans made by HNB are in amounts of less than \$100,000.

The 1998 market share data reflects that HNB ranks first among financial institutions in the number of loans made to businesses with revenues of \$1 million or less. There is a significant difference between HNB and the second ranked lender. HNB and one other lender make nearly 56% of the small business loan market. This market share of loans made to small businesses with revenues less than \$1 million exceed the bank's overall market share of small business originations.

Baton Rouge MSA

HNB's lending to businesses with revenues of \$1 million or less is excellent. Approximately 73% of reportable loans were to businesses of this revenue size which exceeds the percentage of businesses in the assessment area. The percentage of HNB's loans made to businesses with revenues less than \$1 million is near to the percentage of originations made by all other lenders in the assessment area. The majority of the loans made by HNB are in amounts of less than \$100,000.

The 1998 market share data reflects that HNB ranks second among financial institutions in the number of loans made to businesses with revenues of \$1 million or less. The difference in the number of loans made by HNB and the first ranked lender is 21. HNB, and one other lender, make nearly 40% of the small business loan market. This market share of loans made to businesses with revenues less than \$ 1 million exceed the bank's overall market share of small business loan originations.

Lake Charles MSA

HNB's lending to businesses with revenues of \$1 million or less is good. Approximately 72% of reportable loans were made to businesses of this revenue size which is near to the percentage of businesses in the assessment area. The percentage of HNB's loans made to businesses with revenues less than \$1 million exceed the percentage of loans made to businesses of this size for all other lenders in the assessment area. The majority of the loans made by HNB are in amounts of less than \$100,000.

The 1998 market share data reflects that HNB ranks first among financial institutions in the number of loans to businesses with revenues of \$1 million or less. There is a significant difference between HNB and the second ranked lender.

HNB has made almost twice the number of loans to businesses with revenues less than \$1 million as the second ranked lender. HNB captured approximately 42% of the small business loan market share while the second ranked lender has approximately 17%. The bank's market share to borrowers with revenues of less than \$1 million exceed the bank's overall market share for small business loan originations.

NE Rural Region

HNB's lending to businesses with revenues of \$1 million or less is excellent. Approximately 81% of reportable loans were to businesses of this revenue size which exceeds the percentage of businesses in the assessment area. The percentage of HNB's loans made to businesses with revenues less than \$1 million is lower than the percentage of originations for all other lenders in the assessment area. The majority of the loans made by HNB are in amounts of less than \$100,000.

The 1998 market share data reflects that HNB ranks first among financial institutions in the number of loans made to businesses with revenues of \$1 million or less. There is a significant difference between HNB and the second ranked lender. HNB and one other lender make up nearly 81% of the small business market. The bank's market share to borrowers with revenues of less than \$1 million exceed the bank's overall market share for small business loan originations.

Lake Charles Rural Region

HNB's lending to businesses with revenues of \$1 million or less is good. Approximately 73% of reportable loans were to businesses of this revenue size which is near to the percentage of businesses in the assessment area. The percentage of HNB's loans made to businesses with revenues less than \$1 million is near to the percentage of loans made to businesses of this size calculated for all other lenders in the assessment area. The majority of the loans made by HNB are in amounts of less than \$100,000.

The 1998 market share data reflects that HNB ranks first among financial institutions in the number of loans made to businesses with revenues of \$1 million or less. There is a significant difference between HNB and the second ranked lender. HNB has approximately 69% of the market while the second ranked lender has approximately 14%. The bank's market share to borrowers with revenues of less than \$1 million exceed the bank's overall market share for small business loan originations.

Community Development Lending

HNB's has excellent performance in making community development loans in the state of Louisiana. The bank has taken a leadership role in making community development loans and these loans address the most pressing needs in the assessment area. The bank made 27 loans totaling \$27.9 million that have as their primary purpose community development. This total includes a \$900 thousand general line of credit at 0% interest from HNB to its subsidiary Community Development Corporation (CDC). The CDC has drawn upon this line to finance various affordable housing projects throughout the state of Louisiana. HNB often takes a leadership position in these complex and innovative projects.

The New Orleans assessment area was weighted heavily in the overall assessment of the bank's community development performance since approximately 43% of the bank's deposit base is gathered from this area. No other assessment area makes up more than 20% of the bank's total deposit base in Louisiana. The following is a description of the bank's community development loan projects in each full scope assessment area.

Refer to Table 1-A in the state of Louisiana section of Appendix D for the facts and data used to evaluate the bank's level of community development lending.

New Orleans MSA

The bank has an excellent performance in making community development loans within the New Orleans MSA. HNB made 10 community development loans totaling \$11.2 million benefitting the New Orleans MSA. Money distributed through these 9 loans were used for the following purposes.

Affordable multifamily housing -	46%
Affordable residential housing -	30%
Non-profit hospital providing free medical services to the poor -	24%

HNB's CDC also used the \$900,000 general line of credit to fund various affordable housing residential projects within the New Orleans MSA. HNB takes a leadership position in various complex, flexible, and innovative affordable housing projects. Examples of a few of these projects are discussed below.

Rivers Frederick Square Project - The HNB CDC provided a \$2.5 million line of credit at zero percent interest to construct twenty four affordable homes in the A.P. Tureaud/7th Ward area which is a low-income area. The HNB CDC provided a leadership role in this innovative, flexible, and complex project. This site was originally occupied by Rivers Frederick Elementary School. This school was located in the middle of an old inner-city neighborhood. In 1995, fire gutted the 19th century building. HNB initiated a partnership with the city government, and

concerned not-for-profit organizations, to rebuild Rivers Frederick Square. HNB managed the construction process which included negotiations with the local school board to purchase the property, work with the City Planning Commission to subdivide the lots, consultation and negotiation with the Historic District to ensure required historic building codes were met, while also maintaining the affordability of the homes. HNB hired a full time construction specialist to oversee the construction project, selected three small business minority contractors to build the homes, and administered funding for the entire project. HNB provided both interim and permanent financing for the project. In addition, HNB provided funds to purchase computers and provide home ownership education. The bank also served as coordinator of project management functions. The project is complete as the last home was sold in December of 1998. HNB continues to be active in the project by ensuring needed post construction repairs are completed and by initiating and helping home-owners form a Neighborhood Association which will help ensure the neighborhood's future viability.

Creole Cottage Project - The HNB CDC drew on the general line of credit to construct affordable homes targeted to low- and moderate-income individuals. This project allows high school students from an inner-city school to participate in the construction/rehabilitation of affordable housing while earning school credit and a paycheck. HNB provided a leadership role in the project which involves several partners including the Creole Cottage Coalition, John McDonough Senior High School, Booker T. Washington Horticulture, and the City of New Orleans.

HNB provides technical assistance by selecting contractors that are willing to work with the students, takes the lead in providing financial education to the kids, uses its contacts to solicit partners, provides interim and permanent financing, and manages the construction and marketing aspect of the project. The success of this program has resulted in Hibernia initiating similar types of programs in other parts of the state, including Shreveport, Lake Charles, Alexandria, and Monroe.

Project Renaissance Project - HNB, along with the City of New Orleans, developed an innovative owner-occupied home improvement/rehabilitation loan product designed to meet the credit needs of lower 9th Ward low-income residents. Rehabilitation of homes in the 9th ward are funded through a cooperative effort of HNB and the City. The bank provides 1/3 of the cost on these projects through a home improvement loan, while the City uses Home funds to provide a 10 year forgivable grant to provide 2/3 of the project cost. The bank has made 17 loans totaling \$273,930 thus far under the project. These loans were reported in the Home Mortgage Disclosure Act Loan Application Register. The HNB CDC has drawn upon its general line of credit to fund fees associated with a rehabilitation loan product that was originated in 1997. The program is considered innovative since the bank designed the program to meet a critical credit need in New Orleans that was not previously being met. HNB encouraged and succeeded in getting the

City to expand the program to include the entire city of New Orleans. Home improvement/rehabilitation loans are a city-wide credit need. The HNB CDC staff developed the program which requires that an independent construction company monitor construction repairs to ensure the integrity of the program.

Dorgenois Street Project - HNB purchased and rehabilitated seven double occupancy residences and converted them into single-family homes in the A.P. Tureaud/7th Ward area. The HNB CDC worked with the city to purchase the property, provided financing for predevelopment costs, interim construction, and provided permanent financing to low- and moderate-income homeowners to purchase the properties. HNB used home funds provided by the city to buy down the mortgages to make them affordable to low- and moderate-income borrowers. The HNB CDC drew approximately \$365 thousand under its general line of credit at zero percent interest to fund the project. The seven properties were purchased by the HNB CDC in May of 1997, and the project is now complete. All homes were sold to low- and moderate-income people. This project met a critical community need by rehabilitating homes that were formerly owned by absentee landlords.

Shreveport MSA

The bank made an adequate level of community development loans within the Shreveport MSA AA. HNB made two community development loans totaling \$1.3 million benefitting the Shreveport MSA. These complex loans were made to provide interim construction and permanent financing on affordable multi-family housing projects for low- and moderate-income individuals in the Shreveport area. The loans are considered complex due to the large number of partners involved and the specialized underwriting process required when low-income housing tax credits provide the primary equity of the project. The loans are structured with a flexible 25 year amortization schedule.

Baton Rouge MSA

The bank has a good performance in making community development loans within the Baton Rouge MSA AA. HNB made one community development loan totaling \$2.1 million benefitting the Baton Rouge MSA. This complex loan was made to provide interim construction and permanent financing on an affordable multi-family housing project for low- and moderate-income in East Baton Rouge Parish. The loan is considered complex due to the large number of partners involved and the specialized underwriting process required when low-income housing tax credits provide the primary equity of the project. The loan is structured with a flexible 25 year amortization schedule.

HNB partnered with the Local Initiatives Support Corporation (LISC) and the New Hope CDC to build affordable housing in a low-income area in Baton Rouge. The HNB CDC funded this project through its general line of credit.

Houma MSA

The bank has a good performance in making community development loans within the Houma MSA AA. HNB made two community development loans totaling \$3.3 million benefitting the Houma MSA. One loan was made under the United States Department of Agriculture (USDA) loan program for \$2 million. The USDA offers guarantees on loans made to qualified small businesses located in rural areas. This program is designed to help develop and stabilize a rural area. It is tailored to create and/or retain jobs in rural communities with less than 50,000 people. The loan was made to an industrial company located in a moderate-income census tract within the Houma MSA AA. The loan proceeds were used to expand the company's facilities. The expansion will promote economic development by stabilizing and revitalizing a rural area. It is creating permanent jobs for low- and moderate-income individuals in the area. Approximately 40 jobs were created with salaries that fall into the low- and moderate-income range.

The other community development loan was made to provide interim construction and permanent financing on an affordable multi-family housing project in the Houma MSA AA. The loan is considered complex due to the large number of partners involved and the specialized underwriting process required when low-income housing tax credits provide the primary equity of the project. The loan is structured with a flexible 25 year amortization schedule.

Lake Charles MSA

Hibernia has not made any community development loans in this assessment area.

NE Rural Region

The bank has an adequate performance in making community development loans within the Northeast Rural region. HNB made one community development loan totaling \$895,000. The loan was made to provide interim construction and permanent financing on an affordable multi-family housing project in the AA. The loan is considered complex due to the large number of partners involved and the specialized underwriting process required when low-income housing tax credits provide the primary equity of the project. The loan is structured with a flexible 25 year amortization schedule.

Lake Charles Rural Region

The bank has an excellent in making community development loans within the Lake Charles rural region. HNB made two community development loans totaling \$1.9 million. These loans were made to provide interim construction and permanent financing on affordable multi-family housing projects in the Lake Charles Rural region. The loans are considered complex due to the large number of partners involved and the specialized underwriting process required when low-income housing tax credits provide the primary equity of the project. Both loans are structured with a flexible 25 year amortization schedule.

Product Innovation and Flexibility

HNB uses flexible underwriting guidelines to meet the credit needs of low- and moderate-income individuals and families. The loan programs are designed to increase the volume of loans originated to low- and moderate-income individuals and geographies. HNB often leverages its loan programs with public monies to maximize home ownership opportunities for low- and moderate-income families and individuals. Examples of loan products with flexible loan criteria follow.

Affordable Housing Program - HNB's Affordable Housing Program is a statewide loan pool created to help low- and moderate-income families who do not qualify for financing under traditional lending standards. This program offers more lenient underwriting than those offered by other government sponsored programs. Features of the program include, a low down payment, which can be the greater of three percent of the purchase price or \$1,500. The program allows higher debt/income ratios. Potential borrowers income cannot exceed 100% of the area median income. The maximum home sales price allowed is \$85,000. All applicants must participate in pre-purchase home buyer education counseling sessions provided by community housing agencies or HNB. The bank originated 195 loans totaling \$9.8 million during this review period.

Community Home Buyers Program - The Community Home Buyers program is a partnership between HNB, Federal National Mortgage Association (FNMA), and certain other private mortgage insurance companies. The program promotes flexible underwriting standards for qualified low- and moderate-income home buyers. This program features a low three percent down payment requirement. Closing costs can be obtained by a grant or secured loan, and non-traditional forms of credit history such as rental and utility payments are acceptable. Borrowers must go through credit training from HNB or an approved non-profit corporation. Maximum household income may not exceed 100% of area median income as established by HUD for Community Home Buyer Loans. Hibernia has originated 15 Community Home Buyer loans totaling \$765,600 during the review period. This program will be discontinued in the future.

Bond Program Participation - HNB participates in numerous bond programs sponsored by the state that offer flexible underwriting criteria tailored to meet the needs of low- and moderate-income families. HNB has originated 757 loans totaling \$ 51.2 million under various state sponsored programs.

Conclusions for Areas Receiving Limited-Scope Reviews

Based on limited-scope reviews, the bank's performance under the Lending Test in the Monroe, Alexandria and Lafayette MSAs and DeSoto Parish, Acadiana Rural Region, and Avoyelles Parish is not inconsistent with the bank's overall Lending Test rating of High Satisfactory. Refer to the Tables 1-A through 11-A in the state of Louisiana section of Appendix D for the facts and data that support these conclusions.

DeSoto, Washington, and Avoyelles Parishes and Acadia Rural Region do not have low-income census tracts. Assumption Parish does not have low-income or moderate-income BNAs.

Alexandria MSA

Although a limited scope review of the bank's performance in Alexandria was performed, the bank's community development efforts in this assessment area are particularly noteworthy. The bank made two community development loans totaling \$2.0 million. One project, known as the Madrid project, exemplifies outstanding community bank loan performance. The bank made a zero percent interest loan in the amount of \$750 thousand to the Hibernia CDC for the purpose of rehabilitating a 20 unit apartment complex for occupancy by low-income senior citizens. In 1997 and 1998, approximately \$50 thousand has been funded on the line for land acquisition, predevelopment costs, and architectural services. Hibernia formed partnerships with the City of Alexandria, Mt. Zion Missionary Baptist Church, The Rapides Foundation, Louisiana Housing Development Corporation, and the Federal Home Loan Bank of Dallas to facilitate these projects.

This Madrid project is considered very complex. The following technical assistance has been provided by Hibernia CDC staff to initiate the project.

- p HNB provided technical assistance to Mt. Zion Baptist Church to help the church form a Community Development Corporation.
- p HNB CDC staff contacted and secured \$300 thousand dollars in home funds from the City. The City was willing to make the grant allocation since housing for low-income elderly had been designated as a critical need.

- þ HNB provided technical assistance to secure a \$125 thousand grant from the Federal Home Loan Bank.
- þ HNB staff contacted and secured a \$100 thousand grant from the Rapides Foundation.
- þ HNB financed all up-front money to ensure the projects viability.
- þ The HNB CDC staff secured affordable permanent financing for the project through the Louisiana Housing and Development Corporation.
- þ Hibernia is managing the entire construction project including funds disbursements.

The Madrid project is scheduled to be completed in February of 2000.

HNB also made one community development loan totaling \$1.3 million. The loan was made to provide interim construction and permanent financing on an affordable multi-family housing project in the AA. The loan is considered complex due to the large number of partners involved, and the specialized underwriting process required when low-income housing tax credits provide the primary equity of the project. The loan is structured with a flexible 25 year amortization schedule.

INVESTMENT TEST

Conclusions for Areas Receiving Full-Scope Reviews

The bank's performance under the Investment Test in Louisiana is rated "Low Satisfactory". Based on full-scope reviews, the bank's overall investment performance in the state is adequate. The bank has made 256 qualified investments totaling \$11.8 million. Included in this total is a Holding Company investment with an outstanding balance of \$248 thousand. Approximately 58% of the bank's investments were made in the current CRA evaluation period. The investments have been directed to a variety of organizations whose purpose is affordable housing, promotion of economic development by financing small businesses, human and social services, and educational services directed to low- and moderate-income people.

Refer to Table 12-A in the state of Louisiana section of Appendix D for facts and data used to evaluate the bank's level of qualified investments. Several Investments made by HNB benefit multiple assessment areas. These investments are discussed below.

HNB made one investment that impacts both the New Orleans and Baton Rouge MSA AAs. HNB invested \$3 million in a seven year bond issued by the Local Initiatives Support Corporation (LISC). The bond funds allow LISC the flexibility to

make below market financing available to non profit Community Development Corporations. The funds can be used for predevelopment financial and construction costs, operating lines of credit, revolving loan funds, construction loans, working capital and guarantees. The proceeds will also be used by LISC to provide funding for affordable housing to low- and moderate-income individuals, and to provide community services targeted to low- and moderate-income individuals such as day care/Head Start centers or health centers. This investment will be referred to as the previously mentioned "LISC bond" when discussing the bank's performance in the New Orleans and Baton Rouge MSA.

The bank also invested \$2.5 million in a closed-end mutual fund (Capital Access). The objective of the mutual funds is to provide funding to develop a secondary market and financing vehicle for the sale of community development loans. This investment will benefit assessment areas located north of Alexandria, Louisiana, and all of the assessment areas included in Texas, including the Texarkana Multistate MSA. This investment will be referred to as the previously mentioned "mutual fund investment" when discussing the performance of the impacted assessment areas in northern Louisiana. This fund is also discussed under Hibernia's Investment test for both the state of Texas and the Texarkana Multistate MSA.

In addition to the investments discussed above, the bank made another 54, or 21%, of the qualified investments, which impact multiple assessment areas. These investments total \$780,000. Examples of these investments include:

- p A state-wide minority scholarship fund where grants were given to students that have families with low- and moderate-income;
- p Investments in two organizations that provide venture capital and financing for small businesses that cannot obtain traditional bank financing; and,
- p A \$100 thousand investment in Hibernia's Community Development Corporation. The CDC has directed funds towards affordable housing projects in the state of Louisiana.

These investments will be referred to as "regional investments" when discussing the investment performance for each onsite review assessment area.

New Orleans MSA

HNB's performance in the New Orleans MSA adequate.

The bank made 85 qualified investments and grants in the New Orleans MSA AA totaling \$3.5 million. Approximately 15% of the investments were made during this CRA period. These investments/grants along with the LISC bond and regional investments are responsive to credit needs. The bank's current CRA period grants totaled \$498 thousand. The grants are distributed as follows: 38% for affordable housing, 15% for small business organizations that promote economic development, and approximately 47% to organizations that provide health, educational, social, and human services to the poor. Examples of these organizations include food banks, health centers located in low income census tracts, and homeless shelters. None of the investments are considered to be innovative or complex. However, the previously mentioned "LISC Bond" is considered to be flexible in that it provides below market cost financing for the purpose of community development.

HNB has also been successful in leveraging their grant monies with Federal Home Loan Bank grant funds. Matching grant funds from the FHLB were used for an affordable housing organization in New Orleans.

Shreveport MSA

HNB's performance in Shreveport is adequate.

The bank made 35 qualified grants and in-kind contributions in the Shreveport MSA AA totaling \$196 thousand. All of the grants were made during the current CRA period. These investments/grants along with the mutual fund and regional investments are responsive to credit needs. The bank's current CRA grants were distributed as follows: 16% for affordable housing, 5% for small business organizations that promote economic development, and approximately 79% to organizations that provide health, educational, social, and human services to the poor. Examples of these organizations include food banks, recreational centers for low- and moderate-income youth, and homeless shelters. The dollar amount of grants and in-kind contributions also includes a donation of a branch building to an organization that plans to offer health, education, and cultural services to the residents of a low-income neighborhood. None of the investments are considered to be innovative or complex.

Baton Rouge MSA

HNB's performance in the Baton Rouge MSA is adequate.

The bank made 12 qualified grants in the Baton Rouge MSA AA totaling \$347 thousand, excluding the previously mentioned LISC and regional investments. All of the investments were made during the current CRA period. These investments/grants along with the LISC bond and regional investments are

responsive to credit needs. The bank's grants are distributed as follows: 12% for affordable housing, 21% for small business organizations that promote economic development, and approximately 67% to organizations that provide health, educational, social, and human services to the poor. Examples of these organizations include food banks, health centers located in low income census tracts, and homeless shelters. None of the investments are considered to be innovative or complex. The previously mentioned "LISC Bond" is considered to be flexible in that it provides below market cost financing for the purpose of community development.

Houma MSA

HNB's performance in the Houma MSA is adequate.

The bank made 17 qualified grants and investments in the Houma MSA AA totaling \$575 thousand, excluding the regional investments. The overall level of qualified investments and grants in this assessment area is considered adequate. Approximately 4% of the investments were made during this CRA evaluation period. All of these were grants and contributions. The purpose of the grants include: 77% for affordable housing and 23% to organizations that provide educational, social and human services to the poor. Examples of these organizations include organizations that provide necessities to underprivileged children, and provide services to children and women of domestic violence. None of the current period investments are considered innovative or complex.

Prior period investments include a \$50,000 investment in the Progressive Community Development Corporation, which has a primary purpose of providing affordable housing and micro-enterprise programs for small businesses. The bank also holds a \$500 thousand low-income housing tax credit which it acquired when it purchased Argent Bank in February of 1995.

Lake Charles MSA

HNB's performance in the Lake Charles MSA is adequate.

The bank made 11 qualified grants and investments in the Lake Charles MSA AA totaling \$136 thousand, excluding the regional investments and the closed end mutual fund investment. The overall level of qualified investments and grants in this assessment area is considered adequate. Approximately 21% of the investments were made during this CRA evaluation period. All of these were grants and contributions. The grants were distributed as follows: 25% for affordable housing and 75% to organizations that provide educational, social and human services to the poor. None of the current period investments are considered innovative or complex.

NE Rural Region

HNB's performance in the NE Rural Region is adequate.

The bank made one qualified grant totaling \$1,500 for the current CRA evaluation period. The level of grants in this assessment area is low. The mutual fund investment and some of the regional investments have an impact on this region. Although the level of grants is considered low, the overall dollar amount of investments considering regional investments is adequate. This assessment area represents only 2% of Hibernia's total deposit base.

One of the regional investments that encompasses this assessment area is a \$100 thousand investment in ECD Investments, L.L.C. The company was established for the purpose of providing assistance to small and minority-owned businesses which create and retain jobs for low- and moderate-income persons located in an economically depressed region of the country, covering 55 counties and/or parishes along the Mississippi river in northeastern Louisiana, western Mississippi, and eastern Arkansas. The organization provides financing assistance in the form of loans and loan guarantees to fund business start-up costs, working capital, and new product development. The company has committed to Hibernia that no more than 25% of Hibernia's investment will go to fund projects outside of Louisiana.

Lake Charles Rural Region

HNB's performance in the Lake Charles Rural Region is adequate.

The bank did not make any qualified grants/contributions in this region for the current CRA evaluation period. The mutual fund investment and some of the regional investments benefit this region. The level of grants is considered low, however, the overall dollar amount of investments considering regional investments is adequate. Also, this assessment area only represents 2% of Hibernia's total deposit base.

Conclusions for Area Receiving Limited-Scope Reviews

Based on limited-scope reviews, the bank's performance under the Investment Test in the Lafayette MSA AA, Monroe MSA AA, Alexandria MSA AA, and the Acadiana Rural AA's is not inconsistent with the bank's overall "Low Satisfactory" performance under the Investment Test in Louisiana. In the Washington, DeSoto, and Assumption nonMSA assessment areas, bank performance is weaker than the bank's overall performance in the state; however, it did not change the overall Investment rating for Louisiana. Refer to the Tables 12-B in the state of Louisiana section of Appendix D for the facts and data that support these conclusions.

The primary reason the bank's investment performance in Washington, DeSoto, and Assumption parishes is considered weaker than the bank's overall investment performance is the fact that the bank does not have any qualified investments/grants in these assessment areas. However, it should be noted that a very small percentage of the bank's deposit base is gathered from these areas (less than 3% on a combined basis).

SERVICES TEST FOR LOUISIANA

The bank's performance under the Service Test for Louisiana is rated "High Satisfactory". Based on full-scope reviews, the bank's performance in all assessment areas is good. All services are accessible to individuals and geographies of different income levels within its AA. The bank has supplemented its branch system with ATMs, telephone banking, and online banking. Retail banking services include products and services that benefit low- and moderate-income individuals. Hibernia National Bank has exerted strong efforts to provide community development services in its Louisiana AAs.

The New Orleans MSA AA accounts for the largest share of the bank's Louisiana operations. Forty-three percent of the Louisiana deposits and 33% of Louisiana branches are located in the New Orleans MSA AA. The AA performance weighs heavily in the Service Test rating for Louisiana. The Baton Rouge MSA AA, Shreveport MSA AA and Houma MSA AA each represent 16%, 10%, and 7%, of Louisiana deposits, respectively. Each of the remaining AAs comprises less than five percent of deposits.

The HNB CDC has been extremely active in the New Orleans MSA AA, and has projects in many of the other AAs. The CDC's activities include technical assistance and financial education for low- and moderate-income individuals. The CDC spent significant time providing technical expertise to educate other professionals involved in affordable housing. These efforts should help ensure the continuation of community development activities in the bank's Louisiana markets.

CONCLUSIONS FOR AREAS IN LOUISIANA RECEIVING FULL-SCOPE REVIEWS

Retail Banking Services

Refer to Table 13-A in Appendix C for the facts and data used to evaluate the distribution of the bank's branch system and the distribution of branches opened and closed during the review period. Branch operating hours vary throughout the state to meet customer needs. Many locations offer extended lobby or drive-up

hours on Friday and provide Saturday hours. Banking hours are equitable and do not inconvenience any portion of the AAs.

Retail services are generally uniform throughout Louisiana. A full range of deposit and loan products are available. The bank offers deposit products that cater to the needs of small businesses. In addition, investment services are available through Hibernia Investment Securities, Inc. and insurance products are available through Hibernia Insurance Agency, L.L.C.

Several retail products and services are offered throughout the bank's Louisiana AAs that benefit low- and moderate-income individuals. The bank cashes non-customer government checks for a \$3 service fee, and cashes other non-customer checks for a \$2 service fee per \$100 cashed. A reasonably priced consumer savings account is offered. The bank's regular savings account does not require a minimum balance to accrue interest and does not incur a monthly service fee if the minimum daily balance of the account is \$300 or more. The fee is \$3 when the balance does not meet the minimum requirement. The monthly service charges is waived for minors and seniors. An affordable checking account, The Thrifty Checking account, is also offered. This account requires no minimum balance and carries a flat \$5 monthly service fee.

A new personal checking account was introduced in the Louisiana markets in September. The product, Direct Checking, is expected to benefit low- and moderate-income individuals. Direct Checking is structured to provide lower costs when customers use alternative systems such as direct deposits, debit cards, ATMs, telephone banking, and online banking. A \$50 deposit is required to open the account. No monthly service fee is assessed; however, a \$2 fee is charged for teller transactions. In addition, for welfare recipients, the bank will open an account with only a \$1 deposit.

Alternative Delivery System

Alternative delivery systems are available throughout the bank's AAs. HNB offers a large network of ATMs and customers can access nonproprietary ATMs for some transaction needs. ATMs operate in English or Spanish. Debit cards are offered, and online banking is available for consumer and business customers. A 24-hour telephone banking system provides account access and transaction information for all customers. An Internet site provides product information and loan applications. These services are available throughout the bank's AAs and supplement the branch network. The systems are beneficial to the bank's entire customer base including low- and moderate-income individuals. However, we have no specific information on how low- and moderate-income individuals and geographies are affected on the availability and effectiveness on delivering retail

banking services. Therefore, we could not place significant weight on the alternative delivery systems when drawing our CRA performance.

Community Development Services

HNB has been involved in numerous community development services throughout the review period. A wide variety of community development services were provided, which focus on education and financial technical assistance. The bank provided education to improve basic financial and banking skills through bank-at-school programs. The bank sponsored programs designed to provide basic banking skills and home buyer education. The HNB CDC provided education to community development professionals and organizations to increase the number and efficiency of community development projects in the communities served by HNB. Technical assistance was provided throughout the Louisiana AAs. Many of the bank's technical assistance services are a result of HNB CDC activities. These activities include assistance with grant applications, assistance in obtaining financing for affordable housing projects, identification of community needs, a leadership role in providing affordable housing, work with government and community organizations to obtain partners for community development projects, and oversight of affordable housing projects.

Refer to the summary of each AA for a description of the community development services conducted in each community.

New Orleans MSA

The New Orleans MSA AA has the largest concentration of branches. Branches are located to serve customers of all income levels, but are concentrated in middle-income geographies. The branch distribution is generally reasonable, however, the percentage of branches in low-income census tracts is lower than the percentage of the AA population living in low-income census tracts. Branches are reasonably accessible to individuals throughout the AA, including the low-income geographies without branches. The branch network is supplemented by ATMs and several drive-up only facilities. HNB operates one of the only banking facilities accessible to the Ninth Ward area of New Orleans, which is a severely disadvantaged area. Openings and closings of branches have not resulted in any adverse impact in the assessment area, and three of the five AA branches opened during the review period are in low- or moderate-income census tracts.

HNB is involved in numerous community development services in the New Orleans MSA AA. The bank provided financial education for consumers and small businesses and provided technical assistance for a variety of community development projects. Major initiatives include affordable housing and financial

education. Many of the service activities are a result of HNB CDC initiatives. Examples of these activities are summarized below.

Affordable Housing Programs - Through the HNB CDC, extensive services have been provided during this review period in connection with eight different affordable housing projects. These projects include building and rehabilitating single family housing. Most of the projects helped stabilize or revitalize the area in which the projects located. The HNB CDC took the lead and found partners for several of the projects. The HNB CDC aided these projects in numerous ways by:

- þ identifying affordable housing needs and developing project ideas;
- þ finding partners for affordable housing projects;
- þ providing assistance in grant applications;
- þ helping obtain properties;
- þ obtaining various financing sources for projects including interim construction and permanent financing;
- þ helping develop mortgage loan products;
- þ assisting in negotiations with contractors
- þ helping develop specifications for houses and construction standards;
- þ aiding the establishment of a CDC;
- þ providing education for partners in projects;
- þ developing project budgets; and,
- þ providing or sponsoring education for potential home buyers.

These projects are considered complex and provide services not otherwise available. Each project provides numerous benefits. One example is the school house project. The HNB CDC developed this program that provides opportunities for students from low- and moderate-income backgrounds to learn through being involved in the entire building process of single family structures. Students obtain financial education, learn about types of mortgages, and obtain work skills through work on the construction and sale of the house. Two students obtained construction related jobs as a result of their involvement in this project, and one student went on to architectural school. In addition, the project results in affordable housing. The CDC is pursuing additional school house projects in many of its AAs.

Bank at School - The bank has three bank-at-school programs in the New Orleans MSA AA. This program offers savings accounts to students and provides basic financial education. The New Orleans schools involved have large populations of low- and moderate-income students.

Individual Development Accounts - HNB CDC has helped establish three programs in the New Orleans MSA AA that provide individual development banking accounts. Participants become customers and save money for home purchase.

They also attend home ownership and economic literacy classes. Accounts are held at HNB and monthly service fees are waived. The programs involve matching funds from various organizations. HNB set up the first individual development account program in Louisiana in the Monroe AA.

HNB has a strong level of community development service performance in the New Orleans MSA AA.

Shreveport MSA

Twenty-three percent of the bank's branches are located in this assessment area. The branch network in Shreveport reveals a strong penetration in low-income geographies. Branch distribution in the moderate-income areas is much weaker, with 14 percent of the branches located in these areas, compared to 24 percent of the population. A drive-up only facility is operated in a low-income geography and 17 ATMs are available in low- or moderate-income geographies. No branches have been opened or closed in the Shreveport MSA AA during the review period. Overall, the accessibility throughout the assessment area is good.

HNB reported numerous community development services in the Shreveport MSA AA. Services include teaching financial related curriculum at schools, providing home buyer education, and providing information on services available for small businesses. Examples of community development services are summarized below.

Bank-at-School - The bank has one bank-at-school located in a low-income geography and two located in moderate-income geographies. The bank has adopted six schools in the AA and provides financial education and other services for these schools. The activities focus on financial education and services to students from low-and moderate-income families.

School House Project - The HNB CDC has one schoolhouse project currently underway in the Shreveport MSA AA. The CDC provided the lead in getting the school, the city, and a contractors association involved in the project. The project will ultimately provide an affordable single family residence. Students involved in the project obtain financial education and job skills.

McAuley Partnership Agreement - HNB CDC has partnered with McAuley Institute to provide technical assistance and financial assistance to community groups in Shreveport and the Northern Region of Louisiana. This service helps improve knowledge in the communities and strives to generate community development projects. The partnership agreement is a response to a need identified to develop the capacity of nonprofit organizations. The organizations did not have enough education or capacity to get projects underway. Through the partnership,

nonprofit agencies should be able to successfully provide a greater level of community development projects.

HNB has a strong level of community development service performance in the Shreveport MSA AA.

Baton Rouge MSA

Branches are located in census tracts serving customers of all income levels in the AA, although the penetration of branches in the low-income census tracts is less than the percentage of the AA population living in low-income geographies. In addition, the penetration of branches in moderate-income geographies is less than the percentage of the AA population living in moderate-income geographies. Two branches were closed during the review period, one was in a moderate-income geography. Branches are reasonably accessible to all individuals of the AA.

HNB has been involved in several community development services. Money management education has been provided, and three bank-at-school programs are operated in moderate-income geographies. These educational programs target low- and moderate-income individuals. The HNB CDC has also provided several services in the AA and three are summarized below.

Rehabilitate Affordable Housing - The HNB CDC helped find a site and write a grant proposal for acquisition and rehabilitation of affordable housing in Dondaldsonville.

Develop Affordable Housing in Low-Income Areas - The HNB CDC is involved in a joint venture with New Hope CDC to develop affordable housing in low-income areas. Service activities include assistance with the development of specifications for the house, sponsorship of a Federal Home Loan Grant application, help in obtaining additional financing, and aid with contractor selection.

Redevelop an Inner-city Grocery Store - HNB CDC was a partner in a project to redevelop an inner-city grocery store. The project involved counseling the business owner and included a partnership with a college. College students involved obtained financial education and job skills. Technical assistance was provided to the small business. An area in need of revitalization benefitted through improvements made to the business, which helped provide for continuation of the grocery store in the community.

Houma MSA

Houma MSA AA branches are distributed consistently with the income demographics of the AA population. During the review period, four branches were closed in the AA, all were located in middle- or upper-income census tracts.

HNB provided several community development services in the Houma MSA AA including home ownership counseling, financial product education, and involvement in affordable housing projects. Three bank-at-school programs are operated in moderate-income geographies that serve a large population of low- and moderate-income families.

NE Rural Region

The NE Rural Region only accounts for two percent of HNB branches in Louisiana, or four locations. An analysis of the percentage of branches in each income level is not meaningful. One branch is located in a low-income census tract and one is located in a moderate-income census tract. During the review period, one branch was closed in a moderate-income area. The distribution is good.

Although only a small portion of the bank's deposits are from the NE Rural Region AA, the bank has provided community development services. The bank has one bank-at-school program. The bank also adopted five schools to provide financial education. These programs are directed at providing financial education to students from low- and moderate-income families.

The HNB CDC partnered with four other entities to construct six single family units. The project involves college students and provides financial and job training skills. The CDC provided technical assistance for a grant application and assistance in identifying financing sources. The CDC also has helped obtain home buyer training for prospective buyers.

Lake Charles Rural Region

The Lake Charles Rural Region AA includes eight branches, which account for four percent of HNB Louisiana branches. The branches are located in middle- and upper-income census tracts. This distribution is reasonable since 87% of the AA population resides in these geographies. No branches were opened or closed during the review period.

Community development services have been limited in this AA during the review period. The bank provided information at a housing bank fair and a homeowners workshop.

CONCLUSIONS FOR AREAS IN LOUISIANA RECEIVING LIMITED-SCOPE REVIEWS

Based on limited-scope reviews, the bank's performance under the Service Test in the Monroe MSA, Alexandria MSA, Lafayette MSA, DeSoto Parish Acadiana Rural Region, Assumption Parish, Washington Parish, and Avoyelles Parish is not inconsistent with the bank's overall Service Test rating of High Satisfactory in the state of Louisiana. Refer to Table 13 in the state of Louisiana section of Appendix D for the facts and data that support these conclusions.

Texas State Rating

CRA Rating for Texas: Satisfactory ___
The Lending Test is rated: Low Satisfactory
The Investment Test is rated: Low Satisfactory
The Service Test is rated: Low Satisfactory

The major factors that support this rating include:

- p HNB has established an adequate record of lending to borrowers in multiple and diverse geographies and to borrowers of various income and revenue levels. There are no community development loans.
- p HNB has provided an adequate level of qualified investments throughout the Texas and Texarkana Multistate MSA. The investments are responsive to community credit needs, especially affordable housing. The investments show no notable innovation or complexity.
- p HNB has provided an adequate level of community development services throughout its assessment areas.

Description of Institution's Operations in Texas

HNB operates 28 full-service branches within 8 separate AAs encompassing 12 counties in East Texas. Operations in East Texas account for 3.98% of HNB's total deposits as of September, 1999. The East Texas AAs include 4 MSAs (Beaumont, Longview, Tyler, and Collin County which is a county in the Dallas MSA) and 3 non-MSAs (Cass, Cherokee, and Lamar). HNB's deposit market shares within the East Texas assessment areas range from a low of 1% to a high of 45%.

In the Texarkana Multistate MSA, HNB operates 7 full-service branches encompassing Bowie County in Texas and Miller County in Arkansas. Operations in the Texarkana Multistate MSA account for 2.52% of total deposits as of December 31, 1998. Deposit market share reports for 1998 indicate HNB was ranked first in the market with 24.49% of total deposits within the Texarkana Multistate MSA.

Refer to the Market Profiles for the state of Texas in Appendix C for detailed demographics and other performance context information for AAs that received full-scope reviews.

Scope of Evaluation in Texas

A full-scope review was performed for the Beaumont and Longview MSAs and Cherokee and Lamar Counties. These assessment areas, which represent 3.17% of HNB total deposits and 2.59% of the reported loans, are weighted most heavily in assessing the bank's performance. Limited scope reviews were conducted for the Collin and Cass Counties and the Tyler MSA. These assessment areas represent .83% of HNB total deposits and 1.14% of the reported loans. The Texarkana Multistate MSA assessment area represents 3% of HNB total deposits and 4% of the reported loans. Refer to table 1-B in Appendix D for more information.

Numerous community contacts performed by the OCC and other regulatory agencies during the evaluation period were reviewed. A total of 19 community contacts were made during the review period. All of the contacts were in assessment areas that received a full scope review. The group of contacts included small business development and economic development agencies, realtors, and neighborhood associations. These contacts were made to help determine the credit needs in the assessment areas. The identified needs within the assessment areas have been typical, I.E., small business and affordable housing loans, and financial and credit education programs. In aggregate, the comments received were positive concerning the manner in which HNB and other banks have provided needed credit, investments, and services in the communities.

LENDING TEST

Conclusions for Areas Receiving Full-Scope Reviews

The bank's performance under the Lending Test in Texas is rated "Low Satisfactory". Based on full-scope reviews, the bank's performance in the Beaumont and Longview MSAs and in the Texarkana Multistate MSA is adequate. Cherokee and Lamar Counties performance is good. Variations in performance among the assessment areas and among lending products are described below.

Lending Activity

Refer to Table 1-B in the state of Texas section of Appendix D for the facts and data used to evaluate the bank's lending activity.

HNB demonstrated adequate responsiveness to the assessment area credit needs through the number of home mortgage related loans and small business loans originated during the evaluation period.

HNB's business strategy places emphasis on residential real estate and commercial lending. The most weight in analyzing HNB's lending performance in the State of Texas was placed on home mortgage and small business lending.

HNB's home mortgage and small business lending market share rankings reflect adequate performance in the Beaumont MSA compared to its deposit market share ranking. HNB ranks twelfth among financial institutions with a 2.4% market share of deposits, compared to first for home improvement lending with a 10.7% market share, fourth for home mortgage refinance lending with a 3.6% market share, and sixth for small business lending with a 6.7% market share. HNB's volume of home improvement loans is not significantly different from the second and third ranked lenders. Data indicates there is strong competition in this market and no clear leader. HNB has a 1.0% market share of home purchase loans. It is one of 175 home purchase loan originators in the Beaumont MSA in 1998. Only two of the lenders have a market share exceeding 5%.

HNB's home improvement lending market share ranking reflects adequate performance in the Longview MSA. HNB ranks third out of 45 lenders. However, home purchase and home mortgage refinance lending market shares and ranks are far less than its deposit market share and rank. The market for home purchase loans in the Longview MSA is highly competitive. There were 143 different entities originating home purchase loans in 1998. Only four lenders have a market share exceeding 5%. Three of those lenders are mortgage companies. The market for home mortgage refinance loans is, likewise, competitive with 157 originators in 1998. Only five lenders have a market share exceeding 5%. Small business lending market share is less than deposit market share. Small business lending in the Longview MSA is dominated by one lender with a 54% market share.

HNB's home improvement and small business lending market share rankings reflect good performance in Cherokee County compared to the bank's deposit market share ranking. HNB's market share in home improvement lending significantly exceeds its deposit market share. The small business market share is slightly higher than the deposit market share. A relatively low market share for home purchase lending is attributed to the strong competition from mortgage companies. Six of the top ten home purchase lenders are mortgage companies. Home mortgage refinance lending in Cherokee County is characterized by relatively light lending activity by all lenders. The market leader made only four loans in 1998.

HNB's home mortgage and small business lending in Lamar County is good. Overall lending activity in this market is the strongest of the Texas assessment areas receiving full-scope reviews. HNB ranks first for all lending products, compared to fourth in deposit market share among financial institutions.

Home mortgage and small business lending market share rankings reflect adequate performance in the Texarkana Multistate MSA compared to its deposit market share ranking. HNB ranks first among financial institutions in the volume of deposits in the market, as well as first in the market ranking for home improvement and home mortgage refinance lending. HNB is ranked fifth in the number of home purchase loans. This lower market ranking is attributed to a high level of competition in this market as there were 106 home purchase originators in the market in 1998. Five of the top ten lenders are mortgage companies. The bank's market share for small business loans approximates its deposit market share.

Distribution of Loans by Income Level of the Geography

Home Mortgage Loans

Refer to Tables 2-B, 3-B and 4-B in the state of Texas section of Appendix D for the facts and data used to evaluate the geographic distribution of the bank's home mortgage loan originations.

Beaumont MSA

HNB's mortgage related lending to individuals in low-income and moderate-income census tracts is poor.

HNB's volume of home purchase lending to individuals living in low-income and moderate-income census tracts is poor. The volume of home purchase loans to individuals in low-income and moderate-income census tracts is lower substantially than the percentage of the owner occupied housing. The bank made only two home purchase mortgage related loans in low-income census tracts during the evaluation period, compared to 243 loans made by all other lenders in 1998. HNB made a total of seven home purchase loans in moderate-income census tracts during the evaluation period, compared to 772 loans made by all other lenders in 1998.

HNB's volume of home mortgage refinance lending to individuals in low-income and moderate-income census tracts is poor. The volume of home mortgage refinanced loans to individuals in low-income and moderate-income census tracts is lower substantially than the percentage of the owner occupied housing.

HNB's volume of home improvement loans to individuals in low-income and moderate-income census tracts is poor. The volume of home improvement loans to individuals in low-income and moderate-income census tracts is lower substantially than the percentage of the owner occupied housing.

HNB's home purchase loan, home mortgage refinanced loan, and home improvement loan market share in low-income and moderate-income census tracts is lower than its overall market share. The market share percentage in the low-income tract is attributable to one jumbo mortgage loan.

While there are conspicuous gaps in HNB's home mortgage lending in low- and moderate-income census tracts, the demographic makeup of the tracts and the bank's branch distribution help explain the gaps. The bank made loans in only two of sixteen low-income tracts and three of twenty-one moderate-income tracts. Most of the low- and moderate-income census tracts with no lending activity are in Jefferson County, where the bank did not have a branch during the evaluation period. An analysis of the demographics of the tracts with no lending activity reveals that almost half of the housing units in low-income tracts are rental and multifamily. In moderate-income tracts without activity, rental and multifamily units outnumber owner occupied units. Additionally, there is a high level of vacant housing units in both low- and moderate-income tracts with no activity.

Longview MSA

HNB's geographic distribution of home mortgage related lending in low- and moderate-income census tracts is adequate.

HNB did not make any home purchase loans, home mortgage refinanced loans or home improvement loans in low-income census tracts. The low-income census tracts contain less than 1% of the owner occupied housing units in the assessment area. Other lenders made a total of only fourteen home mortgage loans in low-income tracts in 1998. HNB's home purchase lending to individuals living in moderate-income census tracts is good. The percentage of home purchase loans in the moderate-income tracts is neat to the percentage of owner-occupied housing units located in these tracts.

HNB did not make any refinanced mortgage loans in the moderate-income census tracts. HNB's volume of home improvement loans in moderate-income census tracts poor. The percentage of loans in the moderate-income census tracts is lower substantially than the percentage of owner-occupied units in these tracts.

The bank's market share of home purchase loans in moderate-income tracts exceeds its overall MSA market share. HNB made no home mortgage refinance loans in moderate-income tracts, and few home improvement loans.

There are conspicuous gaps in HNB's home mortgage related lending in low- and moderate-income census tracts, however the demographic makeup of the tracts and the bank's branch distribution help explain the gaps. HNB has not had any home mortgage related lending activity in all of the low-income census tracts and most of the moderate-income tracts. There are only three low-income census tracts, and a substantial majority of the housing units are rental occupied or vacant. This limits home mortgage lending opportunities. The bank has no lending activity in five of the eight moderate-income census tracts. About half of the housing units in these tracts are occupied rental units or vacant.

Cherokee County

HNB's home mortgage related lending to individuals in moderate-income tracts is excellent.

There are no low-income census tracts in this assessment area. HNB's home purchase, home mortgage refinanced, and home improvement lending to individuals living in moderate-income census tracts is excellent. The percentage of home purchase, home improvement, and home mortgage refinance loans originated in moderate-income census tracts exceeds substantially the percentage of owner occupied housing located in these tracts. The bank's market share for each one of these mortgage loan related products in moderate income tracts also exceeds its overall county market share.

There are conspicuous gaps in HNB's home mortgage lending in this assessment area, however, the demographic makeup of the tracts and the bank's branch distribution help explain the gaps. There are three moderate-income tracts in Cherokee County. HNB's home mortgage loans are all in one census tract. Almost twice as many home mortgage loans were made by all lenders in this tract in 1998, compared to the other two tracts combined. HNB has the most loans of any lender in this census tract with 13 loans. Only 38 home mortgage loans were made by all lenders in 1998 in the two tracts where HNB has no activity. These two census tracts are more sparsely populated than the one where HNB has lending activity.

Lamar County

HNB's home mortgage related lending to individuals living in moderate-income census tracts is adequate.

There are no low-income census tracts in this assessment area. HNB's percentage of home purchase lending and home mortgage refinanced loans to individuals moderate-income tracts is poor. The percentage of loans in the moderate-income census tracts is lower substantially than the percentage of owner-occupied units.

HNB's percentage of home improvement loans to individuals in moderate-income tracts is adequate. The percentage of loans is lower than the percentage owner-occupied-units. The volume for each mortgage product type lags the percentage of owner occupied housing units in these tracts. However, overall activity by all lenders is limited. The bank has a strong market rank for each product type in moderate-income census tracts. HNB ranks second in home purchase lending with six loans, only one loan behind the market leader. The bank ranks first in home improvement lending with two loans, and is tied for first in home mortgage refinance lending with two loans.

HNB's market share of home purchase, refinanced mortgage and home improvement loans in moderate-income census tracts is lower than its overall market share.

There are no conspicuous gaps in lending patterns in this assessment area. Hibernia originated home mortgage loans in each of the moderate-income census tracts.

Texarkana Multistate MSA

HNB's home mortgage related lending to individuals living in low- and moderate-income census tracts is adequate.

HNB's percentage of home purchase loans to individuals in low-income and moderate-income census tracts is poor. The percentage of loans in these census tracts is lower substantially than the percentage of owner-occupied units in these tracts.

The bank made four home mortgage loans in low-income tracts during the evaluation period. Home mortgage related lending activity by all lenders in low-income census tracts is limited. Collectively, all lenders made only 38 home mortgage related loans in 1998. The leading home purchase lender made only three loans. Only two lenders made more than one home purchase loan. The leading lender in any of the home mortgage loan products made only three loans.

HNB's refinanced home mortgage loans to individuals in low-income and moderate-income census tracts is poor. The percentage of loans in these census tracts is lower substantially than the percentage of owner-occupied units in these tracts.

HNB's home improvement lending to individuals living in low-income census tracts is poor. The percentage of loans to individuals in low-income tracts is lower substantially than the percentage of owner-occupied units. HNB's home improvement lending to individuals living in moderate-income census tracts is

adequate. The percentage of loans to individuals in moderate-income tracts is lower substantially than the percentage of owner-occupied units. HNB's strongest performance in the moderate-income census tracts is in home improvement lending. This reflects the age of the housing stock which, based on 1990 census data, averages more than 40 years.

The 1998 market share data indicates that HNB's home purchase, refinanced mortgage, and home improvement loan lending market share in both low- and moderate-income census tracts is lower than its overall market share for each mortgage related loan product.

There are no conspicuous gaps in home mortgage related lending activity. HNB has made home mortgage related loans in a majority of all low- and moderate-income census tracts within the Texarkana Multistate MSA. There is one low-income census tract in which HNB did not make any home mortgage related loans. This tract has a large volume of rental and multifamily units which limits home mortgage lending opportunities. Approximately 21% of these housing units are vacant.

Small Business Loans

Refer to Table 5-B in the state of Texas section of Appendix D for the facts and data used to evaluate the geographic distribution of the bank's small business loan originations.

Beaumont MSA

HNB's lending to small businesses in low-income and moderate-income census tracts is adequate.

Small business lending in low-income census tracts is poor. The percentage of loans in low-income census tracts is lower substantially less than the percentage of businesses located in low-income census tracts. Lending to small businesses in moderate-income tracts is adequate. The percentage of loans small businesses in moderate-incomes is lower than the percentage of businesses in those tracts.

HNB's market share of loans to small businesses in low-income and moderate-income tracts is lower than its overall market share. The market is dominated by a small group of lenders. The top five lenders account for 82% of the loans in low-income tracts and 78% of the loans in moderate-income tracts.

There are conspicuous gaps in HNB's small business lending in low- and moderate-income census tracts. HNB has no lending activity in 69% of the low-income census tracts and 71% of the moderate-income tracts. All of the low- and moderate-income census tracts with no lending activity are in Jefferson County where the bank did not have a branch during the evaluation period.

Longview MSA

HNB's lending to small businesses in low-income and moderate-income census tracts is good.

Small business lending in low-income census tracts is adequate. The percentage of loans to small businesses in low-income tracts is lower than the percentage of businesses in low-income tracts. Small business lending in moderate-income census tracts is excellent. The percentage of loans in the moderate-income census tracts exceed the percentage of businesses in moderate-income in tracts.

Market share of loans to small businesses in low-income census tracts is lower than the bank's overall market share. Market share of loans to small businesses in moderate-income census tracts exceed the bank's overall market share. Small business lending in low- and moderate-income census tracts is dominated by one lender who commands 78% and 61% market shares, respectively.

There are no conspicuous gaps in small business lending. HNB has no lending activity in two of the three low-income census tracts. However, those tracts contain only one business. The bank lends in a substantial majority of the moderate-income tracts.

Cherokee County

HNB's record of lending to small businesses in moderate-income census tracts is good.

There are no low-income census tracts in this assessment area. The percentage of loans made to small businesses is near to the percentage of businesses located in moderate-income census. HNB's market share of loans to businesses in moderate-income census tracts is lower than its overall market share. Two non-bank lenders dominate the market with 47% of total loans originated in 1998.

There are no conspicuous gaps in HNB's small business lending in moderate-income census tracts. HNB made small business loans in two of the three moderate-income census tracts. The one moderate-income tract without lending activity contains less than forty businesses, which suggests limited lending opportunities.

Lamar County

HNB's record of lending to small businesses in moderate-income census tracts is excellent.

There are no low-income census tracts in this assessment area. The percentage of loans to small businesses in moderate-income census tracts exceed the percentage of businesses located within these tracts. The bank's market share of loans in moderate-income census tracts exceeds its overall market share. HNB has twice the number of small business loans in these tracts as the number two ranked lender.

There are no gaps in small business lending in moderate-income census tracts. The bank made multiple loans in each tract.

Texarkana Multistate MSA

HNB's lending to small businesses located in low- and moderate-income census tracts is good.

HNB's percentage of loans to small business in low-income census tracts is good. The percentage of loans in low-income tracts is near to the percentage of businesses located within these tracts. HNB's market share in low-income census tracts is near to its overall MSA market share for all income areas combined.

The percentage of loans made to small businesses in moderate-income census is adequate. The percentage of loans to small businesses in moderate-income tracts is lower than the percentage of businesses located within these tracts. HNB's market share in moderate-income census tracts exceeds its overall MSA market share. HNB made only two fewer loans than the number one ranked lender, and thirty-nine more loans than the third ranked lender.

There are no conspicuous gaps in small business lending activity. HNB has lending activity in all low- and moderate-income census tracts.

Distribution of Loans by Income Level of the Borrower

Home Mortgage Loans

Refer to Tables 7-B, 8-B and 9-B in the state of Texas section of Appendix D for the facts and data used to evaluate the borrower distribution of the bank's home mortgage loan originations.

Beaumont MSA

HNB's mortgage related lending to low- and moderate-income individuals in the Beaumont MSA is good.

The percentage of home purchase loans to low-income individuals is poor. The percentage of home purchase loans is lower substantially than the percentage of low-income families in the Beaumont MSA. HNB's percentage of home purchase loans to moderate-income individuals is excellent. The percentage of home purchase loans to moderate-income individuals exceeds the percentage of low-income families. HNB's refinanced mortgage loans to low-income individuals is poor. The percentage of loans to low-income individuals is lower substantially than the percentage of low-income families. HNB's refinanced mortgage loans to moderate-income individuals is adequate. The percentage of refinanced mortgage loans to moderate-income individuals is lower than the percentage of moderate-income families. HNB's home improvement loans to low-income individuals is poor. The percentage of loans to low-income individuals is lower substantially than the percentage of low-income families. HNB's home improvement loans to moderate-income individuals are excellent. The percentage of home improvement loans made to moderate-income borrowers exceeds the percentage of moderate-income families in this assessment area.

The 1998 market share data for the Beaumont MSA shows that HNB's market share of home purchase, refinanced mortgage, and home improvement loans to low-income individuals is lower than the bank's overall MSA market share. The bank's market share of home purchase loans to moderate-income individuals is near to the bank's overall market share. The bank's market share of refinanced mortgage loans to moderate-income individuals is lower than its overall market share. Market share of home improvement loans to moderate-income individuals exceeds the bank's overall market share.

Longview MSA

HNB's lending to low- and moderate-income individuals in the Longview MSA is adequate.

HNB's percentage of home purchase loans to low-income individuals is poor. The percentage of loans of loans to low-income individuals is lower substantially than the percentage of low-income families. Home purchase loans to moderate-income individuals is good. The percentage of home purchase loans to moderate-income individuals is near to the percentage of moderate-income families.

Refinanced mortgage loans to low-income and moderate-income individuals is poor. The percentage of home mortgage refinance loans made to low-income and

moderate-income individuals is lower substantially than the percentage of low- and moderate income families in this assessment area.

Home improvement loans to low-income and moderate-income individuals is good. The percentage of home improvement loans made to low-income and moderate-income individuals is near to the percentage of low-income and moderate-income families in the Longview MSA.

The bank's market share of home purchase loans to low-income and moderate-income individuals is lower than its overall market share. Refinanced mortgage loan market share of loans to low-income and moderate-income individuals is lower than the bank's overall market share. Home improvement loan market share of loans to low-income individuals exceeds its overall market share for this product. HNB's market share of home improvement loans to moderate-income individuals is lower than its overall market share.

Cherokee County

HNB's home mortgage related lending to low- and moderate-income individuals in Cherokee County is adequate.

HNB made no home purchase loans to low-income individuals. Other lenders made a total of 29 home purchase loans to low-income individuals in 1998. Home purchase loans moderate-income individuals is excellent. The percentage of home purchase loans to moderate-income individuals exceeds the percentage of moderate-income families in Cherokee County.

HNB's did not make any home mortgage refinanced loans to low-income individuals during the evaluation period. Collectively, all other lenders made only six home mortgage refinance loans to low-income individuals in 1998. HNB's refinanced mortgage loans to moderate-income individuals is excellent. The percentage of home mortgage refinanced loans to moderate-income individuals exceeds the percentage of moderate-income families in Cherokee County.

HNB's home improvement loans to low-income individuals is poor. The percentage of home improvement loans HNB made to low-income individuals is lower substantially than the percentage of low-income families in Cherokee County. The overall volume of home improvement lending to low-income individuals by all lenders is limited. HNB's home improvement loans to moderate-income individuals is excellent. The percentage of loans to moderate-income individuals exceeds the percentage of moderate-income families in the assessment area.

HNB's market share of home purchase loans to moderate-income individuals exceed the bank's overall market share. HNB's market share of refinanced loans

to moderate-income individuals exceeds the bank's overall market share. HNB's market share of home improvement loans to low-income individuals exceed the bank's overall market share. HNB has a 50% market share with only one loan. Market share of home improvement loans to moderate-income individuals is lower than the bank's overall market share.

Lamar County

HNB's home mortgage related lending to low- and moderate-income individuals in Lamar County is adequate.

HNB's home purchase lending to low-income individuals is poor. The percentage of home purchase loans made to low-income individuals is lower than the percentage of low-income families in Lamar County. Home purchase lending to moderate-income individuals is good. The percentage of home purchase loans made to moderate-income individuals is near to the percentage of moderate-income families in this assessment area.

HNB's refinanced mortgage loans to low-income and moderate-income individuals is poor. The percentage of refinanced loans to low-income and moderate-income individuals is lower substantially than the percentage of low-income and moderate-income families.

HNB's home improvement loans to low-income individuals is poor. The percentage of home improvement loans to low-income individuals is lower substantially than the percentage of low-income families. HNB's home improvement loans to moderate-income individuals is excellent. The percentage of home improvement loans made to moderate-income individuals exceeds the percentage of moderate-income families.

HNB ranks number one among lenders in the number of home purchase loans to low-income individuals with 6 loans. The market share for home purchase loans to low-income individual exceeds the bank's overall market share of home purchase loans to all borrowers. The market share of home purchase loans to moderate-income individuals is lower than the bank's overall market share. Home improvement and home mortgage refinance lending by all lenders is extremely limited. Only four home mortgage refinance loans were made to low-income individuals in 1998, all by one lender. HNB's market share of refinanced loans to moderate-income individuals is lower than its overall market share. HNB ranks third among lenders, with two refinance loans made to moderate-income individuals in 1998. The top two lenders each made three loans. Only one home improvement loan was made by all lenders to low-income individuals in 1998. HNB's market share of home improvement loans to moderate-income individuals exceed its overall market share.

Texarkana Multistate MSA

HNB's mortgage related lending to low- and moderate-income individuals is adequate.

HNB's home purchase loans to low-income individuals is poor. The percentage of home purchase loans made to low-income individuals is lower than the percentage of low-income families in the Texarkana Multistate MSA. Home purchase loans to moderate-income individuals is good. The percentage of loans to moderate-income individuals is near to the percentage of moderate-income families.

HNB's refinanced mortgage loans to low-income and moderate-income individuals is poor. The percentage of refinanced loans to low-income and moderate-income individuals is lower than the percentage of low-income and moderate-income families in the assessment area.

HNB's home improvement loans to low-income individuals is poor. The percentage of home improvement loans to low-income individuals is lower substantially than the percentage of low-income families. The percentage of home improvement loans made to moderate-income individuals is excellent. The percentage of loans made to moderate-income individuals exceed the percentage of moderate-income families.

The 1998 market share data shows that loans to low- and moderate- income individuals for home purchase and home mortgage refinance is lower than the bank's overall market share. The market share data shows that HNB's home improvement lending to low- and moderate-income individuals is near to its overall market share for home improvement lending.

Small Business Loans

Refer to Table 10-B in the state of Texas section of Appendix D for the facts and data used to evaluate the borrower distribution of the bank's small business loan originations.

Beaumont MSA

HNB's lending to businesses with revenues of \$1 million or less is good. The bank's percentage of reportable loans made to businesses of this revenue size is lower than the percentage of businesses with revenues of \$1 million or less. The percentage of small business loans made by HNB exceed the percentage of loans

made by all other lenders in the assessment area. A substantial majority of the small business loans originated are in amounts of \$100,000 or less.

The 1998 market share data reflects that HNB ranks sixth among lenders in the number of loans made to businesses with revenues of \$1 million or less. The bank's market share of small business loans with revenues of \$1 million or less exceed its market share for all small business loans. Three lenders make up a significant portion of the market activity, with an aggregate market share of 63%.

Longview MSA

HNB's lending to businesses with revenues of \$1 million or less is adequate. The bank's percentage of reportable loans made to businesses of this revenue size is lower than the percentage made by all other lenders in the assessment area. The percentage of small business loans is lower than the percentage of small businesses in the Longview MSA. A substantial majority of the small business loans originated are in amounts of \$100,000 or less.

The 1998 market share data reflects that HNB ranks fifth among financial institutions in the number of loans to businesses with revenues of \$1 million or less. This market share of loans to small businesses with revenues less than \$1 million exceeds the bank's overall market share for small business loans. This market is dominated by one lender with a 59% market share.

Cherokee County

HNB's lending to businesses with revenues of \$1 million or less is good. The bank's percentage of reportable loans made to businesses of this revenue size is lower than the percentage of businesses with revenues of \$1 million or less. The percentage of loans to small businesses exceeds the percentage of loans made by all other lenders in the assessment area. All of the bank's small business loans originated are in amount of \$100,000 or less.

The 1998 market share data reflects that HNB ranks second among financial institutions in the number of loans to businesses with revenues of \$1 million or less. The bank's market share of loans to businesses with revenues less than \$1 million exceeds its overall market share for small business loans. The leading lender in the assessment area is American Express with a 33% market share.

Lamar County

HNB's lending to businesses with revenues of \$1 million or less is good. The bank's percentage of reportable loans made to businesses of this revenue size is

lower than the percentage of businesses with revenues of \$1 million or less. The percentage of loans to small business exceed the percentage of loans made by all other lenders in the assessment area. A substantial majority of the small business loans originated are in amounts of \$100,000 or less.

The 1998 market share data reflects that HNB ranks first among financial institutions in loans to businesses with revenues of \$1 million or less. HNB's market share for loans to businesses with revenues less than \$1 million exceeds its overall market share for small business loans.

Texarkana Multistate MSA

HNB's lending to businesses with revenues of \$1 million or less is good. The bank's percentage of reportable loans made to businesses of this revenue size is lower than the percentage of businesses with revenues of \$1 million or less. The percentage of loans to small business exceed the percentage of loans made by all other lenders in the assessment area. A substantial majority of the small business loans are in amounts less than \$100,000.

The 1998 market share data shows that HNB's market share of loans to small businesses exceed its overall market share. HNB ranks second among financial institutions in the number of loans to businesses with revenues of \$1 million or less. While the number one ranked lender has a dominant market position, HNB originated almost three times the number of small business loans as the third ranked lender.

Community Development Lending

Refer to Table 1-B in the state of Texas section of Appendix D for the facts and data used to evaluate the bank's level of community development lending.

Beaumont MSA

The bank did not make any community development loans in the Beaumont MSA. However, the bank's performance is hindered by the fact they are relatively new to this market. Performance is expected to improve as the bank becomes established in the market.

Longview MSA

The bank did not make any community development loans in the Longview MSA. The bank's performance is hindered by the fact they are relatively new to this market. Performance is expected to improve as the bank becomes established in the market.

Cherokee County

The bank did not make any community development loans in Cherokee County. The bank's performance is hindered by the fact they are relatively new to this market. Performance is expected to improve as the bank becomes established in the market.

Lamar County

The bank did not make any community development loans in Lamar County. However, the bank's performance is hindered by the fact they are relatively new to this market. Performance is expected to improve as the bank becomes established in the market.

Texarkana Multistate MSA

HNB did not make any community development loans in the Texarkana Multistate MSA during the CRA evaluation period. The absence of community development loans is attributed to the fact that the bank is relatively new to the market, and there are limited opportunities for these types of loans in this area. The bank's Community Development specialists have identified and made contacts with various organizations that have community development as their primary purpose.

Product Innovation and Flexibility

HNB uses flexible underwriting guidelines to meet the credit needs of low- and moderate-income individuals and families. The loan programs are designed to increase the volume of loans originated to low- and moderate-income individuals and geographies. HNB often leverages its loan programs with public monies to maximize home ownership opportunities for low- and moderate-income families and individuals. Examples of loan products with flexible loan criteria follow.

Bond Program Participation - HNB participates in numerous bond programs that offer flexible underwriting criteria tailored to meet the credit needs of low- and moderate-income families. Hibernia originated 42 loans totaling \$1.7 million under these programs during the evaluation period. Most of these loans are to individuals living in Lamar County. HNB originated 32 loans totaling \$1.5 million under these programs in the Texarkana MSA.

Affordable Housing Program - This program is a state-wide loan pool created to help low- and moderate-income families who do not qualify for home mortgage financing under traditional lending standards. This program offers more lenient underwriting than offered by other government-sponsored programs. Features of the program include low down payment requirements and higher allowable

debt/income ratios. The maximum allowable income to participate in the program is 100% of median income. The maximum home sales price allowed is \$85,000. All applicants must participate in pre-purchase home buyer education counseling sessions provided by community housing agencies or Hibernia. The bank originated two loans totaling \$107,650 during the evaluation period. Two loans totaling \$80,600 were originated in the Texarkana Multistate MSA during the review period.

Conclusions for Areas Receiving Limited-Scope Reviews

Based on limited-scope reviews, the bank's performance under the Lending Test in Collin, Smith, and Cass Counties is not inconsistent with the bank's overall "Low Satisfactory" performance under the Lending Test in Texas. Refer to Tables 1- B through 11-B in the state of Texas section of Appendix D for the facts and data that support this conclusion.

HNB made no home mortgage related loans to individuals in low- and moderate-income census tracts in Smith County during the evaluation period. However, home mortgage related lending activity by all lenders in low- and moderate-income tracts is limited in 1998. The percentage of loans in these tracts is less than the percentage of owner occupied units. Although Hibernia made no loans in low- and moderate- income tracts in Smith county, the bank did make loans to low- and moderate- income individuals in Smith county living outside these census tracts. HNB's record of home mortgage related lending to low- and moderate- income individuals in Smith County is good.

INVESTMENT TEST

Conclusions for Areas Receiving Full-Scope Reviews

The bank's performance under the Investment Test in Texas is rated "Low Satisfactory". Based on full-scope reviews, the bank's level of qualified investments in all AAs is adequate. The bank has 28 investments totaling \$2.7 million in the assessment areas included in Texas and the Texarkana Multistate MSA. The substantial majority of the investments are directed towards affordable housing programs. Approximately 1% of the bank's investments were made in the current CRA evaluation period.

Two of the investments impact all of the assessment areas since one investment is a statewide investment, and the other investment includes all assessment areas in Texas and others in northern Louisiana (the Capital Access investment is reflected in the Louisiana numbers). These two investments were previously

discussed under the Texarkana Multistate MSA and were considered in the rating of this area also. The investments include a \$2.6 million revenue bond used to fund low- and moderate-income mortgages, and a \$2.5 million investment into the Capital Access closed-end mutual fund. The objective of the mutual funds is to provide funding to develop a secondary market and financing vehicle for the sale of community development loans. These Investments will be referred to as the "two previously mentioned investments" when discussing the performance of each full scope review assessment area in Texas. These two investments were weighted heavily in determining the bank's overall rating for the state of Texas.

Refer to Table 12-B in the state of Texas section of Appendix D for the facts and data used to evaluate the bank's level of qualified investments.

Beaumont MSA

HNB's performance in the Beaumont MSA is adequate. The bank made 6 qualified grants in the Beaumont MSA assessment area totaling \$7,750. The grants, and the "two previously mentioned investments", are responsive to credit needs. Approximately 80% of the grants support affordable housing programs. The dollar amount spent on grants is reasonable given the percentage of deposits gathered from this area. None of the investments are considered to be innovative or complex.

Longview MSA

HNB's performance in the Longview MSA is adequate. The bank made 5 qualified grants in the Longview MSA assessment area totaling \$18,713. The grants, and the "two previously mentioned investments", are responsive to credit needs. All of the grants either went to organizations that support affordable housing or the financing of small businesses. The dollar amount spent on grants is reasonable given the percentage of deposits gathered from this area. None of the investments are considered to be innovative or complex.

Cherokee County

HNB's performance in the Cherokee MSA is adequate. The bank made 3 qualified grants in Cherokee County totaling \$1,650. The grants, and the "two previously mentioned investments", are responsive to credit needs. All of the grants were directed to organizations that provide human and social services to low- and moderate-income people. The dollar amount spent on grants is low given the percentage of deposits gathered from this area. None of the investments are considered to be innovative or complex.

Lamar County

HNB's performance in the Lamar MSA is adequate. The bank made 3 qualified investments in Lamar County totaling \$6,444. The grants, and the "two previously mentioned investments", are responsive to credit needs. Approximately 78% of the grants were to an organization that build affordable homes. The dollar amount spent on grants is reasonable given the percentage of deposits gathered from this area. None of the investments are considered to be innovative or complex.

Texarkana Multistate MSA

HNB's performance in the Texarkana Multistate MSA is adequate.

The bank made 9 qualified investments in the Texarkana Multistate MSA totaling \$12,984. The grants and the "two previously mentioned investments, are responsive to credit needs in the area. The substantial majority of the investments were directed towards affordable housing programs. Hibernia's total qualified investments directed to the Texarkana Multistate MSA and/or a larger region that includes this assessment area equals \$5.23 million.

Examples of investments include a \$2.6 million revenue bond backed by low- and moderate-income mortgages and a \$2.5 million investment into a closed end mutual fund named Capital Access that has an objective of providing a secondary market and financing vehicle for community development loan originators. Approximately 50% of the investments were made in the current CRA evaluation period. The dollar level of investments made in this assessment area are significant when considering the proportion of deposits received from the Texarkana Multistate MSA. The Texarkana Multistate MSA represents only 3% of total bank deposits while the investments made in this area represent over 36% of qualified investments.

Although the investments are responsive to credit needs and the dollar amounts are significant relative to the deposits gathered from this assessment area, the investments show no notable innovation or complexity.

Conclusions for Areas Receiving Limited-Scope Reviews

Based on limited-scope reviews, the bank's performance under the Investment Test in the Collin County and the Tyler MSA is not inconsistent with the bank's overall "Low Satisfactory" performance under the Investment Test in Texas. The bank's performance in Cass County is weaker than the bank's overall performance in the state due to no investments in the county. However, it did not change the overall Investment Testing for Texas. Refer to the Tables 12-B in the state of Texas section of Appendix D for the facts and data that support these conclusions.

SERVICES TEST

The bank's performance under the Service Test for Texas is rated "Low Satisfactory". Based on full-scope reviews, the bank's performance in all AAs is adequate. All services are at least reasonably accessible to individuals and geographies of different income levels within the bank's AAs.

Conclusions for Areas Receiving Full-Scope Reviews

Retail Banking Services

Refer to Table 13-B in the state of Texas section of Appendix D for the facts and data used to evaluate the distribution of the bank's branch system and the distribution of branches opened and closed during the review period. Branch operating hours vary throughout the state to meet individual customer needs. More detailed information about the branch distribution for each AA reviewed using full-scope procedures is described below. Many branch locations offer extended lobby or drive-up hours on Friday and operate Saturday hours. Banking hours are equitable and do not inconvenience any portion of the AAs.

Retail services are generally uniform throughout Texas. A full range of deposit and loan products are available. The bank offers deposit products that cater to the needs of small businesses. In addition, investment services are available through Hibernia Investment Securities, Inc. and insurance products are available through Hibernia Insurance Agency, L.L.C.

Several retail products and services are offered that benefit low- and moderate-income individuals. The bank cashes non-customer government checks for a service charge of \$3 and cashes other non-customer checks for \$2 per \$100 cashed. A reasonably priced consumer savings account is offered. The bank's regular savings account does not require a minimum balance to accrue interest and does not incur a monthly service fee if the minimum daily balance of the account is \$300 or more. A service charge fee of \$3 is assessed when the balance does not meet the minimum requirement. Service charges are waived for minors and senior citizens. An affordable checking account called the Thrifty Checking account is also offered. The Thrifty Checking account requires no minimum balance and carries a flat \$5 monthly service fee. A consumer checking account called the SuperService account is offered in the Texarkana Multistate MSA. This account requires no monthly service fee.

Alternative Delivery Systems

Alternative delivery systems are available throughout the bank's AAs. HNB offers a large network of ATMs and customers can access nonproprietary ATMs for some transaction needs. The ATMs operate in English and Spanish. Debit cards are offered. A 24-hour telephone banking system provides account access and transactions for all customers. An Internet site provides product information and loan applications. Online banking is available for consumer and business customers. These delivery systems are available throughout the bank's AAs and supplement the branch network. The systems are beneficial to the bank's entire customer base including low- and moderate-income individuals. However, we have no specific information on how low- and moderate-income individuals and geographies are affected on the availability and effectiveness on delivering retail banking services. Therefore, we could not place significant weight on the alternative delivery systems when drawing our CRA performance.

Community Development Services

HNB provides a limited number of community development services in Texas. Qualified community development services include financial education to consumers or small businesses. The bank entered the Texas markets during 1997 and 1998. Since entering these markets, HNB has worked to identify community needs and establish relationships with community groups, schools and local government representatives. Given the short period of time HNB has operated in the Texas markets, the level of community development services is acceptable.

Beaumont MSA

The Beaumont MSA AA contains the largest concentration of HNB branches in Texas. Branches are reasonably distributed to serve customers of all income levels. However, the percentage of branches located in moderate-income census tracts is somewhat lower than the percentage of the AA population residing in moderate-income tracts. One branch was opened during the review period.

HNB conducted two community development services in the MSA. A presentation was made to potential small business loan customers concerning methods of applying for a small business loan. This presentation was made to small business owners whose businesses were located in low- and moderate-income geographies. The bank also participated in a six week seminar that taught the fundamentals of credit to a local CDC.

Longview MSA

HNB's six branches in the Longview MSA are located in middle-income geographies. Moderate-income geographies contain approximately 20 percent of the AA population. The lack of branches in moderate-income geographies appears

to indicate a lower level of service for customers in these census tracts. No branches have been opened or closed during the review period. Although the branches are not distributed among different income geographies, the branches are reasonably accessible to the entire assessment area population.

Branches in the Longview MSA AA were acquired in August 1998. Since acquisition, the bank participated in five community development services in the Longview MSA. All five community development services provided education that benefited low- and moderate-income areas or individuals. Two of the services were for small businesses, and three were for first time home buyer education.

Cherokee County and Lamar County

HNB has only one branch located in the Cherokee County AA which is in a moderate-income census tract. HNB has two branches located in the Lamar County AA. One of the branches is located in a moderate-income census tract. No branches were opened or closed during the review period.

HNB's Cherokee County location was acquired in August 1998. Two community development services were provided in the Cherokee County assessment area. Services included a presentation of information on community development initiatives at an economic development summit, and providing information at an affordable housing event. In Lamar County, the bank participated in two community development services. Services included assistance in providing financial service education to individuals receiving social security or other government benefits, and a bank employee provided technical assistance to an organization concerning ways to obtain and use funds for community development projects.

Texarkana Multistate MSA

HNB's seven branches in the Texarkana Multistate MSA are reasonably distributed to serve customers of all income levels. The branch network shows strong penetration to low-income geographies and exceed the percentage of AA population residing in low-income geographies. Branch located in moderate-income geographies is slightly lower than the percentage of AA population residing in moderate-income geographies.

HNB has been involved in several community development services within the Texarkana Multistate MSA. The bank helped provide financial education to consumers and technical assistance to nonprofit agencies that conduct community development projects. HNB's level of community development services is good.

HNB reported six service activities that provided education on financial literacy, home ownership, and electronic payment of government checks. The bank helped develop curriculum, sponsored, and delivered training for these educational presentations targeted to low- and moderate-income people. Technical assistance was provided to several organizations. Examples of this assistance includes providing technical aid to organizations concerning ways to obtain grant funds, and assisting organizations to develop financial goals and budgets. The HNB CDC was involved in an affordable housing project with the Ozan-Ingrhram/Iron Mountain Neighborhood Development Corporation. The project involves the construction of three single family units targeted to low-income home buyers. HNB's CDC has provided assistance in numerous ways for this project. Examples of HNB's assistance include: aid with an application for a grant from the Federal Home Loan Bank; help in outlining a strategy to providing home buyer workshops; development of prequalification guidelines for buyers; development of marketing strategies and budgets; and assistance in preparation of project specifications.

Conclusions for Areas Receiving Limited-Scope Reviews

Based on limited-scope reviews, the bank's performance under the Service Test in Collin County, Cass County and the Tyler MSA is not inconsistent with the bank's overall ("Service Test rating") performance under the Service Test in the state of Texas. Refer to Table 13 in the state of Louisiana section of Appendix D for the facts and data that support these conclusions.

Appendix A: Scope of Examination

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 nonmetropolitan 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").

Time Period Reviewed	Lending Test: January 1, 1997 to December 31, 1998 Investment Test: July 1, 1997 to October 18, 1999 Service Test: July 1, 1997 to October 18, 1999	
Financial Institution	Products Reviewed	
Hibernia National Bank New Orleans, Louisiana	Small business, home purchase, home improvement, refinance, community development	
Affiliate(s)	Affiliate Relationship	Products Reviewed
No affiliate products reviewed		
List of Assessment Areas and Type of Examination		
Assessment Area	Type of Exam	Other Information
Louisiana		
Shreveport MSA #	Full-Scope	
New Orleans MSA #	Full-Scope	
Houma MSA #	Full-Scope	
Baton Rouge MSA #	Full-Scope	
Lake Charles MSA #	Full-Scope	
Lafayette MSA	Limited-Scope	
Monroe MSA #	Limited-Scope	
Alexandria MSA #	Limited-Scope	
NE Rural Region #	Full-Scope	
Lake Charles Rural Region #	Full-Scope	
DeSoto Parish #	Limited-Scope	
Acadiana Rural Region #	Limited-Scope	
Avoyelles Parish #	Limited-Scope	
Assumption Parish #	Limited-Scope	
Washington Parish #	Limited-Scope	
Texas		
Texarkana Multistate MSA #	Full-Scope	
Beaumont MSA #	Full-Scope	
Longview MSA #	Full-Scope	
Tyler MSA #	Limited-Scope	
Cherokee County #	Full-Scope	
Lamar County #	Full-Scope	
Collin County #	Limited-Scope	
Cass County #	Limited-Scope	

Appendix B: Summary of State Ratings

RATINGS		HIBERNIA NATIONAL BANK		
Overall Bank:	Lending Test Rating*	Investment Test Rating	Service Test Rating	Overall Bank/State/Multistate Rating
HIBERNIA NATIONAL BANK	High Satisfactory	Low Satisfactory	High Satisfactory	Satisfactory
State:				
STATE OF LOUISIANA	High Satisfactory	Low Satisfactory	High Satisfactory	Satisfactory
STATE OF TEXAS	Low Satisfactory	Low Satisfactory	Low Satisfactory	Satisfactory

(*) The Lending Test is weighted more heavily than the Investment and Service Tests in the overall rating.

Appendix C: Market Profiles for Full-Scope Areas

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Market Profiles for Areas Receiving Full-Scope Reviews

State of Louisiana	71
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State of Louisiana Full-Scope Areas

SHREVEPORT MSA

Demographic Information for Full-Scope Area: Shreveport MSA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA % of #
Geographies (Census Tracts/BNAs)	82	14.63	23.17	29.27	25.61	7.32
Population by Geography	334,341	7.51	24.20	38.44	29.85	0.00
Owner-Occupied Housing by Geography	80,544	5.07	22.04	38.44	34.45	0.00
Businesses by Geography	11,872	15.70	19.61	41.93	22.75	0.01
Farms by Geography	282	3.90	14.54	48.58	32.62	0.36
Family Distribution by Income Level	89,057	23.29	15.45	19.36	41.90	0.00
Distribution of Low- and Moderate-Income Families throughout AA Geographies	34,508	13.57	34.12	37.36	14.95	0.00
Median Family Income	= \$27,402	Median Housing Value		= \$56,282		
HUD Adjusted Median Family Income for 1998	= \$36,600	Unemployment Rate (7/99)		= 4.8%*		
Households Below the Poverty Level	= 20.31%					

Source: 1990 U.S. Census and 1998 HUD updated MFI. * Source: Bureau of Labor Statistics

The Shreveport MSA AA consists of two parishes: Caddo, and Bossier. Webster Parish is not included in the AA. Within the AA, HNB operates 22 full-service branches and 3 limited-service drive-in facilities, of which 5 branches and 1 drive-in facility are located in low-income census tracts, and 3 branches are located in moderate-income census tracts. During 1997, there were approximately 53 financial service entities operating within the AA. Significant loan and deposit competitors include, but are not limited to, Bank One, Commercial National Bank, and Regions Bank.

The Shreveport MSA accounts for 7.93% of HNB's total deposits as of December 31, 1998. Deposit market share reports for 1998 indicate HNB was ranked third in the AA with 18.86% of total deposits within the Shreveport MSA.

The Shreveport MSA AA includes 82 census tracts: 12, or 14.63%, are low-income, 19 or 23.17% are moderate-income, 24, or 29.27%, are middle-income, 21 or 25.61% are upper-income, and 6, or 7.32%, are not categorized. Based upon 1990 census data, 20.31% of households within the MSA are below poverty level, 86.93% of available housing is occupied, and 56.48% of the available housing is owner occupied.

Based upon 1997 data from the Regional Economic Information System, the MSA civilian labor force totals 205,996. Based upon July, 1999 data from the Bureau of Labor Statistics, the unemployment rate was 4.8%. The economy is considered

strong. During the last couple of years, total employment has grown by approximately 2.5%. In 1999, growth is expected to slow to 1.9%. In 2000, 1% growth is expected before the rate slips to about half that for the next few years. The local economy is diverse with employment opportunities predominantly in education, government, health services, hospitality, and manufacturing.

NEW ORLEANS MSA

Demographic Information for Full-Scope Area: New Orleans MSA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA % of #
Geographies (Census Tracts/BNAs)	377	16.98	20.95	30.77	27.59	3.71
Population by Geography	1,238,816	11.79	21.02	35.02	32.16	0.01
Owner-Occupied Housing by Geography	264,146	4.73	16.79	39.64	38.83	0.01
Businesses by Geography	44,384	10.00	21.90	33.40	34.69	0.01
Farms by Geography	731	3.56	17.65	44.05	34.74	0.00
Family Distribution by Income Level	318,544	24.71	15.46	18.74	41.09	0.00
Distribution of Low- and Moderate-Income Families throughout AA Geographies	127,960	21.33	29.34	33.39	15.94	0.00
Median Family Income	= \$29,212	Median Housing Value		= \$73,180		
HUD Adjusted Median Family Income for 1998	= \$38,800	Unemployment Rate (7/99)		= 4.8%*		
Households Below the Poverty Level	= 20.05%					

Source: 1990 U.S. Census and 1998 HUD updated MFI. * Source: Bureau of Labor Statistics

The New Orleans MSA AA consists of six parishes: Orleans, Jefferson, St. Bernard, St. Charles, St. John the Baptist, and St. Tammany. Plaquemines and St. James Parishes are part of the New Orleans MSA but are not included in the AA. Within the AA, HNB operates 61 full-service branches and 4 limited-service drive-in facilities, of which 3 branches and 1 drive-in facility are located in low-income census tracts and 11 branches and 1 drive-in facility are located in moderate-income census tracts. During 1997, there were approximately 132 financial service entities operating within the AA. Significant loan and deposit competitors include, but are not limited to, First National Bank of Commerce, Whitney National Bank, Bank One, and Regions Bank.

The New Orleans MSA accounts for 39.14% of HNB's total deposits as of December 31, 1998. Deposit market share reports for 1998 indicate HNB was ranked second in the market with 21.74% of total deposits within the New Orleans MSA.

The New Orleans MSA AA includes 377 census tracts: 64, or 16.98%, are low-income, 79 or 20.95% are moderate-income, 116, or 30.77%, are middle-income, 104 or 27.59% are upper-income, and 14, or 3.71%, are not categorized. Based upon 1990 census data, 20.05% of households within the MSA are below poverty level, 86.86% of available housing is occupied, and 50.40% of the available housing is owner occupied.

Based upon 1997 data from the Regional Economic Information System, the MSA civilian labor force totals 739,172. Based upon July, 1999 data from the Bureau

of Labor Statistics, the unemployment rate was 4.8%. The economy is considered stable. Over the next few years, New Orleans will be the slowest growing MSA in Louisiana, and the slowest growing among all MSAs in which HNB has a presence. While employment growth in 1999 is expected at 1.8%, annual growth for the next few years is projected at a rate of only 0.2% to 0.3%. The local economy is diverse with employment opportunities predominantly in retail trade, construction, transportation, public utilities, education, health services, finance, insurance, real estate, and manufacturing.

HOUMA MSA

Demographic Information for Full-Scope Area: Houma MSA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA % of #
Geographies (Census Tracts/BNAs)	38	0.00	10.53	65.79	18.42	5.26
Population by Geography	182,842	0.00	10.44	74.47	14.75	0.34
Owner-Occupied Housing by Geography	45,126	0.00	9.10	75.92	14.97	0.01
Businesses by Geography	5,518	0.00	10.17	72.20	17.56	0.07
Farms by Geography	137	0.00	9.49	62.77	25.55	2.19
Family Distribution by Income Level	48,758	0.00	9.58	75.48	14.94	0.00
Distribution of Low- and Moderate-Income Families throughout AA Geographies	19,230	0.00	13.91	78.08	8.01	0.00
Median Family Income	= \$24,464	Median Housing Value		= \$52,015		
HUD Adjusted Median Family Income for 1998	= \$32,500	Unemployment Rate (7/99)		= 4.3%*		
Households Below the Poverty Level	= 22.60%					

Source: 1990 U.S. Census and 1998 HUD updated MFI. * Source: Bureau of Labor Statistics

The Houma MSA AA consists of two parishes: Terrebonne and Lafourche. Within the AA, HNB operates 16 full-service branches, of which 2 branches are located in moderate-income census tracts. During 1997, there were approximately 23 financial service entities operating within the AA. Significant loan and deposit competitors include, but are not limited to, Bank One and Regions Bank.

The Houma MSA accounts for 6.64% of HNB's total deposits as of December 31, 1998. Deposit market share reports for 1998 indicate HNB was ranked fourth in the market with 8.06% of total deposits within the Houma MSA.

The Houma MSA AA includes 38 census tracts: none are low-income, 4, or 10.53%, are moderate-income, 25, or 65.79%, are middle-income, 7, or 18.42%, are upper-income, and 2, or 5.26%, are not categorized. Based upon 1990 census data, 22.60% of households within the MSA are below poverty level, 90.90% of available housing is occupied, and 67.61% of the available housing is owner occupied.

Based upon 1997 data from the Regional Economic Information System, the MSA civilian labor force totals 90,973. Based upon July, 1999 data from the Bureau of Labor Statistics, the unemployment rate was 4.3%. The economy is considered stable. The local economy has diversified over the past several years and although employment losses in the mining sector will affect other sectors of the economy, overall growth will continue to be positive. Employment opportunities are predominant in health services, retail trade, government, mining, and manufacturing.

BATON ROUGE MSA

Demographic Information for Full-Scope Area: Baton Rouge MSA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA % of #
Geographies (Census Tracts/BNAs)	108	16.67	19.44	34.26	27.78	1.85
Population by Geography	508,845	11.78	16.95	41.06	30.21	0.00
Owner-Occupied Housing by Geography	117,900	7.06	15.90	42.09	34.95	0.00
Businesses by Geography	17,894	10.02	14.54	40.49	34.95	0.00
Farms by Geography	401	6.98	7.98	37.16	47.88	0.00
Family Distribution by Income Level	131,701	9.57	16.43	41.33	32.66	0.01
Distribution of Low- and Moderate-Income Families throughout AA Geographies	51,542	18.94	24.24	41.66	15.16	0.00
Median Family Income	= \$32,466	Median Housing Value		= \$65,715		
HUD Adjusted Median Family Income for 1998	= \$43,600	Unemployment Rate (7/99)		= 4.4%*		
Households Below the Poverty Level	= 18.42%					

Source: 1990 U.S. Census and 1998 HUD updated MFI. * Source: Bureau of Labor Statistics

The Baton Rouge MSA AA consists of three parishes: East Baton Rouge, Livingston, and Ascension. West Baton Rouge Parish is part of the Baton Rouge MSA but is not included in the AA. Within the AA, HNB operates 24 full-service branches and 1 limited-service drive-in facility, of which 1 branch is located in a low-income census tract and 3 branches are located in moderate-income census tracts. During 1997, there were approximately 68 financial service entities operating within the AA. Significant loan and deposit competitors include, but are not limited to, Hancock Bank, Bank One, City National Bank, and Union Planters Bank.

The Baton Rouge MSA accounts for 14.34% of HNB's total deposits as of December 31, 1999. Deposit market share reports for 1998 indicate HNB was ranked first in the market with 21.66% of total deposits within the Baton Rouge MSA.

The Baton Rouge MSA includes 108 census tracts: 18, or 16.67%, are low-income, 21, or 19.44%, are moderate-income, 37, or 34.26%, are middle-income, 30, or 27.78%, are upper-income, and 2, or 1.85%, are not categorized. Based upon 1990 census data, 18.42% of households within the MSA are below poverty level, 88.76% of available housing is occupied, and 57.57% of the available housing is owner occupied.

Based upon 1997 data from the Regional Economic Information System, the MSA civilian labor force totals 336,316. Based upon July, 1999 data from the Bureau of Labor Statistics, the unemployment rate was 4.4%. The economy is considered

strong. Baton Rouge will be the fastest growing Louisiana market in terms of employment in 1999 and 2000. It will also be the third fastest growing market among all MSAs in which HNB has a presence. For the next few years, total employment will grow at an average annual rate of approximately 1%. Additionally, Baton Rouge has been the most consistent market in the state in terms of growth, currently in what is expected to be its twelfth straight year of record employment. Employment opportunities are predominant in construction, manufacturing, retail trade, wholesale trade, health services, finance, insurance, and real estate.

LAKE CHARLES MSA

Demographic Information for Full-Scope Area: Lake Charles MSA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA % of #
Geographies (Census Tracts/BNAs)	44	9.09	15.91	43.18	22.73	9.09
Population by Geography	168,134	6.63	16.04	50.94	26.38	0.01
Owner-Occupied Housing by Geography	42,452	4.81	14.20	52.16	28.83	0.00
Businesses by Geography	5,721	5.29	23.95	48.98	21.78	0.00
Farms by Geography	132	1.52	21.21	49.24	28.03	0.00
Family Distribution by Income Level	45,308	6.16	15.13	51.41	27.03	0.27
Distribution of Low- and Moderate-Income Families throughout AA Geographies	18,143	11.87	20.87	51.64	15.62	0.00
Median Family Income	= \$29,180	Median Housing Value		= \$53,598		
HUD Adjusted Median Family Income for 1998	= \$39,100	Unemployment Rate (7/99)		= 5.3%*		
Households Below the Poverty Level	= 19.11%					

Source: 1990 U.S. Census and 1998 HUD updated MFI. * Source: Bureau of Labor Statistics

The Lake Charles MSA AA consists of Calcasieu Parish. Within the AA, HNB operates 13 full-service branches, of which 1 branch is located in a moderate-income census tract. During 1997, there were approximately 26 financial service entities operating within the AA. Significant loan and deposit competitors include, but are not limited to, First National Bank, Bank One, and Cameron State Bank.

The Lake Charles MSA accounts for 4.12% of HNB's total deposits as of December 31, 1998. Deposit market share reports for 1998 indicate HNB was ranked second in the market with 23.99% of total deposits within the Lake Charles MSA.

The Lake Charles MSA includes 44 census tracts: 4, or 9.09%, are low-income, 7, or 15.91%, are moderate-income, 19, or 43.18%, are middle-income, 10, or 22.73%, are upper-income, and 4, or 9.09%, are not categorized. Based upon 1990 census data, 19.11% of households within the MSA are below poverty level, 90.82% of available housing is occupied, and 63.91% of the available housing is owner occupied.

Based upon 1997 data from the Regional Economic Information System, the MSA civilian labor force totals 99,912. Based upon July, 1999 data from the Bureau of Labor Statistics, the unemployment rate was 5.3%. The local economy is considered stable. Total employment growth in Lake Charles is expected to slow to less than 1% for the next several years. The manufacturing sector will actually

lose jobs. Employment opportunities are predominant in manufacturing, health services, and retail trade.

LAKE CHARLES RURAL

Demographic Information for Full-Scope Area: Lake Charles Rural						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA % of #
Geographies (Census Tracts/BNAs)	14	0.00	14.29	71.42	14.29	0.00
Population by Geography	61,208	0.00	12.69	72.18	15.13	0.00
Owner-Occupied Housing by Geography	16,158	0.00	10.35	73.05	16.60	0.00
Businesses by Geography	1,493	0.00	12.39	71.40	16.21	0.00
Farms by Geography	71	0.00	8.45	85.92	5.63	0.00
Family Distribution by Income Level	16,289	0.00	12.61	72.07	15.32	0.00
Distribution of Low- and Moderate-Income Families throughout AA Geographies	6,404	0.00	18.65	70.36	10.99	0.00
Median Family Income	= \$21,178	Median Housing Value		= \$39,482		
HUD Adjusted Median Family Income for 1998	= \$28,000	Unemployment Rates (7/99)		= 6.6%, 8.6%, and 3.8%*		
Households Below the Poverty Level	= 26.65%					

Source: 1990 U.S. Census and 1998 HUD updated MFI. * Source: Bureau of Labor Statistics

The Lake Charles Rural AA consists of three parishes: Allen, Jefferson Davis, and Cameron. Within the AA, HNB operates 8 full-service branches, of which none are located in low- or moderate-income block numbering areas (BNAs). During 1997, there were approximately 14 financial service entities operating within the AA. Significant loan and deposit competitors include, but are not limited to, Jeff Davis Bank & Trust, American Bank, and Cameron State Bank.

The Lake Charles Rural AA accounts for 1.81% of HNB’s total deposits as of December 31, 1999. Deposit market share reports for 1998 indicate HNB was ranked first in the market with 33.76% of total deposits within the Lake Charles Rural AA.

The Lake Charles Rural AA includes 14 BNAs: none are low-income, 2, or 14.29%, are moderate-income, 10, or 71.42%, are middle-income, and 2, or 14.29%, are upper-income. Based upon 1990 census data, 26.65% of households within the AA are below poverty level, 82.72% of available housing is occupied, and 63.94% of the available housing is owner occupied.

Based upon 1997 data from the Regional Economic Information System, the civilian labor force totals 26,206. Based upon July, 1999 data from the Bureau of Labor Statistics, the unemployment rates for Allen Parish was 6.6%, Jefferson Davis Parish was 8.6%, and Cameron Parish was 3.8%. The local economy is considered stable. Employment opportunities are predominant in health services, retail trade, manufacturing, transportation, and public utilities.

NE RURAL REGION

Demographic Information for Full-Scope Area: NE Rural Region						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA % of #
Geographies (Census Tracts/BNAs)	19	15.79	26.32	42.10	15.79	0.00
Population by Geography	66,203	14.29	29.94	40.42	15.35	0.00
Owner-Occupied Housing by Geography	16,154	9.37	28.60	43.86	18.17	0.00
Businesses by Geography	1,507	13.40	30.59	44.13	11.88	0.00
Farms by Geography	197	3.05	25.38	60.40	11.17	0.00
Family Distribution by Income Level	17,121	12.16	28.63	41.72	17.49	0.00
Distribution of Low- and Moderate-Income Families throughout AA Geographies	8,140	19.98	32.15	38.28	9.59	0.00
Median Family Income	= \$21,178	Median Housing Value		= \$33,172		
HUD Adjusted Median Family Income for 1998	= \$28,000	Unemployment Rates (7/99)		= 9.8%, 11.5%,		
Households Below the Poverty Level	= 34.04%			13.1%, and		
				7.8%*		

Source: 1990 U.S. Census and 1998 HUD updated MFI. * Source: Bureau of Labor Statistics

The NE Rural Region AA consists of four parishes: Morehouse, West Carroll, East Carroll, and Madison. Within the AA, HNB operates 4 full-service branches and 1 limited-service drive-in facility, of which 1 branch is located in a low-income block numbering area (BNA) and 1 branch is located in a moderate-income BNA. During 1997, there were approximately 11 financial service entities operating within the AA. Significant loan and deposit competition comes from Regions Bank.

The NE Rural Region AA accounts for 1.89% of HNB's total deposits as of December 31, 1999. Deposit market share reports for 1998 indicate HNB was ranked first in the market with 34.54% of total deposits within the NE Rural Region AA.

The NE Rural Region AA includes 19 BNAs: 3, or 15.79%, are low-income, 5, or 26.32%, are moderate-income, 8, or 42.10%, are middle-income, and 3, or 15.79%, are upper-income. Based upon 1990 census data, 34.04% of households within the AA are below poverty level, 89.05% of available housing is occupied, and 63.27% of the available housing is owner occupied.

Based upon 1997 data from the Regional Economic Information System, the civilian labor force totals 23,396. Based upon July, 1999 data from the Bureau of Labor Statistics, the unemployment rate for Morehouse Parish was 9.8%, West Carroll Parish was 11.5%, East Carroll Parish was 13.1%, and Madison Parish was 7.8%. The local economy is considered stable. Employment opportunities are predominant in health services, retail trade, and manufacturing.

State of Texas Full-Scope Areas

TEXARKANA MULTISTATE MSA

Demographic Information for Full-Scope Area: Texarkana Multistate MSA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA % of #
Geographies (Census Tracts/BNAs)	22	13.64	27.27	36.36	22.73	0.00
Population by Geography	85,835	5.66	17.66	48.55	28.13	0.00
Owner-Occupied Housing by Geography	21,316	3.63	15.94	50.83	29.60	0.00
Businesses by Geography	3,341	8.26	25.59	41.31	24.84	0.00
Farms by Geography	61	0.00	9.84	60.66	29.51	0.00
Family Distribution by Income Level	23,394	5.33	16.80	48.06	29.81	0.00
Distribution of Low- and Moderate-Income Families throughout AA Geographies	9,030	10.30	25.96	47.27	16.47	0.00
Median Family Income	= \$28,088	Median Housing Value		= \$47,466		
HUD Adjusted Median Family Income for 1998	= \$36,300	Unemployment Rate (7/99)		= 5.1%*		
Households Below the Poverty Level	= 19.05%					

Source: 1990 U.S. Census and 1998 HUD updated MFI. * Source: Bureau of Labor Statistics

The Texarkana Multistate MSA AA consists of two counties: Bowie (TX) and Miller (AR). Within the AA, HNB operates 7 full-service branches and 1 limited-service drive-in facility, of which 1 branch and 1 drive-in facility are located in low-income census tracts and 1 branch is located in a moderate-income census tract. During 1997, there were approximately 18 financial service entities operating within the AA. Significant loan and deposit competitors include, but are not limited to, State First National Bank and Commercial National Bank.

The Texarkana Multistate MSA accounts for 2.52% of total deposits as of December 31, 1998. Deposit market share reports for 1998 indicate HNB was ranked first in the market with 24.49% of total deposits within the Texarkana Multistate MSA.

The Texarkana Multistate MSA contains 28 census tracts; however, HNB includes only 22 census tracts within its AA. The 6 tracts excluded are all middle-income tracts. There are no low- or moderate-income tracts excluded. Of the 22 census tracts included in the AA: 3, or 13.64%, are low-income, 6, or 27.27%, are moderate-income, 8, or 36.36%, are middle-income, and 5, or 22.73%, are upper-income. Based upon 1990 census data, 19.05% of households within the MSA are below poverty level, 88.98% of available housing is occupied, and 58.98% of the available housing is owner occupied.

Based upon 1997 data from the Regional Economic Information System, the MSA civilian labor force totals 65,852. Based upon July, 1999 data from the Bureau of Labor Statistics, the unemployment rate was 5.1%. The local economy is considered stable. Texarkana will experience an economic slowdown beginning in 2000; however, an anticipated growth rate of 1% will rank Texarkana forth in terms of employment growth among all MSAs in which HNB has a presence. Employment opportunities are predominant in health services, manufacturing, retail trade, and wholesale trade.

BEAUMONT MSA

Demographic Information for Full-Scope Area: Beaumont MSA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA % of #
Geographies (Census Tracts/BNAs)	101	15.84	20.79	36.63	19.80	6.94
Population by Geography	319,906	8.96	20.78	43.01	26.95	0.30
Owner-Occupied Housing by Geography	81,666	6.98	17.78	46.17	29.07	0.00
Businesses by Geography	10,194	9.09	21.24	36.63	30.92	2.12
Farms by Geography	213	3.29	10.80	44.13	41.32	0.46
Family Distribution by Income Level	87,743	7.95	19.39	44.31	28.35	0.00
Distribution of Low- and Moderate-Income Families throughout AA Geographies	34,779	15.32	27.66	41.94	15.08	0.00
Median Family Income	= \$30,910	Median Housing Value		= \$43,621		
HUD Adjusted Median Family Income for 1998	= \$41,500	Unemployment Rate (7/99)		= 9.1%*		
Households Below the Poverty Level	= 17.75%					

Source: 1990 U.S. Census and 1998 HUD updated MFI. * Source: Bureau of Labor Statistics

The Beaumont MSA AA consists of two counties: Orange and Jefferson. Within the AA, HNB operates 8 full-service branches, of which 1 branch is located in a low-income census tract and 1 branch is located in a moderate-income census tract. Significant loan and deposit competitors include, but are not limited to, Chase Bank, Bank One, First Bank & Trust, Guaranty Federal Bank, Home Savings of America, and Community Bank.

The Beaumont MSA accounts for 0.92% of HNB's total deposits as of December 31, 1999. Deposit market share reports for 1998 indicate HNB was ranked twelfth in the market with 2.41% of total deposits within the Beaumont MSA.

The Beaumont MSA includes 101 census tracts: 16, or 15.84%, are low-income, 21, or 20.79%, are moderate-income, 37, or 36.63%, are middle-income, 20, or 19.80%, are upper-income, and 7, or 6.94%, are not categorized. Based upon 1990 census data, 17.75% of households within the MSA are below poverty level, 89.67% of available housing is occupied, and 61.26% of the available housing is owner occupied.

Based upon 1997 data from the Regional Economic Information System, the MSA civilian labor force totals 193,380. Based upon July, 1999 data from the Bureau of Labor Statistics, the unemployment rate was 9.1%. The local economy is considered weak. Beaumont is expected to end 1999 with a 2.2% increase in total employment for the year. Like most of the nation, growth will slow considerably next year. Beaumont's total employment growth will average only 0.7% next year. Employment opportunities are predominant in manufacturing,

construction, government, retail trade, transportation, utilities, and health services.

LONGVIEW MSA

Demographic Information for Full-Scope Area: Longview MSA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA % of #
Geographies (Census Tracts/BNAs)	41	7.32	19.51	36.59	19.51	17.07
Population by Geography	162,431	0.26	19.61	54.41	25.71	0.01
Owner-Occupied Housing by Geography	40,882	0.11	16.41	56.37	27.11	0.00
Businesses by Geography	9,700	6.06	24.51	47.22	22.18	0.03
Farms by Geography	176	0.00	13.64	56.25	29.54	0.57
Family Distribution by Income Level	44,308	0.13	17.64	54.93	27.30	0.00
Distribution of Low- and Moderate-Income Families throughout AA Geographies	16,734	0.29	27.21	56.15	16.35	0.00
Median Family Income	= \$28,627	Median Housing Value		= \$51,402		
HUD Adjusted Median Family Income for 1998	= \$37,600	Unemployment Rate (7/99)		= 7.6%*		
Households Below the Poverty Level	= 19.05%					

Source: 1990 U.S. Census and 1998 HUD updated MFI. * Source: Bureau of Labor Statistics

The Longview MSA assessment area consists of two counties: Gregg and Harrison. Although Upshur County is part of the MSA, it is not included in the AA. Within the AA, HNB operates 6 full-service branches and 2 limited-service drive-in facilities, of which there are none located in low- or moderate-income census tracts. During 1997, there were approximately 18 financial service entities operating within the AA. Significant loan and deposit competitors include, but are not limited to, Bank One, Guaranty Federal Bank, and Longview Bank & Trust.

The Longview MSA accounts for 1.24% of HNB's total deposits as of December 31, 1999. Deposit market share reports for 1998 indicate HNB was ranked fourth in the market with 6.81% of total deposits within the Longview MSA.

The Longview MSA includes 41 census tracts: 3, or 7.32%, are low-income, 8, or 19.51%, are moderate-income, 15, or 36.59%, are middle-income, 8, or 19.51%, are upper-income, and 7, or 17.07%, are not categorized. Based upon 1990 census data, 18.08% of households within the MSA are below poverty level, 89.09% of available housing is occupied, and 59.97% of the available housing is owner occupied.

Based upon 1997 data from the Regional Economic Information System, the MSA civilian labor force totals 120,451. Based upon July, 1999 data from the Bureau of Labor Statistics, the unemployment rate was 7.6%. The local economy is considered stable. The Longview MSA will experience an economic slowdown beginning in 2000; however, employment growth should average slightly less than

1%. Employment opportunities are predominant in manufacturing, retail trade, and health services.

CHEROKEE COUNTY

Demographic Information for Full-Scope Area: Cherokee County						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA % of #
Geographies (Census Tracts/BNAs)	11	0.00	27.27	63.64	9.09	0.00
Population by Geography	41,049	0.00	21.20	66.31	12.49	0.00
Owner-Occupied Housing by Geography	10,886	0.00	16.72	71.71	11.57	0.00
Businesses by Geography	998	0.00	41.79	31.86	26.35	0.00
Farms by Geography	39	0.00	46.15	43.59	10.26	0.00
Family Distribution by Income Level	10,988	0.00	19.05	67.83	13.12	0.00
Distribution of Low- and Moderate-Income Families throughout AA Geographies	4,443	0.00	25.61	64.55	9.84	0.00
Median Family Income	= \$24,586	Median Housing Value		= \$39,831		
HUD Adjusted Median Family Income for 1998	= \$32,100	Unemployment Rate (7/99)		= 4.5%*		
Households Below the Poverty Level	= 22.31%					

Source: 1990 U.S. Census and 1998 HUD updated MFI. * Source: Bureau of Labor Statistics

HNB operates 1 full-service branch within the Cherokee County AA. The branch is located in a moderate-income block numbering area (BNA). During 1997, there were approximately 10 financial service entities operating within the AA. Significant loan and deposit competitors include, but are not limited to, Jacksonville Savings Bank, Citizens First Bank, Austin Bank, and Texas National Bank.

The Cherokee County AA accounts for 0.30% of HNB's total deposits as of December 31, 1999. Deposit market share reports for 1998 indicate HNB was ranked fifth in the market with 8.26% of total deposits within Cherokee County.

The Cherokee County AA includes 11 BNAs: none are low-income, 3, or 27.27%, are moderate-income, 7, or 63.64%, are middle-income, and 1, or 9.09%, is upper-income. Based upon 1990 census data, 22.31% of households within the county are below poverty level, 84.98% of available housing is occupied, and 61.75% of the available housing is owner occupied.

Based upon 1997 data from the Regional Economic Information System, the civilian labor force totals 22,710. Based upon July, 1999 data from the Bureau of Labor Statistics, the unemployment rate was 4.5%. The local economy is considered stable. Employment opportunities are predominant in health services, manufacturing, and retail sales.

LAMAR COUNTY

Demographic Information for Full-Scope Area: Lamar County						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA % of #
Geographies (Census Tracts/BNAs)	10	0.00	30.00	50.00	20.00	0.00
Population by Geography	43,949	0.00	26.88	48.27	24.85	0.00
Owner-Occupied Housing by Geography	11,567	0.00	21.35	52.71	25.94	0.00
Businesses by Geography	1,560	0.00	39.68	35.32	25.00	0.00
Farms by Geography	52	0.00	11.54	46.15	42.31	0.00
Family Distribution by Income Level	12,448	0.00	24.54	50.18	25.27	0.01
Distribution of Low- and Moderate-Income Families throughout AA Geographies	4,535	0.00	39.63	44.80	15.57	0.00
Median Family Income	= \$24,586	Median Housing Value		= \$38,053		
HUD Adjusted Median Family Income for 1998	= \$32,100	Unemployment Rate (7/99)		= 6.1%*		
Households Below the Poverty Level	= 20.95%					

Source: 1990 U.S. Census and 1998 HUD updated MFI. * Source: Bureau of Labor Statistics

HNB operates 2 full-service branches and 1 limited-service drive-in facility within the Lamar County AA, of which 1 branch and the drive-in facility are located in moderate-income block numbering areas (BNAs). During 1997, there were approximately 13 financial service entities operating within the AA. Significant loan and deposit competitors include, but are not limited to, Peoples National Bank, Liberty National Bank, First Federal Savings & Loan, and Lamar National Bank.

The Lamar County AA accounts for 0.71% of HNB's total deposits as of December 31, 1999. Deposit market share reports for 1998 indicate HNB was ranked fourth in the market with 13.03% of total deposits within Lamar County.

The Lamar County AA includes 10 BNAs: none are low-income, 3, or 30.00%, are moderate-income, 5, or 50.00%, are middle-income, and 2, or 20.00%, are upper-income. Based upon 1990 census data, 20.95% of households within the county are below poverty level, 88.58% of available housing is occupied, and 60.99% of the available housing is owner occupied.

Based upon 1997 data from the Regional Economic Information System, the civilian labor force totals 27,231. Based upon July, 1999 data from the Bureau of Labor Statistics, the unemployment rate was 6.1%. The local economy is considered stable. Employment opportunities are predominant in health services, manufacturing, retail sales, trucking, and warehousing.

Appendix D: Tables of Performance Data

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Content of Standardized Tables . .

Tables of Performance Data

State of Louisiana	100
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Content of Standardized Tables

A separate set of tables is provided for each state. All multistate metropolitan areas are presented in one set of tables. The tables cover the entire CRA evaluation period. 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; market rank is based on the number of loans made by the bank as compared to all other lenders in the MSA/assessment area; and market share is the number of loans originated by the bank as a percentage of the aggregate number of reportable loans originated by all lenders in the MSA/assessment area. The following is a listing and brief description of the tables included in each set:

- Table 1. Lending Volume** - Presents the number and dollar amount of reportable loans originated by the bank over the evaluation period by MSA/assessment area.
- Table 2. Geographic Distribution of HMDA Home Purchase Loan Originations** - Compares the percentage distribution of the number of loans originated 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 rank and market share information based on the most recent aggregate market data available.
- Table 3. Geographic Distribution of HMDA Home Improvement Loan Originations** - See Table 2.
- Table 4. Geographic Distribution of HMDA Refinance Loan Originations** - See Table 2.
- Table 5. Geographic Distribution of Small Business Loan Originations** - The percentage distribution of the number of small loans (< \$1 million) to businesses originated 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 rank and market share information based on the most recent aggregate market data available.

- Table 6. Geographic Distribution of Small Farm Loan Originations** - The percentage distribution of the number of small loans (< \$500,000) to farms originated 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 rank and market share information based on the most recent aggregate market data available.
- Table 7. Borrower Distribution of HMDA Home Purchase Loan Originations** - Compares the percentage distribution of the number of loans originated by the bank to low-, moderate-, middle- and upper-income borrowers to the percentage distribution of families by income level in each MSA/assessment area. The table also presents market rank and market share information based on the most recent aggregate market data available.
- Table 8. Borrower Distribution of HMDA Home Improvement Loan Originations** - See Table 7.
- Table 9. Borrower Distribution of HMDA Refinance Loan Originations** - See Table 7.
- Table 10. Borrower Distribution of Small Business Loan Originations** - Compares the percentage distribution of the number of small loans (< \$1 million) originated 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. The table also presents the percentage distribution of the number of loans originated 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 11. Borrower Distribution of Small Farm Loan Originations** - Compares the percentage distribution of the number of small loans (< \$500 thousand) originated 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. The table also presents the percentage distribution of the number of loans originated 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 12. Qualified Investments** - Presents the number and dollar amount of qualified investments made by the bank in each MSA/assessment area.

Table 13. Distribution of Branch and ATM Delivery System - Compares the percentage distribution of the number of the bank's retail branches and ATMs in low-, moderate-, middle- and upper-income geographies to the percentage of the population within each geography.

Table 14. Geographic and Borrower Distribution of Consumer Loan Originations (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 the population 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 MSA/assessment area.

Table 1-A. Lending Volume

LENDING VOLUME		State: Louisiana				Evaluation Period: January 1, 1997 TO December 31, 1998						
MSA/Assessment Area:	% of Total Bank Deposits in Rated Area	Home Mortgage		Small Business		Small Farm		Community Development		Total Reported Loans		% of Total Reported Bank Loans in Rated Area
		#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	
Full-Scope:												
Shreveport/Bossier MSA	10%	3,603	\$213,232	1,709	\$77,626	13	\$625	2	\$1,356	5,327	\$292,839	11%
New Orleans MSA	43%	9,148	\$831,248	5,937	\$279,036	11	\$403	10	\$11,228	15,105	\$1,210,015	32%
Houma MSA	7%	2,059	\$139,150	1,081	\$26,799	12	\$558	2	\$3,310	3,153	\$167,817	7%
Baton Rouge MSA	14%	5,735	\$466,726	2,567	\$115,729	10	\$294	1	\$2,140	8,313	\$584,889	18%
Lake Charles MSA	5%	1,631	\$90,657	1,202	\$46,451	247	\$14,364	0	\$0	3,080	\$151,472	6%
NE Rural Region	2%	798	\$27,475	689	\$27,192	357	\$13,931	1	\$895	1,845	\$69,493	4%
Lake Charles Rural Region	2%	432	\$14,360	545	\$19,199	397	\$27,937	1	\$1,930	1,375	\$63,426	3%
Limited-Scope:												
Monroe MSA	2%	919	\$67,667	731	\$38,854	19	\$653	1	\$90	1,670	\$107,264	4%
Alexandria MSA	4%	941	\$63,128	586	\$29,042	7	\$300	2	\$2,090	1,536	\$94,560	3%
Lafayette MSA	3%	1,089	\$79,168	722	\$34,836	7	\$122	2	\$668	1,820	\$114,794	4%
DeSoto Parish	1%	263	\$11,065	77	\$3,277	7	\$72	1	\$1,000	348	\$15,414	1%
Acadiana Rural Region	2%	115	\$7,213	534	\$30,055	87	\$4,650	3	\$2,305	739	\$44,223	2%
Assumption Parish	1%	221	\$12,744	85	\$3,238	5	\$528	0	\$0	311	\$16,510	1%
Washington Parish	1%	535	\$15,870	194	\$10,688	7	\$94	1	\$850	737	\$27,502	2%
Avoyelles Parish	1%	421	\$15,648	346	\$10,807	118	\$5,893	0	\$0	885	\$32,348	2%

Table 2-A. Geographic Distribution of Home Purchase Loan Originations

Geographic Distribution: HOME PURCHASE					State: Louisiana				Evaluation Period: January 1, 1997 TO December 31, 1998							
MSA/Assessment Area:	Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Overall Market Rank*	Market Share by Geography*					Total Home Purchase Loans	
	% Owner Occ Units	% BANK Loans	% Owner Occ Units	% BANK Loans	% Owner Occ Units	% BANK Loans	% Owner Occ Units	% BANK Loans		Overall	Low	Mod	Mid	Upp	#	% of Total
Full-Scope:																
Shreveport/Bossier MSA	5%	1%	22%	7%	38%	34%	34%	60%	2	9.01	6.42	7.79	6.84	11.23	1,211	13%
New Orleans MSA	4%	4%	18%	9%	40%	33%	38%	54%	1	6.58	8.42	5.34	5.94	7.286	2,851	29%
Houma MSA	0%	0%	9%	5%	76%	61%	15%	33%	1	16.54	0.00	9.09	16.08	19.69	771	8%
Baton Rouge MSA	7%	3%	16%	8%	43%	43%	34%	46%	1	10.28	11.26	7.85	9.38	11.83	2,458	25%
Lake Charles MSA	5%	2%	14%	17%	52%	46%	29%	35%	3	8.09	8.70	15.30	7.24	7.37	419	4%
NE Rural Region	9%	7%	29%	18%	44%	42%	18%	33%	1	27.79	14.81	21.10	24.78	41.22	235	2%
Lake Charles Rural Region	0%	0%	10%	4%	73%	82%	17%	14%	3	9.48	NA	4.35	9.28	12.31	77	.79%
Limited-Scope:																
Monroe MSA	13%	3%	17%	9%	39%	29%	31%	59%	6	6.08	5.31	5.05	4.08	8.39	346	4%
Alexandria MSA	5%	< 1%	21%	10%	46%	39%	28%	51%	1	12.08	4.76	7.87	9.86	16.49	417	4%
Lafayette MSA	5%	< 1%	8%	8%	26%	26%	61%	66%	4	4.79	4.08	2.00	3.34	6.73	558	6%
DeSoto Parish	0%	0%	14%	22%	64%	53%	22%	25%	1	18.11	NA	57.14	19.57	8.49	64	.66%
Acadiana Rural Region	0%	0%	9%	6%	56%	71%	35%	24%	7	3.25	NA	9.18	3.77	1.86	34	.35%

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Assumption Parish	0%	0%	0%	0%	70%	67%	30%	33%	1	13.98	NA	NA	16.0 0	10.4 7	45	.46%
Washington Parish	0%	0%	19%	11%	81%	89%	0%	0%	2	14.51	NA	5.56	16.2 6	NA	129	1%
Avoyelles Parish	0%	0%	59%	57%	41%	43%	0%	0%	1	18.70	NA	20.1 3	16.4 9	NA	89	.92%

(*) Based on 1998 Aggregate HMDA Data only.

Table 3-A. Geographic Distribution of Home Improvement Loan Originations

Geographic Distribution: HOME IMPROVEMENT																State: Louisiana		Evaluation Period: January 1, 1997 TO December 31, 1998	
MSA/Assessment Area:	Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Overall Market Rank*	Market Share by Geography*					Total Home Improvement Loans				
	% Owner Occ Units	% BANK Loans	% Owner Occ Units	% BANK Loans	% Owner Occ Units	% BANK Loans	% Owner Occ Units	% BANK Loans		Overall	Low	Mod	Mid	Upp	#	% of Total			
Full-Scope:																			
Shreveport/Bossier MSA	5%	4%	22%	15%	38%	42%	34%	39%	1	46.81	54.00	28.82	51.81	53.00	1,211	16%			
New Orleans MSA	4%	5%	18%	16%	40%	44%	38%	35%	1	22.59	26.43	22.51	24.00	20.69	2,521	34%			
Houma MSA	0%	0%	9%	6%	76%	74%	15%	20%	1	25.78	0.00	8.86	27.42	25.89	402	5%			
Baton Rouge MSA	7%	5%	16%	14%	43%	47%	34%	34%	1	22.87	24.46	17.97	23.75	23.59	1,027	14%			
Lake Charles MSA	5%	4%	14%	15%	52%	50%	29%	31%	1	23.67	26.09	26.09	21.00	27.57	448	6%			
NE Rural Region	9%	23%	29%	14%	44%	37%	18%	26%	1	56.81	83.87	38.60	52.14	71.15	299	4%			
Lake Charles Rural Region	0%	0%	10%	7%	73%	79%	17%	14%	1	45.03	NA	33.33	43.51	75.00	139	2%			
Limited-Scope:																			
Monroe MSA	13%	5%	17%	13%	39%	39%	31%	43%	2	21.90	5.88	20.51	20.81	27.54	206	3%			
Alexandria MSA	5%	5%	21%	12%	46%	38%	28%	45%	1	27.56	23.33	18.89	24.72	35.16	261	4%			
Lafayette MSA	5%	1%	8%	12%	26%	32%	61%	55%	6	5.67	4.00	3.18	4.47	9.28	237	3%			
DeSoto Parish	0%	0%	14%	11%	64%	54%	22%	35%	1	55.77	NA	53.85	56.06	56.00	74	1%			

Charter Number: 13688

Acadiana Rural Region	0%	0%	9%	2%	56%	44%	35%	54%	3	12.72	NA	13.6 4	15.0 9	10.0 8	41	1%
Assumption Parish	0%	0%	0%	0%	70%	63%	30%	27%	1	58.11	NA	0.00	61.9 0	53.1 3	48	1%
Washington Parish	0%	0%	19%	14%	81%	86%	0%	0%	2	34.02	NA	21.4 3	36.7 9	0.00	282	4%
Avoyelles Parish	0%	0%	59%	61%	41%	39%	0%	0%	1	0.00	NA	68.9 7	75.5 1	0.00	150	2%

(*) Based on 1998 Aggregate HMDA Data only.

Table 4-A. Geographic Distribution of Home Mortgage Refinance Loan Originations

Geographic Distribution: HOME MORTGAGE REFINANCE																
State: Louisiana																
Evaluation Period: January 1, 1997 TO December 31, 1998																
MSA/Assessment Area:	Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Overall Market Rank*	Market Share by Geography*					Total Home Mortgage Refinance Loans	
	% Owner Occ Units	% BANK Loans	% Owner Occ Units	% BANK Loans	% Owner Occ Units	% BANK Loans	% Owner Occ Units	% BANK Loans		Overall	Low	Mod	Mid	Upp	#	% of Total
Full-Scope:																
Shreveport /Bossiet MSA	5%	2%	22%	9%	38%	37%	34%	53%	1	15.88	12.26	10.11	15.99	17.48	1,181	11%
New Orleans MSA	4%	2%	18%	9%	40%	37%	38%	53%	1	9.62	6.62	6.98	9.72	10.36	3,776	35%
Houma MSA	0%	0%	9%	6%	76%	62%	15%	32%	1	19.63	0.00	16.32	18.12	24.72	886	8%
Baton Rouge MSA	7%	3%	16%	8%	43%	41%	34%	48%	1	11.80	8.00	8.90	11.13	13.48	2,250	21%
Lake Charles MSA	5%	1%	14%	8%	52%	49%	29%	42%	1	16.28	3.70	14.29	16.72	16.96	764	7%
NE Rural Region	9%	7%	29%	16%	44%	29%	18%	48%	1	38.86	33.33	34.72	28.00	55.35	264	2%
Lake Charles Rural Region	0%	0%	10%	5%	73%	85%	17%	10%	1	28.85	NA	12.77	29.93	35.42	216	2%
Limited-Scope:																
Monroe MSA	13%	2%	17%	5%	39%	36%	31%	57%	1	10.02	1.66	2.82	9.47	13.28	367	3%
Alexandria MSA	5%	2%	21%	7%	46%	45%	28%	46%	1	8.31	1.89	4.76	7.47	10.88	262	2%
Lafayette MSA	5%	< 1%	8%	9%	26%	27%	61%	64%	6	3.81	1.32	1.92	2.45	5.88	294	3%
DeSoto Parish	0%	0%	14%	18%	64%	59%	22%	23%	1	41.94	NA	47.83	47.97	28.24	125	1%

Charter Number: 13688

Acadiana Rural Region	0%	0%	9%	3%	56%	52%	35%	45%	5	5.70	NA	1.85	7.30	4.68	40	0%
Assumption Parish	0%	0%	0%	0%	70%	72%	30%	28%	1	30.86	NA	0.00	33.19	26.27	128	1%
Washington Parish	0%	0%	19%	10%	81%	90%	0%	0%	2	12.82	NA	7.52	14.13	0.00	124	1%
Avoyelles Parish	0%	0%	59%	54%	41%	46%	0%	0%	1	32.24	NA	28.97	36.84	0.00	182	2%

(*) Based on 1998 Aggregate HMDA Data only.

Table 5-A. Geographic Distribution of Small Business Loan Originations

Geographic Distribution: SMALL BUSINESS																	State: Louisiana		Evaluation Period: January 1, 1997 TO December 31, 1998	
MSA/Assessment Area:	Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Overall Market Rank*	Market Share by Geography*					Total Small Business Loans					
	% of Businesses	% BANK Loans	% of Businesses	% BANK Loans	% of Businesses	% BANK Loans	% of Businesses	% BANK Loans		Overall	Low	Mod	Mid	Upp	#	% of Total				
Full-Scope:																				
Shreveport/Bossier MSA	15%	15%	20%	15%	41%	39%	23%	31%	1	18.31	20.4 2	17.6 3	19.1 2	18.7 3	1,709	10%				
New Orleans MSA	10%	7%	22%	20%	33%	36%	35%	38%	2	18.24	15.7 0	19.0 5	18.4 8	18.1 7	5,937	35%				
Houma MSA	0%	0%	10%	13%	72%	64%	18%	22%	1	23.92	NA	21.9 3	25.0 6	23.8 8	1,081	6%				
Baton Rouge MSA	10%	6%	15%	12%	40%	43%	35%	39%	2	15.18	16.5 2	17.4 9	15.1 7	14.8 3	2,567	15%				
Lake Charles MSA	5%	5%	24%	21%	49%	51%	22%	24%	1	27.42	43.4 8	28.0 8	29.0 6	25.0 7	1,202	7%				
NE Rural Region	13%	10%	31%	17%	44%	42%	12%	31%	1	41.38	77.2 7	27.9 7	30.5 0	52.3 8	689	4%				
Lake Charles Rural Region	0%	0%	12%	5%	71%	64%	16%	31%	1	55.25	NA	42.1 1	55.5 6	68.8 5	545	3%				
Limited-Scope:																				
Monroe MSA	27%	16%	16%	15%	31%	33%	26%	36%	4	12.54	9.77	10.9 8	15.2 0	12.9 1	731	4%				
Alexandria MSA	13%	11%	20%	15%	11%	39%	27%	3%	2	16.67	28.9 9	12.4 4	19.1 9	14.8 4	586	3%				
Lafayette MSA	4%	2%	6%	7%	30%	21%	59%	70%	6	9.25	12.0	6.86	11.9 5	8.89	722	4%				
DeSoto Parish	0%	0%	12%	19%	70%	48%	18%	32%	1	43.62	NA	64.2 9	43.5 9	36.8 4	77	0%				

Charter Number: 13688

Acadiana Rural Region	0%	0%	8%	6%	59%	61%	33%	33%	3	11.51	NA	9.47	16.8 0	8.04	534	3%
Assumption Parish	0%	0%	0%	0%	55%	79%	45%	21%	1	40.85	NA	NA	49.4 1	26.7 9	85	1%
Washington Parish	0%	0%	30%	13%	70%	87%	0%	0%	2	22.04	NA	14.2 9	23.7 6	NA	194	1%
Avoyelles Parish	0%	0%	81%	78%	19%	22%	0%	0%	1	68.23	NA	71.3 2	64.7 1	NA	346	2%

(*) Based on 1998 Aggregate Small Business Data only.

Table 6-A. Geographic Distribution of Small Farm Loan Originations

Geographic Distribution: SMALL FARM State: Louisiana Evaluation Period: January 1, 1997 TO December 31, 1998																
MSA/Assessment Area:	Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Overall Market Rank*	Market Share by Geography*					Total Small Farm Loans	
	% of Farms	% BANK Loans	% of Farms	% BANK Loans	% of Farms	% BANK Loans	% of Farms	% BANK Loans		Overall	Low	Mod	Mid	Upp	#	% of Total
Full-Scope:																
Shreveport /Bossier MSA	3%	0%	15%	8%	47%	46%	35%	46%	3	6.56	0.0 0	6.67	4.08	12.1 0	13	1%
New Orleans MSA	4%	0%	18%	9%	44%	36%	35%	55%	3	14.29	0.0 0	0.00	11.7 6	18.1 8	11	1%
Houma MSA	0%	0%	10%	9%	63%	83%	26%	8%	2	32.43	NA	16.6 7	43.4 8	16.6 7	12	1%
Baton Rouge MSA	7%	30%	8%	0%	37%	60%	48%	10%	3	12.73	25. 0	0.00	13.8 9	11.1 1	10	1%
Lake Charles MSA	2%	0%	21%	3%	49%	91%	28%	6%	1	87.25	0.0 0	100. 0	92.8 6	81.8 2	247	19%
NE Rural Region	5%	3%	25%	28%	60%	51%	11%	18%	1	41.10	90. 0	31.7 6	27.8 5	54.8 4	357	27%
Lake Charles Rural Region	0%	0%	8%	0%	86%	97%	6%	3%	1	96.74	NA	0.00	98.8 5	60.0 0	396	30%
Limited-Scope:																
Monroe MSA	10%	0%	10%	0%	48%	58%	31%	42%	4	12.94	0.0 0	0.00	29.6 3	6.25	19	1%
Alexandria MSA	0%	0%	30%	14%	39%	86%	30%	0%	2	21.74	NA	12.5 0	44.4 4	0.00	7	1%
Lafayette MSA	3%	0%	2%	0%	30%	0%	64%	100%	2	23.08	0.0 0	0.00	0.00	30.0 0	7	1%
DeSoto Parish	0%	0%	11%	0%	48%	100%	41%	0%	1	38.89	NA	0.00	53.8 5	0.00	7	1%

Charter Number: 13688

Acadiana Rural Region	0%	0%	3%	0%	68%	86%	29%	14%	1	53.51	NA	0.00	62.2 0	47.6 2	87	7%
Assumption Parish	0%	0%	0%	0%	52%	60%	48%	40%	1	45.45	NA	NA	60.0 0	33.3 3	5	< 1%
Washington Parish	0%	0%	26%	14%	74%	86%	0%	0%	5	5.13	NA	0.00	5.71	NA	7	1%
Avoyelles Parish	0%	0%	89%	81%	11%	19%	0%	0%	1	90.28	NA	88.8 9	94.1 2	NA	118	9%

(*) Based on 1998 Aggregate Small Farm Data only.

Table 7-A. Borrower Distribution of Home Purchase Loan Originations

Borrower Distribution: HMDA HOME PURCHASE																
State: Louisiana																
Evaluation Period: January 1, 1997 TO December 31, 1998																
MSA/Assessment Area:	Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Overall Market Rank*	Market Share by Borrower Income**					Total Home Purchase Loans	
	% of Families	% BANK Loans*	% of Families	% BANK Loans*	% of Families	% BANK Loans*	% of Families	% BANK Loans*		Overall	Low	Mod	Mid	Upp	#	% of Total
Full-Scope:																
Shreveport/Bossier MSA	23%	6%	15%	18%	19%	22%	42%	53%	2	11.32	8.50	9.98	9.62	13.12	1,211	13%
New Orleans MSA	25%	4%	16%	13%	19%	19%	41%	64%	1	6.58	5.89	5.51	6.93	10.74	2,851	29%
Houma MSA	24%	4%	15%	12%	20%	24%	41%	61%	1	16.54	18.75	12.90	15.00	20.82	771	8%
Baton Rouge MSA	24%	9%	16%	22%	20%	25%	41%	45%	1	10.24	8.84	10.48	10.73	14.20	2,458	25%
Lake Charles MSA	24%	9%	16%	21%	19%	22%	41%	49%	3	8.09	10.53	7.40	6.76	10.32	419	4%
NE Rural Region	31%	6%	17%	14%	16%	23%	37%	57%	3	27.79	32.00	22.35	24.77	33.19	235	2%
Lake Charles Rural Region	24%	1%	16%	8%	20%	21%	41%	70%	1	9.48	0.00	5.26	8.14	13.22	77	1%
Limited-Scope:																
Monroe MSA	25%	3%	16%	9%	18%	15%	42%	72%	6	6.08	3.87	3.32	4.47	10.42	346	4%
Alexandria MSA	24%	6%	16%	11%	19%	20%	41%	63%	1	12.08	15.63	9.09	12.12	17.28	417	4%
Lafayette MSA	19%	4%	13%	12%	16%	23%	52%	61%	4	4.79	2.29	3.44	4.52	6.26	558	6%
DeSoto Parish	25%	0%	17%	3%	16%	25%	41%	72%	1	18.11	0.00	5.88	22.64	22.52	64	1%
Acadiana Rural Region	22%	3%	15%	12%	17%	6%	46%	79%	7	3.25	10.00	2.42	2.63	3.94	34	0%

Assumption Parish	21%	2%	16%	2%	18%	27%	45%	69%	1	13.98	25.0 0	5.00	14.5 2	15.8 3	45	0%
Washington Parish	27%	1%	16%	18%	18%	20%	38%	61%	2	14.51	0.00	12.9 4	15.9 1	16.8 2	129	1%
Avoyelles Parish	34%	6%	16%	17%	16%	17%	33%	61%	46	18.70	27.2 7	14.5 8	10.6 1	26.1 3	89	1%

(*) As a percentage of loans with borrower income information available. No information was available for 1.30% of loans originated by HNB.

(**) Based on 1998 Aggregate HMDA Data only.

Table 8-A. Borrower Distribution of Home Improvement Loan Originations

Borrower Distribution: HOME IMPROVEMENT																State: Louisiana		Evaluation Period: January 1, 1997 TO December 31, 1998	
MSA/Assessment Area:	Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Overall Market Rank*	Market Share by Borrower Income**					Total Home Improvement Loans				
	% of Families	% BANK Loans*	% of Families	% BANK Loans*	% of Families	% BANK Loans*	% of Families	% BANK Loans*		Overall	Low	Mod	Mid	Upp	#	% of Total			
Full-Scope:																			
Shreveport/Bossier MSA	23%	8%	15%	17%	19%	25%	42%	49%	1	47.74	29.08	47.95	52.60	51.00	1,211	16%			
New Orleans MSA	25%	10%	16%	18%	19%	24%	41%	48%	1	22.59	26.58	26.88	24.69	24.75	2,521	34%			
Houma MSA	24%	3%	15%	10%	20%	24%	41%	62%	1	25.78	5.75	22.33	29.52	30.41	402	5%			
Baton Rouge MSA	24%	8%	16%	16%	20%	26%	41%	50%	1	22.87	16.74	16.18	23.67	29.19	1,027	14%			
Lake Charles MSA	24%	12%	16%	18%	19%	27%	41%	44%	1	23.67	24.60	23.74	25.36	28.19	448	6%			
N E Rural Region	26%	17%	17%	17%	16%	16%	37%	41%	1	56.81	80.43	51.11	52.63	55.08	299	4%			
Lake Charles Rural Region	24%	4%	16%	15%	20%	22%	41%	59%	1	45.03	40.00	52.38	62.50	41.67	139	2%			
Limited-Scope:																			
Monroe MSA	25%	4%	16%	19%	18%	23%	42%	54%	2	21.90	12.24	21.35	22.90	25.09	206	3%			
Alexandria MSA	24%	6%	16%	15%	19%	22%	41%	57%	1	27.56	14.29	26.80	27.34	32.86	261	4%			
Lafayette MSA	19%	4%	13%	12%	16%	22%	52%	63%	6	5.67	3.08	3.99	5.31	7.55	237	3%			
DeSoto Parish	26%	11%	17%	14%	16%	12%	41%	64%	1	55.77	66.67	46.67	50.00	62.71	74	1%			

Charter Number: 13688

Acadiana Rural Region	22%	3%	15%	10%	17%	18%	46%	70%	3	12.72	11.1 1	14.5 6	14.5 7	13.0 8	41	1%
Assumption Parish	21%	8%	16%	10%	18%	6%	45%	75%	1	58.11	50.0 0	57.1 4	50.0 0	65.3 1	48	1%
Washington Parish	27%	13%	16%	13%	18%	22%	38%	52%	2	34.02	34.2 9	27.2 7	30.7 7	39.9 0	282	4%
Avoyelles Parish	34%	2%	16%	16%	16%	17%	33%	65%	1	71.32	50.0 0	62.9 6	70.8 3	82.1 9	150	2%

(*) As a percentage of loans with borrower income information available. No information was available for 0.68% of loans originated by HNB.

(**) Based on 1998 Aggregate HMDA Data only.

Table 9-A. Borrower Distribution of Home Mortgage Refinance Loan Originations

Borrower Distribution: HOME MORTGAGE REFINANCE																
State: Louisiana																
Evaluation Period: January 1, 1997 TO December 31, 1998																
MSA/Assessment Area:	Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Overall Market Rank*	Market Share by Borrower Income**					Total Home Mortgage Refinance Loans	
	% of Families	% BANK Loans*	% of Families	% BANK Loans*	% of Families	% BANK Loans*	% of Families	% BANK Loans*		Overall	Low	Mod	Mid	Upp	#	% of Total
Full-Scope:																
Shreveport/Bossier MSA	23%	3%	16%	10%	19%	18%	42%	59%	1	17.07	9.29	12.68	16.46	19.00	1,181	11%
New Orleans MSA	25%	4%	16%	9.1%	19%	18%	41%	69%	1	9.62	7.11	7.28	10.27	13.78	3,776	35%
Houma MSA	24%	2%	15%	5%	20%	18%	41%	76%	1	19.63	7.24	9.23	18.87	25.94	886	8%
Baton Rouge MSA	24%	4%	16%	12%	20%	24%	41%	61%	1	11.80	6.94	10.53	12.92	16.08	2,250	21%
Lake Charles MSA	24%	4%	16%	11%	19%	23%	41%	63%	1	16.28	8.45	16.84	22.68	18.78	764	7%
NE Rural Region	26%	3%	17%	7%	16%	16%	37%	74%	1	38.86	21.05	25.53	25.93	50.91	264	2%
Lake Charles Rural Region	24%	2%	16%	8%	20%	11%	41%	79%	1	28.85	11.76	28.30	17.95	37.34	216	2%
Limited-Scope:																
Monroe MSA	25%	2%	16%	7%	18%	13%	42%	78%	1	10.02	2.52	7.41	6.65	15.00	367	3%
Alexandria MSA	24%	2%	16%	8%	19%	16%	41%	74%	1	8.31	2.94	5.35	8.10	12.28	262	2%
Lafayette MSA	19%	2%	13%	10%	16%	17%	52%	71%	1	3.81	1.51	3.43	3.79	4.92	294	3%
DeSoto Parish	26%	1%	17%	10%	16%	14%	41%	75%	1	41.94	9.09	34.38	44.74	49.16	125	1%

Charter Number: 13688

Acadiana Rural Region	22%	3%	15%	3%	17%	13%	46%	82%	5	5.70	3.39	1.30	5.83	7.56	40	0%
Assumption Parish	21%	1%	16%	5%	18%	18%	45%	76%	1	30.86	10.00	20.00	30.36	34.89	128	1%
Washington Parish	27%	3%	16%	7%	18%	19%	38%	72%	2	12.82	10.26	7.69	15.24	15.15	124	1%
Avoyelles Parish	34%	3%	16%	9%	16%	14%	33%	75%	1	32.24	15.38	18.75	23.88	49.46	182	2%

(*) As a percentage of loans with borrower income information available. No information was available for 2.25% of loans originated by HNB.(**)

Based on 1998 Aggregate HMDA Data only.

Table 10-A. Borrower Distribution of Small Business Loan Originations

Borrower Distribution: SMALL BUSINESS State: Louisiana Evaluation Period: January 1, 1997 TO December 31, 1998											
MSA/Assessment Area:	Businesses with Revenues of \$1 million or less			Loans by Original Amount Regardless of Business Size			Market Share****		Total Small Business Loans		
	% of Businesses*	% BANK Loans**	% Market Loans***	\$100,000 or Less	> \$100,000 to \$250,000	> \$250,000 to \$1,000,000	All	Rev \$1 million or less	#	% of Total	Avg Loan Size
Full-Scope:											
Shreveport/Bossier MSA	74%	83%	74%	92%	5%	3%	18.31	24.82	1,709	10%	\$47
New Orleans MSA	75%	75%	64%	93%	5%	2%	18.24	28.63	5,937	35%	\$35
Houma MSA	75%	73%	61%	91%	5%	4%	23.92	39.07	1,081	6%	\$37
Baton Rouge MSA	71%	73%	76%	92%	6%	2%	15.18	19.93	2,567	15%	\$35
Lake Charles MSA	74%	72%	65%	93%	5%	1%	27.42	41.98	1,202	7%	\$38
NE Rural Region	78%	81%	96%	94%	3%	2%	41.38	44.82	689	4%	\$22
Lake Charles Rural Region	75%	73%	57%	95%	3%	2%	55.25	68.60	545	3%	\$26
Limited-Scope:											
Monroe MSA	73%	69%	74%	92%	5%	3%	12.54	16.95	731	4%	\$42
Alexandria MSA	73%	75%	62%	92%	5%	3%	16.67	26.64	586	3%	\$47
Lafayette MSA	74%	66%	60%	92%	5%	3%	9.25	15.37	722	4%	\$35
DeSoto Parish	74%	79%	90%	92%	3%	5%	43.62	48.24	77	0%	\$29
Acadiana Rural Region	76%	68%	69%	87%	9%	4%	11.51	15.72	534	3%	\$39
Assumption Parish	80%	81%	77%	92%	8%	0%	40.85	52.73	85	1%	\$27
Washington Parish	78%	69%	89%	90%	7%	3%	22.04	24.77	194	1%	\$26
Avoyelles Parish	74%	83%	90%	95%	4%	1%	68.23	76.16	346	2%	\$29

(*) As a percentage of businesses with known revenues.

- (**) As a percentage of loans with revenue information available. No information was available for .06% of loans originated by HNB.
- (***) The market consists of all other Small Business reporters in HNB's assessment area and is based on 1998 Aggregate Small Business Data only.
- (****) Based on 1998 Aggregate Small Business Data only.

Table 11-A. Borrower Distribution of Small Farm Loan Originations

Borrower Distribution: SMALL FARM State: Louisiana Evaluation Period: January 1, 1997 TO December 31, 1998											
MSA/Assessment Area:	Farms with Revenues of \$1 million or less			Loans by Original Amount Regardless of Farm Size			Market Share****		Total Small Farm Loans		
	% of Farms*	% BANK Loans**	% Market Loans***	\$100,000 or Less	> \$100,000 to \$250,000	> \$250,000 to \$500,000	All	Rev \$1 million or less	#	% of Total	Avg Loan Size
Full-Scope:											
Shreveport/Bossier MSA	93%	100%	100%	85%	15%	0%	5.33	8.00	13	1%	\$70
New Orleans MSA	92%	91%	100%	91%	9%	0%	14.29	16.28	11	1%	\$18
Houma MSA	90%	100%	100%	92%	8%	0%	32.43	33.33	12	1%	\$47
Baton Rouge MSA	95%	100%	100%	100%	0%	0%	12.73	15.22	10	1%	\$25
Lake Charles MSA	93%	100%	100%	78%	19%	3%	87.25	87.25	247	19%	\$57
NE Rural Region	92%	100%	100%	90%	8%	2%	41.10	41.80	357	27%	\$39
Lake Charles Rural Region	85%	100%	100%	76%	19%	5%	96.74	96.74	397	30%	\$75
Limited-Scope:											
Monroe MSA	92%	100%	100%	89%	11%	0%	12.94	14.47	19	1%	\$50
Alexandria MSA	92%	100%	100%	86%	14%	0%	21.74	23.81	7	1%	\$43
Lafayette MSA	93%	100%	100%	100%	0%	0%	23.10	30.00	7	1%	\$23
DeSoto Parish	96%	100%	100%	100%	0%	0%	38.90	38.89	7	1%	\$10
Acadiana Rural Region	92%	100%	100%	85%	14%	1%	53.51	54.46	87	7%	\$49
Assumption Parish	90%	100%	100%	40%	60%	0%	45.45	55.56	5	0%	\$106
Washington Parish	97%	100%	100%	100%	0%	0%	5.13	7.41	7	1%	\$9
Avoyelles Parish	91%	100%	100%	88%	9%	3%	90.28	90.28	18	9%	\$49

(*) As a percentage of farms with known revenues.

(**) As a percentage of loans with revenue information available. No information was available for .08% of loans originated by HNB.

(***) The market consists of all other Small Farm reporters in HNB's assessment area and is based on 1998 Aggregate Small Farm Data only.

(****) Based on 1998 Aggregate Small Farm Data only.

Table 12-A Qualified Investments

QUALIFIED INVESTMENTS			State: LOUISIANA	Evaluation Period: JULY 1, 1997 through OCTOBER 18, 1999					
MSA/Assessment Areas:	Prior Period Investments*			Current Period Investments			Total Investments		
	#	\$ (000's)	%**	#	\$ (000's)	%**	#	\$ (000's)	% of Total \$'s
Full-Scope:									
New Orleans MSA	6	\$3,003	86%	77	\$498	14%	85	\$3,501	28%
Shreveport MSA	0	\$0	0%	35	\$196	100%	35	\$196	2%
Baton Rouge MSA	0	\$0	0%	12	\$347	100%	12	\$347	3%
Lake Charles MSA	1	\$108	79%	10	\$28	21%	11	\$136	1%
Houma MSA	2	\$551	96%	15	\$24	4%	17	\$575	5%
NE Rural Region	0	\$0	0%	1	\$2	100%	1	\$2	0%
Lake Charles Rural	0	\$0	NA	0	\$0	NA	0	\$0	0%
Statewide/Regional Investments***	3	\$642	15%	52	\$3,138	85%	55	\$3,780	36%
Multistate Investments****	0	\$0	0%	1	\$2,500	100%	1	\$2,500	20%
Limited-Scope:									
Monroe MSA	1	\$670	96%	11	\$28	4%	12	\$698	5%
Alexandria MSA	0	\$0	0%	16	\$20	100%	16	\$20	0%
Lafayette MSA	0	\$0	0%	8	\$32	100%	8	\$32	0%
DeSoto Parish - Non MSA	0	\$0	NA	0	\$0	NA	0	\$0	0%
Acadiana Rural Region - Non MSA	0	\$0	0%	3	\$10	100%	3	\$10	0%
Assumption Parish - Non MSA	0	\$0	NA	0	\$0	NA	0	\$0	0%
Washington Parish - Non MSA	0	\$0	NA	0	\$0	NA	0	\$0	0%
Avoyelles Parish - Non MSA	0	\$0	NA	0	\$0	NA	0	\$0	0%

(*) "Prior Period Investments" means investments made in a previous evaluation period that remain outstanding.

(**) Percentage of the dollars invested in that MSA/Assessment Area that are prior period investments or current period investments.

*** These investments impact more than one of the bank's assessment areas.

**** This investment impacts assessment areas in north Louisiana, the multistate MSA, and the Texas assessment areas

Table 13-A. Distribution of Branch System and Branch Openings/Closings for Louisiana

DISTRIBUTION OF BRANCH AND BRANCH OPENINGS/CLOSINGS				State: LOUISIANA				Evaluation Period: July 1, 1997 TO OCTOBER 18, 1999									
MSA/Assessment Area:	Deposits	Branches						Branch Openings/Closings				Population					
	% of Rated Area Deposits in MSA/AA	# of BANK Branches	% of Rated Area Branches in MSA/AA	Location of Branches by Income of Geographies				# of Branch Closings	# of Branch Openings	Net Change in Location of Branches (+ or -)				% of the Population within Each Geography			
				Low	Mod	Mid	Upp			Low	Mod	Mid	Upp	Low	Mod	Mid	Upp
Full-Scope:																	
Shreveport/Bossier MSA	10%	22	12%	23%	14%	45%	18%	0	0	0	0	0	0	8%	24%	38%	30%
New Orleans MSA	43%	61	33%	5%	18%	51%	26%	5	5	+1	0	0	-1	12%	21%	35%	32%
Houma MSA	7%	16	8%	0%	13%	75%	12%	4	0	0	0	-2	-2	0%	11%	74%	15%
Baton Rouge MSA	16%	24	13%	4%	13%	50%	33%	2	1	0	-1	0	0	12%	17%	41%	30%
Lake Charles MSA	5%	13	7%	0%	8%	69%	23%	0	0	0	0	0	0	7%	16%	51%	26%
NE Rural Region	2%	4	2%	25%	25%	50%	0%	1	0	0	-1	0	0	14%	30%	41%	15%
Lake Charles Rural Region	2%	8	4%	0%	0%	88%	12%	0	0	0	0	0	0	0%	13%	72%	15%
Limited-Scope:																	
Monroe MSA	2%	4	2%	0%	0%	75%	25%	1	0	0	0	-1	0	19%	18%	36%	27%
Alexandria MSA	4%	10*	5%	0%	0%	30%	40%	1	2	-1	+1	+1	0	8%	23%	44%	25%
Lafayette MSA	3%	6	3%	0%	0%	33%	67%	1	1	0	0	0	0	6%	9%	27%	58%
DeSoto Parish	1%	5	3%	0%	40%	40%	20%	0	0	0	0	0	0	0%	16%	63%	21%
Acadiana Rural Region	2%	5	3%	0%	20%	20%	60%	1	0	0	0	-1	0	0%	12%	55%	33%
Assumption Parish	1%	2	1%	0%	0%	50%	50%	1	0	0	0	0	-1	0%	0%	70%	30%
Washington Parish	1%	3	2%	0%	0%	100%	0%	2	0	0	0	-2	0	0%	22%	78%	0%
Avoyelles Parish	1%	3	2%	0%	100%	0%	0%	1	0	0	-1	0	0	0%	64%	36%	0%

*Three branches in Alexandria are in CT 118.00, income level is NA.

Claiborne Parish was added during 1999, and two branches are operated that are excluded from the table above. In the Louisiana AAs reviewed using full-scope procedures, the bank operates nine drive-up only facilities. One drive-up facility in the Shreveport MSA AA is located

in a low-income census tract and in the New Orleans MSA AA, one is located in a low-income census tract and one in a moderate-income census tract.

Table 1-B. Lending Volume

LENDING VOLUME												State: TEXAS		Evaluation Period: JANUARY 1, 1997 TO DECEMBER 31, 1998	
MSA/Assessment Area:	% of Total Bank Deposits in Rated Area	Home Mortgage		Small Business		Small Farm		Community Development		Total Reported Loans		% of Total Reported Bank Loans in Rated Area			
		#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)				
Full-Scope:															
Beaumont MSA	14%	250	\$11,288	353	\$16,202	3	\$87	0	\$0	606	\$27,577	16%			
Longview MSA	19%	113	\$4,952	212	\$8,137	1	\$100	0	\$0	326	\$13,189	8%			
Cherokee County	5%	22	\$916	17	\$357	1	\$5	0	\$0	40	\$1,278	1%			
Lamar County	11%	201	\$12,610	111	\$4,333	12	\$385	0	\$0	324	\$17,328	8%			
Texarkana Multistate MSA	39%	1,134	\$45,510	827	\$28,070	31	\$460	0	\$0	1,992	\$74,040	52%			
Limited-Scope:															
Collin County	4%	157	\$28,263	80	\$3,794	0	\$0	0	\$0	237	\$32,057	6%			
Tyler MSA	6%	55	\$5,291	67	\$4,789	0	\$0	0	\$0	67	\$10,080	2%			
Cass County	2%	133	\$5,855	137	\$10,610	2	\$50	0	\$0	272	\$16,515	7%			

Table 2-B. Geographic Distribution of Home Purchase Loan Originations

Geographic Distribution: HOME PURCHASE																	State: TEXAS		Evaluation Period: JANUARY 1, 1997 TO DECEMBER 31, 1998	
MSA/Assessment Area:	Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Overall Market Rank*	Market Share by Geography*					Total Home Purchase Loans					
	% Owner Occ Units	% BANK Loans	% Owner Occ Units	% BANK Loans	% Owner Occ Units	% BANK Loans	% Owner Occ Units	% BANK Loans		Overall	Low	Mod	Mid	Upp	#	% of Total				
Full-Scope:																				
Beaumont MSA	7%	2%	18%	4%	46%	75%	29%	19%	27	1.02	0.88	0.49	1.79	0.45	48	6%				
Longview MSA	< 1%	0%	17%	16%	56%	76%	27%	8%	30	0.97	0.00	1.09	1.44	0.18	38	5%				
Cherokee County	0%	0%	17%	64%	72%	27%	11%	9%	8	3.44	NA	9.21	1.62	1.69	11	1%				
Lamar County	0%	0%	21%	6%	53%	65%	26%	29%	1	28.66	NA	17.65	34.78	21.82	122	16%				
Texarkana Multistate MSA	3%	< 1%	16%	1%	51`	69%	30%	30%	5	4.62	0.00	.77	4.39	6.20	297	39%				
Limited-Scope:																				
Collin County	0%	0%	7%	2%	25%	14%	68%	84%	60	0.36	NA	0.30	0.53	0.32	166	22%				
Tyler MSA	3%	0%	6%	0%	59%	29%	32%	71%	31	0.74	0.00	0.00	0.40	1.28	31	4%				
Cass County	0%	0%	0%	0%	100%	100%	0%	0%	6	4.87	NA	NA	4.87	NA	46	6%				

(*) Based on 1998 Aggregate HMDA Data only.

Table 3-B. Geographic Distribution of Home Improvement Loan Originations

Geographic Distribution: HOME IMPROVEMENT																State: TEXAS		Evaluation Period: JANUARY 1, 1997 TO DECEMBER 31, 1998	
MSA/Assessment Area:	Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Overall Market Rank*	Market Share by Geography*					Total Home Improvement Loans				
	% Owner Occ Units	% BANK Loans	% Owner Occ Units	% BANK Loans	% Owner Occ Units	% BANK Loans	% Owner Occ Units	% BANK Loans		Overall	Low	Mod	Mid	Upp	#	% of Total			
Full-Scope:																			
Beaumont MSA	7%	0%	18%	3%	46%	88%	29%	9%	1	10.66	0.00	1.40	18.28	3.22	121	14%			
Longview MSA	< 1%	0%	17%	2%	56%	98%	27%	0%	3	10.20	0.00	0.00	17.52	0.00	60	7%			
Cherokee County	0%	0%	17%	56%	72%	44%	11%	0%	1	21.95	NA	45.45	16.00	0.00	9	1%			
Lamar County	0%	0%	21%	14%	53%	68%	26%	18%	1	48.65	NA	33.33	52.17	50.00	22	3%			
Texarkana Multistate MSA	3%	1%	16%	9%	51%	68%	30%	22%	1	52.44	9.09	25.53	58.46	46.50	570	66%			
Limited-Scope:																			
Collin County	0%	0%	7%	11%	25%	56%	68%	33%	26	0.41	NA	0.96	1.17	0.18	9	1%			
Tyler MSA	3%	0%	6%	0%	59%	36%	32%	64%	15	1.81	0.00	0.00	1.20	3.10	11	1%			
Cass County	0%	0%	0%	0%	100%	100%	0%	0%	1	57.15	NA	NA	57.15	NA	56	7%			

(*) Based on 1998 Aggregate HMDA Data only.

Table 4-B. Geographic Distribution of Home Mortgage Refinance Loan Originations

Geographic Distribution: HOME MORTGAGE REFINANCE																State: TEXAS		Evaluation Period: JANUARY 1, 1997 TO DECEMBER 31, 1998	
MSA/Assessment Area:	Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Overall Market Rank*	Market Share by Geography*					Total Home Mortgage Refinance Loans				
	% Owner Occ Units	% BANK Loans	% Owner Occ Units	% BANK Loans	% Owner Occ Units	% BANK Loans	% Owner Occ Units	% BANK Loans		Overall	Low	Mod	Mid	Upp	#	% of Total			
Full-Scope:																			
Beaumont MSA	7%	1%	18%	3%	46%	78%	29%	18%	4	3.65	1.49	0.88	6.86	1.37	81	16%			
Longview MSA	< 1%	0%	17%	0%	56%	100%	27%	0%	27	0.87	0.00	0.00	1.81	0.00	15	3%			
Cherokee County	0%	0%	17%	100%	72%	0%	11%	0%	13	3.45	NA	11.76	0.00	0.00	2	0%			
Lamar County	0%	0%	21%	9%	53%	61%	26%	30%	1	41.07	NA	13.33	49.15	39.47	57	11%			
Texarkana Multistate MSA	3%	0%	16%	5%	51%	63%	30%	32%	1	14.39	0.00	9.37	14.31	16.32	267	51%			
Limited-Scope:																			
Collin County	0%	0%	7%	6%	25%	19%	68%	75%	65	0.35	NA	0.86	0.43	0.32	53	10%			
Tyler MSA	3%	0%	6%	0%	59%	62%	32%	38%	36	0.82	0.00	0.00	1.12	0.59	13	3%			
Cass County	0%	0%	0%	0%	100%	100%	0%	0%	2	15.84	NA	NA	15.84	NA	31	6%			

(*) Based on 1998 Aggregate HMDA Data only.

Table 5-B. Geographic Distribution of Small Business Loan Originations

Geographic Distribution: SMALL BUSINESS State: TEXAS Evaluation Period: JANUARY 1, 1997 TO DECEMBER 31, 1998																
MSA/Assessment Area:	Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Overall Market Rank*	Market Share by Geography*					Total Small Business Loans	
	% of Businesses	% BANK Loans	% of Businesses	% BANK Loans	% of Businesses	% BANK Loans	% of Businesses	% BANK Loans		Overall	Low	Mod	Mid	Upp	#	% of Total
Full-Scope:																
Beaumont MSA	9%	3%	22%	16%	37%	51%	32%	30%	6	6.72	0.80	5.51	9.28	4.98	353	20%
Longview MSA	6%	3%	25%	35%	47%	48%	22%	14%	6	2.34	1.46	4.42	1.91	1.85	212	12%
Cherokee County	0%	0%	42%	35%	32%	35%	26%	30%	3	9.27	NA	7.02	1.33	10.26	17	1%
Lamar County	0%	0%	40%	47%	35%	31%	25%	22%	1	41.57	NA	46.87	28.33	36.36	111	6%
Texarkana Multistate MSA	7%	6%	22%	16%	50%	50%	21%	28%	2	23.71	22.98	30.23	19.36	17.60	827	46%
Limited-Scope:																
Collin County	0%	0%	19%	41%	18%	25%	63%	34%	19	1.01	NA	2.93	2.31	0.50	80	4%
Tyler MSA	14%	12%	8%	14%	43%	31%	35%	43%	11	1.62	1.59	2.00	0.64	2.19	67	4%
Cass County	0%	0%	0%	0%	100%	100%	0%	0%	3	11.51	NA	NA	6.52	NA	137	8%

(*) Based on 1998 Aggregate Small Business Data only.

Table 6-B. Geographic Distribution of Small Farm Loan Originations

Geographic Distribution: SMALL FARM																
State: TEXAS																
Evaluation Period: JANUARY 1, 1997 TO DECEMBER 31, 1998																
MSA/Assessment Area:	Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Overall Market Rank*	Market Share by Geography*					Total Small Farm Loans	
	% of Farms	% BANK Loans	% of Farms	% BANK Loans	% of Farms	% BANK Loans	% of Farms	% BANK Loans		Overall	Low	Mod	Mid	Upp	#	% of Total
Full-Scope:																
Beaumont MSA	3%	33%	11%	0%	44%	0%	42%	67%	5	2.30	0.00	0.00	0.00	3.57	3	6%
Longview MSA	0%	0%	14%	0%	56%	100%	30%	0%	5	2.50	NA	0.00	2.27	0.00	1	2%
Cherokee County	0%	0%	46%	0%	44%	100%	10%	0%	2	8.70	NA	0.00	2.70	0.00	1	2%
Lamar County	0%	0%	12%	8%	46%	50%	42%	42%	1	72.09	NA	100.00	27.27	100.00	12	24%
Texarkana Multistate MSA	0%	0%	6%	3%	76%	81%	18%	16%	2	15.76	NA	10.00	8.16	2.32	31	62%
Limited-Scope:																
Collin County	0%	0%	12%	0%	31%	0%	57%	0%	0	0.00	NA	0.00	0.00	0.00	0	0%
Tyler MSA	3%	0%	4%	0%	61%	0%	32%	0%	0	0.00	0.00	0.00	0.00	0.00	0	0%
Cass County	0%	0%	0%	0%	100%	100%	0%	0%	3	5.13	NA	NA	2.63	NA	2	4%

(*) Based on 1998 Aggregate Small Farm Data only.

Table 7-B. Borrower Distribution of Home Purchase Loan Originations

Borrower Distribution: HOME PURCHASE					State: TEXAS		Evaluation Period: JANUARY 1, 1997 TO DECEMBER 31, 1998									
MSA/Assessment Area:	Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Overall Market Rank*	Market Share by Borrower Income**					Total Home Purchase Loans	
	% of Families	% BANK Loans*	% of Families	% BANK Loans*	% of Families	% BANK Loans*	% of Families	% BANK Loans*		Overall	Low	Mod	Mid	Upp	#	% of Total
Full-Scope:																
Beaumont MSA	23%	4%	16%	19%	20%	19%	41%	58%	23	1.30	0.90	1.27	0.97	1.56	48	6%
Longview MSA	22%	3%	16%	13%	20%	16%	42%	68%	24	1.28	0.65	0.79	0.64	1.94	38	5%
Cherokee County	23%	0%	18%	27%	20%	9%	39%	64%	7	3.87	0.00	5.45	1.27	5.79	11	1%
Lamar County	22%	8%	15%	13%	19%	22%	44%	57%	1	30.72	37.50	21.67	23.60	38.30	122	16%
Texarkana Multistate MSA	23%	5%	16%	15%	19%	24%	42%	56%	4	5.60	1.27	2.97	4.13	8.26	297	39%
Limited-Scope:																
Collin County	10%	3%	12%	4%	20%	19%	58%	74%	55	0.42	1.03	0.30	0.39	0.44	166	22%
Tyler MSA	22%	7%	17%	3%	22%	16%	39%	74%	28	0.90	0.58	0.15	0.58	1.50	31	4%
Cass County	24%	4%	15%	11%	18%	13%	43%	72%	3	7.34	4.55	5.56	5.36	9.61	46	6%

(*) As a percentage of loans with borrower income information available. No information was available for 0% of loans originated by BANK.

(**) Based on 1998 Aggregate HMDA Data only.

Table 8-B. Borrower Distribution of Home Improvement Loan Originations

Borrower Distribution: HOME IMPROVEMENT				State: TEXAS				Evaluation Period: JANUARY 1, 1997 TO DECEMBER 31, 1998								
MSA/Assessment Area:	Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Overall Market Rank*	Market Share by Borrower Income**					Total Home Improvement Loans	
	% of Families	% BANK Loans*	% of Families	% BANK Loans*	% of Families	% BANK Loans*	% of Families	% BANK Loans*		Overall	Low	Mod	Mid	Upp	#	% of Total
Full-Scope:																
Beaumont MSA	23%	7%	16%	23%	20%	25%	41%	45%	1	11.32	4.64	14.44	11.03	12.50	121	14%
Longview MSA	22%	20%	16%	14%	20%	33%	42%	33%	3	10.79	23.91	8.54	15.13	7.22	60	7%
Cherokee County	23%	11%	18%	22%	20%	11%	40%	56%	1	26.47	50.00	25.00	10.00	35.71	9	1%
Lamar County	22%	0%	15%	19%	19%	24%	44%	57%	1	53.13	0.00	60.00	55.56	52.94	22	3%
Texarkana Multistate MSA	23%	11%	16%	17%	19%	26%	42%	46%	1	53.48	52.38	50.96	46.26	59.82	570	66%
Limited-Scope:																
Collin County	10%	0%	12%	11%	20%	33%	58%	56%	25	0.43	0.00	0.64	0.85	0.32	9	1%
Tyler MSA	22%	18%	17%	18%	22%	9%	39%	55%	14	1.92	3.34	1.96	0.78	2.12	11	1%
Cass County	24%	4%	15%	12%	18%	27%	43%	57%	1	60.61	33.33	53.85	63.16	67.85	56	7%

(*) As a percentage of loans with borrower income information available. No information was available for 0.35% of loans originated by BANK.

(**) Based on 1998 Aggregate HMDA Data only.

Table 9-B. Borrower Distribution of Home Mortgage Refinance Loan Originations

Borrower Distribution: HOME MORTGAGE REFINANCE					State: TEXAS				Evaluation Period: JANUARY 1, 1997 TO DECEMBER 31, 1998							
MSA/Assessment Area:	Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Overall Market Rank*	Market Share by Borrower Income**					Total Home Mortgage Refinance Loans	
	% of Families	% BANK Loans*	% of Families	% BANK Loans*	% of Families	% BANK Loans*	% of Families	% BANK Loans*		Overall	Low	Mod	Mid	Upp	#	% of Total
Full-Scope:																
Beaumont MSA	23%	0%	16%	11%	20%	24%	41%	65%	3	4.30	0.00	3.40	4.97	4.58	81	16%
Longview MSA	22%	7%	16%	7%	20%	6%	42%	80%	25	1.09	0.00	0.76	0.41	1.41	15	3%
Cherokee County	23%	0%	18%	50%	20%	50%	40%	0%	9	4.26	0.00	16.67	33.33	0.00	2	0%
Lamar County	22%	0%	15%	5%	19%	11%	44%	84%	1	45.10	0.00	18.18	23.53	57.14	57	11%
Texarkana Multistate MSA	23%	2%	16%	7%	19%	22%	42%	69%	1	16.28	3.77	8.70	1581	18.85	267	51%
Limited-Scope:																
Collin County	10%	0%	12%	6%	20%	17%	58%	77%	52	0.48	0.00	0.51	0.43	0.50	53	10%
Tyler MSA	22%	0%	17%	15%	22%	23%	39%	62%	27	0.97	0.00	1.58	1.00	0.92	13	2%
Cass County	24%	0%	15%	7%	18%	19%	43%	74%	2	16.67	0.00	8.33	13.64	20.00	31	6%

(*) As a percentage of loans with borrower income information available. No information was available for 0.79% of loans originated by BANK.

(**) Based on 1998 Aggregate HMDA Data only.

Table 10-B. Borrower Distribution of Small Business Loan Originations

Borrower Distribution: SMALL BUSINESS			State: TEXAS			Evaluation Period: JANUARY 1, 1997 TO DECEMBER 31, 1998					
MSA/Assessment Area:	Businesses with Revenues of \$1 million or less			Loans by Original Amount Regardless of Business Size			Market Share****		Total Small Business Loans		
	% of Businesses*	% BANK Loans**	% Market Loans***	\$100,000 or Less	> \$100,000 to \$250,000	> \$250,000 to \$1,000,000	All	Rev \$1 million or less	#	% of Total	Avg Loan Size
Full-Scope:											
Beaumont MSA	92%	79%	74%	95%	3%	2%	6.72	8.86	353	20%	\$34
Longview MSA	91%	52%	75%	94%	2%	4%	2.34	3.11	212	12%	\$36
Cherokee County	91%	76%	47%	100%	0%	0%	9.27	17.72	17	1%	\$22
Lamar County	94%	76%	71%	94%	5%	1%	41.57	51.30	111	6%	\$34
Texarkana Multistate MSA	91%	81%	73%	96%	3%	3%	23.71	29.74	827	46%	\$28
Limited-Scope:											
Collin County	91%	75%	62%	90%	6%	4%	1.01	2.21	80	4%	\$67
Tyler MSA	91%	76%	64%	96%	3%	1%	1.62	2.50	67	4%	\$38
Cass County	92%	36%	78%	88%	4%	8%	11.51	14.41	137	8%	\$54

(*) As a percentage of businesses with known revenues.

(**) As a percentage of loans with revenue information available. No information was available for 0% of loans originated by BANK.

(***) The market consists of all other Small Business reporters in BANK's assessment area and is based on 1998 Aggregate Small Business Data only.

(****) Based on 1998 Aggregate Small Business Data only.

Table 11-B. Borrower Distribution of Small Farm Loan Originations

Borrower Distribution: SMALL FARM State: TEXAS Evaluation Period: JANUARY 1, 1997 TO DECEMBER 31, 1998											
MSA/Assessment Area:	Farms with Revenues of \$1 million or less			Loans by Original Amount Regardless of Farm Size			Market Share****		Total Small Farm Loans		
	% of Farms*	% BANK Loans**	% Market Loans***	\$100,000 or Less	> \$100,000 to \$250,000	> \$250,000 to \$500,000	All	Rev \$1 million or less	#	% of Total	Avg Loan Size
Full-Scope:											
Beaumont MSA	99%	67%	86%	100%	0%	0%	2.30	2.67	3	6%	\$16
Longview MSA	97%	100%	96%	100%	0%	0%	2.50	2.60	1	2%	\$100
Cherokee County	95%	100%	100%	100%	0%	0%	8.70	8.70	1	2%	\$8
Lamar County	98%	100%	100%	92%	8%	0%	72.09	72.09	12	24%	\$27
Texarkana Multistate MSA	96%	100%	99%	100%	0%	0%	15.76	15.81	31	62%	\$14
Limited-Scope:											
Collin County	97%	0%	92%	0%	0%	0%	0.00	0.00	0	0%	\$0
Tyler MSA	95%	0%	96%	0%	0%	0%	0.00	0.00	0	0%	\$0
Cass County	100%	100%	95%	100%	0%	0%	5.13	5.41	2	4%	\$19

(*) As a percentage of farms with known revenues.

(**) As a percentage of loans with revenue information available. No information was available for 0% of loans originated by BANK.

(***) The market consists of all other Small Farm reporters in BANK's assessment area and is based on 1998 Aggregate Small Farm Data only.

(****) Based on 1998 Aggregate Small Farm Data only.

Table 12-B Qualified Investments

QUALIFIED INVESTMENTS		State: TEXAS			Evaluation Period: JULY 1, 1997 through OCTOBER 18, 1999					
MSA/Assessment Areas:	Prior Period Investments*			Current Period Investments			Total Investments			
	#	\$ (000's)	%**	#	\$ (000's)	%**	#	\$ (000's)	% of Total \$'s	
Full-Scope:										
Beaumont MSA	0	\$0	0%	6	\$8	100%	6	\$8	0%	
Longview MSA	0	\$0	0%	5	\$19	100%	5	\$19	1%	
Cherokee County	0	\$0	0%	3	\$2	100%	3	\$2	0%	
Lamar County	0	\$0	0%	3	\$6	100%	3	\$6	0%	
Texarkana Multistate MSA	0	\$0	0%	9	\$13	0%	9	\$13	0%	
Statewide Investments	1	2,630	\$100	0	0	\$0	1	\$2,630	98%	
Limited-Scope:										
Collin County	0	\$0	0%	1	\$2	100%	1	\$2	0%	
Tyler MSA	0	\$0	0%	9	\$9	100%	9	\$9	0%	
Cass County	0	\$0	NA	0	\$0	NA	0	\$0	0%	

(*) "Prior Period Investments" means investments made in a previous evaluation period that remain outstanding.

(**) Percentage of the dollars invested in that MSA/Assessment Area that are prior period investments or current period investments.

Table 13-B. Distribution of Branch System and Branch Opening/Closings for Texas

DISTRIBUTION OF BRANCH AND BRANCH OPENINGS/CLOSINGS				State: TEXAS				Evaluation Period: July 1, 1997 TO OCTOBER 18, 1999									
MSA/Assessment Area:	Deposits	Branches						Branch Openings/Closings				Population					
	% of Rated Area Deposits in MSA/AA	# of BANK Branches	% of Rated Area Branches in MSA/AA	Location of Branches by Income of Geographies				# of Branch Closings	% of Branch Openings	Net Change in Location of Branches (+ or -)				% of the Population within Each Geography			
				Low	Mod	Mid	Upp			Low	Mod	Mid	Upp	Low	Mod	Mid	Upp
Full-Scope:																	
Beaumont MSA	14%	8*	29%	13%	13%	13%	50%	0	1	0	0	0	+1	9%	21%	43%	27%
Longview MSA	19%	6	21%	0%	0%	100	0%	0	0	0	0	0	0	< 1	20%	54%	26%
Cherokee County	5%	1	4%	0%	100%	0%	0%	0	0	0	0	0	0	0%	21%	66%	13%
Lamar County	11%	2	7%	0%	50%	0%	50%	0	0	0	0	0	0	0%	27%	48%	25%
Texarkana Multistate MSA	39%	7	25%	15%	14%	57%	14%	0	0	0	0	0	0	6%	18%	48%	28%
Limited-Scope:																	
Collin County**	4%	1	4%	0%	0%	100	0%	0	0	0	0	0	0	0%	10%	25%	61%
Tyler MSA	6%	2	7%	0%	0%	50%	50%	0	0	0	0	0	0	5%	9%	54%	32%
Cass County	2%	1	4%	0%	0%	100	0%	0	0	0	0	0	0	0%	0%	100	0%

* One branch is located in Jefferson County, CT 16.00, and income is NA

** Collin County 4 percent of the population is NA for census tract income

The bank also operates one branch in Nacogdoches County, one branch in Camp County, and two branches in Wood County. Since these branches were not acquired until 1999, and they are excluded from the table above. In the Texas assessment areas reviewed using full-scope procedures, the bank operates four drive-up only banking facilities. Only one is located in either a low- or moderate-income census tract, and is located in the Lamar County assessment area.