



February 27, 2009

Special Inspector General – TARP  
1500 Pennsylvania Ave, NW; Suite 1064  
Washington, D.C. 20220

P.O. Box 801263  
Houston, Texas 77280-1263  
Phone: 832.485.2300  
Fax: 713.862.7839  
www.centralbankhouston.com

RE: Central Bancshares, Inc.

Dear Sirs:

Our anticipated use of the TARP funds was to support asset growth while retaining prudent capital levels. (b) (4)

(b) (4)

(b) (4)

The entire \$5.8 million which was received on January 30, 2009 was injected into Central Bank as capital and we expect that these funds will allow expansion of our loan portfolio, particularly that of our recently opened office. This office opened on December 11, 2008 and as of January 31, 2009 the office had \$20.5 million of outstanding loans. (Without the TARP funds we would have not been able to fund all of these loans without experiencing lower capital ratios.) This loan growth is in line with projections and is consistent with our plans that were submitted with our application for the funds on November 5, 2008.

As to executive compensation requirements associated with the TARP funding, we are aware of the passage of the American Recovery & Reinvestment Act of 2009 and it's signing into law by the President on February 17. It is our intention to fully comply with the prescribed guidelines which include appropriate action and oversight by our Board Compensation Committee. We have retained outside counsel to assist with this effort.

In accordance with the instructions received for this report, I certify that the statements and representations in this submission are accurate and I am aware of the fact that this certification is subject to the requirements and penalties set forth in Title 18, United States Code, Section 1001.

If further information is required at this point, please let us know.

Sincerely,

A handwritten signature in black ink, appearing to read "Patrick C. Reed", is written over a white background.

Patrick C. Reed  
Executive Vice President