

**PUBLIC DISCLOSURE**

**September 25, 2023**

**COMMUNITY REINVESTMENT ACT  
PERFORMANCE EVALUATION**

**Central State Bank  
11025 Highway 25  
Calera, Alabama 35040**

**RSSD ID NUMBER: 353238**

**FEDERAL RESERVE BANK OF ATLANTA  
1000 Peachtree Street, N.E.  
Atlanta, Georgia 30309-4470**

**NOTE:** This document is an evaluation of this institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the institution. This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to the institution does not represent an analysis, conclusion, or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.

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**INSTITUTION’S CRA RATING**

**INSTITUTION’S CRA RATING: This institution is rated Satisfactory.**

**The Lending Test is rated: Satisfactory.**

**The Community Development Test is rated: Satisfactory.**

The following table indicates the performance level of Central State Bank with respect to the Lending and Community Development Tests.

PERFORMANCE LEVELS	Central State Bank	
	PERFORMANCE TESTS	
	Lending Test	Community Development Test
Outstanding		
Satisfactory	X	X
Needs to Improve		
Substantial Noncompliance		

\*Note: The Lending Test and the Community Development test are weighted equally when arriving at an overall rating.

Major factors supporting the institution’s rating include:

- The bank’s loan-to-deposit (LTD) ratio is reasonable.
- A majority of loans were made in the assessment area.
- The geographic distribution of loans reflects excellent dispersion throughout the assessment area.
- The distribution of loans reflects excellent penetration among businesses of different sizes and individuals of different income levels.
- Considering the bank’s asset size, capacity, and the availability of community development opportunities, the level of qualified community development loans, investments, and services reflects adequate responsiveness to community development needs in its assessment area.

## **INSTITUTION**

### **SCOPE OF EXAMINATION**

The CRA performance evaluation assesses the bank's record of meeting the credit needs of its community, including LMI neighborhoods, within the context of information such as asset size and financial condition of the institution, competitive factors, as well as the economic and demographic characteristics of its defined assessment area. Central State Bank's CRA performance evaluation was based on CRA activities within its assessment area using the Interagency Intermediate Small Institution Examination Procedures. Under these procedures, institutions meeting the threshold size are evaluated using two separately rated tests: a Lending Test and a Community Development Test. The Community Development Test includes an evaluation of community development loans, investments, and services in light of community needs within the bank's assessment area and capacity.

The bank operates in one assessment area, which was reviewed under full-scope procedures. Given the bank's asset size and offices located in an MSA, it submits annual reports regarding its residential real estate loan originations and applications, pursuant to the HMDA. These loans are referred to as HMDA loans in this evaluation. Based on asset size, the bank is not required to report small business/small farm loan data.

The Lending Test evaluation included an analysis of the bank's average LTD ratio from March 31, 2018 through December 31, 2022. It also included an analysis of small business and consumer loans<sup>1</sup> using sampling guidelines and an analysis of the universe of HMDA loans, all originated from January 1, 2021 through December 31, 2022. A small business loan is defined as a business loan with an original amount of \$1 million or less and typically is either secured by nonfarm or nonresidential real estate or classified as a commercial loan. For purposes of this analysis, consumer loans include loans to individuals under three broad categories: motor vehicle, other secured, and unsecured loans. Since small business loans represented a higher volume (both by number and dollar) and is a focus of the lending efforts of the bank, this loan product was given greater weight in evaluating the bank's lending performance, followed by consumer loans and HMDA loans.

For the Community Development Test, the examination covered community development loans, qualified investments, and community development services from January 1, 2021 to March 31, 2023. The CRA defines a community development activity as having a primary purpose of providing any of the following: affordable housing or community services for LMI persons; economic development through the financing of small businesses or farms; and revitalizing or stabilizing LMI geographies, designated disaster areas, or distressed or underserved non MSA middle-income geographies that benefit the assessment area or a larger statewide or regional area that includes the assessment area.

As part of this evaluation, two community contacts were made with a local economic development organization and a local housing specialist who are familiar with the economic and demographic characteristics, as well as the community development opportunities in the assessment area. Information obtained from these contacts was used to establish a context for the communities in which the bank operates and to gather information on the bank's performance. Specific information obtained from the community contacts is included in the applicable section of the evaluation for the assessment area.

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<sup>1</sup> In accordance with CRA examination procedures, a sample of consumer loans was chosen due to consumer lending representing a substantial majority of the bank's business, and as such, an accurate conclusion concerning the bank's lending record could not be reached without their inclusion.

**DESCRIPTION OF INSTITUTION**

Central State Bank is a community bank that is a wholly owned subsidiary of Central State Bancorporation, Inc.; both are located in Calera, Alabama.

Branch Offices

Central State Bank operates five branch offices in its assessment area which are all located in Shelby County. Of the five branch offices, none are located in LMI tracts, three are located in middle-income tracts, and two are located in upper-income tracts. All five of the branch offices have ATMs and there are no additional standalone ATMs in the assessment area. The bank did not open or close any branches since the previous examination.

Loan Portfolio

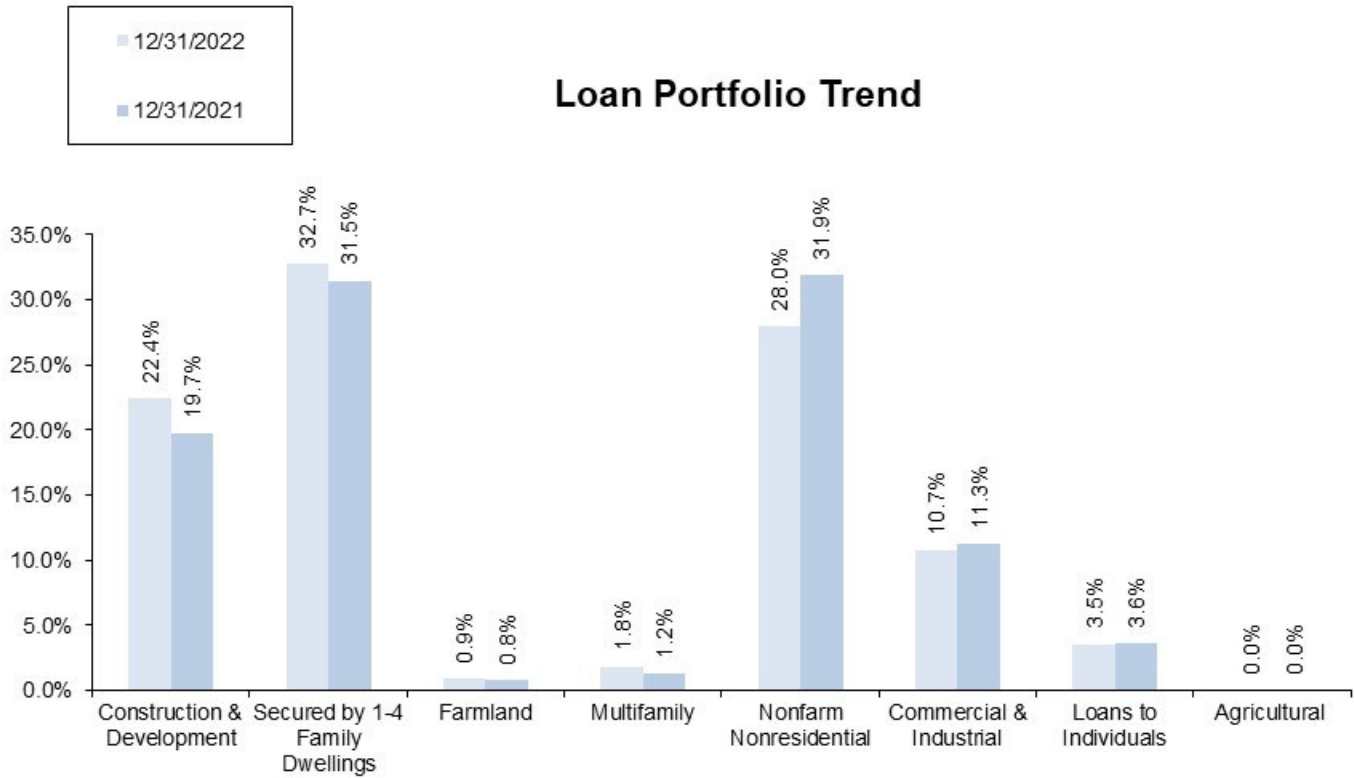
The following table and graphs show the composition of the loan portfolio according to the Consolidated Report of Condition and Income (Call Report).

COMPOSITION OF LOAN PORTFOLIO					
Loan Type	12/31/2022		12/31/2021		% Change
	\$ (000s)	Percent	\$ (000s)	Percent	
Construction and Development	78,830	22.4%	59,077	19.7%	33.4%
Secured by One- to Four- Family Dwellings	115,242	32.7%	94,368	31.5%	22.1%
Other Real Estate: Farmland	3,036	0.9%	2,345	0.8%	29.5%
Multifamily	6,362	1.8%	3,650	1.2%	74.3%
Nonfarm nonresidential	98,668	28.0%	95,735	31.9%	3.1%
Commercial and Industrial	37,685	10.7%	33,745	11.3%	11.7%
Loans to Individuals	12,454	3.5%	10,900	3.6%	14.3%
Agricultural Loans	0	0.0%	0	0.0%	0.0%
<b>Total</b>	<b>\$352,277</b>	<b>100.00%</b>	<b>\$299,820</b>	<b>100.00%</b>	

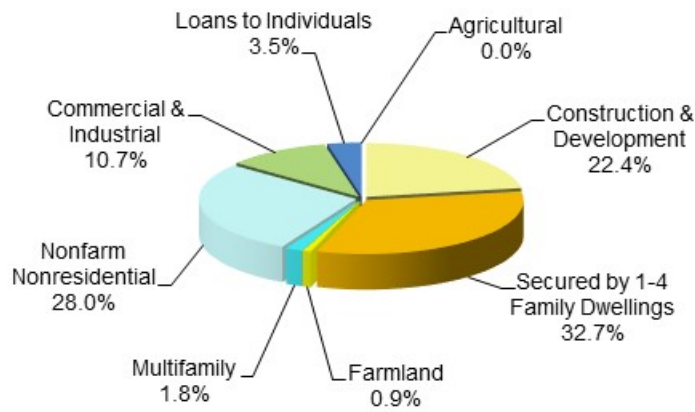
\* This table does not include the entire loan portfolio. Specifically, it excludes loans to depository institutions, bankers acceptances, lease financing receivables, obligations of state and political subdivisions, and other loans that do not meet any other category. Contra assets are also not included in this table.

As shown, the loan portfolio experienced an increase of \$52.5 million (or 17.5 percent) between 2021 and 2022. As of December 31, 2022, loans secured by one- to four-family dwellings made up the largest percentage of the loan portfolio by dollar amount with 32.7 percent of total loans, followed by loans secured by nonfarm nonresidential at 28.0 percent, and loans secured by construction and development at 22.4 percent.

While not reflected in the following table, it is also worth noting that by number of loans originated, loans to individuals, or consumer loans, represent a significant product offering for the bank. Consumer loans not related to residential real estate are typically made in smaller dollar amounts relative to other credit products.



**Loan Portfolio  
as of  
12/31/2022**



Credit Products

The bank offers the following types of credit products: personal loans (including installment loans, secured and unsecured lines of credit, home equity lines of credit, and automobile), commercial loans (including SBA loans, lines of credit, vehicle/equipment loans, commercial mortgages, and construction loans), and residential real estate mortgage loans (single family and multifamily).

COVID-19 Response

Central State Bank actively participated in the SBA Paycheck Protection Program (PPP). In the small business loan sample, the bank originated 39 PPP loans for a total dollar amount of \$2.2 million; 76.9 percent of the PPP loans were in the bank’s assessment area. The volume of PPP lending increased the bank’s overall small business lending during the review period. For comparison, in the sample during the review period, the bank originated 130 non-PPP small business loans totaling \$9.6 million; 82.3 percent of the non-PPP small business loans were in the bank’s assessment area.

Central State Bank complies with the requirements of the CRA. No known legal impediments exist that would restrict the bank from meeting the credit needs of its assessment area. The bank received a “Satisfactory” rating at its previous evaluation conducted by the Federal Reserve Bank of Atlanta dated September 17, 2018, under the small bank examination procedures.

**DESCRIPTION OF ASSESSMENT AREA**

Overview

The assessment area includes all of Shelby County and portions of Bibb and Chilton counties, which are part of the six county Birmingham-Hoover, AL MSA (Birmingham MSA). The bank’s assessment area boundary has not changed since the last examination; however, several tracts within the assessment area were redrawn in 2022.

Population and Income Characteristics

According to the 2020 U.S. Census, the assessment area population was 290,331, representing a 7.5 percent increase since 2015. Shelby County is the most populous county in the assessment area with 76.8 percent of the population, followed by Chilton County with 15.5 percent and Bibb County with 7.7 percent. Chilton and Shelby counties experienced an increase in population from 2015 to 2020 while Bibb County experienced a decrease in population. For purposes of classifying borrower income, this evaluation uses the FFIEC estimated median family income (MFI) for the relevant area. The following table sets forth the estimated MFI for 2021 and 2022 for the Birmingham MSA. It also provides a breakdown of the estimated annual income based on income level (low, moderate, middle, and upper).

**Borrower Income Levels  
Birmingham-Hoover, AL MSA**

FFIEC Estimated Median Family Income		Low		Moderate		Middle		Upper	
		0	- 49.99%	50%	- 79.99%	80%	- 119.99%	120%	- & above
<b>2021</b>	<b>\$73,300</b>	0	- \$36,649	\$36,650	- \$58,639	\$58,640	- \$87,959	\$87,960	- & above
<b>2022</b>	<b>\$83,300</b>	0	- \$41,649	\$41,650	- \$66,639	\$66,640	- \$99,959	\$99,960	- & above

The FFIEC estimated MFI for the Birmingham MSA in 2021 and 2022 was \$73,300 and \$83,300, respectively, reflecting an increase of 13.6 percent. According to the 2022 FFIEC census data, there were 67,496 families in

the assessment area. Of those families, 14.3 percent were low-income; 14.7 percent were moderate-income, 20.1 percent were middle-income, and 50.9 percent were upper-income. Of the total families in the assessment area, 5.6 percent had incomes below the poverty level.

#### Housing Characteristics

According to the 2022 FFIEC census data, there were 105,363 total housing units in the assessment area, of which 72.0 percent were owner-occupied, 18.6 percent were rental units, and 9.5 percent were vacant. In the assessment area, the median age of housing stock was 35 years, the median housing value was \$204,766, and the median monthly gross rent was \$1,018 as compared to the Birmingham MSA where the median age of housing stock was 39 years (higher than the assessment area), the median housing value was \$171,432, and the median monthly gross rent was \$929 (both lower than the assessment area). The housing affordability ratio, defined as the median household income divided by the median housing value, was 36.0 in the assessment area compared to the Birmingham MSA at 34.5. A higher ratio means the housing is considered more affordable, while a lower ratio means the housing is considered less affordable; therefore, data would indicate that housing is more affordable in the assessment area than in the Birmingham MSA. However, according to the 2015-2019 HUD Comprehensive Housing Affordability Strategy, 67.9 percent of low-income renters and 53.6 percent of low-income homeowners spent 30.0 percent or more of household income on housing and thus, were cost-burdened in 2022. This indicates that residential lending opportunities, particularly to low-income borrowers, may be more limited. This aligns with the views expressed by a community contact about increasing home prices decreasing affordability.

#### Employment and Economic Conditions

According to the Bureau of Labor Statistics in 2022, the industries that employed the most people in the assessment area were retail trade (13,264), finance and insurance (9,691), and accommodation and food services (8,895). As described in the following paragraphs, the assessment area contains a wide variety of businesses and continues to experience growth in the small business sector.

Top employers in Shelby County include Regions Bank, Shelby County Board of Education, Walmart, Publix Supermarkets, and Southern Company/Alabama Power.<sup>2</sup> Shelby County has a diverse economic base that is a reflection of the county's industrial and corporate development. The Highway 280 corridor in the north central portion of the county is Alabama's fastest growing corporate location. Shelby County's Interstate 65 corridor includes light industrial and wholesale distribution.<sup>3</sup> The Shelby County Chamber of Commerce has developed a three-year strategic plan called Forward Shelby County which aims to retain and grow existing business and lead a business-driven workforce development.<sup>4</sup>

Top employers in Chilton County include automotive parts maker Adient, O-Flex Metal Finishing, South Coast Paper, Stella Jones Corp., and West Fraiser Lumber.<sup>5</sup> Chilton County is the largest peach-producing county in the state of Alabama, producing more than 80 percent of the state's peach crop and contributing \$10 million annually to the economy of the State of Alabama.<sup>6</sup> Major employers in Bibb County include Burkes Mechanical, Bibb County Board of Education, Alabama Department of Corrections, and Bibb Medical Center.<sup>7</sup> Bibb County has a thriving health care community, consisting of a rural hospital, nursing home, attached retirement

<sup>2</sup> Largest Employers. *Shelby County Economic Development Corporation*, [58inc.org/locate-expand/largest-employers/](https://58inc.org/locate-expand/largest-employers/), Accessed 18 Oct. 2023.

<sup>3</sup> Economic Base. *Shelby County, Alabama*, [www.shelbyal.com/808/Economic-Base](http://www.shelbyal.com/808/Economic-Base) Accessed 16 Oct. 2023.

<sup>4</sup> Pruitt, Lori. "Spotlight on Shelby County: Community Development", *Business Alabama*, 27 Feb. 2023, [businessalabama.com/spotlight-on-shelby-county-community-development-2/](https://businessalabama.com/spotlight-on-shelby-county-community-development-2/), Accessed 16 Oct. 2023.

<sup>5</sup> Business and Industry. *The Chilton County Chamber*, [www.chiltonchamber.org/business-and-industry](http://www.chiltonchamber.org/business-and-industry), Accessed 18 Oct. 2023.

<sup>6</sup> Davis, Bethany. "National Peach Month brings Attention to Chilton County's Favorite Crop" *WSFA 12 News*, [www.wsfa.com/2022/07/26/national-peach-month-brings-attention-chilton-countys-favorite-crop/](http://www.wsfa.com/2022/07/26/national-peach-month-brings-attention-chilton-countys-favorite-crop/)

<sup>7</sup> Bibb County Living. *Bibb County Chamber of Commerce*, [www.bibbchamber.org/bibb-county-life/](http://www.bibbchamber.org/bibb-county-life/), Accessed 18 Oct. 2023.

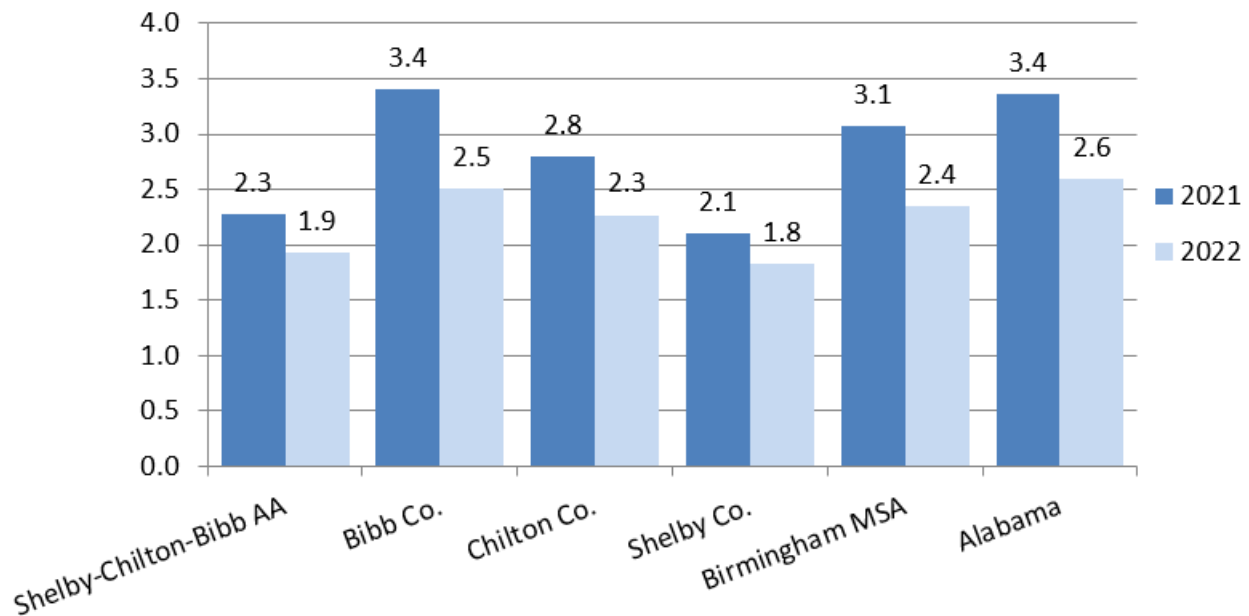


community, specialty medical clinics, and a physician training program attached to the University of Alabama Birmingham.<sup>8</sup> German automaker Mercedes-Benz has opened its new electric vehicle battery plant in Bibb County, which is expected to create nearly 600 new jobs.<sup>9</sup>

Small businesses play an important role in the assessment area economy. According to 2022 Dun & Bradstreet (D&B) data, there were 11,756 businesses in the assessment area. Of the total businesses in the assessment area, 91.6 percent had total annual revenues less than or equal to \$1 million and were therefore considered small businesses. Additionally, only 7.6 percent of small businesses in the assessment area were located in moderate-income tracts, which indicates limited opportunity in moderate-income tracts for small business lending.

The following graph shows the unemployment rates in 2021 and 2022 for the bank’s assessment area, each county in the assessment area, the Birmingham MSA, and the state of Alabama. The declining trend in the unemployment rate in the assessment area is consistent with the trends in the Birmingham MSA and statewide. The 2021 and 2022 annual unemployment rates for the assessment area declined from 2.3 percent to 1.9 percent, which is lower than the Birmingham MSA and the state of Alabama (3.1 percent to 2.4 percent, and 3.4 percent to 2.6 percent, respectively).

**Unemployment Rates - Shelby-Chilton-Bibb**



Not Seasonally Adjusted. Source: Bureau of Labor Statistics

Competition

According to the June 30, 2022, FDIC Summary of Deposits Report, Central State Bank ranks 3<sup>rd</sup> out of 23 financial institutions operating in the assessment area with a 7.9 percent deposit market share. The top financial

<sup>8</sup> About Bibb County. Bibb County, Alabama, [bibbal.com/about-bibb-county/](http://bibbal.com/about-bibb-county/), Accessed 16 Oct. 2023.

<sup>9</sup> Hollie, Jasmine. “Mercedes-Benz expects to create 600 jobs at new Bibb County battery plant.” *Tuscaloosa News*, 15 March 2022, <https://www.tuscaloosanews.com/story/news/2022/03/15/mercedes-benz-create-600-jobs-new-bibb-county-battery-plant/7032262001/>, Accessed 16 Oct. 2023.

institution by deposit market share is Regions Bank with 34.2 percent, followed by Wells Fargo Bank with 11.5 percent market share.

HMDA lending is competitive with 358 HMDA reporters operating in the assessment area in 2022. Central State Bank ranked 27<sup>th</sup> with 0.9 percent of all HMDA loans in 2022. Regions Bank had the largest share of HMDA loan originations and purchases at 8.9 percent, followed by Americas First at 4.7 percent. Large national lenders, including Fairway Independent Mortgage, and online lenders, Rocket Mortgage and PennyMac, are also active HMDA lenders in the assessment area.

#### Community Contacts

As part of the CRA examination, information was obtained from a local economic development organization and a local housing specialist. The economic development representative discussed general economic conditions in the assessment area and indicated that Shelby County has rebounded after the pandemic to a greater extent than Bibb and Chilton counties. According to the economic development representative, there is a considerable labor shortage which impedes expansion of existing businesses and the establishment of new businesses. Specifically, the contact stated that shortages pre-pandemic were largest in the manufacturing sector; however, post-pandemic, the shortages are across all industries. The contact noted that new and smaller businesses face challenges in obtaining credit, as some lenders are less willing to provide credit to these types of businesses and instead, rely on state small business credit initiative programs to fulfill their lending needs. According to the contact, small business incubators are missing from the area and are a needed resource for start-up businesses and small businesses wishing to grow.

The representative specializing in housing stated that the higher home values that occurred during the pandemic, along with rising interest rates and low inventory, made it difficult for LMI individuals to find affordable housing. According to the contact, LMI individuals struggled with housing affordability before the pandemic, and many LMI individuals were unable to afford homes without down payment assistance from the state. The affordability challenges were exacerbated during and after the pandemic when home prices rose quickly without subsequent increases in down payment assistance. According to the contact, lenders in the area are actively seeking loan opportunities to LMI individuals, either through their own loan program or through loans provided by local nonprofits, housing agencies, and the state.

#### Assessment Area Demographics

The following tables provide demographic characteristics of the bank's assessment area used to analyze the bank's CRA performance. The first table is based on 2021 FFIEC census data and 2021 D&B information used for the analysis of 2021 CRA performance. The second table is based on 2022 FFIEC census data and 2022 D&B information used for analysis of 2022 CRA performance.

As shown in the tables, the assessment area had no low-income tracts and eight moderate-income tracts in 2021 and 2022.

### Combined Demographics Report - 2021

Assessment Area: Shelby-Chilton-Bibb

Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low-income	0	0.0%	0	0.0%	0	0.0%	10,069	15.8%
Moderate-income	8	14.5%	8,424	13.2%	1,285	15.3%	8,821	13.8%
Middle-income	17	30.9%	19,005	29.8%	1,813	9.5%	12,106	19.0%
Upper-income	29	52.7%	36,447	57.1%	1,382	3.8%	32,880	51.5%
Unknown-income	1	1.8%	0	0.0%	0	0.0%	0	0.0%
<b>Total Assessment Area</b>	<b>55</b>	<b>100.0%</b>	<b>63,876</b>	<b>100.0%</b>	<b>4,480</b>	<b>7.0%</b>	<b>63,876</b>	<b>100.0%</b>
	<b>Housing Units by Tract</b>	<b>Housing Types by Tract</b>						
		<b>Owner-Occupied</b>			<b>Rental</b>		<b>Vacant</b>	
		#	%	%	#	%	#	%
Low-income	0	0	0.0%	0.0%	0	0.0%	0	0.0%
Moderate-income	13,991	8,838	12.6%	63.2%	3,363	24.0%	1,790	12.8%
Middle-income	33,146	20,720	29.5%	62.5%	7,624	23.0%	4,802	14.5%
Upper-income	51,951	40,713	57.9%	78.4%	7,850	15.1%	3,388	6.5%
Unknown-income	0	0	0.0%	0.0%	0	0.0%	0	0.0%
<b>Total Assessment Area</b>	<b>99,088</b>	<b>70,271</b>	<b>100.0%</b>	<b>70.9%</b>	<b>18,837</b>	<b>19.0%</b>	<b>9,980</b>	<b>10.1%</b>
	<b>Total Businesses by Tract</b>	<b>Businesses by Tract &amp; Revenue Size</b>						
		<b>Less Than or = \$1 Million</b>		<b>Over \$1 Million</b>		<b>Revenue Not Reported</b>		
		#	%	#	%	#	%	#
Low-income	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Moderate-income	1,167	10.1%	1,073	10.2%	76	8.6%	18	15.5%
Middle-income	3,749	32.4%	3,341	31.6%	365	41.5%	43	37.1%
Upper-income	6,641	57.4%	6,148	58.2%	438	49.8%	55	47.4%
Unknown-income	3	0.0%	3	0.0%	0	0.0%	0	0.0%
<b>Total Assessment Area</b>	<b>11,560</b>	<b>100.0%</b>	<b>10,565</b>	<b>100.0%</b>	<b>879</b>	<b>100.0%</b>	<b>116</b>	<b>100.0%</b>
<b>Percentage of Total Businesses:</b>			<b>91.4%</b>		<b>7.6%</b>		<b>1.0%</b>	
	<b>Total Farms by Tract</b>	<b>Farms by Tract &amp; Revenue Size</b>						
		<b>Less Than or = \$1 Million</b>		<b>Over \$1 Million</b>		<b>Revenue Not Reported</b>		
		#	%	#	%	#	%	#
Low-income	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Moderate-income	38	24.8%	36	24.2%	2	50.0%	0	0.0%
Middle-income	49	32.0%	49	32.9%	0	0.0%	0	0.0%
Upper-income	66	43.1%	64	43.0%	2	50.0%	0	0.0%
Unknown-income	0	0.0%	0	0.0%	0	0.0%	0	0.0%
<b>Total Assessment Area</b>	<b>153</b>	<b>100.0%</b>	<b>149</b>	<b>100.0%</b>	<b>4</b>	<b>100.0%</b>	<b>0</b>	<b>0.0%</b>
<b>Percentage of Total Farms:</b>			<b>97.4%</b>		<b>2.6%</b>		<b>0.0%</b>	

Based on 2021 FFIEC Census Data and 2021 D&B Information

### Combined Demographics Report - 2022

Assessment Area: Shelby-Chilton-Bibb

Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low-income	0	0.0%	0	0.0%	0	0.0%	9,669	14.3%
Moderate-income	8	12.3%	7,845	11.6%	1,279	16.3%	9,920	14.7%
Middle-income	31	47.7%	27,934	41.4%	1,898	6.8%	13,566	20.1%
Upper-income	24	36.9%	31,717	47.0%	570	1.8%	34,341	50.9%
Unknown-income	2	3.1%	0	0.0%	0	0.0%	0	0.0%
<b>Total Assessment Area</b>	<b>65</b>	<b>100.0%</b>	<b>67,496</b>	<b>100.0%</b>	<b>3,747</b>	<b>5.6%</b>	<b>67,496</b>	<b>100.0%</b>
	<b>Housing Units by Tract</b>	<b>Housing Types by Tract</b>						
		<b>Owner-Occupied</b>		<b>Rental</b>		<b>Vacant</b>		
		#	%	%	#	%	#	%
Low-income	0	0	0.0%	0.0%	0	0.0%	0	0.0%
Moderate-income	13,044	8,061	10.6%	61.8%	3,213	24.6%	1,770	13.6%
Middle-income	49,335	31,997	42.2%	64.9%	11,781	23.9%	5,557	11.3%
Upper-income	42,984	35,776	47.2%	83.2%	4,559	10.6%	2,649	6.2%
Unknown-income	0	0	0.0%	0.0%	0	0.0%	0	0.0%
<b>Total Assessment Area</b>	<b>105,363</b>	<b>75,834</b>	<b>100.0%</b>	<b>72.0%</b>	<b>19,553</b>	<b>18.6%</b>	<b>9,976</b>	<b>9.5%</b>
	<b>Total Businesses by Tract</b>	<b>Businesses by Tract &amp; Revenue Size</b>						
		<b>Less Than or = \$1 Million</b>		<b>Over \$1 Million</b>		<b>Revenue Not Reported</b>		
		#	%	#	%	#	%	#
Low-income	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Moderate-income	880	7.5%	823	7.6%	44	5.2%	13	9.6%
Middle-income	5,580	47.5%	5,009	46.5%	510	59.8%	61	45.2%
Upper-income	5,292	45.0%	4,932	45.8%	299	35.1%	61	45.2%
Unknown-income	4	0.0%	4	0.0%	0	0.0%	0	0.0%
<b>Total Assessment Area</b>	<b>11,756</b>	<b>100.0%</b>	<b>10,768</b>	<b>100.0%</b>	<b>853</b>	<b>100.0%</b>	<b>135</b>	<b>100.0%</b>
<b>Percentage of Total Businesses:</b>			<b>91.6%</b>		<b>7.3%</b>		<b>1.1%</b>	
	<b>Total Farms by Tract</b>	<b>Farms by Tract &amp; Revenue Size</b>						
		<b>Less Than or = \$1 Million</b>		<b>Over \$1 Million</b>		<b>Revenue Not Reported</b>		
		#	%	#	%	#	%	#
Low-income	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Moderate-income	27	17.4%	27	17.9%	0	0.0%	0	0.0%
Middle-income	92	59.4%	90	59.6%	2	50.0%	0	0.0%
Upper-income	36	23.2%	34	22.5%	2	50.0%	0	0.0%
Unknown-income	0	0.0%	0	0.0%	0	0.0%	0	0.0%
<b>Total Assessment Area</b>	<b>155</b>	<b>100.0%</b>	<b>151</b>	<b>100.0%</b>	<b>4</b>	<b>100.0%</b>	<b>0</b>	<b>0.0%</b>
<b>Percentage of Total Farms:</b>			<b>97.4%</b>		<b>2.6%</b>		<b>0.0%</b>	

Based on 2022 FFIEC Census Data and 2022 D&B information

**CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS**

LENDING TEST

Overview

Central State Bank’s overall performance rating for the Lending Test is satisfactory. As previously stated in the *Scope of Examination* section, the bank’s lending performance was evaluated by analyzing samples of small business loans and consumer loans, as well as the universe of HMDA loans. Small business loans carried the most weight in deriving overall conclusions due to loan volume and strategic focus, followed by consumer loans (due to volume by number) and then HMDA loans.

The bank’s LTD ratio is reasonable and a majority of loans were originated inside the assessment area. The geographic distribution of loans reflects excellent dispersion throughout the assessment area, and the distribution of borrowers reflects excellent penetration among borrowers of different income levels and businesses of different sizes. The bank has not received any CRA-related complaints since the previous examination. Performance context information, such as competition, demographics, economic conditions, and business strategy and opportunities, were considered in evaluating the bank’s lending performance.

LTD Ratio

The bank’s average LTD ratio for the 20 quarters ending December 31, 2022, was 71.5 percent, which is considered reasonable given the bank’s size, financial condition, and assessment area credit needs. The bank’s average LTD ratio was compared with that of two depository institutions of comparable asset size with branch offices in the assessment area. The average LTD ratio for one of the institutions over the same time period was 62.9 percent, which was lower than the bank’s LTD ratio. The average LTD ratio for the second institution over the same time period was 66.8 percent, which is similar to Central State Bank’s LTD ratio.

Assessment area Concentration

The bank originated a majority of its loans to borrowers and businesses residing in or located within the bank’s assessment area. The table below shows, by product type, the number and percentage of loans reviewed that were located inside and outside of the bank’s assessment area.

**Lending Inside and Outside the Assessment Area**

Loan Types	Inside				Outside			
	#	%	\$(000s)	%	#	%	\$(000s)	%
<b>Total Consumer</b>	<b>162</b>	<b>93.6</b>	<b>\$2,532</b>	<b>96.0</b>	<b>11</b>	<b>6.4</b>	<b>\$106</b>	<b>4.0</b>
Home Improvement	11	64.7	\$814	63.0	6	35.3	\$479	37.0
Home Purchase - Conventional	82	44.8	\$18,305	36.2	101	55.2	\$32,327	63.8
Multi-Family Housing	2	14.3	\$892	13.1	12	85.7	\$5,927	86.9
Other Purpose Closed-End	13	81.3	\$701	66.0	3	18.8	\$361	34.0
Refinancing	49	54.4	\$7,448	33.2	41	45.6	\$14,980	66.8
<b>Total HMDA</b>	<b>157</b>	<b>49.1</b>	<b>\$28,160</b>	<b>34.2</b>	<b>163</b>	<b>50.9</b>	<b>\$54,074</b>	<b>65.8</b>
<b>Total Small Business</b>	<b>137</b>	<b>81.1</b>	<b>\$8,651</b>	<b>73.6</b>	<b>32</b>	<b>18.9</b>	<b>\$3,100</b>	<b>26.4</b>
<b>TOTAL LOANS</b>	<b>456</b>	<b>68.9</b>	<b>\$39,343</b>	<b>40.7</b>	<b>206</b>	<b>31.1</b>	<b>\$57,280</b>	<b>59.3</b>

Note: Affiliate loans not included

As reflected in the previous table, 93.6 percent (by number) and 96.0 percent (by loan amount) of a sample of consumer loans, and 81.1 percent (by number) and 73.6 percent (by loan amount) of a sample of small business loans were originated within the bank’s assessment area. In contrast, only 49.1 percent (by number) and 34.2 percent (by loan amount) of HMDA loans were originated within the bank’s assessment area. Bank management indicated that the lower percentage of HMDA loans originated within the bank’s assessment area is attributed to an increase in existing banking customers seeking HMDA loans for rental properties that are located outside of the bank’s assessment area. Considering all three loan categories, the overall percentage of total loans to borrowers and businesses residing in or located within the bank’s assessment area (68.9 percent by number) represents a majority.

Geographic Distribution of Loans

Based on the following analysis, the overall geographic distribution of small business loans reflects excellent dispersion throughout the bank’s assessment area and does not reveal any unexplained gaps in lending patterns. As previously stated in the *Description of Assessment Area* section, the assessment area contains no low-income census tracts. For this analysis, the geographic distribution of small business, HMDA, and consumer loans was compared to the available demographic information. HMDA loans were also compared to the aggregate performance of lenders in the assessment area. Performance context issues were also taken into consideration.

Small Business Lending

The following table shows the geographic distribution of a sample of small business loans in 2021 and 2022 compared to the distribution of total businesses in the assessment area. Based on performance during the review period, Central State Bank’s overall geographic distribution of small business loans reflects excellent dispersion throughout the assessment area.

**Geographic Distribution of Small Business Loans**

**Assessment Area: Shelby-Chilton-Bibb**

PRODUCT TYPE	Tract Income Levels	Bank Lending & Demographic Data									
		2021					2022				
		Count		Dollar		Total Businesses	Count		Dollar		Total Businesses
		#	%	\$ (000s)	\$ %	%	#	%	\$ (000s)	\$ %	%
SMALL BUSINESSES	Low	0	0.0%	0	0.0%	0.0%	0	0.0%	0	0.0%	0.0%
	Moderate	19	26.4%	662	12.8%	10.1%	15	23.1%	621	17.9%	7.5%
	Middle	26	36.1%	2,750	53.1%	32.4%	34	52.3%	1,669	48.0%	47.5%
	Upper	27	37.5%	1,763	34.1%	57.4%	16	24.6%	1,185	34.1%	45.0%
	Unknown	0	0.0%	0	0.0%	0.0%	0	0.0%	0	0.0%	0.0%
	Tr Unknown	0	0.0%	0	0.0%		0	0.0%	0	0.0%	
	<i>Total</i>	72	100%	5,176	100%	100%	65	100%	3,475	100%	100%

Originations & Purchases

Based on 2021 FFIEC Census Data; 2011-2015 ACS data; 2022 FFIEC Census Data; 2016-2020 ACS data; 2021 & 2022 D&B information

Within the sample in 2021, the bank originated 19 loans (26.4 percent) in moderate-income tracts, which is significantly higher than the percentage of total businesses located in these tracts at 10.1 percent. This reflects excellent performance in 2021. Within the sample in 2022, the bank originated 15 loans (23.1 percent) in moderate-income tracts, which is also significantly higher than the percentage of total businesses located in these tracts at 7.5 percent. This reflects excellent performance in 2022.

Consumer Lending

The following table shows the geographic distribution of consumer loans compared to the distribution of households in the assessment area. Considering the performance across the two years of analysis, Central State Bank’s overall geographic distribution of consumer loans reflects excellent dispersion throughout the assessment area.

**Geographic Distribution of Consumer Loans**  
Assessment Area: Shelby-Chilton-Bibb

Tract Income Levels	Bank Lending & Demographic Data									
	2021					2022				
	Count		Dollar		Households	Count		Dollar		Households
	#	%	\$ (000s)	\$ %	%	#	%	\$ (000s)	\$ %	%
Low	0	0.0%	0	0.0%	0.0%	0	0.0%	0	0.0%	0.0%
Moderate	29	35.8%	285	22.4%	13.7%	26	32.1%	435	34.6%	11.8%
Middle	30	37.0%	483	37.9%	31.8%	37	45.7%	437	34.7%	45.9%
Upper	22	27.2%	506	39.7%	54.5%	18	22.2%	385	30.6%	42.3%
Unknown	0	0.0%	0	0.0%	0.0%	0	0.0%	0	0.0%	0.0%
Tr Unknown	0	0.0%	0	0.0%		0	0.0%	0	0.0%	
<i>Total</i>	<i>81</i>	<i>100%</i>	<i>1,274</i>	<i>100%</i>	<i>100%</i>	<i>81</i>	<i>100%</i>	<i>1,258</i>	<i>100%</i>	<i>100%</i>

Originations & Purchases

Based on 2021 FFIEC Census Data; 2011-2015 ACS data; 2022 FFIEC Census Data; 2016-2020 ACS data; 2021 & 2022 D&B information

Within the sample in 2021, the bank originated 29 loans (35.8 percent) in moderate-income tracts, which is significantly higher than the percentage of households in these tracts at 13.7 percent. This reflects excellent performance in 2021. Within the sample in 2022, the bank originated 26 loans (32.1 percent) in moderate-income tracts, which is also significantly higher than the percentage of households in these tracts at 11.8 percent, indicating excellent performance in 2022.

Residential Real Estate (HMDA) Lending

The following table shows the geographic distribution of Central State Bank’s HMDA loans for 2021 and 2022 within the assessment area. The table includes demographic information and a comparison of the bank’s lending to the aggregate lending activity reported by all HMDA lenders within the assessment area. As presented, the bank’s lending performance for geographic distribution of HMDA lending reflects reasonable dispersion throughout the bank’s assessment area.

**Geographic Distribution of HMDA Loans - Table 1 of 2**  
Assessment Area: Shelby-Chilton-Bibb

PRODUCT TYPE	Tract Income Levels	Bank & Aggregate Lending; Demographic Data															
		2021							2022								
		Count			Dollar				Owner Occupied Units %	Count			Dollar				Owner Occupied Units %
		Bank #	%	Agg %	Bank \$ (000s)	\$ %	Agg \$ %	Bank #		%	Agg %	Bank \$ (000s)	\$ %	Agg \$ %			
HOME PURCHASE	Low	0	0.0%	0.0%	0	0.0%	0.0%	0.0%	0	0.0%	0.0%	0	0.0%	0.0%	0.0%		
	Moderate	3	7.3%	7.7%	469	6.2%	4.9%	12.6%	4	9.8%	8.1%	394	3.7%	5.0%	10.6%		
	Middle	21	51.2%	26.2%	3,125	41.2%	19.8%	29.5%	26	63.4%	41.7%	5,577	52.0%	33.0%	42.2%		
	Upper	17	41.5%	66.1%	3,989	52.6%	75.3%	57.9%	11	26.8%	50.2%	4,751	44.3%	62.0%	47.2%		
	Unknown	0	0.0%	0.0%	0	0.0%	0.0%	0.0%	0	0.0%	0.0%	0	0.0%	0.0%	0.0%		
	<i>Total</i>	<i>41</i>	<i>100%</i>	<i>100%</i>	<i>7,583</i>	<i>100%</i>	<i>100%</i>	<i>100%</i>	<i>41</i>	<i>100%</i>	<i>100%</i>	<i>10,722</i>	<i>100%</i>	<i>100%</i>	<i>100%</i>		
REFINANCE	Low	0	0.0%	0.0%	0	0.0%	0.0%	0.0%	0	0.0%	0.0%	0	0.0%	0.0%	0.0%		
	Moderate	1	5.3%	5.8%	125	3.6%	4.1%	12.6%	7	23.3%	7.2%	372	9.3%	6.1%	10.6%		
	Middle	10	52.6%	22.4%	954	27.7%	16.9%	29.5%	16	53.3%	42.1%	1,739	43.5%	34.2%	42.2%		
	Upper	8	42.1%	71.8%	2,369	68.7%	79.0%	57.9%	7	23.3%	50.7%	1,889	47.2%	59.7%	47.2%		
	Unknown	0	0.0%	0.0%	0	0.0%	0.0%	0.0%	0	0.0%	0.0%	0	0.0%	0.0%	0.0%		
	<i>Total</i>	<i>19</i>	<i>100%</i>	<i>100%</i>	<i>3,448</i>	<i>100%</i>	<i>100%</i>	<i>100%</i>	<i>30</i>	<i>100%</i>	<i>100%</i>	<i>4,000</i>	<i>100%</i>	<i>100%</i>	<i>100%</i>		
HOME IMPROVEMENT	Low	0	0.0%	0.0%	0	0.0%	0.0%	0.0%	0	0.0%	0.0%	0	0.0%	0.0%	0.0%		
	Moderate	0	0.0%	3.5%	0	0.0%	1.8%	12.6%	0	0.0%	2.9%	0	0.0%	2.4%	10.6%		
	Middle	1	33.3%	18.8%	80	58.4%	12.7%	29.5%	8	100.0%	30.8%	677	100.0%	27.8%	42.2%		
	Upper	2	66.7%	77.7%	57	41.6%	85.5%	57.9%	0	0.0%	66.2%	0	0.0%	69.6%	47.2%		
	Unknown	0	0.0%	0.0%	0	0.0%	0.0%	0.0%	0	0.0%	0.1%	0	0.0%	0.2%	0.0%		
	<i>Total</i>	<i>3</i>	<i>100%</i>	<i>100%</i>	<i>137</i>	<i>100%</i>	<i>100%</i>	<i>100%</i>	<i>8</i>	<i>100%</i>	<i>100%</i>	<i>677</i>	<i>100%</i>	<i>100%</i>	<i>100%</i>		
MULTI FAMILY	Low	0	0.0%	0.0%	0	0.0%	0.0%	0.0%	0	0.0%	0.0%	0	0.0%	0.0%	0.0%		
	Moderate	1	100.0%	26.3%	343	100.0%	2.2%	8.4%	1	100.0%	16.7%	549	100.0%	1.9%	3.5%		
	Middle	0	0.0%	52.6%	0	0.0%	89.9%	42.8%	0	0.0%	83.3%	0	0.0%	98.1%	64.3%		
	Upper	0	0.0%	21.1%	0	0.0%	7.9%	48.8%	0	0.0%	0.0%	0	0.0%	0.0%	32.2%		
	Unknown	0	0.0%	0.0%	0	0.0%	0.0%	0.0%	0	0.0%	0.0%	0	0.0%	0.0%	0.0%		
	<i>Total</i>	<i>1</i>	<i>100%</i>	<i>100%</i>	<i>343</i>	<i>100%</i>	<i>100%</i>	<i>100%</i>	<i>1</i>	<i>100%</i>	<i>100%</i>	<i>549</i>	<i>100%</i>	<i>100%</i>	<i>100%</i>		
OTHER PURPOSE LOC	Low	0	0.0%	0.0%	0	0.0%	0.0%	0.0%	0	0.0%	0.0%	0	0.0%	0.0%	0.0%		
	Moderate	0	0.0%	3.1%	0	0.0%	2.4%	12.6%	0	0.0%	3.9%	0	0.0%	2.5%	10.6%		
	Middle	0	0.0%	20.6%	0	0.0%	13.7%	29.5%	0	0.0%	30.4%	0	0.0%	22.9%	42.2%		
	Upper	0	0.0%	76.3%	0	0.0%	83.9%	57.9%	0	0.0%	65.7%	0	0.0%	74.5%	47.2%		
	Unknown	0	0.0%	0.0%	0	0.0%	0.0%	0.0%	0	0.0%	0.0%	0	0.0%	0.0%	0.0%		
	<i>Total</i>	<i>0</i>	<i>0.0%</i>	<i>100%</i>	<i>0</i>	<i>0.0%</i>	<i>100%</i>	<i>100%</i>	<i>0</i>	<i>0.0%</i>	<i>100%</i>	<i>0</i>	<i>0.0%</i>	<i>100%</i>	<i>100%</i>		

Originations & Purchases

Based on 2021 FFIEC Census Data; 2011-2015 ACS data; 2022 FFIEC Census Data; 2016-2020 ACS data



**Geographic Distribution of HMDA Loans - Table 2 of 2**  
Assessment Area: Shelby-Chilton-Bibb

PRODUCT TYPE	Tract Income Levels	Bank & Aggregate Lending; Demographic Data															
		2021							2022								
		Count			Dollar				Owner Occupied Units	Count			Dollar				Owner Occupied Units
		Bank #	Agg %	Agg %	Bank \$ (000s)	Agg \$ %	Agg \$ %	Bank %		Agg %	Agg %	Bank \$ (000s)	Agg \$ %	Agg \$ %	Bank %		
OTHER PURPOSE CLOSED/EXEMPT	Low	0	0.0%	0.0%	0	0.0%	0.0%	0.0%	0	0.0%	0.0%	0	0.0%	0.0%	0.0%		
	Moderate	1	16.7%	7.3%	45	12.5%	5.1%	12.6%	5	71.4%	10.5%	275	80.9%	5.9%	10.6%		
	Middle	4	66.7%	26.6%	197	54.6%	17.7%	29.5%	1	14.3%	40.6%	15	4.4%	30.5%	42.2%		
	Upper	1	16.7%	66.1%	119	33.0%	77.2%	57.9%	1	14.3%	49.0%	50	14.7%	63.6%	47.2%		
	Unknown	0	0.0%	0.0%	0	0.0%	0.0%	0.0%	0	0.0%	0.0%	0	0.0%	0.0%	0.0%		
	<i>Total</i>	<i>6</i>	<i>100%</i>	<i>100%</i>	<i>361</i>	<i>100%</i>	<i>100%</i>	<i>100%</i>	<i>7</i>	<i>100%</i>	<i>100%</i>	<i>340</i>	<i>100%</i>	<i>100%</i>	<i>100%</i>		
PURPOSE NOT APPLICABLE	Low	0	0.0%	0.0%	0	0.0%	0.0%	0.0%	0	0.0%	0.0%	0	0.0%	0.0%	0.0%		
	Moderate	0	0.0%	7.1%	0	0.0%	5.1%	12.6%	0	0.0%	7.6%	0	0.0%	4.8%	10.6%		
	Middle	0	0.0%	31.3%	0	0.0%	25.8%	29.5%	0	0.0%	50.0%	0	0.0%	42.8%	42.2%		
	Upper	0	0.0%	61.6%	0	0.0%	69.1%	57.9%	0	0.0%	42.4%	0	0.0%	52.5%	47.2%		
	Unknown	0	0.0%	0.0%	0	0.0%	0.0%	0.0%	0	0.0%	0.0%	0	0.0%	0.0%	0.0%		
	<i>Total</i>	<i>0</i>	<i>0.0%</i>	<i>100%</i>	<i>0</i>	<i>0.0%</i>	<i>100%</i>	<i>100%</i>	<i>0</i>	<i>0.0%</i>	<i>100%</i>	<i>0</i>	<i>0.0%</i>	<i>100%</i>	<i>100%</i>		
HMDA TOTALS	Low	0	0.0%	0.0%	0	0.0%	0.0%	0.0%	0	0.0%	0.0%	0	0.0%	0.0%	0.0%		
	Moderate	6	8.6%	6.5%	982	8.3%	4.4%	12.6%	17	19.5%	7.1%	1,590	9.8%	5.1%	10.6%		
	Middle	36	51.4%	23.9%	4,356	36.7%	20.4%	29.5%	51	58.6%	40.2%	8,008	49.2%	34.2%	42.2%		
	Upper	28	40.0%	69.5%	6,534	55.0%	75.2%	57.9%	19	21.8%	52.7%	6,690	41.1%	60.7%	47.2%		
	Unknown	0	0.0%	0.0%	0	0.0%	0.0%	0.0%	0	0.0%	0.0%	0	0.0%	0.0%	0.0%		
	<i>Total</i>	<i>70</i>	<i>100%</i>	<i>100%</i>	<i>11,872</i>	<i>100%</i>	<i>100%</i>	<i>100%</i>	<i>87</i>	<i>100%</i>	<i>100%</i>	<i>16,288</i>	<i>100%</i>	<i>100%</i>	<i>100%</i>		

Originations & Purchases

Based on 2021 FFIEC Census Data; 2011-2015 ACS data; 2022 FFIEC Census Data; 2016-2020 ACS data

As shown in the table above, the bank originated six HMDA loans (8.6 percent) in moderate-income tracts in 2021. Bank performance was below the percentage of owner-occupied units (12.6 percent) but above the aggregate lending (6.5 percent). For 2021, bank performance was reasonable. In 2022, the bank originated 17 HMDA loans (19.5 percent) in moderate-income tracts. Bank performance was above both the percentage of owner-occupied units (10.6 percent) and the aggregate lending (7.1 percent). For 2022, bank performance was excellent. Given performance across both years, overall performance is reasonable.

The bank had loans across all moderate-income tracts in 2021 and in six of the eight moderate-income tracts in 2022, representing the highest penetration of lending by tract income level for both years of the review period. Thus, no conspicuous lending gaps were noted.

Lending to Businesses of Different Sizes and Borrowers of Different Incomes

Based on the following analysis, the overall distribution of loans by borrower income reflects excellent dispersion throughout the bank’s assessment area. For this analysis, the distribution of small business loans across business revenue sizes, and the distribution of consumer and HMDA loans across borrower income levels was compared to available demographic information. Performance context issues were also taken into consideration. As previously noted, performance in small business lending carried more weight than performance in consumer and HMDA lending.

Small Business Lending

The following table shows, by loan size, the number and dollar volume of small business loans originated by the bank. Based on the bank’s performance, the distribution of the bank’s small business loans reflects excellent penetration among businesses of different sizes.

**Small Business Loans by Business Revenue & Loan Size**

Assessment Area: Shelby-Chilton-Bibb

		Bank Lending & Demographic Data									
		2021					2022				
		Count		Dollar		Total Businesses	Count		Dollar		Total Businesses
		#	%	\$ (000s)	\$ %	%	#	%	\$ (000s)	\$ %	%
Revenue	\$1 Million or Less	72	100.0%	5,176	100.0%	91.4%	65	100.0%	3,475	100.0%	91.6%
	Over \$1 Million	0	0.0%	0	0.0%	7.6%	0	0.0%	0	0.0%	7.3%
	Total Rev. available	72	100.0%	5,176	100.0%	99.0%	65	100.0%	3,475	100.0%	98.9%
	Rev. Not Known	0	0.0%	0	0.0%	1.0%	0	0.0%	0	0.0%	1.1%
	Total	72	100%	5,176	100%	100%	65	100%	3,475	100%	100%
Loan Size	\$100,000 or Less	64	88.9%	1,885	36.4%		59	90.8%	2,009	57.8%	
	\$100,001 - \$250,000	4	5.6%	578	11.2%		3	4.6%	348	10.0%	
	\$250,001 - \$1 Million	4	5.6%	2,713	52.4%		3	4.6%	1,117	32.1%	
	Total	72	100%	5,176	100%		65	100%	3,475	100%	
Loan Size & Rev \$1 Mill or Less	\$100,000 or Less	64	88.9%	1,885	36.4%		59	90.8%	2,009	57.8%	
	\$100,001 - \$250,000	4	5.6%	578	11.2%		3	4.6%	348	10.0%	
	\$250,001 - \$1 Million	4	5.6%	2,713	52.4%		3	4.6%	1,117	32.1%	
	Total	72	100%	5,176	100%		65	100%	3,475	100%	

Originations & Purchases

Based on 2021 FFIEC Census Data; 2011-2015 ACS data; 2022 FFIEC Census Data; 2016-2020 ACS data; 2021 & 2022 D&B information

All 72 small business loans in the sample for 2021 were to businesses with annual gross revenues of \$1 million or less. This is higher than the percentage of total small businesses in the assessment area at 91.4 percent, which reflects excellent performance in 2021. Similarly, in 2022, all of the bank’s small business loans in the sample were to businesses with annual gross revenues of \$1 million or less which also reflects excellent performance for 2022.

Consumer Lending

The following table shows the distribution of the bank’s consumer loans by the income level. Based on the bank’s performance, the distribution of the bank’s consumer loans reflects excellent penetration among households of different income levels.

**Borrower Distribution of Consumer Loans**  
Assessment Area: Shelby-Chilton-Bibb

Household Income Levels	Bank Lending & Demographic Data									
	2021					2022				
	Count		Dollar		Households by Household Income %	Count		Dollar		Households by Household Income %
	#	%	\$ (000s)	\$ %		#	%	\$ (000s)	\$ %	
Low	16	19.8%	152	11.9%	17.4%	28	34.6%	256	20.3%	18.3%
Moderate	23	28.4%	284	22.3%	13.1%	21	25.9%	319	25.4%	12.8%
Middle	17	21.0%	345	27.1%	15.9%	13	16.0%	296	23.5%	16.9%
Upper	20	24.7%	467	36.7%	53.6%	15	18.5%	376	29.9%	52.0%
Unknown	5	6.2%	27	2.1%	0.0%	4	4.9%	9	0.7%	0.0%
<i>Total</i>	<i>81</i>	<i>100.0%</i>	<i>1,274</i>	<i>100.0%</i>	<i>100%</i>	<i>81</i>	<i>100.0%</i>	<i>1,258</i>	<i>100.0%</i>	<i>100%</i>

Originations & Purchases

Based on 2021 FFIEC Census Data; 2011-2015 ACS data; 2022 FFIEC Census Data; 2016-2020 ACS data

Within the sample of consumer loans in 2021, the bank made 16 loans (19.8 percent) to low-income borrowers, which is higher than the 17.4 percent of households in the assessment area that are low-income. This reflects excellent performance to low-income borrowers in 2021. The bank originated 23 consumer loans (28.4 percent) to moderate-income borrowers, which significantly exceeds the 13.1 percent of households in the assessment area that are moderate-income. This reflects excellent performance to moderate-income borrowers in 2021. Taken together, the bank made 48.2 percent of all consumer loans in the sample in 2021 to LMI borrowers, which significantly exceeds the households that are LMI in the assessment area (30.5 percent), reflecting excellent performance.

Within the sample of consumer loans in 2022, the bank made 28 loans (34.6 percent) to low-income borrowers, which is significantly higher than the percentage of low-income households at 18.3 percent. This reflects excellent performance to low-income borrowers in 2022. The bank made 21 consumer loans (25.9 percent) to moderate-income borrowers, which is significantly higher than the moderate-income households in those tracts at 12.8 percent. This reflects excellent performance for moderate-income borrowers in 2022. Taken together, the bank made 60.5 percent of all consumer loans in the sample in 2022 to LMI borrowers, which significantly exceeds the households that are LMI in the assessment area (31.1 percent), reflecting excellent performance.

Residential Real Estate (HMDA) Lending

The following table shows the distribution of the bank’s 2021 and 2022 HMDA loans by the income level of the borrowers within the assessment area. The table also includes a comparison of the bank’s HMDA lending to the aggregate HMDA lenders within the assessment area. As described, the bank’s HMDA lending by borrower income reflects reasonable dispersion throughout the bank’s assessment area.

**Borrower Distribution of HMDA Loans - Table 1 of 2**  
Assessment Area: Shelby-Chilton-Bibb

PRODUCT TYPE	Borrower Income Levels	Bank & Aggregate Lending; Demographic Data													
		2021							2022						
		Count		Dollar			Families by Family Income %	Count		Dollar			Families by Family Income %		
		Bank #	Agg %	Bank \$ (000s)	Agg \$ %	Bank %		Agg %	Bank \$ (000s)	Agg \$ %					
HOME PURCHASE	Low	3	7.3%	4.9%	309	4.1%	2.4%	15.8%	4	9.8%	5.2%	640	6.0%	2.3%	14.3%
	Moderate	1	2.4%	19.4%	39	0.5%	13.8%	13.8%	6	14.6%	18.1%	713	6.6%	12.2%	14.7%
	Middle	9	22.0%	21.9%	1,712	22.6%	19.8%	19.0%	5	12.2%	22.0%	1,044	9.7%	19.4%	20.1%
	Upper	15	36.6%	37.9%	3,052	40.2%	48.5%	51.5%	14	34.1%	38.5%	5,156	48.1%	50.6%	50.9%
	Unknown	13	31.7%	15.9%	2,471	32.6%	15.4%	0.0%	12	29.3%	16.1%	3,169	29.6%	15.5%	0.0%
	<i>Total</i>	<i>41</i>	<i>100%</i>	<i>100%</i>	<i>7,583</i>	<i>100%</i>	<i>100%</i>	<i>100%</i>	<i>41</i>	<i>100%</i>	<i>100%</i>	<i>10,722</i>	<i>100%</i>	<i>100%</i>	<i>100%</i>
REFINANCE	Low	0	0.0%	4.7%	0	0.0%	2.5%	15.8%	3	10.0%	8.6%	567	14.2%	4.6%	14.3%
	Moderate	3	15.8%	12.8%	344	10.0%	9.1%	13.8%	1	3.3%	18.7%	458	11.5%	13.9%	14.7%
	Middle	5	26.3%	20.1%	382	11.1%	17.3%	19.0%	2	6.7%	23.6%	235	5.9%	21.7%	20.1%
	Upper	6	31.6%	41.5%	665	19.3%	50.2%	51.5%	8	26.7%	36.1%	1,430	35.8%	46.2%	50.9%
	Unknown	5	26.3%	20.9%	2,057	59.7%	20.9%	0.0%	16	53.3%	13.0%	1,310	32.8%	13.6%	0.0%
	<i>Total</i>	<i>19</i>	<i>100%</i>	<i>100%</i>	<i>3,448</i>	<i>100%</i>	<i>100%</i>	<i>100%</i>	<i>30</i>	<i>100%</i>	<i>100%</i>	<i>4,000</i>	<i>100%</i>	<i>100%</i>	<i>100%</i>
HOME IMPROVEMENT	Low	0	0.0%	6.4%	0	0.0%	2.6%	15.8%	2	25.0%	7.0%	150	22.2%	3.7%	14.3%
	Moderate	0	0.0%	13.0%	0	0.0%	9.2%	13.8%	4	50.0%	12.2%	375	55.4%	9.0%	14.7%
	Middle	0	0.0%	16.3%	0	0.0%	13.2%	19.0%	0	0.0%	20.1%	0	0.0%	17.0%	20.1%
	Upper	3	100.0%	62.3%	137	100.0%	72.2%	51.5%	1	12.5%	57.6%	77	11.4%	67.2%	50.9%
	Unknown	0	0.0%	2.0%	0	0.0%	2.8%	0.0%	1	12.5%	3.1%	75	11.1%	3.0%	0.0%
	<i>Total</i>	<i>3</i>	<i>100%</i>	<i>100%</i>	<i>137</i>	<i>100%</i>	<i>100%</i>	<i>100%</i>	<i>8</i>	<i>100%</i>	<i>100%</i>	<i>677</i>	<i>100%</i>	<i>100%</i>	<i>100%</i>
MULTI FAMILY	Low	0	0.0%	0.0%	0	0.0%	0.0%	15.8%	0	0.0%	0.0%	0	0.0%	0.0%	14.3%
	Moderate	0	0.0%	0.0%	0	0.0%	0.0%	13.8%	0	0.0%	0.0%	0	0.0%	0.0%	14.7%
	Middle	0	0.0%	0.0%	0	0.0%	0.0%	19.0%	0	0.0%	0.0%	0	0.0%	0.0%	20.1%
	Upper	0	0.0%	0.0%	0	0.0%	0.0%	51.5%	0	0.0%	0.0%	0	0.0%	0.0%	50.9%
	Unknown	1	100.0%	100.0%	343	100.0%	100.0%	0.0%	1	100.0%	100.0%	549	100.0%	100.0%	0.0%
	<i>Total</i>	<i>1</i>	<i>100%</i>	<i>100%</i>	<i>343</i>	<i>100%</i>	<i>100%</i>	<i>100%</i>	<i>1</i>	<i>100%</i>	<i>100%</i>	<i>549</i>	<i>100%</i>	<i>100%</i>	<i>100%</i>
OTHER PURPOSE LOC	Low	0	0.0%	5.4%	0	0.0%	3.2%	15.8%	0	0.0%	4.1%	0	0.0%	2.4%	14.3%
	Moderate	0	0.0%	9.3%	0	0.0%	4.9%	13.8%	0	0.0%	10.2%	0	0.0%	5.6%	14.7%
	Middle	0	0.0%	19.7%	0	0.0%	14.7%	19.0%	0	0.0%	20.6%	0	0.0%	14.7%	20.1%
	Upper	0	0.0%	63.7%	0	0.0%	75.9%	51.5%	0	0.0%	60.6%	0	0.0%	73.4%	50.9%
	Unknown	0	0.0%	2.0%	0	0.0%	1.3%	0.0%	0	0.0%	4.4%	0	0.0%	3.9%	0.0%
	<i>Total</i>	<i>0</i>	<i>0.0%</i>	<i>100%</i>	<i>0</i>	<i>0.0%</i>	<i>100%</i>	<i>100%</i>	<i>0</i>	<i>0.0%</i>	<i>100%</i>	<i>0</i>	<i>0.0%</i>	<i>100%</i>	<i>100%</i>

Originations & Purchases

Based on 2021 FFIEC Census Data; 2011-2015 ACS data; 2022 FFIEC Census Data; 2016-2020 ACS data

**Borrower Distribution of HMDA Loans - Table 2 of 2**  
Assessment Area: Shelby-Chilton-Bibb

PRODUCT TYPE	Borrower Income Levels	Bank & Aggregate Lending; Demographic Data													
		2021							2022						
		Count			Dollar			Families by Family Income %	Count			Dollar			Families by Family Income %
		Bank #	Agg %	Agg %	Bank \$ (000s)	Agg \$ %	Agg \$ %		Bank #	Agg %	Agg %	Bank \$ (000s)	Agg \$ %	Agg \$ %	
OTHER PURPOSE CLOSED/EXEMPT	Low	1	16.7%	10.1%	75	20.8%	7.3%	15.8%	1	14.3%	4.2%	35	10.3%	2.6%	14.3%
	Moderate	1	16.7%	18.3%	119	33.0%	16.4%	13.8%	2	28.6%	19.6%	150	44.1%	13.8%	14.7%
	Middle	1	16.7%	11.9%	50	13.9%	9.6%	19.0%	1	14.3%	16.8%	43	12.6%	8.5%	20.1%
	Upper	3	50.0%	50.5%	117	32.4%	59.4%	51.5%	3	42.9%	51.0%	112	32.9%	70.1%	50.9%
	Unknown	0	0.0%	9.2%	0	0.0%	7.3%	0.0%	0	0.0%	8.4%	0	0.0%	5.1%	0.0%
	<i>Total</i>	<i>6</i>	<i>100%</i>	<i>100%</i>	<i>361</i>	<i>100%</i>	<i>100%</i>	<i>100%</i>	<i>7</i>	<i>100%</i>	<i>100%</i>	<i>340</i>	<i>100%</i>	<i>100%</i>	<i>100%</i>
PURPOSE NOT APPLICABLE	Low	0	0.0%	3.0%	0	0.0%	1.6%	15.8%	0	0.0%	1.5%	0	0.0%	0.8%	14.3%
	Moderate	0	0.0%	3.0%	0	0.0%	3.1%	13.8%	0	0.0%	0.0%	0	0.0%	0.0%	14.7%
	Middle	0	0.0%	1.0%	0	0.0%	1.0%	19.0%	0	0.0%	3.0%	0	0.0%	4.1%	20.1%
	Upper	0	0.0%	0.0%	0	0.0%	0.0%	51.5%	0	0.0%	0.0%	0	0.0%	0.0%	50.9%
	Unknown	0	0.0%	92.9%	0	0.0%	94.3%	0.0%	0	0.0%	95.5%	0	0.0%	95.1%	0.0%
	<i>Total</i>	<i>0</i>	<i>0.0%</i>	<i>100%</i>	<i>0</i>	<i>0.0%</i>	<i>100%</i>	<i>100%</i>	<i>0</i>	<i>0.0%</i>	<i>100%</i>	<i>0</i>	<i>0.0%</i>	<i>100%</i>	<i>100%</i>
HMDA TOTALS	Low	4	5.7%	4.9%	384	3.2%	2.4%	15.8%	10	11.5%	6.2%	1,392	8.5%	2.9%	14.3%
	Moderate	5	7.1%	15.5%	502	4.2%	11.0%	13.8%	13	14.9%	17.1%	1,696	10.4%	12.1%	14.7%
	Middle	15	21.4%	20.6%	2,144	18.1%	17.8%	19.0%	8	9.2%	22.0%	1,322	8.1%	19.2%	20.1%
	Upper	27	38.6%	40.8%	3,971	33.4%	48.2%	51.5%	26	29.9%	41.0%	6,775	41.6%	49.6%	50.9%
	Unknown	19	27.1%	18.2%	4,871	41.0%	20.5%	0.0%	30	34.5%	13.8%	5,103	31.3%	16.2%	0.0%
	<i>Total</i>	<i>70</i>	<i>100%</i>	<i>100%</i>	<i>11,872</i>	<i>100%</i>	<i>100%</i>	<i>100%</i>	<i>87</i>	<i>100%</i>	<i>100%</i>	<i>16,288</i>	<i>100%</i>	<i>100%</i>	<i>100%</i>

Originations & Purchases

Based on 2021 FFIEC Census Data; 2011-2015 ACS data; 2022 FFIEC Census Data; 2016-2020 ACS data

For 2021, the bank made four (5.7 percent) HMDA loans to low-income borrowers, which is significantly below the percentage of low-income families in the assessment area at 15.8 percent. However, bank performance was above aggregate lending at 4.9 percent. As a result, bank performance to low-income borrowers was deemed reasonable in 2021. The bank's HMDA lending to moderate-income borrowers at 7.1 percent was also significantly less than the percentage of moderate-income families in the assessment area at 13.8 percent and below aggregate lending (15.5 percent). This represents poor performance to moderate-income borrowers in 2021. Taken together, in 2021, the bank originated 12.9 percent of HMDA loans to LMI borrowers, which is poor when considering it is below the percentage of LMI families in the assessment area (29.6 percent) and below aggregate performance to LMI borrowers at 20.4 percent.

For 2022, the bank extended 11.5 percent of its HMDA loans to low-income borrowers, which was below the percentage of families considered low-income at 14.3 percent but above the aggregate lending at 6.2 percent. This represents reasonable performance to low-income borrowers in 2022. The bank's HMDA lending to moderate-income borrowers at 14.9 percent was similar to the percentage of moderate-income families in the assessment area at 14.7 percent but below aggregate lending at 17.1 percent. This represents reasonable performance to moderate-income borrowers in 2022. Taken together in 2022, the bank originated 26.4 percent of HMDA loans to LMI borrowers, which is reasonable when considering it is slightly below the percentage of LMI families in the assessment area (29.0 percent) and exceeds aggregate performance to LMI borrowers at 23.3 percent.

### COMMUNITY DEVELOPMENT TEST

The Community Development Test is satisfactory. Considering the bank's capacity, the level of competition, and the need for and availability of opportunities in the assessment area, the bank demonstrates adequate responsiveness to community development needs through a combination of community development loans, community development investments, qualified donations, and community development services.

During the review period, the bank originated 24 community development loans totaling \$4.3 million; made seven investments totaling \$3.3 million and 37 qualified donations totaling approximately \$22,000; and contributed 185 hours of community development services. Activities qualified for a variety of community development purposes, including affordable housing and community services for LMI people, economic development, and revitalization and stabilization of LMI geographies. Community development activities deemed responsive to assessment area needs are described as follows.

- The bank originated two loans through the SBA 504 loan program totaling \$1.4 million. The SBA 504 Loan Program provides small businesses with long-term, fixed rate financing for major fixed assets that promote business growth and job creation. These loans helped address small business needs in the area as noted by community contacts.
- The bank originated 16 loans through the PPP totaling \$1.2 million. These loans were smaller in amount and made to a variety of for-profit institutions, including local supermarkets and restaurants. The loans were made for the purpose of job retention during the COVID-19 pandemic and are deemed responsive.
- The bank made five investments totaling \$1.1 million in minority-owned depository institutions (MDIs). The investments were in certificates of deposit from MDIs serving New York, California, Georgia, California, and Texas and are viewed favorably even though the activity does not benefit the bank's assessment area. The investments were designed to help the MDIs meet credit needs of its local communities.
- The bank made five contributions totaling \$6,900 to two local nonprofits providing services to youth homes, homeless shelters, food pantries, and the unemployed.
- Bank staff contributed 62 hours of community development service to various local housing authorities as board members and as financial education instructors.
- Bank staff contributed 48 hours of community development services as board members and as financial education instructors to a local nonprofit providing basic services to LMI at-risk youth.

### **RESPONSIVENESS TO SUBSTANTIATED COMPLAINTS**

Neither the bank nor this Reserve Bank has received any CRA-related complaints since the previous 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.

APPENDIX A

<b>SCOPE OF EXAMINATION</b>			
<b>TIME PERIOD REVIEWED</b>			
<u>Lending Test:</u> January 1, 2021 to December 31, 2022			
<u>Community Development Test:</u> January 1, 2021 to March 31, 2023			
<b>FINANCIAL INSTITUTION</b>		<b>PRODUCTS REVIEWED</b>	
Central State Bank, Calera, Alabama		Consumer, HMDA, and small business loans	
<b>AFFILIATE(S)</b>	<b>AFFILIATE RELATIONSHIP</b>	<b>PRODUCTS REVIEWED</b>	
N/A	N/A	N/A	
<b>LIST OF ASSESSMENT AREAS AND TYPE OF EXAMINATION</b>			
<i>ASSESSMENT AREA</i>	<i>TYPE OF EXAMINATION</i>	<i>BRANCHES VISITED</i>	<i>OTHER INFORMATION</i>
Shelby - Bibb - Chilton	Full-scope Review	N/A	N/A

## APPENDIX B – DEFINITIONS AND GENERAL INFORMATION

### Definitions

ATM	Automated Teller Machine
CDC	Community Development Corporation
CDFI	Community Development Financial Institution
CRA	Community Reinvestment Act (Regulation BB)
FDIC	Federal Deposit Insurance Corporation
FFIEC	Federal Financial Institutions Examination Council
HMDA	Home Mortgage Disclosure Act (Regulation C)
HUD	Department of Housing and Urban Development
LMI	Low- and Moderate-Income
LTD	Loan-to-Deposit
LTV	Loan-to-Value Ratio
MD	Metropolitan Division
MSA	Metropolitan Statistical Area
OMB	Office of Management and Budget
REIS	Regional Economic Information System
SBA	Small Business Administration
USDA	United States Department of Agriculture

### Rounding Convention

Because the percentages presented in tables were rounded to the nearest tenth in most cases, some columns may not total exactly 100 percent.

### General Information

The CRA requires each federal financial supervisory agency to use its authority when examining financial institutions subject to its supervision to assess the 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. Upon conclusion of such examination, the agency must prepare a written evaluation of the institution's record of meeting the credit needs of its community.

This document is an evaluation of the CRA performance of Central State Bank prepared by the **Federal Reserve Bank of Atlanta**, the institution's supervisory agency, as of **September 25, 2023**. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 CFR Part 228.



## APPENDIX C – GLOSSARY

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

**Census tract:** A small subdivision of metropolitan and other densely populated counties. Census tract boundaries do not cross county lines; however, they may cross the boundaries of MSAs. 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 multi-family 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 (Board), Office of the Comptroller of the Currency (OCC), and the Federal Deposit Insurance Corporation (FDIC) 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, FDIC, and OCC, 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 nonrelatives living with the family. Families are classified by type as either a married-couple family or other family, which is further classified into 'male householder' (a family with a male householder and no wife present) or 'female householder' (a family with a female householder and no husband present).

## APPENDIX C – GLOSSARY (Continued)

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

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

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

**Multi-family:** Refers to a residential structure that contains five or more units.

### APPENDIX C – GLOSSARY (Continued)

**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 MA. 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 MA, the institution will receive a rating for the multistate MA.

**Small loan(s) to business(es):** A loan included in 'loans to small businesses' as defined in the 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 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 at least 120 percent of the area median income, or a median family income at least 120 percent, in the case of a geography.