



ANNUAL USE OF CAPITAL SURVEY - 2009

NAME OF INSTITUTION

(Include Holding Company Where Applicable)

Central Community Corporation ("Company"), banking subsidiary, First State Bank Central Texas ("Bank")

| | | | |
|---|---------------------|--|---------|
| Person to be contacted regarding this report: | Donald R. Grobowsky | RSSD: (For Bank Holding Companies) | 1832048 |
| CPP Funds Received: | \$22,000,000 | Holding Company Docket Number: (For Thrift Holding Companies) | |
| CPP Funds Repaid to Date: | \$0 | FDIC Certificate Number: (For Depository Institutions) | 11151 |
| Date Funded (first funding): | 2/20/2009 | City: | Temple |
| Date Repaid ¹ : | | 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). To answer that question, Treasury is seeking responses that describe generally how the CPP 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 investment was deployed or how many CPP 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 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 funds were outstanding).

| | | |
|-------------------------------------|---|---|
| <input checked="" type="checkbox"/> | Increase lending or reduce lending less than otherwise would have occurred. | The capital infusions supported all lending activities through maintaining regulatory capital levels above well capitalized minimums. This enabled more lending to occur. Total lending was down 4% to \$645.3 million in total loans as of December 31, 2009, versus yearend 2008. |
|-------------------------------------|---|---|

| | |
|--|--|
| <input checked="" type="checkbox"/> 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.). | <p>In 2009, the Bank originated \$16.8 million in home mortgage loans, a 177% increase over 2008. In addition, the Bank in 2009 made SBA Guaranteed Loans of \$12.9 million as of December 31, 2009, a 177% increase over 2008, and floor plan auto loans of \$14.9 million, a 34% increase over 2008.</p> |
| <input checked="" type="checkbox"/> Increase securities purchased (ABS, MBS, etc.). | <p>The CPP investment partially was attributable to the securities portfolio (municipals and agencies) increase to \$117.6 million at year end 2009, a 44% increase over the \$81.5 million portfolio as of December 31, 2008.</p> |
| <input checked="" type="checkbox"/> Make other investments | <p>In March 2009, the Company invested \$10,000,000 into common stock of the Bank. During March 2009, the Company also invested an additional \$3.5 million into a non-banking subsidiary which purchased certain non performing assets from the Bank at fair value.</p> |
| <input checked="" type="checkbox"/> Increase reserves for non-performing assets | <p>During 2009, a provision to the loan loss reserve of \$5.2 million was made, with the allowance for loan losses of the Bank being \$13.1 million at December 31, 2009, a 35% increase over the allowance of \$9.7 million at year end 2008. The CPP investment indirectly supported this increase.</p> |

| | |
|---|--|
| <input checked="" type="checkbox"/> Reduce borrowings | The CPP investment indirectly supported total other borrowings being reduced 54% to \$17.1 million, as of December 31, 2009, versus \$37.3 million as of yearend 2008. |
| <input type="checkbox"/> Increase charge-offs | No Reply |
| <input type="checkbox"/> Purchase another financial institution or purchase assets from another financial institution | No Reply |
| <input checked="" type="checkbox"/> Held as non-leveraged increase to total capital | The CPP investment was held as additional capital reserves in light of the uncertainties in the current economic environment. |

What actions were you able to avoid because of the capital infusion of CPP funds?

The Company was well capitalized with continued earnings before the CPP investment. However, the February, 2009 \$22 million capital infusion from the CPP funds, as well as a \$5 million common stock private placement, together caused all regulatory capital ratios to be strengthened and remain above the well-capitalized levels. Therefore, the CPP funds might be considered as a buffer should the future economic circumstances or asset quality cause the Company capital to be eroded.

What actions were you able to take that you may not have taken without the capital infusion of CPP funds?

In March 2009, \$10 million from a portion of the CPP investment was used to purchase common stock of the Bank. During March 2009, the Company was also able to fund an additional \$3.5 million into a non-banking subsidiary earlier capitalized for \$3.25 million, which purchased certain non-performing loans from the Bank at the then fair market value. To the extent of the purchases, this increased the overall asset quality of the Bank.

Please describe any other actions that you were able to undertake with the capital infusion of CPP funds.

The capital infusion strengthened management's ability to focus on its continued overall priorities of reducing the level of commercial real estate loan concentrations and improving asset quality. Total commercial real estate loans of the Bank were reduced from \$305.3 million as of February 28, 2009, to \$247.4 million as of December 31, 2009. This ratio of total commercial real estate as a percentage of risk based capital dropped from 341% as of February 28, 2009, to 231% as of December 31, 2009. In addition, the construction and land development portion of the commercial real estate portfolios dropped from 240% as a percentage of risk based capital as of February 28, 2009, to 136% as of yearend 2009. During 2009, while asset quality continued to suffer, this was partially offset by the Company's capital increase from CPP funds, the common stock private placement and earnings to augment capital. Asset quality has further been assisted by management's continuing early identification of problem credits, its internal watch list procedure, as well as the sale of selected assets at fair value from the Bank to the non-banking subsidiary of the Company.

According to the Paperwork Reduction Act of 1995, no persons are required to respond to a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 1505-0222. The time required to complete this information collection is estimated to average 80 hours per response.