



PUBLIC DISCLOSURE

June 1, 2023

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

First National Bank of Fletcher
Charter Number 12141

401 West Cole Avenue
Fletcher, Oklahoma 73541

Office of the Comptroller of the Currency
Oklahoma City Office
Harvey Parkway Building, Suite 490
301 NW 63rd Street
Oklahoma City, Oklahoma 73116

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:

- The bank exhibits excellent distribution of loans to individuals of different income levels.
- A majority of the bank's loans originated inside its assessment area (AA).
- The bank's quarterly average loan-to-deposit ratio is less than reasonable.
- No complaints were received about the bank's performance in helping to meet the credit needs of its AA.

Loan-to-Deposit Ratio

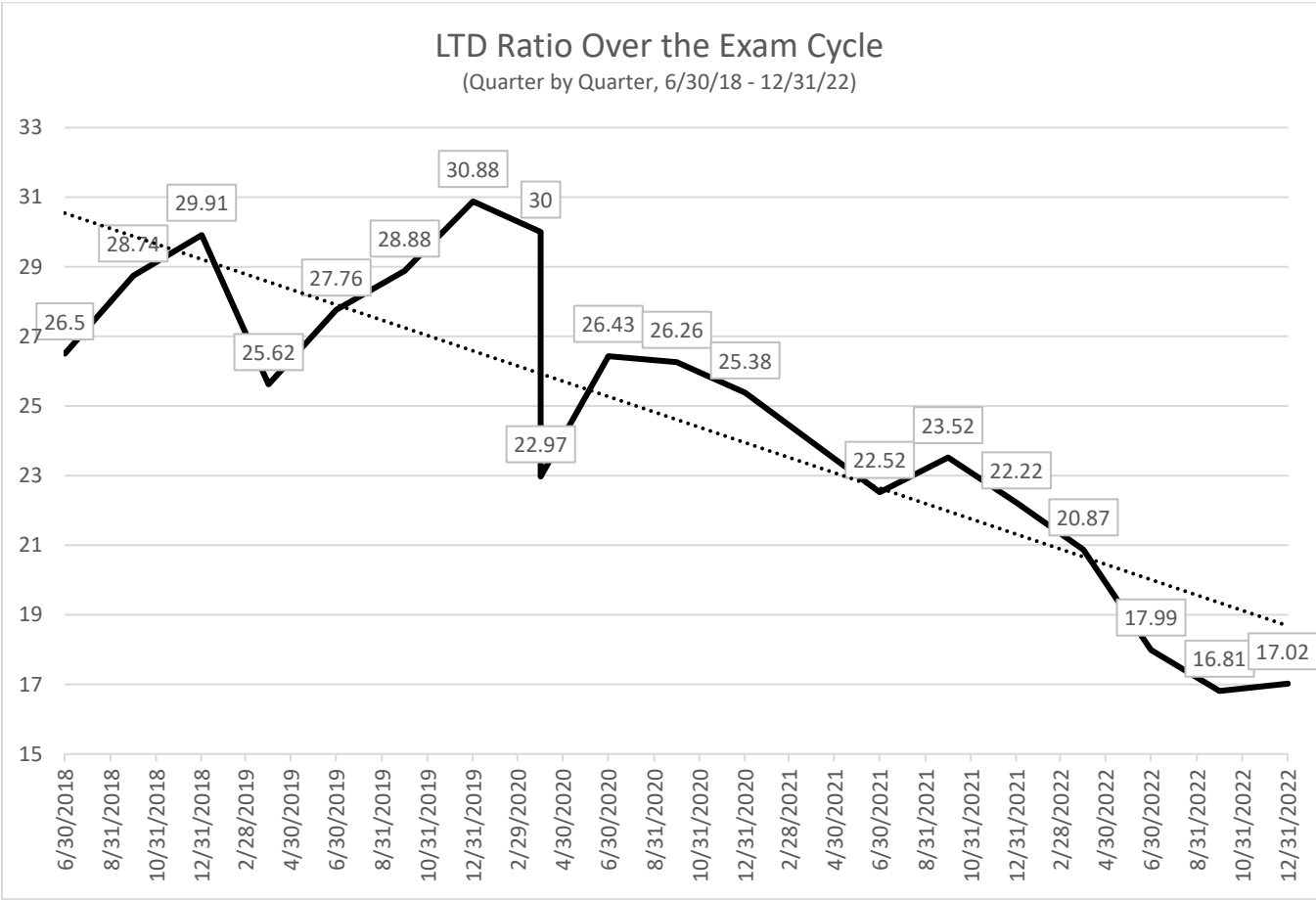
Considering the bank's size, financial condition, and credit needs of the AA, the bank's loan-to-deposit (LTD) ratio is less than reasonable.

The bank's average quarterly LTD ratio is 25 percent for the period ranging from June 2018 to December 2022. The bank's LTD ratio on December 31, 2022 was approximately 17 percent. This is the lowest ratio average compared to banks alike in the area. We compared the bank's LTD to five similarly situated banks in the surrounding area. The aggregate average LTD ratio for the competing banks was 55 percent, with a low average of 28 percent and a high average of 77 percent.

Loan-to-Deposit Ratio		
Institution	Total Assets \$000's (As of 12/31/22)	Average LTD Ratio
<i>The First National Bank of Fletcher</i>	<i>\$23,106</i>	<i>25%</i>
American Exchange Bank, Lindsay, Oklahoma	\$89,917	28%
The First Farmers National Bank of Waurika	\$53,727	42%
Farmers and Merchants Bank of Maysville	\$24,223	62%
Washita Valley Bank, Fort Cobb, Oklahoma	\$54,296	67%
The First National Bank of Lindsay	\$92,977	77%

Source: Call Report data from June 30, 2018 to December 31, 2022.

While the bank's LTD ratio is low, it is partially mitigated due to the lack of lending needs in the AA and the impact of the COVID-19 pandemic and related government stimulus money on consumer behavior. The chart on the following page demonstrates the pandemic impact on the bank's LTD ratio. The bank primarily services the towns of Fletcher and Sterling, Oklahoma. These towns, in addition to their surrounding rural areas, encompass a population of approximately 4,500 people. The population demographics for age and employment fall outside statistical averages as the AA contains a materially greater amount of elderly and retired individuals and families that became more risk averse during the pandemic. Risk aversion and lack of lending needs were also noted by the community contact discussed later in this report.



The bank resides in the Lawton MSA but it remains geographically separated from the MSA due to the Fort Sill military base. This base houses multiple financial institutions that cater specifically to military personnel that routinely offer better rates to this demographic. The Lawton MSA is well banked with many local, regional, and national service providers. The bank offers limited product and service options in comparison to many peer institutions including the absence of residential real estate lending. While residential real estate remains one of the communities main lending needs, this product is no longer offered due to increased regulations, strong competition, and limited staffing.

While Fletcher is adjacent to Interstate 44, the town is not directly connected to the thoroughfare diminishing accessibility to businesses located in the area. The bank and other businesses in the town Fletcher are overshadowed by larger nearby communities with direct highway access including the nearby town of Elgin, which has a population over three times that of Fletcher and is serviced by Interstate 44. Although there are several competitive barriers and other mitigating factors, the bank’s current LTD ratio is less than reasonable.

Lending in Assessment Area

A majority of the bank's loans originated inside its assessment area.

The bank's lending in their AA meets the standard for satisfactory performance. The bank originated or purchased 76 percent of its total loans inside the bank's AAs during the evaluation period. This analysis is performed at the bank, rather than the AA, level.

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		
	#	%	#	%		\$	%	\$	%	
Consumer	22	76	7	24	29	134	41	196	59	330
Total	22	76	7	24	29	134	41	196	59	330

Description of Institution

First National Bank of Fletcher (FNB Fletcher or bank) is headquartered in Fletcher, Oklahoma, and primarily serves the towns of Fletcher and Sterling, Oklahoma, along with the surrounding areas. The bank is majority owned by First Fletcher Bancshares, a one-bank holding company. FNB Fletcher is affiliated with American Exchange Bank of Lindsay, Oklahoma, by common holding company owners. The affiliated bank is a state-chartered institution under the American Holding Company of Lindsay, Incorporated. No affiliate activities were considered in the evaluation.

FNB Fletcher offers standard banking services with the exclusion of residential real estate loans. FNB Fletcher has one banking location at 401, West Cole Avenue in Fletcher, Oklahoma. This location has drive-thru service and an automated teller machine (ATM). The bank also serves Sterling, Oklahoma with an ATM and over-night deposit box. FNB Fletcher has online banking services along with a mobile application that allows their customers to conveniently bank from anywhere.

As of December 31, 2022, the bank's total assets equaled \$23.1 million, of which \$3.9 million, or 17 percent, was comprised of various types of loans to individuals, commercial businesses, and agricultural related enterprises. Specifically, the bank's loan portfolio consists of the following:

Loan Portfolio Composition as of December 31, 2022		
Loan Category	\$(000)	%
Commercial	\$1,629	42.14%
Real Estate	\$939	24.29%
Consumer	\$881	22.79%
Agricultural	\$417	10.78%
Total	\$3,866	100.00%

Source: December 31, 2022 Report of Condition and Income.

There are no known legal or financial impediments to prevent the bank from meeting the credit needs within the AA. FNB Fletcher is involved in and provides support to the community's financial needs. The bank received an overall rating of "Satisfactory" at the last Community Reinvestment Act examination dated June 4, 2018.

Scope of the Evaluation

Evaluation Period/Products Evaluated

Examiners completed a full-scope review of the bank'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 29 consumer loans as this represents a majority of loans made during the evaluation period. The evaluation period is January 1, 2019, to December 31, 2021.

The AA has no low- or moderate-income census tracts and therefore a geographical distribution of loans was not performed.

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. 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 the same as the state rating. Multistate and MMSA ratings are not applicable.

Discriminatory or Other Illegal Credit Practices Review

Pursuant to 12 CFR 25.28(c) or 195.28(c), respectively, in determining a national banks 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 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 represents excellent penetration among borrowers of different income levels and exceeds the standard for satisfactory performance.

Description of Institution's Operations in Oklahoma

FNB Fletcher has one location and two ATMs, both in Comanche County, Oklahoma. The AA consists of three Census Tracts (CT) in Comanche County and one in Caddo County. 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.

Fletcher, OK and surrounding areas (FNB Fletcher AA)

Table A – Demographic Information of the Assessment Area						
Assessment Area: FNB of Fletcher 2021						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	4	0.0	0.0	25.0	75.0	0.0
Population by Geography	18,448	0.0	0.0	15.2	84.8	0.0
Housing Units by Geography	8,023	0.0	0.0	17.0	83.0	0.0
Owner-Occupied Units by Geography	5,256	0.0	0.0	14.3	85.7	0.0
Occupied Rental Units by Geography	1,531	0.0	0.0	20.9	79.1	0.0
Vacant Units by Geography	1,236	0.0	0.0	23.5	76.5	0.0
Businesses by Geography	1,066	0.0	0.0	10.1	89.9	0.0
Farms by Geography	122	0.0	0.0	11.5	88.5	0.0
Family Distribution by Income Level	4,935	15.9	13.3	17.1	53.7	0.0
Household Distribution by Income Level	6,787	18.3	12.8	14.9	54.0	0.0
Median Family Income MSA - 30020 Lawton, OK MSA		\$57,051	Median Housing Value			\$144,068
Median Family Income Non-MSAs - OK		\$51,491	Median Gross Rent			\$749
			Families Below Poverty Level			8.4%
<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 total population of the AA is 18,448 persons. Of the 4,935 families, 16 percent are low-income, 13 percent are moderate-income, and 8 percent are below the poverty level.

The bank's AA consists of four whole census tracts. Three upper income tracts are located in Comanche County (21, 22, 20.03) and one is in Caddo County, which is a middle-income tract (1623). Operations are centered in census tract 21 where the bank is located in Fletcher, and an ATM with an overnight deposit box is located in Sterling, OK.

Fletcher is a part of the Lawton MSA in Comanche county. It should be noted that there is a large geographic barrier between Fletcher and Lawton which is the Fort Sill military base that resides in census tracts 24.01, 24.03, and 24.04. Barriers to entry exist to establish operations in this area in addition to limited ability to compete with larger established institutions who specialize in offering products and services to the military demographic. Chief Executive Officer, Bob Bridges, commented that it is rare to have personnel from the base solicit products or services from FNB Fletcher.

A community contact was made during the examination to help ascertain the credit needs of the AA. The contact attested to the lack of about lending needs in the area. The main lending need of the community is real estate which FNB Fletcher does not offer. The contact noticed lending needs coming to a stop when the pandemic became relevant. They confirmed the older and retired portions of the population became more risk adverse. The contact also mentioned that the local bank is very involved within community activities and development.

Scope of Evaluation in Oklahoma

FNB Fletcher has only one AA which consists of three CTs in Comanche County and one CT in Caddo 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 Outstanding.

Conclusions for Area Receiving a Full-Scope Review

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

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 census tracts in FNB Fletcher's AA.

Distribution of Loans by Income Level of the Borrower

FNB Fletcher's distribution of consumer loans to borrowers of different income levels is excellent and exceeds the standard for satisfactory performance.

Consumer Loans

Refer to Table V in the state of Oklahoma section of Appendix D for the facts and data used to evaluate the borrower distribution of the bank's consumer loan originations and purchases.

During the evaluation period, the distribution of consumer loans to low- and moderate-income borrowers is excellent. The number of consumer loans extended to low- and moderate-income borrowers significantly exceeds the percentage of low- and moderate-income households in the AA.

Responses to Complaints

There have been no consumer complaints pertaining to FNB Fletcher'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:	Lending Test: (01/01/19 to 12/31/21)	
Bank Products Reviewed:	Consumer 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
MMSA(s)		
None	N/A	N/A
States		
Oklahoma	Full-Scope	Consumer

Appendix B: Summary of MMSA and State Ratings

RATINGS: First National Bank of Fletcher	
Overall Bank:	Lending Test Rating
FNB Fletcher	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 V. Assessment Area Distribution of Consumer Loans by Income Category of the Borrower
- Compares the percentage distribution of the number of loans originated and purchased by the bank to low-, moderate-, middle-, and upper-income borrowers to the percentage distribution of households by income level in each MMSA/assessment area.

The total loan amount presented in the tables for each assessment area may differ from the total loan amount reported in the aggregate table due to how the underlying loan data is rounded in each table.

Table V - Assessment Area Distribution of Consumer Loans by Income Category of the Borrower													2019-2021	
Assessment Area:	Total Consumer Loans			Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Not Available-Income Borrowers		
	#	\$	% of Total	% of Households	% Bank Loans	% of Households	% Bank Loans	% of Households	% Bank Loans	% of Households	% Bank Loans	% of Households	% Bank Loans	
FNB Fletcher	22	134,724	100	18.3	45.45	12.8	13.64	14.9	27.27	54.0	13.64	0.0	--	
Total	22	134,724	100	18.3	45.45	12.8	13.64	14.9	27.27	54.0	13.64	0.0	--	

*Source: 2015 ACS; 01/01/2019 - 12/31/2021 Bank Data.
Due to rounding, totals may not equal 100.0%*

The total loan amount presented in the tables for each assessment area may differ from the total loan amount reported in the aggregate table due to how the underlying loan data is rounded in each table.