

CPP ANNUAL USE OF CAPITAL SURVEY - 2011



NAME OF INSTITUTION

(Include Holding Company Where Applicable)

Patriot Bancshares, Inc. / Patriot Bank

Point of Contact:	David D. Rinehart, Sr EVP/COO	RSSD: (For Bank Holding Companies)	3390430
UST Sequence Number:	98	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:		Credit Union Charter Number: (For Credit Unions)	
Date Funded (first funding):	December 19, 2008	City:	Houston
Date Repaid ¹ :	N/A	State:	Texas

¹If 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).

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 2011, Patriot Bank extended approximately \$170 million in new loans, and our subsidiary Patriot Bank Mortgage, Inc. funded single-family mortgage loans of approximately \$349 million.

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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 2011 included commercial and industrial loans, small business loans, and single-family mortgage loans.

Increase securities purchased (ABS, MBS, etc.).

We further supported the housing market by purchasing approximately \$187 million in mortgage-backed securities, and supported our local communities by making \$50,000 in investments fostering community development, in 2011.

Make other investments.

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Increase reserves for non-performing assets.

Reduce borrowings.

Patriot Bank repaid in full its outstanding Federal Home Loan Bank advances totaling \$8.5 million, and our holding company paid in full a line of credit from another financial institution totaling \$4.8 million, in 2011.

Increase charge-offs.

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Purchase another financial institution or purchase assets from another financial institution.

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.

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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 expensive means for augmenting capital.

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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 12/31/2011 Patriot Bank had a Tier 1 leverage ratio of 9.54%, Tier 1 risk-based capital ratio of 12.93%, and total risk-based capital ratio of 14.18%. The use of CPP funds was but one component of our successful capital enhancement strategy, but nonetheless an important one.

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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, reducing holding company debt, and serving our communities by making credit available to small to medium-sized businesses and individuals -- all in the midst of the recent years' challenging economic environment. The productive use of CPP funds is one of the tools that we have found helpful for our accomplishment of these objectives.