

PUBLIC DISCLOSURE

September 13, 2021

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Connections Bank
Certificate Number: 58076

2817 North Baltimore
Kirksville, Missouri 63501

Federal Deposit Insurance Corporation
Division of Depositor and Consumer Protection
Kansas City Regional Office

1100 Walnut Street, Suite 2100
Kansas City, Missouri 64106

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 areas, including low- and moderate-income neighborhoods, in a manner consistent with its resources and capabilities.

- The loan-to-deposit (LTD) ratio is more than reasonable given the institution's size, financial condition, and assessment areas' credit needs.
- A majority of the home mortgage, small business, and small farm loans reviewed were located in the assessment areas.
- The geographic distribution of loans reflects reasonable dispersion throughout the assessment areas.
- The distribution of borrowers reflects reasonable penetration among individuals of different income levels and businesses and farms of different revenue sizes.
- The bank did not receive any CRA-related complaints since the previous evaluation; therefore, this factor did not affect the Lending Test rating.

DESCRIPTION OF INSTITUTION

Connections Bank, formerly known as American Trust Bank, is headquartered in Kirksville, Missouri, and is owned by Connections Bancshares, Inc., located in Ashland, Missouri. Connections Bancshares, Inc. acquired 100 percent control of American Trust Bank on June 16, 2017. Effective December 1, 2018, the affiliated Connections Bank in Ashland, Missouri, merged with American Trust Bank, with the resulting bank named Connections Bank. The bank is affiliated with Wells Bank, Platte City, Missouri, but does not offer credit or consumer products through this affiliate relationship. The bank operates five full-service offices in central and northeast Missouri which includes a new branch opened in Columbia on May 3, 2021. No branches were closed since the prior evaluation. The institution received a Satisfactory rating at its previous FDIC Performance Evaluation, dated September 8, 2015, based on Interagency Small Institution Examination Procedures.

Connections Bank offers traditional loan products, including residential, commercial, agricultural, construction, and consumer loans, with the primary business focus being residential lending. In addition, the bank was an active originator of loans under the Small Business Administration's Paycheck Protection Program established in 2020 to provide relief financing to small businesses during the Coronavirus pandemic.

The bank provides deposit services including checking, savings, money market deposit accounts, certificates of deposit, and individual retirement accounts. Alternative banking services include internet and mobile banking with mobile deposit, online bill pay, and bank-owned automated teller machines (ATMs) at each location.

According to the June 30, 2021, Reports of Condition and Income, the bank reported total assets of \$95 million, total loans of \$75 million, and total deposits of \$82 million. The following table shows the distribution for each loan category by dollar volume.

Loan Portfolio Distribution as of 6/30/2021		
Loan Category	\$(000s)	%
Construction, Land Development, and Other Land Loans	7,581	10.1
Secured by Farmland	11,981	15.9
Secured by 1-4 Family Residential Properties	29,788	39.6
Secured by Multifamily (5 or more) Residential Properties	4,309	5.7
Secured by Nonfarm Nonresidential Properties	15,729	20.9
Total Real Estate Loans	69,388	92.2
Commercial and Industrial Loans	3,469	4.6
Agricultural Production and Other Loans to Farmers	1,971	2.6
Consumer Loans	486	0.6
Obligations of State and Political Subdivisions in the U.S.	0	0
Other Loans	0	0
Lease Financing Receivable (net of unearned income)	0	0
Less: Unearned Income	0	0
Total Loans	75,314	100.0
<i>Source: Reports of Condition and Income</i>		

Examiners did not identify any financial, legal, or other impediments that affect the bank’s ability to meet assessment area credit needs.

DESCRIPTION OF ASSESSMENT AREAS

The CRA requires each financial institution to define one or more assessment areas within which its CRA performance will be evaluated. Connections Bank has designated two assessment areas: the Nonmetropolitan Missouri Assessment Area, which consists of Adair and Schuyler counties in northeast Missouri, and the Columbia Assessment Area, which consists of Boone and Cooper counties, which are part of the Columbia, Missouri Metropolitan Statistical Area (MSA). Due to the merger previously mentioned, the Columbia Assessment Area is new since the previous evaluation. Refer to the individual discussions of each assessment areas for more details including demographic and economic information.

SCOPE OF EVALUATION

General Information

This evaluation covers the period from the prior evaluation, dated September 8, 2015, to the current evaluation, dated September 13, 2021. Examiners used Interagency Small Institution Examination Procedures to evaluate the bank’s CRA performance. These procedures include the Lending Test. This evaluation does not include any lending activity performed by affiliates. Both of the bank’s assessment areas received a full-scope review and received equal weighting when deriving conclusions. The following table illustrates the assessment area breakdown of loans, deposits, and branches.

Assessment Area Breakdown of Loans, Deposits, and Branches						
Assessment Area	Loans		Deposits		Branches	
	\$(000s)	%	\$(000s)	%	#	%
Nonmetropolitan Missouri	53,542	52.2	43,269	52.7	1	20.0
Columbia	49,115	47.8	38,901	47.3	4	80.0
Total	102,657	100.0	82,170	100.0	5	100.0

Source: Bank Data; FDIC Summary of Deposits (6/30/2021)

Activities Reviewed

Examiners determined the bank’s major product lines are residential real estate, commercial, and agricultural loans. This conclusion considered the bank’s business strategy and the number and dollar volume of loans originated or renewed during the evaluation period. The bank’s lending focus and product mix remained consistent throughout the evaluation period. Based on the bank’s business focus and loan portfolio composition, more weight was placed on home mortgage lending performance when arriving at overall conclusions.

The Assessment Area Concentration criterion considered home mortgage, small business, and small farm loans originated or renewed in 2020. The Geographic Distribution and Borrower Profile criteria included all reviewed loans originated within the bank’s assessment areas. Small farm lending was not evaluated in the Columbia Assessment Area as this type of lending is not a product focus in this metropolitan area.

In 2020, the bank originated or renewed 84 home mortgage loans totaling \$15.8 million. The 2015 ACS data provided a standard of comparison. In addition, the bank originated or renewed 28 small business loans totaling \$1.7 million and 44 small farm loans totaling \$2.8 million. The 2020 D&B data provided a standard of comparison for small business and small farm loans.

CONCLUSIONS ON PERFORMANCE CRITERIA

LENDING TEST

Connections Bank demonstrated satisfactory performance under the Lending Test. Loan-to-Deposit Ratio, Assessment Area Concentration, Geographic Distribution, and Borrower Profile support this conclusion.

Loan-to-Deposit Ratio

The average net LTD ratio is more than reasonable given the institution’s size, financial condition, and credit needs of the assessment areas. The bank’s performance was evaluated based on the average net LTD ratio since the prior evaluation (23 quarters). The bank’s average net LTD ratio is above other similarly-situated banks, which were selected based on asset size, geographic location, and lending focus. See the following table for details.

Loan-to-Deposit (LTD) Ratio Comparison		
Bank	Total Assets as of 6/30/2021 (\$000s)	Average Net LTD Ratio (%)
Connections Bank, Kirksville, Missouri	94,622	93.4
Alliant Bank, Madison, Missouri	202,124	85.9
The Merchants and Farmers Bank, Salisbury, Missouri	112,934	62.1
Commercial Trust Company, Fayette, Missouri	169,520	74.1
<i>Source: Reports of Condition and Income 09/30/2015 – 06/30/2021</i>		

Assessment Area Concentration

The bank made a majority of its home mortgage, small business, and small farm loans within the assessment areas, as illustrated in the following table.

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	71	84.5	13	15.5	84	10,460	66.3	5,328	33.7	15,788
Small Business	26	92.9	2	7.1	28	1,366	80.5	330	19.5	1,696
Small Farm	34	77.3	10	22.7	44	2,195	78.1	616	21.9	2,811
<i>Source: Bank Data. Due to rounding, totals may not equal 100.0%</i>										

Geographic Distribution

Overall, the geographic distribution of loans reflects reasonable dispersion throughout the assessment areas. The bank’s performance in both assessment areas supports this conclusion.

Borrower Profile

Overall, the distribution of borrowers reflects reasonable penetration among individuals of different income levels and businesses and farms of different sizes. The bank’s performance in both assessment areas supports this conclusion.

Response to Complaints

The bank did not receive any CRA-related complaints since the previous evaluation; therefore, this criterion did not affect the Lending Test rating.

DISCRIMINATORY OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

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

**NONMETROPOLITAN MISSOURI ASSESSMENT AREA
- Full-Scope Review**

**DESCRIPTION OF INSTITUTION’S OPERATIONS IN
NONMETROPOLITAN MISSOURI**

The Nonmetropolitan Missouri Assessment Area includes the entirety of Adair and Schuyler counties in rural northeast Missouri. The bank’s main office is located in this assessment area.

Economic and Demographic Data

According to 2015 ACS data, the Nonmetropolitan Missouri Assessment Area encompasses nine census tracts, including three upper-, four middle-, one moderate-, no low-income, and one tract without an income designation. The following table illustrates select demographic characteristics of this assessment area.

Demographic Information of the Assessment Area						
Assessment Area: Nonmetropolitan Missouri						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	9	0.0	11.1	44.4	33.3	11.1
Population by Geography	29,955	0.0	10.0	32.0	50.0	8.0
Housing Units by Geography	13,396	0.0	12.9	35.7	50.9	0.5
Owner-Occupied Units by Geography	6,910	0.0	6.9	36.8	56.3	0.0
Occupied Rental Units by Geography	4,447	0.0	20.9	28.1	49.6	1.4
Vacant Units by Geography	2,039	0.0	16.0	48.4	35.6	0.0
Businesses by Geography	1,804	0.0	20.7	26.9	52.2	0.2
Farms by Geography	139	0.0	7.9	49.6	42.4	0.0
Family Distribution by Income Level	6,341	19.5	14.7	19.2	46.6	0.0
Household Distribution by Income Level	11,357	31.3	12.8	14.5	41.4	0.0
Median Family Income Nonmetropolitan MO		\$48,341	Median Housing Value			\$103,796
Families Below Poverty Level		11.7%	Median Gross Rent			\$591
<i>Source: 2015 ACS; 2020 D&B Data. Due to rounding, totals may not equal 100.0%</i>						
<i>(*) The NA category consists of geographies that have not been assigned an income classification.</i>						

According to 2020 D&B data, service industries represent the largest portion of businesses at 38.9 percent, followed by non-classifiable establishments at 15.9 percent, and retail trade at 12.8 percent. In addition, 61.8 percent of area businesses have four or fewer employees and 85.3 percent operate from a single location.

The 2020 FFIEC-updated median family income figures were used to analyze home mortgage loans under the Borrower Profile criterion. The following table presents the low-, moderate-, middle-, and upper-income categories for Nonmetropolitan Missouri.

Median Family Income Ranges for Nonmetropolitan Missouri				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
2020 (\$54,400)	<\$27,200	\$27,200 to <\$43,520	\$43,520 to <\$65,280	≥\$65,280
<i>Source: FFIEC</i>				

Competition

Competition for financial services is notable in the Nonmetropolitan Missouri Assessment Area. According to FDIC Deposit Market Share data as of June 30, 2020, there are seven banks operating 13 offices in the assessment area. Connections Bank ranked last with 5.0 percent of the deposit market share.

Connections Bank is not required to collect or report home mortgage, small business, or small farm loan data; however, this information provides insight regarding competition in the assessment area. Aggregate HMDA data for 2020 shows 100 mortgage lenders originated 674 HMDA-reportable loans in the assessment area. The 2019 peer small business data reveals 29 lenders reported 299 small business loans and 13 lenders reported 62 small farm loans in the assessment area. This information indicates that there is strong competition for home mortgage, small business, and small farm loans within the assessment area.

Credit Needs

Considering information from demographic and economic data, examiners determined that home mortgage, small business, and small farm loans represent primary credit needs for this assessment area.

**CONCLUSIONS ON PERFORMANCE CRITERIA IN
NONMETROPOLITAN MISSOURI**

LENDING TEST

Connections Bank demonstrated satisfactory performance under the Lending Test in the Nonmetropolitan Missouri Assessment Area. The bank’s performance under Geographic Distribution and Borrower Profile criteria supports this conclusion.

Geographic Distribution

The geographic distribution of loans reflects reasonable dispersion throughout this assessment area. Examiners focused on the percentage of loans by number in moderate-income tracts.

Home Mortgage Loans

The geographic distribution of home mortgage loans reflects excellent dispersion throughout the assessment area. The following table shows the bank significantly exceeded the percentage of owner-occupied housing units in moderate-income areas.

Geographic Distribution of Home Mortgage Loans for the Assessment Area: Nonmetropolitan Missouri					
Tract Income Level	% of Owner-Occupied Housing Units	#	%	\$(000s)	%
Moderate	6.9	8	20.0	1,579	21.2
Middle	36.8	5	12.5	1,574	21.2
Upper	56.3	27	67.5	4,278	57.6
Total	100.0	40	100.0	7,431	100.0

Source: 2015 ACS; Bank Data. Due to rounding, totals may not equal 100.0%

Small Business Loans

The geographic distribution of small business loans reflects poor dispersion throughout the assessment area. The following table shows an absence of lending in the moderate-income tract, despite the percent of businesses in that tract.

Geographic Distribution of Small Business Loans Assessment Area: Nonmetropolitan Missouri					
Tract Income Level	% of Businesses	#	%	\$(000s)	%
Moderate	20.7	0	0.0	0	0.0
Middle	26.9	4	28.6	526	69.9
Upper	52.2	10	71.4	227	30.1
Not Available	0.2	0	0.0	0	0.0
Total	100.0	14	100.0	753	100.0

Source: 2020 D&B Data; Bank Data. Due to rounding, totals may not equal 100.0%

Small Farm Loans

The geographic distribution of small farm loans reflects reasonable dispersion throughout the assessment area. Although the bank’s performance in the moderate-income tract is below the percentage of farms, according to D&B data, there are only 11 farms in this tract. Therefore there is limited opportunity for small farm lending and the bank’s performance is reasonable.

Geographic Distribution of Small Farm Loans Assessment Area: Nonmetropolitan Missouri					
Tract Income Level	% of Farms	#	%	\$(000s)	%
Moderate	7.9	1	4.0	67	3.9
Middle	49.6	11	44.0	726	42.1
Upper	42.4	13	52.0	931	54.0
Total	100.0	25	100.0	1,724	100.0

Source: 2020 D&B Data; Bank Data. Due to rounding, totals may not equal 100.0%

Borrower Profile

The distribution of borrowers reflects reasonable penetration among individuals of different income levels and businesses and farms of different revenue sizes in this assessment area.

Home Mortgage Loans

The distribution of borrowers reflects reasonable penetration among individuals of different income levels, including low- and moderate-income borrowers. The following table shows the bank’s

performance lagged demographic data for both low- and moderate-income borrowers. However, examiners noted that approximately 11.7 percent of families in the assessment area are living below the poverty level. When considering the average median housing value within the assessment area, it is unlikely that these families would meet the qualifications for a home mortgage loan.

Distribution of Home Mortgage Loans by Borrower Income Level					
Assessment Area: Nonmetropolitan Missouri					
Borrower Income Level	% of Families	#	%	\$(000s)	%
Low	19.5	4	10.0	377	5.1
Moderate	14.7	3	7.5	262	3.5
Middle	19.2	3	7.5	751	10.1
Upper	46.6	30	75.0	6,041	81.3
Total	100.0	40	100.0	7,431	100.0
<i>Source: 2015 ACS; Bank Data. Due to rounding, totals may not equal 100.0%</i>					

Small Business Loans

The distribution of small business loans reflects reasonable penetration among businesses with gross annual revenues of \$1 million or less. As illustrated in the following table, the bank’s performance by number is comparable to the percent of businesses in this revenue category. In addition, although the percent by dollar volume shows 56.6 percent of the overall loan volume was to businesses with revenues over \$1 million, two of the three loans represented in this category were to the same entity, which somewhat skews the data.

Distribution of Small Business Loans by Gross Annual Revenue Category					
Assessment Area: Nonmetropolitan Missouri					
Gross Revenue Level	% of Businesses	#	%	\$(000s)	%
<=\$1,000,000	80.2	11	78.6	327	43.4
>\$1,000,000	5.0	3	21.4	426	56.6
Revenue Not Available	14.8	0	0.0	0	0.0
Total	100.0	14	100.0	753	100.0
<i>Source: 2020 D&B Data; Bank Data. Due to rounding, totals may not equal 100.0%</i>					

Small Farm Loans

The distribution of small farm loans reflects reasonable penetration among farms with gross annual revenues of \$1 million or less. As illustrated in the following table, the bank’s performance by number is comparable to the percent of farms in this revenue category.

Distribution of Small Farm Loans by Gross Annual Revenue Category					
Assessment Area: Nonmetropolitan Missouri					
Gross Revenue Level	% of Farms	#	%	\$(000s)	%
<=\$1,000,000	99.3	25	100.0	1,724	100.0
>\$1,000,000	0.7	0	0.0	0	0.0
Total	100.0	25	100.0	1,724	100.0
<i>Source: 2020 D&B Data; Bank Data. Due to rounding, totals may not equal 100.0%</i>					

COLUMBIA ASSESSMENT AREA – Full-Scope Review

DESCRIPTION OF INSTITUTION’S OPERATIONS IN COLUMBIA

The Columbia Assessment Area includes the entirety of Boone and Cooper counties in central Missouri. The bank’s four branches are located in this assessment area.

Economic and Demographic Data

According to 2015 ACS data, the Columbia Assessment Area encompasses 34 census tracts, including 7 upper-, 16 middle-, 5 moderate-, 3 low-income, and 3 tracts without an income designation. The following table illustrates select demographic characteristics of this assessment area.

Demographic Information of the Assessment Area						
Assessment Area: Columbia						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	34	8.8	14.7	47.1	20.6	8.8
Population by Geography	188,363	3.8	11.1	52.3	26.0	6.8
Housing Units by Geography	79,646	4.4	11.9	53.4	26.2	4.0
Owner-Occupied Units by Geography	42,106	1.5	8.4	60.0	29.8	0.4
Occupied Rental Units by Geography	31,362	8.0	16.3	44.6	22.6	8.5
Vacant Units by Geography	6,178	6.6	14.0	53.3	20.7	5.4
Businesses by Geography	13,230	9.2	11.8	46.5	25.9	6.7
Farms by Geography	626	1.4	8.3	74.3	15.0	1.0
Family Distribution by Income Level	42,577	20.5	17.0	21.6	40.9	0.0
Household Distribution by Income Level	73,468	25.9	14.9	16.1	43.0	0.0
Median Family Income Columbia, MO MSA		\$69,408	Median Housing Value			\$162,780
Families Below Poverty Level		9.2%	Median Gross Rent			\$789
<i>Source: 2015 ACS; 2020 D&B Data. Due to rounding, totals may not equal 100.0%</i>						
<i>(*) The NA category consists of geographies that have not been assigned an income classification.</i>						

According to 2020 D&B data, service industries represent the largest portion of businesses at 41.9 percent, followed by non-classifiable establishments at 15.7 percent, and retail trade at 12.5 percent. In addition, 61.4 percent of area businesses have four or fewer employees and 86.8 percent operate from a single location.

The following table presents 2020 FFIEC-updated median family income figures for the Columbia, Missouri MSA.

Median Family Income Ranges for the Columbia, Missouri MSA				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
2020 (\$77,100)	<\$38,550	\$38,550 to <\$61,680	\$61,680 to <\$92,520	≥\$92,520
<i>Source: FFIEC</i>				

Competition

There is a high level of competition for financial services in the Columbia Assessment Area. According to FDIC Deposit Market Share data as of June 30, 2020, there are 36 banks operating 88 offices in the assessment area. Connections Bank ranked 16th with 0.8 percent of the deposit market share.

Aggregate HMDA data for 2020 shows 279 mortgage lenders originated 10,233 HMDA-reportable loans in the assessment area. The 2019 peer small business data reveals 78 lenders reported 3,669 small business loans and 19 lenders reported 211 small farm loans in the assessment area. This information indicates that there is strong competition for home mortgage, small business, and small farm loans within the assessment area.

Community Contact(s)

As part of the evaluation process, examiners contact third parties active in the assessment area to help identify the credit and community development needs. This information assists in determining whether local financial institutions are responsive to those needs. Further, it is an indication of the credit and community development opportunities available.

Examiners reviewed responses from one recent community contact in the business community. The contact stated that there was minimal impact to the area after the peak of the pandemic, and the area's economy overall remains strong. The largest industries in the local economy remain solid and strong (higher education, healthcare, insurance, and manufacturing). However, the unemployment rate has slightly increased, but remained below the State of Missouri's unemployment rate. In addition, the individual indicated that although the hospitality industry was greatly impacted by the pandemic, a lot of the business owners received PPP loans, and the businesses that were closed were replaced by new businesses. Regarding housing, the contact expressed a need for additional affordable housing, as housing prices continue to increase. Overall, the contact had a positive view about local financial institutions' community involvement.

Credit Needs

Considering information from the community contact, bank management, and demographic and economic data, examiners determined that home mortgage and small business loans represent primary credit needs for this assessment area.

CONCLUSIONS ON PERFORMANCE CRITERIA IN COLUMBIA

LENDING TEST

Connections Bank demonstrated reasonable performance under the Lending Test in the Columbia Assessment Area. The bank's performance under the Geographic Distribution and Borrower Profile criteria supports this conclusion.

Geographic Distribution

The geographic distribution of loans reflects reasonable dispersion throughout the assessment area. Reasonable performance for home mortgage lending supports this conclusion. Examiners focused on the percentage of loans by number in low- and moderate-income tracts.

Home Mortgage Loans

The geographic distribution of home mortgage loans reflects reasonable dispersion throughout the assessment area. The following table shows the bank exceeded the percent of owner-occupied housing units in low-income areas. In moderate-income areas, the bank's performance trailed the percent of owner-occupied housing units slightly, but is reasonable given the level of competition in the assessment area.

Geographic Distribution of Home Mortgage Loans					
Assessment Area: Columbia					
Tract Income Level	% of Owner-Occupied Housing Units	#	%	\$(000s)	%
Low	1.5	1	3.2	78	2.6
Moderate	8.4	2	6.5	277	9.1
Middle	60.0	27	87.1	2,574	85.0
Upper	29.8	1	3.2	100	3.3
Not Available	0.4	0	0.0	0	0.0
Total	100.0	31	100.0	3,029	100.0

Source: 2015 ACS; Bank Data. Due to rounding, totals may not equal 100.0%

Small Business Loans

The geographic distribution of small business loans reflects poor dispersion throughout the assessment area. The following table shows an absence of lending in low- and moderate-income tracts, despite the percent of businesses in those tracts.

Geographic Distribution of Small Business Loans					
Assessment Area: Columbia					
Tract Income Level	% of Businesses	#	%	\$(000s)	%
Low	9.2	0	0.0	0	0.0
Moderate	11.8	0	0.0	0	0.0
Middle	46.5	9	75.0	587	95.8
Upper	25.9	3	25.0	26	4.2
Not Available	6.7	0	0.0	0	0.0
Total	100.0	12	100.0	613	100.0

Source: 2020 D&B Data; Bank Data. Due to rounding, totals may not equal 100.0%

Borrower Profile

The distribution of borrowers reflects excellent penetration among individuals of different income levels and businesses and farms of different revenue sizes.

Home Mortgage Loans

The distribution of borrowers reflects excellent penetration among individuals of different income levels, including low- and moderate-income borrowers. The following table shows the bank's performance by number significantly exceeded demographic data for low-income borrowers and was comparable to demographic data for moderate-income borrowers.

Distribution of Home Mortgage Loans by Borrower Income Level					
Assessment Area: Columbia					
Borrower Income Level	% of Families	#	%	\$(000s)	%
Low	20.5	9	29.0	693	22.9
Moderate	17.0	5	16.1	366	12.1
Middle	21.6	5	16.1	814	26.9
Upper	40.9	12	38.7	1,156	38.2
Total	100.0	31	100.0	3,029	100.0
<i>Source: 2015 ACS; Bank Data. Due to rounding, totals may not equal 100.0%</i>					

Small Business Loans

The distribution of small business loans reflects excellent penetration among businesses with gross annual revenues of \$1 million or less. As illustrated in the following table, the bank's performance exceeds the percent of businesses in this revenue category.

Distribution of Small Business Loans by Gross Annual Revenue Category					
Assessment Area: Columbia					
Gross Revenue Level	% of Businesses	#	%	\$(000s)	%
<=\$1,000,000	82.6	11	91.7	530	86.5
>\$1,000,000	4.6	1	8.3	83	13.5
Revenue Not Available	12.8	0	0.0	0	0.0
Total	100.0	12	100.0	613	100.0
<i>Source: 2020 D&B Data; Bank Data. Due to rounding, totals may not equal 100.0%</i>					

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 institution'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 institution 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.