



PUBLIC DISCLOSURE

August 12, 2021

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

First National Bank & Trust
Charter Number 9952

2714 West Third Street
Elk City, OK 73644-4320

Office of the Comptroller of the Currency

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, 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.

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Overall CRA Rating

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

The lending test is rated: Satisfactory

The major factors that support this rating include:

- The Lending Test rating is based on the one full-scope assessment area (AA) in the state of Oklahoma.
- The loan-to-deposit (LTD) ratio is reasonable.
- A majority of the loans were originated or purchased inside the bank's AA and meets the standard for satisfactory performance.
- The distribution of loans to individuals of different incomes and businesses of different sizes is excellent.
- The bank originated 161 Small Business Administration Payroll Protection Program loans totaling \$9.8 million during the evaluation period.

Loan-to-Deposit Ratio

Considering the bank's size, financial condition, and credit needs of the AA, the bank's LTD ratio is reasonable.

First National Bank & Trust's (FNB or bank) quarterly LTD ratio since the previous CRA Performance Evaluation (PE) averaged 61.9 percent. We compared the bank's LTD ratio to four banks with locations in their market area and the surrounding area. The aggregate average LTD ratio for the competing banks was 85.8 percent, with a low average of 65.8 percent and a high average of 95 percent. FNB's average LTD is lower, but three of the four banks that are direct competition in the bank's AA are larger and have more locations in larger diversified markets, including Metropolitan Statistical Areas.

Lending in Assessment Area

A majority of the bank's loans are inside its AA. The bank originated and purchased 80 percent of its total loans inside the bank's AA during the evaluation period. Our analysis included a sample of 31 agriculture loans and 30 small business loans originated or renewed in 2018, 2019, and 2020. This analysis is performed at the bank, rather than the AA, level. This percentage does not include extensions of credit by affiliates that may be considered under the other performance criteria.

Lending Inside and Outside of the Assessment Area										
Loan Category	Number of Loans				Total	Dollar Amount of Loans \$(000s)				Total
	Inside		Outside			Inside		Outside		
	#	%	#	%		\$	%	\$	%	
Agriculture Loans	25	81	6	19	31	683	62	410	38	1,093
Commercial Loans	24	80	6	20	30	1,271	83	254	17	1,525
Total	49	80	12	20	61	1,954	75	664	25	2,618
<i>Source: Bank Data Due to rounding, totals may not equal 100.0%</i>										

Description of Institution

FNB is a \$301 million community bank located in Elk City, Okla. FNB is wholly owned by Western Oklahoma Financial Services, Inc., a one-bank holding company headquartered at the main bank address. FNB is a single-state institution, with one AA in western Oklahoma.

FNB has three locations and four ATMs. The bank's main office, drive-through and ATM are located at 2714 West 3rd Street, Elk City, Okla. A walk-up ATM and night depository are located in downtown Elk City at 102 S. Main, primarily for the convenience of retail deposit customers. Since the last examination, the bank relocated an ATM in Elk City from Great Plains Regional Medical Center due to limited activity to a Laundromat at 2005 W. Broadway, where activity has increased. In addition to Elk City locations, a full-service branch, drive-through, and ATM are located at 711 N.E. Highway 66, Sayre, Okla. Since the last examination, the bank removed the ATM at the Sayre Memorial Hospital when the hospital closed. No branch locations have been opened or closed since the prior CRA examination.

Management and the board's primary business strategy is to serve commercial, agricultural, home loan, and other consumer customers in the Elk City and Sayre communities. The bank meets their customer's needs by providing traditional loan and deposit products and services, as well as Internet Banking, bill-pay, mobile banking, telephone banking, and Trust services. Bank lobby services are provided Monday through Friday at the main bank and Sayre location. The main bank location in Elk City also has Saturday lobby and drive-through hours. The ability to lend in their AA continues to be impacted by strong competition from a number of financial institutions and branches of larger financial institutions.

As of December 31, 2020, tier 1 capital was approximately \$35 million, and loans totaled \$161 million or 53 percent of total assets. By dollar volume, the loan portfolio consists of 46 percent commercial and related real estate loans, 31 percent agricultural loans, 22 percent residential real estate, and 1 percent consumer loans.

There are no legal, financial, or other factors impeding the bank's ability to help meet the credit needs in its AA. A CRA PE was last prepared August 13, 2018, and the bank received an overall rating of "Satisfactory."

Scope of the Evaluation

Evaluation Period/Products Evaluated

We completed a full-scope review of FNB's CRA activities in its AA under the Small Bank CRA procedures. This includes the Lending Test which evaluates the bank's record of meeting the credit needs of the AA through its lending activities.

Conclusions regarding the Lending Test are based on a sample of small business loans and a sample of agricultural loans. The evaluation period of loans is January 1, 2018 through December 31, 2020. Both loan categories were weighted equally in evaluating performance.

Selection of Areas for Full-Scope Review

In each state where the bank has an office, one or more of AAs within that state was selected for a full-scope review. For purposes of this evaluation, bank delineated assessment areas located within the same metropolitan statistical area (MSA), multistate metropolitan statistical area (MMSA), or combined statistical area (CSA) are combined and evaluated as a single AA. Similarly, bank delineated non-MSA AAs within the same state are combined and evaluated as a single area. These combined AAs may be evaluated as full- or limited-scope reviews. Refer to the "Scope" section under each State Rating for details regarding how full-scope AAs were selected. Refer to appendix A, Scope of Examination, for a list of full- and limited-scope AAs.

Ratings

The bank's overall rating is a blend of the state ratings, and where applicable, multistate ratings. FNB has only one AA in one state. Ratings are based solely on the results of this AA. The state ratings are based on performance in all bank AAs. Refer to the "Scope" section under each State Rating section for details regarding how the areas were weighted in arriving at the respective ratings.

Discriminatory or Other Illegal Credit Practices Review

Pursuant to 12 CFR 25.28(c), in determining a national bank's 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 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 Oklahoma¹: Satisfactory

The Lending Test is rated: Satisfactory

The major factor supporting this rating includes:

- The LTD ratio is reasonable.
- A majority of the loans were originated or purchased inside the bank's AA and meets the standard for satisfactory performance.
- The distribution of loans to individuals of different incomes and businesses of different sizes is excellent.

Description of Institution's Operations in Oklahoma

The bank operates three locations in their AA in the state of Oklahoma. The AA consists of five CTs, four in Beckham County and one in Washita County. In Beckham County, two CTs are categorized as middle-income and two are upper-income. In Washita County, the CT is middle-income. There are no low- or moderate-income CTs in the AA. The AA meets the requirements of the regulation and does not arbitrarily exclude low- or moderate-income geographies.

¹ This rating reflects performance within the state. The statewide evaluations do not reflect performance in the parts of those states contained within a MMSA.

Oklahoma non-MSA AA

Demographic Information of the Assessment Area						
Assessment Area: Oklahoma non-MSA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	5	0.0	0.0	60.0	40.0	0.0
Population by Geography	27,372	0.0	0.0	51.3	48.7	0.0
Housing Units by Geography	11,640	0.0	0.0	52.6	47.4	0.0
Owner-Occupied Units by Geography	5,728	0.0	0.0	53.0	47.0	0.0
Occupied Rental Units by Geography	3,348	0.0	0.0	52.8	47.2	0.0
Vacant Units by Geography	2,564	0.0	0.0	51.8	48.2	0.0
Businesses by Geography	2,335	0.0	0.0	54.6	45.4	0.0
Farms by Geography	136	0.0	0.0	47.1	52.9	0.0
Family Distribution by Income Level	6,316	22.1	15.1	12.1	50.7	0.0
Household Distribution by Income Level	9,076	18.2	17.4	15.5	48.9	0.0
Median Family Income Non-MSAs - OK		\$51,491	Median Housing Value			\$114,640
			Median Gross Rent			\$677
			Families Below Poverty Level			10.3%
<i>Source: 2015 ACS and 2020 D&B Data</i> <i>Due to rounding, totals may not equal 100.0%</i> <i>(*) The NA category consists of geographies that have not been assigned an income classification.</i>						

The level of competition in the bank’s market area is high. According to the Federal Deposit Insurance Corporation (FDIC) Deposit Market Share Data, FNB’s deposit market share in their AA was 29 percent. The bank ranks first among nine depository institutions in the AA.

Community Contact

We completed one community contact within the AA, a community organization, to gain a better understanding of the general community credit needs, as well as, the local economic condition. The community contact indicated that the economy is slowly rebounding. Homes are selling quick and sales have been up, which has led to a need for housing. The contact also indicated that there are jobs in Elk City, but not enough workers.

Scope of Evaluation in Oklahoma

FNB has only one AA which consists of all of Beckham County and one CT in Washita County in the state of Oklahoma. The AA received a full-scope review. There are no limited-scope area reviews.

LENDING TEST

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

Conclusions for Area Receiving a Full-Scope Review

Based on a full-scope review, the bank's performance in the Oklahoma non-MSA AA is reasonable.

Distribution of Loans by Income Level of the Geography

An analysis of the geographic distribution of loans sampled would not be meaningful since there are no low- or moderate-income CTs in the Oklahoma non-MSA AA.

Distribution of Loans by Income Level of the Borrower

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

Small Loans to Businesses

Refer to Table R in the state of Oklahoma section 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.

The percentage of bank loans to businesses with revenues of less than or equal to \$1 million exceeded both the percentage of businesses identified as having revenues of less than or equal to \$1 million and the aggregate lending for those businesses.

Small Loans to Farms

Refer to Table T in the state of Oklahoma section 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.

The percentage of bank loans to farms with revenues of less than or equal to \$1 million is near the percentage of farms identified as having revenues of less than or equal to \$1 million and exceeds the aggregate lending for those farms.

Responses to Complaints

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

Appendix A: Scope of Examination

The following table identifies the 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:	(01/01/18 to 12/31/20)	
Bank Products Reviewed:	Small Business Small Farm	
Affiliate(s) (Name of Affiliate (Abbreviation))	Affiliate Relationship	Products Reviewed
	N/A	
List of Assessment Areas and Type of Examination		
Rating and Assessment Areas	Type of Exam	Other Information
Oklahoma		
Oklahoma non-MSA	Full-Scope	

Appendix B: Summary of MMSA and State Ratings

RATINGS	First National Bank and Trust
Overall Bank:	Lending Test Rating
First National Bank and Trust	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 Small Business Loans 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 2018 - 2020											
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
Oklahoma non-MSA	24	1,271	100.0	441	80.8	96	31.1	5.2	4	14.0	0
Total	24	1,271	100.0	441	80.8	96	31.1	5.2	4	14.0	0

*Source: 2020 D&B Data; 01/01/2018 - 12/31/2020 Bank Data; 2019 CRA Aggregate Data, "--" data not available.
Due to rounding, totals may not equal 100.0%*

Table T: Assessment Area Distribution of Loans to Farms by Gross Annual Revenues 2018 - 2020											
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
Oklahoma non-MSA	25	683	100	130	96.3	96	62.6	2.2	4	1.5	0
Total	25	683	100	130	96.3	96	62.6	2.2	4	1.5	0

*Source: 2020 D&B Data; 01/01/2018 - 12/31/2020 Bank Data; 2019 CRA Aggregate Data, "--" data not available.
Due to rounding, totals may not equal 100.0%*