

PUBLIC DISCLOSURE

July 18, 2022

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

CBBC Bank
Certificate Number: 21227

330 East Broadway Avenue
Maryville, Tennessee 37804

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	5
CONCLUSIONS ON PERFORMANCE CRITERIA.....	6
DISCRIMINATORY OR OTHER ILLEGAL CREDIT PRACTICES REVIEW.....	14
APPENDICES	15
INTERMEDIATE SMALL BANK PERFORMANCE CRITERIA.....	15
GLOSSARY	16

INSTITUTION RATING

INSTITUTION'S CRA RATING: This institution is rated Satisfactory.

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

The Lending Test is rated Satisfactory.

- The loan-to-deposit (LTD) ratio is reasonable given the institution's size, financial condition, and assessment area (AA) credit needs.
- A majority of loans are in the AA.
- The geographic loan distribution reflects reasonable dispersion throughout the AA.
- The distribution of borrowers reflects, given the demographics of the AA, excellent penetration among businesses of difference sizes and individuals of different income levels, including low- and moderate-income (LMI).
- The institution did not receive any CRA-related complaints since the previous evaluation; therefore, this factor did not affect the Lending Test rating.

The Community Development Test is rated Outstanding.

The institution's community development (CD) performance demonstrates excellent responsiveness to CD needs in its AA through community development loans (CDLs), 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 AA.

DESCRIPTION OF INSTITUTION

CBBC Bank maintains its headquarters in Maryville, Tennessee. Twin Cities Financial Services, Inc., a one-bank holding company also located in Maryville, wholly owns the bank. The bank does not have any subsidiaries or affiliates relevant to this evaluation. CBBC Bank received a "Satisfactory" rating at its previous FDIC CRA Evaluation dated August 19, 2019, based on Interagency Intermediate Small Institution Examination Procedures.

CBBC Bank's primary lending focus includes commercial and residential lending, but the bank offers a variety of other loan products such as construction, home equity, and consumer loans to meet area credit needs. The bank also provides a variety of deposit services including checking, savings, and time deposit accounts. Other account products and services include debit and automated teller machine (ATM) cards, internet banking and bill pay, mobile banking, telephone banking, direct deposit, and night depositories. The institution maintains hours typical for the

industry and AA and each office includes a cash dispensing ATM.

The bank currently operates six full-service branches including the main office and one drive-thru facility all located within Blount County. The bank has not opened any branches since the previous evaluation and no merger or acquisition activity occurred since the prior evaluation. The bank did close one branch in South Peters in June 2021. The branch closing did not affect any LMI tracts.

As of March 31, 2022, assets totaled approximately \$488.5 million, consisting primarily of net loans and leases of \$207.5 million and securities of \$184.4 million. Total deposits were \$426.0 million as of the same date. Commercial loans constitute the largest percentage of outstanding loans followed by construction, land development, and other loans.

Loan Portfolio Distribution as of March 31, 2022		
Loan Category	\$(000s)	%
Construction, Land Development, and Other Land Loans	37,987	18.3
Secured by Farmland	0	0.0
Secured by 1-4 Family Residential Properties	23,333	11.3
Secured by Multifamily (5 or more) Residential Properties	1,939	0.9
Secured by Nonfarm Nonresidential Properties	128,932	62.1
Total Real Estate Loans	192,191	92.6
Commercial and Industrial Loans	13,459	6.5
Agricultural Production and Other Loans to Farmers	0	0.0
Consumer Loans	2,177	1.1
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	353	0.2
Total Loans	207,474	100.0

Source: Report of Condition and Income

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

DESCRIPTION OF ASSESSMENT AREA

The CRA requires each financial institution to define one or more AAs for which examiners will evaluate its CRA performance. CBBC Bank designated a single AA comprised of Blount County. Blount County is a part of the Knoxville, Tennessee Metropolitan Statistical Area (MSA). At the previous evaluation, CBBC Bank designated all of Knox and Blount Counties as the CRA AA but has changed the AA since closing the only branch located in Knox County. This AA conforms to CRA regulatory requirements. The AA reflects the following income designations according to the 2015 ACS data: one low-, two moderate-, 19 middle-, and four upper-income tracts, and two tracts have no income designation.

Economic and Demographic Data

The following table contains select demographic data for the AA.

Demographic Information of the Assessment Area						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	28	3.6	7.1	67.9	14.3	7.1
Population by Geography	125,188	2.5	3.3	76.1	18.1	0.0
Housing Units by Geography	55,744	2.6	4.7	76.1	16.6	0.1
Owner-Occupied Units by Geography	36,197	2.1	3.0	75.6	19.3	0.0
Occupied Rental Units by Geography	12,836	3.7	5.1	79.3	11.9	0.0
Vacant Units by Geography	6,711	2.8	13.3	72.7	10.9	0.4
Businesses by Geography	9,174	4.2	4.3	77.1	13.6	0.8
Farms by Geography	346	0.9	4.0	77.5	17.6	0.0
Family Distribution by Income Level	34,016	21.2	17.0	21.5	40.3	0.0
Household Distribution by Income Level	49,033	22.3	16.2	17.1	44.4	0.0
Median Family Income MSA - 28940 Knoxville, TN MSA		\$59,829	Median Housing Value			\$166,887
			Median Gross Rent			\$756
			Families Below Poverty Level			10.5%
<i>Source: 2015 ACS data and 2021 D&B data Due to rounding, totals may not equal 100.0 percent (*) The NA category consists of geographies that have not been assigned an income classification</i>						

The largest employment sectors in the AA are automotive, manufacturing, health services, government, and retail trade. Major employers in Blount County include Denso Manufacturing Tennessee, Inc., Blount Memorial Hospital, Inc., Blount County Board of Education, Clayton Homes, Inc., and Vanderbilt Mortgage & Finance. The economy in the AA remained stable during the evaluation period until the onset of the COVID-19 Pandemic in early 2020. According to the U.S. Bureau of Labor Statistics, the unemployment rates increased in the AA during the Pandemic but are returning to normal.

Unemployment Rates			
Area	December 2019	December 2020	December 2021
	%	%	%
Blount County	3.0	4.4	2.6
State of Tennessee	3.6	5.5	3.6
National Average	3.6	6.7	3.9
<i>Source: U.S. Bureau of Labor Statistics</i>			

The following table shows the 2021 Federal Financial Institutions Examination Council’s (FFIEC’s)-estimated median family income level, which was used to analyze home mortgage loans under the borrower profile criterion.

Median Family Income Ranges				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
Knoxville, TN MSA Median Family Income (28940)				
2021 (\$69,100)	<\$34,550	\$34,550 to <\$55,280	\$55,280 to <\$82,920	≥\$82,920
<i>Source: FFIEC</i>				

During the review period, The Federal Emergency Management Agency declared Blount County as a major disaster area due to COVID-19.

Competition

The AA includes significant competition for financial services. According to FDIC June 30, 2021, Deposit Market Share data, 14 financial institutions operated 30 full-service branches in the AA. Of these institutions, CBBC ranked second with a 14.6 percent market share. The top four institutions combined held 70.6 percent of the deposits.

Community Contact

As part of the evaluation process, examiners contact third parties active in the AA to assist in identifying the credit and CD needs. This information helps determine whether local financial institutions are responsive to these needs. It also shows what credit and CD opportunities are available.

Examiners contacted a member of the community involved in economic development to help assess the area’s current economic conditions, community credit needs, and potential opportunities for bank involvement. The contact indicated that current economic conditions have suffered due to the COVID-19 Pandemic, but started recovery in 2021. The contact noted affordable housing for LMI individuals as a significant need in the community.

Credit and Community Development Needs and Opportunities

Considering information obtained from the community contact, bank management, as well as demographic and economic data, examiners concluded the primary credit needs of the AA are home mortgage and small business loans. With respect to the area’s CD needs, demographic data and statements from the community contact support the need for projects that provide affordable housing, community services targeted to LMI individuals, revitalization efforts due to declared disaster areas, and economic development for small businesses.

SCOPE OF EVALUATION

General Information

This evaluation covers the period from August 19, 2019, the date of the previous evaluation, to the current evaluation, dated July 18, 2022. To assess performance, examiners applied Intermediate Small Institution Examination Procedures, which includes the Lending Test and the Community Development Test. The appendix lists each tests' criteria.

Activities Reviewed

The following table shows lending activity for 2021.

Loans Originated or Purchased				
Loan Category	\$(000s)	%	#	%
Construction and Land Development	37,661	36.1	53	13.2
Secured by Farmland	0	0.0	0	0.0
Secured by 1-4 Family Residential Properties	6,225	6.0	37	9.2
Multi-Family (5 or more) Residential Properties	265	0.3	1	0.2
Commercial Real Estate Loans	11,936	11.4	36	9.0
Commercial and Industrial Loans	43,832	42.0	187	46.5
Agricultural Loans	0	0.0	0	0.0
Consumer Loans	4,426	4.2	88	21.9
Other Loans	0	0.0	0	0.0
Total Loans	104,345	100.0	402	100.0
<i>Source: Bank data 01/01/2021 through 12/31/2021</i>				

Considering the dollar volume and number of loans originated during 2021, as well as management's stated business strategy, examiners determined that the major product lines consist of commercial and residential loans. Since agricultural loans do not represent a major product line and would not materially affect any conclusions or ratings, this evaluation does not include a review of them. Bank records indicate that the lending focus and product mix remained generally consistent throughout the evaluation period.

The current evaluation will include a random sample of small business loans originated between January 1, 2021, and December 31, 2021. The bank originated 223 commercial loans totaling approximately \$55.8 million, of which 210 loans totaling approximately \$16.1 million met the definition of small business loan. Examiners selected a random sample of 55 small business loans totaling approximately \$4.5 million for review. This sample is based on a 90.0 percent confidence interval at the 10.0 percent level of precision. The small business loans will be compared to the percent of businesses based on the 2021 D&B data.

Examiners will review all 38 home mortgage loans totaling \$6.5 million originated in 2021. The home mortgage loans will be compared to 2015 ACS data.

Examiners considered the universe of small business and home mortgage loans as well as management's stated business strategy when determining loan product weight for overall conclusions. Consequently, small business loans received more weight when arriving at overall conclusions.

For the Lending Test, examiners reviewed the number and dollar volume of small business and home mortgage loans. Examiners focused on performance by number of loans because the number of loans provides a better indicator of the number of businesses and individuals served. Also, for geographic distribution and borrower profile, examiners considered only loans originated inside the AA.

Community Development Test

For the Community Development Test, bank management provided data on CDLs, QIs, and CD services since the prior evaluation dated August 19, 2019. The scope of this evaluation also considered all prior period QIs purchased prior to this evaluation and still outstanding as of this evaluation's date.

CONCLUSIONS ON PERFORMANCE CRITERIA

LENDING TEST

CBBC Bank demonstrated a satisfactory performance under the Lending Test. The reasonable LTD ratio and geographic distribution performance and the majority of loans inside the AA outweighed the excellent borrower profile performance to support this conclusion.

Loan-to-Deposit Ratio

The LTD ratio is reasonable (considering seasonal variations and taking into account lending related activities) given the institution's size, financial condition, and AA credit needs. Examiners considered the institution's size, business strategy, and capacity relative to AA credit needs when arriving at this conclusion. The institution recorded an average, net LTD ratio of 61.7 percent over the 11 quarters since the prior evaluation. The ratio ranged from a low of 47.7 percent as of March 31, 2022, to a high of 70.1 percent as of March 31, 2020, reflecting a decreasing trend.

As seen in the following table, examiners identified three similarly-situated institutions operating in or near the institution's AA that reflect similar lending strategies. The average, net LTD ratios for the similarly-situated institutions ranged from 65.6 percent to 84.7 percent during the previous 11 quarters, ending March 31, 2022. While CBBC Bank's average, net LTD ratio is below all other similarly-situated institutions, it is still within a reasonable range.

Loan-to-Deposit Ratio Comparison		
Bank and Location	Total Assets as of 03/31/2022 (\$000s)	Average, Net LTD Ratio (%)
CBBC Bank, Maryville, Tennessee	488,564	61.7
First Century Bank, Tazewell, Tennessee	609,330	84.7
The First National Bank of Oneida, Oneida, Tennessee	315,212	65.6
First Peoples Bank of Tennessee, Jefferson City, Tennessee	217,032	71.9
<i>Source: Reports of Condition and Income 09/30/2019 through 03/31/2022</i>		

Assessment Area Concentration

A majority of loans and other lending related activities are in the institution's AA. As seen in the following table, an overall majority of both small business and home mortgage loans were originated inside the AA.

Lending Inside and Outside of the Assessment Area										
Loan Category	Number of Loans				Total #	Dollar Amount of Loans \$(000s)				Total \$(000s)
	Inside		Outside			Inside		Outside		
	#	%	#	%		\$	%	\$	%	
Small Business	45	81.8	10	18.2	55	3,907	86.7	600	13.3	4,507
Home Mortgage	26	68.4	12	31.6	38	3,300	50.8	3,190	49.2	6,490
<i>Source: Bank data 01/01/2021 through 12/31/2021 Due to rounding, totals may not equal 100.0 percent</i>										

Geographic Distribution

The geographic distribution of loans reflects reasonable dispersion throughout the AA. CBBC Bank's reasonable performances for both small business and home mortgage lending support this conclusion.

Small Business Loans

The geographic distribution of small business loans reflects reasonable dispersion throughout the AA. Reasonable performances in both LMI census tracts support this conclusion.

As seen in the following table, lending levels are 2.5 percentage points higher than the percentage of businesses in low-income census tracts, which is reflective of reasonable performance. The table further shows the level of lending rises 2.4 percentage points above the percentage of businesses in moderate-income census tracts, also reflecting reasonable performance.

Geographic Distribution of Small Business Loans					
Tract Income Level	% of Businesses	#	%	\$(000s)	%
Low	4.2	3	6.7	581	14.9
Moderate	4.3	3	6.7	315	8.0
Middle	77.1	34	75.5	2,929	75.0
Upper	13.6	5	11.1	82	2.1
Not Available	0.8	0	0.0	0	0.0
Totals	100.0	45	100.0	3,907	100.0

*Source: 2021 D&B data and Bank data 01/01/2021 through 12/31/2021
Due to rounding, totals may not equal 100.0 percent*

Home Mortgage Loans

The geographic distribution of home mortgage loans reflects reasonable dispersion throughout the AA. Reasonable performances in both LMI census tracts support this conclusion.

The following table shows that in low-income census tracts there are minimal opportunities for lending. No loans were originated in these census tracts and this trails demographic data by only 2.1 percentage points, therefore, examiners consider the performance reasonable. Additionally, the table shows that in moderate-income census tracts, the lending performance exceeds the percentage of owner-occupied housing units by 4.7 percentage points, reflecting reasonable performance.

Geographic Distribution of Home Mortgage Loans					
Tract Income Level	% of Owner-Occupied Housing Units	#	%	\$(000s)	%
Low	2.1	0	0.0	0	0.0
Moderate	3.0	2	7.7	107	3.2
Middle	75.6	19	73.1	2,406	72.9
Upper	19.3	5	19.2	787	23.9
Not Available	0.0	0	0.0	0	0.0
Total	100.0	26	100.0	3,300	100.0

*Source: 2015 ACS data and Bank data 01/01/2021 through 12/31/2021
Due to rounding, totals may not equal 100.0 percent*

Borrower Profile

The distribution of borrowers reflects, given the demographics of the AA, excellent penetration among businesses of different sizes and individuals of different income levels, including LMI. The excellent small business lending performance outweighed the reasonable home mortgage lending performance to support this conclusion.

Small Business Loans

The distribution of borrowers reflects excellent penetration among businesses of different sizes. The excellent level of lending to businesses with gross annual revenues (GARs) of \$1.0 million or less supports this conclusion.

The following table shows that that the bank granted over nine out of every 10 small business loans to businesses with GARs of \$1.0 million or less, reflecting excellent performance. This level exceeds the D&B data by 4.6 percentage points. To further support this conclusion, the majority of the small business loans were originated to those businesses with GARs of less than \$250,000, reflecting the willingness to lend to the smallest of businesses.

Distribution of Small Business Loans by Gross Annual Revenues					
Gross Revenue Level	% of Businesses	#	%	\$(000s)	%
< \$100,000	53.4	21	46.7	1,116	28.6
\$100,000 - \$249,999	24.7	8	17.8	675	17.3
\$250,000 - \$499,999	5.4	7	15.5	229	5.8
\$500,000 - \$1,000,000	3.0	5	11.1	731	18.7
Subtotal <= \$1,000,000	86.5	41	91.1	2,751	70.4
>\$1,000,000	3.9	4	8.9	1,156	29.6
Revenue Not Available	9.6	0	0.0	0	0.0
Total	100.0	45	100.0	3,907	100.0

*Source: 2021 D&B data and Bank data 01/01/2021 through 12/31/2021
Due to rounding, totals may not equal 100.0 percent*

The Coronavirus Aid, Relief and Economic Security Act, signed into law on March 27, 2020, established the temporary Paycheck Protection Program (PPP). The Small Business Administration (SBA), with support from the Department of the Treasury, implements the PPP, which provides loans to encourage qualified businesses that meet certain standards established by the SBA to retain employees through the COVID-19 Pandemic and includes loan forgiveness subject to certain conditions.

CBBC Bank originated 386 PPP loans totaling approximately \$17.7 million during the evaluation period. The willingness to extend these loans during the COVID-19 Pandemic further supports excellent performance.

Home Mortgage Loans

The distribution of borrowers reflects reasonable penetration among individuals of different income levels. The reasonable performance to low-income borrowers outweighs the excellent performance to moderate-income borrowers to support this conclusion.

The following table shows the distribution of loans to low-income borrowers trails demographic data by 13.5 percentage points; however, due to a poverty rate of 10.5 percent, this level of lending is indicative of reasonable performance. The lending performance to moderate-income borrowers

exceeds the percentage of families by 17.6 percentage points and is more than double the demographic data, which is indicative of excellent performance. Examiners afforded more weight to performance to low-income borrowers due to the higher percent of families, which reflects more lending opportunities.

Distribution of Home Mortgage Loans by Borrower Income Level					
Borrower Income Level	% of Families	#	%	\$(000s)	%
Low	21.2	2	7.7	31	0.9
Moderate	17.0	9	34.6	529	16.0
Middle	21.5	3	11.5	362	11.0
Upper	40.3	12	46.2	2,378	72.1
Not Available	0.0	0	0.0	0	0.0
Total	100.0	26	100.0	3,300	100.0
<i>Source: 2015 ACS data and Bank data 01/01/2021 through 12/31/2021 Due to rounding, totals may not equal 100.0 percent</i>					

Response to Complaints

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

COMMUNITY DEVELOPMENT TEST

CBBC Bank's CD performance demonstrates excellent responsiveness to CD needs in its AA through CDLs, 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. Examiners considered broader regional activities since CBBC Bank effectively met the CD needs of the AA.

Community Development Loans

The bank exhibited an excellent record regarding its CDLs. Excellent performance regarding the dollar volume of CDLs primarily supports this conclusion.

Since the prior evaluation, CBBC originated 19 CDLs totaling approximately \$51.2 million. This level equates to 12.1 percent of average total assets of \$422.5 million since the prior evaluation and 23.9 percent of average net loans of \$214.5 million for the same period. The level of CDLs to average total assets slightly decreased by 0.5 percent since the previous evaluation. The CDLs primarily benefited economic development efforts but also benefited revitalization and stabilization efforts and affordable housing efforts. This reflects the responsiveness in addressing identified CD needs in the AA as all were needs of the AA.

The CDLs include 10 loans totaling \$25.6 million that benefited a broader regional area that includes the AA. The following table illustrates the CDLs by year and purpose.

Community Development Lending										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
2019	0	0	0	0	3	16,764	3	1,723	6	18,487
2020	1	58	0	0	1	427	0	0	2	485
2021	0	0	0	0	2	6,525	3	4,890	5	11,415
2022	0	0	0	0	4	15,676	2	5,126	6	20,802
Total	1	58	0	0	10	39,392	8	11,739	19	51,189

Source: Bank data 08/19/2019 through 07/18/2022

The following lists examples of notable CDLs:

- **Revitalize or Stabilize** – The bank granted loans totaling \$325,702 to a business, located in moderate-income census tracts, as part of the downtown Maryville revitalization. The Maryville revitalization will help attract and retain residents and businesses.
- **Revitalize or Stabilize** – The bank originated a \$4.7 million loan to a Community Development Financial Institution (CDFI) located in a low-income census tract that used the money for projects to attract and retain residents and business in the AA.
- **Economic Development** – The bank originated a loan totaling \$9.8 million to construct a hotel that will provide jobs for LMI individuals in the AA.

Qualified Investments

The institution displayed an excellent record regarding its QIs. Excellent performance levels of QIs, by dollar, support this conclusion.

The following table shows CBBC Bank made 64 QIs totaling approximately \$15.4 million, including 45 donations of \$51,000. The total dollar volume equates to 3.7 percent of average total assets of \$422.5 million since the prior performance evaluation and 12.3 percent of average securities of \$125.2 million for the same period. These levels reflect an increase of 1.6 percent of average total assets and 5.8 percent of average securities recorded at the prior evaluation. The QIs primarily benefited affordable housing efforts but also benefited revitalization and stabilization, economic development, and community service efforts. This reflects the responsiveness in addressing identified CD needs as all were needs of the AA.

The QIs include 14 investments totaling \$10.2 million that benefited a broader regional area that includes the AA. The following table illustrates the QIs by year and purpose.

Qualified Investments										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Prior Period	1	1,451	0	0	0	0	1	525	2	1,976
2019	2	2,214	0	0	3	1,617	0	0	5	3,831
2020	4	3,000	0	0	0	0	0	0	4	3,000
2021	5	3,170	0	0	1	1,000	0	0	6	4,170
2022	0	0	0	0	0	0	2	2,396	2	2,396
Subtotal	12	9,835	0	0	4	2,617	3	2,921	19	15,373
Grants & Donations	0	0	45	51	0	0	0	0	45	51
Total	12	9,835	45	51	4	2,617	3	2,921	64	15,424

Source: Bank data 08/19/2019 through 07/18/2022

The following lists examples of notable QIs:

- **Community Services** – From 2019 to 2022, the bank provided \$3,400 for books during the school year to schools in which a majority of students receive free or reduced lunches.
- **Revitalize or Stabilize** – The bank invested \$896,475 in general obligation bonds that will be used for public schools, public buildings, and park and recreational facilities to benefit LMI census tracts in the City of Alcoa. The efforts will help attract and retain residents and businesses.
- **Affordable Housing** – The bank purchased three pools of mortgage loans totaling approximately \$3.6 million that benefit LMI individuals.

Community Development Services

The bank established a reasonable record of providing CD services. Examiners evaluated the types of services and the availability of services when arriving at this conclusion

The following table shows that the bank provided 58 CD services since the prior evaluation. All of the services involved bank employees using their financial or technical expertise to benefit organizations or projects with a primary purpose consistent with CD. The level of CD services represents an increase from the 46 services provided at the prior evaluation. The CD services only benefited CD service efforts. This reflects limited responsiveness in addressing identified CD needs since all CD categories were needs of the AA.

The following table illustrates the CD services by year and purpose.

Community Development Services					
Activity Year	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Totals
	#	#	#	#	#
2019	0	13	0	0	13
2020	0	17	0	0	17
2021	0	15	0	0	15
2022	0	13	0	0	13
Total	0	58	0	0	58

Source: Bank data 08/19/2019 through 07/18/2022

The following lists examples of notable CD services:

- **Community Services** – Six bank employees lead financial literacy lessons about the importance of checking accounts, credit, and budgeting basics to students at schools consisting primarily of LMI individuals.
- **Community Services** – Three bank employees are financial mentors for an organization that builds homes for LMI individuals and families.

Additionally, there is availability of financial services that increases access to LMI individuals and geographies, including the distribution of branches in LMI census tracts and the alternative delivery systems.

The following table shows the bank operates one office in a low-income census tract and one office in a moderate-income census tract, and this percent of offices exceeds the percent of the population residing in those areas.

Besides its office locations, the bank provides alternative delivery systems that help avail services to LMI individuals or within LMI census tracts. The following table also shows that the bank operates one ATM in a low-income census tract and one ATM in a moderate-income census tract. In addition, the bank provides other alternative banking services, such as internet and mobile banking, which provide electronic bill pay, fund transfers, loan payments, account balances, and check and statement images available to all individuals across the AA.

Branch and ATM Distribution by Geography Income Level												
Tract Income Level	Census Tracts		Population		Branches		ATMs		Open Branches		Closed Branches	
	#	%	#	%	#	%	#	%	#	%	#	%
Low	1	3.6	3,104	2.5	1	16.7	1	14.3	0	0.0	0	0.0
Moderate	2	7.1	4,125	3.3	1	16.7	1	14.3	0	0.0	0	0.0
Middle	19	67.9	95,309	76.1	4	66.7	5	71.4	0	0.0	0	0.0
Upper	4	14.3	22,636	18.1	0	0.0	0	0.0	0	0.0	1	100.0
NA	2	7.1	14	0.0	0	0.0	0	0.0	0	0.0	0	0.0
Totals	28	100.0	125,188	100.0	6	100.0	7	100.0	0	100.0	1	100.0

*Source: 2015 ACS data and Bank data
Due to rounding, totals may not equal 100.0 percent*

DISCRIMINATORY OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

The bank's compliance with the laws relating to discrimination and other illegal credit practices was reviewed, including the Fair Housing Act and the Equal Credit Opportunity Act. Examiners did not identify any discriminatory or other illegal credit practices; therefore, this consideration did not affect the institution's CRA rating.

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.