

# **PUBLIC DISCLOSURE**

July 17, 2023

## **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

First Liberty Bank  
Certificate Number: 14029

9601 N May Avenue  
Oklahoma City, Oklahoma 73120

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

**The Lending Test is rated Satisfactory.**

- The loan-to-deposit ratio (LTD) is more than reasonable (considering seasonal variations and taking into account lending-related activities), given the institution's size, financial condition, and AA credit needs.
- A majority of loans are in the institution's AA.
- The geographic distribution of loans reflects reasonable dispersion throughout the AA.
- The distribution of borrowers reflects, given the demographics of the AA, reasonable penetration among individuals of different income levels and businesses of different sizes.
- The institution did not receive any CRA-related complaints since the previous evaluation; therefore, this criterion did not affect the Lending Test rating.

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

The institution's community development (CD) performance demonstrates excellent responsiveness to CD needs in its AA through CD loans, qualified investments (QIs), and CD services, as appropriate, considering the institution's capacity and the need and availability of such opportunities for CD in the institution's AA.

## DESCRIPTION OF INSTITUTION

First Liberty Bank maintains its headquarters in Oklahoma City, Oklahoma. First Liberty Holdings, LLC, also located in Oklahoma City, wholly owns First Liberty Bancshares, Inc., which in turn wholly owns First Liberty Bank. The bank received a Satisfactory rating at its September 8, 2020 FDIC Performance Evaluation based on Intermediate Small Bank Procedures.

The bank functions as a retail bank operating in central Oklahoma from its main office and a full service branch in Norman. The bank did not open or close any branches or participate in any merger or acquisition activity since the previous evaluation.

The bank offers various loan products including commercial, home mortgage, agricultural, and consumer loans, primarily focusing on commercial and home mortgage lending. The institution also offered loans through the Small Business Administration (SBA) Paycheck Protection Program (PPP) and originated 249 PPP loans totaling approximately \$19.2 million during the evaluation

period. The SBA, with support from the Department of the Treasury, implemented the PPP, which provided loans to encourage qualified businesses that meet certain standards established by the SBA to retain employees through the COVID-19 pandemic. The program included loan forgiveness subject to certain conditions.

First Liberty Bank provides a variety of deposit services including checking, savings, and certificate of deposit accounts. Alternative banking services include internet and mobile banking, electronic bill pay, and two bank-owned automated teller machines (ATMs). Both locations maintain office hours typical for the industry and areas served, including extended weekday drive-thru hours.

As of March 31, 2023, the institution’s assets totaled approximately \$595.6 million, total loans equaled \$490.1 million, and total deposits equaled \$497.9 million. Since the prior evaluation, total assets increased by 12.1 percent, total loans increased by 10.1 percent, and total deposits increased by 15.9 percent. The following table illustrates the outstanding loan portfolio as of March 31, 2023, reflecting a distribution supportive of the institution’s business focus, with commercial and home mortgage loans representing the largest portions of the loan portfolio.

<b>Loan Portfolio Distribution as of 3/31/2023</b>		
<b>Loan Category</b>	<b>\$(000s)</b>	<b>%</b>
Construction, Land Development, and Other Land Loans	71,267	14.5
Secured by Farmland	0	0.0
Secured by 1-4 Family Residential Properties	99,750	20.4
Secured by Multifamily (5 or more) Residential Properties	6,970	1.4
Secured by Nonfarm Nonresidential Properties	145,393	29.7
<b>Total Real Estate Loans</b>	<b>323,380</b>	<b>66.0</b>
Commercial and Industrial Loans	164,565	33.6
Agricultural Production and Other Loans to Farmers	924	0.2
Consumer Loans	1,203	0.2
Obligations of State and Political Subdivisions in the U.S.	0	0.0
Other Loans	0	0.0
Lease Financing Receivable (net of unearned income)	0	0.0
Less: Unearned Income	0	0.0
<b>Total Loans</b>	<b>490,072</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 institution’s ability to meet its AA’s credit needs.

## **DESCRIPTION OF ASSESSMENT AREA**

First Liberty Bank designated all of Cleveland and Oklahoma counties in the Oklahoma City Metropolitan Statistical Area (MSA) as its AA. Since the prior evaluation, the bank added the remainder of Oklahoma County to the AA since only a portion was included at the prior evaluation. The bank removed all of McClain County from the AA during the evaluation period. The AA delineation meets the technical requirements of the CRA.

Based on 2020 U.S. Census Data, the AA contains 337 census tracts with the following income designations: 28 low, 92 moderate, 111 middle, and 87 upper income, as well as 19 census tracts without an income designation.

### **Economic and Demographic Data**

The following table illustrates select demographic, housing, and business information for the AA.

<b>Demographic Information of the Assessment Area</b>						
<b>Demographic Characteristics</b>	<b>#</b>	<b>Low % of #</b>	<b>Moderate % of #</b>	<b>Middle % of #</b>	<b>Upper % of #</b>	<b>NA* % of #</b>
Geographies (Census Tracts)	337	8.3	27.3	32.9	25.8	5.6
Population by Geography	1,091,820	7.0	25.3	36.1	29.6	2.0
Housing Units by Geography	457,521	7.3	27.2	36.8	27.0	1.8
Owner-Occupied Units by Geography	251,110	4.4	20.5	37.9	36.0	1.1
Occupied Rental Units by Geography	162,740	10.5	35.4	36.2	15.5	2.5
Vacant Units by Geography	43,671	11.7	35.1	32.7	17.8	2.7
Businesses by Geography	165,853	5.2	23.1	32.7	36.3	2.7
Farms by Geography	4,169	4.2	22.8	32.8	38.8	1.4
Family Distribution by Income Level	257,016	22.3	17.9	20.1	39.8	0.0
Household Distribution by Income Level	413,850	24.7	17.1	18.4	39.9	0.0
Median Family Income – Oklahoma City, OK MSA	\$75,170		Median Housing Value			\$165,487
			Median Gross Rent			\$914
			Families Below Poverty Level			10.4%

*Source: 2020 U.S. Census Data and 2022 D&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.*

On December 21, 2020, FEMA made a disaster declaration affecting Cleveland and Oklahoma counties due to severe winter storms. According to Moody’s Analytics, the Oklahoma City MSA’s largest employers include Tinker Air Force Base, University of Oklahoma - Norman, Integris Health, and University of Oklahoma Health Sciences Center. Annual unemployment rates over the evaluation period for the AA spiked in 2020 as a result of the COVID-19 pandemic, but reflect a downward trend in subsequent years according to Bureau of Labor Statistics data.

Examiners used the applicable FFIEC-updated median family income levels to analyze home mortgage loans under the borrower profile criterion. The following table presents the low-, moderate-, middle-, and upper-income ranges based on the 2021 FFIEC-updated median family income of \$84,900 for the Oklahoma City MSA.

<b>Median Family Income Ranges – Oklahoma City MSA</b>				
<b>Median Family Incomes</b>	<b>Low &lt;50%</b>	<b>Moderate 50% to &lt;80%</b>	<b>Middle 80% to &lt;120%</b>	<b>Upper ≥120%</b>
2022 (\$84,900)	<\$42,450	\$42,450 to <\$67,920	\$67,920 to <\$101,880	≥\$101,880
<i>Source: FFIEC.</i>				

### **Competition**

The AA hosts a fairly competitive financial services market. According to FDIC Deposit Market Share data as of June 30, 2022, 66 financial institutions operate 301 offices in the AA. Of these institutions, First Liberty Bank ranked 18<sup>th</sup> with approximately 1.0 percent of the area’s deposits.

### **Community Contact**

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

Examiners conducted a community contact with an economic development organization serving the AA. The contact indicated the local economy continues to improve from the COVID 19 pandemic and that small business loans represent the primary credit need of the community. The contact stated that local banks remain involved in the community and appropriately serve the credit needs.

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

Considering information from bank management, the community contact, as well as demographic and economic data, examiners determined that small business and home mortgage lending represent primary credit needs for the AA.

Regarding the area’s CD needs, demographic data shows that 40.2 percent of the area’s families reported low- or moderate-incomes, which suggests a strong need for activities that provide community services as well as affordable housing to these families. Also 35.6 percent of the AAs census tracts are designated low- or moderate-income, suggesting a demand for activities that both revitalize and stabilize qualifying geographies as well as promote economic development.

## **SCOPE OF EVALUATION**

### **General Information**

This evaluation covers the period from the prior evaluation dated September 8, 2020, to the current evaluation dated July 17, 2023. Examiners used Intermediate Small Bank Procedures to evaluate First Liberty Bank’s CRA performance. These procedures include two tests: the Lending Test and the Community Development Test. The appendix lists each tests’ criteria.

## Activities Reviewed

Intermediate Small Bank Procedures require examiners to determine the bank's major product lines from which to review. Examiners may select from the same loan categories used for Large Bank evaluations: home mortgage, small business, small farm, and consumer loans. The following table shows the bank's lending activity for 2022.

<b>Loans Originated or Purchased</b>				
<b>Loan Category</b>	<b>\$(000s)</b>	<b>%</b>	<b>#</b>	<b>%</b>
Construction and Land Development	95,668	20.6	92	10.5
Secured by Farmland	0	0.0	0	0.0
Secured by 1-4 Family Residential Properties	124,429	26.8	490	55.7
Multi-Family (5 or more) Residential Properties	5,933	1.3	4	0.5
Commercial Real Estate Loans	92,494	19.9	42	4.8
Commercial and Industrial Loans	144,937	31.2	235	26.7
Agricultural Loans	0	0.0	0	0.0
Consumer Loans	889	0.2	16	1.8
Other Loans	0	0.0	0	0.0
<b>Total Loans</b>	<b>464,350</b>	<b>100.0</b>	<b>879</b>	<b>100.0</b>

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

Considering the dollar volume and number of loans originated, as well as management's stated business strategy, examiners determined the bank's major product lines consist of commercial and home mortgage lending. No other loans 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 that the lending focus and product mix remained generally consistent throughout the evaluation period.

First Liberty Bank reports home mortgage loans pursuant to the Home Mortgage Disclosure Act (HMDA). Therefore, for the Lending Test, this evaluation includes a review of the home mortgage loans reported on the bank's HMDA Loan Application Registers (LARs) since the prior evaluation, as follows:

- 2020: 444 home mortgage loans totaling \$100.8 million,
- 2021: 561 home mortgage loans totaling \$137.6 million, and
- 2022: 318 home mortgage loans totaling \$86.8 million.

Aggregate data served as the primary standard of comparison for home mortgage loans. Bank records indicate that while the volume of home mortgage lending decreased since the previous evaluation, examiners did not identify any significant performance trends between the different years' data that materially affect conclusions. Therefore, the geographic distribution and borrower profile analyses present home mortgage loan data for 2021, the most recent year for which aggregate data exists. However, the AA Concentration discussion includes home mortgage loan data for all years reviewed.

This evaluation also includes a review of the universe of 229 small business loans totaling \$73.1 million originated or purchased in 2022, which represents the most recent completed calendar year of available data. Since readily available gross annual revenue data did not exist for the universe of loans, examiners selected a sample of 47 small business loans totaling \$14.2 million originated inside the AA to evaluate the borrower profile criterion. D&B data for 2022 provided a standard comparison for small business loans.

Examiners considered the universes by dollar volume and number of loans originated as well as management’s stated business strategy to determine the loan product weighting when arriving at applicable conclusions. The following table shows that home mortgage loans represent a slight majority by both number and dollar volume of the loan categories reviewed. However, upon considering management’s business strategy of also emphasizing commercial loans, examiners ultimately placed equal weight on home mortgage and small business loans when drawing conclusion. Additionally, the large number of home mortgage loans without income information and non-owner occupancy status implies that these loans reflect a business purpose, further supporting equal weighting.

<b>Loan Products Reviewed</b>				
<b>Loan Category</b>	<b>Universe</b>			
	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
Home Mortgage	318	58.1	86,771	54.3
Small Business	229	41.9	73,099	45.7
<b>Total Loans</b>	<b>547</b>	<b>100.0</b>	<b>159,870</b>	<b>100.0</b>
<i>Source: 2022 HMDA LAR; 2022 Bank Data. Due to rounding, totals may not equal 100.0.</i>				

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.

For the Community Development Test, the scope of the evaluation includes data provided by management on CD loans, QIs, and CD services since the prior evaluation. The evaluation of QIs also considers the book value of prior period QIs that remain outstanding as of this evaluation’s date.

## **CONCLUSIONS ON PERFORMANCE CRITERIA**

### **LENDING TEST**

First Liberty Bank demonstrated a satisfactory record regarding the Lending Test. Reasonable records regarding geographic distribution and borrower profile primarily support this conclusion. The bank also demonstrated a more than reasonable LTD ratio and originated a majority of loans in the AA.



## Loan-to-Deposit Ratio

The LTD ratio is more than reasonable given the institution’s size, financial condition, and AA credit needs. The LTD ratio, calculated from Call Report Data, averaged 93.4 percent over the past 11 calendar quarters from September 30, 2020, to March 31, 2023. This reflects similar performance to the 93.1 percent average net LTD ratio reported at the previous evaluation. The ratio ranged from a high of 103.2 percent as of September 30, 2020, to a low of 84.6 percent as of March 31, 2022.

Examiners identified and listed in the following table three comparable institutions operating in similar areas, with comparable asset sizes and lending emphases. As illustrated, First Liberty Bank reported the highest LTD ratio.

<b>Loan-to-Deposit (LTD) Ratio Comparison</b>		
<b>Bank</b>	<b>Total Assets as of 3/31/2023 (\$000s)</b>	<b>Average Net LTD Ratio (%)</b>
<b>First Liberty Bank, Oklahoma City, Oklahoma</b>	<b>595,576</b>	<b>93.4</b>
All America Bank, Oklahoma City, Oklahoma	575,048	92.9
F&M Bank, Edmond, Oklahoma	674,410	69.9
Frontier State Bank, Oklahoma City, Oklahoma	491,890	87.8

*Source: Reports of Condition and Income 9/30/2020 – 3/31/2023.*

## Assessment Area Concentration

A majority of loans are in the institution’s AA. The following table shows the bank originated a majority of home mortgage and small business loans, by number and dollar volume, within 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										
2020	317	71.4	127	28.6	444	71,369	70.8	29,462	29.2	100,831
2021	410	73.1	151	26.9	561	93,850	68.2	43,781	31.8	137,631
2022	223	70.1	95	29.9	318	56,685	65.3	30,086	34.7	86,771
<b>Subtotal</b>	<b>950</b>	<b>71.8</b>	<b>373</b>	<b>28.2</b>	<b>1,323</b>	<b>221,904</b>	<b>68.2</b>	<b>103,329</b>	<b>31.8</b>	<b>325,233</b>
Small Business	193	84.3	36	15.7	229	58,429	79.9	14,670	20.1	73,099

*Source: 2020, 2021, and 2022 HMDA LARs; 2022 Bank Data. Due to rounding, totals may not equal 100.0.*

## Geographic Distribution

The geographic distribution of loans reflects reasonable dispersion throughout the AA. Reasonable records regarding home mortgage and small business loans support this conclusion.

### *Home Mortgage Loans*

The geographic distribution of home mortgage loans reflects reasonable dispersion throughout the AA. Reasonable performance in low- and moderate-income census tracts supports this conclusion. The following table shows that the bank's level of lending in low-income census tracts exceeds aggregate data by 2.1 percentage points, reflecting reasonable performance. The bank's level of lending in moderate-income census tracts exceeds aggregate performance by 8.7 percentage points, yet remains within a reasonable range.

<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	4.4	2.5	19	4.6	2,041	2.2
Moderate	21.2	15.4	99	24.1	13,522	14.4
Middle	37.3	32.9	106	25.9	19,662	21.0
Upper	36.9	49.0	184	44.9	57,894	61.7
Not Available	0.1	0.2	2	0.5	731	0.8
<b>Totals</b>	<b>100.0</b>	<b>100.0</b>	<b>410</b>	<b>100.0</b>	<b>93,850</b>	<b>100.0</b>

*Source: 2015 ACS Data; 2021 HMDA LAR and Aggregate Data. Due to rounding, totals may not equal 100.0.*

### *Small Business Loans*

The geographic distribution of small business loans reflects reasonable dispersion throughout the AA. Reasonable performance in low- and moderate-income census tracts supports this conclusion. The following table shows that First Liberty Bank's level of lending in low- and moderate income census tracts reflects fairly similar figures to the demographic data, indicating reasonable 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	5.2	11	5.7	3,989	6.8
Moderate	23.1	44	22.8	12,037	20.6
Middle	32.7	38	19.7	10,354	17.7
Upper	36.3	100	51.8	32,049	54.9
Not Available	2.7	0	0.0	0	0.0
<b>Totals</b>	<b>100.0</b>	<b>193</b>	<b>100.0</b>	<b>58,429</b>	<b>100.0</b>

*Source: 2022 D&B Data; 2022 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 individuals of different income levels and businesses of different sizes. Reasonable home mortgage and small business lending performance supports this conclusion.

### ***Home Mortgage Loans***

The distribution of borrowers reflects reasonable penetration among individuals of different income levels. The following table shows First Liberty Bank's lending to low-income borrowers fell slightly below aggregate data by 2.6 percentage points, reflecting reasonable performance. The table further shows that the level of lending to moderate-income borrowers fell below aggregate data by 6.8 percentage points, yet remains within a reasonable range.

<b>Distribution of Home Mortgage Loans by Borrower Income Level</b>						
<b>Borrower Income Level</b>	<b>% of Families</b>	<b>Aggregate Performance % of #</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
Low	22.7	4.8	9	2.2	1,234	1.3
Moderate	17.3	13.9	29	7.1	4,824	5.1
Middle	19.9	16.6	50	12.2	9,832	10.5
Upper	40.1	33.5	190	46.3	52,973	56.4
Not Available	0.0	31.1	132	32.2	24,987	26.6
<b>Totals</b>	<b>100.0</b>	<b>100.0</b>	<b>410</b>	<b>100.0</b>	<b>93,850</b>	<b>100.0</b>

*Source: 2015 ACS Data; 2021 HMDA LAR and Aggregate Data. Due to rounding, totals may not equal 100.0.*

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

The distribution of borrowers reflects reasonable penetration among businesses of different sizes. Reasonable performance to businesses with gross annual revenue of \$1 million or less supports this conclusion. The following table shows the bank originated more than six out of every ten small business loans to businesses with gross annual revenue of \$1 million or less, reflecting reasonable performance.

<b>Detailed 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	72.4	14	29.8	7,328	51.7
\$100,000 - \$249,999	13.7	2	4.2	116	0.8
\$250,000 - \$499,999	3.3	8	17.0	1,162	8.2
\$500,000 - \$1,000,000	1.8	6	12.8	1,386	9.8
<b>Subtotal &lt;= \$1,000,000</b>	<b>91.2</b>	<b>30</b>	<b>63.8</b>	<b>9,992</b>	<b>70.5</b>
>\$1,000,000	2.5	17	36.2	4,177	29.5
Revenue Not Available	6.2	0	0.0	0	0.0
<b>Total</b>	<b>100.0</b>	<b>47</b>	<b>100.0</b>	<b>14,169</b>	<b>0.0</b>

*Source: 2022 D&B Data; 2022 Bank Data. Due to rounding, totals may not equal 100.0.*

### **Response to Complaints**

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

### **COMMUNITY DEVELOPMENT TEST**

The institution's CD performance demonstrates excellent responsiveness to CD needs in its AA through CD loans, QIs, and CD services, as appropriate, considering the institution's capacity and the need and availability of opportunities for CD in the institution's AA.

### **Community Development Loans**

First Liberty Bank originated 14 CD loans totaling \$29.9 million in the AA during the evaluation period. The dollar amount equates to 5.4 percent of average total assets of \$551.6 million since the previous evaluation and 6.8 percent of average net loans of \$439.8 million for the same period. These levels reflect fairly similar performance to 5.5 percent of average total assets and 6.5 percent average net loans reported at the previous evaluation.

The excellent volume of CD loans proved responsive to the area's CD needs considering that the bank addressed multiple identified needs. Examiners noted a majority of CD lending activities supported economic development, which reflects one of the identified needs in the AA. The following tables illustrate the bank's CD loans by purpose and year.

Community Development Lending										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
2020 (partial)	1	1,335	0	0	1	85	0	0	2	1,420
2021	1	417	0	0	6	8,144	0	0	7	8,561
2022	1	510	0	0	2	16,544	1	2,477	4	19,531
2023 YTD	0	0	0	0	1	400	0	0	1	400
<b>Total</b>	<b>3</b>	<b>2,262</b>	<b>0</b>	<b>0</b>	<b>10</b>	<b>25,173</b>	<b>1</b>	<b>2,477</b>	<b>14</b>	<b>29,912</b>

Source: Bank Data.

The following list a notable example of the bank’s CD loans:

- **Affordable Housing** – The bank originated a \$1.3 million loan to refinance a multifamily property that provides affordable housing primarily to low- and moderate-income individuals.

### Qualified Investments

The following table shows the bank made use of 30 QIs totaling approximately \$3.0 million. The total dollar amount of QIs equates to 0.5 percent of average total assets since the prior evaluation and 9.8 percent of average total securities of \$30 million for the same time period. These levels reflect no change in the percentage of average total assets and a decrease from the 20.3 percent of average total securities reported at the previous evaluation.

Examiners determined the bank adequately addressed the CD needs of its AA; therefore, the total also includes one QI benefitting the statewide area. As the following tables demonstrate, First Liberty Bank proved adequately responsive primarily to the identified need of community services, and to a lesser extent, toward revitalize and stabilize efforts. The following tables illustrate the bank’s QIs by area, purpose, and year.

Qualified Investments										
Assessment Area	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Oklahoma City MSA	0	0	28	1,954	0	0	1	500	29	2,454
Statewide activities	0	0	0	0	0	0	1	500	1	500
<b>Total</b>	<b>0</b>	<b>0</b>	<b>28</b>	<b>1,954</b>	<b>0</b>	<b>0</b>	<b>2</b>	<b>1,000</b>	<b>30</b>	<b>2,954</b>

Source: Bank Data.

Qualified Investments										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Prior Period	0	0	3	1,911	0	0	0	0	3	1,911
2020 (Partial)	0	0	0	0	0	0	0	0	0	0
2021	0	0	0	0	0	0	2	1,000	2	1,000
2022	0	0	0	0	0	0	0	0	0	0
2023 YTD	0	0	0	0	0	0	0	0	0	0
<b>Subtotal</b>	<b>0</b>	<b>0</b>	<b>3</b>	<b>1,911</b>	<b>0</b>	<b>0</b>	<b>2</b>	<b>1,000</b>	<b>5</b>	<b>2,911</b>
Qualified Grants & Donations	0	0	25	43	0	0	0	0	25	43
<b>Total</b>	<b>0</b>	<b>0</b>	<b>28</b>	<b>1,954</b>	<b>0</b>	<b>0</b>	<b>2</b>	<b>1,000</b>	<b>30</b>	<b>2,954</b>

Source: Bank Data.

The following list a notable example of the bank’s QIs:

- **Community Services** – The bank made a \$1.1 million investment in a school bond to improve facilities at a school in Oklahoma County where a majority of students receive free or reduced lunches. As a result, this activity primarily benefits low- and moderate-income individuals.

### Community Development Services

First Liberty Bank’s employees provided 27 CD services to eight organizations in the AA during the evaluation period. The services involve the institution’s personnel serving as board or committee members in specialized expertise capacities, as well as use of their financial and technical expertise to benefit organizations or projects with a primary purpose of CD. The number of CD services reflect a slight decrease from the 34 CD services reported at the previous evaluation. The excellent number of CD services, considering the bank operates from only two locations, proved largely responsive to an identified need of community services. The following tables illustrate the bank’s CD services by purpose and year.

Community Development Services					
Activity Year	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Totals
	#	#	#	#	#
2020 (Partial)	0	6	1	0	7
2021	0	5	1	0	6
2022	0	6	0	0	6
2023 YTD	0	8	0	0	8
<b>Total</b>	<b>0</b>	<b>25</b>	<b>2</b>	<b>0</b>	<b>27</b>

Source: Bank Data.

The following list a notable example of the bank's CD services:

- **Community Service** – A bank employee serves as a Board member of a non-profit organization dedicated to providing access to free and affordable dental care services to low- and moderate-income individuals in Oklahoma County. Thus, this activity benefits an organization that provides community services, in the form of social services, targeted to low- and moderate-income individuals.

First Liberty Bank offers a variety of alternative delivery systems that enhance the delivery of retail banking services among low- and moderate-income geographies and individuals across all portions of the AA. These services include online banking, bill pay, and mobile banking services. First Liberty Bank also offers both a Liberty Checking and Young Savers Savings with no minimum balance requirement and no monthly service charges.

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

The institution'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 evidence of discriminatory or other illegal credit practices inconsistent with helping to meet community credit needs.

## 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.