

# **PUBLIC DISCLOSURE**

March 25, 2024

## **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

First Security Bank and Trust Company  
Certificate Number: 17001

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

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

600 North Pearl Street, Suite 700  
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.

## TABLE OF CONTENTS

INSTITUTION RATING .....	1
DESCRIPTION OF INSTITUTION .....	1
DESCRIPTION OF ASSESSMENT AREA .....	2
SCOPE OF EVALUATION .....	4
CONCLUSIONS ON PERFORMANCE CRITERIA.....	6
DISCRIMINATORY OR OTHER ILLEGAL CREDIT PRACTICES REVIEW.....	9
APPENDICES .....	10
SMALL BANK PERFORMANCE CRITERIA.....	10
GLOSSARY .....	11

## 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 (AA), including low- and moderate-income neighborhoods, in a manner consistent with its resources and capabilities.

- The loan-to-deposit (LTD) ratio is reasonable (considering seasonal variations and taking into account lending-related activities) given the institution's size, financial condition, and AA's credit needs.
- A majority of loans are inside the institution's AA.
- The geographic distribution of loans reflects excellent dispersion throughout the AA.
- The distribution of borrowers reflects, given the demographics of the AA, reasonable penetration 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 rating.

## DESCRIPTION OF INSTITUTION

First Security Bank and Trust (FSB) maintains its headquarters in Oklahoma City, Oklahoma, located in central Oklahoma County. FSB Bancshares, Inc., a one-bank holding company, owns FSB. The institution received a Satisfactory rating at its previous FDIC Performance Evaluation dated August 20, 2018, based on Interagency Small Institution Procedures.

FSB functions as a retail bank and operates from one full-service office with a detached drive-through facility in Oklahoma City, both located in a low-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 a variety of loan products including commercial, home mortgage, and consumer loans, primarily focusing on home mortgage and commercial lending. FSB also provides a variety of deposit services including checking, savings, money market, and certificate of deposit accounts. Alternative delivery systems include internet and mobile banking, electronic bill pay, and three automated teller machines. The bank maintains office hours typical for the industry and area served.

As of the December 31, 2023, Reports of Condition and Income, FSB reported total assets of \$119.3 million, total loans of \$102.5 million, and total deposits of \$59.7 million. Since the prior evaluation, total assets increased by 139.4 percent, total loans increased by 148.5 percent, and total deposits increased by 57.8 percent. The significant growth largely resulted in a high volume of Paycheck

Protection Program (PPP) loans the bank originated in 2021 and 2022, which in turn allowed the bank to attract and retain these customers and grow in size.

The following table illustrates the outstanding loan portfolio as of December 31, 2023, reflecting a distribution supportive of the institution’s business focus, with home mortgage and commercial loans representing the largest categories.

<b>Loan Portfolio Distribution as of 12/31/2023</b>		
<b>Loan Category</b>	<b>\$(000s)</b>	<b>%</b>
Construction, Land Development, and Other Land Loans	5,071	4.9
Secured by Farmland	0	0.0
Secured by 1-4 Family Residential Properties	32,738	31.9
Secured by Multifamily (5 or more) Residential Properties	9,002	8.8
Secured by Nonfarm Nonresidential Properties	31,794	31.0
<b>Total Real Estate Loans</b>	<b>78,605</b>	<b>76.6</b>
Commercial and Industrial Loans	19,141	18.7
Agricultural Production and Other Loans to Farmers	0	0.0
Consumer Loans	4,785	4.7
Obligations of State and Political Subdivisions in the U.S.	0.0	0.0
Other Loans	0.0	0.0
Lease Financing Receivable (net of unearned income)	0.0	0.0
Less: Unearned Income	0.0	0.0
<b>Total Loans</b>	<b>102,531</b>	<b>100.0</b>
<i>Source: Reports of Condition and Income. Due to rounding, totals may not equal 100.0.</i>		

Examiners did not identify any financial, legal, or other impediments that affect the bank’s ability to meet its AA’s credit needs.

## **DESCRIPTION OF ASSESSMENT AREA**

FSB designated one AA consisting of all of Oklahoma County, which represents one of seven counties comprising the Oklahoma City Metropolitan Statistical Area (MSA). The AA meets the technical requirements of the CRA. Based on the 2020 U.S. Census Data, the bank’s Oklahoma City MSA AA contains 266 census tracts with the following income designations: 26 low-, 85 moderate-, 73 middle-, and 67 upper-income census tracts, as well as 15 census tracts without an income designation. Due to changes resulting from the 2020 U.S. Census Data, the number of census tracts in the AA increased by 25 compared to the 2015 ACS Data.

**Economic and Demographic Data**

The following table illustrates select demographic, housing, and business information for FSB’s Oklahoma City MSA AA.

Demographic Information of the Assessment Area						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	266	9.8	32.0	27.4	25.2	5.6
Population by Geography	796,292	9.0	31.7	29.5	28.3	1.5
Housing Units by Geography	341,512	9.1	33.5	30.0	25.7	1.8
Owner-Occupied Units by Geography	181,874	5.9	26.4	31.8	34.7	1.3
Occupied Rental Units by Geography	123,906	12.3	42.3	27.8	15.3	2.3
Vacant Units by Geography	35,732	13.7	39.3	28.1	16.3	2.6
Businesses by Geography	151,096	6.5	27.3	27.4	36.5	2.2
Farms by Geography	3,621	5.6	28.6	27.5	37.3	1.1
Family Distribution by Income Level	187,286	24.1	18.7	18.8	38.4	0.0
Household Distribution by Income Level	305,780	26.3	17.3	18.2	38.2	0.0
Median Family Income - Oklahoma City MSA		\$75,170	Median Housing Value Median Gross Rent Families Below Poverty Level			\$163,171 \$906 11.7%
<i>Source: 2020 U.S. Census Data and 2023 D&amp;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.</i>						

According to Moody’s Analytics, major employers in the Oklahoma City MSA include Tinker Air Force Base, University of Oklahoma, and Integris Health. The following table shows annual unemployment rates over the evaluation period for the AA, State of Oklahoma, and nationwide. The data shows the unemployment rates returned to pre-pandemic levels since the onset of the COVID-19 pandemic in 2020.

Unemployment Rates						
Area	2018	2019	2020	2021	2022	2023
	%	%	%	%	%	%
Oklahoma County	3.2	3.0	6.6	4.2	2.9	3.2
State of Oklahoma	3.3	3.1	6.3	4.0	3.1	3.2
National Average	3.9	3.7	8.1	5.3	3.6	3.6
<i>Source: Bureau of Labor Statistics.</i>						

**Competition**

The AA reflects a fairly low level of competition for financial services. According to the FDIC Deposit Market Share data as of June 30, 2023, 58 financial institutions operate 233 offices within the bank’s AA. Of these institutions, FSB ranked 45<sup>th</sup> with a 0.1 percent deposit market share. However, several other financial institutions operating in the entire Oklahoma City MSA further heighten the competition level.

### **Community Contact**

As part of the evaluation process, examiners contact third parties active in the AA to assist in identifying the credit and community development needs. This information helps determine local financial institutions' responsiveness to these needs and shows available credit and community development opportunities.

Examiner utilized an existing contact with a representative of an economic development organization located in the AA. The contact stated economic conditions in Oklahoma City continue to improve after the COVID-19 pandemic. The contact stated Oklahoma now represents one of the top ten youngest states, and many new companies moved their operations to the Oklahoma City metro area. The contact added the unemployment rate in Oklahoma County continues to fall below the national average, and housing prices have started to level off due to rising interest rates. The contact also indicated local financial institutions remain involved with small business lending. Lastly, the contact stated small business and startup loans represent the main credit needs of the area.

### **Credit Needs**

Considering information obtained from the community contact, demographic data, and bank management, examiners determined that small business and home mortgage loans represent the primary credit needs of the AA.

## **SCOPE OF EVALUATION**

### **General Information**

This evaluation covers the period from the prior evaluation dated August 20, 2018, to the current evaluation dated March 25, 2024. To assess performance, examiners applied Small Institution Procedures, which include the Lending Test. The appendix lists the test's criteria.

### **Activities Reviewed**

For the Lending Test, CRA Small Institution Procedures require examiners to determine the bank's major product lines for review. Initially, 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 the bank's lending activity for 2023.

<b>Loans Originated or Purchased</b>				
<b>Loan Category</b>	<b>\$(000s)</b>	<b>%</b>	<b>#</b>	<b>%</b>
Construction and Land Development	9,487	12.7	37	9.7
Secured by Farmland	0	0.0	0	0.0
Secured by 1-4 Family Residential Properties	23,499	31.4	200	52.4
Multi-Family (5 or more) Residential Properties	3,979	5.3	3	0.8
Commercial Real Estate Loans	21,577	28.9	25	6.5
Commercial and Industrial Loans	13,656	18.3	38	10.0
Agricultural Loans	0	0.0	0	0.0
Consumer Loans	2,594	3.4	79	20.7
Other Loans	0	0.0	0	0.0
<b>Total Loans</b>	<b>74,792</b>	<b>100.0</b>	<b>382</b>	<b>100.0</b>
<i>Source: 2023 Bank Data. Due to rounding, totals may not equal 100.0.</i>				

Considering the dollar volume and number of loans originated during 2023, management’s business strategy, and the products commonly reviewed for CRA, examiners determined the major product lines consist of home mortgage and commercial lending. No other loan types typically reviewed for CRA represent major product lines and thus would not materially affect ratings or conclusions. Therefore, this evaluation does not include a review of small farm or consumer loans. Bank records indicate the lending focus and product mix remained generally consistent throughout the evaluation period.

FSB reports home mortgage loans pursuant to the Home Mortgage Disclosure Act (HMDA). Therefore, this evaluation includes a review of all home mortgage loans reported on the bank’s 2021 and 2022 HMDA Loan Application Registers (LAR), as follows:

- 2021: 221 home mortgage loans totaling \$18.0 million, and
- 2022: 152 home mortgage loans totaling \$19.3 million.

Since no trends exist between the different years’ data that materially affect applicable conclusions or ratings, this evaluation only presents 2022 home mortgage loan data, which reflects the most recent year for which corresponding aggregate data exists as of this evaluation date. However, examiners included all years reviewed in the Assessment Area Concentration discussion. Examiners primarily utilized aggregate data as a standard of comparison for home mortgage loans.

A review of the home mortgage loans reported on the bank’s LARs revealed they consist entirely of business purpose loans for which borrower income information is not collected. Therefore, examiners did not evaluate the borrower profile of home mortgage loans since it would not yield meaning conclusions given that 100.0 percent of loans were made to borrowers with income not available.

For the Lending Test, this evaluation also includes a review of small business loans originated or purchased in 2023, which represents the most recent completed calendar year of available data. D&B data for 2023 provided a standard comparison for small business loans.

This evaluation considers the following small business loans for the noted Lending Test performance factors:

- Assessment Area Concentration - universe of 54 small business loans totaling approximately \$11.4 million;
- Geographic Distribution - universe of 39 small business loans totaling approximately \$8.0 million originated inside the AA; and
- Borrower Profile - random sample of 36 small business loans totaling \$7.3 million taken from the universe of loans originated inside the AA.

Examiners considered the universe of loans reviewed when determining loan product weighting. The following table shows that home mortgage loans comprise a majority of loans by number and dollar volume among the products reviewed. Therefore, unless otherwise noted, home mortgage loans received more weight when arriving at overall conclusions.

<b>Loan Products Reviewed</b>				
<b>Loan Category</b>	<b>Universe</b>			
	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
Home Mortgage	152	76.4	19,340	68.4
Small Business	54	26.2	11,398	37.1
<b>Total</b>	<b>206</b>	<b>100.0</b>	<b>30,738</b>	<b>100.0</b>

*Source: 2022 HMDA Data; 2023 Bank Data. Due to rounding, totals may not equal 100.0.*

While the evaluation presents both the number and dollar volume of loans, examiners emphasized performance by number of loans when arriving at conclusions for the performance factors because the number of loans better indicates the number of individuals and businesses served.

## **CONCLUSIONS ON PERFORMANCE CRITERIA**

### **LENDING TEST**

FSB demonstrated satisfactory performance regarding the Lending Test. A reasonable LTD ratio, a majority of loans originated inside the AA, an excellent record regarding geographic distribution, and a reasonable record regarding borrower profile support this conclusion.

### **Loan-to-Deposit Ratio**

FSB's LTD ratio is reasonable (considering seasonal variations and taking into account lending-related activities) given the institution's size, financial condition, and AA's credit needs. The LTD ratio, calculated from Call Report data, averaged 103.5 percent over the past 22 quarters from September 30, 2018, to December 31, 2023. This reflects an increase from the 90.8 percent average net LTD ratio reported at the previous evaluation. The ratio ranged from a low of 86.5 percent as of March 31, 2021, to a high of 153.5 percent as of September 30, 2023. Management largely funded the significant asset and loan growth noted previously with non-core funding sources such as Federal Home Loan Bank borrowings and listing service deposits, which have increased significantly. The volume of such non-core deposits offsets the otherwise high average, net LTD ratio.

Examiners did not identify any comparable institutions operating within the bank’s AA that report similar asset sizes and lending emphases; therefore, examiners expanded the search to a broader geographical area for comparison purposes. As illustrated in the following table, FSB’s average net LTD ratio reflects similar performance to comparable institutions.

<b>Loan-to-Deposit (LTD) Ratio Comparison</b>		
<b>Bank</b>	<b>Total Assets as of 12/31/2023 (\$000s)</b>	<b>Average Net LTD Ratio (%)</b>
<b>First Security Bank and Trust, Oklahoma City, Oklahoma</b>	<b>119,349</b>	<b>103.5</b>
Great Nations Bank, Norman, Oklahoma	87,333	97.4
Oklahoma Heritage Bank, Roff, Oklahoma	105,972	91.7
Security Bank and Trust Company, Miami, Oklahoma	139,434	90.0

*Source: Reports of Condition and Income 9/30/2018 - 12/31/2023.*

**Assessment Area Concentration**

A majority of loans are inside the AA. The following table shows the bank originated a majority of its home mortgage and small business loans, by number and dollar volume, inside the AA.

<b>Lending Inside and Outside of the Assessment Area</b>										
<b>Loan Category</b>	<b>Number of Loans</b>				<b>Total #</b>	<b>Dollars Amount of Loans \$(000s)</b>				<b>Total \$(000s)</b>
	<b>Inside</b>		<b>Outside</b>			<b>Inside</b>		<b>Outside</b>		
	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>		<b>\$</b>	<b>%</b>	<b>\$</b>	<b>%</b>	
Home Mortgage										
2021	206	93.2	15	6.8	221	16,330	90.9	1,625	9.1	17,955
2022	131	86.2	21	13.8	152	16,355	84.6	2,985	15.4	19,340
<b>Subtotal</b>	<b>337</b>	<b>90.3</b>	<b>36</b>	<b>9.7</b>	<b>373</b>	<b>32,685</b>	<b>87.6</b>	<b>4,610</b>	<b>12.4</b>	<b>37,295</b>
Small Business	39	72.2	15	27.8	54	8,032	70.5	3,366	29.5	11,398

*Source: 2021 and 2022 HMDA Data; 2023 Bank Data.*

**Geographic Distribution**

The geographic distribution of loans reflects excellent dispersion throughout the Oklahoma City MSA AA. Excellent performance regarding home mortgage lending sufficiently outweighs a reasonable record regarding small business lending to support this conclusion.

**Home Mortgage Loans**

The geographic distribution of home mortgage loans reflects excellent dispersion throughout the AA. Excellent performance in low- and moderate-income census tracts supports this conclusion. The following table shows the bank’s level of lending significantly exceeds demographic data by 20.7 percentage points in low-income census tracts and 27.6 percentage points in moderate-income tracts, both of which evidence excellent performance.

<b>Geographic Distribution of Home Mortgage Loans</b>						
<b>Tract Income Level</b>	<b>% of Owner-Occupied Housing Units</b>	<b>Aggregate Performance % of #</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
Low	5.9	4.5	33	25.2	3,625	22.2
Moderate	26.4	22.8	66	50.4	6,300	38.5
Middle	31.8	31.2	17	13.0	2,345	14.3
Upper	34.6	40.6	10	7.6	3,540	21.7
Not Available	1.3	1.0	5	3.8	545	3.3
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>131</b>	<b>100.0</b>	<b>16,355</b>	<b>100.0</b>

*Source: 2020 U.S. Census Data; 2022 HMDA Data and Aggregate Data. Due to rounding, totals may not equal 100.0.*

### **Small Business**

The geographic distribution of small business loans reflects reasonable dispersion throughout the AA. Excellent performance in low-income census tracts combined with very poor performance in moderate-income census tracts supports this conclusion. The following table shows the bank’s level of lending in low-income census tracts rises 14.0 percentage points above demographic data, reflecting excellent performance. The bank’s level of lending in moderate-income census tracts notably trails demographic data by 22.2 percentage points and reflects very poor performance.

<b>Geographic Distribution of Small Business Loans</b>					
<b>Tract Income Level</b>	<b>% of Businesses</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
Low	6.5	8	20.5	1,343	16.7
Moderate	27.3	2	5.1	1,200	14.9
Middle	27.4	15	38.5	2,281	28.4
Upper	36.5	12	30.8	2,996	37.4
Not Available	2.2	2	5.1	212	2.6
<b>Totals</b>	<b>100.0</b>	<b>39</b>	<b>100.0</b>	<b>8,032</b>	<b>100.0</b>

*Source: 2023 D&B Data; 2023 Bank Data. Due to rounding, totals may not equal 100.0.*

### **Borrower Profile**

The distribution of borrowers reflects, given the demographics of the AA, reasonable penetration among businesses of different sizes. A reasonable record of small business lending supports this conclusion. As noted previously, examiners did not conduct a borrower profile analysis of home mortgage loans since it would not yield meaningful conclusions.

### **Small Business Loans**

The distribution of borrowers reflects reasonable penetration among businesses of different sizes. Examiners focused on the bank’s level of lending to businesses with gross annual revenue of \$1 million or less when arriving at this conclusion. The following table shows the bank originated more than seven out of every ten small business loans to businesses with gross annual revenue of \$1 million or less, reflecting a reasonable level. Furthermore, FSB originated more than a majority of

the sampled small business loans to businesses in the smallest two revenue categories, which further supports reasonable performance.

<b>Distribution of Small Business Loans by Gross Annual Revenues</b>					
<b>Gross Revenue Level</b>	<b>% of Businesses</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
< \$100,000	73.3	16	44.4	2,674	36.7
\$100,000 - \$249,999	13.9	9	25.0	490	6.7
\$250,000 - \$499,999	3.0	0	0.0	0	0.0
\$500,000 - \$1,000,000	1.7	2	5.6	499	6.9
<b>Subtotal &lt;= \$1,000,000</b>	<b>91.9</b>	<b>27</b>	<b>75.0</b>	<b>3,663</b>	<b>50.3</b>
>\$1,000,000	2.5	9	25.0	3,615	49.7
Revenue Not Available	5.7	0	0.0	0	0.0
<b>Total</b>	<b>100.0</b>	<b>36</b>	<b>100.0</b>	<b>7,278</b>	<b>100.0</b>

*Source: 2023 D&B Data; 2023 Bank Data. Due to rounding, totals may not equal 100.0.*

**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 conclusion.

**DISCRIMINATORY OR OTHER ILLEGAL CREDIT PRACTICES REVIEW**

The bank’s compliance with the laws relating to discrimination and other illegal credit practices was reviewed, including the Fair Housing Act and the Equal Credit Opportunity Act. Examiners did not identify any discriminatory or other illegal credit practices.

## APPENDICES

### SMALL BANK PERFORMANCE CRITERIA

#### **Lending Test**

The Lending Test evaluates the bank's record of helping to meet the credit needs of its assessment area(s) by considering the following criteria:

- 1) The bank's loan-to-deposit ratio, adjusted for seasonal variation, and, as appropriate, other lending-related activities, such as loan originations for sale to the secondary markets, community development loans, or qualified investments;
- 2) The percentage of loans, and as appropriate, other lending-related activities located in the bank's assessment area(s);
- 3) The geographic distribution of the bank's loans;
- 4) The bank's record of lending to and, as appropriate, engaging in other lending-related activities for borrowers of different income levels and businesses and farms of different sizes; and
- 5) The bank's record of taking action, if warranted, in response to written complaints about its performance in helping to meet credit needs in its assessment area(s).

## 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.

**American Community Survey (ACS):** A nationwide United States Census survey that produces demographic, social, housing, and economic estimates in the form of five year estimates based on population thresholds.

**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).

**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 (e.g., geographic distribution, borrower profile, 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 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 Loans:** Includes closed-end mortgage loans or open-end line of credits as defined in the HMDA regulation that are not an excluded transaction per the HMDA regulation.

**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 (e.g., 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.

**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 (also known as non-MSA):** 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.