

**CPP ANNUAL USE OF CAPITAL SURVEY - 2013**

**NAME OF INSTITUTION**

(Include Holding Company Where Applicable)

Patriot Bancshares, Inc./Patriot Bank

Person to be contacted regarding this report:	David D. Rinehart, Sr EVP/COO	RSSD: (For Bank Holding Companies)	3390430
UST Sequence Number:	98	Holding Company Docket Number: (For Thrift Holding Companies)	
CPP/CDCI Funds Received:	26,038,000	FDIC Certificate Number: (For Depository Institutions)	3258
CPP/CDCI Funds Repaid to Date:	0	Credit Union Charter Number: (For Credit Unions)	
Date Funded (first funding):	Dec 19, 2008	City:	Houston
Date Repaid <sup>1</sup> :	N/A	State:	Texas

<sup>1</sup>If repayment was incremental, please enter the most recent repayment date.

American taxpayers are quite interested in knowing how banks have used the money that Treasury has invested under the Capital Purchase Program (CPP) and Community Development Capital Initiative (CDCI). To answer that question, Treasury is seeking responses that describe generally how the CPP/CDCI investment has affected the operation of your business. We understand that once received, the cash associated with TARP funding is indistinguishable from other cash sources, unless the funds were segregated, and therefore it may not be feasible to identify precisely how the CPP/CDCI investment was deployed or how many CPP/CDCI dollars were allocated to each use. Nevertheless, we ask you to provide as much information as you can about how you have used the capital Treasury has provided, and how your uses of that capital have changed over time. Treasury will be pairing this survey with a summary of certain balance sheet and other financial data from your institution's regulatory filings, so to the extent you find it helpful to do so, please feel free to refer to your institution's quarterly call reports to illustrate your answers. This is your opportunity to speak to the taxpayers in your own words, which will be posted on our website.

What specific ways did your institution utilize CPP/CDCI capital? Check all that apply and elaborate as appropriate, especially if the uses have shifted over time. Your responses should reflect actions taken over the past year (or for the portion of the year in which CPP/CDCI funds were outstanding).

<input checked="" type="checkbox"/>	Increase lending or reduce lending less than otherwise would have occurred.	We have used the CPP funds primarily to support our lending to the local communities we serve. In 2013, Patriot Bank extended approximately \$270 million in new loans, and our subsidiary Patriot Bank Mortgage, Inc. funded single-family mortgage loans of approximately \$482 million.
<input checked="" type="checkbox"/>	To the extent the funds supported increased lending, please describe the major type of loans, if possible (residential mortgage loans, commercial mortgage loans, small business loans, etc.).	New loans that Patriot Bank and Patriot Bank Mortgage, Inc. made in 2013 included commercial and industrial loans, small business loans, and single-family mortgage loans.
<input checked="" type="checkbox"/>	Increase securities purchased (ABS, MBS, etc.).	We further supported the housing market by purchasing approximately \$196 million in mortgage-backed securities, and supported our loan communities by making \$58,000 in investments fostering community development in 2013.

<input type="checkbox"/>	Make other investments	
<input type="checkbox"/>	Increase reserves for non-performing assets	
<input type="checkbox"/>	Reduce borrowings	
<input type="checkbox"/>	Increase charge-offs	
<input type="checkbox"/>	Purchase another financial institution or purchase assets from another financial institution	
<input checked="" type="checkbox"/>	Held as non-leveraged increase to total capital	Our holding company has used a portion of the CPP funds to enhance its position as a source of strength for Patriot Bank.

What actions were you able to avoid because of the capital infusion of CPP/CDCI funds?

CPP funds were one of the tools we used to enhance our strong capital position and increase new loans to customers in our local communities - without having to access the capital markets or rely on a holding company line of credit, which during the recent economic downturn could have been difficult and an expensive means for augmenting capital.

What actions were you able to take that you may not have taken without the capital infusion of CPP/CDCI funds?

We have strengthened our capital ratios to support Patriot Bank's new lending to customers in our local communities. As of 12/31/13, Patriot Bank had a Tier 1 leverage ratio of 10.63%, Tier 1 risk-based capital ratio of 14.37%, and total risk-based capital ratio of 15.62%. The use of CPP funds was but one component of our successful capital enhancement strategy, but nonetheless an important one.

Please describe any other actions that you were able to undertake with the capital infusion of CPP/CDCI funds.

Patriot has been successful in enhancing its capital strength and serving our communities by making credit available to small to medium-sized businesses and individuals. The productive use of CPP funds is one of the tools that we have found helpful for our accomplishment of these objectives.

According to the Paperwork Reduction Act of 1995, no persons are required to respond to a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 1505-0222. The time required to complete this information collection is estimated to average 80 hours per response.