

PUBLIC DISCLOSURE

June 3, 2024

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

First Security Bank
Certificate Number: 1622

108 North 4th Street
Union Star, Missouri 64494

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

1100 Walnut Street, Suite 2100
Kansas City, Missouri 64106

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 areas, including low- and moderate- income neighborhoods, in a manner consistent with its resources and capabilities.

- The loan-to-deposit ratio is reasonable given the institution's size, its financial condition, and the credit needs of the assessment areas.
- The bank originated a majority of its home mortgage and small business loans within its assessment areas.
- The geographic distribution of loans reflects reasonable dispersion throughout the assessment areas.
- The distribution of borrowers reflects reasonable penetration among individuals of different income levels and businesses of different revenue sizes.
- The institution has not received any complaints relating to its Community Reinvestment Act (CRA) performance since the previous evaluation; therefore, this factor did not affect the rating.

DESCRIPTION OF INSTITUTION

First Security Bank (FSB) is a full-service financial institution headquartered in Union Star, Missouri. FSB primarily serves the Missouri counties of Clay, Clinton, and Platte in the Kansas City, Missouri-Kansas Metropolitan Statistical Area (MSA); Andrew, Buchanan, and DeKalb in the St. Joseph, Missouri MSA; and Gentry and Nodaway in the nonmetropolitan area of Missouri. First American Bancshares, Inc., a one-bank holding company also located in Union Star, owns a majority of the institution. The institution received a Satisfactory rating at its previous FDIC CRA Evaluation dated June 18, 2018, based on Interagency Small Institution Examination Procedures.

The bank continues to operate from the main office in Union Star, Missouri, and one branch office in Trimble, Missouri. The Union Star office is located in DeKalb County, and the Trimble office is located in Clinton County. The bank has not opened or closed any branches since the previous CRA evaluation.

FSB offers home mortgage, commercial, agricultural, construction, and consumer loans. Home mortgage lending represents the bank's primary lending focus, followed by commercial lending. The bank's deposit products include checking, savings, money market, certificates of deposit, and individual retirement accounts. Alternative banking services include online banking, bill pay, mobile banking, and an ATM at both of the bank's offices.

According to the March 31, 2024 Reports of Condition and Income, the bank reported total assets of \$56.0 million, total deposits of \$51.6 million, and total loans of \$36.9 million. The following table shows the distribution for each loan category by dollar volume.

Loan Portfolio Distribution as of 3/31/2024		
Loan Category	\$(000s)	%
Construction, Land Development, and Other Land Loans	716	1.9
Secured by Farmland	2,255	6.1
Secured by 1-4 Family Residential Properties	20,845	56.6
Secured by Multifamily (5 or more) Residential Properties	0	0.0
Secured by Nonfarm Nonresidential Properties	2,552	6.9
Total Real Estate Loans	26,368	71.5
Commercial and Industrial Loans	4,697	12.7
Agricultural Production and Other Loans to Farmers	805	2.2
Consumer Loans	4,797	13.0
Obligations of State and Political Subdivisions in the U.S.	0	0.0
Other Loans	193	0.6
Lease Financing Receivable (net of unearned income)	0	0.0
Less: Unearned Income	0	0.0
Total Loans	36,860	100.0
<i>Source: Reports of Condition and Income</i>		

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

DESCRIPTION OF ASSESSMENT AREAS

CRA requires each financial institution to define one or more assessment areas within which its CRA performance will be evaluated. FSB designated two assessment areas in Missouri. The Kansas City Assessment Area includes 16 census tracts in northern and eastern Clay County, all of Clinton County, and 7 census tracts in northern Platte County in Missouri. All three counties are located in the Kansas City, Missouri-Kansas MSA. The St. Joseph Assessment Area includes all of Andrew, DeKalb, and Gentry counties, two census tracts in eastern Buchanan County, and two census tracts in southern Nodaway County in Missouri. The Andrew, Buchanan, and DeKalb census tracts are located in the St. Joseph, Missouri-Kansas MSA, and the Gentry and Nodaway census tracts are located in the nonmetropolitan area of Missouri.

Since the prior evaluation, the bank no longer includes Caldwell, Davies, and Ray counties as part of its assessment area. Additionally, the income classification and physical boundaries of census tracts in the assessment areas have been adjusted based on the 2020 U.S. Census data. Please refer to the corresponding sections of this evaluation for further information about the assessment areas.

SCOPE OF EVALUATION

General Information

This evaluation covers the period from the prior evaluation dated June 18, 2018, to the current evaluation dated June 3, 2024. Examiners used Interagency Small Institution Evaluation Procedures to evaluate the bank's CRA performance. Examiners completed full-scope reviews on the Kansas City and St. Joseph Assessment Areas due to the bank's operations in both areas. However, the Kansas City Assessment Area received more weight when arriving at overall conclusions as it accounts for the majority of the lending activity.

Activities Reviewed

Examiners determined that the bank's major product lines are home mortgage and small business for this evaluation. Examiners selected these products based on the bank's business strategy, loan portfolio composition, and the number and dollar volume of loans originated during the evaluation period. Small farm loans were not reviewed as part of this evaluation as farm lending decreased from 22.3 to 8.3 percent of the bank's loan portfolio (based on dollar volume) since the previous evaluation. Home mortgage is the institution's primary lending focus; therefore, it received the most weight when determining overall conclusions.

Examiners reviewed all home mortgage and small business loans originated, renewed, or extended in 2023. This period was considered representative of the bank's performance during the entire review period.

For the Lending Test, examiners reviewed the entire universe of home mortgage and small business loans to evaluate the Assessment Area Concentration criterion. According to 2023 bank records, FSB originated 46 home mortgage loans totaling \$9.0 million, and 42 small business loans totaling \$3.6 million. Of those loans, 35 home mortgage loans totaling \$7.4 million, and 37 small business loans totaling \$3.4 million were originated inside the assessment areas. Examiners reviewed all home mortgage and small business loans originated inside the assessment areas to evaluate the Geographic Distribution and Borrower Profile criteria.

The 2020 U.S. Census data provides a standard of comparison for the bank's home mortgage lending performance, and 2023 D&B data provides a standard of comparison for the bank's small business lending performance. Examiners placed greater weight on the number of loans, as opposed to the dollar volume, as the number of loans is considered a better indicator of the number of individuals and businesses served.

CONCLUSIONS ON PERFORMANCE CRITERIA

LENDING TEST

FSB demonstrated satisfactory performance under the Lending Test. The bank’s performance under all evaluated criteria supports this conclusion.

Loan-to-Deposit Ratio

FSB’s average net loan-to-deposit ratio is reasonable given the institution’s size, financial condition, and credit needs of the assessment areas. FSB’s net loan-to-deposit ratio averaged 70.3 percent over the past 24 quarters from June 30, 2018, to March 31, 2024. The ratio ranged from a low of 63.5 percent on June 30, 2018, to a high of 75.7 percent on December 31, 2022. As shown in the following table, the bank’s ratio is comparable to other similarly situated institutions’ loan-to-deposit ratios. Examiners selected similarly situated institutions based on their asset size, geographic location, and lending focus.

Loan-to-Deposit Ratio Comparison		
Bank	Total Assets as of 3/31/2024 (\$000s)	Average Net Loan-to-Deposit Ratio (%)
First Security Bank, Union Star, Missouri	56,029	70.3
Clay County Savings Bank, Liberty, Missouri	150,194	86.0
Kearney Trust Company, Kearney, Missouri	292,997	60.0
Farmers State Bank, Cameron, Missouri	372,562	55.2
<i>Source: Reports of Condition and Income 6/30/2018 to 3/31/2024</i>		

Assessment Area Concentration

FSB originated a majority of its home mortgage and small business loans within the assessment areas. See the following table for details.

Lending Inside and Outside of the Assessment Area										
Loan Category	Number of Loans				Total #	Dollar Amount of Loans				Total \$(000)
	Inside		Outside			Inside		Outside		
	#	%	#	%		\$(000s)	%	\$(000s)	%	
Home Mortgage	35	76.1	11	23.9	46	7,350	81.5	1,668	18.5	9,018
Small Business	37	88.1	5	11.9	42	3,433	95.8	151	4.2	3,584
Total	72	81.8	16	18.2	88	10,782	85.6	1,820	14.4	12,602
<i>Source: Bank Data</i>										

Geographic Distribution

The geographic distribution of loans reflects reasonable dispersion throughout the assessment areas. This conclusion is consistent with the bank’s performance in the Kansas City Assessment Area. Examiners focused on the bank’s record of lending in moderate-income census tracts in the Kansas City Assessment Area, as there are no low-income census tracts in the Kansas City Assessment

Area, and no low- or moderate-income census tracts in the St. Joseph Assessment Area. Refer to comments for the Kansas City Assessment Area later in this evaluation for further information.

Borrower Profile

The distribution of borrowers reflects reasonable penetration among individuals of different income levels and businesses of different revenue sizes. This conclusion is consistent with the bank’s performance in both the Kansas City and St. Joseph Assessment Areas. Examiners focused on the percentage of home mortgage loans to low- and moderate-income borrowers, and the percentage of small business loans to operations with gross annual revenues of \$1 million or less. Refer to comments specific to each assessment area later in this evaluation for further information.

Response to Complaints

The institution has not received any CRA related complaints since the previous evaluation; therefore, this criterion did not affect the 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.

KANSAS CITY ASSESSMENT AREA – Full-Scope Review

DESCRIPTION OF INSTITUTION’S OPERATIONS IN THE KANSAS CITY ASSESSMENT AREA

The Kansas City Assessment Area includes 16 census tracts in northern and eastern Clay County, all 5 census tracts in Clinton County, and 7 census tracts in northern Platte County. FSB removed Ray County from its Kansas City Assessment Area since the previous evaluation. Based on 2020 U.S. Census data, the assessment area includes 5 moderate-income, 15 middle-income, and 8 upper-income census tracts. The Trimble branch is located in a middle-income census tract in this assessment area.

Economic and Demographic Data

The following table illustrates select demographic characteristics of the assessment area based on 2020 U.S. Census data.

Demographic Information of the Assessment Area					
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #
Geographies (Census Tracts)	28	0.0	17.9	53.6	28.6
Population by Geography	128,122	0.0	14.4	52.4	33.2
Housing Units by Geography	48,298	0.0	14.9	55.8	29.3
Owner-Occupied Units by Geography	35,552	0.0	11.4	56.2	32.4
Occupied Rental Units by Geography	9,714	0.0	25.4	54.9	19.7
Vacant Units by Geography	3,032	0.0	23.0	53.1	23.9
Businesses by Geography	16,673	0.0	13.6	50.4	35.9
Farms by Geography	1,006	0.0	9.7	60.8	29.4
Family Distribution by Income Level	33,728	15.4	16.8	26.1	41.8
Household Distribution by Income Level	45,266	16.7	14.9	19.9	48.5
Median Family Income MSA - 28140 Kansas City MO-KS MSA		\$86,562	Median Housing Value		\$214,483
Families Below Poverty Level		3.7%	Median Gross Rent		\$897
<i>Source: 2020 U.S. Census and 2023 D&B Data Due to rounding, totals may not equal 100.0%.</i>					

The 2023 D&B data indicates that services represent the largest portion of businesses and farms at 30.0 percent; followed by non-classifiable establishments at 24.0 percent; finance, insurance, and real estate at 10.2 percent; and agriculture, forestry, and fishing at 5.7 percent. Farming operations comprise 5.7 percent of assessment area businesses. The data also indicates that area businesses are relatively small with 95.8 percent having 9 or fewer employees, and 95.4 percent operating from a single location.

The Federal Financial Institutions Examination Council (FFIEC) provides updated median family incomes that are used to analyze home mortgage loans under the Borrower Profile criterion. The low-, moderate-, middle-, and upper-income categories for the evaluation period are presented in the following table.

Median Family Income Ranges				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
Kansas City, MO-KS MSA Median Family Income (28140)				
2023 (\$104,400)	<\$52,200	\$52,200 to <\$83,520	\$83,520 to <\$125,280	≥\$125,280
<i>Source: FFIEC</i>				

Competition

The competition for financial services in the Kansas City Assessment Area is significant. According to June 30, 2023 FDIC Deposit Market Share data, there were 34 financial institutions operating 103 locations within the assessment area. These institutions range from small community banks to larger national financial institutions. FSB is ranked 33rd with less than 1 percent of the

deposit market share. In addition to the banks reflected in the FDIC Deposit Market Share reports, FSB faces competition from other lenders, such as government agencies and credit unions.

Community Contact

As part of the evaluation process, examiners contact third parties active in the assessment area to assist in identifying the area's credit needs. This information helps determine whether local financial institutions are responsive to those needs. Further, these discussions reveal indications of the credit opportunities available.

Examiners relied on a prior community contact that is knowledgeable of economic development in the assessment area. The contact stated that local economic conditions are excellent. The contact indicated that a large portion of the labor force in the Kansas City Assessment Area commute to downtown Kansas City for employment. Hospitals in the area are doing very well and employ many people. The contact indicated that housing in the area is scarce, and options to purchase housing for low- and moderate-income families are limited. The contact identified workforce housing, small business financing, and startup business financing as the primary credit needs in the area. Finally, the contact stated that local financial institutions have been responsive to community credit needs, but they could do better in providing financing for affordable housing.

Credit Needs

Considering information from the community contact, bank management, and demographic and economic data, examiners determined that home mortgage and small business lending represent the primary credit needs of the assessment area.

CONCLUSIONS ON PERFORMANCE CRITERIA IN THE KANSAS CITY ASSESSMENT AREA

LENDING TEST

FSB demonstrated reasonable performance under the Lending Test in the Kansas City Assessment Area.

Geographic Distribution

The geographic distribution of loans reflects reasonable dispersion throughout the assessment area. The reasonable home mortgage and small business lending performance supports this conclusion.

Home Mortgage Loans

The geographic distribution of home mortgage loans reflects reasonable dispersion throughout the assessment area. Although the bank's performance lags demographic data, the performance is still considered reasonable given the distances from the bank's sole location in the assessment area to the moderate-income tracts. The nearest moderate-income census tract to the bank is 25 minutes away, and there are 11 financial institutions closer to the tract than FSB. In addition, the community contact noted that options to purchase a home in these areas are limited. See the following table for details.

Geographic Distribution of Home Mortgage Loans					
Tract Income Level	% of Owner-Occupied Housing Units	#	%	\$(000s)	%
Moderate	11.4	1	4.0	183	3.1
Middle	56.2	18	72.0	4,680	79.2
Upper	32.4	6	24.0	1,044	17.7
Total	100.0	25	100.0	5,907	100.0
<i>Source: 2020 U.S. Census, Bank Data. Due to rounding, totals may not equal 100.0%.</i>					

Small Business Loans

The geographic distribution of small business loans reflects reasonable dispersion throughout the assessment area. The bank’s performance lags demographics, but it is considered reasonable given the distances from the bank’s sole location in the assessment area to the moderate-income tracts. As noted previously, the nearest moderate-income census tract to the bank is 25 minutes away, and there are 11 financial institutions closer to the tract than FSB. See the following table for details.

Geographic Distribution of Small Business Loans					
Tract Income Level	% of Businesses	#	%	\$(000s)	%
Moderate	13.6	1	3.0	89	2.9
Middle	50.5	25	75.8	2,380	76.3
Upper	35.9	7	21.2	651	20.8
Totals	100.0	33	100.0	3,120	100.0
<i>Source: 2023 D&B Data, Bank Data. Due to rounding, totals may not equal 100.0%.</i>					

Borrower Profile

Overall, the bank’s lending performance demonstrates reasonable penetration among individuals of different income levels and businesses of different revenue sizes. The bank’s excellent home mortgage and reasonable small business lending performance supports this conclusion.

Home Mortgage Loans

The distribution of home mortgage loans to individuals of different income levels, including low- and moderate-income individuals, is excellent. While the percentage of lending to low-income borrowers lags demographic data, the bank’s lending to moderate-income borrowers is more than double the percentage of moderate-income families in the assessment area. See the following table for details.

Distribution of Home Mortgage Loans by Borrower Income Level					
Borrower Income Level	% of Families	#	%	\$(000s)	%
Low	15.4	2	8.0	323	5.5
Moderate	16.8	9	36.0	1,131	19.2
Middle	26.1	5	20.0	693	11.7
Upper	41.8	9	36.0	3,760	63.7
Total	100.0	25	100.0	5,907	100.0

Source: 2020 U.S. Census, Bank Data. Due to rounding, totals may not equal 100.0%.

Small Business Loans

The distribution of small business loans reflects reasonable lending penetration to businesses with revenues of \$1 million or less. As shown in the following table, the bank’s lending performance to businesses with revenues of \$1 million or less is commensurate with the percentage of assessment area businesses in this same revenue category.

Distribution of Small Business Loans by Gross Annual Revenue Category					
Gross Revenue Level	% of Businesses	#	%	\$(000s)	%
<=\$1,000,000	93.2	30	90.9	2,766	88.7
>\$1,000,000	2.0	3	9.1	353	11.3
Revenue Not Available	4.8	0	0.0	0	0.0
Total	100.0	33	100.0	3,120	100.0

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

ST. JOSEPH ASSESSMENT AREA – Full-Scope Review

DESCRIPTION OF INSTITUTION’S OPERATIONS IN THE ST. JOSEPH ASSESSMENT AREA

The St. Joseph Assessment Area includes all of Andrew, DeKalb, and Gentry counties, two census tracts in eastern Buchanan County, and two census tracts in southern Nodaway County. FSB removed Caldwell and Daviess counties from its St. Joseph Assessment Area since the previous evaluation. Based on 2020 U.S. Census data, the assessment area includes ten middle-income, and four upper-income census tracts. The Union Star branch is located in a middle-income census tract in this assessment area.

Economic and Demographic Data

The following table illustrates select demographic characteristics of the assessment area based on 2020 U.S. Census data.

Demographic Information of the Assessment Area					
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #
Geographies (Census Tracts)	14	0.0	0.0	71.4	28.6
Population by Geography	51,573	0.0	0.0	61.7	38.3
Housing Units by Geography	21,482	0.0	0.0	65.4	34.6
Owner-Occupied Units by Geography	14,412	0.0	0.0	65.3	34.7
Occupied Rental Units by Geography	4,646	0.0	0.0	67.1	32.9
Vacant Units by Geography	2,424	0.0	0.0	62.4	37.6
Businesses by Geography	5,510	0.0	0.0	60.7	39.3
Farms by Geography	811	0.0	0.0	67.8	32.2
Family Distribution by Income Level	12,945	13.2	16.2	22.4	48.1
Household Distribution by Income Level	19,058	19.0	13.8	18.1	49.1
Median Family Income MSA - 41140 St. Joseph, MO-KS		\$66,409	Median Housing Value	\$140,043	
Median Family Income Non-metropolitan Missouri		\$56,957	Median Gross Rent	\$718	
Families Below Poverty Level		6.1%			
<i>Source: 2020 U.S. Census and 2023 D&B Data Due to rounding, totals may not equal 100.0%.</i>					

The 2023 D&B data indicates that services represent the largest portion of businesses and farms at 25.1 percent; followed by non-classifiable establishments at 25.0 percent; agriculture, forestry, and fishing at 12.8 percent; and finance, insurance, and real estate at 8.7 percent. Farming operations comprise 12.8 percent of assessment area businesses. The data also indicates that area businesses are relatively small with 95.2 percent having 9 or fewer employees, and 93.7 percent operating from a single location.

The FFIEC provides updated median family incomes that are used to analyze home mortgage loans under the Borrower Profile criterion. The low-, moderate-, middle-, and upper-income categories for the evaluation period are presented in the following table.

Median Family Income Ranges				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
St. Joseph, MO-KS MSA Median Family Income (41140)				
2023 (\$81,600)	<\$40,800	\$40,800 to <\$65,280	\$65,280 to <\$97,920	≥\$97,920
MO Nonmetropolitan Median Family Income (99999)				
2023 (\$71,000)	<\$35,500	\$35,500 to <\$56,800	\$56,800 to <\$85,200	≥\$85,200
<i>Source: FFIEC</i>				

Competition

The competition for financial services in the St. Joseph Assessment Area is significant. According to June 30, 2023 FDIC Deposit Market Share data, there were 20 financial institutions operating 50 locations within the assessment area. These institutions range from small community banks to larger national financial institutions. FSB is ranked 18th with less than 1 percent of the deposit market share. In addition to the banks reflected in the FDIC Deposit Market Share reports, FSB faces competition from other lenders, such as government agencies and credit unions.

Community Contact

Examiners utilized a prior community contact that is knowledgeable of economic development in the assessment area. The contact stated that local economic conditions are strong and vibrant. The contact indicated that a large portion of the labor force commute to St. Joseph from Kansas City and other outlying cities. Major employment sources include agricultural technology, food processing, logistics and distribution, and healthcare. The contact indicated that housing in the area is scarce, and options to purchase housing for low- and moderate-income people are limited. The contact identified workforce housing, small business financing, and startup business financing as the primary credit needs in the area. Finally, the contact stated that the local financial institutions are generally responsive to community credit needs, but they could do better in providing financing for affordable housing.

Credit Needs

Considering information from the community contact, bank management, and demographic and economic data, examiners determined that home mortgage and small business lending represent the primary credit needs of the assessment area.

CONCLUSIONS ON PERFORMANCE CRITERIA IN THE ST. JOSEPH ASSESSMENT AREA

LENDING TEST

FSB demonstrated reasonable performance under the Lending Test in the St. Joseph Assessment Area. The bank's Borrower Profile performance supports this conclusion.

Geographic Distribution

The assessment area does not include any low- or moderate-income geographies, and review of the Geographic Distribution criterion would not result in meaningful conclusions. Therefore, this criterion was not evaluated.

Borrower Profile

The bank's lending performance demonstrates reasonable penetration among individuals of different income levels and businesses of different revenue sizes. The bank's reasonable home mortgage and excellent small business lending performance supports this conclusion.

Home Mortgage Loans

The distribution of home mortgage loans to individuals of different income levels, including low- and moderate-income borrowers, is reasonable. While the bank made no loans to low-income borrowers, its lending performance to moderate-income borrowers nearly doubled the percentage of moderate-income families in the assessment area. Considering the bank’s overall performance, the distribution of home mortgage loans is reasonable. See the following table for details.

Distribution of Home Mortgage Loans by Borrower Income Level					
Borrower Income Level	% of Families	#	%	\$(000s)	%
Low	13.2	0	0.0	0	0.0
Moderate	16.2	3	30.0	245	17.0
Middle	22.4	2	20.0	584	40.5
Upper	48.1	5	50.0	614	42.6
Total	100.0	10	100.0	1,443	100.0

Source: 2020 U.S. Census, Bank Data. Due to rounding, totals may not equal 100.0%.

Small Business Loans

The distribution of small business loans reflects excellent lending penetration to businesses with revenues of \$1 million or less. All four small business loans were originated to businesses with revenues of \$1 million. This performance exceeds demographic data, which indicates that 89.7 percent of assessment area businesses are in the same revenue category.

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 institution'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 institution 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.