





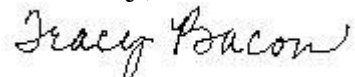






We are pleased with our financial results this quarter and are on track to exceed our budgeted annual earnings goal of \$6.5 million. We are here to answer any questions that you may have regarding our financials. Please don't hesitate to call if we may be of service.

Sincerely,

A handwritten signature in cursive script that reads "Tracy Bacon".

Tracy Bacon  
Chief Financial Officer

# FIRST BANCSHARES OF TEXAS, INC.

## THIRD QUARTER 2012 CONSOLIDATED FINANCIAL HIGHLIGHTS

(Unaudited)

(Dollar amounts in thousands)

### Earnings Summary

For the Nine Months Ended September 30		<u>2012</u>		<u>2011</u>
Interest Income	\$	19,361	\$	16,589
Interest Expense		1,640		2,158
Provision for loan losses		1,150		1,250
Net Income		4,917		3,234

### Performance Ratios (annualized)

For the Nine Months Ended September 30	<u>2012</u>	<u>2011</u>
Return on Average Assets	1.02%	0.75%
Return on Common Shareholders' Average Equity	11.15%	9.83%
Net Interest Margin	3.84%	3.52%

### Period-End Data

As of September 30		<u>2012</u>		<u>2011</u>
Total Assets	\$	652,303	\$	572,605
Average Assets		646,987		576,338
Investments*		217,316		194,583
Loans, net		401,595		346,002
Deposits		574,380		518,230
Shareholders' Equity		71,771		47,870

### Per Share Data\*\*

As of and For the Nine Months Ended September 30		<u>2012</u>		<u>2011</u>
Net Income	\$	0.51	\$	0.39
Book Value	\$	6.61	\$	5.51
Number of Shareholders				
Common		462		381
Preferred		86		40

\*Includes investment securities, due from bank money market and CD's, and federal funds sold

\*\*Data shown at holding company level

# FIRST BANCSHARES OF TEXAS, INC.

## CONSOLIDATED BALANCE SHEET

(Unaudited)

(Dollar amounts in thousands)

	September 30		December 31
	2012	2011	2011
<b>ASSETS</b>			
CASH AND DUE FROM BANKS	\$ 8,826	\$ 11,268	\$ 12,452
INVESTMENTS:			
Municipal securities	23,161	19,264	19,490
U.S. gov't agencies	2,031	2,060	2,053
Mortgage backed securities	41,723	35,946	42,533
Interest bearing due from banks	135,885	128,634	123,895
Federal Reserve Bank stock	1,174	919	964
Federal Home Loan Bank stock	244	446	446
Independent Bank Capital Fund	150	85	85
Texas Independent Bankers Bank Stock	200	200	200
Valesco Capital Fund	68	-	59
Total Investments	204,636	187,554	189,725
FEDERAL FUNDS SOLD	12,680	7,029	14,631
LOANS:			
Real estate	259,871	229,823	239,159
Held for sale	16,767	12,762	14,349
Commercial and industrial	109,659	91,786	91,646
Agricultural	224	147	108
Government entities	10,166	1,922	1,715
Consumer	9,418	11,781	11,050
Other	170	2,021	2,906
Total Loans	406,275	350,242	360,933
Less - Allowance for possible loan losses	(4,680)	(4,240)	(4,612)
Loans, net	401,595	346,002	356,321
BANK PREMISES AND EQUIPMENT, NET	10,775	9,174	9,318
OTHER ASSETS	13,791	11,578	12,849
TOTAL ASSETS	\$ 652,303	\$ 572,605	\$ 595,296
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
DEPOSITS:			
Demand	\$ 201,979	\$ 137,876	\$ 165,769
Interest Bearing Demand Accounts	47,217	43,317	47,442
Savings	19,881	13,108	15,257
Money Market	97,784	117,649	107,331
Certificates of Deposit	106,223	112,854	111,000
CDARS	101,296	93,426	92,388
Total Deposits	574,380	518,230	539,187
SHORT-TERM BORROWINGS			
Federal funds purchased	-	-	-
Securities sold under agreement to repurchase	1,801	2,154	2,684
Federal Home Loan Bank borrowings	-	-	-
Total Short-term borrowings	1,801	2,154	2,684
SUBORDINATED DEBENTURES	3,093	3,093	3,093
ACCRUED EXPENSES AND OTHER LIABILITIES	1,258	1,258	1,113
Total Liabilities	580,532	524,735	546,077
SHAREHOLDERS' EQUITY			
Common Stock	9,440	8,006	8,010
Preferred Stock	937	377	377
Treasury Stock	-	-	(121)
Surplus			
Common	31,476	20,667	20,691
Preferred	8,400	3,375	3,375
Retained earnings	20,559	14,431	15,980
Accumulated other comprehensive income - unrealized gain on available for sale securities, net of tax	959	1,014	908
Accumulated other comprehensive income - unrealized loss on securities transferred from available for sale to held to maturity, net of tax	-	(1)	(1)
Total shareholders' equity	71,771	47,870	49,219
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$ 652,303	\$ 572,605	\$ 595,296



# FIRST BANCSHARES OF TEXAS, INC.

## CONSOLIDATED STATEMENT OF INCOME

For the Nine Months Ended September

(Unaudited)

(Dollar amounts in thousands)

	<u>2012</u>	<u>2011</u>
<b>Interest Income:</b>		
Interest and fees on loans	\$ 17,443	\$ 14,711
Interest on investment securities	1,307	1,375
Interest on federal funds sold	19	25
Interest on due from deposits with banks	525	435
Other interest	67	43
TOTAL INTEREST INCOME	<u>19,361</u>	<u>16,589</u>
<b>Interest Expense:</b>		
Deposits	1,554	2,073
Short-term borrowings	7	11
Other interest	79	74
TOTAL INTEREST EXPENSE	<u>1,640</u>	<u>2,158</u>
<b>Net Interest Income</b>	<b>17,721</b>	<b>14,432</b>
Provision for possible loan losses	<u>1,150</u>	<u>1,250</u>
<b>Net Interest Income After Provision</b>	<b><u>16,571</u></b>	<b><u>13,182</u></b>
<b>Other Income:</b>		
Mortgage (net)	3,155	1,960
Trust	331	318
Other income	967	1,092
TOTAL OTHER INCOME	<u>4,453</u>	<u>3,370</u>
<b>Other Expenses:</b>		
Salary and employee benefits	8,637	6,750
Building occupancy expense	1,857	1,751
Marketing expense	258	317
Data processing expense	304	271
Other employee expense	469	349
Regulatory expense	354	591
Other expenses	2,135	1,855
TOTAL OTHER EXPENSES	<u>14,013</u>	<u>11,883</u>
<b>Income Before Income Taxes</b>	<b>7,011</b>	<b>4,669</b>
Income tax expense	<u>2,094</u>	<u>1,435</u>
<b>NET INCOME</b>	<b><u>\$ 4,917</u></b>	<b><u>\$ 3,234</u></b>

# OFFICERS

OF FIRSTCAPITAL BANK OF TEXAS, N.A.

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[KENNETH L. BURGESS, JR.](#)

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Chief Executive Officer

[JAY W. ISAACS](#)

President

[TED AWERKAMP](#)

Chief Operating Officer

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Executive Vice President & Chief Financial Officer

[MARK ODLE](#)

Executive Vice President & Chief Credit Officer

[TRACY A. TIMLIN](#)

Executive Vice President & Chief Mortgage Officer

[TOM BECKHAM](#)

Senior Vice President, Midland Lending Manager  
& Senior Relationship Manager

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Senior Vice President & Team Resources Manager

[BILL J. HILL](#)

Senior Vice President & Trust Officer

[CHRIS L. MCGINNIS](#)

Senior Vice President & IT Manager

[TOBY D. PAYNE](#)

Senior Vice President & Senior Relationship Manager

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Senior Vice President & Trust Administration

[LYNNE M. SAWYER](#)

Senior Vice President & Loan Servicing Specialist

[SHANNON L. SMITH](#)

Senior Vice President & Senior Relationship Manager

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Vice President & Odessa Mortgage Manager

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[MARTIN F. RUEHL](#)

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Assistant Vice President & IT Specialist

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Assistant Vice President & Relationship Manager

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Assistant Vice President, Branch Manager & Personal Banker

[SHEA FERLAND, PHR](#)

Banking Officer & Team Resources Representative

[LISA INGRAM](#)

Banking Officer & BSA Officer

[EDGAR PAZ](#)

Banking Officer & Loan Servicing Assistant

[CALIB WILLIAMS](#)

Banking Officer & Information Security Officer

[JAMIE WRIGHT](#)

Banking Officer, Branch Manager & Personal Banker

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# OFFICERS, CONT.

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Executive Vice President & Chief Operations Officer

[LACIE McDOWELL](#)

Senior Vice President & Treasury Management

[MURIELLE BARNES](#)

Vice President & Mortgage Underwriter

[BRUCE FIELDER](#)

Vice President & Mortgage Operations Manager

[ANITA K. FINK](#)

Vice President & Assistant Operations Manager

[M. KAY KUHN](#)

Vice President & Amarillo Mortgage Manager

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Assistant Vice President & Relationship Manager

[CARMELLA SMITH](#)

Assistant Vice President & Wire Transfer Manager

[ABBY SNYDER](#)

Assistant Vice President & Branch Manager

[BRAD STUTEVILLE](#)

Assistant Vice President & Relationship Manager

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Senior Vice President & Consumer Credit Underwriting Manager

[DARRELL HILL](#)

Senior Vice President & Senior Relationship Manager

[TONY PENA](#)

Senior Vice President & Senior Relationship Manager

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Vice President, Personal Banking & Loan Services Manager

[LISHA F. KING](#)

Vice President & Operations Manager

[CINDI LEA](#)

Vice President & Lubbock Mortgage Manager

[CATHY COPPLE](#)

Banking Officer & Documentation Preparation Department  
Manager

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OF FIRSTCAPITAL BANK OF TEXAS, N.A.

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Oil & Gas Independent

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President

**CARY BILLINGSLEY**  
Independent Petroleum Engineer

**ROBERT C. LEIBROCK**  
Oil & Gas Independent

**BRAD D. BURGESS**  
Chief Executive Officer

**CHRIS MATTHEWS**  
Investments

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President - Amarillo Market

**SUBODH I. PATEL**  
Hospitality Industry

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President - Lubbock Market

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Physician

**A. SCOTT DUFFORD**  
Oil & Gas Independent

**TERRY D. WILKINSON**  
Investments

**J. GAUT**  
Commercial Real Estate Broker

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