

## **BRANCH CLOSING POLICY**

### **CONSIDERATIONS:**

Closing a branch may have adverse effects on the community and its residents, particularly in low and moderate income neighborhoods. A branch closing also may affect local economic development and inconvenience businesses and residents. Prior to closing a branch, First State Bank will consider the following:

1. Profits generated by the bank's branch system and the profitability of each branch.
2. Actions which have been or could be taken to attempt to return a branch to viability; for example adjusting hours, changing services, upgrading facilities and increasing automation.
3. The presence in each branch's neighborhood of other financial institutions and their accessibility and services.
4. Actions to advise the community of a planned branch closing.
5. Actions to minimize the impact of a branch closing on the neighborhood; for example, providing special services, check cashing, night deposits and additional services at other sites.
6. A review and approval procedure for arriving at a closing decision including standards (i.e. profit and loss, number of customers, amount of deposit or loan accounts) used to make the decision and appropriate follow-up actions to be taken.
7. Any other considerations the bank deems necessary.

### **NOTICE TO REGULATORS:**

The notice to the Texas Department of Banking and the primary Federal Regulator must include a detailed statement of the reasons for the decision to close the branch and information to support these reasons. This notice must be submitted no later than 90 days prior to the date of the proposed branch closing.

NOTICE TO CUSTOMERS:

1. The law requires the bank to notify its branch customers of a proposed branch closing. The bank will mail the notice to the customers of its branch, either in one of the regular account statements or a separate mailing, at least 90 days prior to the proposed closing. A notice will also be conspicuously posted on the premises of the branch at least 30 days prior to the proposed closing. If the branch closing occurs after the proposed date, no additional notice is required if the bank acted in good faith in projecting the date for closure.

To satisfy the mailed customer notice requirement of the law, the mailed notice will include the location of the branch to be closed, the proposed date of closing and either identifying where customers may obtain service following the closing or provide a telephone number for customers to call to determine such alternate sites.

2. The 90 day notice requirement will not apply when the bank purchases a failed institution and operates an unwanted branch of that institution on an interim bases, so long as the branch(s) are closed prior to expiration of the acquiror's branch acquisition option period of 90-180 days.

However, when operating acquired branches on an interim basis the bank will make every effort to give notices to customers when it decides not to acquire a branch during its branch acquisition period. Thus, the bank will give a written notice and statement of reasons to the selling agency and mail and post notices to customers as expeditiously as possible prior to transferring such facilities back to the selling agency.

ADOPTED AT A MEETING HELD ON THE 26<sup>TH</sup> DAY OF JULY, 1995 BY THE BOARD OF DIRECTORS.

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STEVE TOWNLEY, SECRETARY