

PUBLIC DISCLOSURE

July 10, 2017

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**Cornerstone Community Bank
RSSD # 3485420**

**237 South Main Street
Red Bluff, California 96080**

**Federal Reserve Bank of San Francisco
101 Market Street
San Francisco, California 94105**

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 the 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.

TABLE OF CONTENTS

INSTITUTION RATING	1
Institution's CRA Rating	1
INSTITUTION	2
Description of Institution	2
Tehama-Shasta Assessment Area	3
DESCRIPTION OF OPERATIONS IN TEHAMA-SHASTA	3
Scope of Examination	10
CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA	12
Loan-to-Deposit Ratio	12
Lending in Assessment Area	12
Lending Distribution by Geography	12
Lending Distribution by Business Revenue	13
Response to Complaints	13
Fair Lending or Other Illegal Practices Review	13
GLOSSARY OF TERMS	14

INSTITUTION RATING

Institution's CRA Rating

Cornerstone Community Bank is rated "Outstanding"

The major factors supporting the institution's rating include:

- A loan-to-deposit ratio that is more than reasonable given the bank's size, financial condition, and assessment area credit needs;
- A substantial majority of loans originated in the bank's assessment area;
- A reasonable geographic distribution of small business loans; and
- An excellent distribution of loans to businesses of different sizes, especially to those with revenues of \$1 million or less.

INSTITUTION

Description of Institution

Cornerstone Community Bank (CCB) is headquartered in Red Bluff, California and reported total assets of \$194.4 million as of December 31, 2016. The bank commenced operations on October 23, 2006, and operates one branch in Red Bluff and two branches in Redding, California. On January 30, 2015, CCB became a wholly-owned subsidiary of the then newly-formed Cornerstone Community Bancorp.

CCB is a full-service community bank that provides loan and deposit products to individuals, professionals, and small businesses. Commercial loan products offered by CCB include commercial real estate loans, lines of credit, and term loans as well as Small Business Administration and U.S. Department of Agriculture guaranteed loans, and commercial construction loans. Consumer loan products offered by CCB include consumer installment loans, home equity lines of credit, personal lines of credit, and consumer construction loans. Deposit products offered by CCB include checking and savings accounts, certificates of deposit, and money market accounts.

As depicted in Exhibit 1 below, CCB's loan portfolio, as stated in its December 31, 2016 Consolidated Report of Condition and Income, illustrates the bank's commercial lending focus.

EXHIBIT 1 LOANS AND LEASES AS OF DECEMBER 31, 2016		
Loan Type	\$ ('000s)	%
Commercial/Industrial & Non-Farm Non-Residential Real Estate	114,692	74.2
Secured by 1-4 Family Residential Real Estate	18,756	12.1
Multi-Family Residential Real Estate	7,594	4.9
Construction & Land Development	5,262	3.4
Farm Land & Agriculture	5,230	3.4
Consumer Loans & Credit Cards	3,052	2.0
Total (Gross)	154,586	100.0

CCB's ability to meet community credit needs was evaluated based on the bank's financial condition and size, local economic conditions, assessment area demographics, and the competitive environment in which the bank operates. There were no legal impediments or other factors that hindered the bank's ability to meet community credit needs during the review period.

Tehama-Shasta Assessment Area

DESCRIPTION OF OPERATIONS IN TEHAMA-SHASTA

CCB's sole assessment area is comprised of Tehama and Shasta counties. Tehama County is located in Northern California, halfway between Sacramento and the Oregon border. Shasta County is one of the northernmost counties in California and located directly north of Tehama. In 2016, the combined population of the assessment area was 242,907 people.¹

As of June 30, 2016, the Tehama-Shasta assessment area had 14 Federal Deposit Insurance Corporation-insured commercial institutions operating 52 offices. CCB operated three branches in the area, which had total deposits of \$145.7 million, representing 4.1 percent of the market.²

Exhibits 2, 3, and 4 on the following pages present key demographic and business information used to help develop a performance context for the assessment area.

¹ U.S. Census Bureau, 2016 Population Estimates, Shasta and Tehama counties; available from: <http://quickfacts.census.gov/qfd/index.html>.

² Federal Deposit Insurance Corporation, Deposit Market Share Report, June 30, 2016; available from: <https://www5.fdic.gov/sod/sodMarketRpt.asp?barItem=2>.

EXHIBIT 2 ASSESSMENT AREA DEMOGRAPHICS TEHAMA-SHASTA COUNTIES ASSESSMENT AREA 2010 U.S. CENSUS AND 2014 DUN AND BRADSTREET DATA								
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	0	0.0	14,437	23.4
Moderate-income	16	27.1	17,402	28.2	3,655	21.0	12,019	19.5
Middle-income	31	52.5	33,480	54.3	3,606	10.8	12,023	19.5
Upper-income	12	20.3	10,813	17.5	911	8.4	23,216	37.6
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	59	100.0	61,695	100.0	8,172	13.2	61,695	100.0
Income Categories	Housing Units by Tract	Housing Types by Tract						
		Owner-Occupied			Rental		Vacant	
		#	%	%	#	%	#	%
Low-income	0	0	0.0	0.0	0	0.0	0	0.0
Moderate-income	31,747	14,653	24.1	46.2	14,018	44.2	3,076	9.7
Middle-income	56,496	34,642	56.9	61.3	15,105	26.7	6,749	11.9
Upper-income	15,278	11,595	19.0	75.9	2,597	17.0	1,086	7.1
Unknown-income	0	0	0.0	0.0	0	0.0	0	0.0
Total AA	103,521	60,890	100.0	58.8	31,720	30.6	10,911	10.5
Income Categories	Total Businesses by Tract		Businesses by Tract & Revenue Size					
			Less Than or Equal to \$1 Million		Greater than \$1 Million		Revenue Not Reported	
			#	%	#	%	#	%
Low-income	0	0.0	0	0.0	0	0.0	0	0.0
Moderate-income	4,164	34.5	3,752	33.9	273	41.4	139	41.1
Middle-income	6,143	50.9	5,653	51.1	323	49.0	167	49.4
Upper-income	1,760	14.6	1,665	15.0	63	9.6	32	9.5
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	12,067	100.0	11,070	100.0	659	100.0	338	100.0
% of Total Businesses				91.7		5.5		2.8
2014 Median Family Income ³			December 2014 Median Housing Value ⁴					
Tehama County			\$48,685		Tehama County			\$205,000
Shasta County			\$51,464		Shasta County			\$208,160
2014 HUD Adjusted Median Family Income ⁵			2014 Unemployment Rate ⁶					
Tehama County			\$48,700		Tehama County			9.6%
Shasta County			\$51,500		Shasta County			9.6%

³ U.S. Department of Housing and Urban Development, FY 2014 Median Family Income Documentation System; available from: <https://www.huduser.gov/portal/datasets/il.html>.

⁴ California Association of Realtors, Historical Housing Data, Median Prices of Existing Detached Homes; available from: <https://www.car.org/marketdata/data/housingdata/>.

⁵ U.S. Department of Housing and Urban Development, FY 2014 Median Family Income Documentation System; available from: <https://www.huduser.gov/portal/datasets/il.html>.

⁶ U.S. Bureau of Labor Statistics, Local Area Unemployment Statistics by County; available from: <http://data.bls.gov/cgi-bin/dsrv?la>.

EXHIBIT 3 ASSESSMENT AREA DEMOGRAPHICS TEHAMA-SHASTA COUNTIES ASSESSMENT AREA 2010 U.S. CENSUS AND 2015 DUN AND BRADSTREET DATA								
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	0	0.0	14,437	23.4
Moderate-income	16	27.1	17,402	28.2	3,655	21.0	12,019	19.5
Middle-income	31	52.5	33,480	54.3	3,606	10.8	12,023	19.5
Upper-income	12	20.3	10,813	17.5	911	8.4	23,216	37.6
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	59	100.0	61,695	100.0	8,172	13.2	61,695	100.0
Income Categories	Housing Units by Tract	Housing Types by Tract						
		Owner-Occupied			Rental		Vacant	
		#	%	%	#	%	#	%
Low-income	0	0	0.0	0.0	0	0.0	0	0.0
Moderate-income	31,747	14,653	24.1	46.2	14,018	44.2	3,076	9.7
Middle-income	56,496	34,642	56.9	61.3	15,105	26.7	6,749	11.9
Upper-income	15,278	11,595	19.0	75.9	2,597	17.0	1,086	7.1
Unknown-income	0	0	0.0	0.0	0	0.0	0	0.0
Total AA	103,521	60,890	100.0	58.8	31,720	30.6	10,911	10.5
Income Categories	Total Businesses by Tract		Businesses by Tract & Revenue Size					
			Less Than or Equal to \$1 Million		Greater than \$1 Million		Revenue Not Reported	
			#	%	#	%	#	%
Low-income	0	0.0	0	0.0	0	0.0	0	0.0
Moderate-income	4,366	34.6	4,049	34.2	291	41.1	26	38.2
Middle-income	6,402	50.8	6,023	50.9	344	48.6	35	51.5
Upper-income	1,844	14.6	1,764	14.9	73	10.3	7	10.3
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	12,612	100.0	11,836	100.0	708	100.0	68	100.0
% of Total Businesses				93.8		5.6		0.5
2015 Median Family Income ⁷			December 2015 Median Housing Value ⁸					
Tehama County			\$49,998	Tehama County			\$185,000	
Shasta County			\$56,302	Shasta County			\$234,570	
2015 HUD Adjusted Median Family Income ⁹			2015 Unemployment Rate ¹⁰					
Tehama County			\$50,000	Tehama County			7.9%	
Shasta County			\$56,300	Shasta County			7.7%	

⁷ U.S. Department of Housing and Urban Development, FY 2015 Median Family Income Documentation System; available from: <https://www.huduser.gov/portal/datasets/il.html>.

⁸ California Association of Realtors, Historical Housing Data, Median Prices of Existing Detached Homes; available from: <https://www.car.org/marketdata/data/housingdata/>.

⁹ U.S. Department of Housing and Urban Development, FY 2015 Median Family Income Documentation System; available from: <https://www.huduser.gov/portal/datasets/il.html>.

¹⁰ U.S. Bureau of Labor Statistics, Local Area Unemployment Statistics by County; available from: <http://data.bls.gov/cgi-bin/dsrv?la>.

EXHIBIT 4 ASSESSMENT AREA DEMOGRAPHICS TEHAMA-SHASTA COUNTIES ASSESSMENT AREA 2010 U.S. CENSUS AND 2016 DUN AND BRADSTREET DATA									
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	0	0.0	14,437	23.4	
Moderate-income	16	27.1	17,402	28.2	3,655	21.0	12,019	19.5	
Middle-income	31	52.5	33,480	54.3	3,606	10.8	12,023	19.5	
Upper-income	12	20.3	10,813	17.5	911	8.4	23,216	37.6	
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0	
Total AA	59	100.0	61,695	100.0	8,172	13.2	61,695	100.0	
Income Categories	Housing Units by Tract	Housing Types by Tract							
		Owner-Occupied		Rental		Vacant			
		#	%	%	#	%	#	%	
Low-income	0	0	0.0	0.0	0	0.0	0	0.0	
Moderate-income	31,747	14,653	24.1	46.2	14,018	44.2	3,076	9.7	
Middle-income	56,496	34,642	56.9	61.3	15,105	26.7	6,749	11.9	
Upper-income	15,278	11,595	19.0	75.9	2,597	17.0	1,086	7.1	
Unknown-income	0	0	0.0	0.0	0	0.0	0	0.0	
Total AA	103,521	60,890	100.0	58.8	31,720	30.6	10,911	10.5	
Income Categories	Total Businesses by Tract		Businesses by Tract & Revenue Size						
			Less Than or Equal to \$1 Million		Greater than \$1 Million		Revenue Not Reported		
			#	%	#	%	#	%	
Low-income	0	0.0	0	0.0	0	0.0	0	0.0	
Moderate-income	3,891	34.4	3,549	33.8	313	42.3	29	38.2	
Middle-income	5,786	51.1	5,400	51.4	348	47.0	38	50.0	
Upper-income	1,638	14.5	1,550	14.8	79	10.7	9	11.8	
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0	
Total AA	11,315	100.0	10,499	100.0	740	100.0	76	100.0	
% of Total Businesses				92.8		6.5		0.7	
2016 Median Family Income ¹¹			December 2016 Median Housing Value ¹²						
Tehama County			\$50,311		Tehama County			\$204,250	
Shasta County			\$50,857		Shasta County			\$235,750	
2016 HUD Adjusted Median Family Income ¹³			2016 Unemployment Rate ¹⁴						
Tehama County			\$50,300		Tehama County			7.1%	
Shasta County			\$50,900		Shasta County			6.9%	

¹¹ U.S. Department of Housing and Urban Development, FY 2016 Median Family Income Documentation System; available from: <https://www.huduser.gov/portal/datasets/il.html>.

¹² California Association of Realtors, Historical Housing Data, Median Prices of Existing Detached Homes; available from: <https://www.car.org/marketdata/data/housingdata/>.

¹³ U.S. Department of Housing and Urban Development, FY 2016 Median Family Income Documentation System; available from: <https://www.huduser.gov/portal/datasets/il.html>.

¹⁴ U.S. Bureau of Labor Statistics, Local Area Unemployment Statistics by County; available from: <http://data.bls.gov/cgi-bin/dsrv?la>.

Economic Conditions

Shasta County's economy is primarily driven by its position as a transportation and healthcare hub for surrounding counties. Consequently, the county relies significantly on healthcare employment. Since 2006, healthcare employment in the assessment area increased by more than 33 percent with losses of 10 percent in non-health care employment.¹⁵ Greater insurance coverage as a result of the Affordable Care Act and an aging population have driven this growth. Yet despite gains in healthcare hiring, the economy has still not fully recovered from the crash of the housing market. The assessment area was particularly affected by the housing crash, leading to a steep decline of homebuilding by 90 percent between 2006 and 2010.¹⁶ Construction jobs have yet to return to pre-recession levels and, as a result, housing recovery continues to pose a challenge for the county as homebuilding is still only 10 percent of its pre-recession level.¹⁷ Although healthcare and other consumer industries continue to contribute towards greater job gains, a lack of a robust housing market has prevented the county from a full recovery.

Tehama County's economy is diverse and powered by broad industry sectors including government, healthcare, and warehousing and storage. The government sector, which includes education as well as state and federal government, remains the top industry sector in terms of employment. During the review period, government continued to make up nearly 20 percent of employment in the assessment area.¹⁸ Healthcare follows closely as the second largest employment sector, as demand for personal care aides and registered nurses continue to be one of the highest demanded occupations in the assessment area.¹⁹ Additionally, warehousing and storage has become one of the highest growing sectors in the area and has become more concentrated in Tehama County than other parts of the nation. Tehama County benefits from its position as it is located on a major transportation corridor and between two larger population centers, which has allowed employers to draw workers from neighboring counties more easily. Continued growth in the county's core industries as well as its advantageous geographical position has contributed to the area's economic expansion during the review period.

Economic improvements in the Tehama-Shasta assessment area can be seen in small business lending. A review of small business loan data reported by banks subject to the CRA shows that the number and amount of loans to small businesses in the assessment area are improving. As depicted in Exhibit 5 on the following page, from 2014 to 2015, the amount of loans to small businesses in the assessment area increased from \$41.5 to \$51.3 million.²⁰ Lending to small businesses plays a critical role in the economy given that small businesses represented 92.8 percent of all businesses in the assessment area as depicted in Exhibit 4. According to the 2016 Small Business Credit Survey (SBCS), a significant majority of small businesses (61 percent) faced financial challenges, with credit availability and securing funds for expansion being the top financial challenge.²¹ In addition, financing shortfalls were notably more

¹⁵ Moody's Précis Report, Redding, April 2016.

¹⁶ Ibid.

¹⁷ Ibid.

¹⁸ Northern Rural Training and Employment Consortium, Tehama County Labor Market Profile and Industry/Sector Analysis, October 2016; available from: <https://ncen.org/images/documents/lmi/regional-profiles/Tehama%20County%20Labor%20Market%20and%20Industry-Sector%20Analysis.pdf>.

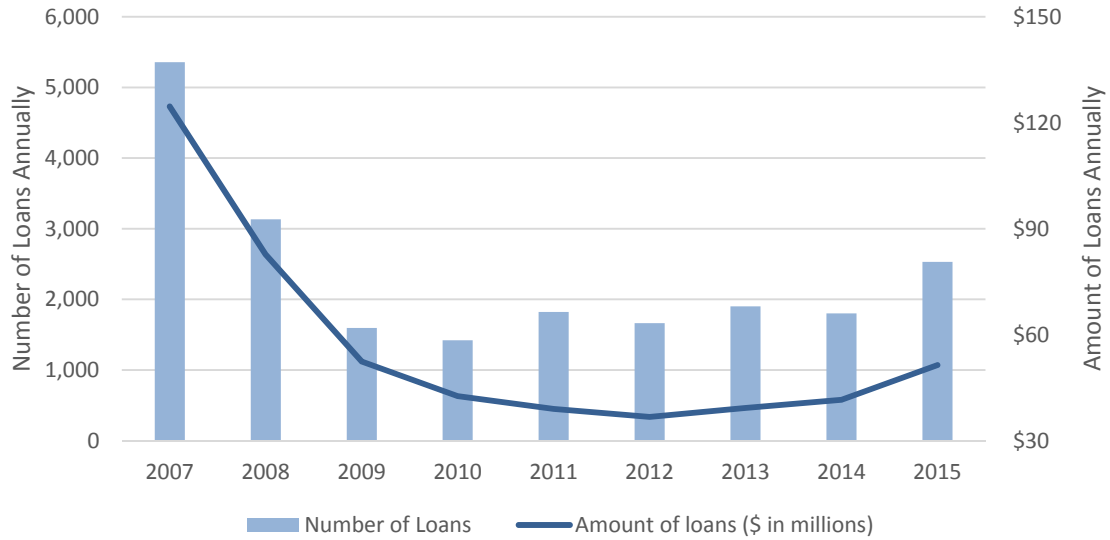
¹⁹ Ibid.

²⁰ Aggregate CRA Small Business data reports available from: <http://www.ffiec.gov/craadweb/national.aspx>.

²¹ 2016 Small Business Credit Survey, Report on Employer Firms, available from: <https://www.newyorkfed.org/medialibrary/media/smallbusiness/2016/SBCS-Report-EmployerFirms-2016.pdf>.

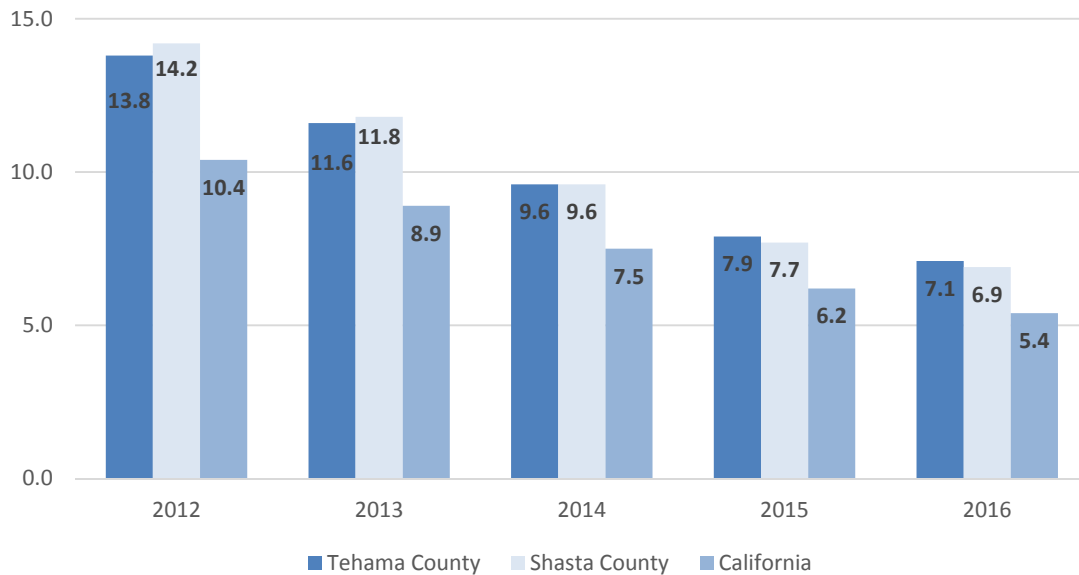
common among smaller firms (annual revenues of \$1.0 million or less), with 67 percent of applicants obtaining less than the amount sought, compared to 45 percent of larger firms.²²

Exhibit 5
Loans to Small Businesses in Assessment Area



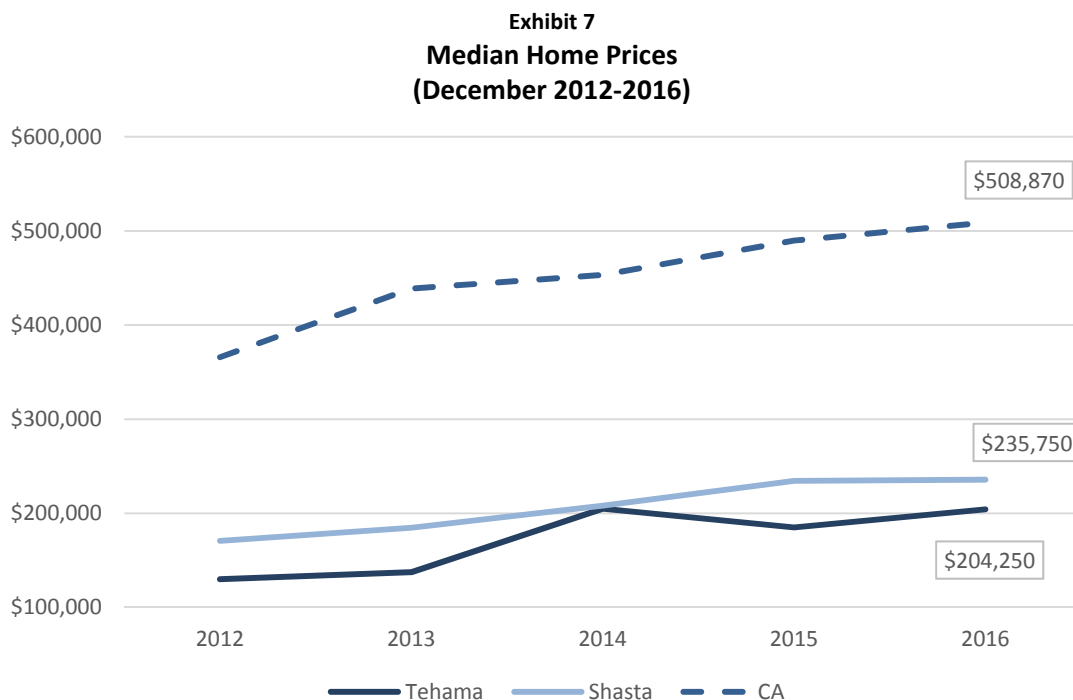
As shown in Exhibit 6 below, the unemployment rate of both counties has always been higher than the statewide rate. However, recent year trends show that unemployment rates have been decreasing much more rapidly, indicating an improving economy. From 2012 to 2016, the unemployment rate of Tehama and Shasta counties decreased from 13.8 to 7.1 percent and 14.2 to 6.9 percent, respectively.

Exhibit 6
Unemployment Rate



²² Ibid.

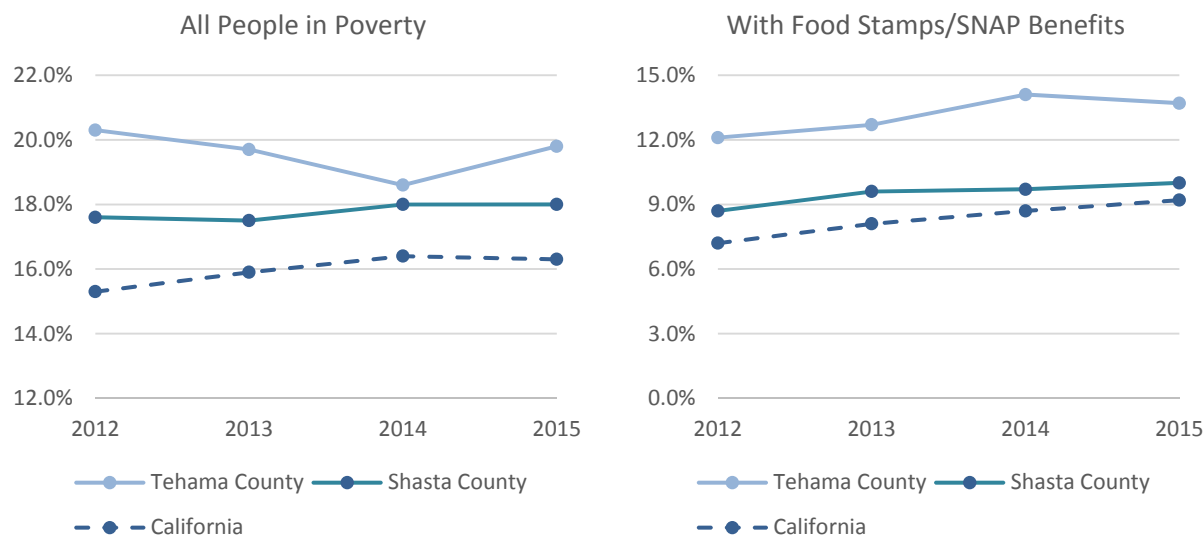
As depicted in Exhibit 7, the prices of homes in the assessment area increased modestly during the review period. In December 2016, the median home price in Tehama County was \$204,250 and \$235,750 in Shasta County.²³ Despite the increase in home prices, the state’s median home price was \$508,870, more than twice the cost in both counties.



As reflected in Exhibit 8 on the following page, the poverty rate in both counties is significantly higher than that of California. In 2015, the statewide poverty rate was 16.3 percent, while Tehama County had a rate of 19.8 percent and Shasta County at 18 percent. As expected, both states have a higher food stamp usage rate at 13.7 and 10 percent respectively, compared to the statewide rate of 9.2 percent. The higher poverty and food stamp usage rates in the assessment area compared to the state indicates that California’s rural counties, such as Shasta and Tehama, remain more poverty stricken in comparison to other areas of the state.

²³ California Association of Realtors, Quarterly Activity by County, Q4-2012-2016.

**Exhibit 8
Poverty and Food Stamp Usage Rates²⁴**



Credit Needs

The economic data previously discussed, as well as feedback from community contacts, indicate that small businesses in the assessment area face challenges in accessing credit and that some level of small business credit needs remain unmet by area banks. As previously mentioned, CRA reportable small businesses lending levels are improving; however, they remain well below levels experienced prior to the Great Recession. According to the 2016 SBCS, only 33 percent of smaller firm applicants received the full amount of financing dollars they sought and 29 percent received none.²⁵ Of the financing and credit products sought by businesses, 86 percent of applicants applied for either a business loan or line of credit.²⁶ A review of community contact information indicates most small businesses seek lines of credit for working capital, cash flow, business expansion and equipment and real estate purchases.

Scope of Examination

CCB's performance was evaluated using the Interagency Small Institution Examination Procedures. In accordance with these procedures, the bank's performance was evaluated using the lending test, which consists of the evaluation of the following performance criteria:

- Loan volume compared to deposit volume (Loan-to-Deposit Ratio);
- Percentage of loans in the assessment area (Lending Inside and Outside the Assessment Area);
- Dispersion of lending throughout the assessment area (Geographic Distribution of Loans); and
- Dispersion of lending businesses of different revenue sizes (Business Revenue Distribution of Small Business Loans).

²⁴ U.S. Census Bureau, American Community Survey 1 Yr Estimates, DP03, 2012-2015; available from: <http://factfinder2.census.gov>.

²⁵ 2016 Small Business Credit Survey, Report on Employer Firms, available from: <https://www.newyorkfed.org/medialibrary/media/smallbusiness/2016/SBCS-Report-EmployerFirms-2016.pdf>.

²⁶ Ibid.

Responsiveness to consumer complaints was not evaluated as CCB did not receive any CRA-related complaints over the review period.

The evaluation of the bank's *Lending Inside and Outside the Assessment Area* was based on a sample of 41 small business loans originated between July 1, 2016 and December 31, 2016 and all home mortgage loans originated between January 1, 2014 and December 31, 2016. Of the 41 total small business loans, 39 loans that were originated inside the assessment area were used in the evaluation of the *Geographic Distribution of Loans* and *Business Revenue Distribution of Small Business Loans*. However, the volume of home purchase, home improvement, home refinance and multifamily loans originated in the bank's assessment area over the review period was insufficient to perform meaningful analysis under the performance criteria outlined above.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

Loan-to-Deposit Ratio

CCB's loan-to-deposit ratio (LTD ratio) is more than reasonable. CCB's 22-quarter average LTD ratio since the prior CRA examination conducted as of October 17, 2011, is 86.5 percent. This figure is more than reasonable in comparison to the state average of 79.9 percent and the national average of 63.4 percent.

Lending in Assessment Area

A substantial majority of the bank's lending was originated inside of CCB's assessment area. As depicted in Exhibit 9 below, a substantial majority of small business and home mortgage loans, both in terms of number and dollar volume, were originated within the bank's assessment area.

EXHIBIT 9 LENDING INSIDE AND OUTSIDE THE ASSESSMENT AREAS ²⁷								
Loan Type	Inside				Outside			
	#	%	\$ ('000s)	%	#	%	\$ ('000s)	%
Small Business	39	95.1	9,333	96.6	2	4.9	330	3.4
Total Business Related	39	95.1	9,333	96.6	2	4.9	330	3.4
HMDA Home Purchase	26	89.7	4,772	76.9	3	10.3	1,434	23.1
HMDA Home Improvement	2	100.0	590	100.0	0	0.0	0	0.0
HMDA Refinance	18	94.7	2,193	96.5	1	5.3	79	3.5
HMDA Multifamily	5	100.0	3,065	100.0	0	0.0	0	0.0
Total HMDA Related	51	92.7	10,620	87.5	4	7.3	1,513	12.5
Total Loans	90	93.8	19,953	91.5	6	6.3	1,843	8.5

Lending Distribution by Geography

Overall, CCB's geographic distribution of small business loans is reasonable. The bank's assessment area does not contain any low-income census tracts and, therefore, this evaluation was based on the bank's lending performance solely in moderate-income census tracts. As illustrated in Exhibit 10 on the following page, CCB's small business lending activity in moderate-income census tracts compares favorably to aggregate lending as well as the concentration of small businesses in the geography. In addition, there are no conspicuous gaps in the bank's lending.

²⁷ Small business figures are based on a sample of loans originated from July 1, 2016 through December 31, 2016 whereas the HMDA-related figures are based on loans originated from January 1, 2014 through December 31, 2016.

EXHIBIT 10 GEOGRAPHIC DISTRIBUTION OF SMALL BUSINESS LOANS								
Census Tract	Low		Moderate		Middle		Upper	
	#	%	#	%	#	%	#	%
TEHAMA-SHASTA COUNTIES Assessment Area 2016								
Bank Lending	0	0.0	14	35.9	18	46.2	7	17.9
Aggregate Lending	0	0.0	2,254	28.7	4,222	53.8	1,367	17.4
Business Concentration	0	0.0	3,891	34.4	5,786	51.1	1,638	14.5

Lending Distribution by Business Revenue

CCB's lending distribution of small business loans is excellent. As depicted in Exhibit 11 below, CCB's lending to businesses with gross revenues of less than \$1.0 million far exceeds aggregate lending and compares reasonably to the percentage of small businesses in the assessment area. The majority of the bank's originations were to small businesses and for loan amounts less than \$250,000, which helps to meet small business credit needs in the assessment area.

EXHIBIT 11 BUSINESS REVENUE DISTRIBUTION OF SMALL BUSINESS LOANS							
Year	Bank Lending #	Lending to Businesses with Revenue <=\$1 Million			Originations Regardless of Revenue Size by Loan Amount		
		Bank Lending (%)	Businesses <=\$1M in Revenue (%)	Aggregate Lending (%)	<=\$100K (%)	> \$100K & <=\$250K (%)	>250K & <=\$1M (%)
2016	39	59.0	92.8	37.0	43.6	25.6	30.8

Response to Complaints

CCB's responsiveness to consumer complaints was not evaluated as CCB did not receive any CRA-related complaints over the review period.

Fair Lending or Other Illegal Practices Review

Concurrent with this CRA evaluation, a review of the bank's compliance with consumer protection laws and regulations was conducted and found no violations of the substantive provisions of anti-discrimination, fair lending, or other illegal credit practice rules, laws or regulations that were inconsistent with helping to meet community credit needs.

GLOSSARY OF TERMS

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 metropolitan statistical areas. 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 multifamily 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, Office of the Comptroller of the Currency, and the Federal Deposit Insurance Corporation 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, Federal Deposit Insurance Corporation, and Office of the Comptroller of the Currency, 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 non-relatives 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 and community development 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, 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 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 multifamily (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 and community development 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 metropolitan statistical area (MSA) or a metropolitan division (MD) as defined by the Office of Management and Budget. A 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. A MD is a division of a MSA based on specific criteria including commuting patterns. Only a 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.

Multifamily: 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.

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 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.

Small loan(s) to business(es): A loan included in 'loans to small businesses' as defined in the Consolidated Report of Condition and Income (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 Consolidated Report of Condition and Income (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 more than 120 percent of the area median income, or a median family income that is more than 120 percent, in the case of a geography.