

PUBLIC DISCLOSURE

May 30, 2023

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**Financial Federal Bank
RSSD #590976**

**1715 Aaron Brenner Drive, Suite 100
Memphis, Tennessee 38120**

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 institution. This evaluation is not, nor should it be construed as, an assessment of the financial condition of the institution. The rating assigned to this institution does not represent an analysis, conclusion or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.

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INSTITUTION'S CRA RATING: This institution is rated SATISFACTORY.

The Lending Test is rated:

Satisfactory

The Community Development Test is rated:

Satisfactory

Financial Federal Bank meets the criteria for a Satisfactory rating based on the evaluation of the bank's lending and community development activities. The factors supporting the institution's rating are as follows:

- The loan-to-deposit (LTD) ratio is reasonable given the institution's size, financial condition, and assessment area credit needs.
- A majority of loans and other lending-related activities are in the assessment area.
- The geographic distribution of loans reflects a reasonable dispersion throughout the assessment area.
- The borrower's profile analysis reveals poor penetration among individuals of different income levels, including low- and moderate-income (LMI) levels, and businesses of different revenue sizes.
- There were no CRA-related complaints filed against the bank since the previous CRA evaluation.
- The bank's overall community development performance demonstrates adequate responsiveness to the community development needs of its assessment area, considering the bank's capacity and the need and availability of such opportunities for community development in its assessment area. The bank has responded to these needs through community development loans, donations, and community development services.

During the COVID-19 pandemic, the bank responded to the needs of the community through its participation in the CARES Act¹ Paycheck Protection Program (PPP). The bank's participation in the PPP was also considered in the bank's rating.

SCOPE OF EXAMINATION

The bank's CRA performance was evaluated using the Federal Financial Institutions Examination Council's (FFIEC's) Intermediate Small Institution Examination Procedures. The intermediate small bank examination procedures entail two performance tests: the Lending Test and the Community Development Test. Home Mortgage Disclosure Act (HMDA) and small business 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. Therefore, the loan activity represented by these credit products is deemed indicative of the bank's overall lending performance. However, as the bank has particular emphasis on home mortgage

¹ Coronavirus Aid, Relief, and Economic Security Act, signed into law on March 27, 2020

lending and the community contact noted a need for affordable housing in the assessment area, performance based on the HMDA loan category carried the most significance toward the bank’s overall performance conclusions.

The following table details the performance criterion and the corresponding time periods used in each analysis.

Performance Criterion	Time Period
LTD Ratio	June 30, 2018 – December 31, 2022
Assessment Area Concentration	January 1, 2021 – December 31, 2021
Geographic Distribution of Loans	January 1, 2021 – December 31, 2021
Loan Distribution by Borrower’s Profile	January 1, 2021 – December 31, 2021
Response to Written CRA Complaints	June 18, 2018 – May 29, 2023
Community Development Activities	June 18, 2018 – May 29, 2023

As noted in the table above, the bank’s Lending Test performance was driven by activity in the year 2021; however, in order to ensure a complete picture of the bank’s overall Lending Test performance, 2019 and 2020 HMDA geographic and borrower distribution activity was also referenced as performance context. Furthermore, Lending Test analyses often entail comparisons of bank performance to assessment area demographics and the performance of other lenders, based on HMDA and CRA aggregate lending data. Unless otherwise noted, assessment area demographics are based on 2011–2015 U.S. Census data; certain business demographics are based on 2021 Dun & Bradstreet 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 assessment area. 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. Three other banks were identified as similarly situated peers, with asset sizes ranging from \$653.8 million to \$869.3 million as of December 31, 2022.

As part of the Community Development Test, the bank’s performance was evaluated using the following criteria, considering the bank’s capacity and the need and availability of such opportunities for community development in the bank’s assessment area.

- The number and dollar amount of community development loans.
- The number and dollar amount of qualified investments and donations.
- The extent to which the bank provides community development services.

The review included community development activities initiated from the date of the bank’s previous CRA evaluation to this review date.

To augment this evaluation, one community contact interview was conducted with a member of the local community to ascertain specific credit needs, opportunities, and local market conditions

within the bank’s assessment area. 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

Financial Federal Bank is a full-service retail bank offering both consumer and commercial loan and deposit products. The bank is wholly owned by Financial Fedcorp, Inc., a one-bank holding company. Both the bank and its holding company are headquartered in Memphis, Tennessee. The bank has one full-service office, its headquarters, located in an upper-income census tract in the eastern portion of Shelby County. The bank does not have automated teller machines or offer cash transaction services at this location. In addition to the main location, the bank operates one commercial loan production office in Nashville specializing in multifamily lending. The bank did not open or close any branches during this review period. Given its lack of branch offices, the bank faces challenges in serving the entirety of Shelby County, particularly in the westernmost portions of the county that include several LMI census tracts.

For this review period, no legal impediments or financial constraints were identified that would have hindered the bank from serving the credit needs of its customers, and the bank appeared capable of meeting assessment area credit needs based on its available resources and financial products. As of March 31, 2023, the bank reported total assets of \$898.0 million. As of the same date, loans and leases outstanding were \$866.5 million (96.5 percent of total assets), and deposits totaled \$667.5 million. The bank’s loan portfolio composition by credit category is displayed in the following table.

Distribution of Total Loans as of March 31, 2023		
Credit Category	Amount \$ (000s)	Percentage of Total Loans
Construction and Development	\$142,948	16.5%
Commercial Real Estate	\$247,924	28.6%
Multifamily Residential	\$49,180	5.7%
1–4 Family Residential	\$261,443	30.2%
Farmland	\$3,990	0.5%
Commercial and Industrial	\$134,413	15.5%
Loans to Individuals	\$26,606	3.1%
TOTAL	\$866,504	100%

As indicated by the table above, a significant portion of the bank’s lending resources is directed to 1–4 family residential properties, commercial real estate loans, and construction and development. The bank received a Satisfactory rating at its previous CRA evaluation conducted on June 18, 2018, by this Reserve Bank.

DESCRIPTION OF ASSESSMENT AREA

General Demographics

The bank’s assessment area, which has a population of 937,750, is located in southwest Tennessee and consists of Shelby County in its entirety. This county is part of the Memphis, Tennessee-Mississippi-Arkansas metropolitan statistical area (Memphis MSA). Shelby County includes the downtown area of the city of Memphis in the western portion of the county and more suburban areas in the eastern portion of the county. The county has a total of 221 census tracts, of which 113 are classified as LMI tracts.

According to the Federal Deposit Insurance Corporation (FDIC) Deposit Market Share Report data as of June 30, 2022, there are 31 FDIC-insured depository institutions in the assessment area that operate 206 offices. Financial Federal Bank ranked tenth out of 31 banks in terms of deposit market share, with 1.8 percent of the total assessment area deposit dollars.

General credit needs in the assessment area include 1–4 family residential real estate loans and a standard blend of commercial loan products. As noted by the community contact, there is a need in the assessment area for more affordable housing programs catered to LMI individuals.

Income and Wealth Demographics

The following table summarizes the distribution of assessment area census tracts by income level and the family population within those tracts.

Assessment Area Demographics by Geography Income Level						
Dataset	Low-	Moderate-	Middle-	Upper-	Unknown-	TOTAL
Census Tracts	65	48	32	70	6	221
	29.4%	21.7%	14.5%	31.7%	2.7%	100%
Family Population	44,349	46,533	32,806	96,359	404	220,451
	20.1%	21.1%	14.9%	43.7%	0.2%	100%

As shown above, 51.1 percent of the census tracts in the assessment area are LMI geographies, but only 41.2 percent of the family population resides in these tracts.

Based on 2020 U.S. Census data, the median family income for the assessment area was \$67,286.² At the same time, the median family income for the Memphis MSA was \$68,008. More recently, the FFIEC estimates the 2021 median family income for the Memphis MSA to be \$66,900. The following table displays population percentages of assessment area families by income level compared to the Memphis MSA family population as a whole.

² Median family incomes have been inflation-adjusted and are expressed in 2020 dollars.

Family Population by Income Level						
Dataset	Low-	Moderate-	Middle-	Upper-	Unknown-	TOTAL
Assessment Area	58,052	33,731	35,606	93,062	0	220,451
	26.3%	15.3%	16.2%	42.2%	0.0%	100%
Memphis MSA	79,803	51,120	56,522	136,327	0	323,772
	24.7%	15.8%	17.5%	42.1%	0.0%	100%

As shown in the table above, 41.6 percent of families within the assessment area were considered LMI, which is slightly higher than the LMI family percentages of 40.5 percent in the Memphis MSA. The percentage of families living below the poverty threshold in the assessment area (16.7 percent) is also higher than the level in the Memphis MSA (14.9 percent). Considering these factors, the assessment area appears slightly less affluent than the Memphis MSA as a whole.

Housing Demographics

Based on housing values, income levels, and rental costs, housing in the assessment area appears to be similarly affordable to the Memphis MSA. The median housing value for the assessment area is \$130,800, which is below the figure for the Memphis MSA, \$133,866. However, the median gross rent for the assessment area of \$859 per month is slightly higher than the \$849 per month for the Memphis MSA. When relative income levels are considered, the assessment area housing affordability ratio, 35.3 percent, is similar to the MSA figure, 35.7 percent. Therefore, housing is considered similarly affordable between the two areas.

Industry and Employment Demographics

The assessment area supports a large and diverse business community, including a strong small business sector. According to the Bureau of Labor Statistics (BLS), there are 491,346 paid employees in the assessment area. By percentage of employees, the three largest job categories in the assessment area are healthcare and social assistance (13.9 percent), followed by transportation and warehousing (12.8 percent) and government (12.7 percent). The table below details unemployment data from the BLS (not seasonally adjusted) for the assessment area compared to the Memphis MSA as a whole.

Unemployment Levels for the Assessment Area		
Time Period (Annual Average)	Assessment Area	Memphis MSA
2019	4.0%	4.1%
2020	9.5%	8.7%
2021	6.8%	6.2%

As shown in the table above, unemployment levels for the assessment area and Memphis MSA experienced increases in 2020 due to the economic disruption resulting from the COVID-19 pandemic; however, it appears that both have since decreased, though not to pre-pandemic levels.

Community Contact Information

Information from one community contact was used to help shape the performance context in which the bank's activities in this assessment area were evaluated. The community contact interview was with an individual who specializes in small business development, providing a range of services for both new and experienced business owners. The community contact categorized the local economy as struggling due to the impact of the COVID-19 pandemic. Several nonessential businesses within the area closed and have not reopened. The community contact also identified a need for human capital within the area due to a steady decline in the population. Lastly, housing options are difficult to find, as new home building is not affordable, and those looking to buy affordable homes are in tough competition with investors, which is also pushing up home prices.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

LENDING TEST

Loan-to-Deposit (LTD) Ratio

One indication of the bank’s overall level of lending activity is its LTD ratio. The chart below displays the bank’s average LTD ratio in comparison to those of regional peers. The average LTD ratio represents a 19-quarter average, dating back to the bank’s last CRA evaluation.

LTD Ratio Analysis			
Name	Headquarters	Asset Size \$ (000s) as of December 31, 2022	Average LTD Ratio
Financial Federal Bank	Memphis, Tennessee	\$891,834	124.9%
Regional Banks	Piperton, Tennessee	\$847,944	96.6%
	Memphis, Tennessee	\$653,830	94.0%
	Jackson, Mississippi	\$869,275	93.3%

Based on data from the previous table, the bank’s level of lending is above that of other banks in the region. During the review period, the LTD ratio experienced a generally stable trend with a 19-quarter average of 124.9 percent. In comparison, the average LTD ratios for the regional peers were lower and had a generally stable trend. The bank’s structure and business model are significant factors in the bank’s high LTD ratio when compared to peers. Therefore, given this information, as well as the bank’s size, financial condition, and assessment area credit needs, the LTD ratio is reasonable.

Assessment Area Concentration

For the loan activity reviewed as part of this evaluation, the following table displays the number and dollar volume of loans inside and outside the bank’s assessment area.

Lending Inside and Outside of Assessment Area January 1, 2021 through December 31, 2021						
Loan Type	Inside Assessment Area		Outside Assessment Area		TOTAL	
HMDA	408	81.3%	94	18.7%	502	100%
	\$143,460	80.7%	\$34,277	19.3%	\$177,737	100%
Small Business	51	68.9%	23	31.1%	74	100%
	\$12,973	60.9%	\$8,340	39.1%	\$21,313	100%
TOTAL LOANS	459	79.7%	117	20.3%	576	100%
	\$156,433	78.6%	\$42,617	21.4%	\$199,050	100%

A majority of loans and other lending-related activities were made in the bank’s assessment area. As shown above, 79.7 percent of the total loans were made inside the assessment area, accounting for 78.6 percent of the dollar volume of total loans.

Geographic Distribution of Loans

As noted previously, the assessment area includes 65 low-income and 48 moderate-income census tracts, representing 51.1 percent of all assessment area census tracts. While the bank’s geographic distribution of small business loans was poor and overall dispersion analysis revealed fewer LMI census tracts with loans (33.6 percent) compared to middle- and upper-income geographies (72.6 percent), there were no conspicuous lending gaps. Furthermore, performance in the HMDA loan category, which was reasonable, carried the most significance when making overall performance conclusions. Consequently, the bank’s overall geographic distribution of loans is reasonable.

The following table displays the geographic distribution of 2021 HMDA loans compared to owner-occupied housing demographics and aggregate performance for the assessment area.

Geographic Distribution of 2021 HMDA Loans Assessment Area: Memphis, Tennessee							
Census Tract Income Level	Bank Loans				% Owner- Occupied Units	Aggregate HMDA Data	
	#	# %	\$	\$ %		# %	\$ %
Home Purchase Loans							
Low	5	2.7%	461	0.7%	13.9%	7.9%	3.1%
Moderate	12	6.6%	1,908	3.0%	18.7%	14.0%	7.0%
Middle	14	7.7%	2,631	4.2%	15.9%	14.4%	10.4%
Upper	152	83.1%	58,112	92.1%	51.4%	63.7%	79.5%
Unknown	0	0.0%	0	0.0%	0.2%	0.0%	0.0%
TOTAL	183	100.0%	63,112	100.0%	100.0%	100.0%	100.0%
Refinance							
Low	18	8.4%	2,131	3.5%	13.9%	3.2%	1.6%
Moderate	16	7.4%	2,258	3.7%	18.7%	8.1%	4.3%
Middle	14	6.5%	2,372	3.8%	15.9%	12.7%	8.1%
Upper	167	77.7%	55,002	89.1%	51.4%	75.9%	86.1%
Unknown	0	0.0%	0	0.0%	0.2%	0.0%	0.0%
TOTAL	215	100.0%	61,763	100.0%	100.0%	100.0%	100.0%
Home Improvement							
Low	0	0.0%	0	0.0%	13.9%	9.4%	3.2%
Moderate	0	0.0%	0	0.0%	18.7%	13.1%	6.7%
Middle	0	0.0%	0	0.0%	15.9%	12.1%	8.7%
Upper	0	0.0%	0	0.0%	51.4%	65.2%	81.2%
Unknown	0	0.0%	0	0.0%	0.2%	0.1%	0.3%
TOTAL	0	0.0%	0	0.0%	100.0%	100.0%	100.0%
Multifamily Loans					% Multifamily Units		
Low	5	50.0%	7,750	41.7%	32.6%	43.4%	27.2%
Moderate	0	0.0%	0	0.0%	21.2%	17.5%	9.7%
Middle	2	20.0%	3,315	17.8%	12.8%	17.5%	26.2%
Upper	3	30.0%	7,520	40.5%	32.8%	21.7%	36.8%
Unknown	0	0.0%	0	0.0%	0.6%	0.0%	0.0%
TOTAL	10	100.0%	18,585	100.0%	100.0%	100.0%	100.0%
Total Home Mortgage Loans					% Owner- Occupied Units		
Low	28	6.9%	10,342	7.2%	13.9%	5.6%	4.5%
Moderate	28	6.9%	4,166	2.9%	18.7%	10.9%	5.9%
Middle	30	7.4%	8,318	5.8%	15.9%	13.5%	10.7%
Upper	322	78.9%	120,634	84.1%	51.4%	70.0%	78.9%
Unknown	0	0.0%	0	0.0%	0.2%	0.0%	0.0%
TOTAL	408	100.0%	143,460	100.0%	100.0%	100.0%	100.0%

The analysis of HMDA loans revealed reasonable lending performance to borrowers residing in LMI geographies. The bank’s lending in low-income census tracts by number of loans (6.9 percent) is below the percentage of owner-occupied housing units (13.9 percent) and above the performance of lenders in the assessment area based on 2021 HMDA aggregate data (5.6 percent), reflecting reasonable performance. The bank’s HMDA lending in moderate-income census tracts (6.9 percent) is below the percentage of owner-occupied housing units (18.7 percent) and the aggregate lending level (10.9 percent). A review of 2019–2020 data shows that the bank’s level of lending in moderate income census tracts (17.9 percent in 2019 and 13.8 percent in 2020) is greater than the aggregate levels (11.6 percent in 2019 and 8.9 percent in 2020) and below the demographic level (18.7 percent in both years). Considering the bank’s performance in 2021 and additional performance context from previous years, the bank’s geographic distribution of HMDA loans in moderate-income census tracts is considered reasonable.

Second, the bank’s geographic distribution of small business loans was reviewed. The following table displays 2021 small business loan activity by geography income level compared to the location of businesses throughout the bank’s assessment area and 2021 small business aggregate data.

Geographic Distribution of 2021 Small Business loans							
Assessment Area: Memphis, Tennessee							
Census Tract Income Level	Bank Small Business Loans				% of Businesses	Aggregate of Peer Data	
	#	# %	\$ (000s)	\$ %		%	\$ %
Low	0	0.0%	\$0	0.0%	15.4%	14.1%	13.1%
Moderate	2	3.9%	\$382	2.9%	17.4%	17.6%	17.9%
Middle	3	5.9%	\$670	5.2%	16.1%	15.4%	13.7%
Upper	46	90.2%	\$11,921	91.9%	50.0%	51.6%	52.5%
Unknown	0	0.0%	\$0	0.0%	1.1%	1.3%	2.9%
TOTAL	51	100.0%	\$12,973	100.0%	100.0%	100.0%	100.0%

The bank had no lending in low-income census tracts and was, therefore, below the estimated percentage of businesses operating inside these census tracts (15.4 percent) and 2021 aggregate lending levels in low-income census tracts (14.1 percent). Consequently, the bank’s performance in low-income areas is poor. The bank’s percentage of loans in moderate-income census tracts (3.9 percent) is below the percentage of businesses operating in moderate-income census tracts (17.6 percent), as well as aggregate data (17.9 percent), which is considered poor. Combined, the bank’s overall geographic distribution of small business loans is poor.

Loan Distribution by Borrower’s Profile

Overall, the bank’s loan distribution by borrower’s profile is poor, based on performance from both loan categories reviewed. While the bank’s performance under the small business category is reasonable, the bank’s HMDA loan distribution by borrower’s profile is poor, and greater significance is placed on performance in the HMDA loan category given the bank’s emphasis on HMDA lending.

Borrowers are classified into low-, moderate-, middle-, and upper-income categories by comparing their reported income to the applicable median family income figure as estimated by the FFIEC (\$66,900 for the Memphis MSA as of 2021). The following table shows the distribution of HMDA-reported loans by borrower income level in comparison to family population income demographics for the assessment area. Additionally, 2021 aggregate data for the assessment area is displayed.

Borrower Distribution of 2021 HMDA Loans Assessment Area: Memphis, Tennessee							
Census Tract Income Level	Bank Loans				Families by Family Income %	Aggregate HMDA Data	
	#	# %	\$	\$ %		# %	\$ %
Home Purchase Loans							
Low	4	2.2%	329	0.5%	26.3%	2.9%	1.3%
Moderate	8	4.4%	1,524	2.4%	15.3%	12.1%	7.7%
Middle	18	9.8%	3,584	5.7%	16.2%	16.5%	14.3%
Upper	140	76.5%	52,223	82.7%	42.2%	44.1%	53.5%
Unknown	13	7.1%	5,452	8.6%	0.0%	24.4%	23.3%
TOTAL	183	100.0%	63,112	100.0%	100.0%	100.0%	100.0%
Refinance							
Low	1	0.5%	101	0.2%	26.3%	3.1%	1.4%
Moderate	10	4.7%	1,576	2.6%	15.3%	9.5%	5.9%
Middle	29	13.5%	5,501	8.9%	16.2%	16.8%	12.9%
Upper	138	64.2%	48,870	79.1%	42.2%	47.7%	55.9%
Unknown	37	17.2%	5,715	9.3%	0.0%	22.9%	23.9%
TOTAL	215	100.0%	61,763	100.0%	100.0%	100.0%	100.0%
Home Improvement							
Low	0	0.0%	0	0.0%	26.3%	5.3%	2.4%
Moderate	0	0.0%	0	0.0%	15.3%	11.1%	7.0%
Middle	0	0.0%	0	0.0%	16.2%	18.0%	14.4%
Upper	0	0.0%	0	0.0%	42.2%	60.5%	72.1%
Unknown	0	0.0%	0	0.0%	0.0%	5.0%	4.0%
TOTAL	0	0.0%	0	0.0%	100.0%	100.0%	100.0%

Multifamily Loans					N/A		
Low	0	0.0%	0	0.0%		0.0%	0.0%
Moderate	0	0.0%	0	0.0%		0.0%	0.0%
Middle	0	0.0%	0	0.0%		0.0%	0.0%
Upper	0	0.0%	0	0.0%		4.8%	0.7%
Unknown	10	100.0%	18,585	100.0%		95.2%	99.3%
TOTAL	10	100.0%	18,585	100.0%		100.0%	100.0%
Total Home Mortgage Loans					Families by Family Income %		
Low	5	1.2%	430	0.3%	26.3%	3.1%	1.2%
Moderate	18	4.4%	3,100	2.2%	15.3%	10.4%	6.1%
Middle	47	11.5%	9,085	6.3%	16.2%	16.4%	12.3%
Upper	278	68.1%	101,093	70.5%	42.2%	46.1%	50.1%
Unknown	60	14.7%	29,752	20.7%	0.0%	23.9%	30.2%
TOTAL	408	100.0%	143,460	100.0%	100.0%	100.0%	100.0%

As displayed in the preceding table, the bank’s percentage of lending to low-income borrowers (1.2 percent) is below the low-income family population figure (26.3 percent) and the 2021 aggregate lending level to low-income borrowers (3.1 percent), reflecting poor performance. Similarly, the bank’s level of lending to moderate-income borrowers (4.4 percent) is below the moderate-income family population percentage (15.3 percent) and the 2021 aggregate lending level to moderate-income borrowers (10.4 percent), reflecting poor performance. A review of 2019–2020 data shows similar comparative performance in both low- and moderate-income census tracts. Therefore, considering performance in both income categories, as well as additional performance context from previous years’ lending levels, the bank’s overall distribution of HMDA loans by borrower’s profile is poor.

Next, small business loans were reviewed to determine the bank’s lending levels to businesses of different sizes. The following table shows the distribution of 2021 small business loans by loan amount and business revenue size compared to Dun & Bradstreet and aggregate data.

2021 Small Business Loans by Revenue and Loan Size Assessment Area: Memphis, Tennessee								
Business Revenue and Loan Size		2021						
		Count			Dollars			Total Businesses
		Bank		Aggregate	Bank		Aggregate	
		#	%	%	\$ (000s)	\$ %	\$ %	%
Business Revenue	\$1 Million or Less	18	35.3%	39.2%	\$3,947	30.4%	25.3%	90.4%
	Over \$1 Million/ Unknown	33	64.7%	60.8%	\$9,026	69.6%	74.7%	9.6%
	TOTAL	51	100.0%	100.0%	\$12,973	100.0%	100.0%	100.0%
Loan Size	\$100,000 or Less	23	45.1%	91.3%	\$1,321	10.2%	33.0%	
	\$100,001–\$250,000	11	21.6%	4.5%	\$1,811	14.0%	16.7%	
	\$250,001–\$1 Million	17	33.3%	4.2%	\$9,841	75.9%	50.3%	
	Over \$1 Million	0	0.0%	0.0%	\$0	0.0%	0.0%	
	TOTAL	51	100.0%	100.0%	\$12,973	100.0%	100.0%	
Loan Size Revenue \$1 Million or Less	\$100,000 or Less	8	44.4%		\$318	8.1%		
	\$100,001–\$250,000	4	22.2%		\$680	17.2%		
	\$250,001–\$1 Million	6	33.3%		\$2,949	74.7%		
	Over \$1 Million	0	0.0%		\$0	0.0%		
	TOTAL	18	100.0%		\$3,947	100.0%		

The bank’s level of lending to small businesses is reasonable. The bank originated 35.3 percent of its small business loans to businesses with revenues of \$1 million or less. In comparison, assessment area demographics estimate that 90.4 percent of businesses in the assessment area had annual revenues of \$1 million or less, and the 2021 aggregate lending level to small businesses is similar to the bank’s level of lending at 39.2 percent.

Responses to Complaints

No CRA-related complaints were filed against the bank during this review period (June 18, 2018 through May 29, 2023).

COMMUNITY DEVELOPMENT TEST

The bank's overall community development performance demonstrates adequate responsiveness to the community development needs of the assessment area, considering the bank's capacity and the need and availability of such opportunities for community development in the assessment area. The bank has addressed the community development needs of the assessment area through community development loans, donations, and community development services.

During the review period, the bank made 55 community development loans totaling approximately \$49.6 million in the assessment area. In the wake of the COVID-19 pandemic, the bank became a Small Business Administration lender; the bank's community development lending activity included 36 PPP loans totaling \$12.6 million to businesses located in LMI geographies. These PPP loans were deemed responsive to area community development needs and positively affected the bank's overall rating. Of the remaining qualified loans, 2 went to affordable housing, 1 went to community service, and 16 went to revitalize and stabilize LMI geographies in a variety of ways, including job creation, retaining businesses, and financing of convenience/grocery stores needed in LMI geographies.

The bank did not make any qualified community development investments during the review period. However, in lieu of investments, the bank made 39 donations totaling \$169,507 to 17 separate organizations having a community development purpose. Examples of organizations benefitting from these donations include the Boys & Girls Club serving primarily LMI children and organizations providing scholarship funds to LMI families.

Moreover, seven bank employees provided approximately 990 service hours, benefiting 28 organizations with a community development purpose. Examples of organizations benefitting from the employees' financial expertise include registered community development financial institutions and affordable housing coalitions.

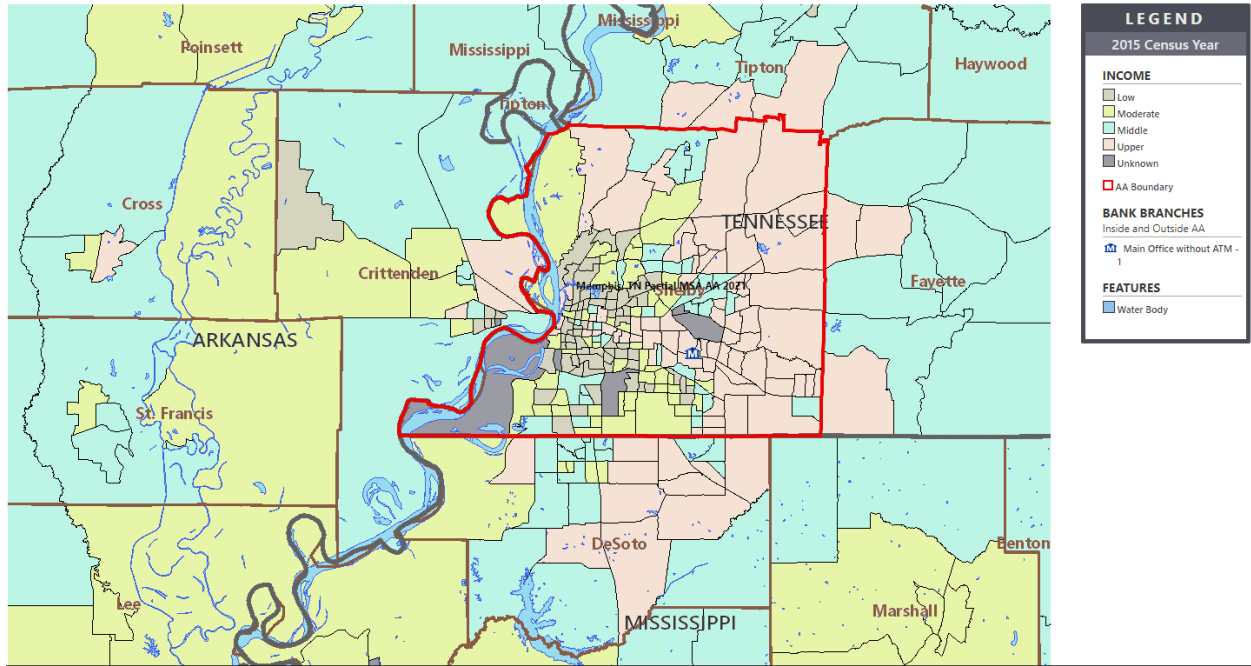
FAIR LENDING OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

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.

ASSESSMENT AREA DETAIL

Financial Federal
PE Map 2021

Restricted FR



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).

Appendix B (continued)

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.