



**SMALL BANK**

---

Comptroller of the Currency  
Administrator of National Banks

---

Washington, DC 20219

## **PUBLIC DISCLOSURE**

December 4, 2007

### **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

The First National Bank of Nash  
Charter Number 11306

107 South Main Street  
Nash, OK 73761

Office of the Comptroller of the Currency

Wichita Field Office  
3450 North Rock Road, Suite 505  
Wichita, KS 6722

**NOTE:** This document is an evaluation of this institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods consistent with safe and sound operation of the institution. This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion, or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.

**INSTITUTION'S CRA RATING: This institution is rated Satisfactory.**

- The First National Bank of Nash's quarterly average loan-to-deposit ratio is good. The bank's average quarterly loan-to-deposit ratio is 60% compared to 61% for similarly situated banks in the assessment area.
- A majority of the bank's primary loan products have been granted in the assessment area. The loan sample indicated that 80% of the number and 73% of the dollar volume of loans were granted in the assessment area.
- The First National Bank of Nash's level of lending to farms of different sizes is good. Ninety percent (90%) of the number and 96% of the dollar volume of loans were to farms with revenues less than or equal to \$1 million.
- The First National Bank's level of consumer lending to borrowers of different income levels is excellent. The assessment area demographics reveal that 20% of the households are low-income and 33% of the loans in the sample were to low-income borrowers. Lending to moderate-income borrowers is above demographic data showing 17% of households are moderate-income and 34% of the loans in the sample were to moderate-income borrowers.

**SCOPE OF EXAMINATION**

We performed a full-scope evaluation of The First National Bank of Nash's assessment area using small bank Community Reinvestment Act procedures.

**DESCRIPTION OF INSTITUTION**

The First National Bank of Nash (FNBN) is a \$9 million bank located in Grant County, Oklahoma. The bank does not have any branch locations or automated teller machines. The bank is not part of a holding company and does not have any affiliates. FNBN is a full-service bank offering a variety of loan products with an emphasis on agricultural loans. As of September 30, 2007, net loans represent 54% of the bank's total assets. The bank's \$5 million loan portfolio has the following composition: agricultural loans 36%, real estate loans 27%, consumer loans 22%, and commercial loans 15%. The bank has not changed any existing loan products, or offered any new loan products since the previous Community Reinvestment Act examination. Examiners determined the primary loan products, based on the number and dollar volume granted during the previous two calendar years and year-to-date 2007, are agriculture loans and consumer loans.

FNBN's financial condition, size, and local economic conditions allow it to help meet the credit needs of its assessment area. We assigned a "Satisfactory" rating at the June 10, 2003 CRA examination.

## **DESCRIPTION OF ASSESSMENT AREA(S)**

FNBN's assessment area (AA) includes Grant County, Alfalfa County, and the northernmost census tract (11) in Garfield County. The AA contains six middle-income census tracts, none of which are in a Metropolitan Statistical Area. The AA complies with the regulation and does not arbitrarily exclude any low- or moderate-income areas.

The 2000 U.S. Census population of the AA was 14,413. The Oklahoma state-wide non-MSA median family income for 2007 is \$42,400. The income distribution for families in the AA is 17% low-income, 18% moderate-income, 24% middle-income, and 41% upper-income. Of the 5,514 households in the AA, 37% receive social security, 12% have income below poverty level, and 2% receive public assistance. Thirty-five percent (35%) of the population is not in the work force and 20% is over the age of 65.

The median housing value is \$39,153 and 65% of the housing units are owner-occupied. The local economy is stable. Agricultural production dominates the local economy and includes primarily wheat and cattle production as well as oil extraction. The area's economy is currently benefiting from high commodity prices. The town of Nash, Oklahoma is small and has limited employment opportunities. Many residents travel 30 miles southeast to Enid, Oklahoma which provides employment diversity and stability in the local economy. The Oklahoma unemployment rate of 4.4% for October 2007 is in line with the nationwide rate of 4.7%.

The level of competition in the bank's AA is driven by a number of other banks and several financial institutions with offices in the AA. With 2% of the area's deposits, the bank ranks ninth in deposit market share.

Examiners contacted one community professional. The contact identified agricultural loans and consumer loans as two of the area's primary credit needs. The contact also stated that area banks are meeting those needs.

## **CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA**

### **Loan-to-Deposit Ratio**

FNBN's level of lending is good. The bank's quarterly average loan-to-deposit ratio (LTD) since the last CRA exam is 60%. The average quarterly LTD ratio for four similarly situated banks in the AA is 61%. The average quarterly LTD ratio for the peer banks range from 32% to 90%.

### **Lending in Assessment Area**

The bank's lending in the AA is good as it extends a majority of its primary loan products to borrowers located in the AA. Specifically, we found that FNBN made 80% of the number and 73% of the dollar amount of loans in the assessment area. The sample included 40 loans originated during 2005, 2006, and year-to-date 2007. The loan sample included 20 loans of each of the two primary products.

**Lending to Borrowers of Different Incomes and to Businesses of Different Sizes**

Lending levels to borrowers of different incomes and businesses of different sizes are good. To assess the bank’s performance, examiners selected a sample of 20 agriculture loans and 20 consumer loans. These products represent the majority of loans originated from January 1, 2005 to year-to-date 2007.

FNBN’s lending levels to farms of different sizes is adequate. The agricultural loan sample indicates 90% of the number and 96% of the dollar amounts were granted to farms with revenues less than or equal to \$1 million. The agricultural demographic data shows that 99% of farms in the AA have revenues less than or equal to \$1 million. Further breakdown of the sample shows that 90% of the loans were to farms with revenues of less than \$100 thousand.

<b>Borrower Distribution of Loans to Farms in Nash Assessment Area</b>				
Farms Revenues	≤\$1,000,000	>\$1,000,000	Unavailable/ Unknown	Total
% of AA Farms	99%	0%	1%	100%
% of Bank Loans in AA by #	90%	0%	10%	100%
% of Bank Loans in AA by \$	96%	0%	4%	100%

**Source: Loan sample and 2007 Business Geodemographic data**

Lending levels to borrowers of different incomes is excellent. Lending to low-income borrowers is well above area demographics. The AA demographics reveal that 20% of households are low-income and 33% of the loans in the sample were to low-income borrowers. Lending to moderate-income borrowers is also well above the demographic data as 17% of households are moderate-income and 34% of the loans in the sample were to moderate-income borrowers.

<b>Borrower Distribution of Consumer Loans in Nash Assessment Area</b>								
Borrower Income Level	Low		Moderate		Middle		Upper	
	% of AA House- holds	% of Number of Loans	% of AA House- holds	% of Number of Loans	% of AA House- holds	% of Number of Loans	% of AA House- holds	% of Number of Loans
Consumer loan	20%	33%	17%	34%	21%	18%	42%	15%

**Source: Loan sample and 2000 U.S. Census data**

**Geographic Distribution of Loans**

An analysis of the distribution of credit within the assessment area would not be meaningful as the AA does not have any low- or moderate-income tracts.

**Responses to Complaints**

The First National Bank of Nash has not received any CRA related complaints since the previous CRA examination.

**Fair Lending or Other Illegal Credit Practices Review**

We found no evidence of discriminatory or other illegal credit practices inconsistent with helping to meet community credit needs.