



Comptroller of the Currency
Administrator of National Banks

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PUBLIC DISCLOSURE

**COMMUNITY REINVESTMENT ACT
PERFORMANCE EVALUATION**

June 30, 1996

First Security Bank, N. A.
Charter Number 2597

79 South Main Street
Salt Lake City, Utah 84103

NOTE: 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.

GENERAL INFORMATION

This document is an evaluation of the Community Reinvestment Act (CRA) performance of **First Security Bank, N. A.**, prepared by the Office of the Comptroller of the Currency (OCC), the institution's supervisory agency.

The evaluation represents the OCC's current assessment and rating of the institution's CRA performance based on an examination conducted as of June 30, 1996. It does not reflect any CRA-related activities that may have been initiated or discontinued by the institution after the completion of the examination.

The purpose of the Community Reinvestment Act of 1977 (12 U.S.C. 2901), as amended, is to encourage each financial institution to help meet the credit needs of the communities in which it operates. The Act requires that in connection with its examination of a financial institution, each federal financial supervisory agency shall (1) assess the institution's record of helping to meet the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operations of the institution, and (2) take that record of performance into account when deciding whether to approve an application of the institution for a deposit facility.

The Financial Institutions Reform, Recovery and Enforcement Act of 1989, Pub. L. No. 101-73, amended the CRA to require the Agencies to make public certain portions of their CRA performance assessment of financial institutions.

Basis for the Rating

The assessment of the institution's record takes into account its financial capacity and size, legal impediments and local economic conditions and demographics, including the competitive environment in which it operates. Assessing the CRA performance is a process that does not rely on absolute standards. Institutions are not required to adopt specific activities, nor to offer specific types or amounts of credit. Each institution has considerable flexibility in determining how it can best help to meet the credit needs of its entire community. In that light, evaluations are based on a review of 12 assessment factors, which are grouped together under 5 performance categories, as detailed in the following section of this evaluation.

ASSIGNMENT OF RATING

Identification of Ratings

In connection with the assessment of each insured depository institution's CRA performance, a rating is assigned from the following groups:

Outstanding record of meeting community credit needs.

An institution in this group has an outstanding record of, and is a leader in, ascertaining and helping to meet the credit needs of its entire delineated community, including low- and moderate-income neighborhoods, in a manner consistent with its resources and capabilities.

Satisfactory record of meeting community credit needs.

An institution in this group has a satisfactory record of ascertaining and helping to meet the credit needs of its entire delineated community, including low- and moderate-income neighborhoods, in a manner consistent with its resources and capabilities.

Needs to improve record of meeting community credit needs.

An institution in this group needs to improve its overall record of ascertaining and helping to meet the credit needs of its entire delineated community, including low- and moderate-income neighborhoods, in a manner consistent with its resources and capabilities.

Substantial noncompliance in meeting community credit needs.

An institution in this group has a substantially deficient record of ascertaining and helping to meet the credit needs of its entire delineated community, including low- and moderate-income neighborhoods, in a manner consistent with its resources and capabilities.

DISCUSSION OF INSTITUTION'S PERFORMANCE

Institution's Rating

Based on the findings presented below, this institution is rated: **"Outstanding Record of Meeting Community Credit Needs."**

First Security Bank, N.A. Profile:

On June 21, 1996, First Security Bank of Utah, N.A. and First Security Bank of Idaho, N.A. merged to become First Security Bank, N.A. ("FSB"). FSB is headquartered in Salt Lake City, and as of June 30, 1996, the bank had total assets of \$10.2 billion, total deposits of \$6.9 billion, and total loans of \$7.1 billion. The bank's strong financial and capital positions contribute to its ability to meet the community's credit needs.

Crossland Mortgage Corporation ("CMC") is a subsidiary of the bank which was acquired in 1994. The mortgage company's lending area is nationwide, with just 3% of loan originations in 1995 through June 1996 within the bank's delineated community. We considered CMC's loan originations in evaluating the bank's CRA performance.

The bank is a subsidiary of First Security Corporation. With \$13 billion in assets and \$8.9 billion in deposits, First Security Corporation is the largest financial services organization headquartered in the Intermountain West. Incorporated in 1928, it is the nation's oldest multi-state bank holding company. The Corporation's banks currently operate 263 full service domestic bank offices in Idaho, Utah, Oregon, Wyoming, Nevada, and New Mexico.

Non-bank subsidiaries of First Security Corporation include a leasing company, two insurance subsidiaries, an investment management company, a full-service securities broker/ dealer operation, a bankcard transaction processing company, an information technology subsidiary, and a small business investment corporation.

FSB operates regional loan centers or "hubs" to provide better commercial and trust services to their delineated communities. The bank has a total 211 branch locations in Idaho and Utah. All branches maintain convenient hours and provide full consumer loan and deposit services. The branch distribution for each state as of June 30, 1996 is summarized below.

- In Utah, FSB operates 123 branch offices in 67 cities and towns. The Utah branches are located within 23 of the state's 29 counties. These 23 counties are home to more than 99% of Utah's population. Twenty-two of the Utah branches are located in low- or moderate-income areas (18%).
- In Idaho, FSB operates 88 branch offices and two drive-through facilities in 56 cities and towns throughout the state. The Idaho branches are located within 35 of the state's 44 counties. These 35 counties are home to more than 96% of the Idaho's population. Fourteen of the Idaho branches are located in low- or moderate-income areas (16%).

Community Profile

The delineated communities for First Security Bank, N. A. include most of the counties in Utah and Idaho. Management has excluded six counties in Utah and nine counties in Idaho where the bank does not operate a branch. Below is a summary of the economic conditions of Utah and Idaho, the identified credit needs,

and additional demographic detail describing the bank's delineated community.

Utah:

The State of Utah had 1.9 million residents as of year-end 1995. Population growth in Utah has averaged 43,875 new residents per year between 1990 and 1995. This strong growth is attributed to individuals and businesses seeking a higher quality of life, a well-educated work force, and lower business costs. The State of Utah has two Metropolitan Statistical Areas (MSAs), the Salt Lake-Ogden MSA and the Provo-Orem MSA. These two MSAs make up what is commonly referred to as the "Wasatch Front" and contain approximately 78% of Utah's population.

The Utah economy remains the second strongest in the nation behind Nevada. Utah's economic base is also diversified and employment includes the following industries¹: Personal, Professional, and Business 39.2%; Wholesale and Retail Trade 22.3%; Manufacturing and Construction of Durable and Non Durable Goods 20.8%; Public Administration 7.1%; Transportation, Communication, and Utilities 6.9%; and Forestry, Fishing, and Mining Industry 3.7%.

Idaho:

The State of Idaho had 1.2 million residents as of year-end 1995. Population growth in Idaho has averaged 29,900 new residents per year between 1990 and 1995. This growth is due to the same factors affecting Utah. The Boise-Nampa MSA is the only MSA in the state, and contains 31% of Idaho's population.

The Idaho economy remains one of the strongest in the nation. Idaho's economic base is diversified and employment includes the following industries: Personal, Professional, and Business 35.7%; Wholesale and Retail Trade 22.1%; Manufacturing and Construction of Durable and Non Durable Goods 21.5%; Forestry, Fishing, and Mining Industry 9.3%; Transportation, Communication, and Utilities 6.2%; and Public Administration 5.2%.

Regional Economy:

The Intermountain regional economy recorded an excellent 1995 and first half 1996, and prospects for the remainder of 1996 remain very favorable. Construction activity, both residential and commercial, continues to boom, and several additional large projects have been announced. Job growth across the region has been exceptionally strong. Wage and income growth has been the source of significant sales gains, particularly of homes and autos. In the areas served by First Security banks, the mortgage and credit card delinquency rates are noticeably below the national average, while the combined automobile loan delinquency rate is near the national average.

Community Credit needs:

The rapid population and business growth in Idaho and Utah since 1990 resulted in an increased demand for both affordable housing and for affordable small business loans.

Demographic detail:

The Utah delineated community has 391 census tracts or block numbering areas (geographies). Utah also contains two MSAs which are Salt Lake-Ogden and Provo-Orem. These contain 230 and 51 geographies², respectively. Attributes of these geographies are summarized in **Chart #1**.

The Idaho delineated community contains 254 geographies. Boise-Nampa is the only MSA in the state

¹ Employment data for each state is as of year-end 1995.

² Geographies are defined as census tracts or block numbering areas as designated by the United States Bureau of the Census in the 1990 census.

and contains 66 of the geographies. Demographic attributes of these geographies are summarized in **Chart #1.**

Chart #1 Demographics of FSB’s Geographies³

Locations:	Total Geogs	Low-Income		Mod-Income		Mid-Income		Upper-Income		Not	
		Geogs	%	Geogs	%	Geogs	%	Geogs	%	Geogs	%
Utah	391	16	4%	74	19%	207	53%	75	19%	19	5%
Provo-Orem MSA	51	3	6%	6	12%	23	45%	12	24%	7	13%
Salt Lake-Ogden	230	11	5%	49	21%	120	52%	50	22%	0	0%
Non-MSA	110	2	2%	19	17%	64	58%	13	12%	12	11%
Idaho	254	3	1%	36	14%	169	67%	44	17%	2	1%
Boise-Nampa MSA	66	3	5%	12	18%	36	55%	13	20%	2	2%
Non-MSA	188	0	0%	24	13%	133	71%	31	16%	0	0%
FSB (Totals)	645	19	3%	110	17%	376	58%	119	18%	21	4%
MSA	347	17	5%	67	19%	179	52%	75	22%	9	2%
Non-MSA	296	14	5%	61	21%	156	53%	63	21%	2	1%

I. ASCERTAINMENT OF COMMUNITY CREDIT NEEDS

Assessment Factor A: Activities conducted by the institution to ascertain the credit needs of its community, including the extent of the institution's efforts to communicate with members of its community regarding the credit services being provided by the institution.

First Security Bank N.A. has an active ongoing program to determine and respond to community credit needs.

Conclusion Support:

- ▶ FSB management demonstrates a high level of commitment to community leadership. The bank’s culture includes the expectation that employees become involved in community organizations. This involvement includes local housing, small business development, and numerous charitable and civic organizations.
- ▶ FSB administers an effective call program requiring ongoing dialogue with community groups, local businesses, and local government officials. Bank officers in both states are in frequent contact with

³ The low-, moderate-, middle-, and upper-income geographies are based on the median family income for the respective geographies. Low-income is less than 50% of the area median income; moderate-income is at least 50% but less than 80% of the area median income; middle-income is at least 80% but less than 120% of the area median income; and upper-income is at least 120% of the area median income. Area median income is the median family income within the MSA for geographies located within the MSA. For geographies located outside the MSA, the area median income is the statewide, non-metropolitan median family income. Income data is based on the 1990 United States Census.

these organizations and persons to determine the community credit needs. During 1995, employees recorded more than 24,000 calls in Idaho and 27,000 calls in Utah to business, community, and government-affiliated individuals and groups.

- ▶ FSB frequently sponsors seminars to discuss community credit needs and ways to address these needs.

Please refer to the comment under **Assessment Factor B**.

- ▶ FSB identified the primary community credit needs and demonstrated an excellent response in meeting those needs. Through its outreach efforts, the bank has identified primary credit needs for affordable home loans, small business loans, and small farm loans. We evaluated the community's credit needs through recent interviews with representatives of local community groups in Idaho and Utah. Our findings confirmed the bank's assessment.

Management effectively responds to these identified credit needs through a high volume of lending for housing and small business loans using both conventional and government-insured programs. From September 1994 through June 1996, the bank played a leadership role in nineteen community development projects, six in Idaho and thirteen in Utah. This participation resulted in 706 new low- and moderate-income housing units in Idaho and Utah. Refer to **Assessment Factor H** for detail on community development lending.

Assessment Factor C - The extent of participation by the institution's board of directors in formulating the institutions's policies and reviewing its performance with respect to the purposes of the Community Reinvestment Act.

The Board is actively involved in overseeing CRA policy and reviewing performance.

Conclusion support:

- ▶ The Board approved CRA policy and procedures are comprehensive. FSB Chairman Scott Nelson and Executive Vice President Mark Howell are directly responsible for the bank's CRA program. Tom Bietia and Greg Chapman are the state CRA Officers for Idaho and Utah, respectively. They report indirectly to the Chairman and are responsible for all CRA activities within their respective states.
- ▶ Bank personnel receive ongoing CRA training. Training is accomplished through a combination of computer-based modules, written modules, and video training units. In addition, the compliance officer holds training sessions at bank department staff meetings throughout the year.
- ▶ Board members actively monitor CRA performance. The monthly compliance report includes a detailed summary section on the bank's CRA program. Both reports for Idaho and Utah include the ongoing community development projects, Home Mortgage Disclosure Act (HMDA) loan analysis, and other credit programs.
- ▶ The Board ensures compliance with the technical requirements of the CRA through the corporate compliance officer and his staff. The bank's 1996 CRA statement has been expanded to meet the requirements of the CRA joint policy statement.

II. MARKETING AND TYPES OF CREDIT OFFERED AND EXTENDED

Assessment Factor B: The extent of the institution's marketing and special credit-related programs to make members of the community aware of the credit services offered by the institution.

FSB has an effective marketing program designed to reach all segments of its community. The major aspects of this program include the officer call program, public seminars, and mass media "image" advertising. Management has also developed special credit-related programs to address identified credit needs.

Conclusion support:

- ▶ The officer call program is the bank's primary marketing vehicle for credit and other bank services. This program includes extensive outreach and community involvement across all income levels. In 1995, the bank's officer call program recorded 24,357 calls in Idaho and 27,775 calls in Utah. This resulted in new credit and deposit business of \$682 million and \$430 million in Idaho and Utah, respectively.
- ▶ FSB offers seminars addressing small business needs and affordable housing products. During the assessment period, bank officers conducted 16 educational or marketing seminars focusing on the needs of the small business. In Idaho, the bank's cultural outreach committee focuses on reaching the Hispanic and Native American communities. In 1995, the committee held three seminars, two with Hispanic groups and one with a Native American group. These presentations focused on affordable home ownership, consumer loans, and traditional bank products. FSB also uses bilingual applications and promotional material in these presentations.
- ▶ Management uses the mass media primarily for image advertising. Occasionally, specific products are promoted in a target market using newspapers, radio, and television.
- ▶ The bank maintains a toll free mortgage loan number to provide mortgage services to those areas of both Idaho and Utah not directly serviced by an FSB Mortgage Center.
- ▶ Special credit-related programs include Utah's "Your Community Connection" (YCC), and the Assistive Technology Foundation. The YCC program provides credit education for low- and moderate -income persons who do not qualify for a conventional mortgage. The program is designed for persons with short employment histories, insufficient down payments, and previous poor credit histories. In 1995, the YCC served more than 1,600 people with 25% of these people becoming homeowners. The bank funded 75% of the new loans made through YCC in 1995.

The Assistive Technology Foundation provides assistance to disabled persons for wheelchairs and other health assistance devices. See **Assessment Factor L** for additional information.

Assessment Factor I: The institution's origination of residential mortgage loans, housing rehabilitation loans, home improvement loans, and small business or small farm loans within its community, or the purchase of such loans originated in its community.

FSB originates a high volume of loans within its delineated community, which help meet the identified credit needs.

Conclusion/Support:

- ▶ The bank offers a variety of credit products which help meet the community's credit needs. These products include conventional and government-insured real estate mortgages, home improvement, farm, and small business loans. In addition, FSB makes real estate refinance loans and government-guaranteed student loans. To a lesser extent, the bank's subsidiary, Crossland Mortgage Company also generates home loans within the bank's delineated community.⁴
- ▶ A substantial majority of the HMDA, small business, and small farm loans originated within the bank's delineated community. During the period covered by this examination, the bank extended 93% (by dollar) of its mortgage loans and 82% (by dollar) of the small business and farm loans within its delineated communities.
- ▶ As noted in the Bank Profile comment, the financial condition and resources of FSB are strong. One indicator of the bank's strong lending performance relative to its size is the loan-to-deposit ratio. This ratio compares the bank's outstanding loans to total deposits. As of June 30, 1996, this ratio is 106% which is high relative to the peer bank's average of 90.4% (peer as of March 31, 1996). In addition, FSB sells approximately 91% of the home purchase and refinance loans shortly after origination, which provides funds for additional lending.
- ▶ FSB maintains a strong market share in both the Utah and Idaho markets, as reflected by the 1995 aggregate HMDA data. The bank's market shares (by number of applications) of the Salt Lake - Ogden MSA and Provo-Orem MSA were 4.3% and 7.9%, respectively. No other insured financial institution achieved a higher market share in these MSAs. Within the Boise-Nampa MSA, the bank's market share was 5.0%, exceeded only by West One Bank, Idaho (9.5%).
- ▶ The volume of mortgage loans continues to be high relative to the bank's resources, market competition, and the credit needs of the community. Charts #3 and #4 below summarize the bank's production volume of HMDA⁵ mortgage loans for the period from October 1994 through June 1996. The dollar amounts in the charts are expressed in thousands.

⁴ Between January 1995 and June 30, 1996, Crossland Mortgage's loan volume was \$2,583 million, of which \$81.9 million was within FSB's delineated community.

⁵ HMDA products are those which are reported according to the Home Mortgage Disclosure Act (12 CFR 203).

Chart #3- HMDA Loans within the Utah Delineated Community

Product	Distribution of HMDA Products		Salt Lake-Ogden MSA		Provo-Orem MSA		Non-MSA	
	Dollar	# Loans	Dollar	# Loans	Dollar	# Loans	Dollar	# Loans
Conventional Home Purchase	307,179	2,677	175,886	1,441	62,146	592	69,147	644
Government-Insured Home Purchase	159,839	1,902	92,001	1,108	45,445	490	22,393	304
Refinance	200,236	2,137	98,565	1,044	31,994	342	69,677	751
Home Improvement	35,623	952	30,522	809	5,101	143	0	0
Total HMDA loans	702,877	7,668	396,974	4,402	144,686	1,567	161,217	1,699

Chart #4- HMDA Loans within the Idaho Delineated Community

Product	Distribution of HMDA Products		Boise-Nampa MSA		Non-MSA	
	Dollar	# Loans	Dollar	# Loans	Dollar	# Loans
Conventional Home Purchase	220,289	2,265	71,412	595	148,877	1,670
Government-Insured Home Purchase	97,346	1,370	16,657	193	80,689	1,177
Refinance	129,384	1,540	30,160	318	99,224	1,222
Home Improvement	5,285	714	1,720	265	3,565	449
Total HMDA loans	452,304	5,889	119,949	1,371	332,355	4,518

- ▶ The volume of small business and farm loans originated during the assessment period is also high. Refer to Chart #5 which summarizes the loan originations. This volume is significant considering the bank's outstanding small business loans as of June 30, 1996 of \$699.8 million. Small business and farm loans represent approximately 10% of the total outstanding loan portfolio as of June 30, 1996.

Chart #5-Total Small Business/ Farm Loan Production (1)

Total Small Business/Farm Loans		Utah		Idaho	
Dollar (thousands)	# Loans	Dollar (thousands)	# Loans	Dollar (thousands)	# Loans
1,858,654	18,662	973,807	10,753	884,847	7,909

(1) These numbers reflect total loan production, including loans made outside of the delineated community. Based on our estimates, 82% of these (by dollar) are within the bank's delineated community.

Assessment Factor J: The institution's participation in governmentally-insured, guaranteed or subsidized loan programs for housing, small businesses, or small farms.

FSB is a leader in federal and state government-guaranteed and sponsored loan programs.

Conclusion/Support:

- ▶ The bank is an active participant in the origination of Federal Housing Administration (FHA), Farm and Home Administration (FmHA), and Small Business Administration (SBA) loans. FSB also promotes educational opportunities through its participation in the Stafford loan program. The following chart reflects the volume of insured loans originated during this assessment period.

Chart #6- Insured Loan Originations

Product	Utah Loan Production (1)		Idaho Loan Production	
	Dollar (thousands)	# Loans	Dollar (thousands)	# Loans
Government-Insured Mortgages	164,383	1,958	111,846	1,550
Student Loans	71,519	21,962	19,249	10,990
SBA (2)	35,918	169	19,350	245
FmHA Agriculture	1,683	17	575	7
FmHA Mortgages	859	12	1,645	22
Totals	274,362	??	152,665	??

(1) These numbers reflect the total loan production during the assessment period in the respective states. Approximately 93% of the total Government-Insured mortgages are within the delineated communities. The bank does not geocode the other loan types.

(2) FSB is a preferred SBA lender. This gives the bank priority in the approval and processing of these loans through the SBA.

- ▶ The bank is an active participant in the Utah and Idaho Housing Finance Agency programs. In both

states, FSB is the largest participating lender by dollar and number of loans. During the CRA assessment period, the bank originated \$85 million through the Utah Housing Finance Agency, and \$42 million through the Idaho Housing Finance Agency. These numbers are part of the “Government-Insured Mortgages” above. Please refer to **Assessment Factor H** (Community Development) for additional information.

III. GEOGRAPHIC DISTRIBUTION AND RECORD OF OPENING AND CLOSING OFFICES

Reasonableness of Delineated Community

The delineated community for FSB is reasonable. The delineations for the states of Utah and Idaho have not changed since our previous examination of each bank. The delineated communities do not unreasonably exclude any low- and moderate-income communities.

Conclusion support:

- ▶ The delineated community for FSB includes all of the counties served by First Security Bank of Idaho, N.A. and First Security Bank of Utah, N.A. prior to their merger. In Utah, this delineated community includes all of the counties in the state with the exception of Dagget, Kane, Morgan, Piute, Rich, and Wayne counties. The Idaho community includes all of the counties except Adams, Boise, Camas, Caribou, Clark, Custer, Oneida, Owyhee, and Teton Valley. Please refer to the **Community Profile comment and Chart # 1** for additional information on the delineated communities.

Assessment Factor E: The geographic distribution of the institution's credit extensions, credit applications, and credit denials.

The geographic distribution of the HMDA loans, applications, and denials is reasonable. The products penetrate all segments of the delineated communities, including the low- and moderate-income geographies.

Conclusion support:

- ▶ The geographic distribution of the HMDA loans and applications reasonably corresponds to the demographics of the delineated communities. This is true for both the Idaho and Utah communities. **Refer to Charts #7** for a summary of the geographic distribution.

The individual geographies which showed less penetration of HMDA loans and applications were reasonable based on the area demographics. Relevant demographic information included the number of housing units, percentage of owner occupancy, age of housing stock, local economy, area population, and characteristics of the population.

Chart #7
Summary of Loans and Applications for HMDA Products⁶

--- Income Characteristics of the Geography (1)--

HMDA Distribution	Total Number	Low-Income %	Moderate-Income %	Middle-Income %	Upper-Income %
Idaho HMDA Distribution:					
Loan originations	5,889	0.2%	8.4%	64.4%	27.1%
Loan applications	7,599	0.2%	9.0%	64.8%	26.0%
Community demographics	-	1.0%	14.0%	67.0%	17.0%
Utah HMDA Distribution:					
Loan originations	7,668	1.4%	11.9%	60.6%	24.1%
Loan applications	9,356	1.4%	12.0%	61.0%	23.4%
Community demographics	-	4.0%	19.0%	53.0%	19.0%

- (1) Please note that the percentages do not always total 100% because a certain percentage of loans, applications, and geographies are not geocoded.
- (2) The community demographics percentage refers to the number of geographies with the income characteristics described, compared to the total geographies in the respective area

The **highlighted numbers** in the charts above shows the income areas where the penetration of loans and applications is markedly less than the community demographic. The primary reason for the lower penetration is the lower number of total housing units in these areas and the lower percentage of owner-occupancy compared to the average for the community. A reduced number of mortgage applications and originations are reasonable considering these differences and the lower demand for the mortgage products.

- ▶ The percentage of HMDA credit denials in both Utah and Idaho are higher in the low- and moderate-income geographies compared to the middle-and upper-income areas. This difference in the decline ratio is reasonable based on the lower median income of families residing in the areas. In Utah, the decline rate in the low- and moderate-income geographies averages 5.5% and 7.7%, respectively. This is only slightly higher than the decline rate for the middle- and upper-income areas of 5.4% and 4.1%.

In Idaho, the credit denials in the low- and moderate-income geographies are 22.2% and 12%, respectively. Denial rates in the middle- and upper-income areas are 8.9% and 4.7%, respectively. Besides the lower median family income of the residents, a factor affecting the high decline ratio in the low-income area is minimal number of applications from the three census tracts. Only 11 applications or .2% of the total came from the low-income tracts.

⁶

The products subject to the Home Mortgage Disclosure Act are the only ones reflected in this geographic distribution analysis. We did not have geographic data on the small business originations. The period covered in this analysis is from September 30, 1994 through June 30, 1996.

- ▶ The distribution of HMDA products according to borrower income is reasonable. In Utah, the percentage of HMDA originations to low- and moderate-income families are 6.7% and 17%, respectively. The corresponding percentages of low- and moderate-income families in the Utah delineated community are 17.4% and 19.3%, respectively. In Idaho, the percentage of HMDA originations to low- and moderate-income families are 4.8% and 17.6%, respectively. The percentages of low- and moderate-income families in the community are 17.7% and 19.4%, respectively. Because the applicant's income is a valid and important factor in determining creditworthiness, it is not unusual to see fewer lower-income applicants qualify for conventional loan products.

Assessment Factor G: The institution's record of opening and closing offices, and providing services at offices.

FSB's record of opening and closing offices in both Idaho and Utah is good. The bank focuses on minimizing duplicate locations and maximizing the number of services provided to each community.

Conclusion support:

- ▶ FSB continues to increase the number of branches serving its delineated community. FSB opened two new branches and closed two branches in Idaho in 1995. In Utah, the bank closed seven branch locations and opened eleven new branches in 1995. The bank has a written policy on branch opening and closing that complies with regulatory guidelines.

All of the branch closings were the result of a more accessible and modern location being located within approximately 1 ½ miles of the closed facility. Branch hours are generally 9:30 A.M. to 6:00 P.M. Monday through Friday. Most suburban offices are open on Saturday for customer convenience. The majority of branches have an Automated Teller Machine (ATM), and FSB is a member of five major ATM networks for greater customer convenience.

- ▶ FSB has offices in the low- and moderate -income areas of its community which are centrally located to the residents. In Idaho, FSB operates 14 branches in low- and moderate -income areas of the Boise-Nampa MSA. The bank operates 19 branches in low- and moderate -income areas of the Salt Lake-Ogden MSA and 3 branches in low- and moderate -income areas of the Provo-Orem MSA.

IV. DISCRIMINATION

Assessment Factor D: Any practices intended to discourage applications for types of credit set forth in the institution's CRA Statement(s).

We did not identify any practices that discourage persons from applying for types of credit offered by First Security Bank, N.A..

Conclusion/Support:

- ▶ Management and the board have developed formal policies, procedures, and controls to ensure compliance with the fair lending guidelines. The bank's internal fair lending review and training procedures are also satisfactory.

Assessment Factor E: Evidence of prohibited discriminatory or other illegal credit practices.

We did not identify any evidence of prohibited discrimination or other illegal credit practices identified in the Equal Credit Opportunity Act and Fair Housing laws.

Conclusion/Support:

- ▶ Concurrent with our CRA review, we conducted a fair lending examination. Our sample of home purchase and home improvement applications did not reveal any evidence of discrimination. The prohibited bases that we reviewed included race/ national origin and marital status.

V. COMMUNITY DEVELOPMENT

Assessment Factor H: The institution's participation, including investments, in local community development and redevelopment projects or programs.

Through its performance, First Security Bank, N.A. demonstrates a strong commitment to both direct and indirect community development. The bank is involved in numerous community development projects, and has participated in several municipal debt obligations.

Conclusion/Support:

- ▶ FSB management has taken a leadership role in nineteen community development projects between September 1994 and June 1996. These projects resulted in the construction of 706 new low- and moderate -income housing units in Idaho and Utah. The bank was also instrumental in helping community development programs obtain approximately \$1 million in grant money from the Federal Home Loan Bank in Seattle. A few of the bank's community development projects are summarized below.

FSB is the largest participant in both the **Idaho and Utah Housing Finance Agency Programs** FSB through the Idaho Housing Loan Program funded 634 new loans. The bank through the Utah Housing Loan Program also funded 1,071 new loans in 1995.

In Idaho, the bank is one of 10 banks participating in the **Idaho Community Reinvestment Corporation**. This is a statewide organization providing housing for low- and moderate -income persons. During the CRA assessment period, the bank participated in nine loans for \$11.3 million. These nine projects provided a total of 478 new housing units for low- and moderate -income persons. The bank's pro-rata portion of these loans was \$2.9 million (25.4%).

The bank made 385 **Small Business Administration (SBA)** loans totaling \$53.2 million. FSB is also a strong supporter of small business initiative funds like the **Idaho and Utah Micro-enterprise loan funds**. Since the Utah Micro-enterprise fund began in 1994, the bank has funded 42 small business loans to women and minority owned businesses resulting in seventy-three new jobs in the community. In Idaho, the bank played a key role in establishing the Idaho Micro-enterprise Loan Fund in 1995. Through the Idaho program, the bank assisted in 11 loan presentations, and funded one loan during the period.

FSB participated with **Sedona Associates, L.L.C.** to develop 16 new housing units for low-income residents of Salt Lake City. The apartments are intended to be occupied by single women, previously homeless, who are referred by the Travelers Aid Society. The bank's equity and loan investment in this project is approximately \$478 thousand.

In Utah, FSB participated with **Centennial Park, L.L.C.** to develop and construct 37 detached family homes in Cedar City, Utah. Thirteen of these homes will be offered to low-income families under a lease-to-own program. The remaining 24 homes will be sold outright to low- or moderate-income families (those earning less than 80% of the family median income). FSB's equity and loan investment in this project is more than \$1,481 thousand.

The bank participated with **Westview Associates, L.L.C.** to develop an 80-unit low-income housing complex (The Lowell Apartments) for the elderly residents of Salt Lake City. FSB has a 99% interest in the limited partnership, and a total equity and loan investment of \$3,406 thousand.

In partnership with four other banks, FSB is acting as agent bank in the **Oak Park Project** to develop 142 affordable housing units in Boise. The partnership is acting in cooperation with the Idaho Housing Agency and the City of Boise to address the city's affordable housing needs. FSB's loan and equity investment in this project is approximately \$1.8 million.

FSB provided an \$83 thousand loan to the **Southeast Idaho Community Action Agency** to assist in providing 12 units of affordable housing in Pocatello, Idaho.

- ▶ The bank has played a leading role in bringing to market and making significant investments in local government bond issues. These bond issues financed community projects and other community development needs in Idaho and Utah. Acting in various capacities, FSB played a key role in bringing to market 156 issues for \$1,390 million in public offerings in Idaho and Utah. As of June 30, 1996, FSB's outstanding investment in Utah and Idaho bond issues total \$68 million.

Assessment Factor K: The institution's ability to meet various community credit needs based on its financial condition and size, legal impediments, local economic conditions and other factors.

There are no impediments to this institution's ability to meet the various community credit needs based on its financial condition and size, legal impediments, local economic conditions, and other factors. Refer to the Bank Profile comment for additional detail.

Assessment Factor L: Any other factors that, in the regulatory authority's judgment, reasonably bear upon the extent to which an institution is helping to meet the credit needs of its entire community.

FSB N.A. engages in other meaningful activities to meet the community credit needs. Key activities include developing special credit-related products and financial support to various charitable, civic, and social organizations.

Conclusion/Support:

- ▶ The bank is a participant in a number of special credit programs. We discuss some of these programs below.

FSB is a participant in the **Idaho and Utah Assistive Technology Loan Programs**. These programs provide financing for the acquisition, adaptation, or use of assistive technology for individuals with disabilities. In 1995, the bank funded 53 loans for \$199 thousand in Idaho and Utah.

In Utah, the bank is directly involved in the **Aid to the Homeless Loan Assistance Program**. The program's objective is to provide below market interest rate loans to homeless persons for rent, utility, and phone deposits in order for them to secure rental housing. Through this program the bank funded 9 loans for \$5,400 in 1995.

FSB is an active supporter of **neighborhood housing organizations**. In Idaho, the bank contributed to a large number of neighborhood housing organizations including the Pocatello Neighborhood Housing Service's rehabilitation and home ownership pools. The bank funded 34 loans in 1995 through the Pocatello rehabilitation program.

In Idaho, FSB supported numerous energy efficiency loans through the **Intermountain Gas Loan Program**. In 1995 the bank funded 460 loans for more than \$1.5 million. These loans fund the conversion or upgrade from electric water heaters to gas. The program provides below market interest rate loans and favorable terms to homeowners.

In May 1996, FSB (Idaho) began the "**Home of Your Own**" program. The program is designed to help the developmentally disabled achieve home ownership. This program is managed through the Idaho Developmental Disabilities Council, a nonprofit corporation. If a person qualifies, they are eligible for up to \$25 thousand in down payment and closing cost assistance in the form of a forgivable grant. The first loans are expected to close during September 1996.

- ▶ During 1995, FSB contributed approximately \$294 thousand in CRA-related charitable, civic, and political causes. Some of the recipients of these contributions include the Hispanic Unity Conference, Indian Training and Education Center, National Association of Women Business Owners, Salt Lake Neighborhood Housing Services, Travelers Aid Society, and the Governor's Office of Black Affairs.