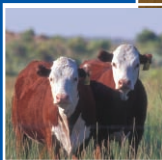


 First Bancshares of Texas, Inc.

Statement of Condition

Second Quarter Ending June 30, 2007



Bank Directors

Michael J. Canon

Chairman of the Board

Kenneth L. Burgess, Jr.

Chief Executive Officer & President

Stephens T. Harper

Vice Chairman of the Board

Jay W. Isaacs

President - Midland Market & Sr. Trust Officer

J. Greg Burgess

President - Amarillo Market &

Chief Lending Officer

Brad D. Burgess

President - Lubbock Market & Sr. Relationship
Manager

George H. Reeves

Executive Vice President &

Chief Operations Officer

David R. Quintanilla

Executive Vice President &

Sr. Relationship Manager

John D. Bergman

Oil & Gas Independent

Cary Billingsley

Independent Petroleum Engineer

Stephen N Castle

Oil & Gas Independent

Dr. David Daniel

President, Midland College

A. Scott Dufford

Oil & Gas Independent

Rick F. Dykes

Real Estate & Investments

H. Tevis Herd

Attorney at Law

Robert C. Leibrock

Oil & Gas Independent

Subodh I. Patel

Hospitality Industry

James W. Ramsey

Petroleum Engineer

C. Todd Sparks

Vice President & CFO, Discovery Operating, Inc.

Dr. James B. Welsh

Physician

Terry D. Wilkinson

Investments

First Bancshares of Texas, Inc., headquartered in Midland, is the parent company for the First National Bank of Midland, which was chartered in November of 1998. First National Bank of Midland presently serves three markets in Texas. These markets are Midland, Lubbock (operating under the name of First Texas Bank of Lubbock), and Amarillo (operating under the name of First Bank of Texas).

The Permian Basin, High Plains and Panhandle regions of Texas are rich in natural resources, agricultural products and livestock. The markets we serve are home to industry, regional medical centers, universities, retail trade and one of the leading petroleum producing centers in the world. Our banking centers provide complete banking services to businesses, oil and gas producers, real estate developers and consumers, including Trust services, mortgage origination and more.

First Bancshares was originally formed with the vision of providing banking services in a highly interactive manner with our customers. We strive to know each and every one of our customers by name and to provide a high quality experience for our customers each and every time we are allowed to provide them service. This is the foundation for our slogan, "Banking the Old Fashioned Way".



Financial Highlights

At and For the Six Months Ended June 30

	<u>2007</u>	<u>2006</u>	<u>Change</u>
	(In Thousands)		
Total Assets	\$ 206,882	\$ 160,666	28.77%
Average Assets	180,316	150,655	19.69%
Investments*	58,810	72,596	(18.99)%
Loans, net	132,598	72,793	82.16%
Deposits	175,950	144,694	21.60%
Shareholders' Equity	20,712	11,032	87.74%
Interest Income	5,901	4,322	36.53%
Interest Expense	1,619	956	69.35%
Net Income	\$ 731	\$ 578	26.47%
Per Share Data:			
Net Income**	\$ 0.13	\$ 0.14	
Book Value**	\$ 3.52	\$ 2.68	
Ratios:			
Return on Average Assets	0.83%	0.77%	
Return on Shareholders' Equity	8.71%	10.77%	
Net Interest Margin (tax equivalent basis)	5.24%	5.01%	
Number of Shareholders (of record)**	246	176	

*Includes investment securities, interest bearing deposits and Federal funds sold

**Data at the Bank holding company level. All other data shown is at Bank level.

First National Bank of Midland

(Unaudited Bank Subsidiary Only)

Balance Sheet

	June 30,		December 31,
	<u>2007</u>	<u>2006</u>	<u>2006</u>
	(In Thousands)		
Assets			
CASH AND DUE FROM BANKS	\$ 6,494	\$ 8,508	\$ 7,344
INVESTMENTS:			
Municipal securities	9,068	8,529	9,097
U.S. gov't agencies	22,821	23,719	26,879
Mortgage backed securities	21,990	22,449	24,893
Due from bank certificates of deposit	—	1,500	—
Federal reserve bank stock	317	274	289
Federal home loan bank stock	514	—	—
Total Investments	<u>54,710</u>	<u>56,471</u>	<u>61,158</u>
FEDERAL FUNDS SOLD	4,100	16,125	3,975
LOANS:			
Real estate	48,704	29,611	34,910
Secondary mortgage	6,900	2,122	2,642
Commercial, industrial, and agricultural	73,395	38,796	45,220
Government entities	295	—	—
Consumer	4,826	3,292	3,033
Other	35	92	44
Total Loans	<u>134,155</u>	<u>73,913</u>	<u>85,849</u>
Less - Allowance for possible loan losses	(1,557)	(1,120)	(1,241)
Loans, net	<u>132,598</u>	<u>72,793</u>	<u>84,608</u>
BANK PREMISES AND EQUIPMENT, NET	6,809	5,236	5,152
OTHER ASSETS	2,171	1,533	1,876
TOTAL ASSETS	<u>\$ 206,882</u>	<u>\$ 160,666</u>	<u>\$ 164,113</u>
Liabilities & Shareholders' Equity			
DEPOSITS:			
Demand	\$ 64,797	\$ 61,367	\$ 61,180
NOW Accounts	18,808	19,515	17,843
Savings	2,485	2,135	3,027
Time	89,860	61,677	64,866
Total Deposits	<u>175,950</u>	<u>144,694</u>	<u>146,916</u>
SHORT-TERM BORROWINGS			
Federal funds purchased	—	—	—
Securities sold under agreement to repurchase	4,534	4,614	4,064
Federal Home Loan Bank borrowings	5,000	—	—
Total short-term borrowings	<u>9,534</u>	<u>4,614</u>	<u>4,064</u>
ACCRUED EXPENSES AND OTHER LIABILITIES	686	326	623
Total Liabilities	<u>186,170</u>	<u>149,634</u>	<u>151,603</u>
SHAREHOLDERS' EQUITY			
Common Stock	3,096	3,096	3,096
Surplus	14,046	6,046	6,546
Retained earnings	3,570	1,890	2,868
Total shareholders' equity	<u>20,712</u>	<u>11,032</u>	<u>12,510</u>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	<u>\$ 206,882</u>	<u>\$ 160,666</u>	<u>\$ 164,113</u>

Statement of Income

For the Six Months Ended June 30,

First National Bank of Midland

(Unaudited Bank Subsidiary Only)

	<u>2007</u>	<u>2006</u>
	(In Thousands)	
Interest Income:		
Interest and fees on loans	\$ 4,565	\$ 2,950
Interest on investment securities	1,280	1,099
Interest on Federal funds sold	56	232
Other interest income	<u>0</u>	<u>42</u>
TOTAL INTEREST INCOME	5,901	4,323
Interest Expense:		
Deposits	1,458	891
Short-term borrowings	161	65
TOTAL INTEREST EXPENSE	<u>1,619</u>	<u>956</u>
Net Interest Income	4,282	3,367
Provision for possible loan losses	<u>345</u>	<u>210</u>
Net Interest Income After Provision For Possible Loan Losses	3,937	3,157
Other Income:		
Mortgage	687	554
Trust, net	77	51
Other income	<u>360</u>	<u>233</u>
TOTAL OTHER INCOME	1,124	838
Other Expenses:		
Salary and employee benefits	2,319	1,789
Building occupancy expense	623	566
Marketing expense	130	84
Data processing expense	112	104
Other employee expense	113	95
Other operating expense	670	500
Other expenses	<u>45</u>	<u>39</u>
TOTAL OTHER EXPENSES	4,012	3,177
Income Before Income Taxes	1,049	818
Provision for income taxes	<u>318</u>	<u>240</u>
NET INCOME	<u>\$ 731</u>	<u>\$ 578</u>

Bank Officers

Michael J. Canon

Chairman of the Board

Kenneth L. Burgess, Jr.

Chief Executive Officer & President

Stephens T. Harper

Vice Chairman of the Board

Midland Market –

(First National Bank of Midland)

Jay W. Isaacs

President – Midland Market &

Sr. Trust Officer

Brian J. Lucas

Executive Vice President &

Sr. Relationship Manager

Brad D. Bullock

Executive Vice President & Compliance

Division Manager

Tracy A. Timlin

Sr. Vice President & Mortgage Division Manager

Janene D. Binnion

Vice President & Human Resources

Department Manager

R. Kyle Clifton

Vice President, Cashier & Controller

Debbie K. Glennan

Vice President & Branch Operations Manager

Toby D. Payne

Vice President & Relationship Manager

Robin R. Richey

Vice President, Secretary to the Board & Trust

Administration Officer

Lynne M. Sawyer

Vice President & Credit Administration

Department Manager

Veronica S. Pyle

Banking Officer & Personal Banker

Martin F. Ruehl

Banking Officer & Relationship Manager

Amarillo Market –

(First Bank of Texas)

J. Greg Burgess

President – Amarillo Market &

Chief Lending Officer

George H. Reeves

Executive Vice President &

Chief Operations Officer

Anita K. Fink

Assistant Vice President &

Assistant Operations Manager

Stayce M. Worthen

Banking Officer & Branch Manager

Dora M. Evans

Banking Officer & Executive Assistant

Lubbock Market –

(First Texas Bank of Lubbock)

Brad D. Burgess

President – Lubbock Market &

Sr. Relationship Manager

David R. Quintanilla

Executive Vice President & Sr. Relationship

Manager

Patrick M. Irish

Vice President & Relationship Manager

Beverly R. Holland

Assistant Vice President & Executive Assistant

Raina Keneda

Assistant Vice President & Executive Assistant

Lisha F. King

Assistant Vice President &

Branch Operations Manager



**FIRST
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OF MIDLAND**

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North A Street Branch

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Midland, Texas 79701
Tel. 432.686.0044

West Wadley Branch

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Midland, Texas 79707
Tel. 432.697.6424



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