

# **PUBLIC DISCLOSURE**

**May 3, 2004**

## **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

**First State Bank of Altus  
Certificate Number: 9873**

**721 North Main Street  
Post Office Box 979  
Altus, Oklahoma 73522-0979**

**Federal Deposit Insurance Corporation  
Division of Supervision and Consumer Protection  
Dallas Region  
1910 Pacific Avenue, 19th Floor  
Dallas, TX 75201**

**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.**

**TABLE OF CONTENTS**

I. General Information.....1

II. Institution Rating .....1

III. Description of Institution.....2

IV. Description of Jackson County.....3

V. Conclusions .....5

VI. Glossary .....14

## 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 **FIRST STATE BANK OF ALTUS** prepared by the **Federal Deposit Insurance Corporation**, the institution's supervisory agency, as of **May 3, 2004**. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 CFR Part 345.*

## INSTITUTION RATING

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

First State Bank of Altus (FSB) is a \$103 million institution headquartered in the community of Altus, Oklahoma. The bank received an "Outstanding" rating at its last CRA Evaluation, performed by the FDIC on February 22, 1999.

Examiners analyzed commercial and residential loans to assess FSB's lending performance for this evaluation. Commercial loans are FSB's primary lending focus and residential loans are FSB's secondary lending focus. Conclusions for the applicable performance factors are summarized below, and a detailed discussion of each factor is provided elsewhere in this public evaluation. There were no CRA-related consumer complaints since the previous evaluation; therefore, examiners did not consider this factor in assessing the institution's CRA performance.

- FSB's loan-to-deposit ratio (LTD) indicates a reasonable responsiveness to area credit needs. The bank's average LTD since the last evaluation is 59 percent.
- FSB originated a majority of its loans within the assessment area (AA). Specifically, FSB originated 88 percent by number and 87 percent by dollar of its loans within the AA.
- FSB has an excellent record of lending to businesses of different sizes and residential borrowers of different incomes.
- FSB has achieved a reasonable dispersion of loans within the assessment area, with lending in all eight census tracts (CTs) in the assessment area.
- FSB has not received any CRA-related complaints since the last evaluation. The bank's senior management has developed an adequate complaint policy that responds to any complaints in a timely and satisfactory manner.

- Qualified investments and services, specifically related to senior management’s direct efforts in recruiting and supporting economic and community development in the Altus area through leadership positions and actions, as well as the bank’s accessibility to moderate-income geographies, are at a strong level. This strong investments and services performance raises FSB’s satisfactory CRA lending performance to the overall outstanding CRA rating.

## DESCRIPTION OF INSTITUTION

First State Bank of Altus (FSB) is a commercial bank with \$55,207,000 in total loans, \$93,321,000 in total deposits, and \$103,259,000 in total assets as of the March 31, 2004, Report of Condition and Income (Call Report). The bank’s primary business focuses are commercial and residential lending. Of the loans originated since the previous evaluation, which still have outstanding balances and have not been purged from the bank’s books, 39 and 17 percent of the total dollar amount are for commercial and residential purposes, respectively. Summarized in Tables 1 and 2, are the compositions of the bank’s loan portfolio by Call Report data and then by all loans management originated since the last evaluation, respectively.

<b>Table 1 - Loan Distribution as of 03/31/2004</b>		
<b>Loan Type</b>	<b>Dollar Amount (000s)</b>	<b>Percent of Total Loans (%)</b>
Construction and Land Development	2,220	4
Secured by Farmland	1,750	3
1-4 Family Residential	11,237	20
Multi-Family (5 or more) Residential	22	<1
Commercial	7,075	13
<b>Total Real Estate Loans</b>	22,304	40
Commercial and Industrial	26,394	48
Agricultural	1,321	2
Consumer	4,726	9
Other	465	1
Less: Unearned Income	3	<1
<b>Total Loans</b>	55,207	100

*Source: March 31, 2004 Report of Condition Schedule RC-C.*

<b>Table 2 – Loan Distribution of Originations from 02/22/1999 to 01/08/2004</b>				
<b>Loan Type</b>	<b>Number of Loans</b>	<b>Percent of Total Loans (%)</b>	<b>Dollar Amount (000s)</b>	<b>Percent of Total Loans (%)</b>
1-4 Family Residential	365	21	11,334	17
Commercial and Industrial	282	17	26,123	39
Agricultural	109	6	4,058	6
Consumer	935	54	6,338	10
Other	28	2	18,714	28
<b>Total Loans</b>	<b>1,719</b>	<b>100</b>	<b>66,567</b>	<b>100</b>

Source: Bank Loan Records.

Examiners spoke with a local government official to perform the community contact during the evaluation. The contact stated the local economy was doing well, and that the greatest credit needs in the community are business, agricultural, and consumer purpose loans. The contact further stated that FSB was the premier bank in the Altus community in meeting community credit needs, and is a leader in economic development for the Altus community. The contact also indicated that management and employees of FSB are involved in the local community and economic development activities on a “day-to-day basis.”

The bank is owned by FSB Bancorp, Inc., a one-bank holding company. No legal or financial impediments exist which would prohibit the bank from meeting the credit needs of the local community.

## **DESCRIPTION OF JACKSON COUNTY**

FSB’s assessment area is Jackson County, which consists of eight geographies. The eight geographies are composed of two moderate-income, four middle-income, and two upper-income census tracts (CTs). According to the 2000 Census, the population of Jackson County is 28,439. Jackson County’s population is concentrated in the city of Altus, which had a 2000 population of 21,447. The bank has many competitors providing financial services in Jackson County and in the city of Altus. The bank’s major competitors include four local financial institutions, branches of other institutions, a credit union, and a number of finance companies.

According to 2000 census information, Jackson County’s three largest industries, as a percentage of total employment, are services at 38 percent; retail trade at 36 percent; and manufacturing at 9 percent. Approximately 96 percent of these establishments employ less than 50 people each. The fourth quarter 2003 unemployment rate for Jackson County was 3.2 percent. This rate

slightly increased over the previous four quarters. For the state of Oklahoma, the unemployment rate for the same period was 5.1 percent and the national unemployment rate was 5.5 percent.

Refer to Tables 3 and 4 for more information relating to Jackson County's demographics.

<b>Table 3 - Demographic &amp; Economic Characteristics of the Assessment Area</b>	
2000 Assessment Area Population	28,439
<b>Statewide non-MSA Median Family Income:</b>	
2000 Median Family Income	35,235
2003 Estimated Median Family Income(*)	39,400
<b>Percentage of Families by Income Level:</b>	
Low-Income	19
Moderate-Income	18
Middle-Income	19
Upper-Income	44

Source: 2000 U.S. Census, \* - 2003 Department of Housing and Urban Development Reports.

<b>Table 4 - Selected Housing Characteristics by Income Category of the Geography</b>									
<b>Geographic Income Category</b>	<b>Percentage</b>						<b>Median</b>		
	<b>Census Tracts</b>	<b>Households</b>	<b>Housing Units</b>	<b>Owner-Occupied</b>	<b>Rental Units</b>	<b>Vacant Units</b>	<b>Age*</b>	<b>Home Value*</b>	<b>Gross Rent**</b>
<b>Low</b>	0	0	0	0	0	0	0	0	0
<b>Moderate</b>	25	25	27	22	31	38	48	37,764	375
<b>Middle</b>	50	39	39	44	29	39	34	50,544	436
<b>Upper</b>	25	36	34	34	40	23	27	92,776	478
<b>Total or Median</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	35	63,205	431

Source: 2000 U.S. Census, \* - Owner-Occupied Units, \*\* - Renter-Occupied Units.

## CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

### Sampling Data

Examiners evaluated FSB's lending performance by reviewing loans originated since the previous evaluation on February 22, 1999. All loans originated, excluding loans that have been paid off and purged from the bank's computer system, were used in evaluating the bank's lending inside the assessment area performance criteria. Examiners determined through this review that no significant changes in the bank's loan portfolio had occurred since the previous public evaluation; therefore, examiners randomly sampled the bank's 2003 commercial and residential loans for the Lending to Businesses of Different Sizes and Borrowers of Different Incomes and the Geographic Distribution of Loans criteria of this performance evaluation. The commercial and residential loans were reviewed because they comprised the major percentages of the loan portfolio by dollar volume, respectively. Farm loans and consumer loans do not represent a major part of FSB's lending strategy. The commercial loan sample consisted of 54 loans totaling \$2,151,435 from a potential universe of 183 loans totaling \$31,061,345, while the residential sample consisted of 57 loans totaling \$1,977,686 from a universe of 409 loans totaling \$17,745,596. The number of loans selected for both samples provided a 90 percent confidence level with a plus or minus 10 percent precision rate.

### Loan-to-Deposit Ratio

The bank's loan-to-deposit ratio (LTD) indicates a reasonable responsiveness to area credit needs. The bank's average LTD, based on 20 quarters since the last evaluation, is 59 percent. Examiners compared FSB's LTD to other assessment area banks' LTDs. Table 5 shows the subject and comparable banks and their respective LTDs for the same 20 quarters, along with their respective December 31, 2003 total assets.

<b>Table 5 - Net Loan-to-Deposit Ratios</b>		
<b>Bank Name and Location</b>	<b>Total Assets as of 12/31/2003 (000s)</b>	<b>Average Loan-to-Deposit Ratio</b>
<i>First State Bank of Altus Altus, Jackson County, Oklahoma</i>	<i>\$101,251</i>	<i>59%</i>
The First National Bank in Altus Altus; Jackson County, Oklahoma	\$226,509	37%
Stockman's Bank Altus, Jackson County, Oklahoma	\$100,311	113%
Peoples State Bank Blair, Jackson County, Oklahoma	\$16,989	43%
Farmers & Merchants Bank Duke, Jackson County, Oklahoma	\$10,441	53%

Source: Call Reports March 31, 1999 through December 31, 2003.

Of the local competitor banks in the assessment area, the most similar in terms of loan products are Farmers & Merchants Bank for commercial loans and Peoples State Bank for residential loans. The First National Bank in Altus and Stockman's Bank are primarily farm lending banks.

Based on asset size, Stockman's Bank is the most similar. With FSB's LTD in the middle of these similar competitors, FSB's performance for this criterion is reasonable.

Another factor supporting FSB's reasonable LTD is their relatively high volume of deposits from the U. S. Government, State of Oklahoma, and other political subdivisions. These types of deposits require that a bank pledge assets, usually in the form of securities, to secure these deposits, which limits the amount of available funds a bank has for lending purposes. Using the Deposit Liabilities Call Report, schedule RC-E, for December 31, 2003, examiners calculated FSB's volume of deposits that require asset-pledging to be 21 percent. The comparable banks' volumes of these types of deposits are The First National Bank in Altus at 7 percent, Stockman's Bank at 8 percent, Peoples State Bank at 3 percent, and Farmers & Merchants Bank at 9 percent. These figures show that FSB has a much higher percentage of these types of deposits; therefore, they have a much more pronounced impact on FSB's loan-to-deposit ratio as compared to the other listed banks.

Finally, FSB's mortgage loan department processes and originates long-term fixed-rate residential mortgage loans for sale on the secondary market. These products have been offered by FSB for several years, making loans available that are for longer terms than those provided under the bank's lending policy for loans it retains. So while providing for a viable credit need of the community, FSB's LTD fails to capture these credits since the bank does not retain them. Since the prior evaluation, FSB's mortgage loan department has originated 317 mortgage loans totaling \$28,465,910.

FSB's captured lending quantities, together with those efforts not accounted for in their LTD determination, reflect a reasonable level of lending activity for this performance criterion.

### **Lending in Assessment Area**

The bank originated a majority of its loans within the assessment area. Specifically, FSB originated 88 percent of the number and 87 percent of the dollar volume of its loans within the assessment area since the previous evaluation. Table 6 details FSB's lending inside their assessment area.

**Table 6 - Distribution of All Loans Originated Since The Last Public Evaluation  
Inside and Outside of the Assessment Area**

Loan Category or Type	Number of Loans					Dollars in Loans (000s)				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	
Residential	409	87	62	13	471	17,746	77	5,166	23	22,912
Business	183	88	24	12	207	31,061	93	2,244	7	33,305
Farm	107	98	2	2	109	4,005	99	53	1	4,058
Consumer	808	87	124	13	932	5,274	84	1,018	16	6,292
<b>Total</b>	1,507	<b>88</b>	212	12	1,719	58,086	<b>87</b>	8,481	13	66,567

Source: Bank Records

All loan types, other than residential loans by dollar volume, show lending within the assessment area at levels of 80 percent or higher. Due to the size of FSB's assessment area, this performance level depicts an adequate record of affording credit within the assessment area.

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

FSB has an excellent record of lending to businesses of different sizes and residential borrowers of different incomes.

Commercial Loans

Table 7 stratifies the bank's commercial loans by the businesses' gross annual revenues (by number and dollar) and also compares FSB's commercial lending percentages to the 2003 Dun & Bradstreet's business demographic data (D&B) and the 2002 CRA Reporters' aggregate data (Aggregate).

As Table 7 shows, FSB's commercial lending performance by the businesses' gross revenues is strong when compared to the percent of businesses within each of the revenue categories by the D&B information and the Aggregate data. FSB's 85 percent by number and 77 percent by dollar volume for businesses that have gross annual revenues of \$1,000,000 or less is above the D&B information of 63 percent and significantly above the Aggregate data of 20 percent by number and 26 percent by dollar volume, respectively. The Aggregate data provides a more realistic profile of the available commercial lending in the assessment area. Based on these numbers, FSB's commercial lending performance using gross annual revenues is strong.

**Table 7 - Distribution of the Bank's Commercial Loan Sample by Gross Annual Revenues**

Gross Annual Revenues \$ (000)	2002 Assessment Area Businesses *	2002 Assessment Area Peer Data**		2003 Loan Sample			
	% of #	% of #	% of \$	#	%	\$	%
≤ 1,000	63	20	26	46	85	1,654	77
> 1,000	37	80	74	8	15	497	23
<b>Total</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>54</b>	<b>100</b>	<b>2,151</b>	<b>100</b>

Source: \* Dun & Bradstreet number of businesses; \*\* CRA Peer Data; 2003 commercial loan sample.

Table 8 stratifies the 54 sampled commercial loans by the loans' original balance, and presents a comparison of the number and dollar volume of commercial loans extended within the bank's assessment area with the 2002 Aggregate lending data. This analysis assumes that smaller businesses need smaller dollar-sized loans. Please note that since data relative to loan size is an indirect measure of small business lending performance, the loan size analysis is given less weight than the annual revenues analysis of commercial lending shown in Table 7.

As Table 8 shows, FSB's commercial lending is generally comparable to the 2002 Aggregate data. It is noted that FSB's originations of commercial loans at \$100,000 or less of 83 percent is not as strong as the Aggregate's originations of 98 percent by number of loans, nor is FSB's dollar volume of 45 percent in this category as strong as the Aggregate's 56 percent. However, even though these percentages are lower than the Aggregate's data, FSB's commercial lending performance is still reasonable for this analysis.

**Table 8 - Distribution of The Bank's Commercial Loan Sample by Loan Size**

Loan Size \$ (000)	2002 Peer Lending Data*		2003 Loan Sample			
	% of Number	% of Dollar	#	% of Number	\$ (000)	% of Dollar
≤ 100	98	56	45	83	961	45
> 100-≤ 250	1	13	9	17	1,190	55
> 250	1	31	0	0	0	0
<b>Total</b>	<b>100</b>	<b>100</b>	<b>54</b>	<b>100</b>	<b>2,151</b>	<b>100</b>

Source: \*CRA Peer Data; 2003 sampled commercial loans.

Residential Loans

Table 9 below shows that FSB has achieved an excellent penetration among residential loan borrowers of different incomes when compared to the 2000 census bureau's demographic data of families and the 2002 HMDA Reporters' aggregate data (HMDA). Examiners compared FSB's lending performance to the percentage of families in the assessment area and the Aggregate data for all HMDA reporters who originated residential loans in FSB's assessment area. The 2003 HUD estimated Oklahoma statewide non-metropolitan median family income of \$39,400 was used for the residential borrower distribution analysis. The glossary provides information on how each income level is defined.

<b>Table 9 - Distribution of the Bank's Residential Loans by Borrower Income</b>							
Income Level	Percent of Families	Percentage of 2002 Peer Mortgage Lending Data*		2003 Loans			
		% of #	% of \$	#	%	\$ (000)	%
Low	19	2	1	7	12	103	5
Moderate	18	8	6	12	21	253	13
Middle	19	28	20	9	16	350	18
Upper	44	62	73	29	51	1,272	64
<b>Total</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>57</b>	<b>100</b>	<b>1,978</b>	<b>100</b>

Source: 2000 U.S. Census for families; \* 2002 HMDA Peer Data; 2003 Bank Records.

Table 9 shows that FSB's lending performance to low-income residential borrowers of 12 percent by number of loans and 5 percent by dollar volume of loans is more than five times the level of HMDA Aggregate lending for low-income residential borrowers. A similar strong performance is also noted for FSB's residential lending to moderate-income borrowers at 21 percent by number and 13 percent by dollar volume, compared to the HMDA Aggregate lending of 8 percent by number and 6 percent by dollar volume. The bank's percentages to moderate-income borrowers are more than double those of the HMDA lenders.

Overall, FSB's performance reflects excellent penetration among individuals of different income levels (including low- and moderate-income) and businesses of different sizes.

## Geographic Distribution of Loans

FSB has achieved a reasonable dispersion of loans within the assessment area, with lending in all eight CTs in the assessment area. The bank's main office is located in a moderate-income geography. The dispersion of originated loans is presented in Table 10 for the commercial loans sampled and in Table 11 for the residential loans sampled. Table 10 includes the percent of businesses in each geography income level, and Table 11 includes the percent of households in each geography level according to the 2000 census.

### Commercial loans

As is expected, due to FSB's location in a moderate-income geography, the percentage of the number of loans made in the two moderate-income CTs (33 percent) is greater than the percentage of the businesses in those geographies (32 percent), but is slightly below the Aggregate's lending in moderate-income CTs of 36 percent by number. For the CTs in the other income categories, FSB's lending percentages by number and dollar volume are reasonable when compared to the percentage of businesses in those geographies and compared to the Aggregate's lending data. This analysis shows that FSB's distribution of commercial loans within the assessment area is reasonable.

<b>Table 10 – Distribution of the Bank's Commercial Loan Sample By Tract</b>							
<b>Tract Income Level</b>	<b>% of Businesses *</b>	<b>2002 Peer Lending Data Percents **</b>		<b>2003 Loan Sample</b>			
		<b>% of #</b>	<b>% of \$</b>	<b>#</b>	<b>%</b>	<b>\$ (000)</b>	<b>%</b>
Low	0	0	0	0	0	0	0
Moderate	<b>32</b>	<b>36</b>	31	18	<b>33</b>	631	<b>29</b>
Middle	43	18	9	14	26	536	25
Upper	25	46	60	22	41	984	46
<b>Total</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>54</b>	<b>100</b>	<b>2,151</b>	<b>100</b>

Source: \*Dun & Bradstreet number of businesses; \*\* 2002 CRA Peer Data; 2003 commercial loan trial.

### Residential loans

FSB's residential geographic distribution lending performance is shown in Table 11. This table shows FSB's residential geographic dispersion lending to be strong when compared to the number of households in each income category and when compared to the HMDA lenders' data. Specifically, FSB's residential lending in moderate-income CTs of 39 percent by the number of loans and 28 percent by the dollar volume of loans both exceed the number of households residing in the moderate-income CTs of 25 percent. In addition, the bank's performance more

than doubles by number of loans and nearly doubles by dollar volume of loans the performance of HMDA Aggregate lenders. This level of FSB's lending to moderate-income geographies is strong.

<b>Table 11 - Distribution of the Bank's Residential Loans by Tract</b>							
<b>Income Level of the Tract</b>	<b>% of Total Households</b>	<b>2002 Peer Lending Data *</b>		<b>2003 Residential Loans</b>			
		<b>% of #</b>	<b>% of \$</b>	<b>#</b>	<b>%</b>	<b>\$ (000)</b>	<b>%</b>
Low	0	0	0	0	0	0	0
Moderate	25	<b>19</b>	<b>15</b>	22	<b>39</b>	558	<b>28</b>
Middle	39	30	24	14	24	376	19
Upper	36	51	61	21	37	1,044	53
Total	100	100	100	57	100	1,978	100

Source: 2000 U.S. Census; \* 2002 HMDA Peer Data; 2003 Bank Records.

Overall, with more weight on FSB's commercial lending performance, FSB's reasonable geographic distribution of commercial loans outweighs FSB's strong residential geographic distribution performance, resulting in the reasonable performance level for this criterion.

## **Qualified Investments and Services**

### *Investments*

Qualified investments are defined in the Glossary on page 14. The following investments by the institution were determined to be qualified:

- FSB of Altus has made large debt or equity investments through two subsidiaries of FSB Bancorp, Inc., the bank's holding company. Through these investments, innovative financing was developed so that an engine manufacturing company (that will build an engine that operates efficiently and cleanly on waste gas and oil field fuel), a commercial equipment leasing company, a glass etching company, and a truck conversion company (to name a few) will start their companies or move their production facilities to Altus, OK. All these projects qualify as community development because they meet the definition of economic development as all these companies are small businesses as defined by the Small Business Administration (SBA) and the companies will be located in the moderate-income areas of Altus. Since the previous evaluation, the total amount of these qualified investments is \$24,099,000. Senior management of FSB and the holding company have taken leadership

roles in developing these projects over the past two years. Senior management has used creative venture capital financing and tax credits to attract the venture capitalist to fund these projects and to persuade these companies to move their facilities to the moderate-income areas of Altus.

- FSB made a total of \$38,000 in qualified donations since the previous evaluation. All the donations were to agencies that primarily assist low- or moderate-income individuals or are located in the moderate-income areas of Altus, OK.

<b>Table 12 - Qualified Investments</b>		
<b>DESCRIPTION</b>	<b>NUMBER</b>	<b>DOLLARS (000s)</b>
<b>Total Debt or Equity Investments</b>	2	24,099
In-Kind Contributions of Property		
Other Qualified Grants and Donations		
<b>Total Qualified Grants and Donations</b>	5	38
<b>Grand Total</b>	7	24,137

Source: Bank Records

### Services

Several of the bank’s officers and employees have provided financial assistance to individuals, programs, and agencies that offer services primarily for low- and moderate-income individuals. The programs the bank’s employees assist are numerous. A sample is provided below.

- One of the bank’s officers has been instrumental in providing his venture capital experience to assist the holding company subsidiaries in putting together financing vehicles to bring several manufacturing operations to the moderate-income areas of Altus, OK.
- A bank officer has been appointed by Governor Brad Henry to serve on the Rural Economic Development Task Force to provide financial services to this board. This task force was created by the 49th Oklahoma Legislature to address the distressed needs of the non-Metropolitan areas of Oklahoma.
- Two bank officers use their financial expertise as committee members on the University of Oklahoma’s Alumni Scholarship program. This program provides grant scholarships to capable, yet financially needy, students wishing to attend this university.
- A bank officer serves as Treasurer on the Southwest Area Economic Development Corporation. This entity works to identify and bring economic prospects to southwest Oklahoma, and also helps developing businesses. Example companies have been Bar-S Foods, Passmore Trucking, 3-KB Trucking, and Luscombe Aircraft Corporation.

- A bank officer serves as Treasurer on the Western Oklahoma State College Foundation. This program provides scholarships to low- and moderate-income individuals for a college education.

### Retail Banking Services

FSB's efforts to make services available to the community include the following items.

- The bank operates from two locations within Altus, one of which, the main office, is located in a moderate-income geography. The bank has three automated teller machines (ATMs), one located at the main office and one at the branch office in Wal-Mart. The other ATM is freestanding and located on Main Street in Altus. The main office has a drive-up facility with extended hours and the bank's Wal-Mart branch has extended hours. The bank also provides a 24-hour depository service.
- An informational Internet site is located at [www.fsbaltus.com](http://www.fsbaltus.com). The bank also offers personal computer banking through a free software program via modem connection to a toll-free telephone number. The personal computer banking program allows customers to review deposit and loan account activity, to transfer funds, to apply for loans, and to communicate with bank staff via E-mail. Bank-by-mail and interactive telephone banking are also offered.
- Bank employees who speak Spanish are available to provide translation services to customers who are not fluent in English. According to 2000 Census information, approximately 12 percent of the assessment area's population, and 13 percent of Altus' population, speak Spanish.

While most of the investments and services noted above do not justify an increase in the bank's overall CRA rating, three do warrant the increased rating when viewed in conjunction with the bank's lending performance. The bank's leadership efforts at bringing companies to the moderate-income areas of Altus and FSB's financial support are noteworthy efforts, given the size and capacity of the institution. These efforts positively affect the whole community, particularly low- and moderate-income families and moderate-income geographies. In addition, the accessibility to banking operations through the Wal-Mart branch and its extended weekend hours also reflect the bank's commitment to serve the assessment area.

### Response to Complaints

The bank has not received any CRA-related complaints since the last evaluation dated February 22, 1999. FSB's senior management has developed an adequate complaint policy that responds to any complaints in a timely and satisfactory manner.

### Compliance with Anti-discrimination Laws and Regulations

No violations of the substantive provisions of the anti-discriminatory laws and regulations were identified during the examination.

## GLOSSARY

**CENSUS TRACTS (CT)** – Small locally demarcated areas defined by the decennial census to generally consist of stable boundaries and have an average population of 4,000 individuals.

**COMMUNITY DEVELOPMENT** –

- 1) Affordable housing (including multifamily rental housing) for low- or moderate-income individuals;
- 2) Community services targeted to low- or moderate-income individuals;
- 3) Activities that promote economic development by financing businesses or farms that meet the size eligibility standards of the Small Business Administration's Development Company or Small Business Investment Company programs or have gross annual revenues of \$1 million or less; or
- 4) Activities that revitalize or stabilize low- or moderate-income geographies.

**GEOGRAPHIES** – Geographies are defined the same as census tracts.

**LOW-INCOME** -

- for a **census tracts**- this income range is less than 50 percent of the 2000 median family income (MFI) for all non-metropolitan statistical areas (non-MSAs) in the state. The 2000 Oklahoma statewide MFI for non-MSAs is \$35,235.

- for **individuals** - income levels less than 50 percent of the most recent MFI as estimated by the Department of Housing and Urban Development (HUD). The 2003 Oklahoma MFI for non-MSAs is \$39,400.

**MEDIAN FAMILY INCOME (MFI)** - designated income as determined by either the Census Bureau or adjusted by HUD.

**METROPOLITAN STATISTICAL AREA (MSA)** - determined by the Census Bureau, and usually consists of contiguous census tracts and block numbering areas comprising one or more counties including a large population nucleus and nearby communities that have a high degree of interaction and have a combined population of greater than 50,000.

**MIDDLE-INCOME** - determined using the same methodology as for low-income. The percentage used for middle-income designation is 80 percent - 119 percent of MFI.

**MODERATE-INCOME** - determined using the same methodology as for low-income. The percentage used for moderate-income designation is 50 percent - 79 percent of MFI.

**QUALIFIED INVESTMENT** - a lawful investment, deposit, membership share, or grant that has as its primary purpose community development.

**UPPER-INCOME** - determined using the same methodology as for low-income. The percentage used for upper-income designation is greater than or equal to 120 percent of MFI.