

PUBLIC DISCLOSURE

April 5, 1999

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**The First National Bank of Nash
Charter Number 11306**

**107 South Main Street
Nash, Oklahoma 73761**

**Office of the Comptroller of the Currency
South Kansas Field Office
3450 North Rock Road, Suite 505
Wichita, Kansas 67226-1327**

NOTE: 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.

GENERAL INFORMATION

The Community Reinvestment Act (CRA) requires each federal financial supervisory agency to use its authority when examining financial institutions subject to its supervision, to assess the 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. Upon conclusion of such examination, the agency must prepare a written evaluation of the institution's record of meeting the credit needs of its community.

*This document is an evaluation of the Community Reinvestment Act (CRA) performance of **The First National Bank of Nash, Oklahoma**, prepared by **The Office of the Comptroller of the Currency**, the institution's supervisory agency, as of April 5, 1999. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 CFR Part 25.*

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

The bank has a satisfactory record of meeting the credit needs of its assessment area.

- < The First National Bank has a good lending record to borrowers of different income levels.
- < The bank's 80% loan-to-deposit ratio is good.
- < A sample of loans granted during the past 12 months, indicated 94% of the number were within the bank's assessment area.
- < The bank's geographic distribution of loans to the moderate-income Block Numbering Area (BNA) within its assessment area is acceptable.

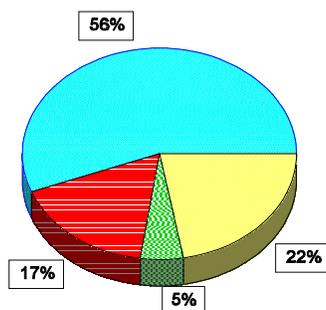
DESCRIPTION OF INSTITUTION

The First National Bank of Nash (FNB), is a \$7 million financial institution located in Grant County,

Oklahoma. FNB has no branches and is not part of a holding company. FNB is a full service bank and offers a variety of loan products with an emphasis on agricultural loans. Net loans represent 70% of total assets. As of December 31, 1998, agricultural loans accounted for 56% of the bank's \$5 million loan portfolio, with consumer loans representing 22%, residential real estate loans account for another 17%, and commercial 5%.

Loan Portfolio Composition

December 31, 1998



The bank's financial condition, size, local economic conditions, and other factors allow it to help meet the credit needs of its assessment area. FNB has 5% of the deposits in Grant County. At the previous CRA examination dated February 21, 1995, FNB received a "Satisfactory Record of Meeting Community Credit Needs" rating.

DESCRIPTION OF ASSESSMENT AREA

FNB is in Grant County and located near the confluence of three counties. The bank's assessment area includes Grant County, Alfalfa County, and Census Tract (CT) number 11 in northern Garfield County. The assessment area contains seven middle-income BNAs, one moderate-income BNA, and one middle-income CT. The assessment area complies with the regulation and does not arbitrarily exclude any low- or moderate-income areas.

The assessment area is located in north central Oklahoma with a population of 15,429. Most of the area is agricultural dependent except for CT 11 which is retail and industrial. BNA 9559 of Alfalfa County is considered a moderate-income BNA. The remainder of the assessment area is considered middle-income. Depressed cattle prices and low grain prices have affected the local agricultural economy. Cattle and wheat are the dominant agricultural products. Nash has limited employment and many residents travel to jobs in Enid, Oklahoma, 30 miles southeast. Households with income below the poverty level represent 16% of the total households. The median housing value is \$25,858, and 64% of the units are owner occupied. Twenty-two percent of the households are self employed farmers and 66% are wage earners. Unemployment is low. Competition in the assessment area is strong. Thirty-four commercial banking offices and three savings banking offices are located in the three county area. The banks range in size from \$4 million to \$175 million. Residential real estate loans are strongly

marketed by the larger commercial and savings banks in Garfield County.

Examiners conducted an interview with one community contact. The contact indicated local financial institutions were effectively meeting the credit needs of the area.

Oklahoma statewide nonmetropolitan median family income is \$31,566 for 1998. The following table shows the distribution of families in the assessment area by income level.

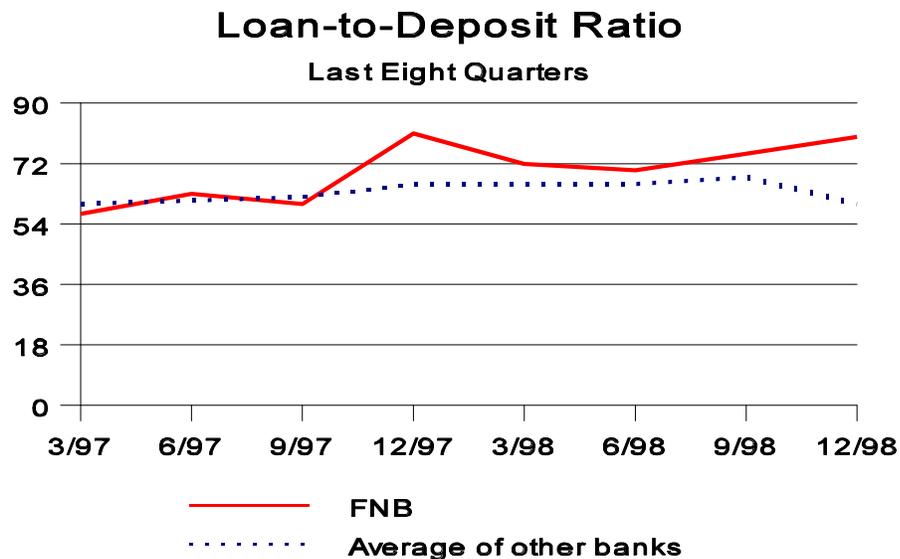
| Population | Percentage |
|--------------------------|------------|
| Low-Income Families | 18% |
| Moderate-Income Families | 19% |
| Middle-Income Families | 23% |
| Upper-Income Families | 40% |
| Total | 100% |

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA:

Loan-to-Deposit Ratio

The bank’s level of lending is good. During the last eight quarters ending December 31, 1998, the bank’s quarterly average loan-to-deposit ratio was 81%. This was higher than the quarterly average loan-to-deposit ratio of 65%

for the seven other similarly-situated Oklahoma banks. The seven other banks have average loan-to-deposit ratios ranging from 35% to 82%.



Lending in Assessment Area

FNB extends a majority of its loans within the assessment area. Our analysis indicates 94% of the number and 97% of the dollar amount of all loans granted by the bank from January 1, 1998, through December 31, 1998, are in the assessment area. Examiners used a loan sample to support findings.

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

Lending levels to businesses of different sizes is good. Examiners reviewed a sample of agricultural loans, the bank's primary loan product, granted from January 1, 1998, to December 31, 1998. The agricultural sample represented 36% of the bank's agricultural customers. Management considers farms with annual gross revenues of \$100,000 or less to be small operations. The following tables show the distribution of agricultural loans by annual gross revenues.

| Agricultural Annual Gross Revenues | Number of Loans | Percentage |
|-------------------------------------------|------------------------|-------------------|
| Less than \$100,000 | 16 | 52% |
| \$100,000 to \$250,000 | 10 | 32% |
| More than \$250,000 | 5 | 16% |
| TOTAL | 31 | 100% |

The bank has a good record of lending to borrowers of different income levels. The following table depicts the distribution by income level of a consumer loan sample granted from January 1, 1998, to December 31, 1998. The following table shows the bank has a good record of lending to low- and moderate-income individuals as the level of lending exceeds the population distribution.

| Distribution of Consumer Loan Sample by Income Levels | | | |
|--------------------------------------------------------------|---------------------|----------------------|-------------------------------------------|
| Income levels | Number of Customers | Percentage of sample | Percentage of Families in Income Category |
| Low | 11 | 32% | 18% |
| Moderate | 5 | 14% | 19% |
| Middle | 13 | 37% | 23% |
| Upper | 6 | 17% | 40% |
| Total | 35 | 100% | 100% |

Geographic Distribution of Loans

The bank's geographic distribution of loans to low- or moderate-income areas is acceptable. Examiners sampled fifty-five loans generated between January 1, 1998, and December 31, 1998, and found four, or 7%, in the moderate-income BNA.

The moderate-income BNA is located in southwestern Alfalfa County and is sparsely populated with agricultural loans being the primary product. It contains 7% of the population of the assessment area. This BNA is approximately 40 miles from FNB and there are two other financial institutions located in the moderate-income BNA of Alfalfa County. Both these institutions are more geographically accessible to those borrowers.

Response to Complaints

The bank has not received any CRA related complaints since the previous CRA examination.

Compliance with Anti-Discrimination Laws and Regulations

Based on our review, the bank is in compliance with all provisions of antidiscrimination laws and regulations. Examiners did not find any evidence of prohibited discrimination or other illegal credit practices.