

PUBLIC DISCLOSURE

January 27, 2020

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**First Progressive Bank
312 Sowell Street
Brewton, Alabama 36426**

RSSD ID NUMBER: 177135

**FEDERAL RESERVE BANK OF ATLANTA
1000 Peachtree Street, N.E.
Atlanta, Georgia 30309-4470**

NOTE: 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 the 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'S CRA RATING: This institution is rated Satisfactory.

Major factors supporting the institution's rating include:

- The bank's loan-to-deposit (LTD) ratio was reasonable given its asset size, financial condition, and assessment area credit needs.
- A substantial majority of loans were made in the assessment area.
- The geographic distribution of loans reflects reasonable dispersion throughout the assessment area.
- The distribution of borrowers reflects reasonable penetration among borrowers of different incomes and businesses of different sizes.
- The bank has not received any CRA related complaints since the previous examination.

SCOPE OF EXAMINATION

The CRA performance evaluation assesses the bank's record of meeting the credit needs of its community, including low- and moderate-income neighborhoods, within the context of information such as asset size and financial condition of the institution, competitive factors, and the economic and demographic characteristics of its defined assessment area. This CRA performance review was based on the bank's lending performance in its assessment area using the Interagency Small Institution Examination Procedures. The rating was assessed using the following core criteria developed for evaluating CRA lending performance for small banks:

- Net Loan-to-Deposit (LTD) Ratio
- Lending Inside the Assessment Area
- Lending to Borrowers of Different Incomes and Businesses of Different Sizes
- Geographic Distribution of Loans
- The bank's responsiveness to complaints it has received regarding its CRA activities, if applicable

First Progressive Bank's rating was determined by conducting a full-scope review of the bank's one assessment area. The evaluation included an analysis of residential real estate and small business loans originated from January 1, 2015 through December 31, 2018. A small business loan is defined as a business loan with an original amount of \$1 million or less and typically is either secured by nonfarm or nonresidential real estate or classified as a commercial loan. Given its asset size, First Progressive Bank is not required to report CRA small business loan data. Additionally, the bank is not subject to the reporting requirements of Regulation C – Home Mortgage Disclosure Act (HMDA).

As part of this evaluation, a community contact was made with a local representative who is familiar with the economic and demographic characteristics as well as community development opportunities in the Brewton assessment area. Information obtained from the contact was used to establish a context for the communities in which the bank operates and to gather information on the bank's performance. Specific information obtained from the community contact is included in the applicable section of the evaluation for the assessment area. The contact did not identify any unmet credit needs.

DESCRIPTION OF INSTITUTION

First Progressive Bank is a small community bank that operates one branch in rural Brewton, Alabama. According to the Consolidated Report of Condition and Income (Call Report), between December 31, 2015 and December 31, 2019, total assets decreased 3.9 percent from \$31.3 million to \$30.1 million. The bank offers mostly non-complex personal and business banking products. The bank does not maintain a website and does not offer adjustable rate mortgages or open-end credit products, such as overdraft protection or home equity lines of credit. The market is highly competitive with respect to banking. There are 10 banking institutions in the bank's market, and First Progressive ranks 7th in market share with 3.2 percent of deposits.

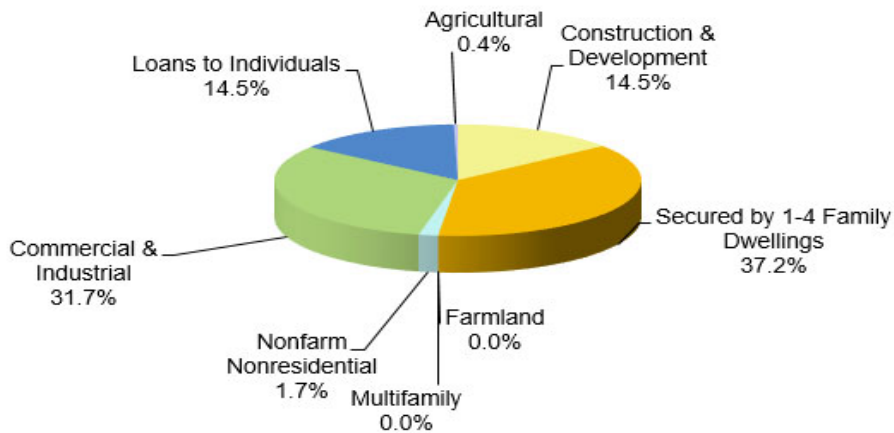
Loan Portfolio

The following table and graphs show the composition of the loan portfolio according to the Consolidated Report of Condition and Income (Call Report).

COMPOSITION OF LOAN PORTFOLIO										
Loan Type	9/30/2019		12/31/2018		12/31/2017		12/31/2016		12/31/2015	
	\$ (000s)	Percent	\$ (000s)	Percent	\$ (000s)	Percent	\$ (000s)	Percent	\$ (000s)	Percent
Construction and Development	1,197	14.5%	1,055	12.9%	1,056	13.5%	1,445	17.7%	1,644	20.1%
Secured by One- to Four- Family Dwellings	3,075	37.2%	3,231	39.6%	3,534	45.0%	3,286	40.3%	3,031	37.0%
Other Real Estate: Farmland	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Multifamily	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Nonfarm nonresidential	141	1.7%	105	1.3%	103	1.3%	105	1.3%	109	1.3%
Commercial and Industrial	2,617	31.7%	2,515	30.8%	2,136	27.2%	2,306	28.3%	2,393	29.2%
Loans to Individuals	1,200	14.5%	1,218	14.9%	978	12.5%	957	11.7%	945	11.5%
Agricultural Loans	30	0.4%	30	0.4%	40	0.5%	60	0.7%	60	0.7%
Total	\$8,260	100.00%	\$8,154	100.00%	\$7,847	100.00%	8,159	100.00%	\$8,182	100.00%

* This table does not include the entire loan portfolio. Specifically, it excludes loans to depository institutions, bankers acceptances, lease financing receivables, obligations of state and political subdivisions, and other loans that do not meet any other category. Contra assets are also not included in this table.

**Loan Portfolio
as of
9/30/2019**



As illustrated in the table and chart above, the bank’s loan portfolio as of September 30, 2019 consisted primarily of loans secured by one-to four-family dwellings, followed by commercial and industrial loans, construction and development loans, and loans to individuals. The most significant change to the loan portfolio since the previous examination is that construction and development loans have decreased from 20.1 percent to 14.5 percent of the loan portfolio, while loans to individuals have increased slightly from 11.5 percent to 14.5 percent. Commercial and industrial loans has also experienced a slight increase since the last examination.

Credit Products

The bank offers a variety of services and products to meet the needs of its assessment area. The types of products offered are generally non-complex and include fixed-rate mortgage loans, home improvement loans, construction loans, farm and business loans, motor vehicle loans, secured consumer loans, and commercial loans. The bank does not offer any unsecured products. Furthermore, no new loan products have been introduced since the previous CRA evaluation.

First Progressive Bank complies with the requirements of the CRA. No known legal impediments exist that would restrict the bank from meeting the credit needs of its assessment area. The bank received a “satisfactory” rating at its previous evaluation conducted by the Federal Reserve Bank of Atlanta dated November 16, 2015, under the small bank examination procedures.

DESCRIPTION OF THE BREWTON ASSESSMENT AREA

Overview

The bank has defined its assessment area as the four census tracts within a 10-mile radius of its only branch, which is located in a moderate-income census tract. The assessment area includes the cities of Brewton and East Brewton in Escambia County, Alabama, which is not located within an MSA. The assessment area delineation has not changed since the previous examination; however, the income level designations of the census tracts have changed. In 2014, the assessment area was made up of one low-income census tract, one moderate-income census tract, one middle-income census tract and one upper-income census tract. According to the 2018 FFIEC census data, the assessment area is now made up of one moderate-income tract, two middle-income tracts, and one upper-income tract.

Population Information

According to the 2018 FFIEC census data, the bank’s assessment area population was 16,204, which represents 42.7 percent of Escambia County’s population of 37,935 and less than one percent of the state of Alabama’s population of 4,830,620 persons.

Income Characteristics

For purposes of classifying borrower income, this evaluation uses the FFIEC median family income for the relevant area. The following table sets forth the estimated median family income for 2015, 2016, 2017, and 2018 for the non-metro areas of Alabama. The table also provides a breakdown of the estimated annual income based on income level.

**Borrower Income Levels
Alabama State Non-metro**

FFIEC Estimated Median Family Income		Low 0 - 49.99%	Moderate 50% - 79.99%	Middle 80% - 119.99%	Upper 120% - & above
2015	\$47,000	0 - \$23,499	\$23,500 - \$37,599	\$37,600 - \$56,399	\$56,400 - & above
2016	\$46,300	0 - \$23,149	\$23,150 - \$37,039	\$37,040 - \$55,559	\$55,560 - & above
2017	\$45,700	0 - \$22,849	\$22,850 - \$36,559	\$36,560 - \$54,839	\$54,840 - & above
2018	\$48,500	0 - \$24,249	\$24,250 - \$38,799	\$38,800 - \$58,199	\$58,200 - & above

The FFIEC estimated median family income for the non-metro assessment area in 2015 was \$47,000, decreased in 2016 and 2017 to \$46,300 and \$45,700, respectively, and increased in 2018 to \$48,500. According to the 2018 FFIEC census data, there were 4,109 families in the assessment area. In 2018, 23.9 percent were low-income, 19.4 percent were moderate-income, 20.4 percent were middle-income, and 36.3 percent were upper-income. Of the total families, 18.5 percent had incomes below the poverty level.

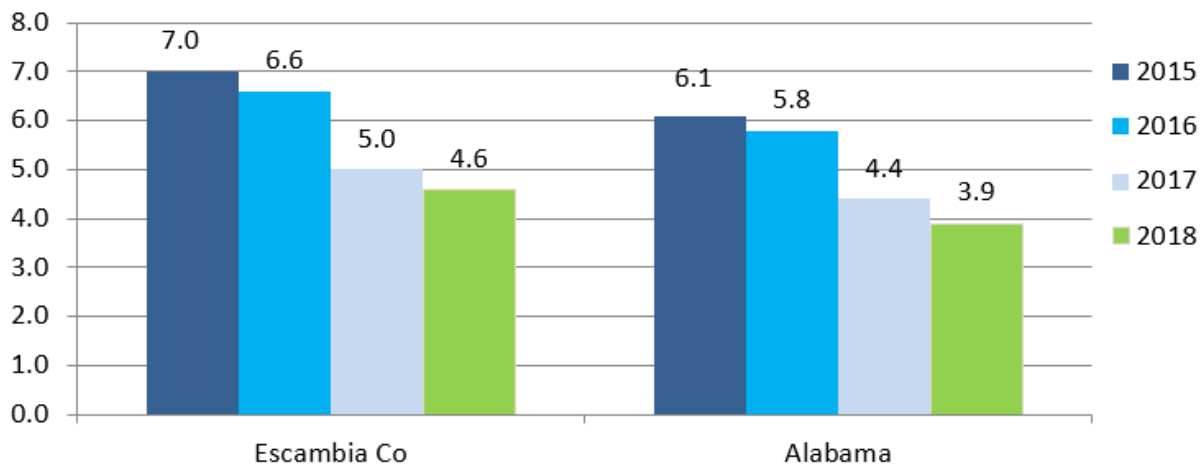
Housing Characteristics

According to the 2018 FFIEC census data, there were 7,678 housing units in the assessment area, 60.1 percent of which are owner-occupied units. In addition, 71.4 percent of the housing units in the assessment area are one-to-four family units and the median age of the housing stock is 39 years. The median housing value in the assessment area is \$91,591. The affordability ratio of the assessment area is 37.7, while for the state of Alabama is less affordable at 34.8. The affordability ratio is defined as the median household income divided by the median housing value. A higher ratio means the housing is considered more affordable while a lower ratio means the housing is considered less affordable.

Employment Statistics

Other than state and local government, employment in Escambia County is concentrated in the following areas: service-providing; trade, transportation, and utilities; retail trade; goods-producing; and manufacturing.³ Some of the area’s largest employers include Georgia Pacific (paperboard mill), Grede Holdings, LLC (ductile castings), and T.R. Miller Mill Co, Inc. (wood products).⁴ The following chart shows the unemployment rates according to the Bureau of Labor Statistics (BLS) for Escambia County and the State of Alabama for 2015, 2016, 2017, and 2018.

Unemployment Rates - Escambia Co, AL



Not Seasonally Adjusted. Source: Bureau of Labor Statistics

Competition

The bank operates in a highly competitive market as noted from the number of depository institutions with a presence in the assessment area. According to the June 30, 2019 Federal Deposit Insurance Corporation (FDIC) Summary of Deposits Market Share Report, there were 10 depository institutions operating 19 offices in Escambia

³ Q3 2019, Census of Employment and Wages-Bureau of Labor Statistics. Last Modified 2 January 2020. Accessed Web 12 March 2020. <<https://www.bls.gov/data/#calculators>>

⁴ Major Industries. n.d. Web 27 January 2020. <<https://www.brewtonchamber.com/Area-Data>>

County. First Progressive Bank ranked 7th with a deposit market share of 3.2 percent. The institutions with the largest market share in the area are United Bank, Trustmark National Bank, and The First National Bank and Trust, with market shares of 29.4 percent, 20.1 percent, and 18.8 percent, respectively.

Community Contacts

As part of the CRA examination, information was obtained from a local contact specializing in economic development. The contact expressed that the community had some recent growth although several manufacturing companies had previously left the area. The contact believes that timber and manufacturing are still the primary industries located in the surrounding area. However, Provalus, a tech-service and support company, recently announced it will build a \$6.5 million center in Brewton, which will bring nearly 300 jobs to the area. According to the company website, the company's 60,000 square-foot complex will offer business process outsourcing, information technology outsourcing, and help desk services to clients, which include a number of Fortune 1000 companies. The contact also stated that income levels have been stable, and affordable housing is available throughout the area. However, availability of mid-range stay rental property has been an issue in the city due to the scarcity of lodging. A recent strategy for one larger employer, Georgia Pacific, was to house workers for an extended period of time in a trailer park which the company established for its workers. Finally, the perception of the banking industry is that the banks in the area are involved in the community and provide the necessary services.

General Economic and Business Characteristics

According to bank management and the community contact, economic conditions in the assessment area are relatively stable with little or no growth. Population continues to decline due to a lack of job opportunities for recent college graduates. Bank management indicated that increased competition from the number of financial institutions in the area made business more challenging. Major industries in Brewton include manufacturing, timber, farming, and health care.⁵ First Progressive considers its niche to be a small community bank with a strong willingness to serve its community and customers. Bank management indicated that they are carving a niche by remaining one of the only banks in town that offers greater flexibility with construction loans.

Assessment Area Demographics

The following tables provide demographic characteristics of the bank's assessment area based on the 2016 and 2018 FFIEC census data used to analyze the bank's CRA performance. Certain components of the data in the tables are discussed in this evaluation as they apply to specific parts of the analysis. The first table is based on 2016 FFIEC census data along with 2016 Dun & Bradstreet (D&B) information and is used in the analysis of 2015 and 2016 lending performance. The second table is based on the 2018 FFIEC census data and 2018 D&B information and is used in the analysis of 2017 and 2018 lending performance. The economic conditions of the assessment area in 2018 designate the two middle-income census tracts as distressed due to high poverty levels.

⁵ Top-industries n.d. Web 27 January 2020. <<http://www.escambiaida.com/facts-and-data/top-industries>>

Combined Demographics Report

Assessment Area: AL Brewton

Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low-income	1	25	437	10.1	158	36.2	1,198	27.6
Moderate-income	1	25	1,650	38	466	28.2	832	19.1
Middle-income	1	25	1,157	26.6	229	19.8	617	14.2
Upper-income	1	25	1,101	25.3	107	9.7	1,698	39.1
Unknown-income	0	0	0	0	0	0	0	0
Total Assessment Area	4	100.0	4,345	100.0	960	22.1	4,345	100.0
	Housing Units by Tract	Housing Types by Tract						
		Owner-Occupied			Rental		Vacant	
		#	%	%	#	%	#	%
Low-income	821	328	6.8	40	321	39.1	172	21
Moderate-income	3,009	1,918	39.5	63.7	526	17.5	565	18.8
Middle-income	2,031	1,343	27.7	66.1	210	10.3	478	23.5
Upper-income	2,005	1,266	26.1	63.1	393	19.6	346	17.3
Unknown-income	0	0	0	0	0	0	0	0
Total Assessment Area	7,866	4,855	100.0	61.7	1,450	18.4	1,561	19.8
	Total Businesses by Tract	Businesses by Tract & Revenue Size						
		Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported		
		#	%	#	%	#	%	#
Low-income	160	25.8	139	25.2	12	27.3	9	37.5
Moderate-income	129	20.8	120	21.8	2	4.5	7	29.2
Middle-income	138	22.3	117	21.2	14	31.8	7	29.2
Upper-income	192	31	175	31.8	16	36.4	1	4.2
Unknown-income	0	0	0	0	0	0	0	0
Total Assessment Area	619	100.0	551	100.0	44	100.0	24	100.0
Percentage of Total Businesses:			89.0		7.1		3.9	
	Total Farms by Tract	Farms by Tract & Revenue Size						
		Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported		
		#	%	#	%	#	%	#
Low-income	5	17.2	4	15.4	1	33.3	0	0
Moderate-income	10	34.5	9	34.6	1	33.3	0	0
Middle-income	6	20.7	6	23.1	0	0	0	0
Upper-income	8	27.6	7	26.9	1	33.3	0	0
Unknown-income	0	0	0	0	0	0	0	0
Total Assessment Area	29	100.0	26	100.0	3	100.0	0	.0
Percentage of Total Farms:			89.7		10.3		.0	

2016 FFIEC Census Data and 2016 D&B Information

Combined Demographics Report

Assessment Area: AL Brewton

Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income		
	#	%	#	%	#	%	#	%	
Low-income	0	0	0	0	0	0	984	23.9	
Moderate-income	1	25	438	10.7	163	37.2	797	19.4	
Middle-income	2	50	2,515	61.2	476	18.9	837	20.4	
Upper-income	1	25	1,156	28.1	120	10.4	1,491	36.3	
Unknown-income	0	0	0	0	0	0	0	0	
Total Assessment Area	4	100.0	4,109	100.0	759	18.5	4,109	100.0	
	Housing Units by Tract	Housing Types by Tract							
		Owner-Occupied		Rental		Vacant			
		#	%	%	#	%	#	%	
Low-income	0	0	0	0	0	0	0	0	
Moderate-income	916	515	11.2	56.2	162	17.7	239	26.1	
Middle-income	4,738	2,837	61.5	59.9	1,032	21.8	869	18.3	
Upper-income	2,024	1,260	27.3	62.3	478	23.6	286	14.1	
Unknown-income	0	0	0	0	0	0	0	0	
Total Assessment Area	7,678	4,612	100.0	60.1	1,672	21.8	1,394	18.2	
	Total Businesses by Tract	Businesses by Tract & Revenue Size							
		Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported			
		#	%	#	%	#	%	#	%
Low-income	0	0	0	0	0	0	0	0	
Moderate-income	154	25.8	131	24.9	12	26.7	11	45.8	
Middle-income	268	45	241	45.7	16	35.6	11	45.8	
Upper-income	174	29.2	155	29.4	17	37.8	2	8.3	
Unknown-income	0	0	0	0	0	0	0	0	
Total Assessment Area	596	100.0	527	100.0	45	100.0	24	100.0	
Percentage of Total Businesses:			88.4		7.6		4.0		
	Total Farms by Tract	Farms by Tract & Revenue Size							
		Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported			
		#	%	#	%	#	%	#	%
Low-income	0	0	0	0	0	0	0	0	
Moderate-income	4	14.8	3	12	1	50	0	0	
Middle-income	13	48.1	12	48	1	50	0	0	
Upper-income	10	37	10	40	0	0	0	0	
Unknown-income	0	0	0	0	0	0	0	0	
Total Assessment Area	27	100.0	25	100.0	2	100.0	0	.0	
Percentage of Total Farms:			92.6		7.4		.0		

2018 FFIEC Census Data and 2018 D&B Information

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

Overview

Performance context factors such as economic condition, competition, and demographic information were considered when evaluating the bank’s lending performance. The bank’s LTD ratio is reasonable. Based on an analysis of residential real estate and small business loans originated from January 1, 2015 through December 31, 2018, the bank originated a substantial majority of its loans within the assessment area. The geographic distribution of loans reflects reasonable penetration throughout the assessment area. The distribution of loans to borrowers with different incomes and businesses of different revenues within the assessment area is also reasonable.

Loan-to-Deposit (LTD) Ratio

The bank’s net LTD ratio is reasonable. Lending levels show a reasonable responsiveness to meeting the overall assessment area’s credit needs. The bank’s average LTD ratio for the 16-quarter period ended December 31, 2018, was 35.5 percent. Performance context information such as competition and business strategy were considerations in determining the reasonableness of the LTD ratio. The assessment area is a highly competitive market, and there is strong competition with a number of larger institutions. The bank traditionally makes loans to customers residing near its only branch, and to customers who have had a deposit relationship with the bank for many years. In addition, First Progressive Bank’s primary assets are securities of federal agencies. The LTD ratio was also compared with those of two other comparable depository institutions in the assessment area over the same time period; their ratios ranged from 35.1 percent to 45.4 percent.

Assessment Area Concentration

The bank originated a substantial majority of the loans to borrowers and businesses residing in or located within the bank’s assessment area. The table below shows, by product type, the number and the percentage of loans reviewed that were located inside and outside of the bank’s assessment area.

Lending Inside and Outside the Assessment Area

Loan Types	Inside				Outside			
	#	%	\$(000s)	%	#	%	\$(000s)	%
Residential Loans	17	89.5	\$1,361	87.4	2	10.5	\$196	12.6
Total Residential Loans	17	89.5	\$1,361	87.4	2	10.5	\$196	12.6
Small Business	22	95.7	\$2,171	97.7	1	4.3	\$50	2.3
Total Small Bus. related	22	95.7	\$2,171	97.7	1	4.3	\$50	2.3
TOTAL LOANS	39	92.9	\$3,532	93.5	3	7.1	\$246	6.5

First Progressive Bank originated 92.9 percent of the residential and small business loans to borrowers and businesses residing within the bank’s assessment area. This indicates the bank’s willingness to originate loans that meet the credit needs of its assessment area.

Geographic Distribution of Loans

Based on the following analysis, the overall geographic distribution of the bank’s residential and small business loans reflects reasonable dispersion throughout the bank’s assessment area and does not reveal any unexplained gaps in lending patterns.

Residential Lending

The following tables show the geographic distribution of the bank’s residential real estate loans within the Brewton assessment area, which was compared to available demographic information. A separate analysis was conducted for 2015 – 2016 and 2017 - 2018 due to census tract income level changes.

Geographic Distribution of Real Estate Loans

Assessment Area: AL Brewton

Tract Income Levels	Bank Lending & Demographic Data Comparison				
	2015, 2016				
	Bank				Owner Occupied Units
	Count		Dollar		%
	#	%	\$ (000s)	\$ %	%
Low	0	0.0%	\$0	0.0%	6.8%
Moderate	2	25.0%	\$143	22.0%	39.5%
Middle	3	37.5%	\$235	36.2%	27.7%
Upper	3	37.5%	\$271	41.8%	26.1%
Unknown	0	0.0%	\$0	0.0%	0.0%
<i>Total</i>	8	100.0%	\$649	100.0%	100.0%

Originations & Purchases

The bank’s overall level of residential lending is low; however, in 2015 and 2016, the greatest level of residential lending occurred in the middle-income and upper-income tracts, and a couple of loans were originated in the moderate-income tract. The vast majority of owner-occupied units were located in these tract income levels. For 2015 and 2016, the bank did not originate any residential real estate loans in low-income tracts, where 6.8 percent of owner occupied units were located. During the same period, the bank originated 25.0 percent of its real estate loans in moderate-income tracts, which is less than the 39.5 percent of owner occupied units in moderate-income tracts.

Geographic Distribution of Real Estate Loans

Assessment Area: AL Brewton

Tract Income Levels	Bank Lending & Demographic Data Comparison				
	2017, 2018				
	Bank				Owner Occupied Units
	Count		Dollar		%
	#	%	\$ (000s)	\$ %	%
Low	0	0.0%	\$0	0.0%	0.0%
Moderate	0	0.0%	\$0	0.0%	11.2%
Middle	4	44.4%	\$340	47.8%	61.5%
Upper	5	55.6%	\$372	52.2%	27.3%
Unknown	0	0.0%	\$0	0.0%	0.0%
<i>Total</i>	9	100.0%	\$712	100.0%	100.0%

Originations & Purchases

In 2017 and 2018, the number of residential real estate loans originated were more evenly dispersed among the middle- and upper-income tracts where 88.8 percent of the owner occupied units are located. The bank’s assessment area did not include any low-income tracts. In addition, the bank did not originate any real estate loans in moderate-income tracts where 11.2 percent of the owner occupied units were located. Given performance context factors, including demographic data and area competition, the geographic distribution of residential real estate loans is reasonable.

Small Business Lending

The following tables show the geographic distribution of small business loans as a percentage of the total number of loans by type within the Brewton assessment area, which was compared to available demographic information. A separate analysis was conducted for 2015 – 2016 and 2017 - 2018 due to census tract income level changes.

Geographic Distribution of Small Business Loans

Assessment Area: AL Brewton

Tract Income Levels	Bank Lending & Demographic Data Comparison 2015, 2016				
	Count		Bank Dollar		Total Businesses
	#	%	\$ (000s)	\$ %	%
Low	0	0.0%	\$0	0.0%	25.8%
Moderate	0	0.0%	\$0	0.0%	20.8%
Middle	3	100.0%	\$239	100.0%	22.3%
Upper	0	0.0%	\$0	0.0%	31.0%
Unknown	0	0.0%	\$0	0.0%	0.0%
Tr Unknown	0	0.0%	\$0	0.0%	
<i>Total</i>	<i>3</i>	<i>100.0%</i>	<i>\$239</i>	<i>100.0%</i>	<i>100.0%</i>

Originations & Purchases
2016 FFIEC Census Data and 2016 D&B Information

As with residential real estate loans, the bank’s overall level of lending for small business loans was low. In 2015 and 2016, lending to small businesses occurred in the middle-income tract where 22.3 percent of small businesses are located. However, the bank did not originate any loans in the low- or moderate-income tracts where 25.8 percent and 20.8 percent, respectively, of all small businesses are located.

Geographic Distribution of Small Business Loans

Assessment Area: AL Brewton

Tract Income Levels	Bank Lending & Demographic Data Comparison 2017, 2018				
	Count		Bank Dollar		Total Businesses
	#	%	\$ (000s)	\$ %	%
Low	0	0.0%	\$0	0.0%	0.0%
Moderate	2	10.5%	\$196	10.1%	25.8%
Middle	15	78.9%	\$1,386	71.7%	45.0%
Upper	2	10.5%	\$350	18.1%	29.2%
Unknown	0	0.0%	\$0	0.0%	0.0%
Tr Unknown	0	0.0%	\$0	0.0%	
<i>Total</i>	<i>19</i>	<i>100.0%</i>	<i>\$1,932</i>	<i>100.0%</i>	<i>100.0%</i>

Originations & Purchases
2018 FFIEC Census Data and 2018 D&B Information

In 2017 and 2018, the bank originated 10.5 percent of small business loans in the moderate-income tracts, which is less than the 25.8 percent of the small businesses that are located in the moderate-income tract. There were no low-income tracts in 2017 and 2018. The majority of the bank’s small business lending occurred in middle-income tracts where the majority of small businesses are located. Given performance context factors, including demographic data and area competition, the geographic distribution of small business loans is reasonable.

Lending to Borrowers of Different Incomes and Businesses of Different Sizes

Based on the following analysis, the overall distribution of the bank’s residential real estate and small business loans by borrower income and business revenue reflects reasonable penetration among borrowers with different incomes and businesses with different revenues, and does not reveal any unexplained gaps in lending patterns.

Residential Lending

The following tables show the distribution of the bank’s residential real estate loans by the income level of the borrowers within the Brewton assessment area, which was compared to available demographic information. A separate analysis was conducted for 2015 – 2016 and 2017 - 2018 due to census income level changes.

Borrower Distribution of Real Estate Loans

Assessment Area: AL Brewton

Borrower Income Levels	Bank Lending & Demographic Data Comparison				
	2015, 2016				
	Bank				Families by Family Income
	Count		Dollar		%
	#	%	\$ (000s)	\$ %	
Low	0	0.0%	\$0	0.0%	27.6%
Moderate	3	37.5%	\$231	35.6%	19.1%
Middle	4	50.0%	\$358	55.2%	14.2%
Upper	1	12.5%	\$60	9.2%	39.1%
Unknown	0	0.0%	\$0	0.0%	0.0%
<i>Total</i>	<i>8</i>	<i>100.0%</i>	<i>\$649</i>	<i>100.0%</i>	<i>100.0%</i>

Originations & Purchases

In 2015 and 2016, the bank did not originate any residential real estate loans to low-income borrowers, which does not compare favorably with 27.6 percent of families in the assessment area that are considered low-income. For the same period, the bank originated 37.5 percent of real estate loans to moderate-income borrowers, which is significantly greater than the 19.1 percent of moderate-income families that reside in the assessment area. According to the 2016 FFIEC census data, the number of families living in the assessment area is relatively low at 4,345. A considerable percentage of these families, 22.1 percent, live below the poverty level. In addition, the median housing value was \$82,433, which is relatively modest; however, borrowers living below the poverty level would have difficulty qualifying for a mortgage.

Borrower Distribution of Real Estate Loans

Assessment Area: AL Brewton

Borrower Income Levels	Bank Lending & Demographic Data Comparison				
	2017, 2018				
	Bank				Families by Family Income
	Count		Dollar		%
	#	%	\$ (000s)	\$ %	
Low	0	0.0%	\$0	0.0%	23.9%
Moderate	1	11.1%	\$59	8.3%	19.4%
Middle	2	22.2%	\$58	8.1%	20.4%
Upper	6	66.7%	\$595	83.6%	36.3%
Unknown	0	0.0%	\$0	0.0%	0.0%
<i>Total</i>	9	100.0%	\$712	100.0%	<i>100.0%</i>

Originations & Purchases

In 2017 and 2018, the bank did not originate any residential real estate loans to low-income borrowers, which does not compare favorably with 23.9 percent of families in the assessment area that are considered low-income. For the same period, the bank originated 11.1 percent of real estate loans to moderate-income borrowers, which is less than the 19.4 percent of moderate-income families that reside in the assessment area. According to the 2018 FFIEC census data, the number of families living in the assessment area is relatively low at 4,109. A considerable percentage of these families, 18.5 percent, live below the poverty level. In addition, the median housing value was \$91,591, which is relatively modest; however, borrowers living below the poverty level would have difficulty qualifying for a mortgage.

Given the economic conditions of the area, the low loan demand, and the high level of competition, the distribution of residential real estate loans among borrowers of different income levels is considered reasonable.

Small Business Lending

The following tables show, by business revenue and loan size, the number and dollar volume of small business loans originated by First Progressive Bank inside its assessment area, which was compared to available census and Dun & Bradstreet data. A separate analysis was conducted for 2015 – 2016 and 2017 - 2018 due to census income level changes.

Small Business Loans by Business Revenue & Loan Size

Assessment Area: AL Brewton

Business Revenue & Loan Size		Bank Lending & Demographic Data Comparison 2015, 2016				
		Bank				Total Businesses
		Count		\$ (000s)		
#	%	\$	%	%		
BUSINESS REVENUE	\$1million or Less	2	66.7%	\$117	49.0%	89.0%
	Over \$1 Million	1	33.3%	\$122	51.0%	7.1%
	<i>Total Rev. available</i>	3	100.0%	\$239	100.0%	96.1%
	Rev. Not Known	0	0.0%	\$0	0.0%	3.9%
	<i>Total</i>	3	100.0%	\$239	100.0%	100.0%
LOAN SIZE	\$100,000 or Less	2	66.7%	\$117	49.0%	
	\$100,001 - \$250,000	1	33.3%	\$122	51.0%	
	\$250,001 - \$1 Million	0	0.0%	\$0	0.0%	
	Over \$1 Million	0	0.0%	\$0	0.0%	
	<i>Total</i>	3	100.0%	\$239	100.0%	
LOAN SIZE & Rev \$1 Mill or Less	\$100,000 or Less	2	100.0%	\$117	100.0%	
	\$100,001 - \$250,000	0	0.0%	\$0	0.0%	
	\$250,001 - \$1 Million	0	0.0%	\$0	0.0%	
	Over \$1 Million	0	0.0%	\$0	0.0%	
	<i>Total</i>	2	100.0%	\$117	100.0%	

Originations & Purchases
2016 FFIEC Census Data and 2016 D&B Information

According to 2016 Dun & Bradstreet data, 89.0 percent of businesses in the assessment area have revenues of \$1 million or less. As the table indicates, in 2015 and 2016, the bank originated two of the three small business loans (66.7 percent) within the assessment area to businesses with revenues of \$1 million or less. In addition, all three business loans made were in amounts of \$100,000 or less, indicating the bank’s willingness to make loans in smaller dollar amounts to meet the needs of small businesses in the assessment area.

Small Business Loans by Business Revenue & Loan Size

Assessment Area: AL Brewton

Business Revenue & Loan Size		Bank Lending & Demographic Data Comparison 2017, 2018				
		Bank				Total Businesses
		Count		\$ (000s)		
		#	%	\$	%	%
BUSINESS REVENUE	\$1million or Less	7	36.8%	\$740	38.3%	88.4%
	Over \$1 Million	12	63.2%	\$1,192	61.7%	7.6%
	<i>Total Rev. available</i>	19	100.0%	\$1,932	100.0%	96.0%
	Rev. Not Known	0	0.0%	\$0	0.0%	4.0%
	<i>Total</i>	19	100.0%	\$1,932	100.0%	100.0%
LOAN SIZE	\$100,000 or Less	13	68.4%	\$692	35.8%	
	\$100,001 - \$250,000	4	21.1%	\$631	32.7%	
	\$250,001 - \$1 Million	2	10.5%	\$609	31.5%	
	Over \$1 Million	0	0.0%	\$0	0.0%	
	<i>Total</i>	19	100.0%	\$1,932	100.0%	
LOAN SIZE & Rev \$1 Mill or Less	\$100,000 or Less	4	57.1%	\$117	15.8%	
	\$100,001 - \$250,000	2	28.6%	\$273	36.9%	
	\$250,001 - \$1 Million	1	14.3%	\$350	47.3%	
	Over \$1 Million	0	0.0%	\$0	0.0%	
	<i>Total</i>	7	100.0%	\$740	100.0%	

Originations & Purchases
2018 FFIEC Census Data and 2018 D&B Information

Similarly, according to 2018 Dun & Bradstreet data, 88.4 percent of businesses in the assessment area have revenues of \$1 million or less. As the table indicates, in 2017 and 2018, the bank originated 7 of the 19 (36.8 percent) small business loans within the assessment area to businesses with revenues of \$1 million or less. However, 89.5 percent of all business loans were in amounts of \$250,000 or less, indicating the bank’s willingness to make loans in smaller dollar amounts to meet the needs of small businesses in the assessment area.

RESPONSIVENESS TO SUBSTANTIATED COMPLAINTS

Neither the bank nor this Reserve Bank has received any CRA-related complaints since the previous evaluation.

FAIR LENDING OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

No evidence of discriminatory or other illegal credit practices inconsistent with helping to meet community credit needs was identified.

APPENDIX A

SCOPE OF EXAMINATION			
TIME PERIOD REVIEWED January 1, 2015 to December 31, 2018			
FINANCIAL INSTITUTION First Progressive Bank, Brewton, Alabama		PRODUCTS REVIEWED Residential Real Estate Loans Small Business Loans	
AFFILIATE(S) N/A	AFFILIATE RELATIONSHIP N/A	PRODUCTS REVIEWED N/A	
LIST OF ASSESSMENT AREAS AND TYPE OF EXAMINATION			
<i>ASSESSMENT AREA</i>	<i>TYPE OF EXAMINATION</i>	<i>BRANCHES VISITED</i>	<i>OTHER INFORMATION</i>
Brewton, Alabama Non-MSA	Full-Scope	Main Office Brewton, Alabama	N/A

APPENDIX B – DEFINITIONS AND GENERAL INFORMATION

Definitions

ATM	Automated Teller Machine
CDC	Community Development Corporation
CDFI	Community Development Financial Institution
CRA	Community Reinvestment Act (Regulation BB)
FDIC	Federal Deposit Insurance Corporation
FFIEC	Federal Financial Institutions Examination Council
HMDA	Home Mortgage Disclosure Act (Regulation C)
HUD	Department of Housing and Urban Development
LMI	Low- and Moderate-Income
LTD	Loan-to-Deposit
LTV	Loan-to-Value Ratio
MD	Metropolitan Division
MSA	Metropolitan Statistical Area
OMB	Office of Management and Budget
REIS	Regional Economic Information System
SBA	Small Business Administration
USDA	United States Department of Agriculture

Rounding Convention

Because the percentages presented in tables were rounded to the nearest tenth in most cases, some columns may not total exactly 100 percent.

General Information

The Community Reinvestment Act (CRA) requires each federal financial supervisory agency to use its authority when examining financial institutions subject to its supervision to assess the 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. Upon conclusion of such examination, the agency must prepare a written evaluation of the institution's record of meeting the credit needs of its community.

This document is an evaluation of the CRA performance of First Progressive Bank prepared by the **Federal Reserve Bank of Atlanta**, the institution's supervisory agency, as of **January 27, 2020**. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 CFR Part 228.

APPENDIX C – 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.

Census tract: A small subdivision of metropolitan and other densely populated counties. Census tract boundaries do not cross county lines; however, they may cross the boundaries of MSAs. Census tracts usually have between 2,500 and 8,000 persons, and their physical size varies widely depending upon population density. Census tracts are designed to be homogeneous with respect to population characteristics, economic status, and living conditions to allow for statistical comparisons.

Community development: All Agencies have adopted the following language. Affordable housing (including multi-family rental housing) for low- or moderate-income individuals; community services targeted to low- or moderate-income individuals; activities that promote economic development by financing businesses or farms that meet the size eligibility standards of the Small Business Administration’s Development Company or Small Business Investment Company programs (13 CFR 121.301) or have gross annual revenues of \$1 million or less; or, activities that revitalize or stabilize low- or moderate-income geographies.

Effective September 1, 2005, the Board of Governors of the Federal Reserve System (Board), Office of the Comptroller of the Currency (OCC), and the Federal Deposit Insurance Corporation (FDIC) have adopted the following additional language as part of the revitalize or stabilize definition of community development. Activities that revitalize or stabilize-

- I. Low-or moderate-income geographies;
- II. Designated disaster areas; or
- III. Distressed or underserved nonmetropolitan middle-income geographies designated by the Board, FDIC, and OCC, based on-
 - a. Rates of poverty, unemployment, and population loss; or
 - b. Population size, density, and dispersion. Activities that revitalize and stabilize geographies designated based on population size, density, and dispersion if they help to meet essential community needs, including needs of low- and moderate-income individuals.

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.

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 nonrelatives living with the family. Families are classified by type as either a married-couple family or other family, which 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).

Full-scope review: Performance under the Lending, Investment, and Service Tests is analyzed considering performance context, quantitative factors (for example, geographic distribution, borrower distribution, and total number and dollar amount of investments), and qualitative factors (for example, innovativeness, complexity, and responsiveness).

APPENDIX C – GLOSSARY (Continued)

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 MSA to file annual summary reports of their mortgage lending activity. The reports include such data as the race, gender, and the income of applications, the amount of loan requested, and the disposition of the application (for example, approved, denied, and withdrawn).

Home mortgage loans: Includes home purchase and home improvement loans as defined in the HMDA regulation. This definition also includes multi-family (five or more families) dwelling loans, loans for the purchase of manufactured homes and refinancings of home improvement and home purchase loans.

Household: Includes all persons occupying a housing unit. Persons not living in households are classified as living in group quarters. In 100 percent tabulations, the count of households always equals the count of occupied housing units.

Limited-scope review: Performance under the Lending, Investment, and Service Tests is analyzed using only quantitative factors (for example, geographic distribution, borrower distribution, total number and dollar amount of investments, and branch distribution).

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

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

Metropolitan area (MA): A MSA or a metropolitan division (MD) as defined by the Office of Management and Budget. An MSA is a core area containing at least one urbanized area of 50,000 or more inhabitants, together with adjacent communities having a high degree of economic and social integration with that core. An MD is a division of an MSA based on specific criteria including commuting patterns. Only an MSA that has a population of at least 2.5 million may be divided into MDs.

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 percent 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 percent and less than 80 percent, in the case of a geography.

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

Other products: Includes any unreported optional category of loans for which the institution collects and maintains data for consideration during a CRA examination. Examples of such activity include consumer loans and other loan data an institution may provide concerning its lending performance.

APPENDIX C – GLOSSARY (Continued)

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 qualified investment is defined as any 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 MA. 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 MA, the institution will receive a rating for the multistate MA.

Small loan(s) to business(es): A loan included in 'loans to small businesses' as defined in the Call Report and the Thrift Financial Reporting (TFR) instructions. These loans have original amounts of \$1 million or less and typically are either secured by nonfarm or nonresidential real estate or are classified as commercial and industrial loans. However, thrift institutions may also exercise the option to report loans secured by nonfarm residential real estate as "small business loans" if the loans are reported on the TFR as nonmortgage, commercial loans.

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

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

APPENDIX D – ASSESSMENT AREA MAPS

