



SMALL BANK

Comptroller of the Currency
Administrator of National Banks

Washington, DC 20219

PUBLIC DISCLOSURE

February 04, 2008

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

First Community Bank Central Texas, National Association
Charter Number 24689

200 N. Morgan
Meridian, TX 76665-0527

Office of the Comptroller of the Currency

Houston Field Office
1301 McKinney Street Suite 1410
Houston, TX 77010-3031

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 COMMUNITY REINVESTMENT ACT (CRA) RATING:

This institution is rated Satisfactory.

First Community Bank Central Texas, National Association (FCCT) has a satisfactory record of meeting credit needs within the community, as supported by the following:

- The Loan-To-Deposit ratio is reasonable.
- A majority of loans were made within the assessment area (AA).
- The distribution of loans demonstrates reasonable penetration among individuals of different income levels and businesses of different sizes.
- The distribution of loans demonstrates a reasonable penetration among individuals and businesses in low- and moderate-income tracts.
- There have been no CRA-related complaints filed against the bank.

DESCRIPTION OF INSTITUTION

FCCT is a \$129 million community bank headquartered in Meridian, Texas, approximately 50 miles northwest of Waco, Texas. It is one of five banks owned by FC Holdings, Inc., a multi-bank holding company which provides centralized services to subsidiary banks. Formerly known as the Bosque County Bank of Meridian, FCCT was acquired by FC Holdings, Inc. in early 2006 and converted to a national charter on September 30, 2006. In addition to the main office in Meridian, FCCT has four full-service bank offices located in Hico, Waco, and Dallas. The latter location represents the bank's expansion into the north Dallas market through the opening of a loan production office that was subsequently converted to a branch in September 2007. FCCT is a full-service community bank offering a wide variety of loan and deposit products.

Primary competition comes from 21 national and state-chartered community banks located in and near the bank's assessment area, as well as several branch facilities of regional and national companies. The previous CRA examination was performed by the Federal Deposit Insurance Corporation on the predecessor Bosque County Bank of Meridian as of November 11, 2001. The bank received a Satisfactory rating at that examination. This is the bank's first CRA examination as FCCT. There are no legal or financial factors that impede the holding company or the bank's ability to help meet the credit needs of its assessment area.

DESCRIPTION OF ASSESSMENT AREAS

FCCT has three AAs. One is McLennan County, which includes the Waco metropolitan statistical area (MSA). The second is the primarily rural region northwest of McLennan County comprised of Bosque, Erath, Hamilton, and Somervell Counties, and the western half of Hill County. The third consists of a portion of the Dallas MSA in northeastern Dallas County adjoined by the southwestern corner of Collin County. Further detail for each area is provided below based on 2000 census data:

TABLE 1	
DEMOGRAPHIC/ECONOMIC CHARACTERISTICS OF AA	
MCLENNAN COUNTY	
Population	213,517
Number of Families	53,122
Number of Households	78,926
Geographies	
Number of Census Tracts (CT)	51
% Low-Income CTs	9.8%
% Moderate-Income CTs	27.4%
% Middle-Income CTs	31.4%
% Upper-Income CTs	31.4%
Median Family Income (MFI)	
2000 MFI for AA	\$41,455
2007 HUD-Adjusted MFI	\$50,400
Economic Indicators	
Unemployment Rate	3.6%
2007 Median Housing Value	\$62,261
% of Households Below Poverty Level	17.6

TABLE 2	
DEMOGRAPHIC/ECONOMIC CHARACTERISTICS OF AA	
BOSQUE, ERATH, HAMILTON, SOMERVELL, AND HILL COUNTIES	
Population	77,097
Number of Families	20,642
Number of Households	29,814
Geographies	
Number of Census Tracts (CT)	23
% Low-Income CTs	0%
% Moderate-Income CTs	0%
% Middle-Income CTs	73.9%
% Upper-Income CTs	26.1%
Median Family Income (MFI)	
2000 MFI for AA	\$36,380
2007 HUD-Adjusted MFI	\$41,800
Economic Indicators	
Unemployment Rate	3.40%
2007 Median Housing Value	\$64,677
% of Households Below Poverty Level	15.14%

TABLE 3	
DEMOGRAPHIC/ECONOMIC CHARACTERISTICS OF AA PORTIONS OF DALLAS AND COLLIN COUNTIES	
Population	1,455,766
Number of Families	358,422
Number of Households	565,035
Geographies	
Number of Census Tracts (CT)	307
% Low-Income CTs	7.2%
% Moderate-Income CTs	19.5%
% Middle-Income CTs	29.6%
% Upper-Income CTs	42.7%
% NA	1.0%
Median Family Income (MFI)	
2000 MFI for AA	\$56,313
2007 HUD-Adjusted MFI	\$63,200
Economic Indicators	
Unemployment Rate	2.30%
2007 Median Housing Value	\$147,117
% of Households Below Poverty Level	8.0%

The designated AAs meet the requirements of the regulation and do not exclude low- and moderate-income geographies.

We also considered information from community contacts made in the cities of Hico, Clifton, Valley Mills, and Waco that were conducted during evaluations of other institutions in this area. According to these contacts, local banks are active in their communities and no unmet credit needs were identified. One contact pointed out the lack of affordable housing in the Waco area. No community contacts were made in Dallas or Collin counties as these areas have only been part of the bank's AA for a short period of time.

CONCLUSIONS ABOUT PERFORMANCE CRITERIA

Our conclusions are based on the bank's lending activity since converting to a national charter on September 30, 2006. Based on the volumes in the table below, we identified commercial, commercial real estate and consumer credits as the primary types of lending. Our assessment was based on a review of random samples for these categories of loans in both the Waco MSA and non-MSA AAs. The following table reflects a detailed breakdown of the loan portfolio as of December 31, 2007.

Table 4		
Loan Category	\$ (000)	%
Commercial Real Estate	\$39,466	45%
Commercial	\$19,531	23%
Residential Real Estate	\$13,103	15%
Consumer	\$9,296	11%
Agricultural Production and Farmland Real Estate	\$2,876	3%
Other	\$2,809	3%
Total	\$87,081	100.0%

Sampling of loans originated in the Dallas MSA was not performed due to the short period of time this branch has been open.

Loan-to-Deposit Ratio

FCCT has a reasonable loan-to-deposit (LTD) ratio when compared to similarly situated institutions in the AA as outlined in the table below. The bank's LTD ratio averaged 66% over the evaluation period, exceeding the 60% average of similarly situated banks.

Table 5 Institution	Assets as of 9/30/07 (000s)	Average LTD Ratio (%)
<i>First Community Bank Central Texas</i>	117,855	65.91
First Security State Bank Cranfills Gap	67,537	44.82
First National Bank of Dublin	72,898	67.06
Fidelity Bank of Texas	85,898	69.86
The Citizens National Bank of Hillsboro	90,485	35.29
First National Bank, McGregor	92,227	87.45
First National Bank of Bosque County	100,916	61.37
Town and County Bank	129,319	52.63

Lending in Assessment Area

FCCT had satisfactory performance in lending in the AA as a majority of the loans sampled fell within the AA. The overall percentages of loans made in the AA were 83% by number and 61% by dollar. Based on the primary product types, we sampled 160 commercial, commercial real estate, and consumer loans. A more detailed description is shown in the following table:

Table 5 - Lending in Assessment Area									
Number of Loans					Dollars of Loans				
	Inside		Outside			Inside		Outside	
	#	%	#	%		\$ (\$000)	%	\$	%
Total	132	82.5	28	17.5	Total	4,058	61.47	2,544	38.53

Source: Loan sample.

Lending to Borrowers of Different Incomes and to Businesses of Different Sizes

The distribution of loans within the AA to individuals of different income levels is satisfactory. To determine the bank's performance, we sampled 89 consumer loans originated between September 30, 2006 and December 31, 2007, in both the Waco MSA and non-MSA AAs. We compared these distributions with the percentage of low, moderate, middle, and upper income households in the AAs. The following tables provide details on the bank's distribution by borrower income for the consumer loan samples.

Table 6A - Borrower Distribution of Consumer Loans in Waco AA								
Borrower Income Level	Low		Moderate		Middle		Upper	
	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans
Consumer Loans	25.33	0	15.07	6.06	17.82	15.15	41.78	78.79

Source: Loan sample and U.S. Census data.

FCCT had no penetration to borrowers with lower-incomes and an acceptable penetration to borrowers with moderate-incomes. The Waco AA had approximately 15% of households in moderate-income tracts, and FCCT made 6% of its consumer loans to moderate-income borrowers in this area.

Table 6B – Borrower Distribution of Consumer Loans in Non-MSA AA								
Borrower Income Level	Low		Moderate		Middle		Upper	
	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans
Consumer Loans	22.49	21.43	15.34	12.50	18.36	23.21	43.81	42.86

Source: Loan sample and U.S. Census data.

FCCT had a good penetration to borrowers with low- and moderate-incomes. The non-MSA AA had approximately 22% of households in low-income tracts, and FCCT made 21% of its consumer loans to low-income borrowers in this area. Households in moderate-income tracts constituted 15%, and FCCT made approximately 13% of its consumer loans to moderate-income borrowers in this area.

Lending to businesses of different sizes is reasonable and meets the standard for satisfactory performance. Our sample included 43 commercial and commercial real estate loans originated between September 30, 2006 and December 31, 2007, in both the Waco MSA and non-MSA AAs. We compared the bank’s record of lending to businesses with revenues less than \$1 million to those with more than \$1million. Findings from this analysis are reflected in the table below.

Table 6C - Borrower Distribution of Loans to Businesses in Waco AA				
Business Revenues (or Sales)	≤\$1,000,000	>\$1,000,000	Unavailable/ Unknown	Total
% of AA Businesses	65	5	30	100%
% of Bank Loans in AA by #	70	30	0	100%
% of Bank Loans in AA by \$	58	42	0	100%

Source: Dunn & Bradstreet data & bank records..

FCCT had a good penetration of loans to small businesses with revenues less than \$1 million in the Waco AA. FCCT made 70% of its loans to companies with revenues less than \$1 million compared with the 65% of businesses with revenues less than \$1 million in the AA.

Table 6D - Borrower Distribution of Loans to Businesses in Non-MSA AA				
Business Revenues (or Sales)	≤\$1,000,000	>\$1,000,000	Unavailable/ Unknown	Total
% of AA Businesses	54	3	43	100%
% of Bank Loans in AA by #	100	0	0	100%

Source: Dunn & Bradstreet data & bank records..

FCCT exceeded the standard for satisfactory performance for loans to small businesses with revenues less than \$1 million in the non-MSA AA as 100% loans sampled were to small businesses with revenues less than \$1 million. This compared favorably to 54% of businesses in the AA with revenues less than \$1 million.

Geographic Distribution of Loans

Overall, FCCT has a reasonable penetration of loans to individuals and businesses in low- and moderate-income tracts as reflected in the following tables.

Table 7A - Geographic Distribution of Consumer Loans in Waco AA								
Census Tract Income Level	Low		Moderate		Middle		Upper	
	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans	% of AA Household	% of Number of Loans	% of AA Households	% of Number of Loans
Consumer Loans	11	0	25	9	32	30	32	61

Source: U.S. Census data and bank records.

FCCT had no penetration in low-income census tract and acceptable lending penetration in moderate-income tracts for the consumer loans, with 9% of loans compared with 25% of households in moderate-income tracts.

Table 7B - Geographic Distribution of Loans to Businesses in Waco AA								
Census Tract Income Level	Low		Moderate		Middle		Upper	
	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans
	4	4	29	52	30	26	37	17

Source: U.S. Census data and bank records

FCCT has an excellent penetration in low- and moderate-income tracts for the commercial loans sampled, with 52% of loans exceeding the 29% of businesses in moderate-income tracts.

An evaluation of the geographic distribution of loans in the non-MSA was not performed since there are no low- and moderate-income tracts in this AA.

Responses to Complaints

FCCT did not receive any CRA-related complaints during this evaluation period.

Fair Lending or Other Illegal Credit Practices Review

We found no evidence of discriminatory or other illegal credit practices inconsistent with helping to meet community credit needs.