

# **PUBLIC DISCLOSURE**

May 20, 2024

## **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

The Commercial Bank  
Certificate Number: 175

102 N. Church Street  
Crawford, Georgia 30630

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

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

This document is an evaluation of this institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the institution. This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion, or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.

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## INSTITUTION RATING

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

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

**The Lending Test is rated Satisfactory.**

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

**The Community Development Test is rated Satisfactory.**

- The bank demonstrated adequate responsiveness to community development needs of its assessment areas through community development loans, qualified investments, and community development services. Examiners considered the institution's capacity and the need and availability of such opportunities for community development in its assessment area.

## **DESCRIPTION OF INSTITUTION**

### **Background**

The Commercial Bank is a \$445.2 million state chartered, non-member community bank headquartered in Crawford, Oglethorpe County, Georgia. The bank is wholly owned by TCB Bancshares, Inc., a single-bank holding company, also located in Crawford, Georgia. The bank received a “Satisfactory” rating at its previous FDIC Community Reinvestment Act (CRA) Performance Evaluation, dated June 8, 2021, based on Interagency Small Institution Examination Procedures.

### **Operations**

The Commercial Bank operates five full-service branch offices, all within the Athens-Clarke County, GA Metropolitan Statistical Area (Athens MSA). The bank did not open or close any branches during the review period. The Commercial Bank’s lending focus is multi-faceted, with a primary business focus on commercial and residential lending. The bank offers a variety of commercial, home mortgage, agricultural/farm, and consumer loans. The bank provides a variety of deposit products, including checking, savings, money market, certificates of deposit, and individual retirement accounts. Additionally, the bank offers alternative banking services, which include telephone banking, online banking, mobile banking, and mobile deposit.

### **Ability and Capacity**

As of March 31, 2024, the Consolidated Reports of Condition and Income indicates The Commercial Bank had total assets of \$445.2 million, total deposits of \$377.1 million, and total loans of \$280.6 million. As shown in the following table, commercial loans (loans secured by nonfarm, nonresidential properties and commercial and industrial loans) represent the largest portion of the loan portfolio at 40.3 percent. Residential loans (1-4 family and multifamily residential properties) represent the second largest portion at 38.1 percent. Construction, Land Development, and Other Land loans represent the third largest portion at 14.6 percent.

<b>Loan Portfolio Distribution as of 3/31/2024</b>		
<b>Loan Category</b>	<b>\$(000s)</b>	<b>%</b>
Construction, Land Development, and Other Land Loans	41,093	14.6
Secured by Farmland	11,854	4.3
Secured by 1-4 Family Residential Properties	92,601	33.0
Secured by Multifamily (5 or more) Residential Properties	14,293	5.1
Secured by Nonfarm Nonresidential Properties	93,263	33.2
<b>Total Real Estate Loans</b>	<b>253,104</b>	<b>90.2</b>
Commercial and Industrial Loans	19,840	7.1
Agricultural Production and Other Loans to Farmers	802	0.3
Consumer Loans	6,318	2.2
Obligations of State and Political Subdivisions in the U.S.	0	0
Other Loans	525	0.2
Lease Financing Receivable (net of unearned income)	0	0.0
Less: Unearned Income	0	0.0
<b>Total Loans</b>	<b>280,589</b>	<b>100.0</b>
<i>Source: Reports of Condition and Income as of March 31, 2024</i>		

Examiners did not identify any financial or legal impediments, other than legal lending limits, that would restrict the bank's ability to meet the credit needs of the assessment area.

## **DESCRIPTION OF ASSESSMENT AREAS**

The Commercial Bank has one defined assessment area, the Athens MSA assessment area. The Athens MSA assessment area consists of three counties in the Athens MSA, in their entirety; Clarke, Madison, and Oglethorpe. In addition, the assessment area includes 9 of the 11 census tracts in Oconee County, also part of the Athens MSA. There have been no changes since the previous evaluation.

Assessment area delineations are based on available census data. Specifically, the 2015 American Community Survey (ACS) Census data was used at the previous evaluation to delineate the bank's assessment areas. In 2022, the Federal Financial Interagency Examination Council (FFIEC) released updates to the MSA and Metropolitan Divisions, states, counties, census tracts, and income-level indicators based on information collected during the 2020 U.S. Census. As a result of the 2020 U.S. Census, the number of census tracts increased and income classifications changed, which impacted the bank's assessment areas. The number of census tracts in the assessment area increased from 44 census tracts based on 2015 ACS Census data to 56 census tracts based on 2020 Census data.

The following table details the breakdown by income levels for the assessment area based on 2015 ACS data and 2020 Census data.

<b>Census Tract Breakdown</b>		
<b>Tract Income Level</b>	<b># of Census Tracts 2015 ACS</b>	<b># of Census Tracts 2020 U.S. Census</b>
Low	7	5
Moderate	8	13
Middle	16	19
Upper	12	19
Income Level Not Assigned	1	-
<b>Total</b>	<b>44</b>	<b>56</b>
<i>Source: Bank Data; 2015 ACS Data and 2020 U.S. Census Data</i>		

### **Economic and Demographic Data**

The following table presents select demographic information from the 2020 U.S. Census and 2023 D&B data.

Demographic Information of the Assessment Area						
Assessment Area: Athens MSA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	56	8.9	23.2	33.9	33.9	0.0
Population by Geography	209,400	11.4	22.6	33.3	32.6	0.0
Housing Units by Geography	84,594	9.5	23.6	34.8	32.1	0.0
Owner-Occupied Units by Geography	41,940	4.7	17.2	40.8	37.2	0.0
Occupied Rental Units by Geography	36,175	15.1	31.1	26.1	27.7	0.0
Vacant Units by Geography	6,479	9.1	22.6	45.0	23.3	0.0
Businesses by Geography	28,379	6.8	17.4	29.2	46.5	0.0
Farms by Geography	1,232	3.7	18.4	46.3	31.6	0.0
Family Distribution by Income Level	45,608	24.6	16.2	17.2	42.0	0.0
Household Distribution by Income Level	78,115	27.1	15.2	15.3	42.3	0.0
Median Family Income MSA - 12020 Athens-Clarke County, GA MSA		\$71,301	Median Housing Value			\$205,309
			Median Gross Rent			\$865
			Families Below Poverty Level			11.3%
Source: 2020 U.S. Census and 2023 D&B Data Due to rounding, totals may not equal 100.0% (* ) The NA category consists of geographies that have not been assigned an income classification.						

According to the Standard Industrial Classification System, the services industry represents the largest percentage of businesses at 33.0 percent, followed by non-classifiable establishments at 28.9 percent and finance, insurance, and real estate at 10.0 percent. According to the Georgia Department of Labor, top employers throughout the assessment area include the University of Georgia, Piedmont Athens Regional, St. Mary's Health Care System, Caterpillar Athens Plant, and Pilgrim's.

The unemployment rates for all counties have remained fairly consistent from 2021 through 2023, with the exception of Clarke County which declined from 2021 to 2022. In addition, the unemployment rate for the counties were either generally in line with or below state and national averages. The following table reflects the average annual unemployment rates and trends for the assessment area counties, state, and nation.

Unemployment Rates			
Area	2021	2022	2023
	%	%	%
Clarke	3.9	3.4	3.3
Madison	3.1	3.0	2.9
Oconee	2.3	2.4	2.5
Oglethorpe	2.9	2.8	2.8
State of Georgia	3.9	3.1	3.2
National Average	5.4	3.6	3.6
<i>Source: Bureau of Labor Statistics</i>			

Examiners used the FFIEC's median family income data to analyze the bank's home mortgage lending under the Borrower Profile criterion. The following table reflects the median family income ranges for the low-, moderate-, middle-, and upper-income categories in the Athens-Clark County, Georgia MSA.

Median Family Income Ranges				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
<b>Athens-Clarke County, GA MSA Median Family Income</b>				
2022 (\$82,300)	<\$41,150	\$41,150 to <\$65,840	\$65,840 to <\$98,760	≥\$98,760
2023 (\$100,100)	<\$50,050	\$50,050 to <\$80,080	\$80,080 to <\$120,120	≥\$120,120
<i>Source: FFIEC</i>				

## **Competition**

The assessment area is moderately competitive in the financial services market. According to the FDIC's June 30, 2023 Deposit Market Share Report, there are 18 FDIC-insured financial institutions operating 46 offices in this assessment area. Of these institutions, The Commercial Bank ranked 7<sup>th</sup> with a 5.8 percent deposit market share. The top five financial institutions accounted for 66.0 percent of total market share.

There is a high level of competition for home mortgage loans among banks, credit unions, and non-depository mortgage lenders. In 2022, 374 lenders reported 8,343 residential mortgage loans for \$2.2 billion in the assessment area. The Commercial Bank ranked 25<sup>th</sup> with a market share of 1.2 percent by number of loans. The top five home mortgage lenders accounted for 23.3 percent of total market share by number of loans and are national or regional institutions.

The bank is not required to collect or report its small business loan data and has elected not to report such information. Therefore, the analysis of small business loans under the Lending Test does not include comparisons against aggregate data. However, with regard to competition for small business loans, aggregate data for 2022 indicates 72 lenders reported 5,327 small business loans totaling \$180.4 million in the assessment area, demonstrating a high level of demand for this product. The top five small business lenders accounted for 63.3 percent of total market share by number of loans.

### **Community Contact**

Examiners rely on contacts with community organizations to gain insight regarding the credit needs and economic conditions of a bank's assessment area. During this evaluation, examiners contacted a county government entity that serves Athens-Clarke County, focusing on partnerships with organizations that provide access to affordable housing for low- and moderate-income individuals and small business financing needs.

The contact stated the area is in need of affordable housing, as housing stock is extremely low and those available are not affordable to low- and moderate- income families. The contact also stated that many financial institutions in the area partner with organizations offering grants and down-payment assistant; however, the lack of available developers seeking permits for new affordable housing initiatives serves as an additional barrier. Additionally, the contact indicated that small business financing is a credit need, as they continue to recover from the effects of the pandemic and ongoing inflation. However, the contact provided positive feedback on the local banks and their willingness to meet the credit needs of the assessment area.

### **Credit Needs**

Considering information obtained from the community contact, demographic data, and economic data, examiners determined that affordable housing represents a primary credit need for the assessment area, as 11.3 percent of families are below the poverty level and 40.8 percent of the families are low- and moderate-income. In addition, small business loans are a credit need and opportunity within the assessment area. The significant percentage of businesses with gross annual revenues of \$1.0 million or less (91.2 percent) and the large number of businesses with four or fewer employees (60.8 percent) support the conclusion that there is a need for small business lending.



## SCOPE OF EVALUATION

### **General Information**

The evaluation covers the period from the prior evaluation, dated June 8, 2021, to the current evaluation dated May 20, 2024. Examiners used the Interagency Intermediate Small Institution Examination Procedures to evaluate the bank's CRA performance in the sole assessment area. These procedures include the CRA Small Bank Lending Test and the Community Development Test. This is the first CRA Evaluation for which the bank met the asset threshold to be evaluated under the Intermediate Small Institution procedures and thus was subject to the Community Development Test. Refer to the Appendices for Intermediate Small Bank Performance Criteria.

### **Activities Reviewed**

Examiners determined the bank's major product lines are small business and home mortgage loans. This conclusion considered the bank's business strategy and the number and dollar volume of loans originated during the evaluation period. Small farm loans do not represent a major product line. The bank's records indicate the product mix has remained relatively stable since the previous evaluation, although the volume of home loans has declined over the review period.

This evaluation considered all home mortgage loans reported on the bank's 2021, 2022, and 2023 Home Mortgage Disclosure Act (HMDA) Loan Application Registers (LARs). During 2021, the bank originated 144 HMDA loans totaling \$30,809,000. During 2022, the bank originated 123 HMDA loans totaling \$41,808,000. During 2023, the bank originated 84 HMDA loans totaling \$25,700,000. Examiners did not identify trends from 2021 to 2023 that would materially affect conclusions. Therefore, only 2022 HMDA loan performance is presented, as it is the most recent calendar year when aggregate HMDA information is also available. However, any observed anomalies are discussed under the *Geographic Distribution* and *Borrower Profile* performance discussions. In addition to aggregate HMDA data, the 2020 Census demographic data (owner-occupied housing units by geography and the distribution of families by income level) provided a standard of comparison for home mortgage loans.

From January 1, 2023, through December 31, 2023, the bank originated 123 small business loans totaling \$18.5 million. The entire universe was evaluated for *Assessment Area Concentration* and *Geographic Distribution* performance. Since borrower income was not readily available, a sample of 50 small business loans totaling \$7.8 million that were originated within the assessment area was selected to evaluate *Borrower Profile* performance. D&B data for 2023 provided a standard of comparison for the small business loans.

For the Lending Test, equal weight is given to small business and home mortgage loans. While the number of small business loans originated in 2023 (123) was greater than the number of home loans originated in 2023 (84), over the three years of home loan data reviewed, the average volume of home loans originated was similar at 117. Additionally, the number of home loans made in 2022, the year of home loan data presented on the following pages, mirrors that of 2023 small business

loan volume. The analyses focused on the number of loans originated rather than dollar volume, as loans extended to small businesses and low- and moderate-income borrowers are generally for smaller dollar amounts and the number is a better indicator of the number of businesses and individuals served. In addition, for all loan products reviewed, the *Geographic Distribution* performance and *Borrower Profile* criterion only include loans originated or purchased inside the assessment area.

For the Community Development Test, bank management provided information on community development loans, qualified investments, and community development services from June 8, 2021 through May 20, 2024.

## CONCLUSIONS ON PERFORMANCE CRITERIA

### LENDING TEST

The Commercial Bank demonstrated satisfactory performance under the Lending Test. The reasonable net loan-to-deposit (NLTD) ratio, majority of lending within the assessment area, reasonable geographic distribution, and reasonable borrower profile performance support this conclusion.

#### Loan-to-Deposit Ratio

The Commercial Bank's NLTD ratio is reasonable given its size, financial condition, and credit needs of the assessment area. The bank's NLTD ratio averaged 68.4 percent over the 12 calendar quarters since the previous evaluation, from June 30, 2021, through March 31, 2024. During this period, the bank's quarterly NLTD ratio ranged from a low of 57.5 percent as of December 31, 2021, to a high of 74.9 percent as of June 30, 2023.

Examiners identified two similarly situated institutions based on asset size and lending focus. Examiners compared the bank's average NLTD ratio to these institutions to evaluate the bank's performance. As shown in the following table, The Commercial Bank's average NLTD ratio over the previous 12 calendar quarters is in line with the averages for similarly situated institutions.

Loan-to-Deposit Ratio Comparison		
Bank	Total Assets as of 3/31/2024	Average NLTD Ratio
	\$(000s)	(%)
The Commercial Bank, Crawford, GA	445,201	68.4
First American Bank and Trust Company, Athens, GA	881,837	64.3
Oconee State Bank, Watkinsville, GA	585,469	62.0
Source: Reports of Condition and Income, June 30, 2021 through March 31, 2024		

#### Assessment Area Concentration

The Commercial Bank originated a majority of its home mortgage and small business loans, by number and dollar volume, within the assessment area. The following table details lending inside and outside of the assessment area.

Lending Inside and Outside of the Assessment Area										
Loan Category	Number of Loans				Total #	Dollar Amount of Loans (000s)				Total \$(000s)
	Inside		Outside			Inside		Outside		
	#	%	#	%		\$	%	\$	%	
Home Mortgage										
2021	99	68.8	45	31.2	144	21,385	69.4	9,424	30.6	30,809
2022	96	78.0	27	22.0	123	31,849	76.2	9,959	23.8	41,808
2023	59	70.2	25	29.8	84	17,637	68.6	8,063	31.4	25,700
Subtotal	254	72.4	97	27.6	351	70,871	72.1	27,446	27.9	98,317
Small Business Loans	106	86.2	17	13.8	123	15,708	85.0	2,770	15.0	18,478
Source: Bank Data; 2021-2023 HMDA LARs										

### **Geographic Distribution**

The bank's geographic distribution of loans reflects reasonable penetration throughout the assessment area.

#### *Small Business Loans*

The geographic distribution of small business loans reflects poor penetration throughout the assessment area. Lending in low-income census tracts is well below demographics; however, demographics indicate limited opportunities in low-income geographies. Performance in moderate-income census tracts was also significantly below demographics. The following table reflects the distribution of small business loans within the assessment area.

Geographic Distribution of Small Business Loans					
Assessment Area: Athens MSA					
Tract Income Level	% of Businesses	#	%	\$(000s)	%
Low					
2023	6.8	1	0.9	420	2.7
Moderate					
2023	17.4	8	7.6	198	1.2
Middle					
2023	29.2	77	72.6	10,020	63.8
Upper					
2023	46.5	20	18.9	5,070	32.3
<b>Totals</b>					
<b>2023</b>	<b>100.0</b>	<b>106</b>	<b>100.0</b>	<b>15,708</b>	<b>100.0</b>

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

### Home Mortgage Loans

The geographic distribution of home mortgage loans reflects excellent distribution throughout the assessment area. Lending in low-income census tracts is approximately three times aggregate data and demographics and moderate-income lending is in line with aggregate data and demographics. The following table reflects the distribution of home mortgage lending within the assessment area.

Geographic Distribution of Home Mortgage Loans						
Assessment Area: Athens MSA						
Tract Income Level	% of Owner-Occupied Housing Units	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2022	4.7	5.0	15	15.6	8,022	25.2
Moderate						
2022	17.2	14.8	19	19.8	6,234	19.6
Middle						
2022	40.8	40.8	41	42.7	9,718	30.5
Upper						
2022	37.3	39.4	21	21.9	7,875	24.7
<b>Totals</b>						
<b>2022</b>	<b>100.0</b>	<b>100.0</b>	<b>96</b>	<b>100.0</b>	<b>31,849</b>	<b>100.0</b>

Source: 2020 U.S. Census; Bank Data, 2022 HMDA Aggregate Data

### Borrower Profile

The distribution of loans reflects reasonable penetration among individuals of different income levels and businesses of different sizes.

### Small Business Loans

The borrower distribution of small business loans reflects reasonable penetration among business customers of different sizes. The bank's performance was in line with demographics. In addition, 60 percent of the loans were originated to businesses with gross annual revenues less than \$100,000 indicating the bank routinely makes loans to very small businesses. The following table reflects the distribution of small business loans among businesses of different sizes.

Distribution of Small Business Loans by Gross Annual Revenue Category					
Assessment Area: Athens MSA					
Gross Revenue Level	% of Businesses	#	%	\$(000s)	%
<=\$1,000,000					
2023	91.2	45	90.0	6,748	86.3
>\$1,000,000					
2023	1.9	5	10	1,072	13.7
Revenue Not Available					
2023	6.9	--	--	--	--
<b>Totals</b>					
<b>2023</b>	<b>100.0</b>	<b>50</b>	<b>100.0</b>	<b>7,820</b>	<b>100.0</b>
Source: 2023 D&B Data; Bank Data; "--" data not available.					

### *Home Mortgage Loans*

The distribution of home mortgage loans reflects reasonable penetration among borrowers of different income levels. Lending to low-income borrowers was slightly above aggregate data but significantly below demographics. Aggregate data is an indicator of lending opportunities. Also, notable is 11.3 percent of low-income families are below the poverty level and families in this income category may have difficulty qualifying for a home loan. Lending to moderate-income borrowers was significantly below aggregate data and demographics.

The performance is reasonable considering the percentage of loans with income not reported, as well as the high level of competition. More than half of the 96 home loans originated in 2023 did not have revenue collected since they were for investment or business purposes for which income is not required to be collected. For informational purposes, if these loans are removed from the calculations, lending to low-income borrowers increases to 15.2 percent which is more than double aggregate data. Lending to moderate-income borrowers also increases to 15.2 percent which is in line with aggregate data and demographics. The following table reflects the distribution of home mortgage loans to borrowers of different income levels.

Distribution of Home Mortgage Loans by Borrower Income Level						
Assessment Area: Athens MSA						
Borrower Income Level	% of Families	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2022	24.6	6.1	7	7.3	1,021	3.2
Moderate						
2022	16.2	16.1	7	7.3	647	2.0
Middle						
2022	17.2	21.3	9	9.4	1,445	4.5
Upper						
2022	42.0	40.9	23	23.9	5,511	17.4
Not Available						
2022	0.0	15.6	50	52.1	23,225	72.9
<b>Totals</b>						
<b>2022</b>	<b>100.0</b>	<b>100.0</b>	<b>96</b>	<b>100.0</b>	<b>31,849</b>	<b>100.0</b>
Source: 2020 U.S. Census; Bank Data, 2022 HMDA Aggregate Data, "--" data not available.						

### **Response to Complaints**

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

### **COMMUNITY DEVELOPMENT TEST**

The Commercial Bank's community development performance demonstrated adequate responsiveness and leadership to community development needs in its assessment area through community development loans, qualified investments, and community development services. Examiners considered the bank's capacity and the need and availability of such opportunities for community development in its rated areas.

### **Community Development Loans**

During the evaluation period, the bank originated, renewed, or refinanced 12 community development loans totaling \$8.7 million. Based on dollar volume, the bank's current level of community development loans represents 2.2 percent of average total assets and 3.4 percent of average total loans, as of March 31, 2024. The community development loans supported affordable housing, community services, economic development, and revitalization or stabilization efforts in low- and moderate-income census tracts and to low- and moderate-income families and individuals. The following tables detail the bank's community development lending activity by year and purpose during the evaluation period.

Community Development Lending										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
2021 (partial)	1	226	-	-	-	-	-	-	1	226
2022	-	-	2	724	4	4,687	-	-	6	5,411
2023	-	-	-	-	1	1,200	3	1,694	4	2,894
2024 YTD	-	-	-	-	1	150	-	-	1	150
<b>Total</b>	<b>1</b>	<b>226</b>	<b>2</b>	<b>724</b>	<b>6</b>	<b>6,037</b>	<b>3</b>	<b>1,694</b>	<b>12</b>	<b>8,681</b>
<i>Source: Bank Data</i>										

Below are notable examples of the bank's community development loans originated during the evaluation period:

- In 2021, the bank originated a loan totaling \$226,000 to purchase a 6-unit apartment building where rents are less than 80 percent of fair market rents providing affordable housing.
- In 2022, the bank originated an SBA (7a) loan totaling \$1.4 million to purchase a chain of coffee shops which retained a large number of jobs that may benefit low- and moderate-income individuals and promote economic development.
- In 2023, the bank originated a loan in the amount totaling \$600,000 to a government entity to fund improvements to the water and sewer system for a city located in a moderate-income census tract promoting stabilization of the area.

### **Qualified Investments**

During the evaluation period, the bank made 23 qualified investments and donations totaling approximately \$570,000. As of March 31, 2024, total qualified investments equated to 0.1 percent of average total assets and 0.7 percent of average total securities. The Commercial Bank's qualified investments demonstrated adequate responsiveness in consideration of available opportunities, and performance is similar to an SSI operating with one assessment area. The bank's investments are comprised of one investment totaling \$500,000. In addition, the bank provided 22 donations totaling \$70,000. Investments are primarily to organizations that offer services to low- and moderate-income individuals and families. The following table details the bank's qualified investments by activity purpose and year.

Qualified Investments by Year										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Total	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Prior Period	-	-	-	-	-	-	-	-	-	-
2021 (Partial)	-	-	-	-	-	-	-	-	-	-
2022	-	-	1	500	-	-	-	-	1	500
2023	-	-	-	-	-	-	-	-	-	-
2024 (YTD)	-	-	-	-	-	-	-	-	-	-
<b>Subtotal</b>	-	-	1	500	-	-	-	-	1	500
Qualified Grants & Donations	-	-	19	50	-	-	3	20	22	70
<b>Total</b>	-	-	20	550	-	-	3	20	23	570
<i>Source: Bank Data</i>										

Below are examples of qualified investments that benefited the assessment area.

- In 2022, the bank purchased a municipal bond where proceeds were used to make improvements to schools in Madison County which have 55.3 percent of the students qualifying for free or reduced lunch.
- In 2024, the bank made a \$10,000 donation to a non-profit organization that provides mentoring, coaching, and scholarships to students in Oglethorpe County where 68 percent of students qualify for free and reduced lunch.
- During the review period, the bank made three donations totaling \$7,200 to a non-profit organization that works to prevent child abuse and neglect by providing baby supplies, intervention screenings, and other resources.

### **Community Development Services**

During the evaluation period, officers and employees acting as representatives of The Commercial Bank provided 24 community development services to nine organizations, where bank representatives served as a board or committee member and attended regular meetings. Community development services equate to 1.6 services per branch per year. The community development services primarily support community services and economic development. Although not innovative, the community development services demonstrated adequate responsiveness to the assessment areas' poverty levels, as bank representatives are involved in organizations that provide emergency programs, including food banks. In addition, bank employees are involved in organizations that attract new business and support small businesses in the assessment area. The following table details the community development services by purpose and year and reflects an increasing trend.



Community Development Services by Year					
Activity Year	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Totals
	#	#	#	#	#
2021 (Partial)	1	2	1	-	4
2022	1	2	1	-	4
2023	1	3	3	-	7
2024 (YTD)	1	4	4	-	9
<b>Total</b>	<b>4</b>	<b>11</b>	<b>9</b>	<b>-</b>	<b>24</b>
<i>Source: Bank Data.</i>					

Below are examples of community development services that benefited the assessment area.

- During the review period, a bank representative served as a member of the finance committee and Board Secretary for a non-profit that provides free or low-cost home improvements for low- and moderate-income individuals.
- During the review period, a bank representative served as a Board member for a non-profit organization that promotes small businesses and workforce development.
- During the review period, a bank representative served as a Board member for a civic organization that fundraises and provides programs for low- and moderate- individuals.

## DISCRIMINATORY OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

Examiners evaluated the bank's compliance with anti-discrimination laws, including the Fair Housing Act and the Equal Credit Opportunity Act. Examiners did not identify any evidence of discriminatory or other illegal credit practices.

## **APPENDICES**

### **INTERMEDIATE SMALL BANK PERFORMANCE CRITERIA**

#### **Lending Test**

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

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

#### **Community Development Test**

The Community Development Test considers the following criteria:

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

## GLOSSARY

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

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

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

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

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

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

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

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

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

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

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

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

**Community Development Loan:** A loan that:

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

**Community Development Service:** A service that:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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