



## MORGANTON SAVINGS BANK

*Since 1903*

### Community Reinvestment Act Statement

Morganton Savings Bank was chartered in 1903 to serve the various savings and credit needs of individuals, businesses and organizations in our community.

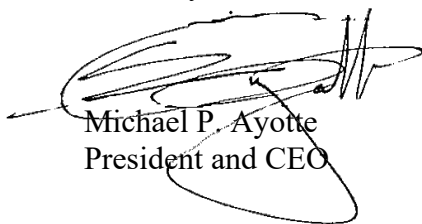
This pamphlet has been prepared for our depositors, loan customers and members of the community, pursuant to the Community Reinvestment Act of 1977. Part I is entitled “Delineation of Community.” It contains a map and description of the approximate area which we regard as our basic community, and within which we strive to serve people of all income levels and races. Designation of our community does not mean that we make no loans outside of our community, we sometimes do. Also, there may be parts of our community, for various reasons, where we have been more active than in other areas. The delineation of community merely sets forth the general area of operation of our institution. The concept of our basic lending community is subject to change over various periods of time, as patterns of commercial development change and populations shift. We will regularly adjust our delineation of community to reflect these changes.

Part II of this pamphlet consists of a list of the general types of credit which we offer, and an explanation of how the availability of certain types of credit can vary. Due to limitations of space, this listing cannot contain all of the terms and conditions which affect our ability to grant credit. A loan officer will be pleased to provide you with detailed information, upon request.

Part III of this pamphlet is important notices about the operation and administration of the Community Reinvestment Act.

We hope that the information contained in this pamphlet is useful to you. If you have any questions do not hesitate to contact me or speak with one of our loan officers.

Sincerely,



Michael P. Ayotte  
President and CEO

## **Part I. Delineating the Local Community**

The boundaries of our community coincide with the boundaries of Burke County. Our office is located in Morganton, the county seat. Morganton Savings Bank was chartered by residents of Burke County to serve the needs of this community. Since our founding in 1903, the Institution has considered Burke County as its principal community. Occasionally, loans are made outside this area, but such lending is minimal. Accordingly, the county boundaries are our most appropriate community.

## **Part II. Listing the Specific Types of Loans Offered in the Local Community**

Listed below are the types of loans which Morganton Savings Bank makes in the community. The kinds of credit we can make available are limited by law and government regulations. Since these can change from time to time, we may be temporarily “out of the market” for certain types of loans at certain times. Also, changes in economic conditions sometimes make it impossible or impractical to make a certain type of loan.

The availability and the terms and conditions of credit in a specific instance are always decided on a case-by-case basis, after the creditworthiness of the borrower and the value of collateral have been carefully evaluated. At Morganton Savings Bank, you always have a right to file a written loan application.

We generally offer the following types of credit:

- 1-4 family, owner occupied, residential property, including construction permanent lending and home equity lines of credit (HELOCs);
- Commercial real estate lending, to include multi-family residential properties, residential rental properties, warehouse, factories, office buildings, retail, etc.;
- Church properties;
- Land, including residential lots, improved and unimproved, and raw land;
- Loans secured by savings and certificates of deposit (share loans).

## **Part III. Operation and Administration Notices**

### **Assessment Area**

Morganton Savings Bank’s management and Board of Directors have determined that the bank’s assessment area is comprised of Burke County. In the event of bank expansion, the Board and Management will reconsider this assessment area to determine if it continues to be appropriate.

A map of the bank’s current assessment area and corresponding census tracts is attached.

### **Branch Locations**

Morganton Savings Bank currently operates one full-service location:

Main Office

100 South King Street

Morganton, NC 28655

Census Tract: 0205.00

MSA: 25860

State Code: 37

### **Branch Opening/Closing**

This institution has not opened or closed any branches in the last two years.

### **Public Comments**

Morganton Savings Bank has not received any public comments concerning the bank's CRA performance since Morganton Savings Bank opened.

### **Services Offered by the Bank**

Bank Hours:

Monday – Friday: 9:00 AM to 5:00 PM

Morganton Savings Bank offers the following deposit products and services:

- Interest Checking
- Non-Interest Checking
- Commercial Checking
- IOLTA Accounts
- Money Market Deposit Accounts
- Savings Accounts
- Certificates of Deposit
- IRA Accounts
- Merchant Services
- Debit Cards
- Electronic Banking
- Safe Deposit Boxes

Morganton Savings Bank has the following Service and Transaction Fees:

Monthly Service Fee for Consumer Checking Accounts	\$ 8.00
Monthly Service Fee for Commercial and Sole Proprietor Checking Accounts	\$20.00
NSF/Overdraft Fees and Returned Check Fees	\$30.00
Returned Deposited Item Fee	\$ 8.00
Stop Payment Request Fee	\$20.00
Wire Transfer Fee	\$12.00
Debit Card Replacement Fee	\$15.00
Cashier's Check Fee	\$ 6.00
Early Closure Fee	\$ 5.00
Copy of a Monthly Statement or Computer Printout of Accounts	\$ 5.00
Copy of a check (Paid Item)	\$ 4.00
Account Research – per hour – 1 hour minimum charge	\$25.00
On-line Bill Pay – First 15 payments per month are free – Each payment over 15 per month	\$ 0.45

Net Loans & Leases as a Percent of Total Deposits:

March 2024	94.84
June 2024	93.21
September 2024	97.78
December 2024	93.79



# **PUBLIC DISCLOSURE**

November 25, 2024

## **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

**Morganton Savings Bank, S.S.B.**

Certificate Number: 30434

100 South King Street  
Morganton, North Carolina 28655

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

10 10<sup>th</sup> 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 loan-to-deposit ratio is reasonable given the institution's size, financial condition, and assessment area credit needs.
- The majority of loans were originated inside the assessment area.
- The geographic distribution of loans reflects excellent dispersion throughout the assessment area.
- The distribution of borrowers reflects reasonable penetration of loans among individuals of different income levels.
- The institution did not receive any Community Reinvestment Act (CRA)-related complaints since the previous evaluation; therefore, this factor did not affect the rating.



## DESCRIPTION OF INSTITUTION

Morganton Savings Bank, S.S.B. (Morganton) is a state-chartered savings bank headquartered in Morganton, North Carolina. The bank began operations in 1903 and is not owned by a holding company, nor does it have any subsidiaries or affiliates. No merger or acquisition activity has taken place during the evaluation period. Morganton received a Satisfactory rating at its previous FDIC CRA Performance Evaluation, dated July 16, 2018, based on Interagency Small Institution Examination Procedures.

Morganton continues to operate solely from its main office in Morganton, North Carolina, located in a middle-income census tract. The bank does not have any automatic teller machines or loan production offices. No branches have been opened since the previous evaluation. Lobby and drive-thru hours are reasonable from 9:00am until 5:00pm Monday through Friday.

The bank offers a variety of products and services to meet the banking needs of its assessment area. Deposit products include checking, money market, savings, and individual retirement accounts, and certificates of deposit. Morganton also offers home mortgage, construction, and commercial real estate loans, and home equity lines of credit. Alternative banking services include telephone, internet, and mobile banking.

According to the September 30, 2024, Consolidated Reports of Condition and Income (Call Report), Morganton had total assets of \$104.0 million, with total loans of \$68.7 million, and total deposits of \$67.8 million. The bank has experienced significant growth since the previous evaluation when total assets were \$80.6 million. As shown in the following table, one-to-four family residential real estate loans represent the largest segment of the bank's loan portfolio at approximately 68.8 percent, followed by business loans secured by commercial real estate at 18.7 percent, and multi-family residential real estate loans at 9.5 percent.

<b>Loan Portfolio Distribution as of 09/30/2024</b>		
<b>Loan Category</b>	<b>\$(000s)</b>	<b>%</b>
Construction, Land Development, and Other Land Loans	2,085	3.0
Secured by Farmland	0	0.0
Secured by 1-4 Family Residential Properties	47,292	68.8
Secured by Multifamily (5 or more) Residential Properties	6,486	9.5
Secured by Nonfarm Nonresidential Properties	12,845	18.7
<b>Total Real Estate Loans</b>	<b>68,708</b>	<b>100.0</b>
Commercial and Industrial Loans	0	0.0
Agricultural Production and Other Loans to Farmers	0	0.0
Consumer Loans	0	0.0
Obligations of State and Political Subdivisions in the U.S.	0	0.0
Other Loans	3	0.0
Lease Financing Receivable (net of unearned income)	0	0.0
Less: Unearned Income	0	0.0
<b>Total Loans</b>	<b>68,711</b>	<b>100.0</b>
<i>Source: Call Report</i>		

There are no financial or legal impediments, other than legal lending limits, to prevent the bank from meeting the credit needs of its assessment area. However, during the evaluation timeframe, there were two Federal Emergency Management Agency major declared disasters within the assessment area, which may have been a lending impediment. The national declared disasters were 4588-DR-NC Tropical Storm Eta, declared on March 3, 2021, and 4827-DR-NC Hurricane Helene, declared on October 15, 2024.

## **DESCRIPTION OF ASSESSMENT AREA**

The CRA requires each financial institution to define one or more assessment areas within which its performance will be evaluated. Morganton continues to include all of Burke County as its delineated assessment area. Burke County is one of four counties comprising the Hickory-Lenoir-Morganton Metropolitan Statistical Area (MSA). The following sections provide information regarding the assessment area's economic and demographic data, competition, community contact, and credit needs.

### **Economic and Demographic Data**

Assessment area delineations and demographic compositions are based on available census data. The 2015 American Community Survey (ACS) data was used at the previous evaluation to delineate the bank's assessment area based on information collected from 2015 through 2020. In 2022, the Federal Financial Institutions Examination Council (FFIEC) released updates to the Metropolitan Statistical Areas and Metropolitan Divisions, states, counties, census tracts, and income-level indicators based on information collected during the 2020 U.S. Census, which is used at the current evaluation. As a result, the bank's assessment area experienced an increase in the number of census tracts from 18 to 21 and income classifications changed. The following table

illustrates the bank’s assessment area geographies, by income level, based on the 2015 ACS and 2020 U.S. Census data.

Tract Income Level	Assessment Area 2015 Geographies	Assessment Area 2020 Geographies
Low	-	-
Moderate	2	3
Middle	14	16
Upper	2	2
<b>Total</b>	<b>18</b>	<b>21</b>

*Source: Bank Data, 2015 ACS Data, and 2020 U.S. Census Data*

The following table details demographic characteristics of the assessment area based on the 2020 U.S. Census data and the 2023 Dun & Bradstreet (D&B) data.

Demographic Information of the Assessment Area						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	21	0.0	14.3	76.2	9.5	0.0
Population by Geography	87,570	0.0	17.7	75.9	6.4	0.0
Housing Units by Geography	40,711	0.0	15.6	76.6	7.8	0.0
Owner-Occupied Units by Geography	26,926	0.0	11.7	80.7	7.7	0.0
Occupied Rental Units by Geography	8,738	0.0	27.1	69.8	3.1	0.0
Vacant Units by Geography	5,729	0.0	16.4	67.8	15.7	0.0
Businesses by Geography	6,729	0.0	23.7	70.0	6.4	0.0
Farms by Geography	275	0.0	15.3	76.4	8.4	0.0
Family Distribution by Income Level	23,459	22.0	20.7	21.5	35.8	0.0
Household Distribution by Income Level	35,664	25.3	19.5	18.4	36.7	0.0
Median Family Income MSA - 25860 Hickory-Lenoir-Morganton, NC MSA	\$60,878	Median Housing Value				\$128,992
		Median Gross Rent				\$661
		Families Below Poverty Level				12.6%

*Source: 2020 U.S. Census and 2023 D&B Data. Due to rounding, totals may not equal 100.0%. (\*) The NA category consists of geographies that have not been assigned an income classification.*

The *Geographic Distribution* criterion compares home mortgage loans to the distribution of owner-occupied housing. There are 26,926 owner-occupied housing units in the assessment area. Of these, 11.7 percent are in moderate-income tracts, 80.7 percent in middle-income tracts, and 7.7 percent in upper-income tracts. The vast majority of owner-occupied housing units are in middle-income tracts. Although two of the three moderate-income tracts are located in the immediate vicinity of the bank’s office, the demographics reflect significantly less opportunity in the moderate-income tracts, given the level of owner-occupied housing units.

Examiners use the FFIEC updated median family income (MFI) figures to analyze home mortgage lending under the *Borrower Profile* criterion. The following table reflects the low-, moderate-, middle-, and upper-income MFI categories in the Hickory-Lenoir-Morganton MSA for 2021 (\$60,300), 2022 (\$69,600), and 2023 (71,400).

<b>Median Family Income Ranges for Hickory-Lenoir-Morganton, NC MSA Median Family Income (25860)</b>				
<b>Median Family Incomes</b>	<b>Low &lt;50%</b>	<b>Moderate 50% to &lt;80%</b>	<b>Middle 80% to &lt;120%</b>	<b>Upper ≥120%</b>
2021 (\$60,300)	<\$30,150	\$30,150 to <\$48,240	\$48,240 to <\$72,360	≥\$72,360
2022 (\$69,600)	<\$34,800	\$34,800 to <\$55,680	\$55,680 to <\$83,520	≥\$83,520
2023 (\$71,400)	<\$35,700	\$35,700 to <\$57,120	\$57,120 to <\$85,680	≥\$85,680

Source: FFIEC

Data obtained from the U.S. Bureau of Labor Statistics indicates the unemployment rates decreased during the evaluation period. As illustrated in the following table, the unemployment rate in the U.S., state of North Carolina, and Burke County steadily decreased during the evaluation period. Burke County’s unemployment rate was below or comparable to the national and state averages from 2021 through 2023.

<b>Unemployment Rates</b>			
<b>Area</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>
	<b>%</b>	<b>%</b>	<b>%</b>
Burke County	4.6	3.5	3.3
State of North Carolina	4.9	3.7	3.5
National Average	5.3	3.6	3.6

Source: Bureau of Labor Statistics

## **Competition**

The assessment area is highly competitive for financial services. According to the FDIC Deposit Market Share data as of June 30, 2024, there were seven financial institutions that operated ten full-service branches within the bank’s assessment area. Of these institutions, Morganton ranked 5<sup>th</sup> with a 6.9 percent deposit market share. The three leading financial institutions included First-Citizens Bank & Trust Company, Truist Bank, and Wells Fargo Bank, National Association, accounting for 73.6 percent of the total deposit market share.

There is also a high level of competition for home mortgage loans among several banks, credit unions, and non-depository mortgage lenders. In 2023, 183 lenders reported 1,931 residential mortgage loans originated or purchased. The State Employees Credit Union has the largest market share at 19.1 percent. Since Morganton Savings Bank is not a reporter under the Home Mortgage Disclosure Act (HMDA), the bank’s exact market share is not available. However, given that the bank originated 11 residential mortgage loans in the market area in 2023, this represents approximately 0.6 percent of the total market share for home mortgage loans.

## **Community Contact**

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

Examiners contacted a representative of a community economic development corporation located in the assessment area. The organization provides housing counseling (e.g. foreclosure prevention and first-time homebuyer education), workforce development training, guidance and funding referrals for small businesses, and disaster recovery services. The contact identified a significant level of opportunity for partnering between the organization and financial institutions in order to provide collaboration on mortgage readiness programs, financing affordable housing projects, offering revolving credit for home repairs and small businesses, and involvement in all aspects of recovery and long-term development due to the significant impact of Hurricanes Helene and Milton. The contact noted that the area has a growing number of residents, and many are low-to-moderate income, with a significant portion relying on rental housing or government-assisted programs. The contact cited a need for accessible mortgages for low-income families, credit repair and financial literacy programs, housing rehabilitation, and small business loans with flexible terms for post-disaster recovery. Overall, the contact indicated that financial institutions in and around the area have not been responsive to these credit needs.

## **Credit Needs**

Considering information from the community contact, bank management, and demographic and economic data, examiners determined that affordable home mortgage and small business loans represent the primary credit needs within the assessment area. The relatively high number of low- and moderate-income families, at 22.0 percent and 20.7 percent, respectively, rising home prices, and significant percentage of businesses with gross annual revenues of \$1 million or less support this conclusion.

# **SCOPE OF EVALUATION**

## **General Information**

This evaluation covers the period from the previous evaluation dated July 16, 2018, to the current evaluation dated November 25, 2024. Examiners used the Interagency Small Institution Examination Procedures to evaluate Morganton's CRA performance. Refer to the *Appendices* for additional information.

## **Activities Reviewed**

The CRA regulation requires a review of lending performance with respect to home mortgage, small business, and small farm loans, if significant. No farm loans were originated during the evaluation period. Examiners determined that the bank's major product line is one-to-four family home mortgage loans. This conclusion considered the bank's business strategy, as well as the number and dollar volume of home mortgage loans originated or purchased during the evaluation

period. Although the bank’s loan portfolio was made up of 18.7 percent small business loans, Morganton originated only six small business loans in 2021 totaling \$2.2 million, three in 2022 totaling \$0.8 million, and five in 2023 totaling \$0.6 million. Therefore, small business loans were not considered significant and were excluded from analysis.

The bank is exempt from HMDA data reporting, although located in the Hickory-Lenoir-Morganton MSA, based upon the number of applicable loans originated annually. Therefore, the most recent three full calendar years of home mortgage loans were analyzed and presented, as they are representative of the bank's lending throughout the review period. Based on bank records, in 2021, the bank originated or purchased 46 home mortgage loans totaling \$15.1 million, 27 in 2022 totaling \$7.3 million, and 14 in 2023 totaling \$2.9 million. The universe of loans was reviewed for the three-year period. The 2015 ACS data will provide a standard of comparison for home mortgage loans reviewed in 2021, and the 2020 U.S. census data was used for home mortgage loans reviewed in 2022 and 2023.

Examiners reviewed the number and dollar volume of the bank’s home mortgage loans. The tables in the evaluation present both the number and dollar volume of loans. However, examiners emphasize performance by number of loans, as the number of loans is a better indicator of the number of individuals served.

## **CONCLUSIONS ON PERFORMANCE CRITERIA**

### **LENDING TEST**

Morganton demonstrated satisfactory performance under the Lending Test. The bank’s performance in its assessment area, relative to the loan-to-deposit ratio, assessment area concentration, geographic distribution, and borrower distribution support this conclusion.

#### **Net Loan-to-Deposit Ratio (NLTD)**

The NLTD ratio is reasonable given the institution’s size and financial condition and assessment area credit needs. The NLTD ratio, calculated from Call Report data, averaged 98.1 percent over the past 25 calendar quarters from September 30, 2018, to September 30, 2024. The ratio ranged from a low of 83.6 percent as of December 31, 2022, to a high of 128.5 percent as of December 31, 2019. The NLTD ratio as of September 30, 2024, was 97.8 percent. The loan-to-deposit ratio was compared to two similarly situated institutions based on their asset size and lending focus. As shown in the following table, Morganton’s NLTD is reasonable in comparison.

<b>Net Loan-to-Deposit Ratio Comparison</b>		
<b>Bank</b>	<b>Total Assets as of 09/30/2024 (\$000s)</b>	<b>Average Net LTD Ratio (%)</b>
Morganton Savings Bank, S.S.B.	104,047	98.1
Belmont Savings Bank, S.S.B.	134,527	96.8
Riverside Savings Bank, S.S.B.	93,929	77.7
<i>Source: Call Reports 09/30/2018 through 09/30/2024.</i>		

**Assessment Area Concentration**

The bank made a majority of its home mortgage loans, by number and dollar volume, within its assessment area.

<b>Lending Inside and Outside of the Assessment Area</b>										
<b>Loan Category</b>	<b>Number of Loans</b>				<b>Total #</b>	<b>Dollars Amount of Loans \$(000s)</b>				<b>Total \$(000s)</b>
	<b>Inside</b>		<b>Outside</b>			<b>Inside</b>		<b>Outside</b>		
	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>		<b>\$</b>	<b>%</b>	<b>\$</b>	<b>%</b>	
<b>Home Mortgage</b>										
2021	27	58.7	19	41.3	46	7,913	52.3	7,228	47.7	15,141
2022	19	70.4	8	29.6	27	4,180	57.4	3,107	42.6	7,287
2023	11	78.6	3	21.4	14	2,132	74.5	730	25.5	2,862
<b>Total</b>	<b>57</b>	<b>65.5</b>	<b>30</b>	<b>34.5</b>	<b>87</b>	<b>14,225</b>	<b>56.2</b>	<b>11,065</b>	<b>43.8</b>	<b>25,290</b>
<i>Source: Bank Data.</i>										

**Geographic Distribution**

The geographic distribution of loans reflects excellent dispersion throughout the assessment area. The focus is on lending in the moderate-income tracts as compared to the available demographic data. Only loans within the assessment area are included. The bank does not have any low-income census tracts.

***Home Mortgage Loans***

The geographic distribution of home mortgage loans reflects excellent dispersion throughout the assessment area. Morganton’s lending performance in moderate-income census tracts was below the percentage of owner-occupied housing units in 2022, but significantly exceeded demographic data in 2021 and 2023.

<b>Geographic Distribution of Home Mortgage Loans</b>					
<b>Tract Income Level</b>	<b>% of Owner-Occupied Housing Units</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
<b>Moderate</b>					
2021	11.1	6	22.2	1,495	18.9
2022	11.7	1	5.3	100	2.4
2023	11.7	6	54.5	1,204	56.4
<b>Middle</b>					
2021	72.1	19	70.4	5,748	72.6
2022	80.7	17	89.4	3,162	75.6
2023	80.7	5	45.5	929	43.6
<b>Upper</b>					
2021	16.8	2	7.4	670	8.5
2022	7.7	1	5.3	918	22.0
2023	7.7	0	0.0	0	0.0
<b>Totals</b>					
<b>2021</b>	<b>100.0</b>	<b>27</b>	<b>100.0</b>	<b>7,913</b>	<b>100.0</b>
<b>2022</b>	<b>100.0</b>	<b>19</b>	<b>100.0</b>	<b>4,180</b>	<b>100.0</b>
<b>2023</b>	<b>100.0</b>	<b>11</b>	<b>100.0</b>	<b>2,132</b>	<b>100.0</b>
<i>Source: 2015 ACS Data, 2020 Census Data, and Bank Records. Due to rounding, totals may not equal 100.0%</i>					

### **Borrower Profile**

The distribution of borrowers reflects reasonable penetration among individuals of different income levels in the assessment area. Examiners focused on the percentage of home mortgage loans to low- and moderate-income borrowers.

### ***Home Mortgage Loans***

Overall, the distribution of home mortgage loans to individuals of different income levels is reasonable. As reflected in the following table, home mortgage lending to low-income borrowers for all three years was significantly below demographic data. However, given their incomes of less than \$30,150 (2021), \$34,800 (2022), and \$35,700 (2023), low-income borrowers would likely face challenges in qualifying for a conventional home mortgage loan, especially with a median housing value of \$114,226 (2021) and \$128,992 (2022 and 2023). Additionally, in 2021, 14.8 percent of the families in the assessment area lived below the poverty level, and 12.6 percent of the families lived below the poverty level in 2022 and 2023. Lending performance to moderate-income borrowers was comparable to demographic data in 2022 and 2023, but below demographic data in 2021.



<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>
<b>Low</b>					
2021	23.0	1	3.7	43	0.6
2022	22.0	1	5.3	149	3.6
2023	22.0	1	9.1	45	2.1
<b>Moderate</b>					
2021	16.4	2	7.4	161	2.0
2022	20.7	4	21.1	449	10.7
2023	20.7	2	18.2	482	22.6
<b>Middle</b>					
2021	21.9	9	33.3	1,530	19.3
2022	21.5	3	15.8	571	13.7
2023	21.5	2	18.2	361	16.9
<b>Upper</b>					
2021	35.6	14	51.9	5,779	73.0
2022	35.8	9	47.3	2,265	54.2
2023	35.8	6	54.5	1,244	58.4
<b>Not Available</b>					
2021	0.0	1	3.7	400	5.1
2022	0.0	2	10.5	746	17.8
2023	0.0	0	0.0	0	0.0
<b>Totals</b>					
2021	100.0	27	100.0	7,913	100.0
2022	100.0	19	100.0	4,180	100.0
2023	100.0	11	100.0	2,132	100.0
<i>Source: 2015 ACS Data, 2020 Census Data, and Bank Records. Due to rounding, totals may not equal 100.0%</i>					

### **Response to Complaints**

No CRA-related complaints have been received; therefore, this criterion did not affect the rating.

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

Examiners did not identify any evidence of discriminatory or other illegal credit practices; therefore, this consideration did not affect the institution's overall CRA rating.

## 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.