

PUBLIC DISCLOSURE

March 16, 2020

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Bank of Millbrook
RSSD# 175609

3263 Franklin Avenue
Millbrook, NY 12545

Federal Reserve Bank of New York

33 Liberty Street
New York, NY 10045

NOTE: This document is an evaluation of this bank'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 bank. 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 bank.

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INSTITUTION'S CRA RATING

Bank of Millbrook (BoM or the bank) is rated Satisfactory. This rating is based on the following conclusions with respect to the performance criteria:

- The bank's net loan-to-deposit ratio (NLTD) is reasonable given the bank's size, financial condition, and assessment area (AA) credit needs.
- A substantial majority of the bank's loans are originated inside the AA.
- An excellent dispersion of loans occurs throughout the bank's AA.
- Lending reflects a reasonable penetration among individuals of different income levels, including low- and moderate-income (LMI), and businesses of different sizes.
- 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. The evaluation considered the CRA performance context, including the bank's asset size, financial condition, business strategy and market competition, as well as AA demographic and economic characteristics, and credit needs. Lending performance was assessed within the bank's assessment area, which consisted of a portion of MD 20524 (Dutchess-Putnam, NY) and a portion of Non-Metropolitan NY. The following data was reviewed:

- The bank's sixteen quarter average NLTD ratio from the period January 1, 2015 through December 31, 2018.
- BoM's Home Mortgage Disclosure Act (HMDA) Loan Application Register (LAR) from the period of January 1, 2015 through December 31, 2018, which included 117 reported loans.
- A judgmental sample of 73 commercial loans and 105 consumer loans originated between January 1, 2015 and December 31, 2018.

DESCRIPTION OF INSTITUTION

The Bank of Millbrook is a community bank headquartered in Millbrook, NY. The bank's characteristics include:

- BoM is owned by Millbrook Bank Systems, Inc. (MBS), a bank holding company formed in April 1998.
- MBS holds 100% of Millbrook's common stock and does not own any other bank or non-bank subsidiaries.
- The bank has total assets of \$245.4 million as of March 31, 2020.
- In addition to its main office in Millbrook, NY, the bank has three additional offices

located in Amenia, Pine Plains, and Standfordville, New York.

- BoM operates with full-service ATMs in Millbrook (main office), Amenia, Pine Plains, and Standfordville and two cash-dispensing only ATMs in Millbrook, NY.
- The bank’s primary business focus is residential real estate lending. BoM maintains originated loans in its portfolio and does not offer secondary market products which typically allow for longer fixed rate terms.

Loan Type	\$(000)	%
Agricultural	7,173	7.7
Commercial	29,766	31.9
Residential Real Estate	52,649	56.3
Consumer	3,466	3.7
Other	387	0.4
Gross Loans	93,441	100.0

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

The bank received a Satisfactory CRA rating at its October 5, 2015 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.

DESCRIPTION OF ASSESSMENT AREA

The bank’s AA is comprised twenty-four census tracts in the northeastern portion of Dutchess County in MD 20524 (Dutchess-Putnam, NY) and seven census tracts in southern Columbia County, located in a Non-Metropolitan area in New York (see Appendix A for an AA map). Examiners determined that the Non-Metropolitan area did not extend substantially beyond the boundaries of MD 20524 (Dutchess-Putnam, NY); therefore, the areas were evaluated as one assessment area.

- For 2015 and 2016, Millbrook's AA had thirty one census tracts comprised of zero low-, three moderate-, twenty middle-, and eight upper-income census tracts. As a result of changes from the 2015 American Community Survey (ACS), Millbrook’s AA for 2017 and 2018 was comprised of a total of thirty-one census tracts including zero low-, five moderate-, seventeen middle-, and nine upper-income census tracts.
- According to the June 30, 2019 Federal Deposit Insurance Corporation (FDIC) Deposit Market Share Report, the bank ranked 11 out of 19 FDIC-insured institutions in the AA, with 2.6 percent market share.
- To further augment this evaluation, examiners analyzed data from municipal websites and a State of New York Economic Development Council Report to determine that the credit needs of the community include: workforce development, affordable childcare, revitalization of historic business areas, and affordable housing.

Table 2 Population Change			
Area	2010 Population	2015 Population	Percent Change
Assessment Area	94,899	94,435	-0.5%
Dutchess County	297,488	296,928	-0.2%
Columbia County	63,096	62,195	-1.4%
Dutchess County-Putnam County, NY (MD 20524)	397,198	396,416	-0.2%
State of New York	19,378,102	19,673,174	1.5%
<i>Source: 2010 U.S. Census Bureau Decennial Census 2011-2015 U.S. Census Bureau: American Community Survey</i>			

- Overall, the bank’s AA experienced a slight decline in population, while the State of New York saw an increase in population.

Table 3 Median Family Income Change			
Area	2010 Median Family Income	2015 Median Family Income	Percent Change
Assessment Area	\$81,976	\$87,910	7.2%
Dutchess County	\$83,599	\$89,486	7.0%
Columbia County	\$69,132	\$72,171	4.4%
Dutchess County-Putnam County, NY (MD 20524)	\$86,488	\$94,443	9.2%
State of New York	\$67,405	\$71,913	6.7%
<i>Source: 2006-2010 U.S. Census Bureau: American Community Survey 2011-2015 U.S. Census Bureau: American Community Survey</i>			

- The AA median family income increased by 7.2%, to \$87,910, outpacing the State of New York, which increased 6.7% to \$71,913.
- Within the AA, for 2018, 3.9% of families lived below the poverty line, while the State of New York contained higher percentage of families living below the poverty line at 12.0%.

Area	Median Housing Value		Percent Change	Median Gross Rent		Percent Change
	2010	2015		2010	2015	
Assessment Area	\$322,098	\$288,205	-10.5%	\$993	\$1,112	12.0%
Dutchess County	\$323,300	\$275,600	-14.8%	\$1,038	\$1,130	8.9%
Columbia County	\$221,900	\$222,100	0.1%	\$751	\$884	17.7%
Dutchess County-Putnam County, NY (MD 20524)	\$346,139	\$293,968	-15.1%	\$1,059	\$1,146	8.2%
State of New York	\$303,900	\$283,400	-6.8%	\$977	\$1,132	15.9%

*Source: 2006-2010 U.S. Census Bureau: American Community Survey
2011-2015 U.S. Census Bureau: American Community Survey*

- The bank’s assessment area contains 43,151 housing units. Of these units, 63.0 percent are owner-occupied units, 20.2 percent are rental units, and 16.8 percent are vacant.
- Ownership and rental of these homes is relatively expensive in the bank’s AA, as indicated by the affordability ratio of 25.1. The higher the ratio, the more affordable the median housing value is relative to the median family income. With regards to rent prices, 45.1 percent of renters have rent that exceeds 30 percent of their income.
- The median housing value is higher relative to the State of New York while the gross rent is lower. The bank’s AA has a median housing value of \$288,205, which is slightly higher than the State of New York’s median housing value of \$283,440, while the assessment area’s median gross rent equals \$1,112 compared to the State of New York’s median gross rent of \$1,132.

Table 5 Unemployment Rates				
Region	2015	2016	2017	2018
Dutchess County	4.5%	4.2%	4.3%	3.7%
Columbia County	4.0%	3.7%	3.8%	3.3%
Dutchess County-Putnam County, NY (MD 20524)	4.4%	4.1%	4.2%	3.7%
State of New York	5.3%	4.9%	4.7%	4.1%

- Unemployment in the AA has fallen over the review period.
- The primary industries in the AA are healthcare, forestry, education, hotel, arts, manufacturing, food service, and retail. Some of the major employers include: academic institutions, the local state park systems, and hospitals.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

Net Loan-to-Deposit Ratio

This performance criterion evaluates the bank’s average NLTD 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 does so in comparison to similarly situated FDIC-insured institutions. The similarly situated institutions were selected based on asset size, product offerings, market share, and location.

While the bank’s NLTD is below five of seven peers, BoM maintains several municipal customers, which require pledged assets and have the impact of lowering the NLTD ratio. Therefore, BoM’s NLTD is reasonable.

Table 6 Comparative NLTD Ratios			
Institution	Location	Asset Size (\$000s)	NLTD Ratio (%)
			16 Quarter Average
Bank of Millbrook	Millbrook, NY	245,371	49.8
Putnam County National Bank of Carmel	Carmel, NY	155,811	60.9
Rondout Savings Bank	Kingston, NY	395,377	86.0
National Bank of Coxsackie	Coxsackie, NY	333,943	49.6
Delaware National Bank of Delhi	Dehli, NY	302,235	53.6
Alden State Bank	Alden, NY	365,577	83.5
Sawyer Savings Bank	Saugertes, NY	253,800	80.7
First National Bank of Dryden	Dryden, NY	190,370	33.5

Assessment Area Concentration

This performance criterion evaluates the percentage of lending extended inside and outside of the AA. A substantial majority of the bank’s loans, by number and dollar, are originated inside the AA. Due to changes in HMDA reporting rules, 2018 data is provided separately from 2015, 2016, and 2017 in the subsequent tables.

Table 7a Lending Inside and Outside the AA January 1, 2015 - December 31, 2017								
Loan Type	Inside				Outside			
	#	\$(000)	#%	\$%	#	\$0	#%	\$%
Home Purchase	55	\$10,841	90.2	82.5	6	\$2,303	9.8	17.5
Home Refinance	2	\$812	66.7	92.2	1	\$69	33.3	7.8
Home Improvement	20	\$2,342	87.0	86.6	3	\$362	13.0	13.4
Multifamily	1	\$40	50.0	2.0	1	\$2,000	50.0	98.0
Total HMDA Loans	78	\$14,035	87.6	74.8	11	\$4,734	12.4	25.2
Consumer Loans	75	\$1,978	88.2	86.5	10	\$308	11.8	13.5
Small Business Loans	49	\$2,554	87.5	90.2	7	\$278	12.5	9.8
Total Loans	202	\$18,567	87.8	77.7	28	\$5,320	12.2	22.3

Note: Percentages may not add to 100.0 percent due to rounding.

Table 7b Lending Inside and Outside the AA January 1, 2018 - December 31, 2018								
Loan Type	Inside				Outside			
	#	\$(000)	#%	\$%	#	\$0	#%	\$%
Home Purchase	19	\$7,022	90.5	96.5	2	\$253	9.5	3.5
Home Refinance	6	\$746	85.7	82.3	1	\$160	14.3	17.7
Total HMDA Loans	25	\$7,768	89.3	95.0	3	\$413	10.7	5.0
Consumer Loans	19	\$311	95.0	99.0	1	\$3	5.0	1.0
Small Business Loans	13	\$497	76.5	78.0	4	\$140	23.5	22.0
Total Loans	57	\$8,576	87.7	93.9	8	\$556	12.3	6.1

Note: Percentages may not add to 100.0 percent due to rounding.

Geographic Distribution of Loans

This performance criterion evaluates the bank's distribution of lending within its AA by income level of census tracts. The bank's geographic distribution of loans reflects excellent dispersion among the different census tracts within the AA, given the bank's locations and strategy. Additionally, when loan dispersion was evaluated, no gaps were identified within the AA. The assessment area does not contain any low income census tracts. Due to the low volume of originations by year, HMDA products are discussed on a consolidated basis and not at the product specific level.

Home Mortgage Lending

The geographic distribution of home mortgage lending is excellent. More weight was placed on the loan counts because it indicates the bank’s willingness to loan smaller dollar amounts that are more responsive to low- and moderate-income borrowers.

Lending in moderate-income census tracts exceeded the demographic and aggregate figures by count for 2015, 2016, and 2017. By dollar volume, performance exceeded demographic and aggregate figures in 2015 but was below the demographic and aggregate in 2016, and 2017. Performance in 2018 was below the aggregate of lenders and demographic figure by both count and dollar volume.

**Table 8a
Distribution of 2015 Home Mortgage Lending
By Income Level of Geography**

Census Tract Income Level	Bank Loans				Aggregate HMDA Data		% of Owner Occupied Units
	#	\$(000)	#%	\$%	#%	\$%	
Low	0	\$0	0.0	0.0	0.0	0.0	0.0
Moderate	2	\$500	11.1	11.1	7.4	6.2	8.1
Middle	15	\$3,872	83.3	85.6	64.5	68.3	66.2
Upper	1	\$150	5.6	3.3	28.2	25.5	25.7
Unknown	0	\$0	0.0	0.0	0.0	0.0	0.0
Not Reported	0	\$0	0.0	0.0	0.0	0.0	0.0

*Source: 2015 FFIEC Census data
2006-2010 U.S. Census Bureau: American Community Survey
NOTE: Percentages may not add up to 100.0 due to rounding.*

Table 8b Distribution of 2016 Home Mortgage Lending By Income Level of Geography							
Census Tract Income Level	Bank Loans				Aggregate HMDA Data		% of Owner Occupied Units
	#	\$(000)	#%	\$%	#%	\$%	
Low	0	\$0	0.0	0.0	0.0	0.0	0.0
Moderate	5	\$206	16.1	4.3	6.6	5.2	8.1
Middle	23	\$3,861	74.2	80.5	62.7	65.1	66.2
Upper	3	\$730	9.7	15.2	30.8	29.7	25.7
Unknown	0	\$0	0.0	0.0	0.0	0.0	0.0
Not Reported	0	\$0	0.0	0.0	0.0	0.0	0.0

Source: 2016 FFIEC Census data
2006-2010 U.S. Census Bureau: American Community Survey
NOTE: Percentages may not add up to 100.0 due to rounding.

Table 8c Distribution of 2017 Home Mortgage Lending By Income Level of Geography							
Census Tract Income Level	Bank Loans				Aggregate HMDA Data		% of Owner Occupied Units
	#	\$(000)	#%	\$%	#%	\$%	
Low	0	\$0	0.0	0.0	0.0	0.0	0.0
Moderate	5	\$429	17.2	9.1	13.5	11.1	15.8
Middle	22	\$3,822	75.9	81.0	58.1	60.2	57.1
Upper	2	\$465	6.9	9.9	28.4	28.7	27.1
Unknown	0	\$0	0.0	0.0	0.0	0.0	0.0
Not Reported	0	\$0	0.0	0.0	0.0	0.0	0.0

Source: 2017 FFIEC Census data
2011-2015 U.S. Census Bureau: American Community Survey
NOTE: Percentages may not add up to 100.0 due to rounding.

**Table 8d
Distribution of 2018 Home Mortgage Lending
By Income Level of Geography**

Census Tract Income Level	Bank Loans				Aggregate HMDA Data		% of Owner Occupied Units
	#	\$(000)	#%	\$%	#%	\$%	
Low	0	\$0	0.0	0.0	0.0	0.0	0.0
Moderate	2	\$345	8.0	4.4	13.1	13.7	15.8
Middle	22	\$7,013	88.0	90.3	58.3	55.7	57.1
Upper	1	\$410	4.0	5.3	28.5	30.6	27.1
Unknown	0	\$0	0.0	0.0	0.0	0.0	0.0
Not Reported	0	\$0	0.0	0.0	0.0	0.0	0.0

Source: 2018 FFIEC Census data

2011-2015 U.S. Census Bureau: American Community Survey

NOTE: Percentages may not add up to 100.0 due to rounding.

Small Business Lending

The geographic distribution of small business lending is reasonable. Lending in moderate-income census tracts was comparable to the percentage of small businesses located in a moderate-income tract and to aggregate figures in 2015, 2016, and 2017 by count, with aggregate figures being 10.4% in 2015 8.6% in 2016, and 17.4% in 2017. By dollar volume, the bank’s lending was below the demographic figure in 2015, above in 2016, and below in 2017, while being comparable to the aggregate figure of 8.6% in 2015, above the aggregate figure of 7.8% in 2016 and below the aggregate figure of 21.1% in 2017. In 2018, lending in moderate-income census tracts was below both the demographic and aggregate figure for count and dollar volume, as the bank did not make a small business loan in a moderate-income tract. Aggregate figures for 2018 were 17.7% by count and 20.5% by dollar.

Table 9a Distribution of 2015 Small Business Lending By Income Level of Geography					
Census Tract Income Level	Bank Small Business Loans				% of Businesses
	#	\$(000)	#%	\$%	
Low	0	\$0	0.0	0.0	0.0
Moderate	1	\$50	8.3	6.7	10.4
Middle	11	\$695	91.7	93.3	65.1
Upper	0	\$0	0.0	0.0	24.5
Unknown	0	\$0	0.0	0.0	0.0
Not Reported	0	\$0	0.0	0.0	0.0

Source: 2015 FFIEC Census Data
2015 Dun & Bradstreet data
2006-2010 U.S. Census Bureau: American Community Survey
NOTE: Percentages may not add up to 100.0 due to rounding.

Table 9b Distribution of 2016 Small Business Lending By Income Level of Geography					
Census Tract Income Level	Bank Small Business Loans				% of Businesses
	#	\$(000)	#%	\$%	
Low	0	\$0	0.0	0.0	0.0
Moderate	2	\$144	12.5	18.3	10.4
Middle	13	\$591	81.3	75.3	64.9
Upper	1	\$50	6.3	6.4	24.7
Unknown	0	\$0	0.0	0.0	0.0
Not Reported	0	\$0	0.0	0.0	0.0

Source: 2016 FFIEC Census Data
2016 Dun & Bradstreet data
2006-2010 U.S. Census Bureau: American Community Survey
NOTE: Percentages may not add up to 100.0 due to rounding.

Table 9c Distribution of 2017 Small Business Lending By Income Level of Geography					
Census Tract Income Level	Bank Small Business Loans				% of Businesses
	#	\$(000)	#%	\$%	
Low	0	\$0	0.0	0.0	0.0
Moderate	3	\$64	14.3	6.2	17.2
Middle	15	\$736	71.4	71.8	56.2
Upper	3	\$225	14.3	21.9	26.6
Unknown	0	\$0	0.0	0.0	0.0
Not Reported	0	\$0	0.0	0.0	0.0

*Source: 2017 FFIEC Census Data
2017 Dun & Bradstreet data
2011-2015 U.S. Census Bureau: American Community Survey*

NOTE: Percentages may not add up to 100.0 due to rounding.

Table 9d Distribution of 2018 Small Business Lending By Income Level of Geography					
Census Tract Income Level	Bank Small Business Loans				% of Businesses
	#	\$(000)	#%	\$%	
Low	0	\$0	0.0	0.0	0.0
Moderate	0	0	0	0	17.5
Middle	12	439	92.3	88.3	56.6
Upper	1	58	7.7	11.7	25.9
Unknown	0	\$0	0.0	0.0	0.0
Not Reported	0	\$0	0.0	0.0	0.0

*Source: 2018 FFIEC Census Data
2018 Dun & Bradstreet data
2011-2015 U.S. Census Bureau: American Community Survey*

NOTE: Percentages may not add up to 100.0 due to rounding.

Consumer Lending

The geographic distribution of consumer lending is excellent. Lending by number and dollar volume in moderate-income census tracts exceeded the percentage of households by count for each year in the review period. By dollar volume, the bank’s performance exceeded the percentage of households in 2015, 2016, and 2018, and was below in 2017.

Table 10a					
Distribution of 2015 Consumer Lending By Income Level of Geography					
Census Tract Income Level	Bank Loans				% of Households
	#	\$(000)	#%	\$%	
Low	0	\$0	0.0	0.0	0.0
Moderate	3	\$196	11.1	26.0	9.8
Middle	24	\$558	88.9	74.0	67.4
Upper	0	0	0.0	0.0	22.8
Unknown	0	0	0.0	0.0	0.0
Not Reported	0	0	0.0	0.0	0.0

Source: 2015 FFIEC Census data
2006-2010 U.S. Census Bureau: American Community Survey
NOTE: Percentages may not add up to 100.0 due to rounding.

Table 10b					
Distribution of 2016 Consumer Lending By Income Level of Geography					
Census Tract Income Level	Bank Loans				% of Households
	#	\$0	#%	\$%	
Low	0	\$(000)	0.0	0.0	0.0
Moderate	6	\$125	25.0	28.3	9.8
Middle	17	\$310	70.8	69.9	67.4
Upper	1	\$8	4.2	1.8	22.8
Unknown	0	0	0.0	0.0	0.0
Not Reported	0	0	0.0	0.0	0.0

Source: 2016 FFIEC Census data
2006-2010 U.S. Census Bureau: American Community Survey
NOTE: Percentages may not add up to 100.0 due to rounding.

Table 10c Distribution of 2017 Consumer Lending By Income Level of Geography					
Census Tract Income Level	Bank Loans				% of Households
	#	\$(000)	#%	\$%	
Low	0	\$0	0.0	0.0	0.0
Moderate	8	\$104	33.3	13.3	18.5
Middle	16	\$678	66.7	86.7	57.5
Upper	0	\$0	0.0	0.0	23.9
Unknown	0	0	0.0	0.0	0.0
Not Reported	0	0	0.0	0.0	0.0

*Source: 2017 FFIEC Census data
2011-2015 U.S. Census Bureau: American Community Survey
NOTE: Percentages may not add up to 100.0 due to rounding.*

Table 10d Distribution of 2018 Consumer Lending By Income Level of Geography					
Census Tract Income Level	Bank Loans				% of Households
	#	\$(000)	#%	\$%	
Low	0	\$0	0.0	0.0	0.0
Moderate	5	\$61	26.3	19.7	18.5
Middle	13	\$247	68.4	79.3	57.5
Upper	1	\$3	5.3	1.0	23.9
Unknown	0	0	0.0	0.0	0.0
Not Reported	0	0	0.0	0.0	0.0

*Source: 2018 FFIEC Census data
2011-2015 U.S. Census Bureau: American Community Survey
NOTE: Percentages may not add up to 100.0 due to rounding.*

Lending to Borrowers of Different Income Levels and to Businesses of Different Sizes

This performance criterion evaluates the bank’s lending to borrowers of different income levels and businesses of different revenue sizes. The bank’s lending reflected a reasonable penetration among individuals of different income levels and businesses of different sizes. Due to the low volume of originations by year, HMDA products are discussed on a consolidated basis and not at the product specific level.

Home Mortgage Lending

The borrower distribution of home mortgage lending is reasonable, based on reasonable lending to low- and moderate-income borrowers.

Lending to low-income borrowers fell below demographic figures for each year of the review period by both count and dollar volume. BoM performance was comparable to aggregate performance in 2015 for count and dollar volume, below aggregate performance in 2016 for count and dollar volume, exceeded aggregate performance in 2017 by count and dollar volume, and above aggregate by count and below by dollar volume in 2018.

BoM's performance to moderate-income borrowers was reasonable. BoM's activity was below demographic figure and aggregate performance for both count and dollar amount in each year. However, while BoM performance is generally below demographic and aggregate figures overall, lending is impacted by the bank's limited product offerings, as it does not offer 30 year fixed rate or low down payment products.

**Table 11a
Distribution of 2015 Home Mortgage Lending
By Borrower Income Level**

Census Tract Income Level	Bank Loans				Aggregate HMDA Data		Families by Family Income %
	#	\$000	#%	\$%	#%	\$%	
Low	1	\$110	5.6	2.4	6.3	2.8	16.3
Moderate	2	\$344	11.1	7.6	18.6	12.5	18.6
Middle	3	\$805	16.7	17.8	22.1	18.0	24.7
Upper	9	\$2,327	50.0	51.1	38.9	52.7	40.4
Unknown	3	\$936	16.7	20.7	14.1	14.0	0.0
Not Reported	0	\$0	0.0	0.0	0.0	0.0	0.0

Source: 2015 FFIEC Census data

2006-2010 U.S. Census Bureau: American Community Survey

NOTE: Percentages may not add up to 100.0 due to rounding.

Table 11b Distribution of 2016 Home Mortgage Lending By Borrower Income Level							
Census Tract Income Level	Bank Loans				Aggregate HMDA Data		Families by Family Income %
	#	\$(000)	#%	\$%	#%	\$%	
Low	0	\$0	0.0	0.0	4.9	2.5	16.3
Moderate	4	\$382	12.9	8.0	18.2	13.0	18.6
Middle	5	\$356	16.1	7.4	23.0	19.2	24.7
Upper	19	\$3,791	61.3	79.0	41.9	53.1	40.4
Unknown	3	\$268	9.7	5.6	12.0	12.1	0.0
Not Reported	0	\$0	0.0	0.0	0.0	0.0	0.0

Source: 2016 FFIEC Census data
2006-2010 U.S. Census Bureau: American Community Survey
NOTE: Percentages may not add up to 100.0 due to rounding.

Table 11c Distribution of 2017 Home Mortgage Lending By Borrower Income Level							
Census Tract Income Level	Bank Loans				Aggregate HMDA Data		Families by Family Income %
	#	\$(000)	#%	\$%	#%	\$%	
Low	4	\$164	13.8	3.5	5.1	2.3	18.8
Moderate	3	\$403	10.3	8.5	18.2	13.3	18.2
Middle	11	\$1,567	37.9	33.2	26.3	22.5	22.4
Upper	10	\$2,542	34.5	53.9	42.2	54.2	40.5
Unknown	1	\$40	3.4	0.8	8.1	7.7	0.0
Not Reported	0	\$0	0.0	0.0	0.0	0.0	0.0

Source: 2017 FFIEC Census data
2011-2015 U.S. Census Bureau: American Community Survey
NOTE: Percentages may not add up to 100.0 due to rounding.

**Table 11d
Distribution of 2018 Home Mortgage Lending
By Borrower Income Level**

Census Tract Income Level	Bank Loans				Aggregate HMDA Data		Families by Family Income %
	#	\$(000)	#%	\$%	#%	\$%	
Low	2	\$91	8.0	1.2	5.8	2.7	18.8
Moderate	1	\$210	4.0	2.7	18.2	11.4	18.2
Middle	7	\$1,197	28.0	15.4	25.5	18.3	22.4
Upper	10	\$3,238	40.0	41.7	43.9	49.9	40.5
Unknown	5	\$3,032	20.0	39.0	6.6	17.8	0.0
Not Reported	0	\$0	0.0	0.0	0.0	0.0	0.0

Source: 2018 FFIEC Census data

2011-2015 U.S. Census Bureau: American Community Survey

NOTE: Percentages may not add up to 100.0 due to rounding.

Small Business Lending

The borrower distribution of small business lending is reasonable. The bank's lending performance by number to businesses with revenues of \$1 million or less was below the percentage of small businesses in the AA but was above aggregate performance for both count and amount in each year in the review period. Aggregate performance by count was 49.4% in 2015, 49.3% in 2016, 49.8% in 2017, and 46.2% in 2018 and by dollar volume was 38.1% in 2015, 32.3% in 2016, 39.7% in 2017, and 35.1% in 2018. The majority of loans to small businesses were smaller dollar loans of \$100,000 or less, indicating a willingness to meet the credit needs of small businesses.

Table 12a Distribution of 2015 Small Business Lending By Revenue Size of Businesses					
	Bank Loans				Total Businesses
	#	\$(000)	#%	\$%	%
By Revenue					
\$1 Million or Less	8	\$295	66.7	39.6	93.7
Over \$1 Million	4	\$450	33.3	60.4	5.1
Not Known	0	\$0	0.0	0.0	1.2
Total	12	\$745	100.0	100.0	100.0
By Loan Size					
\$100,000 or less	10	\$410	83.3	55.0	
\$100,001 - \$250,000	2	\$335	16.7	45.0	
\$250,001 - \$1 Million	0	\$0	0.0	0.0	
Total	12	\$745	100.0	100.0	
By Loan Size and Revenue \$1 Million or Less					
\$100,000 or less	8	\$295	100.0	100.0	
\$100,001 - \$250,000	0	\$0	0.0	0.0	
\$250,001 - \$1 Million	0	\$0	0.0	0.0	
Total	8	\$295	100.0	100.0	
<p><i>Source: 2015 FFIEC Census Data</i></p> <p><i>2015 Dun & Bradstreet data</i></p> <p><i>2006-2010 U.S. Census Bureau: American Community Survey</i></p> <p><i>NOTE: Percentages may not add up to 100.0 due to rounding.</i></p>					

Table 12b Distribution of 2016 Small Business Lending By Revenue Size of Businesses					
	Bank Loans				Total Businesses
	#	\$(000)	#%	\$%	%
By Revenue					
\$1 Million or Less	11	\$277	68.8	35.3	92.6
Over \$1 Million	3	\$425	18.8	54.2	5.9
Not Known	2	\$83	12.5	10.5	1.5
Total	16	\$784	100.0	100.0	100.0
By Loan Size					
\$100,000 or less	13	\$359	81.3	45.8	
\$100,001 - \$250,000	3	\$425	18.8	54.2	
\$250,001 - \$1 Million	0	\$0	0.0	0.0	
Total	16	\$784	100.0	100.0	
By Loan Size and Revenue \$1 Million or Less					
\$100,000 or less	11	\$277	100.0	100.0	
\$100,001 - \$250,000	0	\$0	0.0	0.0	
\$250,001 - \$1 Million	0	\$0	0.0	0.0	
Total	11	\$277	100.0	100.0	
<p><i>Source: 2016 FFIEC Census Data</i></p> <p><i>2016 Dun & Bradstreet data</i></p> <p><i>2006-2010 U.S. Census Bureau: American Community Survey</i></p> <p><i>NOTE: Percentages may not add up to 100.0 due to rounding.</i></p>					

Table 12c Distribution of 2017 Small Business Lending By Revenue Size of Businesses					
	Bank Loans				Total Businesses
	#	\$(000)	#%	\$%	%
By Revenue					
\$1 Million or Less	19	\$996	90.5	97.2	92.1
Over \$1 Million	1	\$25	4.8	2.4	6.3
Not Known	1	\$4	4.8	0.4	1.6
Total	21	\$1,025	100.0	100.0	100.0
By Loan Size					
\$100,000 or less	19	\$593	90.5	57.9	
\$100,001 - \$250,000	1	\$125	4.8	12.2	
\$250,001 - \$1 Million	1	\$306	4.8	29.9	
Total	21	\$1,025	100.0	100.0	
By Loan Size and Revenue \$1 Million or Less					
\$100,000 or less	17	\$564	89.5	56.7	
\$100,001 - \$250,000	1	\$125	5.3	12.6	
\$250,001 - \$1 Million	1	\$307	5.3	30.8	
Total	19	\$996	100.0	100.0	
<p><i>Source: 2017 FFIEC Census Data</i> <i>2017 Dun & Bradstreet data</i> <i>2011-2015 U.S. Census Bureau: American Community Survey</i> <i>NOTE: Percentages may not add up to 100.0 due to rounding.</i></p>					

Table 12d Distribution of 2018 Small Business Lending By Revenue Size of Businesses					
	Bank Loans				Total Businesses
	#	\$(000)	#%	\$%	%
By Revenue					
\$1 Million or Less	9	\$410	69.2	82.5	92.9
Over \$1 Million	1	\$30	7.7	6.0	5.5
Not Known	3	\$57	23.1	11.5	1.6
Total	13	\$497	100.0	100.0	100.0
By Loan Size					
\$100,000 or less	13	\$497	100.0	100.0	
\$100,001 - \$250,000	0	\$0	0.0	0.0	
\$250,001 - \$1 Million	0	\$0	0.0	0.0	
Total	13	\$497	100.0	100.0	
By Loan Size and Revenue \$1 Million or Less					
\$100,000 or less	9	\$410	100.0	100.0	
\$100,001 - \$250,000	0	\$0	0.0	0.0	
\$250,001 - \$1 Million	0	\$0	0.0	0.0	
Total	9	\$410	100.0	100.0	
<i>Source: 2018 FFIEC Census Data 2018 Dun & Bradstreet data 2011-2015 U.S. Census Bureau: American Community Survey NOTE: Percentages may not add up to 100.0 due to rounding.</i>					

Consumer Lending

The borrower distribution of consumer lending is excellent. The figures below demonstrate that performance distribution among low- and moderate-income borrowers exceeds the demographic figures by count for the review period with the exception of 2015, when performance was comparable in moderate-income tracts. Performance by dollar volume is below demographic figures for low-income borrowers in 2015, 2017, and 2018, and it exceeds demographic figures in 2016. However, for moderate income borrowers, the bank’s performance by dollar amount exceeds the demographic figures for moderate-income borrowers throughout the review period.

Table 13a					
Distribution of 2015 Consumer Lending By Borrower Income Level					
Borrower Income Level	Bank Loans				% of Households
	#	\$(000)	#%	\$%	
Low	6	\$14	22.2	1.9	20.5
Moderate	4	\$263	14.8	34.8	15.6
Middle	8	\$149	29.6	19.8	21.1
Upper	6	\$225	22.2	29.9	42.8
Unknown	3	\$103	11.1	13.6	0.0
Not Reported	0	\$0	0.0	0.0	0.0

Source: 2015 FFIEC Census data
2006-2010 U.S. Census Bureau: American Community Survey
NOTE: Percentages may not add up to 100.0 due to rounding.

Table 13b					
Distribution of 2016 Consumer Lending By Borrower Income Level					
Borrower Income Level	Bank Loans				% of Households
	#	\$(000)	#%	\$%	
Low	9	\$140	37.5	31.6	20.5
Moderate	8	\$101	33.3	22.9	15.6
Middle	3	\$23	12.5	5.1	21.1
Upper	4	\$179	16.7	40.4	42.8
Unknown	0	\$0	0.0	0.0	0.0
Not Reported	0	\$0	0.0	0.0	0.0

Source: 2016 FFIEC Census data
2006-2010 U.S. Census Bureau: American Community Survey
NOTE: Percentages may not add up to 100.0 due to rounding.

Table 13c Distribution of 2017 Consumer Lending By Borrower Income Level					
Borrower Income Level	Bank Loans				% of Households
	#	\$(000)	#%	\$%	
Low	11	\$87	45.8	11.2	22.1
Moderate	6	\$174	25.0	22.3	17.2
Middle	3	\$49	12.5	6.3	18.4
Upper	3	\$61	12.5	7.8	42.3
Unknown	1	\$410	4.2	52.5	0.0
Not Reported	0	\$0	0.0	0.0	0.0

*Source: 2017 FFIEC Census data
2011-2015 U.S. Census Bureau: American Community Survey
NOTE: Percentages may not add up to 100.0 due to rounding.*

Table 13d Distribution of 2018 Consumer Lending By Borrower Income Level					
Borrower Income Level	Bank Loans				% of Households
	#	\$(000)	#%	\$%	
Low	7	\$40	36.8	12.8	22.1
Moderate	4	\$68	21.1	21.7	17.2
Middle	2	\$54	10.5	17.4	18.4
Upper	4	\$142	21.1	45.7	42.3
Unknown	2	\$8	10.5	2.4	0.0
Not Reported	0	\$0	0.0	0.0	0.0

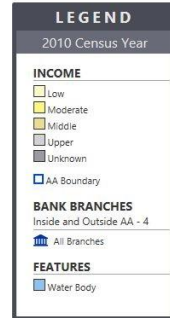
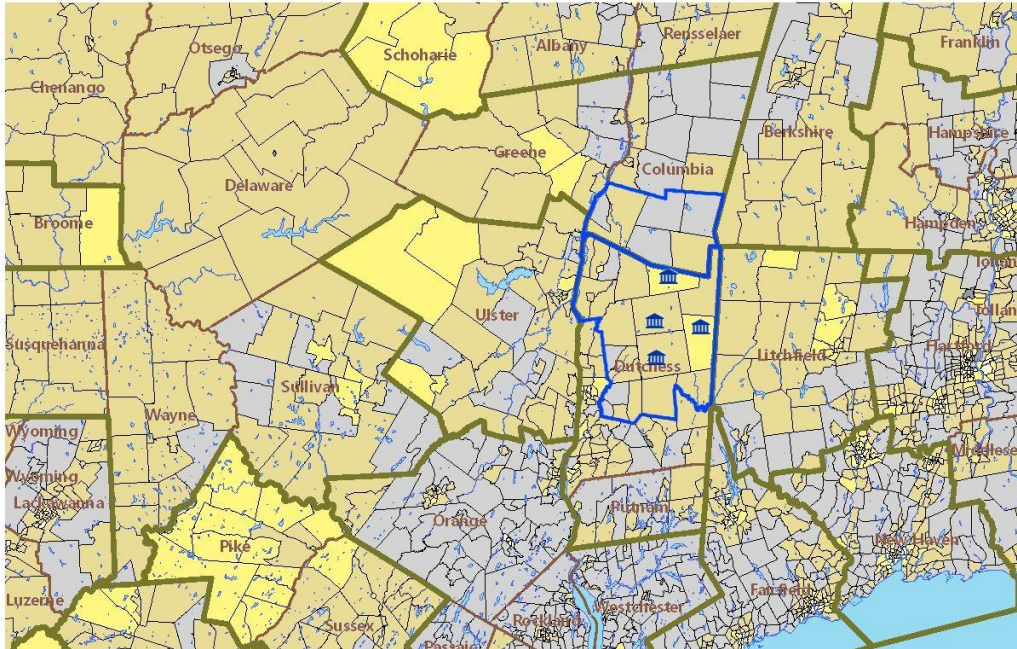
*Source: 2018 FFIEC Census data
2011-2015 U.S. Census Bureau: American Community Survey
NOTE: Percentages may not add up to 100.0 due to rounding.*

FAIR LENDING OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

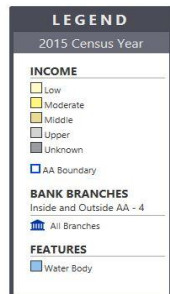
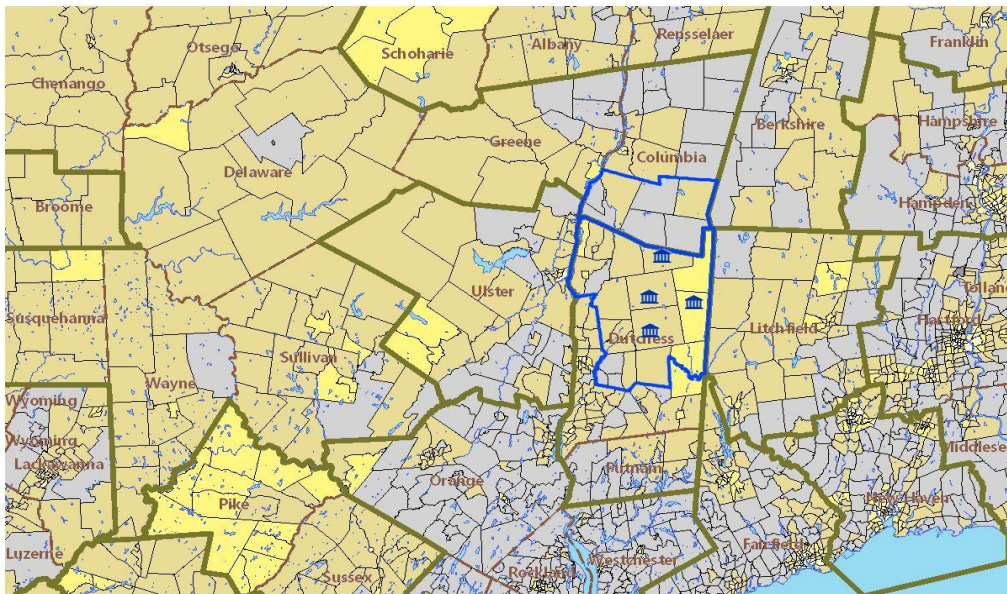
An evaluation of the bank’s fair lending activities was conducted during the examination to determine compliance with the substantive provisions of antidiscrimination laws and regulations, including the Equal Credit Opportunity Act and the Fair Housing Act. No evidence of discriminatory or other illegal credit practices inconsistent with helping to meet community credit needs was identified.

APPENDIX A – MAP OF THE ASSESSMENT AREA

Bank of Millbrook
Assessment Area - 2015 & 2016



Bank of Millbrook
Assessment Area - 2017 & 2018



APPENDIX B – DEMOGRAPHIC INFORMATION

2015 - 2016 Bank of Millbrook AA Demographics								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low	0	0.0	0	0.0	0	0.0	4,040	16.3
Moderate	3	9.7	2,339	9.4	133	5.7	4,621	18.6
Middle	20	64.5	16,286	65.6	628	3.9	6,132	24.7
Upper	8	25.8	6,191	24.9	107	1.7	10,023	40.4
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	31	100.0	24,816	100.0	868	3.5	24,816	100.0
	Housing Units by Tract	Housing Type by Tract						
		Owner-occupied			Rental		Vacant	
		#	% by tract	% by unit	#	% by unit	#	% by unit
Low	0	0	0.0	0.0	0	0.0	0	0.0
Moderate	3,980	2,205	8.1	55.4	1,224	30.8	551	13.8
Middle	27,203	17,970	66.2	66.1	5,518	20.3	3,715	13.7
Upper	10,196	6,985	25.7	68.5	948	9.3	2,263	22.2
Unknown	0	0	0.0	0.0	0	0.0	0	0.0
Total AA	41,379	27,160	100.0	65.6	7,690	18.6	6,529	15.8
	Total Businesses by Tract		Businesses by Tract & Revenue Size					
	#	%	Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported	
			#	%	#	%	#	%
Low	0	0.0	0	0.0	0	0.0	0	0.0
Moderate	456	10.4	418	10.3	29	11.1	9	13.6
Middle	2,857	64.9	2,649	65.0	165	63.2	43	65.2
Upper	1,087	24.7	1,006	24.7	67	25.7	14	21.2
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	4,400	100.0	4,073	100.0	261	100.0	66	100.0
Percentage of Total Businesses:				92.6		5.9		1.5
<p>Source: 2016 FFIEC Census Data 2016 Dun & Bradstreet data 2006 - 2010 U.S. Census Bureau: American Community Survey NOTE: Percentages may not add up to 100.0 due to rounding.</p>								

2017 - 2018 Bank of Millbrook AA Demographics								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low	0	0.0	0	0.0	0	0.0	4,566	18.8
Moderate	5	16.1	4,087	16.8	177	4.3	4,425	18.2
Middle	17	54.8	13,781	56.8	487	3.5	5,439	22.4
Upper	9	29.0	6,400	26.4	271	4.2	9,838	40.5
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	31	100.0	24,268	100.0	935	3.9	24,268	100.0
	Housing Units by Tract	Housing Type by Tract						
		Owner-occupied			Rental		Vacant	
		#	% by tract	% by unit	#	% by unit	#	% by unit
Low	0	0	0.0	0.0	0	0.0	0	0.0
Moderate	7,883	4,306	15.8	54.6	2,350	29.8	1,227	15.6
Middle	25,042	15,522	57.1	62.0	5,138	20.5	4,382	17.5
Upper	10,226	7,363	27.1	72.0	1,227	12.0	1,636	16.0
Unknown	0	0	0.0	0.0	0	0.0	0	0.0
Total AA	43,151	27,191	100.0	63.0	8,715	20.2	7,245	16.8
	Total Businesses by Tract		Businesses by Tract & Revenue Size					
	#	%	Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported	
			#	%	#	%	#	%
Low	0	0.0	0	0.0	0	0.0	0	0.0
Moderate	817	17.5	750	17.3	48	18.6	19	25.3
Middle	2,637	56.6	2,448	56.5	148	57.4	41	54.7
Upper	1,209	25.9	1,132	26.1	62	24.0	15	20.0
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	4,663	100.0	4,330	100.0	258	100.0	75	100.0
Percentage of Total Businesses:				92.9		5.5		1.6
<p>Source: 2018 FFIEC Census Data 2018 Dun & Bradstreet data 2011 - 2015 U.S. Census Bureau: American Community Survey NOTE: Percentages may not add up to 100.0 due to rounding.</p>								

APPENDIX C – GLOSSARY

Aggregate lending: The number of loans originated and purchased by all reporting lenders in specified income categories as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the metropolitan area/assessment area.

Census tract: A small subdivision of metropolitan and other densely populated counties. Census tract boundaries do not cross county lines; however, they may cross the boundaries of 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: 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, designated disaster areas; or designated distressed or underserved nonmetropolitan middle-income 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.

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 is analyzed considering performance context, quantitative factors (for example, geographic distribution, borrower distribution, and total number and dollar amount of investments), and qualitative factors (for example, innovativeness, complexity, and responsiveness).

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 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) 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 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.

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.