

PUBLIC DISCLOSURE

September 18, 2023

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**Security Bank
RSSD #497851**

**602 West Main Street
Newbern, Tennessee 38059**

Federal Reserve Bank of St. Louis

**P.O. Box 442
St. Louis, Missouri 63166-0442**

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 bank. This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this bank 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 COMMUNITY REINVESTMENT ACT RATING

Security Bank is rated Satisfactory. This rating is based on the following conclusions with respect to the performance criteria:

- The bank’s loan-to-deposit (LTD) ratio is less than reasonable given the bank’s size, financial condition, and assessment area (AA) credit needs.
- A majority of the bank’s loans and other lending-related activities are originated inside the AAs.
- The borrower’s profile analysis reveals reasonable distribution among individuals of different income levels, including low- and moderate-income (LMI), and businesses of different sizes.
- The geographic distribution of loans reflects a reasonable dispersion throughout the AAs.
- Neither the bank nor this Reserve Bank received any CRA-related complaints since the previous evaluation.

SCOPE OF EXAMINATION

The Federal Financial Institutions Examination Council’s (FFIEC’s) *Interagency Examination Procedures for Small Institutions* were utilized to evaluate the bank’s CRA performance. Bank performance under this test is rated within each of the bank’s AAs. The following table details the number of branch offices, breakdown of deposits, and the CRA review procedures applicable to each AA completed as part of this evaluation.

Assessment Area	Offices		Deposits as of June 30, 2022		Review Procedures
	#	%	\$	%	
Dyer County	6	85.7%	\$178,997	84.8%	Full Scope
Trenton	1	14.3%	\$32,017	15.2%	Limited Scope
TOTAL	7	100%	\$211,014	100%	1 – Full Scope

In light of branch structure, loan and deposit activity, and the bank’s CRA evaluation history, CRA performance in the Dyer County AA was given primary consideration, as it contains the majority of the bank’s deposit activity. The bank’s headquarters is also located in Dyer County.

Small business and 1–4 family residential real estate (RRE) loans were used to evaluate the bank’s lending performance, as these loan categories are considered the bank’s core business lines based on lending volume and the bank’s stated business strategy. Due to loan product volume and loan portfolio composition, more weight was placed on the small business product. The following table includes the corresponding time period for each performance category.

Performance Criterion	Time Period
LTD Ratio	March 31, 2019 – June 30, 2023
AA Concentration	January 1, 2019 – December 31, 2021
Loan Distribution by Borrower’s Profile	
Geographic Distribution of Loans	
Response to Written CRA Complaints	March 4, 2019 – September 17, 2023

Lending Test analyses often entail comparisons of bank performance to AA demographics and the performance of other lenders, based on Home Mortgage Disclosure Act (HMDA) and CRA aggregate lending data. Unless otherwise noted, AA demographics are based on 2015 American Community Survey data. When analyzing bank performance by comparing lending activity to both demographic data and aggregate lending data, greater emphasis is generally placed on the aggregate lending data, because it is expected to describe many factors impacting lenders within an AA. Aggregate lending datasets are updated annually and are, therefore, expected to predict more relevant comparisons. In addition, the bank’s lending levels were evaluated in relation to those of comparable financial institutions operating in the same general region. Two other banks were identified as similarly situated peers, with asset sizes ranging from \$189.4 million to \$269.9 million as of June 30, 2023.

To augment this evaluation, one community contact interview was utilized with a member of the local community to ascertain specific credit needs, opportunities, and local market conditions within the bank’s AAs. Information from this interview also assisted in evaluating the bank’s responsiveness to identified community credit needs and community development opportunities. Key details from this community contact interview are included in the *Description of Assessment Area* section.

DESCRIPTION OF INSTITUTION

Security Bank is an intrastate community bank headquartered in Newbern, Tennessee. The bank’s characteristics include:

- The bank is one of three wholly owned subsidiary banks of Security Bancorp of Tennessee, Inc., headquartered in Halls, Tennessee. In addition, the bank is affiliated with two other banks through common ownership.
- The bank has total assets of \$225.0 million as of June 30, 2023. That represents an increase of 16.2 percent since the last evaluation.
- The bank operates seven full-service branches. Six of the seven facilities are located in Dyer County, with the main office in Newbern, four branches in Dyersburg, and one branch in Trimble. The seventh branch facility is located in Trenton, which is in Gibson County. No branches have been opened or closed since the previous evaluation.

- The bank maintains six cash-dispensing-only ATMs. Four are located at branch facilities and two stand alone at local businesses in Newbern and Trenton.
- As shown in the following table, the bank’s primary business focus is commercial lending, followed by 1–4 family RRE lending.

Composition of Loan Portfolio as of June 30, 2023		
Loan Type	Amount \$ (000s)	Percentage of Total Loans
Construction and development	\$10,790	16.8%
Commercial real estate	\$14,849	23.2%
Multifamily residential	\$4,559	7.1%
1–4 family residential	\$10,405	16.2%
Farmland	\$4,588	7.2%
Farm loans	\$616	1.0%
Commercial and industrial	\$13,414	20.9%
Loans to individuals	\$3,245	5.1%
Total other loans	\$1,655	2.6%
TOTAL	\$64,121	100%
<i>Note: Percentages may not total 100.0% due to rounding.</i>		

The bank was rated Satisfactory under the CRA at its March 4, 2019, performance evaluation. There are no known legal, financial, or other factors impeding the bank’s ability to help meet the credit needs in its communities.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS

The bank’s overall performance under the Lending Test is satisfactory.

Loan-to-Deposit (LTD) Ratio

This performance criterion evaluates the bank’s average LTD ratio to determine the reasonableness of lending in light of performance context, such as the bank’s capacity to lend, the availability of lending opportunities, the demographic and economic factors present in the AA, and in comparison to similarly situated Federal Deposit Insurance Corporation (FDIC)-insured institutions. The similarly situated institutions were selected based on location, asset size, and loan portfolio.

Comparative LTD Ratios June 30, 2023			
Institution	Location	Asset Size \$ (000s)	LTD Ratio (%) 18-Quarter Average
Security Bank	Newbern, Tennessee	\$224,962	35.7%
Similarly Situated Institutions			
Regional Banks	McKenzie, Tennessee	\$189,446	57.2%
	Decaturville, Tennessee	\$269,928	83.4%

The bank’s LTD ratio is less than reasonable. As shown in the previous table, the bank’s level of lending is significantly below both regional peer banks. During the review period, the LTD ratio maintained an 18-quarter average of 35.7 percent. In comparison, the LTD ratios for the regional peer banks averaged 57.2 percent and 83.4 percent. Moreover, the bank’s LTD ratio declined since the previous evaluation. As of June 30, 2023, the bank’s quarterly LTD ratio was only 31.9 percent, down from 36.4 percent as of December 31, 2018.

Assessment Area Concentration

This performance criterion evaluates the percentage of lending extended inside and outside of the AAs.

Lending Inside and Outside the Assessment Areas								
Loan Type	Inside				Outside			
	#	# %	\$ (000s)	\$ %	#	# %	\$ (000s)	\$ %
Small Business	84	68.3%	\$6,284	55.3%	39	31.7%	\$5,073	44.7%
1-4 Family RRE	78	75.0%	\$10,406	70.7%	26	25.0%	\$4,306	29.3%
TOTAL LOANS	185	72.5%	\$18,197	65.1%	70	27.5%	\$9,777	35.0%

Note: Percentages may not total 100.0% due to rounding.

A majority of the bank’s loans, by number and dollar, were originated inside the AAs. However, the bank experienced an increase in loans outside the AAs during the review period due in part to Paycheck Protection Program loans that were originated outside of the AAs during the COVID-19 pandemic.

Borrower and Geographic Distribution

The bank’s performance by borrower’s income/revenue profile is reasonable, based on the analyses of lending in the bank’s AAs. As was aforementioned, more weight was being placed on the Dyer County AA.

Assessment Area	Loan Distribution by Borrower’s Profile
Dyer County	Reasonable
Trenton	Consistent
OVERALL	Reasonable

The bank’s distribution of lending by income level of census tract reflects reasonable penetration throughout the bank’s AAs. Overall, less weight was placed on the geographic distribution due to the primary assessment having zero low- or moderate-income census tracts.

Assessment Area	Geographic Distribution of Loans
Dyer County	Reasonable
Trenton	Consistent
OVERALL	Reasonable

FAIR LENDING OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

Based on findings from the Consumer Affairs examination, including a fair lending analysis performed under Regulation B – Equal Credit Opportunity and the Fair Housing Act requirements, conducted concurrently with this CRA evaluation, no evidence of discriminatory or other illegal credit practices inconsistent with helping to meet community credit needs was identified.

DYER COUNTY, TENNESSEE ASSESSMENT AREA (Full-Scope Review)

DESCRIPTION OF INSTITUTION’S OPERATION’S IN THE DYER COUNTY ASSESSMENT AREA

The Dyer County AA consists of the entire Dyer County, which is a nonmetropolitan statistical area (nonMSA) portion of the state of Tennessee (see Appendix A for an AA map).

- According to the June 30, 2022 FDIC Deposit Market Share Report, the bank has a market share of 16.8 percent, which ranks second out of five FDIC-insured depository institutions operating in the AA.
- According to the Bureau of Labor Statistics, the three largest non-governmental industries in the AA, determined by number of employees, are manufacturing (33.3 percent), retail trade (14.4 percent), and accommodation and food services (10.4 percent).
- One community contact interview was conducted for this evaluation. This individual specializes in economic development in the AA.

Assessment Area Demographics by Geography Income Level						
Assessment Area: Dyer County						
Dataset	Low-	Moderate-	Middle-	Upper-	Unknown-	TOTAL
Census Tracts	0	0	4	4	0	8
	0.0%	0.0%	50.0%	50.0%	0.0%	100%
Family Population	0	0	5,920	4,579	0	10,499
	0.0%	0.0%	56.4%	43.6%	0.0%	100%

- The AA does not include any low- or moderate-income census tracts. The majority of the population (56.4 percent) resides in middle-income census tracts, which is closely aligned with the percentage of middle-income geographies in the AA (50 percent). The remainder of the population resides in upper-income census tracts.

Population Change			
Assessment Area: Dyer County			
Area	2015 Population	2020 Population	Percent Change
Assessment Area	38,054	36,801	-3.3%
nonMSA Tennessee	1,453,776	1,492,702	2.7%
Tennessee	6,499,615	6,910,840	6.3%

*Source: 2020 U.S. Census Bureau: Decennial Census
2011–2015 U.S. Census Bureau: American Community Survey*

- As noted in the table above, the population of the AA has experienced a declining trend. The AA population decreased 3.3 percent, while nonMSA Tennessee and the state of Tennessee experienced an increasing trend of 2.7 percent and 6.3 percent, respectively.

- The community contact indicated that the AA has an aging population because younger residents leave for college or employment opportunities and then settle elsewhere instead of returning to the area.

Median Family Income Change Assessment Area: Dyer County			
Area	2015 Median Family Income	2020 Median Family Income	Percent Change
Assessment Area	\$60,380	\$57,175	-5.3%
nonMSA Tennessee	\$50,331	\$56,418	12.1%
Tennessee	\$61,304	\$68,793	12.2%

*Source: 2011–2015 U.S. Census Bureau: American Community Survey
2016–2020 U.S. Census Bureau: American Community Survey
Note: Median family incomes have been inflation-adjusted and are expressed in 2020 dollars.*

- As shown in the preceding table, the median family income in the AA decreased 5.3 percent from 2015 to 2020, while nonMSA Tennessee and the state of Tennessee experienced an increase of 12.1 percent and 12.2 percent respectively.

Unemployment Rates Assessment Area: Dyer County				
Area	2019	2020	2021	2022
Assessment Area	4.8%	8.0%	4.8%	3.6%
nonMSA Tennessee	4.0%	8.0%	4.6%	3.8%
Tennessee	3.3%	7.5%	4.5%	3.4%

Source: Bureau of Labor Statistics: Local Area Unemployment Statistics

- According to the Bureau of Labor Statistics, the unemployment rate in the AA has remained relatively consistent during the review period, aside from the increase in 2020, which was likely a result of the COVID-19 pandemic.
- The 2022 average unemployment rate (3.6 percent) is slightly lower than nonMSA Tennessee (3.8 percent) and slightly higher than the state of Tennessee (3.4 percent).
- The community contact indicated that many employers in the region are struggling to find enough employees.

Housing Cost Burden Assessment Area: Dyer County						
Area	Cost Burden – Renters			Cost Burden – Owners		
	Low-Income	Moderate-Income	All Renters	Low-Income	Moderate-Income	All Owners
Assessment Area	74.2%	29.2%	38.5%	53.7%	36.8%	16.5%
nonMSA Tennessee	64.2%	28.2%	36.1%	48.8%	24.3%	16.5%
Tennessee	71.0%	37.9%	40.6%	54.6%	27.6%	17.2%

*Cost burden is housing cost that equals 30% or more of household income.
Source: U.S. Department of Housing and Urban Development (HUD), 2015–2019 Comprehensive Housing Affordability Strategy*

- The housing cost burden for homeowners is significantly higher for low- and moderate-income homeowners in the AA (53.7 percent and 36.8 percent, respectively) compared to the figures for nonMSA Tennessee (48.8 percent and 24.3 percent, respectively).
- The housing cost burden for renters is higher for low- and moderate-income renters in the AA (74.2 percent and 29.2 percent, respectively) compared to the figures for nonMSA Tennessee (64.2 percent and 28.2 percent, respectively).
- The community contact suggested that there is not enough affordable housing to meet the demand.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN THE DYER COUNTY ASSESSMENT AREA

Loan Distribution by Borrower’s Profile

This performance criterion evaluates the bank’s lending to businesses of different revenue sizes and borrowers of different income levels. Overall, the bank’s lending has a reasonable distribution among businesses of different sizes and individuals of different income levels, based on the reasonable performance in both small business and 1–4 family RRE loan categories.

Small Business Lending

The borrower distribution of small business lending is reasonable. As displayed in the following table, the bank’s lending to small businesses (75.4 percent) is above the aggregate (53.7 percent) but below the demographic (91.1 percent).

Distribution of 2019–2021 Small Business Lending by Revenue Size of Businesses								
Assessment Area: Dyer County								
Business Revenue and Loan Size		Count			Dollars			Total Businesses
		Bank		Aggregate	Bank		Aggregate	
		#	%	%	\$ (000s)	\$ %	\$ %	
Business Revenue	\$1 Million or Less	43	75.4%	53.7%	\$1,591	42.9%	52.8%	91.1%
	Over \$1 Million/ Unknown	14	24.6%	46.3%	\$2,115	57.1%	47.2%	8.9%
	TOTAL	57	100.0%	100.0%	\$3,706	100.0%	100.0%	100.0%
Loan Size	\$100,000 or Less	49	86.0%	85.7%	\$1,279	34.5%	34.0%	
	\$100,001 – \$250,000	5	8.8%	10.4%	\$833	22.5%	30.9%	
	\$250,001 – \$1 Million	3	5.3%	3.9%	\$1,594	43.0%	35.1%	
	Over \$1 Million	0	0.0%	0.0%	\$0	0.0%	0.0%	
	TOTAL	57	100.0%	100.0%	\$3,706	100.0%	100.0%	
Loan Size Revenue \$1 Million or Less	\$100,000 or Less	40	93.0%		\$847	53.2%		
	\$100,001 – \$250,000	2	4.7%		\$354	22.3%		
	\$250,001 – \$1 Million	1	2.3%		\$390	24.5%		
	Over \$1 Million	0	0.0%		\$0	0.0%		
	TOTAL	43	100.0%		\$1,591	100.0%		
<p>Source: FFIEC Census Data 2011–2015 Dun & Bradstreet Data 2011–2015 U.S. Census Bureau: American Community Survey Note: Percentages may not total 100.0% due to rounding.</p>								

Residential Real Estate Lending

The 1–4 family RRE loan distribution is reasonable overall. The bank’s performance lending to low-income borrowers (12.7 percent) is above aggregate (3.7 percent) but below the demographic (17.6 percent). The bank’s performance lending to moderate-income borrowers (8.9 percent) is slightly below the aggregate (11.2 percent) and the demographic (15.7 percent). However, on a

combined basis, the bank’s performance to LMI borrowers (21.6 percent) is above the aggregate (14.9), which was given more weight than the comparison to the demographic (33.3 percent).

Distribution of 2019–2021 Residential Real Estate Lending by Borrower Income Level							
Assessment Area: Dyer County							
Borrower Income Level	Bank and Aggregate Loans					Families by Family Income %	
	Bank		Aggregate	Bank			Aggregate
	#	# %	# %	\$ (000s)	\$ %		\$ %
Low	10	12.7%	3.7%	\$673	7.0%	1.7%	17.6%
Moderate	7	8.9%	11.2%	\$668	6.9%	7.5%	15.7%
Middle	16	20.3%	18.6%	\$1,628	16.9%	15.6%	17.2%
Upper	43	54.4%	41.6%	\$6,240	64.7%	49.3%	49.4%
Unknown	3	3.8%	24.8%	\$435	4.5%	25.8%	0.0%
TOTAL	79	100.0%	100.0%	\$9,644	100%	100%	100%

*Source: FFIEC Census Data
2011–2015 U.S. Census Bureau: American Community Survey
Note: Percentages may not total 100.0% due to rounding. Multifamily loans are not included in the borrower distribution analysis.*

Geographic Distribution of Loans

This performance criterion evaluates the bank’s distribution of lending within its AA by income level of census tracts with consideration given to the dispersion of loans throughout the AA. This AA has no low- or moderate-income census tracts. Of the eight census tracts in the AA, the bank has lending in seven, including all middle-income census tracts. Therefore, the bank’s geographic distribution of loans reflects reasonable distribution among the different census tracts and dispersion throughout the AA.

TRENTON, TENNESSEE ASSESSMENT AREA (Limited-Scope Review)

DESCRIPTION OF INSTITUTION’S OPERATIONS IN THE TRENTON ASSESSMENT AREA

This AA includes three census tracts, which comprise the entire city of Trenton, Tennessee. This AA is located in Gibson County and is part of the Jackson, Tennessee, metropolitan statistical area (MSA). The bank operates one office in this AA. The tables below detail key demographics relating to this AA.

Population Change			
Area	2015 Population	2020 Population	Percent Change
Trenton AA	49,572	50,429	1.7%
Jackson, Tennessee MSA	179,680	180,504	0.5%
Tennessee	6,499,615	6,910,840	6.3%
<i>Source: 2020 U.S. Census Bureau: Decennial Census 2011–2015 U.S. Census Bureau: American Community Survey</i>			

Median Family Income Change			
Area	2015 Median Family Income	2020 Median Family Income	Percent Change
Trenton AA	\$52,370	\$57,311	9.4%
Jackson, Tennessee MSA	\$56,279	\$58,697	4.3%
Tennessee	\$61,304	\$68,793	12.2%
<i>Source: 2011–2015 U.S. Census Bureau: American Community Survey 2016–2020 U.S. Census Bureau: American Community Survey Note: Median family incomes have been inflation-adjusted and are expressed in 2020 dollars.</i>			

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN THE TRENTON ASSESSMENT AREA

The bank's Lending Test performance in this AA is consistent with the bank's Lending Test performance in the Dyer County AA within the nonMSA portion of the state of Tennessee that was reviewed using full-scope procedures, as detailed in the following table. For more detailed information relating to the bank's Lending Test performance in this AA, see the tables in *Appendix A*.

Lending Test Criteria	Performance
Distribution of Loans by Borrower's Profile	Consistent
Geographic Distribution of Loans	Consistent
OVERALL	Consistent

**APPENDIX A – LENDING PERFORMANCE TABLES FOR LIMITED-SCOPE
REVIEW ASSESSMENT AREA**

Trenton AA

Distribution of 2019–2021 Small Business Lending By Borrower Income Level								
Business Revenue and Loan Size		2019–2021						
		Count			Dollars			Total Businesses
		Bank		Aggregate	Bank		Aggregate	
		#	%	%	\$ (000s)	\$ %	\$ %	%
Business Revenue	\$1 Million or Less	21	77.8%	44.8%	\$992	38.5%	43.0%	88.0%
	Over \$1 Million/ Unknown	6	22.2%	55.2%	\$1,586	61.5%	57.0%	12.0%
	TOTAL	27	100.0%	100.0%	\$2,578	100.0%	100.0%	100.0%
Loan Size	\$100,000 or Less	21	77.8%	91.6%	\$638	24.7%	45.7%	
	\$100,001 – \$250,000	3	11.1%	6.1%	\$505	19.6%	30.0%	
	\$250,001 – \$1 Million	3	11.1%	2.4%	\$1,435	55.7%	24.3%	
	Over \$1 Million	0	0.0%	0.0%	\$0	0.0%	0.0%	
	TOTAL	27	100.0%	100.0%	\$2,578	100.0%	100.0%	
Loan Size	Revenue \$1 Million or Less	\$100,000 or Less	19	90.5%		\$492	49.6%	
		\$100,001 – \$250,000	1	4.8%		\$200	20.2%	
		\$250,001 – \$1 Million	1	4.8%		\$300	30.2%	
		Over \$1 Million	0	0.0%		\$0	0.0%	
		TOTAL	21	100.0%		\$992	100.0%	

Distribution of 2019–2021 Home Mortgage Lending By Borrower Income Level							
Borrower Income Level	Bank Loans		Aggregate HMDA Data	Bank Loans		Aggregate HMDA Data	Families by Family Income %
	#	# %	# %	\$	\$ %	\$ %	
Low	2	9.1%	5.7%	\$85	3.7%	2.9%	28.3%
Moderate	3	13.6%	18.3%	\$401	17.7%	11.5%	24.3%
Middle	4	18.2%	19.1%	\$422	18.6%	15.7%	24.1%
Upper	11	50.0%	36.0%	\$1,132	49.9%	43.6%	23.3%
Unknown	2	9.1%	21.0%	\$229	10.1%	26.4%	0.0%
TOTAL	22	100.0%	100.0%	\$2,269	100.0%	100.0%	100.0%

Source: FFIEC Census Data
2011–2015 U.S. Census Bureau: American Community Survey
Note: Percentages may not total 100.0% due to rounding.

Distribution of 2019–2021 Small Business Lending By Income Level of Geography							
Census Tract Income Level	Bank Small Business Loans		Aggregate of Peer Data	Bank Small Business Loans		Aggregate of Peer Data	% of Businesses
	#	# %	%	\$ 000s	\$ %	\$ %	
Low	0	0.0%	0.0%	\$0	0.0%	0.0%	0.0%
Moderate	27	100.0%	100.0%	\$2,579	100.0%	100.0%	100.0%
Middle	0	0.0%	0.0%	\$0	0.0%	0.0%	0.0%
Upper	0	0.0%	0.0%	\$0	0.0%	0.0%	0.0%
Unknown	0	0.0%	0.0%	\$0	0.0%	0.0%	0.0%
TOTAL	27	100.0%	100.0%	\$2,579	100.0%	100.0%	100.0%

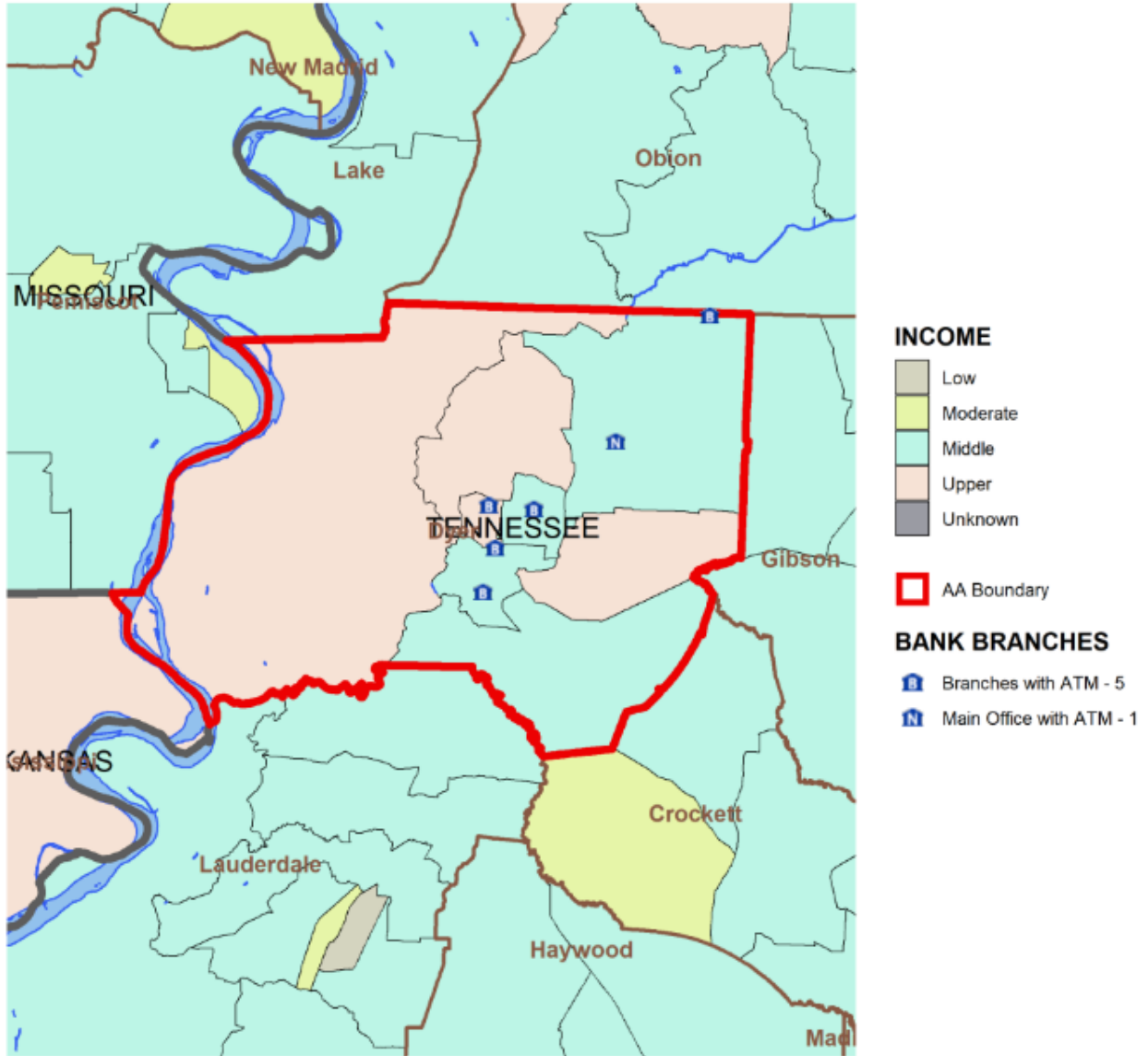
Source: FFIEC Census Data
Dun & Bradstreet Data
2011–2015 U.S. Census Bureau: American Community Survey
Note: Percentages may not total 100.0% due to rounding.

Distribution of 2019–2021 Home Mortgage Lending By Income Level of Geography							
Census Tract Income Level	Bank Loans		Aggregate HMDA Data	Bank Loans		Aggregate HMDA Data	% of Owner- Occupied Units
	#	# %	# %	\$	\$ %	\$ %	
Low	0	0.0%	0.0%	\$0	0.0%	0.0%	0.0%
Moderate	22	100.0%	100.0%	\$2,269	100.0%	100.0%	100.0%
Middle	0	0.0%	0.0%	\$0	0.0%	0.0%	0.0%
Upper	0	0.0%	0.0%	\$0	0.0%	0.0%	0.0%
Unknown	0	0.0%	0.0%	\$0	0.0%	0.0%	0.0%
TOTAL	22	100.0%	100.0%	\$2,269	100.0%	100.0%	100.0%

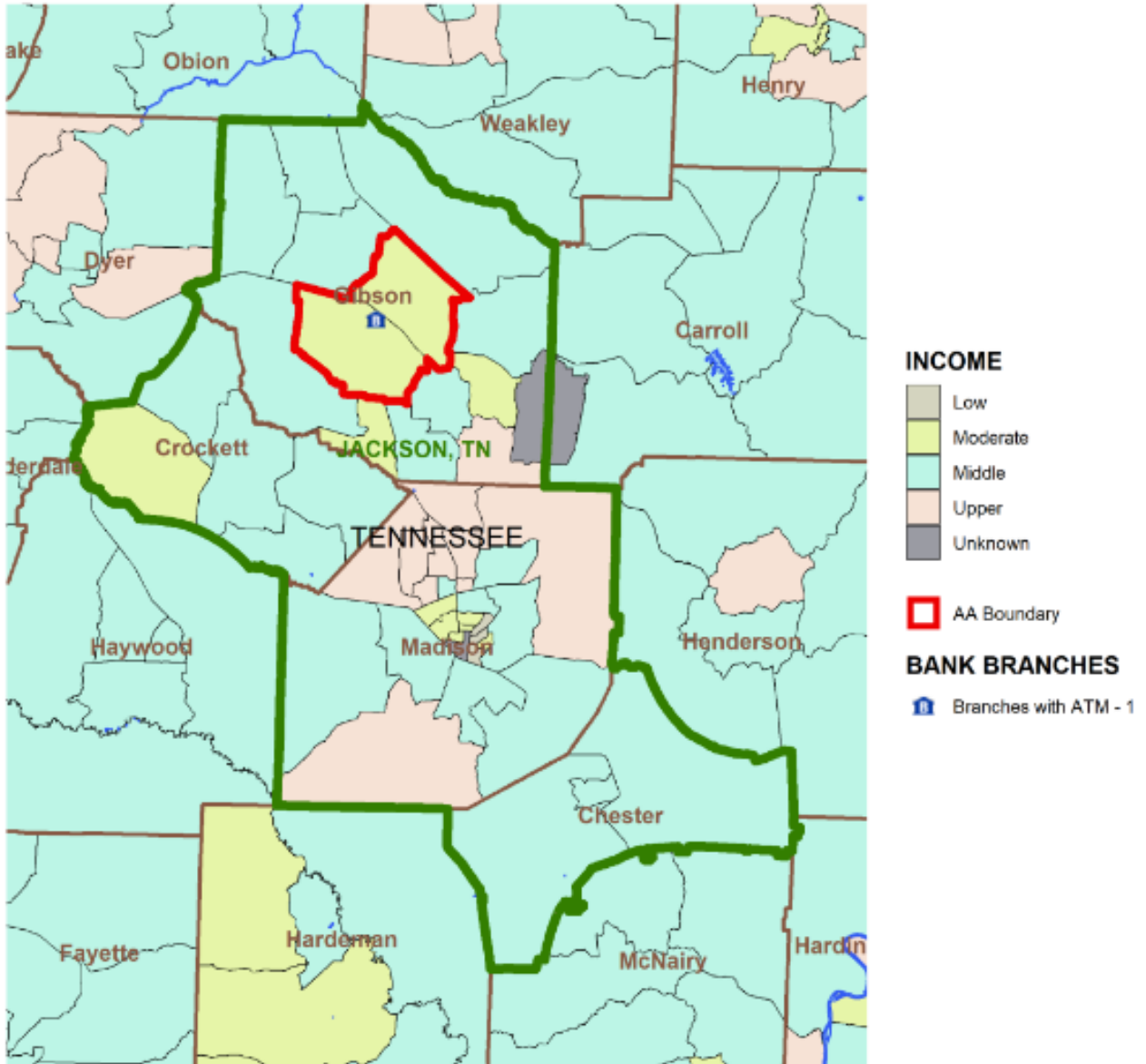
Source: FFIEC Census Data
2011–2015 U.S. Census Bureau: American Community Survey
Note: Percentages may not total 100.0% due to rounding.

APPENDIX B – MAP OF THE ASSESSMENT AREAS

Dyer County AA



Trenton AA



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.

Assessment area: One or more of the geographic areas delineated by the bank and used by the regulatory agency to assess an institution's record of CRA performance.

Census tract: A small subdivision of metropolitan and nonmetropolitan 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 on 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 contact: Interviews conducted as part of the CRA examination to gather information that might assist examiners in understanding the bank's community, available opportunities for helping to meet local credit and community development needs, and perceptions on the performance of financial institutions in helping meet local credit needs. Communications and information gathered can help to provide a context to assist in the evaluation of an institution's CRA performance.

Community development: An activity associated with one of the following five descriptions: (1) affordable housing (including multifamily rental housing) for low- or moderate-income individuals; (2) community services targeted to low- or moderate-income individuals; (3) 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; (4) activities that revitalize or stabilize low- or moderate-income geographies, designated disaster areas, or distressed or underserved nonmetropolitan middle-income geographies; or (5) Neighborhood Stabilization Program (NSP) eligible activities in areas with HUD-approved NSP plans, which are conducted within two years after the date when NSP program funds are required to be spent and benefit low-, moderate-, and middle-income individuals and geographies.

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.

Demographics: The statistical characteristics of human populations (e.g., age, race, sex, and income) used especially to identify markets.

Distressed nonmetropolitan middle-income geography: A middle-income, nonmetropolitan geography will be designated as distressed if it is in a county that meets one or more of the following triggers: (1) an unemployment rate of at least 1.5 times the national average, (2) a poverty rate of 20

percent or more, or (3) a population loss of 10 percent or more between the previous and most recent decennial census or a net migration loss of 5 percent or more over the 5-year period preceding the most recent census.

Family: Includes a householder and one or more other persons living in the same household who are related to the householder by birth, marriage, or adoption. The number of family households always equals the number of families; however, a family household may also include 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 (e.g., geographic distribution, borrower distribution, and total number and dollar amount of investments), and qualitative factors (e.g., innovativeness, complexity, and responsiveness).

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

Home Mortgage Disclosure Act (HMDA): The statute that requires certain mortgage lenders who 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 income of applicants; the amount of loan requested; and the disposition of the application (e.g., 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 refinancing of home improvement and home purchase loans.

Household: One or more persons who occupy a housing unit. The occupants may be a single family, one person living alone, two or more families living together, or any other group of related or unrelated persons who share living arrangements.

Housing affordability ratio: Calculated by dividing the median household income by the median housing value. It represents the amount of single family, owner-occupied housing that a dollar of income can purchase for the median household in the census tract. Values closer to 100 percent indicate greater affordability.

Limited-scope review: Performance under the Lending, Investment, and Service Tests is analyzed using only quantitative factors (e.g., 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.

Median family income: The dollar amount that divides the family income distribution into two equal groups, half having incomes above the median, half having incomes below the median. The median family income is based on all families within the area being analyzed.

Metropolitan area (MA): A metropolitan statistical area (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.

Multifamily: Refers to a residential structure that contains five or more units.

Nonmetropolitan statistical area (nonMSA): Not part of a metropolitan area. (See metropolitan area.)

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.

Performance context: The performance context is a broad range of economic, demographic, and institution- and community-specific information that an examiner reviews to understand the context in which an institution's record of performance should be evaluated. The performance context is not a formal or written assessment of community credit needs.

Performance criteria: These are the different criteria against which a bank's performance in helping to meet the credit needs of its assessment area(s) is measured. The criteria relate to lending, investment, retail service, and community development activities performed by a bank. The performance criteria have both quantitative and qualitative aspects. There are different sets of

criteria for large banks, intermediate small banks, small banks, wholesale/limited purpose banks, and strategic plan banks.

Performance evaluation (PE): A written evaluation of a financial institution's record of meeting the credit needs of its community, as prepared by the federal financial supervision agency responsible for supervising the institution.

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 businesses/small farms: A small business/farm is considered to be one in which gross annual revenues for the preceding calendar year were \$1 million or less.

Small loan(s) to business(es): That is, "small business loans" are included in "loans to small businesses" as defined in the Consolidated Reports 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 secured by either 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): That is, "small farm loans" are included in "loans to small farms" as defined in the instructions for preparation of the Consolidated Reports 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.

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

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