

## The Commercial Bank Community Reinvestment Act Policy Board Approved: April 17, 2025

The Community Reinvestment Act (CRA) is designed to assist federal regulators when assessing a bank's record of helping to meet the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with the safe and sound operation of the Bank.

The Bank has an obligation to help meet the credit needs of the local communities in which it is chartered. A poor performance of helping to meet community credit needs may have a negative impact on an application for a new branch facility, merger, or acquisition.

### **Policy Statement**

The Commercial Bank ("Bank") is committed to complying with the technical requirements of the regulation. In addition, the Bank will continually look for new opportunities to meet community credit needs. The Bank has a responsibility to the communities it serves and will make every effort to meet community credit needs consistent with its business objectives and the safe and sound operation of the Bank.

### **Assessment Area**

The regulation requires the Bank to delineate one or more assessment areas. This assessment area should consist generally of one or more MSAs or metropolitan divisions, or one or more contiguous political subdivisions, such as counties, cities, or towns. In addition, the assessment area should include the geographies in which the Bank has its main office, branches, and ATM facilities; as well as the surrounding geographies areas in which the Bank has originated or purchased a substantial portion of its loans.

A bank may adjust the boundaries of its assessment area(s) to include only the portion of a political subdivision that it reasonably can be expected to serve. An adjustment is particularly appropriate in the case of an assessment area that otherwise would be extremely large, of unusual configurations, or divided by significant geographic barriers.

The Bank's assessment area must (1) consist only of whole geographies; (2) may not reflect illegal discrimination; (3) may not arbitrarily exclude low or moderate-income geographies, considering the Bank's size and financial condition; and (4) may not extend substantially beyond an MSA (metropolitan statistical area) boundary or beyond a state boundary unless the assessment area is located in a multi-state MSA. The Bank's assessment area is described on a separate document.

### **Bank Size**

The Bank is considered a small bank for CRA purposes. "Small bank" or "small savings association" means a bank that, as of December 31 of either of the prior two calendar years, had assets of less than \$1.649 billion.

"Intermediate small bank" or "intermediate small savings association" means a small bank with assets of at least \$412 million as of December 31 of both prior two calendar years, and less than \$1.649 billion as of December 31 of either of the prior two calendar years.

These asset thresholds are effective January 1, 2026.

### **Standards For Assessing Small Bank CRA Performance**

A small bank will be evaluated in its effort to help meet the credit needs of its assessment area(s), pursuant to the following Lending Test criteria:

- (A) 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;
- (B) The percentage of loans and, as appropriate, other lending related activities located in the Bank's assessment area(s);
- (C) 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;
- (D) The geographic distribution of the Bank's loans; and
- (E) The Bank's record of acting, if warranted, in response to written complaints about its performance in helping to meet credit needs in its assessment area(s).

### **Standards For Assessing Intermediate Small Bank Performance**

A small bank that meets the definition of an intermediate small bank is evaluated under the 5 criteria in the Lending Test listed above. In addition, an intermediate small bank is also evaluated pursuant to the following Community Development Test criteria:

- (A) The number and dollar amount of community development loans;
- (B) The number and dollar amount of qualified investments;
- (C) The extent to which the Bank provides community development services; and
- (D) The Bank's responsiveness through such activities to community development lending, investment, and service's needs.

### **Standards For Assessing Large Bank CRA Performance**

If the Bank does not meet the definition of a small bank or an intermediate small bank, the Bank's regulator will assess its CRA performance based on three performance tests: the lending test, investment test, and service test. These three areas will be evaluated, and the Bank will be given an assigned rating, which will be made available to the public.

#### *I. Lending Test*

The lending test evaluates a bank's record of helping to meet the credit needs of its assessment area through its lending activities by considering a bank's home mortgage, small business, small farm, and community development lending.

If consumer lending constitutes a substantial majority of a bank's business, the Bank's consumer lending will be evaluated in one or more of the following categories: motor vehicle, credit card, home equity, other secured, and other unsecured. Both originations and purchases of loans will be considered, as well as data on loans outstanding, commitments, and letters of credit.

Loan originations as well as loan purchases will be considered. Any other loan data the Bank may choose to provide may also be considered.

The Bank's lending performance will be evaluated using the following criteria:

(A) Lending Activity

The number and amount of the Bank's home mortgage, small business, small farm, and consumer loans, if applicable, in the Bank's assessment area.

(B) Geographic Distribution

The geographic distribution of the Bank's home mortgage, small business, small farm, and consumer loans, if applicable, based on loan location, including the following:

- (1) the proportion of the Bank's lending in the Bank's assessment area;
- (2) the dispersion of lending in the Bank's assessment area; and
- (3) the number and amount of loans in low-, moderate-, middle-, and upper- income geographies in the Bank's assessment area.

(C) Borrower Characteristics

The distribution, particularly in the Bank's assessment area, of the Bank's home mortgage, small business, small farm, and consumer loans, if applicable, based on borrower characteristics, including the number and amount of the following:

- (1) home mortgage loans to low-, moderate-, middle-, and upper- income individuals;
- (2) small business and small farm loans to businesses and farms with gross annual revenues of \$1 million or less;
- (3) small business and small farm loans by loan amount at origination; and
- (4) consumer loans, if applicable, to low-, moderate-, middle-, and upper- income individuals.

(D) Community Development Lending

The Bank's community development lending, including the number and amount of community development loans, and their complexity and innovativeness.

(E) Innovative or Flexible Lending Practices

The Bank's use of innovative or flexible lending practices in a safe and sound manner to address the credit needs of low- or moderate- income individuals or geographies.

*II. Investment Test*

The investment test evaluates a bank's record of helping to meet the credit needs of its assessment area through qualified investments that benefit its assessment area or a broader statewide or regional area that includes the Bank's assessment area.

Activities considered under the lending or service tests may not be considered under the investment test.

The Bank's investment performance will be evaluated using the following criteria:

- (A) The dollar amount of qualified investments;
- (B) The innovativeness or complexity of qualified investments;
- (C) The responsiveness of qualified investments to credit and community development needs; and
- (D) The degree to which the qualified investments are not routinely provided by private investors.

*III. Service Test*

The service test evaluates the Bank's record of helping to meet the credit needs of its assessment area by analyzing both the availability and effectiveness of a bank's systems for delivering retail banking services and the extent and innovativeness of its community development services.

Community development services must benefit a bank's assessment area or a broader statewide or regional area that includes the Bank's assessment area.

The service test will include an evaluation of the effectiveness of the Bank's systems for delivering retail banking services, using the following criteria:

- (A) The current distribution of the Bank's branches among low-, moderate-, middle-, and upper- income geographies;
- (B) In the context of its current distribution of the Bank's branches, the Bank's record of opening and closing branches, particularly branches located in low- or moderate-income geographies or primarily serving low- or moderate- income individuals;
- (C) The availability and effectiveness of alternate systems for delivering retail banking services (for example, ATMs, ATMs not owned or operated by or exclusively for the Bank, banking by telephone or computer, loan production offices, and bank-at-work

- or bank-by-mail programs) in low- and moderate- income geographies and low- to moderate- income individuals; and
- (D) The range of services provided in low-, moderate-, middle- and upper- income geographies and the degree to which the services are tailored to meet the needs of those geographies.

The service test will also include an evaluation of community development services pursuant to the following criteria:

- (A) The extent to which the Bank provides community development services; and  
(B) The innovativeness and responsiveness of community development services.

### **Data Collection for Large Banks**

#### ***Collection of Loan Information***

Banks, excluding small banks, must collect, and maintain in machine readable format, the following data for each small business or small farm loan originated or purchased by the Bank:

- (A) a unique number or alphanumeric symbol that can be used to identify the relevant loan file;  
(B) the loan amount at origination;  
(C) the loan location; and  
(D) an indicator whether the loan was to a business or farm with gross annual revenues of \$1 million or less.

#### ***Reporting of Loan Information***

Banks, excluding small banks, must report annually (by March 1) the following data for the prior calendar year:

- (A) For each geography in which the Bank originated or purchased a small business or small farm loan, the aggregate number and amount of loans:
- (1) with an amount at origination of \$100,000 or less;
  - (2) with amount at origination of more than \$100,000 but less than or equal to \$250,000;
  - (3) with an amount at origination of more than \$250,000; and
  - (4) to businesses and farms with gross annual revenues of \$1 million or less.
- (B) The aggregate number and aggregate amount of community development loans originated or purchased; and
- (C) If the Bank is subject to HMDA reporting for the calendar year, the location of each home mortgage loan application, origination, or purchase outside the MSAs in which the Bank has a home or branch office.

## CRA Disclosure Statement for Large Banks

Annually, after CRA is reported to the Bank's regulator, a CRA disclosure statement will be prepared for the Bank that contains information regarding its prior year CRA lending data.

This CRA disclosure statement should be placed in the Bank's CRA file and made available to the public.

In addition, an aggregate disclosure will be prepared for each MSA that shows small business and small farm lending in each MSA by all financial institutions subject to CRA reporting.

The Bank's individual CRA statement and the aggregate disclosure statements for all financial institutions are also made available to the public by federal regulators at central data depositories.

## CRA Public File

A CRA public file is required for all banks, regardless of asset size.

The Bank's CRA Officer has responsibility for maintaining a public file that contains the following information:

- All written comments received from the public for the current year and each of the two prior calendar years that specifically relate to the Bank's performance in helping to meet community credit needs, and any response to the comments by the Bank. Comments are not required to be included in the public file if the comments or the responses contain statements that reflect adversely on the good name or reputation of any persons other than the Bank.
- A copy of the public section of the Bank's most recent CRA performance evaluation. The Bank must place this performance evaluation in the file within 30 days of receipt.
- A list of the Bank's branches, their street addresses, and **geographies**.

The term **geographies** refers to a census tract, if the Bank's assessment area is in an MSA/MA or has been tracked. Otherwise, the term refers to the block numbering areas delineated by the United States Bureau of the Census in the most recent census.

- A list of branches opened or closed by the Bank during the current year and each of the prior two calendar years, their street addresses, and geographies.
- A list of services (including hours of operation, available loan and deposit products, and transaction fees) generally offered at the Bank's branches, and descriptions of material differences in the availability or cost of services at branches, if any.
- A map of each assessment area showing the boundaries of the area and identifying the geographies contained within the area, either on a map or in a separate list.

- For small banks, the Bank's loan to deposit ratio for each quarter of the prior calendar year and, at its option, additional data on its loan to deposit ratio.
- For banks other than small banks, if the Bank has elected to have one or more categories of its consumer loans considered under the lending test, the number and amount of loans (1) to low-, moderate-, middle-, and upper- income individuals; (2) located in low-, moderate-, middle-, and upper- income census tracts; and (3) located inside the Bank's assessment area(s) and outside the Bank's assessment area(s).
- For banks other than small banks, the Bank's CRA disclosure statement.
- For banks subject to HMDA, a copy of the HMDA disclosure statement provided by the FFIEC pertaining to the Bank for each of the two prior calendar years. The Bank shall place the statement in the public file within three business days after receipt.
- Any other information the Bank chooses.

#### *Location of Public File*

The Bank must make its public file available for public inspection upon request and at no cost. The original file is always available on the Bank's shared network.

A copy of the public section of the Bank's most recent CRA performance evaluation and a list of services provided by the Bank should be maintained within the file. These items should be available to the public upon request. If a branch office receives a request for the entire public comment file, the branch must obtain a copy of all the information in the public file relating to the assessment area in which the branch is located. The information must be made available to the requestor within 5 calendar days of the request.

Upon request, the Bank must provide copies of the information in the CRA public file. The Bank may charge a reasonable fee, not to exceed the cost of copying and/or mailing. The Bank reserves the right to charge a fee for this service but generally provides this information at no cost to the requestor.

In addition to the public file at each branch location, banks are required to publish their public file to their website, effective January 1, 2026. Specific provisions to the file must be updated on a quarterly basis.

#### *Updating the Public File*

The Bank must ensure that a list of branches opened and closed, and all written public comments are updated for the current year on a quarterly basis for the prior quarter by March 31, June 30, September 30, and December 31. All other data contained in the public file is updated on an annual basis by April 1.

### **Evidence of Discriminatory Practices**

The Bank's CRA performance rating will be adversely affected by evidence of discriminatory or other illegal credit practices by the Bank in any geography.

### **Lobby Notice**

The Bank must display a CRA public notice in the public lobby of the main office and the public lobby of each branch.

### **Board Review**

The Commercial Bank Board of Directors will review this policy annually. Any amendments or additions deemed necessary will be made at that time.