



## **PUBLIC DISCLOSURE**

June 11, 2018

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

The First National Bank of Lindsay  
Charter Number 6171

101 South Main  
Lindsay, OK 73052

Office of the Comptroller of the Currency  
The Harvey Parkway Building  
301 NW 63rd Street, Suite 490  
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.

## Table of Contents

<b>OVERALL CRA RATING.....</b>	<b>3</b>
<b>DEFINITIONS AND COMMON ABBREVIATIONS.....</b>	<b>4</b>
<b>DESCRIPTION OF INSTITUTION .....</b>	<b>8</b>
<b>SCOPE OF THE EVALUATION .....</b>	<b>9</b>
<b>DISCRIMINATORY OR OTHER ILLEGAL CREDIT PRACTICES REVIEW .....</b>	<b>9</b>
<b>CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS.....</b>	<b>10</b>
<b>LENDING TEST .....</b>	<b>10</b>
<b>APPENDIX A: SCOPE OF EXAMINATION.....</b>	<b>A-1</b>
<b>APPENDIX B: COMMUNITY PROFILES FOR FULL-SCOPE AREAS.....</b>	<b>B-1</b>

## Overall CRA Rating

### The Lending Test is rated: Satisfactory

Major factors that support this rating include:

- A majority of the loans sampled were originated or purchased within the bank's assessment area.
- The bank's loan-to-deposit ratio is reasonable and meets the standard for satisfactory performance.
- The borrower distribution of loans reflects excellent penetration among businesses and agricultural operations of different sizes and exceeds the standard for satisfactory performance.

The First National Bank of Lindsay (FNB), Oklahoma, is committed to serving the community. This is demonstrated by satisfactory lending performance as described in this Public Evaluation.

## 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

FNB is a community bank located in Lindsay, Oklahoma. FNB is wholly-owned by First Lindsay Corp., a one-bank holding company. FNB has a single operating facility located at 101 S Main Street in Lindsay. The facility includes drive-thru banking services and the bank's single Automated Teller Machine (ATM). No branch locations have been opened or closed since the prior CRA examination.

FNB's primary focus is to serve agricultural and consumer customers in Lindsay and surrounding area. FNB is a full-service institution providing traditional loan and deposit products to meet community needs. As of March 31, 2018, total bank assets amounted to \$54.9 million and the gross loans and leases to total assets ratio equaled 60 percent. FNB's loan portfolio composition is depicted in the following table:

<b>Loan Portfolio Composition as of March 31, 2018</b>		
<b>Loan Category</b>	<b>\$(000)</b>	<b>%</b>
Business Loans & Related Real Estate	\$19,394	58.5%
Agricultural Loans & Related Real Estate	\$4,776	14.5%
Residential	\$6,239	18.8%
Individual	\$1,781	5.4%
Other	\$943	2.8%
<b>Total</b>	<b>\$33,133</b>	<b>100.0%</b>

*Source: 03/31/18 Call Report Schedule RC-C*

There are no legal or financial impediments to FNB's ability to meet the credit needs of its assessment area (AA). The bank was rated Satisfactory at its last CRA examination dated October 22, 2012.

## **Scope of the Evaluation**

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

FNB was evaluated under the Small Bank examination procedures, which include a lending test. The lending test evaluates the bank's record of meeting the credit needs of its AA through its lending activities. The bank's lending activity during the evaluation period was compared to 2010 U.S. Census demographic information and certain information updated by the 2015 American Community Survey (ACS). The bank's AA was reviewed and includes census tracts located in two adjacent counties: Garvin County and Stephens County.

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

FNB products sampled include business and agricultural loans together with associated real estate loans. These lending products were sampled from 2015, 2016, and 2017. Lending in 2015 and 2016 was compared to 2010 U.S. Census data and lending in 2017 was compared to updated ACS data.

## **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 Tests

### LENDING TEST

The bank’s performance under the Lending Test is rated **Satisfactory**.

This evaluation assesses FNB’s performance focusing primarily on five performance criteria: the loan-to-deposit ratio; lending in the assessment area; lending to borrowers of different incomes and to businesses of different sizes; geographic distribution of loans; and responses to CRA related complaints. Since FNB’s AA does not include any low- or moderate-income census tracts, a geographic distribution of loans within the AA would not be meaningful and was not performed. Additionally, lending to consumer borrowers of different incomes is not evaluated given FNB’s two primary loan products are agricultural and commercial related loans.

To assess FNB’s lending performance, a total of 25 agricultural loans and 30 commercial loans originated during 2015 and 2016 were evaluated. Additionally, a total of 25 agricultural loans and 26 commercial loans originated during 2017 were evaluated. Based on the analysis and consistent with available resources and capabilities, FNB is meeting the credit needs of the AA in a satisfactory manner.

#### Loan-to-Deposit Ratio

FNB’s loan-to-deposit (LTD) ratio is reasonable and meets the standards for satisfactory performance. The average quarterly LTD ratio is 47 percent for the period ranging from March 2012 to March 2018. The ratio has steadily increased over the assessment period and currently stands at 67 percent. The ratios of four similarly situated banks were evaluated over the same period. The quarterly average LTD ratio for the other institutions is 54 percent with a range from 28 percent to 72 percent.

Loan-to-Deposit Ratio		
Institution	Total Assets \$000's (As of 3/31/18)	Average Loan to Deposit Ratio
<b>The First National Bank of Lindsay, Lindsay, OK</b>	<b>\$54,902</b>	<b>46.99%</b>
American Exchange Bank, Lindsay, OK	\$66,131	28.03%
Farmers and Merchants Bank, Maysville, OK	\$20,658	52.74%
The State Bank of Wynnewood, Wynnewood, OK	\$87,886	62.78%
The First National Bank in Marlow, Marlow, OK	\$62,451	72.24%

*Source: Institution Reports of Condition from March 31, 2012 to March 31, 2018.*

**Lending in Assessment Area**

FNB’s lending in their AA meets the standard for satisfactory performance. A majority of the number and the dollar amount of commercial and agricultural loans were originated in FNB’s AA. This conclusion is based on a random sample of 56 commercial loans and 50 agricultural loans that were originated from 2015 to 2017. The following table depicts FNB’s lending in their AA during this time period:

<b>Lending Inside and Outside of the Assessment Area</b>										
Loan Category	Number of Loans				Total #	Dollar Amount of Loans				Total (000s)
	Inside		Outside			Inside		Outside		
	#	%	#	%		\$	%	\$	%	
Small Business	45	80	11	20	56	2,675	86	431	14	3,106
Small Farm	41	82	9	18	50	1,476	70	642	30	2,118
<b>Total</b>	86	81	20	19	106	4,151	79	1,073	21	5,224

Source: 01/01/2015-12/31/2017 Bank Data

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

Distribution of loans reflects excellent penetration and exceeds the standard for satisfactory performance for lending among businesses and agricultural operations of different sizes.

FNB’s distribution to agricultural operations of different sizes reflects excellent penetration and exceeds the standard for both 2015-2016 and 2017. All sampled agricultural loans originated or purchased were to small operations with annual gross revenues of less than \$1 million. This percentage exceeds the percentage of farms with revenues less than \$1 million located in the AA.

<b>Borrower Distribution of Loans to Farms in FNB’s AA 2015-2016</b>				
Business Revenues (or Sales)	≤ \$1,000,000	>\$1,000,000	Unavailable / Unknown	Total
% of AA Farms	98%	1%	1%	100%
% of Bank Loans in AA by #	100%	0%	0%	100%
% of Bank Loans in AA by \$	100%	0%	0%	100%

Source: Dunn & Bradstreet Data; Agriculture Loan Sample

<b>Borrower Distribution of Loans to Farms in FNB's AA 2017</b>				
Business Revenues (or Sales)	≤ \$1,000,000	>\$1,000,000	Unavailable / Unknown	Total
% of AA Farms	98%	1%	1%	100%
% of Bank Loans in AA by #	100%	0%	0%	100%
% of Bank Loans in AA by \$	100%	0%	0%	100%

Source: Dunn & Bradstreet Data; Agriculture Loan Sample

FNB's distribution of loans to businesses of different sizes reflects excellent penetration and exceeds the standard for both 2015-2016 and 2017. The percentage of loans originated to small business with annual gross revenues of less than \$1 million exceeds the percentage of businesses with revenues less than \$1 million located in the AA.

<b>Borrower Distribution of Loans to Businesses in FNB's AA 2015-2016</b>				
Business Revenues (or Sales)	≤ \$1,000,000	>\$1,000,000	Unavailable / Unknown	Total
% of AA Businesses	66%	34%	0%	100%
% of Bank Loans in AA by #	96%	4%	0%	100%
% of Bank Loans in AA by \$	77%	23%	0%	100%

Source: Dunn & Bradstreet Data; Business Loan Sample

<b>Borrower Distribution of Loans to Businesses in FNB's AA 2017</b>				
Business Revenues (or Sales)	≤ \$1,000,000	>\$1,000,000	Unavailable / Unknown	Total
% of AA Businesses	91%	9%	0%	100%
% of Bank Loans in AA by #	95%	5%	0%	100%
% of Bank Loans in AA by \$	81%	19%	0%	100%

Source: Dunn & Bradstreet Data; Business Loan Sample

### Geographic Distribution of Loans

An analysis of the geographic distribution of loans sampled would not be meaningful since there are no low- or moderate-income census tracts in FNB's AA.

### Responses to Complaints

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

## Appendix A: Scope of Examination

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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: (03/31/12 to 06/11/18)	
<b>Financial Institution</b>	<b>Products Reviewed</b>	
The First National Bank of Lindsay (FNB) Lindsay, Oklahoma	Agricultural Commercial	
<b>List of Assessment Areas and Type of Examination</b>		
<b>Assessment Area</b>	<b>Type of Exam</b>	<b>Other Information</b>
Oklahoma Oklahoma Non-MSA	Full Scope	

## Appendix B: Community Profiles for Full-Scope Areas

FNB's AA consists of contiguous portions of two political subdivisions; Garvin County and Stephens County. The AA does not reflect illegal discrimination or arbitrarily exclude any low- or moderate-income geographies. All requirements of the CRA regulation are satisfied.

FNB's AA is comprised of five census tracts in Garvin County (#6814, #6816, #6817, #6818, #6819) and two census tracts in Stephens County (#00009.01, #00009.02). The bank's building location, drive-thru, and ATM are located within census tract #6818 which is the northwest portion of Garvin County.

The following table describes major demographic and economic characteristics of the AA, based on 2010 U.S. Census data. This information was used to analyze 2015 and 2016 loan data.

Demographic Information of the Assessment Area						
Assessment Area: Garvin and Stephens County AA, 2010 Census						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	7	0.0	0.0	71.4	28.6	0.0
Population by Geography	23,702	0.0	0.0	64.2	35.8	0.0
Housing Units by Geography	10,635	0.0	0.0	66.2	33.8	0.0
Owner-Occupied Units by Geography	6,831	0.0	0.0	63.0	37.0	0.0
Occupied Rental Units by Geography	1,811	0.0	0.0	66.3	33.7	0.0
Vacant Units by Geography	1,993	0.0	0.0	77.4	22.6	0.0
Businesses by Geography	1,156	0.0	0.0	66.0	34.0	0.0
Farms by Geography	97	0.0	0.0	70.1	29.9	0.0
Family Distribution by Income Level	6,318	17.1	19.2	18.7	44.9	0.0
Household Distribution by Income Level	8,642	21.8	14.2	17.9	46.1	0.0
Median Family Income Non-MSAs - GA		\$47,749	Median Housing Value			\$75,778
			Median Gross Rent			\$555
			Families Below Poverty Level			10.3%

Source: 2010 U.S. Census and 2016 D&B Data

Due to rounding, totals may not equal 100.0

(\* The NA category consists of geographies that have not been assigned an income classification.

The following table describes major demographic and economic characteristics of the AA, based on 2015 American Community Survey (ACS) data. ASC is a nationwide survey conducted by the U.S. Census Bureau that updates the decennial census to provide communities with more current and accurate demographic, social, economic, and housing data. This updated information was used to analyze 2017 loan data.

Demographic Information of the Assessment Area						
Assessment Area: Garvin and Stephens County AA, 2015 ACS						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	7	0.0	0.0	85.7	14.3	0.0
Population by Geography	23,997	0.0	0.0	91.8	8.2	0.0
Housing Units by Geography	10,804	0.0	0.0	92.3	7.7	0.0
Owner-Occupied Units by Geography	6,574	0.0	0.0	90.6	9.4	0.0
Occupied Rental Units by Geography	2,618	0.0	0.0	96.6	3.4	0.0
Vacant Units by Geography	1,612	0.0	0.0	92.4	7.6	0.0
Businesses by Geography	1,101	0.0	0.0	96.4	3.6	0.0
Farms by Geography	98	0.0	0.0	94.9	5.1	0.0
Family Distribution by Income Level	6,321	20.9	17.3	17.8	44.0	0.0
Household Distribution by Income Level	9,192	24.1	13.6	16.9	45.4	0.0
Median Family Income Non-MSAs - OK		\$51,968	Median Housing Value		102,350	
			Median Gross Rent		607	
			Families Below Poverty Level		12.3%	

*Source: 2015 ACS Census and 2017 D&B Data  
 Due to rounding, totals may not equal 100.0  
 (\*) The NA category consists of geographies that have not been assigned an income classification.*

The total population of the AA is 23,997 persons. Although there are no low- or moderate-income census tracts in the AA, there are low- and moderate-income families. Of the 6,321 families in the AA, 21 percent are low-income and 17 percent are moderate-income. Of the 9,192 households in the AA, 17 percent are below the poverty level and 40 percent are on social security or public assistance.

The state of the local economy for the AA is good. The local economy continues to be driven by the energy and agriculture markets. The recent rebound in oil prices has benefitted local energy companies. Unemployment is low at 4.59 percent. Major employers in the area include Lindsay Public Schools, the City of Lindsay, Rural Electric Cooperative, Homer Rinehart, and the local hospital.

In conjunction with this CRA examination, we interviewed a community contact in order to gain information regarding Lindsay's economic profile, community demographics, and the role financial institutions play in the community.

The contact indicated that the economy of the AA is largely driven by the oil and gas industry. The recent uptick in oil and gas activity has led to an improved economic outlook. The demand for housing in the area has been on the rise as well. The contact also indicated that credit needs in the area are being satisfied by local lenders and financial services are available to all members of the community.