

# **PUBLIC DISCLOSURE**

September 13, 2021

## **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

First Bank of Pike  
Certificate Number: 9070

50 Springs Road  
Molena, Georgia 30258

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

10 10th Street NE, Suite 800  
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 Lending Test is rated** Satisfactory.

- The loan-to-deposit ratio is reasonable, given the institution's size, financial condition, and assessment area's credit needs.
- The majority of loans are originated within the assessment area.
- The geographic distribution of loans reflects reasonable dispersion throughout the assessment area.
- The distribution of borrowers reflects, given the demographics of the assessment area, reasonable penetration among individuals of different income levels and businesses of different sizes.
- The bank did not receive any CRA-related complaints since the prior evaluation dated March 25, 2015; therefore, this criterion did not affect the Lending Test rating.

## **DESCRIPTION OF INSTITUTION**

### **Background**

First Bank of Pike is headquartered in Molena, Georgia, and does not have a holding company or any subsidiaries or affiliates. Since the previous evaluation, the bank has not opened or closed any branches or participated in any acquisition or merger activities. The bank received a Satisfactory rating at its March 25, 2015, FDIC Performance Evaluation, based on Interagency Small Institution Examination Procedures.

### **Operations**

The bank has three offices with the main office located in Molena and two full-service offices located in Concord and Zebulon, Georgia. All branches are located in middle-income census tracts. Effective January 4, 2021, the Concord office lobby closed to foot traffic and only operates the drive-thru service. This change was made for the safety of bank employees and customers due to the COVID-19 pandemic and because of reduced customer foot traffic.

The primary business focus of the institution as of this evaluation is consumer lending, which has changed from home mortgage lending addressed at the previous evaluation. First Bank of Pike offers loan products including commercial, home mortgage, and consumer loans. In addition, Paycheck Protection Program (PPP) loans were offered in response to the COVID-19 pandemic. PPP loans are guaranteed by the Small Business Administration under the Coronavirus Aid, Relief, and Economic Security Act. The loans serve to retain jobs that would otherwise be lost due to business closures because of the COVID-19 emergency. Deposit products include checking, savings, money market, individual retirement, and certificate of deposit accounts. Additionally, alternative services include telephone banking, internet banking, mobile banking, mobile deposit capture, and deposit taking automated teller machines.

### **Ability and Capacity**

As of June 30, 2021, First Bank of Pike's Consolidated Reports of Condition and Income (Call Report) reflected total assets of \$69.5 million, total loans of \$41.5 million, and total deposits of \$63.4 million. As shown in the following table, loans secured by 1-4 family residential properties represent the largest portion of the loan portfolio by dollar volume at 34.6 percent, followed by commercial loans (loans secured by non-farm, non-residential properties and commercial and industrial loans) at 27.6 percent, and consumer loans at 16.4 percent.

<b>Loan Portfolio Distribution as of 06/30/2021</b>		
<b>Loan Category</b>	<b>\$(000s)</b>	<b>%</b>
Construction, Land Development, and Other Land Loans	6,822	16.4
Secured by Farmland	1,266	3.1
Secured by 1-4 Family Residential Properties	14,344	34.6
Secured by Multifamily (5 or more) Residential Properties	578	1.4
Secured by Nonfarm Nonresidential Properties	7,563	18.2
<b>Total Real Estate Loans</b>	<b>30,573</b>	<b>73.7</b>
Commercial and Industrial Loans	3,909	9.4
Agricultural Production and Other Loans to Farmers	14	0.1
Consumer Loans	6,821	16.4
Other	165	0.4
<b>Total Loans</b>	<b>41,482</b>	<b>100.0</b>
<i>Source: Call Report</i>		

There are no financial, legal, or other impediments that would limit the bank's ability to meet the credit needs of its assessment areas. However, several economic and demographic indicators could adversely affect the bank's lending opportunities.

## **DESCRIPTION OF ASSESSMENT AREA**

The CRA requires each financial institution to define one or more assessment areas within which its CRA performance will be evaluated. First Bank of Pike delineated one assessment area within the Atlanta-Sandy Springs-Alpharetta, GA Metropolitan Assessment Area (MSA) that includes Pike County in its entirety. Pike County is composed of one moderate-income census tract and three middle-income census tracts.

The assessment area changed since the last evaluation to exclude portions of surrounding counties. At the previous evaluation, the assessment area encompassed portions of Lamar, Meriwether, and Upson Counties. This change is a result of management monitoring its lending penetration and adjusting to reflect the change in the economy and demand. In addition, the 2015 American Community Survey (ACS) data reveals the income classifications of two census tracts have change in Pike County. Two of the moderate-income have been reclassified as middle-income census tracts.

### **Economic and Demographic Data**

The following table presents demographic information from the 2015 ACS and 2020 Dun & Bradstreet (D&B) data. The ACS and D&B data is used in the *Geographic Distribution* and *Borrower Profile* analyses as a comparison for the bank's performance.

Demographic Information of the Assessment Area						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	4	0.0	25.0	75.0	0.0	0.0
Population by Geography	17,812	0.0	18.2	81.8	0.0	0.0
Housing Units by Geography	6,821	0.0	19.6	80.4	0.0	0.0
Owner-Occupied Units by Geography	5,035	0.0	21.0	79.0	0.0	0.0
Occupied Rental Units by Geography	982	0.0	11.5	88.5	0.0	0.0
Vacant Units by Geography	804	0.0	21.1	78.9	0.0	0.0
Businesses by Geography	1,169	0.0	13.8	86.2	0.0	0.0
Farms by Geography	57	0.0	8.8	91.2	0.0	0.0
Family Distribution by Income Level	4,808	20.9	22.5	22.0	34.6	0.0
Household Distribution by Income Level	6,017	23.7	20.9	18.5	36.9	0.0
Median Family Income MSA - 12060 Atlanta-Sandy Springs-Alpharetta, GA MSA		\$67,322	Median Housing Value			\$149,386
			Median Gross Rent			\$812
			Families Below Poverty Level			10.0%
Source: 2015 ACS and 2020 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.						

The analysis of small business and home mortgage lending under the *Geographic Distribution* compares bank performance to the percentage of businesses and owner-occupied housing units located within moderate- and middle-income census tracts. The 2015 ACS Census data shows that a significant majority of owner-occupied housing units and businesses are in middle-income areas. Thus, providing significant lending opportunities in those areas as compared to the moderate-income tract.

According to 2020 D&B data, gross annual revenues for businesses in the assessment area include the following:

- 91.2 percent have \$1 million or less;
- 2.2 percent have more than \$1 million; and,
- 6.6 percent have unknown revenues.

The analysis of small business loans under the *Borrower Profile* criterion compares the distribution of businesses by gross annual revenues. The top industries in the assessment area, according to 2020 D&B data, were service industries at 27.8 percent; non-classifiable establishments at 25.6 percent; and construction at 12.6 percent. In addition, 62.6 percent of the businesses in the assessment area have four or fewer employees and 94.0 percent operate from a single location.

Examiners used the 2020 FFIEC estimated median family income for the Atlanta-Sandy Springs-Alpharetta, GA MSA to analyze home mortgage lending under the *Borrower Profile* criterion. The following table reflects the median family income ranges for the low-, moderate-, middle-, and upper-income categories.

Median Family Income Ranges				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
2020 (\$82,200)	<\$41,100	\$41,100 to <\$65,760	\$65,760 to <\$98,640	≥\$98,640
Source: FFIEC				

Examiners used the 2015 ACS estimated median household income for the Atlanta-Sandy Springs-Alpharetta, GA MSA to analyze consumer lending under the *Borrower Profile* criterion. The following table reflects the household income ranges for the low-, moderate-, middle-, and upper-income categories.

Median Household Income Ranges				
Median Household Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
\$62,700	<\$31,350	\$31,350 to <\$50,160	\$50,160 to <\$75,240	≥\$75,240
Source: 2015 ACS				

Data obtained from the Bureau of Labor Statistics reflect changes in unemployment rates during the evaluation period, because of changes in the economy for the county, the state, and the nation. In the county, the unemployment rate decreased from 2018 to 2019 and was below or comparable with the national average and state rates. The county unemployment rate increased in 2020, primarily because of the COVID-19 pandemic, but did not exceed state or national averages. The following table reflects the average unemployment rates and trends for the assessment area, state, and nation.

Unemployment Rates			
Area	2018	2019	2020
	%	%	%
Pike County	3.7	3.1	5.0
Georgia	4.0	3.5	6.6
National Average	3.9	3.7	8.1
Source: Bureau of Labor Statistics			

### Pike County, GA

According to the Pike County Development Authority, the top three employers include McLeRoy Inc., Supreme Wabash, and TenCate.

### Competition

The assessment area is a mildly competitive market for financial services. According to the FDIC's June 30, 2020, Summary of Deposits Report, there are three FDIC-insured financial institutions that operated six banking offices in Pike County. Of these institutions, First Bank of Pike ranked second, with a deposit market share of 20.8 percent.

There is a high level of competition, especially from institutions operating outside of Pike County, for home mortgage loans. Aggregate data for 2020 (most recent available) indicates that 144 institutions reported 1,021 residential mortgage originations totaling \$227.9 million in the

assessment area. The top five institutions are United Bank at 11.7 percent of the market, Quicken Loans at 10.8 percent, VanDyk Mortgage Corporation at 4.2 percent, Pennymac Loan Services at 4.1 percent, and Freedom Mortgage Corporation at 3.0 percent.

The bank is not required to collect or report its small business loan data and has elected not to do so. However, aggregate data reflects moderate demand for small business loans. Aggregate data for 2019 (most recent available) indicates 32 institutions reported 407 small business loans totaling \$14.1 million in the assessment area, indicating a moderate degree of competition for this product. The top five institutions account for 66.1 percent of the small business market share.

### **Community Contact**

During CRA evaluations, examiners contact community organizations within the bank's assessment area to gain insight regarding local economic conditions and credit needs. Examiners contacted a representative of an organization that serves as an advocate for businesses within Pike County. The contact noted that the local economy has fared well in being able to pivot because of the COVID-19 pandemic. The contact indicated the area is comprised mainly of rural farmland, resulting in the need for residents to commute outside of the area for work.

The contact further stated that the local housing stock is growing due to new construction developments. As a result, there is a need for home mortgage loans. Additionally, residents in the area have sought small dollar loans to assist them with shortages that have occurred due to the impacts of the COVID-19 pandemic. Overall, the contact felt that financial institutions have been responsive to the current credit needs of the assessment area.

### **Credit Needs**

Considering information from the community contact, bank management, and demographic and economic data, examiners determined that home mortgage and consumer loans currently represent significant credit needs in the assessment area.

## **SCOPE OF EVALUATION**

### **General Information**

The evaluation covers the period from the prior evaluation dated March 25, 2015, to the current evaluation dated September 13, 2021. Examiners used Interagency Small Institution Examination Procedures to evaluate the bank's CRA performance. These procedures include the Lending Test as described in the Appendices. The bank's assessment area was reviewed using full-scope procedures.

### **Activities Reviewed**

Examiners determined the bank's major product lines include consumer (unsecured and auto secured), home mortgage, and small business loans. This conclusion considered the bank's business strategy and the number and dollar volume of loans originated during the evaluation period. No other loan types, such as small farm, represent a major product line given the limited lending volume. Therefore, they provided no material support for conclusions or ratings and are not presented.

For this evaluation, loan distribution analyses were conducted on the bank's 2020 consumer and home mortgage loans, which is representative of the bank's activity and focus since the previous evaluation. In addition, an analysis was conducted on the bank's 2019 and 2020 small business loans given that the bank's lending in 2020 was impacted by the COVID-19 pandemic, resulting in a lending anomaly.

In 2020, the bank originated 204 unsecured consumer loans totaling \$920,000. A random sample of 55 loans totaling \$226,000 was used to evaluate the bank's performance. The percentage of households, by geography and income level, was used for comparison purposes. In 2020, the bank originated 149 auto-secured consumer loans totaling \$2.7 million. A random sample of 47 loans totaling \$851,000 was used to evaluate the bank's performance. The percentage of households, by geography and income level, was used for comparison purposes.

First Bank of Pike is not subject to the Home Mortgage Disclosure Act. Therefore, the bank is not required to collect and report certain data concerning applications for home mortgage loans. During 2020, the bank originated a universe of 41 home mortgage loans totaling \$4.4 million. All loans were used in the analysis. The percentage of owner-occupied housing units by geography and the percentage of families by income level (2015 ACS data) was used as a standard of comparison for 2020 lending performance.

The universe of small business loans originated by the bank from January 1, 2019, through December 31, 2019, totaled 35 for \$3.4 million; and loans originated from January 1, 2020, through December 31, 2020, totaled 65 for \$3.1 million. All loans were used for analysis. The bank originated 25 PPP loans totaling approximately \$843 thousand. Of those loans, the bank originated 17 PPP loans totaling approximately \$692 inside the assessment area. The analysis of small business borrower profile include the PPP loans originated inside the bank's assessment area and are presented in the *Borrower Profile* distribution table. D&B data for 2019 and 2020 provided a standard of comparison for small business lending performance.

<b>Loans Originated or Purchased 1-01-2020 through 12-31-2020</b>				
<b>Loan Category</b>	<b>\$(000s)</b>	<b>%</b>	<b>#</b>	<b>%</b>
Construction and Land Development	6,900	34.4	34	6.0
Secured by Farmland	280	1.4	2	0.4
Secured by 1-4 Family Residential Properties	4,383	21.8	41	7.3
Multi-Family (5 or more) Residential Properties	-	-	-	-
Commercial Real Estate Loans	847	4.2	7	1.2
Commercial and Industrial Loans	2,213	11.0	58	10.3
Agricultural Loans	-	-	-	-
Consumer Loans	5,331	26.6	421	74.7
Other Loans	127	0.6	1	0.1
<b>Total Loans</b>	<b>20,081</b>	<b>100.0</b>	<b>564</b>	<b>100.0</b>
<i>Source: Bank Data</i>				

## **CONCLUSIONS ON PERFORMANCE CRITERIA**

### **LENDING TEST**

The overall Lending Test rating for this institution is Satisfactory. This rating is supported by a reasonable loan-to-deposit ratio, a majority of loans originated inside the assessment area, a reasonable distribution of loans throughout the assessment area, and a reasonable penetration of loans to borrowers of different income levels and businesses of different sizes.

#### **Loan-to-Deposit Ratio**

First Bank of Pike's average net loan-to-deposit ratio is reasonable given the institution's size, financial condition, and credit needs of the assessment area. The net loan-to-deposit ratio averaged 65.6 percent over the previous 26 calendar quarters from March 31, 2015, to June 30, 2021. Over this time, the net loan-to-deposit ratio ranged from a low of 60.3 percent as of September 30, 2016, to a high of 70.6 percent as of December 31, 2019. First Bank of Pike's net loan-to-deposit ratio, as of June 30, 2021, was 64.6 percent.

Examiners use similarly-situated institutions for comparison. First Bank of Pike's average net loan-to-deposit ratio was compared to the average net loan-to-deposit ratio of Talbot State Bank, Woodland, GA, which was considered similarly situated, in terms of total asset size, structure, and market area served. Talbot State Bank's net loan-to-deposit ratio averaged 54.8 percent over the same review period.

Additionally, examiners compared First Bank of Pike's average net loan-to-deposit ratio to its peer group as defined by the Uniform Bank Performance Report. First Bank of Pike was in peer group 14, which includes insured commercial banks having assets less than \$50 million (during the first 16 quarters), and in peer group 10, which includes insured commercial banks with total assets between \$50 million and \$100 million (during the most recent 10 quarters). The bank's loan-to-deposit ratio was comparable to its peer group. The peer group's average net loan-to-deposit ratio, calculated over the same 26 quarters, was 68.7 percent. The UBPR peer group net loan-to-deposit ratios ranged from a high of 74.2 percent on September 30, 2018, to a low of 60.0 percent March 31, 2021.

#### **Assessment Area Concentration**

First Bank of Pike originated a majority of its consumer, small business, and home mortgage loans inside the assessment area. The following table illustrates the bank's consumer, home mortgage, and small business lending performance inside and outside of the assessment area number and dollar volume during the review period.

Lending Inside and Outside of the Assessment Area										
Loan Category	Number of Loans				Total	Dollar Amount of Loans \$(000s)				Total
	Inside		Outside			Inside		Outside		
	#	%	#	%	#	\$(000s)	%	\$(000s)	%	\$(000s)
Consumer										
Auto Secured	28	59.6	19	40.4	47	441	51.8	410	48.2	851
Unsecured	31	56.4	24	43.6	55	143	63.3	83	36.7	226
Subtotal	59	57.8	43	42.2	102	584	54.2	493	45.8	1,077
Home Mortgage										
2020	24	58.5	17	41.5	41	2,973	67.8	1,411	32.2	4,384
Small Business										
2019	19	54.3	16	45.7	35	819	24.4	2,536	75.6	3,355
2020	39	60.0	26	40.0	65	1,927	62.9	1,136	37.1	3,063
Subtotal	58	58.0	42	42.0	100	2,746	42.8	3,672	57.2	6,418
Source: Bank Records.										

### **Geographic Distribution**

The geographic distribution of loans reflects reasonable dispersion throughout the assessment area. The bank's reasonable distribution of consumer, home mortgage, and small business loans supports the overall conclusion.

#### *Consumer Loans*

The distribution of consumer loans reflects overall reasonable penetration throughout the assessment area. As demonstrated in the following table, auto secured lending in the moderate-income census tract for auto secured loans was below demographics. Unsecured lending in the moderate-income census tract exceeded demographic data.

Geographic Distribution of Consumer Loans					
Tract Income Level	% of Households	#	%	\$(000s)	%
Moderate					
Auto Secured	19.4	3	10.7	68	15.4
Unsecured	19.4	7	22.6	25	17.5
Middle					
Auto Secured	80.6	25	89.3	373	84.6
Unsecured	80.6	24	77.4	118	82.5
<b>Totals</b>					
<b>Auto Secured</b>	<b>100.0</b>	<b>28</b>	<b>100.0</b>	<b>441</b>	<b>100.0</b>
<b>Unsecured</b>	<b>100.0</b>	<b>31</b>	<b>100.0</b>	<b>143</b>	<b>100.0</b>
<i>Source: 2015 ACS and Bank Records. Due to rounding, totals may not equal 100.0 percent.</i>					

### *Home Mortgage Loans*

The distribution of home mortgage loans reflects overall reasonable penetration throughout the assessment area. As demonstrated in the following table, lending in the moderate-income census tract was significantly below demographic data. This level of performance is attributable to the effects of the COVID-19 pandemic and the decreased level of overall demand for this product type during the evaluation period.

Geographic Distribution of Home Mortgage Loans					
Tract Income Level	% of Owner-Occupied Housing Units	#	%	\$(000s)	%
Moderate					
2020	21.0	3	12.5	305	10.3
Middle					
2020	79.0	21	87.5	2,668	89.7
Totals					
2020	100.0	24	100.0	2,973	100.0
Source: 2015 ACS; Bank Data. Due to rounding, totals may not equal 100.0%					

### *Small Business Loans*

The distribution of small business loans reflects reasonable dispersion throughout the assessment area. Lending in the moderate-income census tract in 2019 was slightly below demographic data, but considered comparable. Lending in 2020 increased and significantly exceeded demographic data. Refer to the table below for details.

Geographic Distribution of Small Business Loans					
Tract Income Level	% of Businesses	#	%	\$(000s)	%
Moderate					
2019	14.7	2	10.5	56	6.8
2020	13.8	11	28.2	854	44.3
Middle					
2019	85.3	17	89.5	763	93.2
2020	86.2	28	71.8	1,073	55.7
Totals					
2019	100.0	19	100.0	819	100.0
2020	100.0	39	100.0	1,927	100.0
Source: 2019 and 2020 D&B Data and Bank Records. Due to rounding, totals may not equal 100.0 percent.					

### **Borrower Profile**

The distribution of borrowers reflects reasonable penetration among individuals of different income levels and businesses of different sizes. The bank's reasonable distribution of consumer, home mortgage, and small business loans supports the overall conclusion.

### *Consumer Loans*

The distribution of consumer loans reflects reasonable penetration among borrowers of different income levels. Auto secured lending to low-income borrowers was below demographic data, but considered comparable. Lending to moderate-income borrowers significantly exceeded demographic data. Unsecured lending to low-income borrowers significantly exceeded demographic data, and lending to moderate-income borrowers also exceeded demographic data. Refer to the table below for details.

<b>Distribution of Consumer Loans by Borrower Income Level</b>					
<b>Borrower Income Level</b>	<b>% of Households</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
Low					
Auto Secured	23.7	5	17.9	38	8.6
Unsecured	23.7	14	45.2	45	31.5
Moderate					
Auto Secured	20.9	11	39.3	253	57.4
Unsecured	20.9	8	25.8	32	22.4
Middle					
Auto Secured	18.5	9	32.1	111	25.2
Unsecured	18.5	4	12.9	21	14.7
Upper					
Auto Secured	36.9	2	7.1	31	7.0
Unsecured	36.9	3	9.7	24	16.8
Not Available					
Auto Secured	0.0	1	3.6	8	1.8
Unsecured	0.0	2	6.5	21	14.7
<b>Total</b>					
<b>Auto Secured</b>	<b>100.0</b>	<b>28</b>	<b>100.0</b>	<b>441</b>	<b>100.0</b>
<b>Unsecured</b>	<b>100.0</b>	<b>31</b>	<b>100.0</b>	<b>143</b>	<b>100.0</b>
<i>Source: 2015 ACS and Bank Records. Due to rounding, totals may not equal 100.0 percent.</i>					

### *Home Mortgage Loans*

The distribution of home mortgage loans reflects reasonable penetration among borrowers of different income levels. Lending to low-income borrowers was comparable to demographic data, while lending to moderate-income borrowers significantly exceeded demographic data. The following table reflects the bank's home mortgage lending to borrowers of various incomes throughout the assessment area.

Distribution of Home Mortgage Loans by Borrower Income Level					
Borrower Income Level	% of Families	#	%	\$(000s)	%
Low					
2020	20.9	5	20.8	455	15.3
Moderate					
2020	22.5	8	33.3	758	25.5
Middle					
2020	22.0	4	16.7	477	16.0
Upper					
2020	34.6	7	29.2	1,283	43.2
Not Available					
2020	0.0	0	0.0	0	0.0
<b>Totals</b>					
<b>2020</b>	<b>100.0</b>	<b>24</b>	<b>100.0</b>	<b>2,973</b>	<b>100.0</b>
<i>Source: 2015 ACS; Bank Data, "--" data not available. Due to rounding, totals may not equal 100.0%</i>					

### *Small Business Loans*

The distribution of small business loans reflects overall reasonable penetration among businesses of different sizes. Lending to businesses with gross annual revenues less than or equal to \$1 million in 2019 was below comparably demographic data. Lending performance increased in 2020, but remained comparably below demographic data. Further analysis of the bank's lending to businesses with gross annual revenues less than or equal to \$1 million revealed that of the 14 sampled loans originated in 2019 and the 31 sampled loans originated in 2020, 71.4 percent and 80.6 percent were originated to businesses with revenues less than \$250,000, respectively. This evidences the bank's willingness to lend to small businesses.

It is noted that the three loans in 2019, where revenues were not available, represent loans securitized by certificates of deposit; and the five loans in 2020 represent PPP loans, where under the program, revenue data was not required. If the PPP loans were excluded from the overall analysis, 91.2 percent of the loans in 2020 with revenue provided were made to businesses with gross annual revenues of \$1 million or less, which mirrors demographic data. Refer to the below table for details.

Distribution of Small Business Loans by Gross Annual Revenue Category					
Gross Revenue Level	% of Businesses	#	%	\$(000s)	%
≤ \$1,000,000					
2019	90.3	12	63.2	722	88.2
2020	91.2	31	79.5	1,315	68.2
> \$1,000,000					
2019	2.8	2	10.5	39	4.8
2020	2.2	3	7.7	195	10.1
Revenue Not Available					
2019	6.9	5	26.3	58	7.1
2020	6.6	5	12.8	417	21.6
<b>Total</b>					
<b>2019</b>	<b>100.0</b>	<b>19</b>	<b>100.0</b>	<b>819</b>	<b>100.0</b>
<b>2020</b>	<b>100.0</b>	<b>39</b>	<b>100.0</b>	<b>1,927</b>	<b>100.0</b>
<i>Source: 2019 and 2020 D&amp;B Data and Bank Records. Due to rounding, totals may not equal 100.0 percent.</i>					

### **Response to Complaints**

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

### **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.

## **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.