

PUBLIC DISCLOSURE

December 14, 2009

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**First State Bank Central Texas
Certificate Number: 11151**

**6500 N. Mopac Expressway
Building 1, Suite 1101
Austin, Texas 78731-1996**

Federal Deposit Insurance Corporation

**Division of Supervision and Consumer Protection
1601 Bryan 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.

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

The Lending Test is rated: Satisfactory.

The Community Development Test is rated: Satisfactory.

Based on Intermediate Small Bank CRA performance criteria, the bank was assigned a "Satisfactory" CRA rating during the previous FDIC evaluation conducted as of October 31, 2006.

Examiners utilized the intermediate small bank examination procedures to analyze the performance of this \$994 million dollar institution headquartered in Austin, Texas. Intermediate small banks are institutions with total assets greater than or equal to \$277 million and less than \$1.109 billion at the end of each of the previous two calendar years. The FDIC evaluates intermediate small banks under the Lending and Community Development Tests. Regulators weigh both tests equally when arriving at the overall rating. The rating accorded during this evaluation is based on the following and details are presented elsewhere in the Performance Evaluation.

LENDING TEST

First State Bank Central Texas demonstrated a satisfactory record with respect to the Lending Test. The lending analysis focused on the bank's small business, farm, and home mortgage lending activities. Based on the number and dollar volume of originations, small business lending was weighted more heavily, while home mortgage lending was given little weight.

The bank's average loan-to-deposit ratio of 82 percent was more than reasonable in comparison to similarly sized institutions, the high level of competition within the bank's assessment area, the institution size, financial condition, and the assessment area credit needs. A significant majority of the bank's loans were originated inside its designated assessment area. The bank demonstrates a good penetration among businesses and farms of different sizes and borrowers of different income levels. Reasonable performance was noted in lending to businesses of different sizes and to borrowers of different income levels. The overall geographic distribution of loans was also reasonable. The bank has not received any complaints relating to their CRA performance, thus, this criterion was not factored into the rating.

COMMUNITY DEVELOPMENT TEST

First State Bank Central Texas exhibited a satisfactory record regarding the Community Development Test. The bank had an outstanding record relative to community development lending, a good record regarding community development services and qualified investments.

QUALIFIED INVESTMENTS

Overall, First State Bank Central Texas has demonstrated a satisfactory level of qualified investment activity.

A qualified investment is defined as any lawful investment, deposit, membership share, or grant that has as its primary purpose community development.

FSBCT's level of qualified community development investments exhibits good responsiveness to community development needs. Qualified investments are in the form of six mortgage-backed securities totaling \$10,829,125, two equity investments totaling \$6,000,000 and donations totaling \$145,603.

Combined, these investments and donations represent 1.8 percent of average total assets over the most recent 12 quarters. Relative to the apparent abundance of opportunities in the bank's assessment area these levels reflect an adequate performance.

EQUITY INVESTMENTS

Senior Housing Crime Prevention Foundation, Inc. (SHCPF)

In 2007 and 2008 respectively, the bank purchased \$3 million in preferred equity stock in the Senior Housing Crime Prevention Foundation, Inc. The mission of the foundation is to reduce all aspects of crime in senior citizen housing and to provide on-going crime prevention programs. The bank's donation was targeted to support the Senior Crimestoppers Program for low- to moderate-income seniors in Bell, Williamson, and Travis Counties.

GRANTS AND DONATIONS

Qualified donations during the evaluation period included several contributions to various organizations that support community development. Some of the beneficiaries of the bank's grants and donations include:

- *A donation to the Temple Community Free Clinic, Inc.*, which provides reduced rate medical care to working families in need.
- *A donation to Rollins Brooks Community Hospital in Lampasas*, which provides a high level of charity health care to LMI individuals in the community.
- *Donations to Austin Economic Development Corporation*, which strives to promote and oversee an economic strategy for the purpose of attracting new companies and supporting the retention of existing businesses.