



## **PUBLIC DISCLOSURE**

May 16, 2022

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

Grant County Bank  
RSSD# 361354

120 South Main Street  
Medford, Oklahoma 73759

Federal Reserve Bank of Kansas City  
1 Memorial Drive  
Kansas City, Missouri 64198

**NOTE:** This document is an evaluation of this bank'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 bank. This evaluation is not, nor should it be construed as, an assessment of the financial condition of this bank. The rating assigned to this bank does not represent an analysis, conclusion or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial bank.

**TABLE OF CONTENTS**

Institution’s Community Reinvestment Act Rating ..... 2  
Scope of Examination ..... 2  
Description of Institution ..... 2  
Description of Assessment Area ..... 3  
Conclusions With Respect to Performance Criteria ..... 5  
Fair Lending or Other Illegal Credit Practices Review ..... 9  
Appendix A – Map of the Assessment Area ..... 10  
Appendix B – Demographic Information..... 11  
Appendix C – Glossary.....12

## **INSTITUTION'S COMMUNITY REINVESTMENT ACT RATING**

Grant County Bank (the bank) is rated Satisfactory. This rating is based on the following conclusions with respect to the performance criteria:

- The bank's net loan-to-deposit ratio (NLTD) is reasonable given the bank's size, financial condition, and assessment area (AA) credit needs.
- A majority of the bank's loans are originated inside the AA.
- A geographic distribution of loans was not considered meaningful, as the bank's AA contains two middle-income census tracts.
- Lending reflects a reasonable distribution among individuals of different income levels, including low- and moderate-income, and farms of different sizes.
- Neither the bank nor the Federal Reserve Bank of Kansas City (Reserve Bank) received any Community Reinvestment Act (CRA)-related complaints since the previous evaluation.

## **SCOPE OF EXAMINATION**

Examiners utilized the Federal Financial Institutions Examination Council's (FFIEC's) *Interagency Examination Procedures for Small Institutions* to evaluate the bank's CRA performance. The evaluation considered CRA performance context, including the bank's asset size, financial condition, business strategy and market competition, as well as AA demographic and economic characteristics, and credit needs. Lending performance was assessed within the bank's only AA. Examiners reviewed the following data:

- The bank's 18-quarter average NLTD ratio.
- A statistical sample of 47 small farm loans from a universe of 61 loans originated from January 1, 2021, through December 31, 2021.
- A statistical sample of 53 motor vehicle loans from a universe of 71 loans originated from January 1, 2021, through December 31, 2021.
- Due to the composition of the loan portfolio, small farm loans were given more weight.

## **DESCRIPTION OF INSTITUTION**

Grant County Bank is a community bank headquartered in Medford, Oklahoma. The bank's characteristics include:

- The bank has total assets of \$63.7 million as of December 31, 2021.
- The bank operates out of a single, full-service location in Medford, Oklahoma, and does not operate any automated teller machines.

- As shown in the table below, the bank’s primary business focus is agricultural and commercial lending.

**Table 1**

<b>Composition of Loan Portfolio as of December 31, 2021</b>		
<b>Loan Type</b>	<b>\$(000)</b>	<b>%</b>
Construction and Land Development	0	0.0
Farmland	2,372	14.0
1-4 Family Residential Real Estate	523	3.1
Multifamily Residential Real Estate	427	2.5
Non-Farm Non-Residential Real Estate	1,339	7.9
Agricultural	6,210	36.7
Commercial and Industrial	3,130	18.5
Consumer	2,719	16.1
Other	205	1.2
Gross Loans	16,925	100.0

*Note: Percentages may not total 100.0 percent due to rounding.*

The bank was rated Satisfactory under the CRA at its November 13, 2017, performance evaluation. There are no known legal, financial, or other factors impeding the bank’s ability to help meet the credit needs in its communities.

## **DESCRIPTION OF ASSESSMENT AREA**

The bank’s Grant County AA consists of Grant County, Oklahoma, in its entirety (see Appendix A for an AA map and Appendix B for additional demographic data).

- No changes have been made to the AA delineation since the prior examination. The AA’s composition includes two middle-income census tracts.
- According to the June 30, 2021 Federal Deposit Insurance Corporation (FDIC) Deposit Market Share Report, the bank ranks 3<sup>rd</sup> of 5 FDIC-insured institutions operating within the AA, with a deposit market share of 21.5 percent.
- One interview with a community member was conducted to gain additional insight into local economic conditions and credit needs of the community. The community member was a representative of a local economic development association.

**Table 2**

<b>Population Change</b>			
<b>Assessment Area: Grant County AA</b>			
<b>Area</b>	<b>2010 Population</b>	<b>2015 Population</b>	<b>Percent Change</b>
Grant County AA	4,527	4,517	(0.2)
NonMSA Oklahoma	1,327,624	1,333,350	0.4
Oklahoma	3,751,351	3,849,733	2.6
<i>Source: 2010 U.S. Census Bureau: Decennial Census 2011 – 2015 U.S. Census Bureau: American Community Survey</i>			

- Population continues to decrease in the Grant County AA. According to the 2020 Census, the AA’s population decreased 7.7 percent from 2015 to 2020, to a population of 4,169.
- A community member stated the farming population is decreasing since small farms in rural areas are affected by the current drought.

**Table 3**

<b>Median Family Income Change</b>			
<b>Assessment Area: Grant County AA</b>			
<b>Area</b>	<b>2010 Median Family Income</b>	<b>2015 Median Family Income</b>	<b>Percent Change</b>
Grant County AA	56,792	60,682	6.8
NonMSA Oklahoma	51,664	51,491	(0.3)
Oklahoma	58,375	58,029	(0.6)
<i>Source: 2006 – 2010 U.S. Census Bureau: American Community Survey 2011 – 2015 U.S. Census Bureau: American Community Survey</i>			
<i>Note: Median family incomes have been inflation-adjusted and are expressed in 2015 dollars.</i>			

- A community member stated job opportunities are needed in the rural areas. Opportunities are more abundant in the larger cities, such as Enid, Oklahoma where the economy is doing well and improving.

**Table 4**

<b>Housing Cost Burden</b>						
<b>Assessment Area: Grant County AA</b>						
<b>Area</b>	<b>Cost Burden - Renters</b>			<b>Cost Burden - Owners</b>		
	<b>Low Income</b>	<b>Moderate Income</b>	<b>All Renters</b>	<b>Low Income</b>	<b>Moderate Income</b>	<b>All Owners</b>
Grant County AA	58.5%	6.2%	18.4%	36.8%	11.2%	8.3%
NonMSA Oklahoma	64.3%	31.4%	34.9%	50.3%	22.9%	16.0%
Oklahoma	71.4%	33.9%	38.3%	54.0%	27.6%	16.7%

*Cost Burden is housing cost that equals 30 percent or more of household income*  
*Source: U.S. Department of Housing and Urban Development (HUD), 2013 - 2017 Comprehensive Housing Affordability Strategy*

- A community member stated that there is a need for housing in the rural areas, and that much of the available housing is older and in need of repairs.
- The median age of housing stock in the area is 60 years, compared to the nonmetropolitan (NonMSA) Oklahoma median age of 40 years, and overall state of Oklahoma at 38 years.
- The median housing value in the AA is \$73,246, which is lower than the NonMSA figure at \$91,490, and state of Oklahoma figure at \$117,900.

**Table 5**

<b>Unemployment Rates</b>					
<b>Assessment Area: Grant County AA</b>					
<b>Area</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>
Grant County AA	3.1%	2.4%	2.0%	2.0%	3.3%
NonMSA Oklahoma	5.2%	4.3%	3.4%	3.4%	5.9%
Oklahoma	4.6%	4.0%	3.3%	3.1%	6.1%

*Source: Bureau of Labor Statistics: Local Area Unemployment Statistics*

- The community member indicated that the primary industries in the AA include agriculture and education.

**CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA**

The bank’s overall lending test performance is Satisfactory. All applicable performance criteria were equally weighted in the evaluation.

**Net Loan-to-Deposit Ratio**

This performance criterion evaluates the bank’s average NLTD ratio to determine the reasonableness of lending in light of performance context, such as the bank’s capacity to lend, the availability of lending opportunities, the demographic and economic factors present in the AA, and in comparison, to similarly situated FDIC-insured institutions. The

similarly situated institutions were selected based on similar lending portfolios and geographic proximity to the bank.

The bank’s NLTD ratio is reasonable. While the bank’s NLTD ratio is below the ratios of the similarity situated institutions, the bank has a high percentage of public funds on deposit for Grant County, Oklahoma State Treasurer and City of Medford, which the bank cannot be lend against. After accounting for public deposits, the bank’s 18-quarter NLTD ratio at 47.3 percent is more aligned with the adjusted ratios of the similarly situated institutions, which range from 42.8 percent to 104.9 percent.

**Table 6**

Comparative NLTD Ratios September 30, 2017 – December 31, 2021			
Institution	Location	Asset Size \$(000)	NLTD Ratio (%)
			18 Quarter Average
Grant County Bank	Medford, OK	63,710	35.2
<b>Similarly Situated Institutions</b>			
Security State Bank	Wellington, KS	59,951	40.7
Cleo State Bank	Cleo Springs, OK	94,261	43.3
Johnson State Bank	Johnson, KS	100,211	46.4
ACB Bank	Cherokee, OK	120,621	89.6
Oklahoma State Bank	Buffalo, OK	59,065	70.1

**Assessment Area Concentration**

This performance criterion evaluates the percentage of lending extended inside and outside of the AA. The bank originated a majority of loans, by number and dollar, inside the AA. The majority of small farm loans were originated within the AA, while the majority of motor vehicle loans were originated outside the AA. The bank has relationships with car dealerships in adjacent counties, primarily Garfield County, which includes the city of Enid, resulting in established relationships with customers in the Enid area.

**Table 7**

Lending Inside and Outside the Assessment Area								
Loan Type	Inside				Outside			
	#	%	\$(000)	%	#	%	\$(000)	%
Motor Vehicle	23	43.4	286	41.6	30	56.6	401	58.4
Small Farm	36	76.6	4,187	79.7	11	23.4	1,063	20.3
<b>Total Loans</b>	<b>59</b>	<b>59.0</b>	<b>4,473</b>	<b>75.3</b>	<b>41</b>	<b>41.0</b>	<b>1,464</b>	<b>24.7</b>
<i>Note: Percentages may not total 100.0 percent due to rounding.</i>								

### **Geographic Distribution of Loans**

This performance criterion evaluates the bank's distribution of lending within its AA by income level of census tracts, with consideration given to the dispersion of loans throughout the AA.

The Grant County AA consists of two middle-income census tracts, which is insufficient to conduct a meaningful analysis of geographic distribution and loan dispersion.

### **Lending to Borrowers of Different Income Levels and to Farms of Different Sizes**

This performance criterion evaluates the bank's lending to borrowers of different income levels and farms of different revenue sizes. The bank's lending has a reasonable distribution among individuals of different income levels and farms of different sizes.

#### Small Farm Lending

The borrower distribution of small farm lending is reasonable. The bank's lending to farms with gross annual revenues of \$1 million or less at 86.1 percent is comparable to the percentage of total small farms operating in the AA.



**Table 8**

<b>Distribution of 2021 Small Farm Lending By Revenue Size of Farms</b>					
<b>Assessment Area: Grant County AA</b>					
	<b>Bank Loans</b>				<b>Total Farms</b>
	<b>#</b>	<b>#%</b>	<b>\$(000)</b>	<b>\$%</b>	<b>%</b>
<b>By Revenue</b>					
<b>\$1 Million or Less</b>	31	86.1	2,587	61.8	100.0
<b>Over \$1 Million</b>	5	13.9	1,600	38.2	0.0
<b>Revenue Unknown</b>	0	0.0	0	0.0	0.0
<b>Total</b>	36	100.0	4,187	100.0	100.0
<b>By Loan Size</b>					
<b>\$100,000 or Less</b>	23	63.9	1,072	25.6	
<b>\$100,001 - \$250,000</b>	7	19.4	1,184	28.3	
<b>\$250,001 - \$500,000</b>	6	16.7	1,931	46.1	
<b>Total</b>	36	100.0	4,187	100.0	
<b>By Loan Size and Revenues \$1 Million or Less</b>					
<b>\$100,000 or Less</b>	23	74.2	1,072	41.4	
<b>\$100,001 - \$250,000</b>	6	19.4	934	36.1	
<b>\$250,001 - \$500,000</b>	2	6.5	581	22.5	
<b>Total</b>	31	100.0	2,587	100.0	
<i>Source: 2021 FFIEC Census Data                      2021 Dun &amp; Bradstreet Data                      2011-2015 U.S. Census Bureau: American Community Survey</i>					
<i>Note: Percentages may not total 100.0 percent due to rounding.</i>					

**Motor Vehicle Lending**

The borrower distribution of motor vehicle lending is excellent. The bank’s lending to low-income borrowers at 52.2 percent is above the demographic figure. Furthermore, the bank’s lending to moderate-income borrowers is also above the demographic figure.

**Table 9**

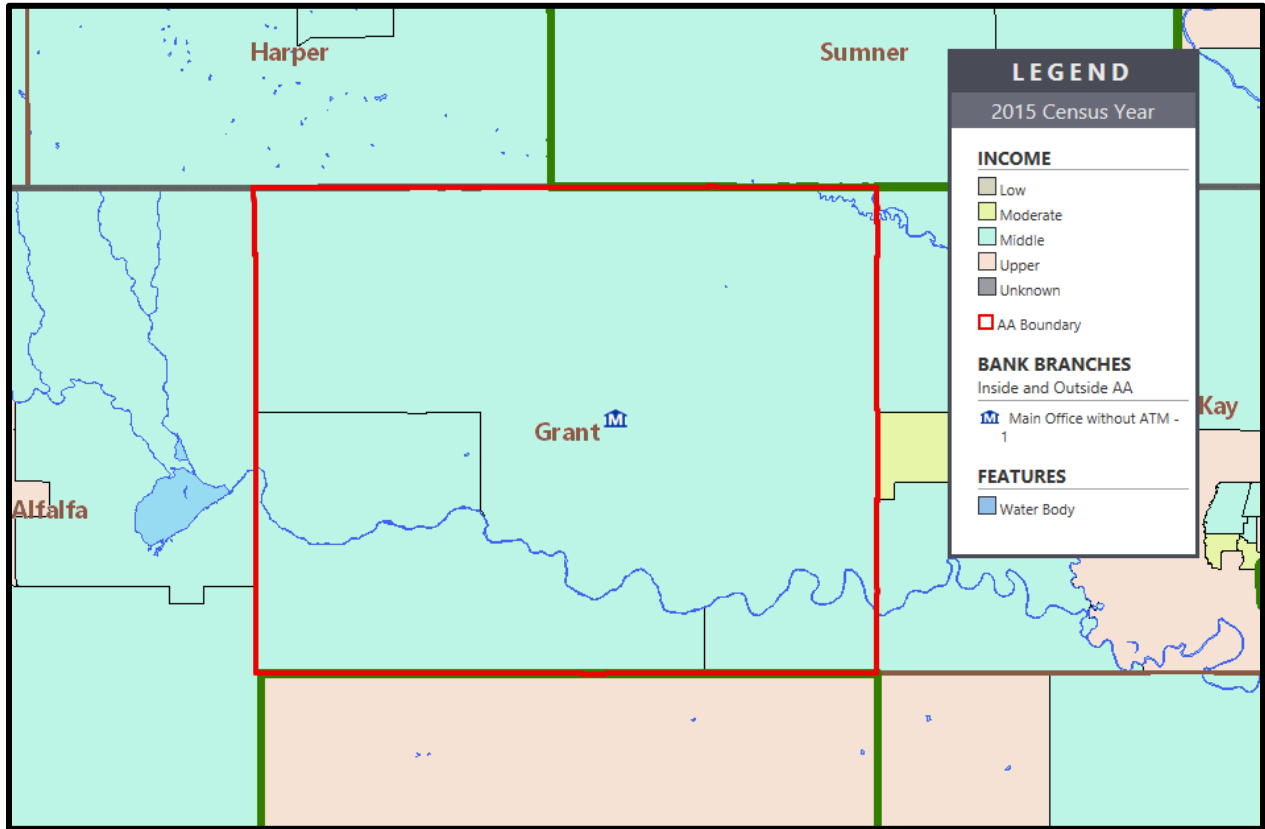
Distribution of 2021 Motor Vehicle Lending By Borrower Income Level					
Assessment Area: Grant County AA					
Borrower Income Level	Bank Loans				Households by Household Income %
	#	#%	\$(000)	%	
Low	12	52.2	125	43.7	12.0
Moderate	6	26.1	52	18.2	16.1
Middle	1	4.3	4	1.4	20.6
Upper	2	8.7	43	15.0	51.3
Unknown	2	8.7	62	21.7	0.0
<b>Total</b>	23	100.0	286	100.0	100.0

Source: 2021 FFIEC Census Data  
2011-2015 U.S. Census Bureau: American Community Survey  
Note: Percentages may not total 100.0 percent due to rounding.

**FAIR LENDING OR OTHER ILLEGAL CREDIT PRACTICES REVIEW**

Compliance with the substantive provisions of antidiscrimination and other consumer protection laws and regulations, including the Equal Credit Opportunity Act and the Fair Housing Act, was considered as part of this CRA evaluation. No evidence of a pattern or practice of discrimination on a prohibited basis or of other illegal credit practices inconsistent with helping to meet community credit needs was identified.

APPENDIX A – MAP OF THE ASSESSMENT AREA



**APPENDIX B – DEMOGRAPHIC INFORMATION  
Table B-1**

2021 Grant County AA Demographics								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low	0	0.0	0	0.0	0	0.0	211	15.9
Moderate	0	0.0	0	0.0	0	0.0	182	13.7
Middle	2	100.0	1,328	100.0	118	8.9	274	20.6
Upper	0	0.0	0	0.0	0	0.0	661	49.8
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
<b>Total AA</b>	<b>2</b>	<b>100.0</b>	<b>1,328</b>	<b>100.0</b>	<b>118</b>	<b>8.9</b>	<b>1,328</b>	<b>100.0</b>
	Housing Units by Tract	Housing Type by Tract						
		Owner-occupied			Rental		Vacant	
		#	% by tract	% by unit	#	% by unit	#	% by unit
Low	0	0	0.0	0.0	0	0.0	0	0.0
Moderate	0	0	0.0	0.0	0	0.0	0	0.0
Middle	2,465	1,486	100.0	60.3	482	19.6	497	20.2
Upper	0	0	0.0	0.0	0	0.0	0	0.0
Unknown	0	0	0.0	0.0	0	0.0	0	0.0
<b>Total AA</b>	<b>2,465</b>	<b>1,486</b>	<b>100.0</b>	<b>60.3</b>	<b>482</b>	<b>19.6</b>	<b>497</b>	<b>20.2</b>
	Total Businesses by Tract	Businesses by Tract & Revenue Size						
		Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported		
		#	%	#	%	#	%	
Low	0	0.0	0	0.0	0	0.0	0	0.0
Moderate	0	0.0	0	0.0	0	0.0	0	0.0
Middle	210	100.0	175	100.0	23	100.0	12	100.0
Upper	0	0.0	0	0.0	0	0.0	0	0.0
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
<b>Total AA</b>	<b>210</b>	<b>100.0</b>	<b>175</b>	<b>100.0</b>	<b>23</b>	<b>100.0</b>	<b>12</b>	<b>100.0</b>
<b>Percentage of Total Businesses:</b>			<b>83.3</b>		<b>11.0</b>		<b>5.7</b>	
	Total Farms by Tract	Farms by Tract & Revenue Size						
		Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported		
		#	%	#	%	#	%	
Low	0	0.0	0	0.0	0	0.0	0	0.0
Moderate	0	0.0	0	0.0	0	0.0	0	0.0
Middle	54	100.0	54	100.0	0	0.0	0	0.0
Upper	0	0.0	0	0.0	0	0.0	0	0.0
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
<b>Total AA</b>	<b>54</b>	<b>100.0</b>	<b>54</b>	<b>100.0</b>	<b>0</b>	<b>0.0</b>	<b>0</b>	<b>0.0</b>
<b>Percentage of Total Farms:</b>			<b>100.0</b>		<b>0.0</b>		<b>0.0</b>	
Source: 2021 FFIEC Census Data 2021 Dun & Bradstreet Data 2011-2015 U.S. Census Bureau: American Community Survey Note: Percentages may not total 100.0 percent due to rounding.								

## **APPENDIX C – GLOSSARY**

**Aggregate lending:** The number of loans originated and purchased by all reporting lenders in specified income categories as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the metropolitan area/assessment area.

**Census tract:** A small subdivision of metropolitan and other densely populated counties. Census tract boundaries do not cross county lines; however, they may cross the boundaries of metropolitan statistical areas. Census tracts usually have between 2,500 and 8,000 persons, and their physical size varies widely depending upon population density. Census tracts are designed to be homogeneous with respect to population characteristics, economic status, and living conditions to allow for statistical comparisons.

**Community development:** 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 the size eligibility standards of the Small Business Administration's Development Company or Small Business Investment Company programs (13 CFR 121.301) or have gross annual revenues of \$1 million or less; or, activities that revitalize or stabilize low- or moderate-income geographies, designated disaster areas; or designated distressed or underserved nonmetropolitan middle-income geographies.

**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 nonrelatives 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 is analyzed considering performance context, quantitative factors (for example, geographic distribution, borrower distribution, and total number and dollar amount of investments), and qualitative factors (for example, 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 do 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 applications, the amount of loan requested, and the disposition of the application (for example, approved, denied, and withdrawn).

**Home mortgage loans:** Includes home purchase and home improvement loans as defined in the HMDA regulation. This definition also includes multifamily (five or more families) dwelling loans, loans for the purchase of manufactured homes and refinancings of home improvement and home purchase loans.

**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 is analyzed using only quantitative factors (for example, geographic distribution, borrower distribution, total number and dollar amount of investments, and branch distribution).

**Low-income:** Individual income that is less than 50 percent of the area median income, or a median family income that is less than 50 percent, in the case of a geography.

**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 metropolitan area/assessment area.

**Metropolitan area (MA):** A metropolitan statistical area (MSA) or a metropolitan division (MD) as defined by the Office of Management and Budget. A MSA is a core area containing at least one urbanized area of 50,000 or more inhabitants, together with adjacent communities having a high degree of economic and social integration with that core. A MD is a division of a MSA based on specific criteria including commuting patterns. Only a MSA that has a population of at least 2.5 million may be divided into MDs.

**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.

**Nonmetropolitan area (NonMSA):** Any area that is not located within an MSA.

**Other products:** Includes any unreported optional category of loans for which the institution collects and maintains data for consideration during a CRA examination. Examples of such activity include consumer loans and other loan data an institution may provide concerning its lending performance.

**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.

**Rated area:** A rated area is a state or multistate metropolitan 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 multistate metropolitan area, the institution will receive a rating for the multistate metropolitan area. For these institutions, no state ratings will be received unless the bank also maintains deposit facilities outside of the multistate metropolitan area. CRA activity is captured in either a state rating or a multistate metropolitan area rating, but not both.

**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. However, thrift institutions may also exercise the option to report loans secured by nonfarm residential real estate as 'small business loans' if the loans are reported on the TFR as nonmortgage, commercial loans.

**Small loan(s) to farm(s):** A loan included in 'loans to small farms' as defined in the Consolidated Reports of Condition and Income (Call Report) instructions. 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.

**Upper-income:** Individual income that is more than 120 percent of the area median income, or a median family income that is more than 120 percent, in the case of a geography.