



PUBLIC DISCLOSURE

OCTOBER 26, 2020

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**FIRST BANK AND TRUST COMPANY
RSSD# 157856**

**501 FRISCO AVENUE
CLINTON, OKLAHOMA 73601**

**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-to-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.

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 8
APPENDIX A – MAP OF THE ASSESSMENT AREA..... 9
APPENDIX B – DEMOGRAPHIC INFORMATION..... 10
APPENDIX C – GLOSSARY 11

INSTITUTION'S COMMUNITY REINVESTMENT ACT RATING

First Bank and Trust Company (the bank) is rated **Outstanding**. 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 substantial majority of the bank's loans are originated inside the AA.
- An excellent dispersion of loans occurs throughout the bank's AA.
- Lending reflects an excellent penetration among individuals of different income levels, including low- and moderate-income.
- 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 Western Oklahoma AA. The following data was reviewed:

- The bank's 17-quarter average NLTD ratio.
- Statistical samples of the bank's motor vehicle loans and other secured consumer loans originated from January 1, 2019 through December 31, 2019. The samples included 87 motor vehicle loans from a universe of 151 loans and 75 other secured consumer loans from a universe of 119 loans.

DESCRIPTION OF INSTITUTION

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

- The bank is a wholly owned subsidiary of Clinton Bancshares, Inc.
- The bank has total assets of \$58.4 million as of June 30, 2020.
- The bank operates one full-service branch in Clinton, Oklahoma with a cash-only automatic teller machine.
- Approximately 97.0 percent of annual loan originations are consumer loans.

TABLE 1 COMPOSITION OF LOAN PORTFOLIO AS OF JUNE 30, 2020		
Loan Type	\$(000)	%
Residential Real Estate	8,813	41.0
Commercial	6,850	31.8
Consumer	5,442	25.3
Agricultural	353	1.6
Other	58	0.3
Gross Loans	21,516	100.0

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

The bank was rated Satisfactory under the CRA at its October 4, 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 Western Oklahoma AA is comprised of Custer and Washita Counties in their entirety and two census tracts in Beckham County, which are all in Oklahoma (see Appendix A for an AA map).

- The AA is composed of two moderate-, five middle-, and four upper-income census tracts. There have been no changes to the delineation of the AA since the last examination; however, at that evaluation, one of the current moderate-income tracts was classified as a middle-income tract.
- According to the June 30, 2020 Federal Deposit Insurance Corporation (FDIC) Deposit Market Share Report, the bank ranks 15th of 23 FDIC-insured institutions operating in the AA with a deposit market share of 2.0 percent.
- Two contacts with community members were utilized to augment the evaluation. One contact was a representative of an organization with knowledge of local economic and business trends. The other contact, performed in conjunction with the evaluation of another financial institution in the AA, was a representative of a local economic development association.

TABLE 2 POPULATION CHANGE			
Area	2010 Population	2015 Population	Percent Change
Washita County	11,629	11,649	0.2
Custer County	27,469	28,978	5.5
Beckham County	22,119	23,300	5.3
State of Oklahoma	3,751,351	3,849,733	2.6

*Source: 2010 U.S. Census Bureau Decennial Census
2011-2015. Census Bureau: American Community Survey*

- Overall, the AA has a relatively stable population with a growth rate of 3.4 percent, which is less than one percent above that of the state of Oklahoma.
- Clinton, Oklahoma, the second largest city in Custer County and location of the bank, has a population of 9,087.

TABLE 3 MEDIAN FAMILY INCOME CHANGE			
Area	2010 Median Family Income	2015 Median Family Income	Percent Change
Washita County	53,143	58,682	10.4
Custer County	52,428	53,833	2.7
Beckham County	52,988	64,199	21.2
State of Oklahoma	53,607	58,029	8.2

*Source: 2006-2010 U.S. Census Bureau: American Community Survey
2011-2015 U.S. Census Bureau: American Community Survey*

- Although counties comprising the bank’s AA have experienced varying levels of income growth, overall increases in the AA outpaced that of the state of Oklahoma.
- A community member stated that parts of the AA have a concentration of higher paying oil and gas operations. However, the geographic area in close proximity to the bank’s location relies more on the service and manufacturing industries, resulting in a lower income level.

TABLE 4 HOUSING COSTS CHANGE						
Area	Median Housing Value		Percent Change	Median Gross Rent		Percent Change
	2010	2015		2010	2015	
Washita County	72,800	77,600	6.6	597	644	7.9
Custer County	90,000	119,000	32.2	565	625	10.6
Beckham County	86,100	122,400	42.2	620	702	13.2
State of Oklahoma	104,300	117,900	13.0	633	727	14.8

*Source: 2006-2010 U.S. Census Bureau: American Community Survey
2011-2015. Census Bureau: American Community Survey*

- A community member noted that the cost of new housing developments in the AA may be priced above the capacity of many of Clinton’s residents.

TABLE 5 UNEMPLOYMENT RATES					
Region	2015	2016	2017	2018	2019
Washita County	5.6	6.9	4.4	3.1	3.4
Custer County	4.1	4.5	3.2	2.4	2.5
Beckham County	5.1	7.2	3.8	2.6	3.2
State of Oklahoma	4.4	4.8	4.2	3.4	3.3

Source: Bureau of Labor Statistics: Local Area Unemployment Statistics

- Unemployment rates have trended downward in the AA and in the State.
- Major employers in the AA include Bar-S Foods Co., Koch Oil Co., Southwestern Oklahoma State University, Schlumberger Technology, Co., and Weatherford Regional Medical Center. Additional broad sources of employment are provided by windmill farms and public-school systems.

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 similarly situated FDIC-insured institutions. The similarly situated institutions were selected based on asset size, product offerings, and proximity to the AA. The bank’s NLTD ratio is reasonable. The bank’s NLTD ratio is within the range of ratios of similarly situated institutions. In addition, the bank holds a significant volume of public deposits, which the bank cannot lend against.

TABLE 6 COMPARATIVE NLTD RATIOS			
Institution	Location	Asset Size (\$000s)	NLTD Ratio (%)
			17-Quarter Average
First Bank and Trust Company	Clinton, OK	58,449	55.2
First Bank	Erick, OK	84,039	75.7
Southwest Bank of Weatherford	Weatherford, OK	77,378	61.2
First Bank of Thomas	Thomas, OK	48,050	54.2
Bank of Cordell	Cordell, OK	40,421	110.8

Assessment Area Concentration

This performance criterion evaluates the percentage of lending extended inside and outside of the AA. A substantial majority of the bank’s loans, by number and dollar, are originated inside the bank’s AA.

TABLE 7 LENDING INSIDE AND OUTSIDE THE AA								
Loan Type	Inside				Outside			
	#	\$(000)	#%	\$%	#	\$(000)	#%	\$%
Motor Vehicle Loans	85	1,272	97.7	95.1	2	66	2.3	4.9
Other Secured Consumer Loans	71	814	94.7	92.1	4	70	5.3	7.9
Total Loans	156	2,086	96.3	93.9	6	136	3.7	6.1

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 excellent distribution among the different census tracts within the AA.

Motor Vehicle Lending

The geographic distribution of motor vehicle lending is excellent. The bank’s lending in moderate-income census tracts is significantly above the demographic figure. While only one loan was extended in one of the AA’s moderate-income census tracts, lending dispersion was not considered a concern due to the distance between that census tract and the bank, as well as strong banking competition in the area.

TABLE 8 DISTRIBUTION OF 2019 MOTOR VEHICLE LENDING BY INCOME LEVEL OF GEOGRAPHY					
Census Tract Income Level	Bank Loans				% of Households
	#	\$(000)	#%	\$%	
Low	0	0	0.0	0.0	0.0
Moderate	35	500	41.2	39.3	16.2
Middle	11	242	12.9	19.0	35.1
Upper	39	529	45.9	41.6	48.7
Unknown	0	0	0.0	0.0	0.0
Not Reported	0	0	0.0	0.0	0.0

*Source: 2019 FFIEC Census Data
2011-2015 U.S. Census Bureau: American Community Survey
NOTE: Percentages may not add up to 100.0 due to rounding.*

Other Secured Consumer Lending

The geographic distribution of other secured consumer lending is excellent. The bank’s lending in moderate-income census tracts was significantly above the demographic figure. Although no other secured consumer loans were extended in one of the AA’s moderate-income census tracts, as noted above, lending dispersion was not considered a concern due to the distance between that census tract and the bank as well as strong banking competition in the area.

TABLE 9 DISTRIBUTION OF 2019 OTHER SECURED CONSUMER LENDING BY INCOME LEVEL OF GEOGRAPHY					
Census Tract Income Level	Bank Loans				% of Households
	#	\$(000)	#%	\$%	
Low	0	0	0.0	0.0	0.0
Moderate	32	216	45.1	26.5	16.2
Middle	7	53	9.9	6.5	35.1
Upper	32	546	45.1	67.0	48.7
Unknown	0	0	0.0	0.0	0.0
Not Reported	0	0	0.0	0.0	0.0

*Source: 2019 FFIEC Census 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

This performance criterion evaluates the bank’s lending to borrowers of different income levels. The bank’s lending has an excellent penetration among individuals of different income levels.

Motor Vehicle Lending

The borrower distribution of motor vehicle lending is excellent. The bank’s lending to low-income borrowers was comparable to the demographic figure by number. The bank’s lending to moderate-income borrowers was above the demographic figure.

TABLE 10 DISTRIBUTION OF 2019 MOTOR VEHICLE LENDING BY BORROWER INCOME LEVEL					
Borrower Income Level	Bank Loans				% of Households
	#	\$(000)	#%	\$%	
Low	17	182	20.0	14.3	19.6
Moderate	23	330	27.1	26.0	14.3
Middle	23	419	27.1	33.0	17.8
Upper	18	315	21.2	24.8	48.3
Unknown	4	25	4.7	2.0	0.0

Source: 2019 FFIEC Census Data
2011-2015 U.S. Census Bureau: American Community Survey
NOTE: Percentages may not add up to 100.0 due to rounding.

Other Secured Consumer Lending

The borrower distribution of other secured consumer lending is excellent. The bank’s lending to low-income borrowers is comparable to the demographic figure by number and below by dollar amount. Lending to moderate-income borrowers is significantly above the demographic figure.

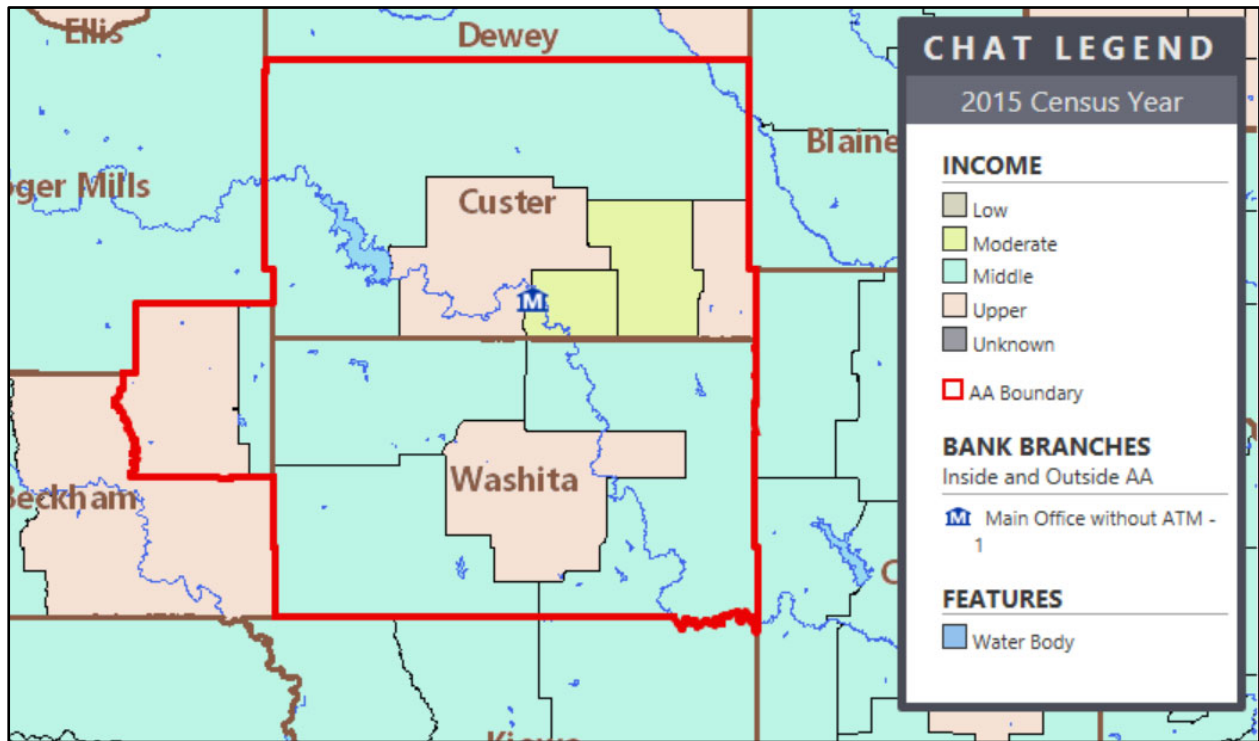
TABLE 11 DISTRIBUTION OF 2019 OTHER SECURED CONSUMER LENDING BY BORROWER INCOME LEVEL					
Borrower Income Level	Bank Loans				% of Households
	#	\$(000)	#%	\$%	
Low	13	74	18.3	9.1	19.6
Moderate	26	334	36.6	41.0	14.3
Middle	17	133	23.9	16.3	17.8
Upper	12	211	16.9	25.9	48.3
Unknown	3	63	4.2	7.7	0.0

Source: 2019 FFIEC Census 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 2019 WESTERN 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	2,652	19.0
Moderate	2	18.2	1,885	13.5	406	21.5	2,227	15.9
Middle	5	45.5	5,068	36.2	667	13.2	2,525	18.0
Upper	4	36.4	7,038	50.3	464	6.6	6,587	47.1
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	11	100.0	13,991	100.0	1,537	11.0	13,991	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	4,048	1,367	10.7	33.8	1,890	46.7	791	19.5
Middle	8,989	4,941	38.5	55.0	2,119	23.6	1,929	21.5
Upper	11,396	6,520	50.8	57.2	3,279	28.8	1,597	14.0
Unknown	0	0	0.0	0.0	0	0.0	0	0.0
Total AA	24,433	12,828	100.0	52.5	7,288	29.8	4,317	17.7
	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	514	20.2	454	20.1	54	22.9	6	13.6
Middle	828	32.6	722	32.0	85	36.0	21	47.7
Upper	1,197	47.1	1,083	47.9	97	41.1	17	38.6
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	2,539	100.0	2,259	100.0	236	100.0	44	100.0
Percentage of Total Businesses:				89.0		9.3		1.7
	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	22	11.1	19	9.9	3	50.0	0	0.0
Middle	95	48.0	94	49.0	1	16.7	0	0.0
Upper	81	40.9	79	41.1	2	33.3	0	0.0
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	198	100.0	192	100.0	6	100.0	0	0.0
Percentage of Total Farms:				97.0		3.0		0.0
Source: 2019 FFIEC Census Data 2019 Dun & Bradstreet Data 2010-2015 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 refinancing 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 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 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.