

# **PUBLIC DISCLOSURE**

September 25, 2018

## **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

AB&T

Certificate Number: 35029

2815 Meredyth Drive  
Albany, Georgia 31707

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

Ten 10<sup>th</sup> Street, Northwest, 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.

## 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.

AB&T's satisfactory Community Reinvestment Act (CRA) performance under the lending performance criteria supports the overall rating. Examiners did not identify any evidence of discriminatory or other illegal credit practices. The following points summarize the bank's Lending Test performance.

- Loan-to-Deposit Ratio - The institution's average net loan-to-deposit ratio of 93.4 percent reflects a reasonable responsiveness to the credit needs of the community based on its size, financial condition, product and service offering, and branch network.
- Assessment Area Concentration - A majority of the small business and home mortgage loans, both by number and dollar volume, was originated within the assessment area.
- Geographic Distribution of Loans - The geographic distribution of small business and home mortgage loans reflects a reasonable dispersion throughout the assessment area.
- Borrowers Profile Distribution of Loans - The distribution of small business and home mortgage loans to borrowers reflects, given the demographics of the assessment area, reasonable penetration among businesses of different sizes and individuals of different income levels.
- Response to Complaints - The bank has not received any CRA-related complaints since the previous evaluation dated February 21, 2012.

## SCOPE OF EVALUATION

### General Information

This evaluation covers the period from the previous evaluation, dated February 21, 2012, to the current evaluation, dated September 25, 2018. Examiners used the Small Institution Examination Procedures to evaluate the CRA Performance Evaluation of AB&T. Effective January 1, 2018, small institutions are banks with assets of less than \$1.252 billion as of December 31 of either of the prior two calendar years. The asset threshold level adjusts annually based on changes in the Consumer Price Index. As of December 31, 2016 and December 31, 2017, AB&T's assets totaled \$150.4 million and \$179.9 million, respectively, meeting the asset threshold level for Small Institutions. These procedures include the Lending Test only.

The Lending Test considered the institution's performance according to the following criteria.

- Loan-to-deposit ratio
- Assessment area concentration
- Geographic distribution
- Borrower profile
- Response to CRA-related complaints

### Loan Products Reviewed

The CRA regulation requires a review of a bank's lending performance with respect to home mortgage, small business, and small farm loans, if significant. Examiners determined that the bank's major product lines are commercial (52.1 percent) and residential (26.1) loans. Small farm loans were not reviewed, as they do not represent a major product line for the bank and would not provide a meaningful analysis. Also, no other loan types, such as consumer loans represent a major product line. Therefore, they provided no material support for conclusions or ratings and are not presented. This determination was based on the June 30, 2018 Consolidated Reports of Condition and Income (Call Report).

The bank's record of originating small business loans contributed more weight to the overall conclusions due to the larger loan volume when compared to home mortgage lending during the most recent calendar year. The following table shows the bank's originations and purchases over the most recent lending review period, by loan type, from January 1, 2017 to December 31, 2017.

Loans Originated or Purchased from January 1, 2017 through December 31, 2017				
Loan Category	#	%	\$(000s)	%
Construction, Land Development, and Other Land Loans	5	2.4	3,375	8.0
Secured by Farmland	3	1.4	3,850	9.1
Secured by 1-4 Family Residential Properties	68	32.5	7,808	18.5
Secured by Multi-family (5 or more) Residential Properties	1	0.5	1,371	3.2
Secured by Non-farm Non-Residential Properties	10	4.8	6,435	15.2
<b>Total Real Estate Loans</b>	<b>87</b>	<b>41.6</b>	<b>22,839</b>	<b>54.0</b>
Commercial and Industrial Loans	69	33.0	17,541	41.4
Agricultural Production and Other Loans to Farmers	1	0.5	650	1.5
Consumer	52	24.9	1,312	3.1
Obligations of States and Political Subdivisions in the United States	--	--	--	--
Other Loans	--	--	--	--
<b>Total Loans</b>	<b>209</b>	<b>100.0</b>	<b>42,342</b>	<b>100.0</b>

A small business loan is defined in the Call Report as a loan originated in the amount of \$1 million or less and includes loans secured by non-farm, non-residential properties and commercial and industrial loans. From January 1, 2017 through December 31, 2017, AB&T originated 76 small business loans totaling approximately \$14.6 million, of which the universe was used to evaluate the bank's small business lending performance. This timeframe was selected because it is considered to be a representative of the bank's performance since the previous CRA evaluation.

A home mortgage loan is defined as a loan secured by 1-4 family or multi-family residential properties. AB&T operates in a Metropolitan Statistical Area (MSA); therefore, it is required to record and submit home mortgage data pursuant to the Home Mortgage Disclosure Act (HMDA). As such, home mortgage loan data was obtained from the institution's 2016 and 2017 HMDA Loan Application Registers (LAR). For 2016, the bank reported 37 loans totaling \$7.0 million, and for 2017 the bank reported 31 loans totaling \$4.6 million. Examiners did not identify any trends from 2016 to 2017 that materially affect conclusions. All of the originated loans were used to evaluate the bank's home mortgage lending performance. U.S. Census data for 2010 and the American Community Survey (ACS) data for 2015 provided a standard of comparison for home mortgage loans made in 2016 and 2017, respectively. Refer to the *Description of Assessment Area* section for more details regarding census data.

The analysis of the lending performance focused on the number of loans originated rather than the dollar volume since loans extended to low- and moderate-income borrowers, as well as to smaller businesses, are generally for smaller dollar amounts. Dollar volume will only be addressed when materially different from the numerical percentages noted in the table or if it is otherwise meaningful to the analysis.

## DESCRIPTION OF INSTITUTION

### **Background**

AB&T is a state-chartered commercial bank headquartered in Albany, Georgia. The bank is a wholly-owned subsidiary of Community Capital Bancshares, Inc., a one-bank holding company also headquartered in Albany. AB&T received an “Outstanding” rating during its previous CRA evaluation, dated February 21, 2012, which was conducted by the Office of the Comptroller of the Currency (OCC) based on Small Institution Examination Procedures. Effective December 30, 2016, AB&T converted to a commercial bank chartered under the laws of the State of Georgia and simultaneously changed from an OCC- to an FDIC-supervised institution. This is the first CRA Performance Evaluation conducted by the FDIC since the charter conversion.

### **Operations**

AB&T operates one full-service banking office and one drive-through office in Albany, Dougherty County, Georgia, and one full-service office in Leesburg, Lee County, Georgia. The main office is located at 2815 Meredyth Drive, Albany, Georgia, which is located in an upper-income census tract (0005.02). The drive-through facility is located at 241 Pine Avenue, Albany, Georgia, which is located in a low-income census tract (0114.00). The Lee County branch is located at 1204-A Highway 19 South, Leesburg, Georgia, which is located in an upper-income census tract (0204.02). The previous evaluation reflected that AB&T operated full-service facilities in Georgia and Alabama. However, AB&T closed its Auburn, Alabama branch on June 28, 2012, and no longer operates within the State of Alabama. The close of the bank’s Alabama branches did not have a negative impact on low- and moderate-income census tracts. There has been no change to the bank's operations since the 2016 charter conversion. All branch offices are reasonably accessible to all segments of the bank’s assessment area, and do not arbitrarily exclude any low- and moderate-income neighborhoods.

Main office lobby hours are Monday through Thursday 9:00 a.m. to 4:00 p.m.; Friday 9:00 a.m. to 5:00 p.m.; and Saturday 9:00 a.m. to 12:00 p.m. Drive-through services is Monday through Thursday 8:30 a.m. to 4:30 p.m.; Friday 8:30 a.m. to 5:00 p.m.; and Saturday 9:00 a.m. to 12:00 p.m. The Lee County branch lobby hours are Monday through Friday 9:00 a.m. to 4:00 p.m. and closed on Saturday. Drive-through service is Monday through Friday 8:30 a.m. to 5:00 p.m. The Pine Avenue drive-through facility hours are Monday through Thursday 8:30 a.m. to 4:30 p.m.; Friday 8:30 a.m. to 5:00 p.m.; and closed on Saturday. All three offices are equipped with an automatic teller machine.

AB&T is primarily a small business lender with a secondary focus on home mortgage lending. AB&T offers a variety of business, farm, and consumer credit products that meet the needs of its community. Commercial and agricultural product offerings include real estate, construction, equipment, livestock, and operating lines of credit. Consumer loan products offered include residential mortgage, construction, lot, home improvement, mobile home, home equity, and various personal secured (automobiles, recreational vehicles, boats, CDs, and savings), and unsecured loans. AB&T also offers residential mortgage loans services by providing its customers with access to long-term fixed rates through the secondary market. These loans products include low or no down-payment products including: VA, FHA, USDA, and conventional mortgage.

Deposit products offered to consumers and businesses are typical for an institution of this size and include non-interest bearing checking, interest checking, savings, and money market accounts. Certificates of deposit are also available. Other services offered by AB&T include, but are not limited to, safe deposit boxes, and a night depository. The bank's website, [www.abtgold.com](http://www.abtgold.com), provides free electronic banking services to both consumer and commercial customers through mobile banking, online banking, and online bill payment. The bank also offers telephone banking.

### **Ability and Capacity**

As of June 30, 2018, assets totaled approximately \$178.3 million. Total loans were \$142.7 million or 80.1 percent of total assets. The loan portfolio is illustrated in the following table.

<b>Loan Portfolio Distribution as of June 30, 2018</b>		
<b>Loan Category</b>	<b>\$(000s)</b>	<b>%</b>
Construction and Land Development	4,089	2.9
Secured by Farmland	9,943	7.0
1-4 Family Residential	37,312	26.1
Multi-family (5 or more) Residential	5,044	3.5
Commercial Real Estate	40,714	28.5
<b>Total Real Estate Loans</b>	<b>97,102</b>	<b>68.0</b>
Commercial and Industrial	33,653	23.6
Agricultural	6,800	4.8
Consumer	5,219	3.6
Other	9	0.0
Less: Unearned Income	--	--
<b>Total Loans</b>	<b>142,783</b>	<b>100.0</b>
<i>Source: 6/30/2018 Call Report</i>		

Considering the above factors, the bank provides for the credit needs of its assessment area consistent with its size, financial capacity, and local economic conditions. Examiners did not identify any financial, legal, or other impediments that would affect AB&T's ability to meet the credit needs of its assessment area.

## **DESCRIPTION OF ASSESSMENT AREA**

Since the previous CRA evaluation, AB&T's assessment area has changed. As previously stated AB&T closed its Auburn, Alabama branch on June 28, 2012, and no longer operates within the State of Alabama. However, there has been no change to the bank's defined assessment area since the 2016 charter conversion. AB&T has defined its assessment area as all of Dougherty and Lee Counties. These two counties are part of a five-county area that comprises the Albany, Georgia, MSA. The assessment area has been delineated in accordance with the technical requirements of the CRA regulation, which consists of whole census tracts that do not arbitrarily exclude low- or moderate-income census tracts, and include the census tracts where the bank's offices are located and where a majority of its loans are originated.

**Economic and Demographic Data**

With the 2010 U.S. Census, the U.S. Census Bureau revised its approach to collecting a significant portion of the population and demographic data that examiners use in the CRA performance evaluation process. Federal banking agencies now update census data used in CRA performance evaluations to provide more current and accurate data through the use of the 2015 ACS data. For the purposes of this evaluation, the 2010 U.S. Census data was utilized to compare the bank’s home mortgage lending performance in 2016. The 2015 ACS data was utilized to compare the bank’s home mortgage lending performance in 2017. Tables throughout this evaluation denote which data was utilized.

The bank’s assessment area consists of all 32 census tracts in Dougherty and Lee Counties. Based on the 2015 ACS data, these census tracts have the following income designations:

- 4 low-income census tracts,
- 10 moderate-income census tracts,
- 7 middle-income census tracts, and
- 11 upper-income census tracts.

This data has changed the structure of the 32 census tracts from the 2010 Census data when the assessment area consisted of 7 low-income, 6 moderate-income, 6 middle-income; and 13 upper-income census tracts. The following table illustrates select demographic characteristics of the assessment area based on the 2015 ACS data.

Demographic Information of the Assessment Area						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	32	12.5	31.3	21.9	34.4	0.0
Population by Geography	122,256	10.2	32.0	17.9	40.0	0.0
Housing Units by Geography	51,295	9.6	35.1	19.3	35.9	0.0
Owner-Occupied Units by Geography	23,373	4.0	22.2	18.4	55.4	0.0
Occupied Rental Units by Geography	22,097	14.4	45.2	20.6	19.8	0.0
Vacant Units by Geography	5,825	13.9	48.8	18.3	19.0	0.0
Businesses by Geography	7,321	14.9	29.2	15.7	40.2	0.0
Farms by Geography	311	3.9	19.0	17.0	60.1	0.0
Family Distribution by Income Level	29,998	24.2	16.0	16.4	43.4	0.0
Household Distribution by Income Level	45,470	26.9	14.3	16.0	42.8	0.0
Median Family Income MSA - 10500 Albany, GA MSA		\$44,715	Median Housing Value			\$107,096
			Median Gross Rent			\$715
			Families Below Poverty Level			21.3%

*Source: 2015 ACS Census and 2017 D&B Data*  
 (\*) The NA category consists of geographies that have not been assigned an income classification.

As reflected in the above table, the assessment area contains 32 census tracts and a population of 122,256. The number of households in the assessment area is 45,470, of which 29,998 of these households are families. Low-income families account for 24.2 percent of the families, and moderate-income families account for 16.0 percent of the families within the assessment area. As reflected in the above table, the median housing value is 2.4 times higher than the median family income. Further, 21.3 percent of families have income below the poverty level.

For purposes of CRA evaluations, individuals are categorized as low-, moderate-, middle-, or upper-income based on their respective income levels as a percentage of the median family income. The parameters for each census tract income level are categorized in a similar fashion. The Federal Financial Institutions Examination Council's (FFIEC) updated median family income level is used to analyze home mortgage loans under the *Borrower Profile* criterion. The FFIEC's estimated Median Family Income levels for 2016 and 2017 were used to analyze home mortgage loans. The following table stratifies the FFIEC Median Family Income ranges for this assessment area.

Median Family Income Ranges				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
2016 (\$41,700)	<\$20,850	\$20,850 to <\$33,360	\$33,360 to <\$50,040	≥\$50,040
2017 (\$47,300)	<\$23,650	\$23,650 to <\$37,840	\$37,840 to <\$56,760	≥\$56,760

*Source: FFIEC Estimated median family income data*

Unemployment statistics reflect improvements within the assessment area. Although improving trends were noted, as of December 2017, the Albany MSA's unemployment rate was higher than the State of Georgia and United States (U.S.) averages. It is noted that unemployment rates are not available for specific census tracts. The following table depicts improving unemployment rates in this assessment area during the evaluation period.

Unemployment Rates			
Geographic Area	Annual Unemployment Rates*		
	2015	2016	2017**
U.S.	5.3	4.9	4.4
State of Georgia	5.4	5.2	4.3
Albany, Georgia MSA	6.3	5.8	4.9

*Source: U.S. Bureau of Labor and Statistics; \*Not seasonally adjusted; \*\*As of December 2017*

According to the 2017 Dun & Bradstreet (D&B) data, there were 7,321 non-farm businesses operating in the assessment area. Reported gross annual revenues (GARs) for these businesses were:

- 79.6 percent reported GARs of \$1.0 million or less.
- 5.5 percent reported GARs of more than \$1.0 million.
- 14.9 percent did not report GARs.



The analysis of small business loans under the *Borrower Profile* criterion compares the distribution of businesses by GAR level. The services industry category captures the most businesses (45.3 percent) in the assessment area, followed by retail trade (15.1 percent), and finance, insurance, and real estate (8.8 percent). In addition, 67.3 percent of businesses have four or fewer employees, and 84.3 percent operate from a single location. The following table presents the top ten largest employers covered by unemployment insurance including government agencies, correctional institutions, state and local hospitals, state colleges and universities. Employers are listed alphabetically, not by the number of employees.

County	Largest Employers	
Dougherty County, Georgia	Albany State University Dockery, Odom & Deriso Veterinarians Integra Business Alternatives, LLC Marine Corp Logistics Base (MCLB) MillerCoors, LLC	Phoebe Physicians Group, Inc. Phoebe Putney Memorial Hospital, Inc. Teleperformance USA The Procter & Gamble Paper Products Walmart
Lee County, Georgia	Bishop Clean Care, Inc. Employee Professionals Georgia Department of Corrections McCleskey Mills, Inc. Olam Americas, Inc.	Oxford Construction Company Parker Security & Investigative Services Publix Super Market, Inc. Woodgrain Millwork, Inc. XLC Personnel Services, LLC

*Source: Georgia Department of Labor*

### **Competition**

AB&T faces strong competition from financial institutions operating in the assessment area. According to the FDIC Deposit Market Share data as of June 30, 2017, there are 11 FDIC-insured financial institutions that operate 28 branch offices within the assessment area. Six institutions have a market share of greater than 10.0 percent. The leaders in deposit market share are Renasant Bank (17.8 percent); Synovus Bank (15.1 percent); Ameris Bank (12.3 percent); SunTrust Bank (11.9 percent); and Regions Bank (11.6 percent). AB&T's market share of 7.7 percent ranked seventh.

A high level of competition also exists for home mortgage loans among several banks, credit unions, and non-depository mortgage lenders. In 2017, 173 lenders reported a total of 2,280 residential mortgage loans originated or purchased within the assessment area. AB&T ranked 27<sup>th</sup> out of this group of lenders, with a market share of 1.2 percent. The most prominent home mortgage lenders (Wells Fargo Bank, NA; Bank of Terrell; Renasant Bank; and PennyMac Loan Services) accounted for 21.8 percent of the total market share.

### **Community Contact**

While preparing CRA evaluations, examiners often contact community representatives to gain insight regarding the credit needs and economic conditions of a bank's assessment area. A contact familiar with the economic conditions in the assessment area reported that all known general banking or credit needs are being addressed by the area's financial institutions. The contact identified East Albany as a low- and moderate-income area within the community. The area is bounded to the east by the Flint River and to the south by the Albany Marine Corps Logistics Base. The contact stated that Dougherty County receives the maximum state income tax credit for each new job to Georgia due to meeting certain economic criteria. The contact explained that Dougherty County's unemployment rate is higher than the State of Georgia's rate,

as well as the national rate. The contact mentioned that the community gets support from local banks that provide a great amount of resources to the community in terms of both money and time. In terms of community banks, the contact mentioned AB&T, Ameris Bank, and Flint Community Bank as leaders. In terms of regional banks, the contact mentioned SunTrust Bank and Synovus Bank as leaders.

## **CONCLUSIONS ON PERFORMANCE CRITERIA**

### **LENDING TEST**

AB&T demonstrated satisfactory performance relative to its lending within the assessment area. This conclusion is supported by the institution's small business and home mortgage lending evaluated pursuant to the following criteria: (1) loan-to-deposit ratio (LTD); (2) assessment area concentration; (3) geographic distribution; (4) borrower profile; and (5) response to CRA-related complaints. These five performance categories are detailed below.

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

The LTD ratio is reasonable given the institution's size, financial condition, and assessment area credit needs. During the past 27 quarters since the previous CRA evaluation, the bank's net loan-to-deposit ratio has averaged approximately 93.4 percent. The ratio ranged from a low of 82.1 percent as of March 31, 2012, to a high of 106.8 percent as of September 30, 2016. The following table shows the average net LTD ratio for AB&T and two similarly situated banks for the same period. As shown in the table, AB&T's average net LTD ratio nearly equally compared to one and is higher than the other similarly situated institutions.

<b>Loan-to-Deposit Ratio Comparison</b>		
<b>Bank</b>	<b>Total Assets as of 6/30/2018</b>	<b>Average Net LTD</b>
AB&T, Albany, GA	178,303,000	93.4
Similarly Situated Bank #1	222,409,000	93.8
Similarly Situated Bank #2	156,806,000	84.9
<i>Source: Call Reports 12/31/2011 through 6/30/2018</i>		

### **Assessment Area Concentration**

The analysis of AB&T's lending efforts revealed that a majority of the bank's home mortgage and small business loans were originated inside the assessment area. Specifically, 80.9 percent of home mortgage loans and 76.3 percent of small business loans were extended inside the bank's assessment area. Examiners considered the bank's asset size and branch structure as well as the loan products reviewed, relative to the assessment area's size and economy, when arriving at conclusions with respect to this performance factor. Refer to the following table.

Lending Inside and Outside of the Assessment Area										
Loan Category	Number of Loans				Total #	Dollar Amount of Loans \$(000s)				Total \$(000s)
	Inside		Outside			Inside		Outside		
	#	%	#	%		\$	%	\$	%	
Home Mortgage										
2016	28	75.7	9	24.3	37	5,440	77.2	1,604	22.8	7,044
2017	27	87.1	4	12.9	31	3,572	78.4	986	21.6	4,558
<b>Subtotal</b>	<b>55</b>	<b>80.9</b>	<b>13</b>	<b>19.1</b>	<b>68</b>	<b>9,012</b>	<b>77.7</b>	<b>2,590</b>	<b>22.3</b>	<b>11,602</b>
Small Business	58	76.3	18	23.7	76	10,471	71.5	4,174	28.5	14,645
<b>Total</b>	<b>113</b>	<b>78.5</b>	<b>31</b>	<b>21.5</b>	<b>144</b>	<b>19,483</b>	<b>74.2</b>	<b>6,764</b>	<b>25.8</b>	<b>26,247</b>

*Source: 2016 and 2017 HMDA data, 1/1/2017 to 12/31/2017 Bank Data*

### **Geographic Distribution**

The geographic distribution of the loans reflects an overall reasonable penetration throughout the assessment area. This conclusion was based on a reasonable dispersion of small business and home mortgage loans given the bank's competition level and the economic conditions in the assessment area.

### ***Small Business Loans***

The geographic distribution of small business loans reflects reasonable dispersion throughout the assessment area. The bank's small business lending in low-income census tracts is less than the percent of businesses operating in low-income census tracts. However, as previously mentioned, the bank faces significant competition from regional and national banks in this area. The bank's small business lending in moderate-income census tracts is slightly less than the percent of businesses operating in moderate-income census tracts. Considering the high level of competition for this loan product, the bank's small business lending is reasonable. Refer to the following table.

Geographic Distribution of Small Business Loans					
Tract Income Level	% of Businesses	#	%	\$(000s)	%
<b>Low</b>	14.9	3	5.2	141	1.3
<b>Moderate</b>	29.2	15	25.9	2,447	23.4
<b>Middle</b>	15.7	9	15.5	1,526	14.6
<b>Upper</b>	40.2	31	53.4	6,357	60.7
<b>Total</b>	<b>100.0</b>	<b>58</b>	<b>100.0</b>	<b>10,471</b>	<b>100.0</b>

*Source: 2017 D&B Data, 1/1/2017 – 12/31/2017 Bank Data*

### ***Home Mortgage Loans***

The geographic distribution of home mortgage loans in the assessment area is considered reasonable. AB&T originated one home mortgage loan in low-income census tracts in 2016. However, it is noted that the level of lending is in line with aggregate performance. In 2017, AB&T originated one home mortgage loan in low-income census tracts. However, the level of

lending exceeded the aggregate performance. Further, the percentage of owner-occupied housing units within the low-income census tracts declined to 4.0 percent, which indicates there are limited lending opportunities in the low-income census tracts.

During 2016, AB&T's home mortgage lending performance was slightly less than aggregate data in moderate-income census tracts. The bank's 2017 home mortgage lending performance in moderate-income census tracts was also slightly less than the aggregate performance. However, AB&T's performance is reasonable given that there is a high level of competition for home mortgage lending within the assessment area. As previously noted, the assessment area has a significant level of competition and the bank has a limited amount of the market share.

Geographic Distribution of Home Mortgage Loans						
Tract Income Level	% of Owner-Occupied Housing Units	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2016	8.5	3.4	1	3.6	34	0.6
2017	4.0	1.8	1	3.7	144	4.0
Moderate						
2016	16.1	8.7	2	7.1	1,367	25.1
2017	22.2	13.9	3	11.1	405	11.3
Middle						
2016	17.3	14.5	4	14.3	500	9.2
2017	18.4	16.6	10	37.0	542	15.2
Upper						
2016	58.2	73.5	21	75.0	3,539	65.1
2017	55.4	67.8	13	48.1	2,481	69.5
<b>Totals</b>						
<b>2016</b>	<b>100.0</b>	<b>100.0</b>	<b>28</b>	<b>100.0</b>	<b>5,440</b>	<b>100.0</b>
<b>2017</b>	<b>100.0</b>	<b>100.0</b>	<b>27</b>	<b>100.0</b>	<b>3,572</b>	<b>100.0</b>
<i>Source: 2010 U.S. Census &amp; 2015 ACS Census; 2016 &amp; 2017 HMDA Data; 2016 &amp; 2017 HMDA Aggregate Data. Due to rounding, totals may not equal 100.0</i>						

### **Borrower Profile**

The distribution of borrowers reflects reasonable penetration among individuals of different income levels and businesses of different sizes. Examiners focused on the percentage by number of home mortgage loans to low- and moderate-income borrowers and the percentage by number of small business loans to businesses of different sizes.

### ***Small Business Loans***

The distribution of small business loans reflects reasonable penetration of loans to businesses with GARs of \$1 million or less. Although the bank's lending performance is significantly less than demographic data, a majority of its small business loans within its assessment area were made to businesses with GARs of \$1 million or less. In addition, the bank's has provided credit to multiple start-up business and several businesses with less than \$100,000 dollars in gross

annual revenues. Furthermore, there is a high level of competition for small business loans from several financial institutions, as previously discussed. It should be noted that revenue was not available for 14.9 percent of businesses. Refer to the table below.

<b>Distribution of Sampled 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	79.6	34	58.6	7,551	72.1
> \$1,000,000	5.5	24	41.4	2,920	27.9
Revenue Not Available	14.9	0	0.0	0	0
<b>Total</b>	<b>100.0</b>	<b>58</b>	<b>100.0</b>	<b>10,471</b>	<b>100.0</b>

*Source: 2017 D&B Data; 1/1/2017 to 12/31/17 Bank Records*

### ***Home Mortgage Loans***

Overall, the distribution of home mortgage loans to borrowers of different income levels is reasonable. AB&T’s lending performance was less than aggregate performance and significantly below demographic data for low-income borrowers in 2016 and 2017, respectively, as no loans were originated to low-income borrowers. However, aggregate performance also reflect low lending levels with 2.4 percent lending in 2016 with a further decline in 2017 with 1.8 percent lending performance. AB&T’s lending performance to low-income individuals is mitigated by the high poverty level. The percent of low-income families with incomes below the poverty level represent 24.2 percent of the total families, which limits these applicants’ pool for home mortgage loans. A low-income family in the assessment area, with an income of \$23,650 or less, would not likely qualify for a mortgage under conventional underwriting standards, especially given the median housing value of \$107,096. Therefore, the demand and opportunity for lending to low-income families are relatively limited. This contributes to some of the differences between bank performance of lending to low-income borrowers and demographic data.

The bank’s lending performance to moderate-income borrowers was less than aggregate performance and demographic data in 2016 and 2017, respectively. However, moderate-income families in the assessment area also may not qualify for a mortgage under conventional underwriting standards, considering the median housing value. As previously discussed, the bank faces a high level of competition for this loan product. It is important to note that the bank does not offer long-term fixed-rate home mortgages. Instead, the bank sells these loan requests to secondary market investors. According to bank records, from July 31, 2017 through December 31, 2017, AB&T sold 29 home mortgage loans totaling \$7 million to secondary market investors. These loans are reported by the investor and not included on the bank’s HMDA LAR, and income information is not available. Further, the bank’s business focus influences the HMDA data. Given the bank’s commercial focus, many of the bank’s HMDA loans were originated to businesses or to individuals for investment purposes. As such, income information for the loans to these businesses is not required to be reported for HMDA purposes. Of the 27 HMDA loans originated inside the assessment area during 2017, 14 or 51.9 were originated to businesses where income was not available. The following table depicts the distribution of home mortgage loans by borrower income levels.

Distribution of Home Mortgage Loans by Borrower Income Level						
Borrower Income Level	% of Families	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2016	25.9	2.4	0	0.0	0	0.0
2017	24.2	1.8	0	0.0	0	0.0
Moderate						
2016	14.2	7.3	1	3.6	3	0.1
2017	16.0	9.6	0	0.0	0	0.0
Middle						
2016	17.3	13.6	1	3.6	154	2.8
2017	16.4	14.2	1	3.7	70	2.0
Upper						
2016	42.6	46.1	15	53.6	2,926	53.8
2017	43.4	45.1	12	44.4	1,888	52.9
Not Available						
2016	0.0	30.6	11	39.2	2,357	43.3
2017	0.0	29.3	14	51.9	1,614	45.1
<b>Totals</b>						
<b>2016</b>	<b>100.0</b>	<b>100.0</b>	<b>28</b>	<b>100.0</b>	<b>5,440</b>	<b>100.0</b>
<b>2017</b>	<b>100.0</b>	<b>100.0</b>	<b>27</b>	<b>100.0</b>	<b>3,572</b>	<b>100.0</b>
<i>Source: 2010 U.S. Census &amp; 2015 ACS Census; 2016 &amp; 2017 HMDA Data; 2016 &amp; 2017 HMDA Aggregate Data</i>						

### **Response to Complaints**

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

### **DISCRIMINATORY OR OTHER ILLEGAL CREDIT PRACTICES REVIEW**

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

## 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.

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

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

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

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

**Consumer Loan(s):** A loan(s) to one or more individuals for household, family, or other personal expenditures. A consumer loan does not include a home mortgage, small business, or small farm loan. This definition includes the following categories: motor vehicle loans, credit card loans, home equity loans, other secured consumer loans, and other unsecured consumer loans.

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

**Family:** Includes a householder and one or more other persons living in the same household who are related to the householder by birth, marriage, or adoption. The number of family households always equals the number of families; however, a family household may also include non-relatives living with the family. Families are classified by type as either a married-couple family or other family. Other family is further classified into “male householder” (a family with a male householder and no wife present) or “female householder” (a family with a female householder and no husband present).

**Family Income:** Includes the income of all members of a family that are age 15 and older.

**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 (for example, geographic distribution, borrower profile, and total number and dollar amount of investments), and qualitative factors (for example, 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 Disclosure Loan Application Register (HMDA LAR):** The HMDA LARs record all applications received for residential purchase, refinance, home improvement, and temporary-to-permanent construction loans.

**Home Mortgage Loans:** Includes home purchase and home improvement loans as defined in the HMDA regulation. This definition also includes multi-family (five or more families) dwelling loans, loans to purchase manufactured homes, and refinancings of home improvement and home purchase loans.

**Household:** Includes all persons occupying a housing unit. Persons not living in households are classified as living in group quarters. In 100 percent tabulations, the count of households always equals the count of occupied housing units.

**Household Income:** Includes the income of the householder and all other persons that are age 15 and older in the household, whether related to the householder or not. Because many households are only one person, median household income is usually less than median family income.

**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 (for example, geographic distribution, borrower profile, total number and dollar amount of investments, and branch distribution).



**Low-Income:** Individual income that is less than 50 percent of the area median income, or a median family income that is less than 50 percent in the case of a geography.

**Market Share:** The number of loans originated and purchased by the institution as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the metropolitan area/assessment area.

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

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

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

**Micropolitan Statistical Area:** CBSA associated with at least one urbanized area having a population of at least 10,000, but less than 50,000.

**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:** All areas outside of metropolitan areas. The definition of nonmetropolitan area is not consistent with the definition of rural areas. Urban and rural classifications cut across the other hierarchies. For example, there is generally urban and rural territory within metropolitan and nonmetropolitan areas.

**Owner-Occupied Units:** Includes units occupied by the owner or co-owner, even if the unit has not been fully paid for or is mortgaged.

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

branches in two or more states within a multistate metropolitan area, the institution will receive a rating for the multistate metropolitan area.

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

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

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

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

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

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