



## **PUBLIC DISCLOSURE**

December 4, 2017

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

SNB Bank, National Association  
Charter Number 9987

503 South Main  
Shattuck, OK 73858

Office of the Comptroller of the Currency  
Oklahoma City Field Office  
The Harvey Parkway Building  
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Oklahoma City, OK 73116-7908

**NOTE:** This document is an evaluation of this institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the institution. This evaluation is not, and should not be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion, or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.

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## Overall CRA Rating

**The Lending Test is rated: Satisfactory**

State Name: Oklahoma Rating: Satisfactory

State Name: Texas Rating: Satisfactory

The bank's overall rating is supported by lending performance in both Oklahoma and Texas.

- A majority of loans are originated inside the bank's assessment area (AA).
- The loan-to-deposit (LTD) ratio is reasonable and commensurate with similarly situated institutions.
- The borrower distribution of loans indicates excellent penetration among small businesses and small farms of different sizes within Oklahoma.
- The borrower distribution of loans indicates excellent penetration among small businesses of different sizes and good penetration among small farms of different sizes within Texas.
- No complaints were received regarding the bank's performance in helping to meet the credit needs of the AA.

## Definitions and Common Abbreviations

The following terms and abbreviations are used throughout this performance evaluation, including the CRA tables. The definitions are intended to provide the reader with a general understanding of the terms, not a strict legal definition.

**Affiliate:** Any company that controls, is controlled by, or is under common control with another company. A company is under common control with another company if the same company directly or indirectly controls both companies. A bank subsidiary is controlled by the bank and is, therefore, an affiliate.

**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 MA/assessment area.

**Census Tract (CT):** 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 areas. Census tracts generally have a population between 1,200 and 8,000 people, with an optimal size of 4,000 people. 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 Small Business Administration Development Company or Small Business Investment Company programs size eligibility standards or have gross annual revenues of \$1 million or less; activities that revitalize or stabilize low- or moderate-income geographies, distressed or underserved nonmetropolitan middle-income geographies, or designated disaster areas; or loans, investments, and services that support, enable or facilitate projects or activities under HUD Neighborhood Stabilization Program criteria that benefit low-, moderate-, and middle-income individuals and geographies in the bank's assessment area(s) or outside the assessment area(s) provided the bank has adequately addressed the community development needs of its assessment area(s).

**Community Reinvestment Act (CRA):** the statute that requires the OCC to evaluate a bank's record of meeting the credit needs of its local community, consistent with the safe and sound operation of the bank, and to take this record into account when evaluating certain corporate applications filed by the bank.

**Consumer Loan(s):** A loan(s) to one or more individuals for household, family, or other personal expenditures. A consumer loan does not include a home mortgage, small business, or small farm loan. This definition includes the following categories: motor vehicle loans, credit card loans, 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 non-relatives living with the family. Families are classified by type as either a married-couple family or other family, which is further classified into 'male householder' (a family with a male householder and no wife present) or 'female householder' (a family with a female householder and no husband present).

**Full Review:** Performance under the Lending, Investment, and Service Tests is analyzed considering performance context, quantitative factors (e.g., geographic distribution, borrower distribution, and total number and dollar amount of investments), and qualitative factors (e.g., innovativeness, complexity, and responsiveness).

**Geography:** A census tract delineated by the United States Bureau of the Census in the most recent decennial census.

**Home Mortgage Disclosure Act (HMDA):** The statute that requires certain mortgage lenders that conduct business or have banking offices in a metropolitan statistical area to file annual summary reports of their mortgage lending activity. The reports include such data as the race, gender, and the income of applicants, the amount of loan requested, the disposition of the application (e.g., approved, denied, and withdrawn, loan pricing, the lien status of the collateral, any requests for preapproval, and loans for manufactured housing).

**Home Mortgage Loans:** Such loans include home purchase, home improvement and refinancings, as defined in the HMDA regulation. These include loans for multifamily (five or more families) dwellings, manufactured housing and one-to-four family dwellings other than manufactured housing.

**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 Review:** Performance under the Lending, Investment, and Service Tests is analyzed using only quantitative factors (e.g., geographic distribution, borrower distribution, total number and dollar amount of investments, and branch distribution).

**Low-Income:** Individual 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 MA/assessment area.

**Median Family Income (MFI):** The median income determined by the U.S. Census Bureau every five years and used to determine the income level category of geographies. Also, the median income determined by the Federal Financial Institutions Examination Council (FFIEC) annually that is used to determine the income level category of individuals. For any given area, the median is the point at which half of the families have income above it and half below it.

**Metropolitan Area (MA):** Any metropolitan statistical area or metropolitan division, as defined by the Office of Management and Budget, and any other area designated as such by the appropriate federal financial supervisory agency.

**Metropolitan Division:** As defined by Office of Management and Budget, a county or group of counties within a Core Based Statistical Area that contains an urbanized population of at least 2.5 million. A Metropolitan Division consists of one or more main/secondary counties that represent an employment center or centers, plus adjacent counties associated with the main/secondary county or counties through commuting ties.

**Metropolitan Statistical Area:** An area, defined by the Office of Management and Budget, as a core based statistical area associated with at least one urbanized area that has a population of at least 50,000. The Metropolitan Statistical Area comprises the central county or counties containing the core, plus adjacent outlying counties having a high degree of social and economic integration with the central county or counties as measured through commuting.

**Middle-Income:** Individual income that is at least 80 percent and less than 120 percent of the area median income, or a median family income that is at least 80 percent and less than 120 percent, in the case of a geography

**Moderate-Income:** Individual income that is at least 50 percent and less than 80 percent of the area median income, or a median family income that is at least 50 percent and less than 80 percent, in the case of a geography.

**Multifamily:** Refers to a residential structure that contains five or more units.

**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 multi-state 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 multi-state metropolitan area, the institution will receive a rating for the multi-state 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.

**Small Loan(s) to Farm(s):** A loan included in 'loans to small farms' as defined in the instructions for preparation of the Consolidated Report of Condition and Income (Call Report). These loans have original amounts of \$500,000 or less and are either secured by farmland, or are classified as loans to finance agricultural production and other loans to farmers.

**Tier One Capital:** The total of common shareholders' equity, perpetual preferred shareholders' equity with non-cumulative dividends, retained earnings and minority interests in the equity accounts of consolidated subsidiaries.

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

## Description of Institution

SNB Bank is an interstate community bank headquartered in Shattuck, OK. SNB is wholly owned by Shattuck Bancshares, Inc, a one bank holding company. The bank has 2 locations: their main location at 503 S. Main Street in Shattuck and a branch located at 010 S Main Street in Booker, TX that was opened in 2014. With the opening of the Booker branch, the bank has added a new AA in Texas for a total of two AAs. This AA consists of all of Lipscomb County, all of Ochiltree County, and one tract of Beaver County. No mergers or acquisitions have occurred since the previous examination.

Lobby and drive-thru hours for both branches are typically between 8:30AM and 4:00PM on weekdays and closed on weekends. All of the bank's ATMs are cash dispensing only. With the exception of the branch ATMs, hours are limited to store/lobby hours. Four new ATMs were opened since the previous exam. Additionally, the ATM located in the bank's lobby was replaced by a new drive-up ATM across the street from the bank's location that can be accessed 24 hours a day. See the table below for a summary of ATMs.

Automated Teller Machine Locations		
Main Branch	503 S Main, Shattuck, OK	Replaced
Main Branch Drive-up (24 hours)	518 S Main, Shattuck, OK	New
Venture Foods	1600 S Main, Shattuck, OK	Existing
El Tipi	1601 S Main, Shattuck, OK	Existing
SHS Gymnasium Lobby	607 S Main, Shattuck, OK	New
Booker Branch (24 hours)	010 S Main, Booker, TX	New
Imo's Convenience Store	600 Industrial Ave, Booker, TX	New
Imo's Convenience Store	104 S Main, Follett, TX	New

Source: Bank Information.

SNB's primary focus is to serve agricultural, commercial, and consumer customers in the area surrounding their locations at Shattuck and Booker. SNB meets the needs of its community by providing traditional loan and deposit products. While the bank does not offer any programs that specifically benefit low-moderate income borrowers, it was noted that the bank offers "Credit Builder" loans that allow a borrower to make small dollar loans secured by CDs in order to build a positive credit history. As of September 30, 2017, total assets were approximately \$117 million. See the table below for a summary of SNB's loan portfolio:

Loan Portfolio Composition as of September 30, 2017		
Loan Category	\$ (000)	%
Agricultural Loans	\$37,212	41.72%
Commercial & Related Real Estate	\$25,236	28.31%
Other	\$13,660	15.32%
Consumer Lending	\$10,706	12.01%
Residential Real Estate	\$2,349	2.64%
<b>Total</b>	<b>\$89,217</b>	<b>100.00%</b>

Call Report Data as of September 30, 2017.

Due to the bank's rural location and limited loan demand in the local area, the bank has adopted strategies to achieve loan growth to ensure ongoing profitability. These strategies include participation in various loan programs such as the "Easy Ag" program that allows the bank to offer equipment loans through dealers outside of their AA. The bank has also been active in participations purchased and purchasing the guaranteed portion of SBA loans, as well as providing financing to municipalities for heavy equipment lease purchases. Most of this lending is outside of the bank's AA given the limited ability to extend such loans within the AA. Therefore, the bank's ratio for lending inside versus outside of its AAs is lower. The bank has increased their focus on commercial lending as it is one of the weaker lending sectors.

Competition primarily stems from financial institutions located in Woodward, OK and Perryton, TX. Both cities are located less than an hour away from SNB's locations and have multiple financial institutions. Additional competition exists in the various small towns in their surrounding area such as Gage, OK and Higgins, TX. Major competitors include a branch of Happy State Bank in Higgins, Farm Credit of Western Oklahoma in Woodward, and Stock Exchange Bank in Woodward.

SNB is not under any legal or financial constrictions that would hinder the bank's ability to meet the credit needs of its AAs. The bank was rated Satisfactory at its last CRA examination dated April 30, 2012.

## **Scope of the Evaluation**

### **Evaluation Period/Products Evaluated**

SNB Bank was evaluated under the Community Reinvestment Act Small Bank examination procedures, which is based on a "Lending Test." The "Lending Test" evaluates the bank's record of meeting the credit needs of its AA through its lending activities. The evaluation assesses SNB's performance focusing primarily on five performance criteria: the loan-to-deposit ratio; lending in the AAs; lending to borrowers of different incomes and to small businesses of different sizes; geographic distribution of loans; and responses to CRA related complaints.

The performance evaluation is based on 2010 Census data with certain demographic data updated to 2016. SNB's primary lending products are agricultural and small business loans, including those secured by real-estate. Loans sampled from these primary lending products included loans originated, purchased, or refinanced during the review period including 2015, 2016, and through September 30, 2017.

### **Selection of Areas for Full-Scope Review**

Two AAs received a full-scope reviews: the existing Ellis County AA in Oklahoma and the new AA surrounding Booker, TX. The bank does not have any additional AAs, so no limited-scope reviews were performed. See the table in Appendix A for a summary of what type of review was performed in each AA.

## **Ratings**

Both of the bank's AAs received full-scope reviews. More weight was given to lending performance in the Oklahoma AA due to the difference in loan and deposit volume at the two bank locations. As of September 30, 2017, 74.56 percent of the bank's deposits and 69.57 percent of loans are attributed to the Shattuck location. Since the Booker branch was opened during the evaluation period in 2014, it is reasonable that deposit and lending volumes there are lower.

## **Discriminatory or Other Illegal Credit Practices Review**

Pursuant to 12 C.F.R. §25.28(c) or §195.28(c), respectively, in determining a national bank's or federal savings association's (collectively, bank) CRA rating, the OCC considers evidence of discriminatory or other illegal credit practices in any geography by the bank, or in any assessment area by an affiliate whose loans have been considered as part of the bank's lending performance. As part of this evaluation process, the OCC consults with other federal agencies with responsibility for compliance with the relevant laws and regulations, including the U.S. Department of Justice, the U.S. Department of Housing and Urban Development, and the Consumer Financial Protection Bureau, as applicable.

The OCC has not identified that this institution has engaged in discriminatory or other illegal credit practices that require consideration in this evaluation.

The OCC will consider any information that this institution engaged in discriminatory or other illegal credit practices, identified by or provided to the OCC before the end of the institution's next performance evaluation in that subsequent evaluation, even if the information concerns activities that occurred during the evaluation period addressed in this performance evaluation.

## Conclusions with Respect to Performance Criteria

The bank's lending performance is satisfactory given its size, financial condition, and the credit needs of its AAs. The bank's overall loan-to-deposit ratio is reasonable and a majority of the bank's loans were made within its AAs. SNB's borrower distribution reflects excellent or good penetration among borrowers of different incomes and small businesses of different sizes. As SNB's AAs do not contain any low- or moderate-income tracts, analysis of the geographic distribution of loans within the AAs would not be meaningful and therefore was not performed for this evaluation.

### Loan-to-Deposit Ratio

SNB's LTD ratio is reasonable and commensurate with similarly situated institutions. The bank's average LTD ratio was 69.28 percent, showing significant growth over the last few quarters due to the bank's efforts in to increase their loan portfolio. Ratios from seven similarly situated banks were sampled for comparison. The other seven banks had an average LTD ratio of 49.18 percent with a high of 73.0 percent and a low of 30.39 percent. SNB's average LTD ratio exceeds the combined average LTD ratio of the other seven banks and is comparable to the highest LTD ratio of the group. While this performance may be more indicative of "Outstanding" performance, consideration was given to the fact that SNB's LTD ratio is benefitted by a substantial portion of the bank's loans located outside of the bank's AA, inflating SNB's ratios compared to other institutions in the area that do not originate or purchase as many out of area loans. The following table shows the total assets and quarterly average LTD ratio for SNB and the seven institutions used for comparison ending September 30, 2017:

Institution	Total Assets	Avg LTD Ratio
The First Security Bank	\$108,938	73.00
<b>SNB Bank, National Association</b>	<b>\$116,574</b>	<b>69.28</b>
The Bank of Beaver City	\$134,894	64.06
Oklahoma State Bank	\$52,581	54.26
Bank of Lavern	\$57,822	51.53
Farmers and Merchants Bank	\$51,965	36.41
The Stock Exchange Bank	\$252,408	34.64
The Perryton National Bank	\$171,878	30.39

*Source: Uniform Bank Performance Reports.*

### Lending in Assessment Area

SNB's lending in their AAs meets the standard for satisfactory performance. A majority of the agriculture loans and small business loans sampled were originated in the bank's AAs. This conclusion was based on a random sample of 99 loans originated during 2015, 2016, and through September 30, 2017. Fifty-one loans or 51.5 percent were originated within the bank's AAs. The low in/out ratio is a result of the bank having to purchase or originate loans outside of their AA given the weak loan demand within their AAs. The dollar volume of loans originated in the AAs was somewhat skewed given that three very large loans in the sample were outside of the AA and were the largest in the sample. See the following table for a details:

<b>Lending in AA</b>										
<b>Loan Type</b>	<b>Number of Loans</b>				<b>Dollars of Loans</b>					
	<b>Inside</b>		<b>Outside</b>		<b>Total</b>	<b>Inside</b>		<b>Outside</b>		<b>Total</b>
	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>		<b>\$</b>	<b>%</b>	<b>\$</b>	<b>%</b>	
Agriculture	22	44.90	27	55.10	49	2,542,470	43.43	3,311,874	56.71	5,854,344
Small Business	29	58.00	21	42.00	50	2,350,681	35.22	4,322,662	64.78	6,673,343
<b>Totals</b>	<b>51</b>	<b>51.51</b>	<b>48</b>	<b>48.49</b>	<b>99</b>	<b>4,893,152</b>	<b>39.06</b>	<b>7,634,536</b>	<b>60.94</b>	<b>12,527,687</b>

Source: Sample of loans.

# State Rating

## State of Oklahoma

### CRA rating for the State of Oklahoma: Satisfactory

Lending within the State of Oklahoma is Satisfactory. This conclusion is based on the full-scope evaluation of the Oklahoma AA area consisting of Ellis County.

- The borrower distribution of loans indicates excellent penetration among small businesses of different sizes and excellent penetration among small farms of different sizes.
- Geographic analysis was not conducted due to the lack of low- or moderate-income tracts within the AA.

### Description of Institution’s Operations in Oklahoma

The bank has one AA in Oklahoma. The AA consists of whole geographies and does not reflect illegal discrimination or arbitrarily exclude any low- or moderate-income geographies. All requirements of the CRA are satisfied.

The AA is comprised of the entirety of Ellis County. This county is located in the northwestern portion of Oklahoma and is made up of two remote, underserved middle-income census tracts, 9526 and 9528. The bank’s building location, drive-thru, and four ATMs are located within tract 9526. The table below summarizes the major demographic and economic characteristics of Ellis County based on 2010 US Census Data:

Demographic Information for Full-Scope Area: Ellis County						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	2	0.00	0.00	100.00	0.00	0.00
Population by Geography	4,151	0.00	0.00	100.00	0.00	0.00
Owner-Occupied Housing by Geography	1,372	0.00	0.00	100.00	0.00	0.00
Businesses by Geography	240	0.00	0.00	100.00	0.00	0.00
Farms by Geography	45	0.00	0.00	100.00	0.00	0.00
Family Distribution by Income Level	1,180	0.00	0.00	100.00	0.00	0.00
Distribution of Low- and Moderate-Income Families throughout AA Geographies	395	0.00	0.00	100.00	0.00	0.00
Median Family Income	= \$54,314	Median Housing Value				= \$66,789
HUD Adjusted Median Family Income for 2016	= \$51,600	Unemployment Rate				= 1.37%
Households Below the Poverty Level	= 10.34%					

(\* ) The NA category consists of geographies that have not been assigned an income classification.  
Source: 2010 U.S. Census, and 2016 HUD updated MFI.

The local economy is considered to be somewhat slow and stable at this time. The oil & gas and agriculture sectors are the major drivers of the local economy. Oil & gas has seen a significant downturn since the previous examination, while agriculture continues to be weak due to low commodity prices. Weaknesses in these two sectors was noted to have had a negative impact on loan demand in the county. As shown in the table, the area is sparsely populated and has a significant level of households below the poverty level at 10.34 percent, depressing consumer lending demand as well. Approximately 38 percent of households receive social security benefits, while 14 percent are in retirement. Major employers in the AA include the local school, hospital, and JW Oilfield Services. No major employers were noted to have left or entered the AA area since the previous examination.

In conducting the assessment of the bank's performance, a community contact was made with a member of the local school system. Credit needs in the area were noted to be primarily related to small businesses, agriculture, auto lending, and home loans. The contact indicated that the credit needs of the community are being adequately met by local financial institutions. SNB is considered to be an active member of the community and is responsive to the lending needs of the community.

## Scope of Evaluation in Oklahoma

Performance in the State of Oklahoma was solely based on performance in the Ellis County AA. The bank does not have any other AAs within the state.

To assess SNB's lending performance within the AA, a total of 20 agriculture loans and 20 small business loans originated, purchased, or renewed during the review period 2015, 2016, through September 30, 2017 were sampled.

## LENDING TEST

### Lending to Borrowers of Different Incomes and to Businesses of Different Sizes

The borrower distribution of loans indicates excellent lending penetration among small businesses and small farms of different sizes. The following tables represent the distribution based on the sample of 20 small business loans and 20 agricultural loans originated within SNB's AA during 2015, 2016, and through September 30, 2017.

<b>Borrower Distribution of Loans to Businesses in AA</b>				
<b>Business Revenues (or Sales)</b>	<b>≤\$1,000,000</b>	<b>&gt;\$1,000,000</b>	<b>Unavailable/ Unknown</b>	<b>Total</b>
% of AA Businesses	75.00%	7.92%	17.08%	100%
% of Bank Loans in AA by #	90.00%	10.00%	0.00%	100%
% of Bank Loans in AA by \$	93.18%	6.82%	0.00%	100%

*Source: Loan sample; Dunn and Bradstreet data.*

SNB's distribution of loans to small businesses is excellent. The percentage of loans sampled to small businesses with reported revenues of \$1 million or less exceeds the percentage of AA small businesses that reported revenues of \$1 million or less.

<b>Borrower Distribution of Loans to Farms in AA</b>				
<b>Business Revenues (or Sales)</b>	<b>≤\$1,000,000</b>	<b>&gt;\$1,000,000</b>	<b>Unavailable/ Unknown</b>	<b>Total</b>
% of AA Farms	100.00	0.00	0.00	100%
% of Bank Loans in AA by #	100.00	0.00	0.00	100%
% of Bank Loans in AA by \$	100.00	0.00	0.00	100%

*Source: Loan sample; Dunn and Bradstreet data.*

SNB's distribution of loans to small farms of different sizes is excellent with 100 percent of the loans originated by the bank having revenues of \$1 million or less.

### Responses to Complaints

There have been no consumer complaints pertaining to SNB's CRA performance during this evaluation period.

## State of Texas

### CRA rating for the Texas: Satisfactory

Lending within the State of Texas is Satisfactory. This conclusion is based on the full-scope evaluation of the AA consisting of Lipscomb County, Ochiltree County, and a single tract of Beaver County.

- The borrower distribution of loans indicates excellent penetration among small businesses of different sizes and good penetration among small farms of different sizes.
- Geographic analysis was not conducted due to the lack of low- or moderate-income tracts within the assessment area.

### Description of Institution's Operations in Texas

The bank has one AA in Texas. The AA consists of whole geographies and does not reflect illegal discrimination or arbitrarily exclude any low- or moderate-income geographies. All requirements of the CRA are satisfied.

The AA is comprised of the entirety of Lipscomb County and Ochiltree County and one tract of Beaver County. The Booker branch and its ATM are located in tract 9502 of Lipscomb County. Tract 9503 of Ochiltree County and tract 9503 of Lipscomb County are underserved, middle-income tracts. Two ATMs are located in convenience stores within tract 9501 of Ochiltree County and tract 9503 of Lipscomb County. The following table summarizes the major demographic and economic characteristics of the AA based on 2010 US Census Data:

Demographic Information for Full-Scope Area: Lipscomb, Ochiltree, and Beaver Counties						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	6	0.00	0.00	33.33	66.66	0.00
Population by Geography	14,852	0.00	0.00	33.82	66.18	0.00
Owner-Occupied Housing by Geography	3,731	0.00	0.00	32.30	67.70	0.00
Businesses by Geography	1,113	0.00	0.00	37.74	62.26	0.00
Farms by Geography	190	0.00	0.00	85.26	14.74	0.00
Family Distribution by Income Level	3,674	16.47	13.01	18.73	51.80	0.00
Distribution of Low- and Moderate-Income Families throughout AA Geographies	1,083	0.00	0.00	51.89	48.11	0.00
Median Family Income		Median Housing Value				
HUD Adjusted Median Family Income for 2016	= \$58,425	Unemployment Rate				= \$76,234
Households Below the Poverty Level	= \$52,267 = 14.44%					= 6.13%

(\*) The NA category consists of geographies that have not been assigned an income classification.  
Source: 2010 U.S. Census, and 2016 HUD updated MFI.

The local economy is considered stable at this time. Oil & gas is a major driver of the local economy, and the downturn has negatively impacted the local economy and loan demand. It was noted that that the Booker branch has had better loan demand than the main branch in Shattuck due to its relative "newness." The area has a significant level of households below the poverty level at 14.44 percent, which has had a negative impact on consumer lending in the area. Households on social security total 27 percent, while households in retirement total 12 percent. Major employers in the area include the local school, meat packing plant, government offices, and Fronk Oil.

In conducting the assessment of the bank's performance, a community contact was made with a member of the local school system. Credit needs in the area were noted to be primarily related to small businesses and small farms. Housing for low- and moderate-income borrowers was not noted to be a significant credit need at this time due to the relatively slow population growth. The contact indicated that the credit needs of the community are being adequately met by local financial institutions. SNB is considered to be an active member of the community and is responsive to the lending needs of the community.

## Scope of Evaluation in Texas

Performance in the State of Texas was solely based on the assessment area previously identified. The bank does not have any other AAs within the state.

To assess SNB's lending performance within the AA, a total of 20 agriculture loans and 20 small business loans originated, purchased, or renewed during the review period 2015, 2016, through September 30, 2017 were sampled.

## LENDING TEST

### Lending to Borrowers of Different Incomes and to Businesses of Different Sizes

The borrower distribution of loans indicates excellent lending penetration among small businesses of different sizes and good lending penetration among small farms of different sizes. The following tables represent the distribution based on the sample of 20 small business loans and 20 agricultural loans originated within SNB's AA during 2015, 2016, and through September 30, 2017.

<b>Borrower Distribution of Loans to Businesses in AA</b>				
<b>Business Revenues (or Sales)</b>	<b>≤\$1,000,000</b>	<b>&gt;\$1,000,000</b>	<b>Unavailable/ Unknown</b>	<b>Total</b>
% of AA Businesses	77.90%	5.75%	16.35%	100%
% of Bank Loans in AA by #	85.00%	15.00%	0.00%	100%
% of Bank Loans in AA by \$	81.30%	18.70%	0.00%	100%

*Source: Loan sample; Dunn and Bradstreet data.*

SNB's loan distribution to small businesses is excellent. The percentage of loans sampled to small businesses with reported revenues of \$1 million or less exceeds the percentage of AA small businesses that reported revenues of less than \$1 million in the AA.

<b>Borrower Distribution of Loans to Farms in AA</b>				
<b>Business Revenues (or Sales)</b>	<b>≤\$1,000,000</b>	<b>&gt;\$1,000,000</b>	<b>Unavailable/ Unknown</b>	<b>Total</b>
% of AA Farms	96.32%	1.58%	2.11%	100%
% of Bank Loans in AA by #	95.00%	5.00%	0.00%	100%
% of Bank Loans in AA by \$	96.80%	3.20%	0.00%	100%

*Source: Loan Sample; Dunn and Bradstreet data.*

Distribution of loans to small farms of different sizes is good. The percentage of loans sampled to small farms with reported revenues of \$1 or less is near to the percentage of small farms in the AA that reported revenues of \$1 million or less.

## **Responses to Complaints**

There have been no consumer complaints pertaining to SNB's CRA performance during this evaluation period.

## Appendix A: Scope of Examination

The following table identifies the time period covered in this evaluation, affiliate activities that were reviewed, and loan products considered. The table also reflects the metropolitan and nonmetropolitan areas that received comprehensive examination review (designated by the term “full-scope”) and those that received a less comprehensive review (designated by the term “limited-scope”).

<b>Time Period Reviewed</b>	Lending Test (excludes CD loans): (1/1/15 to 9/30/17) Investment and Service Tests and CD Loans: Not Applicable	
<b>Financial Institution</b>	<b>Products Reviewed</b>	
SNB Bank Shattuck, OK	Agriculture & Small business Lending	
<b>Affiliate(s)</b>	<b>Affiliate Relationship</b>	<b>Products Reviewed</b>
<i>[Instructions: Provide only if affiliate products are reviewed.]</i>		
Not Applicable	Not Applicable	Not Applicable
<b>List of Assessment Areas and Type of Examination</b>		
<b>Assessment Area</b>	<b>Type of Exam</b>	<b>Other Information</b>
Ellis County	Full-Scope	
Lipscomb, Ochiltree, Beaver Counties	Full-Scope	

## Appendix B: Summary of Multistate Metropolitan Area and State Ratings

<b>RATINGS</b>	
<b>Overall Bank:</b>	<b>Lending Test Rating</b>
SNB Bank	Satisfactory
<b>Multistate Metropolitan Area or State:</b>	
Oklahoma	Satisfactory
Texas	Satisfactory

# Appendix C: Community Profiles for Full-Scope Areas

## State of Oklahoma

### Ellis County

Demographic Information for Full-Scope Area: Ellis County							
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #	
Geographies (Census Tracts/BNAs)	2	0.00	0.00	100.00	0.00	0.00	
Population by Geography	4,151	0.00	0.00	100.00	0.00	0.00	
Owner-Occupied Housing by Geography	1,372	0.00	0.00	100.00	0.00	0.00	
Businesses by Geography	240	0.00	0.00	100.00	0.00	0.00	
Farms by Geography	45	0.00	0.00	100.00	0.00	0.00	
Family Distribution by Income Level	1,180	0.00	0.00	100.00	0.00	0.00	
Distribution of Low- and Moderate-Income Families throughout AA Geographies	395	0.00	0.00	100.00	0.00	0.00	
Median Family Income HUD Adjusted Median Family Income for 2016 Households Below the Poverty Level	= \$54,314 = \$51,600 = 10.34%	Median Housing Value Unemployment Rate			= \$66,789 = 1.37%		

(\*) The NA category consists of geographies that have not been assigned an income classification.  
Source: 2010 U.S. Census, and 2016 HUD updated MFI.

# State of Texas

## Lipscomb, Ochiltree, and Beaver Counties

Demographic Information for Full-Scope Area: Lipscomb, Ochiltree, and Beaver Counties						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	6	0.00	0.00	33.33	66.66	0.00
Population by Geography	14,852	0.00	0.00	33.82	66.18	0.00
Owner-Occupied Housing by Geography	3,731	0.00	0.00	32.30	67.70	0.00
Businesses by Geography	1,113	0.00	0.00	37.74	62.26	0.00
Farms by Geography	190	0.00	0.00	85.26	14.74	0.00
Family Distribution by Income Level	3,674	16.47	13.01	18.73	51.80	0.00
Distribution of Low- and Moderate-Income Families throughout AA Geographies	1,083	0.00	0.00	51.89	48.11	0.00
Median Family Income HUD Adjusted Median Family Income for 2016 Households Below the Poverty Level	= \$58,425 = \$52,267 = 14.44%	Median Housing Value Unemployment Rate			= \$76,234 = 6.13%	

(\*) The NA category consists of geographies that have not been assigned an income classification.  
Source: 2010 U.S. Census, and 2016 HUD updated MFI.