

# **PUBLIC DISCLOSURE**

July 10, 2023

## **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

Triad Bank  
Certificate Number: 58121

10375 Clayton Road  
Frontenac, Missouri 63131

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

1100 Walnut St, 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 area, including low- and moderate-income neighborhoods, in a manner consistent with its resources and capabilities.

**The Lending Test is rated Satisfactory.**

- The loan-to-deposit ratio is more than reasonable given the institution's size, financial condition, and assessment area credit needs.
- A majority of small business and home mortgage loans were made in the assessment area.
- The geographic distribution of small business and home mortgage loans reflects a reasonable dispersion throughout the assessment area.
- The distribution of small business and home mortgage loans reflects poor penetration among businesses of different revenue sizes and individuals of different income levels.
- The institution did not receive any CRA-related complaints since the prior evaluation performed as of June 22, 2020.

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

- The institution demonstrated adequate responsiveness to the community development needs in its assessment area through community development loans, qualified investments, and community development services, considering the institution's capacity and the need and the availability of such opportunities in the assessment area.

## DESCRIPTION OF INSTITUTION

Triad Bank is a full-service commercial bank headquartered in Frontenac, Missouri. The bank is wholly owned by a one-bank holding company, Triad Bancorp, Inc., located in Frontenac, Missouri. Triad Bank does not have any lending subsidiaries or affiliates. The institution received a Satisfactory rating at its prior FDIC CRA Performance Evaluation dated June 22, 2020, which utilized Intermediate Small Institution Examination Procedures.

In addition to its main office in Frontenac, Missouri, Triad Bank operates a full-service branch in Creve Coeur, Missouri. This branch opened on March 14, 2022. Both offices are located in upper-income census tracts and in the St. Louis, Missouri-Illinois Metropolitan Statistical Area (MSA). Both the main office and branch location have an ATM.

Triad Bank’s primary lending focus is commercial loans. However, the bank offers home mortgage and consumer loans, as demand for these loan types arises. The institution offers a variety of deposit services to both consumers and businesses including checking, savings, money market, and certificates of deposit. Alternative banking services include safe deposit boxes, mobile banking, online banking, and debit cards.

According to the March 31, 2023, Reports of Condition and Income (Call Report), the institution reported total assets of \$747.9 million, which included total loans of \$584.0 million and securities of \$42.8 million. Total deposits equaled \$572.8 million. These figures represent an increase since the prior evaluation where total assets equaled \$410.8 million, total loans equaled \$354.2 million, total securities equaled \$21.6 million, and total deposits equaled \$303.8 million. As presented in the following table, commercial lending represents the largest portion of the loan portfolio at 59.4 percent, followed by home mortgage lending at 25.3 percent. The breakdown of the loan portfolio is consistent with the prior evaluation.

<b>Loan Portfolio Distribution as of 3/31/2023</b>		
<b>Loan Category</b>	<b>\$(000s)</b>	<b>%</b>
Construction, Land Development, and Other Land Loans	68,629	11.8
Secured by Farmland	1,252	0.2
Secured by 1-4 Family Residential Properties	117,650	20.2
Secured by Multifamily (5 or more) Residential Properties	29,806	5.1
Secured by Nonfarm Nonresidential Properties	219,410	37.6
<b>Total Real Estate Loans</b>	<b>436,747</b>	<b>74.9</b>
Commercial and Industrial Loans	127,461	21.8
Agricultural Production and Other Loans to Farmers	0	0
Consumer Loans	2,467	0.4
Obligations of State and Political Subdivisions in the U.S.	0	0
Other Loans	17,702	3.0
Lease Financing Receivable (net of unearned income)	0	0
Less: Unearned Income	(348)	(0.1)
<b>Total Loans</b>	<b>584,029</b>	<b>100.0</b>
<i>Source: Reports of Condition and Income</i>		

Examiners did not identify any financial, legal, or other impediments limiting the institution’s ability to meet the credit needs of the assessment area during the evaluation period.

## DESCRIPTION OF ASSESSMENT AREA

The CRA regulation requires financial institutions to define one or more assessment areas within which its CRA performance will be evaluated. Triad Bank has designated one assessment area in Missouri, consisting of the entirety of St. Louis County and St. Louis City. The assessment area is located within the northeastern Missouri portion of the St. Louis, Missouri-Illinois MSA.

Although the assessment area delineation has not changed since the prior evaluation, the assessment area boundaries slightly changed as a result of the 2020 U.S. Census data. At the prior evaluation, where 2015 American Community Survey (ACS) data was used, the assessment area consisted of 305 census tracts with 3 census tracts that had no income designations, 56 low-, 70 moderate-, 80 middle-, and 96 upper-income census tracts. Based on 2020 U.S. Census data, the assessment area for the current evaluation consists of 340 census tracts with 5 census tracts that have no income designation, 53 low-, 76 moderate-, 94 middle-, and 112 upper-income census tracts.

### **Economic and Demographic Data**

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

<b>Demographic Information of the St. Louis Assessment Area</b>						
<b>Demographic Characteristics</b>	<b>#</b>	<b>Low % of #</b>	<b>Moderate % of #</b>	<b>Middle % of #</b>	<b>Upper % of #</b>	<b>NA* % of #</b>
Geographies (Census Tracts)	340	15.6	22.4	27.6	32.9	1.5
Population by Geography	1,305,703	10.4	20.2	30.5	38.3	0.6
Housing Units by Geography	618,548	13.0	22.2	30.2	33.8	0.8
Owner-Occupied Units by Geography	343,053	6.8	17.6	31.0	44.2	0.4
Occupied Rental Units by Geography	210,171	18.7	26.2	31.8	22.0	1.3
Vacant Units by Geography	65,324	26.7	33.4	21.0	17.0	1.9
Businesses by Geography	254,967	9.1	15.1	27.3	47.4	1.1
Farms by Geography	3,958	7.9	16.5	26.2	48.8	0.6
Family Distribution by Income Level	323,568	22.3	17.6	19.1	41.0	0.0
Household Distribution by Income Level	553,224	25.8	16.8	17.4	40.0	0.0
Median Family Income St. Louis, MO-IL MSA		\$84,758	Median Housing Value			\$203,445
Median Gross Rent		\$952	Families Below Poverty Level			8.2%
<i>Source: 2020 U.S. Census and 2022 D&amp;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.</i>						

Examiners utilized the FFIEC-updated median family incomes for the St. Louis, Missouri-Illinois MSA to analyze home mortgage lending performance under the Borrower Profile criterion.

<b>Median Family Income Ranges - St. Louis, MO-IL MSA</b>				
<b>Median Family Incomes</b>	<b>Low &lt;50%</b>	<b>Moderate 50% to &lt;80%</b>	<b>Middle 80% to &lt;120%</b>	<b>Upper ≥120%</b>
2022 (\$96,800)	<\$48,400	\$48,400 to <\$77,440	\$77,440 to <\$116,160	≥\$116,160
<i>Source: FFIEC</i>				

**Competition**

The assessment area is a highly competitive market for credit products and financial services. According to FDIC Deposit Market Share data, 55 financial institutions operated 368 offices in the assessment area as of June 30, 2022. Furthermore, Triad Bank ranked 23<sup>rd</sup> with 0.6 percent of the deposit market share. Institutions within the assessment area range from small community banks to large regional and national financial institutions.

The institution is not required to collect or report its small business or home mortgage loan data; therefore, the analysis under the Lending Test does not include direct comparisons to aggregate data. However, aggregate lending data reflects the level of demand and competition for small business and home mortgage loans within the assessment area. Aggregate small business lending data for 2021, which is the most recent data available, shows 173 lenders originated 39,373 small business loans in the assessment area. Similarly, aggregate home mortgage lending data for 2021 shows 567 lenders originated 105,287 home mortgage loans in the assessment area. This level of activity indicates a high degree of competition for both small business and home mortgage loans.

**Community Contact**

Examiners conduct community contact interviews to obtain a profile of the local community, identify credit needs and opportunities, and evaluate local financial institutions’ responsiveness to those needs. Examiners reviewed a recent community contact interview that was conducted with a representative from a local community development organization. The contact explained that the local economy has steadily improved since the onset of the COVID-19 pandemic; however, low- to moderate-income individuals still struggle to obtain financing due to rising rental prices and interest rate increases. Further, small business owners continue to struggle to obtain financing for start-up costs and cash flow needs. The contact described several opportunities for involvement, such as investments to local Community Development Financial Institutions that offer loan programs to small business owners and low- to moderate-income individuals.

**Credit and Community Development Needs and Opportunities**

Considering information from bank management, the community contact, and demographic and economic data, commercial and home mortgage lending are the primary credit needs of the assessment area. Community development opportunities include affordable housing and economic development.

**SCOPE OF EVALUATION**

**General Information**

This evaluation covers the period from the prior evaluation dated June 22, 2020, through July 10, 2023. Examiners used FFIEC Interagency Intermediate Small Institution Examination Procedures to evaluate the bank’s CRA performance, which includes the Lending and Community

Development tests. Please refer to the *Intermediate Small Bank Performance Criteria* section of the appendices for a summary of these tests.

### **Activities Reviewed**

Triad Bank's primary business focus is commercial lending. This conclusion considered the institution's business strategy, loan portfolio composition, and the number and dollar volume of loans originated during the evaluation period. Residential real estate lending comprises the second largest portion of the loan portfolio. Examiners reviewed both small business and home mortgage loans to evaluate CRA performance. Small business lending received the most weight when drawing overall conclusions, as it is the bank's primary lending category and business focus. A review of small farm loans was not included, as it is not a major product line for the bank and comprises a small portion of the loan portfolio.

For the Lending Test, the evaluation considered all small business and home mortgage loans originated or renewed in 2022. Management indicated that a review of lending activity from this timeframe would yield a representative analysis of small business and home mortgage lending performance since the prior evaluation.

Examiners reviewed the entire universe of 185 small business loans totaling \$57.9 million for the Assessment Area Concentration analysis. The Geographic Distribution analysis focused on all small business loans made within the assessment area, specifically 139 loans totaling \$45.7 million. The Borrower Profile analysis reviewed a random sample of 50 loans totaling \$16.0 million in the assessment area. Examiners compared the bank's small business lending performance to 2022 D&B demographic data.

In addition, examiners reviewed the entire universe of 190 home mortgage loans totaling \$90.4 million for the Assessment Area Concentration analysis. The Geographic Distribution analysis focused on all home mortgage loans made within the assessment area, specifically 141 loans totaling \$70.6 million. The Borrower Profile analysis reviewed a random sample of 50 home mortgage loans totaling \$24.9 million in the assessment area. Examiners compared home mortgage lending performance to 2020 U.S. Census demographic data.

Examiners analyzed lending performance by both number and dollar volume of loans. However, examiners emphasized the performance by number of loans for the Geographic Distribution and Borrower Profile analyses, as it is generally a better indicator of the number of businesses and individuals served.

For the Community Development Test, examiners reviewed data and records provided by bank management for community development loans, qualified investments, and community development services since the prior evaluation. Examiners excluded loans considered under the Lending Test from the Community Development Test.

## CONCLUSIONS ON PERFORMANCE CRITERIA

### LENDING TEST

Triad Bank demonstrated satisfactory performance under the Lending Test, which is supported by more than reasonable performance under the Loan-to-Deposit Ratio criterion and reasonable performance under the Assessment Area Concentration and Geographic Distribution criteria.

#### Loan-to-Deposit Ratio

The loan-to-deposit ratio is more than reasonable given the institution's size, financial condition, and assessment area credit needs. Triad Bank's net loan-to-deposit ratio, calculated from Call Report data, averaged 105.7 percent over 12 calendar quarters from June 30, 2020, to March 31, 2023. The ratio ranged from a low of 86.7 percent, as of June 30, 2022, to a high of 130.9 percent, as of September 30, 2020. The institution's average net loan-to-deposit ratio has remained steady since the prior evaluation.

As shown in the following table, the institution's average net loan-to-deposit ratio exceeds the comparable institutions' ratios. Examiners identified comparable institutions based on asset size, lending focus, branching structure, markets served, and product offerings.

<b>Loan-to-Deposit (LTD) Ratio Comparison</b>		
<b>Bank</b>	<b>Total Assets as of 3/31/2023 (\$000s)</b>	<b>Average Net LTD Ratio (%)</b>
<b>Triad Bank, Frontenac, Missouri</b>	<b>747,942</b>	<b>105.7</b>
CNB St. Louis Bank, Maplewood, Missouri	750,888	87.1
Parkside Financial Bank & Trust, Clayton, Missouri	998,584	78.3
St. Louis Bank, St. Louis, Missouri	874,075	90.5
<i>Source: Reports of Condition and Income 6/30/2020 - 3/31/2023</i>		

#### Assessment Area Concentration

Triad Bank originated a majority of small business and home mortgage loans within its assessment area, as illustrated in the following table.

<b>Lending Inside and Outside of the Assessment Area</b>										
<b>Loan Category</b>	<b>Number of Loans</b>				<b>Total</b>	<b>Dollar Amount of Loans \$(000s)</b>				<b>Total</b>
	<b>Inside</b>		<b>Outside</b>			<b>Inside</b>		<b>Outside</b>		
	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>#</b>	<b>\$</b>	<b>%</b>	<b>\$</b>	<b>%</b>	<b>\$(000s)</b>
Home Mortgage	141	74.2	49	25.8	190	70,643	78.2	19,737	21.8	90,381
Small Business	139	75.1	46	24.9	185	45,682	78.9	12,240	21.1	57,922
<i>Source: 2022 Bank Data</i>										
<i>Due to rounding, totals may not equal 100.0%</i>										

**Geographic Distribution**

The geographic distribution of loans reflects reasonable dispersion throughout the assessment area. Although the dispersion of home mortgage loans is poor, the dispersion of small business loans is reasonable. Small business loans received more weight when drawing overall conclusions. Examiners focused on the percentages by number of loans made in low- and moderate-income census tracts within the assessment area.

***Small Business***

The geographic distribution of small business loans reflects reasonable dispersion throughout the assessment area. While the bank’s performance is slightly below comparable business demographic data for both low- and moderate-income census tracts, examiners considered the high degree of competition for small business lending when evaluating the bank’s performance.

<b>Geographic Distribution of Small Business Loans</b>					
<b>Tract Income Level</b>	<b>% of Businesses</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
Low	9.1	6	4.3	2,613	5.7
Moderate	15.1	15	10.8	4,105	9.0
Middle	27.3	48	34.5	16,512	36.1
Upper	47.4	65	46.8	20,702	45.3
Not Available	1.1	5	3.6	1,750	3.8
<b>Totals</b>	<b>100.0</b>	<b>139</b>	<b>100.0</b>	<b>45,682</b>	<b>100.0</b>

*Source: 2022 D&B Data, 2022 Bank Data  
Due to rounding, totals may not equal 100.0%*

***Home Mortgage***

The geographic distribution of home mortgage loans reflects poor dispersion throughout the assessment area. Lending in low- and moderate-income census tracts is notably less than comparable demographic data.

<b>Geographic Distribution of Home Mortgage Loans</b>					
<b>Tract Income Level</b>	<b>% of Owner-Occupied Housing Units</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
Low	6.8	1	0.7	1,400	2.0
Moderate	17.6	2	1.4	1,330	1.9
Middle	31.0	34	24.1	7,605	10.8
Upper	44.2	104	73.8	60,308	85.4
Not Available	0.4	0	0.0	0	0.0
<b>Total</b>	<b>100.0</b>	<b>141</b>	<b>100.0</b>	<b>70,643</b>	<b>100.0</b>

*Source: 2020 U.S. Census, 2022 Bank Data  
Due to rounding, totals may not equal 100.0%*

## **Borrower Profile**

The distribution of borrowers reflects poor penetration throughout the assessment area. This conclusion is supported by poor penetration of small business loans and reasonable penetration of home mortgage loans. Examiners focused on the dispersion of small business loans to entities with gross annual revenues of \$1 million or less and the percentage of home mortgage loans to low- and moderate-income individuals.

### ***Small Business***

The distribution of small business loans reflects poor penetration among businesses of different revenue sizes. As indicated in the table below, the percentage of small business loans made to businesses with gross annual revenues of \$1 million or less trails demographic data by 54.1 percent. Further, this level of lending represents a decrease since the prior evaluation where 66.0 percent of loans were made to businesses with gross annual revenues of \$1 million or less.

<b>Distribution of Small Business Loans by Gross Annual Revenue Category</b>					
<b>Gross Revenue Level</b>	<b>% of Businesses</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
<=\$1,000,000	92.1	19	38.0	5,996	37.5
>\$1,000,000	2.9	31	62.0	9,986	62.5
Revenue Not Available	5.0	0	0.0	0	0.0
<b>Total</b>	<b>100.0</b>	<b>50</b>	<b>100.0</b>	<b>15,982</b>	<b>100.0</b>

*Source: 2022 D&B Data, 2022 Bank Data.  
Due to rounding, totals may not equal 100.0%*

### ***Home Mortgage***

The distribution of home mortgage loans reflects reasonable penetration among individuals of different income levels, including low- and moderate-income individuals. As indicated in the following table, the percentage of loans originated to low- and moderate-income individuals significantly trails comparable demographic data. However, management indicated that 52.0 percent of the sampled loans were for business or investment purposes, which skews the comparison to demographic data. This is consistent with the commercial lending focus of the institution. Additionally, 8.2 percent of families are at or below the poverty level in the assessment area. The community contact indicated that due to the rising interest rate environment, it has been difficult for low- and moderate-income individuals, especially those at or below the poverty level, to obtain financing.

Although Triad Bank does not collect and report home mortgage loan data, aggregate performance data provides an indicator of loan demand. Aggregate performance in 2021, the most recent data available, revealed that only 7.9 percent and 15.9 percent of loans were made to low- and moderate-income individuals, respectively. While lending to moderate-income individuals is still less than aggregate data, aggregate data is more comparable for lending to low-income individuals.

<b>Distribution of Home Mortgage Loans by Borrower Income Level</b>					
<b>Borrower Income Level</b>	<b>% of Families</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
Low	22.3	2	4.0	289	1.2
Moderate	17.6	1	2.0	240	1.0
Middle	19.1	0	0.0	0	0.0
Upper	41.0	21	42.0	7,479	30.0
Not Available	0.0	26	52.0	16,889	67.8
<b>Total</b>	<b>100.0</b>	<b>50</b>	<b>100.0</b>	<b>24,897</b>	<b>100.0</b>
<i>Source: 2020 U.S. Census, 2022 Bank Data Due to rounding, totals may not equal 100.0%</i>					

### **Response to Complaints**

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

### **COMMUNITY DEVELOPMENT TEST**

Triad Bank’s community development performance demonstrates adequate responsiveness to the community development needs of its assessment area through community development loans, qualified investments, and community development services, considering the institution’s capacity and the need and availability of such opportunities for community development in the institution’s assessment area.

Examiners compared the bank’s level of community development activity to four financial institutions with similar businesses focuses and asset sizes operating in the St. Louis, Missouri-Illinois MSA. These comparable institutions were also evaluated using Interagency Intermediate Small Institution Examination Procedures.

### **Community Development Loans**

The institution originated or renewed 62 community development loans totaling \$144.2 million during the evaluation period. This level of community development lending represents 19.3 percent of total assets and 25.1 percent of net loans as of March 31, 2023. These ratios have increased since the prior evaluation, when the ratios were 11.3 percent and 13.3 percent, respectively.

Triad Bank’s community development lending levels are similar to the comparable institutions’ lending levels. The comparable institutions originated or renewed community development loans ranging from \$51.9 million to \$138.8 million. These institutions reported community development loans that ranged from 5.7 percent to 19.2 percent of total assets, and 9.1 percent to 23.0 percent of net loans.

The following tables illustrate the bank’s community development lending activity by category, assessment area, and activity year. Loans benefiting the broader statewide/regional area are included in this analysis since the bank appropriately addressed the community development needs of its assessment area.

Community Development Lending by Assessment Area										
Assessment Area	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
St. Louis Assessment Area	2	4,820	0	0	16	27,815	41	105,542	59	138,177
Statewide/Regional	0	0	0	0	0	0	3	6,052	3	6,052
<b>Total</b>	<b>2</b>	<b>4,820</b>	<b>0</b>	<b>0</b>	<b>16</b>	<b>27,815</b>	<b>44</b>	<b>111,594</b>	<b>62</b>	<b>144,229</b>

Source: Bank Data

Community Development Lending by Activity Year										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
2020 (Partial)	1	2,416	0	0	2	2,599	10	20,344	13	25,359
2021	0	0	0	0	8	14,327	15	34,225	23	48,552
2022	1	2,404	0	0	5	8,889	16	45,693	22	56,986
Year-to-Date 2023	0	0	0	0	1	2,000	3	11,332	4	13,332
<b>Total</b>	<b>2</b>	<b>4,820</b>	<b>0</b>	<b>0</b>	<b>16</b>	<b>27,815</b>	<b>44</b>	<b>111,594</b>	<b>62</b>	<b>144,229</b>

Source: Bank Data

The following points summarize notable examples of the bank’s community development lending.

- In 2021, Triad Bank originated a \$1.5 million line of credit to a business that employs low- and moderate-income individuals.
- In 2022, the bank originated a \$7.8 million line of credit to help retain multiple businesses in a low-income census tract.
- In 2022, the bank originated a \$2.4 million loan to a company that provides affordable housing reserved for low- to moderate-income individuals.

### **Qualified Investments**

Triad Bank made 32 qualified investments, including donations, totaling \$2.1 million. The qualified investments and donations represent 0.3 percent of total assets and 5.0 percent of total securities as of March 31, 2023. These ratios have slightly declined since the prior evaluation, when the ratios were 0.5 percent and 9.9 percent, respectively. While the level of activity is relatively similar to the prior evaluation, the growth of total assets and total securities has outpaced the growth of qualified activities.

The bank’s qualified investment activity is similar to the comparable institutions’ activities. Comparable institutions reported qualified investments that ranged from 0.2 percent to 0.5 percent of total assets, and 0.6 percent to 4.8 percent of total securities.

The following table summarizes the qualified investments and donations activity by category and activity year. All of the institution’s qualified investment and donation activity occurred inside of the assessment area.

Community Development Investments by Year										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Prior Period	0	0	0	0	0	0	1	482	1	482
2020 (partial)	0	0	0	0	0	0	0	0	0	0
2021	0	0	0	0	0	0	0	0	0	0
2022	0	0	1	200	0	0	0	0	1	200
Year-to-Date 2023	1	1,300	0	0	0	0	0	0	1	1,300
<b>Subtotal</b>	<b>1</b>	<b>1,300</b>	<b>1</b>	<b>200</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>482</b>	<b>3</b>	<b>1,982</b>
Qualified Grants & Donations	11	76	18	72	0	0	0	0	29	148
<b>Total</b>	<b>12</b>	<b>1,376</b>	<b>19</b>	<b>272</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>482</b>	<b>32</b>	<b>2,130</b>
<i>Source: Bank Data</i>										

The following points summarize notable examples of the bank’s qualified investment and donation activities.

- From 2020 to 2023, Triad Bank made several donations totaling \$68,446 to an organization that provides support for affordable housing to low- and moderate-income individuals.
- In 2022, Triad Bank invested \$200,000 in a bond to provide essential community services to a school district where all students receive free or reduced-price lunches.
- In 2023, the bank invested \$1.3 million in mortgage-backed securities that supported affordable housing to low- and moderate-income individuals.

### **Community Development Services**

The institution received consideration for 35 community development services that primarily consisted of bank employees providing financial expertise to community development related organizations within the assessment area. This level of activity increased from 27 at the prior evaluation. The bank’s level of community development activity is similar to the four comparable institutions. These institutions received consideration for community development services ranging from 8 to 86.

The following table illustrates the bank’s community development services by category and by activity year. All of the bank’s community development service activity occurred inside of the assessment area.

<b>Community Development Services by Year</b>					
<b>Activity Year</b>	<b>Affordable Housing</b>	<b>Community Services</b>	<b>Economic Development</b>	<b>Revitalize or Stabilize</b>	<b>Totals</b>
	<b>#</b>	<b>#</b>	<b>#</b>	<b>#</b>	<b>#</b>
2020 (Partial)	2	0	0	0	<b>2</b>
2021	7	4	0	0	<b>11</b>
2022	7	5	0	0	<b>12</b>
Year-to-Date 2023	2	8	0	0	<b>10</b>
<b>Total</b>	<b>18</b>	<b>17</b>	<b>0</b>	<b>0</b>	<b>35</b>
<i>Source: Bank Data</i>					

The following points summarize notable examples of the bank’s community development services provided by bank employees.

- Three bank officers provided financial education to local schools where the majority of students receive free or reduced-price lunches.
- Four bank officers provided expertise by serving on the Board and/or serving on a committee to raise money for an organization committed to improving affordable housing for underprivileged families.

In addition to community development services, a variety of retail deposit and credit products are offered to consumers and businesses, including low- and moderate-income individuals and small business owners. Products and services that are responsive to the needs of low- and moderate-income individuals include internet/mobile banking and consumer loans. Additionally, in response to the COVID-19 pandemic, Triad Bank offered Small Business Administration Paycheck Protection Program loans to accommodate small businesses in the assessment area.

## **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

### INTERMEDIATE 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).

#### **Community Development Test**

The Community Development Test considers the following criteria:

- 1) The number and amount of community development loans;
- 2) The number and amount of qualified investments;
- 3) The extent to which the bank provides community development services; and
- 4) The bank's responsiveness through such activities to community development lending, investment, and service needs.

## 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.

**Community Development:** For loans, investments, and services to qualify as community development activities, their primary purpose must:

- (1) Support affordable housing for low- and moderate-income individuals;
- (2) Target community services toward low- and moderate-income individuals;
- (3) Promote economic development by financing small businesses or farms; or
- (4) Provide activities that revitalize or stabilize low- and moderate-income geographies, designated disaster areas, or distressed or underserved nonmetropolitan middle-income geographies.

**Community Development Corporation (CDC):** A CDC allows banks and holding companies to make equity type of investments in community development projects. Institution CDCs can develop innovative debt instruments or provide near-equity investments tailored to the development needs of the community. Institution CDCs are also tailored to their financial and marketing needs. A CDC may purchase, own, rehabilitate, construct, manage, and sell real property. Also, it may make equity or debt investments in development projects and in local businesses. The CDC activities are expected to directly benefit low- and moderate-income groups, and the investment dollars should not represent an undue risk on the banking organization.

**Community Development Financial Institutions (CDFIs):** CDFIs are private intermediaries (either for profit or nonprofit) with community development as their primary mission. A CDFI facilitates the flow of lending and investment capital into distressed communities and to individuals who have been unable to take advantage of the services offered by traditional financial institutions. Some basic types of CDFIs include community development banks, community development loan funds, community development credit unions, micro enterprise funds, and community development venture capital funds.

A certified CDFI must meet eligibility requirements. These requirements include the following:

- Having a primary mission of promoting community development;
- Serving an investment area or target population;
- Providing development services;
- Maintaining accountability to residents of its investment area or targeted population through representation on its governing board of directors, or by other means;
- Not constituting an agency or instrumentality of the United States, of any state or political subdivision of a state.

**Community Development Loan:** A loan that:

- (1) Has as its primary purpose community development; and
- (2) Except in the case of a wholesale or limited purpose institution:
  - (i) Has not been reported or collected by the institution or an affiliate for consideration in the institution's assessment area as a home mortgage, small business, small farm, or consumer loan, unless it is a multifamily dwelling loan (as described in Appendix A to Part 203 of this title); and
  - (ii) Benefits the institution's assessment area(s) or a broader statewide or regional area including the institution's assessment area(s).

**Community Development Service:** A service that:

- (1) Has as its primary purpose community development;
- (2) Is related to the provision of financial services; and
- (3) Has not been considered in the evaluation of the institution's retail banking services under § 345.24(d).

**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.

**Distressed Middle-Income Nonmetropolitan Geographies:** A nonmetropolitan middle-income geography will be designated as distressed if it is in a county that meets one or more of the following triggers:

- (1) An unemployment rate of at least 1.5 times the national average;
- (2) A poverty rate of 20 percent or more; or
- (3) A population loss of 10 percent or more between the previous and most recent decennial census or a net migration loss of 5 percent or more over the 5-year period preceding the most recent census.

**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.

**Low Income Housing Tax Credit:** The Low-Income Housing Tax Credit Program is a housing program contained within the Internal Revenue Code of 1986, as amended. It is administered by the U.S. Department of the Treasury and the Internal Revenue Service. The U.S. Treasury Department distributes low-income housing tax credits to housing credit agencies through the Internal Revenue Service. The housing agencies allocate tax credits on a competitive basis.

Developers who acquire, rehabilitate, or construct low-income rental housing may keep their tax credits. Or, they may sell them to corporations or investor groups, who, as owners of these properties, will be able to reduce their own federal tax payments. The credit can be claimed annually for ten consecutive years. For a project to be eligible, the developer must set aside a specific percentage of units for occupancy by low-income residents. The set-aside requirement remains throughout the compliance period, usually 30 years.

**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.

**Qualified Investment:** A lawful investment, deposit, membership share, or grant that has as its primary purpose community development.

**Rated Area:** A rated area is a state or multistate 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 Investment Company (SBIC):** SBICs are privately-owned investment companies which are licensed and regulated by the Small Business Administration (SBA). SBICs provide long-term loans and/or venture capital to small firms. Because money for venture or risk investments is difficult for small firms to obtain, SBA provides assistance to SBICs to stimulate and supplement the flow of private equity and long-term loan funds to small companies. Venture capitalists participate in the SBIC program to supplement their own private capital with funds borrowed at favorable rates through SBA's guarantee of SBIC debentures. These SBIC debentures are then sold to private investors. An SBIC's success is linked to the growth and profitability of the companies that it finances. Therefore, some SBICs primarily assist businesses with significant growth potential, such as new firms in innovative industries. SBICs finance small firms by providing straight loans and/or equity-type investments. This kind of financing gives them partial ownership of those businesses and the possibility of sharing in the companies' profits as they grow and prosper.

**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.

**Underserved Middle-Income Nonmetropolitan Geographies:** A nonmetropolitan middle-income geography will be designated as underserved if it meets criteria for population size, density, and dispersion indicating the area’s population is sufficiently small, thin, and distant from a population center that the tract is likely to have difficulty financing the fixed costs of meeting essential community needs.

**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.