

**PUBLIC DISCLOSURE**

**October 25, 2021**

**COMMUNITY REINVESTMENT ACT  
PERFORMANCE EVALUATION**

**Grove Bank & Trust  
2701 South Bayshore Drive  
Miami, Florida 33133**

**RSSD ID NUMBER: 648130**

**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.

TABLE OF CONTENTS

	PAGE
INSTITUTION’S CRA RATING	
Institution’s Community Reinvestment Act (CRA) Rating.....	1
Summary of Major Factors Supporting Rating.....	1
INSTITUTION	
Scope of Examination .....	2
Description of Institution .....	2
Description of Institution’s Operations in the Miami, Florida Assessment Area.....	4
Conclusions with Respect to Performance Tests .....	9
RESPONSIVENESS TO SUBSTANTIATED COMPLAINTS .....	12
FAIR LENDING OR OTHER ILLEGAL CREDIT PRACTICES REVIEW .....	12
APPENDICES	
Appendix A – Scope of Examination .....	13
Appendix B – Definitions and General Information.....	14
Appendix C – Glossary .....	15

**INSTITUTION’S CRA RATING**

**INSTITUTION’S CRA RATING: Satisfactory.**

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

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

The following table indicates the performance level of Grove Bank & Trust with respect to the lending and community development tests.

PERFORMANCE LEVELS	Grove Bank & Trust	
	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 was reasonable given the bank’s size, financial condition, and assessment area credit needs.
- A majority of loans were made in the assessment area.
- The geographic distribution of loans reflects reasonable dispersion throughout the assessment area.
- The distribution of loans reflects reasonable penetration among businesses of different sizes.
- The bank's community development performance demonstrates adequate responsiveness to community development needs in its assessment area through community development loans, qualified investments, and community development services.
- The bank has not received any CRA-related complaints since the previous evaluation.

## INSTITUTION

### SCOPE OF EXAMINATION

The CRA performance evaluation assesses the bank's record of meeting the credit needs of its community, including low- and moderate-income 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. Grove Bank & Trust's CRA performance evaluation was based on CRA activities within its assessment area using the Interagency Intermediate Small Institution Examination Procedures. Under these procedures, effective as of September 1, 2005, institutions meeting the threshold size are evaluated using two separately rated tests: a lending test, and a community development test that includes an evaluation of community development loans, investments, and services in light of community needs within its assessment areas and the capacity of the bank. A full-scope review was conducted of the Miami assessment area, which is the bank's sole assessment area.

The evaluation included an analysis of small business loans originated from January 1, 2019 to December 31, 2020. Small business loans represent the bank's major product line. 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 commercial loans. The bank is not required to report HMDA. Therefore, HMDA loans were not considered in this evaluation.

For the community development test, the examination covered community development loans, qualified investments, and community development services from July 1, 2018 to December 31, 2020. The CRA defines a community development activity as having a primary purpose of providing any of the following: affordable housing or community services for low- or moderate-income persons, economic development through the financing of small businesses, revitalizing or stabilizing low- or moderate-income geographies, designated disaster areas, or distressed or underserved nonmetropolitan 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, one community contact was made with a local small business representative who is familiar with the economic and demographic characteristics as well as community development opportunities in the bank's assessment area. Information obtained from this contact 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 contact is included in the applicable section of the evaluation for the assessment area.

### DESCRIPTION OF INSTITUTION

Grove Bank & Trust (Grove Bank) is a community bank headquartered in Miami, Florida, and a wholly-owned subsidiary of Coconut Grove Bancshares, Miami, Florida.

#### Branch Offices

The bank operates five branch offices in its assessment area. Four of the five branches have ATMs. Since the previous evaluation, the bank has not opened or closed any branches.

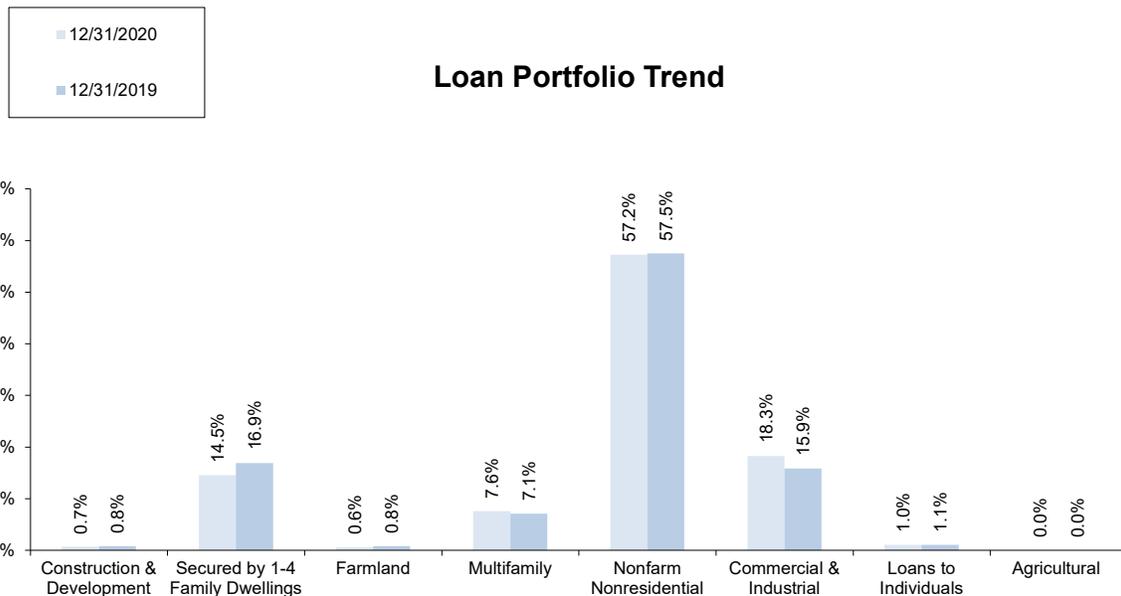
#### Loan Portfolio

According to the December 31, 2020, Report of Condition (ROC), the bank's assets totaled \$860.8 million, an increase of approximately \$235.2 million or 37.6 percent since the bank's previous CRA evaluation conducted on September 17, 2018.

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	12/31/2020		12/31/2019	
	\$ (000s)	Percent	\$ (000s)	Percent
Construction and Development	2,875	0.7%	2,565	0.8%
Secured by One- to Four- Family Dwellings	58,580	14.5%	55,431	16.9%
Other Real Estate: Farmland	2,516	0.6%	2,583	0.8%
Multifamily	30,532	7.6%	23,265	7.1%
Nonfarm nonresidential	230,563	57.2%	188,276	57.5%
Commercial and Industrial	73,739	18.3%	51,950	15.9%
Loans to Individuals	4,178	1.0%	3,508	1.1%
Agricultural Loans	0	0.0%	0	0.0%
<b>Total</b>	<b>\$402,983</b>	<b>100.00%</b>	<b>\$327,578</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.



The table above reflects an increase in the bank’s total loan portfolio of 23.0 percent, from December 31, 2019 to December 31, 2020. In addition, nonfarm nonresidential and commercial and industrial account for 75.5 percent of the bank’s loan portfolio as of 2020. The loan types that had the highest percentage of increases (by dollar volume) were commercial and industrial at 41.9 percent, multifamily at 31.2 percent, and nonfarm nonresidential at 22.5 percent.

**Credit Products**

The bank's primary credit focus is commercial lending. Commercial credit products include working capital lines of credit, business term loans, commercial real estate loans and construction loans. Commercial credit is the primary means by which the bank responds to the credit needs of its assessment area. The bank is not a HMDA reporter and has not offered or originated residential mortgage loans since before the previous examination. The bank services a small portfolio of seasoned 1-4 family residential loans. Although not a major consumer lender, the bank does offer home equity lines of credit (HELOCs). Consumer loans are originated primarily to meet the needs of commercial customers.

Additionally, Grove Bank participated in the SBA Paycheck Protection Program (PPP), which was established as part of the Coronavirus Aid, Relief, and Economic Security (CARES) Act. PPP loans were designed to help businesses retain workers and staff during the economic crisis caused by the COVID-19 pandemic. In 2020, Grove Bank originated 404 PPP loans in amounts of \$1 million or less for a total dollar amount of \$24.7 million; 84.2 percent (340 loans totaling \$19.5 million) of the PPP loans were in the bank's assessment area. The PPP loans were considered responsive to the needs of small businesses during the COVID-19 pandemic.

#### CRA Compliance

Grove Bank & Trust 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 areas. The bank received a "Satisfactory" rating at its previous evaluation conducted by the Federal Reserve Bank of Atlanta dated September 17, 2018, under the Intermediate Small Bank Examination Procedures.

### **DESCRIPTION OF INSTITUTION'S OPERATIONS IN THE MIAMI, FLORIDA ASSESSMENT AREA**

#### Overview

The Miami, Florida assessment area includes all of Miami-Dade County which makes up the Miami-Miami Beach-Kendall, Florida Metropolitan Division (MD). The MD is part of the Miami-Fort Lauderdale-Pompano Beach, Florida MSA. According to the 2020 census data, the assessment area consists of 519 census tracts, which includes 30 low-income tracts; 144 moderate-income tracts; 150 middle-income tracts; 177 upper-income tracts; and 18 tracts with unknown income levels. As mentioned previously, Grove Bank & Trust operates five branches in the assessment area as of December 31, 2020. Of the five branches, one is located in a moderate-income tract and four are located in upper-income tracts. Deposits in the assessment area totaled \$671.8 million as of June 30, 2020, which reflects an increase of \$156.5 million or 30.4 percent since the previous evaluation.

#### Population Information

Population in Miami-Dade County was estimated at 2,716,940 in 2019, representing an increase of 8.8 percent from the 2010 census data. This growth rate was slightly lower than Florida's statewide growth rate of 14.2 percent. Miami-Dade County is the most populous county in the state of Florida. In addition, Miami-Dade County includes the city of Miami, which is the second most populous city in the state of Florida with an estimated population of 467,963 in 2019.<sup>2</sup>

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<sup>2</sup> United States Census Bureau. Accessed November 18, 2021; Available from:  
<https://www.census.gov/quickfacts/fact/table/miamidadecountyflorida,miamicityflorida,US/PST045219>

Income Characteristics

For purposes of classifying borrower income, this evaluation uses the FFIEC estimated median family income for the relevant area. The following table sets forth the estimated median family income for 2019 and 2020 for the Miami MD. It also provides a breakdown of the estimated annual income based on income-level.

**Borrower Income Levels**  
**Miami-Miami Beach-Kendall, FL MD**

FFIEC Estimated Median Family Income		Low 0 - 49.99%	Moderate 50% - 79.99%	Middle 80% - 119.99%	Upper 120% - & above
<b>2019</b>	<b>\$54,900</b>	0 - \$27,449	\$27,450 - \$43,919	\$43,920 - \$65,879	\$65,880 - & above
<b>2020</b>	<b>\$59,100</b>	0 - \$29,549	\$29,550 - \$47,279	\$47,280 - \$70,919	\$70,920 - & above

The estimated median family income for the Miami MD was \$54,900 for 2019, and \$59,100 for 2020. According to the 2020 FFIEC census data, there were 572,388 families in the assessment area. Of those families, 24.0 percent were low-income; 16.6 percent were moderate-income; 16.9 percent were middle-income; and 42.5 percent were upper-income. Of the total families, 16.9 percent had incomes below the poverty level, compared to the state of Florida rate at 12.0 percent. There was an increase in the percentage of families with incomes below the poverty level in the assessment area from the 2010 census data of 13.8 percent, to the 2020 FFIEC census data of 16.9 percent.

Housing Characteristics

According to 2020 FFIEC census data, there were 998,833 housing units in the assessment area; 45.3 percent are owner-occupied units, 39.0 percent are rental units, and 15.7 percent are vacant. The median housing value is \$203,346 compared to the state median value of \$159,000. The affordability ratio, defined as the median household income divided by the median housing value, is 21.3 for the assessment area, compared to the state of Florida ratio at 29.9. A higher ratio means the housing is considered more affordable, while a lower ratio means the housing is considered less affordable. Housing is less affordable in this assessment area than statewide. Rental units make up 70.4 percent of housing in low-income tracts and 53.6 percent in moderate-income tracts. The median monthly gross rent in the Miami assessment area is \$1,112, which is higher than the median monthly gross rent in the state of Florida at \$1,002.

Employment Statistics

Miami-Dade County is known for its diverse population, tropical climate, and miles of coastline. Appropriately, tourism is a primary economic driver in the area, attracting an estimated 11.6 million visitors in 2020. Noteworthy is that the COVID-19 pandemic had a significant impact on tourism in the area beginning in March 2020. Total visitors were down 52 percent for the year after a strong start in the first two months of the year.<sup>3</sup> Miami is a hub for transportation and shipping as well as being a dominant U.S. trading partner with Latin America. In addition, Miami-Dade County is home to the Miami International Airport (MIA), which is a major passenger and trade outlet for the state. The largest employers in the area are Publix Supermarkets, Baptist Health South Florida, and the University of Miami.<sup>4</sup>

Small businesses play an important role in the greater Miami economy. According to the 2020 Dun and Bradstreet information, there were 229,698 businesses in the area of which 93.1 percent had total annual revenues less than

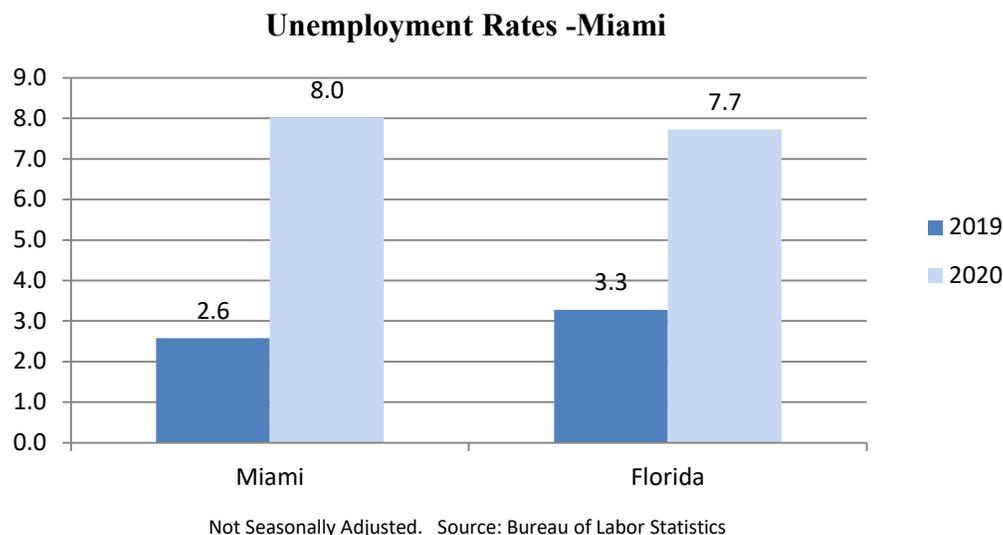
<sup>3</sup> Greater Miami Convention and Visitors Bureau. Accessed on November 18, 2021; Available from: [https://www.miamiandbeaches.com/getmedia/004b3094-e2a5-49a0-bd64-d583c43546f8/Visitor\\_Industry\\_Overview\\_FY\\_2020.pdf.aspx](https://www.miamiandbeaches.com/getmedia/004b3094-e2a5-49a0-bd64-d583c43546f8/Visitor_Industry_Overview_FY_2020.pdf.aspx)

<sup>4</sup> South Florida Business Journal. Largest Employers in South Florida dated September 24, 2021; Available from: <https://www.bizjournals.com/southflorida/subscriber-only/2021/09/24/largest-employersin-south-florida.html>

or equal to \$1 million and were therefore considered to be small businesses. Additionally, 3.3 percent of small businesses with revenues less than or equal to \$1 million are located in low-income tracts and 22.4 percent are located in moderate-income tracts.

As of October 2021, employment in the greater Miami MSA, which includes Miami-Dade County, was concentrated in the following industry sectors: trade, transportation, and utilities; professional and business services; education and health services; government; and leisure and hospitality.<sup>5</sup> The community contact stated that the COVID-19 pandemic has slowed the economy especially in the areas of food service, accommodations, and tourism. The contact also estimated that 20 to 40 percent of restaurants closed and will not re-open in downtown Miami. Additionally, tourism-dependent small businesses in the Bayside Market and downtown are struggling because patronage has significantly dropped resulting in layoffs and reduced hours for employees living in nearby low- and moderate-income neighborhoods.

The following chart shows the unemployment rates for the bank’s assessment area and the State of Florida.



**Competition**

The bank operates in a highly competitive banking market that includes regional and national financial institutions. According to the June 30, 2020 FDIC Summary of Deposits report, 57 financial institutions operated 629 branches within the bank's assessment area. The bank ranked 30th in deposit market share with 0.4 percent of total deposits and five branches in the market area. Bank of America and Wells Fargo ranked first and second with deposit market shares of 14.8 and 12.1 percent, respectively.

Bank management indicated that competition is a major challenge particularly due to an influx of nontraditional lenders like fintech companies, credit unions, and insurance companies.

**Community Contacts**

As part of the CRA examination, information was obtained from a contact that specializes in small business development and entrepreneurship and advances economic development in the City of Miami. According to the contact, the major barriers that inhibit small business growth in Miami-Dade County include lack of skilled workforce, completing paperwork such as obtaining licensing, having or finding capital, and obtaining financing

<sup>5</sup> U.S. Bureau of Labor Statistics. Accessed December 14, 2021; Available from: [https://www.bls.gov/regions/southeast/summary/blssummary\\_miami.pdf](https://www.bls.gov/regions/southeast/summary/blssummary_miami.pdf)

from local banks. On the last point, the contact indicated that since the start of the pandemic banks have become even more conservative in lending to business start-ups. In terms of barriers to small business creation, a borrower's credit score and lack of collateral are the most prevalent.

The contact identified potential opportunities for participation for local financial institutions such as lending and investing in Community Development Financial Institutions (CDFIs) and loan funds serving the county, getting more involved in area workforce development efforts, and becoming more active in small business financial education and financial literacy efforts throughout the county.

According to the contact, banks are active in supporting small business and entrepreneurship, but there is a critical need for alternative financing for small business owners who are unable to qualify for bank financing. Banks can engage with small business-focused CDFIs to help meet this important community credit need, but the contact also suggested innovation through the development of a small business line of credit with some relaxation in credit standards. Additionally, the contact stated a need for continued financial education through qualified organizations who specialize in providing technical assistance to small businesses.

#### Assessment Area Demographics

The following table provides demographic characteristics of the Miami assessment area used to analyze the bank's CRA performance. The table is based on 2020 FFIEC census data along with 2020 Dun & Bradstreet (D&B) information and is used for the analysis of 2019 and 2020 CRA performance.

### Combined Demographics Report

Assessment Area: Miami

Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low-income	30	5.8	27,891	4.9	12,291	44.1	137,489	24
Moderate-income	144	27.7	164,741	28.8	42,437	25.8	94,754	16.6
Middle-income	150	28.9	177,461	31	26,545	15	96,605	16.9
Upper-income	177	34.1	200,815	35.1	14,841	7.4	243,540	42.5
Unknown-income	18	3.5	1,480	0.3	509	34.4	0	0
<b>Total Assessment Area</b>	<b>519</b>	<b>100.0</b>	<b>572,388</b>	<b>100.0</b>	<b>96,623</b>	<b>16.9</b>	<b>572,388</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	53,324	9,001	2	16.9	37,511	70.3	6,812	12.8
Moderate-income	274,713	97,114	21.4	35.4	147,255	53.6	30,344	11
Middle-income	292,995	144,514	31.9	49.3	109,954	37.5	38,527	13.1
Upper-income	371,417	201,131	44.4	54.2	91,389	24.6	78,897	21.2
Unknown-income	6,384	1,066	0.2	16.7	3,218	50.4	2,100	32.9
<b>Total Assessment Area</b>	<b>998,833</b>	<b>452,826</b>	<b>100.0</b>	<b>45.3</b>	<b>389,327</b>	<b>39.0</b>	<b>156,680</b>	<b>15.7</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	7,690	3.3	7,141	3.3	484	3.6	65	2.6
Moderate-income	51,346	22.4	47,842	22.4	3,147	23.5	357	14.3
Middle-income	60,371	26.3	57,173	26.7	2,718	20.3	480	19.2
Upper-income	104,844	45.6	97,077	45.4	6,240	46.5	1,527	61
Unknown-income	5,447	2.4	4,555	2.1	817	6.1	75	3
<b>Total Assessment Area</b>	<b>229,698</b>	<b>100.0</b>	<b>213,788</b>	<b>100.0</b>	<b>13,406</b>	<b>100.0</b>	<b>2,504</b>	<b>100.0</b>
<b>Percentage of Total Businesses:</b>			<b>93.1</b>		<b>5.8</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	25	2.3	21	2.1	4	6.9	0	0
Moderate-income	151	14.1	143	14.1	8	13.8	0	0
Middle-income	207	19.3	198	19.5	8	13.8	1	100
Upper-income	679	63.2	641	63.2	38	65.5	0	0
Unknown-income	12	1.1	12	1.2	0	0	0	0
<b>Total Assessment Area</b>	<b>1,074</b>	<b>100.0</b>	<b>1,015</b>	<b>100.0</b>	<b>58</b>	<b>100.0</b>	<b>1</b>	<b>100.0</b>
<b>Percentage of Total Farms:</b>			<b>94.5</b>		<b>5.4</b>		<b>.1</b>	

2020 FFIEC Census Data and 2020 D&B Information

**CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS**

LENDING TEST

Overview

The bank's overall performance rating for the lending test is satisfactory. The geographic distribution of loans reflects reasonable dispersion throughout the assessment area. Additionally, the bank's distribution of loans among businesses of different sizes reflects reasonable penetration. As mentioned previously, the bank's lending performance was evaluated using an analysis of small business loans originated between January 1, 2019 and December 31, 2020.

Loan-to-Deposit Ratio

The bank's net loan-to-deposit (LTD) ratio reflects its level of lending activity, and its lending levels show a reasonable responsiveness to meeting the overall assessment area's credit needs. The bank's average LTD ratio for the 10 quarters from September 30, 2018 to December 31, 2020, was 53.3 percent. The LTD ratio was compared to three other depository institutions of similar asset size with branch offices in the assessment area. The average LTD ratios for the three institutions over the same period ranged from 78.6 percent to 88.7 percent. Although the LTD ratio is lower than other similarly situated institutions, the bank's strategic plan calls for moderate growth in the loan portfolio; however, strong competition in the assessment area affected loan production, impacting anticipated loan growth. The LTD during the previous examination was 42.4 percent, which reflects a 10.9 percent increase. Furthermore, management has identified various plans and initiatives to promote loan growth, and additional time is needed to fully execute this strategic objective. Based on these factors, the bank's loan-to-deposit ratio is considered reasonable.

Assessment Area Concentration

The bank originated a majority of the total loans sampled to businesses 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 areas.

**Lending Inside and Outside the Assessment Area**

Loan Types	Inside				Outside			
	#	%	\$(000s)	%	#	%	\$(000s)	%
Small Business	377	83.4	\$26,570	71.6	75	16.6	\$10,527	28.4
<b>Total Small Bus. related</b>	<b>377</b>	<b>83.4</b>	<b>\$26,570</b>	<b>71.6</b>	<b>75</b>	<b>16.6</b>	<b>\$10,527</b>	<b>28.4</b>
<b>TOTAL LOANS</b>	<b>377</b>	<b>83.4</b>	<b>\$26,570</b>	<b>71.6</b>	<b>75</b>	<b>16.6</b>	<b>\$10,527</b>	<b>28.4</b>

As indicated in the table above, 83.4 percent of small business loans (by number) and 71.6 percent (by dollar amount) were to businesses in the bank's assessment area. This level of lending indicates the bank's willingness to originate loans that meet the credit needs of its assessment area. The bank's PPP loans had a positive effect on the percentage of loans inside the assessment area.

Geographic Distribution of Loans

The geographic distribution of small business lending was compared to available demographic information. Performance context information was also taken into consideration. Considering these factors, the bank's geographic distribution of small business loans reflects reasonable dispersion throughout the bank's assessment area and does not reveal any unexplained gaps in lending patterns.

Small Business Lending

The following table shows the geographic distribution of small business loans as a percentage of the total number of loans by type within the assessment area in 2019 and 2020.

**Geographic Distribution of Small Business Loans**

Assessment Area: Miami

Tract Income Levels	Bank Lending & Demographic Data Comparison				
	2019, 2020				
	Bank				Total Businesses
	Count		Dollar		%
	#	%	\$ (000s)	\$ %	%
Low	8	2.1%	\$400	1.5%	3.3%
Moderate	76	20.2%	\$7,603	28.6%	22.4%
Middle	67	17.8%	\$3,514	13.2%	26.3%
Upper	221	58.6%	\$13,886	52.3%	45.6%
Unknown	5	1.3%	\$1,167	4.4%	2.4%
Tr Unknown	0	0.0%	\$0	0.0%	
<i>Total</i>	377	100.0%	\$26,570	100.0%	100.0%

Originations & Purchases  
2020 FFIEC Census Data and 2020 D&B Information

Grove Bank & Trust originated 377 small business loans inside the assessment area in 2019 and 2020. Of this total, the vast majority (340) were PPP loans. Eight loans (2.1 percent) were made to small businesses in low-income tracts, which was slightly less than the businesses located in these tracts at 3.3 percent. The bank originated 76 (20.2 percent) of its small business loans in moderate-income tracts, compared to 22.4 percent of businesses located in these geographies.

Although the bank's lending is slightly less than demographics in low- and moderate-income tracts, the bank operates in a highly competitive banking market that includes regional and national financial institutions. As mentioned by the community contact, many small businesses have suffered adverse impacts due to the COVID-19 pandemic. Performance context factors such as competition and the COVID-19 pandemic had an impact on the bank's ability to lend to small businesses. Given the factors mentioned above, the geographic distribution of small business loans is reasonable.

Lending to Businesses of Different Sizes

Based on the following analysis, the overall distribution of the bank's small business loans by business revenue reflects reasonable dispersion among businesses of different sizes throughout the bank's assessment area and does not reveal any unexplained gaps in lending patterns.

Small Business Lending

The following table shows, by business revenue and loan size, the number and dollar volume of small business loans originated by Grove Bank & Trust in the assessment area during the review period. The bank's lending was compared to available demographic information.

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

Assessment Area: Miami

Business Revenue & Loan Size		Bank Lending & Demographic Data Comparison				
		2019, 2020				
		Bank		\$ (000s)		Total Businesses
		Count				
		#	%	\$	%	%
BUSINESS REVENUE	\$1million or Less	12	3.2%	\$1,760	6.6%	93.1%
	Over \$1 Million	25	6.6%	\$5,344	20.1%	5.8%
	<i>Total Rev. available</i>	37	9.8%	\$7,104	26.7%	98.9%
	Rev. Not Known	340	90.2%	\$19,466	73.3%	1.1%
	<i>Total</i>	<i>377</i>	<i>100.0%</i>	<i>\$26,570</i>	<i>100.0%</i>	<i>100.0%</i>
LOAN SIZE	\$100,000 or Less	311	82.5%	\$8,503	32.0%	
	\$100,001 - \$250,000	45	11.9%	\$7,199	27.1%	
	\$250,001 - \$1 Million	21	5.6%	\$10,868	40.9%	
	<i>Total</i>	<i>377</i>	<i>100.0%</i>	<i>\$26,570</i>	<i>100.0%</i>	
LOAN SIZE Rev \$1 Mill or Less	\$100,000 or Less	5	41.7%	\$230	13.1%	
	\$100,001 - \$250,000	5	41.7%	\$700	39.8%	
	\$250,001 - \$1 Million	2	16.7%	\$830	47.2%	
	<i>Total</i>	<i>12</i>	<i>100.0%</i>	<i>\$1,760</i>	<i>100.0%</i>	

Originations & Purchases  
2020 FFIEC Census Data and 2020 D&B Information

As stated previously, the vast majority of the small business loans during the review period were PPP loans. Revenue information was not known for 340 of the 377 loans as these were PPP loans. Banks were not required to collect or report revenue information for PPP loans. Of the 37 loans for which revenues were known, 12 (32.4 percent) were made to businesses with gross annual revenues of \$1 million or less. While this is less than the percentage of businesses in the assessment area (93.1 percent), examiners also reviewed aggregate data from lenders who reported small business loans in the assessment area. While the bank is not a CRA reporter and a direct comparison to reporters is not used in this evaluation, the bank's performance was similar to the performance of other lenders. Furthermore, 356 of 377 total originations (94.4 percent) were in amounts of \$250,000 or less, showing the bank's willingness to make small dollar loans to help meet the credit needs of businesses in its community. Given market conditions and performance context factors, the distribution of loans by business revenue reflects reasonable penetration among businesses of different sizes.

COMMUNITY DEVELOPMENT TEST

The bank's community development test is rated satisfactory. Considering the bank's capacity 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, qualified investments, and community development services.

During the review period, the bank provided community development loans totaling \$4.7 million; maintained prior period investments totaling \$3.6 million; made contributions of \$368,182; and volunteered 348 hours of community development services. As described below, these activities benefitted the bank's assessment area and/or a larger regional area that included the bank's assessment area.

All of the community development loans financed affordable housing activities for low- and moderate-income individuals, including \$1.3 million in committed funds for Low Income Housing Tax Credit projects in partnership with a Community Development Financial Institution. These commitments benefitted a larger regional area that includes the bank's assessment area. Additionally, \$3.4 million financed the purchase of a multifamily property targeting LMI individuals and families; this loan directly benefitted the bank's assessment area.

The bank made a prior period investment into a fund that facilitates lending for affordable housing to low- and moderate-income individuals with a current balance of approximately \$1 million, as well as a fund that finances two housing pools and bonds, which has a current balance of approximately \$2.6 million. Both of the pools finance affordable rental properties in Miami-Dade County, Florida, including one that was allocated as Low-Income Housing Tax Credits by Florida Housing Finance Corporation. The bonds were used to finance the purchase of mortgage-backed securities that finance loans to low- and moderate-income families in the bank's assessment area. In addition, the bank made \$368,182 in contributions to organizations engaged in affordable housing rehabilitation and construction and to organizations that provided community development services to low- and moderate-income individuals in a designated disaster area. Of that \$368,182 in contributions, \$18,182 directly benefitted the bank's assessment area and the remaining \$350,000 benefitted a broader regional area that includes the bank's assessment area.

Bank representatives used their financial and technical expertise to provide financial services to community development organizations that benefit low- and moderate-income individuals, and organizations that benefit small businesses in the assessment area. During the review period, bank staff contributed 316 hours of qualified community development services to community organizations serving the assessment area, and 32 hours that benefitted a larger regional area that includes the bank's assessment area. Employees provided financial expertise primarily by developing or teaching financial education or literacy curricula for low- and moderate-income individuals. Bank staff also provided technical expertise by serving as board or committee members, primarily with organizations engaged in providing community services targeted to low- and moderate-income individuals and to small business organizations that promote economic development through financing small businesses.

#### **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>			
January 1, 2019 to December 31, 2020 - Lending Test			
July 1, 2018 to December 31, 2020 - Community Development Test			
<b>FINANCIAL INSTITUTION</b>			<b>PRODUCTS REVIEWED</b>
Grove Bank & Trust, (Miami, Florida)			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>
Miami, Florida (Miami-Miami Beach-Kendall Metropolitan Division (MD))	Full-Scope	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 Grove Bank & Trust prepared by the **Federal Reserve Bank of Atlanta**, the institution's supervisory agency, as of October 25, 2021. 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.

**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.

**APPENDIX C – GLOSSARY (Continued)**

**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.