

# CRA Public File

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Main Office – Muscle Shoals



*March 16, 2026*

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# Community Reinvestment Act – Public File

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## Main Office - Public File Requirements

- I. All written comments received from the public for the current year and each of the prior two calendar years that specifically relate to the bank's performance in helping to meet community credit needs, and any response by the bank. If neither the comments nor the responses contain statements that reflect adversely on the good name or reputation of any person other than the bank or publication of which would violate specific provisions of law.
- II. The institution's most recent CRA Performance Evaluation,
- III. A map of each facility-based assessment area showing its boundaries and, on the map or in a separate list, the census tracts contained within the facility-based assessment area,
- IV. A list of the institution's branches, their street addresses, and census tracts; a list of branches opened and closed during the current year and each of the prior two calendar years.
- V. A list of retail banking services (including hours of operations, available loan and deposit products and transaction fees) generally offered at the bank's branches and descriptions of material differences in the availability or cost of services at particular branches, if any,
- VI. The institution's loan-to-deposit ratio for each quarter of the prior calendar year,
- VII. A quarterly report of the institution's efforts to improve its record if it received a less than satisfactory rating during its most recent CRA examination, and
- VIII. HMDA disclosure Statements for the prior two calendar years for the institution and for each non-depository affiliate the institution has elected to include in assessment of its CRA record, if applicable.

The CRA Public file is available at the Bank's public website <https://www.firstmetro.com>. You may also ask us to provide you with a copy, either in paper or digital form, of our CRA Public File for you to read at your convenience. We are allowed to charge you a reasonable fee to cover the cost of copying and mailing.

# I. Written CRA-Related Comments

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- I. All written comments received from the public for the current year and each of the prior two calendar years that specifically relate to the bank's performance in helping to meet community credit needs, and any response by the bank. If neither the comments nor the responses contain statements that reflect adversely on the good name or reputation of any person other than the bank or publication of which would violate specific provisions of law.

*First Metro Bank has not received any comments from the public regarding its performance in meeting community credit needs for the current year and the preceding two calendar years.*

## II. Public Section of CRA Performance Evaluation

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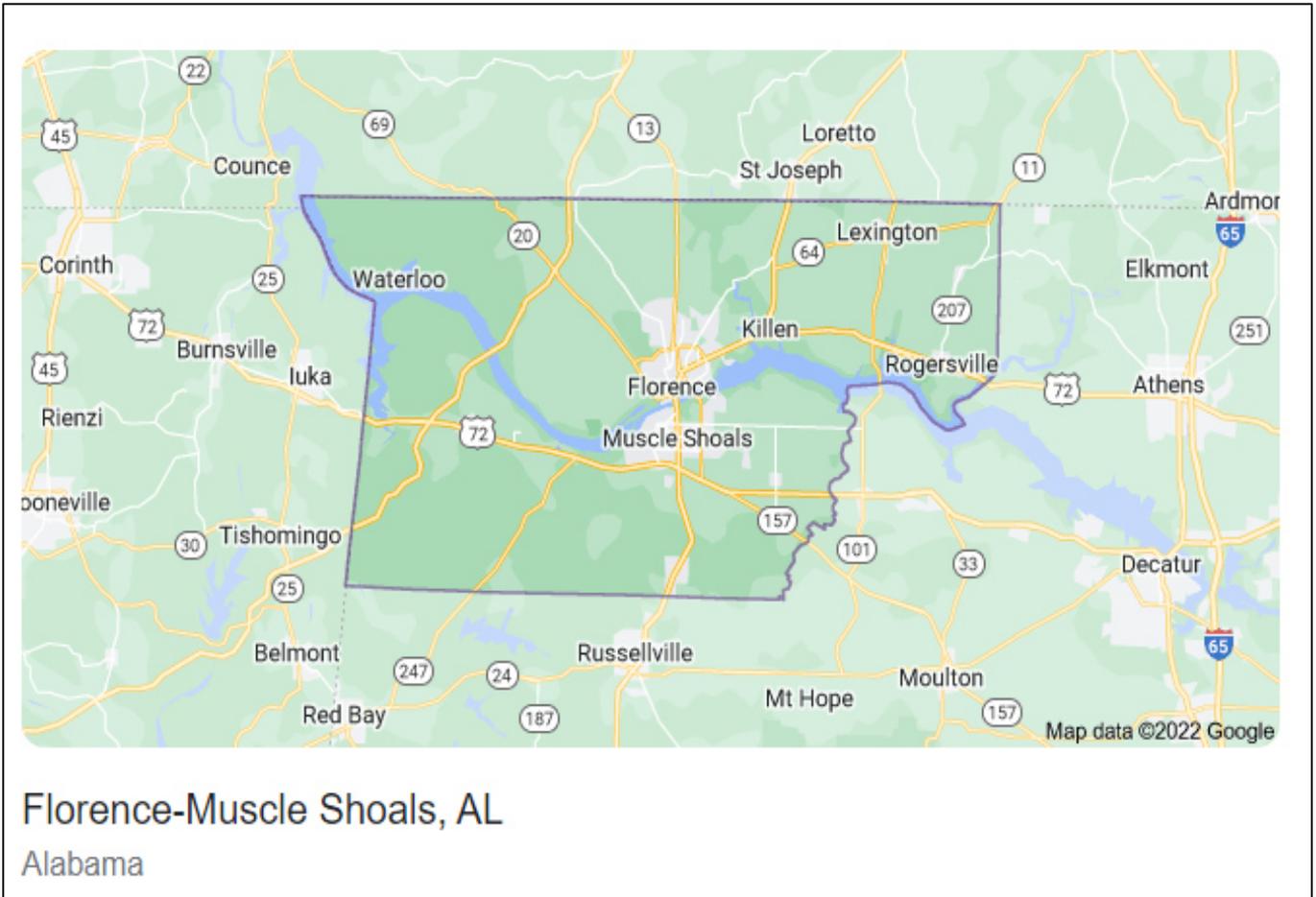
- II. A copy of the public section of the institution's most recent CRA Performance Evaluation prepared by the FDIC. The institution shall place this copy in the public file within 30 business days after its receipt from the FDIC.

*The public section of the bank's most recent CRA Performance Evaluation prepared by the FDIC is located as the final document of this public file.*

# III. Facility-Based Assessment Area Maps & Census Tracts

- III. A map of each facility-based assessment area showing its boundaries and, on the map or in a separate list, the census tracts contained within the assessment area.

Facility-Based Assessment Area I  
Colbert & Lauderdale Counties (MSA 22520 - Florence-Muscle Shoals, AL)



Facility-Based Assessment Area I  
Colbert County (MSA 22520 - Florence-Muscle Shoals, AL)

2026 FFIEC Census Report

State: 01 - ALABAMA (AL)

County: 033 - COLBERT COUNTY

Year	MSA/MD Code	State Code	County Code	Tract Code	Tract Income Level	Tract Median Family Income %	Distressed or Underserved Tract	2025 FFIEC Est. MSA/MD/non-MSA/MD Median Family Income	2020 Tract Median Family Income	Tract Population	Minority Population	Tract Minority %	Owner Occupied Units	1- to 4-Family Units
2026	22520	01	033	0201.00	2 - Moderate	75.97	No	82400	49625	3599	1146	31.84	977	1745
2026	22520	01	033	0202.00	3 - Middle	81.27	No	82400	53083	1883	565	30.01	469	974
2026	22520	01	033	0203.00	1 - Low	30	No	82400	19597	2273	1308	57.55	408	1209
2026	22520	01	033	0204.00	4 - Upper	131.16	No	82400	85673	1504	182	12.1	579	656
2026	22520	01	033	0205.00	3 - Middle	89.41	No	82400	58401	5150	942	18.29	1366	2165
2026	22520	01	033	0206.00	2 - Moderate	65.4	No	82400	42723	4769	1872	39.25	875	1882
2026	22520	01	033	0207.03	3 - Middle	104.09	No	82400	67991	6796	2060	30.31	1614	2175
2026	22520	01	033	0207.04	3 - Middle	95.27	No	82400	62227	4727	1175	24.86	1355	1671
2026	22520	01	033	0207.05	2 - Moderate	78.46	No	82400	51250	1388	471	33.93	435	585
2026	22520	01	033	0207.06	3 - Middle	113.7	No	82400	74265	5857	1228	20.97	1420	2025
2026	22520	01	033	0208.01	3 - Middle	108.87	No	82400	71111	4182	975	23.31	1569	2425
2026	22520	01	033	0208.02	3 - Middle	88.03	No	82400	57500	3422	681	19.9	1265	1895
2026	22520	01	033	0209.01	3 - Middle	89.3	No	82400	58333	4287	393	9.17	1215	1859
2026	22520	01	033	0209.02	3 - Middle	103.82	No	82400	67813	3712	407	10.96	1029	1615
2026	22520	01	033	0210.00	2 - Moderate	73.68	No	82400	48125	3678	581	15.8	1033	2245

# Facility-Based Assessment Area I

## Lauderdale County (MSA 22520 - Florence-Muscle Shoals, AL)

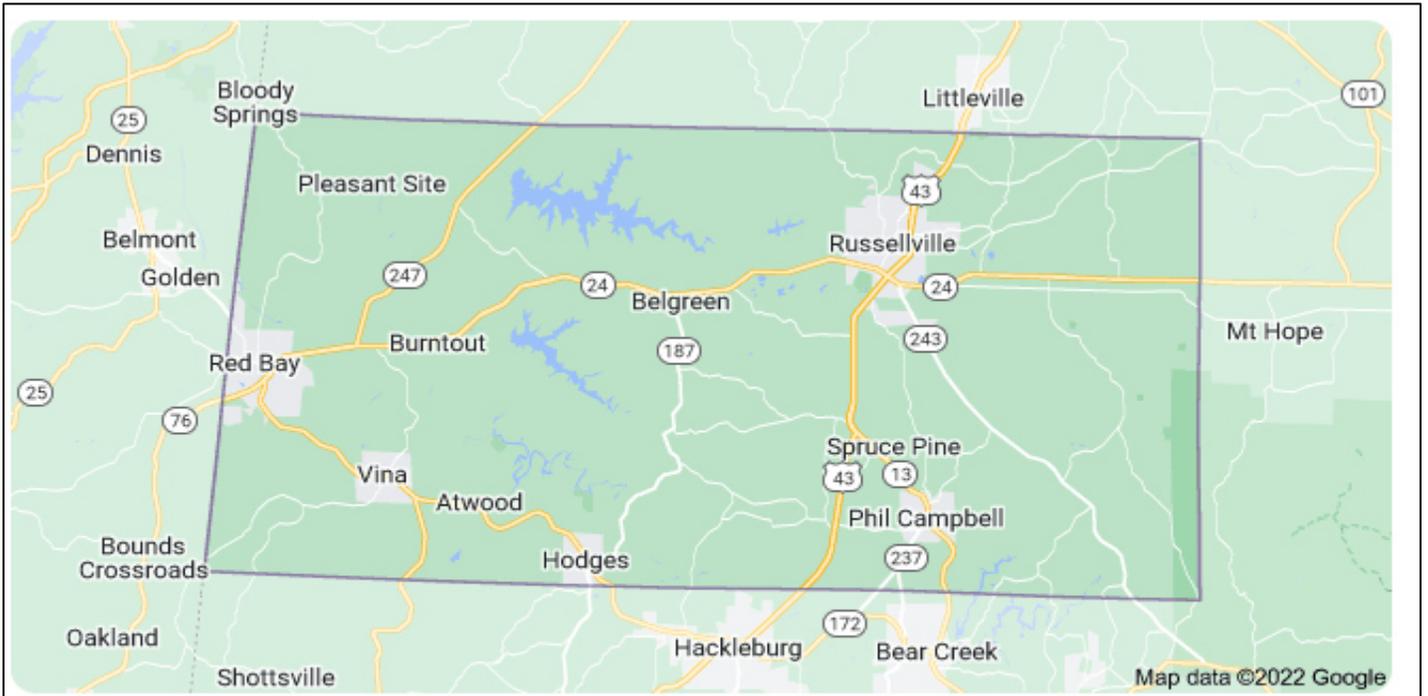
2026 FFIEC Census Report

State: 01 - ALABAMA (AL)

County: 077 - LAUDERDALE COUNTY

Year	MSA/MD Code	State Code	County Code	Tract Code	Tract Income Level	Tract Median Family Income %	Distressed or Underserved Tract	2025 FFIEC Est. MSA/MD/non-MSA/MD Median Family Income	2020 Tract Median Family Income	Tract Population	Minority Population	Tract Minority %	Owner Occupied Units	1- to 4-Family Units
2026	22520	01	077	0101.00	1 - Low	29.73	No	82400	19423	2278	879	38.59	134	406
2026	22520	01	077	0102.00	3 - Middle	100.28	No	82400	65500	1829	563	30.78	300	496
2026	22520	01	077	0103.00	0 - Unknown	0	No	82400	0	1250	1155	92.4	124	973
2026	22520	01	077	0104.00	3 - Middle	96.39	No	82400	62962	3429	997	29.08	490	1165
2026	22520	01	077	0106.00	2 - Moderate	62.5	No	82400	40824	2672	751	28.11	389	1584
2026	22520	01	077	0107.00	1 - Low	44.05	No	82400	28775	1582	746	47.16	315	790
2026	22520	01	077	0108.00	2 - Moderate	60.13	No	82400	39280	3670	1537	41.88	882	1651
2026	22520	01	077	0109.01	3 - Middle	109.94	No	82400	71809	3695	935	25.3	825	1184
2026	22520	01	077	0109.02	2 - Moderate	64.08	No	82400	41856	3814	1153	30.23	584	1235
2026	22520	01	077	0110.00	2 - Moderate	70.17	No	82400	45833	4483	1751	39.06	972	1755
2026	22520	01	077	0111.01	3 - Middle	110.55	No	82400	72212	5618	935	16.64	1928	2480
2026	22520	01	077	0111.02	3 - Middle	113.45	No	82400	74102	4518	756	16.73	1402	1638
2026	22520	01	077	0112.00	3 - Middle	102.77	No	82400	67129	4089	672	16.43	1442	2121
2026	22520	01	077	0113.00	3 - Middle	80.59	No	82400	52639	2190	104	4.75	763	1248
2026	22520	01	077	0114.01	3 - Middle	104.01	No	82400	67938	3358	215	6.4	924	1144
2026	22520	01	077	0114.02	4 - Upper	133.12	No	82400	86953	2948	220	7.46	1260	1515
2026	22520	01	077	0115.02	4 - Upper	127.25	No	82400	83115	5501	342	6.22	1586	2175
2026	22520	01	077	0115.03	4 - Upper	125.41	No	82400	81917	3013	355	11.78	1165	1307
2026	22520	01	077	0115.04	4 - Upper	128.27	No	82400	83787	4347	580	13.34	1404	1734
2026	22520	01	077	0116.02	4 - Upper	123.91	No	82400	80938	4798	295	6.15	1386	1864
2026	22520	01	077	0116.03	4 - Upper	168.24	No	82400	109894	4773	326	6.83	1751	2398
2026	22520	01	077	0116.05	4 - Upper	142.89	No	82400	93333	2713	327	12.05	791	1170
2026	22520	01	077	0116.06	3 - Middle	114.24	No	82400	74620	4214	447	10.61	1090	1471
2026	22520	01	077	0117.00	3 - Middle	97.14	No	82400	63451	4467	299	6.69	1425	1983
2026	22520	01	077	0118.01	3 - Middle	102.7	No	82400	67083	4576	263	5.75	1525	2025
2026	22520	01	077	0118.02	3 - Middle	113.91	No	82400	74406	3739	470	12.57	1352	2136

Facility-Based Assessment Area II  
Franklin County (NMSA - AL)



Franklin County  
Alabama

## Facility-Based Assessment Area II Franklin County (NMSA - AL)

2026 FFIEC Census Report

State: 01 - ALABAMA (AL)

County: 059 - FRANKLIN COUNTY

Year	MSA/MD Code	State Code	County Code	Tract Code	Tract Income Level	Tract Median Family Income %	Distressed or Underserved Tract	2025 FFIEC Est. MSA/MD/non-MSA/MD Median Family Income	2020 Tract Median Family Income	Tract Population	Minority Population	Tract Minority %	Owner Occupied Units	1- to 4-Family Units
2026	99999	01	059	9729.00	3 - Middle	92.46	Yes	72600	51563	3971	1091	27.47	1011	1584
2026	99999	01	059	9730.00	3 - Middle	92.12	Yes	72600	51372	6028	3128	51.89	764	1361
2026	99999	01	059	9731.00	3 - Middle	90.5	Yes	72600	50469	2499	216	8.64	800	1337
2026	99999	01	059	9732.00	3 - Middle	82.94	Yes	72600	46250	4243	2003	47.21	807	1428
2026	99999	01	059	9733.00	2 - Moderate	69.19	No	72600	38583	3282	1108	33.76	784	1365
2026	99999	01	059	9734.00	3 - Middle	95.75	Yes	72600	53398	2682	290	10.81	816	1393
2026	99999	01	059	9735.00	3 - Middle	111.83	Yes	72600	62361	2213	165	7.46	809	1147
2026	99999	01	059	9736.00	3 - Middle	87.23	Yes	72600	48646	1744	77	4.42	407	764
2026	99999	01	059	9737.01	1 - Low	44.08	No	72600	24583	1418	106	7.48	416	737
2026	99999	01	059	9737.02	3 - Middle	85.28	Yes	72600	47555	957	48	5.02	254	495
2026	99999	01	059	9737.03	4 - Upper	143.57	No	72600	80061	3076	300	9.75	960	1378



## Facility-Based Assessment Area III

### Limestone County (MSA 26620 - Huntsville, AL)

2026 FFIEC Census Report

State: 01 - ALABAMA (AL)

County: 083 - LIMESTONE COUNTY

Year	MSA/MD Code	State Code	County Code	Tract Code	Tract Income Level	Tract Median Family Income %	Distressed or Underserved Tract	2025 FFIEC Est. MSA/MD/non-MSA/MD Median Family Income	2020 Tract Median Family Income	Tract Population	Minority Population	Tract Minority %	Owner Occupied Units	1- to 4-Family Units
2026	26620	01	083	0201.01	3 - Middle	90.05	No	115500	76797	4452	688	15.45	1081	1477
2026	26620	01	083	0201.03	4 - Upper	120.68	No	115500	102917	3115	401	12.87	868	1257
2026	26620	01	083	0201.04	2 - Moderate	74.88	No	115500	63859	4037	420	10.4	1044	1340
2026	26620	01	083	0202.01	2 - Moderate	72.47	No	115500	61806	5043	1327	26.31	1284	1883
2026	26620	01	083	0202.02	3 - Middle	92.18	No	115500	78616	5219	552	10.58	1824	2313
2026	26620	01	083	0203.00	3 - Middle	82.85	No	115500	70658	3800	307	8.08	994	1402
2026	26620	01	083	0204.02	3 - Middle	91.56	No	115500	78083	5798	1262	21.77	1406	1956
2026	26620	01	083	0204.03	2 - Moderate	70.9	No	115500	60466	3234	495	15.31	960	1378
2026	26620	01	083	0204.04	3 - Middle	85.85	No	115500	73214	3047	487	15.98	949	1549
2026	26620	01	083	0205.00	2 - Moderate	53.22	No	115500	45391	3057	912	29.83	702	1181
2026	26620	01	083	0206.00	2 - Moderate	54.67	No	115500	46629	4392	1922	43.76	1015	1629
2026	26620	01	083	0207.00	2 - Moderate	75.03	No	115500	63988	2582	1060	41.05	290	640
2026	26620	01	083	0208.03	3 - Middle	112.15	No	115500	95647	6099	2205	36.15	1698	2087
2026	26620	01	083	0208.04	3 - Middle	100.23	No	115500	85483	5428	1109	20.43	1422	1736
2026	26620	01	083	0208.05	2 - Moderate	76.69	No	115500	65405	5310	1719	32.37	703	839
2026	26620	01	083	0208.06	3 - Middle	94.96	No	115500	80981	3944	491	12.45	1243	1309
2026	26620	01	083	0209.00	3 - Middle	100.56	No	115500	85759	4293	1169	27.23	1143	1544
2026	26620	01	083	0210.00	2 - Moderate	63.9	No	115500	54500	2386	1405	58.89	439	812
2026	26620	01	083	0211.01	2 - Moderate	67.45	No	115500	57528	3408	1413	41.46	802	1331
2026	26620	01	083	0211.02	4 - Upper	132.16	No	115500	112708	3899	1213	31.11	1253	1618
2026	26620	01	083	0212.01	4 - Upper	148.53	No	115500	126667	8733	2949	33.77	1457	1711
2026	26620	01	083	0212.02	4 - Upper	122.11	No	115500	104141	6460	1860	28.79	1452	1644
2026	26620	01	083	0212.03	4 - Upper	131.97	No	115500	112546	5834	2512	43.06	1099	1621

## IV. Branch Listing

- IV. A list of the institution's branches, their street addresses, and census tracts; a list of branches opened and closed during the current year and each of the prior two calendar years.

*First Metro Bank has eleven full-service facilities and six limited-service, non-traditional high school branches\*, all within our three defined facility-based assessment areas. The Bank has made, and will continue to make, changes in the location structure and composition of its offices. The Bank strives to provide facilities and services designed to provide more convenience to the bank's customers and community.*

Location/ATM Address Service Area	Branch	ATM/ ITM	Date Opened	Census Tracts & Income
Muscle Shoals-Main Office 406 West Avalon Avenue Muscle Shoals, AL 35661	Yes	Yes	November 7, 1988	0207.04 Middle
Tuscumbia 301 North Main Street Tuscumbia, AL 35674	Yes	Yes	August 1990	0205.00 Middle
Russellville 15315 Highway 43 Russellville, AL 35653	Yes	Yes	August 7, 1995	9730.00 Middle
Florence-Pine Street 325 South Pine Street Florence, AL 35630	Yes	Yes	May 9, 1996	0101.00 Low
Florence-Hough Road 2708 Hough Road Florence, AL 35630	Yes	Yes	December 15, 1997	0109.01 Middle
Lexington 11277 Highway 101 Lexington, AL 35648	Yes	Yes	April 16, 2001	0117.00 Middle
Florence-Cloverdale Road 3121 Cloverdale Road Florence, AL 35633	Yes	Yes	May 1, 2005	0111.01 Middle
Florence-Greenhill 7400 Highway 43 Florence, AL 35634	Yes	Yes	June 3, 2005	0116.02 Upper
Athens-Downtown 309 West Washington Street Athens, AL 35611	Yes	Yes	December 11, 2017	0206.00 Moderate
Muscle Shoals-East Avalon 2402 Avalon Avenue Muscle Shoals, AL 35661	Yes	Yes	December 30, 2019	0207.03 Middle
Athens-Lindsay Lane 22026 Gateway Blvd Ste B Athens, AL 35613	Yes	Yes	February 20, 2023	0211.02 Upper

Falcon Student Branch* Florence High School 1201 Bradshaw Drive Florence, AL 35630	Limited Service	No	August 19, 2013	0109.02 Moderate
Trojan Student Branch* Muscle Shoals High School 1900 Avalon Avenue Muscle Shoals, AL 35661	Limited Service	No	August 19, 2013	0207.03 Middle
Golden Eagles Student Branch* Athens High School 655 U.S. Highway 31 N Athens, AL 35611	Limited Service	No	January 24, 2019	0207.00 Moderate
Cherokee Indians Student Branch* Cherokee High School 850 High School Drive Cherokee, AL 35616	Limited Service	No	August 1, 2019	0210.00 Moderate
Wildcats Student Branch* Colbert Heights High School 6825 Woodmont Drive Tuscumbia, AL 35674	Limited Service	No	August 1, 2019	0209.01 Middle
Indians Student Branch* Colbert County High School 2200 High School Street Leighton, AL 35646	Limited Service	No	August 1, 2019	0208.02 Middle
*The Bank's student-operated locations are open to students, faculty, and staff during limited portions of each school day.				

## Branches Opened and Closed

*The Bank has not opened any branches in 2026 as of this public file's date.*

*The Bank did not open any branches in 2025 or 2024.*

*The Bank discontinued service of the Helen Keller Hospital lobby ATM located at 1300 South Montgomery Avenue Sheffield, AL 35660 on October 31, 2025.*

*The Bank has not closed any branches in the current calendar year or two preceding calendar years.*

## V. List of Services

- V. A list of retail banking services (including hours of operations, available loan and deposit products and transaction fees) generally offered at the bank's branches and descriptions of material differences in the availability or cost of services at particular branches, if any.

Hours of Operation		
Office	Lobby Hours	Drive-thru Hours
<b>Muscle Shoals-Main Office</b> 406 West Avalon Avenue Muscle Shoals, AL 35661	Monday - Thursday: 9:00 a.m. - 4:00 p.m. Friday: 9:00 a.m. - 5:00 p.m. Saturday: 9:00 a.m. - 12:00 p.m.	Monday - Friday: 8:00 a.m. - 8:00 p.m. Saturday: 8:00 a.m. - 12:00 p.m.
<b>Tuscumbia</b> 301 North Main Street Tuscumbia, AL 35674	Monday - Thursday: 9:00 a.m. - 4:00 p.m. Friday: 9:00 a.m. - 5:00 p.m.	Monday - Thursday: 8:00 a.m. - 5:00 p.m. Friday: 8:00 a.m. - 6:00 p.m. Saturday: 8:00 a.m. - 12:00 p.m.
<b>Russellville</b> 15315 Highway 43 Russellville, AL 35653	Monday - Thursday: 9:00 a.m. - 4:00 p.m. Friday: 9:00 a.m. - 5:00 p.m.	Monday - Friday: 8:00 a.m. - 6:00 p.m. Saturday: 8:00 a.m. - 12:00 p.m.
<b>Florence-Pine Street</b> 325 South Pine Street Florence, AL 35630	Monday - Thursday: 9:00 a.m. - 4:00 p.m. Friday: 9:00 a.m. - 5:00 p.m.	Monday - Friday: 8:00 a.m. - 6:00 p.m.
<b>Florence-Hough Road</b> 2708 Hough Road Florence, AL 35630	Monday - Thursday: 9:00 a.m. - 4:00 p.m. Friday: 9:00 a.m. - 5:00 p.m.	Monday - Friday: 8:00 a.m. - 8:00 p.m. Saturday: 8:00 a.m. - 12:00 p.m.
<b>Lexington</b> 11277 Highway 101 Lexington, AL 35648	Monday - Thursday: 8:30 a.m. - 4:00 p.m. Friday: 8:30 a.m. - 5:00 p.m.	Monday - Thursday: 8:00 a.m. - 5:00 p.m. Friday: 8:00 a.m. - 5:30 p.m. Saturday: 8:00 a.m. - 12:00 p.m.
<b>Florence-Cloverdale Road</b> 3121 Cloverdale Road Florence, AL 35633	Monday - Thursday: 9:00 a.m. - 4:00 p.m. Friday 9:00 a.m. - 5:00 p.m.	Monday - Friday: 8:00 a.m. - 6:00 p.m. Saturday: 8:00 a.m. - 12:00 p.m.
<b>Florence-Greenhill</b> 7400 Highway 43 Florence, AL 35634	Monday - Thursday: 8:30 a.m. - 4:00 p.m. Friday: 8:30 a.m. - 5:00 p.m.	Monday - Thursday: 8:00 a.m. - 5:00 p.m. Friday: 8:00 a.m. - 5:30 p.m. Saturday: 8:00 a.m. - 12:00 p.m.
<b>Athens-Downtown</b> 309 West Washington Street Athens, AL 35611	Monday - Thursday: 8:30 a.m. - 4:00 p.m. Friday: 8:30 a.m. - 5:00 p.m.	Monday - Friday: 8:00 a.m. - 5:00 p.m.
<b>Muscle Shoals-East Avalon</b> 2402 Avalon Avenue Muscle Shoals, AL 35661	Monday - Thursday: 9:00 a.m. - 4:00 p.m. Friday: 9:00 a.m. - 5:00 p.m.	Monday - Friday: 8:00 a.m. - 5:00 p.m.
<b>Athens-Lindsay Lane</b> 22026 Gateway Blvd Ste B Athens, AL 35613	Monday - Thursday: 8:30 a.m. - 4:00 p.m. Friday: 8:30 a.m. - 5:00 p.m.	Monday - Friday: 8:00 a.m. - 5:00 p.m.
<b>ITM Tellers</b> (Each office)	All ATMs provide live interactive teller machine transaction services for customers at each bank office. Hours of accessibility are provided for reference.	Hours of ITM Teller Services Monday - Friday 7:30 a.m. - 8:00 p.m. Saturday 7:30 a.m. - 2:00 p.m.

<p><b>Student Branches</b>  Athens High School,  Colbert County High School,  Colbert Heights High School,  Cherokee High School,  Florence High School,  Muscle Shoals High School</p>	<p>Open to students, faculty, and staff during lunch hours throughout the school year.</p>	<p>Not applicable for non-traditional branches with limited services.</p>
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## Consumer Loan Products

New & Used Vehicles, Motorcycles, & ATVs	Boats & Personal Watercraft	Recreational Vehicles & Travel Trailers	Miscellaneous Collateral (central units, life insurance, utility trailer, tractor, mower, etc..)
Personal Line of Credit	FMB CD / FMB Savings-Secured	FMB Stock Secured	Other Stock/Brokerage Account Secured
Aircraft	Construction	Home Equity Line of Credit	Home Mortgage & Secondary Residence
Vacant Land	Credit Cards	Bridge Loan	Unsecured

## Commercial Loan Products

Small Business Administration Loans	Community Development and Industrial Development Loans	Loans to Churches and Civic Organizations	Loans for the purchase of Real Estate
Construction Loans	Small Business Loans	Agricultural Loans	Industrial Loans
	Commercial Credit Cards	Commercial Lines of Credit	

## Consumer Checking Deposit Products



## Consumer Savings Deposit Products



## Commercial Checking Deposit Products



## Commercial Savings Deposit Products



## Consumer Services

ATM / Debit Cards (Debit Card instant issue)	ATMs / ITMs at each branch	First Metro Live - ITM Services	Safe Deposit Boxes	Telephone Banking	Night Deposit Services
Online Banking	Online Bill Payment	Online Account Opening	Mobile Banking App	Mobile Check Deposit	Mobile App Touch ID & Passcode
Mobile App Card Controls	Mobile App P2P Transfers	Mobile Pay using Apple Pay/Samsung Pay/ Google Pay	Discretionary Overdraft Protection Service	Linked Accounts for Overdraft Protection	Official & Cashier's Checks
Domestic & Int'l Funds Transfers	Photocopy Services	Direct Deposit	Web Statements	Notary Services	Imaging Services
Reconciliation Services					

## Commercial Services

Online Banking	ACH Origination	Direct Deposit	Remote Deposit Capture	Cash Management Services	Merchant Card Services
Sweep Services	Night Deposit Services	Notary Services	Web Statements	Credit Cards	Mobile Banking App
Mobile App Touch ID & Passcode	Mobile App Card Controls	Mobile Pay using Apple Pay/Samsung Pay/Google Pay	ATMs / ITMs at each branch	First Metro Live - ITM Services	Debit Cards
Safe Deposit Boxes      Telephone Banking      Domestic & Int'l Funds Transfers					

## Material differences in the Availability or Costs of Services at Particular Branches

*No material differences in the availability or costs of services exist.*

## Schedule of Fees – All Offices

Foreign ATM Withdrawal Fee	\$ 2.00 (Cash withdrawal at non-First Metro ATM)
Balance Inquiry other than First Metro ATM	\$ 2.00
Replacement ATM or Check Card	\$ 15.00
Request of ATM Personal Identification Number (PIN) mailer	\$ 5.00
Non-Customer at First Metro Bank ATM	\$ 4.00
Non-Personalized Checks (each)	\$ .10
Check Printing	(Fee depends on style of check ordered)
Cashier's Check	\$ 5.00
Official Check	\$ 5.00
Official Check Non-Customer	\$ 10.00
Dormant Account Fee	\$ 2.00 (This fee is charged each month.) An account is dormant if, within 12 months, you have made no deposits or withdrawals to the account.
Overdraft Fee	\$ 33.00 (This fee may be imposed by any of the following: Check, in-person withdrawal, ATM withdrawal or electronic means)
Non-Sufficient Funds (NSF) Fee	\$ 33.00 (This fee may be imposed by any of the following: Check, in-person withdrawal, ATM withdrawal or electronic means)
Telephone Transfers	\$ 2.00
Balance inquiry by telephone	\$ 2.00 (In excess of four per month)
Account research	\$ 30.00 per hour
Stop Payments (per item)	\$ 30.00
Fax Service (incoming and outgoing, 5 page minimum)	\$ 1.00 per page
Photocopies	\$ 1.00 per page
<b>Wire Transfers</b>	
Domestic Wire Transfer – Incoming	\$ 15.00
Domestic Wire Transfer – Outgoing	\$ 20.00
International Wire Transfer – Incoming	\$ 15.00
International Wire Transfer – Outgoing	\$ 50.00
<b>Coin and Currency</b>	
Coin, per roll	\$ .10
Currency, per strap	\$ .10
<b>Savings</b>	
OD Protection Transfer Fee	\$ 15.00 per transfer, assessed at statement cycle
Withdrawals in excess of 6 per month	\$ 2.00, per item
<b>Collection Items</b>	
Domestic Collection Item (incoming and outgoing)	\$ 20.00
International Collection Item (incoming and outgoing)	\$ 25.00
Bonds and Coupons	\$ 12.00
<b>Special Handled Items (deposited items returned unpaid, chargebacks, cash items, re-deposits, etc.)</b>	\$ 3.00
<b>Safe Deposit Box (annual rental)</b>	
3 x 5	\$ 30.00
3 x 10	\$ 45.00
4 x 10	\$ 50.00
5 x 10	\$ 60.00
10 x 10	\$ 90.00
Levy/Garnishment	\$ 75.00
Night Deposit Lock Bag (first bag, no charge)	\$ 15.00
Zip Bag (first bag, no charge)	\$ 2.00
Notary Fee (per item notarized)	\$ 5.00

Close of Account within 90 days of opening	\$ 10.00
Replacement Loan Coupon Book	\$ 5.00
<b>Reconciliation Services</b>	
Special Statements	
Reset and Cut-off	\$ 5.00
Snapshot	\$ 2.00
Account Balancing Assistance	\$ 10.00 per hour
<b>Imaging Services</b>	
CD-ROM	\$ 10.00
Duplicate Statement	\$ 2.50
Check Image Copies	\$ 1.00
<b>Small Business 'GO' Checking</b>	\$ .25 (per item charge in excess of 325-all transactions including checks cleared, checks within a deposit, ACH transactions).
<b>Metro Business Investment</b>	\$ 12.00 monthly service charge if balance falls below \$1,000 on any day of the statement cycle.
<b>Metro Commercial Money Market</b>	\$10.00 monthly service charge if balance falls below \$2,500 on any day of the statement cycle.
<b>Metro Business Account (MBA) Analysis</b>	
Service Account Fee	\$ 10.00
Checks Paid	\$ .10
Deposited Items	\$ .10
Ledger Credits	\$ .10
Ledger Debits	\$ .10
Deposited Items Returned Unpaid	\$ 3.00
Reserve Requirement	10 %
Negative Investable Balance	18 %
Earnings credit is based on the savings account rate. (May be updated monthly.)	
<b>Cash Management Services</b>	
Set-up Fee	\$ 25.00
Level I	\$ 49.95
Level II	\$ 99.95
Level III	Starting at \$495
Overlimit Bill Payees	\$ 3.00 each
<b>ACH Origination</b>	
Overlimit File Fee	\$ 5.00
File Deletion/Reversal	\$ 25.00
Rejection Fee	\$ 5.00
Notification of Change	\$ 4.00
Returns	\$ 4.00
NACHA Rule Book	\$ 25.00
<b>Sweep Services</b>	
Monthly Sweep Account Fees	
Investment Sweep	\$ 100.00
Line of Credit Sweep	\$ 75.00
Additional Sub-Accounts	\$ 15.00

In the normal course of business, we generally pay electronic transaction first and then checks in serial number order, in the transaction processing order received. For more information about our processing order, please review our Account Agreement terms & Conditions.

# VI. Loan-to-Deposit Ratio

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VI. The institution’s loan-to-deposit ratio for each quarter of the prior calendar year.

2025 LTD Ratio by Quarter	
1 <sup>st</sup> Quarter	63%
2 <sup>nd</sup> Quarter	63%
3 <sup>rd</sup> Quarter	66%
4 <sup>th</sup> Quarter	66%

## VII. Quarterly Report

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- VII. A quarterly report of the institution's efforts to improve its record if it received a less than satisfactory rating during its most recent CRA examination.

*Not applicable.*

## VIII. HMDA Disclosure Statement

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- VIII. An institution required to report home mortgage loan data pursuant to Part 1003 of this title shall include in its public file a written notice that the institution's Home Mortgage Disclosure Act (HMDA) Disclosure Statement may be obtained on the Consumer Financial Protection Bureau's Website at [www.consumerfinance.gov/hmda](http://www.consumerfinance.gov/hmda).

### **Home Mortgage Disclosure Act Notice**

(Disclosure Statement/Modified Loan Application Register)

The HMDA data about our residential mortgage lending are available online for review. The data show geographic distribution of loans and applications; ethnicity, race, sex, age, and income of applicants and borrowers; and information about loan approvals and denials. These data are available online at the Consumer Financial Protection Bureau's Web site ([www.consumerfinance.gov/hmda](http://www.consumerfinance.gov/hmda)). HMDA data for many other financial institutions are also available at this Web site.



# **PUBLIC DISCLOSURE**

June 5, 2023

## **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

### **First Metro Bank**

Certificate Number: 27381

406 West Avalon Avenue  
Muscle Shoals, Alabama 35661

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

10 10th Street NE, Suite 800  
Atlanta, Georgia 30309-3849

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 reasonable given the institution's size, financial condition, and credit needs of its assessment areas.
- A majority of the bank's home mortgage and small business loans were originated inside the assessment areas.
- The geographic distribution of loans reflects a reasonable dispersion throughout the assessment areas.
- The distribution of borrowers reflects a reasonable penetration among individuals of different income levels and businesses of different sizes.
- The bank did not receive any Community Reinvestment Act (CRA)-related complaints since the previous evaluation. Therefore, this factor did not affect the Lending Test rating.

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

The institution demonstrated an excellent responsiveness to the community development needs of its assessment areas. The institution met those needs through community development loans, qualified investments, and community development services. Examiners considered the institution's capacity and the need and availability of such opportunities for community development in the assessment areas.

## DESCRIPTION OF INSTITUTION

First Metro Bank (FMB) is a state-chartered community bank headquartered in Muscle Shoals, Colbert County, Alabama. The bank is a wholly-owned subsidiary of First Metro Bancorp, Muscle Shoals, Alabama, a one-bank holding company. No other affiliate or subsidiary relationships exists, and the bank has not been involved in any merger or acquisition activity since the previous examination. The institution received a Satisfactory rating at its previous FDIC Performance Evaluation, dated May 11, 2020, based on Interagency Intermediate Small Institution Examination Procedures.

FMB operates 11 full-service branches throughout four Alabama counties: Colbert (three), Lauderdale (five), Limestone (two), and Franklin (one). Each branch has an Automated/Interactive Teller Machines (ATM/ITM); and there is one stand-alone, bank-owned ATM located at Helen Keller Hospital in Sheffield, Alabama (Colbert County). Since the previous evaluation, the bank opened a full-service branch in Athens, Limestone County, Alabama, on February 20, 2023; no branches have been closed.

In 2020, the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) was established to offer economic relief to small businesses adversely impacted by the national COVID-19 pandemic. The CARES Act implemented the Paycheck Protection Program (PPP) through the U.S. Small Business Administration. The bank participated in the PPP and extended 668 PPP loans for \$20.3 million during the evaluation period. The program ended on May 31, 2021.

FMB operates as a traditional commercial bank offering a variety of deposit and loan products to both consumer and commercial customers to meet the needs of its communities. Deposit products include checking, savings, money market, certificates of deposit, health savings checking, and individual retirement accounts. Alternative banking services include ATMs/ITMs, telephone banking, text banking, online banking and bill pay, mobile banking, and person-to-person transfers. Commercial lending products offered include commercial real estate, equipment, working capital, inventory, and agricultural loans, and business lines of credit. Consumer loan products include home mortgage, construction and development, recreational and vehicle, personal secured and unsecured, and certificate of deposit secured loans, and home equity lines of credit.

As of the March 31, 2023 Consolidated Reports of Condition and Income (Call Report), FMB had total assets of \$899.1 million, total loans of \$510.4 million (56.8 percent of total assets), and total deposits of \$816.1 million. As shown in the following table, business loans (loans secured by non-farm, non-residential properties and commercial and industrial loans) represented the largest portion of the loan portfolio at 44.6 percent, followed by home mortgage loans (1-4 family residential properties) at 32.7 percent.

<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	38,161	7.5
Secured by Farmland	8,494	1.6
Secured by 1-4 Family Residential Properties	166,921	32.7
Secured by Multi-family (5 or more) Residential Properties	39,129	7.7
Secured by Non-farm Non-Residential Properties	163,231	32.0
<b>Total Real Estate Loans</b>	<b>415,936</b>	<b>81.5</b>
Commercial and Industrial Loans	64,365	12.6
Agricultural Production and Other Loans to Farmers	5,642	1.1
Consumer	16,978	3.3
Obligations	7,400	1.5
Other Loans	46	0.0
Less: Unearned Income on Loans	0	0.0
<b>Total Loans</b>	<b>510,367</b>	<b>100.0</b>
<i>Source: 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. Examiners did not identify any financial or legal impediments that affect the bank's ability to meet the assessment areas' credit needs.

## **DESCRIPTION OF ASSESSMENT AREAS**

The CRA requires financial institutions to define assessment areas within which its CRA performance will be evaluated. FMB has delineated three assessment areas, which have not changed since the previous CRA evaluation. The first assessment area includes Colbert and Lauderdale Counties (41 census tracts), which is the Florence-Muscle Shoals, Alabama Metropolitan Statistical Area (MSA). The second assessment area is Franklin County (11 census tracts), part of the Alabama Non-Metropolitan Statistical Area (NMSA). The third assessment area is Limestone County (23 census tracts), part of the Huntsville, Alabama MSA. The combined assessment areas include 75 census tracts. The assessment areas consist of whole census tracts and do not arbitrarily exclude low- or moderate-income areas. The bank has defined the assessment area in accordance with the technical requirements of the CRA regulation. Please see the following table for a breakdown of each assessment area.

<b>Description of Assessment Areas</b>			
<b>Assessment Area (s)</b>	<b>Counties in Assessment Area</b>	<b># of Census Tracts</b>	<b># of Branches</b>
Florence-Muscle Shoals, AL MSA	Colbert and Lauderdale	41	8
Huntsville, AL MSA	Limestone	23	2
Alabama NMSA	Franklin	11	1
<b>Total</b>		<b>75</b>	<b>11</b>
<i>Source: Bank Data</i>			

While FMB's assessment areas have not changed since the previous evaluation, U.S. Census Bureau data was updated during the evaluation period from 2010 census information to 2020 census information. The update in census information covers lending analyzed for 2022. States, counties, census tracts, MSAs, and income level indicators were updated. Demographic information, including population and housing characteristics, were also updated. This update resulted in a

change of census tracts in the bank's assessment areas. The Florence-Muscle Shoals, Alabama MSA Assessment Area changed from 36 to 41 census tracts. The number of low-income census tracts remained the same; however, the number of moderate-income census tracts increased from seven to eight. The Huntsville, Alabama MSA Assessment Area increased from 16 to 23 census tracts. Moderate-income census tracts decreased from ten to nine, and there continues to be no low-income census tracts in this assessment area. The Alabama NMSA Assessment Area consisting of Franklin County increased from nine to 11 representing the new designation of both a low- and moderate-income census tract.

The evaluation includes separate discussions for each of the three assessment areas reviewed. Refer to the *Description of Institution's Operations* of each assessment area section for additional information.

## **SCOPE OF EVALUATION**

### **General Information**

This evaluation covers the period from institution's previous CRA on May 11, 2020, to the current evaluation dated June 5, 2023. Examiners used the Intermediate Small Institution Examination Procedures to evaluate FMB's CRA performance. As described in the Appendices, these procedures include the Lending Test. All three assessment areas will be reviewed using full-scope procedures.

Examiners evaluate a bank's lending data, deposit activity, and number of branches to determine which rated areas will receive the most weight in assigning the overall rating. For this evaluation, the Florence-Muscle Shoals MSA Assessment Area has the most lending and deposit activity by dollar volume and the largest branch network. Consequently, the most weight was given to the bank's lending performance in this assessment area.

### **Activities Reviewed**

The CRA regulation requires a review of the lending performance of a bank in its defined assessment area with respect to home mortgage, small business, and small farm loans, if significant. Small farm loans are not a significant product line for the bank and, therefore, examiners did not review this product. As of March 31, 2023, farm loans comprised 2.8 percent of the loan portfolio.

For the Lending Test, examiners reviewed all loans reported pursuant to the Home Mortgage Disclosure Act (HMDA) for 2020 through 2022. There were 795 HMDA loans originated for \$180.1 million. Examiners compared the bank's performance to the respective HMDA aggregate data for 2020 and 2021. Aggregate data for 2022 is not yet available. Examiners also compared the bank's 2020 and 2021 home mortgage lending performance to applicable demographic data based on the 2015 American Community Survey (ACS) data and 2022 lending performance to the 2020 U.S. Census data. Although examiners analyzed HMDA lending data for 2020, 2021, and 2022, examiners presented only 2021 data due to it being the most recent year with aggregate information available. Any anomalies noted in 2020 and 2022 are discussed, as applicable.

This evaluation considered all of the bank’s small business loans originated or renewed in 2022. The bank originated or renewed 488 loans totaling \$47.9 million during this period. Since the bank is not a CRA data reporter and select small business data was not readily available, examiners sampled 80 small business loans totaling \$7.6 million. Examiners compared the bank’s small business lending performance to the applicable Dun & Bradstreet (D&B) business demographic data. Due to the bank’s commercial lending focus and the number of small business loan originations, examiners gave most weight in the overall conclusion to the bank’s small business lending performance.

For the Community Development Test, examiners reviewed the bank’s qualified community development loans, investments, and services since the prior evaluation dated May 11, 2020, to the current evaluation dated June 5, 2023.

## **CONCLUSIONS ON PERFORMANCE CRITERIA**

### **LENDING TEST**

Overall, FMB demonstrated satisfactory performance under the Lending Test. This rating is supported by a reasonable loan-to-deposit ratio; a majority of the loans reviewed being originated within the assessment area; a reasonable geographic distribution of small business loans and home mortgage loans; and a reasonable distribution of the loans to individuals of different income levels and businesses of different sizes. Lastly, no CRA-related complaints were received since the institution’s previous evaluation.

### **Loan-to-Deposit Ratio**

The average net loan-to-deposit ratio (NLTD) is reasonable given the institution’s size, financial condition, and assessment areas’ credit needs. For the 12 previous quarters of Call Report data, FMB recorded a 57.9 percent average NLTD ratio. The ratio ranged from a low of 52.2 percent on March 31, 2022, to a high of 65.4 percent on June 30, 2020, with a fluctuating trend over the analysis period.

To evaluate its reasonableness, a bank’s average NLTD ratio is compared to the ratios of similarly situated banks with similar branching, product lines, and assets that operate in or near the assessment area. The following table shows the average NLTD ratios for FMB and includes one similarly situated institution. As shown in the table, FMB’s average NLTD ratio is comparable to the similarly situated institution.

<b>Loan-to-Deposit Ratio Comparison</b>		
<b>Bank</b>	<b>Total Assets as of 3/31/2023 (\$000s)</b>	<b>Average Net LTD Ratio (%)</b>
<b>First Metro Bank, Muscle Shoals, AL</b>	<b>899,078</b>	<b>57.9</b>
First Southern State Bank, Stevenson, AL	764,304	56.7
<i>Source: Call Reports 5/11/2020 – 3/31/2023</i>		

**Assessment Area Concentration**

A majority of loans by number and dollar volume are originated within the institution-wide assessment area. Refer to the following table for details.

<b>Lending Inside and Outside of the Assessment Areas</b>										
<b>Loan Category</b>	<b>Number of Loans</b>					<b>Dollar Amount of Loans \$(000s)</b>				
	<b>Inside</b>		<b>Outside</b>		<b>Total</b>	<b>Inside</b>		<b>Outside</b>		<b>Total</b>
	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>#</b>	<b>\$</b>	<b>%</b>	<b>\$</b>	<b>%</b>	<b>\$(000s)</b>
Home Mortgage										
2020	175	76.1	55	23.9	230	30,452	81.2	7,038	18.8	37,490
2021	196	73.1	72	26.9	268	62,434	74.4	21,485	25.6	83,919
2022	225	75.8	72	24.2	297	41,105	70.1	17,565	29.9	58,670
<b>Total</b>	<b>596</b>	<b>75.0</b>	<b>199</b>	<b>25.0</b>	<b>795</b>	<b>133,991</b>	<b>74.4</b>	<b>46,088</b>	<b>25.6</b>	<b>180,079</b>
Small Business										
2022	69	86.3	11	13.7	80	7,034	86.0	574	14.0	7,608

*Source: 2020, 2021 and 2022 HMDA Data, 2022 Bank Data.*

**Geographic Distribution**

Overall, the geographic distribution of loans reflects reasonable dispersion throughout the assessment areas. This conclusion was based on reasonable dispersion of small business and home mortgage loans. These conclusions are consistent with the conclusions of each rated area with the exception of the Huntsville MSA Assessment Area, where the bank had excellent distribution of small business and home mortgage loans. Examiners focused on the percentage by number of loans in low- and moderate-income census tracts.

**Borrower Profile**

Overall, the distribution of borrowers reflects, given the demographics of the assessment areas, reasonable penetration among businesses of different sizes and individuals of different income levels (including low- and moderate-income). This conclusion was based on reasonable penetration of small business and home mortgage loans. These conclusions are consistent with the conclusions of each assessment area with the exception of the Huntsville MSA Assessment Area. In this assessment area, the bank had poor penetration of home mortgage loans throughout the assessment area.

**Response to Complaints**

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

## COMMUNITY DEVELOPMENT TEST

FMB’s community development performance demonstrates excellent responsiveness to the community development needs of the assessment areas. The bank met those needs through community development loans, qualified investments, and community development services. Examiners considered the institution’s capacity and the need and availability of such opportunities.

### Community Development Loans

FMB originated 51 community development loans totaling \$46.9 million during the evaluation period as detailed in the following table. The dollar amount of community development loans represents 5.2 percent of total assets and 9.2 percent of total loans as of March 31, 2023. By number, 37.3 percent supported affordable housing and 24.0 percent supported economic development.

Community Development Lending by Assessment Area										
Assessment Area	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Florence-Muscle Shoals, AL MSA	18	14,732	7	2,849	9	4,637	11	13,567	45	35,785
Huntsville, AL MSA	1	128	0	0	2	5,000	2	4,829	5	9,957
Alabama NMSA	0	0	0	0	1	1,200	0	0	1	1,200
<b>Total</b>	<b>19</b>	<b>14,860</b>	<b>7</b>	<b>2,849</b>	<b>12</b>	<b>10,837</b>	<b>13</b>	<b>18,396</b>	<b>51</b>	<b>46,942</b>
<i>Source: Bank Data</i>										

The following table shows the bank’s community development loans by year.

Community Development Lending by Year										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
5/11/2020-12/31/2020	4	2,049	0	0	0	0	3	372	7	2,421
2021	3	11,261	1	200	4	2,962	6	4,264	14	18,687
2022	12	1,550	6	2,649	7	13,035	1	2,500	26	19,734
YTD 2023	0	0	0	0	3	3,600	1	2,500	4	6,100
<b>Total</b>	<b>19</b>	<b>14,860</b>	<b>7</b>	<b>2,849</b>	<b>14</b>	<b>19,597</b>	<b>11</b>	<b>9,636</b>	<b>51</b>	<b>46,942</b>
<i>Source: Bank Data</i>										

The following are notable examples of the bank’s community development lending:

- In 2021, the bank originated an \$11 million loan to purchase two multi-family apartment complexes with 162 rental units. The units provided monthly rental pricing below the Fair Market Rent (FMR) as determined by U.S. Department of Housing and Urban Development

(HUD) for the Florence-Muscle Shoals MSA. This loan origination provides affordable housing rental options for low-and moderate-income individuals and families.

- In 2022, the bank originated a \$4.7 million loan to construct a 101-room hotel located in a middle-income census tract in the Huntsville-Limestone MSA. Although the hotel is located in a middle-income census tract, the hotel created jobs for 30 low- and moderate-income individuals in the assessment area.

### **Qualified Investments**

FMB made 104 qualified investments totaling approximately \$16.8 million, which includes new investments of \$5.4 million and prior period investments totaling \$11.3 million. This dollar amount represents 1.9 percent of total assets and 4.8 percent total securities. The bank’s level of qualified investments is higher than the previous evaluation when total qualified investments equated to 0.4 percent of average total assets and 1.6 percent of average total securities. The bank’s investment activity was similar by number and by dollar than similarly situated banks.

<b>Qualified Investments by Assessment Area</b>										
<b>Assessment Area</b>	<b>Affordable Housing</b>		<b>Community Services</b>		<b>Economic Development</b>		<b>Revitalize or Stabilize</b>		<b>Totals</b>	
	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>
Florence-Muscle Shoals, AL MSA	0	0	4	1,279	2	1,296	8	3,193	14	5,768
Huntsville, AL MSA	0	0	0	0	1	1,377	1	510	2	1,887
Alabama NMSA	0	0	0	0	0	0	0	0	0	0
Statewide Activities	0	0	0	0	2	510	4	1,197	6	1,707
Regional Activities	0	0	0	0	4	7,355	0	0	4	7,355
<b>Total</b>	<b>0</b>	<b>0</b>	<b>4</b>	<b>1,279</b>	<b>9</b>	<b>10,538</b>	<b>13</b>	<b>4,900</b>	<b>26</b>	<b>16,717</b>
<i>Source: Bank Data</i>										

The following table shows the bank’s qualified investments and donations made based on the activity year.

<b>Qualified Investments and Donations 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>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>
Prior Period	0	0	1	195	6	7,865	9	3,194	<b>16</b>	<b>11,254</b>
5/11/2020-12/31/2020	0	0	0	0	0	0	0	0	<b>0</b>	<b>0</b>
2021	0	0	3	1,084	1	504	4	1,706	<b>8</b>	<b>3,294</b>
2022	0	0	0	0	2	2,169	0	0	<b>2</b>	<b>2,169</b>
YTD 2023	0	0	0	0	0	0	0	0	<b>0</b>	<b>0</b>
<b>Subtotal</b>	<b>0</b>	<b>0</b>	<b>4</b>	<b>1,279</b>	<b>9</b>	<b>10,538</b>	<b>13</b>	<b>4,900</b>	<b>26</b>	<b>16,717</b>
Qualified Grants & Donations	10	6	57	34	6	4	5	2	<b>78</b>	<b>46</b>
<b>Total</b>	<b>10</b>	<b>6</b>	<b>61</b>	<b>1,313</b>	<b>15</b>	<b>10,542</b>	<b>18</b>	<b>4,902</b>	<b>104</b>	<b>16,763</b>
<i>Source: Bank Data</i>										

Below are notable examples of the bank’s qualified investment activities:

- In 2021, the bank invested \$501,000 to revitalize and stabilize the public utility water and sewer services to the residents of the City of Muscle Shoals.
- In 2022, the bank invested \$1.3 million into a Federal Home Loan Mortgage Pool of single-family residences located in Limestone and Madison Counties, Alabama. All borrowers have income levels of low- or moderate-income for their applicable county.

The following community development investment was originated outside of the assessment areas, but within a broader regional area.

- In 2021, the bank invested \$318,000 to help fund improvements to a critical community infrastructure in Eastern Alabama that services low- and moderate-income individuals and families.

### **Community Development Services**

During the evaluation period, FMB’s staff provided 154 instances of community development services to a variety of different organizations within each assessment area. The services benefitted the assessment areas by providing financial expertise or technical assistance services to low- and moderate-income individuals. The services included affordable housing, community services, revitalizing or stabilizing the area, and economic development. The bank’s service activity was higher than similarly situated banks.

<b>Community Development Services by Assessment Area</b>					
<b>Assessment Area</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>
Florence-Muscle Shoals, AL MSA	0	125	2	1	<b>128</b>
Huntsville, AL MSA	0	10	1	1	<b>12</b>
Alabama NMSA	0	14	0	0	<b>14</b>
<b>Total</b>	<b>0</b>	<b>149</b>	<b>3</b>	<b>2</b>	<b>154</b>
<i>Source: Bank Data</i>					

The following table illustrates the bank’s community development services by year and purpose.

<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>
5/11/2020-12/31/2020	0	0	0	0	<b>0</b>
2021	0	18	1	2	<b>21</b>
2022	0	77	2	0	<b>79</b>
YTD 2023	0	54	0	0	<b>54</b>
<b>Total</b>	<b>0</b>	<b>149</b>	<b>3</b>	<b>2</b>	<b>154</b>
<i>Source: Bank Data</i>					

The following table mentions notable examples of the bank’s community development services.

<b>Community Development Services</b>				
<b>Brief Service Description</b>	<b>Community Development Purpose</b>	<b>Bank Sponsored Event, Program or Seminar</b>	<b>Technical Assistance or Direct Involvement by Bank Employee</b>	<b>Bank Product or Service</b>
Underwood-Petersville Community Center <i>Vice President served as finance committee member/treasurer</i>	Community Service		2021 - 2022	Board Member
Teach Children to Save/Advisory Council for Colbert County Schools	Community Service	2021 = 2023		Bank’s School/Branch Program
Limestone County Economic Development Association <i>Senior Vice President serves on the Board</i>	Economic Development		2021	Board Member
<i>Source: Bank Data</i>				

In an effort to increase financial services, FMB operates three branches and ATMs in low- or moderate-income census tracts. The branches offer local citizens access to free wireless internet service and meeting space. These branches and ATMs demonstrate the availability of banking

services to low- and moderate- income individuals. FMB also offers free check cashing for checks drawn on First Metro Bank presented for payment by a non-customer.

Additionally, the bank has established six student-operated bank branches in Colbert County High School, Leighton, Alabama; Colbert Heights High School, Tuscumbia, Alabama; Cherokee High School, Cherokee, Alabama; Muscle Shoals High School, Muscle Shoals, Alabama; Florence High School, Florence, Alabama; and, Athens High School, Athens, Alabama. Students selected for staffing learn financial literacy and banking operations and are introduced to career opportunities in the banking industry.

As previously addressed, the bank has assisted 668 customers in obtaining PPP loans as a result of the COVID-19 pandemic. Of the 668 customers, 135 customers obtained PPP loans totaling \$5.8 million that were a direct economic development impact in regard to community development.

## **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.

## FLORENCE-MUSCLE SHOALS ASSESSMENT AREA – Full-Scope Review

### DESCRIPTION OF INSTITUTION’S OPERATIONS IN THE FLORENCE-MUSCLE SHOALS MSA ASSESSMENT AREA

The Florence-Muscle Shoals MSA Assessment Area consists of Colbert and Lauderdale counties. The bank operates eight offices (72.7 percent) in this assessment area. In Colbert County, the main office and two full-service branches are located in middle-income census tracts. In Lauderdale County, one full-service branch is located in a low-income census tract, three full-service branches are located in middle-income census tracts, and one full-service branch is located in an upper-income census tract.

#### Economic and Demographic Data

According to the 2020 U.S. Census data, this assessment area includes 41 census tracts, which consist of 3 low-, 8 moderate-, 21 middle-, and 8 upper-income census tracts. There is one census tract with no income designation. The following table details demographic characteristics of the assessment area based on the 2020 U.S. Census data and the 2022 D&B data.

Demographic Information of the Assessment Area						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	41	7.3	19.5	51.2	19.5	2.4
Population by Geography	150,791	4.1	18.6	56.9	19.6	0.8
Housing Units by Geography	71,999	3.9	20.8	54.9	19.0	1.4
Owner-Occupied Units by Geography	41,818	2.0	14.7	59.2	23.7	0.3
Occupied Rental Units by Geography	18,492	7.5	32.2	46.1	11.7	2.6
Vacant Units by Geography	11,689	4.6	24.8	53.5	13.6	3.5
Businesses by Geography	11,767	10.8	17.2	54.7	16.8	0.5
Farms by Geography	401	4.7	12.7	61.6	20.9	0.0
Family Distribution by Income Level	38,521	20.6	18.6	21.4	39.3	0.0
Household Distribution by Income Level	0	0.0	0.0	0.0	0.0	0.0
Median Family Income MSA - 22520 Florence-Muscle Shoals, AL MSA		\$65,316	Median Housing Value			\$140,562
			Median Gross Rent			\$666
			Families Below Poverty Level			9.9%

*Source: 2020 U.S. Census and 2022 D&B Data. Due to rounding, totals may not equal 100.0 percent. (\*) The NA category consists of geographies that have not been assigned an income classification.*

The *Geographic Distribution* criterion compares home mortgage loans to the distribution of owner-occupied housing units and small business loans to the percentage of businesses located in moderate-, middle-, and upper-income census tracts. As illustrated in the above table, 2.0 percent

of owner-occupied housing units and 10.8 percent of businesses are located in low-income census tracts. Additionally, 14.7 percent of owner-occupied housing units and 17.2 percent of businesses are located in moderate-income census tracts. Further, 9.9 percent of 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 in qualifying for a home mortgage loan.

Examiners used the Federal Financial Institutions Examination Council (FFIEC)-updated 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 for 2021 in the assessment area.

<b>Median Family Income Ranges for the Florence-Muscle Shoals, AL MSA (22520)</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>
2021 (\$64,500)	<\$32,250	\$32,250 to <\$51,600	\$51,600 to <\$77,400	≥\$77,400
<i>Source: FFIEC</i>				

The analysis of small business loans under the *Borrower Profile* criterion compares the distribution of small business lending by gross annual revenues. According to 2022 D&B data, gross annual revenues for these businesses are as follows:

- 86.5 percent have \$1 million or less,
- 3.7 percent have more than \$1 million, and
- 9.8 percent have unknown revenues.

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 assessment area, the state of Alabama, and the national unemployment rate declined from 2020 to 2022 as the economy continued to recover from the COVID-19 pandemic. The assessment area was consistently higher or comparable to the state unemployment rates but lower than the national unemployment rates throughout the period.

<b>Unemployment Rates for the Florence-Muscle Shoals, AL MSA</b>			
<b>Area</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>
	<b>%</b>	<b>%</b>	<b>%</b>
Florence-Muscle Shoals, AL MSA	6.5	3.4	2.8
State of Alabama	6.4	3.4	2.6
National Average	8.1	5.4	3.6
<i>Source: Bureau of Labor Statistics</i>			

According to D&B, the assessment area’s largest industries include service industries at 31.5 percent, followed by non-classifiable establishments at 23.1 percent, retail trade at 13.4 percent, and finance, insurance and real estate at 11.1 percent.

According to Moody’s *Economy.com, Inc., Précis Metro* dated February 2023; the area’s economy is steadily advancing. The labor market ended 2022 on a high note, with total payroll growth outpacing both the state and national rates in the final months of the year. That strong performance

helped to recover all jobs lost early in the pandemic. Manufacturing will be a source of stability with jobs concentrated in transportation equipment manufacturing; however, rising interest rates and general economic uncertainty will make businesses cautious about expanding. In the future, automation and outsourcing will cause job growth to be modest at best. The leisure/hospitality industry will get back on track in 2023. Tourism is a key secondary driver, with the area's reputation as a historic music town making it a popular destination for music enthusiasts. Population growth will continue to lag state and national indicators impacting growth in the housing market and labor force. Low educational attainment within the population will discourage investment in high-tech jobs.

Overall, leisure/hospitality will make solid job gains, but modest growth in core manufacturing industries will also keep employment growth relatively modest. Longer term, slow population, and labor force growth with few high tech jobs will result in below average per capita income. This will cause the area to trail Alabama and the nation across key economic indicators.

### **Competition**

Despite competition, FMB is a leader in deposits in the Florence-Muscle Shoals MSA assessment area. In addition to competing with large national and regional banks, FMB competes with local banks. As of June 30, 2022, 13 FDIC-insured institutions operated 48 offices within the assessment area. The top five banks, by deposit market share, were Bank Independent; First Metro Bank; First Southern Bank; Regions Bank; and CB&S Bank, Inc., accounting for 77.1 percent of the deposit market share. FMB ranked 2<sup>nd</sup> in deposits with a market share of 21.3 percent.

There is a high level of competition for small business loans. FMB is not required to collect or report its small business loan data, and has not elected to do so. Therefore, the analysis of small business loans under the Lending Test does not include a comparison against aggregate data. The 2021 aggregate data (the most recently available) shows that 74 lenders reported 2,851 small business loans in the assessment area. The top five lenders (by number of loans), accounting for 62.9 percent of the total market share, were Bank Independent; American Express National Bank; Synchrony Bank; JPMorgan Chase, N.A.; and, Capital One Bank (USA), N.A.

There is a high level of competition for home mortgage loans. FMB is required to collect and report its home mortgage loan data. The analysis of home mortgage loans under the Lending Test includes a comparison against aggregate data. The 2021 aggregate data (the most recently available) shows that 286 lenders reported 9,566 home mortgage loans in the assessment area. The top five home mortgage originators (by number of loans), accounting for 33.0 percent of the total market share, were Bank Independent, Regions Bank, Rocket Mortgage, Trustmark National Bank, and Listerhill Credit Union. FMB ranked 14<sup>th</sup> in home mortgage originations with a market share of 2.0 percent.

### **Community Contact**

Examiners rely on contacts with community organizations to gain insight regarding the credit and community development needs of the bank's assessment area. Individuals interviewed provide information based upon their knowledge and expertise in the housing, business, or economic sectors.

Examiners used an existing community contact who represented an organization that promotes and provides services to businesses in the assessment area. The organization holds multiple events for entrepreneurs and local banks participate. The contact stated that there are approximately 5,000 businesses in the assessment area and there are opportunities for start-up funding. According to the contact, entrepreneurs and recent college graduates who want to start a business do not have many options and may struggle with creditworthiness. The contact noted further that there are no community-based foundations or organizations that could provide the funding for new businesses. The contact also stated that banks are doing a good job overall and are well invested in the organization's goal of promoting business throughout the assessment area.

### **Credit and Community Development Needs and Opportunities**

Considering information from the community contact, demographic information, and economic data, examiners identified certain credit needs and opportunities within the assessment area. The high number of low- and moderate-income families, at 20.6 percent and 18.6 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 56 and 53 years, respectively indicates a significant need for home improvement loans. Further, a need for loans supporting small businesses is evident, as small businesses comprise a significant majority at 86.5 percent of the assessment area's businesses with gross annual revenues of \$1 million or less supports this conclusion.

## **CONCLUSIONS ON PERFORMANCE CRITERIA IN THE FLORENCE-MUSCLE SHOALS MSA ASSESSMENT AREA**

### **LENDING TEST**

FMB's geographic distribution of loans reflects reasonable dispersion throughout the assessment area. This conclusion was based on reasonable geographic distribution of small business and home mortgage loans. Additionally, the distribution of borrowers reflects, given the demographics of the assessment area, reasonable penetration among businesses of different sizes and individuals of different income levels (including low- and moderate-income). The reasonable distribution of small business loans supports this conclusion. Only those loans originated inside the assessment area are included in the analyses.

### **Geographic Distribution**

Overall, the geographic distribution of loans reflects reasonable dispersion throughout the assessment area. This conclusion is supported by the reasonable dispersion of small business and home mortgage loans.

#### *Small Business Loans*

The geographic distribution of small business loans reflects reasonable dispersion. Lending performance in low-income census tracts was below demographic data. The bank's performance in moderate-income census tracts was comparable to demographic data. The following table reflects the distribution of small business loans by income level of census tracts.

Geographic Distribution of Small Business Loans						
Tract Income Level		% of Businesses	#	%	\$(000s)	%
Low						
	2022	10.8	3	6.4	814	13.8
Moderate						
	2022	17.2	8	17.0	470	8.0
Middle						
	2022	54.7	30	63.8	4,387	74.4
Upper						
	2022	16.8	6	12.8	228	3.8
Not Available						
	2022	0.5	0	0.0	0	0.0
<b>Totals</b>						
		<b>100.0</b>	<b>47</b>	<b>100.0</b>	<b>5,899</b>	<b>100.0</b>

*Source: 2022 U.S. Census; 1/1/2022 - 12/31/2022 Bank Data. Due to rounding, totals may not equal 100.0 percent.*

### Home Mortgage Loans

The geographic distribution of home mortgage loans reflects reasonable dispersion. There are limited lending opportunities available in low-income census tracts as indicated by demographic data and aggregate lending performance. The bank's home mortgage lending in low-income census tracts is slightly above aggregate lending data and is comparable to demographic data. The bank's performance in moderate-income census tracts was above aggregate lending and demographic data. The following table details the distribution of home mortgage loans by income level of the census tracts.

Geographic Distribution of Home Mortgage Loans							
Tract Income Level		% of Owner-Occupied Housing Units	Aggregate Performance % of #	#	%	\$(000s)	%
Low							
	2021	1.5	0.5	2	1.2	660	1.2
Moderate							
	2021	11.7	10.3	20	12.3	2,161	4.0
Middle							
	2021	66.6	64.2	102	62.6	39,806	74.0
Upper							
	2021	20.2	24.9	39	23.9	11,172	20.8
Not Available							
	2021	0.0	0.0	0	0.0	0	0.0
<b>Totals</b>							
	<b>2021</b>	<b>100.0</b>	<b>100.0</b>	<b>163</b>	<b>100.0</b>	<b>53,799</b>	<b>100.0</b>

*Source: 2015 ACS; Bank Data, 2021 HMDA Aggregate Data. Due to rounding, totals may not equal 100.0 percent.*

## **Borrower Profile**

The distribution of borrowers reflects, given the demographics of the assessment area, reasonable penetration among individuals of different income levels and businesses of different sizes.

### *Small Business Loans*

The distribution of borrowers reflects a reasonable penetration among businesses of different sizes. The bank's performance is below the percentage of businesses with gross annual revenues of \$1.0 million or less. It is noted that revenue was not available for ten or 21.3 percent of borrowers. If those loans are excluded, 78.4 percent of the loans have 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>
<b>&lt;=\$1,000,000</b>					
2022	86.5	29	61.7	3,376	57.2
<b>&gt;1,000,000</b>					
2022	3.7	8	17.0	2,050	34.8
<b>Revenue Not Available</b>					
2022	9.8	10	21.3	473	8.0
<b>Total</b>					
<b>2022</b>	<b>100.0</b>	<b>47</b>	<b>100.0</b>	<b>5,899</b>	<b>100.0</b>
<i>Source: 2022 D&amp;B Data; 1/1/2022 - 12/31/2022 Bank Data. Due to rounding, totals may not equal 100.0 percent.</i>					

### *Home Mortgage Loans*

Lending to borrowers of different income levels reflects reasonable penetration. As shown in the following table, lending to low-income borrowers was comparably below aggregate lending and significantly below demographic data, but is considered reasonable. Lending performance to moderate-income borrowers was below demographics and aggregate lending, but is reasonable.

<b>Distribution of Home Mortgage Loans by Borrower Income Level</b>						
<b>Borrower Income Level</b>	<b>% of Families</b>	<b>Aggregate Performance % of #</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
<b>Low</b>						
2021	21.4	7.5	11	6.7	515	1.0
<b>Moderate</b>						
2021	17.4	16.7	20	12.3	1,970	3.7
<b>Middle</b>						
2021	20.8	19.3	20	12.3	2,218	4.1
<b>Upper</b>						
2021	40.4	33.8	86	52.8	20,957	39.0
<b>Not Available</b>						
2021	0.0	22.7	26	16.0	28,139	52.3
<b>Totals</b>						
<b>2021</b>	<b>100.0</b>	<b>100.0</b>	<b>163</b>	<b>100.0</b>	<b>53,799</b>	<b>100.0</b>
<i>Source: 2015 ACS; Bank Data, 2021 HMDA Aggregate Data. Due to rounding, totals may not equal 100.0 percent.</i>						

## **COMMUNITY DEVELOPMENT TEST**

FMB demonstrates excellent responsiveness to community development needs in its assessment area through community development loans, qualified investments, and community development services. Examiners considered the bank's capacity and the needs and availability of such opportunities for community development in the Florence-Muscle Shoals MSA assessment area.

### **Community Development Loans**

During the evaluation period, the bank originated 45 community development loans totaling approximately \$35.8 million. Refer to the overall Community Development Loans section beginning on page 7 for notable examples of activity within this assessment area.

### **Qualified Investments**

During the evaluation period, the bank made 14 qualified investments and 54 qualified donations totaling \$5.8 million. All of the investments were made to organizations that supported community development activities in the assessment area. Refer to the overall Qualified Investments section beginning on page 8 for notable examples of activity within this assessment area.

### **Community Development Services**

During the evaluation period, bank management and other employees provided 128 instances of financial expertise, technical assistance, or financial literacy in the assessment area. Refer to the overall Community Development Services section beginning on page 9 for notable examples of activity within this assessment area.

## **HUNTSVILLE MSA ASSESSMENT AREA – Full-Scope Review**

### **DESCRIPTION OF INSTITUTION'S OPERATIONS IN THE HUNTSVILLE MSA ASSESSMENT AREA**

The Huntsville MSA Assessment Area consists of Limestone County. The bank operates two offices (18.2 percent) in this assessment area. The branches are located in a moderate- and upper-income census tract.

### **Economic and Demographic Data**

According to the 2020 U.S. Census data, this assessment area includes 23 census tracts, which consist of nine moderate-, nine middle-, and five upper-income census tracts. There are no low-income census tracts in the assessment area. The following table details demographic characteristics of the assessment area based on the 2020 U.S. Census data and the 2022 D&B data.

Demographic Information of the Assessment Area						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	23	0.0	39.1	39.1	21.7	0.0
Population by Geography	103,570	0.0	32.3	40.6	27.1	0.0
Housing Units by Geography	36,278	0.0	33.6	44.1	22.4	0.0
Owner-Occupied Units by Geography	25,128	0.0	28.8	46.8	24.4	0.0
Occupied Rental Units by Geography	7,597	0.0	45.4	37.5	17.0	0.0
Vacant Units by Geography	3,553	0.0	41.7	38.6	19.7	0.0
Businesses by Geography	7,066	0.0	30.1	42.1	27.7	0.0
Farms by Geography	382	0.0	24.9	55.2	19.9	0.0
Family Distribution by Income Level	22,926	23.1	19.9	24.2	32.8	0.0
Household Distribution by Income Level	0	0.0	0.0	0.0	0.0	0.0
Median Family Income MSA - 26620 Huntsville, AL MSA		\$85,279	Median Housing Value			\$176,425
			Median Gross Rent			\$742
			Families Below Poverty Level			8.7%

Source: 2020 U.S. Census and 2022 D&B Data. Due to rounding, totals may not equal 100.0 percent. (\*) The NA category consists of geographies that have not been assigned an income classification.

The *Geographic Distribution* criterion compares home mortgage loans to the distribution of owner-occupied housing units and small business loans to the percentage of businesses located in moderate-, middle-, and upper-income census tracts. As illustrated in the above table, 28.8 percent of owner-occupied housing units and 30.1 percent of businesses are located in moderate-income census tracts. Further, 8.7 percent of 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 in qualifying for a home mortgage loan.

Examiners used the FFIEC-updated 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 for 2021 in the assessment area.

Median Family Income Ranges for the Huntsville, AL MSA (26620)				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
2021 (\$82,900)	<\$41,450	\$41,450 to <\$66,320	\$66,320 to <\$99,480	≥\$99,480

Source FFIEC

The analysis of small business loans under the *Borrower Profile* criterion compares the distribution of small business lending by gross annual revenues. According to 2022 D&B data, gross annual revenues for these businesses are as follows:

- 90.3 percent have \$1 million or less,
- 2.4 percent have more than \$1 million, and
- 7.3 percent have unknown revenues.

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 assessment area, the state of Alabama, and the national unemployment rate declined from 2020 to 2022 as the economy continued to recover from the COVID-19 pandemic. The assessment area was consistently lower than the state and national unemployment rates throughout the period.

<b>Unemployment Rates for the Huntsville, AL MSA (26620)</b>			
<b>Area</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>
	<b>%</b>	<b>%</b>	<b>%</b>
Huntsville, AL MSA	4.7	2.4	2.1
State of Alabama	6.4	3.4	2.6
National Average	8.1	5.4	3.6
<i>Source: Bureau of Labor Statistics</i>			

According to D&B, the assessment area’s largest industries include service industries at 31.3 percent, followed by non-classifiable establishments at 25.0 percent, and retail trade at 10.8 percent. According to the Limestone Economic Development Council, major employers in Limestone County include Target Distribution (2,000), Polaris (1,996), Tennessee Valley Authority (1,500), Limestone County Schools (1,100), and Steelcase (975), collectively employing 7,571 individuals.

According to Moody’s *Economy.com, Inc., Précis Metro* dated February 2023; the Huntsville economy is advancing. Job growth accelerated in the fourth quarter and annual growth is now less than a percentage point behind the region. The public sector is performing well. Industry job growth is roughly triple the South’s average despite weakness among goods producers who are struggling with supply chain issues. The unemployment rate has inched higher in recent months due to a surge of new labor force entrants but remains low. The housing market is cooling rapidly but house price appreciation is still up. Manufacturing in the auto industry will support overall growth in the metro area over the coming year. The completion of the Mazda-Toyota plant resulted in a hiring surge. Longer term, the new facility will be a growth driver and encourage expansion of auto suppliers and downstream companies. Additionally, the military aerospace industry will support growth in high-tech services over the coming year.

Demographics and other structural factors are positive and population growth has significantly outpaced that of the nation over the past decade; this is expected to continue in coming years, boosting consumer services and housing. The labor pool is well trained, with the percentage of adults with a bachelor’s degree or above several percentage points higher than the national average.

Huntsville’s economy will expand at about the same pace as the nation’s in the near term, driven mainly by professional services and manufacturing. Longer term, the concentrations of manufacturing and aerospace-related industries, a highly educated labor force, and above-average population growth will enable the metro area to outperform Alabama and the nation.

**Competition**

There is a high level of competition for financial services in the assessment area. In addition to competing with national banks, FMB competes with larger regional and local banks. As of June 30, 2022, 10 FDIC-insured institutions operated 17 offices within the assessment area. The banks, by

deposit market share, were Regions Bank; First National Bank of Pulaski; Trustmark National Bank; PNC Bank, N.A.; and, Bank Independent. Collectively, these five banks account for 93.8 percent of the deposit market share. FMB ranked 6<sup>th</sup> in deposits with a market share of 2.9 percent.

There is a high level of competition for small business loans. FMB is not required to collect or report its small business loan data, and has not elected to do so. Therefore, the analysis of small business loans under the Lending Test does not include a comparison against aggregate data. The 2021 aggregate data (the most recently available) shows that 74 lenders reported 1,634 small business loans in the assessment area. The top five lenders (by number of loans), accounting for 49.4 percent of the total market share, were American Express National Bank; Bank Independent; Synchrony Bank; JPMorgan Chase Bank, N.A.; and, Capital One Bank, N.A.

There is a high level of competition for home mortgage loans. FMB is required to collect and report its home mortgage loan data. The analysis of home mortgage loans under the Lending Test includes a comparison against aggregate data. The 2021 aggregate data (the most recently available) shows that 332 lenders reported 10,906 home mortgage loans in the assessment area. The top five home mortgage originators (by number of loans), accounting for 26.1 percent of the total market share, were Redstone Federal Credit Union; Rocket Mortgage; Freedom Mortgage Corporation; Pennymac Loan Services, LLC; and, Wells Fargo Bank, N.A. FMB ranked 63<sup>rd</sup> in home mortgage originations with a market share of 0.3 percent.

### **Credit and Community Development Needs and Opportunities**

Considering information based on demographic information and economic data, examiners identified certain credit needs and opportunities within the assessment area. The high number of low- and moderate-income families, at 23.1 percent and 19.9 percent, respectively, indicates a continuing need for affordable housing. Additionally, the high median age of housing stock in moderate-income census tracts, at 37 years, indicates a significant need for home improvement loans. Further, a need for loans supporting small businesses is evident, as small businesses comprise a significant majority at 90.3 percent of the assessment area's businesses with gross annual revenues of \$1 million or less supports this conclusion.

## **CONCLUSIONS ON PERFORMANCE CRITERIA IN THE HUNTSVILLE MSA ASSESSMENT AREA**

### **LENDING TEST**

FMB's geographic distribution of loans reflects excellent dispersion within the Huntsville MSA Assessment Area. This conclusion was based on excellent geographic distribution of small business and home mortgage loans. Additionally, the distribution of borrowers reflects, given the demographics of the assessment area, reasonable penetration among businesses of different sizes and poor penetration among individuals of different income levels (including low- and moderate-income). The reasonable distribution of small business loans supports this conclusion. Only those loans originated inside the assessment area are included in the analyses.

## **Geographic Distribution**

The geographic distribution of loans reflects excellent dispersion throughout the assessment area. This conclusion is based on the excellent dispersion of small business and home mortgage loans. There are no low-income census tracts in this assessment area.

### *Small Business Loans*

The geographic distribution of small business loans reflects excellent dispersion. Lending performance in moderate-income census tracts significantly exceeded demographic data. The following table reflects the distribution of small business loans by income level of census tracts.

<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>
Moderate					
2022	30.1	6	60.0	846	87.0
Middle					
2022	42.1	3	30.0	116	12.0
Upper					
2022	27.8	1	10.0	10	1.0
Not Available					
2022	0.0	0	0.0	0	0.0
<b>Totals</b>					
	<b>100.0</b>	<b>10</b>	<b>100.0</b>	<b>972</b>	<b>100.0</b>
<i>Source: 2022 U.S. Census; 1/1/2022 - 12/31/2022 Bank Data. Due to rounding, totals may not equal 100.0 percent.</i>					

### *Home Mortgage Loans*

The geographic distribution of home mortgage loans reflects excellent dispersion. The bank's home mortgage lending in moderate-income census tracts significantly exceeded aggregate lending and was comparable to demographic data. The following table details the distribution of home mortgage loans by income level of census tracts.

Geographic Distribution of Home Mortgage Loans						
Tract Income Level	% of Owner-Occupied Housing Units	Aggregate Performance % of #	#	%	\$(000s)	%
Moderate						
2021	47.9	29.3	15	45.5	2,745	31.8
Middle						
2021	36.9	38.3	17	51.5	5,678	65.8
Upper						
2021	15.2	32.4	1	3.0	212	2.5
Not Available						
2021	0.0	0.0	0	0.0	0	0.0
<b>Totals</b>						
<b>2021</b>	<b>100.0</b>	<b>100.0</b>	<b>33</b>	<b>100.0</b>	<b>8,635</b>	<b>100.0</b>

Source: 2015 ACS; Bank Data, 2021 HMDA Aggregate Data. Due to rounding, totals may not equal 100.0 percent.

## **Borrower Profile**

Overall, the distribution of borrowers reflects, given the demographics of the assessment area, reasonable penetration among businesses of different sizes, and poor penetration among individuals of different income levels. This conclusion was based on reasonable penetration of small business loans.

### *Small Business Loans*

The distribution of borrowers reflects reasonable penetration among businesses of different sizes. As shown in the following table, the bank's performance is below the percentage of businesses with gross annual revenues of \$1.0 million or less. It is noted that the four loans with gross annual revenue greater than \$1 million represent one borrower. Revenue was not available for 7.3 percent of businesses in the area and 20.0 percent of borrowers. If these were excluded, the bank's performance increases slightly to 50.0 percent of the loans having gross annual revenues of \$1 million or less.

Distribution of Small Business Loans by Gross Annual Revenue Category						
Gross Revenue Level	% of Businesses	#	%	\$(000s)	%	
<=\$1,000,000						
2022	90.3	4	40.0	140	14.4	
>1,000,000						
2022	2.4	4	40.0	618	63.6	
Revenue Not Available						
2022	7.3	2	20.0	214	22.0	
<b>Total</b>						
<b>2022</b>	<b>100.0</b>	<b>10</b>	<b>100.0</b>	<b>972</b>	<b>100.0</b>	

Source: 2022 D&B Data; 1/1/2022 - 12/31/2022 Bank Data. Due to rounding, totals may not equal 100.0 percent.

### Home Mortgage Loans

Lending to borrowers of different income levels reflects poor penetration. As shown in the following table, the bank did not originate any loans to low-income borrowers. However, there is limited lending opportunities available in these tracts, as reflected by lower aggregate performance. In addition, families living below the poverty level at 8.7 percent would not readily qualify for a conventional home mortgage loan given the median housing value of \$176,425. Lending to moderate-income borrowers was significantly below both aggregate lending and demographic data. It is also noted that eight loans (24.2 percent) were made to businesses for investment purposes, where income is not applicable.

The bank’s home mortgage lending performance has fluctuated from 2020 to 2022. In 2020, lending to low- and moderate-income borrowers was below aggregate lending and demographic data, but considered reasonable. In 2022, lending to moderate-income borrowers increased significantly (23.1 percent) and exceeded the percentage of moderate-income families (19.9 percent).

Distribution of Home Mortgage Loans by Borrower Income Level						
Borrower Income Level	% of Families	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2021	27.2	7.5	0	0.0	0	0.0
Moderate						
2021	20.7	15.7	1	3.0	144	1.7
Middle						
2021	17.2	19.0	3	9.1	702	8.1
Upper						
2021	34.9	33.2	21	63.6	6,597	76.4
Not Available						
2021	0.0	24.7	8	24.2	1,192	13.8
<b>Totals</b>						
<b>2021</b>	<b>100.0</b>	<b>100.0</b>	<b>33</b>	<b>100.0</b>	<b>8,635</b>	<b>100.0</b>

*Source: 2015 ACS; Bank Data, 2021 HMDA Aggregate Data. Due to rounding, totals may not equal 100.0 percent.*

### COMMUNITY DEVELOPMENT TEST

FMB demonstrates excellent responsiveness to community development needs in its assessment area through community development loans, qualified investments, and community development services. Examiners considered the bank’s capacity and the needs and availability of such opportunities for community development in the Huntsville-Limestone MSA assessment area.

## **Community Development Loans**

During the evaluation period, FMB originated five community development loans totaling \$10.0 million. Below is a notable example of community development loan activity within this assessment area. Refer to the overall Community Development Loans section beginning on page 7 for other examples.

- In 2022, the bank originated a \$2.5 million loan to purchase and renovate a hotel in the Huntsville-Limestone MSA. The hotel created 25 jobs for low- and moderate-income individuals in the assessment area

## **Qualified Investments**

During the evaluation period, the bank made two qualified investments and six qualified donations totaling \$1.9 million. All of the investments were made to organizations that supported community development activities in the assessment area. Refer to the overall Qualified Investments section beginning on page 8 and below for notable examples of activity within this assessment area.

- In 2022, the bank donated \$850 to an organization affiliated with a hospital that serves low- and moderate-income communities in the Huntsville-Limestone MSA.
- In 2023, the bank donated \$500 to an organization in the Huntsville-Limestone MSA that serves families who make between 25 percent and 60 percent of the area median income, which includes low- and moderate-income individuals.

## **Community Development Services**

During the evaluation period, bank management and other employees provided 12 instances of financial expertise, technical assistance, or financial literacy in the assessment area. Below are notable example of community development loan activity notable examples of activity within this assessment area.

- In 2022, two lending employees volunteered on six occasions to teach financial literacy to students at an elementary school in Limestone County.
- In 2021, a branch manager served on the Board of the Athens-Limestone Hospital Foundation by approving the budgets and the monthly financials for the organization.

## ALABAMA NMSA ASSESSMENT AREA – Full-Scope Review

### DESCRIPTION OF INSTITUTION’S OPERATIONS IN THE ALABAMA NMSA ASSESSMENT AREA

The Alabama NMSA Assessment Area consists of Franklin County. The bank operates one office (9.1 percent) in this assessment area, which is located in a middle-income census tract.

#### **Economic and Demographic Data**

According to the 2020 U.S. Census data, this assessment area includes 11 census tracts, which consist of one low-, one moderate-, eight middle-, and one upper-income census tracts. The following table details demographic characteristics of the assessment area based on the 2020 U.S. Census data and the 2022 D&B data.

<b>Demographic Information of the 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)	11	9.1	9.1	72.7	9.1	0.0
Population by Geography	32,113	4.4	10.2	75.8	9.6	0.0
Housing Units by Geography	14,082	5.2	11.2	73.5	10.0	0.0
Owner-Occupied Units by Geography	7,828	5.3	10.0	72.4	12.3	0.0
Occupied Rental Units by Geography	3,189	5.1	13.9	76.3	4.7	0.0
Vacant Units by Geography	3,065	5.2	11.6	73.6	9.6	0.0
Businesses by Geography	1,776	4.1	8.6	80.5	6.9	0.0
Farms by Geography	84	4.8	13.1	75.0	7.1	0.0
Family Distribution by Income Level	7,570	27.3	17.2	17.9	37.6	0.0
Household Distribution by Income Level	0	0.0	0.0	0.0	0.0	0.0
Median Family Income MSA - Alabama NMSAs (99999)		\$55,960	Median Housing Value			\$105,326
			Median Gross Rent			\$563
			Families Below Poverty Level			16.2%

Source: 2020 U.S. Census and 2022 D&B Data. Due to rounding, totals may not equal 100.0 percent. (\*) The NA category consists of geographies that have not been assigned an income classification.

The *Geographic Distribution* criterion compares home mortgage loans to the distribution of owner-occupied housing units and small business loans to the percentage of businesses located in moderate-, middle-, and upper-income census tracts. As illustrated in the above table, 5.3 percent of owner-occupied housing units and 4.1 percent of businesses are located in low-income census tracts. Additionally, 10.0 percent of owner-occupied housing units and 8.6 percent of businesses are located in moderate-income census tracts. Further, 16.2 percent of families have incomes below the federal poverty level, which poses a significant challenge for home mortgage lending to low-income families, as these families likely face difficulty in qualifying for a home mortgage loan.

The analysis of small business loans under the *Borrower Profile* criterion compares the distribution of small business lending by gross annual revenues. According to 2022 D&B data, gross annual revenues for these businesses are as follows:

- 83.4 percent have \$1 million or less,
- 3.9 percent have more than \$1 million, and
- 12.7 percent have unknown revenues.

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 assessment area, the state of Alabama, and the national unemployment rate declined from 2020 to 2022 as the economy continued to recover from the COVID-19 pandemic. The assessment area was consistently lower than the state and national unemployment rates throughout the period.

<b>Unemployment Rates for the Alabama NMSA (99999)</b>			
<b>Area</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>
	<b>%</b>	<b>%</b>	<b>%</b>
Alabama NMSA	4.9	2.5	2.3
State of Alabama	6.4	3.4	2.6
National Average	8.1	5.4	3.6
<i>Source: Bureau of Labor Statistics</i>			

According to D&B, the assessment area’s largest industries include service industries at 28.4 percent, followed by non-classifiable establishments at 21.2 percent, and retail trade at 14.6 percent. According to the Franklin County Development Authority, major employers in Franklin County include Tiffin MotorHomes, Inc. (1,215), Pilgrim’s (1,000), Franklin County Board of Education (454), Sunshine Mills (450), and Innovative Hearth Products (425), collectively employing 3,544 individuals.

**Competition**

There is a high level of competition for financial services in the assessment area. In addition to competing with larger regional banks, FMB competes with local banks. As of June 30, 2022, five FDIC-insured institutions operated 17 offices within the assessment area. The banks, by deposit market share, were CB&S Bank, Inc.; Community Spirit Bank; Valley State Bank; Bank Independent; and, First Metro Bank. Collectively, these five banks account for 100.0 percent of the deposit market share. FMB ranked 5<sup>th</sup> in deposits with a market share of 4.9 percent.

There is a high level of competition for small business loans. FMB is not required to collect or report its small business loan data, and has not elected to do so. Therefore, the analysis of small business loans under the Lending Test does not include a comparison against aggregate data. Aggregate data from 2021 is the most recently available data. The 2021 aggregate data shows that 42 lenders reported 418 small business loans in the assessment area. The top five lenders (by number of loans), accounting for 64.8 percent of the total market share, were CB&S Bank Inc.; American Express National Bank; Bank Independent; Synchrony Bank; and, JPMorgan Chase Bank, N.A.

There is a high level of competition for home mortgage loans. FMB is required to collect and report its home mortgage loan data. The analysis of home mortgage loans under the Lending Test includes a comparison against aggregate data. Aggregate data from 2021 is the most recently available data. The 2021 aggregate data shows that 121 lenders reported 1,001 home mortgage loans in the assessment area. The top five home mortgage originators (by number of loans), accounting for 37.5 percent of the total market share, were CB&S Bank Inc.; Rocket Mortgage; Listerhill Credit Union; 21st Mortgage; and, Community Bank, N.A. FMB did not originate any home mortgage loan in the assessment area in 2021.

### **Credit and Community Development Needs and Opportunities**

Considering information based on demographic information and economic data, examiners identified certain credit needs and opportunities within the assessment area. The high number of low- and moderate-income families, at 27.3 percent and 17.2 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 42 and 37 years, respectively, indicates a significant need for home improvement loans. Further, a need for loans supporting small businesses is evident, as small businesses comprise a significant majority at 83.4 percent of the assessment area's businesses with gross annual revenues of \$1 million or less supports this conclusion.

## **CONCLUSIONS ON PERFORMANCE CRITERIA IN THE ALABAMA NMSA ASSESSMENT AREA**

### **LENDING TEST**

FMB's geographic distribution of loans reflects reasonable dispersion within the Alabama NMSA Assessment Area. This conclusion was based on reasonable geographic distribution of small business loans. Additionally, the distribution of borrowers reflects, given the demographics of the assessment area, reasonable penetration among businesses of different sizes. The reasonable distribution of small business loans supports this conclusion. FMB did not originate any home mortgage loans in the assessment area during the review period. Only those loans originated inside the assessment area are included in the analyses.

### **Geographic Distribution**

Overall, the geographic distribution of loans reflects reasonable dispersion throughout the assessment area. This conclusion is based on the reasonable dispersion of small business loans.

#### *Small Business Loans*

The geographic distribution of small business loans reflects reasonable dispersion. Lending performance in the one low-income census tract exceeds the demographic data. The bank did not originate any small business loans in the one moderate-income census tract in the assessment area. The following table reflects the distribution of small business loans by income level of census tracts.

<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					
2022	4.1	1	8.3	47	28.8
Moderate					
2022	8.6	0	0.0	0	0.0
Middle					
2022	80.5	11	91.7	116	71.2
Upper					
2022	6.8	0	0.0	0	0.0
Not Available					
2022	0.5	0	0.0	0	0.0
<b>Totals</b>					
	<b>100.0</b>	<b>12</b>	<b>100.0</b>	<b>163</b>	<b>100.0</b>

*Source: 2022 U.S. Census; 1/1/2022 - 12/31/2022 Bank Data. Due to rounding, totals may not equal 100.0 percent.*

### **Borrower Profile**

The distribution of borrowers reflects, given the demographics of the assessment area, reasonable penetration among businesses of different sizes.

#### *Small Business Loans*

The distribution of borrowers reflects a reasonable penetration among businesses of different sizes. The bank's performance is below the percentage of businesses with gross annual revenues of \$1million or less. It is noted that revenue was not available for 12.7 percent of businesses in the area and 41.7 percent of borrowers. If these were excluded, the bank's performance increases to 85.7 percent, which is comparable to demographics.

<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					
2022	83.4	6	50.0	44	27.0
>1,000,000					
2022	3.9	1	8.3	20	12.3
Revenue Not Available					
2022	12.7	5	41.7	99	60.7
<b>Total</b>					
<b>2022</b>	<b>100.0</b>	<b>12</b>	<b>100.0</b>	<b>163</b>	<b>100.0</b>

*Source: 2022 D&B Data; 1/1/2022 - 12/31/2022 Bank Data. Due to rounding, totals may not equal 100.0 percent.*

## **COMMUNITY DEVELOPMENT TEST**

FMB demonstrates excellent responsiveness to community development needs in its assessment area through community development loans, qualified investments, and community development services. Examiners considered the bank's capacity and the needs and availability of such opportunities for community development in the NMSA Assessment Area.

### **Community Development Loans**

During the evaluation period, the bank originated one community development loan totaling approximately \$1.2 million to construct a store in a middle-income census tract. Although the store is located in a middle-income census tract, its target market is fixed-income households.

### **Qualified Investments**

During the evaluation period, the bank made 18 qualified donations totaling \$2,800. All of the donations were made to organizations that supported community development activities in the assessment area. Below are notable examples of activity within this assessment area.

- In 2021, the bank donated \$250 to a non-profit organization to promote community service by assisting with scholarships for students in a low-or moderate-income area within Franklin County.
- In 2023, the bank donated \$250 to a school in Franklin County that serves low-or moderate-income families.

### **Community Development Services**

During the evaluation period, bank management and other employees provided 14 instances of financial expertise, technical assistance, or financial literacy in the assessment area. Below are notable examples of activity within this assessment area.

- In 2022, an employee volunteered on two occasions to teach financial literacy to students at an elementary school in Franklin County.
- In 2023, a manager volunteered on three occasions to teach financial literacy to students at a high school in Franklin County.

## 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.