



SMALL BANK

Comptroller of the Currency
Administrator of National Banks
Washington, DC 20219

PUBLIC DISCLOSURE

February 27, 2007

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**First Community Bank San Antonio, National Association
Charter Number 24512**

**14100 San Pedro Street
San Antonio, TX 78232**

**Comptroller of the Currency
Houston Field Office
1301 McKinney Street, Suite 3410
Houston, TX 77010 - 9010**

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.

First Community Bank San Antonio, N.A. (FCSA), meets the credit needs of its Assessment area (AA) based on the following conclusions:

- Lending performance is satisfactory given the bank's size, financial condition, and known credit needs in its AA.
- The loan-to-deposit (LTD) ratio is reasonable and averaged 74% during the evaluation period.
- A majority of FCSA's loans are within its AA.
- FCSA has demonstrated a satisfactory willingness to extend loans to individuals of varying incomes and businesses of different sizes.
- FCSA has a reasonable penetration level of loans to individuals and businesses in low-to-moderate income tracts.
- There have been no complaints with respect to FCSA's CRA performance.

DESCRIPTION OF INSTITUTION

First Community Bank San Antonio had total assets as of December 31, 2006 of \$98,918 thousand. The bank currently consists of six branches located in the San Antonio Metropolitan Statistical Area, with the main office located at 14100 San Pedro, San Antonio, Texas.

The bank has experienced several structural changes since its inception in May 2004. The bank originated with two branches in San Antonio, which were originally part of First Community Bank – Houston. These branches were extracted from the original charter to form a newly chartered bank (FCSA). Two branches were added in the San Antonio assessment area in 2005. The bank also opened two additional branches in the San Antonio AA in February 2007.

In addition to the six San Antonio offices, the bank had locations in Fort Bend County (Sugarland) Texas for a short period of time (less than one year). This consisted of a Loan Production Office and two branches. These branches were later extracted from the FCSA charter to form a new independent charter.

The bank's total loan portfolio represents 62% of the bank's total assets, as of December 31, 2006. The bank's largest loan product is construction and land development loans, which represents 35% of the bank's loan portfolio. This is followed by non-farm non-

residential loans at 31%, commercial loans at 20%, residential loans at 9% and consumer loans at 3%. The bank makes a majority of their construction loans to major residential home builders for construction of speculative home sales.

The bank offers a wide variety of deposit and loan products, including on-line banking and bank by phone services, which supplies deposit customers with 24 hour access. The branches are open 9:00 am - 4:00 pm weekdays, with extended drive-in hours offered weekdays and half a day on Saturdays. All six branches have an automated teller machine.

This is FCSA’s first assessment under the Community Reinvestment Act.

Loan Distribution as of December 31, 2006

Loan Category	\$ (000)	%
Construction and Land Development Loans	21,620	35
Non Farm Non Residential loans	18,839	31
Commercial and Industrial	12,501	20
Residential Loans (includes Multi-Family)	5,410	9
Consumer Loans	1,869	3
Farm Loans	850	1
Other Loans	34	1
Total	61,123	100%

DESCRIPTIONS OF SAN ANTONIO/FORT BEND ASSESSMENT AREA (AA):

FCSA designated parts of Bexar County and Fort Bend County as its AA. The combined AA consists of 268 census tracts in the San Antonio Metropolitan Statistical Area and Fort Bend County, Texas. The tract designations of these tracts are as follows: 4% are low-income tracts; 26% are moderate-income tracts, 32% are middle income tracts, 37% are upper-income tracts, and 1% of the tracts do not have an income designation. This designated AA meets the requirements of the regulation and does not arbitrarily exclude low-and moderate-income (LMI) geographies.

Based on 2000 US Census data, the combined AA population is approximately 1,419,891. This AA includes 529 thousand housing units of which 320 thousand are owner-occupied.

DESCRIPTION OF SAN ANTONIO:

The San Antonio local economy is primarily based on services, tourism, retail trade, finance, insurance, and real estate. The area also has a strong military presence.

Largest public sector employers consist of the following entities: Lackland Air Force Base/37th Training Wing, Fort Sam Houston, Randolph Air Force Base, City of San Antonio, Northside ISD, San Antonio ISD, North East ISD, University of Texas Health Science Center at San Antonio, University Health System, City Public Service, Bexar County, University of Texas at San Antonio, Brooke Army Medical Center, Brooks City-Base, U.S. Postal Service, San Antonio Police Department and South Texas Veterans Health Care System.

In addition to these employers, the San Antonio area has a multitude of private sector employers that include banks, phone companies, major chain grocery stores, medical and healthcare companies, tourist related industries and restaurants.

A community leader of the San Antonio AA was contacted during another bank's evaluation for the same time-period. Potential lending opportunities in the community were discussed. Our contact was a member of the South Texas Business Fund (STBF). This is a non-profit organization that provides working capital as well as management and technical assistance to small businesses. Our contact stated that there is a need for credit for customers who do not qualify under traditional underwriting standards. The contact also conveyed that banks could do a better job of taking advantage of various government-sponsored programs or refer prospective customers to alternative resources when dealing with marginally qualified commercial borrowers.

DESCRIPTION OF FORT BEND:

The Fort Bend county local economy is primarily based on retail, professional related services, finance, insurance, real estate and some manufacturing. Fort Bend is the site of many master planned communities with up-scale housing available. Educational jobs and educational opportunities are growing in this area with Houston Community College and Wharton Community College expanding their facilities, the establishment of a technical training center in Rosenberg and the completion of the University of Houston in Sugar Land campus.

No community contacts were made in Fort Bend County during this evaluation, as this area was only part of the bank's AA for a short period of time.

CONCLUSIONS ABOUT PERFORMANCE CRITERIA

Management has demonstrated "satisfactory" performance in meeting the credit needs of the AA.

In order to determine the bank's performance, a sample of 219 loans was reviewed. The sample consisted of 105 small business loans, 14 loans to commercial residential builders, 81 consumer loans and 19 residential real estate loans (Home Mortgage Disclosure Act (HMDA) reportable loans). The sample included 100% of the bank's small business loans, and HMDA reportable loans, since the bank's inception.

Loan-to-Deposit Ratio:

FCSA has a satisfactory loan-to-deposit (LTD) ratio, when compared to five similarly situated institutions in the assessment area. FCSA’s Loan-to-Deposit ratio averaged 74% over a twelve quarter period. This exceeded the peer group average. The peer group average during the same time period was 69%.

Lending in Assessment Area:

FCSA had satisfactory performance for lending in their assessment area. The overall percentages of loans made in the assessment area were 69% by number and 73% by dollar. Good penetration levels to borrowers located in the AA were shown for the following two products:

1) Commercial – Residential Builders (71%) and 2) Loans to Small Businesses (78%). The bank’s product line is more focused on commercial loans than residential real estate loans; therefore, more weight was given to the high penetration levels of the commercial – residential builder loans and the loans to small businesses.

Table 1 - Lending in San Antonio/Fort Bend AA

Loan Type	Number of Loans					Dollars of Loans				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	
Residential RE	7	37	12	63	19	2,560	71	1,056	29	3,616
Commercial – Residential Builders	10	71	4	29	14	1,058	44	1,321	56	2,379
Small Business	82	78	23	22	105	11,503	81	2,627	19	14,130
Consumer	52	64	29	36	81	1,076	56	850	44	1,926
Totals	151	69	68	31	219	16,197	73	5,854	27	22,051

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

FCSA had good penetration to borrowers with moderate-income. The AA had 15.56% of families in moderate tracts, and FCSA made 14.29% of its residential real estate loans to moderate income borrowers.

Table 2 - Borrower Distribution of Residential Real Estate Loans in San Antonio/Fort Bend AA

Borrower Income Level	Low		Moderate		Middle		Upper	
	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans
Residential RE	17.5	0	15.56	14.29	19.42	0	47.52	85.71

HMDA sample

FCSA exceeded the standard for satisfactory performance to loans to small businesses with revenues less than one million. FCSA made 70.73% of its loans to companies with revenues less than one million. The AA had 67.95% of businesses with revenues less than one million.

The commercial–residential builder loans in the sample were 80% to large businesses with revenues greater than one million. These customers are well-established builders in the area. A review of these clients income level would not have been meaningful.

Small Farms were also not reviewed during this examination, as small farms only represent less than 1% of the bank’s portfolio.

Table 2A - Borrower Distribution of Loans to Businesses in San Antonio/Fort Bend AA		
Business Revenues (or Sales)	≤\$1,000,000	>\$1,000,000
% of AA Businesses*	67.95	4.8
% of Bank Loans in AA by #	70.73	23.17
% of Bank Loans in AA by \$	44.08	53.03

Source: Loan sample; Dunn and Bradstreet data. * 27.25% of AA businesses did not report revenue data; 6.10% of sampled bank loans by number and 2.90% by dollar did not report revenue data

FCSA exceeded the standard for satisfactory performance to low-income borrowers on consumer loans. FCSA had 23.08% of the sampled consumer loans to low-income borrowers versus 2.54% number of low-income households in the AA. The bank also had good penetration to moderate-income borrowers with 21.15% of the consumer loans to moderate-income borrowers versus 23.75% number of moderate-income households in the AA.

Table 2B - Borrower Distribution of Consumer Loans in [San Antonio/Fort Bend 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	2.54	23.08	23.36	21.15	31.76	9.62	42.33	46.15

Source: loan sample; U.S. Census data. .01% of households did not have income designations.

Geographic Distribution of Loans

FCSA had adequate penetration to residential real estate borrowers with 14.29% of its loans to borrowers located in moderate-income tracts. The AA had 18.12% owner-occupied units in the moderate-income census tracts. FCSA exceeded the demographic comparator in moderate-income tracts for homes built by the commercial-residential builder loans sampled.

Census Tract Income Level	Low		Moderate		Middle		Upper	
	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans
Residential RE	1.84	0.00	18.12	14.29	28.71	14.29	51.32	71.43
Commercial Residential Builders	1.84	0	18.12	18.18	28.71	0	51.32	81.82

Source: Sample and data reported under HMDA; U.S. Census data. .01% of owner occupied housing did not have a tract designation.

FCSA had adequate performance in its penetration level to businesses located in moderate-income census tracts. The bank made loans to 14.63% businesses located in moderate-income tracts. The AA had 19.90% businesses located in these tracts.

Census Tract Income Level	Low		Moderate		Middle		Upper	
	% of AA Businesses /Farms	% of Number of Loans	% of AA Businesses/ Farms	% of Number of Loans	% of AA Businesses /Farms	% of Number of Loans	% of AA Businesses /Farms	% of Number of Loans
Small Business	2.1	0.00	19.90	14.63	29.52	26.83	48.26	58.54

Source: Sample; D & B data. .22% of census tracts did not have a tract designation.

FCSA made very little penetration in low-and moderate-income tracts for the consumer loans sampled.

Responses to Complaints

FCSA 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.