



CRA Public File

November 2024



## **COMMUNITY REINVESTMENT ACT NOTICE**

Under the Federal Community Reinvestment Act (CRA), the Federal Deposit Insurance Corporation (FDIC), evaluates our record of helping to meet the credit needs of this community consistent with safe and sound operations. The FDIC also takes this record into account when deciding on certain applications submitted by us. Your involvement is encouraged. You are entitled to certain information about our operations and our performance under the CRA, including, for example, information about our branches, such as their location and services provided at them; the public section of our most recent CRA Performance Evaluation, prepared by the FDIC; and comments received from the public relating to our performance in helping to meet community credit needs, as well as our responses to those comments. You may review this information today.

At least 30 days before the beginning of each calendar quarter, the FDIC publishes a list of the banks that are scheduled for CRA examination by the FDIC for the next two quarters. This list is available through the FDIC's website at [FDIC.gov](http://FDIC.gov). You may send written comments about our performance in helping to meet community credit needs to Chas Hendrix, Compliance Officer, 202 North Powell Street Union Springs AL 36089; or to the FDIC at 10 10th Street, NE, Suite 800 Atlanta, GA 30309-3849, and FDIC Regional Director. You may also submit comments electronically to the FDIC through the FDIC's website at [www.FDIC.gov/regulations/cra](http://www.FDIC.gov/regulations/cra). Your written comments, together with any response by us, will be considered by the FDIC in evaluating our CRA performance and may be made public. You may ask to look at any comments received by the FDIC Regional Director. You may also request from the FDIC Regional Director an announcement of our applications covered by the CRA filed with the FDIC.

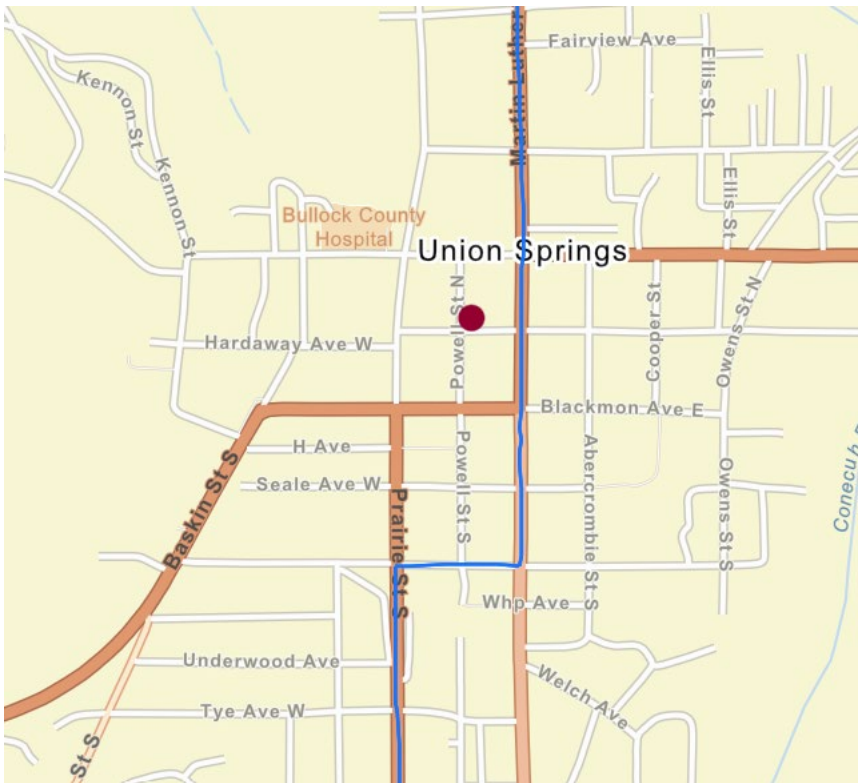
# CRA Performance Evaluation

LifeSteps Bank & Trust's most recent performance evaluation dated July 2024 may be obtained at the following link. The Bank's performance rating is Satisfactory.

[CRA Performance Evaluation](#)

## Main Office and Branch Locations

LifeSteps Bank & Trust has one Banking facility located at



202 North Powell Street Union Springs AL 36089

Matched Address	
Address	202 Powell St N, Union Springs, Alabama, 36089
MSA/MD Code	NA
State Code	01
County Code	011
Tract Code	9522.01
MSA/MD Name	NA (Outside of MSA)
State Name	ALABAMA
County Name	BULLOCK COUNTY

The Census Demographic Data for 2024 is not available yet. This information is updated with the regular release of the FFIEC Census in the summer. However, the state, county, MSA, and census tract information has been updated for 2024.

Census Demographic Data

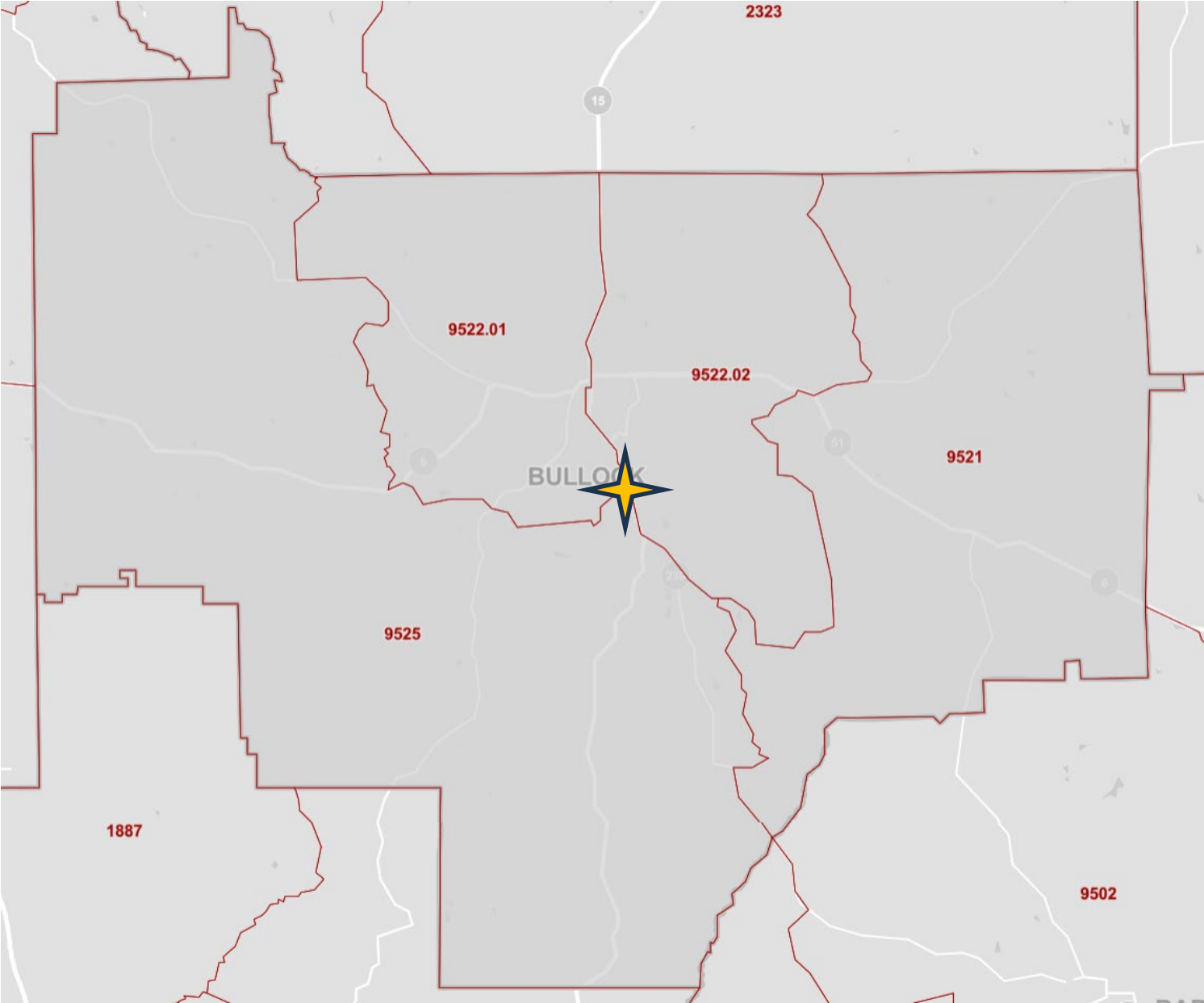
LifeSteps Bank & Trust has not opened or closed Branches during the prior two years.

## **HMDA and CRA Data Reporting**

LifeSteps Bank & Trust is considered a small financial institution. As such the Bank does not report loan data for either CRA or HMDA reporting.

[Map of LifeSteps Bank & Trust's Assessment Area](#) may also be viewed on the Census.gov website by clicking this hyperlink. The Bank's only assessment area consists of Bullock County, Alabama.

 Bank Location





### Hours of Operation

Branch: 202 N. Powell St.  
Union Springs, AL 36089

Lobby Hours:  
Monday through Thursday 8:30 to 4:00  
Friday 8:30 to 5:00  
Drive Thru Hours  
Monday through Friday 8:00 to 5:00

### Listing of Products and Services include

**Personal Checking Account**

**Senior Checking Account**

**Commercial Checking Account -**

**Small Business Checking Account**

**Money Market Accounts**

**Regular Savings Account**

**Christmas Club Account**

**Certificates of Deposit**

**Individual Retirement Accounts**

**Personal Loans** - Home Improvements, Automobile Loans, Mortgages, Personal Loans, Equity Line of Credit, Personal Lines of Credit

**Business Loans** – Lines of Credit, Business Loans, Small Business Administration (SBA) loans, Vehicle and Equipment Loans, Real Estate Acquisition and Refinancing Solutions, Construction Loans

**Night Depository Services**

**LifeSteps Bank & Trust's Loan to Deposit  
Ratios for the Bank during the past two years  
were:**

December 2022	33.67%
March 2023	33.71%
June 2023	35.61%
September 2023	34.61%
December 2023	33.60%
March 2024	32.00%
June 2024	30.46%
September 2024	43.37%

**Community Comments**

LifeSteps Bank & Trust has received no comments from the public during the current year or the two previous years about how the bank is helping meet community credit needs.



### Fee Schedule

Overdraft Item Fee .....	\$38.00
(per item for covering overdrafts created by check, in-person withdrawal, (ATM withdrawal,) only if opt-in or other electronic means)	
Returned Item Fee .....	\$38.00
(per item for returning checks, in-person withdrawals, or items created by other electronic means)	
Night Deposit Bags (per bag) .....	\$25.00
Coin Zipper Bags (per bag) .....	\$5.00
Stop Payments (per item) .....	\$38.00
ATM Transaction at a non-proprietary ATM (per item) .....	\$1.00
Cashiers Checks-customers (per check) .....	\$6.00
Collection Items (per item) .....	\$15. 00
Account Reconciliation and Research {per hour} .....	\$20.00
Account Reconciliation and Research (per item) .....	\$3.00
Fax Service (per page) with \$5.00 minimum .....	\$1.00
Excess Savings Withdrawals .....	\$2.00
Domestic Incoming Wire Transfers {per transfer} .....	\$55.00
Domestic outgoing Wire Transfers (per transfer) .....	\$35.00
International Incoming Wire Transfers (per transfer) .....	\$75.00
International outgoing Wire Transfers (per transfer).....	\$75.00
Dormancy Fee - (\$5.00 per month not to exceed \$60.00 after one year inactivity).	
Safe Deposit Boxes \$30 to \$85 annual fee based on size	



# **PUBLIC DISCLOSURE**

July 30, 2024

## **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

LifeSteps Bank & Trust  
Certificate Number: 32968

202 Powell Street North  
Union Springs, Alabama 36089

Federal Deposit Insurance Corporation  
Division of Depositor and Consumer Protection  
Atlanta Regional Office

10 10th Street NE, Suite 900  
Atlanta, Georgia 30309-3849

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.

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## 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 following points summarize the bank's Lending Test performance:

- The loan-to-deposit ratio is reasonable given the institution's size, financial condition, and assessment area's credit needs.
- The bank originated a majority of small business, home mortgage, and consumer loans within its assessment area.
- The geographic distribution of small business, home mortgage, and consumer loans reflects reasonable dispersion throughout the assessment area.
- The distribution of borrowers reflects, given the demographics of the assessment areas, reasonable penetration among businesses of different sizes and individuals of different income levels (including low- and moderate-income).
- The bank has not received any Community Reinvestment Act (CRA)-related complaints since the February 6, 2017 CRA evaluation. Therefore, this factor did not affect the Lending Test rating.

## DESCRIPTION OF INSTITUTION

LifeSteps Bank & Trust (LifeSteps Bank) is a small community bank headquartered in Union Springs, Bullock County, Alabama (AL). Community Bancshares, Inc., a two-bank holding company, headquartered in LaGrange, Georgia, formerly owned the bank under its previous name, Community Bank & Trust – Alabama (CBTA). On January 26, 2024, LS Investor Group, LLC, consummated its acquisition of CBTA from Community Bancshares, Inc. In addition, the institution’s name was changed from Community Bank and Trust – Alabama to LifeSteps Bank and Trust. At the acquisition closing, the investor group was dissolved. Subsequently, there is no bank holding company, as well as no affiliates or subsidiaries. The bank received a “Satisfactory” rating at its previous FDIC CRA Performance Evaluation, dated February 6, 2017, based on Interagency Small Institution Examination Procedures.

LifeSteps Bank operates solely with a main office located in Union Springs, AL. The bank primarily focuses on commercial and residential lending, which has not changed since the previous evaluation. The bank offers a variety of loan products, to include commercial, home mortgage, agricultural, and consumer loans. Although the bank does not have a formal small dollar loan program, the bank has originated small dollar loans since the previous evaluation. Also, LifeSteps Bank provides a variety of deposit products and services, to include checking and savings accounts; certificates of deposit; individual retirement accounts; and money market demand accounts. Alternative banking services include online and mobile banking, electronic bill payment, wire transfers, debit cards, and a non-deposit taking automated teller machine. Lastly, no branch openings/closings have occurred since the previous evaluation.

As of the June 30, 2024 Consolidated Reports of Condition and Income (Call Report), the bank’s total assets were approximately \$61.1 million, which represents an increase of \$8.1 million, or 15.3 percent, since the previous evaluation. LifeSteps Bank has \$16.4 million in total loans, \$20.1 million in total securities, and \$50.7 million in total deposits. Loans have decreased by 2.1 percent, while deposits have increased by 1.0 percent. As shown in the table on the following page, commercial loans (loans secured by non-farm, non-residential properties and commercial and industrial loans) represent the largest portion of the loan portfolio at 38.1 percent, followed by loans secured by 1-4 family residential properties and consumer loans at 31.3 percent and 25.6 percent, respectively.

<b>Loan Portfolio Distribution as of 6/30/2024</b>		
<b>Loan Category</b>	<b>\$(000s)</b>	<b>%</b>
Construction, Land Development, and Other Land Loans	838	5.1
Secured by Farmland	44	0.3
Secured by 1-4 Family Residential Properties	5,140	31.3
Secured by Multifamily (5 or more) Residential Properties	0	0.0
Secured by Nonfarm Nonresidential Properties	4,235	25.8
<b>Total Real Estate Loans</b>	<b>10,257</b>	<b>62.5</b>
Commercial and Industrial Loans	2,014	12.3
Agricultural Production and Other Loans to Farmers	0	0.0
Consumer Loans	4,203	25.6
Obligations of State and Political Subdivisions in the U.S.	0	0.0
Other Loans	32	0.2
Lease Financing Receivable (net of unearned income)	0	0.0
Less: Unearned Income	(82)	(0.6)
<b>Total Loans</b>	<b>16,424</b>	<b>100.0</b>
<i>Source: Call Report – 6/30/2024</i>		

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

## **DESCRIPTION OF ASSESSMENT AREA**

The CRA requires each financial institution to define one or more assessment areas in which its CRA performance will be evaluated. LifeSteps Bank’s designated assessment area has not changed since the previous evaluation. The bank’s CRA assessment area is comprised of all of Bullock County, AL, which is located within a non-metropolitan statistical area (NMSA). Due to 2020 U.S. Census Bureau demographic changes, the number and income classification levels of census tracts have changed since the previous evaluation. At the previous evaluation, the assessment area consisted of three middle-income census tracts, which the Federal Financial Institutions Examination Council (FFIEC) classified as distressed middle-income geographies. Currently, the assessment area consists of three middle-income and one low-income census tracts. The FFIEC still classifies all three middle-income census tracts as distressed due to poverty levels, including census tract 9522.01, where the main office is located. The delineated assessment area meets the requirements of the regulation and does not arbitrarily exclude low- or moderate-income geographies.

### **Economic and Demographic Data**

As mentioned above, the assessment area includes three distressed middle- and one low-income census tracts in Bullock County, AL. The table on the following page illustrates select demographic characteristics of the assessment area.

Demographic Information of Bullock County, AL						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	4	25.0	0.0	75.0	0.0	0.0
Population by Geography	10,357	41.9	0.0	58.1	0.0	0.0
Housing Units by Geography	4,591	34.6	0.0	65.4	0.0	0.0
Owner-Occupied Units by Geography	2,531	29.3	0.0	70.7	0.0	0.0
Occupied Rental Units by Geography	898	34.3	0.0	65.7	0.0	0.0
Vacant Units by Geography	1,162	46.5	0.0	53.5	0.0	0.0
Businesses by Geography	642	28.2	0.0	71.8	0.0	0.0
Farms by Geography	71	19.7	0.0	80.3	0.0	0.0
Family Distribution by Income Level	2,158	30.0	14.3	17.1	38.6	0.0
Household Distribution by Income Level	3,429	34.1	15.5	10.4	40.0	0.0
Median Family Income NMSAs – AL		\$55,960	Median Housing Value			\$72,480
			Median Gross Rent			\$534
			Families Below Poverty Level			24.2%

*Source: 2020 U.S. Census and 2023 D&B Data; Due to rounding, totals may not equal 100.0%*

According to 2023 Dunn & Bradstreet (D&B) data, there were 642 non-farm businesses in the assessment area. Gross Annual Revenues (GARs) for these businesses are below:

- 83.3 percent have \$1.0 million or less in GARs;
- 3.4 percent have more than \$1.0 million in GARs; and
- 13.3 percent have unknown GARs.

The analysis of small business loans under the *Borrower Profile* criterion compares the distribution of businesses by GAR levels. Service industries represent the largest portion of businesses at 31.4 percent; followed by non-classifiable establishments (16.3 percent); retail trade (10.7 percent); agriculture, forestry, and fishing (10.0 percent); and transportation and communication (9.1 percent). The other industries combined represent the remaining 31.6 percent. However, 66.8 percent of the businesses within the assessment area operate with four or less employees, and 89.0 percent operate from a single location. The assessment area’s largest employers are: Wayne Poultry, Bonnie Plant Farm, Bullock County Correctional Facility, and the Bullock County Board of Education.

The 2023 FFIEC-updated median family income level is used to analyze home mortgage and consumer loans under the *Borrower Profile* criterion. The low-, moderate-, middle- and upper-income categories are presented in the table below.

Median Family Income Ranges				
NMSA AL Median Family Income (99999)				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
2023 (\$65,700)	<\$32,850	\$32,850 to <\$52,560	\$52,560 to <\$78,840	≥\$78,840

*Source: FFIEC*

There are 4,591 housing units located in the assessment area. Of these, 55.1 percent are owner-occupied, 19.6 percent are occupied rental, and 25.3 percent are vacant units. In addition, 24.2 percent of families live below the poverty level in the assessment area. The *Geographic Distribution* criterion compares home mortgage and consumer loans to the distribution of owner-occupied housing units.

According to the U.S. Bureau of Labor Statistics, Bullock County’s unemployment rates were comparable to the State of Alabama and lower than the U.S. national averages throughout the evaluation period. The following table summarizes the unemployment rates for the assessment area.

Unemployment Rates			
Area	2021	2022	2023
	%	%	%
Bullock County, Alabama	3.9	2.8	2.4
State of Alabama	3.4	2.5	2.5
U.S. National Average	5.3	3.6	3.6

*Source: U.S. Bureau of Labor Statistics*

### **Competition**

The assessment area is marginally competitive for financial services. According to the June 30, 2024 FDIC Deposit Market Share Report, there were two financial institutions operating two offices within the assessment area. LifeSteps Bank ranked 2<sup>nd</sup>, with a market share of 40.7 percent.

The bank is not required to collect or report its small business loan data, and has not elected to do so. Therefore, the analysis of small business loans under the Lending Test does not include comparisons against aggregate data. However, aggregate data is useful in identifying the level of demand for loans. The 2023 aggregate data shows that 30 lenders reported 108 small business loans in the assessment area. This indicates a high level of competition for this product. American Express National Bank, Capital One Bank (USA) N.A., and Citibank N.A., were the top three financial institutions and accounted for 38.9 percent of the small business market share by number of loans.

There is a high level of competition for home mortgage loans among banks, credit unions, and non-depository mortgage lenders in the assessment area. According to 2023 aggregate data, 29 lenders reported 54 originated and purchased home mortgage loans in the assessment area. 21<sup>st</sup> Mortgage Corporation; Vanderbilt Mortgage and Finance, Inc.; and CrossCountry Mortgage, LLC were the

top three mortgage lenders and accounted for 30.0 percent of the assessment area's total market share by number of loans.

### **Community Contact**

During CRA evaluations, examiners conduct community contacts to develop a better understanding of the demographic, economic, and credit needs of an institution's assessment area(s). This information helps determine whether local financial institutions are responsive to these needs. It also shows what credit and community development opportunities are available.

Examiners contacted a representative from a community organization that operates within and serves the Bullock County, AL area. The community contact indicated there is a need for affordable housing within the assessment area. Bullock County is challenged with zoning issues and as a result, many housing developers are reluctant to invest in the area. Additionally, the community contact stated there is a need for financial literacy programs. The contact indicated that the Small Business Administration's resources and grants are underutilized because of the applicant's lack of knowledge regarding the application and lending process. Lastly, the contact indicated that financial institutions have been responsive to the credit needs of the community.

### **Credit Needs**

Considering information from the community contact, bank management, and demographic and economic data, examiners determined there are credit opportunities available. There is an opportunity for financial institutions within the assessment area to work with housing developers to increase the stock of affordable housing. Down payment assistance programs represent an additional need, as 44.3 percent of the families live within low- or moderate-income census tracts. Lastly, there are opportunities to conduct financial education programs for small businesses and entrepreneurs.

## **SCOPE OF EVALUATION**

### **General Information**

This evaluation covers the period from the previous evaluation dated February 6, 2017, to the current evaluation dated July 30, 2024. Examiners utilized the Interagency Small Institution Examination Procedures to evaluate LifeSteps Bank's CRA performance. Please refer to the Appendices for details regarding the criteria considered for the bank's Lending Test performance.

### **Activities Reviewed**

This performance evaluation includes the consideration of small business, home mortgage, and consumer loans originated since the previous evaluation. However, only calendar year 2023 small business, home mortgage, and consumer loans are presented within this evaluation, as it is considered to be representative of the review period. LifeSteps Bank is not required to report CRA data. In addition, the bank was not required to collect and report Home Mortgage Disclosure Act (HMDA) data during the review period because it did not meet the volume thresholds. Therefore,



examiners obtained small business, home mortgage, and consumer loan data from the bank's loan trial.

Based on volume (by number and by dollar amount), the bank's record of originating small business and consumer loans contributed equal weight in drawing overall conclusions in the Lending Test, followed by home mortgage loans. No other loan types represented a major product line. Therefore, examiners did not evaluate small farm loans, as that loan type would not provide material support for the conclusions or ratings in this evaluation. The following table shows LifeSteps Bank's originations and purchases over the most recent calendar year by loan type.

<b>Loans Originated or Purchased (2023)</b>				
<b>Loan Category</b>	<b>\$(000s)</b>	<b>%</b>	<b>#</b>	<b>%</b>
Construction and Land Development	519	8.8	3	1.4
Secured by Farmland	0	0.0	0	0.0
Secured by 1-4 Family Residential Properties	611	10.3	14	6.4
Multi-Family (5 or more) Residential Properties	0	0.0	0	0.0
Commercial Real Estate Loans	1,194	20.2	10	4.6
Commercial and Industrial Loans	1,356	22.9	34	15.6
Agricultural Loans	0	0.0	0	0.0
Consumer Loans	1,896	32.1	155	71.1
Other Loans	337	5.7	2	0.9
<b>Total Loans</b>	<b>5,913</b>	<b>100.0</b>	<b>218</b>	<b>100.0</b>
<i>Source: Bank Data (1/1/2023 – 12/31/2023)</i>				

Bank records indicate that the lending focus and product mix remained consistent throughout the evaluation period. Examiners selected and reviewed the full universe of small business and home mortgage loans originated during the review period. However, examiners reviewed a sample of consumer loans originated during the review period. During the review period, LifeSteps Bank originated 44 small business and 14 home mortgage loans totaling \$2.5 million and \$611,000, respectively. D&B data for 2023 provided a standard of comparison for the bank's small business loans. The bank originated 155 consumer loans totaling \$1.9 million during the review period, of which 51 loans totaling \$830,000 were sampled. This sample was considered representative of the bank's performance during the entire evaluation period. The bank's lending distribution remained consistent over the review period, and examiners did not identify any trends that materially affect conclusions. For the *Geographic Distribution* and *Borrower Profile* factors, examiners utilized the 2020 U.S. Census Data's percentage of owner-occupied housing units by geography and the percentage of families by income level, respectively, as a standard of comparison for the bank's home mortgage and consumer lending performance.

The table on the following page displays the bank's small business, home mortgage, and consumer loans for the review period.

Loan Products Reviewed				
Loan Category	Universe		Reviewed	
	#	\$(000s)	#	\$(000s)
Small Business	44	2,550	44	2,550
Home Mortgage	14	611	14	611
Consumer	155	1,896	51	830
<i>Source: 2023 Bank Data</i>				

For the Lending Test, examiners reviewed the number and dollar volume of small business, home mortgage, and consumer loans. While this evaluation presents both the number and dollar volume of loans, examiners emphasized performance by number of loans, because the number of loans is a better indicator of the number of businesses and individuals served. Examiners also reviewed lending performance and discussed any observed anomalies, where appropriate, under the *Geographic Distribution* and *Borrower Profile* performance factors. Lastly, these performance factor discussions focus only on the loans originated inside the bank's assessment area.

## CONCLUSIONS ON PERFORMANCE CRITERIA

### LENDING TEST

Overall, LifeSteps Bank demonstrated reasonable performance under the Lending Test. The bank's Loan-to-Deposit Ratio, Assessment Area Concentration, Geographic Distribution, and Borrower Profile performance supports this conclusion.

#### Loan-to-Deposit Ratio

The net loan-to-deposit (NLTD) ratio is reasonable, given the bank's asset size, financial condition, and credit needs of the assessment area. The bank's NLTD ratio, calculated from Call Report data, averaged 35.2 percent over the past 26 calendar quarters from March 31, 2018, to June 30, 2024, and reflects a declining trend since the previous evaluation, when the ratio averaged 44.2 percent. The NLTD ratio ranged from a low of 30.5 percent as of June 30, 2024, to a high of 39.7 percent as of September 30, 2019. Due to the lack of loan growth resultant in part from lending restrictions within the FDIC and Alabama State Banking Department's 2013 Consent Order, the NLTD ratio has experienced a constant decline over this and the previous evaluation periods. Although the 2013 Consent Order has been terminated, it included provisions to increase capital and improve liquidity and asset quality.

For comparative purposes, examiners identified two similarly-situated banks based on asset size, branching structure, geographic location, and lending focus for this evaluation. As shown in the following table, LifeSteps Bank's average NLTD ratio was significantly lower than the similarly-situated banks. However, given the bank's previously mentioned lending restrictions and recent change in control, the level of lending is considered reasonable.

NLTD Ratio Comparison		
Bank	Total Assets as of 6/30/2024 \$(000s)	Average NLTD Ratio (%)
LifeSteps Bank & Trust (Union Springs, AL)	61,077	35.2
Town Country United Bank (Camden, AL)	119,901	66.2
Merchants & Farmers Bank of Greene County (Eutaw, AL)	114,516	64.5
<i>Source: Call Reports 3/31/2018 – 6/30/2024</i>		

### **Assessment Area Concentration**

LifeSteps Bank originated a majority of small business, home mortgage, and consumer loans within its assessment area. The table below illustrates this information.

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	33	75.0	11	25.0	44	1,839	72.1	711	27.9	2,550
Home Mortgage	9	64.3	5	35.7	14	420	68.8	191	31.2	611
Consumer	41	80.4	10	19.6	51	705	84.9	125	15.1	830
<i>Source: 2023 Bank Data</i>										

### **Geographic Distribution**

The geographic distribution of loans reflects reasonable dispersion throughout the assessment area. LifeSteps Bank’s performance regarding small business, home mortgage, and consumer loans is reasonable when considering the high level of competition from other financial institutions within the assessment area. Furthermore, there is only one low-income and no moderate-income census tracts in the assessment area.

#### *Small Business Loans*

The geographic distribution of small business loans reflects a reasonable dispersion. Performance in the low-income census tract was slightly below the demographic data, but comparable. Given that there is a high level of competition for the 28.2 percent of businesses within the low-income census tract, the bank’s performance is reasonable. Refer to the table on following page for details.

Geographic Distribution of Small Business Loans					
Tract Income Level	% of Businesses	#	%	\$(000s)	%
Low	28.2	5	15.2	367	20.0
Moderate	0.0	0	0.0	0	0.0
Middle*	71.8	28	84.8	1,472	80.0
Upper	0.0	0	0.0	0	0.0
Not Available	0.0	0	0.0	0	0.0
<b>Totals</b>	<b>100.0</b>	<b>33</b>	<b>100.0</b>	<b>1,839</b>	<b>100.0</b>

*Source: 2023 D&B Data; 2023 Bank Data; \*FFIEC-Classified Distressed Middle-Income Geographies (All)*

### Home Mortgage Loans

The geographic distribution of home mortgage loans reflects excellent dispersion throughout the assessment area. The bank's performance in the low-income census tract exceeds the demographic data by 15.1 percent. Refer to the following table for details.

Geographic Distribution of Home Mortgage Loans					
Tract Income Level	% of Owner-Occupied Housing Units	#	%	\$(000s)	%
Low	29.3	4	44.4	98	23.4
Moderate	0.0	0	0.0	0	0.0
Middle*	70.7	5	55.6	322	76.6
Upper	0.0	0	0.0	0	0.0
Not Available	0.0	0	0.0	0	0.0
<b>Total</b>	<b>100.0</b>	<b>9</b>	<b>100.0</b>	<b>420</b>	<b>100.0</b>

*Source: 2020 U.S. Census; 2023 Bank Data; \*FFIEC-Classified Distressed Middle-Income Geographies (All)*

### Consumer Loans

The geographic distribution of consumer loans reflects excellent dispersion throughout the assessment area. The bank's performance in the low-income census tract exceeds the demographic data by 13.3 percent. Refer to the table on the following page for details.

Geographic Distribution of Consumer Loans					
Tract Income Level	% of Households	#	%	\$(000s)	%
Low	30.6	18	43.9	536	76.0
Moderate	0.0	0	0.0	0	0.0
Middle*	69.4	23	56.1	169	24.0
Upper	0.0	0	0.0	0	0.0
Not Available	0.0	0	0.0	0	0.0
<b>Totals</b>	<b>100.0</b>	<b>41</b>	<b>100.0</b>	<b>705</b>	<b>100.0</b>

*Source: 2020 U.S. Census; 2023 Bank Data; \*FFIEC-Classified Distressed Middle-Income Geographies (All)*

## **Borrower Profile**

The distribution of borrowers reflects, given the product lines offered by the institution and demographics of the assessment area, reasonable penetration among businesses of different sizes and individuals of different income levels.

### *Small Business Loans*

The distribution of small business loans reflects reasonable penetration among business customers of different sizes in the assessment area. While the bank's performance is lower than the assessment area's demographics to businesses with GARs of \$1.0 million or less, it is still comparable. Additionally, 27.3 percent of the bank's originated small business loans reported unavailable GARs. Refer to the following table for details.

Distribution of Small Business Loans by Gross Annual Revenue Category					
Gross Revenue Level	% of Businesses	#	%	\$(000s)	%
<=\$1,000,000	83.3	24	72.7	1,314	71.5
>\$1,000,000	3.4	0	0.0	0	0.0
Revenue Not Available	13.3	9	27.3	525	28.5
<b>Total</b>	<b>100.0</b>	<b>33</b>	<b>100.0</b>	<b>1,839</b>	<b>100.0</b>

*Source: 2023 D&B Data; 2023 Bank Data; Due to rounding, totals may not equal 100.0%*

### *Home Mortgage Loans*

The distribution of home mortgage loans reflects excellent penetration among individuals of different income levels in the assessment area. When considering approximately 24.2 percent of families in the assessment area live below the poverty level, the bank's performance in lending to low-income borrowers exceeded the demographic data. Additionally, the bank's performance to moderate-income borrowers was significantly higher than demographic data. Refer to the table on the following page for details.

<b>Distribution of Home Mortgage Loans by Borrower Income Level</b>					
<b>Borrower Income Level</b>	<b>% of Families</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
Low	30.0	1	11.1	17	3.9
Moderate	14.3	3	33.3	79	18.9
Middle	17.1	2	22.2	223	53.0
Upper	38.6	3	33.3	101	24.1
Not Available	0.0	0	0.0	0	0.0
<b>Total</b>	<b>100.0</b>	<b>9</b>	<b>100.0</b>	<b>420</b>	<b>100.0</b>

*Source: 2020 U.S. Census; 2023 Bank Data; Due to rounding, totals may not equal 100.0%*

### *Consumer Loans*

The distribution of consumer loans reflects excellent penetration among individuals of different income levels in the assessment area. The bank’s performance to both low- and moderate-income borrowers exceeded the demographic data. The table below illustrates this information.

<b>Distribution of Consumer Loans by Borrower Income Category</b>					
<b>Borrower Income Level</b>	<b>% of Households</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
Low	34.1	24	58.5	85	12.1
Moderate	15.5	9	22.0	155	22.0
Middle	10.4	6	14.6	437	62.0
Upper	40.0	1	2.4	21	3.0
Not Available	0.0	1	2.4	7	1.0
<b>Totals</b>	<b>100.0</b>	<b>41</b>	<b>100.0</b>	<b>705</b>	<b>100.0</b>

*Source: 2020 U.S. Census; 2023 Bank Data; Due to rounding, totals may not equal 100.0%*

### **Response to Complaints**

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

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

Examiners reviewed the bank’s compliance with the laws relating to discrimination and other illegal credit practices, including the Fair Housing Act and the Equal Credit Opportunity Act. Examiners did not identify any evidence of discriminatory or other illegal credit practices inconsistent with helping to meet the credit needs of the community.

## APPENDICES

### 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).

## 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.

**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.

**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.

**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.

**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 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.

**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.