



PUBLIC DISCLOSURE

September 13, 2021

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

HomeTrust Bank

Asheville, North Carolina

**Federal Reserve Bank of Richmond
Richmond, Virginia**

This document is an evaluation of this institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the institution. This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to 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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212577

P.O. Box 10

Asheville, NC 28802

**Federal Reserve Bank of Richmond
P. O. Box 27622
Richmond, Virginia 23261**

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INSTITUTION RATING

INSTITUTION'S CRA RATING: HomeTrust Bank is rated “**SATISFACTORY.**”

The following table indicates the performance level of HomeTrust Bank with respect to the lending, investment, and service tests.

PERFORMANCE LEVELS	<u>HomeTrust Bank</u>		
	PERFORMANCE TESTS		
	Lending Test*	Investment Test	Service Test
Outstanding			
High Satisfactory	X	X	
Low Satisfactory			X
Needs to Improve			
Substantial Noncompliance			

* The lending test is weighted more heavily than the investment and service tests in determining the overall rating.

Major factors supporting the institution’s rating include:

- Lending levels reflect good responsiveness to assessment area credit needs when considering the number and amount of home mortgage and small business loans in the bank’s assessment areas.
- An adequate percentage of the institution's total combined reported Home Mortgage Disclosure Act (HMDA), small business, and small farm loans were originated within the bank's assessment areas.
- While the bank’s geographic distribution performance varies by assessment area and product type, the geographic distribution of loans reflects good penetration overall throughout the states and multistate area in which the bank operates.
- The bank’s borrower distribution performance also varies by assessment area and product type. The overall distribution of borrowers reflects, given the product lines offered and evaluated, adequate overall penetration among customers of different income levels and businesses of different sizes.
- The bank exhibits a good record of serving the credit needs of low-income individuals and geographies as well as very small businesses.
- The bank made a relatively high level of community development loans within its assessment areas given its overall capacity to extend such loans.

- During the evaluation period, the bank made use of innovative and/or flexible lending practices in serving assessment area credit needs.
- The bank maintains and provides a significant level of qualified community development investments and grants, particularly those not routinely provided by private investors, and occasionally is in a leadership position. Overall, the bank makes occasional use of innovative and/or complex investments to support community development initiatives.
- The bank exhibits good responsiveness to credit and community development needs through its investment activity.
- Delivery systems and branch locations are reasonably accessible to individuals and geographies of different income levels within the bank's overall assessment areas.
- The bank's opening and closing of branch locations generally did not adversely affect the accessibility of its delivery systems, particularly to low- and moderate-income people and areas.
- Banking services do not vary in a way that inconveniences the bank's assessment areas, particularly to low- and moderate-income areas and/or people.
- During the evaluation period, the bank provided an adequate level of qualified community development services given its capacity and available opportunities.

INSTITUTION

DESCRIPTION OF INSTITUTION

HomeTrust Bank (HTB) is headquartered in Asheville, North Carolina, and operates 41 full-service branch offices in North Carolina, Tennessee, South Carolina, and the Commonwealth of Virginia. The institution is a wholly-owned subsidiary of HomeTrust Bancshares, also headquartered in Asheville, North Carolina. While HTB is affiliated with several other entities, none extend loans. The bank's previous CRA rating, dated March 18, 2019, was Satisfactory. No known legal impediments exist that would prevent the bank from meeting the credit needs of its assessment areas.

As of June 30, 2021, the bank had assets totaling \$3.5 billion, of which 79.2% were net loans and 9.8% were securities. As of the same date, deposits totaled \$3 billion. Various loan and deposit products are available through the institution, including loans for commercial, residential mortgage, and consumer purposes. The composition of the loan portfolio using gross loans, as of June 30, 2021, is represented in the following table:

Composition of Loan Portfolio

Loan Type	6/30/2021	
	\$(000s)	%
Secured by 1-4 Family dwellings	664,546	23.5
Multifamily	90,565	3.2
Construction and Development	240,037	8.5
Commercial & Industrial/ NonFarm NonResidential	1,642,064	58.1
Consumer Loans and Credit Cards	123,456	4.4
Agricultural Loans/ Farmland	2,066	0.1
All Other	64,073	2.3
Total	2,826,807	100.0

As indicated in the preceding table, HTB is an active residential mortgage and commercial lender. Small business loans (i.e., business purpose loans of \$1 million or less) are a subset of commercial and industrial loans. The bank offers other loans, such as consumer and small farm loans; however, the volume of such lending is comparatively small in relation to its residential mortgage and commercial lending.

The bank delineated 11 assessment areas in the states of North Carolina, Tennessee, and South Carolina, and the Commonwealth of Virginia. Since the previous evaluation, the bank closed one branch office, which was located in a moderate-income census tract. Tables reflecting the current composition of the bank's 11 assessment areas and recent branching activity are included in **Appendix E**.

SCOPE OF EXAMINATION

HTB was evaluated using the interagency examination procedures for large bank institutions developed by the Federal Financial Institutions Examination Council (FFIEC). Consistent with these procedures, residential mortgage (HMDA) lending activity reported by HTB from January 1, 2018, through December 31, 2020, and small business lending activity reported by HTB from January 1, 2018, through December 31, 2019, was reviewed. HTB's small farm lending performance was not evaluated because the bank originated a comparatively small volume of such loans (i.e. less than 1% of the number and dollar volume) during the evaluation period.

Qualified community development loans that were originated or renewed from March 18, 2019, the date of the most recent CRA evaluation, through September 13, 2021 (i.e., the evaluation period), are also considered for this evaluation. All qualified community development services provided since the previous evaluation, all qualified investments made during the evaluation period, and those investments outstanding as of the date the evaluation began, regardless of when made, were also considered. The evaluation considers only the activities of HTB and does not include the activities of any other affiliates.

The bank serves 11 assessment areas. Based upon relative market size as determined by loan activity, proportion of bank deposits, area population and location, full-scope evaluation procedures were applied to the following assessment areas:

- Asheville, NC
- Polk, NC NonMSA
- Knoxville-Morristown-Sevierville, TN
- Roanoke, VA MSA
- Johnson City-Kingsport-Bristol, TN-VA
- Greenville-Anderson-Mauldin, SC

Because of the bank's branch locations, an overall rating and the ratings for the Lending, Investment, and Service Tests are required for the institution, North Carolina, Tennessee, Virginia, South Carolina and the multistate metropolitan area (Johnson City-Kingsport-Bristol, TN-VA assessment area).

The remaining five assessment areas, Charlotte-Concord-Gastonia, NC, Greensboro-High Point, NC, Raleigh NC, Winston-Salem, NC, and Danville, VA NonMSA were subject to the limited review procedures provided for by the FFIEC. For each assessment area reviewed utilizing the limited scope evaluation procedures, a determination was made as to whether performance is consistent with the overall applicable state rating. **Appendix D** includes information detailing the lending volume, branch locations, and deposit volume by assessment area.

While the bank has reported its 2020 CRA data, that data is not included in this analysis because the 2020 aggregate data was not yet available. Because aggregate data captures lending done under the same business and market conditions, aggregate data from 2020 is an important performance context factor needed to evaluate the bank's lending performance especially since the pandemic occurred during most of 2020.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS

The institution's overall rating is based on the ratings assigned to the states of North Carolina, Tennessee, South Carolina, the Commonwealth of Virginia, and the multistate metropolitan area. These ratings are weighted primarily according to bank activity as measured by relative lending and deposit volume and the number of branches. According to FFIEC examination procedures, the Lending Test performance accounts for half of the overall rating, while the Investment and Service Tests are equally weighted and combined, account for the remaining half of the overall rating. In all cases, conclusions also take into consideration relevant performance context factors.

To help determine the availability of community development opportunities in specific assessment areas, the CRA public evaluations of other financial institutions operating in these areas were reviewed. Also, in some assessment areas, members of the community were contacted to learn about local economic conditions, credit needs, and potential community development opportunities. Performance reviews of other banks operating in the bank's assessment areas were also reviewed for this same information.

As indicated in **Appendix D**, the bank's operations (i.e. loan originations, branches, and deposit account volume) are heavily concentrated in the State of North Carolina. As such, HTB's performance in North Carolina is weighted more heavily than the performance in the Tennessee, Virginia, South Carolina and multistate area when considering the institution's overall performance ratings.

LENDING TEST

The bank's overall lending test performance is rated High Satisfactory. This rating considers the bank's lending activity, assessment area concentration, geographic and borrower distribution performances, responsiveness to credit needs, community development lending, and product innovation. These components are discussed in subsequent sections.

Lending Activity:

HTB's reported HMDA data from 2018, 2019, and 2020, and its reported CRA data from 2018 and 2019 where considered when evaluating the bank's lending activity.

Summary of Lending Activity

Loan Type	#	%	\$(000)	% of \$
Home Improvement	696	7.04	55,171	2.68
Home Purchase	3,105	31.43	802,443	39.03
Multi-Family Housing	62	0.63	91,727	4.46
Refinancing	2,459	24.89	493,494	24.00
Loan Purpose Not Applicable	252	2.55	30,352	1.48
Other Purpose Closed-End	85	0.86	15,822	0.77
Other Purpose LOC	935	9.46	95,081	4.62
Total HMDA related	7,594	77	1,584,090	77
Small Business	2,276	23.04	470,152	22.86
Small Farm	10	0.10	1,974	0.10
TOTAL LOANS	9,880	100	2,056,216	100

Overall, the bank's lending levels reflect good responsiveness to credit needs, based on the lending activity analyzed under the Lending Test. The total number and dollar volume of loans were considered in arriving at the lending activity conclusion. In addition, loan volume by assessment area was also generally comparable with the bank's share of deposits in its assessment areas.

Information about the bank's loan-to-deposit ratio, changes in loans and deposits, and its market share and rankings can provide additional context regarding the bank's lending activity and its capacity. As of June 30, 2021, HTB's loan-to-deposit ratio equaled 94.1% and averaged 104% during the ten-quarter period ending June 30, 2021. Since March 31, 2019, HTB's assets and net loans increased by similar amounts (2% and 5.4%, respectively), while deposits increased by 27.2%.

According to 2020 aggregate data, HTB ranked 30th out of 1,112 reporters in HMDA lending with a .6% market share. According to 2019 aggregate loan data, the institution ranked 24th out of 218 reporters in small business/small farm lending volume with a .4% market share. The bank's comparatively high market share rankings indicate that the bank is an active lender within its combined assessment areas.

To meet the credit needs of its various assessment areas, HTB offers a broad range of financial products and services. In addition, the bank offers loan products and participates in loan programs that have flexible criteria or are designed to meet specific credit needs that often benefit low- and moderate-income borrowers, aid in the revitalization or stabilization of low- and moderate-income and underserved middle-income census tracts or promote economic development. The following are examples of loan programs that the bank utilized in an effort to be responsive to community credit needs.

- Paycheck Protection Program (PPP) – The bank offered PPP loans designed to help businesses keep their workforce employed during the coronavirus (COVID-19) crisis. During 2020, HTB originated 290 PPP loans totaling \$80.8 million.
- Small Business Administration (SBA) – The bank offers SBA products that provide businesses with access to capital with terms that are more flexible than conventional financing. During 2018 and 2019, HTB originated 100 SBA loans totaling \$121.1 million.
- The bank offers government sponsored loans that provide individuals with access to capital with terms that are more flexible than conventional financing since the last exam:
 - USDA Loans - 147 loans totaling approximately \$21.9 million.
 - FHA Loans - 29 loans totaling approximately \$5.5 million
 - VA Loans - 4 loans totaling approximately \$2.4 million
- During the evaluation period, HTB originated 30 affordable housing loans (approximately \$4.5 million) in conjunction with the North Carolina Housing Finance Agency. These loans are only available to low- or moderate-income borrowers.
- HTB has two residential products that are designed for low-and moderate-income individuals:
 - HTB has a relationship with Habitat for Humanity and originated seven loans in 2021 totaling \$914,500.
 - HTB’s proprietary Homeownership Now product allows for lower down payments without private mortgage insurance than comparable conventional or government guaranteed loans. HTB originated 12 Homeownership Now loans totaling \$1.6 million during the evaluation period.

While many of these loans have been reported by the bank as community development or small business loans, they are examples of HTB using flexible lending products to meet credit needs within its assessment areas and larger statewide areas. HTB makes use of innovative and/or flexible lending practices in serving assessment area credit needs.

Assessment Area Concentration:

The institution's volume of reported HMDA, from January 1, 2018, through December 31, 2020, and small business, and small farm loans from January 1, 2018, through December 31, 2019, is reflected in the following table.

Comparison of Credit Extended Inside and Outside of Assessment Area(s)

Loan Type	Inside				Outside			
	#	%	\$(000)	%	#	%	\$(000)	%
Home Purchase	1,839	59.2	517,381	64.5	1,266	40.8	285,062	35.5
Home Improvement	625	89.8	49,119	89.0	71	10.2	6,052	11.0
Refinancing	1,929	78.4	395,631	80.2	530	21.6	97,863	19.8
Multi-Family Housing	42	67.7	42,215	46.0	20	32.3	49,512	54.0
Loan Purpose Not Applicable	0	0.0	0	0.0	252	100.0	30,352	100.0
Other Purpose Closed/Exempt	74	87.1	13,486	85.2	11	12.9	2,336	14.8
Other Purpose LOC	677	72.4	64,214	67.5	258	27.6	30,867	32.5
Total HMDA related	5,186	68.3	1,082,046	68.3	2,408	31.7	502,044	31.7
Small Business	956	42.0	216,930	46.1	1,320	58.0	253,222	53.9
Small Farm	8	80.0	1,524	77.2	2	20.0	450	22.8
TOTAL LOANS	6,150	62.2	1,300,500	63.2	3,730	37.8	755,716	36.8

As indicated in the preceding table, an adequate percentage of the total number (62.2%) and dollar amounts (63.2%) of loans have been provided to borrowers within the bank's assessment areas.

Geographic and Borrower Distribution:

When evaluating the geographic and borrower distribution for a specific loan category within an assessment area, primary emphasis is placed on the number of loans originated or purchased. To arrive at an overall assessment area level conclusion regarding the distribution of lending, performance in each loan category is then weighted by the dollar volume and strength of performance for each category extended in the assessment area. Similarly, when the performance of multiple assessment areas is considered to reach a statewide, multistate, and/or institutional rating, the overall level of performance from each assessment area subject to full-scope review is weighted primarily according to the dollar volume of originations during the review period.

While HMDA from calendar years 2018, 2019, and 2020 and CRA data from calendar years 2018 and 2019 were fully analyzed and considered in the evaluation, only bank and aggregate HMDA data for 2020 and CRA data for 2019 are presented in the assessment area analysis tables. In instances where the performance varies significantly from the performance noted, such variance and the corresponding impact on the overall performance are discussed. As previously noted, HTB's small farm distribution performance was not analyzed because the bank originated a low volume of such loans during the evaluation period.

When evaluating the bank's performance, relevant area demographic data from the 2015 American Community Survey (ACS) are used as proxies for demand. While ACS data is collected and published by the U.S. Census Bureau on an annual basis, the demographic data relied upon in this performance evaluation is based on the ACS data that is published and updated once every five years. Dun & Bradstreet (D&B) demographic data from 2018 and 2019 is also considered when evaluating the bank's performance. Aggregate HMDA loan data reported from 2018, 2019, and 2020 and CRA loan data reported from 2018 and 2019 is considered when evaluating the bank's performance. Aggregate data includes all activity reported by lenders subject to reporting HMDA and CRA loan data within the bank's assessment areas. Because HTB is required to report HMDA and CRA loan data, its lending is included in the aggregated data.

The geographic and borrower distribution performance of HMDA loans focused on performance for Home Purchase, Home Improvement, Refinancing, and Multifamily loan categories. Performance for the Not Applicable, Other Closed, and Other Line of Credit loan categories was not evaluated because not all HMDA reporters are required to report each loan category, or the category contains relatively few loans overall.

Within HTB's market areas, a high level of small business lending activity was reported by specialized lenders, who often originate small business loans in the form of credit cards. These loans, however, tend to be much smaller in size than traditional small business bank loans, and a substantial majority of such loans do not have revenue data reported. The presence of these lenders is reflected in a smaller market share for traditional lenders and tends to understate the percentage of aggregate lending to businesses with annual revenues of \$1 million or less. Consequently, the presence of these lenders was considered as an aspect of performance context when evaluating the level and distribution of bank lending.

The bank's geographic distribution performance is considered good in North Carolina and in the multistate metropolitan area, excellent in Tennessee, and adequate in Virginia and South Carolina. After accounting for the variation in performance and assessment area size, the bank's overall geographic distribution is considered good.

Borrower distribution performance is considered adequate in North Carolina, Tennessee, the multistate metropolitan area, and South Carolina and good in Virginia. When considering the strength of performance by product and size of each state and the multistate area, the bank's borrower distribution performance is considered adequate.

Community Development Lending:

The availability of safe and sound community development loan opportunities varies by assessment area. Community development lending opportunities within the bank's full-scope assessment areas are reasonably available in the metropolitan assessment areas (Asheville, NC; Knoxville-Morristown-Sevierville, TN; Roanoke, VA MSA; Johnson City-Kingsport-Bristol, TN-VA; and Greenville-Anderson-Mauldin, SC) while opportunities are limited in the bank's remaining full-scope nonmetropolitan assessment area (Polk County, NC NonMSA). This conclusion is based, in part, upon the review of other public evaluations for institutions serving these assessment areas, as well as information from affordable housing, economic development, community development financial institutions, and community service officials working within the full-scope assessment areas. Additionally, the nonmetropolitan assessment areas are less densely populated and contain fewer low- and moderate-income census tracts, which can limit the availability of community development opportunities. Notwithstanding these limitations, the bank faces no constraints relative to its size and business strategy in making community development loans.

During the evaluation period, the bank originated 51 community development loans totaling \$108.4 million within its assessment areas or broader statewide area. Additional information regarding the remaining loans is included in the pertinent assessment area discussions. Overall, relative to available opportunities, the bank made a relatively high level of community development loans during the evaluation period.

INVESTMENT TEST

The institution's level of responding to community development needs through its investment activities is rated High Satisfactory. As of June 30, 2021, the institution reported \$3.5 billion in total assets and a securities portfolio totaling \$346.1 million. As of the evaluation date, HTB held approximately \$40.6 million in qualified investments. The institution also supports community development organizations by making charitable donations. During the evaluation period, the bank made charitable donations to community development organizations totaling approximately \$508,325 on a combined assessment area basis.

The bank's qualified investments that benefit areas within multiple states includes the following:

- Minority Depository Institutions and Community Development Financial Institutions (CDFI) Deposits (\$8.4 million) – certificates of deposit in qualified banks and credit unions located throughout the United States. This dollar amount does not include institutions that are located within the North Carolina, Tennessee, Virginia, or South Carolina assessment areas.
- Plexus Fund III, IV & V (\$4.9 million) – a closed-end Small Business Investment Company (SBIC) that provides financing to middle-market companies located primarily in the southeast and middle-Atlantic regions of the United States.
- Salem Investments IV & V (\$3.6 million) – licensed as a SBIC through the Small Business Administration, Salem Investments provides debt and equity investments to middle-market businesses throughout the bank's assessment areas.
- Route 2 Capital (approximately \$1.3 million) – a SBIC that specializes in debt and equity investments in middle market businesses located in the southeast United States.
- Self-Help Credit Union (\$248,000) – certificate of deposit in a CDFI-designated credit union with locations across the United States and within the bank's assessment areas.
- CAHEC Community Equity Fund XXIV & XXV (\$631,588)- Limited partnership agreement to invest in properties located in the southeastern and mid-Atlantic regions. The partnership identifies and maintains low-income housing tax credit properties.

Qualified investments, including donations, targeting specific statewide areas and/or assessment areas are discussed in conjunction with the evaluation of those areas.

SERVICE TEST

HTB's overall performance under the Service Test is rated Low Satisfactory. Delivery systems, branch locations, and hours of operation are considered reasonably accessible to individuals and geographies of different income levels within the bank's assessment areas. Of the 41 branch offices, one is located within low-income income areas (2.4%), and eight (19.5%) are located in moderate-income areas.

HTB's branching activity generally did not adversely affect the accessibility of its banking delivery systems within its combined assessment areas, particularly for low- or moderate-income people or census tracts. As indicated in **Appendix E**, the bank closed one branch office since the previous examination, and this branch was located in a moderate-income census tract. Retail banking services do not vary in a way that inconveniences any portion of the bank's assessment areas, including low- and moderate-income areas or people.

Overall, HTB and its employees provide an adequate level of community development services throughout the bank's assessment areas. Additional discussion of community development services is included within the applicable assessment area sections of this evaluation.

FAIR LENDING OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

No evidence of discriminatory or other illegal credit practices inconsistent with helping to meet community credit needs was identified. Adequate policies, procedures, and training programs have been developed to support nondiscrimination in lending activities.

STATE OF NORTH CAROLINA

CRA RATING FOR NORTH CAROLINA: SATISFACTORY
The lending test is rated: HIGH SATISFACTORY
The investment test is rated: HIGH SATISFACTORY
The service test is rated: HIGH SATSIFACTORY

Major factors supporting the rating include:

- Lending levels reflect good responsiveness to assessment area credit needs.
- The bank's geographic distribution performance varies by product within the State of North Carolina and is considered good overall.
- The bank's borrower distribution performance varies by product within the State of North Carolina and is considered adequate overall.
- The bank exhibits a good record of serving the credit needs of low-income individuals and areas as well as very small businesses.
- HTB makes use of flexible lending practices to meet area credit needs and the bank made a relatively high level of community development loans in North Carolina during the evaluation period.
- The bank maintains and provides a significant level of qualified community development investments and grants, particularly those not routinely provided by private investors, and occasionally is in a leadership position.
- While the bank makes occasional use of innovative and/or complex investments to support community development initiatives, it exhibits good responsiveness to credit and community development needs through its investment activity.
- Delivery systems and branch locations are accessible within the bank's assessment areas located in North Carolina. Retail banking services do not vary in a way that inconveniences the bank's assessment areas, particularly low- and moderate-income areas and people.
- The bank and its employees provided a relatively high level of community development services within its North Carolina assessment areas during the evaluation period.

SCOPE OF EXAMINATION

HMDA loan data from calendar years 2018, 2019, 2020 and small business loan data from calendar years 2018 and 2019 were evaluated to reach conclusions about the bank's borrower and geographic distribution of lending. As previously noted, HTB's small farm lending performance was not evaluated because the bank originated a comparatively small volume of such loans within its assessment areas during the evaluation period. The institution's efforts to serve its assessment areas through qualified community development loans, investments, and services during the review period were also reviewed. Qualified community development loans and services are considered for activities since the previous evaluation (March 18, 2019). All qualified investments made during this same period and those outstanding as of the evaluation, regardless of when made, were also considered.

The bank delineated six assessment areas in North Carolina. On a combined basis, the North Carolina assessment areas account for 77% of the bank's combined 2018, 2019, and 2020 lending (dollar volume), 48.8% of branches, and 61.2% of deposit volume. Information about loan volume, branches, and deposits are included in **Appendix D** of this report.

Based upon relative size and concentration of banking activities, the following two assessment areas were identified as the bank's primary markets within North Carolina and were reviewed utilizing the FFIEC's full-scope evaluation procedures.

- Asheville, NC
- Polk County, NC NonMSA

Consequently, the bank's performance ratings within North Carolina are based on its performance in these two assessment areas, as well as activities that take place at the statewide or institutional level. The remaining assessment areas (Charlotte-Concord-Gastonia, NC; Greensboro-High Point, NC; Raleigh, NC; Winston-Salem, NC) were subject to limited review procedures, and a determination was made as to whether the performance within the assessment areas exceeded, was consistent with, or was below the assigned state ratings. **Appendices A and B** include information about the evaluation's scope and statewide ratings.

DESCRIPTION OF INSTITUTION’S OPERATIONS IN NORTH CAROLINA

The bank operates 20 branches within six assessment areas in the state that account for \$1.8 billion (61.2%) of the bank's total deposit base. As of June 30, 2021, HTB ranked 11th out of 56 financial institutions in local deposit market share according to data compiled by the FDIC and held .5% of the assessment area’s deposits.

According to 2015 ACS data, the bank's combined assessment areas within the State of North Carolina a population of 3,032,876, including 759,724 families. A majority of the families are middle- and upper-income (61.7%), while low- and moderate-income families comprise 21.4% and 16.9% of the total, respectively. Within these assessment areas, the owner-occupancy rate equals 57.1%, and 10.8% of families live below the poverty level. The following table details the median family income data for HTB’s assessment areas in North Carolina during 2018, 2019, and 2020.

Assessment Area	Median Family Incomes		
	2018	2019	2020
Asheville, NC MSA	\$62,500	\$65,700	\$71,000
Charlotte-Concord-Gastonia, NC-SC MSA	\$71,300	\$70,700	\$74,200
Greensboro-High Point, NC MSA	\$59,800	\$59,900	\$65,800
Raleigh, NC MSA	\$84,300	\$93,100	\$94,100
Winston Salem, NC MSA	\$62,000	\$61,500	\$65,900
North Carolina Statewide Nonmetropolitan Area	\$52,300	\$51,600	\$53,700

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN NORTH CAROLINA

When considering the overall statewide ratings, performance within the two assessment areas subject to full-scope review were generally weighted by the dollar volume of lending and strength of performance within the assessment areas. The statewide performance conclusions also include activities taking place within the statewide or larger regional area that includes North Carolina.

LENDING TEST

Overall, the statewide lending test is rated High Satisfactory. HTB’s volume of lending activity reflects a good level of responsiveness within the statewide area. Overall, the bank’s geographic distribution performance is considered good, while its borrower distribution is considered adequate. Similarly, HTB generally exhibits a good record of serving the credit needs of low-income individuals and areas, as well as very small businesses. In addition, the bank made a relatively high level of community development loans in the statewide area during the evaluation period.

Lending Activity:

Overall, HTB’s level of lending activity is considered good. During 2018 and 2019, the bank reported 2,436 HMDA loans, 528 small business, and two small farm loans within North Carolina. During 2020, the bank reported 1,645 HMDA loans within in North Carolina. The bank’s lending activity within North Carolina during the evaluation period as measured by the number (75%) and dollar volume (77%) exceeds the percentage of local deposits (61.2%) and the bank branches (48.8%) in the assessment area.

According to 2020 aggregate loan data, the institution ranked 27th out of 880 reporters in HMDA lending volume with a .7% market share, and according to 2019 aggregate loan data, 27th out of 179 reporters in small business/farm lending volume with a .4% market share.

HTB offers a broad range of financial products and services to meet the credit needs within North Carolina. In addition, the bank offers loan products and participates in loan programs that have flexible criteria or are designed to meet specific credit needs that often benefit low- and moderate-income borrowers, aid in the revitalization or stabilization of low- and moderate-income and underserved middle-income census tracts or promote economic development. Examples of such programs were described in the discussion of the overall institution and include PPP loan products resulting from the pandemic and SBA and USDA loan products. While the bank is required to report some of these loans with its HMDA and/or CRA data, they are examples of HTB using flexible lending products to meet credit needs within its assessment areas and larger statewide areas. HTB makes use of innovative and/or flexible lending practices in serving assessment area credit needs.

Geographic and Borrower Distribution:

HTB's geographic (lending in low- and moderate-income census tracts) and borrower (lending to low- and moderate-income borrowers and businesses with revenues of \$1 million or less) distribution performance varies by loan product and assessment area in North Carolina.

The bank's overall statewide geographic distribution performance is considered good while the borrower distribution performance is considered adequate. When evaluating overall performance, greater weight was typically placed on the bank's HMDA performance because of the larger dollar volume of such lending within North Carolina.

Community Development Loans:

Community development lending opportunities are reasonably available within the Asheville, NC assessment area, but limited within the Polk County, NC NonMSA assessment area. However, the bank faces no constraints relative to community development lending when considering its capacity and business strategy.

During the evaluation period, within the assessment areas located in the state of North Carolina, the bank originated 34 qualified community development loans totaling \$87.9 million. The bank also originated two qualified community development loans totaling approximately \$7 million within the broader statewide area of the State of North Carolina during the evaluation period. The loans provided financing that supported affordable housing, social services, and job creation targeted to low- and moderate-income people as well as economic development activities supporting small businesses and revitalization efforts in low- and moderate-income and distressed or underserved census tracts. Overall, relative to available opportunities and bank capacity, HTB made a relatively high level of community development loans in the state during the evaluation period.

INVESTMENT TEST

The institution's level of responding to community development needs through its investment activities is rated High Satisfactory within the State of North Carolina. The bank maintains and provides a significant level of qualified community development investments and grants, particularly those not routinely provided by private investors, and occasionally is in a leadership position. While the bank makes occasional use of innovative and/or complex investments to support community development initiatives, it exhibits good responsiveness to credit and community development needs through its investment activity.

During the evaluation period, HTB made or held qualified investments totaling approximately \$16.3 million that support community development activities within specific bank assessment areas and the larger statewide area. Additionally, HTB held the following qualified investments totaling \$1.9 million that benefited the State of North Carolina.

- Two Fannie Mae Mortgage-Backed Securities (\$1.4 million) - The securities are comprised of loans extended to low- and moderate-income borrowers and/or residents of low- and moderate-income census tracts located in North Carolina.
- M&F Bank (\$249,000)- certificate of deposit in a minority-owned credit union with locations within North Carolina.
- Cooperative Latino Credit Union (\$248,000) – certificate of deposit in a minority-owned credit union with locations within North Carolina.
- Charitable donations of \$422,268 were made to entities that provide community development services to residents within the bank’s combined North Carolina assessment areas.

As previously noted, the bank also maintains additional qualified investments that benefited multiple states including North Carolina. The presence of these institutional-level qualified investments, which benefit areas within North Carolina, coupled with the qualified investments that specifically benefit North Carolina assessment areas, was considered in reaching the overall conclusion.

SERVICE TEST

HTB's Service Test performance in North Carolina is rated High Satisfactory. Delivery systems and branch locations are accessible within the bank's market area and to people of varying income levels. Within North Carolina, the bank operates 20 branches, of which none are located in low-income census tracts and four (20%) are located in moderate-income census tracts. Within the statewide assessment areas, 6.2% and 20.9% of area households are located in low- and moderate-income census tracts, respectively. While none of the bank’s branches are located in low-income census tracts, five branches are located adjacent to or within a close proximity (e.g., within 2 miles) of several low-income census tracts. Business hours and branch services offered do not vary in a way that inconveniences its assessment areas, particularly to low- and moderate-income areas and people. Discussion of specific activities is included for each assessment area, as applicable.

NORTH CAROLINA METROPOLITAN AREAS
*(For metropolitan areas with some or all assessment areas
reviewed using full-scope review)*

**DESCRIPTION OF INSTITUTION'S OPERATIONS IN ASHEVILLE, NC ASSESSMENT
AREA**

HTB operates eight branches within the Asheville, NC assessment area. The assessment area includes all of the counties of Buncombe, Haywood, and Henderson, NC, which is a portion of the Asheville, NC MSA. The eight branch offices account for \$924.4 million (31.4%) of the bank's total deposit base. As of June 30, 2021, HTB ranked 5th out of 19 financial institutions in local deposit market share according to data compiled by the FDIC and held 8.7% of the assessment area's deposits.

According to 2015 ACS data, the assessment area has population of 416,225 and a median housing value of \$184,252. The owner-occupancy rate for the assessment area equals 56.9%, which is similar to the entire MSA (57%) and slightly higher than the state (55.7%). The percentage of area families living below the poverty level in the assessment area (11.1%), equals that of the MSA (11.1%) and is lower than the North Carolina statewide rate (12.8%). The median family incomes for the Asheville, NC MSA equaled \$62,500, \$65,700, and \$71,000 during 2018, 2019, and 2020 respectively. The following table includes pertinent demographic data for the assessment area.

Assessment Area Demographics

Asheville, NC (Based on 2015 ACS Data and 2019 D&B Information)								
Income Categories*	Tract Distribution		Families by Tract		Families < Poverty as a % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low	2	2.0	1,477	1.4	539	36.5	21,566	20.1
Moderate	14	14.1	13,007	12.1	2,726	21.0	19,698	18.3
Middle	59	59.6	68,988	64.2	7,329	10.6	22,027	20.5
Upper	22	22.2	23,937	22.3	1,291	5.4	44,118	41.1
NA	2	2.1	0	0.0	0	0.0		
Total	99	100.0	107,409	100.0	11,885	11.1	107,409	100.0
	Owner Occupied Units by Tract		Households					
			HHs by Tract		HHs < Poverty by Tract		HHs by HH Income	
	#	%	#	%	#	%	#	%
Low	1,611	1.4	3,418	2.0	1,114	32.6	40,340	23.2
Moderate	12,813	10.9	23,030	13.2	5,442	23.6	28,677	16.5
Middle	75,087	64.1	108,812	62.5	15,612	14.3	31,667	18.2
Upper	27,599	23.6	38,790	22.3	3,601	9.3	73,366	42.1
NA	0	0.0	0	0.0	0	0.0		
Total	117,110	100.0	174,050	100.0	25,769	14.8	174,050	100.0
	Total Businesses by Tract		Businesses by Tract and Revenue Size					
			Less than or = \$1 Million		Over \$1 Million		Revenue not Reported	
	#	%	#	%	#	%	#	%
Low	778	3.2	662	2.9	111	7.5	5	2.8
Moderate	3,801	15.5	3,472	15.2	299	20.3	30	16.9
Middle	13,106	53.4	12,362	54.0	660	44.8	84	47.5
Upper	6,866	27.9	6,406	27.9	402	27.4	58	32.8
NA	0	0.0	0	0.0	0	0.0	0	0.0
Total	24,551	100.0	22,902	100.0	1,472	100.0	177	100.0
Percentage of Total Businesses:				93.3		6.0		0.7

*NA-Tracts without household or family income as applicable

Employment opportunities exist within a variety of industries, including education, healthcare, manufacturing, and retail services. Major employers in the area include several hospitals and healthcare facilities, Ingles Markets, Biltmore Workforce Management, Wal-Mart stores, Blue Ridge Paper Products, local government, and area school systems. Historical unemployment rates are included in the following table.

Asheville, NC Average Annual Unemployment Rates					
Area	2016	2017	2018	2019	2020
Asheville, NC	4.1%	3.6%	3.2%	3%	7.9%
Buncombe County, NC	3.9%	3.5%	3.1%	2.9%	8.3%
Haywood County, NC	4.6%	4%	3.5%	3.3%	7.5%
Henderson County, NC	4.3%	3.8%	3.3%	3.2%	6.9%
Asheville, NC MSA	4.1%	3.7%	3.2%	3.1%	7.8%
North Carolina	5.1%	4.5%	4%	3.8%	7.3%

Source: Bureau of Labor Statistics (BLS), Local Area Unemployment Statistics

In the years prior to 2020, unemployment rates remained stable with a slightly downward trend. Sharp increases in unemployment in 2020 are attributed, in large part, to the coronavirus pandemic.

An official from a community service and affordable housing organization was contacted during the evaluation to discuss local housing conditions and community credit needs. The contact noted the need for affordable housing in the area. The contact stated that banks are meeting the general banking needs of the area but suggested that there are opportunities for them to participate or contribute to affordable housing initiatives through a variety of sponsorship and lending options.

Discussions with the community contact and reviews of the performance evaluations of other financial institutions having a local presence indicated that community development opportunities are reasonably available within the bank's assessment area when considering performance context factors. The institution faces no significant constraints relative to its size and business strategy in making community development loans, investments, or supporting community services activities

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS:

LENDING TEST

The institution's overall lending performance within this assessment area is considered good. This conclusion is based primarily on HTB's lending activity, its geographic and borrower performance, and its level of community development lending, while taking into account its market strategy, area demographic data, and aggregate loan data.

During 2018 and 2019, the bank originated \$301.1 million in HMDA and \$57.2 million in small business loans. During 2020 the bank originated \$248.2 million in HMDA loans. Accordingly, HTB's HMDA lending performance was generally given greater weight when evaluating overall performance.

Lending Activity:

Lending levels reflect good responsiveness in relation to assessment area credit needs. During 2018 and 2019, the bank reported 1,662 HMDA, 226 small business, and one small farm loan within this assessment area. During 2020 the bank reported 1,122 HMDA loans within the assessment area. The bank's lending activity within this assessment area during the evaluation period as measured by the number (49%) and dollar volume (50.5%) is greater than the percentage of local deposits (31.4%) and bank branches (19.5%) in the assessment area.

According to 2019 aggregate data, HTB ranked 4th out of 424 reporters in HMDA lending with a 4.8% market share, and the institution also ranked 16th out of 88 reporters in small business/small farm lending volume with a 1.2% market share. The bank's HMDA and CRA data market share ranking indicate that it is a significant provider of such loans within the assessment area.

Geographic Distribution:

HTB's geographic distribution performance is considered good for both HMDA and small business lending.

Distribution of HMDA Loans by Income Level of Census Tract

Asheville, NC (2020)								
Income Categories	Bank				Aggregate			
	#	%	\$(000s)	% \$	#	%	\$(000s)	% \$
	(333)				Home Purchase (9,086)			
Low	2	0.6	525	0.5	121	1.3	30,943	1.2
Moderate	40	12.0	8,437	8.5	919	10.1	212,616	8.3
Middle	202	60.7	61,515	62.1	5,832	64.2	1,563,877	60.9
Upper	89	26.7	28,569	28.9	2,214	24.4	758,592	29.6
	(582)				Refinance (13,941)			
Low	3	0.5	1,133	0.8	157	1.1	33,289	1.0
Moderate	60	10.3	13,449	9.8	1,269	9.1	257,436	7.4
Middle	326	56.0	71,596	52.0	8,655	62.1	2,029,367	58.7
Upper	193	33.2	51,624	37.4	3,860	27.7	1,138,432	32.9
	(95)				Home Improvement (1,090)			
Low	0	0.0	0	0.0	18	1.7	1,099	0.9
Moderate	14	14.7	1,028	10.9	96	8.8	7,244	6.0
Middle	50	52.6	4,513	48.0	653	59.9	69,537	57.3
Upper	31	32.7	3,853	41.1	323	29.6	43,435	35.8
	(2)				Multi-Family (53)			
Low	0	0.0	0	0.0	0	0.0	0	0.0
Moderate	0	0.0	0	0.0	11	20.8	69,104	23.8
Middle	0	0.0	0	0.0	31	58.5	129,698	44.7
Upper	2	100.0	1,925	100.0	11	20.7	91,516	31.5
	HMDA Totals							
Low	5	0.5	1,658	0.7	296	1.2	65,331	1.0
Moderate	114	11.3	22,914	9.2	2,295	9.5	546,400	8.5
Middle	578	57.1	137,624	55.5	15,171	62.8	3,792,479	58.9
Upper	315	31.1	85,971	34.6	6,408	26.5	2,031,975	31.6
NA*	0	0.0	0	0.0	0	0.0	0	0.0
Total	1,012	100.0	248,167	100.0	24,170	100.0	6,436,185	100.0

NA*-Tracts without household or family income as applicable

During 2020, the majority of HMDA loans reported by HTB and aggregate lenders were for refinance and home purchases, and more weight was placed on the performance of these loan types than on home improvement and multifamily loans given the difference in volume. Considering both demographic and aggregate proxies for demand, the bank's performance for its refinance and home purchase lending are each considered good, while its home improvement lending performance is excellent, and its multifamily lending is considered very poor.

During 2020 overall, HTB's level of lending in low-income census tracts (.5%) lagged both the percentage of owner-occupied housing units located in such areas (1.4%), and the aggregate lending level (1.2%). HTB's level of lending in moderate-income census tracts (11.3%) exceeded both the percentage of owner-occupied housing units located in such areas (10.9%), and the aggregate lending level (9.5%). The bank's performance is considered good, and its performance during 2018 and 2019 is substantially similar.

Distribution of Small Business Loans by Income Level of Census Tract

Asheville, NC (2019)								
Income Categories	Bank				Aggregate			
	#	%	\$(000s)	% \$	#	%	\$(000s)	% \$
Low	11	8.3	2,998	8.9	336	3.2	22,432	6.1
Moderate	15	11.4	3,358	10.0	1,665	15.9	68,314	18.5
Middle	53	40.2	13,502	40.2	5,463	52.1	165,040	44.6
Upper	53	40.1	13,694	40.9	3,028	28.8	113,947	30.8
NA*	0	0.0	0	0.0	0	0.0	0	0.0
Total	132	100.0	33,552	100.0	10,492	100.0	369,733	100.0

*NA-Tracts without household or family income as applicable

Loans where the geographic location is unknown are excluded from this table.

The bank’s level of small business lending in low-income census tracts (8.3%) exceeded the percentage of businesses in such areas (3.2%) and the aggregate lending level (3.2%). The bank’s level of small business lending in moderate-income census tracts (11.4%) lagged the percentage of businesses in such areas (15.5%) and the aggregate lending level (15.9%). Overall, the bank’s performance is considered good.

During 2018, HTB extended 94 small business loans totaling \$23.7 million. Of these loans, six (6.4%) totaling \$1.4 million (6.1%) were extended in low-income census tracts. This level of lending exceeded both the percentage of businesses located in such areas (3.2%) and the aggregate level of lending (2.9%). HTB also extended nine loans (9.6%) totaling \$3.1 million (13%) in moderate-income census tracts. This level of lending lagged both the percentage of businesses located in such areas (15.3%) and the aggregate level of lending (16.1%). Overall, the bank’s performance during 2018 is considered adequate.

Overall, the bank’s combined small business geographic lending distribution during 2018 and 2019 is considered good based upon the relative performance levels and loan volume from each year.

Distribution by Borrower Income and Revenue Size of the Business:

When considering the bank's performance by loan product and year, its borrower distribution performance is adequate overall for both HMDA and small business lending.

Distribution of HMDA Loans by Income Level of Borrower

Asheville, NC (2020)								
Income Categories	Bank				Aggregate			
	#	%	\$(000s)	% \$	#	%	\$(000s)	% \$
HMDA Totals								
Low	42	4.3	4,454	1.9	1,181	5.6	158,049	2.9
Moderate	137	14.2	23,789	10.1	4,009	18.9	731,788	13.5
Middle	255	26.3	52,386	22.2	5,400	25.4	1,187,309	22.0
Upper	534	55.2	155,714	65.8	10,664	50.1	3,326,974	61.6
Total	968	100.0	236,343	100.0	21,254	100.0	5,404,120	100.0
Unknown	44		11,824		2,916		1,032,065	

Percentages (%) are calculated on all loans where incomes are known

In 2020, the bank’s level of lending to low-income borrowers (4.3%) lagged both the percentage of low-income families within the assessment area (20.1%) and the percentage of aggregate lending to such borrowers (5.6%). HTB’s lending to moderate-income borrowers (14.2%) lagged both the percentage of moderate-income families (18.3%) and the aggregate lending percentage (18.9%). The bank’s performance during 2020 is considered adequate, and its 2018 and 2019 lending performance is similar.

Distribution of Lending by Loan Amount and Size of Business

Asheville, NC (2019)								
by Revenue	Bank				Aggregate*			
	#	%	\$(000s)	% \$	#	%	\$(000s)	% \$
\$1 Million or Less	60	45.5	15,890	47.4	5,008	46.8	139,029	37.1
Over \$1 Million	66	50.0	16,889	50.3	NA	NA	NA	NA
Unknown	6	4.5	773	2.3	NA	NA	NA	NA
by Loan Size								
\$100,000 or less	44	33.3	2,414	7.2	10,070	94.1	149,784	40.0
\$100,001-\$250,000	42	31.8	7,385	22.0	289	2.7	51,700	13.8
\$250,001-\$1 Million	46	34.9	23,753	70.8	341	3.2	173,363	46.2
Total	132	100.0	33,552	100.0	10,700	100.0	374,847	100.0

* No data is available for Aggregate loans with Revenues over \$1 million and those with Unknown revenues

D&B data from 2019 indicates that 93.3% of all local businesses have revenues that do not exceed \$1 million per year. According to 2019 aggregate small business data, 46.8% of reported loans were to businesses with annual revenues of \$1 million or less. The remaining portion of loans were to businesses that either had revenues exceeding \$1 million or had unknown revenues. As part of performance context, the aggregate data was also considered after excluding certain specialty lenders. After excluding these lenders, 56.4% of the remaining reported small business loans were to businesses having revenues of \$1 million or less. HTB originated 45.5% of its small business loans within the assessment area to businesses with revenues of \$1 million or less. Given these contextual factors, the bank’s small business lending performance is considered adequate.

During 2018, the bank reported originating 94 small business loans totaling \$23.7 million. Of these loans, 52 (55.3%) totaling \$12.3 million (51.7%) were extended to businesses with annual revenues of \$1 million or less. D&B data from 2018 indicates that 93% of all local businesses have revenues that do not exceed \$1 million per year. According to 2018 aggregate small business data, 48.9% of reported loans were to businesses with annual revenues of \$1 million or less. The remaining portion of loans were to businesses that either had revenues exceeding \$1 million or had unknown revenues. The aggregate data was also considered after excluding certain specialty lenders. After excluding these lenders, 58.8% of the remaining reported small business loans were to businesses having revenues of \$1 million or less. Given these contextual factors, the bank’s small business lending performance is considered good.

Overall, the bank’s combined small business borrower lending distribution during 2018 and 2019 is considered adequate based upon the relative performance levels and loan volume from each year.

Community Development Lending:

Community development lending opportunities are reasonably available within the Asheville, NC assessment area. The bank faces no constraints relative to community development lending when considering its capacity and business strategy.

During the evaluation period, the bank originated 13 community development loans totaling approximately \$57.3 million within the assessment area. One of the loans was originated as part of the bank’s PPP lending program. Within this assessment area, the bank originated a relatively high number of qualified community development loans, when considering the bank’s capacity and available opportunities.

INVESTMENT TEST

The institution’s level of responding to community development needs through its investment activities is considered good within the Asheville, NC assessment area. HTB maintains a significant level of qualified community development investments and grants, occasionally in a leadership position. While HTB makes rare use of complex investments that support community development initiatives, the bank exhibits good responsiveness to credit and community development needs.

During the evaluation period, HTB made charitable donations totaling \$248,239 that specifically benefited the assessment area. Additionally, the bank holds the following qualified community development investment that directly benefits this assessment area.

- Freddie Mac Mortgage-Backed Securities (\$892,182) – The securities are comprised of loans extended to low- and moderate-income borrowers and/or residents of low- and moderate-income census tracts located within the assessment area.

Other qualified investments that benefit the statewide or multistate areas have been discussed in the overall institution section of this evaluation.

SERVICE TEST

The bank's performance under the Service Test is considered excellent overall within the Asheville, NC assessment area. Systems for delivering retail banking services are accessible to all portions of the assessment area. The bank and its employees are a leader in providing community development services within the assessment area.

Retail Services:

Delivery systems are accessible to individuals and census tracts of varying income levels in the assessment area. Currently, the bank operates eight branches within the assessment area. Three (37.5%) of the bank's branches are located in moderate-income census tracts. Additionally, four of the other branch locations are located within close proximity (less than three miles) of moderate-income census tracts within the assessment area. Within the assessment area, 2% and 13.2% of area households are located in low- and moderate-income census tracts, respectively. No branches were opened or closed in this assessment area during the evaluation period.

ATMs are available and provide customers with 24-hour nationwide access. Bank by-mail and internet-based banking services are also offered by the institution. In addition, the institution provides customers with 24-hour telephone access to their accounts through an automated system. Branch offices are generally open until 5:00 p.m. Monday through Thursday and until 6:00 p.m. on Fridays. Bank services and branch hours do not vary in a way that inconveniences low- and moderate-income people or census tracts within the assessment area.

The institution also continues to offer no-cost checking products to individuals as well as low-cost checking to businesses within the community. These accounts can benefit all segments of the community including low- and moderate-income individuals and small businesses.

Community Development Services:

Within this assessment area, community development opportunities are reasonably available, and the bank has sufficient capacity to participate in such activities. Within this context, the bank and its employees are a leader in providing community development services that support local organizations whose operations benefit low- and moderate-income people and/or promote small business development.

The bank supported the following organizations that specifically benefitted the Asheville, NC assessment area during the evaluation period.

- Asheville Chamber of Commerce – one employee is a member of a management committee of this organization that promotes small business development within the assessment area.
- MANNA Foodbank – one employee provided financial expertise to an organization that provides community services to low- and moderate-income individuals.
- Baptist Children's Home of North Carolina – an employee provided financial expertise to this organization that provides community services to low- and moderate-income individuals.

- Big Brothers & Big Sisters of WNC – one employee served on the board for this organization that provides community services to low- and moderate-income individuals.
- Children First/Communities in Schools – two employees provided financial expertise by serving on a committee for this organization that provides community services to low-and moderate-income individuals.
- Elaida House – one employee assisted with financial expertise and fundraising for this organization that provides community services to low- and moderate-income individuals.
- Henderson County Partnership for Economic Development – one employee assisted with fundraising for this organization that promotes small business development within the assessment area.
- Homeward Bond – two employees assisted with fundraising for this organization that provides community services to low- and moderate-income individuals.
- Longs Chapel – one employee served on the finance committee for the organization that provides community services to low-and moderate-income individuals.
- Mountain Child Advocacy – one employee served as a board member for this organization that provides community services to low-and moderate-income individuals.
- New Direction Mustard Seed – one employee served as a board member of the organization that provides community services to low-and moderate-income individuals.
- Pisgah Legal Services – one employee assisted with fundraising for this organization that provides community services to low- and moderate-income individuals.
- The Storehouse – one employee served as a board member for this organization that provides community services to low-and moderate-income individuals.
- Verner Center for Early Learning – one employee served as a board member and finance committee for this organization that provides community services to low-and moderate-income individuals.
- Western North Carolina Rescue Ministries – one employee served as a board member and treasurer for this organization that provides community services to low-and moderate-income individuals.

METROPOLITAN AREAS

(For each metropolitan area where no assessment areas were reviewed using full-scope review)

DESCRIPTION OF INSTITUTION’S OPERATIONS IN METROPOLITAN AREAS

Certain assessment areas, which are noted in the table below, were reviewed using the limited review examination procedures. Information detailing the composition of the assessment areas, including selected demographic data, is included in **APPENDIX C** of this report.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS

Facts and data reviewed for each assessment area, including performance and demographic information, can be found in **APPENDIX C** of this evaluation. Conclusions regarding performance, which did not impact the institution’s overall rating, are included in the following table. For each test, the conclusion conveys whether performance in an assessment area was generally below, consistent with, or exceeded the institution's statewide ratings. In the two instances when performance was considered below, HTB’s performance was considered adequate for the assessment area.

Assessment Area	Lending Test	Investment Test	Service Test
Charlotte-Concord-Gastonia, NC	Below	Consistent	Consistent
Greensboro-High Point, NC	Consistent	Consistent	Consistent
Raleigh, NC	Below	Consistent	Consistent
Winston-Salem, NC	Consistent	Consistent	Consistent

NON-METROPOLITAN NORTH CAROLINA STATEWIDE AREA
*(If some or all of the assessment areas within the non-metropolitan statewide area
were reviewed using full-scope review)*

**DESCRIPTION OF INSTITUTION'S OPERATIONS IN POLK COUNTY, NC NONMSA
ASSESSMENT AREA**

HTB operates four branches within the Polk County, NC NonMSA assessment area. The assessment area includes all of the counties of Cleveland, Polk, and Rutherford, NC. The four branch offices account for \$359.4 million (12.2%) of the bank's total deposit base. As of June 30, 2021, HTB ranked 3rd out of 13 financial institutions in local deposit market share according to data compiled by the FDIC and held 13.8% of the assessment area's deposits.

According to 2015 ACS data, the assessment area has a population of 184,370 and a median housing value of \$112,053. The owner-occupancy rate for the assessment area equals 57.5%, which is higher than the nonmetropolitan areas of North Carolina (52.8%) and slightly higher than the overall state (55.7%). The percentage of area families living below the poverty level in the assessment area equals 14.6%, which is less than the rate nonmetropolitan areas within North Carolina (16.3%) but more than the North Carolina statewide rate (12.8%). The median family income for the nonmetropolitan areas in North Carolina equaled \$52,300, \$51,600, and \$53,700 during 2018, 2019, and 2020, respectively. The following table includes pertinent demographic data for the assessment area.

Assessment Area Demographics

Polk County, NC NonMSA <i>(Based on 2015 ACS Data and 2019 D&B Information)</i>									
Income Categories*	Tract Distribution		Families by Tract		Families < Poverty as a % of Families by Tract		Families by Family Income		
	#	%	#	%	#	%	#	%	
Low	0	0.0	0	0.0	0	0.0	9,929	20.2	
Moderate	4	9.5	4,666	9.5	1,176	25.2	8,715	17.8	
Middle	32	76.2	39,765	81.1	5,541	13.9	10,655	21.7	
Upper	6	14.3	4,631	9.4	445	9.6	19,763	40.3	
NA	0	0.0	0	0.0	0	0.0			
Total	42	100.0	49,062	100.0	7,162	14.6	49,062	100.0	
	Owner Occupied Units by Tract	Households							
		HHs by Tract		HHs < Poverty by Tract		HHs by HH Income			
		#	%	#	%	#	%	#	%
Low		0	0.0	0	0.0	0	0.0	17,496	24.1
Moderate		3,718	7.3	6,765	9.3	1,848	27.3	11,023	15.2
Middle		41,745	82.0	58,645	80.8	10,390	17.7	12,909	17.8
Upper		5,465	10.7	7,170	9.9	892	12.4	31,152	42.9
NA		0	0.0	0	0.0	0	0.0		
Total		50,928	100.0	72,580	100.0	13,130	18.1	72,580	100.0
	Total Businesses by Tract	Businesses by Tract and 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		704	11.1	608	10.6	92	19.1	4	4.9
Middle		4,802	76.0	4,392	76.4	351	72.8	59	72.8
Upper		809	12.9	752	13.0	39	8.1	18	22.3
NA		0	0.0	0	0.0	0	0.0	0	0.0
Total		6,315	100.0	5,752	100.0	482	100.0	81	100.0
Percentage of Total Businesses:				91.1		7.6		1.3	

*NA-Tracts without household or family income as applicable

All of the middle-income census tracts in Cleveland County, NC were considered distressed in 2018 because of comparatively high poverty rates. During 2018, 2019, and 2020, five of the middle-income census tracts in Polk County, NC were considered underserved. Underserved census tracts are typically located in rural communities that lack certain community services/infrastructure and are also distant from more urban population centers.

Employment opportunities exist within a variety of industries, including healthcare, education, and retail. Major employers in the area include Wal-Mart Associates, Clearwater Paper, Ingles Market, Hanesbrands, local government, and area school systems. Historical unemployment rates are included in the following table.

Polk County, NC NonMSA Average Annual Unemployment Rates					
Area	2016	2017	2018	2019	2020
Polk County, NC NonMSA	5.8%	5%	4.4%	4.1%	8.1%
Cleveland County, NC	5.5%	4.6%	4%	3.8%	7.9%
Polk County, NC	4.7%	4.2%	3.9%	3.6%	6.2%
Rutherford County, NC	6.7%	6.1%	5.2%	4.8%	9.3%
NonMSA North Carolina	6%	5.2%	4.6%	4.3%	7.5%
North Carolina	5.1%	4.5%	4%	3.8%	7.3%

Source: Bureau of Labor Statistics (BLS), Local Area Unemployment Statistics

In the years prior to 2020, unemployment rates remained stable with a slightly downward trend. Sharp increases in unemployment in 2020 are attributed, in large part, to the coronavirus pandemic.

An official from an affordable housing organization was contacted during the evaluation to discuss local housing conditions and community credit needs. While the contact noted the limited availability of affordable housing units in the area, the official also said that area financial institutions are adequately meeting local credit needs.

Discussions with the community contact and reviews of the performance evaluations of other financial institutions having a local presence indicated that community development opportunities are limited within the bank's assessment area because of limited infrastructure to support the provision of community development activities. While the community development infrastructure may be limited, the institution faces no significant constraints relative to its size and business strategy in making community development loans, investments, or supporting community services activities.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS:

LENDING TEST

The institution's overall lending performance within this assessment area is considered good. This conclusion is based primarily on HTB's lending activity, its geographic and borrower performance, and its level of community development lending, while taking into account the bank's market strategy, area demographic data, and aggregate loan data.

During 2018 and 2019, the bank originated \$51.5 million in HMDA and \$9.4 million in small business loans. During 2020 the bank originated \$49.1 million in HMDA loans. Accordingly, HTB's HMDA lending performance was generally given greater weight when evaluating overall performance.

Lending Activity:

Lending levels reflect good responsiveness in relation to assessment area credit needs. During 2018 and 2019 the bank reported 398 HMDA, 55 small business, and zero small farm loans within this assessment area. During 2020, the bank reported 288 HMDA loans within the assessment area. The bank's lending activity within this assessment area during the evaluation period as measured by the number (12%) and dollar volume (9%) is similar to the percentage of local deposits (12.2%) and bank branches (9.7%) in the assessment area.

According to 2019 aggregate data, HTB ranked 5th out of 283 reporters in HMDA lending with a 4.4% market share, and the institution also ranked 15th out of 73 reporters in small business/small farm lending volume with a 1.3% market share. The bank's HMDA and CRA data market share ranking indicate that it is a significant provider of such loans within the assessment area.

Geographic Distribution:

There are no low-income census tracts within this assessment area. HTB’s geographic distribution performance is considered adequate for HMDA and excellent for small business lending. When considering HTB’s combined performance, its geographic distribution is adequate overall and reflects the greater weight placed on the bank’s HMDA lending performance because of the larger dollar volume such lending.

Distribution of HMDA Loans by Income Level of Census Tract

Polk County, NC NonMSA (2020)								
Income Categories	Bank				Aggregate			
	#	%	\$(000s)	% \$	#	%	\$(000s)	% \$
	(112)				(3,005)			
Low	NA	NA	NA	NA	NA	NA	NA	NA
Moderate	1	0.9	164	0.6	161	5.4	20,750	3.5
Middle	80	71.4	18,758	71.5	2,271	75.6	429,356	71.8
Upper	31	27.7	7,308	27.9	573	19.0	148,224	24.7
	(125)				(2,982)			
Low	NA	NA	NA	NA	NA	NA	NA	NA
Moderate	7	5.6	854	4.0	113	3.8	14,736	2.7
Middle	90	72.0	15,478	73.2	2,328	78.1	420,382	75.6
Upper	28	22.4	4,816	22.8	541	18.1	120,845	21.7
	(21)				(265)			
Low	NA	NA	NA	NA	NA	NA	NA	NA
Moderate	1	4.8	25	1.4	13	4.9	610	3.5
Middle	13	61.9	1,153	65.8	202	76.2	13,135	76.3
Upper	7	33.3	575	32.8	50	18.9	3,466	20.2
	(0)				(15)			
Low	NA	NA	NA	NA	NA	NA	NA	NA
Moderate	0	0.0	0	0.0	0	0.0	0	0.0
Middle	0	0.0	0	0.0	14	93.3	37,364	99.6
Upper	0	0.0	0	0.0	1	6.7	165	0.4
	HMDA Totals							
Low	NA	NA	NA	NA	NA	NA	NA	NA
Moderate	9	3.5	1,043	2.1	287	4.6	36,096	3.0
Middle	183	70.9	35,389	72.0	4,815	76.8	900,237	74.5
Upper	66	25.6	12,699	25.9	1,165	18.6	272,700	22.5
NA*	NA	NA	NA	NA	NA	NA	NA	NA
Total	258	100.0	49,131	100.0	6,267	100.0	1,209,033	100.0

NA*-Tracts without household or family income as applicable

During 2020, the majority of HMDA loans reported by HTB and aggregate lenders were for home purchases and refinances, and more weight was placed on the performance of these loan types than on home improvement and multifamily given the difference in volume. Considering both demographic and aggregate proxies for demand, the bank’s performance for its home purchase lending is considered very poor, refinance lending is considered excellent, and its home improvement lending performance is good. HTB’s lack of multifamily lending within the assessment area is not considered a deficiency given the low overall volume of such lending by the aggregate reporters.

During 2020 overall, HTB’s level of lending in moderate-income census tracts (3.5%) lagged the percentage of owner-occupied housing units located in such areas (7.3%) but approximated the aggregate lending level (4.6%). The bank’s performance is considered adequate, and its performance during 2018 and 2019 are substantially similar.

Distribution of Small Business Loans by Income Level of Census Tract

Polk County, NC NonMSA (2019)								
Income Categories	Bank				Aggregate			
	#	%	\$(000s)	% \$	#	%	\$(000s)	% \$
Low	NA	NA	NA	NA	NA	NA	NA	NA
Moderate	5	14.3	793	11.8	248	9.6	10,389	12.0
Middle	25	71.4	4,470	66.8	1,981	76.7	64,459	74.3
Upper	5	14.3	1,431	21.4	355	13.7	11,850	13.7
NA*	NA	NA	NA	NA	NA	NA	NA	NA
Total	35	100.0	6,694	100.0	2,584	100.0	86,698	100.0

*NA-Tracts without household or family income as applicable

Loans where the geographic location is unknown are excluded from this table.

The bank’s level of small business lending in moderate-income census tracts (14.3%) exceeded the percentage of businesses in such areas (11.1%) and the aggregate lending level (9.6%). Overall, the bank’s performance is considered excellent, and its performance during 2018 is substantially similar.

Distribution by Borrower Income and Revenue Size of the Business:

When considering the bank's performance by loan product and year, its borrower distribution performance is adequate for HMDA during 2018 and good for HMDA during 2019 and 2020. HTB’s small business performance is adequate during 2018 and good during 2019. Overall, the bank's borrower distribution performance is considered good.

Distribution of HMDA Loans by Income Level of Borrower

Polk County, NC NonMSA (2020)								
Income Categories	Bank				Aggregate			
	#	%	\$(000s)	% \$	#	%	\$(000s)	% \$
HMDA Totals								
Low	11	4.3	643	1.3	190	3.5	15,355	1.5
Moderate	35	13.6	4,412	9.0	843	15.6	99,430	9.9
Middle	54	21.0	7,325	15.0	1,363	25.3	205,661	20.5
Upper	157	61.1	36,615	74.7	2,994	55.6	684,016	68.1
Total	257	100.0	48,995	100.0	5,390	100.0	1,004,462	100.0
Unknown	1		136		877		204,571	

Percentages (%) are calculated on all loans where incomes are known

In 2020, the bank’s level of lending to low-income borrowers (4.3%) lagged the percentage of low-income families within the assessment area (20.2%) but exceeded the percentage of aggregate lending to such borrowers (3.5%). HTB’s lending to moderate-income borrowers (13.6%) lagged both the percentage of moderate-income families in the assessment area (17.8%) and the aggregate lending percentage (15.6%). The bank’s performance during 2020 is considered good, and its 2019 lending performance is similar.

During 2018, HTB extended 150 home purchase, refinance, home improvement, and multifamily loans totaling \$23.4 million to borrowers whose incomes were known that were analyzed for lending performance. Of these loans, eight (5.3%) totaling \$478,000 (2%), were extended to low-income borrowers, which lagged the percentage of low-income families (20.6%) but approximated the aggregate lending level (6%). The bank originated 19 loans (12.7%) totaling \$1.8 million (7.5%) to moderate-income borrowers, which lagged both the percentage of moderate-income families (17.9%) and the aggregate lending level (18.3%). HTB’s performance during 2018 is considered adequate.

Although adequate, the bank’s performance during 2018 is much weaker than its performance during 2019 and 2020. The bank’s combined HMDA borrower lending distribution during 2018, 2019, and 2020 is considered adequate overall when considering the performance and dollar volume of lending in each year.

Distribution of Lending by Loan Amount and Size of Business

Polk County, NC NonMSA (2019)								
by Revenue	Bank				Aggregate*			
	#	%	\$(000s)	% \$	#	%	\$(000s)	% \$
\$1 Million or Less	23	65.7	4,629	69.2	1,141	43.0	35,612	40.3
Over \$1 Million	8	22.9	1,704	25.5	NA	NA	NA	NA
Unknown	4	11.4	361	5.3	NA	NA	NA	NA
by Loan Size	Bank				Aggregate*			
\$100,000 or less	19	54.3	996	14.9	2,506	94.5	40,360	45.7
\$100,001-\$250,000	8	22.9	1,334	19.9	86	3.2	14,810	16.8
\$250,001-\$1 Million	8	22.8	4,364	65.2	59	2.3	33,178	37.5
Total	35	100.0	6,694	100.0	2,651	100.0	88,348	100.0

* No data is available for Aggregate loans with Revenues over \$1 million and those with Unknown revenues

D&B data from 2019 indicates that 91.1% of all local businesses have revenues that do not exceed \$1 million per year. According to 2019 aggregate small business data, 43% of reported loans were to businesses with annual revenues of \$1 million or less. The remaining portion of loans were to businesses that either had revenues exceeding \$1 million or had unknown revenues. As part of performance context, the aggregate data was also considered after excluding certain specialty lenders. After excluding these lenders, 54.8% of the remaining reported small business loans were to businesses having revenues of \$1 million or less. HTB originated 65.7% of its small business loans within the assessment area to businesses with revenues of \$1 million or less. Given these contextual factors, the bank’s small business lending performance is considered good.

During 2018, the bank reported originating 20 small business loans totaling \$2.8 million. Of these loans, seven (35%) totaling \$583,000 (21.2%) were extended to businesses with annual revenues of \$1 million or less. D&B data from 2018 indicates that 90.5% of all local businesses have revenues that do not exceed \$1 million per year. According to 2018 aggregate small business data, 46.1% of reported loans were to businesses with annual revenues of \$1 million or less. The remaining portion of loans were to businesses that either had revenues exceeding \$1 million or had unknown revenues. The aggregate data was also considered after excluding certain specialty lenders. After excluding these lenders, 58.7% of the remaining reported small business loans were to businesses having revenues of \$1 million or less. Given these contextual factors, the bank’s small business lending performance is considered adequate.

Overall, the bank’s combined small business borrower lending distribution during 2018 and 2019 is considered good based upon the relative performance levels and loan volume from each year.

Community Development Lending:

Community development lending opportunities are limited within the Polk County, NC NonMSA assessment area. The bank faces no constraints relative to community development lending when considering its capacity and business strategy.

During the evaluation period, the bank originated one community development loan totaling \$3.4 million within the assessment area. To the extent that the bank extended other such loans, they were required to be reported as either HMDA or small business/small farm and could not also be reported as community development. Within this assessment area, the bank originated an adequate number of qualified community development loans, when considering the bank’s capacity and available opportunities.

INVESTMENT TEST

The bank’s performance under the Investment Test is considered adequate. During the evaluation period, and specific to the Polk County, NC NonMSA assessment area, the bank made charitable donations totaling \$29,535 to area non-profit organizations that provide community development services.

Other qualified investments that benefit the statewide or multistate areas have been discussed in the overall institution and statewide sections of this evaluation. When considering HTB's local qualified investments along with its statewide and multistate area qualified investments that can include this assessment area, the bank maintains an adequate level of qualified community development investments and grants that exhibit adequate responsiveness to credit and community development needs within the assessment area.

SERVICE TEST

The bank's performance under the Service Test is considered adequate overall within the Polk County, NC NonMSA assessment area. Systems for delivering retail banking services are accessible to all portions of the assessment area. The bank and its employees provided an adequate level of community development services within the assessment area.

Retail Services:

Delivery systems are accessible to individuals and census tracts of varying income levels in the assessment area. Currently, the bank operates four branches within the assessment area. Two of the bank's branch locations are located less than one mile from three of the four moderate-income census tracts within the assessment area. One of the bank's two remaining branches is located in an underserved middle-income census tract and the remaining branch is located within a close proximity to several underserved middle-income census tract. Within the assessment area, 9.3% of area households are located in moderate-income census tracts. No branches were opened or closed in this assessment area during the evaluation period.

ATMs are available and provide customers with 24-hour access. Bank by-mail and internet-based banking services are also offered by the institution. In addition, the institution provides customers with 24-hour telephone access to their accounts through an automated system. Branch offices are generally open until 5:00 p.m. Monday through Thursday and until 6:00 p.m. on Fridays. Bank services and branch hours do not vary in a way that inconveniences low- and moderate-income people or census tracts within the assessment area.

The institution also continues to offer no-cost checking products to individuals as well as low-cost checking to businesses within the community. These accounts can benefit all segments of the community including low- and moderate-income individuals and small businesses.

Community Development Services:

While the bank has sufficient capacity to participate in community development activities within this assessment area, the community development infrastructure is less developed given the rural characteristics of this assessment area, which contributes to community development service opportunities being limited. Within this context, the bank and its employees provide an adequate level of community development service endeavors that support local organizations whose operations benefit low- and moderate-income people and/or promote small business development.

The bank supported the following organizations that specifically benefited the Polk County, NC NonMSA assessment area during the evaluation period:

- Cleveland County Community Development Corporation – one employee provided a financial literacy program for an organization promoting affordable housing.
- Cleveland Vocational Industries – one employee served as a board member and treasurer for this organization that provides job training to low- and moderate-income individuals.
- Polk County Schools – two employees taught financial literacy classes at a school with a majority of students from low-and moderate-income households.
- Habitat for Humanity – one bank employee serves on the board of directors and as the treasurer for this organization that provides affordable housing to low- and moderate-income families.

STATE OF TENNESSEE

CRA RATING FOR TENNESSEE¹: SATISFACTORY

The lending test is rated: HIGH SATISFACTORY

The investment test is rated: HIGH SATISFACTORY

The service test is rated: LOW SATISFACTORY

Major factors supporting the rating include:

- Lending levels reflect adequate responsiveness to assessment area credit needs.
- The bank's geographic distribution performance is considered excellent overall.
- The bank's borrower distribution performance is considered adequate overall.
- The bank exhibits a good record of serving the credit needs of low-income individuals and areas as well as very small businesses.
- HTB makes use of flexible lending practices to meet area credit needs, and the bank made an adequate level of community development loans in the assessment area during the evaluation period.
- The bank maintains and provides a significant level of qualified community development investments and grants, particularly those not routinely provided by private investors, occasionally in a leadership position.
- While the bank makes occasional use of innovative and/or complex investments to support community development initiatives, it exhibits good responsiveness to credit and community development needs through its investment activity.
- Delivery systems and branch locations are accessible within the bank's assessment area located in Tennessee. Retail banking services do not vary in a way that inconveniences the bank's assessment areas, particularly low- and moderate-income areas and people.
- The bank and its employees provided an adequate level of community development services within its Tennessee assessment area during the evaluation period.

SCOPE OF EXAMINATION

HMDA loan data from calendar years 2018, 2019, 2020 and small business loan data from calendar years 2018 and 2019 were evaluated to reach conclusions about the bank's borrower and geographic distribution of lending. As previously noted, HTB's small farm lending performance was not evaluated because the bank originated a comparatively small volume of such loans within the assessment area during the evaluation period. The institution's efforts to serve its assessment area through qualified community development loans, investments, and services during the review period were also reviewed. Qualified community development loans and services are considered for activities since the previous evaluation (March 18, 2019). All qualified investments made during this same period and those outstanding as of the evaluation, regardless of when made, were also considered.

The bank delineated one assessment area in Tennessee - the Knoxville-Morristown-Sevierville, TN assessment area, which accounts for 4.9% of the bank's combined 2018, 2019, and 2020 lending (dollar volume), 12.2% of branches, and 12.5% of deposit volume. Information about loan volume, branches, and deposits are included in **Appendix D** of this report.

¹ For institutions with branches in two or more states in a multistate metropolitan area, this statewide evaluation is adjusted and does not reflect performance in the parts of those states contained within the multistate metropolitan area. Refer to the multistate metropolitan area rating and discussion for the rating and evaluation of the institution's performance in that area.

The assessment area was reviewed utilizing the FFIEC’s full-scope evaluation procedures. The bank’s performance rating within the state of Tennessee is based solely on its performance in this assessment area.

DESCRIPTION OF INSTITUTION’S OPERATIONS IN KNOXVILLE-MORRISTOWN-SEVIERVILLE, TN

HTB operates five branches within the Knoxville-Morristown-Sevierville, TN assessment area. The assessment area includes all of the counties of Hamblen, Jefferson, and Knox, TN, which is a portion of the Knoxville, TN MSA and Morristown, TN MSA. Together these two MSAs make up the Knoxville-Morristown-Sevierville, TN Combined Statistical Area (CSA). The five branch offices account for \$368.5 million (12.5%) of the bank's total deposit base. As of June 30, 2021, HTB ranked 10th out of 31 financial institutions in local deposit market share according to data compiled by the FDIC and held 1.9% of the assessment area’s deposits.

According to 2015 ACS data, the assessment area has population of 559,837 and a median housing value of \$153, 527. The owner-occupancy rate equals 58.8% and lags the rates in both the Knoxville, TN MSA (60.5%) and the Morristown, TN MSA (61.5%). Additionally, the owner-occupancy rate for the assessment area approximates the Tennessee statewide rate (58.6%). The percentage of families living below the poverty level in the assessment area (11.9%) equals the rate in the Knoxville, TN MSA (11.9%) and is lower than the rate in the Morristown, TN MSA (15.5%). The percentage of families living below the poverty level for the assessment area is also lower the Tennessee statewide rate (13.2%). The following table details the median family income data for HTB’s assessment area in Tennessee during 2018, 2019, and 2020, and the subsequent table includes pertinent demographic data for the assessment area.

Assessment Area	Median Family Incomes		
	2018	2019	2020
Knoxville, TN MSA	\$64,100	\$65,000	\$67,200
Morristown, TN MSA	\$50,900	\$53,400	\$55,700

Assessment Area Demographics

Knoxville-Morristown-Sevierville, TN <i>(Based on 2015 ACS Data and 2019 D&B Information)</i>								
Income Categories*	Tract Distribution		Families by Tract		Families < Poverty as a % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low	10	7.5	7,252	5.1	3,480	48.0	29,093	20.6
Moderate	24	18.0	21,289	15.0	4,714	22.1	22,636	16.0
Middle	54	40.6	63,462	44.8	6,237	9.8	27,090	19.1
Upper	43	32.3	49,530	35.1	2,368	4.8	62,728	44.3
NA	2	1.6	14	0.0	14	100.0		
Total	133	100.0	141,547	100.0	16,813	11.9	141,547	100.0
	Owner Occupied Units by Tract		Households					
			HHs by Tract		HHs < Poverty by Tract		HHs by HH Income	
	#	%	#	%	#	%	#	%
Low	4,003	2.7	13,731	6.1	5,966	43.4	52,564	23.4
Moderate	18,480	12.6	41,124	18.3	10,802	26.3	35,261	15.7
Middle	68,054	46.6	98,371	43.7	12,595	12.8	36,678	16.3
Upper	55,617	38.1	71,554	31.9	5,984	8.4	100,375	44.6
NA	4	0.0	98	0.0	54	55.1		
Total	146,158	100.0	224,878	100.0	35,401	15.7	224,878	100.0
	Total Businesses by Tract		Businesses by Tract and Revenue Size					
			Less than or = \$1 Million		Over \$1 Million		Revenue not Reported	
	#	%	#	%	#	%	#	%
Low	1,271	5.5	1,089	5.3	177	7.9	5	3.5
Moderate	3,584	15.5	3,155	15.2	413	18.4	16	11.3
Middle	8,085	35.0	7,356	35.5	686	30.6	43	30.3
Upper	10,081	43.7	9,046	43.7	958	42.9	77	54.2
NA	63	0.3	57	0.3	5	0.2	1	0.7
Total	23,084	100.0	20,703	100.0	2,239	100.0	142	100.0
Percentage of Total Businesses:				89.7		9.7		0.6

*NA-Tracts without household or family income as applicable

Employment opportunities exist within a variety of industries, including trade, healthcare, education, and manufacturing. Major employers in the area include Koch Foods (food processor and distributor), Mahle Engine Components USA (automotive manufacturer), Team Technologies (manufacturing), Old Dominion Freight Line, local government, and area school systems. Historical unemployment rates are included in the following table.

Knoxville-Morristown-Sevierville, TN Average Annual Unemployment Rates					
Area	2016	2017	2018	2019	2020
Knoxville-Morristown-Sevierville, TN	4.2%	3.3%	3.1%	3%	6.2%
Hamblen County, TN	5.1%	4%	3.8%	3.8%	7.1%
Jefferson County, TN	5.3%	4%	3.8%	3.7%	7.5%
Knox County, TN	4%	3.2%	2.9%	2.9%	5.9%
Knoxville, TN MSA	4.5%	3.5%	3.2%	3.2%	6.2%
Morristown, TN MSA	5.3%	4.1%	3.8%	3.8%	7.3%
Tennessee	4.7%	3.7%	3.5%	3.4%	7.5%

Source: Bureau of Labor Statistics (BLS), Local Area Unemployment Statistics

In the years prior to 2020, unemployment rates remained stable with a slightly downward trend. Sharp increases in unemployment in 2020 are attributed, in large part, to the coronavirus pandemic.

An official from an economic development organization was contacted during the evaluation to discuss local economic conditions and community credit needs. The contact suggested that area financial institutions can provide additional small business development support within the assessment area. The individual contacted also indicated that area financial institutions are reasonably serving the banking needs of the community.

Discussions with the community contact and reviews of the performance evaluations of other financial institutions having a local presence indicated that community development opportunities are reasonably available within the bank's assessment area when considering performance context factors. The institution faces no significant constraints relative to its size and business strategy in making community development loans, investments, or supporting community services activities.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN THE KNOXVILLE-MORRISTOWN-SEVIERVILLE, TN ASSESSMENT AREA:

LENDING TEST

The institution’s overall lending performance within the assessment area is rated High Satisfactory. This conclusion is based primarily on HTB’s lending activity, its geographic and borrower performance, and its level of community development lending, while taking into account the bank’s market strategy, area demographic data, and aggregate loan data.

During 2018 and 2019, the bank originated \$17.4 million in HMDA and \$30.6 million in small business loans. During 2020 the bank originated \$5.8 million in HMDA loans. Accordingly, HTB's small business lending performance was generally given greater weight when evaluating overall performance.

Lending Activity:

Lending levels reflect adequate responsiveness in relation to assessment area credit needs. During 2018 and 2019 the bank reported 171 HMDA, 146 small business, and three small farm loans within this assessment area. During 2020 the bank reported 60 HMDA loans within the assessment area. The bank’s lending activity within this assessment area during the evaluation period as measured by the number (6.2%) and dollar volume (4.9%) is less than the percentage of local deposits (12.5%) and bank branches (12.2%) in the assessment area.

According to 2019 aggregate data, HTB ranked 49th out of 487 reporters in HMDA lending with a .4% market share, and the institution also ranked 23rd out of 111 reporters in small business/small farm lending volume with a .7% market share. The bank’s HMDA and CRA data market share rankings indicate that it is an adequate provider of such loans within the assessment area.

HTB offers a broad range of financial products and services to meet the credit needs of this assessment area. In addition, the bank offers loan products and participates in loan programs that have flexible criteria or are designed to meet specific credit needs that often benefit low- and moderate-income borrowers, aid in the revitalization or stabilization of low- and moderate-income and underserved middle-income census tracts or promote economic development. Examples of such programs were described in the discussion of the overall institution and include PPP, SBA, and USDA loan products. While the bank is required to report some of these loans with its HMDA and/or CRA data, they are examples of HTB using flexible lending products to meet credit needs within its assessment areas and larger statewide areas. HTB makes use of innovative and/or flexible lending practices in serving assessment area credit needs.

Geographic Distribution:

HTB’s geographic distribution performance is considered excellent for both HMDA and small business lending.

Distribution of HMDA Loans by Income Level of Census Tract

Knoxville-Morristown-Sevierville, TN (2020)								
Income Categories	Bank				Aggregate			
	#	%	\$(000s)	% \$	#	%	\$(000s)	% \$
	(19) Home Purchase				(14,051)			
Low	1	5.3	219	4.1	362	2.6	48,998	1.5
Moderate	4	21.1	621	11.6	1,706	12.1	265,282	8.0
Middle	11	57.9	4,120	76.7	5,916	42.1	1,203,172	36.1
Upper	3	15.7	412	7.6	6,065	43.2	1,813,886	54.4
	(24) Refinance				(16,074)			
Low	0	0.0	0	0.0	160	1.0	19,746	0.6
Moderate	3	12.5	234	6.2	1,123	7.0	166,278	4.7
Middle	15	62.5	2,553	67.9	6,260	38.9	1,157,862	32.4
Upper	6	25.0	972	25.9	8,531	53.1	2,226,119	62.3
	(9) Home Improvement				(1,192)			
Low	0	0.0	0	0.0	23	1.9	1,810	1.4
Moderate	2	22.2	130	33.9	120	10.1	8,720	6.8
Middle	6	66.7	228	59.5	424	35.6	36,626	28.5
Upper	1	11.1	25	6.6	625	52.4	81,544	63.3
	(0) Multi-Family				(120)			
Low	0	0.0	0	0.0	21	17.5	31,685	7.2
Moderate	0	0.0	0	0.0	35	29.2	51,294	11.7
Middle	0	0.0	0	0.0	39	32.5	125,759	28.7
Upper	0	0.0	0	0.0	25	20.8	229,478	52.4
	HMDA Totals							
Low	1	1.9	219	2.3	566	1.8	102,239	1.4
Moderate	9	17.3	985	10.4	2,984	9.5	491,574	6.6
Middle	32	61.5	6,901	72.5	12,639	40.2	2,523,419	33.8
Upper	10	19.3	1,409	14.8	15,246	48.5	4,351,027	58.2
NA*	0	0.0	0	0.0	2	0.0	349	0.0
Total	52	100.0	9,514	100.0	31,437	100.0	7,468,608	100.0

NA*-Tracts without household or family income as applicable

During 2020, the majority of HMDA loans reported by HTB and aggregate lenders were for home purchase and refinance lending, and more weight was placed on the performance of these loan types than on home improvement and multifamily loans given the difference in volume. Considering both demographic and aggregate proxies for demand, the bank’s performance for its home purchase, refinance, and home improvement lending are each considered excellent. HTB’s lack of multifamily lending within the assessment area is not considered a deficiency given the low overall volume of such lending by the aggregate reporters.

During 2020 overall, HTB’s level of lending in low-income census tracts (1.9%) lagged the percentage of owner-occupied housing units located in such areas (2.7%) and approximated the aggregate lending level (1.8%). HTB’s level of lending in moderate-income census tracts (17.3%) exceeded both the percentage of owner-occupied housing units located in such areas (12.6%) and the aggregate lending level (9.5%). The bank’s performance is considered excellent, and its performance during 2019 is substantially similar.

During 2018, HTB reported 62 home purchase, refinance, home improvement, and multifamily loans totaling \$8.6 million. Of these loans, none (0%) were extended in low-income census tracts, while 2.7% of owner-occupied housing units and 2.2% of aggregate loans were reported in such census tracts. HTB also reported five (8.1%) totaling \$325,000 (3.8%) in moderate-income census tracts, while 12.6% of owner-occupied housing units and 10.7% of aggregate loans were reported in such census tracts. The bank’s 2018 lending performance is considered adequate.

Overall, the bank’s combined HMDA geographic lending distribution during 2018, 2019, and 2020 is considered excellent based upon the relative performance levels and loan volume from each year.

Distribution of Small Business Loans by Income Level of Census Tract

Knoxville-Morristown-Sevierville, TN (2019)								
Income Categories	Bank				Aggregate			
	#	%	\$(000s)	% \$	#	%	\$(000s)	% \$
Low	6	8.7	1,645	12.5	438	4.1	28,113	4.7
Moderate	18	26.1	4,443	33.6	1,438	13.6	86,120	14.4
Middle	21	30.4	3,282	24.8	3,894	36.7	205,997	34.4
Upper	24	34.8	3,842	29.1	4,823	45.5	278,267	46.5
NA*	0	0.0	0	0.0	7	0.1	93	0.0
Total	69	100.0	13,212	100.0	10,600	100.0	598,590	100.0

*NA-Tracts without household or family income as applicable

Loans where the geographic location is unknown are excluded from this table.

The bank’s level of small business lending in low-income census tracts (8.7%) exceeded both the percentage of businesses in such areas (5.5%) and the aggregate lending level (4.1%). The bank’s level of small business lending in moderate-income census tracts (26.1%) substantially exceeded both the percentage of businesses in such areas (15.5%) and the aggregate lending level (13.6%). HTB’s performance during 2019 is excellent, and its performance during 2018 is substantially similar.

Distribution by Borrower Income and Revenue Size of the Business:

When considering the bank's performance by loan product and year, its borrower distribution performance is considered adequate for both HMDA and small business lending.

Distribution of HMDA Loans by Income Level of Borrower

Knoxville-Morristown-Sevierville, TN (2020)								
Income Categories	Bank				Aggregate			
	#	%	\$(000s)	% \$	#	%	\$(000s)	% \$
HMDA Totals								
Low	2	4.3	215	2.5	1,447	5.5	163,735	2.8
Moderate	7	15.2	653	7.5	4,779	18.2	726,220	12.3
Middle	12	26.1	1,264	14.4	6,005	22.9	1,132,606	19.2
Upper	25	54.4	6,629	75.6	13,969	53.4	3,889,094	65.7
Total	46	100.0	8,761	100.0	26,200	100.0	5,911,655	100.0
Unknown	6		753		5,237		1,556,953	

Percentages (%) are calculated on all loans where incomes are known

In 2020, the bank’s level of lending to low-income borrowers (4.3%) lagged the percentage of low-income families within the assessment area (20.6%) but approximated the percentage of aggregate lending to such borrowers (5.5%). HTB’s lending to moderate-income borrowers (15.2%) approximated the percentage of moderate-income families (16%) and lagged the aggregate lending percentage (18.2%). The bank’s performance during 2020 is considered adequate, and its 2018 lending performance is similar.

During 2019, HTB extended 56 home purchase, refinance, home improvement, and multifamily loans totaling \$7.6 million to borrowers whose incomes were known that were analyzed for lending performance. Of these loans, three (5.4%) totaling \$98,000 (1.3%) were extended to low-income borrowers, which lagged the percentage of low-income families (20.6%) but approximated the aggregate lending level (6.6%). The bank also originated 11 loans (19.6%) totaling \$958,000 (12.7%) to moderate-income borrowers, which exceeded the percentage of moderate-income families (16%) and approximated the aggregate lending level (19.4%). HTB’s performance during 2019 is considered good.

Overall, the bank’s combined HMDA borrower lending distribution during 2018, 2019, and 2020 is considered adequate based upon the bank’s relative performance in each year.

Distribution of Lending by Loan Amount and Size of Business

Knoxville-Morristown-Sevierville, TN (2019)								
by Revenue	Bank				Aggregate*			
	#	%	\$(000s)	% \$	#	%	\$(000s)	% \$
\$1 Million or Less	30	43.5	4,367	33.1	4,704	43.6	189,871	31.6
Over \$1 Million	36	52.2	8,308	62.9	NA	NA	NA	NA
Unknown	3	4.3	537	4.0	NA	NA	NA	NA
by Loan Size	Bank				Aggregate*			
\$100,000 or less	37	53.6	1,810	13.7	9,572	88.8	153,689	25.6
\$100,001-\$250,000	15	21.7	2,717	20.6	581	5.4	99,198	16.5
\$250,001-\$1 Million	17	24.7	8,685	65.7	628	5.8	348,011	57.9
Total	69	100.0	13,212	100.0	10,781	100.0	600,898	100.0

* No data is available for Aggregate loans with Revenues over \$1 million and those with Unknown revenues

D&B data from 2019 indicates that 89.7% of all local businesses have revenues that do not exceed \$1 million per year. According to 2019 aggregate small business data, 43.6% of reported loans were to businesses with annual revenues of \$1 million or less. The remaining portion of loans were to businesses that either had revenues exceeding \$1 million or had unknown revenues. As part of performance context, the aggregate data was also considered after excluding certain specialty lenders. After excluding these lenders, 50.5% of the remaining reported small business loans were to businesses having revenues of \$1 million or less. HTB originated 43.5% of its small business loans within the assessment area to businesses with revenues of \$1 million or less. Given these contextual factors, the bank’s small business lending performance is considered adequate during 2019, and its performance during 2018 is substantially similar.

Community Development Loans:

Community development lending opportunities are reasonably available within the Knoxville-Morristown-Sevierville, TN assessment area. The bank faces no constraints relative to community development lending when considering its capacity and business strategy.

During the evaluation period, the bank originated one community development loan totaling \$670,988 within the assessment area. The bank also originated one qualified community development loan totaling approximately \$1.4 million within the broader Knoxville, MSA area during the evaluation period. Within this assessment area, the bank originated an adequate number of qualified community development loans, when considering the bank’s capacity and available opportunities.

INVESTMENT TEST

The institution's level of responding to community development needs through its investment activities is rated High Satisfactory within the Knoxville-Morristown-Sevierville, TN assessment area. HTB maintains a significant level of qualified community development investments and grants, occasionally in a leadership position. While HTB makes rare use of complex investments that support community development initiatives, the bank exhibits good responsiveness to credit and community development needs.

During the evaluation period, HTB made charitable donations totaling \$43,127 that specifically benefitted the assessment area. Additionally, the bank holds the following qualified community development investments that directly benefit this assessment area.

- Freddie Mac Mortgage-Backed Securities (\$2.9 million) – The securities are comprised of loans extended to low- and moderate-income borrowers and/or residents of low- and moderate-income census tracts located within the assessment area.
- Knoxville Habitat for Humanity (\$456,395) – Mortgage-backed investments in this organization that provides affordable housing to low- and moderate-income individuals and families.

Other qualified investments that benefit the statewide or multistate areas have been discussed in the overall institution section of this evaluation.

SERVICE TEST

The bank's performance within the Knoxville-Morristown-Sevierville, TN assessment area is considered Low Satisfactory. Systems for delivering retail banking services are accessible to all portions of the assessment area. The bank and its employees provide an adequate level of community development services within the assessment area.

Retail Services:

Delivery systems are accessible to individuals and census tracts of varying income levels in the assessment area. Currently, the bank operates five branches within the assessment area. Two (40%) of the bank's branches are located in moderate-income census tracts. Additionally, one of the other branches is located within close proximity (i.e. less than two miles) of moderate-income census tracts within the assessment area. Within the assessment area, 6.1% and 18.3% of area households are located in low- and moderate-income census tracts, respectively. No branches were opened or closed in this assessment area during the evaluation period.

ATMs are available and provide customers with 24-hour access. Bank by-mail and internet-based banking services are also offered by the institution. In addition, the institution provides customers with 24-hour telephone access to their accounts through an automated system. Branch offices are generally open until 5:00 p.m. Monday through Thursday and until 6:00 p.m. on Fridays. Bank services and branch hours do not vary in a way that inconveniences low- and moderate-income people or census tracts within the assessment area.

The institution also continues to offer no-cost checking products to individuals as well as low-cost checking to businesses within the community. These accounts can benefit all segments of the community including low- and moderate-income individuals and small businesses.

Community Development Services:

Within this assessment area, community development opportunities are reasonably available, and the bank has sufficient capacity to participate in such activities. Within this context, the bank and its employees provide an adequate level of community development service endeavors that support local organizations whose operations benefit low- and moderate-income people and/or promote small business development.

The bank supported the following organization that specifically benefitted the Knoxville-Morristown-Sevierville, TN assessment area during the evaluation period.

- Boys & Girls Club of Morristown – one employee serves on the board for this organization that provides community services to low- and moderate-income individuals.

COMMONWEALTH OF VIRGINIA

CRA RATING FOR VIRGINIA²: SATISFACTORY

The lending test is rated: HIGH SATISFACTORY

The investment test is rated: HIGH SATISFACTORY

The service test is rated: LOW SATISFACTORY

Major factors supporting the rating include:

- Lending levels reflect adequate responsiveness to assessment area credit needs.
- The bank's geographic distribution performance varies by product and is considered adequate overall.
- The bank's borrower distribution performance varies by product and is considered good overall.
- The bank exhibits a good record of serving the credit needs of low-income individuals and areas as well as very small businesses.
- HTB makes use of flexible lending practices to meet area credit needs, and the bank made a relatively high level of community development loans in the assessment area during the evaluation period.
- The bank maintains and provides a significant level of qualified community development investments and grants, particularly those not routinely provided by private investors, and occasionally is in a leadership position.
- While the bank makes occasional use of innovative and/or complex investments to support community development initiatives, it exhibits good responsiveness to credit and community development needs through its investment activity.
- Delivery systems and branch locations are reasonably accessible within the bank's assessment areas located in Virginia. Retail banking services do not vary in a way that inconveniences the bank's assessment areas, particularly low- and moderate-income areas and people.
- The bank and its employees provided an adequate level of community development services within its Virginia assessment areas during the evaluation period.

SCOPE OF EXAMINATION

HMDA loan data from calendar years 2018, 2019, and 2020 and small business loan data from calendar years 2018 and 2019 were evaluated to reach conclusions about the bank's borrower and geographic distribution of lending. As previously noted, HTB's small farm lending performance was not evaluated because the bank originated a comparatively small volume of such loans within the assessment area during the evaluation period. The institution's efforts to serve its assessment area through qualified community development loans, investments, and services during the review period were also reviewed. Qualified community development loans and services are considered for activities since the previous evaluation (March 18, 2019). All qualified investments made during this same period and those outstanding as of the evaluation, regardless of when made, were also considered.

The bank delineated two assessment areas in Virginia, the Roanoke, VA MSA and the Danville, VA NonMSA. On a combined basis, the Virginia assessment areas account for 3.9% of the bank's combined 2018, 2019, and 2020 lending (dollar volume), 21.9% of branches, and 13.6% of deposit volume. Information about loan volume, branches, and deposits are included in **Appendix D** of this report.

² For institutions with branches in two or more states in a multistate metropolitan area, this statewide evaluation is adjusted and does not reflect performance in the parts of those states contained within the multistate metropolitan area. Refer to the multistate metropolitan area rating and discussion for the rating and evaluation of the institution's performance in that area.

Based upon relative size and concentration of banking activities, the Roanoke, VA MSA assessment area was identified as the bank's primary market within Virginia and was reviewed utilizing the FFIEC's full-scope evaluation procedures.

Consequently, the bank's performance ratings within Virginia are based on its performance in the Roanoke, VA MSA assessment area, as well as activities that take place at the statewide or institutional level. The remaining assessment area (Danville, VA NonMSA) was subject to limited review procedures, and a determination was made as to whether the performance within the assessment area exceeded, was consistent with, or was below the assigned state rating. **Appendices A and B** include information about the evaluation's scope and statewide ratings.

DESCRIPTION OF INSTITUTION'S OPERATIONS IN VIRGINIA

The bank operates nine branches within two assessment areas in the commonwealth. The nine branch offices account for \$400.2 million (13.6%) of the bank's total deposit base. As of June 30, 2021, HTB ranked 9th out of 20 financial institutions in local deposit market share according to data compiled by the FDIC and held 2.9% of the assessment area's deposits.

According to 2015 ACS data, the bank's combined assessment areas within the Commonwealth of Virginia have a population of 483,664, including 130,578 families. A majority of the families are middle- and upper-income (60.6%), while low- and moderate-income families comprise 21.5% and 17.9% of the total, respectively. Within these assessment areas, the owner-occupancy rate equals 59.7%, and 11.7% of families live below the poverty level. The following table details the median family income data for HTB's assessment areas in Virginia during 2018, 2019, and 2020.

Assessment Area	Median Family Incomes		
	2018	2019	2020
Roanoke, VA MSA	\$65,300	\$71,200	\$74,300
Virginia Statewide Nonmetropolitan Area	\$55,900	\$56,100	\$58,100

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN VIRGINIA

The bank's overall rating for Virginia and the rating for each test is based upon performance in the Roanoke, VA MSA assessment area, which is discussed in detail in the next section of this evaluation.

METROPOLITAN AREAS

(For metropolitan areas with some or all assessment areas reviewed using full-scope review)

DESCRIPTION OF INSTITUTION'S OPERATIONS IN ROANOKE, VA MSA ASSESSMENT AREA

HTB operates six branches within the Roanoke, VA MSA assessment area. The assessment area includes all of the counties of Botetourt, Craig, Franklin and Roanoke, VA, and the cities of Roanoke and Salem, VA which is the entire Roanoke, VA MSA. The six branch offices account for \$297.2 million (10.1%) of the bank's total deposit base. As of June 30, 2021, HTB ranked 9th out of 15 financial institutions in local deposit market share according to data compiled by the FDIC and held 2.9% of the assessment area's deposits.

According to 2015 ACS data, the assessment area has population of 312,216 and a median housing value of \$169,038. The owner-occupancy rate equals 61%, which exceeds the Virginia statewide rate (59.2%). The percentage of area families living below the poverty level in the assessment area (10%) exceeds the Virginia statewide rate (8.2%). The median family income for the Roanoke, VA MSA equaled \$65,300, \$71,200, and \$74,300 during 2018, 2019, and 2020 respectively. The following table includes pertinent demographic data for the assessment area.

Assessment Area Demographics

Roanoke, VA (Based on 2015 ACS Data and 2019 D&B Information)								
Income Categories*	Tract Distribution		Families by Tract		Families < Poverty as a % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low	3	4.6	2,340	2.8	801	34.2	16,624	19.9
Moderate	13	20.0	16,896	20.2	3,271	19.4	14,605	17.5
Middle	32	49.2	38,550	46.1	3,099	8.0	18,748	22.4
Upper	17	26.2	25,794	30.9	1,167	4.5	33,603	40.2
NA	0	0.0	0	0.0	0	0.0		
Total	65	100.0	83,580	100.0	8,338	10.0	83,580	100.0
	Owner Occupied Units by Tract		Households					
			HHs by Tract		HHs < Poverty by Tract		HHs by HH Income	
	#	%	#	%	#	%	#	%
Low	1,243	1.4	3,840	3.0	1,380	35.9	30,969	24.1
Moderate	16,341	18.4	27,668	21.5	5,946	21.5	20,691	16.1
Middle	42,246	47.5	60,395	46.9	7,219	12.0	24,549	19.1
Upper	29,063	32.7	36,861	28.6	2,745	7.4	52,555	40.7
NA	0	0.0	0	0.0	0	0.0		
Total	88,893	100.0	128,764	100.0	17,290	13.4	128,764	100.0
	Total Businesses by Tract		Businesses by Tract and Revenue Size					
			Less than or = \$1 Million		Over \$1 Million		Revenue not Reported	
	#	%	#	%	#	%	#	%
Low	390	2.8	333	2.6	56	4.9	1	1.0
Moderate	2,278	16.1	2,112	16.3	156	13.7	10	10.0
Middle	7,107	50.2	6,422	49.7	633	55.8	52	52.0
Upper	4,386	30.9	4,059	31.4	290	25.6	37	37.0
NA	0	0.0	0	0.0	0	0.0	0	0.0
Total	14,161	100.0	12,926	100.0	1,135	100.0	100	100.0
Percentage of Total Businesses:				91.3		8.0		0.7

*NA-Tracts without household or family income as applicable

Employment opportunities exist within a variety of industries, including healthcare, financial services, education, and manufacturing. Major employers in the area include Roanoke Memorial Community Hospital, Carilion Services (healthcare), HCA Virginia Health Systems, Wells Fargo Bank, M. W. Manufacturing (window manufacturing), U.S. Department of Veterans Affairs, local government, and area school systems. Historical unemployment rates are included in the following table.

Roanoke, VA MSA Average Annual Unemployment Rates					
Area	2016	2017	2018	2019	2020
Roanoke, VA MSA	3.9%	3.7%	2.9%	2.7%	6%
Botetourt County, VA	3.6%	3.5%	2.7%	2.4%	4.5%
Craig County, VA	4.7%	4.3%	3.5%	3%	5.1%
Franklin County, VA	4.2%	3.9%	3%	2.8%	5.5%
Roanoke County, VA	3.5%	3.4%	2.7%	2.4%	5.1%
Roanoke City, VA	4.2%	4.1%	3.2%	2.9%	7.7%
Salem City, VA	3.9%	3.7%	2.9%	2.7%	5.8%
Virginia	4%	3.7%	2.9%	2.7%	6.2%

Source: Bureau of Labor Statistics (BLS), Local Area Unemployment Statistics

In the years prior to 2020, unemployment rates remained stable with a slightly downward trend. Sharp increases in unemployment in 2020 is attributed, in large part, to the coronavirus pandemic.

An official from an affordable housing organization was contacted during the evaluation to discuss local housing conditions and community credit needs. The contact noted the need for affordable housing in the area. The individual contacted said that banks are meeting the general banking needs of the area, and also added that there are opportunities for banks to participate or contribute to affordable housing initiatives through a variety of sponsorship and lending options.

Discussions with the community contact and reviews of the performance evaluations of other financial institutions having a local presence indicated that community development opportunities are reasonably available within the bank's assessment area when considering performance context factors. The institution faces no significant constraints relative to its size and business strategy in making community development loans, investments, or supporting community services activities.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN THE ROANOKE, VA MSA ASSESSMENT AREA:

LENDING TEST

The institution's overall lending performance within this assessment area is rated High Satisfactory. This conclusion is based primarily on HTB's lending activity, its geographic and borrower performance, and its relatively high level of community development lending, while taking into account the bank's market strategy, area demographic data, and aggregate loan data.

During 2018 and 2019, the bank originated \$15.6 million in HMDA and \$8.5 million in small business loans. During 2020 the bank originated \$18.3 million in HMDA loans. Accordingly, HTB's HMDA lending performance was generally given slightly greater weight when evaluating overall performance.

Lending Activity:

Lending levels reflect adequate responsiveness in relation to assessment area credit needs. During 2018 and 2019 the bank reported 115 HMDA, 40 small business, and two small farm loans within this assessment area. During 2020 the bank reported 77 HMDA loans within the assessment area. The bank's lending activity within this assessment area during the evaluation period as measured by the number (3.8%) and dollar volume (3.4%) is less than the percentage of local deposits (10.1%) and bank branches (14.6%) in the assessment area.

According to 2019 aggregate data, HTB ranked 36th out of 319 reporters in HMDA lending with a .6% market share, and the institution also ranked 25th out of 75 reporters in small business/small farm lending volume with a .4% market share. The bank's HMDA and CRA data market share ranking indicate that it is an adequate provider of such loans within the assessment area.

Geographic Distribution:

HTB’s geographic distribution performance is considered adequate overall for HMDA and good overall for small business lending. When considering HTB’s combined performance, its geographic distribution is adequate overall and takes into account the significantly larger HMDA dollar volume of lending in the assessment area.

Distribution of HMDA Loans by Income Level of Census Tract

Roanoke, VA (2020)								
Income Categories	Bank				Aggregate			
	#	%	\$(000s)	% \$	#	%	\$(000s)	% \$
	(21)				(6,231)			
Low	0	0.0	0	0.0	61	1.0	6,438	0.5
Moderate	1	4.8	86	1.9	866	13.9	127,405	9.6
Middle	10	47.6	1,777	38.5	3,029	48.6	591,853	44.5
Upper	10	47.6	2,756	59.6	2,275	36.5	603,697	45.4
	(35)				(7,533)			
Low	0	0.0	0	0.0	30	0.4	5,381	0.3
Moderate	2	5.7	337	5.8	764	10.1	117,785	7.5
Middle	13	37.1	1,853	31.9	3,359	44.6	624,423	39.9
Upper	20	57.2	3,613	62.3	3,380	44.9	816,437	52.3
	(11)				(572)			
Low	0	0.0	0	0.0	6	1.0	230	0.5
Moderate	2	18.2	81	6.3	67	11.7	3,593	7.8
Middle	5	45.5	439	34.2	259	45.3	19,212	41.7
Upper	4	36.3	762	59.5	240	42.0	23,019	50.0
	(6)				(66)			
Low	0	0.0	0	0.0	4	6.1	12,796	10.6
Moderate	0	0.0	0	0.0	20	30.3	21,898	18.2
Middle	5	83.3	5,789	87.9	34	51.5	57,751	48.0
Upper	1	16.7	800	12.1	8	12.1	27,780	23.2
	HMDA Totals							
Low	0	0.0	0	0.0	101	0.7	24,845	0.8
Moderate	5	6.8	504	2.8	1,717	11.9	270,681	8.8
Middle	33	45.2	9,858	53.9	6,681	46.4	1,293,239	42.3
Upper	35	48.0	7,931	43.3	5,903	41.0	1,470,933	48.1
NA*	NA	NA	NA	NA	NA	NA	NA	NA
Total	73	100.0	18,293	100.0	14,402	100.0	3,059,698	100.0

NA*-Tracts without household or family income as applicable

During 2020, the majority of HMDA loans reported by HTB and aggregate lenders were for refinance loans followed by home purchase loans, and more weight was placed on the performance of these loan types than on home improvement and multifamily lending given the difference in volume. Considering both demographic and aggregate proxies for demand, the bank’s performance for its home purchase and refinance lending are considered poor, multifamily lending is considered very poor, and home improvement lending performance is excellent.

During 2020 overall, HTB did not report any loans in low-income census tracts and demand is somewhat limited given that 1.4% of owner-occupied housing units are located in such areas and .7% of aggregate lending was in low-income census tracts. The bank’s level of lending in moderate-income census tracts (6.8%) lagged both the percentage of owner-occupied housing units located in such areas (18.4%) and the aggregate lending level (11.9%). The bank’s performance is considered poor.

During 2019, HTB reported 53 home purchase, refinance, home improvement, and multifamily loans totaling \$8.3 million. Of these loans, none (0%) were extended in low-income census tracts, while 1.4% of owner-occupied housing units were located in and .9% of aggregate loans were reported in such census tracts. In addition, seven loans (13.2%) totaling \$2.1 million (25.4%) were extended in moderate-income census tracts, while 18.4% of owner-occupied housing units and 14.3% of aggregate loans were reported in such census tracts. The bank’s 2019 lending performance is considered adequate.

During 2018, HTB reported 44 home purchase, refinance, home improvement, and multifamily loans totaling \$7.3 million. Of these loans, none (0%) were extended in low-income census tracts, while 1.4% of owner-occupied housing units and .9% of aggregate loans were reported in such census tracts. In addition, seven loans (15.9%) totaling \$1.4 million (19.2%) were extended in moderate-income census tracts, while 18.4% of owner-occupied housing units were and 14.3% of aggregate loans were reported in such census tracts. The bank’s 2018 lending performance is considered good.

Overall, the bank’s combined HMDA geographic lending distribution during 2018, 2019, and 2020 is considered adequate based upon the relative performance levels and loan volume from each year.

Distribution of Small Business Loans by Income Level of Census Tract

Roanoke, VA (2019)								
Income Categories	Bank				Aggregate			
	#	%	\$(000s)	% \$	#	%	\$(000s)	% \$
Low	2	9.5	450	10.7	201	3.6	16,899	6.5
Moderate	4	19.0	701	16.6	902	16.2	33,882	13.0
Middle	11	52.4	2,399	56.9	2,759	49.6	131,591	50.6
Upper	4	19.1	668	15.8	1,695	30.6	77,673	29.9
NA*	NA	NA	NA	NA	NA	NA	NA	NA
Total	21	100.0	4,218	100.0	5,557	100.0	260,045	100.0

*NA-Tracts without household or family income as applicable

Loans where the geographic location is unknown are excluded from this table.

HTB’s level of small business lending in low-income census tracts (9.5%) exceeded both the percentage of businesses in such areas (2.8%) and the aggregate lending level (3.6%). The bank’s level of small business lending in moderate-income census tracts (19%) exceeded both the percentage of businesses in such areas (16.1%) and the aggregate lending level (16.2%). Overall, the bank’s performance is considered excellent.

During 2018, HTB extended 19 small business loans totaling \$4.3 million. Of these loans, one (5.3%) totaling \$200,000 (4.7%) was extended in a low-income census tract. This level of lending exceeded both the percentage of businesses located in such areas (2.6%) and the aggregate level of lending (2.9%). The bank also extended two loans (10.5%) totaling \$675,000 (15.8%) in moderate-income census tracts. This level of lending lagged both the percentage of businesses located in such areas (16.2%) and the aggregate level of lending (15.1%). Overall, the bank’s performance during 2018 is considered adequate.

Overall, the bank’s combined small business geographic lending distribution during 2018 and 2019 is considered good based upon the relative performance levels and loan volume from each year.

Distribution by Borrower Income and Revenue Size of the Business:

When considering the bank's performance by loan product and year, its borrower distribution performance is considered good for HMDA lending and poor for small business lending. Overall, the bank's borrower distribution performance is considered good. In reaching this conclusion, the HMDA performance carried greater weight given its larger dollar volume in comparison to the small business lending.

Distribution of HMDA Loans by Income Level of Borrower

Roanoke, VA (2020)								
Income Categories	Bank				Aggregate			
	#	%	\$(000s)	% \$	#	%	\$(000s)	% \$
HMDA Totals								
Low	6	9.8	458	4.4	1,203	10.2	134,216	5.5
Moderate	24	39.3	3,148	30.1	2,777	23.5	409,400	16.9
Middle	12	19.7	1,457	13.9	2,895	24.5	534,447	22.1
Upper	19	31.2	5,391	51.6	4,961	41.8	1,341,454	55.5
Total	61	100.0	10,454	100.0	11,836	100.0	2,419,517	100.0
Unknown	12		7,839		2,566		640,181	

Percentages (%) are calculated on all loans where incomes are known

In 2020, the bank’s level of lending to low-income borrowers (9.8%) lagged the percentage of low-income families within the assessment area (19.9%) but approximated the percentage of aggregate lending to such borrowers (10.2%). HTB’s lending to moderate-income borrowers (39.3%) exceeded both the percentage of moderate-income families (17.5%) and the aggregate lending percentage (23.5%). The bank’s performance during 2020 is considered excellent largely because of the strength of its performance in lending to moderate-income borrowers.

During 2019, HTB extended 45 home purchase, refinance, home improvement, and multifamily loans totaling \$5.8 million to borrowers whose incomes were known that were analyzed for lending performance. Of these loans, seven (15.6%) totaling \$671,000 (11.6%), were extended to low-income borrowers, which lagged the percentage of low-income families (19.9%), but exceeded the aggregate lending level (11.6%). The bank originated seven loans (15.6%) totaling \$551,000 (9.5%) to moderate-income borrowers, which lagged both the percentage of moderate-income families (17.5%) and the aggregate lending level (24.2%). HTB’s performance during 2019 is considered adequate and its 2018 lending performance is similar.

Overall, the bank’s combined HMDA borrower lending distribution during 2018, 2019, and 2020 is considered good based upon the bank’s relative performance in each year.

Distribution of Lending by Loan Amount and Size of Business

Roanoke, VA (2019)								
by Revenue	Bank				Aggregate*			
	#	%	\$(000s)	% \$	#	%	\$(000s)	% \$
\$1 Million or Less	6	28.6	926	22.0	2,757	48.8	108,647	41.5
Over \$1 Million	15	71.4	3,292	78.0	NA	NA	NA	NA
Unknown	0	0.0	0	0.0	NA	NA	NA	NA
by Loan Size	Bank				Aggregate*			
\$100,000 or less	6	28.6	371	8.8	5,112	90.5	81,161	31.0
\$100,001-\$250,000	10	47.6	1,852	43.9	282	5.0	49,109	18.7
\$250,001-\$1 Million	5	23.8	1,995	47.3	257	4.5	131,803	50.3
Total	21	100.0	4,218	100.0	5,651	100.0	262,073	100.0

* No data is available for Aggregate loans with Revenues over \$1 million and those with Unknown revenues

D&B data from 2019 indicates that 91.3% of all local businesses have revenues that do not exceed \$1 million per year. According to 2019 aggregate small business data, 48.8% of reported loans were to businesses with annual revenues of \$1 million or less. The remaining portion of loans were to businesses that either had revenues exceeding \$1 million or had unknown revenues. As part of performance context, the aggregate data was also considered after excluding certain specialty lenders. After excluding these lenders, 59.8% of the remaining reported small business loans were to businesses

having revenues of \$1 million or less. HTB originated 28.6% of its small business loans within the assessment area to businesses with revenues of \$1 million or less. Given these contextual factors, the bank's small business lending performance is considered poor, and its 2018 lending performance is similar.

Community Development Lending:

Community development lending opportunities are reasonably available within the Roanoke, VA MSA assessment area. The bank faces no constraints relative to community development lending when considering its capacity and business strategy.

During the evaluation period, the bank originated six community development loans totaling \$7.3 million within the assessment area. Within this assessment area, the bank originated a relatively high number of qualified community development loans, when considering the bank's capacity and available opportunities.

INVESTMENT TEST

The institution's level of responding to community development needs through its investment activities is rated High Satisfactory within the Roanoke, VA MSA assessment area. HTB maintains a significant level of qualified community development investments and grants, occasionally in a leadership position. While HTB makes rare use of complex investments that support community development initiatives, the bank exhibits good responsiveness to credit and community development needs.

During the evaluation period, HTB made charitable donations totaling \$12,250 that specifically benefitted the assessment area. In addition to the other qualified investments that benefit multistate areas previously discussed in the report, the bank holds the following investment.

- Virginia Community Capital Bank (\$2.2 million) – HTB holds a subordinated note issued by this CDFI-designated bank where the funds are specifically earmarked for community development projects in this assessment area.

SERVICE TEST

The bank's performance under the Service Test is rated Low Satisfactory overall within the Roanoke, VA MSA assessment area. Systems for delivering retail banking services are reasonably accessible to all portions of the assessment area. The bank and its employees provided an adequate level of community development services within the assessment area.

Retail Services:

Delivery systems are reasonably accessible to individuals and census tracts of varying income levels in the assessment area. Currently, the bank operates six branches within the assessment area. While none of the bank's branches are located in low-or moderate-income census tracts, five branches are located in census tracts that are located within close proximity (i.e. within two miles) of the low- and moderate-income census tracts within the City of Roanoke. The bank's branches are located more than ten miles from the five remaining moderate-income census tracts in Franklin County, VA. Within the assessment area, 3% and 21.5% of area households are located in low-and moderate-income census tracts, respectively. No branches were opened or closed in this assessment area during the evaluation period.

ATMs are available and provide customers with 24-hour access. Bank by-mail and internet-based banking services are also offered by the institution. In addition, the institution provides customers with 24-hour telephone access to their accounts through an automated system. Branch offices are generally open until 5:00 p.m. Monday through Thursday and until 6:00 p.m. on Fridays. Bank services and branch hours do not vary in a way that inconveniences low- and moderate-income people or census tracts within the assessment area.

The institution also continues to offer no-cost checking products to individuals as well as low-cost checking to businesses within the community. These accounts can benefit all segments of the community including low- and moderate-income individuals and small businesses.

Community Development Services:

Within this assessment area, community development opportunities are reasonably available, and the bank has sufficient capacity to participate in such activities. Within this context, the bank and its employees provide an adequate level of community development service endeavors that support local organizations whose operations benefit low- and moderate-income people and/or promote small business development.

The bank supported the following organizations that specifically benefitted the Roanoke, VA MSA assessment area during the evaluation period.

- Blue Ridge Literacy – one employee served on the board of directors for this organization that provides job interview skills training and a literacy program to low- and moderate-income individuals.
- Boys & Girls Club of Southwest Virginia – one employee assisted with fundraising for this organization that provides community services to low- and moderate-income individuals.
- Family Promise of Greater Roanoke – a bank employee served on the board of directors for this organization that offers housing opportunities to low- and moderate-income families within the area.

NON-METROPOLITAN VIRGINIA STATEWIDE AREA

(If none of the assessment areas within the non-metropolitan statewide area were reviewed using full-scope review)

DESCRIPTION OF INSTITUTION’S OPERATIONS IN THE NONMETROPOLITAN STATEWIDE ASSESSMENT AREA

An assessment area, which is noted in the table below, was reviewed using the limited review examination procedures. Information detailing the composition of the assessment area, including selected demographic data, is included in **APPENDIX C** of this report.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS

Facts and data reviewed for the assessment area, including performance and demographic information, can be found in **APPENDIX C** of this evaluation. Conclusions regarding performance, which did not impact the institution’s overall rating, are included in the following table. For each test, the conclusion conveys whether performance in an assessment area was generally below, consistent with, or exceeded the institution's statewide ratings. With respect to the two instances when performance was considered below the applicable statewide ratings, the bank’s Lending Test performance in the Danville, VA NonMSA assessment was considered adequate, and its Service Test performance was considered poor.

Assessment Area	Lending Test	Investment Test	Service Test
Danville, VA NonMSA	Below	Consistent	Below

MULTISTATE METROPOLITAN AREA

CRA RATING FOR JOHNSON CITY-KINGSPORT-BRISTOL, TN-VA MULTISTATE AREA³: SATISFACTORY

The lending test is rated: HIGH SATISFACTORY

The investment test is rated: LOW SATISFACTORY

The service test is rated: LOW SATISFACTORY

Major factors supporting the rating include:

- Lending levels reflect adequate responsiveness to assessment area credit needs.
- The bank's geographic distribution performance within the multistate metropolitan area is considered good overall.
- The bank's borrower distribution performance within the multistate metropolitan area is considered adequate overall.
- While there are no low-income census tracts within this assessment area, the bank exhibits a good record of serving the credit needs of low-income individuals and an excellent record of serving the needs of very small businesses. Overall, the bank's performance is good.
- HTB makes use of flexible lending practices to meet area credit needs, and the bank made a relatively high level of community development loans in the multistate metropolitan area during the evaluation period.
- The bank maintains and provides an adequate level of qualified community development investments and grants, particularly those not routinely provided by private investors, rarely in a leadership position.
- The bank makes occasional use of innovative and/or complex investments to support community development initiatives, and it exhibits adequate responsiveness to credit and community development needs through its investment activity.
- Delivery systems and branch locations are accessible within the multistate metropolitan assessment area. Retail banking services do not vary in a way that inconveniences the bank's assessment areas, particularly low- and moderate-income areas and people.
- Given the location of its existing branches, HTB's record of opening and closing branches has generally not adversely affected the accessibility of its delivery systems, particularly to low- and moderate-income areas and people.
- The bank and its employees provide an adequate level of community development services within the multistate metropolitan area during the evaluation period.

SCOPE OF EXAMINATION

HMDA loan data from calendar years 2018, 2019, and 2020 and small business loan data from calendar years 2018 and 2019 were evaluated to reach conclusions about the bank's borrower and geographic distribution of lending. As previously noted, HTB's small farm lending performance was not evaluated because the bank originated a comparatively small volume of such loans within the assessment area during the evaluation period. The institution's efforts to serve its assessment area through qualified community development loans, investments, and services during the review period were also reviewed. Qualified community development loans and services are considered for activities since the previous evaluation (March 18, 2019). All qualified investments made during this same period and those outstanding as of the evaluation, regardless of when made, were also considered.

³ This rating reflects performance within the multistate metropolitan area. The statewide evaluations are adjusted and do not reflect performance in the parts of those states contained in the multistate metropolitan area.

Ratings for the multistate area are based solely on the bank’s performance in this assessment area. The bank’s performance in other parts of the State of Tennessee and Commonwealth of Virginia that are not part of this multistate assessment area are not considered in the evaluation of this assessment area.

DESCRIPTION OF INSTITUTION’S OPERATIONS IN JOHNSON CITY-KINGSPORT-BRISTOL, TN-VA ASSESSMENT AREA

HTB operates five branches within the Johnson City-Kingsport-Bristol, TN-VA assessment area. The assessment area includes all of the counties of Sullivan and Washington, TN and the City of Bristol in Virginia, which is a portion of both the Johnson City, TN MSA and the Kingsport-Bristol, TN MSA. Together, these two MSAs comprise the Johnson City-Kingsport-Bristol, TN-VA CSA. The five branch offices account for \$304.2 million (10.3%) of the bank's total deposit base.

As of June 30, 2021, HTB ranked 7th out of 22 financial institutions in local deposit market share according to data compiled by the FDIC and held 5.3% of the assessment area’s deposits.

According to 2015 ACS data, the assessment area has population of 299,593 and a median housing value of \$132,596. The owner-occupancy rate in the assessment area equals 62.3% and approximates the rates in the Johnson City, TN MSA (60.2%) and Kingsport-Bristol, TN-VA MSA (64.5%). Additionally, the owner-occupancy rate for the assessment area exceeds the rate for the State of Tennessee (58.6%) and the Commonwealth of Virginia (59.2%). The percentage of area families living below the poverty level in the assessment area (13.1%) lags the rate in the Johnson City, TN MSA (14.7%), is similar to the rates in the Kingsport-Bristol, TN-VA MSA (13.3%), and the State of Tennessee (13.2%), but is much higher than the rate in Commonwealth of Virginia (8.2%). The following table details the median family income data for the Johnson City, TN MSA and the Kingsport-Bristol, TN-VA MSA during 2018, 2019, and 2020.

Assessment Area	Median Family Incomes		
	2018	2019	2020
Johnson City, TN MSA	\$54,100	\$53,900	\$57,500
Kingsport-Bristol-Bristol, TN MSA	\$54,800	\$55,100	\$59,100

The following table includes pertinent demographic data for the assessment area.

Assessment Area Demographics

Johnson City-Kingsport-Bristol, TN-VA <i>(Based on 2015 ACS Data and 2019 D&B Information)</i>								
Income Categories*	Tract Distribution		Families by Tract		Families < Poverty as a % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low	0	0.0	0	0.0	0	0.0	16,417	20.0
Moderate	16	24.2	16,064	19.6	4,354	27.1	14,017	17.1
Middle	32	48.5	41,825	51.0	4,757	11.4	16,787	20.5
Upper	17	25.8	24,180	29.4	1,661	6.9	34,848	42.4
NA	1	1.5	0	0.0	0	0.0		
Total	66	100.0	82,069	100.0	10,772	13.1	82,069	100.0
	Owner Occupied Units by Tract		Households					
			HHs by Tract		HHs < Poverty by Tract		HHs by HH Income	
	#	%	#	%	#	%	#	%
Low	0	0.0	0	0.0	0	0.0	29,924	23.6
Moderate	14,864	16.9	28,447	22.4	8,480	29.8	19,577	15.4
Middle	45,686	51.9	63,103	49.8	10,167	16.1	21,458	16.9
Upper	27,396	31.2	35,227	27.8	3,305	9.4	55,818	44.1
NA	0	0.0	0	0.0	0	0.0		
Total	87,946	100.0	126,777	100.0	21,952	17.3	126,777	100.0
	Total Businesses by Tract		Businesses by Tract and 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	3,033	25.8	2,701	25.3	307	31.0	25	31.6
Middle	5,232	44.5	4,805	44.9	388	39.2	39	49.4
Upper	3,467	29.4	3,164	29.5	288	29.0	15	19.0
NA	35	0.3	27	0.3	8	0.8	0	0.0
Total	11,767	100.0	10,697	100.0	991	100.0	79	100.0
Percentage of Total Businesses:				90.9		8.4		0.7

*NA-Tracts without household or family income as applicable

Employment opportunities within the assessment area primarily consists of local government, area school systems, and health care industries. The area’s major employers include Eastman Chemical Company, East Tennessee State University, Veterans Health Administration, and Wellmont Health Systems. Historical unemployment rates are included in the following table.

Johnson City-Kingsport-Bristol, TN-VA Average Annual Unemployment Rates					
Area	2016	2017	2018	2019	2020
Johnson City-Kingsport-Bristol, TN-VA	5%	3.9%	3.6%	3.6%	6.9%
Sullivan County, TN	5.2%	4%	3.7%	3.7%	7.2%
Washington County, TN	4.8%	3.8%	3.5%	3.4%	6.5%
Bristol city, VA	5%	4.5%	3.7%	3.6%	7.7%
Johnson City, TN MSA	5.2%	4.1%	3.8%	3.7%	6.7%
Kingsport-Bristol, TN-VA MSA	5%	4.1%	3.6%	3.6%	6.9%
Tennessee	4.7%	3.7%	3.5%	3.4%	7.5%
Virginia	4%	3.7%	2.9%	2.7%	6.2%

Source: Bureau of Labor Statistics (BLS), Local Area Unemployment Statistics

In the years prior to 2020, unemployment rates remained stable with a slightly downward trend. Sharp increases in unemployment in 2020 are attributed, in large part, to the coronavirus pandemic.

An affordable housing official was recently contacted to discuss local economic conditions and consumer credit needs. The contact noted that the local economy has been improving and is relatively stable but has not stabilized as quickly as other metropolitan areas. The individual suggested that banks are meeting the general banking needs of the area, and added that opportunities exist for banks to partner with local organizations that facilitate local economic development and affordable housing initiatives.

Discussion with the community contact and reviews of the performance evaluations of other financial institutions having a local presence indicated that community development opportunities are reasonably available within the bank's assessment area when considering performance context factors. The institution faces no significant constraints relative to its size and business strategy in making community development loans, investments, or supporting community services activities.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN JOHNSON CITY-KINGSPORT-BRISTOL, TN-VA ASSESSMENT AREA

LENDING TEST

The institution's overall lending performance within the multistate metropolitan assessment area is rated High Satisfactory. This conclusion is based primarily on HTB's lending activity, its geographic and borrower performance, and its level of community development lending, while taking into account the bank's market strategy, area demographic data, and aggregate loan data.

While the bank's borrower distribution performance is considered adequate, approximately \$10 million of the bank's \$11.2 million community development lending benefited low- and moderate-income people within the assessment area. The bank's community development lending helps compensate for the bank's adequate borrower distribution performance.

During 2018 and 2019, the bank originated \$34.4 million in HMDA and \$35.1 million in small business loans. During 2020 the bank originated \$15 million in HMDA loans. Accordingly, HTB's HMDA and CRA lending performances were similarly weighted when considering overall performance.

Lending Activity:

Overall, HTB's level of lending activity is considered adequate. During 2018 and 2019, the bank reported 210 HMDA loans, 189 small business, and one small farm loan within this assessment area. During 2020, the bank reported 83 HMDA loans within this assessment area. The bank's lending activity within this assessment area during the evaluation period as measured by the number (7.9%) and dollar volume (6.9%) lags the percentage of local deposits (10.3%) and the bank branches (12.2%) in the assessment area.

According to 2019 aggregate loan data, the institution ranked 24th out of 294 reporters in HMDA lending volume with a 1% market share and 11th out of 69 reporters in small business/farm lending volume with a 2.1% market share.

HTB offers a broad range of financial products and services to meet the credit needs of this assessment area. In addition, the bank offers loan products and participates in loan programs that have flexible criteria or are designed to meet specific credit needs that often benefit low- and moderate-income borrowers, aid in the revitalization or stabilization of low- and moderate-income and underserved middle-income census tracts or promote economic development. Examples of such programs were described in the discussion of the overall institution and include PPP, SBA, and USDA loan products. While the bank is required to report some of these loans with its HMDA and/or CRA data, they are examples of HTB using flexible lending products to meet credit needs within its assessment areas and larger statewide areas. HTB makes use of innovative and/or flexible lending practices in serving assessment area credit needs.

Geographic Distribution:

There are no low-income census tracts within this assessment area. HTB’s geographic distribution performance is considered good overall for both HMDA and small business lending.

Distribution of HMDA Loans by Income Level of Census Tract

Johnson City-Kingsport-Bristol, TN-VA (2020)								
Income Categories	Bank				Aggregate			
	#	%	\$(000s)	% \$	#	%	\$(000s)	% \$
	(21)				(5,602)			
Low	NA	NA	NA	NA	NA	NA	NA	NA
Moderate	3	14.3	307	8.3	954	17.0	124,176	11.6
Middle	9	42.9	1,681	45.2	2,589	46.2	472,415	44.1
Upper	9	42.8	1,727	46.5	2,059	36.8	473,706	44.3
	(43)				(5,631)			
Low	NA	NA	NA	NA	NA	NA	NA	NA
Moderate	3	7.0	234	2.4	595	10.6	78,358	7.3
Middle	16	37.2	2,371	24.3	2,618	46.5	455,914	42.6
Upper	24	55.8	7,166	73.3	2,418	42.9	534,814	50.1
	(6)				(514)			
Low	NA	NA	NA	NA	NA	NA	NA	NA
Moderate	2	33.3	95	18.3	85	16.5	5,403	14.0
Middle	2	33.3	125	24.0	226	44.0	16,311	42.1
Upper	2	33.4	300	57.7	203	39.5	17,011	43.9
	(1)				(69)			
Low	NA	NA	NA	NA	NA	NA	NA	NA
Moderate	1	100.0	1,000	100.0	30	43.5	67,401	34.2
Middle	0	0.0	0	0.0	24	34.8	56,850	28.9
Upper	0	0.0	0	0.0	15	21.7	72,568	36.9
	HMDA Totals							
Low	NA	NA	NA	NA	NA	NA	NA	NA
Moderate	9	12.7	1,636	10.9	1,664	14.1	275,338	11.6
Middle	27	38.0	4,177	27.8	5,457	46.2	1,001,490	42.2
Upper	35	49.3	9,193	61.3	4,695	39.7	1,098,099	46.2
NA*	0	0.0	0	0.0	0	0.0	0	0.0
Total	71	100.0	15,006	100.0	11,816	100.0	2,374,927	100.0

NA*-Tracts without household or family income as applicable

During 2020, the majority of HMDA loans reported by HTB and aggregate lenders were for home purchase and refinance loans, and more weight was placed on the performance of these loan types than on home improvement and multifamily loans given the difference in volume. Considering both demographic and aggregate proxies for demand, the bank’s performance for its home purchase and refinance lending are both considered adequate, while its home improvement and multifamily lending performance are both considered excellent.

During 2020 overall, HTB’s level of lending in moderate-income census tracts (12.7%) lagged the percentage of owner-occupied housing units located in such areas (16.9%) but approximated the aggregate lending level (14.1%). The bank’s performance is considered good, and its performance during 2018 is substantially similar.

During 2019, HTB reported 76 home purchase, refinance, home improvement, and multifamily loans totaling \$15.7 million. Of these loans, 15 (19.7%) totaling \$6.6 million (41.9%) were extended in moderate-income census tracts, while 16.9% of owner-occupied housing units and 16.3% of aggregate loans were located in such census tracts. The bank’s 2019 lending performance is considered excellent.

Overall, the bank’s combined HMDA geographic lending distribution during 2018, 2019, and 2020 is considered good based upon the relative performance levels and loan volume from each year.

Distribution of Small Business Loans by Income Level of Census Tract

Johnson City-Kingsport-Bristol, TN-VA (2019)								
Income Categories	Bank				Aggregate			
	#	%	\$(000s)	% \$	#	%	\$(000s)	% \$
Low	NA	NA	NA	NA	NA	NA	NA	NA
Moderate	16	16.8	4,686	27.1	906	20.7	44,227	22.0
Middle	19	20.0	3,486	20.2	1,946	44.5	77,325	38.5
Upper	60	63.2	9,109	52.7	1,521	34.8	78,249	39.0
NA*	0	0.0	0	0.0	2	0.0	995	0.5
Total	95	100.0	17,281	100.0	4,375	100.0	200,796	100.0

*NA-Tracts without household or family income as applicable

Loans where the geographic location is unknown are excluded from this table.

The bank’s level of small business lending in moderate-income census tracts (16.8%) lagged the percentage of businesses in such areas (25.8%) and the aggregate lending level (20.7%). Overall, the bank’s performance is considered adequate.

During 2018, HTB extended 94 small business loans totaling \$17.8 million. Of these loans 22 (23.4%) totaling \$2.8 million (16%) were extended in moderate-income census tracts. This level of lending was similar to the percentage of businesses located in such areas (25.8%) and the aggregate level of lending (22.1%). Overall, the bank’s performance during 2018 is considered good.

Overall, the bank’s combined small business geographic lending distribution during 2018 and 2019 is considered good based upon the relative performance levels and loan volume from each year.

Distribution by Borrower Income and Revenue Size of the Business:

When considering the bank's performance by loan product and year, its borrower distribution performance is considered adequate overall for both HMDA and small business lending.

Distribution of HMDA Loans by Income Level of Borrower

Johnson City-Kingsport-Bristol, TN-VA (2020)								
Income Categories	Bank				Aggregate			
	#	%	\$(000s)	% \$	#	%	\$(000s)	% \$
HMDA Totals								
Low	6	8.8	349	2.6	592	5.9	49,304	2.7
Moderate	10	14.7	999	7.5	1,780	17.8	210,881	11.5
Middle	10	14.7	1,117	8.4	2,423	24.3	364,642	19.9
Upper	42	61.8	10,876	81.5	5,178	52.0	1,207,771	65.9
Total	68	100.0	13,341	100.0	9,973	100.0	1,832,598	100.0
Unknown	3		1,665		1,843		542,329	

Percentages (%) are calculated on all loans where incomes are known

In 2020, the bank’s level of lending to low-income borrowers (8.8%) lagged the percentage of low-income families within the assessment area (20%) but exceeded the percentage of aggregate lending to such borrowers (5.9%). HTB’s lending to moderate-income borrowers (14.7%) lagged both the percentage of moderate-income families (17.1%) and the aggregate lending percentage (17.8%). The bank’s performance during 2020 is considered good in part because of the strength of lending performance to low-income borrowers.

During 2019, HTB extended 71 home purchase, refinance, home improvement, and multifamily loans totaling \$10 million to borrowers whose incomes were known that were analyzed for lending performance. Of these loans, three (4.2%) totaling \$167,000 (1.7%), was extended to low-income borrowers, which lagged both the percentage of low-income families (20%) and the aggregate lending level (6.8%). The bank also originated 14 loans (19.7%) totaling \$870,000 (8.7%) to moderate-income borrowers, which exceeded the percentage of moderate-income families (17.1%) and approximated the aggregate lending level (20.2%). HTB’s performance during 2019 is considered adequate, and its 2018 lending performance is similar. The bank’s weaker lending performance to low-income borrowers was a factor in the overall performance conclusion.

Overall, the bank’s combined HMDA borrower lending distribution during 2018, 2019, and 2020 is considered adequate based upon the bank’s relative performance in each year.

Distribution of Lending by Loan Amount and Size of Business

Johnson City-Kingsport-Bristol, TN-VA (2019)								
by Revenue	Bank				Aggregate*			
	#	%	\$(000s)	% \$	#	%	\$(000s)	% \$
\$1 Million or Less	35	36.8	7,376	42.7	1,998	44.8	83,144	41.2
Over \$1 Million	55	57.9	9,786	56.6	NA	NA	NA	NA
Unknown	5	5.3	119	0.7	NA	NA	NA	NA
by Loan Size	#	%	\$(000s)	% \$	#	%	\$(000s)	% \$
\$100,000 or less	50	52.6	2,892	16.7	4,039	90.6	69,861	34.6
\$100,001-\$250,000	23	24.2	3,813	22.1	229	5.1	36,750	18.2
\$250,001-\$1 Million	22	23.2	10,576	61.2	190	4.3	95,399	47.2
Total	95	100.0	17,281	100.0	4,458	100.0	202,010	100.0

* No data is available for Aggregate loans with Revenues over \$1 million and those with Unknown revenues

D&B data from 2019 indicates that 90.9% of all local businesses have revenues that do not exceed \$1 million per year. According to 2019 aggregate small business data, 44.8% of reported loans were to businesses with annual revenues of \$1 million or less. The remaining portion of loans were to businesses that either had revenues exceeding \$1 million or had unknown revenues. As part of performance context, the aggregate data was also considered after excluding certain specialty lenders. After excluding these lenders, 55.5% of the remaining reported small business loans were to businesses having revenues of \$1 million or less. HTB originated 36.8% of its small business loans within the assessment area to businesses with revenues of \$1 million or less. Given these contextual factors, the bank’s small business lending performance is considered adequate.

During 2018, the bank reported originating 94 small business loans totaling \$17.8 million. Of these loans, 34 (36.2%) totaling \$7.7 million (43.2%) were extended to businesses with annual revenues of \$1 million or less. D&B data from 2018 indicates that 90.7% of all local businesses have revenues that do not exceed \$1 million per year. According to 2018 aggregate small business data, 50.3% of reported loans were to businesses with annual revenues of \$1 million or less. The remaining portion of loans were to businesses that either had revenues exceeding \$1 million or had unknown revenues. The aggregate data was also considered after excluding certain specialty lenders. After excluding these lenders, 60.9% of the remaining reported small business loans were to businesses having revenues of \$1 million or less. Given these contextual factors, the bank's small business lending performance is considered poor.

Overall, the bank's combined small business borrower lending distribution during 2018 and 2019 is considered adequate based upon the relative performance levels and loan volume from each year.

Community Development Loans:

Community development lending opportunities are reasonably available within the Johnson City-Kingsport-Bristol, TN-VA assessment area. The bank faces no constraints relative to community development lending when considering its capacity and business strategy.

Within this assessment area, the bank originated a relatively high number of qualified community development loans, when considering the bank's capacity and available opportunities. During the evaluation period, the bank originated nine community development loans totaling \$11.2 million within the multistate metropolitan area. Of this amount, approximately \$10 million of the bank's community development lending benefited low- and moderate-income people through the creation of affordable housing, job retention, and provision of community services.

INVESTMENT TEST

The bank's performance under the Investment Test is rated Low Satisfactory. During the evaluation period, and specific to the Johnson City-Kingsport-Bristol, TN-VA assessment area, the bank made charitable donations totaling \$23,550 to area non-profit organizations that provide community development services.

Other qualified investment activities in the Johnson City-Kingsport-Bristol, TN-VA assessment area include those activities previously described at the institutional level that benefited multiple statewide areas including the multistate assessment area. When considering HTB's local qualified investments along with its statewide and multistate qualified investments that can include this assessment area, the bank maintains an adequate level of qualified community development investments and grants that exhibit adequate responsiveness to credit and community development needs within the assessment area.

SERVICE TEST

The bank's performance within the Johnson City-Kingsport-Bristol, TN-VA assessment area is considered Low Satisfactory. Systems for delivering retail banking services are accessible to all portions of the assessment area. The bank and its employees provide an adequate level of community development services within the assessment area.

Retail Services:

Delivery systems are accessible to individuals and census tracts of varying income levels in the assessment area. Currently, the bank operates five branches within the assessment area. Two (40%) of the bank's branches are located in moderate-income census tracts. Additionally, the bank's three other branch locations are located within close proximity (less than two miles) of moderate-income census tracts within the assessment area. Within the assessment area, 22.4% of area households are located in moderate-income census tracts.

HTB's record of opening and closing branches has generally not adversely affected the accessibility of its delivery systems, particularly to low- and moderate-income areas and people. During the evaluation period, HTB closed one branch office in a moderate-income census tract. Because the bank operates another branch located in a moderate-income census tract less than three miles from the moderate-income where the branch was closed, HTB can adequately serve the banking needs of its customers that routinely used the closed branch.

ATMs are available and provide customers with 24-hour access. Bank by-mail and internet-based banking services are also offered by the institution. In addition, the institution provides customers with 24-hour telephone access to their accounts through an automated system. Branch offices are generally open until 5:00 p.m. Monday through Thursday and until 6:00 p.m. on Fridays. Bank services and branch hours do not vary in a way that inconveniences low- and moderate-income people or census tracts within the assessment area.

The institution also continues to offer no-cost checking products to individuals as well as low-cost checking to businesses within the community. These accounts can benefit all segments of the community including low- and moderate-income individuals and small businesses.

Community Development Services:

Within this assessment area, community development opportunities are reasonably available, and the bank has sufficient capacity to participate in such activities. Within this context, the bank and its employees provide an adequate level of community development service endeavors that support local organizations whose operations benefit low- and moderate-income people and/or promote small business development.

In addition to the previously described service activities that benefit multiple assessment areas, the bank supported the following organizations that specifically benefitted the Johnson City-Kingsport-Bristol, TN-VA assessment area during the evaluation period.

- Northeast Tennessee Economic Development Corporation – one bank employee serves on the loan committee for this organization that promotes economic development within the assessment area.
- United Way of Greater Kingsport - one bank employee assisted with fundraising efforts for this organization that supports local affordable housing and social service organizations targeted to low- and moderate-income people.

STATE OF SOUTH CAROLINA

CRA RATING FOR SOUTH CAROLINA: SATISFACTORY
The lending test is rated: LOW SATISFACTORY
The investment test is rated: LOW SATISFACTORY
The service test is rated: HIGH SATISFACTORY

Major factors supporting the rating include:

- Lending levels reflect adequate responsiveness to assessment area credit needs.
- The bank's geographic distribution performance varies by product and is considered adequate overall.
- The bank's borrower distribution performance is considered adequate overall.
- The bank exhibits a good record of serving the credit needs of low-income individuals and areas and very small businesses.
- Although HTB makes use of flexible lending practices to meet area credit needs, the bank did not make any community development loans in the assessment area during the evaluation period.
- The bank maintains and provides an adequate level of qualified community development investments and grants, particularly those not routinely provided by private investors, rarely in a leadership position.
- The bank makes occasional use of innovative and/or complex investments to support community development initiatives and it exhibits adequate responsiveness to credit and community development needs through its investment activity.
- Delivery systems and branch locations are reasonably accessible within the bank's assessment area. Retail banking services do not vary in a way that inconveniences the bank's assessment areas, particularly low- and moderate-income areas and people.
- The bank and its employees provide a relatively high level of community development services within the assessment area during the evaluation period.

SCOPE OF EXAMINATION

HMDA loan data from calendar years 2018, 2019, and 2020 and small business loan data from calendar years 2018 and 2019 were evaluated to reach conclusions about the bank's borrower and geographic distribution of lending. As previously noted, HTB's small farm lending performance was not evaluated because the bank originated a comparatively small volume of such loans within the assessment area during the evaluation period. The institution's efforts to serve its assessment area through qualified community development loans, investments, and services during the review period were also reviewed. Qualified community development loans and services are considered for activities since the previous evaluation (March 18, 2019). All qualified investments made during this same period and those outstanding as of the evaluation, regardless of when made, were also considered.

The bank delineated one assessment area in South Carolina; the Greenville-Anderson-Mauldin, SC assessment area, which accounts for 7.3% of the bank's combined 2018, 2019, and 2020 lending (dollar volume), 4.9% of branches, and 2.4% of deposit volume. Information about loan volume, branches, and deposits are included in **Appendix D** of this report.

The assessment area was reviewed utilizing the FFIEC's full-scope evaluation procedures. The bank's performance rating within the state of South Carolina is based solely on its performance in this assessment area.

DESCRIPTION OF INSTITUTION’S OPERATIONS IN GREENVILLE-ANDERSON-MAULDIN, SC

HTB operates two branches within the Greenville-Anderson-Mauldin, SC assessment area. The assessment area includes all of the county of Greenville County, SC, which is a portion of the Greenville-Anderson-Mauldin, SC MSA. The two branch offices account for \$69.6 million (2.4%) of the bank's total deposit base. As of June 30, 2021, HTB ranked 21st out of 30 financial institutions in local deposit market share according to data compiled by the FDIC and held .4% of the assessment area’s deposits.

According to 2015 ACS data, the assessment area has population of 474,903 and a median housing value of \$156,177. The owner-occupancy rate equals 59.5%, which lags the overall MSA (60.2%) and exceeds the South Carolina statewide rate (57.3%). The percentage of area families living below the poverty level in the assessment area (11.8%) lags the overall MSA (12.4%) and the South Carolina statewide rate (13.5%). The following table details the median family income data for HTB’s assessment areas in South Carolina during 2018, 2019, and 2020, and the subsequent table includes pertinent demographic data for the assessment area.

Assessment Area	Median Family Incomes		
	2018	2019	2020
Greenville-Anderson-Mauldin, SC MSA	\$64,200	\$67,800	\$69,400

Assessment Area Demographics

Greenville-Anderson-Mauldin, SC <i>(Based on 2015 ACS Data and 2019 D&B Information)</i>								
Income Categories*	Tract Distribution		Families by Tract		Families < Poverty as a % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low	11	9.9	7,297	6.0	2,954	40.5	25,509	21.1
Moderate	25	22.5	19,364	16.1	4,642	24.0	18,367	15.2
Middle	38	34.2	43,525	36.1	4,331	10.0	21,857	18.1
Upper	37	33.4	50,434	41.8	2,316	4.6	54,887	45.6
NA	0	0.0	0	0.0	0	0.0		
Total	111	100.0	120,620	100.0	14,243	11.8	120,620	100.0
	Owner Occupied Units by Tract		Households					
			HHs by Tract		HHs < Poverty by Tract		HHs by HH Income	
	#	%	#	%	#	%	#	%
Low	4,583	3.9	11,834	6.6	4,843	40.9	41,059	22.8
Moderate	16,431	13.9	32,136	17.9	8,173	25.4	26,811	14.9
Middle	43,191	36.4	64,508	35.9	7,905	12.3	28,400	15.8
Upper	54,416	45.8	71,384	39.6	5,525	7.7	83,592	46.5
NA	0	0.0	0	0.0	0	0.0		
Total	118,621	100.0	179,862	100.0	26,446	14.7	179,862	100.0
	Total Businesses by Tract		Businesses by Tract and Revenue Size					
			Less than or = \$1 Million		Over \$1 Million		Revenue not Reported	
	#	%	#	%	#	%	#	%
Low	1,540	6.8	1,331	6.5	196	9.7	13	5.9
Moderate	3,382	14.8	2,996	14.6	370	18.4	16	7.2
Middle	7,304	32.0	6,652	32.3	592	29.4	60	27.0
Upper	10,586	46.4	9,600	46.6	853	42.5	133	59.9
NA	0	0.0	0	0.0	0	0.0	0	0.0
Total	22,812	100.0	20,579	100.0	2,011	100.0	222	100.0
Percentage of Total Businesses:				90.2		8.8		1.0

*NA-Tracts without household or family income as applicable

Employment opportunities exist within a variety of industries, including health, education, and utility services. Major employers in the area include Prisma Health, Michelin North America, Bon Secours St. Francis Health System, Duke Energy Corporation, GE Power, Fluor Corporation (engineering and construction), local government, and area school systems. Historical unemployment rates are included in the following table.

Greenville-Anderson-Mauldin, SC Average Annual Unemployment Rates					
Area	2016	2017	2018	2019	2020
Greenville-Anderson-Mauldin, SC	4.2%	3.6%	2.9%	2.4%	5.7%
Greenville-Anderson, SC MSA	4.4%	3.8%	3%	2.5%	5.8%
South Carolina	4.9%	4.2%	3.4%	2.8%	6.2%

Source: Bureau of Labor Statistics (BLS), Local Area Unemployment Statistics

In the years prior to 2020, unemployment rates remained stable with a slightly downward trend. Sharp increases in unemployment in 2020 are attributed, in large part, to the coronavirus pandemic.

An official from a community service organization was contacted recently to discuss local housing conditions and community credit needs. The contact indicated economic conditions in the area have improved and are generally stable. The individual indicated that while area banks support community development projects that additional opportunities and needs exist with respect to financial education and affordable housing initiatives.

Discussions with the community contact and reviews of the performance evaluations of other financial institutions having a local presence indicated that community development opportunities are reasonably available within the bank's assessment area when considering performance context factors. The institution faces no significant constraints relative to its size and business strategy in making community development loans, investments, or supporting community services activities.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN GREENVILLE-ANDERSON-MAULDIN, SOUTH CAROLINA

LENDING TEST

The institution's overall lending performance within the assessment area is rated Low Satisfactory. This conclusion is based primarily on HTB's lending activity, its geographic and borrower performance, and its level of community development lending, while taking into account the bank's market strategy, area demographic data, and aggregate loan data.

During 2018 and 2019, the bank originated \$35.2 million in HMDA and \$12.9 million in small business loans. During 2020 the bank originated \$45.1 million in HMDA loans. Accordingly, HTB's HMDA lending performance was generally given greater weight when evaluating overall performance.

Lending Activity:

Lending levels reflect adequate responsiveness in relation to assessment area credit needs. During 2018 and 2019 the bank reported 155 HMDA, 49 small business, and zero small farm loans within this assessment area. During 2020 the bank reported 168 HMDA loans within the assessment area. The bank's lending activity within this assessment area during the evaluation period as measured by the number (6%) and dollar volume (7.3%) exceeds the percentage of local deposits (2.4%) and bank branches (4.9%) in the assessment area.

According to 2019 aggregate data, HTB ranked 53rd out of 479 reporters in HMDA lending with a .4% market share, and the institution also ranked 34th out of 93 reporters in small business/small farm lending volume with a .1% market share. The bank's HMDA and CRA data market share ranking indicate that it is an adequate provider of such loans within the assessment area.

HTB offers a broad range of financial products and services to meet the credit needs of this assessment area. In addition, the bank offers loan products and participates in loan programs that have flexible criteria or are designed to meet specific credit needs that often benefit low- and moderate-income borrowers, aid in the revitalization or stabilization of low- and moderate-income and underserved middle-income census tracts or promote economic development. Examples of such programs were described in the discussion of the overall institution and include PPP, SBA, and USDA loan products. While the bank is required to report some of these loans with its HMDA and/or CRA data, they are examples of HTB using flexible lending products to meet credit needs within its assessment areas and larger statewide areas. HTB makes use of innovative and/or flexible lending practices in serving assessment area credit needs.

Geographic Distribution:

HTB’s geographic distribution performance is considered adequate for HMDA and good for small business lending. When considering HTB’s combined performance, its geographic distribution is adequate overall and takes into account the significantly larger HMDA dollar volume of lending in the assessment area.

Distribution of HMDA Loans by Income Level of Census Tract

Greenville-Anderson-Mauldin, SC (2020)								
Income Categories	Bank				Aggregate			
	#	%	\$(000s)	% \$	#	%	\$(000s)	% \$
	(61)				Home Purchase (12,782)			
Low	4	6.6	977	5.1	429	3.4	99,644	3.1
Moderate	4	6.6	802	4.2	1,412	11.0	258,617	8.2
Middle	15	24.6	4,659	24.5	4,932	38.6	1,094,725	34.6
Upper	38	62.2	12,601	66.2	6,009	47.0	1,714,467	54.1
	(75)				Refinance (17,032)			
Low	2	2.7	710	3.4	417	2.4	99,788	2.5
Moderate	1	1.3	400	1.9	1,181	6.9	190,184	4.7
Middle	20	26.7	4,716	22.4	5,519	32.4	1,108,705	27.6
Upper	52	69.3	15,214	72.3	9,915	58.3	2,618,141	65.2
	(24)				Home Improvement (899)			
Low	2	8.3	260	11.1	28	3.1	2,812	3.0
Moderate	0	0.0	0	0.0	80	8.9	7,489	7.9
Middle	7	29.2	495	21.1	268	29.8	24,326	25.6
Upper	15	62.5	1,589	67.8	523	58.2	60,366	63.5
	(1)				Multi-Family (65)			
Low	0	0.0	0	0.0	18	27.7	76,743	27.7
Moderate	0	0.0	0	0.0	15	23.1	25,300	9.1
Middle	1	100.0	2,719	100.0	20	30.8	95,521	34.5
Upper	0	0.0	0	0.0	12	18.4	79,456	28.7
	HMDA Totals							
Low	8	5.0	1,947	4.3	892	2.9	278,987	3.7
Moderate	5	3.1	1,202	2.7	2,688	8.7	481,590	6.4
Middle	43	26.7	12,589	27.9	10,739	34.9	2,323,277	30.7
Upper	105	65.2	29,404	65.1	16,459	53.5	4,472,430	59.2
NA*	NA	NA	NA	NA	NA	NA	NA	NA
Total	161	100.0	45,142	100.0	30,778	100.0	7,556,284	100.0

NA*-Tracts without household or family income as applicable

During 2020, a majority of HMDA loans reported by HTB and aggregate lenders were for home purchase and refinance loans, and more weight was placed on the performance of these loan types than on home improvement and multifamily loans given the difference in volume. Considering both demographic and aggregate proxies for demand, the bank’s performance for its home purchase lending is considered good, refinance lending is considered poor, its home improvement lending performance is adequate, and its multifamily lending is considered very poor.

During 2020 overall, HTB’s level of lending in low-income census tracts (5%) exceeded both the percentage of owner-occupied housing units located in such areas (3.9%), and the aggregate lending level (2.9%). HTB’s level of lending in moderate-income census tracts (3.1%) lagged both the percentage of owner-occupied housing units located in such areas (13.9%) and the aggregate lending level (8.7%). The bank’s performance is considered adequate, and its performance during 2019 is substantially similar.

During 2018, HTB reported 56 home purchase, refinance, home improvement, and multifamily loans totaling \$12.3 million. Of these loans, two (3.6%) totaling \$468,000 (3.8%) were extended in low-income census tracts, while 3.9% of owner-occupied housing units and 2.9% of aggregate loans were reported in such census tracts. Additionally, two of these loans (3.6%) totaling \$265,000 (2.2%) were extended in moderate-income census tracts, while 13.9% of owner-occupied housing units and 11.6% of aggregate loans were reported in such census tracts. The bank's 2018 lending performance is considered poor.

Overall, the bank's combined HMDA geographic lending distribution during 2018, 2019, and 2020 is considered adequate based upon the relative performance levels and loan volume from each year.

Distribution of Small Business Loans by Income Level of Census Tract

Greenville-Anderson-Mauldin, SC (2019)								
Income Categories	Bank				Aggregate			
	#	%	\$(000s)	% \$	#	%	\$(000s)	% \$
Low	0	0.0	0	0.0	789	6.7	46,327	8.9
Moderate	3	17.6	730	17.9	1,545	13.1	74,555	14.4
Middle	3	17.6	892	21.9	3,622	30.7	142,085	27.4
Upper	11	64.8	2,447	60.2	5,836	49.5	256,257	49.3
NA*	NA	NA	NA	NA	NA	NA	NA	NA
Total	17	100.0	4,069	100.0	11,792	100.0	519,224	100.0

*NA-Tracts without household or family income as applicable

Loans where the geographic location is unknown are excluded from this table.

During 2019, the bank did not report any small business loans in area low-income census tracts. However, demographic data (6.8%) and aggregate data (6.7%) indicated opportunity and demand for small business lending in the low-income census tracts. Conversely, HTB's level of small business lending in moderate-income census tracts (17.6%) exceeded both the percentage of businesses in such areas (14.8%) and the aggregate lending level (13.1%). Overall, the bank's performance is considered adequate.

During 2018, HTB extended 32 small business loans totaling \$8.8 million. Of these loans, six (18.8%) totaling \$768,000 (8.7%) were extended in low-income census tracts. This level of lending exceeded both the percentage of businesses located in such areas (6.5%) and the aggregate level of lending (6.4%). Of these loans, one (3.1%) totaling \$477,000 (5.4%) was extended in a moderate-income census tract. This level of lending lagged both the percentage of businesses located in such areas (14.7%) and the aggregate level of lending (13.2%). Overall, the bank's performance during 2018 is considered good.

Overall, the bank's combined small business geographic lending distribution during 2018 and 2019 is considered good based upon the relative performance levels and loan volume from each year.

Distribution by Borrower Income and Revenue Size of the Business:

When considering the bank's performance by loan product and year, its borrower distribution performance is adequate overall for both HMDA and small business lending.

Distribution of HMDA Loans by Income Level of Borrower

Greenville-Anderson-Mauldin, SC (2020)								
Income Categories	Bank				Aggregate			
	#	%	\$(000s)	% \$	#	%	\$(000s)	% \$
HMDA Totals								
Low	3	1.9	413	1.0	1,401	5.3	176,552	2.8
Moderate	21	13.2	3,632	8.6	5,150	19.5	859,977	13.8
Middle	25	15.7	4,841	11.5	6,338	24.0	1,279,278	20.5
Upper	110	69.2	33,162	78.9	13,491	51.2	3,934,730	62.9
Total	159	100.0	42,048	100.0	26,380	100.0	6,250,537	100.0
Unknown	2		3,094		4,398		1,305,747	

Percentages (%) are calculated on all loans where incomes are known

In 2020, the bank’s level of lending to low-income borrowers (1.9%) lagged the percentage of low-income families within the assessment area (21.1%). HTB’s level of lending to low-income borrowers also lagged percentage of aggregate lending to such borrowers (5.3%) but by a much smaller margin than the percentage of area low-income families. HTB’s lending to moderate-income borrowers (13.2%) lagged both the percentage of moderate-income families (15.2%) and the aggregate lending percentage (19.5%). The bank’s performance during 2020 is considered adequate, and its 2018 lending performance is similar.

During 2019, HTB extended 80 home purchase, refinance, home improvement, and multifamily loans totaling \$22.4 million to borrowers whose incomes were known that were analyzed for lending performance. Of these loans, five (6.3%) totaling \$588,000 (2.6%), were extended to low-income borrowers, which lagged the percentage of low-income families (21.1%) and equaled the aggregate lending level (6.3%). The bank also originated five loans (6.3%) totaling \$965,000 (4.3%) to moderate-income borrowers, which lagged both the percentage of moderate-income families (15.2%) and the aggregate lending level (21.1%). HTB’s performance during 2019 is considered poor because of its very poor performance when lending to moderate-income borrowers.

Overall, the bank’s combined HMDA borrower lending distribution during 2018, 2019, and 2020 is considered adequate based upon the bank’s relative performance in each year.

Distribution of Lending by Loan Amount and Size of Business

Greenville-Anderson-Mauldin, SC (2019)								
by Revenue	Bank				Aggregate*			
	#	%	\$(000s)	% \$	#	%	\$(000s)	% \$
\$1 Million or Less	11	64.7	2,420	59.5	5,860	48.9	184,442	35.2
Over \$1 Million	6	35.3	1,649	40.5	NA	NA	NA	NA
Unknown	0	0.0	0	0.0	NA	NA	NA	NA
by Loan Size	Bank				Aggregate*			
\$100,000 or less	7	41.2	349	8.6	11,040	92.1	173,851	33.2
\$100,001-\$250,000	1	5.9	105	2.6	465	3.9	83,822	16.0
\$250,001-\$1 Million	9	52.9	3,615	88.8	488	4.0	266,077	50.8
Total	17	100.0	4,069	100.0	11,993	100.0	523,750	100.0

* No data is available for Aggregate loans with Revenues over \$1 million and those with Unknown revenues

D&B data from 2019 indicates that 90.2% of all local businesses have revenues that do not exceed \$1 million per year. According to 2019 aggregate small business data, 48.9% of reported loans were to businesses with annual revenues of \$1 million or less. The remaining portion of loans were to businesses that either had revenues exceeding \$1 million or had unknown revenues. As part of performance context, the aggregate data was also considered after excluding certain specialty lenders. After excluding these lenders, 57.4% of the remaining reported small business loans were to businesses having revenues of \$1 million or less. HTB originated 64.7% of its small business loans within the assessment area to businesses with revenues of \$1 million or less. Given these contextual factors, the bank’s small business lending performance is considered good.

During 2018, the bank reported originating 32 small business loans totaling \$8.8 million. Of these loans, 12 (37.5%) totaling \$3.3 million (37.4%) were extended to businesses with annual revenues of \$1 million or less. D&B data from 2018 indicates that 89.6% of all local businesses have revenues that do not exceed \$1 million per year. According to 2018 aggregate small business data, 46.5% of reported loans were to businesses with annual revenues of \$1 million or less. The remaining portion of loans were to businesses that either had revenues exceeding \$1 million or had unknown revenues. The aggregate data was also considered after excluding certain specialty lenders. After excluding these lenders, 53.5% of the remaining reported small business loans were to businesses having revenues of \$1 million or less. Given these contextual factors, the bank's small business lending performance is considered adequate.

Overall, the bank's combined small business borrower lending distribution during 2018 and 2019 is considered adequate based upon the relative performance levels and loan volume from each year.

Community Development Loans:

Community development lending opportunities are reasonably available within the Greenville-Anderson-Mauldin, SC assessment area. The bank faces no constraints relative to community development lending when considering its capacity and business strategy.

During the evaluation period, the bank did not originate any community development loans within the assessment area. To the extent that the bank extended such loans, they were required to be reported as either HMDA or small business/small farm and could not also be reported as community development.

INVESTMENT TEST

The institution's level of responding to community development needs through its investment activities is rated Low Satisfactory within the Greenville-Anderson-Mauldin, SC assessment area. HTB maintains an adequate level of qualified community development investments and grants, rarely in a leadership position. While HTB makes rare use of complex investments that support community development initiatives, the bank exhibits adequate responsiveness to credit and community development needs.

During the evaluation period, HTB made charitable donations totaling \$4,880 that specifically benefitted the assessment area. In addition, the bank made the following qualified investments and donations that benefit the assessment area and the State of South Carolina include the following:

- A \$249,000 investment in a CDFI that funds community development lending throughout the State of South Carolina.

As previously mentioned, the bank made investments that impacted the broader assessment areas, as well as had a direct impact to this assessment area.

SERVICE TEST

The bank's performance within the Greenville-Anderson-Mauldin, SC assessment area is considered High Satisfactory. Systems for delivering retail banking services are reasonably accessible to all portions of the assessment area. The bank and its employees provide a relatively high level of community development services within the assessment area.

Retail Services:

Delivery systems are reasonably accessible to individuals and census tracts of varying income levels in the assessment area. Currently, the bank operates two branches within the assessment area. While none of the bank's branches are located in low-or moderate-income census tracts, one of the branches is located less than one mile from a moderate-income census tract within the assessment area. Within the assessment area, 6.6% and 17.9% of area households are located in low-and moderate-income census tracts, respectively. No branches were opened or closed in this assessment area during the evaluation period.

ATMs are available and provide customers with 24-hour access. Bank by-mail and internet-based banking services are also offered by the institution. In addition, the institution provides customers with 24-hour telephone access to their accounts through an automated system. Branch offices are generally open until 5:00 p.m. Monday through Thursday and until 6:00 p.m. on Fridays. Bank services and branch hours do not vary in a way that inconveniences low- and moderate-income people or census tracts within the assessment area.

The institution also continues to offer no-cost checking products to individuals as well as low-cost checking to businesses within the community. These accounts can benefit all segments of the community including low- and moderate-income individuals and small businesses.

Community Development Services:

Within this assessment area, community development opportunities are reasonably available, and the bank has sufficient capacity to participate in such activities. With two branches in the assessment area, the bank has a relatively small market presence and comparatively few employees in the assessment area to participate in qualified community development services. Within this context, the bank and its employees provide a relatively high level of community development service endeavors that support local organizations whose operations benefit low- and moderate-income people and/or promote small business development.

The bank supported the following organizations that specifically benefitted the Greenville-Anderson-Mauldin, SC assessment area during the evaluation period.

- United Way of Greenville County – one bank employee assisted in fundraising efforts for this organization that provides social service targeted to area low- and moderate-income people.
- Hispanic Alliance of South Carolina – one employee serves as committee member for this organization that provides financial literacy programs to low- and moderate-income people.
- Mauldin Chamber of Commerce – one employee serves on the board of directors of this organization that promotes small business development within the assessment area.

CRA APPENDIX A
SCOPE OF EXAMINATION

LIST OF ASSESSMENT AREAS AND TYPE OF EXAMINATION			
ASSESSMENT AREA	TYPE OF EXAMINATION	BRANCHES VISITED⁴	OTHER INFORMATION
Asheville, NC	Full-Scope	None	Bank branches were not visited because of the coronavirus pandemic
Polk County, NC NonMSA	Full-Scope	None	
Charlotte-Concord-Gastonia, NC	Limited Scope	None	
Greensboro-High Point, NC	Limited Scope	None	
Raleigh, NC	Limited Scope	None	
Winston-Salem, NC	Limited Scope	None	
Knoxville-Morristown-Sevierville, TN	Full-Scope	None	
Roanoke, VA MSA	Full-Scope	None	
Danville, VA NonMSA	Limited Scope	None	
Johnson City-Kingsport, Bristol, TN-VA	Full-Scope	None	
Greenville-Anderson-Mauldin, SC	Full-Scope	None	

⁴ There is a statutory requirement that the written evaluation of a multistate institution's performance must list the individual branches examined in each state.

CRA APPENDIX B

Summary of State and Multistate MSA Ratings

State or Multistate Metropolitan Area Name	Lending Test Rating	Investment Test Rating	Service Test Rating	Overall Rating
State of North Carolina	High Satisfactory	High Satisfactory	High Satisfactory	Satisfactory
State of Tennessee	High Satisfactory	High Satisfactory	Low Satisfactory	Satisfactory
Commonwealth of Virginia	High Satisfactory	High Satisfactory	Low Satisfactory	Satisfactory
Johnson City-Kingsport-Bristol, TN-VA	High Satisfactory	Low Satisfactory	Low Satisfactory	Satisfactory
State of South Carolina	Low Satisfactory	Low Satisfactory	High Satisfactory	Satisfactory

CRA APPENDIX C

LIMITED REVIEW TABLES

Charlotte-Concord-Gastonia, NC Assessment Area

The assessment area includes all of Gaston and Mecklenburg counties, North Carolina. There are 33 low-, 77 moderate-, 79 middle-, and 105 upper-income census tracts in the assessment area. Four additional census tracts within the assessment area do not have an income designation.

Performance Test Data for Charlotte-Concord-Gastonia, NC Assessment Area

LENDING TEST

Limited Review Lending Table

Charlotte-Concord-Gastonia, NC (2019)								
Income Categories	Bank		Aggregate	Demographic	Bank		Aggregate	Demographic
	#	%	%	%	#	%	%	%
	Home Purchase				Home Improvement			
<i>Geographic</i>	(40)				(3)			
Low	1	2.5	4.5	4.0	0	0.0	3.3	4.0
Moderate	6	15.0	18.7	20.4	1	33.3	14.9	20.4
Middle	9	22.5	28.9	29.0	1	33.3	23.1	29.0
Upper	24	60.0	47.9	46.5	1	33.3	58.7	46.5
	Refinance				Multi-Family			
<i>Geographic</i>	(18)				(1)			
Low	1	5.6	3.3	4.0	1	100.0	25.6	4.0
Moderate	3	16.7	15.3	20.4	0	0.0	35.2	20.4
Middle	2	11.1	25.7	29.0	0	0.0	20.0	29.0
Upper	12	66.7	55.7	46.5	0	0.0	19.2	46.5
	HMDA Totals				Consumer			
<i>Geographic</i>	(62)				(NA)			
Low	3	4.8	4.0	4.0	NA	NA	NA	NA
Moderate	10	16.1	17.2	20.4	NA	NA	NA	NA
Middle	12	19.4	27.4	29.0	NA	NA	NA	NA
Upper	37	59.7	51.4	46.5	NA	NA	NA	NA
<i>Borrower</i>	(61)				(NA)			
Low	4	6.6	5.5	22.9	NA	NA	NA	NA
Moderate	8	13.1	17.6	16.0	NA	NA	NA	NA
Middle	5	8.2	22.8	17.6	NA	NA	NA	NA
Upper	44	72.1	54.1	43.5	NA	NA	NA	NA
	Small Business				Small Farm			
<i>Geographic</i>	(47)				(0)			
Low	6	12.8	8.9	8.9	0	0.0	3.7	7.7
Moderate	10	21.3	17.5	18.9	0	0.0	19.8	15.0
Middle	7	14.9	22.7	24.1	0	0.0	25.9	26.3
Upper	24	51.1	50.9	47.1	0	0.0	50.6	50.4
<i>Revenue</i>								
Busn/ Farms with revenues <=\$1 M	19	40.4	47.1	91.0	0	0.0	45.2	98.2

*Geographic () represents the total number of bank loans for the specific Loan Purpose where geography is known
Borrower () represents the total number of bank loans for the specific Loan Purpose where income is known
NA represents no activity in the income category*

During the evaluation period, the bank originated 14 community development loans totaling approximately \$11.7 million.

INVESTMENT TEST

In addition to the investments that benefit the North Carolina statewide area, the following qualified investments benefiting this assessment area were noted.

- Charlotte Habitat for Humanity (\$1.8 million) – affordable housing
- Freddie Mac Mortgage-Backed Securities (\$4.7 million) – housing for low- and moderate-income borrowers
- Charitable donations of \$12,550 for qualified community development purposes

SERVICE TEST

The bank operates two branches within this assessment area, of which one is located in a middle-income census tract and one is located in an upper-income census tract. While none of the bank's branches are located in low- or moderate-income census tracts, both are located within less than one mile of low- and moderate-income census tracts. No branch offices have been opened or closed since the bank's previous evaluation.

Banking services offered in this assessment area are substantially the same as services available to other communities that the bank serves. Bank employees participated in the following qualified community development service activities within the assessment area.

Affordable Housing

Canopy Housing
Charlotte-Mecklenburg Housing Partnership
Community Link
Habitat for Humanity

Job Training

Lifespan, Inc.

Community Services

Charlotte Rescue Mission
Park Community Development Corporation
United Way of Central Carolinas

Financial Literacy

Common Wealth Charlotte
Hope Haven

Greensboro-High Point, NC Assessment Area

The assessment area includes all of Rockingham County, North Carolina. There are one low-, six moderate-, 13 middle-, and one upper-income census tracts in the assessment area.

Performance Test Data for Greensboro-High Point, NC Assessment Area

LENDING TEST

Limited Review Lending Table

Greensboro-High Point, NC (2019)								
Income Categories	Bank		Aggregate	Demographic	Bank		Aggregate	Demographic
	#	%	%	%	#	%	%	%
	Home Purchase				Home Improvement			
<i>Geographic</i>	(17)				(11)			
Low	2	11.8	5.0	4.8	0	0.0	3.4	4.8
Moderate	3	17.6	14.5	18.7	2	18.2	12.7	18.7
Middle	10	58.8	69.6	70.0	7	63.6	78.0	70.0
Upper	2	11.8	10.8	6.5	2	18.2	5.9	6.5
	Refinance				Multi-Family			
<i>Geographic</i>	(26)				(0)			
Low	0	0.0	2.3	4.8	0	0.0	0.0	4.8
Moderate	4	15.4	13.8	18.7	0	0.0	55.6	18.7
Middle	19	73.1	74.1	70.0	0	0.0	33.3	70.0
Upper	3	11.5	9.8	6.5	0	0.0	11.1	6.5
	HMDA Totals				Consumer			
<i>Geographic</i>	(54)				(NA)			
Low	2	3.7	4.0	4.8	NA	NA	NA	NA
Moderate	9	16.7	14.4	18.7	NA	NA	NA	NA
Middle	36	66.7	71.4	70.0	NA	NA	NA	NA
Upper	7	13.0	10.2	6.5	NA	NA	NA	NA
<i>Borrower</i>	(53)				(NA)			
Low	6	11.3	8.0	25.7	NA	NA	NA	NA
Moderate	14	26.4	25.0	19.9	NA	NA	NA	NA
Middle	16	30.2	28.6	19.7	NA	NA	NA	NA
Upper	17	32.1	38.5	34.7	NA	NA	NA	NA
	Small Business				Small Farm			
<i>Geographic</i>	(8)				(0)			
Low	0	0.0	2.0	3.5	0	0.0	2.6	1.5
Moderate	2	25.0	18.7	20.2	0	0.0	13.2	14.6
Middle	4	50.0	71.7	66.5	0	0.0	84.2	81.5
Upper	2	25.0	7.6	9.8	0	0.0	0.0	2.3
<i>Revenue</i>								
Busn/ Farms with revenues <=\$1 M	4	50.0	48.9	93.6	0	0.0	52.6	99.2

Geographic () represents the total number of bank loans for the specific Loan Purpose where geography is known
Borrower () represents the total number of bank loans for the specific Loan Purpose where income is known
NA represents no activity in the income category

During the evaluation period, the bank originated three community development loans totaling approximately \$7.5 million.

INVESTMENT TEST

In addition to the investments that benefit the North Carolina statewide area, the following qualified community development investments benefitting this assessment area were noted.

- Charitable donations of \$75,390 for qualified community development purposes

SERVICE TEST

The bank operates two branches within this assessment area, of which one is located in a middle-income census tract and one is located in an upper-income census tract. While none of the bank's branches are located in low- or moderate-income census tracts, both are located within two miles of low- and moderate-income census tracts. No branch offices have been opened or closed since the bank's previous evaluation.

Banking services offered in this assessment area are substantially the same as services available to other communities that the bank serves. Bank employees participated in the following qualified community development service activities within the assessment area.

Community Services

Hospice of Rockingham County
United Way of Rockingham County

Economic Development

Reidsville Chamber of Commerce

Raleigh, NC Assessment Area

The assessment area includes all of Wake County, North Carolina. There are 12 low-, 36 moderate-, 57 middle-, and 79 upper-income census tracts in the assessment area. Three additional census tracts within the assessment area do not have an income designation.

Performance Test Data for Raleigh, NC Assessment Area

LENDING TEST

Limited Review Lending Table

Raleigh, NC (2019)								
Income Categories	Bank		Aggregate	Demographic	Bank		Aggregate	Demographic
	#	%	%	%	#	%	%	%
	Home Purchase				Home Improvement			
<i>Geographic</i>	(22)				(6)			
Low	4	18.2	2.5	2.1	0	0.0	1.9	2.1
Moderate	2	9.1	17.6	19.2	0	0.0	14.1	19.2
Middle	3	13.6	35.1	34.3	1	16.7	33.7	34.3
Upper	13	59.1	44.7	44.5	5	83.3	50.3	44.5
	Refinance				Multi-Family			
<i>Geographic</i>	(14)				(4)			
Low	0	0.0	1.8	2.1	1	25.0	16.1	2.1
Moderate	1	7.1	15.9	19.2	1	25.0	33.3	19.2
Middle	4	28.6	32.8	34.3	1	25.0	28.7	34.3
Upper	9	64.3	49.5	44.5	1	25.0	21.8	44.5
	HMDA Totals				Consumer			
<i>Geographic</i>	(46)				(NA)			
Low	5	10.9	2.2	2.1	NA	NA	NA	NA
Moderate	4	8.7	16.8	19.2	NA	NA	NA	NA
Middle	9	19.6	34.1	34.3	NA	NA	NA	NA
Upper	28	60.9	46.9	44.5	NA	NA	NA	NA
<i>Borrower</i>	(41)				(NA)			
Low	2	4.9	7.9	19.9	NA	NA	NA	NA
Moderate	3	7.3	20.4	16.2	NA	NA	NA	NA
Middle	2	4.9	25.5	18.8	NA	NA	NA	NA
Upper	34	82.9	46.2	45.1	NA	NA	NA	NA
	Small Business				Small Farm			
<i>Geographic</i>	(60)				(0)			
Low	8	13.3	4.0	4.1	0	0.0	2.2	1.9
Moderate	15	25.0	17.8	19.7	0	0.0	16.7	15.7
Middle	20	33.3	31.9	32.8	0	0.0	36.7	43.7
Upper	17	28.3	46.3	43.4	0	0.0	44.4	38.8
<i>Revenue</i>								
Busn/ Farms with revenues <=\$1 M	27	45.0	48.0	92.4	0	0.0	64.9	98.7

Geographic () represents the total number of bank loans for the specific Loan Purpose where geography is known

Borrower () represents the total number of bank loans for the specific Loan Purpose where income is known

NA represents no activity in the income category

During the evaluation period, the bank originated one community development loan totaling \$1 million.

INVESTMENT TEST

In addition to the investments that benefit the North Carolina statewide area, the following qualified community development investments were noted.

- Freddie Mac Mortgage-Backed Securities (\$4.2 million) – housing for low- and moderate-income borrowers
- Wake County Habitat for Humanity (\$2.3 million) – affordable housing
- Charitable donations of \$25,425 for qualified community development purposes

SERVICE TEST

The bank operates two branches within this assessment area, of which one is located in a middle-income census tract and one is located in an upper-income census tract. No branch offices have been opened or closed since the bank's previous evaluation.

Banking services offered in this assessment area are substantially the same as services available to other communities that the bank serves; however, one of the branch locations does not have an ATM. Bank employees participated in the following qualified community development service activities within the assessment area.

Economic Development

City of Raleigh Planning Commission
Hillsborough Street Community Service Corporation

Financial Literacy

Garner Road Community Center

Affordable Housing

Triangle J. Council of Governments

Winston-Salem, NC Assessment Area

The assessment area includes all of Davidson County, North Carolina. There are three low-, six moderate-, 18 middle-, and seven upper-income census tracts in the assessment area.

Performance Test Data for Winston-Salem, NC Assessment Area

LENDING TEST

Limited Review Lending Table

Winston-Salem, NC (2019)								
Income Categories	Bank		Aggregate	Demographic	Bank		Aggregate	Demographic
	#	%	%	%	#	%	%	%
	Home Purchase				Home Improvement			
<i>Geographic</i>	(2)				(2)			
Low	0	0.0	3.2	3.2	0	0.0	4.0	3.2
Moderate	0	0.0	13.8	12.9	0	0.0	12.5	12.9
Middle	2	100.0	53.4	59.3	2	100.0	49.3	59.3
Upper	0	0.0	29.6	24.6	0	0.0	34.2	24.6
	Refinance				Multi-Family			
<i>Geographic</i>	(11)				(0)			
Low	1	9.1	2.4	3.2	0	0.0	7.1	3.2
Moderate	2	18.2	10.5	12.9	0	0.0	35.7	12.9
Middle	7	63.6	55.5	59.3	0	0.0	42.9	59.3
Upper	1	9.1	31.6	24.6	0	0.0	14.3	24.6
	HMDA Totals				Consumer			
<i>Geographic</i>	(15)				(NA)			
Low	1	6.7	3.0	3.2	NA	NA	NA	NA
Moderate	2	13.3	12.7	12.9	NA	NA	NA	NA
Middle	11	73.3	53.8	59.3	NA	NA	NA	NA
Upper	1	6.7	30.5	24.6	NA	NA	NA	NA
<i>Borrower</i>	(13)				(NA)			
Low	2	15.4	7.6	22.0	NA	NA	NA	NA
Moderate	2	15.4	22.6	19.9	NA	NA	NA	NA
Middle	3	23.1	27.3	19.8	NA	NA	NA	NA
Upper	6	46.2	42.5	38.3	NA	NA	NA	NA
	Small Business				Small Farm			
<i>Geographic</i>	(11)				(0)			
Low	1	9.1	7.8	8.7	0	0.0	5.3	3.2
Moderate	6	54.5	17.8	20.2	0	0.0	5.3	1.9
Middle	4	36.4	49.5	50.4	0	0.0	68.4	60.9
Upper	0	0.0	24.9	20.7	0	0.0	21.1	34.0
<i>Revenue</i>								
Busn/ Farms with revenues <=\$1 M	5	45.5	49.1	92.1	0	0.0	36.8	97.4

Geographic () represents the total number of bank loans for the specific Loan Purpose where geography is known

Borrower () represents the total number of bank loans for the specific Loan Purpose where income is known

NA represents no activity in the income category

The bank did not originate any community development loans within this assessment area during the evaluation period.

INVESTMENT TEST

In addition to the investments that benefit the North Carolina statewide area, the bank made charitable donations totaling approximately \$29,129 to nonprofit organizations that provide community development services within this assessment area. Additionally, the bank holds the following qualified community development investment that directly benefits this assessment area.

- Freddie Mac Mortgage-Backed Securities (\$497,590) – housing for low- and moderate-income borrowers
- Charitable donations of \$29,129 for qualified community development purposes

SERVICE TEST

The bank operates two branches within this assessment area, of which one is located in a moderate-income census tract and one is located in an upper-income census tract. No branch offices have been opened or closed since the bank's previous evaluation.

Banking services offered in this assessment area are substantially the same as services available to other communities that the bank serves. Bank employees participated in the following qualified community development service activities within the assessment area.

Community Services

United Way of Davidson County

Economic Development

Lexington Area Chamber of Commerce

Danville, VA NonMSA Assessment Area

The assessment area includes all of Henry and Pittsylvania counties and the cities of Danville and Martinsville, Virginia. There are one low-, 15 moderate-, 30 middle-, and four upper-income census tracts in the assessment area. One additional census tract within the assessment area does not have an income designation.

Performance Test Data for Danville, VA NonMSA Assessment Area

LENDING TEST

Limited Review Lending Table

Danville, VA NonMSA (2019)								
Income Categories	Bank		Aggregate	Demographic	Bank		Aggregate	Demographic
	#	%	%	%	#	%	%	%
	Home Purchase				Home Improvement			
<i>Geographic</i>	(5)				(7)			
Low	0	0.0	0.3	1.1	0	0.0	0.0	1.1
Moderate	1	20.0	18.6	23.2	0	0.0	13.7	23.2
Middle	2	40.0	65.5	66.2	7	100.0	78.1	66.2
Upper	2	40.0	15.6	9.4	0	0.0	8.2	9.4
	Refinance				Multi-Family			
<i>Geographic</i>	(11)				(0)			
Low	0	0.0	0.6	1.1	0	0.0	0.0	1.1
Moderate	1	9.1	15.4	23.2	0	0.0	40.0	23.2
Middle	9	81.8	70.8	66.2	0	0.0	53.3	66.2
Upper	1	9.1	13.2	9.4	0	0.0	6.7	9.4
	HMDA Totals				Consumer			
<i>Geographic</i>	(23)				(NA)			
Low	0	0.0	0.4	1.1	NA	NA	NA	NA
Moderate	2	8.7	17.4	23.2	NA	NA	NA	NA
Middle	18	78.3	67.9	66.2	NA	NA	NA	NA
Upper	3	13.0	14.3	9.4	NA	NA	NA	NA
<i>Borrower</i>	(23)				(NA)			
Low	6	26.1	12.1	24.4	NA	NA	NA	NA
Moderate	3	13.0	23.6	18.6	NA	NA	NA	NA
Middle	6	26.1	28.6	22.0	NA	NA	NA	NA
Upper	8	34.8	35.7	35.0	NA	NA	NA	NA
	Small Business				Small Farm			
<i>Geographic</i>	(1)				(0)			
Low	0	0.0	0.7	1.0	0	0.0	0.0	0.0
Moderate	0	0.0	21.9	23.3	0	0.0	10.3	3.8
Middle	1	100.0	63.9	62.8	0	0.0	89.7	91.9
Upper	0	0.0	13.5	12.8	0	0.0	0.0	4.3
<i>Revenue</i>								
Busn/ Farms with revenues <=\$1 M	1	100.0	47.8	90.4	0	0.0	67.8	97.0

*Geographic () represents the total number of bank loans for the specific Loan Purpose where geography is known
Borrower () represents the total number of bank loans for the specific Loan Purpose where income is known
NA represents no activity in the income category*

The bank did not originate any community development loans within this assessment area during the evaluation period.

INVESTMENT TEST

In addition to the investments that benefit the Virginia statewide area, the following qualified investments benefiting this assessment area were noted.

- Virginia Community Capital Bank (\$350,000) – CDFI investment
- Charitable donations of \$2,250 for qualified community development purposes

SERVICE TEST

The bank operates three branches within this assessment area, of which one is in located in a low-income census tract, one is in a middle-income census tract, and one is located in an upper-income census tract. There is also an additional ATM in this assessment area. No branch offices have been opened or closed since the bank's previous evaluation.

Banking services offered in this assessment area are substantially the same as services available to other communities that the bank serves. During the review period, bank employees did not participate in qualified community service activities within the assessment area.

CRA APPENDIX D

BRANCH, LOAN, AND DEPOSIT VOLUME BY ASSESSMENT AREA

The following table includes the distribution of HTB's branch offices, along with deposit and loan volume. The deposit volume includes all bank deposits and is current as of June 30, 2021, while the loan volume includes all reported HMDA, small business, and small farm loans considered in the evaluation.

Assessment Area Name	Loans				Branches		Deposits	
	#	%	\$ (000s)	%	#	%	\$ (000s)	%
Asheville, NC	3,011	49%	\$656,488	50.5%	8	19.5%	\$924,364	31.4%
Polk County, NC NonMSA	741	12%	\$117,064	9%	4	9.7%	\$359,423	12.2%
Charlotte-Concord-Gastonia, NC	309	5%	\$94,578	7.3%	2	4.9%	\$135,145	4.6%
Greensboro-High Point, NC	205	3.3%	\$21,742	1.7%	2	4.9%	\$210,314	7.1%
Raleigh, NC	272	4.4%	\$99,633	7.7%	2	4.9%	\$90,088	3%
Winston-Salem, NC	73	1.2%	\$12,070	.9%	2	4.9%	\$85,109	2.9%
NORTH CAROLINA TOTAL	4,611	75%	\$1,001,575	77%	20	48.8%	\$1,804,443	61.2%
Knoxville-Morristown-Sevierville, TN	380	6.2%	\$63,534	4.9%	5	12.2%	\$368,516	12.5%
TENNESSEE TOTAL	380	6.2%	\$63,534	4.9%	5	12.2%	\$368,516	12.5%
Roanoke, VA MSA	234	3.8%	\$44,326	3.4%	6	14.6%	\$297,244	10.1%
Danville, VA NonMSA	70	1.1%	\$6,089	.5%	3	7.3%	\$102,976	3.5%
VIRGINIA TOTAL	304	4.9%	\$50,415	3.9%	9	21.9%	\$400,220	13.6%
Johnson City-Kingsport-Bristol, TN-VA	483	7.9%	\$89,483	6.9%	5	12.2%	\$304,196	10.3%
MULTISTATE CSA TOTAL	483	7.9%	\$89,483	6.9%	5	12.2%	\$304,196	10.3%
Greenville-Anderson-Morristown, SC	372	6%	\$95,493	7.3%	2	4.9%	\$69,567	2.4%
SOUTH CAROLINA TOTAL	372	6%	\$95,493	7.3%	2	4.9%	\$69,567	2.4%
Total	6,150	100%	\$1,300,500	100%	41	100%	\$2,946,942	100%

**CRA APPENDIX E
ASSESSMENT AREA AND BRANCHING ACTIVITY**

The bank’s assessment areas are located throughout North Carolina, Tennessee, Virginia, and South Carolina. The composition of the bank’s assessment areas is detailed in the following tables.

North Carolina Assessment Area Delineations			
Assessment Area Name	City/County	State	Census Tracts Included
Asheville, NC	Buncombe County	NC	All
	Haywood County	NC	All
	Henderson County	NC	All
Charlotte-Concord Gastonia, NC	Gaston County	NC	All
	Mecklenburg County	NC	All
Greensboro-High Point, NC	Rockingham County	NC	All
Polk, NC NonMSA	Cleveland County	NC	All
	Polk County	NC	All
	Rutherford County	NC	All
Raleigh, NC	Wake County	NC	All
Winston-Salem, NC	Davidson County	NC	All

Tennessee Assessment Area Delineations			
Assessment Area Name	City/County	State	Census Tracts Included
Knoxville-Morristown-Sevierville, TN	Hamblen County	TN	All
	Jefferson County	TN	All
	Knox County	TN	All

Virginia Assessment Area Delineations			
Assessment Area Name	City/County	State	Census Tracts Included
Danville, VA NonMSA	Danville City	VA	All
	Henry County	VA	All
	Martinsville City	VA	All
	Pittsylvania County	VA	All
Roanoke, VA MSA	Botetourt County	VA	All
	Craig County	VA	All
	Franklin County	VA	All
	Roanoke City	VA	All
	Roanoke County	VA	All
	Salem City	VA	All

Multistate Combined Statistical Area Delineations			
Assessment Area Name	City/County	State	Census Tracts Included
Johnson City-Kingsport-Bristol, TN-VA **	Washington County	TN	All
	Sullivan County	TN	All
	Bristol City	VA	All

**The bank closed one branch location in Kingsport, TN on 11/22/2019

South Carolina Assessment Area Delineations			
Assessment Area Name	City/County	State	Census Tracts Included
Greenville-Anderson-Mauldin	Greenville County	SC	All

CRA APPENDIX F

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

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

- (i) Low-or moderate-income geographies.
- (ii) Designated disaster areas; or
- (iii) Distressed or underserved nonmetropolitan middle-income geographies designated by the Board, Federal Deposit Insurance Corporation, and Office of the Comptroller of the Currency, based on-
 - (A) Rates of poverty, unemployment, and population loss; or
 - (B) Population size, density, and dispersion. Activities that revitalize and stabilize geographies designated based on population size, density, and dispersion if they help to meet essential community needs, including needs of low- and moderate-income individuals.

Consumer loan(s): A loan(s) to one or more individuals for household, family, or other personal expenditures. A consumer loan does not include a home mortgage, small business, or small farm loan. This definition includes the following categories: motor vehicle loans, credit card loans, home equity loans, other secured consumer loans, and other unsecured consumer loans.

Family: Includes a householder and one or more other persons living in the same household who are related to the householder by birth, marriage, or adoption. The number of family households always equals the number of families; however, a family household may also include non-relatives living with the family. Families are classified by type as either a married-couple family or other family, which is further classified into 'male householder' (a family with a male householder and no wife present) or 'female householder' (a family with a female householder and no husband present).

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

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

Home Mortgage Disclosure Act (HMDA): The statute that requires certain mortgage lenders that do business or have banking offices in a metropolitan statistical area to file annual summary reports of their mortgage lending activity. The reports include such data as the race, gender, and the income of applications, the amount of loan requested, and the disposition of the application (for example, approved, denied, and withdrawn).

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

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

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

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

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

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

Middle-income: Individual income that is at least 80 percent and less than 120 percent of the area median income, or a median family income that is at least 80 percent and less than 120 percent, in the case of a geography.

Moderate-income: Individual income that is at least 50 percent and less than 80 percent of the area median income, or a median family income that is at least 50 percent and less than 80 percent, in the case of a geography.

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

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

Owner-occupied units: Includes units occupied by the owner or co-owner, even if the unit has not been fully paid for or is mortgaged.

Qualified investment: A qualified investment is defined as any lawful investment, deposit, membership share, or grant that has as its primary purpose community development.

Rated area: A rated area is a state or multistate metropolitan area. For an institution with domestic branches in only one state, the institution's CRA rating would be the state rating. If an institution maintains domestic branches in more than one state, the institution will receive a rating for each state in which those branches are located. If an institution maintains domestic branches in two or more states within a multistate metropolitan area, the institution will receive a rating for the multistate metropolitan area.

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

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

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