



PUBLIC DISCLOSURE

August 17, 2015

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

First National Bank and Trust Company of Ardmore
Charter Number 13677

405 West Main Street
Ardmore, OK 73401

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, 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.

INSTITUTION'S CRA RATING: This institution is rated "Satisfactory".

The Lending Test is rated: Satisfactory

The Community Development Test is rated: Satisfactory

The major factors supporting the institution's rating include the following:

- A substantial majority of the bank's loans were originated within the bank's assessment area (AA);
- The loan-to-deposit ratio is reasonable and meets the standard for satisfactory performance;
- The bank's distribution of loans reflects a reasonable penetration to individuals and businesses of different income levels and meets the standard for satisfactory performance;
- The geographic distribution of loans reflects a reasonable dispersion throughout the AA and meets the standard for satisfactory performance; and,
- First National Bank & Trust Company's community development performance demonstrates adequate responsiveness to the community development needs of its AA.

Scope of Examination

This Intermediate Small Bank 2015 Performance Evaluation of First National Bank & Trust Company of Ardmore (FNB) is based on a comparison of the bank's lending activity during the evaluation period to 2010 US Census demographic information and certain information updated to 2014. The bank's AA for this evaluation included 31 census tracts in southern Oklahoma. Conclusions regarding the Lending Test are based on data from a sample of commercial, residential real estate, and farm loans originated in 2013, 2014, and as of March 31, 2015. Conclusions regarding the Community Development Test are based on community development activities from May 30, 2012 through August 17, 2015.

A Data Integrity examination was conducted in May 2015 to evaluate the bank's policies and processes for compliance with the Community Reinvestment Act (CRA) and its community development activities. We found these processes were effective. The Bank is not subject to the data collection rules of the Home Mortgage Disclosure Act since none of its banking centers are located in a metropolitan statistical area (MSA).

Description of Institution

FNB is a \$510 million institution that is headquartered in Ardmore, Oklahoma, located in South Central Oklahoma. FNB is a subsidiary of The First National Corporation of Ardmore, Inc., a one-bank holding company headquartered in Ardmore, Oklahoma.

The main bank is located at 405 West Main Street and the detached drive-in facility with an ATM is located across the street. FNB has a total of eight locations that are all located within the state of Oklahoma and within its AA. No branches have been opened or closed since the previous CRA evaluation. However, the lobby of the 12th Street branch was closed in September 2014. In April of 2015, the bank added a loan production office (LPO) in Norman that is outside the bank's AA and located in the OKC MSA. The tables below provide information on FNB's branch and ATM locations. All of the branch locations have a drive-in facility.

FNB'S BRANCH LOCATIONS		
Location	Address	City
Main Bank	405 West Main Street	Ardmore
Broadway Branch	1226 West Broadway	Ardmore
12 th Street Branch (Drive-In Facility only)	1402 12 th Street North West	Ardmore
Lone Grove Branch	Highway 70 & Newport Road.	Lone Grove
Marietta Branch	1101 Memorial Drive	Marietta
Ringling Branch	125 West Main	Ringling
Sulphur Branch	2013 West Broadway	Sulphur
Velma Branch	4 th & Main Street	Velma

FNB'S ATM LOCATIONS		
Location	Address	City
Main Bank Drive-In Facility	115 D Street NW	Ardmore
Broadway Branch	1226 West Broadway	Ardmore
12 th Street Branch	1402 12 th Street North West	Ardmore
OK One Stop (ATM only)	2500 West Broadway	Ardmore
Lone Grove Branch	Highway 70 & Newport Road	Lone Grove
Marietta Branch	1101 Memorial Drive	Marietta
Ringling Branch	125 West Main Street	Ringling
Speedy G's Store (ATM only)	31298 US Hwy 7	Ringling
Sulphur Branch	2013 West Broadway	Sulphur
Speedy G's Store (ATM only)	102 Purdue Street	Velma
Velma Branch	4th & Main Street	Velma

The bank's primary focus is to serve commercial and consumer customers located in the AA. The primary strategy for the LPO is direct commercial lending and some 1-4 family residential real estate lending. FNB meets these needs by providing various types of loan and deposit products and services, as well as Internet Banking, Telephone Banking, and full Trust and Asset Management services. The bank has recently added Mobile Banking. Through a third-party

provider, the bank also sells nondeposit investment products to retail customers. The bank lobby services are provided Monday through Friday at all locations. All locations have Saturday drive-in services except the Velma branch. The ability to lend in its AA continues to be impacted by very strong competition from a substantial number of other banks and financial institutions or branches of those institutions.

As of June 30, 2015, FNB's total assets equaled \$510 million, of which \$214 million or 42 percent were comprised of various types of loans to individuals, commercial businesses, and commercial and residential real estate. Specifically, the bank's loan portfolio consists of the following:

LOAN CATEGORY	\$ (000)	%
Commercial Real Estate	\$72,634	33.91%
Commercial and Industrial	\$43,872	20.49%
Residential Real Estate	\$44,173	20.63%
Agricultural	\$26,450	12.35%
Individual Loans	\$17,591	8.21%
Other	\$9,447	4.41%
Total	\$214,167	100.00%

There are no legal, financial, or other factors impeding the bank's ability to help meet the credit needs of the AA. FNB is involved in and provides support to meet the community's financial needs. The bank received an overall rating of "*Satisfactory*" at the last CRA evaluation dated May 29, 2012.

Description of Assessment Area

The assessment area adopted by FNB consists of whole geographies, does not reflect illegal discrimination, and does not arbitrarily exclude low- or moderate-income geographies. It meets the requirements of the CRA regulation.

FNB's AA consists of 31 contiguous census tracts in five different Oklahoma counties: Carter, Jefferson, Love, Murray, and Stephens Counties. None of these counties are located in an MSA. Of the thirty-one census tracts in FNB's AA, no tracts are low-income, five tracts are moderate-income, 20 tracts are middle-income, and six tracts are upper-income. Two of the middle-income tracts in Jefferson County are designated distressed and underserved nonmetropolitan geographies. The main bank and five of the branches are located in middle-income census tracts, with the Ringling branch located in one of the distressed and underserved middle-income tracts. The two branches in Ardmore are located in upper-income census tracts.

The following table describes major demographic and economic characteristics of the AA, based on 2010 US Census data.

DEMOGRAPHIC AND ECONOMIC CHARACTERISTICS OF AA	
Population	
Number of Families	32,332
Number of Households	46,744
Geographies	
Number of Census Tracts	31
% Low-Income Census Tracts	0.00%
% Moderate-Income Census Tracts	16.13%
% Middle-Income Census Tracts	64.52%
% Upper-Income Census Tracts	19.35%
Median Family Income (MFI)	
2010 MFI for AA	\$50,252
2014 HUD-Adjusted MFI	\$51,200
Economic Indicators	
2010 Median Housing Value	\$80,917
% Of Households Below Poverty Level	14.87%

Source: 2010 U.S. Census data and 2014 HUD updated income data.

According to the 2010 US Census data, FNB's AA has a population of 121,988 people. Although there are not any low-income census tracts in the AA, there are low- and moderate-income families in the AA. Of the 32,332 families, 17 percent are low-income families and 18 percent are moderate-income families. The AA contains 56,274 housing units with 35,000 or 62 percent being owner occupied. Households below the poverty level are 15 percent and households that receive public assistance total 3 percent.

The local economy is considered stable and unemployment continues to be below national levels. Ardmore serves as the primary retail center for a seven county area of Southern Oklahoma. Over 400 general merchandise and specialty stores create retail sales of approximately \$505 million per year. Manufacturing, healthcare, wholesale distribution, agriculture, energy, and retail merchandizing are among the leading sources of income for the area. Michelin North America, Mercy Memorial Health Center, Dollar General Distribution Center, and Wal-Mart Supercenter are the largest employers in Ardmore and the surrounding communities. The Chickasaw Nation has several locations in the AA that provide employment opportunities. Valero Energy Corporation also has a large facility in Ardmore. The Ardmore Development Authority owns and operates four industrial parks.

Ardmore also has a growing research and development community. The Samuel Roberts Noble Foundation is highly regarded worldwide for research in biomedicine, plant biology, and agriculture. The Foundation conducts plant science and agricultural research that assists farmers and ranchers. The programs enhance agricultural productivity regionally, nationally, and internationally.

The fall in oil prices is slowing the energy and related industries. Some of the communities in the AA have not been affected as much as others. The unemployment rate for Ardmore in June 2015 was 4.8 percent, slightly below the national unemployment rate of 5.3 percent. Unemployment rates for Sulphur, Lone Grove, and Marietta are also in the 4 percent range and below the national average. However, the unemployment rates for Velma and Ringling recently increased and are now 6.1 percent and 6.5 percent.

The community credit needs and business opportunities are also served by several other national and state chartered banks, as well as branches of those institutions which are located in the AA. The community contacts confirmed banking in South Central Oklahoma is competitive and that the banks were involved in the community and have been very supportive of the programs.

Community contacts conducted with organizations that provide support and services in the bank’s AA were reviewed to help ascertain the credit needs of the AA. One contact thought there was an increasing need for services for low- and moderate-income residents, specifically with a growing need for affordable housing.

Conclusions with Respect to Performance Tests

LENDING TEST

The bank’s performance under the Lending Test is rated “*Satisfactory*”. This Performance Evaluation assesses FNB’s performance focusing primarily on five performance criteria: the loan-to-deposit ratio; lending in the AA; lending to borrowers of different incomes and to businesses of different sizes; geographic distribution of loans; and responses to CRA related complaints.

To evaluate FNB’s lending performance, the major loan products offered by the bank were evaluated. A random sample of 30 commercial loans, 30 residential real estate loans, and 30 farm loans that originated from January 1, 2013, through March 31, 2015, was selected. 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 standard for satisfactory performance. The bank’s LTD ratio at June 30, 2015 was 51 percent, which reflects a 5 percent increase from June 30, 2014. The bank’s average quarterly LTD ratio from June 30, 2012, through June 30, 2015, was 48 percent. This average was compared to the average of five similar banks located in FNB’s AA or the surrounding areas, with total assets between \$350 million and \$675 million, for the same time period. These average LTD ratios are listed in the following table.

LOAN-TO-DEPOSIT RATIOS		
Institution	Total Assets as of 6/30/15 (000's)	Average LTD Ratio
<i>First National Bank & Trust Company of Ardmore, OK</i>	<i>\$507,917</i>	<i>47.50%</i>
First National Bank & Trust Company of McAlester, OK	\$457,226	49.91%
American National Bank, Ardmore, OK	\$365,006	56.64%
First Bank & Trust Company, Duncan, OK	\$606,468	71.31%
The First National Bank and Trust Company, Chickasha, OK	\$509,150	74.65%
Vision Bank, National Association, Ada, OK	\$658,429	79.07%

Source: Institution Reports of Condition from June 30, 2012 to June 30, 2015.

FNB's LTD ratio is less than the average of the five comparable banks of 66 percent. The bank's lower average LTD ratio is partially attributed to the bank's history of conservative operations and their limited lending outside the AA. Also contributing to the lower ratio is the growth in deposits that the bank has not been able to match with loan growth. Some of the deposit growth is the result of increased deposits from the oil and gas industry, which has also reduced the need to borrow for many individuals and businesses.

While similar to our bank, some of the comparable banks have mortgage departments and/or locations in a MSA or the larger surrounding communities, which produces more lending opportunities. This is the case for the comparable Ardmore bank that has two branches in the Dallas/Fort Worth MSA. FNB's LTD ratio is not far below the other Ardmore bank's average LTD ratio. The Ardmore market is also faced with strong competition from several other financial institutions. In an effort to increase loans, FNB opened a LPO in Norman, Oklahoma in April 2015. The LPO is in the Oklahoma City MSA.

Lending in Assessment Area

FNB's lending in its AA exceeds the standard for satisfactory performance. A substantial majority of the number and dollar amount of commercial/business, residential real estate, and farm loans were originated within the bank's AA. As depicted in the table below, 93.33 percent of the number and 89.82 percent of the dollar amount of loans were originated in FNB's AA.

LENDING IN FNB'S AA										
Loan Type	Number of Loans					Dollars of Loans (000's)				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	
Commercial	29	96.67%	1	3.33%	30	7,765	99.20%	63	0.80%	7,828
Residential Real Estate	28	93.33%	2	6.67%	30	4,389	77.52%	1,272	22.48%	5,661
Agricultural	27	90.00%	3	10.00%	30	2,645	88.52%	343	11.48%	2,988
Totals	84	93.33%	6	6.67%	90	14,799	89.82%	1,678	10.18%	16,477

Source: Loan Samples.

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

The overall distribution of loans in the bank's AA indicates reasonable penetration. FNB meets the standard for satisfactory performance for lending to borrowers of different incomes and businesses of different sizes. The following tables represent the distribution of lending based on the sample of 28 residential real estate, 29 commercial, and 27 farm loans extended within the AA.

The bank's distribution of home mortgage loans is reasonable. The percentage of home mortgage loans to low- and moderate-income borrowers is near the percentage of low- and moderate-income families in the AA. This performance is reasonable in light of the fact that these families have a difficult time qualifying for conventional home mortgage products.

BORROWER DISTRIBUTION OF RESIDENTIAL REAL ESTATE LOANS IN FNB'S AA								
Borrower Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans
Home Mortgage	17.39%	14.29%	18.19%	14.29%	21.39%	14.29%	43.03%	57.13%

Source: Loan sample; U.S. Census data.

The bank's borrower distribution of businesses with revenues of \$1 million or less is excellent. The percentage of bank loans by number and dollar exceeds the percentage of reporting businesses with revenues of \$1 million or less in the AA. Note that 26 percent of the businesses in the AA did not report income data.

BORROWER DISTRIBUTION OF LOANS TO BUSINESSES IN FNB'S AA				
Business Revenues (or Sales)	≤\$1,000,000	>\$1,000,000	Unavailable/Unknown	Total
% of AA Businesses	68.82%	4.93%	26.25%	100%
% of Bank Loans in AA by #	72.41%	27.59%	0.00%	100%
% of Bank Loans in AA by \$	77.84%	22.16%	0.00%	100%

Source: Loan sample; Dunn and Bradstreet data.

The bank's borrower distribution of farms with revenues of \$1 million or less is reasonable. The percentage of bank loans by number and dollar is near the percentage of reporting farms with revenues of \$1 million or less in the AA. Note that less than one percent of the farms in the AA did not report income data.

BORROWER DISTRIBUTION OF LOANS TO FARMS IN FNB'S AA				
Business Revenues (or Sales)	≤\$1,000,000	>\$1,000,000	Unavailable/Unknown	Total
% of AA Farms	99.02%	.059%	0.39%	100%
% of Bank Loans in AA by #	85.18%	14.82%	0.00%	100%
% of Bank Loans in AA by \$	82.89%	17.11%	0.00%	100%

Source: Loan sample; Dunn and Bradstreet data.

Geographic Distribution of Loans

FNB's overall geographic distribution of residential real estate, business, and farm loans in the AA is reasonable and meets the standard for satisfactory performance; in light of the mitigating factors. There are no low-income census tracts in FNB's AA and only five moderate-income tracts, representing 16.13 percent of the tracts in the AA. Two of the five moderate-income tracts are located in Duncan, OK, which became part of the bank's AA with the acquisition of the Velma, OK location. The Velma branch is a small rural branch that has limited market share in the town of Duncan. Duncan is located 20 miles west of the Velma branch and has several financial institutions serving those tracts. Another one of the five moderate-income tracts is located in a rural area of Jefferson County, several miles west of the Ringling branch. The

Ringling location is a small rural branch that has limited market share to the west or around the town of Waurika. Waurika and the western portion of the county are also served by other financial institutions.

Although not apparent in our sampled loans, the bank is originating loans in the moderate-income tracts in the AA and in the two distressed and underserved middle-income tracts in the AA. In our sample of 84 loans located in the AA, nine loans (11 percent) were originated in the two middle-income census tracts in Jefferson County that are designated as distressed and underserved areas. Based on FNB’s 18 month internal analysis of residential real estate, business, and farm loans originated in 2014 and year-to-date June 30, 2015; 50 loans for \$4.5 million were originated in the moderate-income tracts in the AA. For the same period, 170 loans for \$31.6 million were originated in the two distressed and underserved middle-income tracts in the AA. As a result of the above factors, less weight was given to the geographic distribution and more weight was given the income distribution when assessing the bank’s overall lending performance.

The geographic distribution of home mortgage loans reflects a poor dispersion. The distribution of home mortgage loans located in moderate-income census tracts is zero compared to the percentage of owner-occupied housing in the AA. No penetration is partly due to the relatively low level of owner occupied housing in the moderate-income tracts and the other factors discussed above. Additionally, the business and farm loan samples and internal bank analysis indicate that the bank is extending loans in the moderate-income census tracts in the AA.

GEOGRAPHIC DISTRIBUTION OF RESIDENTIAL REAL ESTATE LOANS IN FNB’S AA								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan type	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans
Home Mortgage	0.00%	0.00%	12.84%	0.00%	64.18%	96.43%	22.98%	3.57%

Source: Loan sample; U.S. Census data.

The geographic distribution of small business loans reflects a poor dispersion. The distribution of business loans located in moderate-income census tracts is low compared to the percentage of small businesses located in those tracts. However, this is mitigated by the small number of moderate-income tracts, the location of those tracts in the AA, and other factors as noted above.

GEOGRAPHIC DISTRIBUTION OF LOANS TO BUSINESSES IN FNB’S AA								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans
Small Business Loans	0.00%	0.00%	11.84%	3.45%	68.84%	89.66%	19.32%	6.89%

Source: Loan sample; Dunn and Bradstreet data.

The geographic distribution of farm loans reflects a poor dispersion. The distribution of farm loans located in moderate-income census tracts is low compared to the percentage of farms located in those tracts. However, this is mitigated by the small number of moderate-income tracts, the location of those tracts in the AA, and other factors as noted above.

GEOGRAPHIC DISTRIBUTION OF LOANS TO FARMS IN FNB'S AA								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Farms	% of Number of Loans	% of AA Farms	% of Number of Loans	% of AA Farms	% of Number of Loans	% of AA Farms	% of Number of Loans
Farm Loans	0.00%	0.00%	9.82%	3.70%	69.74%	96.30%	20.44%	0.00%

Source: Loan sample; Dunn and Bradstreet data.

Responses to Complaints

FNB has not received any consumer complaints regarding the bank's CRA performance in helping to meet AA needs during the evaluation period.

COMMUNITY DEVELOPMENT TEST

CD Loans, Qualified Investments and CD Services Test

The bank's performance under the Community Development Test is rated "*Satisfactory*". FNB's community development performance demonstrates adequate responsiveness to the community development needs of its AA.

Opportunities for qualified community development loans and investments are limited in the bank's AA. A majority of the AA is comprised of rural, low-density areas. The largest city in the AA is Ardmore, which has a population of only 25,000. None of the five counties in the bank's contiguous AA is located in a MSA. Of the 31 census tracts in the AA, there are no low-income census tracts and only five moderate-income tracts. The main bank and five branches are located in middle-income census tracts, including the Ringling branch that is located in a distressed and underserved nonmetropolitan middle-income tract. There are also two Ardmore branches located in upper-income tracts.

FNB's managers are very active in the communities they serve. This is evidenced by their leadership roles on various civic and non-profit organizations that provide services to low- and moderate-income persons. The bank is also involved with, invests in, or lends to organizations whose focus is on community or economic development. The bank made significant financial contributions to local hospitals in Ardmore and Sulphur, Oklahoma. Both facilities are critical health care providers for rural communities in South Central Oklahoma.

During the performance evaluation period, the bank extended \$11,084,031 in qualified community development loans. It currently holds \$4,280,000 in qualified community development bond investments, and during the evaluation period, made \$107,936 in qualified donations to community organizations primarily serving low- and moderate-income persons and families.

Community Development Loans

Qualifying community development loans are those that meet the definition of community development, as defined in the CRA regulation. FNB has an adequate level of community development lending and has extended over \$11 million in qualified community development loans during the evaluation period.

In summary, the bank originated or renewed 39 community development loans totaling \$11.08 million during the evaluation period. Twenty-three loans to 11 different borrowers totaling almost \$4.5 million provided funding for economic development through creating and retaining jobs in the bank's AA for low- and moderate-income (LMI) workers. Community services benefitting LMI persons and families will be enhanced by the consolidation of DHS facilities in a new facility in Carter County. FNB extended a \$4.5 million loan to construct the new building. This loan is described in more detail below. Five loans totaling \$195,000 were extended to finance and remodel affordable housing in the AA. In addition, nine loans totaling \$1.9 million were made to five different borrowers that helped revitalize parts of the banks AA. These loans financed projects consistent with the Ardmore Main Street Program and the Historic Downtown Sulphur Commercial District and are also described below.

Below are details on some of the community development loans originated by the bank during the evaluation period.

Economic development as community development under the regulation is evidenced by the creation and/or retention of permanent jobs for LMI workers. As stated above, during the evaluation period, FNB extended almost \$4.5 million of financing to business borrowers that either retained jobs held by LMI workers or permitted business expansion creating new jobs for LMI workers. For example, across the evaluation period, the bank extended \$754,000 via seven loans to a small business owner located in a moderate-income census tract that funded the purchase of the business, including the land and improvements, and provided operating funds to hire LMI workers. Funding operating expenses through a line of credit sustained start-up operations and retained these LMI jobs. Providing funds to expand into new service lines permitted expansion of this business within one year, and created three additional LMI jobs.

During the evaluation period, the bank extended over \$1 million of financing to owners in the Ardmore convenience store industry that has helped maintain the employment of over 70 LMI workers. The bank extended almost \$1.3 million to business owners in Healdton, Oklahoma to finance ongoing operations of the key employer thereby maintaining 23 LMI jobs in this small rural community. In Velma, Oklahoma, the bank extended almost \$250,000 to fund the purchase and continuing operation of the local grocery store in this small community.

In June 2014, the bank extended a significant \$4.5 million loan to finance the construction of a new 2-county DHS building in the bank's AA. The building will be a 35,527 square foot facility to house all state DHS employees from Carter and Love counties. The new DHS center will not only lead to the expansion of community services in the AA, staffing at the new facility is expected to create 12 to 15 new jobs.

Across the evaluation period, five loans totaling \$1.2 million were extended to re-develop two properties in the downtown area of Ardmore consistent with the Ardmore Main Street Program. Another three loans totaling \$377,000 were extended to acquire and completely remodel an older building located in the Historic Sulphur Commercial District, which also created seven new jobs.

Community Development Investments

Qualifying investments are investments, deposits, membership shares, or grants that have as their primary purpose community development, as defined in the CRA regulation. FNB&T has an excellent level of community development investments and currently holds \$4.28 million in qualified school bond investments. This includes \$400,000 in prior period school bonds still outstanding and 21 investments made during the evaluation period in local school bonds totaling \$3.88 million. In addition, also during this period, the bank made 34 qualified donations totaling \$107,936 to community organizations primarily serving LMI persons and families or to organizations promoting economic development in its AA. The largest donation was to United Way – Ardmore for \$29,427, followed by large contributions to benefit Mercy Hospital in Ardmore, the Arbuckle Memorial Hospital in Sulphur, Oklahoma, and the Chamber of Commerce in Ardmore, Oklahoma.

Bank management has been active in holding leadership positions and donating to the Chambers of Commerce within the bank's AA. The Chambers are primarily involved in economic development and small business creation. Other donations are to local nonprofits that support community services for LMI persons and families, and that promote economic and small business development. Specific examples of the bank's more significant investments/donations to qualifying community development organizations are described below.

- ***Carter County/Love County School Bonds***

During the evaluation period, FNB purchased 21 municipal school bonds totaling \$3.88 million that were issued in its AA by Carter and Love County Independent School Districts (ISD). These bonds funded capital improvements and repairs to school buildings and the purchase of equipment for their schools. \$2.74 million of bonds were purchased from Carter County ISD to benefit the schools in Healdton, Wilson, and Fox. Over 72 percent of the students in the Healdton Schools, over 77 percent of the students in the Wilson schools, and about 77 percent of the students in the Fox schools participate in the free and reduced lunch program. \$1.14 million of bonds were purchased from Love County ISD to benefit the schools in Marietta. Almost 73 percent of the students in Marietta Schools participate in the free and reduced lunch program.

- ***Mercy Health Foundation/Mercy Hospital - Ardmore***
 FNB made donations to Mercy Health Foundation/Mercy Hospital – Ardmore totaling \$11,000 during the evaluation period. Mercy Hospital (MH), a nonprofit organization, is the premier health facility in Southern Oklahoma serving 100,000 residents. MH meets the essential health care needs for the public welfare of a large portion of South Central Oklahoma. MH treats all patients regardless of their ability to pay. MH reports that a high percentage of their patients are LMI individuals. MH meets the health care needs of the rural population with their network of clinics that are located in small rural communities. Many of the rural population served would not otherwise receive health care due to lack of income or the inability to drive the distances required to receive services.
- ***Murray County Healthcare Foundation/Arbuckle Memorial Hospital - Sulphur***
 FNB made donations to Murray County Healthcare Foundation/Arbuckle Memorial Hospital - Sulphur totaling \$8,000 during the evaluation period. Federally designated as a critical access hospital, Arbuckle Memorial Hospital (AMH) is a 25-bed hospital that provides the rural residents of Murray County and visitors to the Arbuckle Mountains with access to essential acute, ambulatory and emergency care services. Outpatient visits exceed 10,000 each year. Nearly half of all Murray County patients are victims of heart attack, automobile accidents and serious illnesses who would not survive the 30-mile trip to the nearest hospital. As compared to the state averages, Murray County has a higher percentage of residents who rely on Medicare or Medicaid to cover the cost of health services; and through its Sooner Care program, AMH provides free healthcare for nearly half of Murray County families.
- ***Ardmore Chamber of Commerce/Ardmore Development Authority (ADA)***
 FNB has made significant financial contributions and provided technical expertise during the evaluation period to the Ardmore Chamber of Commerce. The Chamber’s mission is to improve the local economy through economic development and small business creation. Economic development activities are primarily conducted through the ADA, which has been successful in bringing new small businesses to the community and generating hundreds of new jobs. In total, FNB made donations totaling \$16,000 to the Ardmore Chamber of Commerce and/or the ADA during the evaluation period.

Community Development Services

The level of qualified community development services is excellent. Bank officers serve in leadership positions of organizations that provide community services to LMI families. In these roles, they provide technical expertise and financial assistance to qualified organizations. Bank officers also serve in leadership positions of organizations involved in economic and small business development. Following are examples of some of FNB&T’s qualifying community development services:

- ***Ardmore Chamber of Commerce/Ardmore Development Authority (ADA)/Sulphur Chamber of Commerce***
Bank officers serve on the Board and hold several positions in their respective Chambers of Commerce. All of the Chambers are focused on community development. The Ardmore Chamber of Commerce is extremely active in economic and small business development. The ADA has played a vital role in attracting new businesses and the creation of new jobs in the bank's AA. In addition, one officer also serves as Treasurer of the Chamber of Commerce Foundation providing assistance in financial matters to nonprofit organizations whose mission is charitable works and donations to LMI members of the community.
- ***Ardmore City Commission***
A bank officer serves as an Ardmore City Commissioner providing oversight of economic development activities and community services such as promoting affordable housing and providing housing assistance to LMI persons and families.
- ***Murray County Long-range Planning Commission***
A bank officer in the Sulphur branch serves as Chairman of the Commission providing technical expertise in the organization's efforts to improve the local economy through economic development and small business creation.
- ***Mercy West Statewide Board/ Mercy Hospital***
A bank officer serves on the Board and as Chairman of the Finance Committee. Mercy Hospital, a nonprofit organization, is the premier health facility in Southern Oklahoma serving 100,000 residents. Mercy Hospital meets the essential health care needs for the public welfare of a large portion of South Central Oklahoma.
- ***United Way Ardmore/United Way Stephens County***
A bank officer serves as the United Way Chair Fundraiser in Ardmore, and an officer in the Velma branch serves on the Financial Committee in Stephens County. United Way member agencies provide a variety of social services to LMI families in the Ardmore area.
- ***Family Shelter of Southern Oklahoma***
A bank officer serves as Board President, serves on the Finance Committee of this organization, and as Co-chair of fundraising activities. This organization helps individuals acquire the information and survival skills necessary to take control of their lives and encourage individuals to remove themselves from violent and dangerous situations.
- ***Salvation Army***
A bank officer serves as on the Board of this well-known organization that provides food, housing assistance, and job-related services to disadvantaged and homeless individuals.

Fair Lending or Other Illegal Credit Practices Review

Pursuant to 12 CFR 25.28(c), or 12 CFR 195.28(c), in determining a national bank's (bank) or Federal savings association's (FSA) CRA rating, respectively, the OCC considers evidence of discriminatory or other illegal credit practices in any geography by the bank or FSA, or in any AA by an affiliate whose loans have been considered as part of the bank's or FSA's lending performance.

We found no evidence of discriminatory or other illegal credit practices inconsistent with helping to meet community credit needs.