

# **PUBLIC DISCLOSURE**

August 4, 2025

## **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

First Security Bank and Trust Company  
Certificate Number: 1852

809 Clark Street  
Charles City, Iowa 50616

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.

## TABLE OF CONTENTS

INSTITUTION RATING .....	1
DESCRIPTION OF INSTITUTION .....	2
DESCRIPTION OF ASSESSMENT AREA.....	3
SCOPE OF EVALUATION.....	5
CONCLUSIONS ON PERFORMANCE CRITERIA.....	6
DISCRIMINATORY OR OTHER ILLEGAL CREDIT PRACTICES REVIEW .....	13
APPENDICES .....	14
INTERMEDIATE SMALL BANK PERFORMANCE CRITERIA.....	14
GLOSSARY .....	15

## 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 both the Lending and Community Development Tests supports the rating. The following points summarize the bank's performance.

**The Lending Test is rated Satisfactory.**

- The loan-to-deposit ratio is reasonable given the institution's size, financial condition, and credit needs of the assessment area.
- The institution made a substantial majority of its loans inside the assessment area.
- The geographic distribution of loans reflects excellent dispersion throughout the assessment area.
- The distribution of borrowers reflects reasonable penetration among businesses and farms of different revenue sizes and individuals of different income levels.
- The institution did not receive any CRA-related complaints since the previous evaluation; therefore, this factor did not affect the Lending Test rating.

**The Community Development Test is rated Satisfactory.**

- The institution demonstrated adequate responsiveness to the community development needs of its assessment area through community development loans, qualified investments, and community development services. Examiners considered the institution's capacity, as well as the need and availability of opportunities in the assessment area.

## DESCRIPTION OF INSTITUTION

First Security Bank and Trust Company is headquartered in Charles City, Iowa. The bank is wholly owned by a one-bank holding company, Cedar Valley Bankshares, LTD., Charles City, Iowa. The institution received a rating of “Satisfactory” at its previous FDIC CRA Performance Evaluation dated September 21, 2022, based on Interagency Intermediate Small Bank Procedures.

In addition to its main office in Charles City, First Security Bank and Trust Company operates eight full-service locations in Dumont, Hampton, Manly, Nora Springs, Riceville, Rockford, Rockwell, and Thornton, Iowa. Additionally, there are two limited-service drive-through branches in Hampton and Ionia, Iowa. The Ionia drive-through branch relocated down the street in April 2023, and the Hampton and Charles City drive-up windows were permanently closed in September 2024. Temporarily closed at the start of the pandemic in March 2020, the Aredale, Marble Rock, and Rudd, Iowa branches were officially closed in December 2022 due to current economic conditions. There have been no merger or acquisition activities since the previous evaluation.

The bank offers a variety of loan products, including commercial, agricultural, home mortgage, construction, and consumer loans. The bank’s lending focus is divided equally between commercial, agricultural, and home mortgage lending. The bank offers long-term home mortgage loans on the secondary market, as well as loan programs through the Farm Service Agency and Small Business Administration. Furthermore, the bank offers a number of loan programs that target first-time, rural, and low- and moderate-income homebuyers, and loan programs targeting small businesses.

The bank provides a variety of deposit products that include checking, savings, certificates of deposit, individual retirement accounts, health savings accounts, and safe deposit boxes. Trust and Wealth management services are also offered. Alternative banking services include free access to debit cards, online and mobile banking including deposits and bill payments, and e-statements. Full-service interactive teller machines are located at the Charles City, Hampton, Manly, Nora Springs, Riceville, Rockford, Rockwell, and Thornton office locations.

As of March 31, 2025, assets totaled approximately \$572.6 million, representing a decrease of 5.8 percent since the June 30, 2022, Consolidated Reports of Condition and Income (Call Report). For the same period, total deposits equaled approximately \$511.6 million, representing a decrease of 5.4 percent, total loans equaled \$367.8 million, representing an increase of 4.7 percent, and total securities equaled \$135.9 million, representing a decrease of 27.5 percent. Changes resulted from a shift in business strategy, including moving the focus from securities to loans given the interest rate environment during the evaluation period and a renewed focus on lending within the assessment area. Portfolio concentrations have remained generally consistent over the review period with a slight decrease in commercial loans. The following table illustrates the composition of the loan portfolio.

<b>Loan Portfolio Distribution as of 3/31/2025</b>		
<b>Loan Category</b>	<b>\$(000s)</b>	<b>%</b>
Construction, Land Development, and Other Land Loans	9,859	2.7
Secured by Farmland	91,522	24.9
Secured by 1-4 Family Residential Properties	91,503	24.9
Secured by Multifamily (5 or more) Residential Properties	29,494	8.0
Secured by Nonfarm Nonresidential Properties	45,938	12.5
<b>Total Real Estate Loans</b>	<b>268,316</b>	<b>73.0</b>
Commercial and Industrial Loans	33,234	9.0
Agricultural Production and Other Loans to Farmers	49,287	13.4
Consumer Loans	7,688	2.1
Obligations of State and Political Subdivisions in the U.S.	9,245	2.5
Other Loans	52	<0.1
<b>Total Loans</b>	<b>367,822</b>	<b>100.0</b>
<i>Source: Reports of Condition and Income</i>		

Examiners did not identify any financial, legal, or other impediments that affect the bank’s ability to meet the credit and community development needs of its assessment area.

## **DESCRIPTION OF ASSESSMENT AREA**

The CRA requires each financial institution to define one or more assessment areas within which examiners will evaluate its performance. First Security Bank and Trust Company defined one assessment area in northern Iowa. The assessment area is comprised of 34 census tracts, including all of Cerro Gordo, Floyd, Franklin, Mitchell, and Worth counties, as well as portions of Butler (census tracts 701, 702, and 703); Chickasaw (census tracts 701, 702, and 704); and Howard (census tracts 9602 and 9603) counties. All counties within the assessment area are considered nonmetropolitan. Management believes these partial counties appropriately reflect the bank’s assessment area due to deposit activity, loan demand, distance from branches, and competition.

### **Economic and Demographic Data**

According to 2020 U.S. Census data, the assessment area consists of 4 moderate-, 26 middle-, and 4 upper-income census tracts. This composition is a change from the prior evaluation, where the assessment area consisted of 2 moderate-, 29 middle-, and 2 upper-income census tracts, according to the 2015 American Community Survey. The following table illustrates select demographic characteristics of the assessment area.

Demographic Information of the Assessment Area						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	N/A* % of #
Geographies (Census Tracts)	34	0.0	11.8	76.5	11.8	0.0
Population by Geography	109,018	0.0	14.8	73.8	11.5	0.0
Housing Units by Geography	53,942	0.0	15.3	72.3	12.4	0.0
Owner-Occupied Units by Geography	35,180	0.0	12.3	76.4	11.3	0.0
Occupied Rental Units by Geography	12,467	0.0	23.9	64.6	11.4	0.0
Vacant Units by Geography	6,295	0.0	15.0	64.2	20.8	0.0
Businesses by Geography	11,112	0.0	16.5	68.7	14.9	0.0
Farms by Geography	1,786	0.0	3.1	83.5	13.4	0.0
Family Distribution by Income Level	29,893	17.3	20.6	22.3	39.9	0.0
Household Distribution by Income Level	47,647	21.6	18.0	19.3	41.1	0.0
Iowa Nonmetropolitan Median Family Income	\$71,763	Median Housing Value		\$ 125,902		
		Median Gross Rent		\$651		
		Families Below Poverty Level		6.6%		
<i>Source: 2020 Census and 2024 D&amp;B Data</i> <i>(*) The NA category consists of geographies that have not been assigned an income classification.</i> <i>Due to rounding, totals may not equal 100%.</i>						

According to 2020 U.S. Census and 2024 D&B data, non-classifiable establishments represent the largest portion of business and farm operations at 17.7 percent; followed by agriculture, forestry, fishing and hunting at 13.9 percent; other service (except public administration) at 10.4 percent; retail trade at 7.2 percent; construction at 7.0 percent; and Administrative and Support and Waste Management and Remediation Services at 6.1 percent. In addition, 74.3 percent of the assessment area operations have less than five employees, and 92.0 percent operate from a single location.

The Federal Financial Institutions Examination Council (FFIEC)-estimated median family income levels are used to analyze home mortgage loans under the Borrower Profile criterion, and to analyze certain community development activities related to housing. The following table details the low-, moderate-, middle-, and upper-income categories for the assessment area.

Median Family Income Ranges				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥ 120%
<b>Nonmetropolitan Iowa Median Family Income</b>				
2024 (\$ 86,700)	< \$43,350	\$43,350 to < \$69,360	\$69,360 to < \$104,040	≥ \$104,040
<i>Source: FFIEC</i>				

### **Competition**

The assessment area is moderately competitive for financial services. The June 30, 2024, FDIC Deposit Market Share Report indicates that there are 26 institutions operating from 70 locations in the counties that make up the assessment area. Of these institutions, First Security Bank and Trust Company ranks 3rd with 9.0 percent of the deposit market share. These institutions range from small community banks to larger financial institutions with branch locations in the assessment area. Many cities in the assessment area have well-established local banks with long-term relationships with both commercial and consumer customers.

### **Community Contacts**

As part of the evaluation process, examiners contact third parties active in the assessment area to assist in understanding economic conditions and identifying credit needs. This information helps to determine whether local financial institutions are responsive to community credit needs and provides context regarding available lending opportunities. Examiners referenced an existing contact with an economic development organization familiar with the assessment area.

The community contact stated that area businesses suffered during the Covid-19 pandemic, but the ones that survived have since rebounded. Generally, finding workers is the biggest issue for area businesses. The area has significant workforce shortages and around a 2.8 percent unemployment rate. Further, the community contact stated daycare shortages are holding back the workforce as well. The contact stated that the demographics skew older towards baby boomers, and that many younger people are leaving for larger cities. The contact praised the area banks for their willingness to provide for credit needs, in particular for multi-family housing development. However, it also was noted that the banks are not as eager for new deposits or to make loans as in the past. The community contact stated opportunities exist in the area for community development, land development, small business development, and residential housing. Recently, farmers have not needed to borrow as much, and farm loan demand has decreased. Overall, the contact stated assessment area financial institutions excel in meeting banking and credit needs.

### **Credit and Community Development Needs and Opportunities**

Considering information from bank management, the community contact, and demographic and economic data, small business, small farm, and home mortgage represent primary credit needs in the assessment area. Community development needs include activities that promote affordable housing, economic development, community services, and revitalization and stabilization of low- and moderate-income areas. The number of low- and moderate-income individuals and number of small businesses in the assessment areas, as well as the presence of low-income, moderate-income, and distressed and underserved non-metropolitan middle-income geographies evidence these needs.

## **SCOPE OF EVALUATION**

### **General Information**

This evaluation covers the period from the prior evaluation dated September 21, 2022, to the current evaluation dated August 4, 2025. Examiners used Interagency Intermediate Small Institution Examination Procedures to evaluate the institution's CRA performance. These procedures include the Lending and Community Development tests, which the Appendices describe in detail.

### **Activities Reviewed**

Examiners determined the institution's major product lines are commercial, agricultural, and residential real estate loans. Examiners based this conclusion on the institution's business strategy, loan portfolio distribution, and institution records regarding the number and dollar volume of loans originated or renewed during the evaluation period. Therefore, examiners reviewed small business, small farm, and home mortgage lending at the current evaluation. Based on the loan portfolio and volume of loans originated, examiners gave equal weight to all three products.

For the Lending Test, examiners evaluated lending performance based on small business, small farm, and home mortgage loans originated or renewed in 2024, which management indicated was indicative of lending over the entire evaluation period. For the Assessment Area Concentration review, examiners evaluated lending performance based on the entire universe, which consisted of 112 small business loans totaling \$12.4 million, 205 small farm loans totaling \$21.0 million, and 169 home mortgage loans totaling \$23.5 million. The Geographic Distribution analysis considered only loans made within the assessment area. For the Borrower Profile analysis, samples of 46 small business loans totaling \$3.8 million, 56 small farm loans totaling \$4.7 million, and 51 home mortgage loans totaling \$11.6 million that were originated within the assessment area were selected for review. The 2024 D&B data provided a standard of comparison for small business and small farm lending. The 2020 U.S. Census data provided a standard of comparison for home mortgage lending.

Examiners obtained the data necessary for this evaluation from loan data, customer loan files, and interviews with bank management. Examiners analyzed lending performance by both number and dollar volume of loans. However, examiners emphasized performance by number of loans when evaluating the Geographic Distribution and Borrower Profile criteria, as it is generally a better indicator of the number of businesses and individuals served.

For the Community Development Test, examiners considered community development loans, qualified investments, and community development services since the prior evaluation. Examiners excluded loans considered under the Lending Test from the Community Development Test.

## **CONCLUSIONS ON PERFORMANCE CRITERIA**

### **LENDING TEST**

First Security Bank and Trust Company demonstrated satisfactory performance under the Lending Test. The institution's performance under the Loan-to-Deposit Ratio, Assessment Area Concentration, Geographic Distribution, and Borrower Profile criteria support this conclusion. The following is a discussion of each performance criterion and support for the institution's overall rating.

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

First Security Bank and Trust Company's loan-to-deposit ratio is reasonable given the institution's size, financial condition, and assessment area credit needs. The net loan-to-deposit ratio averaged 71.1 over the 11 calendar quarters from September 30, 2022, to March 31, 2025. This represents a slight increase since the prior evaluation, when the average ratio was 68.6 percent. The ratio ranged from a low of 66.7 percent on September 30, 2022, to a high of 73.4 percent on March 31, 2023.

The bank’s average net loan-to-deposit ratio was compared to that of three similarly-situated institutions operating in or near First Security Bank and Trust Company assessment area with similarities in lending focus and asset size. As shown in the following table, the bank’s ratio ranked the lowest out of the comparable institutions but was similar overall.

Loan-to-Deposit Ratio Comparison		
Bank	Total Assets as of 3/31/2025 \$(000s)	Average Net Loan-to-Deposit Ratio (%)
<b>First Security Bank and Trust Company, Charles City, Iowa</b>	<b>572,576</b>	<b>71.1</b>
Iowa State Bank, Clarksville, Iowa	364,475	73.9
Clear Lake Bank and Trust, Clear Lake, Iowa	615,545	79.0
NSB Bank, Mason City, Iowa	469,684	77.0

*Source: Reports of Condition and Income 9/30/2022 through 3/31/2025*

The institution also originates mortgage loans that are subsequently sold through secondary market relationships; these loans are not included in the institution’s ratio. While the sale of secondary market loans does not influence the average net loan-to-deposit ratio, this activity provides liquidity to originate additional home mortgage loans. Secondary market lending is responsive to the assessment area’s credit needs by providing long-term home mortgage financing.

**Assessment Area Concentration**

First Security Bank and Trust Company extended a substantial majority of small business, small farm, and home mortgage loans, by number and dollar amount, within the assessment area. See the following table.

Lending Inside and Outside of the Assessment Area										
Loan Category	Number of Loans				Total #	Dollar Amount of Loans \$(000)				Total \$(000)
	Inside		Outside			Inside		Outside		
	#	%	#	%		\$	%	\$	%	
Small Business	94	83.9	18	16.1	112	8,991	72.5	3,411	27.5	12,402
Small Farm	196	95.6	9	4.4	205	20,504	97.5	515	2.5	21,019
Home Mortgage	145	85.8	24	14.2	169	20,726	88.0	2,814	12.0	23,540
<b>Total</b>	<b>435</b>	<b>90</b>	<b>51</b>	<b>11</b>	<b>486</b>	<b>50,221</b>	<b>88</b>	<b>6,740</b>	<b>12</b>	<b>56,961</b>

*Source: Bank Data.  
Due to rounding, totals may not equal 100.0%.*

**Geographic Distribution**

The geographic distribution of loans reflects excellent dispersion throughout the assessment area. The institution’s excellent performance in small farm and home mortgage lending primarily supports this conclusion. Examiners focused primarily on the percentage of loans in moderate-income census tracts located in the assessment area.

### Small Business Lending

The geographic distribution of small business lending reflects reasonable dispersion. As shown in the following table, the institution's percentage of lending in the moderate-income areas is lower than demographic data. However, management and the community contact confirmed that small businesses in the area have struggled to grow due to problems with employee recruitment and retention, in turn reducing loan demand. Additionally, a high level of competition from established local banks exists in the Mason City and Hampton moderate-income CTs, and the Charles City moderate-income CT is mostly residential.

<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>
Moderate	16.5	11	11.7	1,306	14.5
Middle	68.7	78	83.0	7,016	78.0
Upper	14.9	5	5.3	669	7.4
<b>Total</b>	<b>100.0</b>	<b>94</b>	<b>100.0</b>	<b>8,991</b>	<b>100.0</b>

*Source: 2024 D&B Data; Bank Data. Due to rounding, totals may not equal 100.0%.*

### Small Farm Lending

The geographic distribution of small farm lending reflects excellent dispersion. As shown in the following table the institution's percentage of lending in the moderate-income areas is similar to demographic data. The four moderate-income geographies in the assessment area are located in the towns of Charles City, Hampton, and Mason City, where there is very little agricultural land available. These census tracts are primarily commercial and residential with little agricultural loan demand. Additionally, the community contact and bank management indicated that farmers have been hesitant to borrow money due to high interest rates and inflation in recent years.

<b>Geographic Distribution of Small Farm Loans</b>					
<b>Tract Income Level</b>	<b>% of Farms</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
Moderate	3.1	6	3.1	300	1.5
Middle	83.5	179	91.3	18,629	90.9
Upper	13.4	11	5.6	1,575	7.7
<b>Total</b>	<b>100.0</b>	<b>196</b>	<b>100.0</b>	<b>20,504</b>	<b>100.0</b>

*Source: 2024 D&B Data; Bank Data. Due to rounding, totals may not equal 100.0%.*

### Home Mortgage Lending

The geographic distribution of home mortgage lending reflects excellent dispersion. As shown in the following table, the institution's percentage of lending in moderate-income census tracts is higher by number and lower by dollar amount than the percent of owner-occupied housing located in those census tracts. Examiners noted that one \$5.0 million loan in a middle-income census tract, representing roughly 24.1 percent of loans by dollar amount, significantly impacted the percentages by dollar volume. The bank also offers secondary market loan programs through several government

agencies, which are not included in the universe of home mortgage loans. Several of these programs are targeted at low- and moderate-income borrowers or first-time homebuyers.

<b>Geographic Distribution of Home Mortgage Loans</b>					
<b>Tract Income Level</b>	<b>% of Owner Occupied Housing Units</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
Moderate	12.3	25	17.2	2,036	9.8
Middle	76.4	114	78.6	18,029	87.0
Upper	11.3	6	4.1	661	3.2
<b>Total</b>	<b>100.0</b>	<b>145</b>	<b>100.0</b>	<b>20,726</b>	<b>100.0</b>

*Source: 2020 Census; Imported Bank Data. Due to rounding, totals may not equal 100.0%.*

**Borrower Profile**

The distribution of borrowers reflects reasonable penetration among businesses and farms of varying revenue sizes and individuals of different income levels. The institution’s reasonable performance in small business and small farm lending supports this conclusion. While home mortgage performance was excellent, it did not warrant an enhanced conclusion. Examiners focused on the number of loans to businesses with gross annual revenues of \$1 million or less, and on the number of home mortgage loans to low- and moderate-income borrowers.

***Small Business Loans***

The distribution of small business loans reflects reasonable penetration among operations of different sizes. As shown in the following table, the bank’s lending to operations with revenues of \$1 million or less is similar to corresponding D&B data.

<b>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>
<= \$1,000,000	88.0	40	87.0	2,423	64.2
> \$1,000,000	2.2	5	10.9	1,290	34.2
NA	9.8	1	2.2	60	1.6
<b>Total</b>	<b>100.0</b>	<b>46</b>	<b>100.0</b>	<b>3,773</b>	<b>100.0</b>

*Source: 2024 D&B Data; Bank Data. Due to rounding, totals may not equal 100.0%.*

***Small Farm Loans***

The institution’s distribution of small farm loans reflects reasonable penetration among operations of different revenue sizes. The following table shows that the institution’s lending to farms with revenues of \$1 million or less is slightly below demographic data in this revenue category. However, the United States Department of Agriculture 2022 Census of Agriculture shows that 57.0 percent of assessment area farms list a primary occupation outside of farming and 29.9 percent are considered hobby farms that generate under \$2,500 in gross annual revenues. The same report

shows that 54.3 percent of farms had no interest expense. This data supports that a significant proportion of operators have limited or no borrowing needs. Further, the community contact and bank management indicated that farmers have been hesitant to borrow in recent years.

<b>Distribution of Small Farm Loans by Gross Annual Revenue Category</b>					
<b>Gross Revenue Level</b>	<b>% of Farms</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
<= \$1,000,000	99.2	52	92.9	3,691	79.3
> \$1,000,000	0.4	4	7.1	963	20.7
NA	0.5	0	0.0	0	0.0
<b>Total</b>	<b>100.0</b>	<b>56</b>	<b>100.0</b>	<b>4,654</b>	<b>100.0</b>
<i>Source: 2024 D&amp;B Data; Bank Data. Due to rounding, totals may not equal 100.0%.</i>					

### ***Home Mortgage***

The institution’s home mortgage lending borrowers of differing income levels is excellent. As shown in the following table, the institution’s lending performance to low- and moderate-income borrowers is higher by number and low by dollar amount than demographic data. However, one \$5 million loan to an upper income borrower made up 43.3% of the sample by dollar amount, which significantly skewed the dollar amount data. Additionally, the bank offers secondary market loan programs through several government agencies, which are not included in the universe of home mortgage loans. Several of these programs are targeted at low- and moderate-income borrowers or first-time homebuyers.

<b>Distribution of Home Mortgage Loans by Borrower Income Level</b>					
<b>Borrower Income Level</b>	<b>% of Families</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
Low	17.3	10	19.6	757	6.6
Moderate	20.6	11	21.6	1,001	8.7
Middle	22.3	12	23.5	1,358	11.8
Upper	39.9	18	35.3	8,443	73.0
<b>Total</b>	<b>100.0</b>	<b>51</b>	<b>100.0</b>	<b>11,559</b>	<b>100.0</b>
<i>Source: 2020 Census; Imported Bank Data. Due to rounding, totals may not equal 100.0%.</i>					

### **Response to Complaints**

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

### **COMMUNITY DEVELOPMENT TEST**

First Security Bank and Trust Company demonstrates adequate responsiveness to the community development needs of its assessment area through community development loans, qualified investments, and community development services. Examiners considered the bank’s capacity and the need and availability of such opportunities in the assessment area. The bank was responsive to

the community development needs in its assessment area. All community development activities were inside the bank’s assessment area.

Examiners compared the bank’s level of community development activity to three financial institutions with similar business focuses, asset sizes, and types of assessment areas served. These institutions were also evaluated using Interagency Intermediate Small Institution Examination Procedures. Overall, First Security Bank and Trust Company’s performance was comparable to the performance of these institutions. All three comparable institutions received a satisfactory rating for the Community Development Test.

**Community Development Loans**

First Security Bank and Trust Company originated 7 community development loans totaling approximately \$12.5 million during the evaluation period. The institution extended loans to entities to promote affordable housing, economic development by supporting permanent job creation, retention, and/or improvement for low- and moderate-income individuals, and to aid revitalization or stabilization efforts in low- and moderate-income geographies.

First Security Bank and Trust Company’s community development lending activity represented 2.3 percent of total assets and 3.6 percent of net loans, as of March 31, 2025. Comparable institutions had community development loans to total assets ratios ranging from 3.5 percent to 10.5 percent and community development loans to net loans ratios ranging from 5.9 percent to 14.5 percent. First Security Bank and Trust Company’s ratios were lower compared to these institutions. Since the prior evaluation the institution has shifted its business strategy to focus more on lending within the assessment area. As a result, the bank has forgone larger affordable housing loan opportunities outside the assessment area that have accounted for a large portion of the bank’s community development loans in prior evaluations. Therefore, the bank did not have any activities in the regional or statewide areas. The following table reflects the number and dollar volume of community development loans in each category by year.

<b>Community Development Lending by Year</b>										
<b>Year</b>	<b>Affordable Housing</b>		<b>Community Services</b>		<b>Economic Development</b>		<b>Revitalize or Stabilize</b>		<b>Total</b>	
	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>
2022 (Partial)	-	-	-	-	-	-	-	-	-	-
2023	-	-	-	-	-	-	-	-	-	-
2024	2	375	-	-	2	7,000	2	4,820	6	12,195
2025 (YTD)	1	268	-	-	-	-	-	-	1	268
<b>Total</b>	<b>3</b>	<b>643</b>	<b>-</b>	<b>-</b>	<b>2</b>	<b>7,000</b>	<b>2</b>	<b>4,820</b>	<b>7</b>	<b>12,463</b>
<i>Source: Bank Data</i>										

Overall, the institution has demonstrated that they have actively sought out opportunities to make and extend community development loans to meet opportunities available in the assessment area.

### **Qualified Investments**

First Security Bank and Trust Company made 63 qualified investments totaling approximately \$4.2 million during the evaluation period. This represented 0.8 percent of total assets and 3.2 percent of total securities, as of March 31, 2025. Qualified investment activity included 55 donations totaling \$261,391. Comparable institutions' qualified investments ranged from <0.1 to 1.9 percent of total assets, and 1.6 to 5.8 percent of total securities. First Security Bank and Trust Company compares reasonably to these institutions. The following table reflects the number and dollar volume of qualified investments in each category by year.

<b>Qualified Investments by Year</b>										
<b>Year</b>	<b>Affordable Housing</b>		<b>Community Services</b>		<b>Economic Development</b>		<b>Revitalize or Stabilize</b>		<b>Total</b>	
	<b>#</b>	<b>\$</b>	<b>#</b>	<b>\$</b>	<b>#</b>	<b>\$</b>	<b>#</b>	<b>\$</b>	<b>#</b>	<b>\$</b>
Prior Period	-	-	2	940	2	1,134	4	1,902	8	3,976
2022 (Partial)	-	-	-	-	-	-	-	-	-	-
2023	-	-	-	-	-	-	-	-	-	-
2024	-	-	-	-	-	-	-	-	-	-
2025 (YTD)	-	-	-	-	-	-	-	-	-	-
<b>Subtotal</b>	-	-	<b>2</b>	<b>940</b>	<b>2</b>	<b>1,134</b>	<b>4</b>	<b>1,902</b>	<b>8</b>	<b>3,976</b>
Grants & Donation	4	6	25	121	16	96	10	38	55	261
<b>Total</b>	<b>4</b>	<b>6</b>	<b>27</b>	<b>1,061</b>	<b>18</b>	<b>1,230</b>	<b>14</b>	<b>1,940</b>	<b>63</b>	<b>4,237</b>
<i>Source: Bank Data</i>										

The institution has, amid rising interest rates, strategically reduced its emphasis on investments and prioritized loan growth, which has delivered stronger yields over the past three years. However, overall, the institution has demonstrated that they have actively sought opportunities to make qualified investments to meet opportunities available in the assessment area.

### **Community Development Services**

First Security Bank and Trust Company received consideration for a total of 78 community services. Bank personnel provided technical or financial expertise to these organizations in many ways, all related to their employment with the institution. Employees dedicated their time and resources to 19 different organizations during the evaluation period. These organizations provide resources related to affordable housing, community services targeted to low- and moderate-income individuals and families, and economic development activities that help to provide employment to low- or moderate-income individuals and develop small businesses. Most employees providing qualified services did so in an officer, committee member, or Board member capacity.

The comparable institutions provided a range of 21 to 53 community development services. First Security Bank and Trust Company significantly exceeded these institutions. The following table reflects the community development services in each category by year.

<b>Community Development Services by Year</b>					
<b>Year</b>	<b>Affordable Housing</b>	<b>Community Services</b>	<b>Economic Development</b>	<b>Revitalize or Stabilize</b>	<b>Total</b>
	<b>#</b>	<b>#</b>	<b>#</b>	<b>#</b>	<b>#</b>
2022 (Partial Year)	2	6	7	2	<b>17</b>
2023	2	9	8	5	<b>24</b>
2024	1	6	6	6	<b>19</b>
2025 (Year-to-Date)	1	4	7	6	<b>18</b>
<b>Total</b>	<b>6</b>	<b>25</b>	<b>28</b>	<b>19</b>	<b>78</b>
<i>Source: Bank Data</i>					

Overall, employees actively sought opportunities to provide their financial or technical expertise to organizations that strive to meet the definition of community development.

First Security Bank and Trust Company offers various small business and personal retail credit and deposit products and services, including those described under this document’s Description of Institution section. The institution offers checking, savings, certificates of deposit, individual retirement accounts, simplified employee pension plans, health savings accounts, and safe deposit boxes. The services, which include mobile banking, mobile deposit, and electronic statements, are generally free of charge to bank customers, which is beneficial to low- and moderate-income individuals. The institution supports underserved nonmetropolitan middle-income areas through branch locations in Dumont, in Butler County, and Riceville, in Mitchell County. Additionally, the institution has a branch location serving a moderate-income census tract in Hampton, in Franklin County. As mentioned previously, the bank participates in various lending programs through government-sponsored agencies that aid small businesses and homeowners. The institution’s record of providing branches, ATMs, loan production offices, and/or other services and delivery systems enhances credit availability in its assessment area.

## **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

### INTERMEDIATE 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).

#### **Community Development Test**

The Community Development Test considers the following criteria:

- 1) The number and amount of community development loans;
- 2) The number and amount of qualified investments;
- 3) The extent to which the bank provides community development services; and
- 4) The bank's responsiveness through such activities to community development lending, investment, and service needs.

## 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.

**Community Development:** For loans, investments, and services to qualify as community development activities, their primary purpose must:

- (1) Support affordable housing for low- and moderate-income individuals;
- (2) Target community services toward low- and moderate-income individuals;
- (3) Promote economic development by financing small businesses or farms; or
- (4) Provide activities that revitalize or stabilize low- and moderate-income geographies, designated disaster areas, or distressed or underserved nonmetropolitan middle-income geographies.

**Community Development Corporation (CDC):** A CDC allows banks and holding companies to make equity type of investments in community development projects. Institution CDCs can develop innovative debt instruments or provide near-equity investments tailored to the development needs of the community. Institution CDCs are also tailored to their financial and marketing needs. A CDC may purchase, own, rehabilitate, construct, manage, and sell real property. Also, it may make equity or debt investments in development projects and in local businesses. The CDC activities are expected to directly benefit low- and moderate-income groups, and the investment dollars should not represent an undue risk on the banking organization.

**Community Development Financial Institutions (CDFIs):** CDFIs are private intermediaries (either for profit or nonprofit) with community development as their primary mission. A CDFI facilitates the flow of lending and investment capital into distressed communities and to individuals who have been unable to take advantage of the services offered by traditional financial institutions. Some basic types of CDFIs include community development banks, community development loan funds, community development credit unions, micro enterprise funds, and community development venture capital funds.

A certified CDFI must meet eligibility requirements. These requirements include the following:

- Having a primary mission of promoting community development;
- Serving an investment area or target population;
- Providing development services;
- Maintaining accountability to residents of its investment area or targeted population through representation on its governing board of directors, or by other means;
- Not constituting an agency or instrumentality of the United States, of any state or political subdivision of a state.

**Community Development Loan:** A loan that:

- (1) Has as its primary purpose community development; and
- (2) Except in the case of a wholesale or limited purpose institution:
  - (i) Has not been reported or collected by the institution or an affiliate for consideration in the institution's assessment area as a home mortgage, small business, small farm, or consumer loan, unless it is a multifamily dwelling loan (as described in Appendix A to Part 203 of this title); and
  - (ii) Benefits the institution's assessment area(s) or a broader statewide or regional area including the institution's assessment area(s).

**Community Development Service:** A service that:

- (1) Has as its primary purpose community development;
- (2) Is related to the provision of financial services; and
- (3) Has not been considered in the evaluation of the institution's retail banking services under § 345.24(d).

**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.

**Distressed Middle-Income Nonmetropolitan Geographies:** A nonmetropolitan middle-income geography will be designated as distressed if it is in a county that meets one or more of the following triggers:

- (1) An unemployment rate of at least 1.5 times the national average;
- (2) A poverty rate of 20 percent or more; or
- (3) A population loss of 10 percent or more between the previous and most recent decennial census or a net migration loss of 5 percent or more over the 5-year period preceding the most recent census.

**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.

**Low Income Housing Tax Credit:** The Low-Income Housing Tax Credit Program is a housing program contained within the Internal Revenue Code of 1986, as amended. It is administered by the U.S. Department of the Treasury and the Internal Revenue Service. The U.S. Treasury Department distributes low-income housing tax credits to housing credit agencies through the Internal Revenue Service. The housing agencies allocate tax credits on a competitive basis.

Developers who acquire, rehabilitate, or construct low-income rental housing may keep their tax credits. Or, they may sell them to corporations or investor groups, who, as owners of these properties, will be able to reduce their own federal tax payments. The credit can be claimed annually for ten consecutive years. For a project to be eligible, the developer must set aside a specific percentage of units for occupancy by low-income residents. The set-aside requirement remains throughout the compliance period, usually 30 years.

**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.

**Qualified Investment:** A lawful investment, deposit, membership share, or grant that has as its primary purpose community development.

**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 Investment Company (SBIC):** SBICs are privately-owned investment companies which are licensed and regulated by the Small Business Administration (SBA). SBICs provide long-term loans and/or venture capital to small firms. Because money for venture or risk investments is difficult for small firms to obtain, SBA provides assistance to SBICs to stimulate and supplement the flow of private equity and long-term loan funds to small companies. Venture capitalists participate in the SBIC program to supplement their own private capital with funds borrowed at favorable rates through SBA's guarantee of SBIC debentures. These SBIC debentures are then sold to private investors. An SBIC's success is linked to the growth and profitability of the companies that it finances. Therefore, some SBICs primarily assist businesses with significant growth potential, such as new firms in innovative industries. SBICs finance small firms by providing straight loans and/or equity-type investments. This kind of financing gives them partial ownership of those businesses and the possibility of sharing in the companies' profits as they grow and prosper.

**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.

**Underserved Middle-Income Nonmetropolitan Geographies:** A nonmetropolitan middle-income geography will be designated as underserved if it meets criteria for population size, density, and dispersion indicating the area's population is sufficiently small, thin, and distant from a population center that the tract is likely to have difficulty financing the fixed costs of meeting essential community needs.

**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.