



PUBLIC DISCLOSURE

June 10, 2024

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Grand Bank
RSSD# 76854

2642 East 21st Street, Suite 100
Tulsa, Oklahoma 74114

Federal Reserve Bank of Kansas City
1 Memorial Drive
Kansas City, Missouri 64198

NOTE: This document is an evaluation of this bank'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 bank. This evaluation is not, nor should it be construed as, an assessment of the financial condition of this bank. The rating assigned to this bank does not represent an analysis, conclusion or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial bank.

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INSTITUTION'S COMMUNITY REINVESTMENT ACT RATING

This institution is rated: **Satisfactory**
The Lending Test is rated: **Satisfactory**
The Community Development Test is rated: **Outstanding**

Grand Bank (the bank) is rated Satisfactory. This rating is based on the following conclusions with respect to the performance criteria under the Lending and Community Development Tests:

- The bank's net loan-to-deposit ratio (NLTD) is reasonable given the bank's size, financial condition, and assessment area (AA) credit needs.
- A majority of the bank's loans are originated inside its AAs.
- A reasonable distribution of loans occurs throughout the bank's AAs.
- Lending reflects a reasonable distribution among businesses of different sizes.
- The bank has taken appropriate action in response to substantiated complaints.
- Community development (CD) activity reflects excellent responsiveness to the CD needs of the bank's AAs.

SCOPE OF EXAMINATION

Examiners utilized the Federal Financial Institutions Examination Council's (FFIEC's) *Interagency Examination Procedures for Intermediate Small Institutions* to evaluate the bank's CRA performance. The evaluation considered CRA performance context, including the bank's asset size, financial condition, business strategy and market competition, as well as AA demographic and economic characteristics, and credit needs. In addition, available aggregate data for the most recent three years (2020, 2021, and 2022) was referenced for additional perspective to gauge small business credit demand within the bank's AAs.

Performance was assessed within two of the bank's three AAs. The Tulsa Metropolitan AA in the state of Oklahoma and the Dallas Metropolitan AA in the state of Texas were each assessed using a full-scope review. The Houston Metropolitan AA in the state of Texas, where the bank opened a branch in October 2023, was not evaluated due to the limited time it was operational during the review period. Greater weight was placed on the bank's performance within the state of Oklahoma and the Tulsa Metropolitan AA based on containing the majority of the loan volume at 88.3 percent.

Examiners reviewed the following data:

- The bank’s 11-quarter average NLTD ratio;
- A statistical sample of 90 small business loans remaining on the bank’s balance sheet selected from a universe of 162 loans originated between January 1, 2023 and December 31, 2023;
- CD loans, qualified investments, and CD services from August 17, 2021 to December 31, 2023.

DESCRIPTION OF INSTITUTION

Grand Bank is a community bank headquartered in Tulsa, Oklahoma. The bank’s characteristics include:

- The bank is a wholly-owned subsidiary of Grand Capital Corporation, also headquartered in Tulsa.
- The bank has total assets of \$591.7 million as of December 31, 2023.
- In addition to its main office in Tulsa, the bank has three additional offices located in Tulsa, Dallas, Texas, and Houston, Texas, respectively.
- The Dallas location was opened in April 2022, while the Houston location was opened in October 2023. The Houston location was not included in the evaluation due to the limited time it was operational during the review period.
- The bank does not maintain any automated teller machines (ATMs).
- As shown in the table below, the bank’s primary business focus is commercial lending.

Table 1

Composition of Loan Portfolio as of December 31, 2023		
Loan Type	\$(000)	%
Construction and Land Development	28,933	6.1
Farmland	17,786	3.8
1- to 4-Family Residential Real Estate	109,688	23.2
Multifamily Residential Real Estate	17,775	3.8
Nonfarm Nonresidential Real Estate	247,236	52.2
Agricultural	312	0.1
Commercial and Industrial	51,266	10.8
Consumer	543	0.1
Other	13	0.0
Gross Loans	473,552	100.0
<i>Note: Percentages may not total 100.0 percent due to rounding.</i>		

The bank was rated Satisfactory under the CRA at its August 16, 2021 performance evaluation conducted by the Federal Deposit Insurance Corporation (FDIC). There are no known legal, financial, or other factors impeding the bank's ability to help meet the credit needs in its communities.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS¹

LENDING TEST

This performance evaluation first discusses the bank's overall performance, followed by an in-depth evaluation of performance in the states of Oklahoma and Texas.

The bank's overall lending test performance is Satisfactory. This conclusion was reached based on a reasonable NLTD ratio, a majority of loans originated in the bank's AAs, as well as a reasonable geographic and borrower distribution of lending. Throughout the evaluation, greater weight was placed on the bank's performance within the state of Oklahoma, as it contained 88.3 percent of the reviewed loans.

Net Loan-to-Deposit Ratio

This performance criterion evaluates the bank's average NLTD ratio to determine the reasonableness of lending in light of performance context, such as the bank's capacity to lend, the availability of lending opportunities, the demographic and economic factors present in the AA, and in comparison to similarly situated FDIC-insured institutions. The similarly situated institutions were selected based on asset size, product offerings, market share, and their locations within or near the bank's AAs.

The bank's NLTD ratio is reasonable. The bank's 11-quarter average NLTD ratio was comparable to the range of the four similarly situated institutions, with ratios ranging from 59.9 percent to 98.5 percent.

¹ The net loan-to-deposit ratio and percentage of loans and other lending-related activity in the assessment area only apply to the institution overall. No discussion of these performance criteria applies to sections of the performance evaluation related to states, multistate metropolitan areas, and assessment areas.

Table 2

Comparative NLTD Ratios June 30, 2021 – December 31, 2023			
Institution	Location	Asset Size \$(000)	NLTD Ratio (%)
			11-Quarter Average
Grand Bank	Tulsa, OK	591,730	90.7
Similarly Situated Institutions			
Spirit Bank	Tulsa, OK	769,664	98.5
First National Bank & Trust Company of Broken Arrow	Broken Arrow, OK	251,018	59.9
AVB Bank	Broken Arrow, OK	499,939	80.6
Vast Bank	Tulsa, OK	753,342	79.9

Assessment Area Concentration

This performance criterion evaluates the percentage of lending extended inside and outside of the AA. The bank originated a majority of loans by number and dollar inside its AAs.

Table 3

Lending Inside and Outside the Assessment Areas								
Loan Type	Inside				Outside			
	#	#%	\$(000)	\$%	#	#%	\$(000)	\$%
Small Business	60	66.7	15,929	63.1	30	33.3	9,328	36.9
Total Loans	60	66.7	15,929	63.1	30	33.3	9,328	36.9

Note: Percentages may not total 100.0 percent due to rounding.

Geographic Distribution of Loans

This performance criterion evaluates the bank’s distribution of lending within its AAs by income level of census tracts with consideration given to the dispersion of loans throughout the AAs. The bank’s overall geographic distribution of loans reflects reasonable distribution among the different census tracts and dispersion throughout the AAs. Performance in the Tulsa Metropolitan and Dallas Metropolitan AAs were both consistent with the overall rating.

Lending to Businesses of Different Sizes

This performance criterion evaluates the bank’s lending to businesses of different revenue sizes. The bank’s lending has an overall reasonable penetration among businesses of different sizes. Performance in both the Tulsa Metropolitan and Dallas Metropolitan AAs was consistent with the overall rating.

Response to Complaints

The bank’s record of taking action, if warranted, in response to written complaints about its performance in helping to meet the credit needs in its AAs is appropriate. The bank received one CRA-related complaint during the review period. The complaint was related to the bank’s performance in the Dallas Metropolitan AA. Please see the State of Texas/Dallas Metropolitan AA section of this report for more detailed information on the bank’s response to the received complaint.

COMMUNITY DEVELOPMENT TEST

The CD test evaluates the bank’s responsiveness to the needs of its AAs through CD loans, qualified investments, and CD services, considering the bank’s capacity and the need and availability of such opportunities in the bank’s AAs.

The bank’s overall CD test performance is Outstanding and demonstrates excellent responsiveness. Of the bank’s two markets, the bank had the highest level of CD activity in the Tulsa Metropolitan AA, where the majority of the bank’s lending occurs. While the bank’s CD activity reflects excellent responsiveness in the Tulsa Metropolitan AA, activity in the Dallas Metropolitan AA reflects adequate responsiveness.

Table 4

Community Development Activity – All									
Community Development Purpose	Community Development Loans		Qualified Investments						Community Development Services
			Investments		Donations		Total Investments		
	#	\$(000)	#	\$(000)	#	\$(000)	#	\$(000)	#
Affordable Housing	7	12,640	4	3,998	1	5	5	4,003	5
Community Services	1	100	3	750	47	133	50	883	49
Economic Development	3	7,820	0	0	1	3	1	3	8
Revitalization and Stabilization	16	35,470	0	0	0	0	0	0	0
Outside Activities	0	0	0	0	0	0	0	0	0
Totals	27	56,030	7	4,748	49	141	56	4,889	62

FAIR LENDING OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

Compliance with the substantive provisions of antidiscrimination and other consumer protection laws and regulations, including the Equal Credit Opportunity Act and the Fair Housing Act, was considered as part of this CRA evaluation. No evidence of a pattern or practice of discrimination on a prohibited basis or of other illegal credit practices inconsistent with helping to meet community credit needs was identified.

STATE OF OKLAHOMA

CRA rating for Oklahoma:	<i>Satisfactory</i>
The Lending Test is rated:	<i>Satisfactory</i>
The Community Development Test is rated:	<i>Outstanding</i>

This rating is based on the following conclusions with respect to the performance criteria under the Lending and Community Development Tests:

- A reasonable distribution of loans occurs throughout the bank's AA.
- Lending reflects a reasonable distribution among businesses of different sizes.
- Community development (CD) activity reflects excellent responsiveness to CD needs of the bank's AA.

SCOPE OF EXAMINATION

The scope of the review for the state of Oklahoma was consistent with the overall scope for the institution. A full-scope review was conducted for the Tulsa Metropolitan AA, the only AA within the state of Oklahoma. The overall state rating was based on the bank's performance in the aforementioned AA and is discussed concurrently with the performance in the AA. The Tulsa Metropolitan AA analysis included an evaluation of 53 small business loans originated inside the AA.

DESCRIPTION OF THE INSTITUTION'S OPERATIONS IN OKLAHOMA/TULSA METROPOLITAN ASSESSMENT AREA

The bank delineates one of its two AAs and operates two of its four branches in the state of Oklahoma. Loan and deposit products and services offered in the state mirror those discussed in the overall institution section of the report, with a primary emphasis on commercial lending.

The bank's Tulsa Metropolitan AA consists of Tulsa County in its entirety, which is one of the seven counties comprising the Tulsa, Oklahoma Metropolitan Statistical Area (MSA). See Appendix B for an AA map and Appendix C for additional demographic data.

- The AA delineation remains unchanged since the prior CRA evaluation.
- The AA includes a total of 208 census tracts, including 13 low-, 66 moderate-, 53 middle-, 75 upper-, and 1 unknown-income census tracts.
- The bank operates two full-service locations and no ATMs in Tulsa, Oklahoma.
- According to the June 30, 2023 FDIC Summary of Deposits Market Share Report, the bank has a 1.6 percent market share, ranking 16th out of 49 FDIC-insured depository institutions operating from 197 offices in the AA.

- To further augment the CRA performance evaluation, a community contact was conducted to help ascertain the credit needs of area communities, the responsiveness of area banks in meeting those credit needs, and the local economic conditions. The contact represented an economic development organization that serves the AA.

Table 5

Population Change			
Assessment Area: Tulsa Metropolitan			
Area	2015 Population	2020 Population	Percent Change
Tulsa Metropolitan	623,335	669,279	7.4
Tulsa, OK MSA	962,676	1,015,331	5.5
Oklahoma	3,849,733	3,959,353	2.8
<i>Source: 2020 U.S. Census Bureau Decennial Census 2011-2015 U.S. Census Bureau: American Community Survey</i>			

- The AA’s 2020 population comprised 16.9 percent of the statewide and 65.9 percent of the Tulsa MSA population.
- Both bank locations are in Tulsa, in which 413,066 people reside; the city comprises 61.7 percent of the Tulsa County and AA population.

Table 6

Median Family Income Change			
Assessment Area: Tulsa Metropolitan			
Area	2015 Median Family Income	2020 Median Family Income	Percent Change
Tulsa Metropolitan	67,531	73,515	8.9
Tulsa, OK MSA	66,846	72,203	8.0
Oklahoma	63,401	67,511	6.5
<i>Source: 2011-2015 U.S. Census Bureau: American Community Survey 2016-2020 U.S. Census Bureau: American Community Survey</i>			
<i>Note: Median family incomes have been inflation-adjusted and are expressed in 2020 dollars.</i>			

- Median family income growth in the AA was above both the MSA and statewide figures.
- The percentage of LMI families in the AA, at 38.8 percent, was comparable to the MSA and statewide figures, both of which were 39.1 percent.
- The percentage of families in the AA living below the poverty level, at 10.9 percent, was above the MSA figure of 10.4 percent, but below the statewide figure of 11.3 percent.

Table 7

Housing Cost Burden						
Assessment Area: Tulsa Metropolitan						
Area	Cost Burden – Renters			Cost Burden – Owners		
	Low Income	Moderate Income	All Renters	Low Income	Moderate Income	All Owners
Tulsa Metropolitan	75.4	34.4	39.3	58.0	29.1	17.1
Tulsa, OK MSA	72.6	32.1	38.0	53.0	25.6	15.9
Oklahoma	71.3	30.7	37.7	50.0	24.0	15.2

Cost Burden is housing cost that equals 30 percent or more of household income.
Source: U.S. Department of Housing and Urban Development (HUD), 2016-2020 Comprehensive Housing Affordability Strategy

- The percentage of AA low- and moderate-income renters and owners considered cost burdened was above figures for the MSA and the state of Oklahoma.
- The median housing value in the AA at \$160,675, is above the MSA and statewide figures of \$155,020 and \$142,400, respectively.
- The median gross rent in the AA at \$881 was also above the MSA and statewide figures of \$863 and \$818, respectively.
- The AA housing affordability ratio² of 35.5 percent was below the MSA and statewide ratios of 37.0 percent and 37.8 percent, respectively, indicating lower affordability in the AA.
- The community contact stated the pace of homebuying and demand has declined due to the high interest rate environment.

Table 8

Unemployment Rates					
Assessment Area: Tulsa Metropolitan					
Area	2018	2019	2020	2021	2022
Tulsa Metropolitan	3.2	3.0	6.7	4.2	3.0
Tulsa, OK MSA	3.4	3.1	6.6	4.2	3.1
Oklahoma	3.3	3.1	6.3	4.0	3.0

Source: Bureau of Labor Statistics: Local Area Unemployment Statistics

- During the evaluation period, unemployment rates in the AA remained in line with both MSA and statewide figures for Oklahoma, with an increase during 2020 and 2021 as the result of the 2019 Coronavirus pandemic (pandemic), before returning to pre-pandemic levels in 2022.
- The primary industries in the AA include advanced manufacturing, aerospace and defense, logistics and distribution, healthcare and social services, and professional services.

² The housing affordability ratio is calculated by dividing the median household income by the median housing value. A lower ratio reflects less affordable housing.

- The major employers operating in the AA include American Airlines, Ascension Healthcare, Hillcrest Healthcare, Saint Francis Health System, and Tulsa Public Schools.
- The community contact stated that growth in Tulsa has provided more opportunities for businesses to locate there, promoting economic vitality and mobility opportunities that may not be available in more saturated markets.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN THE OKLAHOMA / TULSA METROPOLITAN AA

LENDING TEST

The bank's overall lending test performance in the state of Oklahoma is Satisfactory. The bank's performance under the lending test in the Tulsa Metropolitan AA is reasonable, which is consistent with the overall state rating. In determining the lending test rating, equal weight was given to each of the performance criteria. The review in this AA consisted of an evaluation of 53 small business loans.

Geographic Distribution of Loans

The bank's geographic distribution of loans reflects reasonable distribution among the different census tracts and dispersion throughout the AA.

Small Business Lending

The geographic distribution of small business lending is reasonable. The percentage of small business loans originated in both low- and moderate-income (LMI) census tracts was comparable to the percentage of businesses operating in the AA's LMI income tracts.

Loan dispersion analysis revealed conspicuous lending gaps that included LMI tracts. The gaps were due to the bank's limited branch presence (and a relatively low volume of originations) in a large metropolitan area, as well as significant competition in the area; and thus, the presence of lending gaps did not impact the overall conclusion.

Table 9

Distribution of 2023 Small Business Lending By Income Level of Geography					
Assessment Area: Tulsa Metropolitan					
Geographic Income Level	Bank Loans				Total Businesses %
	#	#%	\$(000)	%	
Low	2	3.8	1,400	10.0	4.4
Moderate	12	22.6	2,338	16.7	25.7
Middle	12	22.6	2,472	17.6	29.9
Upper	27	50.9	7,813	55.7	39.8
Unknown	0	0.0	0	0.0	0.1
Tract-Unk	0	0.0	0	0.0	
Total	53	100.0	14,023	100.0	100.0

Source: 2023 FFIEC Census Data
2023 Dun & Bradstreet Data
2016-2020 U.S. Census Bureau: American Community Survey

Note: Percentages may not total 100.0 percent due to rounding.

Lending to Businesses of Different Sizes

The bank’s lending has a reasonable distribution to businesses of different sizes.

Small Business Lending

The borrower distribution of small business lending is reasonable. The bank’s lending to businesses with gross annual revenues of \$1MM or less was comparable to the demographic figure, which represents percentage of small businesses in the AA by revenue size. Additionally, 58.5 percent of business loans were made in amounts of \$250,000 or less, which demonstrates the bank’s willingness to serve small businesses, as lower loan amounts are typically demanded by smaller entities.

Table 10

Distribution of 2023 Small Business Lending By Revenue Size of Businesses					
Assessment Area: Tulsa Metropolitan					
	Bank Loans				Total Businesses %
	#	#%	\$(000)	%	
By Revenue					
\$1 Million or Less	33	62.3	7,847	56.0	90.7
Over \$1 Million	20	37.7	6,175	44.0	8.5
Revenue Unknown	0	0.0	0	0.0	0.8
Total	53	100.0	14,023	100.0	100.0
By Loan Size					
\$100,000 or Less	25	47.2	723	5.2	
\$100,001 - \$250,000	6	11.3	912	6.5	
\$250,001 - \$1 Million	22	41.5	12,387	88.3	
Total	53	100.0	14,023	100.0	
By Loan Size and Revenues \$1 Million or Less					
\$100,000 or Less	18	54.5	275	3.5	
\$100,001 - \$250,000	3	9.1	479	6.1	
\$250,001 - \$1 Million	12	36.4	7,093	90.4	
Total	33	100.0	7,847	100.0	
<i>Source: 2023 FFIEC Census Data 2023 Dun & Bradstreet Data 2016-2020 U.S. Census Bureau: American Community Survey</i>					
<i>Note: Percentages may not total 100.0 percent due to rounding.</i>					

Response to Complaints

While the bank received one CRA-related complaint during the review period, it was not related to its performance in the Tulsa Metropolitan AA.

COMMUNITY DEVELOPMENT TEST

The bank’s performance under the CD test in the state of Oklahoma is Outstanding. The bank’s CD performance similarly demonstrated excellent responsiveness in the Tulsa Metropolitan AA, which is consistent with the overall state rating. Examples of responsive CD lending activities include:

- A \$7.7 million (MM) loan to a business to acquire and renovate a medical facility, facilitating job growth and revitalizing and stabilizing an LMI area.
- A \$3.7MM loan for the purchase and renovation of a 33-unit apartment complex providing affordable housing.
- A \$100 thousand (M) loan to finance operations for a soup kitchen.

Table 11

Community Development Activity State of Oklahoma/ Tulsa Metropolitan AA									
Community Development Purpose	Community Development Loans		Qualified Investments						Community Development Services
			Investments		Donations		Total Investments		
	#	\$(000)	#	\$(000)	#	\$(000)	#	\$(000)	#
Affordable Housing	7	12,640	2	1,998	1	5	3	2,003	3
Community Services	1	100	1	250	40	119	41	369	43
Economic Development	3	7,820	0	0	0	0	0	0	8
Revitalization and Stabilization	15	30,874	0	0	0	0	0	0	0
Totals	26	51,434	3	2,248	41	124	44	2,372	54

STATE OF TEXAS

CRA rating for Texas: ***Satisfactory***
The Lending Test is rated: ***Satisfactory***
The Community Development Test is rated: ***Satisfactory***

This rating is based on the following conclusions with respect to the performance criteria under the Lending and Community Development Tests:

- A reasonable distribution of loans occurs throughout the bank's AA.
- Lending reflects a reasonable distribution among businesses of different sizes.
- CD activity reflects adequate responsiveness to the needs of the AA.

SCOPE OF EXAMINATION

The scope of the review for the state of Texas was consistent with the overall scope for the institution. A full-scope review was conducted for the Dallas Metropolitan AA. The bank opened a branch in Houston, Texas in October 2023, creating the Houston Metropolitan AA, which was not included in this evaluation due to the limited time the branch was operational during the review period. The overall state rating was based solely on the bank's performance in the Dallas Metropolitan AA and is discussed concurrently with the performance in the AA. The Dallas Metropolitan AA is new since the previous examination due to a branch opening in April 2022. As a result, the analysis included an evaluation of only seven small business loans originated inside the AA.

DESCRIPTION OF THE INSTITUTION'S OPERATIONS IN THE TEXAS/DALLAS METROPOLITAN AA

The bank delineates two of its three AAs and operates two of its four branches in the state of Texas. As mentioned previously, the Dallas Metropolitan AA is the only AA in which performance was evaluated for this state; and the bank operates one branch in this AA. Loan and deposit products and services offered in the state mirror those discussed in the overall Institution section of the report, with a primary emphasis on commercial lending.

The bank's Dallas Metropolitan AA consists of Dallas County in its entirety, which is one of the seven counties comprising the Dallas-Plano-Irving, Texas MSA. See Appendix B for an AA map and Appendix C for additional demographic data.

- The AA was not included in the bank's prior CRA evaluation as it did not maintain any branches in the state of Texas prior to April 2022.
- The AA includes a total of 645 census tracts, including 107 low-, 223 moderate-, 60 middle-, 144 upper-, and 11 unknown-income census tracts.

- The bank operates one full-service location and no ATMs in the AA.
- According to the June 30, 2023 FDIC Summary of Deposits Market Share Report, the bank has a less than 1.0 percent market share, ranking 101st out of 113 FDIC-insured depository institutions operating from 574 offices in the AA.
- To further augment the CRA performance evaluation, a community contact recently conducted as part of an evaluation of another institution in the AA was reviewed to help ascertain the credit needs of area communities, the responsiveness of area banks in meeting those credit needs, and the local economic conditions. The contact represented an organization focused on community development and services for LMI individuals in the AA.

Table 12

Population Change			
Assessment Area: Dallas Metropolitan			
Area	2015 Population	2020 Population	Percent Change
Dallas Metropolitan	2,485,003	2,613,539	5.2
Dallas-Plano-Irving, TX MD	4,519,004	5,129,966	13.5
Texas	26,538,614	29,145,505	9.8
<i>Source: 2020 U.S. Census Bureau Decennial Census 2011-2015 U.S. Census Bureau: American Community Survey</i>			

- The AA's 2020 population comprised 50.9 percent of the MSA population.
- During the period from 2015 to 2020, most of the counties in the AA experienced substantial population growth; however, the overall growth in the AA was outpaced by the state of Texas, as the AA was hampered by limited growth in Dallas County.

Table 13

Median Family Income Change			
Assessment Area: Dallas Metropolitan			
Area	2015 Median Family Income	2020 Median Family Income	Percent Change
Dallas Metropolitan	61,072	69,689	14.1
Dallas-Plano-Irving, TX MD	77,736	88,315	13.6
Texas	68,523	76,073	11.0
<i>Source: 2011-2015 U.S. Census Bureau: American Community Survey 2016-2020 U.S. Census Bureau: American Community Survey</i>			
<i>Note: Median family incomes have been inflation-adjusted and are expressed in 2020 dollars.</i>			

- The AA experienced notable growth in MFI during the review period, outpacing the rates in the MSA and state of Texas.
- However, the percentage of LMI families in the AA, at 50.4 percent, remains significantly higher than the MSA and statewide figures, both of which were 39.7 percent.

- The percentage of families in the AA living below the poverty level, at 11.4 percent, was also above the MSA and statewide figures of 8.2 percent and 10.9 percent, respectively.

Table 14

Housing Cost Burden						
Assessment Area: Dallas Metropolitan						
Area	Cost Burden – Renters			Cost Burden – Owners		
	Low Income	Moderate Income	All Renters	Low Income	Moderate Income	All Owners
Dallas Metropolitan	80.2	42.0	42.7	61.6	31.2	22.6
Dallas-Plano-Irving, TX MD	81.3	47.6	42.0	63.0	36.2	20.6
Texas	78.3	44.6	42.7	57.3	31.0	19.0

Cost Burden is housing cost that equals 30 percent or more of household income.
Source: U.S. Department of Housing and Urban Development (HUD), 2016-2020 Comprehensive Housing Affordability Strategy

- Within the AA, the percentage of low-income renters and owners considered cost burdened was slightly below the MSA figures, but above statewide figures.
- The percentage of moderate-income renters considered cost burdened was below both the MSA and statewide figures, while for owners it was below the MSA figure, and in line with the statewide figure.
- The median housing value in the AA at \$193,946, was significantly below the MSA figure of \$254,332, but above the statewide figure of \$187,200.
- The median gross rent in the AA at \$1,159 was comparable to both the MSA figure of \$1,210 and the statewide figure of \$1,082.
- The AA housing affordability ratio of 31.8 percent was above the MSA ratio of 29.2, but below the statewide ratio of 34.1, indicating greater affordability relative to the MSA, but lower affordability relative to the state of Texas.
- The community contact stated that in southern Dallas, the prices of vacant lots have risen, making affordable housing a greater obstacle in the community.

Table 15

Unemployment Rates					
Assessment Area: Dallas Metropolitan					
Area	2018	2019	2020	2021	2022
Dallas Metropolitan	3.8	3.5	7.8	5.6	3.7
Dallas-Plano-Irving, TX MD	3.6	3.3	7.1	5.0	3.5
Texas	3.9	3.5	7.7	5.6	3.9

Source: Bureau of Labor Statistics: Local Area Unemployment Statistics

- Unemployment in the AA has been consistent with the overall MSA and state of Texas levels, with an increase during 2020 and 2021 as the result of the pandemic, before returning to pre-pandemic levels in 2022.

- Primary industries in the AA include professional and technical services, healthcare and social assistance, administrative and waste services, retail trade, and accommodation and food services.
- The major employers operating in the AA include American Airlines, AT&T, Bank of America, Baylor Scott & White, HCA North Texas, Kroger, Lockheed Martin, and Texas Health Resources.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN THE TEXAS/DALLAS METROPOLITAN AA

LENDING TEST

The bank's overall lending test performance in the state of Texas is satisfactory. The bank's performance under the lending test in the Dallas Metropolitan AA is reasonable, which is consistent with the overall state rating. In determining the lending test rating, equal weight was given to each of the performance criteria. The review in this AA consisted of an evaluation of seven small business loans. The low overall lending volume is attributed to the AA being a de novo market for the bank in 2022.

Geographic Distribution of Loans

The bank's geographic distribution of loans reflects reasonable distribution among the different census tracts and dispersion throughout the AA.

Small Business Lending

The geographic distribution of small business lending is reasonable. The bank originated no loans in low-income census tracts, which was below the demographic figure. The percentage of small business loans originated in moderate-income census tracts was above the percentage of total businesses by tract level of income.

Loan dispersion analysis revealed conspicuous lending gaps that included LMI tracts. The gaps were due to the bank's limited branch presence (and a relatively low volume of originations) in a large metropolitan area with significant competition and thus, the presence of gaps did not impact the overall conclusion.

Table 16

Distribution of 2023 Small Business Lending By Income Level of Geography					
Assessment Area: Dallas Metropolitan					
Geographic Income Level	Bank Loans				Total Businesses %
	#	#%	\$(000)	\$%	
Low	0	0.0	0	0.0	9.6
Moderate	3	42.9	1,110	58.2	25.4
Middle	1	14.3	25	1.3	30.6
Upper	3	42.9	772	40.5	33.4
Unknown	0	0.0	0	0.0	0.9
Tract-Unk	0	0.0	0	0.0	
Total	7	100.0	1,907	100.0	100.0

Source: 2023 FFIEC Census Data
2023 Dun & Bradstreet Data
2016-2020 U.S. Census Bureau: American Community Survey

Note: Percentages may not total 100.0 percent due to rounding.

Lending to Businesses of Different Sizes

The bank’s lending has a reasonable distribution among businesses of different sizes.

Small Business Lending

The borrower distribution of small business lending is reasonable. The bank’s lending to businesses with gross annual revenues of \$1MM or less was comparable to the percentage of total small businesses by revenue operating in the AA. Additionally, 71.4 percent of business loans were made in amounts of \$250,000 or less, which demonstrates the bank’s willingness to originate loans to small businesses, as lower loan amounts are typically demanded by smaller business entities.

Table 17

Distribution of 2023 Small Business Lending By Revenue Size of Businesses					
Assessment Area: Dallas Metropolitan					
	Bank Loans				Total Businesses
	#	#%	\$(000)	%	
By Revenue					
\$1 Million or Less	5	71.4	1,774	93.0	90.9
Over \$1 Million	2	28.6	133	7.0	8.0
Revenue Unknown	0	0.0	0	0.0	1.1
Total	7	100.0	1,907	100.0	100.0
By Loan Size					
\$100,000 or Less	5	71.4	268	14.1	
\$100,001 - \$250,000	0	0.0	0	0.0	
\$250,001 - \$1 Million	2	28.6	1,639	85.9	
Total	7	100.0	1,907	100.0	
By Loan Size and Revenues \$1 Million or Less					
\$100,000 or Less	3	60.0	135	7.6	
\$100,001 - \$250,000	0	0.0	0	0.0	
\$250,001 - \$1 Million	2	40.0	1,639	92.4	
Total	5	100.0	1,774	100.0	
<i>Source: 2023 FFIEC Census Data 2023 Dun & Bradstreet Data 2016-2020 U.S. Census Bureau: American Community Survey</i>					
<i>Note: Percentages may not total 100.0 percent due to rounding.</i>					

Response to Complaints

During the review period, the bank received one CRA-related complaint related to the bank’s performance in the Dallas Metropolitan AA. The complaint presented concerns with the bank’s lending levels and lack of CRA initiatives to serve LMI geographies and borrowers in the Dallas area in 2018 and 2019, including failure to conduct marketing or provide community outreach to these respective demographics.

In response to the written complaint, the Federal Reserve found the bank’s response or record of taking action appropriate. The bank has a history of Satisfactory CRA performance and only began operating in the Dallas market in April 2022, supporting a low volume of loan originations and activity. Furthermore, the bank has proactively conducted relevant marketing and outreach in the Dallas market to further develop lending relationships and understand community credit and investment needs since the branch opening. Bank staff continues to monitor efforts to ensure appropriate reach to all demographics, including LMI geographies and borrowers.

COMMUNITY DEVELOPMENT TEST

The bank’s performance under the CD test in the state of Texas is satisfactory. The bank’s CD performance similarly demonstrated reasonable responsiveness in the Dallas Metropolitan AA, which is consistent with the overall state rating. Examples of responsive CD activities include:

- A \$4.6MM loan to purchase a warehouse, facilitating job growth and revitalizing and stabilizing an LMI area.
- Two investments totaling \$500M in minority-owned depository institutions.
- A member of bank management served on a committee for the City of Dallas to develop initiatives within the city for equal access to banking services and loans.

Table 18

Community Development Activity State of Texas/Dallas Metropolitan AA									
Community Development Purpose	Community Development Loans		Qualified Investments						Community Development Services #
	#	\$(000)	Investments		Donations		Total Investments		
			#	\$(000)	#	\$(000)	#	\$(000)	
Affordable Housing	0	0	1	1,000	0	0	1	1,000	2
Community Services	0	0	1	250	7	14	8	264	6
Economic Development	0	0	0	0	1	2	1	2	0
Revitalization and Stabilization	1	4,596	0	0	0	0	0	0	0
Outside Activities	0	0	2	1,250	0	0	2	1,250	0
Totals	1	4,596	4	2,500	8	16	12	2,516	8

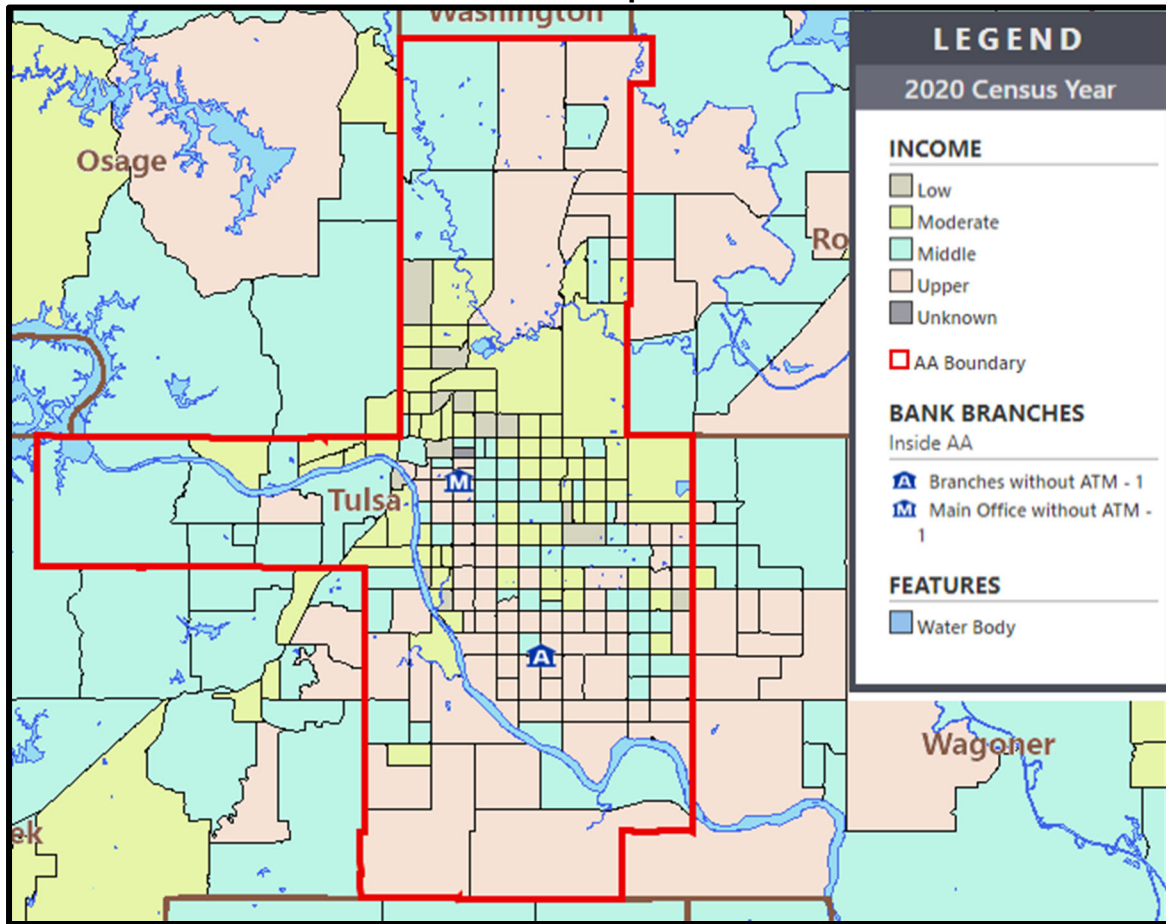
APPENDIX A – SCOPE OF EXAMINATION TABLE

Table A-1

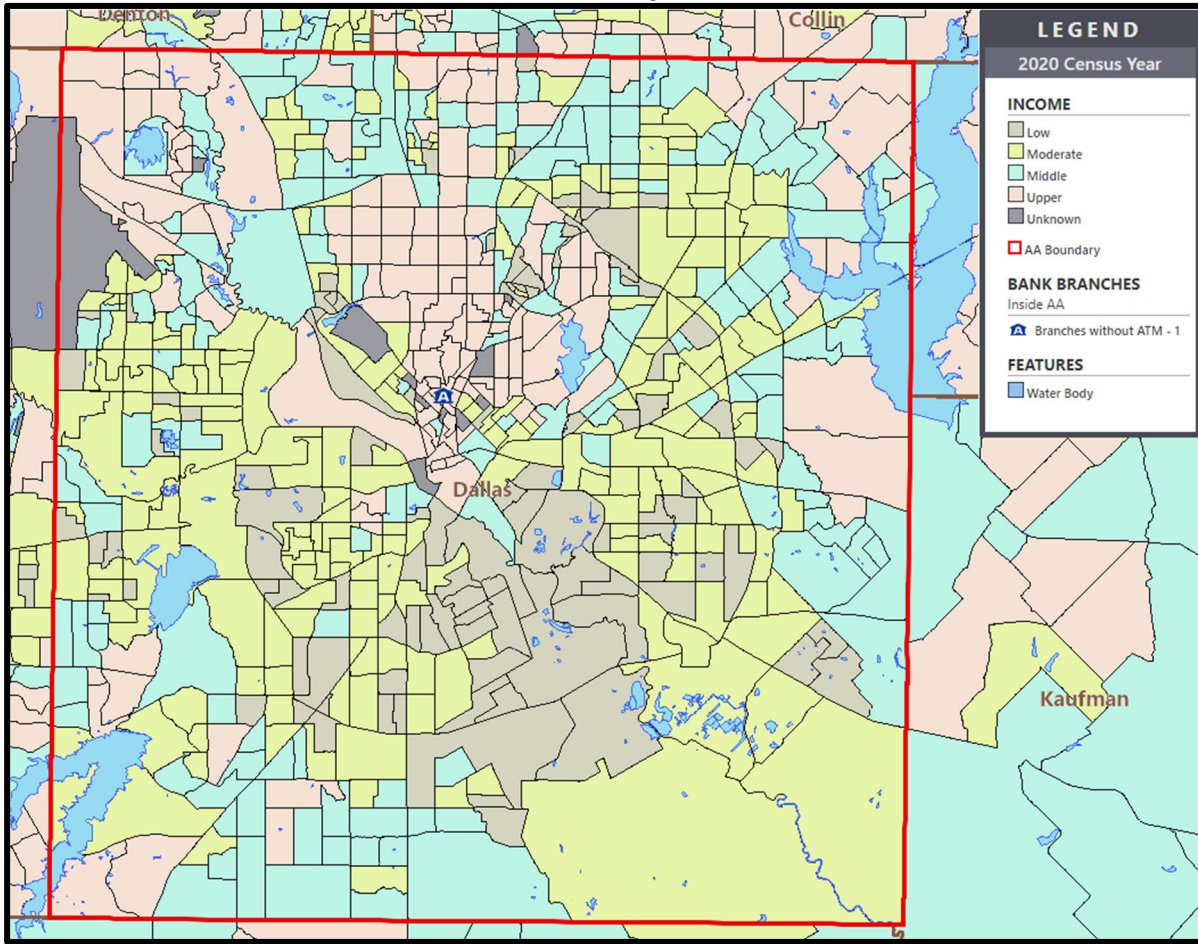
SCOPE OF EXAMINATION			
<u>FINANCIAL INSTITUTION</u> Grand Bank Tulsa, Oklahoma		<u>PRODUCTS/SERVICES REVIEWED</u> <ul style="list-style-type: none"> Commercial Loans 	
<u>TIME PERIODS REVIEWED</u>			
<u>Commercial:</u>		January 1, 2023 – December 31, 2023	
<u>Community Development Activities:</u>		August 17, 2021 – December 31, 2023	
LIST OF AFFILIATES CONSIDERED IN THIS EVALUATION			
AFFILIATES	AFFILIATE RELATIONSHIP	PRODUCTS REVIEWED	
None	None	None	
LIST OF ASSESSMENT AREAS AND TYPE OF EXAMINATION			
ASSESSMENT AREA	TYPE OF EXAM	BRANCHES VISITED	OTHER INFORMATION
<u>Oklahoma</u> Tulsa Metropolitan	Full Review	None	1 contact
<u>Texas</u> Dallas Metropolitan	Full Review	None	1 prior contact

APPENDIX B – MAPS OF THE ASSESSMENT AREAS

Map A-1
Tulsa Metropolitan



Map A-2
Dallas Metropolitan



APPENDIX C – DEMOGRAPHIC INFORMATION

Table C-1

2023 Tulsa Metropolitan AA Demographics								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low	13	6.3	9,472	6.0	3,988	42.1	34,172	21.5
Moderate	66	31.7	44,533	28.0	8,193	18.4	27,496	17.3
Middle	53	25.5	41,693	26.2	2,925	7.0	30,011	18.9
Upper	75	36.1	63,220	39.7	2,204	3.5	67,374	42.4
Unknown	1	0.5	135	0.1	26	19.3	0	0.0
Total AA	208	100.0	159,053	100.0	17,336	10.9	159,053	100.0
	Housing Units by Tract	Housing Type by Tract						
		Owner-occupied			Rental		Vacant	
		#	% by tract	% by unit	#	% by unit	#	% by unit
Low	19,591	5,458	3.6	27.9	11,311	57.7	2,822	14.4
Moderate	89,430	35,003	23.2	39.1	41,759	46.7	12,668	14.2
Middle	77,519	41,919	27.7	54.1	27,707	35.7	7,893	10.2
Upper	96,616	68,678	45.4	71.1	21,174	21.9	6,764	7.0
Unknown	1,185	104	0.1	8.8	796	67.2	285	24.1
Total AA	284,341	151,162	100.0	53.2	102,747	36.1	30,432	10.7
	Total Businesses by Tract		Businesses by Tract & Revenue Size					
			Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported	
			#	%	#	%	#	%
Low	1,593	4.4	1,370	4.2	215	7.0	8	2.8
Moderate	9,283	25.7	8,186	25.0	1,028	33.4	69	24.4
Middle	10,821	29.9	9,704	29.6	1,025	33.3	92	32.5
Upper	14,390	39.8	13,480	41.1	797	25.9	113	39.9
Unknown	52	0.1	42	0.1	9	0.3	1	0.4
Total AA	36,139	100.0	32,782	100.0	3,074	100.0	283	100.0
Percentage of Total Businesses:			90.7		8.5		0.8	
	Total Farms by Tract		Farms by Tract & Revenue Size					
			Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported	
			#	%	#	%	#	%
Low	6	2.0	6	2.0	0	0.0	0	0.0
Moderate	43	14.0	42	14.0	1	16.7	0	0.0
Middle	90	29.3	88	29.4	2	33.3	0	0.0
Upper	168	54.7	163	54.5	3	50.0	2	100.0
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	307	100.0	299	100.0	6	100.0	2	100.0
Percentage of Total Farms:			97.4		2.0		0.7	
Source: 2023 FFIEC Census Data 2023 Dun & Bradstreet Data 2016-2020 U.S. Census Bureau: American Community Survey Note: Percentages may not total 100.0 percent due to rounding.								

Table C-2

2023 Dallas Metropolitan AA Demographics								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low	107	16.6	100,878	16.6	25,240	25.0	184,466	30.4
Moderate	223	34.6	217,151	35.7	29,705	13.7	121,821	20.1
Middle	160	24.8	159,194	26.2	10,013	6.3	112,226	18.5
Upper	144	22.3	127,087	20.9	3,612	2.8	188,940	31.1
Unknown	11	1.7	3,143	0.5	454	14.4	0	0.0
Total AA	645	100.0	607,453	100.0	69,024	11.4	607,453	100.0
	Housing Units by Tract	Housing Type by Tract						
		Owner-occupied			Rental		Vacant	
		#	% by tract	% by unit	#	% by unit	#	% by unit
Low	182,361	49,784	10.5	27.3	114,522	62.8	18,055	9.9
Moderate	343,493	155,497	32.6	45.3	161,983	47.2	26,013	7.6
Middle	263,814	138,854	29.1	52.6	107,238	40.6	17,722	6.7
Upper	225,383	130,305	27.4	57.8	76,716	34.0	18,362	8.1
Unknown	12,762	1,935	0.4	15.2	9,162	71.8	1,665	13.0
Total AA	1,027,813	476,375	100.0	46.3	469,621	45.7	81,817	8.0
	Total Businesses by Tract		Businesses by Tract & Revenue Size					
			Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported	
			#	%	#	%	#	%
Low	14,622	9.6	13,401	9.7	1,129	9.3	92	5.5
Moderate	38,626	25.4	35,682	25.8	2,653	21.9	291	17.4
Middle	46,538	30.6	42,197	30.5	3,933	32.4	408	24.4
Upper	50,868	33.4	45,726	33.1	4,279	35.3	863	51.6
Unknown	1,432	0.9	1,271	0.9	144	1.2	17	1.0
Total AA	152,086	100.0	138,277	100.0	12,138	100.0	1,671	100.0
Percentage of Total Businesses:				90.9		8.0		1.1
	Total Farms by Tract		Farms by Tract & Revenue Size					
			Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported	
			#	%	#	%	#	%
Low	52	6.3	52	6.4	0	0.0	0	0.0
Moderate	140	16.9	136	16.7	4	30.8	0	0.0
Middle	235	28.3	232	28.4	3	23.1	0	0.0
Upper	397	47.9	391	47.9	6	46.2	0	0.0
Unknown	5	0.6	5	0.6	0	0.0	0	0.0
Total AA	829	100.0	816	100.0	13	100.0	0	0.0
Percentage of Total Farms:				98.4		1.6		0.0
Source: 2023 FFIEC Census Data 2023 Dun & Bradstreet Data 2016-2020 U.S. Census Bureau: American Community Survey Note: Percentages may not total 100.0 percent due to rounding.								

APPENDIX D – 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.

Census tract: A small subdivision of metropolitan and other densely populated counties. Census tract boundaries do not cross county lines; however, they may cross the boundaries of metropolitan statistical areas. Census tracts usually have between 2,500 and 8,000 persons, and their physical size varies widely depending upon population density. Census tracts are designed to be homogeneous with respect to population characteristics, economic status, and living conditions to allow for statistical comparisons.

Community development: Affordable housing (including multifamily rental housing) for low- or moderate-income individuals; community services targeted to low- or moderate-income individuals; activities that promote economic development by financing businesses or farms that meet the size eligibility standards of the Small Business Administration's Development Company or Small Business Investment Company programs (13 CFR 121.301) or have gross annual revenues of \$1 million or less; or, activities that revitalize or stabilize low- or moderate-income geographies, designated disaster areas; or designated distressed or underserved nonmetropolitan middle-income geographies.

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, other secured consumer loans, and other unsecured consumer loans.

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 nonrelatives living with the family. Families are classified by type as either a married-couple family or other family, which 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).

Full-scope review: Performance is analyzed considering performance context, quantitative factors (for example, geographic distribution, borrower distribution, and total number and dollar amount of investments), and qualitative factors (for example, 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 applications, the amount of loan requested, and the disposition of the application (for example, approved, denied, and withdrawn).

Home mortgage loans: Includes home purchase and home improvement loans as defined in the HMDA regulation. This definition also includes multifamily (five or more families) dwelling loans, loans for the purchase of manufactured homes and refinancings of home improvement and home purchase loans.

Household: Includes all persons occupying a housing unit. Persons not living in households are classified as living in group quarters. In 100 percent tabulations, the count of households always equals the count of occupied housing units.

Limited-scope review: Performance is analyzed using only quantitative factors (for example, geographic distribution, borrower distribution, total number and dollar amount of investments, and branch distribution).

Low-income: Individual income that is less than 50 percent of the area median income, or a median family income that is less than 50 percent, in the case of a geography.

Market share: The number of loans originated and purchased by the institution as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the metropolitan area/assessment area.

Metropolitan area (MA): A metropolitan statistical area (MSA) or a metropolitan division (MD) as defined by the Office of Management and Budget. A MSA is a core area containing at least one urbanized area of 50,000 or more inhabitants, together with adjacent communities having a high degree of economic and social integration with that core. A MD is a division of a MSA based on specific criteria including commuting patterns. Only a MSA that has a population of at least 2.5 million may be divided into MDs.

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 percent 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 percent and less than 80 percent, in the case of a geography.

Multifamily: Refers to a residential structure that contains five or more units.

Nonmetropolitan area (NonMSA): Any area that is not located within an MSA.

Other products: Includes any unreported optional category of loans for which the institution collects and maintains data for consideration during a CRA examination. Examples of such activity include consumer loans and other loan data an institution may provide concerning its lending performance.

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 qualified investment is defined as any 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. For these institutions, no state ratings will be received unless the bank also maintains deposit facilities outside of the multistate metropolitan area. CRA activity is captured in either a state rating or a multistate metropolitan area rating, but not both.

Small loan(s) to business(es): A loan included in 'loans to small businesses' as defined in the Consolidated Report of Condition and Income (Call Report) instructions. These loans have original amounts of \$1 million or less and typically are either secured by nonfarm or nonresidential real estate or are classified as commercial and industrial loans. However, thrift institutions may also exercise the option to report loans secured by nonfarm residential real estate as 'small business loans' if the loans are reported on the TFR as nonmortgage, commercial loans.

Small loan(s) to farm(s): A loan included in 'loans to small farms' as defined in the Consolidated Reports of Condition and Income (Call Report) instructions. These loans have original amounts of \$500,000 or less and are either secured by farmland or are classified as loans to finance agricultural production and other loans to farmers.

Upper-income: Individual income that is more than 120 percent of the area median income, or a median family income that is more than 120 percent, in the case of a geography.