PUBLIC DISCLOSURE

August 30, 2021

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

FNB Coweta
RSSD# 61953

106 South Broadway
Coweta, Oklahoma 74429

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

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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INSTITUTION'S COMMUNITY REINVESTMENT ACT RATING

FNB Coweta (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 reasonable distribution of loans occurs throughout the bank's AA.
- Lending reflects a reasonable distribution among individuals of different income levels, including low- and moderate-income (LMI), and businesses of different sizes.
- Neither the bank nor the Federal Reserve Bank of Kansas City received any Community Reinvestment Act (CRA)-related complaints since the previous evaluation.

SCOPE OF EXAMINATION

The Federal Financial Institutions Examination Council's (FFIEC's) *Interagency Examination Procedures for Small Institutions* were utilized 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 Tulsa Metropolitan AA. The following data was reviewed:

- The bank's 20-quarter average NLTD ratio,
- The universe of 35 home mortgage loans originated between January 1, 2017 and December 31, 2020, and,
- A statistical sample of 42 small business loans from a universe of 53 loans originated between January 1, 2020 and December 31, 2020.
- Greater weight was placed on small business performance in this analysis, as commercial lending is the bank's primary business strategy.

DESCRIPTION OF INSTITUTION

The bank is a community bank headquartered in Coweta, Oklahoma. The bank's characteristics include:

- The bank is a wholly owned subsidiary of First Coweta Corporation, which is in turn owned by the Graham, Ann Chain.
- The bank has total assets of $96.8 million (MM) as of March 31, 2021.
- In addition to its main office in Coweta, Oklahoma, the bank has one additional office located in Broken Arrow, Oklahoma, which maintains one full-service automated teller machine. Both bank locations also offer drive-through services.
- The bank's primary business focus is commercial lending.

TABLE 1 COMPOSITION OF LOAN PORTFOLIO AS OF MARCH 31, 2021		
Loan Type	**$(000)**	**%**
Commercial	29,500	69.9
Residential Real Estate	8,384	19.9
Agricultural	2,537	6.0
Consumer	1,536	3.6
Other	225	0.5
Gross Loans	42,182	100.0
Note: Percentages may not total 100.0 percent due to rounding.		

The bank was rated Satisfactory under the CRA at its June 7, 2016 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 Tulsa Metropolitan AA is comprised of the western portion of Wagoner County, which is one of seven counties comprising the Tulsa, Oklahoma Metropolitan Statistical Area. See Appendix A for a map of the AA.

- The AA is comprised of a total of 17 census tracts: 12 middle-income census tracts and 5 upper-income census tracts.
- While the AA delineation has not changed since the prior evaluation, the composition of the AA at the prior evaluation included 2 moderate-, 7 middle-, and 6 upper-income census tracts.
- The June 30, 2020 Federal Deposit Insurance Corporation (FDIC) Deposit Market Share Report, shows the bank has a 16.9 percent deposit market share, ranking second out of eight FDIC-insured depository institutions operating in Wagoner County, Oklahoma.
- To further augment the evaluation, one interview that was previously conducted with a member of the community as part of the CRA evaluation of another financial institution was referenced. In addition, an additional interview was conducted with a member of a community within the bank's AA in conjunction with this examination. These interviews were used to ascertain the credit needs of the communities, the responsiveness of area banks in meeting those credit needs, and the local economic conditions. Both contacts represented organizations focused on economic development.

TABLE 2 POPULATION CHANGE			
Area	**2010 Population**	**2015 Population**	**Percent Change**
Tulsa Metropolitan AA	73,085	75,391	3.2
Tulsa, OK MSA	937,478	962,676	2.7
State of Oklahoma	3,751,351	3,849,733	2.6

Source: 2010 U.S. Census Bureau Decennial Census
2011-2015 U.S. Census Bureau: American Community Survey
All data presented is at the county level and some values may be different than expected for AAs with partial counties.

- The AA has a total population of 58,503, and the city of Coweta is a major population center in the AA with a population of 9,517.
- A community contact stated nearly 80.0 percent of the AA's population works in Tulsa County but resides in western Wagoner County due to its proximity to Tulsa and the low cost of living.

TABLE 3 MEDIAN FAMILY INCOME CHANGE			
Area	**2010 Median Family Income**	**2015 Median Family Income**	**Percent Change**
Tulsa Metropolitan AA	67,182	64,107	(4.6)
Tulsa, OK MSA	63,201	61,182	(3.2)
State of Oklahoma	58,375	58,029	(0.6)

Source: 2006-2010 U.S. Census Bureau: American Community Survey
2011-2015 U.S. Census Bureau: American Community Survey
Note: Median family incomes have been inflation-adjusted and are expressed in 2015 dollars.
All data presented is at the county level and some values may be different than expected for AAs with partial counties.

- According to the 2015 American Community Survey, 30.2 percent of AA families are LMI, which is below the statewide and metropolitan figures both at 39.2 percent.
- The percentage of AA families living below the poverty line, at 6.2 percent, is also below the statewide and metropolitan figures of 12.4 percent and 11.4 percent, respectively.

TABLE 4 HOUSING COST BURDEN						
Area	**Cost Burden – Renters**			**Cost Burden – Owners**		
	Low Income	**Moderate Income**	**All Renters**	**Low Income**	**Moderate Income**	**All Owners**
Tulsa Metropolitan AA	70.3	27.6	35.9	56.0	32.2	18.6
Tulsa, OK MSA	72.1	33.5	39.8	55.3	33.4	18.5
State of Oklahoma	71.5	32.9	39.5	54.6	29.2	17.9

Cost Burden is housing cost that equals 30 percent or more of household income
Source: U.S. Department of Housing and Urban Development (HUD), 2011-2015 Comprehensive Housing Affordability Strategy
All data presented is at the county level and some values may be different than expected for AAs with partial counties.

- The AA has a lower percentage of rental units at 15.5 percent, compared to the state and metropolitan areas at 29.2 percent and 30.7 percent, respectively.
- The AA's median gross rent of $836 is also above both the statewide and metropolitan figures of $727 and $759, respectively.
- The percentage of owner-occupied units in the AA at 77.8 percent is above the statewide figure of 56.9 percent and the metropolitan figure of 58.3 percent.
- Additionally, the median housing value in the AA of $149,424 is above the statewide figure of $117,900 and the metropolitan figure of $131,392.

TABLE 5
UNEMPLOYMENT RATES

Region	2016	2017	2018	2019	2020
Tulsa Metropolitan AA	4.6	4.1	3.2	2.9	5.8
Tulsa, OK MSA	4.8	4.2	3.3	3.1	6.5
State of Oklahoma	4.6	4.0	3.3	3.1	6.1

Source: Bureau of Labor Statistics: Local Area Unemployment Statistics
All data presented is at the county level and some values may be different than expected for AAs with partial counties.

- The AA's largest employers include Coweta Public Schools, EXTERRAN, and Wagoner Public Schools.
- Major industries found in the area include educational services, health care and social assistance, and manufacturing.
- According to a community member, the area lacks a retail presence, which forces residents to travel outside of the county for consumer goods. As a result, the Coronavirus Disease 2019 pandemic has had a minimal impact on small businesses located in the AA.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

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 the ratios of similarly situated FDIC-insured institutions. The similarly situated institutions were selected based on asset size, product offerings, market share, and geographic location.

The bank's NLTD ratio is reasonable and, as illustrated in Table 6, is above the ratio of one institution and below the ratios of two other similarly situated institutions. If public deposits, which the bank cannot lend against, are removed from the NLTD calculation, the institution's NLTD ratio rises to 56.9 percent. After removing public deposits from the NLTD ratios for similarly situated institutions, the bank's performance remains reasonable, still ranking third out of the four institutions with ratios ranging from 19.6 percent to 90.7 percent.

TABLE 6 COMPARATIVE NLTD RATIOS			
Institution	Location	Asset Size ($000s)	NLTD Ratio (%) 20 Quarter Average
FNB Coweta	Coweta, Oklahoma	96,762	48.9
The First National Bank & Trust Company of Broken Arrow	Broken Arrow, Oklahoma	246,011	80.3
First Bank	Erick, Oklahoma	92,589	75.9
The American Bank	Wagoner, Oklahoma	36,549	18.2

Assessment Area Concentration

This performance criterion evaluates the percentage of lending extended inside and outside of the AA. A majority of the bank's loans, by number, are originated inside the AA. However, a majority of the bank's loans by dollar are originated outside the AA, particularly for small business loans.

Performance is considered reasonable given the bank's close proximity to Tulsa County, a major metropolitan center. According to community contacts, the AA is considered a bedroom community where many residents live in western Wagoner County due to the low cost of living but commute to Tulsa County for work and retail needs. Further, interviews with community contacts did not indicate any concerns regarding the performance of AA financial institutions or their ability to meet the local credit needs.

Additionally, the volume of lending occurring outside of the AA is primarily due to the bank's participation in a national program that provides financing solutions for healthcare and legal professionals. Eleven of the 25 small business loans originated outside of the AA are attributed to this program. Nine of the 25 small business loans were also originated within Tulsa County to three separate business relationships.

TABLE 7 LENDING INSIDE AND OUTSIDE THE AA								
Loan Type	Inside				Outside			
	#	$(000)	#%	$%	#	$(000)	#%	$%
Home Mortgage Loans	29	2,442	82.9	81.2	6	565	17.1	18.8
Small Business Loans	17	1,009	40.5	20.9	25	3,828	59.5	79.1
Total Loans	**46**	**3,451**	**59.7**	**44.0**	**31**	**4,393**	**40.3**	**56.0**

Note: Percentages may not add to 100.0 percent due to rounding.

Geographic Distribution of Loans

This performance criterion evaluates the bank's distribution of lending within its AA by income level of census tracts. The bank's geographic distribution of loans reflects reasonable dispersion among the different census tracts within the AA for both home mortgage loans and small business loans.

Home Mortgage Lending

The geographic distribution of home mortgage lending is reasonable. Home mortgage lending in middle-income census tracts was above the percentage of owner-occupied units in middle-income census tracts. Additionally, lending in upper-income census tracts was below the demographic figure. No significant gaps were identified related to the dispersion of home mortgage loans.

TABLE 8
DISTRIBUTION OF 2017 – 2020 HOME MORTGAGE LENDING
BY INCOME LEVEL OF GEOGRAPHY

Census Tract Income Level	Bank Loans				% of Owner-Occupied Units
	#	$(000)	#%	$%	
Low	0	0	0.0	0.0	0.0
Moderate	0	0	0.0	0.0	0.0
Middle	27	2,157	93.1	88.3	68.3
Upper	2	285	6.9	11.7	31.7
Unknown	0	0	0.0	0.0	0.0
Not Reported	0	0	0.0	0.0	0.0

Source 2017 - 2020 FFIEC Census Data
2011 - 2015 U.S. Census Bureau: American Community Survey
NOTE: Percentages may not add up to 100.0 due to rounding.

Small Business Lending

The geographic distribution of small business lending is reasonable. The bank's lending in middle-income and upper-income census tracts was comparable to the percentage of businesses operating in those respective census tracts. No significant gaps were identified related to the dispersion of small business loans.

TABLE 9 DISTRIBUTION OF 2020 SMALL BUSINESS LENDING BY INCOME LEVEL OF GEOGRAPHY					
Census Tract Income Level	Bank Loans				% of Businesses
	#	$(000)	#%	$%	
Low	0	0	0.0	0.0	0.0
Moderate	0	0	0.0	0.0	0.0
Middle	13	772	76.5	76.6	69.1
Upper	4	236	23.5	23.4	30.9
Unknown	0	0	0.0	0.0	0.0
Not Reported	0	0	0.0	0.0	0.0

Source: 2020 FFIEC Census Data
2020 Dun & Bradstreet Data
2011-2015 U.S. Census Bureau: American Community Survey
NOTE: Percentages may not add up to 100.0 due to rounding.

Lending to Borrowers of Different Income Levels and to Businesses of Different Sizes

This performance criterion evaluates the bank's lending to borrowers of different income levels and businesses of different revenue sizes. Overall performance is considered reasonable; however, the bank's home mortgage lending reflects an excellent distribution among individuals of different income levels and a reasonable distribution among businesses of different sizes.

<u>Home Mortgage Lending</u>

The borrower distribution of home mortgage lending is excellent. The bank's lending to low-income borrowers was above the percentage of low-income families in the AA. In addition, lending to moderate-income borrowers was above the percentage of moderate-income families in the AA.

TABLE 10 DISTRIBUTION OF 2017 – 2020 HOME MORTGAGE LENDING BY BORROWER INCOME LEVEL					
Borrower Income Level	Bank Loans				Families by Family Income %
	#	$(000)	#%	$%	
Low	6	428	20.7	17.5	12.8
Moderate	7	541	24.1	22.2	17.4
Middle	6	405	20.7	16.6	23.4
Upper	10	1,067	34.5	43.7	46.4
Unknown	0	0	0.0	0.0	0.0

Source 2017 - 2020 FFIEC Census Data
2011 - 2015 U.S. Census Bureau: American Community Survey
NOTE: Percentages may not add up to 100.0 due to rounding.

Small Business Lending

The borrower distribution of small business lending is reasonable. The bank's lending to businesses with revenues of $1MM or less was comparable to the percentage of total businesses operating in the AA with revenues of $1MM or less. Additionally, the majority of the bank's loans were for amounts of $100,000 or less. Typically, smaller entities do not have the need or capacity to borrow large amounts; thus, the bank's performance demonstrates a willingness to meet the credit needs of small businesses in the community.

TABLE 11
DISTRIBUTION OF 2020 SMALL BUSINESS LENDING
BY REVENUE SIZE OF BUSINESSES

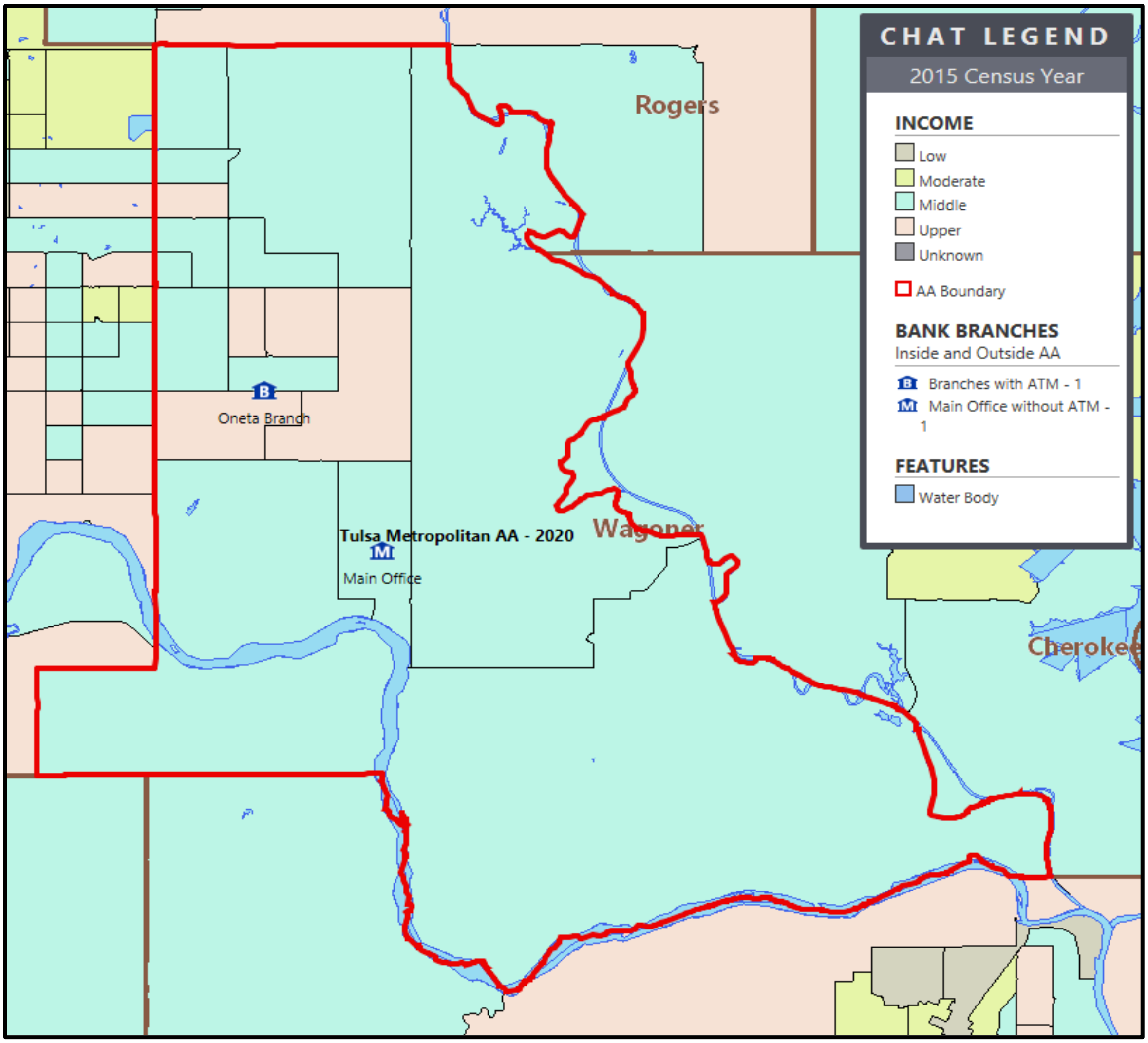
	Bank Loans				Total Businesses
	#	$(000)	#%	$%	%
By Revenue					
$1 Million or Less	11	731	64.7	72.4	95.6
Over $1 Million	4	241	23.5	23.9	3.5
Not Known	2	37	11.8	3.7	0.8
Total	**17**	**1,009**	**100.0**	**100.0**	**100.0**
By Loan Size					
$100,000 or less	15	733	88.2	72.7	
$100,001 – $250,000	2	276	11.8	27.3	
$250,001 – $1 Million	0	0	0.0	0.0	
Total	**17**	**1,009**	**100.0**	**100.0**	
By Loan Size and Revenue $1 Million or Less					
$100,000 or less	9	455	81.8	62.3	
$100,001 – $250,000	2	276	18.2	37.7	
$250,001 – $1 Million	0	0	0.0	0.0	
Total	**11**	**731**	**100.0**	**100.0**	

Source: 2020 FFIEC Census Data
2020 Dun & Bradstreet Data
2011 – 2015 U.S. Census Bureau: American Community Survey
NOTE: Percentages may not add up to 100.0 due to rounding.

FAIR LENDING OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

An evaluation of the bank's fair lending activities was conducted during the examination to determine compliance with the substantive provisions of antidiscrimination laws and regulations, including the Equal Credit Opportunity Act and the Fair Housing Act. No evidence of discriminatory or 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
TULSA METROPOLITAN AA
2017 - 2020 INCOME AND HOUSING 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	2,062	12.8
Moderate	0	0.0	0	0.0	0	0.0	2,792	17.4
Middle	12	70.6	11,095	69.0	817	7.4	3,762	23.4
Upper	5	29.4	4,979	31.0	185	3.7	7,458	46.4
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	**17**	**100.0**	**16,074**	**100.0**	**1,002**	**6.2**	**16,074**	**100.0**

	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	15,815	11,795	68.3	74.6	2,886	18.2	1,134	7.2
Upper	6,391	5,487	31.7	85.9	544	8.5	360	5.6
Unknown	0	0	0.0	0.0	0	0.0	0	0.0
Total AA	**22,206**	**17,282**	**100.0**	**77.8**	**3,430**	**15.4**	**1,494**	**6.7**

2020 BUSINESS DEMOGRAPHICS

	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	1,384	69.1	1,321	69.0	54	76.1	9	52.9
Upper	618	30.9	593	31.0	17	23.9	8	47.1
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	**2,002**	**100.0**	**1,914**	**100.0**	**71**	**100.0**	**17**	**100.0**
Percentage of Total Businesses:				**95.6**		**3.5**		**0.8**

Source: 2017-2020 FFIEC Census Data
2020 Dun & Bradstreet Data
2011 - 2015 U.S. Census Bureau: American Community Survey
NOTE: Percentages may not add up to 100.0 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, home equity 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.

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.

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 nonhome mortgage or are classified as commercial and industrial loans. However, thrift institutions may also exercise the option to report loans secured by nonfarm home mortgage 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 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.

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.