

# **PUBLIC DISCLOSURE**

August 20, 2018

## **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

First Security Bank and Trust Company  
Certificate Number: 17001

1541 Northeast 23<sup>rd</sup> Street  
Oklahoma City, Oklahoma 73111

Federal Deposit Insurance Corporation  
Division of Depositor and Consumer Protection  
Dallas Regional Office

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Dallas, Texas 75201

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.

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## INSTITUTION RATING

**INSTITUTION'S CRA RATING:** This institution is rated **Satisfactory**. An institution in this group has a satisfactory record of helping to meet the credit needs of its assessment area, including low- and moderate-income neighborhoods, in a manner consistent with its resources and capabilities.

First Security Bank and Trust Company's satisfactory Community Reinvestment Act (CRA) performance under the Lending Test supports the overall rating. Bank management did not request consideration of its investments and services, nor did examiners identify any discriminatory or other illegal credit acts or practices. Therefore, these considerations did not affect the overall rating. The following points summarize the bank's Lending Test performance, discussed in detail elsewhere.

### Lending Test

- The loan-to-deposit ratio is more than reasonable given the institution's size, financial condition, and assessment area credit needs.
- The bank made a majority of its home mortgage and small business loans in the assessment area.
- The geographic distribution of loans reflects excellent dispersion throughout the assessment area.
- The distribution of borrowers reflects reasonable penetration of loans among businesses of different sizes.
- The institution did not receive any CRA-related complaints since the previous evaluation; therefore, this factor did not affect the Lending Test rating.

## SCOPE OF EVALUATION

### *General Information*

This evaluation covers the period from the prior evaluation dated August 27, 2012, to the current evaluation dated August 20, 2018. Examiners used the Interagency Small Institution Examination Procedures to evaluate First Security Bank and Trust Company's (FSB) CRA performance. These procedures include the CRA Small Bank Lending Test.

The Lending Test considered the institution's performance according to the following criteria.

- Loan-to-deposit (LTD) ratio
- Assessment area concentration
- Geographic distribution
- Borrower profile
- Response to CRA-related complaints

### *Loan Products Reviewed*

For the Lending Test, CRA Small Bank procedures require examiners to determine the bank's major product lines for review. As an initial matter, examiners may select from among the same loan categories used for CRA Large Bank evaluations: home mortgage, small business, small farm, and consumer loans. The following table shows lending activity for 2017.

<b>Loans Originated or Purchased</b>				
<b>Loan Category</b>	<b>\$(000s)</b>	<b>%</b>	<b>#</b>	<b>%</b>
Construction and Land Development	3,386	13.4	6	2.0
Secured by Farmland	0	0.0	0	0.0
Secured by 1-4 Family Residential Properties	12,504	49.3	153	52.0
Multi-Family (5 or more) Residential Properties	1,858	7.3	4	1.4
Commercial Real Estate Loans	3,473	13.7	9	3.1
Commercial and Industrial Loans	3,222	12.7	19	6.5
Agricultural Loans	0	0.0	0	0.0
Consumer Loans	907	3.6	103	35.0
Other Loans	0	0.0	0	0.0
<b>Total Loans</b>	<b>25,350</b>	<b>100.0</b>	<b>294</b>	<b>100.0</b>
<i>Source: Bank Records (1/1/2017 through 12/31/2017)</i>				

Considering the dollar volume and number of loans originated during 2017, as well as management's stated business strategy, examiners determined that the bank's major product lines consist of residential loans at 56.6 percent and commercial loans at 26.4 percent of loans originated, by dollar volume, in 2017. Also, no other loan types, such as small farm loans or consumer loans, represent a major product line. Therefore, they provided no material support for conclusions or ratings and are not presented. Bank records indicated that the lending focus and product mix remained consistent throughout the review period.

Consequently, examiners considered all the home mortgage loans reported on the 2017 Home Mortgage Disclosure Act (HMDA) Loan Application Register (LAR), which is the most recent year for which aggregate data exists. For 2017, the bank reported 156 loans totaling \$12,770,000. Examiners also considered the universe of small business loans originated in the period January 1, 2017, through June 30, 2018, due to the limited number of small business loans originated in 2017. During this time period the bank originated 37 small business loans totaling \$6,104,000. The loans reviewed were considered representative of the bank's performance during the entire evaluation period.

Examiners reviewed the number and dollar volume of home mortgage and small business loans. While the number and dollar volume of loans are presented, examiners emphasized performance by number of loans for the Geographic Distribution and the Borrower Profile, as the number of loans is a better indicator of the number of individuals and businesses served.

***Loan Category Weighting***

Examiners considered the universes of the dollar volume and number of loans originated in 2017 and the first six months of 2018, for the loan categories reviewed as well as management's stated business strategy to determine the weighting applied to those loan categories. The following table shows that considering both the dollar volume and number percentages, home mortgage loans account for 73.9 percent of the loans originated, while small business loans account for 25.8 percent. However, given management's business strategy of emphasizing commercial loans, examiners placed more emphasis than reflected by the data on small business loans by weighing home mortgage loans at 65.0 percent and small business loans at 35.0 percent. Examiners used this weighting when arriving at conclusions for the Assessment Area Concentration and Geographic Distribution performance factors.

In addition, the bank's home mortgage lending in 2017, consists entirely of business purpose loans for which income information is not collected, further supporting management's business strategy of emphasizing commercial loans. Therefore, the Borrower Profile of home mortgage loans would not yield meaning conclusions and is not presented. As such, examiners only analyzed small business loans for the Borrower Profile performance factor.

<b>Loan Category Weighting</b>				
<b>Loan Category Reviewed</b>	<b>Universes of Loan Categories Reviewed</b>			
	<b>\$(000)</b>	<b>%</b>	<b>#</b>	<b>%</b>
Home Mortgage	12,770	67.7	156	80.8
Small Business	6,104	32.3	37	19.2
<b>Total Reviewed Categories</b>	<b>18,874</b>	<b>100.0</b>	<b>193</b>	<b>100.0</b>

Source: Bank records (1/1/17 – 6/30/18); 2017 HMDA Data

## DESCRIPTION OF INSTITUTION

### ***Background***

FSB is headquartered in Oklahoma City, Oklahoma, and operates in the central part of Oklahoma County. FSB is owned by FSB Bancshares, Inc., a one-bank holding company also in Oklahoma City, Oklahoma. FSB received a Satisfactory rating at the previous FDIC Performance Evaluation, dated August 27, 2012, based on Interagency Small Institution Evaluation Procedures.

### ***Operations***

FSB operates one full-service office and one detached drive through location in its assessment area. The main office and the drive through are both located in the same moderate-income census tract. The bank did not open or close any branches, and no merger or acquisition activities occurred since the previous evaluation.

The bank offers loan products including commercial, agricultural, home mortgage, and consumer loans, primarily focusing on commercial lending. The institution provides a variety of deposit services including checking, savings, money market deposit accounts, and certificates of deposit. Alternative banking services include internet and mobile banking, electronic bill pay, and two automated teller machines.

### ***Ability and Capacity***

Assets totaled approximately \$50 million as of June 30, 2018 and included total loans of \$41 million and securities totaling \$2 million. The loan portfolio is illustrated in the following table.

<b>Loan Portfolio Distribution as of 6/30/2018</b>		
<b>Loan Category</b>	<b>\$(000s)</b>	<b>%</b>
Construction and Land Development	2,593	6.3
Secured by Farmland	909	2.2
Secured by 1-4 Family Residential Properties	19,007	46.1
Secured by Multifamily (5 or more) Residential Properties	2,701	6.5
Secured by Nonfarm Nonresidential Properties	6,773	16.4
<b>Total Real Estate Loans</b>	<b>31,983</b>	<b>77.5</b>
Commercial and Industrial Loans	8,119	19.7
Agricultural Loans	0	0
Consumer Loans	849	2.1
Other Loans	302	0.7
Less: Unearned Income	0	0.0
<b>Total Loans</b>	<b>41,253</b>	<b>100.0</b>
<i>Source: 6/30/2018 Call Report</i>		

Examiners did not identify any financial, legal, or other impediments that would affect the bank's ability to meet assessment area credit needs.

## DESCRIPTION OF ASSESSMENT AREA

The CRA requires each financial institution to define one or more assessment areas within which its CRA performance will be evaluated. FSB designated a single assessment area in the Oklahoma City Metropolitan Statistical Area (MSA). The following sections discuss demographic and economic information for the assessment area.

### *Economic and Demographic Data*

The assessment area includes all 241 census tracts in Oklahoma County. These tracts reflect the following income designations and population according to 2015 American Community Survey (ACS) Data:

- 28 low-income tracts, comprised of 80,085 individuals
- 85 moderate-income tracts, comprised of 244,097 individuals
- 70 middle-income tracts, comprised of 224,303 individuals
- 50 upper-income tracts, comprised of 203,081 individuals
- 8 census tract with no income designation comprised of 2,914 individuals

<b>Demographic Information of the Assessment Area</b>						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	241	11.6	35.3	29.1	20.7	3.3
Population by Geography	754,480	10.6	32.4	29.7	26.9	0.4
Housing Units by Geography	326,985	10.2	34.0	29.9	25.4	0.5
Owner-Occupied Units by Geography	171,014	6.1	25.8	32.5	35.4	0.2
Occupied Rental Units by Geography	120,376	14.5	43.2	27.2	14.2	0.9
Vacant Units by Geography	35,595	15.5	42.1	26.7	14.9	0.8
Businesses by Geography	58,881	6.8	26.3	30.7	31.8	4.4
Farms by Geography	1,256	4.8	21.8	30.7	41.6	1.1
Family Distribution by Income Level	181,431	24.7	17.9	19.1	38.3	0.0
Household Distribution by Income Level	291,390	26.1	17.7	17.5	38.7	0.0
Median Family Income MSA - 36420 Oklahoma City, OK MSA		\$64,058	Median Housing Value Median Gross Rent Families Below Poverty Level			\$135,429 \$794 13.8%

*Source: 2015 ACS Data; 2017 D&B Data*  
 (\*) The NA category consists of geographies that have not been assigned an income classification.

The analysis of small business loans under the Borrower Profile criterion compares the distribution of businesses by GAR level. According to 2017 D&B data, there were 58,881 businesses operating in the assessment area. Gross Annual Revenues (GARs) for these businesses follow.

- 83.1 percent have a GAR of \$1 million or less.
- 6.4 percent have a GAR of more than \$1 million.
- 10.5 percent have GARs of unknown revenues.

Service industries represent the largest portion of businesses at 46.2 percent; followed by retail trade (12.0 percent); and finance, insurance, and real estate (8.0 percent). In addition, 68.8 percent of area businesses have four or fewer employees, and 88.3 percent operate from a single location. Major employers in the assessment area include Tinker Air Force Base, the University of Oklahoma Hospital, INTEGRIS Baptist Medical Center, and the Federal Aviation Authority’s Mike Monroney Aeronautical Center.

The 2017 Federal Financial Institutions Examination Council’s (FFIEC) updated median family income level is used to analyze home mortgage loans under the Borrower Profile criterion. The low-, moderate-, middle- and upper-income categories are presented in the following table. These categories are based on the 2017 FFIEC-updated median family income of \$66,600.

<b>Median Family Income Ranges, Oklahoma City, OK MSA Median Family Income</b>				
<b>Median Family Incomes</b>	<b>Low &lt;50%</b>	<b>Moderate 50% to &lt;80%</b>	<b>Middle 80% to &lt;120%</b>	<b>Upper ≥120%</b>
2017 (\$66,600)	<\$33,300	\$33,300 to <\$53,280	\$53,280 to <\$79,920	≥\$79,920
<i>Source: 2017 FFIEC Estimated Median Family Income</i>				

The Geographic Distribution criterion compares home mortgage loans to the distribution of owner-occupied housing units. The assessment area includes 326,985 housing units. Of these, 52.3 percent are owner-occupied, 36.8 percent are occupied rental units, and 10.9 percent are vacant. There are no owner-occupied housing units in the assessment area without an income designation.

Data obtained from the U. S. Bureau of Labor and Statistics indicates that the 2017 year-end unemployment rate was 4.3 percent statewide. Oklahoma County recorded an unemployment rate of 4.0 percent, for the same time period. Since the previous examination, the unemployment rate for Oklahoma County decreased from a high of 6.6 percent in 2013, to low of 4.0 percent as of 2017.

**Competition**

The assessment area is highly competitive in the market for financial services. According to FDIC Deposit Market Share data as of June 30, 2017, there were 55 financial institutions that operated 245 full-service branches within the bank’s assessment area. Of these institutions, FSB ranked 39<sup>th</sup> with a 0.2 percent deposit market share.

The bank is not required to collect or report its small business loan data, and it has not elected to do so. Therefore, the analysis of small business loans under the Lending Test does not include comparisons against aggregate data. However, aggregate data reflects the level of demand for small business loans; as such this section will discuss aggregate performance. In

2017, aggregate peer data for the assessment area shows 26 institutions reported 14,407 small business loans in the assessment area, indicating a moderate degree of competition for this product.

There is a high level of competition for home mortgage loans among several banks, credit unions, and non-depository mortgage lenders. In 2017, 434 lenders reported 32,590 residential mortgage loans originated or purchased. FSB captured 0.5 percent of the market share out of this group of lenders.

### ***Community Contacts***

As part of the evaluation process, examiners contact third-parties active in the assessment area to assist in identifying the credit and community development needs. This information helps determine whether local financial institutions are responsive to these needs. It also indicates what credit and community development opportunities are available.

A representative from an economic development group expressed concern with the lack of affordable housing. The contact indicated that the northeast side of Oklahoma City has an abundance of vacant houses; however, it is a challenge for low-income individuals with limited credit resources to qualify for a mortgage. In addition, the contact stated that the increase of capital improvements has increased rents and property values in the area. The contact further indicated that there is a need for financial institutions to participate in programs that aid individuals with the cost of being a first time homebuyer.

Examiners reviewed an additional community contact from a housing authority. This contact agreed that affordable housing is the most significant need of the assessment area. In addition, the contact indicated that there is lots of economic growth in eastern and downtown Oklahoma City, which is driving the rise in population and rent costs, including affordable housing units.

## CONCLUSIONS ON PERFORMANCE CRITERIA

### Lending Test

FSB demonstrated a satisfactory overall record regarding the Lending Test. A majority of the loans reviewed were concentrated within the assessment area and reasonable performance regarding the borrower profile distribution of loans, primarily support this conclusion.

### Loan-to-Deposit Ratio

The LTD ratio is more than reasonable given the institution's size, financial condition, and assessment area credit needs. The bank's LTD ratio, calculated from Call Report data, averaged 90.8 percent over the past 24 calendar quarters from September 30, 2012 to June 30, 2018. The ratio ranged from a low of 80.9 percent as of March 31, 2013, to a high of 98.6 percent as of September 30, 2014. The ratio remained generally stable during the evaluation period.

Examiners identified and listed in the following table three comparable institutions reflecting generally similar lending emphases and asset sizes that operate in or near the institution's assessment area. As shown in the following table, FSB's ratio significantly exceeded the ratios of comparable institutions, thereby reflecting more than reasonable performance.

<b>Loan-to-Deposit Ratio Comparison</b>		
<b>Bank</b>	<b>Total Assets as of 6/30/2018 (\$000s)</b>	<b>Average Net LTD Ratio (%)</b>
<b>First Security Bank and Trust Company</b>	<b>49,864</b>	<b>90.8</b>
First State Bank, Noble, Oklahoma	52,133	38.8
Advantage Bank, Oklahoma City, Oklahoma	59,862	74.5
Stroud National Bank, Stroud, Oklahoma	79,001	72.5

*Source: Reports of Condition and Income (9/30/2012 through 6/30/2018)*

### Assessment Area Concentration

The institution originated a majority of the loans reviewed within its assessment area. As previously noted, home mortgage loans accounted for 65.0 percent of the loan categories reviewed while small business loans accounted for 35.0 percent. Examiners considered the bank's asset size, business strategy, and loan products reviewed relative to the assessment area's size and credit needs when arriving at this conclusion.

### *Home Mortgage Loans*

The following table shows that the bank originated a majority of its home mortgage loans, by number, within the bank's assessment area. In addition, the bank originated a majority of its home mortgage loans, by dollar volume, within the assessment area. Weighing both measures equally, the institution originated a majority of its home mortgage loans inside the assessment area.

***Small Business Loans***

The following table shows that the bank originated a majority of the small business loans reviewed, by number, within the bank’s assessment area. In addition, the bank originated a majority of the loans reviewed, by dollar volume, within the assessment area. Weighing both measures equally, the institution originated a majority of its small business loans inside the assessment area.

<b>Lending Inside and Outside the Assessment Area</b>										
<b>Loan Category</b>	<b>Number of Loans</b>					<b>Dollar Amount of Loans \$(000s)</b>				
	<b>Inside</b>		<b>Outside</b>		<b>Total #</b>	<b>Inside</b>		<b>Outside</b>		<b>Total \$(000s)</b>
	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>		<b>\$</b>	<b>%</b>	<b>\$</b>	<b>%</b>	
Small Business	27	73.0	10	27.0	37	4,767	78.1	1,337	21.9	6,104
Home Mortgage	132	84.6	24	15.4	156	10,339	81.0	2,431	19.0	12,770

*Source: 2017 & 2018 Bank Data; 2017 HMDA Data*

**Geographic Distribution**

The institution achieved an excellent record regarding its geographic loan distribution. Excellent home mortgage lending performance outweighed reasonable small business lending performance to support this conclusion. As noted, home mortgage loan performance received more weight when arriving at overall conclusions.

Examiners considered the loan categories reviewed relative to the available comparative data and any performance context issues. They focused on the percentages by number of loans originated in low- and moderate-income census tracts when arriving at conclusions. This factor only considered loans granted inside the bank’s assessment area.

***Home Mortgage Loans***

The geographic distribution of home mortgage loans reflects excellent performance. Examiners focused on the bank’s percentages by number of loans granted in low- and moderate-income census tracts relative to aggregate data when arriving at this conclusion. The borrowers’ income designations define the borrowers’ profiles for this analysis.

The following table shows that the bank’s performance in low-income census tracts exceeded aggregate data by 11.8 percentage points, reflecting excellent performance. In moderate-income census tracts, the bank’s performance significantly exceeded aggregate data by 35.8 percentage points, also reflecting excellent performance. Given the bank’s performance in low- and moderate-income census tracts, the geographic distribution of home mortgage loans reflects excellent performance.

Geographic Distribution of Home Mortgage Loans						
Tract Income Level	% of Owner-Occupied Housing Units	Aggregate Performance % of #	#	%	\$(000s)	%
Low	6.1	4.1	21	15.9	914	8.8
Moderate	25.8	21.8	76	57.6	6,541	63.3
Middle	32.5	32.7	31	23.5	2,403	23.2
Upper	35.4	41.1	4	3.0	481	4.7
Not Available	0.2	0.3	0	0.0	0	0.0
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>132</b>	<b>100.0</b>	<b>10,339</b>	<b>100.0</b>

*Source: 2015 ACS Data; 2017 HMDA Data*

### ***Small Business Loans***

The geographic distribution of small business loans reflects reasonable performance. Examiners focused on the percentages by number of loans originated in the low- and moderate-income census tracts compared to the percentage of businesses operating in those tracts.

The following table shows that the bank's performance in low-income census tracts exceeds business demographics by 15.4 percentage points, reflecting excellent performance. The bank's level of lending in moderate-income areas shows lending is 15.2 percentage points below demographic data, reflecting poor performance. Weighting both measures equally, the banks performance to in low- and moderate-income census tracts reflects reasonable performance.

Geographic Distribution of Small Business Loans					
Tract Income Level	% of Businesses	#	%	\$(000s)	%
Low	6.8	6	22.2	710	14.9
Moderate	26.3	3	11.1	450	9.4
Middle	30.7	6	22.2	1,184	24.8
Upper	31.8	8	29.6	2,095	44.0
Not Available	4.4	4	14.9	328	6.9
<b>Totals</b>	<b>100.0</b>	<b>27</b>	<b>100.0</b>	<b>4,767</b>	<b>100.0</b>

*Source: 2017 D&B Data; 2017 & 2018 Bank Records*

### **Borrower Profile**

The bank established a reasonable record regarding its borrower profile loan distribution. Reasonable performance regarding small business lending supports this conclusion. Examiners considered the loan categories reviewed relative to the available comparative data and any performance context issues. They focused on the percentages by the number of loans when arriving at this conclusion. This factor only considered loans granted inside the assessment area. As previously noted, home mortgage loans were not analyzed and are not presented.

### ***Small Business Loans***

The distribution of small business loans reflects reasonable penetration of loans to businesses with GARs of \$1 million or less. Examiners focused on the percentage by number of small business loans to businesses with GARs of \$1 million or less. The following table shows that 85.2 percent of the loans reviewed were originated to businesses with GARs of \$1 million or less, reflecting reasonable performance.

<b>Detailed Distribution of Small Business Loans by Gross Annual Revenue Category</b>					
<b>Gross Revenue Level</b>	<b>% of Businesses</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
< \$100,000	40.4	3	11.1	72	1.5
\$100,000 - \$249,999	30.0	4	14.8	332	7.0
\$250,000 - \$499,999	7.8	11	40.8	2,400	50.4
\$500,000 - \$1,000,000	4.9	5	18.5	378	7.9
<b>Subtotal ≤ \$1,000,000</b>	<b>83.1</b>	<b>23</b>	<b>85.2</b>	<b>3,182</b>	<b>66.8</b>
>\$1,000,000	6.4	4	14.8	1,585	33.2
Revenue Not Available	10.5	0	0.0	0	0.0
<b>Total</b>	<b>100.0</b>	<b>27</b>	<b>100.0</b>	<b>4,767</b>	<b>100.0</b>

*Source: 2017 D&B Data; 2017 & 2018 Bank Records*

### **Response to Complaints**

The bank did not receive any CRA-related complaints since the previous evaluation; therefore, this criterion did not affect the Lending Test rating.

### **DISCRIMINATORY OR OTHER ILLEGAL CREDIT PRACTICES REVIEW**

Examiners did not identify any evidence of discriminatory or other illegal credit practices; therefore, this consideration did not affect the institution's overall CRA rating.

## GLOSSARY

**Aggregate Lending:** The number of loans originated and purchased by all reporting lenders in specified income categories as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the metropolitan area/assessment area.

**Area Median Income:** The median family income for the MSA, if a person or geography is located in an MSA; or the statewide nonmetropolitan median family income, if a person or geography is located outside an MSA.

**Assessment Area:** A geographic area delineated by the bank under the requirements of the Community Reinvestment Act.

**Census Tract:** A small, relatively permanent statistical subdivision of a county or equivalent entity. The primary purpose of census tracts is to provide a stable set of geographic units for the presentation of statistical data. Census tracts generally have a population size between 1,200 and 8,000 people, with an optimum size of 4,000 people. Census tract boundaries generally follow visible and identifiable features, but they may follow nonvisible legal boundaries in some instances. State and county boundaries always are census tract boundaries.

**Combined Statistical Area (CSA):** A combination of several adjacent metropolitan statistical areas or micropolitan statistical areas or a mix of the two, which are linked by economic ties.

**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.

**Core Based Statistical Area (CBSA):** The county or counties or equivalent entities associated with at least one core (urbanized area or urban cluster) of at least 10,000 population, plus adjacent counties having a high degree of social and economic integration with the core as measured through commuting ties with the counties associated with the core. Metropolitan and Micropolitan Statistical Areas are the two categories of CBSAs.

**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. Other family 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).

**Family Income:** Includes the income of all members of a family that are age 15 and older.

**FFIEC-Estimated Income Data:** The Federal Financial Institutions Examination Council (FFIEC) issues annual estimates which update median family income from the metropolitan and nonmetropolitan areas. The FFIEC uses American Community Survey data and factors in information from other sources to arrive at an annual estimate that more closely reflects current economic conditions.

**Full-Scope Review:** A full-scope review is accomplished when examiners complete all applicable interagency examination procedures for an assessment area. Performance under applicable tests is analyzed considering performance context, quantitative factors (for example, geographic distribution, borrower profile, and total number and dollar amount of investments), and qualitative factors (for example, innovativeness, complexity, and responsiveness).

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

**Home Mortgage Disclosure Act (HMDA):** The statute that requires certain mortgage lenders that do business or have banking offices in a metropolitan statistical area to file annual summary reports of their mortgage lending activity. The reports include such data as the race, gender, and the income of applicants; the amount of loan requested; and the disposition of the application (approved, denied, and withdrawn).

**Home Mortgage Disclosure Loan Application Register (HMDA LAR):** The HMDA LARs record all applications received for residential purchase, refinance, home improvement, and temporary-to-permanent construction loans.

**Home Mortgage Loans:** Includes home purchase and home improvement loans as defined in the HMDA regulation. This definition also includes multi-family (five or more families) dwelling loans, loans to purchase manufactured homes, and refinancings of home improvement and home purchase loans.

**Household:** Includes all persons occupying a housing unit. Persons not living in households are classified as living in group quarters. In 100 percent tabulations, the count of households always equals the count of occupied housing units.

**Household Income:** Includes the income of the householder and all other persons that are age 15 and older in the household, whether related to the householder or not. Because many households are only one person, median household income is usually less than median family income.

**Housing Unit:** Includes a house, an apartment, a mobile home, a group of rooms, or a single room that is occupied as separate living quarters.

**Limited-Scope Review:** A limited scope review is accomplished when examiners do not complete all applicable interagency examination procedures for an assessment area. Performance under applicable tests is often analyzed using only quantitative factors (for example, geographic distribution, borrower profile, total number and dollar amount of investments, and branch distribution).

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

**Market Share:** The number of loans originated and purchased by the institution as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the metropolitan area/assessment area.

**Median Income:** The median income divides the income distribution into two equal parts, one having incomes above the median and other having incomes below the median.

**Metropolitan Division (MD):** A county or group of counties within a CBSA that contain(s) an urbanized area with a population of at least 2.5 million. A MD is one or more main/secondary counties representing an employment center or centers, plus adjacent counties associated with the main/secondary county or counties through commuting ties.

**Metropolitan Statistical Area (MSA):** CBSA associated with at least one urbanized area having a population of at least 50,000. The MSA comprises the central county or counties or equivalent entities 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.

**Micropolitan Statistical Area:** CBSA associated with at least one urbanized area having a population of at least 10,000, but less than 50,000.

**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 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 and less than 80 percent in the case of a geography.

**Multi-family:** Refers to a residential structure that contains five or more units.

**Nonmetropolitan Area:** All areas outside of metropolitan areas. The definition of nonmetropolitan area is not consistent with the definition of rural areas. Urban and rural classifications cut across the other hierarchies. For example, there is generally urban and rural territory within metropolitan and nonmetropolitan areas.

**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.

**Rated Area:** A rated area is a state or multistate metropolitan area. For an institution with domestic branches in only one state, the institution's CRA rating would be the state rating. If an institution maintains domestic branches in more than one state, the institution will receive a rating for each state in which those branches are located. If an institution maintains domestic

branches in two or more states within a multistate metropolitan area, the institution will receive a rating for the multistate metropolitan area.

**Rural Area:** Territories, populations, and housing units that are not classified as urban.

**Small Business Loan:** A loan included in “loans to small businesses” as defined in the Consolidated Report of Condition and Income (Call Report). These loans have original amounts of \$1 million or less and are either secured by nonfarm nonresidential properties or are classified as commercial and industrial loans.

**Small Farm Loan:** 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, including farm residential and other improvements, or are classified as loans to finance agricultural production and other loans to farmers.

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

**Urban Area:** All territories, populations, and housing units in urbanized areas and in places of 2,500 or more persons outside urbanized areas. More specifically, “urban” consists of territory, persons, and housing units in places of 2,500 or more persons incorporated as cities, villages, boroughs (except in Alaska and New York), and towns (except in the New England states, New York, and Wisconsin).

“Urban” excludes the rural portions of “extended cities”; census designated place of 2,500 or more persons; and other territory, incorporated or unincorporated, including in urbanized areas.