



PUBLIC DISCLOSURE

September 18, 2023

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

First National Bank in Okeene
Charter Number 10913

124 North Main Street
Okeene, OK 73763

Office of the Comptroller of the Currency

Oklahoma City Office
The Harvey Parkway Building
301 NW 63rd Street, Suite 490
Oklahoma City, OK 73116-7908

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, and should not 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.

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Overall CRA Rating

Institution's CRA Rating: This institution is rated **Satisfactory**.

The Lending Test is rated: Outstanding

The major factors that support this rating include:

- A majority of the loans sampled were originated or purchased within the bank's assessment area.
- The bank's loan-to-deposit ratio is reasonable and meets the standard for satisfactory performance.
- The borrower distribution of loans reflects excellent penetration among farms and businesses of different sizes and exceeds the standard for satisfactory performance.
- The bank did not receive any CRA complaints during the evaluation period.

Loan-to-Deposit Ratio

Considering the bank's size, financial condition, and credit needs of the assessment area (AA), the bank's loan-to-deposit (LTD) ratio is reasonable.

First National Bank in Okeene's (FNB Okeene or bank) LTD ratio meets the standard for satisfactory performance. The average quarterly LTD is 60 percent for the period ranging from January 1, 2019, to June 30, 2023. FNB Okeene's LTD ratio was 55 percent as of June 30, 2023. The ratios of three similarly situated banks were evaluated over the same period. The quarterly average LTD for the other institutions is 55 percent with a range from 37 percent to 77 percent.

Loan-to-Deposit Ratio		
Institution	Total Assets \$000's (As of 6/30/23)	Average LTD Ratio
<i>First National Bank in Okeene, Okeene, OK</i>	\$78,907	60.1%
First State Bank, Watonga, OK	\$80,333	50.7%
Community State Bank of Canton, Canton, OK	\$68,215	77.3%
Farmers & Merchants First National Bank of Fairview, Fairview, OK	\$118,076	36.9%

Source: Call Report data from January 1, 2019 to June 30, 2023.

Lending in Assessment Area

A majority of the bank's loans are inside its AA.

The bank originated and purchased 67 percent of its total loans inside the bank's AAs during the evaluation period. FNB Okeene's lending in their AA meets the standard for satisfactory performance. A majority of the number and the dollar amount of commercial small business and small farm loans were originated in FNB Okeene's AA. This conclusion is based on a random sample of 25 agriculture loans

and 35 small business loans that were originated from 2019 to 2021. The following table depicts FNB Okeene's lending in their AA during this period.

Lending Inside and Outside of the Assessment Area										
Loan Category	Number of Loans				Total #	Dollar Amount of Loans \$(000s)				Total \$(000s)
	Inside		Outside			Inside		Outside		
	#	%	#	%		\$	%	\$	%	
Small Farm	20	80.0	5	20.0	25	\$509	72.3	\$195	27.7	\$704
Small Business	20	57.1	15	42.9	35	\$4,833	97.2	\$140	2.8	\$4,973
Total	40	66.7	20	33.3	60	\$5,342	94.1	\$335	5.9	\$5,677

Description of Institution

FNB Okeene is a community bank headquartered in Okeene, Oklahoma. The bank is wholly owned by the bank holding company, Grace Investment Company, Inc. of Alva, Oklahoma. It is affiliated by common ownership with Alva State Bank in Alva, Oklahoma. FNB Okeene operates a single full-service bank located at 124 North Main Street in Okeene. Since the previous CRA performance evaluation, the bank has not opened or closed any branch locations.

FNB Okeene's primary focus is to serve the local community in Okeene and the surrounding areas in Blaine and Major Counties. FNB Okeene is a full-service institution providing traditional loan and deposit products to meet community needs. There are no legal or financial impediments to prevent FNB Okeene from meeting the credit needs of the AA. FNB Okeene received an overall rating of "Satisfactory" at the previous CRA examination, dated April 22, 2019.

As of June 30, 2023, total bank assets amounted to \$78.9 million. Net loans totaled \$30.4 million or 39 percent of total assets. The bank is well-capitalized with tier 1 capital of \$14.7 million and a tier 1 leverage ratio of 18.49 percent. The following table details the bank's loan portfolio composition:

Loan Portfolio Composition as of June 30, 2023		
Loan Category	\$(000)	%
Real Estate	\$19,795	62.9%
Commercial	\$4,344	13.8%
Agricultural	\$5,125	16.3%
Individual	\$141	0.4%
Other	\$2,047	6.6%
Total	\$31,452	100.0%

Source: 6/30/23 Call Report Schedule RC-C

Scope of the Evaluation

Evaluation Period/Products Evaluated

We evaluated FNB Okeene under the Small Bank CRA examination procedures, which includes the lending test. The evaluation period covered all of 2019, 2020, and 2021. The lending test review focused on bank's primary loan products, which are small farm loans and small business loans. The bank's primary loan product is small farm loans; however, due to the economic conditions related to the COVID-19 pandemic, a large portion of small business Paycheck Protection Program loans were made in 2020-2021. Due to this, we included small business loans in our review as well.

Selection of Areas for Full-Scope Review

The review included an evaluation of lending performance in FNB Okeene's single AA, which includes two census tracts in Blaine County and one census tract in Major County. The bank's lending activity during the evaluation period was compared to 2020 U.S. Census demographic information and certain information updated by the 2015 American Community Survey (ACS).

Ratings

The bank's overall rating is the same as the state rating. Multistate and MMSA ratings are not applicable.

Refer to the "Scope" section for details regarding how the areas were weighted in arriving at the respective ratings. There was only one AA, so no other weights were used.

Discriminatory or Other Illegal Credit Practices Review

Pursuant to 12 CFR 25.28(c) or 195.28(c), respectively, in determining a national bank's or federal savings association's (collectively, bank) CRA rating, the OCC considers evidence of discriminatory or other illegal credit practices in any geography by the bank, or in any AA by an affiliate whose loans have been considered as part of the bank's lending performance. As part of this evaluation process, the OCC consults with other federal agencies with responsibility for compliance with the relevant laws and regulations, including the U.S. Department of Justice, the U.S. Department of Housing and Urban Development, and the Bureau of Consumer Financial Protection, as applicable.

The OCC has not identified that this institution (or any affiliate whose loans have been considered as part of the institution's lending performance) has engaged in discriminatory or other illegal credit practices that require consideration in this evaluation.

The OCC will consider any information that this institution engaged in discriminatory or other illegal credit practices, identified by or provided to the OCC before the end of the institution's next performance evaluation in that subsequent evaluation, even if the information concerns activities that occurred during the evaluation period addressed in this performance evaluation.

State Rating

State of Oklahoma

CRA rating for the State of Oklahoma: Satisfactory

The Lending Test is rated: Outstanding

The major factors that support this rating include:

- The borrower distribution of loans reflects excellent penetration among farm and business operations of different sizes and exceeds the standard for satisfactory performance.

Description of Institution's Operations in Oklahoma

FNB Okeene has one location and one ATM, both in Blaine County, Oklahoma. The adopted AA consists of three census tracts (CT), including tracts #9586 and #9588 in Blaine County, and tract #9551 in Major County. The AA adopted by the bank meets the requirements of CRA regulation and does not arbitrarily exclude low- or moderate-income geographies.

Okeene, OK and surrounding areas (FNB Okeene AA)

Table A – Demographic Information of the Assessment Area						
Assessment Area: Combined						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	3	0.0	0.0	66.7	33.3	0.0
Population by Geography	5,878	0.0	0.0	43.5	57.5	0.0
Housing Units by Geography	2,749	0.0	0.0	49.1	50.9	0.0
Owner-Occupied Units by Geography	1,967	0.0	0.0	47.6	52.4	0.0
Occupied Rental Units by Geography	397	0.0	0.0	55.2	44.8	0.0
Vacant Units by Geography	387	0.0	0.0	50.6	49.4	0.0
Businesses by Geography	543	0.0	0.0	45.7	54.3	0.0
Farms by Geography	75	0.0	0.0	47.4	52.6	0.0
Family Distribution by Income Level	1,660	16.9	14.3	21.0	47.8	0.0
Household Distribution by Income Level	2,362	18.0	13.7	20.3	48.0	0.0
Median Family Income Non-MSAs - OK		\$51,491	Median Housing Value			\$87,410
			Median Gross Rent			\$647
			Families Below Poverty Level			8.0%

Source: 2010 ACS Census and 2016 D&B Data
 Due to rounding, totals may not equal 100.0
 (*) The NA category consists of geographies that have not been assigned an income classification.

The total population of the AA is 5,878 persons. Although there are no low- or moderate-income census tracts in the AA, there are low/moderate income families. Of the 1,660 families in the AA, 17 percent are low-income and 14 percent are moderate-income. Of the 2,362 households in the AA, 18 percent are low-income and 14 percent are moderate-income.

The state of the local economy for the AA is good. The local economy continues to be driven by commodity prices given heavy reliance on the agricultural and energy industries. The major employers in the area include the United States Gypsum Plant, Mountain Country Foods (pet food manufacturer), and the Okeene Public School System.

In conjunction with this CRA examination, we interviewed one community contact that represented Okeene, OK and Blaine County in order to gain information regarding Okeene's economic profile, community demographics, and the role financial institutions play in the community. The contact indicated that credit needs in the area include agriculture, real estate, and low-income housing, and local financial institutions are meeting the credit and financial service needs of the community.

Scope of Evaluation in Oklahoma

FNB Okeene has delineated one AA, within which a full scope review will be performed to evaluate the bank's record of helping to meet the credit needs of its community.

The AA consists of contiguous portions of political subdivisions (counties) which the bank can reasonably expect to serve and encompasses their main location with drive thru and ATM. The AA encompasses portions of two counties, including tracts #9586 and #9588 in Blaine County, and tract #9551 in Major County. Blaine County and Major County are both considered Non-MSA counties.

LENDING TEST

The bank's performance under the Lending Test in Oklahoma is rated Outstanding.

Conclusions for Area Receiving a Full-Scope Review

Based on a full-scope review, the bank's performance in the FNB Okeene AA is excellent.

Distribution of Loans by Income Level of the Geography

An analysis of the geographical distribution of loans sampled would not be meaningful since there are no low- or moderate-income CTs in FNB Okeene's AA.

Distribution of Loans by Income Level of the Borrower

The bank exhibits an excellent distribution of loans to businesses and farms of different sizes, given the product lines offered by the bank.

Small Loans to Businesses

Refer to Table R of Appendix D for the facts and data used to evaluate the borrower distribution of the bank's originations and purchases of small loans to businesses.

FNB Okeene's distribution of loans to small businesses of different sizes reflects excellent penetration and exceeds the standard of satisfactory performance. The percentage of loans originated to small businesses with gross annual revenues of less than \$1 million exceeds the percentage of small business reporting revenues of less than \$1 million in the AA and exceeds the aggregate lending to those businesses.

Small Loans to Farms

Refer to Table T of Appendix D for the facts and data used to evaluate the borrower distribution of the bank's originations and purchases of small loans to farms.

FNB Okeene's distribution of loans to farm operations of different sizes reflects excellent penetration and exceeds the standard of satisfactory performance. The percentage of loans originated to small farms with gross annual revenues of less than \$1 million exceeds the percentage of farms reporting revenues of less than \$1 million in the AA and exceeds the aggregate lending to those farms.

Responses to Complaints

There have been no consumer complaints pertaining to FNB Okeene's CRA performance during this evaluation period.

Appendix A: Scope of Examination

The following table identifies the time period covered in this evaluation, affiliate activities that were reviewed, and loan products considered. The table also reflects the MSAs and non-MSAs that received comprehensive examination review, designated by the term “full-scope,” and those that received a less comprehensive review, designated by the term “limited-scope”.

Time Period Reviewed:	01/01/19 to 12/31/21	
Bank Products Reviewed:	Small farm loans and small business loans	
Affiliate(s)	Affiliate Relationship	Products Reviewed
N/A	N/A	N/A
List of Assessment Areas and Type of Examination		
Rating and Assessment Areas	Type of Exam	Other Information
State of Oklahoma		
FNB Okeene AA	Full-Scope	AA consists of three census tracts (CT), including tracts #9586 and #9588 in Blaine County, and tract #9551 in Major County; all non-MSA.

Appendix B: Summary of MMSA and State Ratings

RATINGS: First National Bank in Okeene	
Overall Bank:	Lending Test Rating
FNB Okeene	Satisfactory
MMSA or State:	
Oklahoma	Satisfactory

Appendix C: Definitions and Common Abbreviations

The following terms and abbreviations are used in this performance evaluation, including the CRA tables. The definitions are intended to provide the reader with a general understanding of the terms, not a strict legal definition.

Affiliate: Any company that controls, is controlled by, or is under common control with another company. A company is under common control with another company if the same company directly or indirectly controls both companies. For example, a bank subsidiary is controlled by the bank and is, therefore, an affiliate.

Aggregate Lending (Aggt.): The number of loans originated and purchased by all reporting lenders (HMDA or CRA) in specified income categories as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the state/assessment area.

Census Tract (CT): A small, relatively permanent statistical subdivision of a county delineated by a local committee of census data users for the purpose of presenting data. Census tracts nest within counties, and their boundaries normally follow visible features, but may follow legal geography boundaries and other non-visible features in some instances, Census tracts ideally contain about 4,000 people and 1,600 housing units.

Combined Statistical Area (CSA): A geographic entity consisting of two or more adjacent Core Based Statistical Areas with employment interchange measures of at least 15. An employment interchange measure is a measure of ties between two adjacent entities. The employment interchange measure is the sum of the percentage of workers living in the smaller entity who work in the larger entity and the percentage of employment in the smaller entity that is accounted for by workers who reside in the larger entity.

Community Development (CD): Affordable housing (including multifamily rental housing) for low- or moderate-income individuals; community services targeted to low- or moderate-income individuals; activities that promote economic development by financing businesses or farms that meet Small Business Administration Development Company or Small Business Investment Company programs size eligibility standards or have gross annual revenues of \$1 million or less; or activities that revitalize or stabilize low- or moderate-income geographies, distressed or underserved nonmetropolitan middle-income geographies, or designated disaster areas.

Community Reinvestment Act (CRA): The statute that requires the OCC to evaluate a bank's record of meeting the credit needs of its entire community, including LMI areas, consistent with the safe and sound operation of the bank, and to take this record into account when evaluating certain corporate applications filed by the bank.

Consumer Loan(s): A loan(s) to one or more individuals for household, family, or other personal expenditures. A consumer loan does not include a home mortgage, small business, or small farm loan. This definition includes the following categories: motor vehicle loans, credit card loans, other secured consumer loans, and other unsecured consumer loans.

Family: Includes a householder and one or more other persons living in the same household who are related to the householder by birth, marriage, or adoption. The number of family households always equals the number of families; however, a family household may also include non-relatives living with the family. Families are classified by type as either a married-couple family or other family, which is further classified into 'male householder' (a family with a male householder and no wife present) or 'female householder' (a family with a female householder and no husband present).

Full-Scope Review: Performance under the Lending, Investment, and Service Tests is analyzed considering performance context, quantitative factors (e.g., geographic distribution, borrower distribution, and total number and dollar amount of investments), and qualitative factors (e.g., innovativeness, complexity, and responsiveness).

Geography: A census tract delineated by the United States Bureau of the Census in the most recent decennial census.

Home Mortgage Disclosure Act (HMDA): The statute that requires certain mortgage lenders that conduct business or have banking offices in a metropolitan statistical area to file annual summary reports of their mortgage lending activity. The reports include such data as the race, gender, and the income of applicants, the amount of loan requested, the disposition of the application (e.g., approved, denied, and withdrawn), the lien status of the collateral, any requests for preapproval, and loans for manufactured housing.

Home Mortgage Loans: A closed-end mortgage loan or an open-end line of credit as these terms are defined under 12 CFR 1003.2, and that is not an excluded transaction under 12 CFR 1003.3(c)(1) through (c)(10) and (c)(13).

Household: Includes all persons occupying a housing unit. Persons not living in households are classified as living in group quarters. In 100 percent tabulations, the count of households always equals the count of occupied housing units.

Limited-Scope Review: Performance under the Lending, Investment, and Service Tests is analyzed using only quantitative factors (e.g., geographic distribution, borrower distribution, total number and dollar amount of investments, and branch distribution).

Low-Income Individual: Individual income that is less than 50 percent of the area median income.

Low-Income Geography: A census tract with a median family income that is less than 50 percent.

Market Share: The number of loans originated and purchased by the institution as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the state/assessment area.

Median Family Income (MFI): The median income determined by the U.S. Census Bureau every five years and used to determine the income level category of geographies. The median is the point at which half of the families have income above, and half below, a range of incomes. Also, the median income determined by the Federal Financial Institutions Examination Council (FFIEC) annually that is used to determine the income level category of individuals. For any given area, the median is the point at which half of the families have income above, and half below, a range of incomes.

Metropolitan Division: As defined by Office of Management and Budget, a county or group of counties within a Core Based Statistical Area that contains an urbanized population of at least 2.5 million. A Metropolitan Division consists of one or more main/secondary counties that represent an employment center or centers, plus adjacent counties associated with the main/secondary county or counties through commuting ties.

Metropolitan Statistical Area: An area, defined by the Office of Management and Budget, as a core based statistical area associated with at least one urbanized area that has a population of at least 50,000. The Metropolitan Statistical Area comprises the central county or counties containing the core, plus adjacent outlying counties having a high degree of social and economic integration with the central county or counties as measured through commuting.

Middle-Income: Individual income that is at least 80 percent and less than 120 percent of the area median income, or a median family income that is at least 80 percent and less than 120 percent, in the case of a geography.

Moderate-Income: Individual income that is at least 50 percent and less than 80 percent of the area median income, or a median family income that is at least 50 percent and less than 80 percent, in the case of a geography.

Multifamily: Refers to a residential structure that contains five or more units.

Owner-Occupied Units: Includes units occupied by the owner or co-owner, even if the unit has not been fully paid for or is mortgaged.

Qualified Investment: A qualified investment is defined as any lawful investment, deposit, membership share, or grant that has as its primary purpose community development.

Rating Area: A rated area is a state or multi-state metropolitan statistical area. For an institution with domestic branches in only one state, the institution's CRA rating would be the state rating. If an institution maintains domestic branches in more than one state, the institution will receive a rating for each state in which those branches are located. If an institution maintains domestic branches in two or more states within a multi-state metropolitan statistical area, the institution will receive a rating for the multi-state metropolitan statistical area.

Small Loan(s) to Business(es): A loan included in 'loans to small businesses' as defined in the Consolidated Report of Condition and Income (Call Report) instructions. These loans have original amounts of \$1 million or less and typically are either secured by nonfarm or nonresidential real estate or are classified as commercial and industrial loans.

Small Loan(s) to Farm(s): A loan included in 'loans to small farms' as defined in the instructions for preparation of the Consolidated Report of Condition and Income (Call Report). These loans have original amounts of \$500,000 or less and are either secured by farmland, or are classified as loans to finance agricultural production and other loans to farmers.

Tier 1 Capital: The total of common shareholders' equity, perpetual preferred shareholders' equity with non-cumulative dividends, retained earnings and minority interests in the equity accounts of consolidated subsidiaries.

Upper-Income: Individual income that is at least 120 percent of the area median income, or a median family income that is at least 120 percent, in the case of a geography.

Appendix D: Tables of Performance Data

Content of Standardized Tables

A separate set of tables is provided for each state. All multistate metropolitan statistical areas, if applicable, are presented in one set of tables. References to the “bank” include activities of any affiliates that the bank provided for consideration (refer to appendix A: Scope of the Examination). For purposes of reviewing the Lending Test tables, the following are applicable: (1) purchased are treated as originations; and (2) “aggregate” is the percentage of the aggregate number of reportable loans originated and purchased by all HMDA or CRA-reporting lenders in the MMSA/assessment area. Deposit data are compiled by the FDIC and are available as of June 30th of each year. Tables without data are not included in this PE.

The following is a listing and brief description of the tables included in each set:

Table R. Assessment Area Distribution of Loans to Small Businesses by Gross Annual Revenue - Compares the percentage distribution of the number of small loans (loans less than or equal to \$1 million) originated and purchased by the bank to businesses with revenues of \$1 million or less to: 1) the percentage distribution of businesses with revenues of greater than \$1 million; and, 2) the percentage distribution of businesses for which revenues are not available. The table also presents aggregate peer small business data for the years the data is available.

Table T. Assessment Area Distribution of Loans to Farms by Gross Annual Revenues - Compares the percentage distribution of the number of small loans (loans less than or equal to \$500 thousand) originated and purchased by the bank to farms with revenues of \$1 million or less to: 1) the percentage distribution of farms with revenues of greater than \$1 million; and, 2) the percentage distribution of farms for which revenues are not available. The table also presents aggregate peer small farm data for the years the data is available.

Table R: Assessment Area Distribution of Loans to Small Businesses by Gross Annual Revenues											2019-2021	
Assessment Area:	Total Loans to Small Businesses				Businesses with Revenues <= 1MM			Businesses with Revenues > 1MM		Businesses with Revenues Not Available		
	#	\$	% of Total	Overall Market	% Businesses	%Bank Loans	Aggregate	% Businesses	%Bank Loans	% Businesses	%Bank Loans	
FNB Okeene AA	20	\$4,833	100	109	82.7	90	57.8	6.8	10	10.5	0	
Total	20	\$4,833	100	109	82.7	90	57.8	6.9	10	10.5	0	
<i>Source: 2021 D&B Data; 01/01/2019 - 12/31/2021 Bank Data; "--" data not available. Due to rounding, totals may not equal 100.0</i>												

Table T: Assessment Area Distribution of Loans to Farms by Gross Annual Revenues											2019-2021	
Assessment Area:	Total Loans to Farms				Farms with Revenues <= 1MM			Farms with Revenues > 1MM		Farms with Revenues Not Available		
	#	\$	% of Total	Overall Market	% Farms	%Bank Loans	Aggregate	% Farms	%Bank Loans	% Farms	% Bank Loans	
FNB Okeene AA	20	\$509	100	35	97.4	100	62.9	0.0	0.0	2.6	0.0	
Total	20	\$509	100	35	97.4	100	62.9	0.0	0.0	2.6	0.0	
<i>Source: 2021 D&B Data; 01/01/2019 - 12/31/2021 Bank Data; "--" data not available. Due to rounding, totals may not equal 100.0</i>												