

## **PUBLIC DISCLOSURE**

February 3, 2003

### **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

United Central Bank  
RSSD# 259657

4555 West Walnut Street  
Garland, Texas 75043

Federal Reserve Bank of Dallas

2200 North Pearl Street  
Dallas, Texas 75201

NOTE: This document is an evaluation of this institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the institution. This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.

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**INSTITUTION'S CRA RATING:** This institution is rated Satisfactory.

United Central Bank's performance in originating loans to meet the credit needs of all segments of its community is rated Satisfactory for the period covered by this evaluation. The factors supporting this rating include:

- A strong loan-to-deposit ratio, with a quarterly average of 84% since the previous CRA evaluation;
- A substantial majority (84%) of loans sampled originated inside the bank's assessment area;
- An adequate penetration (82%) of loans among businesses with gross annual revenues under \$1 million; and
- A reasonable dispersion of loans throughout its assessment area.

## DESCRIPTION OF INSTITUTION

Central Bancorp, Inc., Garland, Texas is the top tier of a three tiered holding company owning 100% of Central Bancshares, Inc., Delaware which in turns owns 100% of United Central Bank, Garland, Texas (United). United is considered a minority-owned bank with emphasis on serving the Asian population within each assessment area. The bank is a full-service retail bank offering home mortgage, interim construction, home improvement, refinance, commercial, SBA loans and consumer loan products.

As of the examination date, United operated seven full-service offices. The following table depicts the distribution of the bank's branches throughout its assessment areas.

METROPOLITAN AREA	COUNTY	ADDRESS CITY, STATE, ZIP	OFFICE TYPE	CENSUS TRACT
Dallas	Dallas	4555 West Walnut Street Garland, TX 75042	Main Branch	0190.04 Middle
		11235 Harry Hines Boulevard Dallas, TX 75229	Branch	0099.90 Moderate
	Collin	710 West Parker Road Plano, TX 75075	Branch	0316.11 Upper
Fort Worth-Arlington	Tarrant	1107 E. Pioneer Parkway Arlington, TX 76010	Branch	0424.04 Moderate
Houston	Harris	8585 South Gessner Drive Houston, TX 77074	Branch	1229.00 Upper
		1611 Gessner Drive Houston, TX 77080	Branch	0447.02 Middle
Killeen-Temple	Bell	404 East Veterans Memorial Blvd. Killeen, TX 76541	Branch	0229.00 Moderate

According to the Consolidated Reports of Condition and Income (Call Report), United reported total deposits of \$262.7 million and total loans of \$235.8 million as of September 30, 2002, and a loan-to-deposit ratio of 88.6%. The following chart provides further details of the bank's loan portfolio:

LOAN TYPE	9/30/02 \$000's	PERCENT OF GROSS LOANS
Real Estate		
Residential	\$ 788	0.3
Commercial	166,574	70.6
Interim Construction	16,725	7.1
Multifamily	9,086	3.9
Total Real Estate	193,174	81.9
Consumer – All Other	4,705	2.0
Commercial and Industrial	37,775	16.0
Other	170	0.1
Gross Loans	\$235,823	100.0

As indicated, real estate lending comprises the majority of the bank's loan portfolio.

Approximately 86% of the real estate portfolio is in commercial real estate, followed by 8.7% in interim construction. Among the total loan mix, real estate loans make up 82% while commercial and industrial loans make up 16%.

The bank received a satisfactory rating at its previous CRA assessment conducted by this Reserve Bank as of August 17, 1998. There are no factors relating to the bank's financial condition, size, products offered, prior performance, legal impediments, or local economic conditions that would prevent the bank from fulfilling its responsibilities under the CRA. This will be the bank's final evaluation under the small bank performance standards. With total assets surpassing \$250 million for each of the two prior calendar years, United began collecting data on its small business and small farm loans in 2002, for reporting in 2003 and future evaluation under the lending, investment, and service tests for large institutions.

## **DESCRIPTION OF COMBINED ASSESSMENT AREAS**

United has three assessment areas. They are defined as the following counties, which are a portion of the Dallas-Fort Worth, TX CMSA, Houston, TX PMSA, and Killeen-Temple, TX PMSA:

Dallas-Fort Worth, TX – CMSA 31

Dallas, TX - PMSA 1920

- Dallas
- Collin

Fort Worth-Arlington, TX - PMSA 2800

- Tarrant

Houston, TX – PMSA 3360

- Harris

Killeen-Temple – MSA 3810

- Bell

Demographic and economic information impact the bank's performance context and is detailed below. Additional information regarding the demographics within each assessment area is provided in more depth later in the report. Information was obtained from publicly available sources including the U.S. Department of Commerce's Bureau of the Census, 1990 and 2000; the U.S. Department of Labor; the U.S. Department of Housing and Urban Development (HUD); Dun & Bradstreet; and the Texas Workforce Commission.

The chart below details the demographics of United's combined assessment areas:

<b>Assessment Area Demographics (Dallas, Collin, Tarrant, Harris and Bell Counties)</b>									
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income		
	#	%	#	%	#	%	#	%	
Low-income	158	11.7	112,369	7.0	43,188	38.4	343,945	21.4	
Moderate-income	375	27.6	398,297	24.7	72,182	18.1	279,270	17.3	
Middle-income	419	30.9	572,622	35.6	42,568	7.4	341,838	21.2	
Upper-income	383	28.2	527,404	32.7	13,729	2.6	645,639	40.1	
NA	22	1.6	--	--	--	--	--	--	
<b>Total</b>	<b>1,357</b>	<b>100.0</b>	<b>1,610,692</b>	<b>100.0</b>	<b>171,667</b>	<b>10.7</b>	<b>1,610,692</b>	<b>100.0</b>	
	<b>Housing Units by Tract</b>	<b>Housing Types by Tract</b>							
		<b>Owner-occupied</b>			<b>Rental</b>		<b>Vacant</b>		
		#	%	%	#	%	#	%	
Low-income	220,628	58,890	8.4	26.7	112,444	51.0	49,294	22.3	
Moderate-income	712,776	260,193	27.0	36.5	342,385	48.0	110,198	15.5	
Middle-income	929,479	443,201	35.2	47.7	391,165	42.1	95,113	10.2	
Upper-income	777,372	488,266	29.4	62.8	233,269	30.0	55,837	7.2	
N/A	2	0	0	0.0	0	0.0	2	100.0	
<b>Total</b>	<b>2,640,257</b>	<b>1,250,550</b>	<b>100.0</b>	<b>47.4</b>	<b>1,079,263</b>	<b>40.9</b>	<b>310,444</b>	<b>11.8</b>	
	<b>Total Businesses by Tract</b>	<b>Businesses by Tract &amp; Revenue Size</b>							
				<b>Under \$1 million</b>		<b>Over \$1 million</b>		<b>Revenue NR</b>	
		#	%	#	%	#	%	#	%
Low-income	33,336	6.0	23,417	6.3	2,516	7.2	7,403	5.0	
Moderate-income	130,160	23.5	89,889	24.2	10,618	30.2	29,653	20.1	
Middle-income	173,173	31.3	119,035	32.1	10,637	30.3	43,501	29.5	
Upper-income	211,315	38.2	135,512	36.6	10,591	30.2	65,212	44.2	
Tract not reported	5,347	1.0	2,883	0.8	747	2.1	1,718	1.2	
<b>Total</b>	<b>553,331</b>	<b>100.0</b>	<b>370,736</b>	<b>100.0</b>	<b>35,109</b>	<b>100.0</b>	<b>147,487</b>	<b>100.0</b>	
	<b>Percentage of Total Businesses:</b>			<b>67.0</b>	<b>--</b>	<b>6.3</b>	<b>--</b>	<b>26.7</b>	

## CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

### LOAN-TO-DEPOSIT RATIO

United's net loan-to-deposit (LTD) ratio is considered more than reasonable, given the bank's size and financial condition, the credit needs of the assessment area, and the competitive local banking environment. The bank's September 30, 2002 net LTD ratio was 88.6% and the quarterly average for the 17 quarters since the previous evaluation is 83.5%. The quarterly average ratio has increased from the 79.2% average at the previous CRA evaluation, and is measurably higher than most of its peers.

To better understand the bank's performance in relation to its assessment area, a comparison of similarly situated banks was performed. These banks were chosen for analysis based on their proximity (two from each assessment area) and similar size and structure. As indicated in the following chart, the quarterly average ratios for competing banks range from a low of 46.7% to a high of 96.9%.

BANK	COUNTY	TOTAL ASSETS (\$000) 09/30/02	LTD RATIO 09/30/02	QUARTERLY AVG. LTD RATIO
United Central Bank Garland, TX	Dallas	293,366	88.6	83.5
Town North Bank, N.A. Farmers Branch, TX	Dallas	303,973	81.6	78.3
Southwest Bank Fort Worth, TX	Tarrant	248,369	58.6	58.8
First State Bank Temple, TX	Bell	404,629	73.5	76.0
First National Bank Texas Killeen, TX	Bell	408,678	47.6	46.7
Central Bank Houston, TX	Harris	277,950	78.5	68.8
Omnibank, N.A. Houston, TX	Harris	289,782	102.6	96.9

### LENDING IN ASSESSMENT AREA

United's lending performance with respect to CRA was assessed by analyzing a sample of 101 commercial loans totaling \$13.8 million originated by the bank between January 1, 2002 and September 30, 2002. This analysis revealed that a substantial majority of the bank's lending takes place in the assessment area. As summarized in the chart below, 84% of the number of loans and 83% of the dollar volume were originated to borrowers operating inside the bank's assessment area.

DISTRIBUTION OF CRA LOAN SAMPLE				
Location	Number <sup>1</sup>	Percent Of Number	Dollar Amount	Percent of Dollar Volume
Within AA	85	84.2	11,466,339	83.0
Outside AA	16	15.8	2,347,096	17.0
Total	101	100.0%	\$13,813,435	100.0%

The remaining analyses will be conducted on loans originated within the assessment areas.

### LENDING TO BORROWERS OF DIFFERENT INCOMES AND TO BUSINESSES OF DIFFERENT SIZES

The distribution to businesses of different sizes is reasonable. The following table reflects the distribution of the 85 commercial loans in the assessment areas by gross annual revenues of the borrowers:

Gross Annual Revenues	Number of Loans	Percent of Loans
Up to \$100,000	33	38.8
\$100,001 - \$250,000	24	28.2
\$250,001 - \$500,000	6	7.0
\$500,001 - \$750,000	5	5.9
\$750,001 - \$1 million	2	2.4
Greater than \$1 million	10	11.8
Borrower Income Used	5	5.9
Total	85	100.0%

The distribution by loan size is also good. The following table depicts the distribution by loan amount:

Loan Amount	Number of Loans	Percent of Loans
Up to \$100,000	54	63.5
\$100,001 - \$250,000	16	18.8
\$250,001 - \$1 million	15	17.7
Total	85	100.0%

United focuses on commercial lending. This analysis indicates the bank's willingness to meet the credit needs of the small business owner. As noted in the loan portfolio mix, only two percent are consumer loans. While not irrefutable, this could indicate that there are ample opportunities in the assessment areas for lending to low- and moderate-income individuals and in

<sup>1</sup> When comparing to each assessment area, the difference is a result of a loan originated by the Killeen branch being in the Dallas' assessment area.



low- and moderate-income areas. In addition, community contacts indicated a need for small dollar loans, affordable housing, and programs that teach basic financial management skills.

## **GEOGRAPHIC DISTRIBUTION OF LOANS**

The geographic distribution of the sampled loans reflects a reasonable dispersion throughout the assessment areas, given the performance context. There are 1,357 total census tracts in the assessment areas, with about 12% low-income, approximately 28% moderate-income, 31% middle-income, and 28% upper-income. Seven percent of area families live in low-income tracts, 24.7% are in moderate-income tracts, 35.6% reside in middle-income tracts, and 32.7% live in upper-income census tracts. The distribution of area businesses with reported tract locations is 6% low-income, 24% moderate-income, 31% moderate-income, and 38% upper-income. The following table depicts the distribution of loans by income level of the census tracts.

<b>DISTRIBUTION OF LOANS BY GEOGRAPHIC INCOME LEVEL</b>		
<b>Income Level</b>	<b>Number of Loans</b>	<b>Percent of Loans</b>
Low-income	9	10.6
Moderate-income	26	30.6
Middle-income	18	21.2
Upper-income	32	37.6
Total	85	100.0%

As noted above, 41% of loans were made to businesses in low- and moderate-income census tracts. While not conclusive, the lending appears to be indicative to the number of families residing as well as number of businesses in low- and moderate-income census tracts.

## **RESPONSE TO COMPLAINTS**

The bank has not received any CRA-related complaints since the previous evaluation.

## **COMPLIANCE WITH ANTI-DISCRIMINATION LAWS (ECOA, FHA OR HMDA)**

No violations of the substantive provisions of the anti-discrimination laws and regulations were identified during the concurrent Consumer Affairs Examination.

## **DESCRIPTION OF ASSESSMENT AREA: DALLAS, COLLIN, AND TARRANT COUNTIES (Portion of Dallas-Ft. Worth, TX CMSA)**

The Dallas-Fort Worth CMSA includes eight counties in the Dallas PMSA (Collin, Dallas, Denton, Ellis, Henderson, Hunt, Kaufman, and Rockwall) and four counties in the Fort Worth-Arlington PMSA (Hood, Johnson, Parker, and Tarrant). United's assessment area consists of Dallas, Collin and Tarrant Counties. Dallas County contains 56.7% of the census tracts in the assessment area, with 36.7% in Tarrant County and approximately 6.6% in Collin County.

As of the evaluation date, United operated four branches and three ATMs in the CMSA. These branches accounted for \$197.3 million in deposits, or 79% of the bank's total branch deposits as of June 30, 2002. According to the FDIC/OTS Summary of Deposits as of June 30, 2002, United ranked 5<sup>th</sup> out of 16 FDIC-insured institutions operating in Garland, Texas, with 9.8% market share of total deposits (\$136.7 million). Major competitors include Bank of America, NA; Bank One, NA; Chase Manhattan Bank; and Wells Fargo Bank Texas, NA.

The Dallas-Fort Worth Metroplex is a national center for telecommunications, transportation, electronics manufacturing, data processing, conventions and trade shows, and tourism. Major area employers include the Raytheon Company, Texas Instruments, EDS, GTE, Baylor Health Care System, J.C. Penney Company, Southwestern Bell, and Bank of America.

Almost 79 thousand new jobs were added in 2000, with a 4.1% growth rate that outpaced the state's 3.2% employment growth. However, the national economic downturn affected the Dallas area as well in 2001, with a net job loss and unemployment increasing from the 3.1% rate during 1999 and 2000, to an annual average of 4.8% in 2001. The Dallas PMSA labor force topped 2 million in 2001, and the average unemployment rate was just under the state's 4.9% average.

The following table depicts the demographics of the Dallas-Ft. Worth, TX CMSA.

<b>Assessment Area Demographics</b>									
<b>Portion of Dallas-Fort Worth, TX CMSA</b>									
<b>(Dallas, Collin, and Tarrant)</b>									
<b>Income Categories</b>	<b>Tract Distribution</b>		<b>Families by Tract Income</b>		<b>Families &lt; Poverty Level as % of Families by Tract</b>		<b>Families by Family Income</b>		
	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>	
Low-income	84	11.5	54,567	6.5	20,909	38.3	170,339	20.0	
Moderate-income	184	25.1	195,881	23.0	30,467	15.6	150,171	17.7	
Middle-income	236	32.2	320,828	37.7	19,916	6.2	187,943	22.1	
Upper-income	220	30.1	279,342	32.8	5,485	2.0	342,165	40.2	
NA	8	1.1	--	--	--	--	--	--	
<b>Total</b>	<b>732</b>	<b>100.0</b>	<b>850,618</b>	<b>100.0</b>	<b>76,777</b>	<b>9.0</b>	<b>850,618</b>	<b>100.0</b>	
	<b>Housing Units by Tract</b>	<b>Housing Types by Tract</b>							
		<b>Owner-occupied</b>			<b>Rental</b>		<b>Vacant</b>		
		<b>#</b>	<b>%</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>	
Low-income	108,028	28,116	4.1	26.0	55,342	51.2	24,570	22.7	
Moderate-income	356,227	134,487	19.7	37.8	168,939	47.4	52,801	14.8	
Middle-income	521,922	256,289	37.6	49.1	214,980	41.2	50,653	9.7	
Upper-income	404,315	262,715	38.6	65.0	115,257	28.5	26,343	6.5	
<b>Total</b>	<b>1,390,492</b>	<b>681,607</b>	<b>100.0</b>	<b>49.0</b>	<b>554,518</b>	<b>39.9</b>	<b>154,367</b>	<b>11.1</b>	
	<b>Total Businesses by Tract</b>	<b>Businesses by Tract &amp; Revenue Size</b>							
				<b>Under \$1 million</b>		<b>Over \$1 million</b>		<b>Revenue NR</b>	
		<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>
Low-income	18,995	6.2	13,145	6.4	1,546	8.1	4,304	5.2	
Moderate-income	68,058	22.2	46,892	22.9	5,668	29.7	15,498	18.9	
Middle-income	98,458	32.2	68,116	33.2	5,646	29.5	24,696	30.1	
Upper-income	116,131	37.9	74,462	36.3	5,615	29.4	36,054	43.9	
Tract not reported	4,698	1.5	2,476	1.2	633	3.3	1,589	1.9	
<b>Total</b>	<b>306,340</b>	<b>100.0</b>	<b>205,091</b>	<b>100.0</b>	<b>19,108</b>	<b>100.0</b>	<b>82,141</b>	<b>100.0</b>	
<b>Percentage of Total Businesses:</b>				<b>67.0</b>	<b>--</b>	<b>6.2</b>	<b>--</b>	<b>26.8</b>	

## CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA IN DALLAS-FT. WORTH, TX CMSA

### LOAN-TO-DEPOSIT RATIO

United's net loan-to-deposit (LTD) ratio was not calculated for each assessment area because sufficient data was not available. However, analysis by the bank's CRA consultant (the Attus Group), indicates United is using deposits generated in other assessment areas to fund its loan demand in this assessment area. The Attus Group's 2002 metrics indicates that the Dallas-Ft. Worth branches' deposits account for 55% of United's total deposits while they originate about 65.3% of total loans. Care should be taken to ensure that the credit needs of the other assessment areas are not left unmet to support the Dallas-Ft. Worth assessment area's loan demand.

### LENDING IN ASSESSMENT AREA

United's lending performance with respect to CRA was assessed by analyzing a sample of 64 commercial loans totaling \$8.4 million originated by the Dallas-Ft. Worth CMSA branches between January 1, 2002 and September 30, 2002. This analysis revealed that a substantial majority of the bank's lending takes place in the assessment area. As summarized in the chart below, 91% of the number of loans and 90% of the dollar volume were originated to borrowers operating inside the bank's assessment area.

DISTRIBUTION OF LOANS (D/FW CMSA)				
Location	Number	Percent of Number	Dollar Amount	Percent of Dollar Volume
Within AA	58	90.6	7,631,464	90.4
Outside AA	6	9.4	809,000	9.6
Total	64	100.0%	\$8,440,464	100.0%

### LENDING TO BORROWERS OF DIFFERENT INCOMES AND TO BUSINESSES OF DIFFERENT SIZES

The lending distribution to businesses of different sizes is reasonable. The following table reflects the distribution of the 58 commercial loans in the assessment area by gross annual revenues of the borrowers:

Gross Annual Revenues	Number of Loans	Percent of Loans
-----------------------	-----------------	------------------

Up to \$100,000	23	39.7
\$100,001 - \$250,000	17	29.3
\$250,001 - \$500,000	6	10.3
\$500,001 - \$750,000	3	5.2
\$750,001 - \$1 million	1	1.7
Greater than \$1 million	7	12.1
Borrower Income Used	1	1.7
Total	58	100.0%

The distribution by loan size is also good. The following table depicts the distribution by loan amount:

Loan Amount	Number of Loans	Percent of Loans
Up to \$100,000	39	67.2
\$100,001 - \$250,000	8	13.8
\$250,001 - \$1 million	11	19.0
Total	58	100.0%

## GEOGRAPHIC DISTRIBUTION OF LOANS

The geographic distribution of the bank's loans reflects a reasonable dispersion throughout the assessment area, given the performance context. There are 732 total census tracts in the assessment area, with about 12% low-income, 25% moderate-income, 32% middle-income, 30% upper-income, and 1% unknown. Six percent of area families live in low-income tracts, 23% are in moderate-income tracts, 38% reside in middle-income tracts, and 33% live in upper-income census tracts. The lending distribution to area businesses with reported tract locations is 6% low-income, 22% moderate-income, 32% moderate-income, and 38% upper-income. The following table depicts the distribution of loans by income level of the census tracts.

DISTRIBUTION OF LOANS BY GEOGRAPHIC INCOME LEVEL		
Income Level	Number of Loans	Percent of Loans
Low-income	5	8.6
Moderate-income	18	31.0
Middle-income	14	24.2
Upper-income	21	36.2
Total	58	100.0%

As indicated in the chart above, approximately 40% of the loans were made to businesses in low- and moderate-income census tracts. This lending is comparable to the number (32%) of families residing as well as number (30%) of businesses located in low- and moderate-income census tracts.

**DESCRIPTION OF ASSESSMENT AREA: HARRIS COUNTY  
(Portion of Houston, TX PMSA)**

The Houston economy enjoyed economic diversification in the 1990's, growing from a primarily oil-dependent economy to today's highly industrialized corporate management and international business center and a center for energy, space and medical research. The petrochemical industry continues to employ approximately half of Houston's workforce; however, that industry has achieved a better balance between exploration and drilling and petroleum processing in refineries and chemical companies. Houston is headquarters to 18 of the Fortune 500 companies. Major area employers include the Texas Medical Center, Johnson Space Center, Compaq Computer, Shell Oil, Reliant Energy, American General Insurance, and Continental Airlines. The county boasts the nation's largest concentration of petrochemical plants, the largest U.S. wheat-exporting port, and ranks among the top U.S. ports in the value of foreign trade and total tonnage. Harris County's labor force has grown over 16 percent since 1990, totaling 1.8 million as of December 2001. Unemployment continued into its fourth year of decade lows, averaging 4.5% in 2001.

Houston offers a number of incentive programs to encourage economic development, including tax abatements, Enterprise Zones, and Tax Increment Reinvestment Zones. In addition, a twenty square mile area including Houston's central business district is a federally designated Enhanced Enterprise Community, with access to new economic development financing programs for micro-enterprise and small business loans as well as large scale development projects through the EDI/Section 108 Loan Guarantee Program.

The chart below details the demographics of the Houston, TX PMSA:

<b>Assessment Area Demographics Portion of Houston, TX PMSA (Harris County)</b>									
<b>Income Categories</b>	<b>Tract Distribution</b>		<b>Families by Tract Income</b>		<b>Families &lt; Poverty Level as % of Families by Tract</b>		<b>Families by Family Income</b>		
	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>	
Low-income	73	12.5	57,716	8.1	22,256	38.6	164,156	23.2	
Moderate-income	179	30.8	190,331	26.9	39,131	20.6	119,338	16.8	
Middle-income	169	29.0	230,890	32.6	20,393	8.8	142,724	20.1	
Upper-income	147	25.3	229,894	32.4	6,849	3.0	282,613	39.9	
NA	14	2.4	0	0.0	0	0.0	0	0.0	
<b>Total</b>	<b>582</b>	<b>100.0</b>	<b>708,831</b>	<b>100.0</b>	<b>88,629</b>	<b>12.5</b>	<b>708,831</b>	<b>100.0</b>	
	<b>Housing Units by Tract</b>	<b>Housing Types by Tract</b>							
		<b>Owner-occupied</b>			<b>Rental</b>		<b>Vacant</b>		
		<b>#</b>	<b>%</b>		<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>	
Low-income	112,402	30,757	5.8	27.4	56,977	50.7	24,668	21.9	
Moderate-income	336,846	120,898	22.6	35.9	161,373	47.9	54,577	16.2	
Middle-income	377,665	172,214	32.3	45.6	164,155	43.5	41,296	10.9	
Upper-income	346,893	210,022	39.3	60.5	110,054	31.7	26,817	7.7	
NA	2	0	0.0	0.0	0	0.0	2	100.0	
<b>Total</b>	<b>1,173,808</b>	<b>533,891</b>	<b>100.0</b>	<b>45.5</b>	<b>492,559</b>	<b>42.0</b>	<b>147,360</b>	<b>12.5</b>	
	<b>Total Businesses by Tract</b>	<b>Businesses by Tract &amp; Revenue Size</b>							
				<b>Less Than or = \$1 Million</b>		<b>Over \$1 Million</b>		<b>Revenue Not Reported</b>	
		<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>
Low-income	9,358	6.2	7,924	6.2	930	6.3	504	6.2	
Moderate-income	40,162	26.8	33,590	26.4	4,533	30.8	2,039	25.1	
Middle-income	45,910	30.6	38,727	30.5	4,583	31.2	2,600	32.0	
Upper-income	54,261	36.1	46,728	36.7	4,562	31.0	2,971	36.5	
Tract not reported	403	0.3	285	0.2	103	0.7	15	0.2	
<b>Total</b>	<b>150,094</b>	<b>100.0</b>	<b>127,254</b>	<b>100.0</b>	<b>14,711</b>	<b>100.0</b>	<b>8,129</b>	<b>100.0</b>	
<b>Percentage of Total Businesses:</b>				<b>84.8</b>	<b>--</b>	<b>9.8</b>	<b>--</b>	<b>5.4</b>	

## CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA IN HOUSTON, TX PMSA

### LOAN-TO-DEPOSIT RATIO

United's net loan-to-deposit (LTD) ratio was not calculated for each assessment area because sufficient data was not available. However, analysis by the Attus Group reveals that this assessment area appears to generate sufficient deposits to fund its loan demand. The Attus Group's 2002 metrics indicates that the Houston branch deposits account for 20.8% of United's total deposits whereas it originates 16.6% of total loans.

### LENDING IN ASSESSMENT AREA

United's lending performance with respect to CRA was assessed by analyzing a sample of 26 commercial loans totaling \$3.2 million originated by the Houston branch between January 1, 2002 and September 30, 2002. This analysis revealed that a substantial majority of the bank's lending takes place in the assessment area. As summarized in the chart below, 73% of the number of loans and 47% of the dollar volume were originated to borrowers operating inside the bank's assessment area.

DISTRIBUTION OF LOANS (HARRIS)				
Location	Number	Percent of Number	Dollar Amount	Percent of Dollar Volume
Within AA	19	73.1	1,504,025	47.4
Outside AA	7	26.9	1,669,096	52.6
Total	26	100.0%	\$3,173,121	100.0%

### LENDING TO BORROWERS OF DIFFERENT INCOMES AND TO BUSINESSES OF DIFFERENT SIZES

The distribution to businesses of different sizes is reasonable. The following table reflects the distribution of the 19 commercial loans in the assessment area by gross annual revenues of the borrowers:



Gross Annual Revenues	Number of Loans	Percent of Loans
Up to \$100,000	5	26.3
\$100,001 - \$250,000	5	26.3
\$250,001 - \$500,000	0	0.0
\$500,001 - \$750,000	2	10.5
\$750,001 - \$1 million	1	5.3
Greater than \$1 million	2	10.5
Borrower Income Used	4	21.1
Total	19	100.0%

The distribution by loan size is also good. The following table depicts the distribution by loan amount:

Loan Amount	Number of Loans	Percent of Loans
Up to \$100,000	14	73.7
\$100,001 - \$250,000	4	21.0
\$250,001 - \$1 million	1	5.3
Total	19	100.0%

## GEOGRAPHIC DISTRIBUTION OF LOANS

The geographic distribution of the Houston branch loans reflects a reasonable dispersion throughout the assessment area, given the performance context. There are 582 total census tracts in the assessment area, with about 13% low-income, approximately 31% moderate-income, 29% middle-income, 25% upper-income, and 2% unknown. Eight percent of area families live in low-income tracts, 27% are in moderate-income tracts, 33% reside in middle-income tracts, and 32% live in upper-income census tracts. The distribution of area businesses with reported tract location is 6% low-income, 27% moderate-income, 31% moderate-income, and 36% upper-income. The following table depicts the distribution of loans by income level of the census tracts.

DISTRIBUTION OF LOANS BY GEOGRAPHIC INCOME LEVEL		
Income Level	Number of Loans	Percent of Loans
Low-income	3	15.8
Moderate-income	8	42.1
Middle-income	1	5.3
Upper-income	7	36.8
Total	19	100.0%

As noted above, approximately 58% of loans were made to businesses in low- and moderate-income census tracts. This lending is comparable to the number (35%) of families residing as well as number (33%) of businesses in low- and moderate-income census tracts.

**DESCRIPTION OF ASSESSMENT AREA: BELL COUNTY  
(Portion of Killeen-Temple, TX MSA)**

The Killeen-Temple MSA, located along I-35 between Austin and Dallas-Ft. Worth, consists of two counties. Temple and Killeen are located in the Bell County portion of the bank's assessment area, while Fort Hood is located in the adjacent county of Coryell. Fort Hood is the largest active U.S. Army post in the United States. The military and medical services sectors are a major influence in the assessment area. The 2001 annual average unemployment rate was 4.2% for Bell County.

The table below details the demographics of the Bell County:

<b>Assessment Area Demographics Portion of Temple-Killeen, TX MSA (Bell County)</b>								
<b>Income Categories</b>	<b>Tract Distribution</b>		<b>Families by Tract Income</b>		<b>Families &lt; Poverty Level as % of Families by Tract</b>		<b>Families by Family Income</b>	
	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>
Low-income	1	2.3	86	0.2	23	26.7	9,450	18.5
Moderate-income	12	27.9	12,085	23.6	2,548	21.1	9,761	19.0
Middle-income	14	32.6	20,904	40.8	2,259	10.8	11,171	21.8
Upper-income	16	37.2	18,168	35.4	1,395	7.7	20,861	40.7
<b>Total</b>	<b>43</b>	<b>100.0</b>	<b>51,243</b>	<b>100.0</b>	<b>6,225</b>	<b>12.1</b>	<b>51,243</b>	<b>100.0</b>
	<b>Housing Units by Tract</b>	<b>Housing Types by Tract</b>						
		<b>Owner-occupied</b>			<b>Rental</b>		<b>Vacant</b>	
		<b>#</b>	<b>%</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>
Low-income	198	17	4.3	8.6	125	63.1	56	28.3
Moderate-income	19,703	4,808	20.2	24.4	12,075	61.3	2,820	14.3
Middle-income	29,892	14,698	41.2	49.2	12,030	40.2	3,164	10.6
Upper-income	26,164	15,529	34.4	59.4	7,958	30.4	2,677	10.2
<b>Total</b>	<b>75,957</b>	<b>35,052</b>	<b>100.0</b>	<b>46.1</b>	<b>32,188</b>	<b>42.4</b>	<b>8,717</b>	<b>11.5</b>
	<b>Total Businesses by Tract</b>		<b>Businesses by Tract &amp; Revenue Size</b>					
			<b>Under \$1 million</b>		<b>Over \$1 million</b>		<b>Revenue NR</b>	
	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>
Low-income	363	3.1	302	3.5	19	4.0	42	1.7
Moderate-income	2,981	25.7	2,189	25.3	132	27.6	660	27.2
Middle-income	4,386	37.9	3,368	38.8	192	40.0	826	34.0
Upper-income	3,851	33.3	2,813	32.4	136	28.4	902	37.1
<b>Total</b>	<b>11,581</b>	<b>100.0</b>	<b>8,672</b>	<b>100.0</b>	<b>479</b>	<b>100.0</b>	<b>2,430</b>	<b>100.0</b>
<b>Percentage of Total Businesses:</b>				<b>74.9</b>	<b>--</b>	<b>4.1</b>	<b>--</b>	<b>21.0</b>

## CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA IN KILLEEN-TEMPLE, TX MSA

### LOAN-TO-DEPOSIT RATIO

United's net loan-to-deposit (LTD) ratio was not calculated for each assessment area because sufficient data was not available. However, analysis by the Attus Group reveals that this assessment area appears to generate sufficient deposits to fund its loan demand. The Attus Group 2002 metrics indicates that the Killeen branch deposits account for 8.3% of United's total deposits whereas it originates about 2% of total loans.

### LENDING IN ASSESSMENT AREA

United's lending performance with respect to CRA was assessed by analyzing commercial loans totaling \$2.2 million originated by the Killeen branch between January 1, 2002 and September 30, 2002. This analysis revealed that a substantial majority of the bank's lending takes place in the assessment area. As summarized in the chart below, 64% of the number of loans and 79% of the dollar volume were originated to borrowers operating inside the bank's assessment area.

DISTRIBUTION OF LOANS (BELL)				
Location	Number	Percent of Number	Dollar Amount	Percent of Dollar Volume
Within AA	7	63.6	1,730,850	78.7
Outside AA	4	36.4	469,000	21.3
Total	11	100.0%	\$2,199,850	100.0%

### LENDING TO BORROWERS OF DIFFERENT INCOMES AND TO BUSINESSES OF DIFFERENT SIZES

The lending distribution to businesses of different sizes is reasonable. The following table reflects the distribution of the seven commercial loans in the assessment area by gross annual revenues of the borrowers:

Gross Annual Revenues	Number of Loans	Percent of Loans
Up to \$100,000	5	71.4
\$100,001 - \$250,000	2	28.6
Total	7	100.0%

The distribution by loan size is also good. The following table depicts the distribution by loan amount:

Loan Amount	Number of Loans	Percent of Loans
-------------	-----------------	------------------

Up to \$100,000	1	14.3
\$100,001 - \$250,000	4	57.1
\$250,001 - \$1 million	2	28.6
Total	7	100.0%

## GEOGRAPHIC DISTRIBUTION OF LOANS

The geographic distribution of Killeen's branch loans reflects a reasonable dispersion throughout the assessment area, given the performance context. There are 43 total census tracts in the assessment area, only one census tract is low-income (2%), approximately 28% moderate-income, 33% middle-income, and 37% upper-income. Only 86 of area families (0.2%) live in low-income tracts, almost 24% are in moderate-income tracts, 41% reside in middle-income tracts, and 35% live in upper-income census tracts. The distribution of loans to area businesses with reported tract locations is 3% low-income, 26% moderate-income, 38% moderate-income, and 33% upper-income. The following table depicts the distribution of loans by income level of the census tracts.

DISTRIBUTION OF LOANS BY GEOGRAPHIC INCOME LEVEL		
Income Level	Number of Loans	Percent of Loans
Low-income	1	14.2
Moderate-income	0	0.0
Middle-income	3	42.9
Upper-income	3	42.9
Total	7	100.0%

As noted above, 14% of loans were made to businesses in low-income census tracts. This lending is indicative to the number of families residing as well as number of businesses in low- and moderate-income census tracts.