

PUBLIC DISCLOSURE

June 1, 2022

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Carver State Bank
Certificate Number: 16584

701 Martin Luther King, Jr. Boulevard
Savannah, Georgia 31415

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

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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 **Outstanding**.

An institution in this group has an outstanding 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.

- The loan-to-deposit (LTD) ratio is reasonable given the institution's size, financial condition, and assessment area's credit needs.
- The bank made a majority of small business and home mortgage loans inside the assessment area.
- The geographic distribution of loans reflects excellent dispersion throughout the assessment area.
- The distribution of borrowers reflects, given the demographics of the assessment area, excellent penetration among businesses of different sizes and individuals of different income levels.
- The institution did not receive any CRA-related complaints since the previous evaluation; therefore, this factor did not affect the Lending Test rating.

The bank's excellent level of qualified investments and community development service activities enhanced credit availability in the assessment area and contributed to the overall Outstanding rating.

The institution also demonstrated its commitment to meeting the credit needs of the assessment area, including low- and moderate-income areas and families and businesses, through community development loans.

DESCRIPTION OF INSTITUTION

Carver State Bank (CSB) is a state-chartered, minority-owned community bank headquartered in Savannah, Georgia. The bank is wholly owned by Carver Financial Corporation, a one-bank holding company also located in Savannah, Georgia. In March 2022, Carver Financial Corporation acquired controlling interest in Alamerica BancCorp, a one-bank holding company in Birmingham, Alabama. Alamerica BancCorp wholly owns Alamerica Bank, which is also located in Birmingham. The affiliates' activities are not included in this evaluation. At the previous Community Reinvestment Act (CRA) performance evaluation conducted by the FDIC, dated June 6, 2016, the bank received an "Outstanding" CRA rating using the Small Bank CRA Examination Procedures.

CSB operates with various other affiliates for which the bank has requested activities to be considered. Carver Financial Corporation has received \$50.0 million in New Markets Tax Credits (NMTC) since the previous evaluation. To implement these NMTCs, Carver Financial Corporation establishes separate entities for each of the allocation activities. The holding company owns controlling interest (80.0 percent) in each of these entities. These entities share common names: Carver Development CDE, LLC; Carver Development CDE I, LLC; Carver Development CDE II, LLC; Carver Development CDE III, LLC; and so forth. These entities are referenced collectively as CDEs.

CSB is designated as a Community Development Financial Institution (CDFI) by the United States Department of the Treasury. CSB is one of only four commercial banks in Georgia that are certified as a CDFI. The stated purpose of a CDFI is to facilitate the flow of capital to distressed communities, which in turn helps create jobs and revitalize neighborhoods. CDFIs provide capital and resources to help rebuild lower-income communities through targeted lending and investments. Investment in economically distressed communities is critical to the revitalization of those areas. Through the Bank Enterprise Award Program (BEA Program), the CDFI Fund provides monetary awards to FDIC-insured depository institutions that successfully demonstrate an increase in investments in CDFIs or in their own lending, investing, or service activities in the most distressed communities. BEA Distressed Communities are defined as communities where at least 30 percent of residents have incomes that are less than the national poverty level and where the unemployment rate is at least 1.5 times higher than the national unemployment rate. CSB was awarded approximately \$1.3 million through the BEA Program from 2016 to 2021.

CSB operates two full-service offices in central Chatham County, Georgia. These offices operate with reasonable lobby hours, drive-thru teller facilities, and automated teller machines. The main office is located in a low-income census tract, and the Skidaway Branch is located in a moderate-income census tract. The bank has not opened or closed any offices since the previous evaluation.

CSB offers a variety of products and services to meet the banking needs of its assessment area. The bank's primary business focus remains commercial lending, including business lines of credit, business term loans, commercial real estate, and business acquisition financing. Additionally, the bank originated U.S. Small Business Administration (SBA) loans during the evaluation period, including the 7(a) Loan Program and the Paycheck Protection Program (PPP). In 2021, CSB originated 90 loans through the PPP totaling approximately \$2.6 million. The SBA guarantees PPP

loans under the Coronavirus Aid, Relief, and Economic Security Act. The loans serve to retain jobs that would otherwise be lost due to business closures because of the COVID-19 national emergency.

Consumer product offerings include home mortgage loans, construction loans, home equity lines of credit, personal lines of credit, overdraft lines of credit, and secured and unsecured installment loans. The institution does not extend long-term, fixed-rate residential mortgage loans due to interest rate risk considerations. Deposit products offered include checking, savings, and money market accounts; certificates of deposit; and individual retirement accounts. Alternative banking services include internet banking, mobile banking (including mobile deposit), and telephone banking. Other retail services include on-line bill payments, direct deposits, overdraft protection, and wire transfers.

As of March 31, 2022, CSB reported total assets of \$64.0 million, including total loans of \$30.2 million and total deposits of \$52.3 million. Since the previous evaluation, the loan portfolio composition has remained relatively stable, and the bank’s business focus continues to center on commercial and residential lending. There have been no material changes to the financial condition since the previous evaluation. The bank’s loan portfolio is illustrated in the following table.

Loan Portfolio Distribution as of 3/31/2022		
Loan Category	\$(000s)	%
Construction, Land Development, and Other Land Loans	731	2.4
Secured by Farmland	0	0.0
Secured by 1-4 Family Residential Properties	9,831	32.6
Secured by Multifamily (5 or more) Residential Properties	0	0.0
Secured by Nonfarm Nonresidential Properties	8,554	28.4
Total Real Estate Loans	19,116	63.4
Commercial and Industrial Loans	10,047	33.3
Agricultural Production and Other Loans to Farmers	0	0.0
Consumer Loans	952	3.2
Other Loans	62	0.1
Lease Financing Receivable (net of unearned income)	0	0.0
Less: Unearned Income	0	0.0
Total Loans	30,177	100.0
<i>Source: Consolidated Reports of Condition and Income (Call Report)</i>		

The bank provides for the credit needs of its communities in a manner consistent with its size, financial condition, resources, and local economic conditions. While examiners did not identify any financial or legal impediments that affect the bank’s ability to meet the assessment area’s credit needs, several economic and demographic indicators could affect the bank’s lending opportunities.

DESCRIPTION OF ASSESSMENT AREA

The CRA requires each financial institution to define one or more assessment areas within which its CRA performance will be evaluated. CSB’s assessment area includes whole census tracts where the bank’s offices are and where a majority of the loans are originated.

CSB’s defined assessment area consists of Chatham County in its entirety, which is located along the Atlantic Coast of south Georgia. Chatham County is one of three counties that form the Savannah, Georgia Metropolitan Statistical Area (MSA).

Economic and Demographic Data

The assessment area is comprised of 71 census tracts, including 10 low-, 27 moderate-, 16 middle, 16 upper-income census tracts, and 2 census tracts do not have an income designation. These census tracts represent the Port of Savannah and Hutchinson Island. Due to demographic changes of the area, the income designation of 25 census tracts have changed. The census tract changes are as follows: six low-income are now moderate-income tracts; five moderate-income tracts are now low-income tracts; five middle-income tracts are now moderate-income tracts; and one moderate-income tract is now a middle-income tract. In addition, five upper-income census tracts are now middle-income census tracts, and three middle-income census tracts are now upper-income census tracts. The following table illustrates select demographic characteristics of the assessment area based on the 2015 American Community Survey (ACS) data and the 2020 Dun and Bradstreet (D&B) data.

Demographic Information of the Assessment Area						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	71	14.1	38.0	22.5	22.5	2.8
Population by Geography	279,290	10.1	29.8	29.0	31.1	0.0
Housing Units by Geography	121,877	9.8	29.7	29.2	31.3	0.0
Owner-Occupied Units by Geography	57,315	5.6	21.2	33.5	39.8	0.0
Occupied Rental Units by Geography	47,597	13.4	39.5	24.3	22.7	0.0
Vacant Units by Geography	16,965	13.8	31.2	28.4	26.6	0.1
Businesses by Geography	39,614	8.7	24.0	31.7	35.4	0.2
Farms by Geography	658	5.5	22.6	37.2	34.7	0.0
Family Distribution by Income Level	64,069	25.1	16.6	20.2	38.2	0.0
Household Distribution by Income Level	104,912	26.9	16.5	17.6	39.0	0.0
Median Family Income MSA – 42340 Savannah, GA MSA		\$61,754	Median Housing Value			\$188,202
			Median Gross Rent			\$955
			Families Below Poverty Level			14.4%

Source: 2015 ACS and 2021 D&B Data. Due to rounding, totals may not equal 100.0%. () The NA category consists of geographies that have not been assigned an income classification.*

The Geographic Distribution criterion compares small business and home mortgage loans to the percentage of businesses and owner-occupied housing units, respectively, located in low-, moderate-, middle-, and upper-income census tracts.

According to 2021 D&B data, 39,614 businesses operated in the assessment area. The analysis of small business loans under the Borrower Profile criterion compares the distribution of businesses by gross annual revenue level. The following reflects gross annual revenues for these businesses:

- 88.8 percent had \$1.0 million or less,
- 3.0 percent had more than \$1.0 million, and
- 8.1 percent had unknown revenues.

Examiners used the Federal Financial Institutions Examination Council’s (FFIEC’s) median family income figures to analyze home mortgage lending under the Borrower Profile criterion. The following table reflects low-, moderate-, middle-, and upper-income categories in the Savannah, GA MSA.

Median Family Income Ranges				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
2021 (\$79,400)	<\$39,700	\$39,700 to <\$63,520	\$63,520 to <\$95,280	≥\$95,280
<i>Source: FFIEC</i>				

It is noted that approximately 14.4 percent of the low-income families have incomes below the federal poverty level, which poses a challenge for home mortgage lending to low-income families, as these families likely face difficulty qualifying for a home mortgage loan.

According to Moody’s Analytics, the assessment area’s largest industries include trade transportation and utilities at 24.8 percent, professional and business at 14.9 percent, education and health at 14.3 percent, leisure and hospitality at 13.9 percent, and government at 10.4 percent. Additionally, the Savannah Area Chamber of Commerce reports that the assessment area’s major employers are Gulfstream Aerospace Corporation, Savannah-Chatham County Board of Education, St. Joseph’s Candler, Ft. Stewart/Hunter Army Airfield, and Wal-Mart.

Data obtained from the U.S. Bureau of Labor Statistics indicates significant changes in the unemployment rate during the evaluation period. As illustrated in the following table, the unemployment rate in the United States, State of Georgia, and Chatham County increased from 2019 to 2020 due to the COVID-19 pandemic, but declined from 2020 to 2021 as the area began to recover. In 2021, Chatham County experienced a decline in the average unemployment rate; however, the county unemployment rate remained above the state, but below the national rate.

Unemployment Rates			
Area	2019	2020	2021
	%	%	%
Chatham County	3.5	7.6	4.3
State of Georgia	3.6	6.5	3.9
National Average	3.7	8.1	5.4

Source: Bureau of Labor Statistics

Competition

The assessment area is competitive for financial services. According to FDIC Deposit Market Share data as of June 30, 2021, 21 financial institutions operate 74 branches within the assessment area. Of these institutions, CSB ranked 16th, with a deposit market share of 0.7 percent. The three leading financial institutions are Truist Bank; Wells Fargo Bank, N.A.; and Bank of America, N.A., collectively accounting for 60.8 percent of the deposit market share.

The bank is not required to collect or report its small business or home mortgage loan data and has not elected to do so. Therefore, analysis of these two loan types under the Lending Test does not include a comparison against aggregate data. However, the following aggregate data is presented to provide context regarding the level of competition for each loan type.

According to 2020 aggregate data, 119 lenders reported 8,100 small business loans in the assessment area. The top three lenders were American Express National Bank; Bank of America, N.A.; and Wells Fargo Bank, N.A, collectively accounting for 34.3 percent of the total market share. This market share data indicates a significant level of competition for small business loans.

According to 2020 aggregate data, 384 institutions reported 21,250 home mortgage loans originated or purchased in the assessment area. The top five lenders by number of loans include Quicken Loans; Broker Solutions, LLC; Wells Fargo Bank, NA; BankSouth Mortgage Company, LLC; and Freedom Mortgage Company, LLC. This market share data indicates a high level of competition for home mortgage loans.

Community Contact

As part of the evaluation process, examiners contact third parties that are active in a bank’s assessment area or rely on recent contacts to identify the credit needs in the assessment area. This information helps determine whether local financial institutions are responsive to these needs. During this evaluation, a recently conducted community contact was reviewed. The organization works closely with the business community to promote small business development in the Savannah area through financing and technical assistance. The contact noted that access to capital remains an obstacle to the growth of small businesses.

Credit Needs

Based on demographic information and economic data, several conclusions regarding the credit needs of the assessment area can be derived. First, the high number of low- and moderate-income families, at 25.1 percent and 16.6 percent, respectively, indicates a continuing need for affordable housing. Additionally, the high median age of housing stock in low- and moderate-income census tracts, at 58 years and 49 years, respectively, indicates a significant need for home improvement loans. Further, the need for loans supporting small businesses is evident based on the community

contact's statements coupled with the fact that small businesses comprise a significant majority of the assessment area's businesses.

SCOPE OF EVALUATION

General Information

This evaluation covers the period from the previous evaluation dated June 6, 2016, to the current evaluation dated June 1, 2022. Examiners used Interagency Small Institution Examination Procedures to evaluate CSB's CRA performance. These procedures include the Lending Test as described in the appendices. Additionally, the bank opted to have qualified investments, community development services, and other community development lending-related activities reviewed. Please refer to the *Description of Institution* section regarding affiliate activity that was considered for this evaluation.

Activities Reviewed

As reflected in the March 31, 2022 Call Report, commercial loans (i.e., loans secured by non-farm, non-residential properties; and commercial and industrial loans) is the largest loan category by dollar volume, at 61.7 percent of total loans. Home mortgage loans (i.e., loans secured by 1-4 family residential properties) represented the second largest loan category, at 32.6 percent of total loans. No farm loans (i.e., loans secured by farmland and agricultural loans) were reported.

For this evaluation, loan distribution analyses were conducted on the bank's 2021 small business and home mortgage loans, which is representative of the bank's activity and focus since the previous evaluation. Based on the higher volume, small business loans received the most weight in this evaluation. Small farm loans were not evaluated as they are not offered by the bank.

The bank originated 102 small business loans totaling approximately \$6.0 million during the review period, including PPP loans. The universe was utilized to evaluate performance in this area. D&B data for 2021 provided a standard for comparison for the geographic distribution and borrower profile criteria.

Due to CSB's low volume of home mortgage loans, the institution is not subject to the data reporting requirements of the Home Mortgage Disclosure Act. As a result, the universe of home mortgage loans, as reported on the bank's loan trial, was reviewed. During calendar year 2021, CSB originated a universe of 21 home mortgage loans totaling approximately \$1.9 million. The universe was utilized to evaluate performance in this area. The percentage of owner-occupied housing units by geography and the percentage of families by income level, based on 2015 ACS data, were used for comparison purposes.

Bank management provided data on qualified investments, community development services, and other community development activity since the prior CRA evaluation dated June 6, 2016.

CONCLUSIONS ON PERFORMANCE CRITERIA

LENDING TEST

CSB demonstrated satisfactory performance under the Lending Test. This conclusion is supported by a reasonable LTD ratio; a majority of the loans originated within the assessment area; excellent dispersion of loans throughout the assessment area; and reasonable penetration of borrower’s income levels. Lastly, no CRA-related complaints were received since the previous evaluation.

Loan-to-Deposit Ratio

The LTD ratio is reasonable given the bank’s size, financial condition, and assessment area's credit needs. CSB’s LTD ratio, calculated from its Call Report, averaged 73.6 percent over the previous 24 quarters. Since the previous evaluation, the LTD ratio has ranged from a low of 56.2 percent on March 31, 2022, to a high of 88.1 percent on September 30, 2020. The ratio has fluctuated quarter-to-quarter, with no trend noted until December 31, 2020, when it began to decline considerably. Since then, total deposits have trended upward while net loans have decreased. Total deposits increased from \$42.1 million, as of year-end 2020, to \$52.3 million as of March 31, 2022. During the same period, net loans decreased from \$34.2 million to \$29.4 million.

There are no similarly situated institutions in terms of size, branching network, and loan portfolio composition. However, the bank’s LTD ratio was compared to Uniform Bank Performance Report (UBPR) peer bank data. Peer group banks, as defined by the UBPR, include 124 insured commercial banks having assets of between \$50 million and \$100 million. The bank’s LTD ratio, as of March 31, 2022, of 56.2 percent is consistent with the peer group’s LTD ratio of 55.1 percent.

Assessment Area Concentration

CSB originated a majority of small business loans by number outside the assessment area and majority by dollar volume inside the assessment area. However, when excluding PPP loans, lending inside of the assessment area increased to 58.3 percent by number and 71.8 percent by dollar. A majority of home mortgage loans, both by dollar and number, were originated inside of the assessment area. This performance demonstrates the institution’s efforts to provide credit services to businesses and individuals located inside the assessment area.

Lending Inside and Outside of the Assessment Area										
Loan Category	Number of Loans				Total #	Dollars Amount of Loans \$(000s)				Total \$(000s)
	Inside		Outside			Inside		Outside		
	#	%	#	%		\$	%	\$	%	
Small Business	42	41.2	60	58.8	102	3,341	55.7	2,653	44.3	5,994
Home Mortgage	16	76.2	5	23.8	21	1,316	68.5	606	31.5	1,922

Source: Bank Data.

Geographic Distribution

The distribution of loans reflects excellent dispersion throughout the assessment area. This conclusion is based on excellent dispersion of small business and home mortgage loans.

Small Business Loans

The geographic distribution of small business loans reflects excellent dispersion throughout the assessment area. Lending performance in low-income census tracts significantly exceeds demographics and when PPP loans are excluded, lending performance in low-income census tracts further increases to 71.4 percent, considerably exceeding demographic data. The percentage of loans in moderate-income census tracts was consistent with demographic data. The following table illustrates the dispersion of small business loans by tract income level.

Geographic Distribution of Small Business Loans					
Tract Income Level	% of Businesses	#	%	\$(000s)	%
Low	8.7	15	35.7	2,169	64.9
Moderate	24.0	10	23.8	111	3.4
Middle	31.7	13	31.0	398	11.9
Upper	35.4	4	9.5	663	19.8
Not Available	0.2	0	0.0	0	0.0
Total	100.0	42	100.0	3,341	100.0

Source: 2021 D&B Data; Bank Data.

Home Mortgage Loans

The geographic distribution of home mortgage loans reflects excellent dispersion throughout the assessment area. The bank's performance in low- and moderate-income census tracts significantly exceeded the demographic data. The following table illustrates the dispersion of home mortgage loans by tract income level.

Geographic Distribution of Home Mortgage Loans					
Tract Income Level	% of Owner-Occupied Housing Units	#	%	\$(000s)	%
Low	5.6	5	31.3	123	9.3
Moderate	21.2	5	31.3	378	28.7
Middle	33.5	3	18.7	517	39.4
Upper	39.8	3	18.7	298	22.6
Total	100.0	16	100.0	1,316	100.0

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

Borrower Profile

The distribution of borrowers reflects an excellent penetration among businesses of different sizes and individuals of different income levels. This conclusion is based on excellent penetration of small businesses and reasonable penetration of home mortgage loans.

Small Business Loans

The distribution of borrowers reflects excellent penetration among businesses of different sizes. Lending to businesses with gross annual revenues of \$1 million or less exceeded the percentage of

those businesses in the assessment area. The following table illustrates the distribution of loans by gross revenue level of businesses.

Distribution of Small Business Loans by Gross Annual Revenue Category					
Gross Revenue Level	% of Businesses	#	%	\$(000s)	%
≤ \$1,000,000	88.8	38	90.5	2,892	86.6
> \$1,000,000	3.0	4	9.5	449	13.4
Revenue Not Available	8.1	0	0.0	0	0.0
Total	100.0	42	100.0	3,341	100.0

Source: 2021 D&B Data; Bank Data. Due to rounding, totals may not equal 100.0%

Home Mortgage Loans

The distribution of borrowers reflects reasonable penetration among individuals of different income levels. When considering a poverty level of 14.4, the bank’s performance in lending to low-income borrowers slightly outperformed demographics. Lending to moderate-income borrowers trailed demographics. The following table illustrates the dispersion of home mortgage loans by borrower income level.

Distribution of Home Mortgage Loans by Borrower Income Level					
Borrower Income Level	% of Families	#	%	\$(000s)	%
Low	25.1	3	18.8	137	10.4
Moderate	16.6	1	6.3	48	3.7
Middle	20.2	3	18.7	283	21.5
Upper	38.2	9	56.2	848	64.4
Total	100.0	16	100.0	1,316	100.0

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

Response to Complaints

The institution has not received any CRA-related complaints since the previous evaluation; therefore, this criterion did not affect the rating.

QUALIFIED INVESTMENTS AND SERVICES

CSB provided an excellent level of qualified investments and community development services. The qualified investments and community development services contributed to the Outstanding rating.

Qualified Investments

CSB's investment record enhances credit availability in its assessment area and demonstrated an excellent level of qualified investments. Qualified investments made since the prior CRA evaluation total approximately \$1.7 million, which represents a 72.8 percent increase from the previous evaluation. Qualified investments represent 50.0 percent of the investment portfolio and 3.6 percent of average total assets. Investments include deposits in CDFIs and donations supporting affordable housing projects, economic development, and programs for low-income individuals and families. The qualified investments include the following.

- During the evaluation period, the bank purchased six certificate of deposits in CDFIs totaling \$1.5 million. The CDFIs are located in Durham, North Carolina; Virginia; Fenton, Missouri; Detroit, Michigan; Burton, Michigan; and Santa Fe, New Mexico.
- In 2017, CSB deposited \$245,000 in a money market account at a CDFI located in Nashville, Tennessee.

The bank made 11 donations totaling \$21,350 in the assessment area. Organizations benefiting from these donations include affordable housing and those providing community services to low- and moderate-income individuals. These qualified donations include the following.

- Three donations totaling \$10,000 were made to medical facilities serving low- and moderate-income individuals in the assessment area.
- Five donations totaling \$7,500 to an organization that facilitates mental, medical, and dental care, after school care, and meals to low- and moderate-income families in Chatham County.

Community Development Services

CSB's record of providing branches and other services enhances credit availability in its assessment area. The bank provides an excellent level of community development services through its employees' involvement in community development organizations and product and services that benefit low- and moderate-income census tracts and individuals and small businesses.

Several of the bank's products are geared toward low- and moderate-income individuals and small businesses to provide better access to banking services. A summary of some of the most notable community development programs and services provided since the previous evaluation are detailed below.

- The Second Chance Checking Account Program is for individuals who may have mismanaged their deposit accounts in the past. The program is designed to give those individuals a second chance at becoming account holders. The program assists in teaching the account holders how to manage their accounts appropriately. As of the date of this evaluation, there were 120 active Second Chance Checking Accounts.
- The Credit Rebuilder Loans Initiative Program is designed for individuals who want to rebuild or establish credit by borrowing the funds that would be deposited into a certificate of deposit (CD) and held at the bank, while making regular loan payments. After the loan is paid off, the participants have full access to the CD and the interest accrued. This program provides an excellent means for helping customers to save and rebuild their credit scores. Since the previous evaluation, CSB has originated 45 Credit Rebuilder Loans totaling \$44,415.
- In conjunction with various city government and nonprofit organizations, CSB has conducted seven First-Time Homebuyers seminars since the prior evaluation. These seminars provide information on down payment assistance programs available through the

City of Savannah and other local programs. These seminars are free and participants receive a certificate of completion, which can provide them with down payment assistance.

Employees, officers, and Board members are actively involved with various non-profit groups and organizations throughout the assessment area. They provide expertise through leadership positions in community organizations providing services to low-and moderate-income families, promoting economic development, and providing affordable housing. The bank provided 48 community development services to organizations throughout the assessment area during the review period. Additionally, the bank continued to provide the same level of community development services in 2020 during the bank's significant involvement in the PPP and managing the high level of deferred loans.

Other Community Development Lending Related Activities

CSB has been a certified CDFI since 1999. CDFIs are financial intermediaries with community development as their primary mission. In addition to the BEA awards previously discussed, Carver Financial Corporation received a total of \$80.0 million in NMTC during the evaluation period. Various CDE affiliates leveraged these NMTCs to fund \$61.4 million in 12 community development projects, including four community development loans totaling \$5.0 million originated by these affiliates. One of these loans was in the assessment area and four were in the State of Georgia. Examples of community development loans are noted below.

- \$1.4 million loan to a to build a new facility, purchase equipment, provide for working capital and other material resources required for a new substance abuse program located in a moderate-income census tract, serving low- and moderate-income residents in Savannah, Georgia.
- \$2.0 million loan to biodegradable plastics manufacturer to expand a facility located in a low-income census tract in Athens, Georgia, creating 203 jobs.

In addition, CSB services 84 loans, at low cost, for an affordable housing agency in Chatham County, Georgia. All of these loans are to low- or moderate-income individuals. Lastly, CSB is an approved lender through the Georgia Small Business Credit Initiative. To date, two community development loans have been originated through this initiative totaling \$335,000.

DISCRIMINATORY OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

The bank's compliance with the laws relating to discrimination and other illegal credit practices was reviewed, including the Fair Housing Act and the Equal Credit Opportunity Act. Examiners did not identify any discriminatory or other illegal credit practices.

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.