



**SMALL BANK**

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Comptroller of the Currency  
Administrator of National Banks

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Washington, DC 20219

## **PUBLIC DISCLOSURE**

October 22, 2007

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

**First Financial Bank, National Association  
Charter Number: 14299**

**201 East Main  
Eastland, TX 76448**

**Office of the Comptroller of the Currency**

**Fort Worth  
9003 Airport Freeway Suite 275  
North Richland Hills, TX 75201**

**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.

## 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 CRA performance of the First Financial Bank, National Association, Eastland, Texas, as prepared by **The Office of the Comptroller of the Currency (OCC)**, the institution's supervisory agency, as of October 22, 2007. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 CFR Part 25.*

The lending performance of First Financial Bank, National Association, Eastland, Texas, reflects satisfactory responsiveness to its community's credit needs. This assessment is based on the following conclusions:

- The bank's average loan-to-deposit ratio of 51% since the previous CRA examination meets the standards for satisfactory performance given the bank's size, financial condition, local competition, and assessment area credit needs.
- A significant majority of the bank's lending activities is within the assessment area. Based on the loans reviewed in our sample, 97% of the number and 86% of the dollar amount were originated within the Eastland County assessment area.
- The distribution of loans in the assessment area demonstrates a satisfactory penetration among individuals of different income levels and businesses of different sizes.

## **SCOPE OF THE EXAMINATION**

The evaluation period for our assessment of First Financial Bank, National Association, Eastland, Texas, (FFB's) CRA efforts was October 1, 2006 to September 29, 2007. Loan products evaluated include consumer auto loans, 1-4 family mortgage loans and loans to small businesses. We performed a full-scope review of FFB's single assessment area – Eastland County, Texas, which was the basis of our overall rating of FFB's CRA efforts.

We conducted one community contact in Eastland, Texas for the purpose of determining a community profile, identifying opportunities for participation by local financial institutions, and determining the performance of local financial institutions. The organization we contacted is responsible for the facilitation of the city government. This contact identified access to general consumer lending and lending for new and small businesses as the primary credit needs. The contact also indicated that financial institutions in Eastland County, including FFB, are willing to participate in community programs.

## DESCRIPTION OF THE INSTITUTION

FFB, originally named Eastland National Bank (ENB) was chartered in 1934. In 1982, First Financial Bankshares, Inc. (FFBI) acquired ENB, and in January 2005, the name was changed to the current name. FFB is a small community bank located in Eastland, Texas, with branches in Ranger, Texas, and Rising Star, Texas. Eastland is located approximately 95 miles west of Ft. Worth, Texas and approximately 60 miles east of Abilene, Texas. The Ranger branch is located approximately 11 miles east of Eastland and the Rising Star branch is located approximately 25 miles south of Eastland. The branches were acquired from the Abilene, Texas sister bank in April 2005. Each location offers drive-up services and onsite ATMs.

FFB reported total assets of \$133 million as of September 30, 2007. The bank is a wholly owned subsidiary of FFBI, a multi-bank holding company headquartered in Abilene, Texas. Including FFB, the parent company owns ten banks (operating 44 facilities) in Central, West, and North Texas. Consolidated holding company assets total \$2.9 billion as of September 30, 2007. A full range of credit products, depository accounts, trust services and retail nondeposit investment services are offered throughout the company. 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. The following table reflects the loan concentrations at September 30, 2007.

<b>Loan Category</b>	<b>\$ (000)</b>	<b>%</b>
Consumer Loans	\$12,476	26%
Commercial Loans	\$11,142	24%
Real Estate Loans - Residential	\$9,483	20%
Agricultural Loans	\$6,688	14%
Real Estate Loans - Commercial	\$3,816	8%
Real Estate Loans - Farmland	\$3,072	7%
Other	\$523	1%
<b>Total</b>	<b>\$47,200</b>	<b>100.0%</b>
Percentage of Loans to Total Assets: 36%		

FFB's primary strategy is to meet the financial needs of individuals and businesses in the assessment area and to build and maintain relationships with its customers. At September 30, 2007, FFB reported Tier 1 Capital of \$10.5 million (8.55% leverage ratio), and a return-on-assets ratio (ROA) of 1.70%. Based on FFB's condition, size, and product offerings, it has no legal, financial, or other factors impeding its ability to help meet credit needs in the AA.

FFB received an overall rating of "Satisfactory" during the previous CRA examination conducted in March 2003. Our review of the OCC records and FFB's CRA Public File did not reveal any complaints relating to FFB's CRA performance since the last CRA examination.

## DESCRIPTION OF EASTLAND COUNTY

FFB has defined its assessment area as Eastland County. The assessment area is legal and meets the requirements of the regulation. Below is a description of Eastland County, which includes information on demographics, housing, and family data.

Eastland is the largest community in Eastland County and is the county seat. Approximately 18,297 persons live within the county. The county is not in a Metropolitan Statistical Area (MSA). There are 5 census tracts (CT's) in the county, all of which are middle-income. The following table reflects selected demographic and economic characteristics of Eastland County.

<b>Eastland County</b>	
<i>Population</i>	
Number of Families	5,057
Number of Households	7,324
<i>Geographies</i>	
Number of Census Tracts	5
% Low-Income Census Tracts	0%
% Moderate-Income Census Tracts	0%
% Middle-Income Census Tracts	100%
% Upper-Income Census Tracts	0%
<i>Median Family Income (MFI)</i>	
2000 MFI for AA	\$36,380
2006 HUD-Adjusted MFI	\$43,100
<i>Economic Indicators</i>	
Unemployment Rate	3.58%
2006 Median Housing Value	\$38,043
% of Households Below Poverty Level	18.09%

Data Source: 2000 Census with selected updates through 2006

The primary credit needs in the assessment area business loans (commercial and agriculture) 1-4 family mortgage loans and general consumer loans. The economy of the area is not well diversified and is dependent primarily on the agriculture and oil and gas industries.

Major employers in the assessment area include EBAA Iron, various school districts, hospitals, and city and county governments.

## CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

Our conclusions are based on the bank’s lending activity since the last CRA examination, dated March 10, 2003. As noted above, FFB continues to make consumer and commercial loans. Our assessment is based on a review of random samples of 20 1-4 family mortgage loans, 20 consumer auto loans and 20 business loans. Our overall analysis indicates the bank is meeting the standards set out by the CRA.

### 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 subject bank has returned the deposits it has received to the community in the form of loans. The average of such ratios for each quarter-end since the last CRA examination is used to determine performance in this area. The average LTD ratio for FFB since the last CRA examination is 51%. The assessment area has a limited number of competitors, however the surrounding counties contain a number of competing financial institutions. In this area, there are 16 other financial institutions with average loan-to-deposit ratios ranging from 34% to 96%. Based on this information, FFB’s LTD ratio is reasonable and within the range of area competing banks.

### Lending in Assessment Area

FFB’s lending within the assessment area exceeds the standards for satisfactory performance.

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

At this time, FFB does not track loans by location. To assess the bank’s performance in this area we used the samples noted above. Based on our sample results, a significant majority of loans are within the bank’s assessment area. The following table reflects the results of our assessment of FFB’s efforts to lend in its assessment area.

TOTAL LOANS REVIEWED								
LOAN TYPE	IN ASSESSMENT AREA				OUT OF ASSESSMENT AREA			
	#	%	\$ (000s)	%	#	%	\$ (000s)	%
1-4 Family Loans	20	100%	\$769	100%	0	0%	\$0	0%
Consumer Loans	19	95%	\$223	95%	1	5%	\$11	5%
Business Loans	19	95%	\$450	70%	1	5%	\$193	30%
<b>Total Reviewed</b>	<b>58</b>	<b>97%</b>	<b>\$1,221</b>	<b>86%</b>	<b>2</b>	<b>3%</b>	<b>\$204</b>	<b>14%</b>

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

The bank'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 the bank's efforts, we used the samples noted 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 does not have a minimum loan amount in policy. A review of small loans reflected the bank has a large volume loans with originating balances of \$1,000 or less, currently on the books (the lowest originating amount was \$270). We also noted a large volume of loans with originating balances between \$1,000 and \$1,500. This indicates the bank willingly extends credit to meet the needs of the consumer. Overall, we concluded that the bank's performance is generally proportionate to the income levels of the families and households within the assessment area, and the credit needs of low- and moderate-income individuals are being met. Also, bank meets the needs of the small businesses.

### *1-4 Family Mortgage Lending*

Borrower Distribution of 1-4 Family Mortgage Loans in Eastland County								
Borrower Income Level	Low		Moderate		Middle		Upper	
	% 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
Consumer Loans	21%	5%	21%	35%	24%	20%	34%	40%

### *Consumer Auto Lending*

Borrower Distribution of Consumer Auto Loans in Eastland County								
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 Loans	30%	15%	16%	20%	20%	20%	34%	45%

## *Business Lending*

<b>Borrower Distribution of Loans to Businesses in Eastland County</b>				
<b>Business Revenues (or Sales)</b>	<b>≤\$1,000,000</b>	<b>&gt;\$1,000,000</b>	<b>Unavailable/ Unknown</b>	<b>Total</b>
<b>% of AA Businesses</b>	<b>51%</b>	<b>3%</b>	<b>46%</b>	<b>100%</b>
<b>% of Bank Loans in AA by #</b>	<b>90%</b>	<b>0%</b>	<b>10%</b>	<b>100%</b>
<b>% of Bank Loans in AA by \$</b>	<b>82%</b>	<b>0%</b>	<b>18%</b>	<b>100%</b>

### **Geographic Distribution of Loans**

A geographic distribution analysis was not performed. There are no low- or moderate-income census tracts within the assessment area.

### **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.