



**SMALL BANK**

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Comptroller of the Currency  
Administrator of National Banks

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Washington, DC 20219

## **PUBLIC DISCLOSURE**

**September 2, 2008**

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

First Financial Bank, National Association  
Charter Number 12734

1900 East Hubbard Street  
Mineral Wells, Texas 76068

Office of the Comptroller of the Currency

FORT WORTH  
9003 Airport Freeway Suite 275  
North Richland Hills, TX 76180-9127

**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 lending performance of First Financial Bank, N.A., Mineral Wells, Texas (FFB) reflects satisfactory responsiveness to its community credit needs. This assessment is based on the following conclusions:

- The bank's average loan-to-deposit ratio of 64.43% since the previous CRA examination meets the standards for satisfactory performance given the bank's size, financial condition, local competition, and assessment area (AA) credit needs.
- A majority of the bank's lending activities is within the AA. Based on the loans reviewed in our samples, 73.3% of the number and 56.2% of the dollar amount were originated within the AA.
- The distribution of loans among individuals of different income levels and businesses of different sizes meets the standards. A reasonable portion of our 1-4 family and consumer auto samples was to low and moderate income families and households. A large portion of the commercial loans were made to small businesses.
- The geographic distribution of loans demonstrates reasonable penetration in the moderate income census tracts (there were no low income census tracts in the AA).

**SCOPE OF EXAMINATION**

The evaluation period for our assessment of FFB's CRA efforts was January 1, 2006 to September 1, 2008. Loan products evaluated include home mortgage loans, consumer auto loans and commercial loans. Our samples included 20 home mortgage loans, 20 consumer auto loans and 20 commercial loans. We performed a full-scope review of FFB's AA, which is six census tracts (CTs) in eastern Palo Pinto County, Texas. The AA includes the City of Mineral Wells, and two CTs in western Parker County that border Palo Pinto County to the east. This review was the basis of our overall rating of FFB's CRA efforts.

## DESCRIPTION OF INSTITUTION

FFB, formerly The City National Bank of Mineral Wells, became a subsidiary bank of First Financial Bankshares, Inc., Abilene, Texas in 2001. FFB is a full-service intrastate community bank located at 1900 East Hubbard Street in Mineral Wells, Texas. The bank has no branches at the present time. ATM services are offered at the motor bank located at the main bank building, with a second ATM drive-in approximately one block east of the main bank building.

FFB offers a wide variety of products and services, including home purchase and refinance loans, home improvement loans, commercial real estate and construction loans, large and small business loans, small farm loans, and consumer loans. As of June 30, 2008, FFB had total assets of \$181 million, total loans of \$91 million, and total deposits of \$157 million. The loan portfolio is diversified as follows:

<b>Loan Category</b>	<b>\$ (000)</b>	<b>%</b>
Commercial Real Estate Loans	29,763	32.7%
Commercial Loans	12,749	13.9%
1-4 Family Loans	36,592	40.2%
Consumer Loans	10,462	11.5%
Other	1,552	1.7%
<b>Total</b>	<b>91,118</b>	<b>100.0%</b>
Percentage of Loans to Total Assets	50.3%	

FFB is a wholly owned subsidiary of First Financial Bankshares, Inc. (FFBI), a multi-bank holding company headquartered in Abilene, Texas. The parent company owns nine other banks operating in Central, West, and North Texas. A full range of credit products, depository accounts, trust services and retail non-deposit investment services are offered throughout the company. FFB has no operating subsidiaries and has had no merger or acquisition activity during the evaluation period.

FFB received an overall rating of “Satisfactory” during the previous CRA examination conducted January 21, 2003. Our review of the Office of the Comptroller of the Currency (OCC) records and the bank's CRA Public File did not reveal any complaints relating to the bank's CRA performance since the last CRA examination. There are no legal or financial impediments to the bank's ability to meet the credit needs of its AA.

## DESCRIPTION OF ASSESSMENT AREA(S)

FFB is located approximately 50 miles west of Fort Worth, Texas. The bank’s AA includes six CTs in eastern Palo Pinto County that encompasses the City of Mineral Wells, and two contiguous CTs in western Parker County that border Palo Pinto County to the east. Two of the CTs are designated moderate income, and six CTs are designated middle income. There are no low income CTs within the AA. The AA is legal and meets the requirements of the regulation. Palo Pinto County is not part of any Metropolitan Statistical Area (MSA), but Parker County is part of the Fort Worth – Arlington MSA. FFB has no branches in Parker County.

The population of Mineral Wells is approximately 16,946 based on 2000 U. S. Census Bureau data, and Palo Pinto County population is approximately 27,000. Recent projections reflect that the population has remained fairly stable. Top area employers include the Mineral Wells Independent School District, Palo Pinto General Hospital, Cantex, Inc., PECO-FACET, Corrections Corporation of America, and Walmart. Many area residents commute into the DFW Metroplex area for employment. Below is a description of the AA, which includes information on demographics, housing, and family data.

<b>Assessment Area</b>	
<i>Population</i>	
Number of Families	9,317
Number of Households	12,503
<i>Geographies</i>	
Number of Census Tracts	8
% Low-Income Census Tracts	0%
% Moderate-Income Census Tracts	25%
% Middle-Income Census Tracts	75%
% Upper-Income Census Tracts	0%
<i>Median Family Income (MFI)</i>	
2000 MFI for assessment area	\$40,602
2008 HUD-Adjusted MFI	\$48,825
<i>Economic Indicators</i>	
Unemployment Rate	2.51%
2008 Median Housing Value	\$59,397
% of Households Below Poverty Level	13.50%

Source: 2000 Census Information updated through 2008 provided by PCI Corporation, Inc. CRA Wiz

The primary credit needs of the AA are centered in new affordable housing, including multi-family and single family residences. A community contact made during our review identified the need for better affordable rental properties, both apartments and houses, as well as a shortage of new starter homes in the \$70 - \$100 thousand price range. However, job creation was cited as the greatest need in the AA.

## CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

Our conclusions in this section are based on the lending activity since the last CRA examination dated January 21, 2003. We used loan, borrower income, and AA data provided by the bank and tested it for accuracy. We selected samples from the home mortgage, commercial and consumer auto portfolios in order to evaluate the bank's lending performance within the AA (refer to **Scope of the Examination** for details). For the **Lending to Borrowers of Different Incomes and to Businesses of Different Sizes, and Geographic Distribution of Loans**, we replaced loans originated outside of the AA with loans originated inside of the AA.

### Loan-to-Deposit Ratio

FFB's loan-to-deposit (LTD) ratio meets the standards for satisfactory performance. The LTD ratio measures the extent to which the bank has returned the deposits it has acquired to the community in the form of loans. The average of this ratio for each quarter-end since the previous CRA examination is used to determine performance in this area. The average LTD ratio for FFB over the past 22 quarters since the previous CRA examination was 64.43%. This ratio ranged from a quarterly low of 57.27% to a quarterly high of 73.33% during the time period.

FFB's LTD ratio compares favorably with two other financial institutions of similar size, location, and product offerings that are chartered in FFB's AA. The average net loan-to-deposit ratios for the other two banks over the same 22 quarters ranged from 50.29% to 52.88%. Based on this information, FFB's LTD ratio is reasonable and meets the credit needs of the AA.

### Lending in Assessment Area

FFB's lending within the AA meets the standards for satisfactory performance.

This section quantifies what proportion of the bank's lending activity is within its AA. An institution that exhausts its resources lending in other areas, to the exclusion and detriment of its own AA, would be considered less than satisfactory. However, FFB's lending efforts are concentrated within the AA.

To assess the bank's performance in this area we used the samples described above. Based on our sample results, a majority of loans are within the bank's AA. The following table reflects the results of our assessment of the bank's efforts to lend in its AA.

<b>Lending in Assessment Area</b>										
Loan Type	Number of Loans					Dollars of Loans				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	
Consumer Auto	15	75%	5	25%	20	\$195,300	76%	\$63,103	24%	\$258,403
Home Purchase	16	80%	4	20%	20	\$561,103	42%	\$776,339	58%	\$1,337,442
Commercial	13	65%	7	35%	20	\$1,659,384	61%	\$1,041,423	39%	\$2,700,807
Totals	44	73%	16	27%	60	\$2,415,787	56%	\$1,880,865	44%	\$4,296,652

Source: Loan sample

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

FFB’s loan distribution, to the different family and household income levels as well as businesses of different sizes, meets the standards for satisfactory performance.

The bank obtains and analyzes applicant income information during the loan decision process. However, this information is not monitored or used to assess the efforts to meet the standards for CRA purposes. To assess FFB’s efforts, we used the samples described above. Our analysis, detailed in the tables below, indicates that the bank is reasonably lending to borrowers of all income levels and businesses of different sizes. Additionally, the bank has an informal minimum loan amount of \$500 for consumer loans. The bank also offers alternative products such as overdraft protection (OD). Of the loans currently on the books, 6% of the number was for loans of \$1,000 or less (including OD protection accounts). This indicates the bank is meeting the smaller credit needs of the community. Overall, we concluded that the bank’s performance is generally proportionate to the income levels of families and households within the AA, and the credit needs of low- and moderate-income individuals are being met. Also, the bank meets the needs of the small businesses.

#### Consumer Auto Loans

<b>Borrower Distribution of Consumer Auto Loans</b>								
Borrower Income Level	Low		Moderate		Middle		Upper	
	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans
Consumer Auto Loans	22.44%	10.0%	18.76%	45.0%	20.54%	5.0%	38.25%	40.0%

Source: Consumer auto loan sample and U.S. Census data.

*Home Mortgage Loans*

<b>Borrower Distribution of Home Mortgage Loans</b>								
Borrower Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans
Home Mortgage	20.23%	5.0%	21.34%	20.0%	24.24%	25.0%	34.20%	50.0%

*Source: Home mortgage loan sample and U.S. Census data.*

*Commercial Loans*

<b>Borrower Distribution of Loans to Businesses/Farms</b>				
Business Revenues (or Sales)	≤\$1,000,000	>\$1,000,000	Unavailable/Unknown	Total
% of AA Businesses	61.23%	2.76%	36.01%	100%
% of Bank Loans in AA by #	80%	20%	0%	100%
% of Bank Loans in AA by \$	65.72%	34.28%	0%	100%

*Source: Commercial loan sample and U.S. Census data.*

**Geographic Distribution of Loans**

FFB’s loan distribution, to the different geography income levels, meets the standards for satisfactory performance. The distribution of loans originated follows a pattern indicative of an institution seeking to serve the credit needs of the AA.

As noted before, the bank obtains specific borrower information, including addresses but does not track loans by location for CRA purposes. Therefore, the samples described earlier were used to assess the bank’s effort in this section. Based on our analysis, FFB’s lending efforts reasonably penetrate into the geographies of the different income levels. The results of our analysis are illustrated in the following table.

<b>Geographic Distribution of Loans</b>								
Census Tract Income Level	Low		Moderate		Middle		Upper	
% of Geographies	0%		25%		75%		0%	
Loan Type	% of AA Number	% of Amount	% of AA Number	% of Amount	% of AA Number	% of Amount	% of AA Number	% of Amount
Consumer Auto	0%	0%	45%	51.14%	55%	48.86%	0%	0%
Home Mortgage	0%	0%	30%	23.13%	70%	76.87%	0%	0%
Commercial	0%	0%	20%	22.92%	80%	77.08%	0%	0%

*Source: Loan sample; U.S. Census data.*

### **Responses to Complaints**

FFB has not received any complaints pertaining to its CRA performance during this evaluation period.

### **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.