



PUBLIC DISCLOSURE

October 2, 2023

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

The Bank of Kremlin
RSSD# 883959

102 6th Street
Kremlin, Oklahoma 73753

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.

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INSTITUTION'S COMMUNITY REINVESTMENT ACT RATING

The Bank of Kremlin (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 areas (AAs) credit needs.
- A majority of the bank's loans are originated inside the AAs.
- A reasonable distribution of loans occurs throughout the bank's AAs.
- Lending reflects a reasonable distribution among businesses 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. In addition, available aggregate loan data for the most recent three years (2019, 2020, and 2021) was referenced for additional perspective to gauge credit demand within the bank's AA. Full-scope performance reviews were conducted on the bank's two delineated AAs, the Enid, Oklahoma Metropolitan Statistical Area (Enid MSA) MSA AA and the North Central Oklahoma AA. The bank's performance in the Enid MSA AA carried greater weight when determining an overall institution rating due to a larger branch presence, deposits held, and loan concentrations occurring within this AA relative to the North Central Oklahoma AA. With regard to performance weighting among specific loan products, the bank's small farm and small business loans were weighted equally throughout the analysis.

Examiners reviewed the following data:

- The bank's 17-quarter average NLTD ratio;
- A statistical sample of 116 small farm loans selected from a universe of 271 loans, and a sample of 103 small business loans selected from a universe of 209 loans originated between January 1, 2022 and December 31, 2022

DESCRIPTION OF INSTITUTION

The bank is a community bank headquartered in Kremlin, Oklahoma. The bank’s characteristics include:

- The bank is a wholly owned subsidiary of Cowboy Bancshares, LLC, a one-bank holding company located in Enid, Oklahoma.
- The bank has total assets of \$355.4 million as of March 31, 2023.
- The bank operates a total of five banking offices throughout its north central Oklahoma footprint, including its headquarters in Kremlin, two full-service branches in Enid, and a full-service branch in Drummond and Goltry.
- Cash-only automated teller machines (ATMs) are available at the Drummond branch and the two branches located in Enid.
- As shown in the table below, the bank’s primary business focus is agricultural- and commercial-related lending.

Table 1

Composition of Loan Portfolio as of March 31, 2023		
Loan Type	\$(000)	%
Construction and Land Development	208	0.1
Farmland	55,178	21.2
1- to 4- Family Residential Real Estate	29,293	11.3
Multifamily Residential Real Estate	1,420	0.5
Nonfarm Nonresidential Real Estate	41,275	15.9
Agricultural	60,848	23.4
Commercial and Industrial	41,714	16.0
Consumer	6,621	2.5
Other	23,409	9.0
Gross Loans	259,966	100.0

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

The bank was rated Satisfactory under the CRA at its May 20, 2019 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.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA¹

This performance evaluation first discusses the bank’s overall performance, followed by an in-depth evaluation of performance in the Enid MSA AA and North Central Oklahoma AA.

¹ The net loan-to-deposit ratio and percentage of loans and other lending-related activity in the assessment area only apply to the institution overall. No discussion of these performance criteria applies to sections of the performance evaluation related to assessment areas.

The bank’s overall lending test performance is Satisfactory. This conclusion was derived based on reasonable performance generally noted in each criterion, including the bank’s net loan-to-deposit ratio, geographic and borrower distributions, and a majority of loan originations which occurred within the bank’s AAs. Furthermore, reasonable lending performance was concluded in both the Enid MSA AA and North Central Oklahoma AA. As previously stated, the Enid MSA AA received greater weight in the analysis.

Net Loan-to-Deposit Ratio

The bank’s NLTD ratio is reasonable. 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 AAs, and in comparison to similarly-situated FDIC-insured institutions. The similarly situated institutions were selected based on asset size, loan portfolio composition, market conditions, and geographic proximity. As illustrated in Table 2, the bank’s 17-quarter average NLTD ratio is comparable to the ratios of other similarly situated financial institutions.

Table 2

Comparative NLTD Ratios March 31, 2019 – March 31, 2023			
Institution	Location	Asset Size \$(000)	NLTD Ratio (%)
			17 Quarter Average
The Bank of Kremlin	Kremlin, OK	355,442	83.9
Similarly Situated Institutions			
Bank of Western Oklahoma	Eld City, OK	359,118	81.2
Alva State Bank & Trust Company	Alva, OK	457,539	73.6
ACB Bank	Cherokee, OK	125,561	85.1
Community National Bank of Okarche	Okarche, OK	136,006	44.9

Assessment Area Concentration

This performance criterion evaluates the percentage of lending extended inside and outside of the AAs. As illustrated in Table 3, the bank originated a majority of its small business and small farm loans, by number and dollar volume, inside its AAs.

Table 3

Lending Inside and Outside the Assessment Areas								
Loan Type	Inside				Outside			
	#	#%	\$(000)	%	#	#%	\$(000)	%
Small Business	89	86.4	12,476	83.8	14	13.6	2,413	16.2
Small Farm	100	86.2	14,120	85.1	16	13.8	2,476	14.9
Total Loans	189	86.3	26,596	84.5	30	13.7	4,889	15.5

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

Geographic Distribution of Loans

This performance criterion evaluates the bank's distribution of lending within its AAs by income level of census tracts with consideration given to the dispersion of loans throughout the AAs. The bank's overall geographic distribution of loans reflects reasonable distribution among the different census tracts and dispersion throughout the AAs.

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

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

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.

**ENID MSA ASSESSMENT AREA
METROPOLITAN AREA
(Full Scope Review)**

DESCRIPTION OF THE INSTITUTION'S OPERATIONS IN THE ENID MSA AA

The Enid MSA AA consists of the entirety of Garfield County, which is the sole county that comprises the Enid MSA (see Appendix A for an AA map and Appendix B for additional demographic data).

- The AA remains unchanged since the prior evaluation.
- In addition to its main office in Kremlin, the bank operates a location in Drummond and two other locations in Enid. ATMs are available at both Enid locations and at the Drummond location.
- The AA is comprised of 17 total census tracts, including one low-, two moderate-, nine middle-, and five upper-income tracts. The census tract composition changed in 2022 a result of 2020 Census data becoming available, resulting in an increase of five total census tracts in the AA, including the addition of a low-income tract, the reduction of one moderate-income tract, an increase of three middle-income tracts, and an increase of two upper-income tracts.
- The bank held an 8.9 percent market share of deposits in the AA, ranking 3rd of 14 FDIC-insured financial institutions operating in the AA based on June 30, 2022 FDIC Deposit Market Share Report data.
- To further augment the CRA performance evaluation, an interview with a community member that was conducted as part of the evaluation of another area financial institution was utilized to ascertain the credit needs of area communities, the responsiveness of area banks in meeting those credit needs, and current demographic characteristics. The individual represents an area economic development organization and provided insight to area conditions which impact small business and small farm operations.

Table 4

Population Change			
Assessment Area: Enid MSA			
Area	2015 Population	2020 Population	Percent Change
Enid MSA	62,192	62,846	1.1%
Oklahoma	3,849,733	3,959,353	2.8%

*Source: 2020 U.S. Census Bureau Decennial Census
2011-2015 U.S. Census Bureau: American Community Survey*

- The population center of the AA is Enid, which serves as the county seat of Garfield County. As of April 1, 2020, the population of Enid was 51,294 or 81.6 percent of the overall MSA population total.

- As illustrated in Table 4, population growth in the AA remained relatively stable, with slight growth when reviewing 2015 ACS-estimate data and 2020 Census figures.
- A community member indicated that larger areas, such as Enid, draw population from surrounding rural areas, usually attributed to more abundant job opportunities.

Table 5

Median Family Income Change Assessment Area Enid MSA			
Area	2015 Median Family Income	2020 Median Family Income	Percent Change
Enid MSA	62,735	65,663	4.7
Oklahoma	63,401	67,511	6.5

*Source: 2011-2015 U.S. Census Bureau: American Community Survey
2016-2020 U.S. Census Bureau: American Community Survey*

Note: Median family incomes have been inflation-adjusted and are expressed in 2020 dollars.

- As illustrated in Table 5, area median family incomes (MFIs) in the AA reflected growth at a slightly lower pace than the overall state of Oklahoma figure between 2015 and 2020; however, MFIs remained comparable to statewide figures.
- The concentration of LMI families in the AA, at 37.0 percent, was slightly below the statewide concentration of LMI families, at 39.1 percent; however, the concentration of families below poverty in the AA, at 12.2 percent, was slightly higher than the overall statewide figure of 11.3 percent.

Table 6

Housing Cost Burden Assessment Area: Enid MSA						
Area	Cost Burden – Renters			Cost Burden – Owners		
	Low Income	Moderate Income	All Renters	Low Income	Moderate Income	All Owners
Enid MSA	73.1	35.4	33.9	39.8	15.4	12.5
Oklahoma	71.1	30.5	37.9	52.5	24.5	16.0

Cost Burden is housing cost that equals 30 percent or more of household income.

Source: U.S. Department of Housing and Urban Development (HUD), 2015-2019 Comprehensive Housing Affordability Strategy

- As illustrated in Table 6, housing was generally more affordable in the AA for all renters and all homeowners when compared to other statewide areas; however, LMI renters in the AA incurred greater housing cost burden relative to statewide renters. Homeowners in the AA, including LMI individuals, experienced more favorable affordability compared to other statewide areas.

Table 7

Unemployment Rates					
Assessment Area: Enid MSA					
Area	2017	2018	2019	2020	2021
Enid MSA	3.7	2.9	2.9	5.5	3.4
Oklahoma	4.0	3.3	3.1	6.2	3.8

Source: Bureau of Labor Statistics: Local Area Unemployment Statistics

- Unemployment rates in the AA trended similarly with the overall statewide figures between 2017 and 2021, while remaining slightly lower than statewide figures during the same period.
- The dominant industries in the AA are in the aerospace, agriculture, and heavy manufacturing and assembly industries.
- The largest employers in the AA include Vance Air Force Base, Aircraft Structures International Corporation, Tyson Foods, No Man’s Land Beef Jerky, and PT Parrish Enterprises.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA IN THE ENID MSA AA

The lending test performance in the Enid MSA AA is reasonable. This conclusion is supported by reasonable lending performance noted in the geographic distribution and borrower distribution tests. All performance criterions were equally weighted in the evaluation of AA performance, while more consideration was given to the number of loan originations than dollar volumes, as the number of loan originations is a better representation of borrowers served.

Geographic Distribution of Loans

The bank’s geographic distribution of loans reflects reasonable distribution among the different census tracts and dispersion throughout the AA.

Small Business Lending

The geographic distribution of small business lending is reasonable. As illustrated in Table 8, the bank did not originate a small business loan in a low-income tract during the evaluation period; however, the AA contains only one low-income tract located in a predominately residential area of Enid. A review of demographic data, represented in the table as the percentage of total businesses by census tract income level, affirms the limited presence of small businesses in the low-income tract and, as such, there is no performance impact on the conclusion for lending among low-income tracts. The bank’s distribution of small business loans in moderate-income tracts was comparable to the demographic figure.

A review of the dispersion of loans among the various tracts throughout the AA did not reveal any conspicuous gaps or lapses that impacted the conclusion in this lending analysis.

Table 8

Distribution of 2022 Small Business Lending By Income Level of Geography					
Assessment Area: Enid MSA					
Geographic Income Level	Bank Loans				Total Businesses %
	#	#%	\$(000)	\$%	
Low	0	0.0	0	0.0	1.0
Moderate	4	5.6	860	7.8	8.5
Middle	37	52.1	5,034	45.5	61.3
Upper	30	42.3	5,165	46.7	29.2
Unknown	0	0.0	0	0.0	0.0
Tract-Unk	0	0.0	0	0.0	
Total	71	100.0	11,059	100.0	100.0

Source: 2022 FFIEC Census Data
2022 Dun & Bradstreet Data
2016-2020 U.S. Census Bureau: American Community Survey

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

Small Farm Lending

The geographic distribution of small farm lending is reasonable. As illustrated in the table below, there were no small farm loans originated in LMI tracts during the evaluation period. A review of AA demographics, represented in the table as the percentage of total farms by census tract income level, identified no farming operations in such tracts and, as such, there is no performance impact on the conclusion for lending among LMI tracts. The bank’s remaining distribution of small farm loans in the AAs middle- and upper-income tracts reflected comparable penetration to their respective demographic figures and supports the overall conclusion in this analysis.

A review of the dispersion of loans among the various tracts throughout the AA did not reveal any conspicuous gaps or lapses that impacted the conclusion in this lending analysis.

Table 9

Distribution of 2022 Small Farm Lending By Income Level of Geography					
Assessment Area: Enid MSA					
Geographic Income Level	Bank Loans				Total Farms %
	#	#%	\$(000)	\$%	
Low	0	0.0	0	0.0	0.0
Moderate	0	0.0	0	0.0	0.0
Middle	33	55.0	5,375	55.0	56.3
Upper	27	45.0	4,397	45.0	43.8
Unknown	0	0.0	0	0.0	0.0
Tract-Unk	0	0.0	0	0.0	
Total	60	100.0	9,772	100.0	100.0

Source: 2022 FFIEC Census Data
2022 Dun & Bradstreet Data
2016-2020 U.S. Census Bureau: American Community Survey
Note: Percentages may not total 100.0 percent due to rounding.

Lending to Businesses and Farms of Different Sizes

The bank’s lending has a reasonable distribution among businesses and farms of different sizes.

Small Business Lending

The borrower distribution of small business lending is reasonable. The bank’s distribution of loans originated to businesses with gross annual revenues of \$1 million or less (small businesses) reflected a concentration of bank lending below the percentage of small businesses in the AA (demographic figure); however, a review of three-year average aggregate loan data reported by area large financial institutions, or institutions that voluntarily report such data, was conducted in order to understand area credit demand to aide in the analysis. The aggregate lending data reported that approximately 41.5 percent of loans by number volume were originated to small businesses, which is well below the demographic figure. Additionally, 78.9 percent of loans were originated in dollar amounts of \$250,000 or less, which is a dollar figure more routinely requested by smaller business entities and demonstrates the bank’s willingness to meet the credit needs of small businesses. Given the factors listed and other contextual performance considerations, the bank’s distribution of lending among small businesses is reasonable.

Table 10

Distribution of 2022 Small Business Lending By Revenue Size of Businesses					
Assessment Area: Enid MSA					
	Bank Loans				Total Businesses
	#	#%	\$(000)	%	
By Revenue					
\$1 Million or Less	50	70.4	3,555	32.1	90.2
Over \$1 Million	21	29.6	7,503	67.8	8.5
Revenue Unknown	0	0.0	0	0.0	1.4
Total	71	100.0	11,059	100.0	100.0
By Loan Size					
\$100,000 or Less	49	69.0	1,646	14.9	
\$100,001 - \$250,000	7	9.9	1,210	10.9	
\$250,001 - \$1 Million	15	21.1	8,202	74.2	
Total	71	100.0	11,059	100.0	
By Loan Size and Revenues \$1 Million or Less					
\$100,000 or Less	43	86.0	1,253	35.2	
\$100,001 - \$250,000	2	4.0	380	10.7	
\$250,001 - \$1 Million	5	10.0	1,922	54.1	
Total	50	100.0	3,555	100.0	
<i>Source: 2022 FFIEC Census Data 2022 Dun & Bradstreet Data 2016-2020 U.S. Census Bureau: American Community Survey</i>					
<i>Note: Percentages may not total 100.0 percent due to rounding.</i>					

Small Farm Lending

The borrower distribution of small farm lending is reasonable. The distribution of loans originated to farms with gross annual revenues of \$1 million or less (small farms) was comparable to the percentage of small farms operating in the AA (demographic figure).

Table 11

Distribution of 2022 Small Farm Lending By Revenue Size of Farms					
Assessment Area: Enid MSA					
	Bank Loans				Total Farms
	#	#%	\$(000)	\$%	%
By Revenue					
\$1 Million or Less	55	91.7	7,937	81.2	98.4
Over \$1 Million	5	8.3	1,835	18.8	1.6
Revenue Unknown	0	0.0	0	0.0	0.0
Total	60	100.0	9,772	100.0	100.0
By Loan Size					
\$100,000 or Less	27	45.0	1,241	12.7	
\$100,001 - \$250,000	21	35.0	3,721	38.1	
\$250,001 - \$500,000	12	20.0	4,810	49.2	
Total	60	100.0	9,772	100.0	
By Loan Size and Revenues \$1 Million or Less					
\$100,000 or Less	27	49.1	1,241	15.6	
\$100,001 - \$250,000	20	36.4	3,471	43.7	
\$250,001 - \$500,000	8	14.5	3,225	40.6	
Total	55	100.0	7,937	100.0	
<i>Source: 2022 FFIEC Census Data 2022 Dun & Bradstreet Data 2016-2020 U.S. Census Bureau: American Community Survey</i>					
<i>Note: Percentages may not total 100.0 percent due to rounding.</i>					

**NORTH CENTRAL OKLAHOMA ASSESSMENT AREA
NONMETROPOLITAN AREA
(Full Scope Review)**

DESCRIPTION OF THE INSTITUTION'S OPERATIONS IN THE NORTH CENTRAL OKLAHOMA AA

The North Central Oklahoma AA consists of the entireties of Alfalfa, Grant, Kingfisher, Major, Woods, and Woodward Counties (see Appendix A for an AA map and Appendix B for additional demographic data).

- There were no changes to the delineation of the AA since the prior evaluation.
- The bank's only branch is located in Goltry, which lies within Alfalfa County.
- The AA is comprised of 21 total census tracts, including 8 middle- and 13 upper-income tracts. Based on 2022 FFIEC data, the southern half of Alfalfa County was designated as an underserved, nonmetropolitan middle-income tract, and the southwestern portion of Grant County was designated as a distressed and underserved nonmetropolitan middle-income tract.
- The bank held a 0.5 percent market share of deposits in the AA, ranking last of 27 FDIC-insured financial institutions operating in the AA based on June 30, 2022 FDIC Deposit Market Share Report data.
- To further augment the CRA performance evaluation, an interview with a community member conducted as part of the evaluation of another area financial institution was utilized to ascertain the credit needs of area communities, the responsiveness of area banks in meeting those credit needs, and current demographic characteristics. The individual represents an area economic development organization and provided insight to area conditions which impact small business and small farm operations.

Table 12

Population Change			
Assessment Area: North Central Oklahoma			
Area	2015 Population	2020 Population	Percent Change
North Central Oklahoma	63,293	61,928	(2.2)
Alfalfa County, OK	5,755	5,699	(1.0)
Grant County, OK	4,517	4,169	(7.7)
Kingfisher County, OK	15,302	15,184	(0.8)
Major County, OK	7,700	7,782	1.1
Woods County, OK	9,033	8,624	(4.5)
Woodward County, OK	20,986	20,470	(2.5)
NonMSA Oklahoma	1,333,350	1,289,548	(3.3)
Oklahoma	3,849,733	3,959,353	2.8

Source: 2020 U.S. Census Bureau Decennial Census
2011-2015 U.S. Census Bureau: American Community Survey

- Alfalfa County, which contains the bank’s only branch, has the second lowest county population among its six-county AA.
- As Table 12 illustrates, the AA generally experienced population loss between 2015 and 2020, which is consistent with other nonmetropolitan statewide areas. The community member affirmed this trend, indicating that populations are being drawn from rural areas to larger cities in the areas their organization serves.

Table 13

Median Family Income Change			
Assessment Area: North Central Oklahoma			
Area	2015 Median Family Income	2020 Median Family Income	Percent Change
North Central Oklahoma	72,499	71,902	(0.8)
Alfalfa County, OK	66,393	74,583	12.3
Grant County, OK	66,300	71,313	7.6
Kingfisher County, OK	71,728	70,833	(1.2)
Major County, OK	69,674	69,063	(0.9)
Woods County, OK	81,287	75,046	(7.7)
Woodward County, OK	75,031	72,430	(3.5)
NonMSA Oklahoma	56,258	58,565	4.1
Oklahoma	63,401	67,511	6.5

*Source: 2011-2015 U.S. Census Bureau: American Community Survey
2016-2020 U.S. Census Bureau: American Community Survey*

Note: Median family incomes have been inflation-adjusted and are expressed in 2020 dollars.

- As illustrated in Table 13, MFIs in most AA counties decreased, with Woods County experiencing the largest decrease at 7.7 percent. MFIs increased in Alfalfa and Grant Counties over the same period at 12.3 percent and 7.6 percent, respectively, which outpaces MFI growth in other nonmetropolitan statewide areas and the overall statewide figure.

Table 14

Housing Cost Burden						
Assessment Area: North Central Oklahoma						
Area	Cost Burden – Renters			Cost Burden – Owners		
	Low Income	Moderate Income	All Renters	Low Income	Moderate Income	All Owners
North Central Oklahoma	65.8	19.7	28.6	45.3	15.3	11.9
Alfalfa County, OK	53.3	15.8	25.3	40.0	6.3	8.6
Grant County, OK	69.0	0.0	17.0	38.1	9.3	9.9
Kingfisher County, OK	75.1	25.3	28.1	47.0	24.2	14.1
Major County, OK	50.3	4.2	13.6	50.6	13.0	12.7
Woods County, OK	57.3	22.2	33.2	32.9	11.1	9.5
Woodward County, OK	72.6	19.7	34.0	50.9	15.2	12.2
NonMSA Oklahoma	64.4	27.6	34.5	48.4	21.4	15.5
Oklahoma	71.1	30.5	37.9	52.5	24.5	16.0

Cost Burden is housing cost that equals 30 percent or more of household income.
Source: U.S. Department of Housing and Urban Development (HUD), 2015-2019 Comprehensive Housing Affordability Strategy

- As illustrated in Table 14, the overall AA contained a more affordable cost of housing for all renters and all owners relative to other nonmetropolitan statewide areas and the overall statewide figures. Low-income renters had slightly higher cost burden than other nonmetropolitan areas, whereas low-income homeowners had a lower cost burden compared to other nonmetropolitan statewide areas. Moderate-income renters and homeowners had lower cost burdens than other nonmetropolitan areas of the state.

Table 15

Unemployment Rates					
Assessment Area: North Central Oklahoma					
Area	2017	2018	2019	2020	2021
North Central Oklahoma	3.0	2.2	2.2	4.9	3.0
Alfalfa County, OK	2.5	2.1	1.9	3.7	2.3
Grant County, OK	2.4	2.0	2.0	3.4	2.5
Kingfisher County, OK	2.6	2.0	2.0	4.4	2.6
Major County, OK	3.0	2.1	2.1	4.8	3.1
Woods County, OK	2.5	2.1	1.9	3.5	2.1
Woodward County, OK	3.9	2.6	2.7	6.9	4.2
NonMSA Oklahoma	4.3	3.5	3.4	6.0	3.8
Oklahoma	4.0	3.3	3.1	6.2	3.8

Source: Bureau of Labor Statistics: Local Area Unemployment Statistics

- Unemployment rates in the AA trended similarly with other nonmetropolitan statewide areas, although remained at a lower rate year-over-year between 2017 and 2021.

- The AA is primarily comprised of rural farm and pastureland, which is heavily reliant on the agricultural industry, which the community member stated had experienced drought conditions that had impacts on pasture and cropland during the 2022 loan year included in this evaluation.
- The community member further stated that major area employers were in the agricultural and education industries, although they stated more job opportunities are needed in the rural areas as populations are drawn to larger cities where they are more abundant.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA IN THE NORTH CENTRAL OKLAHOMA AA

The lending test in the North Central Oklahoma AA is reasonable. This conclusion is supported by reasonable lending performance noted in the geographic distribution and borrower distribution tests. All performance criteria were equally weighted in the evaluation of AA performance, while more consideration was given to the number of loan originations than dollar volumes, as the number of loan originations is a better representation of borrowers served.

Geographic Distribution of Loans

The bank's geographic distribution of loans reflects reasonable distribution among the different census tracts and dispersion throughout the AA. As discussed in the description of the institution section of this report, the AA did not contain any low- or moderate-income tracts during the evaluation period. As such, loan distribution performance was assessed on the originations which were distributed among middle- and upper-income tracts.

Small Business Lending

The geographic distribution of small business lending is reasonable. As illustrated in Table 16, the distribution of small business loans in middle-income tracts was above the demographic figure, while lending in upper-income tracts was below the demographic figure.

A review of the dispersion of loans among the various tracts throughout the AA did not reveal any conspicuous gaps or lapses that impacted the conclusion in this lending analysis.

Table 16

Distribution of 2022 Small Business Lending By Income Level of Geography					
Assessment Area: North Central Oklahoma					
Geographic Income Level	Bank Loans				Total Businesses %
	#	#%	\$(000)	%	
Low	0	0.0	0	0.0	0.0
Moderate	0	0.0	0	0.0	0.0
Middle	14	77.8	659	46.5	51.9
Upper	4	22.2	758	53.5	48.1
Unknown	0	0.0	0	0.0	0.0
Tract-Unk	0	0.0	0	0.0	
Total	18	100.0	1,417	100.0	100.0

Source: 2022 FFIEC Census Data
2022 Dun & Bradstreet Data
2016-2020 U.S. Census Bureau: American Community Survey

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

Small Farm Lending

The geographic distribution of small farm lending is reasonable. As illustrated in Table 21, the distribution of small farm loans in middle-income tracts was above the demographic figure, while lending in upper-income tracts was below the demographic figure.

A review of the dispersion of loans among the various tracts throughout the AA did not reveal any conspicuous gaps or lapses that impacted the conclusion in this lending analysis.

Table 17

Distribution of 2022 Small Farm Lending By Income Level of Geography					
Assessment Area: North Central Oklahoma					
Geographic Income Level	Bank Loans				Total Farms %
	#	#%	\$(000)	%	
Low	0	0.0	0	0.0	0.0
Moderate	0	0.0	0	0.0	0.0
Middle	30	75.0	3,720	85.6	33.4
Upper	10	25.0	628	14.4	66.6
Unknown	0	0.0	0	0.0	0.0
Tract-Unk	0	0.0	0	0.0	
Total	40	100.0	4,348	100.0	100.0

Source: 2022 FFIEC Census Data
2022 Dun & Bradstreet Data
2016-2020 U.S. Census Bureau: American Community Survey

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

Lending to Businesses and Farms of Different Sizes

The bank’s lending has a reasonable distribution among businesses and farms of different sizes.

Small Business Lending

The borrower distribution of small business lending is reasonable. As illustrated in Table 18, the distribution of loans to small businesses was comparable to the demographic figure. Additionally, the conclusion considered that 94.4 percent of loans were originated in dollar amounts of \$250,000 or less, which is a dollar figure more routinely requested by smaller business entities and demonstrates the bank’s willingness to meet the credit needs of small businesses.

Table 18

Distribution of 2022 Small Business Lending By Revenue Size of Businesses					
Assessment Area: North Central Oklahoma					
	Bank Loans				Total Businesses %
	#	#%	\$(000)	%	
By Revenue					
\$1 Million or Less	14	77.8	518	36.6	87.8
Over \$1 Million	3	16.7	810	57.2	9.6
Revenue Unknown	1	5.6	90	6.4	2.6
Total	18	100.0	1,417	100.0	100.0
By Loan Size					
\$100,000 or Less	14	77.8	377	26.6	
\$100,001 - \$250,000	3	16.7	470	33.2	
\$250,001 - \$1 Million	1	5.6	570	40.2	
Total	18	100.0	1,417	100.0	
By Loan Size and Revenues \$1 Million or Less					
\$100,000 or Less	12	85.7	248	47.9	
\$100,001 - \$250,000	2	14.3	270	52.1	
\$250,001 - \$1 Million	0	0.0	0	0.0	
Total	14	100.0	518	100.0	
<i>Source: 2022 FFIEC Census Data 2022 Dun & Bradstreet Data 2016-2020 U.S. Census Bureau: American Community Survey</i>					
<i>Note: Percentages may not total 100.0 percent due to rounding.</i>					

Small Farm Lending

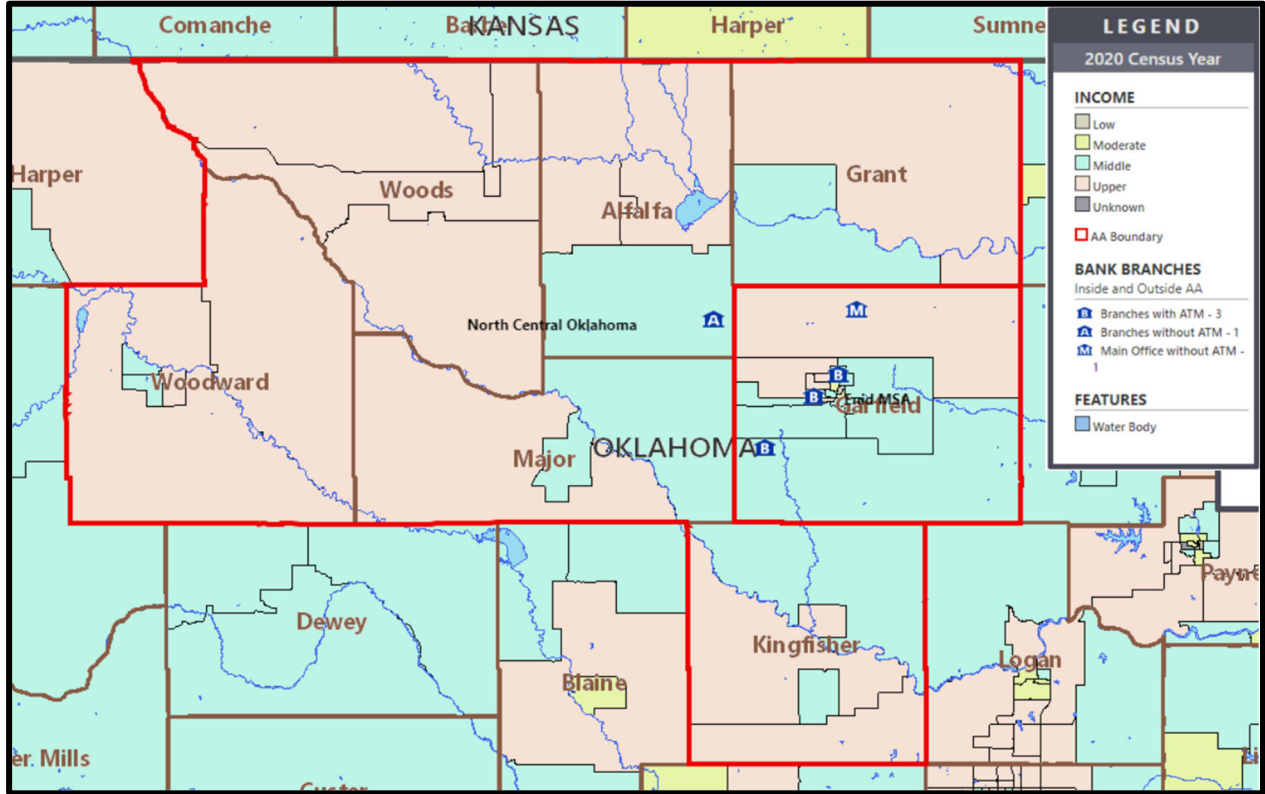
The borrower distribution of small farm lending is excellent. As illustrated in Table 19, the bank originated 38 of 40 loans to small farms, which represents a concentration of bank lending that was comparable to the demographic figure. To augment the analysis, a review of area lending to small farms reported by large financial institutions, or institutions that voluntarily report such data, was conducted. The three-year average aggregate data reported that approximately 62.8 percent of area farm loans by number volume were originated to small farms, which was well below the demographic figure. When evaluating responsiveness and credit accessibility to small farm entities, the bank’s record of lending during this evaluation supports the conclusion.

Table 19

Distribution of 2022 Small Farm Lending By Revenue Size of Farms					
Assessment Area: North Central Oklahoma					
	Bank Loans				Total Farms
	#	#%	\$(000)	%	%
By Revenue					
\$1 Million or Less	38	95.0	3,898	89.7	98.2
Over \$1 Million	2	5.0	450	10.3	1.6
Revenue Unknown	0	0.0	0	0.0	0.3
Total	40	100.0	4,348	100.0	100.0
By Loan Size					
\$100,000 or Less	27	67.5	1,133	26.1	
\$100,001 - \$250,000	9	22.5	1,498	34.5	
\$250,001 - \$500,000	4	10.0	1,717	39.5	
Total	40	100.0	4,348	100.0	
By Loan Size and Revenues \$1 Million or Less					
\$100,000 or Less	27	71.1	1,133	29.1	
\$100,001 - \$250,000	8	21.1	1,323	33.9	
\$250,001 - \$500,000	3	7.9	1,442	37.0	
Total	38	100.0	3,898	100.0	
<i>Source: 2022 FFIEC Census Data 2022 Dun & Bradstreet Data 2016-2020 U.S. Census Bureau: American Community Survey</i>					
<i>Note: Percentages may not total 100.0 percent due to rounding.</i>					

APPENDIX A – MAPS OF THE ASSESSMENT AREAS

Map A-1



APPENDIX B – DEMOGRAPHIC INFORMATION

Table B-1

2022 Enid MSA AA Demographics								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low	1	5.9	1,131	7.5	549	48.5	3,330	22.0
Moderate	2	11.8	1,300	8.6	362	27.8	2,265	15.0
Middle	9	52.9	8,328	55.0	774	9.3	3,223	21.3
Upper	5	29.4	4,386	29.0	165	3.8	6,327	41.8
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	17	100.0	15,145	100.0	1,850	12.2	15,145	100.0
Housing Units by Tract	Housing Type by Tract							
	Owner-occupied			Rental		Vacant		
	#	% by tract	% by unit	#	% by unit	#	% by unit	
Low	1,702	499	3.2	29.3	952	55.9	251	14.7
Moderate	2,778	1,190	7.7	42.8	1,165	41.9	423	15.2
Middle	14,645	8,422	54.3	57.5	4,402	30.1	1,821	12.4
Upper	7,651	5,390	34.8	70.4	1,689	22.1	572	7.5
Unknown	0	0	0.0	0.0	0	0.0	0	0.0
Total AA	26,776	15,501	100.0	57.9	8,208	30.7	3,067	11.5
Total Businesses by Tract	Businesses by Tract & Revenue Size							
			Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported	
	#	%	#	%	#	%	#	%
Low	23	1.0	23	1.1	0	0.0	0	0.0
Moderate	199	8.5	184	8.7	15	7.5	0	0.0
Middle	1,442	61.3	1,284	60.6	138	69.3	20	62.5
Upper	687	29.2	629	29.7	46	23.1	12	37.5
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	2,351	100.0	2,120	100.0	199	100.0	32	100.0
Percentage of Total Businesses:				90.2		8.5		1.4
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	72	56.3	70	55.6	2	100.0	0	0.0
Upper	56	43.8	56	44.4	0	0.0	0	0.0
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	128	100.0	126	100.0	2	100.0	0	0.0
Percentage of Total Farms:				98.4		1.6		0.0
Source: 2022 FFIEC Census Data 2022 Dun & Bradstreet Data 2016-2020 U.S. Census Bureau: American Community Survey Note: Percentages may not total 100.0 percent due to rounding.								

Table B-2

2022 North Central Oklahoma 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	2,173	14.0
Moderate	0	0.0	0	0.0	0	0.0	2,492	16.0
Middle	8	38.1	7,485	48.1	835	11.2	2,855	18.3
Upper	13	61.9	8,080	51.9	490	6.1	8,045	51.7
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	21	100.0	15,565	100.0	1,325	8.5	15,565	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	13,408	8,130	46.8	60.6	3,023	22.5	2,255	16.8
Upper	15,485	9,248	53.2	59.7	2,838	18.3	3,399	22.0
Unknown	0	0	0.0	0.0	0	0.0	0	0.0
Total AA	28,893	17,378	100.0	60.1	5,861	20.3	5,654	19.6
	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	1,580	51.9	1,389	52.0	157	54.0	34	42.5
Upper	1,463	48.1	1,283	48.0	134	46.0	46	57.5
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	3,043	100.0	2,672	100.0	291	100.0	80	100.0
Percentage of Total Businesses:				87.8		9.6		2.6
	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	129	33.4	127	33.5	1	16.7	1	100.0
Upper	257	66.6	252	66.5	5	83.3	0	0.0
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	386	100.0	379	100.0	6	100.0	1	100.0
Percentage of Total Farms:				98.2		1.6		0.3
<i>Source: 2022 FFIEC Census Data 2022 Dun & Bradstreet Data 2016-2020 U.S. Census Bureau: American Community Survey</i>								
<i>Note: Percentages may not total 100.0 percent due to rounding.</i>								

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.