

CCB Community Bank

CRA Public File

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CCB COMMUNITY BANK LOCATIONS

CCB Community Bank has five locations.

Main Office Location:

225 East Three Notch Street, Andalusia, Alabama
(Census Tract 9620.00)

Branch Office Locations:

609 Florala Highway, Opp, Alabama
(Census Tract 9627.00)

1290 N Ferdon Blvd., Crestview, Florida
(Census Tract 0205.00)

1502 E. John Sims Parkway, Niceville, Florida
(Census Tract 0209.00)

732 Baldwin Avenue, Suite B, DeFuniak Springs, Florida
(Census Tract 9502.02) *Opened in August 2022

ATM Services Only

1100 East Three Notch Street, Andalusia, AL
(Census Tract 9620.00) *ATM services available since November 2023

*CCB Community Bank has not closed any branches in the prior two years.

CCB COMMUNITY BANK HOURS OF OPERATION

The hours of operation for all branches of CCB Community Bank are as follows:

Lobby Hours

Monday – Friday

8:30 – 5:00

Drive-In Services Hours

Monday – Friday

8:00 – 5:00

CCB Community Bank Products and Services

Personal Accounts

- Checking Accounts
 - Ultimate Checking
 - Relationship Checking
 - EZ Checking
 - Community Hero Checking
 - Community Hero Ultimate Checking
- Savings Accounts
 - Regular Savings
 - Koala Club Super Savers
 - Money Market Account
 - Certificates of Deposit (CD)
 - CDARS
 - Individual Retirement Accounts (IRA)

Personal Loans

- Auto or Recreational Vehicle Loans
- Personal Credit Line
- Overdraft Protection Loan
- Home Loans
- Home Equity Loans
- Home Improvement Loans

Business Accounts

- Checking Accounts
 - Small Business Checking
 - Community Checking
 - Business Checking

Business Loans & Credit

- Commercial Real Estate Loans
- Term Business Loans
- Revolving Lines of Credit
- Agricultural Loans
- Working Capital Loans

Additional Personal Services

- Deposits 24/7
- Direct Deposit
- Safe Deposit Boxes
- Cashier's Checks
- Bank by Mail
- After Hour Depository
- ATM Accel/Pulse/Cirrus Networks at Bank Locations
- Zelle®

Additional Business Services

- Online Cash Management Services
- MasterCard/Visa Credit Card
- Merchant Credit Card Services
- Remote Deposit Capture
- Domestic & International Wires

ALTERNATIVE RETAIL BANKING SERVICES

Personal Services – CCB digital delivers a user-friendly experience to manage your money with responsive screens and other great tools that simplify your financial life.

- Online Banking - 24-hour access to real-time account information.
- Online Bill Pay - Simply the best way to manage your payments.
- Mobile Banking - A smart approach to banking.
- Mobile Deposit – Tap. Snap. Deposit with mobile check deposit.
- eStatements – A better way to receive your monthly statement.
- Zelle®- Send and receive money with friends, family and people you know.

Business Services – With Business Online Banking, you can save time, improve your cash flow, and streamline your cash management procedures all in a fully secure environment.

- Online Banking – Conduct business banking from the convenience of your office, home, or even while traveling.
- Online Business Bill Pay – Instead of dealing with the time and costs of mailing checks, we offer an easy way to take care of your bill payments online.
- Business Mobile Banking – CCB’s Business app puts the power of financial management and supervision right in the palm of your hands.
- Business Mobile Deposit – Avoid a trip to the bank and deposit checks anytime, anywhere using your mobile device.
- Remote Deposit – The quickest way to turn check deposits into cash right from your desktop.
- Cash Management – Streamline your cash management procedures all in a multi-layered secure environment.
- Merchant Services – CCB will assist you with merchant services solutions that fit your business needs.

Card Services – A safer way to pay with CCB’s EMV Chip Debit and Credit Cards.

- Debit Cards – CCB Debit Card Instant Issue offers the convenience of getting your MasterCard Debit Card instantly when opening a new account or replacing a lost or damaged card.
- Credit Cards – Adding a CCB Visa or MasterCard Credit Card, as part of your banking relationship, also helps you keep your finances organized in an all-in-one place (subject to credit approval).

Additional Services

- Deposits 24/7 – CCB’s ATM is available at all branch locations and at 1100 East Three Notch Street, Andalusia, AL. Deposits can be made using your Debit Card and PIN code which eliminates the need for a deposit slip or envelope. Deposits may be made at the ATM up to 6:00 pm for “same day business.”
- 24-Hour Telephone Banking – This toll-free service allows you to listen to your account balances and history or transfer money between accounts.

Other Services available at all Branches

- Safe Deposit Boxes
- Cashier’s Checks
- Bank by Mail
- After Hour Depository
- ATM Accel/Pulse/Cirrus Networks at Bank Locations

FEES AND OTHER SERVICES

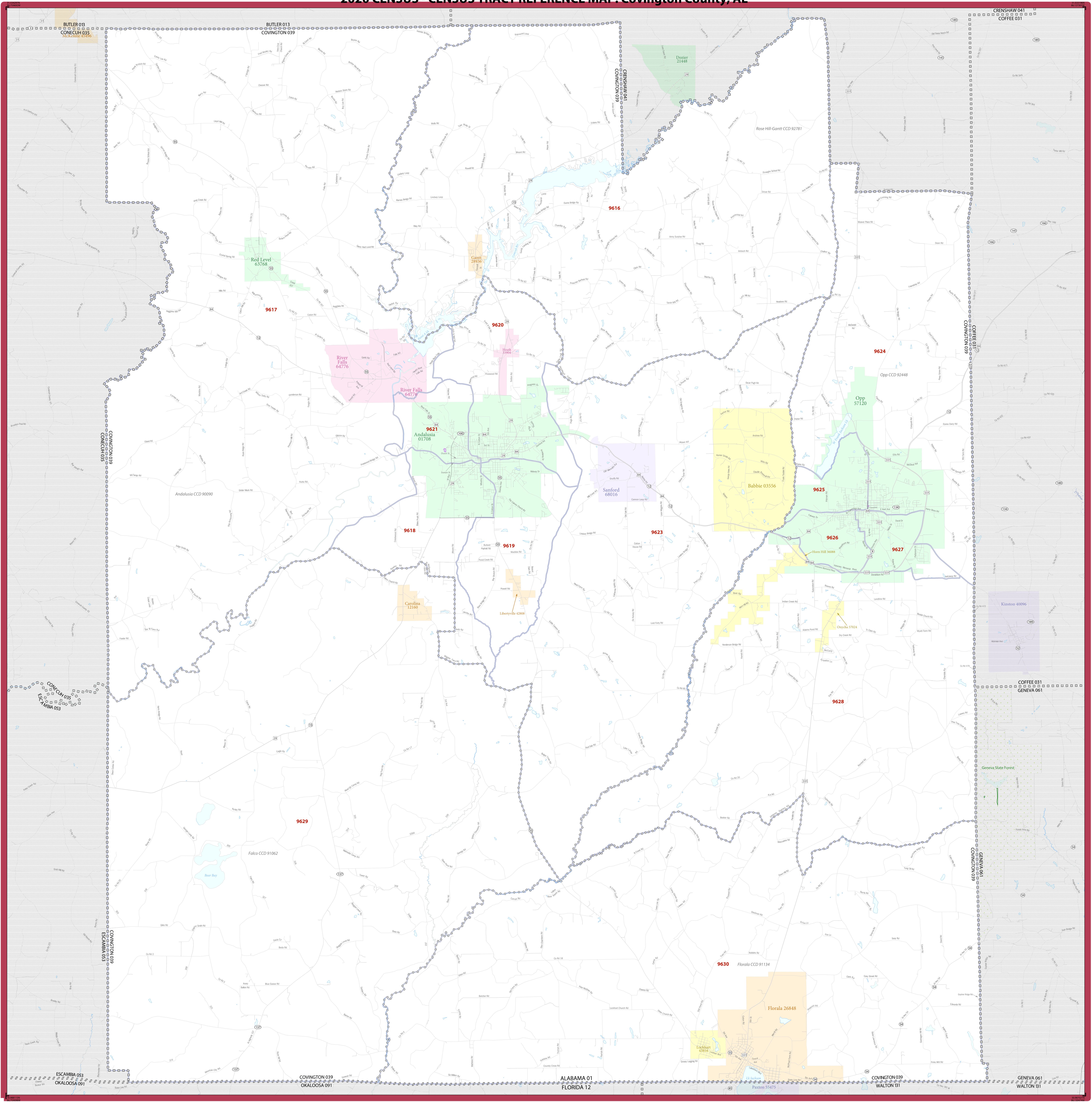
Bank Wires (Outgoing) Customer	\$25.00	<u>Safe Deposit Box Rental (Annually)</u>	
Bank Wires (Incoming) Customer	\$15.00	3 x 5	\$ 25.00
Christmas Savings Early Withdrawal	\$10.00	3 x 10	\$ 40.00
Coin/Currency Strap/Roll – (Each)	\$ 0.25	5 x 5	\$ 35.00
Collection Items:			
Incoming	\$20.00	5 x 10	\$ 55.00
Outgoing	\$10.00	10 x 10	\$ 70.00
Foreign (Incoming/Outgoing)	\$20.00	10 x 15	\$125.00
Deposit Correction	\$ 3.00	30 Days Past Due	\$ 10.00 Late Fee
Monthly Dormant Account Fee (no activity)	\$10.00		
Non-Interest Checking - After 1 Year			
Interest Checking and/or Savings – After 2 Years			
Garnishment or Levy	\$75.00		
*Returned NSF Fee - Nonsufficient Funds Fee	\$34.00 (per presentment)		
**Paid Overdraft Fee	\$34.00 (per presentment)		
Night Depository Bag with Key	\$25.00		
Extra Key	\$ 5.00		
Night Depository Bag Zip	\$ 5.00		
Research (Per hour/1 hour minimum, plus \$1 per copy)	\$25.00		
Returned Deposit Items	\$10.00		
Duplicate Statement	\$ 5.00		
Current Account Print Out	\$ 3.00		
Stop Payments	\$34.00		
Temporary Checks – Per Page Minimum Chg. (4 checks per Page)	\$ 1.00		

An additional fee of \$20.00 per box will apply for customers with only a Safe Deposit Box Relationship.

*A **Returned NSF Fee** is assessed each time an item is presented against insufficient funds. Any item (check, ACH, or other electronic transaction) that is initially returned to the payee because the Available Balance in your account was not sufficient to cover the item can be represented by the payee for payment multiple times, which is beyond our control. We will charge a **Returned NSF Fee** or **Paid Overdraft Fee** regardless of the number of times an item is presented to us for payment against insufficient funds, and regardless of whether we pay or return the item.

Accounts will be assessed the **Paid Overdraft Fee (Standard or Extended Coverage) for handling each overdraft created by check, ACH, Point-of-Sale, ATM withdrawal, in-person withdrawal, or other electronic item that is paid. An overdrawn balance must be repaid within 32 days. We may not pay items under your Overdraft Privilege limit if you do not maintain your account in good standing by bringing your account to a positive balance within every thirty-two (32) day period for a minimum of 24 hours, if you default on any loan or other obligation to us or if your account is subject to any legal or administrative order or levy.

2020 CENSUS - CENSUS TRACT REFERENCE MAP: Covington County, AL



SYMBOL DESCRIPTION		SYMBOL	LABEL STYLE	SYMBOL DESCRIPTION		SYMBOL	LABEL STYLE
International	☆☆☆☆☆☆	CANADA	Incorporated Place 1,2		Davis 18100	Where international, state, county, and/or MCD/CCD boundaries coincide, the map shows the boundary symbol for only the highest-ranking of these boundaries.	
Federal American Indian Reservation		L'ANSE RESVN 1880	Census Designated Place (CDP) ²		Incline Village 35100	Geographic area names are followed by other their FIPS or census code.	
Oil Reservation Trust Land		TI880	Census Tract ³		33.07	1. A "*" following an MCD denotes a false MCD. A "*" following a place name indicates that a false MCD exists with the same name and FIPS code as the place; the false MCD label is not shown.	
State American Indian Reservation		Tama Resvn 9400	DESCRIPTION	SYMBOL	DESCRIPTION	2. Place label color corresponds to the place fill color.	
Alaska Native Regional Corporation		NANA ANRC 52120	Water Body		Pleasant Lake	3. Census tracts are identified by an up to four-digit integer number and may have an optional two-digit suffix; for example 23 or 1457.02. The census tract codes consist of six digits with an implied decimal between the fourth and fifth digit corresponding to the basic census tract number, but with leading zeros, and trailing zeros for census tracts without a suffix. The tract number examples above would have codes of 002300 and 145702, respectively.	
State (or statistically equivalent entity)		NEW YORK 36	College or University		College or University	Due to space limitations, some road names, along with other feature and geography names on the map, may not be shown.	
County (or statistically equivalent entity)		ERIC 029	Minor Civil Division (MCD) ⁴		Bristol town 07485		
Census County Division (CCD), Census Subarea (CSA), or Unincorporated Territory (UT)		Hama CCD 91650	Prison or Juvenile Detention Center		Hama CCD 91650		
Consolidated City		MILFORD 47500	Navigable Boundary or Feature Not Elsewhere Classified		Navigable Boundary or Feature Not Elsewhere Classified		
			Outside Subject Area		Outside Subject Area		

Projection: Albers Equal Area Conic
Datum: NAD 83
Spheroid: GRS 80
1st Standard Parallel: 30 02 17
2nd Standard Parallel: 34 11 50
Central Meridian: -86 39 36
Latitude of Projection Origin: 30 08 39
False Easting: 0
False Northing: 0

U.S. DEPARTMENT OF COMMERCE U.S. Census Bureau

Map Created by Geography Division, January 06, 2021

Geographic Vintage: 2020 Census (reference date: January 1, 2020)
Data Source: U.S. Census Bureau's MAJ/TIGER database (TAB20)

The printed map scale is 1:62,519

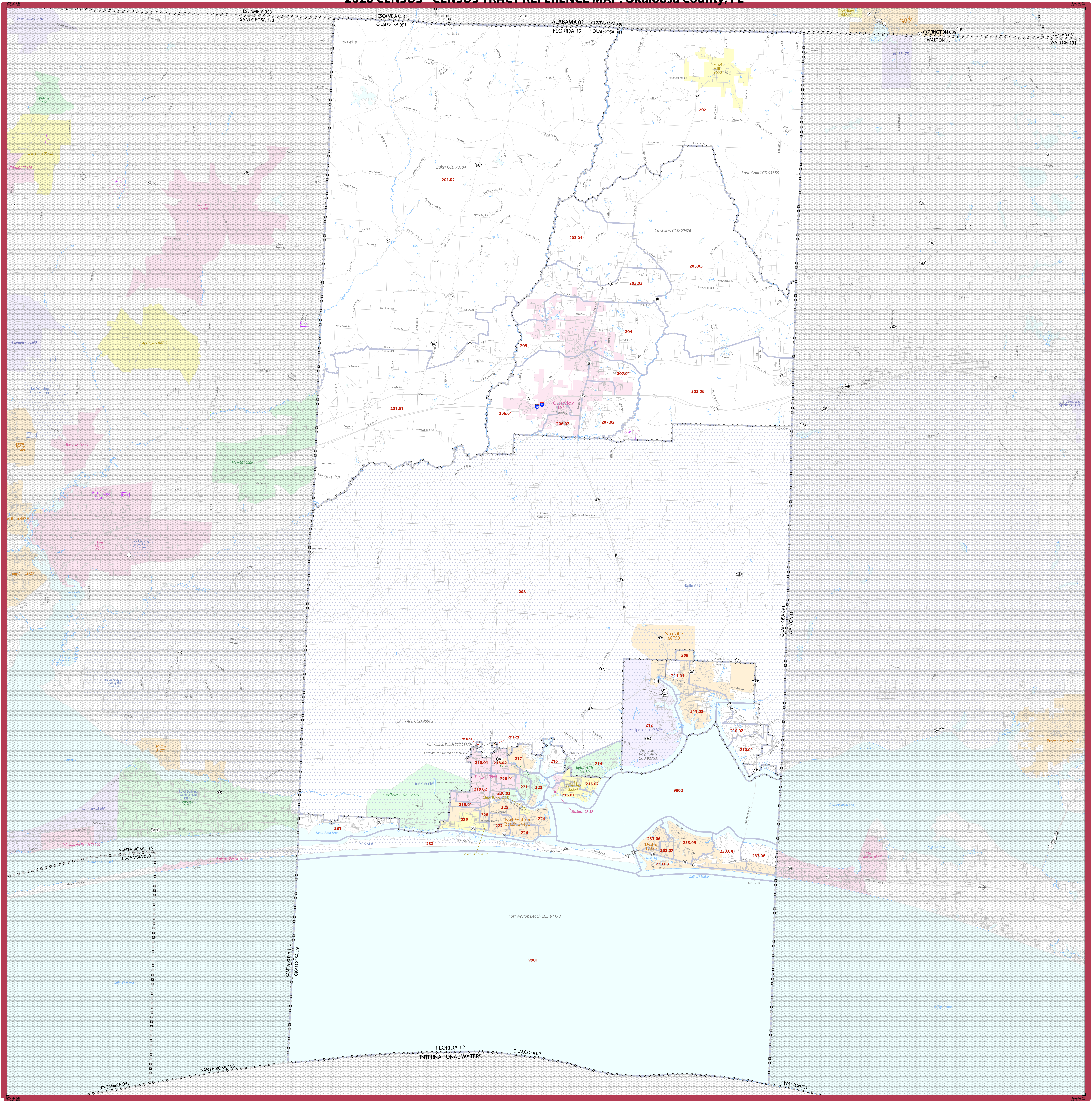
Sheet 1 of 1 PARENT sheets
Total Sheets: 1 (Index 0; Parent 1; Inset 0)

NAME: Covington County (039)
ENTITY TYPE: County or statistically equivalent entity
ST: Alabama (01)

2020 CENSUS TRACT REF MAP (PARENT)
Sheet ID: 24951010001



2020 CENSUS - CENSUS TRACT REFERENCE MAP: Okaloosa County, FL



SYMBOL DESCRIPTION		SYMBOL	LABEL STYLE	SYMBOL DESCRIPTION		SYMBOL	LABEL STYLE
International		☆☆☆☆	CANADA	Incorporated Place 1,2		Davis 18100	
Federal American Indian Reservation		■■■■■■■■■■	L'ANSE RESVN 1880	Census Designated Place (CDP) ³		Incline Village 35100	
Off Reservation Trust Land		■■■■■■■■■■	T1880	Census Tract ³		33.07	
State American Indian Reservation		■■■■■■■■■■	Tama Resvn 9400				
Alaska Native Regional Corporation		▼▼▼▼▼	NANA ANRC 52120	DESCRIPTION	SYMBOL	DESCRIPTION	SYMBOL
State (or statistically equivalent entity)			NEW YORK 36	Water Body	■	Interstate or U.S. Highway	—(2)—
County (or statistically equivalent entity)		□□□□□	ERIE 029	College or University	■	State Highway or State Road	—(1)—
Minor Civil Division (MCD) ³		○ ○ ○ ○ ○	Bristol town 07485			Other Road	—(0)—
Census County Division (CCD), Census Subarea (CSA), or Unincorporated Territory (UT)		○ ○ ○ ○ ○	Hanna CCD 91650	Prison or Juvenile Detention Center	■	4WD Trail, Stairway, Alley, Walkway, or State Road	—(1)—
Consolidated City		○ ○ ○ ○ ○	MILFORD 47500	Navigable Boundary or Feature Not Elsewhere Classified	■	Inset Area	A1
				Natural or State Park, Forest, or Recreation Area	■		
				Outside Subject Area	■		

Where international, state, county, and/or MCD/CCD boundaries coincide, the map shows the boundary symbol for only the highest-ranking of these boundaries.

Geographic area names are followed by either their FIPS or census code.

1. A ** following an MCD name denotes a false MCD. A * following a place name indicates that a false MCD exists with the same name and FIPS code as the place; the false MCD label is not shown.

2. Place label color corresponds to the place fill color.

3. Census tracts are identified by an up to four-digit integer number and may have an optional two-digit suffix; for example 23 or 1457.02. The census tract codes consist of six digits with an implied decimal between the fourth and fifth digit corresponding to the basic census tract number, but with leading zeros, and trailing zeros for census tracts without a suffix. The tract number examples above would have codes of 002300 and 145702, respectively.

Due to space limitations, some road names, along with other feature and geography names on the map, may not be shown.

All legal boundaries and names are as of January 1, 2020. The boundaries shown on this map are for Census Bureau statistical data collection and tabulation purposes only; their depiction and designation for statistical purposes does not constitute a determination of jurisdictional authority or rights of ownership or entitlement.

Geographic Vintage: 2020 Census (reference date: January 1, 2020)
 Data Source: U.S. Census Bureau's MAINTIGER database (TAB20)
 Map Created by: Geography Division, January 06, 2021

Projection: Albers Equal Area Conic
 Datum: NAD 83
 Spheroid: GRS 80
 1st Standard Parallel: 22 29 46
 2nd Standard Parallel: 29 53 54
 Central Meridian: -83 48 15
 Latitude of Projection Origin: 24 23 45
 False Easting: 0
 False Northing: 0

U.S. DEPARTMENT OF COMMERCE U.S. Census Bureau

Scale: 1:100,000
 The printed map scale is 1:99,250

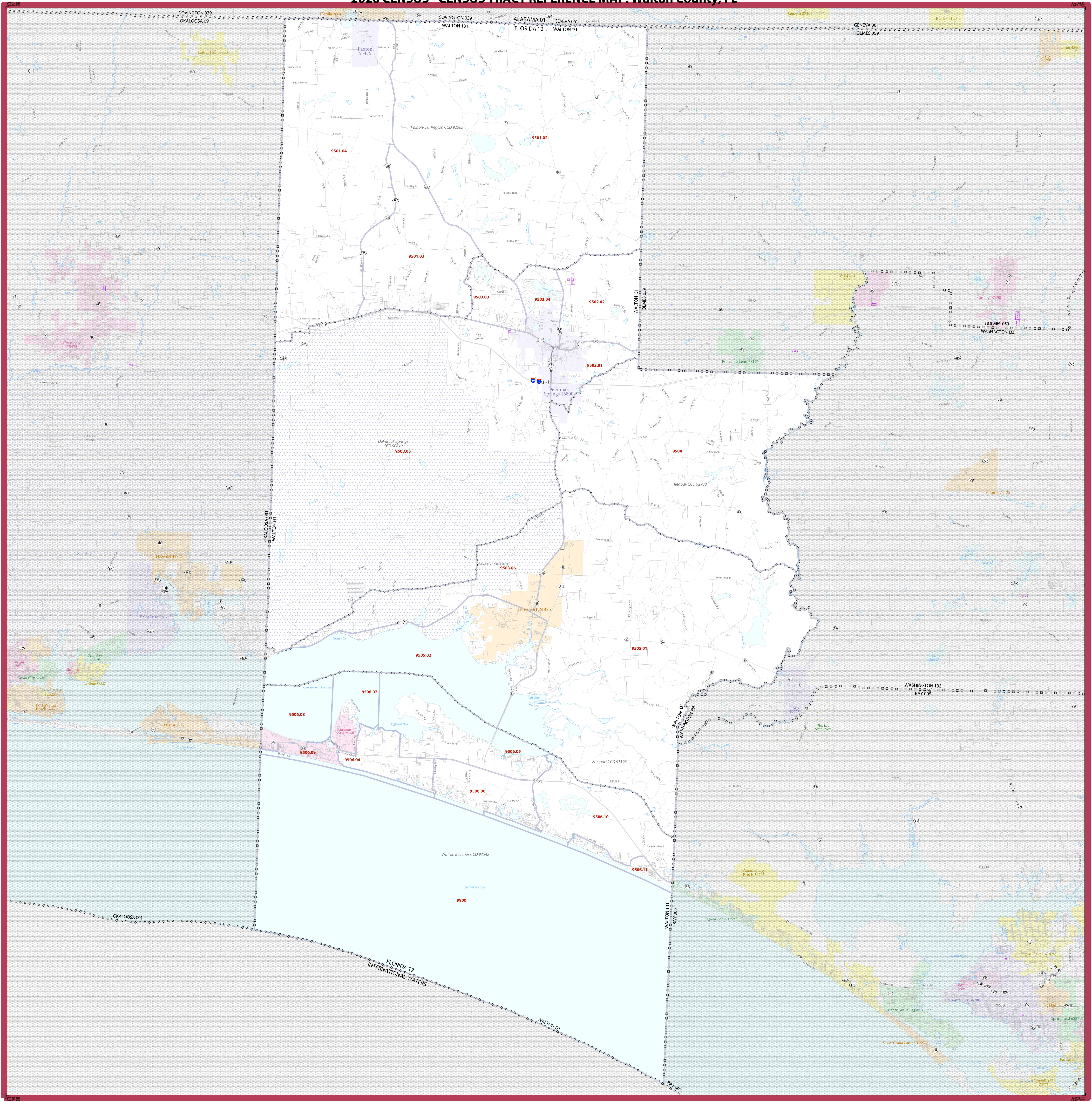
Sheet 1 of 1 PARENT sheets
 Total Sheets: 1 (Index 0; Parent 1; Inset 0)

NAME: Okaloosa County (091)
 ENTITY TYPE: County or statistically equivalent entity
 ST: Florida (12)

2020 CENSUS TRACT REF MAP (PARENT)
 Sheet ID: 24961201001



2020 CENSUS - CENSUS TRACT REFERENCE MAP: Walton County, FL



LEGEND

SYMBOL DESCRIPTION	SYMBOL	LABEL STYLE
International	☆☆☆☆	CANADA
Federal American Indian Reservation	■■■■■■■■■■	L'ANSE RESVN 1880
Off Reservation Trust Land	■■■■■■■■■■	TI880
State American Indian Reservation	■■■■■■■■■■	Tama Resvn 9400
Alaska Native Regional Corporation	▼▼▼▼▼▼	NANA ANRC 52120
State (or statistically equivalent entity)		NEW YORK 36
County (or statistically equivalent entity)	□□□□□	ERIE 029
Minor Civil Division (MCD) ¹	○○○○○	Bristol town 07485
Census County Division (CCD), Census Subarea (CSA), or Unincorporated Territory (UT)	○○○○○	Hanna CCD 91650
Consolidated City	○○○○○	MILLFORD 47500
Incorporated Place 1,2	■■■■	Davis 18100
Census Designated Place (CDP) ²	■■■■	Incline Village 35100
Census Tract ³	■■■■	33.07

DESCRIPTION	SYMBOL	DESCRIPTION	SYMBOL
Water Body		Interstate or U.S. Highway	
College or University		State Highway or State Road	
Military		Other Road	
Prison or Juvenile Detention Center		4WD Trail, Stairway, Alley, Walkway or Ferry	
Natural or State Park, Forest, or Recreation Area		Nonvisible Boundary or Feature Not Elsewhere Classified	
Outside Subject Area		Inset Area	

Where international, state, county, and/or MCD/CCD boundaries coincide, the map shows the boundary symbol for only the highest-ranking of these boundaries.

Geographic area names are followed by either their FIPS or census code.

1. A "*" following an MCD name denotes a false MCD. A "*" following a place name indicates that a false MCD exists with the same name and FIPS code as the place; the false MCD label is not shown.

2. Place label color corresponds to the place fill color.

3. Census tracts are identified by an up to four-digit integer number and may have an optional two-digit suffix for example 23 or 1457.02. The census tract codes consist of six digits with an implied decimal between the fourth and fifth digit corresponding to the basic census tract number, but with leading zeros, and trailing zeros for census tracts without a suffix. The tract number examples above would have codes of 002300 and 145702, respectively.

Due to space limitations, some road names, along with other feature and geography names on the map, may not be shown.

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Geographic Vintage: 2020 Census (reference date: January 1, 2020)
 Data Source: U.S. Census Bureau's MAJ/TIGER database (TAB20)
 Map Created by Geography Division, January 06, 2021

Projection: Albers Equal Area Conic
 Datum: NAD 83
 Spheroid: GRS 80
 1st Standard Parallel: 22 29 46
 2nd Standard Parallel: 29 53 54
 Central Meridian: -83 48 12
 Latitude of Projection Origin: 24 23 45
 False Easting: 0
 False Northing: 0

Scale: 1:114,812

Sheet 1 of 1 PARENT sheets
 Total Sheets: 1 (Index 0; Parent 1; Inset 0)
 NAME: Walton County (131)
 ENTITY TYPE: County or statistically equivalent entity
 ST: Florida (12)

2020 CENSUS TRACT REF MAP (PARENT)
 Sheet ID: 249612131001

United States Census 2020

CCB COMMUNITY BANK ASSESSMENT AREA

CCB Community Bank's main assessment areas are the communities of Andalusia, Alabama, Opp, Alabama, Crestview, Florida, Niceville, Florida, Valparaiso, Florida, and DeFuniak Springs, Florida with Covington County, Okaloosa County, and Walton County being our secondary assessment areas.

The census tracts in the Covington County, Alabama assessment area are 9616.00, 9617.00, 9618.00, 9619.00, 9620.00, 9621.00, 9623.00, 9624.00, 9625.00, 9626.00, 9627.00, 9628.00, 9629.00, and 9630.00.

The census tracts in the Okaloosa County, Florida assessment area are 201.01, 201.02, 202, 203.03, 203.04, 203.05, 203.06, 204, 205, 206.01, 206.02, 207.01, 207.02, 208, 209, 210.01, 210.02, 211.01, 211.02, and 212.

The census tracts in the Walton County, Florida assessment area are 9501.02, 9501.03, 9501.04, 9502.01, 9502.02, 9503.03, 9503.04, 9503.05, and 9504.00.

*The census tract designations are based on the 2020 Census Tract Reference Maps.

Home Mortgage Disclosure Act Notice

The HMDA data about our residential mortgage lending are available online for review. The data show geographic distribution of loans and application; ethnicity, race, sex, age, and income of applicants and borrowers; and information about loan approvals and denials. HMDA data for many other financial institutions are also available online. For more information, visit the Consumer Financial Protection Bureau's Web site (www.consumerfinance.gov/hmda).

**LOAN TO DEPOSIT RATIO
YEAR 2024**

<u>1st Quarter</u>	<u>2nd Quarter</u>	<u>3rd Quarter</u>	<u>4th Quarter</u>
85.01%	82.73%	78.51%	81.68%

**LOAN TO DEPOSIT RATIO
YEAR 2023**

<u>1st Quarter</u>	<u>2nd Quarter</u>	<u>3rd Quarter</u>	<u>4th Quarter</u>
82.65%	83.82%	83.48%	82.98%

Public Comments

The bank has not received any public comments that are required to be kept in our public file.

PUBLIC DISCLOSURE

November 8, 2021

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

CCB Community Bank
Certificate Number: 16595

225 East Three Notch Street
Andalusia, Alabama 36420

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.

CCB Community Bank's (CCB) satisfactory Community Reinvestment (CRA) performance under the Lending Test and Community Development Test support the overall rating. Examiners did not identify any evidence of discriminatory or other illegal credit practices. The following points summarize the bank's Lending Test and Community Development Test performance.

The Lending Test is rated Satisfactory.

- **Loan-to-Deposit Ratio** – The loan-to-deposit* ratio is more than reasonable given the institution's size, financial condition, and assessment area credit needs.
- **Assessment Area Concentration** – A majority of small business and home mortgage loans were originated inside the institution's assessment areas.
- **Geographic Distribution** – The geographic distribution of small business, home mortgage, and small farm loans reflects reasonable dispersion throughout the assessment areas.
- **Borrower Profile** – The distribution of borrowers reflects, given the demographic of the assessment areas, reasonable penetration among businesses and farms of different sizes and individuals of different income levels.
- **Response to CRA-related Complaints** – The bank has not received any CRA-related complaints since the previous CRA performance evaluation dated December 3, 2018. Therefore, this factor did not affect the Lending Test rating.

The Community Development Test is rated Satisfactory.

- The institution's performance regarding community development activities, including community development loans, qualified investments, and community development services, is adequate. Examiners considered the institution's capacity and the need and availability of such opportunities for community development in the assessment areas.

DESCRIPTION OF INSTITUTION

CCB is headquartered in Andalusia, Alabama (AL), and operates in the Southern portion of AL and the Northwestern portion of Florida (FL). CCB operates primarily in Covington County, AL and Okaloosa County, FL. Southern National Corporation, a one-bank holding company located in Andalusia, AL, owns the bank. CCB has an investment and insurance division through its only subsidiary, CCB Financial Services, Incorporated (CCB Financial), that operates out of its headquarters.

An overall CRA rating of “Satisfactory” was assigned at the previous FDIC CRA Performance Evaluation, dated December 3, 2018. CCB’s performance was evaluated using Interagency Intermediate Small Bank (ISB) examination procedures. The Lending and Community Development Tests were rated “Satisfactory”.

Including its main office, CCB operates four full-service branches in its assessment areas. Two branches are located in Andalusia and Opp, AL, and two branches in Crestview and Niceville, FL. CCB offers an array of loan products to include commercial, home mortgage, agricultural, and consumer loans. CCB’s business strategy continues to focus on the commercial and industrial, and farm and agricultural markets. CCB has not acquired or merged with any other banks, nor has the bank open or closed any branches since the previous evaluation. CCB’s deposit services include checking, savings, money market deposit accounts, certificates of deposit, individual retirement accounts, and certificate of account registry services. In addition, CCB offers investment and insurance services through its subsidiary. CCB also offers internet (www.bankccb.com) and mobile banking for consumers and businesses, mobile check deposit, electronic bill pay, automated clearinghouse services for businesses, and automated teller machines (ATMs) at the main office and each branch. Each of the bank’s ATMs accepts deposits. No affiliate activities were considered for this evaluation.

CCB continues to have mortgage broker agreements with eight secondary market investors. CCB also acts as a broker for consumers interested in long-term conventional, Federal Housing Administration (FHA), United States Department of Agriculture (USDA), and Veteran Affairs (VA) loans. Applications are underwritten, processed, funded, and serviced through the investors. Overall, CCB brokers the majority of home mortgage loans to the secondary market.

Based on the September 30, 2021 Consolidated Reports of Condition and Income (Call Report), CCB reported total assets of approximately \$582.6 million, which represents an increase of \$41.1 million (17.3 percent) since the previous evaluation. Assets included \$430.0 million in total loans and \$66.2 million in total securities. Deposits totaled approximately \$497.5 million. Refer to following table for additional loan portfolio details.

Loan Portfolio Distribution as of 09/30/2021		
Loan Category	\$(000s)	%
Construction, Land Development, and Other Land Loans	45,938	10.7
Secured by Farmland	112,545	26.2
Secured by 1-4 Family Residential Properties	80,598	18.7
Secured by Multifamily (5 or more) Residential Properties	2,516	0.6
Secured by Nonfarm Nonresidential Properties	111,973	26.0
Total Real Estate Loans	353,570	82.2
Commercial and Industrial Loans	47,955	11.2
Agricultural Production and Other Loans to Farmers	14,092	3.3
Consumer Loans	6,942	1.6
Obligations of State and Political Subdivisions in the U.S.	7,781	1.8
Other Loans	212	0.0
Lease Financing Receivable (net of unearned income)	0	0.0
Less: Unearned Income	(591)	(0.1)
Total Loans	429,961	100.0
<i>Source: September 30, 2021 Call Report</i>		

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

DESCRIPTION OF ASSESSMENT AREAS

The CRA requires each financial institution to define one or more assessment areas within which to evaluate its CRA performance. CCB defined its assessment areas consistent with the technical requirements of the CRA regulation. CCB's assessment areas include whole geographies and do not arbitrarily exclude any low- and moderate-income geographies that it would reasonably be expected to serve. Additionally, CCB's assessment areas have not changed since the prior evaluation.

CCB continues to have two designated assessment areas. The Covington County, AL Assessment Area is located in a Non-Metropolitan Statistical Area (NMSA) and the Okaloosa County, FL Assessment Area is located in the Crestview-Fort Walton Beach-Destin Metropolitan Statistical Area (MSA). Two branches operate in Alabama: one in a moderate-income census tract and one in a middle-income census tract. Additionally, two branches operate in Florida: one in a middle-income census tract and one in an upper-income census tract. Therefore, the two rated areas for this evaluation include Alabama and Florida. During the prior evaluation, both areas were evaluated using full-scope procedures. However, less weight was placed on the bank's lending performance in the Okaloosa County, FL Assessment Area due to the limited loan volume.

Refer to the *Description of Institution's Operations* in each assessment area for additional information.

SCOPE OF EVALUATION

General Information

Examiners used the Interagency ISB Examination Procedures to evaluate CCB’s CRA performance. This evaluation covers the period from the prior evaluation dated, December 3, 2018 to the current evaluation dated November 8, 2021. These procedures include the CRA Small Bank Lending Test and the Community Development Test, as described in the Appendices. The Lending and Community Development Tests consider lending and community development activities within the bank’s two assessment areas, which consist of all 14 census tracts in Covington County, AL and portions (15 census tracts) of Okaloosa County, FL. Banks must achieve at least a Satisfactory rating under each test to obtain an overall Satisfactory rating.

Since the bank maintains branches in more than one state (Alabama and Florida), CCB also received a rating for each state in which those branches are located. Each state rating contributed to the overall rating; however, more weight was given to the State of Alabama due to the overall volume of lending in this assessment area. A full-scope review was conducted for both assessment areas. Additionally, this evaluation does not include any lending activity performed by affiliates.

The following table details the bank’s loans, deposits, and branches by assessment areas that were analyzed during this evaluation.

Rated Area Breakdown of Loans, Deposits, and Branches						
Assessment Area	Loans		Deposits		Branches	
	\$(000s)	%	\$(000s)	%	#	%
Okaloosa, FL MSA AA	23,843	17.0	126,568	25.7	2	50.0
Florida Subtotal	23,843	17.0	126,568	25.7	2	50.0
Covington County, AL NMSA AA	116,677	83.0	366,232	74.3	2	50.0
Alabama Subtotal	116,677	83.0	366,232	74.3	2	50.0
Total	140,520	100.0	492,800	100.0	4	100.0

Source: 2019 and 2020 HMDA Data; 2019 and 2020 Small Business and Small Farm Bank Data; FDIC Summary of Deposits as of June 30, 2021.

Activities Reviewed

For the Lending Test, the CRA requires a review of the lending performance of a bank in its defined assessment area(s) with respect to home mortgage, small business, and small farm loans, if significant. Examiners reviewed the bank’s home mortgage, small business, and small farm loans, accordingly. The determination was based on the September 30, 2021 Call Report and the bank’s loan trial. In addition, these loan types represent the bank’s major product lines based on business strategy. Consumer loans were not evaluated, as they do not represent a majority of the bank’s total lending.

For the Lending Test, examiners reviewed the universe of home mortgage loans for each of the following calendar years: 2019 and 2020. CCB is subject to the Home Mortgage Disclosure Act (HMDA) regulatory reporting requirements, but is not required to collect and report CRA data. Additionally, examiners reviewed small business and small farm lending based on 2019 and 2020 loan data. As shown in the following table, CCB’s loans, by number and dollar volume, reflect an

emphasis on small business loans. As a result, more weight was given to CCB’s small business lending for analysis purposes. Further, CCB’s lending performance was compared to demographics from the 2015 American Community Survey (ACS) data and 2019 and 2020 HMDA aggregate data for home mortgage data; and business demographics from 2019 and 2020 Dun and Bradstreet (D&B) data for small business and small farm lending.

Loan Category	Products Reviewed			
	#	%	\$(000s)	%
Home Mortgage	281	15.4	43,625	18.3
Small Business	1,146	62.7	117,148	49.3
Small Farm	400	21.9	76,995	32.4
Total	1,827	100.0	237,768	100.0

Source: 2019 and 2020 HMDA Reported Data and 2019 and 2020 Small Business Data from Bank Data.

While this evaluation presents both the number and dollar volume of loans, examiners emphasized performance by number of loans because number of loans is a better indicator of the number of businesses, farms, and individual served.

CCB is subject to the HMDA and, as such, is required to collect and report certain data concerning applications for home purchase, home refinance, and home improvement loans. A review of HMDA loans was conducted for calendar year 2018, and no anomalies for noted. Therefore, this evaluation included an analysis of CCB’s HDMA loans originated from January 1, 2019 through December 31, 2020. During this time, CCB originated 281 home mortgage loans totaling approximately \$43.6 million. For calendar years 2019 and 2020, CCB originated 142 and 139 loans totaling approximately \$21.6 million and \$22.0 million, respectively. Examiners used the percentage of owner-occupied housing units by geography, the percentage of families by income level, and the lending of other HMDA reporters within the assessment areas (aggregate lending data) for comparison purposes.

Additionally, the CRA evaluation included an analysis of small businesses, as defined in the Glossary. During the period of January 1, 2019, through December 31, 2019, CCB originated 471 small business loans totaling approximately \$37.7 million. From January 1, 2020 through December 31, 2020, the bank originated 675 small business loans totaling approximately \$79.5 million. According to bank management, the substantial increase in small business loan originations in 2020 was primarily due to CCB’s participation in the Payment Protection Program (PPP). In 2020, the United States Government established the Coronavirus Aid, Relief, and Economic Security Act (CARES Act), which implemented the PPP through the Small Business Administration (SBA) to offer economic relief to small businesses adversely impacted by the COVID-19 pandemic. In 2020, CCB originated 278 PPP loans, in amounts of \$1 million or less, totaling approximately \$19.8 million.

Lastly, the CRA evaluation included an analysis of small farm loans, as defined in the *Glossary*. During the period of January 1, 2019, through December 31, 2019, CCB originated 218 small farm loans totaling approximately \$38.7 million. From January 1, 2020, through December 31, 2020, CCB originated 182 small farm loans totaling approximately \$38.2 million. For the assessment area concentration, geographic distribution, and borrower profile, examiners

analyzed the universe of home mortgage, small business, and small farm loans. The Covington County, AL Assessment Area does not have any designated low-income census tracts. Additionally, the Okaloosa County, FL Assessment Area does not have any designated low- or moderate-income census tracts. Therefore, the geographic distribution analyses will only be presented for the Covington County, AL Assessment Area. Examiners used the 2019 and 2020 D&B business demographic data for comparison purposes.

For the Community Development Test, examiners reviewed information provided by management on community development loans, qualified investments, and community development services from December 3, 2018 through November 8, 2021. Qualified investments included new investments and donations, as well as prior period qualified investments still held by the bank.

CONCLUSIONS ON PERFORMANCE CRITERIA

LENDING TEST

Overall, CCB demonstrated reasonable performance under the Lending Test. The Geographic Distribution and Borrower Profile performance of home mortgage, small business, and small farm loans primarily support this conclusion. As previously noted, the Geographic Distribution in the Okaloosa County, FL Assessment Area was not considered, as there are no designated low- or moderate-income census tracts in this area.

The overall Lending Test rating for this institution is Satisfactory. This rating is supported by CCB's more than reasonable loan-to-deposit ratio; a majority of loans reviewed are made inside of the institution's assessment areas; an overall reasonable distribution of loans in the various geographies; and an overall reasonable penetration of loans to borrowers of different incomes and businesses of different sizes. Additionally, CCB has not received any CRA-related complaints since the prior evaluation. Refer to the separate assessment area sections for detailed discussions of the bank's Lending Test performance in each assessment area.

Loan-to-Deposit Ratio

CCB's average net loan-to-deposit (NLTD) ratio is more than reasonable given the financial institution's asset size, financial condition, and assessment areas' credit needs. The bank's NLTD ratio, calculated from Call Report data, averaged 92.3 percent over the past 12 quarters from December 3, 2018 to September 30, 2021. While the ratio was high, it fluctuated slightly throughout the evaluation period. The ratio ranged from a low of 84.3 percent on March 31, 2021 to a high of 101.0 percent on December 31, 2019.

Although CCB faces a high level of competition from financial institutions operating within its assessment areas, there are no financial institutions considered similarly situated in terms of asset size, products offered, and office locations. As a result, CCB's average NLTD ratio was compared to its peer group, as identified in the Uniform Bank Performance Report (UBPR). The UBPR's Peer Group includes 1,311 insured commercial banks with assets between \$300.0 million and \$1 billion. CCB's average NLTD ratio of 92.3 percent exceeded the peer group's average NLTD ratio of 78.7 percent.

It is also important to note that CCB’s loan portfolio totals do not reflect home mortgage loans brokered to the secondary market. During the period of September 30, 2020 through September 29, 2021, CCB brokered 74 loans totaling approximately \$15.2 million to the secondary market.

Assessment Area Concentration

Overall, CCB originated a majority of home mortgage and small business loans by number and dollar volume within the assessment areas. However, a majority of the bank’s small farm loans by number and dollar volume were originated outside of the assessment areas. The following table details the bank’s lending inside and outside of the institution-wide assessment area.

Lending Inside and Outside of the Assessment Area										
Loan Category	Number of Loans				Total #	Dollars Amount of Loans \$(000s)				Total \$(000s)
	Inside		Outside			Inside		Outside		
	#	%	#	%		\$	%	\$	%	
Home Mortgage										
2018	118	84.3	22	15.7	140	13,326	76.2	4,155	23.8	17,481
2019	108	76.1	34	23.9	142	14,857	68.9	6,694	31.1	21,551
2020	109	78.4	30	21.6	139	12,262	55.5	9,812	44.5	22,074
Subtotal	335	79.6	86	20.4	421	40,445	66.2	20,661	33.8	61,106
Small Business										
2019	358	76.0	113	24.0	471	26,076	69.2	11,601	30.8	37,677
2020	526	77.9	149	22.1	675	60,236	75.8	19,235	24.2	79,471
Subtotal	884	77.1	262	22.9	1,146	86,312	73.7	30,836	26.3	117,148
Small Farm										
2019	100	45.9	118	54.1	218	15,963	41.2	22,783	58.8	38,746
2020	76	41.8	106	58.2	182	11,126	29.1	27,123	70.9	38,249
Subtotal	176	44.0	224	56.0	400	27,089	35.2	49,906	64.8	76,995
Total	1,395	70.9	572	29.1	1,967	153,846	60.3	101,403	39.7	255,249
<i>Source: 2018, 2019, and 2020 HMDA Reported Data; 2019 and 2020 Bank Data</i>										

Geographic Distribution

Overall, the geographic distribution of loans reflects a reasonable dispersion throughout the assessment areas. This conclusion was based primarily on a reasonable dispersion of home mortgage loans and an excellent dispersion of farm loans within the Covington County, AL Assessment Area. Refer to the *Geographic Distribution* section for the state of Alabama for additional information.

Borrower Profile

Overall, the distribution of loans to borrowers reflects, given the demographics of the rated areas, a reasonable penetration among individuals of different income levels (including low- and moderate-income) and to businesses of different sizes. Refer to the *Borrower Profile* sections for the states of Alabama and Florida for additional information.

Response to Complaints

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

COMMUNITY DEVELOPMENT TEST

CCB’s Community Development Test is rated Satisfactory. Overall, CCB has demonstrated adequate responsiveness to the community development needs of the institution-wide assessment area, through community development loans qualified investments, and community development services. Examiners considered CCB’s capacity and the need and availability of such opportunities for community development in arriving at this conclusion. A majority of CCB’s community development loans, qualified investments, and community development services by number volume were in the Covington County, AL Assessment Area.

Community Development Loans

During the evaluation period, CCB originated nine community development loans totaling approximately \$12.2 million. This level of lending activity represents 2.8 percent of total loans and 2.1 percent of average total assets. Of the nine loans, one loan totaling \$58,119 was used to create affordable housing the Covington County, AL Assessment Area. Further, CCB refinanced a United States Department of Agriculture (USDA) loan totaling \$568,000. This loan promoted revitalization and stabilization by providing infrastructure improvements in the Okaloosa County, FL Assessment Area. While community development opportunities are generally limited, CCB demonstrated its responsiveness to the credit needs in the assessment areas. Refer to the table below for additional details.

Community Development Lending By Year										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
2019	2	933	-	-	-	-	1	568	3	1,501
2020	-	-	1	2,999	-	-	2	3,088	3	6,087
YTD 2021	1	58	-	-	-	-	2	4,548	3	4,606
Total	3	991	1	2,999	-	-	5	8,204	9	12,194

Source: Bank Data from December 3, 2018 through November 8, 2021

Qualified Investments

CCB made 50 qualified investments totaling approximately \$795,000. This total includes \$681,000 in revenue bonds purchased since the prior evaluation, \$71,000 in donations to community service and economic development entities, and \$43,000 in prior period small business investment bonds. The dollar amount of equity investments equates to 0.15 percent of average total assets and 2.3 percent of average total securities since the last performance evaluation.

These investments demonstrate the bank’s responsiveness to the community needs of its assessment areas. Refer to the *Community Development Test* section of each assessment area and rated area for further details of the bank’s qualified investments. The following tables detail the bank’s qualified community development investments by activity purpose and year.

Combined Assessment Area Qualified Investments										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Prior Period	-	-	-	-	1	43	-	-	1	43
2019	-	-	-	-	-	-	-	-	-	-
2020	-	-	-	-	2	681	-	-	2	681
YTD 2021	-	-	-	-	-	-	-	-	-	-
Subtotal	-	-	-	-	3	724	-	-	3	724
Qualified Grants & Donations	-	-	33	43	12	28	-	-	45	71
Total	-	-	33	43	15	752	-	-	48	795
<i>Source: Bank Data</i>										

Community Development Services

During the evaluation period, CCB employees provided 20 instances of financial expertise or technical assistance to various organizations and offered two retail services to its customers. The following tables detail instances of financial and technical expertise and technical assistance provided by employees by activity purpose and year.

Combined Assessment Areas Community Development Services					
Activity Year	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Totals
	#	#	#	#	#
2019	-	8	1	-	9
2020	-	5	-	1	6
YTD 2021	1	3	-	1	5
Total	1	16	1	2	20
<i>Source: Bank Data from December 3, 2018 through November 8, 2021</i>					

Below are examples of community development services bank employees provided during the evaluation period:

- In 2019, an employee provided financial education at a local high school. The presentation discussed basic banking information regarding saving money, how to make deposits, check writing, applying for loans, and the importance of making sound credit decisions.
- In 2020, two employees served on a local industrial development board, whose mission is to promote economic development by facilitating job creation by attracting existing businesses to relocate to the area, which included a \$300 million expansion of the area's largest employer.
- In 2021, an employee continued to serve on the Board of a non-profit organization that provides housing for abused, neglected, and abandoned children in the community. Additionally, the employee assisted with budgeting and fundraising efforts.

The following table details the retail services offered by CCB that benefit the bank’s assessment areas.

Community Development Services				
Brief Service Description	Community Development Purpose	Bank Sponsored Event, Program or Seminar	Technical Assistance or Direct Involvement by Bank Employee	Bank Product or Service
The bank offers a checking account with no required minimum opening deposit or monthly services charges. This product is beneficial to low- and moderate-income individuals within the assessment areas.	Community Service			2019 - 2021
The bank offers a checking account for Military, first responders, and individuals employed in public service with no required minimum opening deposit or service charges. This product is beneficial to low- and moderate-income individuals within the assessment areas.	Community Service			2019 - 2021
An employee provided financial education on saving money to the residents of a local housing authority that provides affordable housing to low- , moderate-, and fixed-income individuals.	Community Service	2021		
<i>Source: Bank Data</i>				

DISCRIMINATORY OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

CCB’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. No evidence of discriminatory or other illegal credit practices was identified. Therefore, this consideration did not affect the institution’s overall CRA rating.

STATE OF ALABAMA
(Full-Scope Review)

CRA RATING FOR ALABAMA: SATISFACTORY

The Lending Test is rated: Satisfactory

The Community Development Test is rated: Satisfactory

DESCRIPTION OF INSTITUTION’S OPERATIONS IN (ALABAMA)

Economic and Demographic Data

The Covington County, AL Assessment Area consists of the entire county. According to the 2015 ACS data, the following represents the census tract designations for this assessment area.

- 4 moderate-income census tracts,
- 7 middle-income census tracts, and
- 3 upper-income census tracts.

CCB operates two full-service branches in Covington County, Alabama. The Andalusia (main) branch is located in middle-income census tract 9620.00, and the Opp branch is located in moderate-income census 9627.00. The following table illustrates the most recent demographic characteristics of the assessment area.

Demographic Information of the Covington County, Alabama Assessment Area						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	14	0.0	28.6	50.0	21.4	0.0
Population by Geography	37,886	0.0	22.7	53.7	23.5	0.0
Housing Units by Geography	18,773	0.0	23.3	52.5	24.2	0.0
Owner-Occupied Units by Geography	11,171	0.0	17.8	55.5	26.6	0.0
Occupied Rental Units by Geography	3,778	0.0	37.3	48.4	14.3	0.0
Vacant Units by Geography	3,824	0.0	25.5	47.5	27.1	0.0
Businesses by Geography	2,030	0.0	28.6	52.4	19.0	0.0
Farms by Geography	102	0.0	18.6	55.9	25.5	0.0
Family Distribution by Income Level	10,401	20.2	19.1	19.4	41.2	0.0
Household Distribution by Income Level	14,949	22.4	16.0	17.5	44.1	0.0
Median Family Income Non-MSAs - AL		\$45,454	Median Housing Value			\$100,749
			Median Gross Rent			\$587
			Families Below Poverty Level			16.0%
<i>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.</i>						

According to 2020 D&B data, there were 2,030 businesses located within the Covington County, AL Assessment Area. Gross annual revenues (GARs) for these businesses are below.

- 98.0 percent have \$1 million or less
- 2.0 percent have over \$1 million

The analysis of small business loans under the *Borrower Profile* criterion compares the distribution of businesses by GAR level. The three largest industries in the Covington County, AL NMSA are the services industry at 31.9 percent, retail trade at 15.6 percent, and non-classifiable establishments at 14.2 percent. Covington County’s largest employers are Shaw Industries, PowerSouth, Covington County School System, Wal-Mart, and Andalusia Regional Hospital. Together these entities employ approximately 2,741 individuals.

The 2020 Federal Financial Institutions Examination Council (FFIEC)-estimated MFI level is used to analyze home mortgage loans under the *Borrower Profile* criterion. The low-, moderate-, middle-, and upper-income categories are presented in the following table. The categories are based upon 2019 and 2020 MFI’s of \$49,700 and \$51,700 for the Covington County, AL Assessment Area.

Median Family Income Ranges for the Covington County, AL Assessment Area				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
AL NA Median Family Income (99999)				
2019 (\$49,700)	<\$24,850	\$24,850 to <\$39,760	\$39,760 to <\$59,640	≥\$59,640
2020 (\$51,700)	<\$25,850	\$25,850 to <\$41,360	\$41,360 to <\$62,040	≥\$62,040
<i>Source: FFIEC</i>				

Data obtained from the U.S. Bureau of Labor and Statistics reflects the 2019 and 2020 annual, and 2021 Year-to-Date unemployment rates. Refer to the table below for additional details.

Unemployment Rates*			
Geographic Area	2019	2020	2021
	%	%	%
United States	3.7	8.1	5.8**
Alabama	3.0	5.9	2.7***
Covington County, Alabama	3.5	4.9	2.3***
<i>Source: Bureau of Labor Statistics; *Not seasonally adjusted, ** As of September 2021, *** As of October 2021</i>			

Competition

There is a relatively high level of banking competition within the Covington County, AL Assessment Area. According to the FDIC’s June 30, 2021 Summary of Deposit Report, there are 8 financial institutions operating 13 banking offices in this assessment area. CCB ranked first among the institutions in the assessment area and held a deposit market share of 39.0 percent. The top five financial institutions accounted for 95.9 percent of deposit market share.

There is also a high level of demand for home mortgage loans among several banks, credit unions, and non-depository mortgage lenders in the assessment area. In 2020, 114 institutions reported 829 residential mortgage originations totaling approximately \$122.0 million in this assessment area. Of these lenders, CCB ranked second with a market share of 12.4 percent.

With regard to competition for small business loans, aggregate data for 2019 indicates 48 lenders reported 554 small business loans totaling \$15.0 million in this assessment, demonstrating a high level of demand for this loan product. The top five institutions account 54.3 percent of the small business market share by number of loans.

Additionally, small farm aggregate data for 2019 indicates 11 lenders reported 37 small farm loans totaling approximately \$1.4 million in the assessment area, demonstrating a reasonable level of demand for this loan product.

Community Contact

During a CRA evaluation, it is customary for examiners to contact various third parties within the institution's assessment area to gain insight regarding local economic conditions and credit needs. 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 involved in economic development within the bank's assessment area. The contact identified needs for small business funding and affordable housing. Due to the effects of the 2020 pandemic, many businesses shut down, which also resulted in a rising number of unemployment for individuals employed by these businesses. Although the increase in housing prices, the contact stated that banks have been able to meet the demands in residential mortgage lending.

Credit and Community Development Needs and Opportunities

Considering information from demographic and economic data, examiners determined that small business loans represent a primary credit need with the assessment area. The high percentage of small businesses in the assessment area and the large number of businesses with four or fewer employees support this assessment. Further, there is a need for financial assistance and small business credit given the adverse impacts of the COVID-19 pandemic.

SCOPE OF EVALUATION - ALABAMA

The scope of this evaluation is consistent with the overall scope described in the *Scope of Evaluation* section of this report. The evaluation of the bank's performance in the State of Alabama focused on the operations of CCB in the Covington County, AL assessment area with respect to home mortgage, small business, and small farm loans. Community development activities were also considered, and full-scope examination procedures were utilized.

CONCLUSIONS ON PERFORMANCE CRITERIA IN ALABAMA

LENDING TEST

CCB demonstrated reasonable performance under the Lending Test. CCB’s home mortgage, small business, and small farm lending performance reflected reasonable dispersion throughout the Covington County, AL Assessment Area. As previously addressed, there are no low-income geographies within this assessment area. Only loans originated within the assessment area were included for analysis purposes.

Geographic Distribution

The geographic distribution of loans reflected reasonable dispersion throughout the Covington County, AL Assessment Area. This conclusion is supported by the bank’s more than reasonable performance in small farm lending and a reasonable performance in home mortgage lending. This review focused on the percentage (by number) of loans in moderate-income census tracts. CCB’s geographic distribution of home mortgage, small business, and small farm loans in this assessment area is detailed below.

Home Mortgage

The geographic distribution of home mortgage loans reflects reasonable dispersion throughout the Covington County, AL Assessment Area. In 2019, CCB’s performance of 11.7 percent was lower than aggregate performance data in the moderate-income census tracts. Conversely, CCB’s 2020 performance reflects a slight increase of 13.6 percent was higher than aggregate performance data. Refer to the following table below for additional details.

Geographic Distribution of Home Mortgage Loans in the Covington County, Alabama Assessment Area						
Tract Income Level	% of Owner-Occupied Housing Units	Aggregate Performance % of #	#	%	\$(000s)	%
Moderate						
2019	17.8	16.0	12	11.7	2,056	14.4
2020	17.8	11.9	14	13.6	973	8.8
Middle						
2019	55.5	50.4	63	61.2	8,703	60.8
2020	55.5	58.1	65	63.1	7,135	64.3
Upper						
2019	26.6	33.6	28	27.2	3,548	24.8
2020	26.6	29.9	24	23.3	2,991	26.9
Totals						
2019	100.0	100.0	103	100.0	14,306	100.0
2020	100.0	100.0	103	100.0	11,099	100.0

Source: 2015 ACS; Bank Data, 2019 & 2020 HMDA Aggregate Data. Due to rounding, totals may not equal 100.0 percent.

Small Business

The geographic distribution of small business loans located in the Covington County, AL Assessment Area reflects poor dispersion throughout the assessment area. Although CCB originated more small business loans when compared to the prior evaluation, the increase in small business loan originations were mostly due to the bank’s PPP participation. Approximately 28.8 and 28.6 percent for 2019 and 2020, respectively, of all area small businesses are located in moderate-income census tracts. Refer to the following table for additional details.

Geographic Distribution of Small Business Loans in the Covington County, Alabama Assessment Area					
Tract Income Level	% of Businesses	#	%	\$(000s)	%
Moderate					
2019	28.8	28	9.3	1,420	6.7
2020	28.6	72	17.0	7,187	15.6
Middle					
2019	52.2	210	69.5	14,968	70.1
2020	52.4	271	63.9	32,574	70.8
Upper					
2019	19.1	64	21.2	4,950	23.2
2020	19.0	81	19.1	6,256	13.6
Totals					
2019	100.0	302	100.0	21,338	100.0
2020	100.0	424	100.0	46,017	100.0

Source: 2019 & 2020 D&B Data; Bank Data. Due to rounding, totals may not equal 100.0 percent.

Small Farm

The geographic distribution of small farm loans reflect excellent dispersion throughout the assessment area. CCB originated 16.0 and 11.8 percent of small farm loans in moderate-income census tracts for 2019 and 2020, respectively. This level of lending exceeds the demographic data, as approximately 5.2 and 4.2 percent for 2019 and 2020, of all area small farms are located in moderate-income census tracts. Refer to the following table for additional details.

Geographic Distribution of Small Farm Loans in the Covington County, Alabama Assessment Area					
Tract Income Level	% of Farms	#	%	\$(000s)	%
Moderate					
2019	5.2	16	16.0	1,837	13.5
2020	4.2	9	11.8	542	5.2
Middle					
2019	81.0	61	61.0	10,070	74.2
2020	81.9	48	63.2	7,155	69.2
Upper					
2019	13.8	23	23.0	1,666	12.3
2020	13.8	19	25.0	2,647	25.6
Totals					
2019	100.0	100	100.0	13,573	100.0
2020	100.0	76	100.0	10,344	100.0

Source: 2019 & 2020 D&B Data; Bank Data. Due to rounding, totals may not equal 100.0 percent.

Borrower Profile

The borrower distribution reflects, given the demographics of the assessment area, reasonable penetration among individuals of different income levels, including low- and moderate-income individuals, and businesses and farms of different sizes. Only loans originated inside the assessment area are included in this analysis.

Home Mortgage

The distribution of home mortgage loans to individuals of different income levels in the Covington County, AL Assessment Area is reasonable. During 2019, home mortgage lending to low- and moderate-income borrowers was significantly below the demographics and comparably lower than the aggregate performance. In 2020, CCB’s lending performance to low-and moderate-income borrowers was below the demographics, but was above the aggregate performance. Considering the assessment area’s poverty level, as 78.9 percent of the low-income families have incomes below the poverty level and these families would generally not qualify for a home loan. Further, moderate-income borrowers may have difficulty qualifying for conventional home mortgage loans, particularly in light of the high median home value at \$100,749. Thus, lending opportunities are somewhat limited. As such, CCB’s lending performance is reasonable. Refer to the table below for additional details.

Distribution of Home Mortgage Loans by Borrower Income Level in the Covington County Alabama Assessment Area						
Borrower Income Level	% of Families	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2019	20.2	4.8	2	1.9	226	1.6
2020	20.2	3.4	4	3.9	151	1.4
Moderate						
2019	19.1	11.0	10	9.7	633	4.4
2020	19.1	13.5	15	14.6	701	6.3
Middle						
2019	19.4	21.9	15	14.6	945	6.6
2020	19.4	19.3	30	29.1	2,752	24.8
Upper						
2019	41.2	46.7	66	64.1	9,880	69.1
2020	41.2	46.1	49	47.6	6,867	61.9
Not Available						
2019	0.0	15.6	10	9.7	2,624	18.3
2020	0.0	17.7	5	4.9	628	5.7
Totals						
2019	100.0	100.0	103	100.0	14,307	100.0
2020	100.0	100.0	103	100.0	11,099	100.0
<i>Source: 2015 ACS; Bank Data, 2019 & 2020 HMDA Aggregate Data. Due to rounding, totals may not equal 100.0 percent.</i>						

Small Business

The distribution of small business loans reflects reasonable penetration of loans to businesses with GARs of \$1 million or less. In 2019, 82.5 percent of small business loans originated were to businesses with GARs of \$1 million or less. The level of lending in 2019 exceeded the demographic data. CCB’s performance in 2020 is substantially lower (46.5 percent) than the demographic data. However, the level of lending is sufficiently mitigated as a substantial number of loans originated included PPP loans where GAR information was not obtained or readily available. Excluding PPP loans, lending performance to businesses with gross annual revenues of \$1 million or less increased to 81.1 percent. Refer to the table below for additional details.

Distribution of Small Business Loans by Gross Annual Revenue Category in the Covington County, AL Assessment Area					
Gross Revenue Level	% of Businesses	#	%	\$(000s)	%
<=\$1,000,000					
2019	78.2	249	82.5	17,188	80.6
2020	77.8	197	46.5	19,915	43.3
>\$1,000,000					
2019	5.9	41	13.6	2,859	13.4
2020	6.0	46	10.8	12,567	27.3
Revenue Not Available					
2019	15.9	12	4.0	1,291	6.1
2020	16.2	181	42.7	13,535	29.4
Totals					
2019	100.0	302	100.0	21,338	100.0
2020	100.0	424	100.0	46,017	100.0

Source: 2019 & 2020 D&B Data; Bank Data. Due to rounding, totals may not equal 100.0 percent.

Small Farm

The distribution of small farm loans reflects reasonable penetration of loans to farms with GARs of \$1 million or less. For 2019 and 2020, the table shows that 93.0 and 96.1 percent of all small farm loans in the assessment area were to farms with GARs of \$1 million or less, respectively. This level of lending reasonably compares to the demographic data. Refer to the following table for additional details.

Distribution of Small Farm Loans by Gross Annual Revenue Category in the Covington County Alabama Assessment Area					
Gross Revenue Level	% of Farms	#	%	\$(000s)	%
<=\$1,000,000					
2019	97.5	93	93.0	9,864	72.7
2020	98.2	73	96.1	9,107	88.0
>\$1,000,000					
2019	1.7	7	7.0	3,709	27.3
2020	1.6	3	3.9	1,237	12.0
Revenue Not Available					
2019	0.7	0	0.0	0	0.0
2020	0.2	0	0.0	0	0.0
Totals					
2019	100.0	100	100.0	13,573	100.0
2020	100.0	76	100.0	10,344	100.0

Source: 2019 & 2020 D&B Data; Bank Data. Due to rounding, totals may not equal 100.0 percent.

COMMUNITY DEVELOPMENT TEST

CCB has made an adequate level of community development loans within the Covington County, AL Assessment Area.

Community Development Loans

During the evaluation period, CCB originated eight community development loans totaling \$11.6 million compared to four community development loans totaling \$1.6 million at the prior evaluation.

One loan, totaling \$872,500, provided affordable housing, and four loans, totaling \$7.6 million were extended to organizations that promoted revitalization and stabilization efforts by retaining jobs for individuals who were affected by the adverse impact of the COVID-19 pandemic. Refer to the following table for additional details.

Covington County, AL Assessment Area Community Development Lending										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
2019	2	933	-	-	-	-			2	933
2020	-	-	1	2,999	-	-	2	3,088	3	6,087
YTD 2021	1	58	-	-	-	-	2	4,548	3	4,606
Total	3	991	1	2,999	-	-	4	7,636	8	11,627

Source: Bank Data from December 3, 2018 through November 8, 2021

Qualified Investments

During the evaluation period, the bank made 34 qualified investments and donations totaling \$767,000. This total includes \$681,000 in revenue bonds purchased since the prior evaluation.

Covington County, AL Assessment Area Qualified Investments										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Prior Period	-	-	-	-	1	43	-	-	1	43
2019	-	-	-	-	-	-	-	-	-	-
2020	-	-	-	-	2	681	-	-	2	681
YTD 2021	-	-	-	-	-	-	-	-	-	-
Subtotal	-	-	-	-	3	724	-	-	3	724
Qualified Grants & Donations	-	-	22		12	28	-	-	34	43
Total	-	-	22		15	752	-	-	37	767

Source: Bank Data from December 3, 2018 through November 8, 2021

Community Development Services

During the evaluation period, bank employees provided 17 instances of financial expertise or technical assistance to ten different community development-related organizations.

Covington County, AL Assessment Area Community Development Services					
Activity Year	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Totals
	#	#	#	#	#
2019	-	7	1	-	8
2020	-	3	-	1	4
YTD 2021	1	3	-	1	5
Total	1	13	1	2	17

Source: Bank Data from December 3, 2018 through November 8, 2021

STATE OF FLORIDA
(Full-Scope Review)

CRA RATING FOR FLORIDA: SATISFACTORY

The Lending Test is rated: Satisfactory

The Community Development Test is rated: Satisfactory

DESCRIPTION OF INSTITUTION’S OPERATIONS IN FLORIDA

The Okaloosa County, FL Assessment Area includes a portion of the County. CCB has selected 15 census tracts in Okaloosa County: 0201.00, 0202.00, 0203.01, 0203.02, 0204.00, 0205.00, 0206.00, 0207.00, 0208.00, 0209.00, 0210.02, 0211.02, and 0212.00. According to the ACS Census Report, the Okaloosa County, FL Assessment Area is comprised of 12 middle-income census tracts, and 3 upper-income census tracts. None of the assessment area’s middle-income census tracts is considered distressed or underserved.

CCB operates two full-service branches in Okaloosa County, Florida. The Crestview branch is located in middle-income census tract 0205.00, and the Niceville branch is located in upper-income census tract 0209.00.

The following table illustrates the select demographic characteristics of the assessment area.

Demographic Information of the Okaloosa County, FL Assessment Area						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	15	0.0	0.0	80.0	20.0	0.0
Population by Geography	97,137	0.0	0.0	82.2	17.8	0.0
Housing Units by Geography	40,197	0.0	0.0	82.8	17.2	0.0
Owner-Occupied Units by Geography	25,183	0.0	0.0	78.8	21.2	0.0
Occupied Rental Units by Geography	10,113	0.0	0.0	89.3	10.7	0.0
Vacant Units by Geography	4,901	0.0	0.0	89.8	10.2	0.0
Businesses by Geography	9,958	0.0	0.0	80.0	20.0	0.0
Farms by Geography	346	0.0	0.0	89.6	10.4	0.0
Family Distribution by Income Level	25,736	18.3	14.9	22.7	44.0	0.0
Household Distribution by Income Level	35,296	19.9	15.5	18.0	46.6	0.0
Median Family Income MSA - 18880 Crestview-Fort Walton Beach-Destin, FL MSA		\$63,539	Median Housing Value			\$191,634
			Median Gross Rent			\$1,043
			Families Below Poverty Level			10.4%

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.*

According to 2020 D&B data, there were 9,958 businesses located within the Okaloosa County assessment area. GARS for these businesses are below:

- 90.4 percent have \$1 million or less
- 1.92 percent have over \$1 million
- 7.68 percent have unknown revenues.

The analysis of small business loans under the *Borrower Profile* criterion compares the distribution of businesses by GAR level. The three largest industries in the Okaloosa County assessment area are the services industries at 36.6 percent, non-classifiable establishments at 22.7 percent, and construction at 11.9 percent. Okaloosa County’s largest employers are Fort Walton Beach Medical Center, Walmart, Publix, Lockheed Martin, and Northwest Medical Center. Together these entities employ 5,410 individuals.

The 2020 FFIEC-estimated MFI level is used to analyze home mortgage loans under the *Borrower Profile* criterion. The low-, moderate-, middle-, and upper income categories are presented in the following table. The categories are based upon 2019 and 2020 MFI’s of \$75,600 and \$78,900 for the Crestview-Fort Walton Beach-Destin, FL MSA.

Median Family Income Ranges for the Okaloosa County Assessment Area				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
Crestview-Fort Walton Beach-Destin, FL MSA Median Family Income (18880)				
2019 (\$75,600)	<\$37,800	\$37,800 to <\$60,480	\$60,480 to <\$90,720	≥\$90,720
2020 (\$78,900)	<\$39,450	\$39,450 to <\$63,120	\$63,120 to <\$94,680	≥\$94,680
<i>Source: FFIEC</i>				

As reflected in the previous demographic characteristics table, 80 percent of the designated census tracts are middle-income, and 20 percent are upper-income. Given the median housing value of \$191,634, a low-income individual earning less than \$37,800 and \$39,450 per year, respectively, may have difficulty qualifying for a conventional mortgage loan.

The analysis of small farm loans under the Borrower Profile criterion compares the distribution of farms by GAR level. According to 2020 D&B data, there were 346 farms located within the assessment area. GARs for these farms are below:

- 98.3 percent have \$1 million or less
- 1.5 percent have over \$1 million
- 0.2 percent have unknown revenues

Data obtained from the U.S. Bureau of Labor and Statistics reflects the 2019 and 2020 annual and year-to-date unemployment rates. Refer to the table below for additional details.

Unemployment Rates*			
Geographic Area	2019	2020	2021
	%	%	%
United States	3.7	8.1	5.8**
Florida	3.3	7.7	4.0***
Crestview-Fort Walton Beach-Destin, Florida	2.9	5.6	3.2***
Okaloosa County, FL	2.8	5.5	3.2***

*Source: Bureau of Labor Statistics, *Not Seasonally Adjusted, ** As of September 2021, ***As of October 2021*

Competition

There is a high level of competition among banks, credit unions, and other financial institutions within the Okaloosa County, FL Assessment Area. According to the June 30, 2021, FDIC Deposit Market Share Report, CCB ranked 17th of 25 institutions with a 1.6 percent deposit market share. The top five institutions accounted for 53.3 percent of the deposit market share.

A high level of competition exists for home mortgage loans among several banks, credit unions, and non-depository mortgage lenders. In 2020, 328 lenders reported 8,554 residential mortgage loans originated or purchased within the assessment area. CCB ranked 117th out of this group of lenders, with a market share of 0.1 percent. Freedom Mortgage Corporation, Primelending, Quicken Loan Services, LLC; Pennymac Loan Services, LLC; and Broker Solutions, Inc., represent the largest mortgage lenders with a combined market share of 30.2 percent.

CCB is not required to collect or report its small business loan data, and it has not elected to do so. Therefore, the analysis of small business loans under the Lending Test does not include comparisons against aggregate data. The aggregate data, however, reflects the level of demand for small business loans and is, therefore, included. Aggregate data in 2019 reflected that 84 institutions reported 4,997 small business loans totaling \$169.5 million in the assessment area. The top five institutions comprised 51.6 percent of the market share. This indicates a high level of competition for this product.

Additionally, small farm aggregate data for 2019 indicates 10 lenders reported 23 small farm loans totaling approximately \$732,000 in the assessment area, demonstrating a reasonable level of demand for this product.

Community Contact

As previously addressed, it is customary for examiners to contact various third parties within the institution's assessment area to gain insight regarding local economic conditions and credit needs. 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 involved in economic development within the bank's assessment area. The contact identified needs for small business funding and affordable housing. Due to the effects of the 2020 pandemic, many businesses shut down, which also resulted in a rising number of unemployment for individuals employed by these businesses. Although there has been an increase in housing prices, the contact stated that banks have been able to meet the demands in residential mortgage lending.

Credit and Community Development Needs and Opportunities

Considering information from demographic and economic data, examiners determined that small business loans represent a primary credit need within the assessment area. The high percentage of small businesses in the assessment area and the large number of businesses with four or fewer employees support this assessment. Further, there is a need for financial assistance and small business credit given the adverse impacts of the COVID-19 pandemic.

SCOPE OF EVALUATION – FLORIDA

The scope of the evaluation is consistent with the overall scope described in the *Scope of Evaluation* section of this report. The evaluation of the bank’s performance in the State of Florida focused on the operations of CCB in the Okaloosa County assessment area with respect to home mortgage, small business, and small farm loans. There are no low- or moderate-income census tracts in this assessment area; therefore, the evaluation of the bank’s performance under the *Geographic Distribution* criterion was not conducted for the State of Florida. Community development activities were also considered, and full-scope examination procedures were utilized.

CONCLUSIONS ON PERFORMANCE CRITERIA IN FLORIDA

LENDING TEST

CCB demonstrated reasonable performance under the Lending Test. The bank’s lending to businesses of different sizes supports this conclusion. As previously mentioned, less weight was placed on the bank’s lending performance in this assessment area due to limited loan volume.

Borrower Profile

Home Mortgage

Given the low volume of sampled loans originated during the review period, a meaningful analysis could not be provided. In 2019, the bank originated five loans totaling \$551,000, and originated six loans totaling \$1,163,000 in 2020. No loans were originated to low-income borrowers in 2019 and 2020 or to low-income borrowers in 2020. One loan was originated to a moderate-income borrower in 2020.

Small Business

The distribution of small business loans reflects reasonable penetration to businesses with GARs of \$1 million or less. In 2019, CCB’s performance of lending to businesses with GARs of \$1 million or less reasonably compares to the demographic data. During 2020, CCB’s lending performance to businesses with GARs of \$1 million was less than demographic data. However, it is noted that a substantial amount of originated were PPP loans, where GARs were not collected or readily available. Excluding PPP loans, lending performance to businesses with gross annual revenues of \$1 million or less increased to 70.6 percent. Refer to the table below for additional details.

Distribution of Small Business Loans by Gross Annual Revenue Category in the Okaloosa County, FL AA					
Gross Revenue Level	% of Businesses	#	%	\$(000s)	%
<=\$1,000,000					
2019	89.6	40	71.4	9,381	66.0
2020	90.4	24	23.5	2,647	18.6
>\$1,000,000					
2019	2.2	8	14.3	4,123	29.0
2020	1.9	10	9.8	6,095	42.9
Revenue Not Available					
2019	8.2	8	14.3	720	5.1
2020	7.7	68	66.7	5,477	38.5
Totals					
2019	100.0	56	100.0	14,224	100.0
2020	100.0	102	100.0	14,219	100.0

Source: 2019 & 2020 D&B Data; Bank Data. Due to rounding, totals may not equal 100.0 percent.

Small Farms

Given the low volume of sampled loans originated during the review period, a meaningful analysis could not be provided. In 2019, the bank originated six loans totaling \$2,390,000, and originated two loans totaling \$782,000 in 2020. No loans were originated to low-income borrowers in 2019 and 2020 or to low-income borrowers in 2020. One loan was originated to a moderate-income borrower in 2020.

COMMUNITY DEVELOPMENT TEST

Community Development Loans

During the evaluation period, CCB refinanced a United States Department of Agriculture (USDA) loan totaling \$568,000. This loan promoted revitalization and stabilization by providing infrastructure improvements in the assessment area.

Qualified Investments

Qualified grants and donations include 16 donations totaling approximately \$114,000 within this assessment area. All donations provided community services that targets low- and moderate-income individuals. Refer to the table below.

Okaloosa, FL Assessment Area Qualified Investments										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Prior Period	-	-	-	-	-	-	-	-	-	-
2019	-	-	-	-	-	-	-	-	-	-
2020	-	-	-	-	-	-	-	-	-	-
YTD 2021	-	-	-	-	-	-	-	-	-	-
Subtotal	-	-	-	-	-	-	-	-	-	-
Qualified Grants & Donations	-	-	16	28	-	-	-	-	16	28
Total	-	-	16	28	-	-	-	-	16	28

Source: Bank Data

Below are notable examples of donations made in the Okaloosa, FL Assessment Area:

- In 2019 through YTD 2021, the bank made nine donations to a community services organization that supports the American Red Cross, Meals on Wheels, and a local benevolence fund to assist low- and moderate-income individuals.
- In 2019 through YTD 2021, the bank made 12 donations to a community services organization that supports neglected and abandoned children in the community.
- In 2019 through YTD 2021, the bank made three donations to a local financial education program that provides financial literacy and education to local students.

Community Development Services

During the evaluation period, bank employees provided three instances of financial expertise or technical assistance to two different community development-related organizations in this assessment area. Refer to the table below for additional details.

Community Development Services for the Okaloosa County, FL Assessment Area					
Activity Year	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Totals
	#	#	#	#	#
2019	-	1	-	-	1
2020	-	2	-	-	2
YTD 2021	-	-	-	-	-
Total	-	3	-	-	3

Source: Bank Data from December 3, 2018 through November 8, 2021

Below are notable examples of the bank's community services:

- An employee serves on the Board for a child advocacy center. This organization provides critical services for child abuse victims.
- An employee serves on the Board and assists with fundraising efforts for a non-profit organization that provides housing for abused, neglected, and abandoned children within the bank's assessment area.

APPENDICES

INTERMEDIATE SMALL BANK PERFORMANCE CRITERIA

Lending Test

The Lending Test evaluates the bank's record of helping to meet the credit needs of its assessment area(s) by considering the following criteria:

- 1) The bank's loan-to-deposit ratio, adjusted for seasonal variation, and, as appropriate, other lending-related activities, such as loan originations for sale to the secondary markets, community development loans, or qualified investments;
- 2) The percentage of loans, and as appropriate, other lending-related activities located in the bank's assessment area(s);
- 3) The geographic distribution of the bank's loans;
- 4) The bank's record of lending to and, as appropriate, engaging in other lending-related activities for borrowers of different income levels and businesses and farms of different sizes; and
- 5) The bank's record of taking action, if warranted, in response to written complaints about its performance in helping to meet credit needs in its assessment area(s).

Community Development Test

The Community Development Test considers the following criteria:

- 1) The number and amount of community development loans;
- 2) The number and amount of qualified investments;
- 3) The extent to which the bank provides community development services; and
- 4) The bank's responsiveness through such activities to community development lending, investment, and service needs.

SUMMARY OF RATINGS FOR RATED AREAS

Rated Area	Lending Test	Community Development Test	Rating
Overall	Satisfactory	Satisfactory	Satisfactory
Alabama	Satisfactory	Satisfactory	Satisfactory
Florida	Satisfactory	Satisfactory	Satisfactory

GLOSSARY

Aggregate Lending: The number of loans originated and purchased by all reporting lenders in specified income categories as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the metropolitan area/assessment area.

American Community Survey (ACS): A nationwide United States Census survey that produces demographic, social, housing, and economic estimates in the form of five year estimates based on population thresholds.

Area Median Income: The median family income for the MSA, if a person or geography is located in an MSA; or the statewide nonmetropolitan median family income, if a person or geography is located outside an MSA.

Assessment Area: A geographic area delineated by the bank under the requirements of the Community Reinvestment Act.

Census Tract: A small, relatively permanent statistical subdivision of a county or equivalent entity. The primary purpose of census tracts is to provide a stable set of geographic units for the presentation of statistical data. Census tracts generally have a population size between 1,200 and 8,000 people, with an optimum size of 4,000 people. Census tract boundaries generally follow visible and identifiable features, but they may follow nonvisible legal boundaries in some instances. State and county boundaries always are census tract boundaries.

Combined Statistical Area (CSA): A combination of several adjacent metropolitan statistical areas or micropolitan statistical areas or a mix of the two, which are linked by economic ties.

Community Development: For loans, investments, and services to qualify as community development activities, their primary purpose must:

- (1) Support affordable housing for low- and moderate-income individuals;
- (2) Target community services toward low- and moderate-income individuals;
- (3) Promote economic development by financing small businesses or farms; or
- (4) Provide activities that revitalize or stabilize low- and moderate-income geographies, designated disaster areas, or distressed or underserved nonmetropolitan middle-income geographies.

Community Development Corporation (CDC): A CDC allows banks and holding companies to make equity type of investments in community development projects. Bank CDCs can develop innovative debt instruments or provide near-equity investments tailored to the development needs of the community. Bank CDCs are also tailored to their financial and marketing needs. A CDC may purchase, own, rehabilitate, construct, manage, and sell real property. Also, it may make equity or debt investments in development projects and in local businesses. The CDC activities are expected to directly benefit low- and moderate-income groups, and the investment dollars should not represent an undue risk on the banking organization.

Community Development Financial Institutions (CDFIs): CDFIs are private intermediaries (either for profit or nonprofit) with community development as their primary mission. A CDFI facilitates the flow of lending and investment capital into distressed communities and to individuals who have been unable to take advantage of the services offered by traditional financial institutions. Some basic types of CDFIs include community development banks, community development loan funds, community development credit unions, micro enterprise funds, and community development venture capital funds.

A certified CDFI must meet eligibility requirements. These requirements include the following:

- Having a primary mission of promoting community development;
- Serving an investment area or target population;
- Providing development services;
- Maintaining accountability to residents of its investment area or targeted population through representation on its governing board of directors, or by other means;
- Not constituting an agency or instrumentality of the United States, of any state or political subdivision of a state.

Community Development Loan: A loan that:

- (1) Has as its primary purpose community development; and
- (2) Except in the case of a wholesale or limited purpose bank:
 - (i) Has not been reported or collected by the bank or an affiliate for consideration in the bank's assessment area as a home mortgage, small business, small farm, or consumer loan, unless it is a multifamily dwelling loan (as described in Appendix A to Part 203 of this title); and
 - (ii) Benefits the bank's assessment area(s) or a broader statewide or regional area including the bank's assessment area(s).

Community Development Service: A service that:

- (1) Has as its primary purpose community development;
- (2) Is related to the provision of financial services; and
- (3) Has not been considered in the evaluation of the bank's retail banking services under § 345.24(d).

Consumer Loan(s): A loan(s) to one or more individuals for household, family, or other personal expenditures. A consumer loan does not include a home mortgage, small business, or small farm loan. This definition includes the following categories: motor vehicle loans, credit card loans, home equity loans, other secured consumer loans, and other unsecured consumer loans.

Core Based Statistical Area (CBSA): The county or counties or equivalent entities associated with at least one core (urbanized area or urban cluster) of at least 10,000 population, plus adjacent counties having a high degree of social and economic integration with the core as measured through commuting ties with the counties associated with the core. Metropolitan and Micropolitan Statistical Areas are the two categories of CBSAs.

Distressed Middle-Income Nonmetropolitan Geographies: A nonmetropolitan middle-income geography will be designated as distressed if it is in a county that meets one or more of the following triggers:

- (1) An unemployment rate of at least 1.5 times the national average;
- (2) A poverty rate of 20 percent or more; or
- (3) A population loss of 10 percent or more between the previous and most recent decennial census or a net migration loss of 5 percent or more over the 5-year period preceding the most recent census.

Family: Includes a householder and one or more other persons living in the same household who are related to the householder by birth, marriage, or adoption. The number of family households always equals the number of families; however, a family household may also include non-relatives living with the family. Families are classified by type as either a married-couple family or other family. Other family is further classified into “male householder” (a family with a male householder and no wife present) or “female householder” (a family with a female householder and no husband present).

FFIEC-Estimated Income Data: The Federal Financial Institutions Examination Council (FFIEC) issues annual estimates which update median family income from the metropolitan and nonmetropolitan areas. The FFIEC uses American Community Survey data and factors in information from other sources to arrive at an annual estimate that more closely reflects current economic conditions.

Full-Scope Review: A full-scope review is accomplished when examiners complete all applicable interagency examination procedures for an assessment area. Performance under applicable tests is analyzed considering performance context, quantitative factors (e.g., geographic distribution, borrower profile, and total number and dollar amount of investments), and qualitative factors (e.g., innovativeness, complexity, and responsiveness).

Geography: A census tract delineated by the United States Bureau of the Census in the most recent decennial census.

Home Mortgage Disclosure Act (HMDA): The statute that requires certain mortgage lenders that do business or have banking offices in a metropolitan statistical area to file annual summary reports of their mortgage lending activity. The reports include such data as the race, gender, and the income of applicants; the amount of loan requested; and the disposition of the application (approved, denied, and withdrawn).

Home Mortgage Loans: Includes closed-end mortgage loans or open-end line of credits as defined in the HMDA regulation that are not an excluded transaction per the HMDA regulation.

Housing Unit: Includes a house, an apartment, a mobile home, a group of rooms, or a single room that is occupied as separate living quarters.

Limited-Scope Review: A limited-scope review is accomplished when examiners do not complete all applicable interagency examination procedures for an assessment area.

Performance under applicable tests is often analyzed using only quantitative factors (e.g., geographic distribution, borrower profile, total number and dollar amount of investments, and branch distribution).

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

Low Income Housing Tax Credit: The Low-Income Housing Tax Credit Program is a housing program contained within the Internal Revenue Code of 1986, as amended. It is administered by the U.S. Department of the Treasury and the Internal Revenue Service. The U.S. Treasury Department distributes low-income housing tax credits to housing credit agencies through the Internal Revenue Service. The housing agencies allocate tax credits on a competitive basis.

Developers who acquire, rehabilitate, or construct low-income rental housing may keep their tax credits. Or, they may sell them to corporations or investor groups, who, as owners of these properties, will be able to reduce their own federal tax payments. The credit can be claimed annually for ten consecutive years. For a project to be eligible, the developer must set aside a specific percentage of units for occupancy by low-income residents. The set-aside requirement remains throughout the compliance period, usually 30 years.

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

Median Income: The median income divides the income distribution into two equal parts, one having incomes above the median and other having incomes below the median.

Metropolitan Division (MD): A county or group of counties within a CBSA that contain(s) an urbanized area with a population of at least 2.5 million. A MD is one or more main/secondary counties representing an employment center or centers, plus adjacent counties associated with the main/secondary county or counties through commuting ties.

Metropolitan Statistical Area (MSA): CBSA associated with at least one urbanized area having a population of at least 50,000. The MSA comprises the central county or counties or equivalent entities containing the core, plus adjacent outlying counties having a high degree of social and economic integration with the central county or counties as measured through commuting.

Middle-Income: Individual income that is at least 80 percent and less than 120 percent of the area median income, or a median family income that is at least 80 and less than 120 percent in the case of a geography.

Moderate-Income: Individual income that is at least 50 percent and less than 80 percent of the area median income, or a median family income that is at least 50 and less than 80 percent in the case of a geography.

Multi-family: Refers to a residential structure that contains five or more units.

Nonmetropolitan Area (also known as **non-MSA**): All areas outside of metropolitan areas. The definition of nonmetropolitan area is not consistent with the definition of rural areas. Urban and rural classifications cut across the other hierarchies. For example, there is generally urban and rural territory within metropolitan and nonmetropolitan areas.

Owner-Occupied Units: Includes units occupied by the owner or co-owner, even if the unit has not been fully paid for or is mortgaged.

Qualified Investment: A lawful investment, deposit, membership share, or grant that has as its primary purpose community development.

Rated Area: A rated area is a state or multistate metropolitan area. For an institution with domestic branches in only one state, the institution's CRA rating would be the state rating. If an institution maintains domestic branches in more than one state, the institution will receive a rating for each state in which those branches are located. If an institution maintains domestic branches in two or more states within a multistate metropolitan area, the institution will receive a rating for the multistate metropolitan area.

Rural Area: Territories, populations, and housing units that are not classified as urban.

Small Business Investment Company (SBIC): SBICs are privately-owned investment companies which are licensed and regulated by the Small Business Administration (SBA). SBICs provide long-term loans and/or venture capital to small firms. Because money for venture or risk investments is difficult for small firms to obtain, SBA provides assistance to SBICs to stimulate and supplement the flow of private equity and long-term loan funds to small companies. Venture capitalists participate in the SBIC program to supplement their own private capital with funds borrowed at favorable rates through SBA's guarantee of SBIC debentures. These SBIC debentures are then sold to private investors. An SBIC's success is linked to the growth and profitability of the companies that it finances. Therefore, some SBICs primarily assist businesses with significant growth potential, such as new firms in innovative industries. SBICs finance small firms by providing straight loans and/or equity-type investments. This kind of financing gives them partial ownership of those businesses and the possibility of sharing in the companies' profits as they grow and prosper.

Small Business Loan: A loan included in "loans to small businesses" as defined in the Consolidated Report of Condition and Income (Call Report). These loans have original amounts of \$1 million or less and are either secured by nonfarm nonresidential properties or are classified as commercial and industrial loans.

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

Underserved Middle-Income Nonmetropolitan Geographies: A nonmetropolitan middle-income geography will be designated as underserved if it meets criteria for population size, density, and dispersion indicating the area's population is sufficiently small, thin, and distant from a population center that the tract is likely to have difficulty financing the fixed costs of meeting essential community needs.

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

Urban Area: All territories, populations, and housing units in urbanized areas and in places of 2,500 or more persons outside urbanized areas. More specifically, "urban" consists of territory, persons, and housing units in places of 2,500 or more persons incorporated as cities, villages, boroughs (except in Alaska and New York), and towns (except in the New England states, New York, and Wisconsin).

"Urban" excludes the rural portions of "extended cities"; census designated place of 2,500 or more persons; and other territory, incorporated or unincorporated, including in urbanized areas.