

PUBLIC DISCLOSURE

December 1, 2020

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Landmark Bank
Certificate Number: 307

12225 St. Helena Street
Clinton, Louisiana 70722

Federal Deposit Insurance Corporation
Division of Depositor and Consumer Protection
Dallas Region - Memphis Area Office

6060 Primacy Parkway, Suite 300
Memphis, Tennessee 38119

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

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INSTITUTION RATING

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

An institution in this group has a satisfactory record of helping to meet the credit needs of its assessment area, including low- and moderate-income neighborhoods, in a manner consistent with its resources and capabilities.

Landmark Bank's satisfactory Lending Test record supports the overall Community Reinvestment Act (CRA) rating. The bank did not request consideration of its investments and services; therefore, this consideration did not affect the overall rating. The following points summarize conclusions regarding the applicable test, discussed in detail elsewhere.

Lending Test

- The loan-to-deposit ratio is reasonable (considering seasonal variations and taking into account lending-related activities) given the institution's size, financial condition, and assessment area credit needs.
- A majority of loans and other lending-related activities are in the institution's assessment area.
- The geographic distribution of loans reflects reasonable dispersion throughout the assessment area.
- The distribution of borrowers reflects, given the demographics of the assessment area, reasonable penetration among individuals of different income levels (including low- and moderate-income) and businesses of different sizes.
- The institution did not receive any CRA-related complaints since the previous evaluation; therefore, this factor did not affect the Lending Test conclusion.

Discriminatory or Other Illegal Credit Practices

Examiners did not identify any evidence of discriminatory or other illegal credit practices; therefore, this consideration did not affect the overall CRA rating.

DESCRIPTION OF INSTITUTION

Background

Landmark Bank (Landmark), headquartered in Clinton, Louisiana, began operations in 1897. Clinton Bancshares, Inc., Clinton, Louisiana, a one-bank holding company, wholly owns the bank. No other affiliates or subsidiaries exist relevant to this CRA evaluation since the institution did not request consideration of the activities from such. Landmark received a Satisfactory rating at its previous evaluation, dated July 15, 2014, based on Federal Financial Institutions Examination Council (FFIEC) Small Institution CRA Examination Procedures, as performed by the Federal Deposit Insurance Corporation (FDIC).

Operations

Landmark functions as a retail bank with a primary business focus, unchanged from the last evaluation, on residential and commercial loans. The bank did not participate in any merger or acquisition activity since the prior evaluation. The institution operates from four full-service offices, all in the State of Louisiana. Landmark opened one, but did not close any full-service offices since the last evaluation. The Description of Assessment Area depicts the full-service offices' specific locations.

The bank offers a variety of loan products including residential, commercial, and consumer loans. It also provides a variety of consumer and commercial deposit services including checking and savings accounts. Service hours remain consistent with area and industry norms and include extended lobby hours on Fridays. Alternative banking services include online banking, mobile banking, bill pay capabilities, and four automated teller machines (ATMs).

In response to the COVID-19 pandemic, the bank implemented relief efforts including participation in the Small Business Administration's (SBA) Paycheck Protection Program (PPP) loan program, deferred loan payments, and unlimited withdrawals on applicable non-demand deposit accounts.

Ability and Capacity

As of the September 30, 2020, Report of Condition, or Call Report, assets totaled \$158.9 million, consisting primarily of Net Loans & Leases of \$101.6 million, 63.9 percent of the total, and Securities of \$40.7 million, 25.6 percent of the total. Total deposits equaled \$131.7 million as of the same date.

Since the last evaluation, on average per year, total assets increased 7.7 percent, net loans increased 9.0 percent, and total deposits increased 6.0 percent. As of September 30, 2020, the bank reported a Return on Average Assets of 0.72 percent and a Tier 1 Leverage Capital ratio of 9.12 percent.

The mix of outstanding loans as of September 30, 2020, reflects a distribution supportive of the institution’s primary business focus with residential loans at 40.3 percent of the dollar volume of total loans, followed by commercial loans at 33.6 percent.

Based on the information discussed in this section as well as other regulatory data, the institution’s financial condition, size, product offerings, prior performance, and status of any legal impediments did not affect its ability to meet the assessment area’s credit needs.

DESCRIPTION OF ASSESSMENT AREA

Landmark designated one assessment area, the Baton Rouge Metropolitan Statistical Area Assessment Area (Baton Rouge MSA AA). The assessment area conforms to CRA regulatory requirements. The following discussion provides information on the area.

BATON ROUGE MSA AA

The Baton Rouge MSA AA, unchanged from the prior evaluation with the exception of the creation of three additional census tracts within the area based on updated census data, consists of the following 22 contiguous census tracts in the following contiguous parishes. The parishes represent three of the ten parishes that make up the Baton Rouge, LA Metropolitan Statistical Area, located in southeastern Louisiana.

- East Baton Rouge Parish – 15 of 92 total census tracts
- East Feliciana Parish – all 5 total census tracts
- St. Helena Parish – all 2 total census tracts

As noted, the Baton Rouge MSA AA accounts for 100 percent of the bank’s loans, deposits, and offices considered in this evaluation. Examiners performed a full-scope review of this assessment area.

The following table shows that the bank operates four full-service offices in this area. It also operates four ATMs. As noted, the bank opened one full-service office, but did not close any offices, nor did it participate in any merger or acquisition activity in this assessment area since the prior evaluation.

Full-Service Office Locations Baton Rouge MSA AA					
Parish/City/Street	Office Type	Census Tract Number	Census Tract Income Level	ATM	Office Opened or Closed Since Last Evaluation
<i>East Baton Rouge Parish</i> Zachary - Church St	Branch	0046.04	Upper	Yes	Opened-Dec 2018 No
Zachary - Plank Rd	Branch	0043.01	Upper	Yes	
<i>East Feliciana Parish</i> Clinton - St. Helena St	Main Office	9516.00	Moderate	Yes	No
<i>St. Helena Parish</i> Greensburg - Kendrick	Branch	9511.00	Moderate	Yes	No

Source: Bank records; American Community Survey (ACS) Census data (2015).

Economic and Demographic Data

The assessment area’s 22 census tracts reflect the following income designations based on the 2015 ACS (American Community Survey) Census data: 3 low-, 10 moderate-, 6 middle-, and 3 upper-income tracts. The assessment area received five major disaster declarations during the period under review from the Federal Emergency Management Agency (FEMA) as a result of multiple natural disasters.

Service industries represent the largest portion of businesses at 48.4 percent, followed by non-classifiable establishments at 20.5 percent, and retail trade at 7.7 percent. About 67.6 percent of the area’s businesses employ four or fewer people, and 92.9 percent operate from a single location. Major employers include Turner Industries Group LLC, a single vendor solution in heavy industrial construction; ExxonMobil; and The Shaw Group Inc., an engineering and construction company that supports the energy, environmental, and emergency response industries, among others.

Based on data from the U.S. Bureau of Labor and Statistics, the Baton Rouge MSA posted a 2019 unemployment rate of 4.4 percent. This rate exceeds the 3.7 percent national rate but is lower than the State of Louisiana’s 4.8 percent unemployment rate for the same period, thus reflecting a relatively stronger economy than most of the state.

Examiners use the applicable FFIEC median family incomes (MFI) to analyze home mortgage loans under the borrower profile performance factor. As an example, the following table shows the applicable income ranges for loans originated in 2019 based on the 2019 MFI of \$70,500 applicable to the area.

Median Family Income Ranges				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
Baton Rouge, LA MSA Median Family Income (12940)				
2019 (\$70,500)	<\$35,250	\$35,250 to <\$56,400	\$56,400 to <\$84,600	≥\$84,600
<i>Source: FFIEC (2019).</i>				

The following table illustrates select demographic characteristics of the assessment area.

Demographic Information Baton Rouge MSA AA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	22	13.6	45.5	27.3	13.6	0.0
Population by Geography	109,900	9.9	41.7	27.3	21.1	0.0
Housing Units by Geography	42,714	8.4	46.5	25.1	20.0	0.0
Owner-Occupied Units by Geography	28,976	5.1	43.4	28.7	22.8	0.0
Occupied Rental Units by Geography	9,007	17.9	47.3	19.7	15.1	0.0
Vacant Units by Geography	4,731	10.9	63.5	13.9	11.7	0.0
Businesses by Geography	8,791	7.6	41.1	27.4	23.9	0.0
Farms by Geography	230	1.3	34.3	36.1	28.3	0.0
Family Distribution by Income Level	27,633	28.8	17.6	18.3	35.3	0.0
Household Distribution by Income Level	37,983	29.8	15.5	16.3	38.4	0.0
Median Family Income – Baton Rouge MSA (2015)	\$65,593	Median Housing Value				\$134,110
Families Below Poverty Level	14.7%	Median Gross Rent				\$777
<i>Source: ACS Census (2015); D&B Data (2019)</i>						
<i>(*) The NA category consists of geographies that have not been assigned an income classification.</i>						

Competition

The three parishes in the area contain a relatively moderate level of competition from other chartered banks based on their population of 475,363, with each of the 140 offices from their 32 institutions serving about 3,395 people, on average. Mortgage companies, credit unions, and finance companies also compete for loans in the area adding to the competition level. Landmark ranks 13th in deposit market share by capturing 0.7 percent of the area’s deposits based on the June 30, 2020, FDIC Deposit Market Share Report. Overall, the competition level allows for lending opportunities.

Community Contact

Examiners reviewed an existing contact with a community member knowledgeable of the area’s economic and business environments to help assess the current economic conditions, community credit needs, and potential opportunities for bank involvement in the area.

The contact stated that the area’s current economic condition is experiencing a downturn due to the reaction to COVID-19, particularly the hospitality industry. The contact indicated that the North Baton Rouge area suffers the most. The community member believes needs exist for small dollar consumer loans, housing assistance, and capital for start-up and existing small businesses. In addition, opportunities exist for providing financial literacy to both consumers and businesses. Overall, the contact feels that while financial institutions actively participate in the community, financial education needs warrant increased involvement.

Credit Needs

The area presents a variety of credit needs, such as home mortgage and small business loans. Considering information obtained from the community contact, bank management, as well as demographic and economic information, examiners concluded that the primary credit needs of the area include home mortgage and small business loans.

SCOPE OF EVALUATION

General Information

Examiners evaluated performance based on FFIEC Small Institution CRA Examination Procedures, which include the Lending Test. The appendices list the applicable test's criteria. This evaluation covers the period from July 15, 2014, to December 1, 2020, the date of the previous evaluation to this evaluation's date.

Assessment Areas Reviewed/Weighting

As noted, the bank operates in one assessment area. Consequently, examiners performed a full-scope review of the only assessment area, the Baton Rouge MSA AA. As the only assessment area, the Baton Rouge MSA AA generates and contains 100 percent of the bank's loans, deposits, and offices considered in this evaluation. Consequently, examiners placed all weight on the bank's performance in the Baton Rouge MSA AA when arriving at applicable conclusions. This evaluation does not consider any affiliate activity.

Activities Reviewed

Lending Test

Loan Products Reviewed

For the Lending Test, CRA Small Bank procedures require examiners to determine the bank's major product lines for review. As an initial matter, examiners may select from the same loan categories used for CRA Large Bank evaluations: home mortgage, small business, small farm, and consumer loans.

The following table shows the bank's originations and purchases over the most recent full calendar year, 2019, for the loan categories typically reviewed in CRA evaluations. The activity reflects a generally consistent pattern with the bank's lending emphasis since the last evaluation.

Loans Originated or Purchased				
Loan Categories Typically Reviewed	Universes of Loan Categories Typically Reviewed			
	\$(000s)	%	#	%
Home Mortgage	11,677	51.2	107	39.7
Small Business	7,961	34.9	70	25.9
Small Farm	2,050	9.0	23	8.5
Consumer	1,110	4.9	70	25.9
Total	22,798	100.0	270	100.0
<i>Source: HMDA data (2019); Bank records (2019).</i>				

Examiners determined that the bank’s major product lines consist of home mortgage and small business loans based on the number and dollar volume of loans originated, as seen in the previous table, as well as on management’s stated business strategy. Since the other typically considered loan categories, small farm and consumer loans, do not represent major product lines and thus would not materially affect any conclusions or ratings, this evaluation does not discuss them.

Consequently, this evaluation considers all originated or purchased home mortgage loans reported on the bank’s Home Mortgage Disclosure Act (HMDA) Loan Application Registers (LARs) for the most recent two full calendar years, 2018 and 2019, per the exception allowed in guidance for small institutions. This includes 2018 data showing 117 loans totaling \$13.8 million, and 2019 data showing 107 loans totaling \$11.7 million.

Examiners did not identify any trends between the different years’ data that materially affect conclusions, unless otherwise noted. Therefore, this evaluation presents HMDA data for 2019, the most recent year for which aggregate data exists as of this evaluation. ACS Census data for 2015, and 2019 HMDA aggregate data provide the standards of comparison for the reviewed home mortgage loans.

In addition, this evaluation considers the following groups of small business loans based on data from the previous full calendar year prior to the start of this evaluation, 2019, for the noted Lending Test performance factors:

- Assessment Area Concentration – universe of 70 such loans totaling \$8.0 million originated or purchased in 2019;
- Geographic Distribution – all 34 such loans totaling \$4.7 million originated in the bank’s assessment areas from the universe of loans used for the Assessment Area Concentration;
- Borrower Profile – all 34 such loans totaling \$4.7 million from the universe of loans used for the Geographic Distribution.

Examiners considered the reviewed loans representative of the entire evaluation period. D&B data for 2019 provides a standard of comparison for the small business loans reviewed.

Loan Category Weighting

Examiners considered the universes of the dollar volume and number of loans originated in 2019 for the loan categories reviewed as well as management’s stated business strategy to determine the weighting applied to those categories when evaluating the applicable performance factors.

The following table shows that for the bank’s total activities for the loan categories reviewed, considering both the dollar volume and number percentages equally, home mortgage loans account for 60.0 percent of the loan categories reviewed and small business loans account for 40.0 percent. This emphasis remains generally consistent for loans originated inside the assessment area. Consequently, examiners weighed home mortgage loans heavier than small business loans when arriving at applicable conclusions.

Loan Category Weighting				
Loan Category Reviewed	Universes of Loan Categories Reviewed			
	\$(000s)	%	#	%
Home Mortgage	11,677	59.5	107	60.5
Small Business	7,961	40.5	70	39.5
Total Reviewed Categories	19,638	100.0	177	100.0
<i>Source: HMDA data (2019); Bank records (2019).</i>				

CONCLUSIONS ON PERFORMANCE CRITERIA

LENDING TEST

Landmark demonstrated a satisfactory record regarding the Lending Test. Reasonable borrower profile and geographic loan distributions primarily support this conclusion. Reasonable loan-to-deposit ratio and assessment area concentration records further support the overall Lending Test record. The appendices list the criteria used to evaluate the Lending Test.

For the CRA Small Bank Lending Test, typically, examiners will first determine whether the presence of any weaker loan-to-deposit ratio or assessment area concentration performance warrants downgrading the overall Lending Test conclusion. Absent any such warranted downgrading, examiners will then place more weight on the bank’s borrower profile and geographic loan distributions when arriving at the overall Lending Test conclusion.

Loan-to-Deposit Ratio

The loan-to-deposit (LTD) ratio is reasonable (considering seasonal variations and taking into account lending-related activities) given the institution’s size, financial condition, and assessment area credit needs.

Examiners considered the average, net loan-to-deposit (LTD) ratio’s reasonableness in light of information from the performance context including, as applicable, the institution’s capacity to lend, the capacity of other similarly-situated institutions to lend in the assessment areas, demographic and economic factors present in the assessment areas, and the lending opportunities available in the institution’s assessment areas.

The bank recorded a 74.7 percent average, net LTD ratio for the 25 quarters since the previous evaluation, September 30, 2014, to September 30, 2020. The ratio slightly increased over the 70.0 percent average, net LTD ratio reported at the prior evaluation. Over the 25 quarters, the bank's quarterly, net LTD ratios ranged from a low of 64.5 percent on March 31, 2015, to a high of 85.7 percent on March 31, 2020. The quarterly ratios reflect an overall increasing trend, with the exception of the declines experienced from September 2017 to June 2018, consistent with increases in Public Fund deposits, and after March 2020, consistent with the decline in activity resulting from the reaction to COVID-19.

Examiners identified and listed in the following table two comparable institutions reflecting somewhat similar lending emphases and asset sizes, and that operate in or around the bank's assessment area. The following table shows that Landmark posted the middle ratio out of the three total ratios listed. It also indicates that the bank's ratio lands within a reasonable range of the 76.3 percent average of the three ratios, given the ratios' overall levels. The bank's ratio falls 1.6 percentage points lower than the average figure.

LTD Ratio Comparative Level		
Bank Name and Location	Total Assets \$(000s)	Average, Net LTD Ratio (%)
Landmark Bank, Clinton, East Feliciana Parish, LA	158,942	74.7
Comparable Banks		
Bank of Zachary, Zachary, East Baton Rouge Parish, LA	298,831	68.6
Feliciana Bank & Trust Company, Clinton, East Feliciana Parish, LA	134,433	85.5
<i>Source: Report of Condition (09/30/20); Reports of Condition (previous 25 quarters: 9/30/14 to 9/30/20)</i>		

Assessment Area Concentration

A majority of loans and other lending-related activities are in the institution's assessment area. Majorities of home mortgage and small business loans originated inside the bank's assessment area support this conclusion. Examiners considered the bank's asset size and office structure as well as the loan categories reviewed relative to the assessment area's size and economy when arriving at conclusions.

Home Mortgage Loans

The institution originated a majority of its home mortgage loans inside its assessment area. The following table shows that for the subtotals for home mortgage loans by both measures, the percentages of the number and dollar volume of loans, the bank just did originate majorities inside its assessment area, thereby reflecting reasonable levels. Combined they show that the bank barely originated a majority of its home mortgage loans inside its assessment area.

Small Business Loans

The institution originated a majority of its small business loans inside its assessment area. The following table shows that for small business loans, by the percentage of the number of loans, the bank originated a majority outside its assessment area, thereby reflecting a poor level. The table further shows that by the percentage of the dollar volume of loans, the bank originated a majority inside its assessment area, thereby reflecting a reasonable level. Combined they show that the bank originated a majority of its small business loans inside its assessment area.

Lending Inside and Outside of the Assessment Area										
Loan Category	Number of Loans				Total #	Dollar Amount of Loans \$(000s)				Total \$(000s)
	Inside		Outside			Inside		Outside		
	#	%	#	%		\$	%	\$	%	
Home Mortgage										
2018	63	53.8	54	46.2	117	7,354	53.2	6,472	46.8	13,826
2019	52	48.6	55	51.4	107	5,556	47.6	6,121	52.4	11,677
Subtotal	115	51.3	109	48.7	224	12,910	50.6	12,593	49.4	25,503
Small Business	34	48.6	36	51.4	70	4,680	58.8	3,281	41.2	7,961

Source: HMDA data (2018 & 2019); Bank records (2019).

Geographic Distribution

The geographic distribution of loans reflects reasonable dispersion throughout the assessment area. A reasonable record in the Baton Rouge MSA AA supports this conclusion. Reasonable records regarding home mortgage and small business loans support the overall record in the Baton Rouge MSA AA. As noted, examiners weighed home mortgage loan performance heavier when arriving at this conclusion.

Examiners considered the bank’s performance relative to the available comparative data and any performance context issues. They focused on the percentages by the number of loans in low- and moderate-income geographies, if possible, when arriving at conclusions. This factor only considered loans originated inside the bank’s assessment area.

Home Mortgage Loans

The geographic distribution of home mortgage loans reflects a reasonable record in the Baton Rouge MSA AA. Reasonable performances in low- and moderate- income census tracts support this conclusion. Examiners focused on the comparisons to aggregate data, when arriving at conclusions.

The following table shows that in low-income census tracts in the Baton Rouge MSA AA, the bank’s level lands within a reasonable range of the aggregate figure, given the ratios’ overall levels. The bank’s level rises 0.5 percentage points higher, thereby reflecting a reasonable level. The table further shows that in the moderate-income census tracts, the bank’s level again lands within a reasonable range of the aggregate figure, given the ratios’ overall levels. The bank’s level rises 12.4 percentage points higher, thereby reflecting a reasonable, and nearly an excellent level.

Thus, given the relative performances and weightings for the discussed income levels, the geographic distribution of home mortgage loans reflects a reasonable record in the Baton Rouge MSA AA.

Geographic Distribution						
Home Mortgage Loans – Baton Rouge MSA AA						
Tract Income Level	Owner-Occupied Housing Units (% of #)	Aggregate Data (% of #)	Bank’s Home Mortgage Loans			
			#	%	\$(000s)	%
Low	5.1	1.4	1	1.9	55	1.0
Moderate	43.4	29.9	22	42.3	1,639	29.5
Middle	28.7	31.1	19	36.6	2,406	43.3
Upper	22.8	37.6	10	19.2	1,457	26.2
NA						
Total	100.0	100.0	52	100.0	5,557	100.0

Source: ACS Census (2015); HMDA data (2019).

Small Business Loans

The geographic distribution of small business loans reflects a reasonable record in the Baton Rouge MSA AA. Excellent performance in moderate-income census tracts sufficiently lowered by reasonable performance in low-income tracts supports this conclusion. Examiners weighed performance in moderate-income tracts heavier than in moderate-income areas given the greater lending opportunities illustrated by the percentage of businesses in each. Examiners focused on the comparisons to the percentages of businesses as reported by D&B, when arriving at conclusions.

The following table shows that in low-income census tracts in the Baton Rouge MSA AA, the bank’s lack of lending just does land within a reasonable range of the D&B figure, given the ratios’ overall levels. The bank’s level falls 7.6 percentage points lower, thereby barely reflecting an adequate level. The table further shows that in the moderate-income census tracts, the bank’s level lands substantially above the D&B figure, given the ratios’ overall levels. The bank’s level rises 14.8 percentage points higher, thereby reflecting an excellent level.

Thus, given the relative performances and weightings for the discussed income levels, the geographic distribution of small business loans reflects a reasonable record in the Baton Rouge MSA AA.

Geographic Distribution Small Business Loans – Baton Rouge MSA AA					
Tract Income Level	Distribution of Businesses (% of #)	Bank's Small Business Loans			
		#	%	\$(000s)	%
Low	7.6	0	0.0	0	0.0
Moderate	41.1	19	55.9	1,737	37.1
Middle	27.4	8	23.5	1,900	40.6
Upper	23.9	7	20.6	1,043	22.3
NA	NA	NA	NA	NA	NA
Total	100.0	34	100.0	4,680	100.0
<i>Source: D&B data (2019); Bank records (2019).</i>					

Borrower Profile

The distribution of borrowers reflects, given the demographics of the assessment areas, reasonable penetration among individuals of different income levels (including low- and moderate-income) and businesses of different sizes. A reasonable record in the Baton Rouge MSA AA supports this conclusion. Reasonable performances regarding home mortgage and small business loans support the overall record in the Baton Rouge MSA AA. As noted, examiners weighed home mortgage loan performance heavier when arriving at this conclusion.

Examiners considered the bank's performance relative to the available comparative data and any performance context issues. They focused on the percentages by the number of loans when arriving at conclusions. This factor only considered loans originated inside the bank's assessment area.

Home Mortgage Loans

The distribution of home mortgage loans based on the borrowers' profiles reflects a reasonable record in the Baton Rouge MSA AA. Poor performance to moderate-income borrowers sufficiently lifted by reasonable performance to low-income borrowers supports this conclusion. Examiners weighed performance in moderate-income tracts heavier than in moderate-income areas given the greater lending opportunities illustrated by the aggregate figures in each.

The borrowers' income designations define the borrowers' profiles for this analysis. Examiners focused on the comparisons to aggregate data, when arriving at conclusions.

The following table shows that to low-income borrowers in the Baton Rouge MSA AA, the bank's level lands within a reasonable range of the aggregate figure, given the ratios' overall levels. The bank's level falls 0.7 percentage points lower, thereby reflecting a reasonable level. The table also shows that to moderate-income borrowers, the bank's level just does land clearly below the aggregate figure, given the ratios' overall levels. The bank's level falls 8.1 percentage points lower, thereby barely reflecting a poor level.

Thus, given the relative performances and weightings for the discussed income levels, the borrower profile distribution of home mortgage loans reflects a reasonable record in the Baton Rouge MSA AA.

Borrower Profile Distribution						
Home Mortgage Loans – Baton Rouge MSA AA						
Borrower Income Level	Families (%)	Aggregate Data (% of #)	Bank's Home Mortgage Loans			
			#	%	\$(000s)	%
Low	28.8	8.4	4	7.7	201	3.6
Moderate	17.6	17.7	5	9.6	342	6.2
Middle	18.3	20.8	8	15.4	956	17.2
Upper	35.3	32.2	19	36.5	2,245	40.4
NA	0.0	20.9	16	30.8	1,813	32.6
Total	100.0	100.0	52	100.0	5,557	100.0

Source: ACS Data (2015); HMDA data (2019).

Small Business Loans

The distribution of small business loans based on the borrowers' profiles reflects a reasonable record in the Baton Rouge MSA AA. Reasonable performance to businesses with gross annual revenues of \$1 million or less primarily supports this conclusion. Examiners focused on the bank's overall levels to businesses with gross annual revenues of \$1 million or less when arriving at conclusions. The businesses' gross annual revenues define the borrowers' profiles for this review.

The following table shows that in the Baton Rouge MSA AA, the bank originated well over eight, and approaching nine out of every ten loans to businesses with gross annual revenues of \$1 million or less, thereby reflecting a reasonable, and approaching excellent level. The table further shows that the bank originated over five out of every ten loans to businesses in the two smallest revenue categories, further supporting a reasonable level.

Thus, given the relative performances and weightings for the discussed revenue categories, the distribution of small business loans based on the borrowers' profiles reflects a reasonable record in the Baton Rouge MSA AA.

Borrower Profile Distribution					
Small Business Loans – Baton Rouge MSA AA					
Gross Annual Revenues (000s)	Distribution of Businesses (% of #)	Bank's Small Business Loans			
		#	%	\$(000s)	%
\$0 < \$100	59.2	6	17.6	206	4.4
\$100 < \$250	26.0	12	35.3	934	20.0
\$250 < \$500	3.9	7	20.6	848	18.1
\$500 ≤ \$1,000	1.7	5	14.7	1,732	37.0
Subtotal ≤ \$1,000	90.8	30	88.2	3,720	79.5
> \$1,000	2.1	3	8.8	950	20.3
Revenues Not Known	7.1	1	3.0	10	0.2
Total	100.0	34	100.0	4,680	100.0

Source: D&B data (2019); Bank records (2019).

Response to Complaints

The bank did not receive any CRA-related complaints since the previous evaluation. Therefore, this performance factor did not affect the Lending Test conclusion.

DISCRIMINATORY OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

Examiners did not identify any evidence of discriminatory or other illegal credit practices inconsistent with helping to meet community credit needs. Therefore, this consideration did not affect the institution's overall CRA rating.

APPENDICES

SMALL BANK PERFORMANCE CRITERIA

Lending Test

The Lending Test evaluates the bank's record of helping to meet the credit needs of its assessment area(s) by considering the following criteria:

- 1) The bank's loan-to-deposit ratio, adjusted for seasonal variation, and, as appropriate, other lending-related activities, such as loan originations for sale to the secondary markets, community development loans, or qualified investments;
- 2) The percentage of loans, and as appropriate, other lending-related activities located in the bank's assessment area(s);
- 3) The geographic distribution of the bank's loans;
- 4) The bank's record of lending to and, as appropriate, engaging in other lending-related activities for borrowers of different income levels and businesses and farms of different sizes; and
- 5) The bank's record of taking action, if warranted, in response to written complaints about its performance in helping to meet credit needs in its assessment area(s).

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.

American Community Survey (ACS): A nationwide United States Census survey that produces demographic, social, housing, and economic estimates in the form of five year estimates based on population thresholds.

Area Median Income: The median family income for the MSA, if a person or geography is located in an MSA; or the statewide nonmetropolitan median family income, if a person or geography is located outside an MSA.

Assessment Area: A geographic area delineated by the bank under the requirements of the Community Reinvestment Act.

Census Tract: A small, relatively permanent statistical subdivision of a county or equivalent entity. The primary purpose of census tracts is to provide a stable set of geographic units for the presentation of statistical data. Census tracts generally have a population size between 1,200 and 8,000 people, with an optimum size of 4,000 people. Census tract boundaries generally follow visible and identifiable features, but they may follow nonvisible legal boundaries in some instances. State and county boundaries always are census tract boundaries.

Combined Statistical Area (CSA): A combination of several adjacent metropolitan statistical areas or micropolitan statistical areas or a mix of the two, which are linked by economic ties.

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.

Core Based Statistical Area (CBSA): The county or counties or equivalent entities associated with at least one core (urbanized area or urban cluster) of at least 10,000 population, plus adjacent counties having a high degree of social and economic integration with the core as measured through commuting ties with the counties associated with the core. Metropolitan and Micropolitan Statistical Areas are the two categories of CBSAs.

Family: Includes a householder and one or more other persons living in the same household who are related to the householder by birth, marriage, or adoption. The number of family households always equals the number of families; however, a family household may also include non-relatives living with the family. Families are classified by type as either a married-couple family or other family. Other family 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).

FFIEC-Estimated Income Data: The Federal Financial Institutions Examination Council (FFIEC) issues annual estimates which update median family income from the metropolitan and nonmetropolitan areas. The FFIEC uses American Community Survey data and factors in information from other sources to arrive at an annual estimate that more closely reflects current economic conditions.

Full-Scope Review: A full-scope review is accomplished when examiners complete all applicable interagency examination procedures for an assessment area. Performance under applicable tests is analyzed considering performance context, quantitative factors (e.g., geographic distribution, borrower profile, and total number and dollar amount of investments), and qualitative factors (e.g., innovativeness, complexity, and responsiveness).

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

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

Home Mortgage Loans: Includes closed-end mortgage loans or open-end line of credits as defined in the HMDA regulation that are not an excluded transaction per the HMDA regulation.

Housing Unit: Includes a house, an apartment, a mobile home, a group of rooms, or a single room that is occupied as separate living quarters.

Limited-Scope Review: A limited scope review is accomplished when examiners do not complete all applicable interagency examination procedures for an assessment area. Performance under applicable tests is often analyzed using only quantitative factors (e.g., geographic distribution, borrower profile, 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.

Median Income: The median income divides the income distribution into two equal parts, one having incomes above the median and other having incomes below the median.

Metropolitan Division (MD): A county or group of counties within a CBSA that contain(s) an urbanized area with a population of at least 2.5 million. A MD is one or more main/secondary counties representing an employment center or centers, plus adjacent counties associated with the main/secondary county or counties through commuting ties.

Metropolitan Statistical Area (MSA): CBSA associated with at least one urbanized area having a population of at least 50,000. The MSA comprises the central county or counties or equivalent entities containing the core, plus adjacent outlying counties having a high degree of social and economic integration with the central county or counties as measured through commuting.

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 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 and less than 80 percent in the case of a geography.

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

Nonmetropolitan Area (also known as **non-MSA**): All areas outside of metropolitan areas. The definition of nonmetropolitan area is not consistent with the definition of rural areas. Urban and rural classifications cut across the other hierarchies. For example, there is generally urban and rural territory within metropolitan and nonmetropolitan areas.

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.

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

Rural Area: Territories, populations, and housing units that are not classified as urban.

Small Business Loan: A loan included in "loans to small businesses" as defined in the Consolidated Report of Condition and Income (Call Report). These loans have original amounts of \$1 million or less and are either secured by nonfarm nonresidential properties or are classified as commercial and industrial loans.

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

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

Urban Area: All territories, populations, and housing units in urbanized areas and in places of 2,500 or more persons outside urbanized areas. More specifically, “urban” consists of territory, persons, and housing units in places of 2,500 or more persons incorporated as cities, villages, boroughs (except in Alaska and New York), and towns (except in the New England states, New York, and Wisconsin).

“Urban” excludes the rural portions of “extended cities”; census designated place of 2,500 or more persons; and other territory, incorporated or unincorporated, including in urbanized areas.