

# **PUBLIC DISCLOSURE**

June 30, 2021

## **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

Bank of Newington  
Certificate Number: 05704

224 Walton Street  
Newington, Georgia 30446

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.

## TABLE OF CONTENTS

INSTITUTION RATING.....	1
DESCRIPTION OF INSTITUTION.....	1
DESCRIPTION OF ASSESSMENT AREAS .....	2
SCOPE OF EVALUATION .....	2
CONCLUSIONS ON PERFORMANCE CRITERIA .....	4
DISCRIMINATORY OR OTHER ILLEGAL CREDIT PRACTICES REVIEW .....	5
GEORGIA NON-MSA ASSESSMENT AREA – Full-Scope Review .....	6
SAVANNAH MSA ASSESSMENT AREA – Full-Scope Review.....	13
APPENDICES.....	20
SMALL BANK PERFORMANCE CRITERIA .....	20
GLOSSARY .....	21

## 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 loan-to-deposit ratio is more than reasonable.
- The bank originated a majority of its loans in the assessment areas.
- The geographic distribution of loans reflects a reasonable dispersion throughout the assessment areas.
- The distribution of borrowers reflects a poor penetration of loans among individuals of different income levels.
- The institution did not receive any CRA-related complaints since the previous evaluation; therefore, this factor did not affect the Lending Test rating.

## DESCRIPTION OF INSTITUTION

Bank of Newington is headquartered in Newington, Georgia. The bank is not owned by a holding company. At the previous CRA performance evaluation conducted by the FDIC, dated August 3, 2015, Bank of Newington received a "Satisfactory" CRA rating using the Interagency CRA examination procedures for small institutions. The bank operates three full-service branches located in Newington, Springfield, and Sylvania, Georgia. The branch office in Springfield opened on January 14, 2019. The bank has not closed any branches, and no mergers or acquisition activities have occurred since the previous evaluation.

The bank offers a variety of loan products, including agricultural, consumer, commercial, and home mortgage loans, primarily focusing on home mortgage lending. Consumer residential products include fixed-rate residential portfolio mortgages with 3- to 5-year balloons. Commercial products include loans through the Small Business Administration (SBA), including the 504 loan program and the 7(a) Paycheck Protection Program (PPP). The bank originated 105 loans through the PPP totaling \$4.6 million in 2020 and 2021. The SBA guarantees these loans under the Coronavirus Aid, Relief, and Economic Security Act. The loans serve to retain jobs that would otherwise be lost due to business closures because of the COVID-19 national emergency. Furthermore, the bank offers Farm Service Agency (FSA) guaranteed farm loans. The SBA and FSA loans have more flexible underwriting terms than conventional business and farm loans.

The bank offers a full range of consumer deposit products, including checking, savings, money market, and certificates of deposit accounts. Alternative banking services include internet and mobile banking, electronic bill pay, and automated teller machines (ATM). The ATMs are located at the Springfield and Sylvania offices.

Assets totaled \$164.8 million as of March 31, 2021 and included total loans of \$125.6 million and securities totaling \$1.4 million. Loans represented 76.2 percent of total assets. Examiners did not

identify any financial, legal, or other impediments that affect the bank’s ability to meet the assessment areas’ credit needs. The loan portfolio is illustrated in the table below.

<b>Loan Portfolio Distribution as of 03/31/2021</b>		
<b>Loan Category</b>	<b>\$(000s)</b>	<b>%</b>
Construction, Land Development, and Other Land Loans	35,831	28.5
Secured by Farmland	10,648	8.5
Secured by 1-4 Family Residential Properties	37,398	29.8
Secured by Multifamily (5 or more) Residential Properties	6,947	5.5
Secured by Nonfarm Nonresidential Properties	17,982	14.3
<b>Total Real Estate Loans</b>	<b>108,806</b>	<b>86.6</b>
Commercial and Industrial Loans	11,573	9.2
Agricultural Production and Other Loans to Farmers	2,456	2.0
Consumer Loans	2,809	2.2
Obligations of State and Political Subdivisions in the U.S.	0	0.0
Other Loans	303	0.2
Lease Financing Receivable (net of unearned income)	0	0.0
Less: Unearned Income	304	0.2
<b>Total Loans</b>	<b>125,643</b>	<b>100.0</b>
<i>Source: Consolidated Reports of Condition and Income (Call Report)</i>		

## **DESCRIPTION OF ASSESSMENT AREAS**

The CRA requires financial institutions to define assessment areas within which its CRA performance will be evaluated. Since the previous evaluation, the bank has expanded its assessment area. Bank of Newington has defined two assessment areas served by its offices in accordance with the requirements of the CRA. The bank continues to define a Georgia Non-metropolitan statistical area (Non-MSA) assessment area that includes Screven and Bulloch Counties, and the Savannah MSA encompasses Effingham County. In July 2019, management expanded its assessment area to include the entire Savannah MSA (Bryan, Chatham, and Effingham Counties) as it was starting to obtain applications from Bryan and Chatham counties due to the opening of the new branch in Effingham County in January 2019. Please refer to the individual assessment areas for additional information.

## **SCOPE OF EVALUATION**

### **General Information**

This evaluation covers the period from the previous evaluation dated August 3, 2015, to the current evaluation dated June 30, 2021. Examiners used the Small Institution CRA Examination Procedures to evaluate Bank of Newington’s CRA performance. As described in the Appendices, this procedure includes the Lending Test. Both of the bank’s assessment areas received full-scope reviews.

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 Savannah MSA assessment area had the most lending activity by dollar volume. However, the Georgia non-MSA assessment area had the most deposits and the largest branch network. Consequently, examiners gave equal weight to the bank’s lending performance in the MSA and non-MSA areas. Refer to the following table for additional details.

<b>Assessment Area Breakdown of Loans, Deposits, and Branches</b>						
<b>Assessment Area</b>	<b>Loans</b>		<b>Deposits</b>		<b>Branches</b>	
	<b>\$(000s)</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>	<b>#</b>	<b>%</b>
Georgia Non-MSA	5,696	36.7	114,403	85.0	2	66.7
Savannah MSA	9,832	63.3	20,188	15.0	1	33.3
<b>Total</b>	<b>15,528</b>	<b>100.0</b>	<b>134,591</b>	<b>100.0</b>	<b>3</b>	<b>100.0</b>

*Source: Bank Records; FDIC Summary of Deposits (06/30/20)*

### **Activities Reviewed**

The CRA regulation requires a review of a bank’s lending performance with respect to home mortgage, small business, and small farm lending, if significant. Examiners determined the bank provides all three types of loans, and, therefore, examiners reviewed all three types. The bank’s record of originating home mortgage loans was given more weight in drawing overall conclusions in the Lending Test based on the bank’s lending focus.

The bank is not subject to the Home Mortgage Disclosure Act (HMDA). In 2020, the bank originated 139 home mortgage loans totaling \$21.0 million. For the Lending Test, examiners evaluated a sample of 48 home mortgage loans totaling \$6.6 million for analysis purposes. Examiners compared the bank’s performance in 2020 to applicable demographic data based on the 2015 American Community Survey (ACS) Census.

In addition, examiners reviewed a sample of small business loans, as defined in the Glossary, for 2019 and 2020. In 2020, the bank originated 211 small business loans totaling \$16.9 million. Examiners reviewed a sample of 56 small business loans totaling \$4.1 million. Of the small business loans sampled in 2020, 23 loans totaling \$0.8 million were SBA PPP loans. Due to the large volume of PPP loans and the fact that business revenue information was not collected for these loans, examiners determined that the data was not representative of the entire evaluation period. Therefore, examiners also reviewed a sample of 2019 small business lending. In 2019, the bank originated 140 small business loans totaling \$13.4 million. Examiners reviewed a sample of 47 small business loans totaling \$3.9 million. As a non-reporter, examiners did not use aggregate small business lending data for comparison purposes; instead, examiners compared the bank’s 2019 and 2020 small business lending performance to 2019 and 2020 Dunn & Bradstreet (D&B) business demographic data.

Examiners collected small farm data from bank records for loans originated in 2020 to draw conclusions about the bank’s small farm lending performance. In 2020, the bank originated 64 small farm loans totaling \$5.6 million. Examiners reviewed a sample of 37 small farm loans totaling \$2.9 million. As a non-reporter, examiners compared the bank’s 2020 small farm lending

performance to 2020 D&B farm demographic data.

## **CONCLUSIONS ON PERFORMANCE CRITERIA**

### **LENDING TEST**

Overall, Bank of Newington demonstrated satisfactory performance under the Lending Test. This rating is supported by a more than reasonable loan-to-deposit ratio, reasonable geographic distributions, and the fact that a majority of the loans were originated within the assessment areas. No CRA-related complaints were received since the previous evaluation.

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

The bank's net loan-to-deposit ratio (NLTD) is more than reasonable given the institution's size, financial condition, and assessment areas' credit needs. The NLTD ratio for the previous 23 quarters averaged 91.4 percent. This ratio is calculated on a net basis, excluding the loan loss reserves and unearned income. Since the previous evaluation, the bank's NLTD ratio has ranged from a low of 81.9 percent on March 31, 2020, to a high of 97.6 percent on December 31, 2017. The NLTD ratio has fluctuated, with an overall decreasing trend noted from December 31, 2017 through March 31, 2021.

The table below presents the average NLTD ratio for Bank of Newington as well as for comparable institutions based on asset size, geographic location, and/or lending focus. Bank of Newington maintained an average NLTD ratio that was higher than comparable banks.

<b>Loan-to-Deposit Ratio Comparison</b>		
<b>Bank Name and Location</b>	<b>Total Assets as of 3/31/2021 \$(000s)</b>	<b>Average NLTD Ratio (%)</b>
<b>Bank of Newington, Newington, GA</b>	<b>\$164,779</b>	<b>91.4</b>
The Bank of Soperton, Soperton, GA	\$114,913	85.4
Farmers and Merchants Bank, Sylvania, GA	\$138,872	43.7
Farmers State Bank, Dublin, GA	\$146,185	81.8
Mount Vernon Bank, Mount Vernon, GA	\$158,944	59.1
South Georgia Bank, Glennville, GA	\$197,922	70.0
Durden Banking Company, Twin City, GA	\$227,994	72.9
<i>Source: Call Reports 9/30/2015 through 3/31/2021</i>		

### **Assessment Area Concentration**

A majority of the loans by number and dollar volume were originated within the institution's assessment areas. Refer to the table on the following page for details.

Lending Inside and Outside of the Assessment Areas										
Loan Category	Number of Loans				Total #	Dollar Amount of Loans \$(000s)				Total \$(000s)
	Inside		Outside			Inside		Outside		
	#	%	#	%		\$	%	\$	%	
Home Mortgage 2020	47	97.9	1	2.1	48	6,549	99.4	41	0.6	6,590
Small Farm 2020	31	83.8	6	16.2	37	2,208	74.8	742	25.2	2,950
Small Business										
2019	35	74.5	12	25.5	47	2,952	75.0	983	25.0	3,935
2020	52	92.9	4	7.1	56	3,819	92.6	304	7.4	4,123
<i>Source: 1/1/2019- 12/31/2020 Bank Data</i>										

### **Geographic Distribution**

Overall, the geographic distribution of the loans reflects a reasonable dispersion throughout the assessment areas. This conclusion is supported by excellent performance in the Georgia non-MSA assessment area and reasonable performance in the Savannah MSA assessment areas. Tables detailing the geographic distribution for each assessment area are shown below under the respective assessment area section.

### **Borrower Profile**

Overall, the borrower profile distribution of the loans reflects a poor penetration among individuals of different income levels. This conclusion was based on an overall poor dispersion of home mortgage loans in both assessment areas. Tables detailing the borrower profile distribution for each assessment area are shown below under the respective assessment area section.

### **Response to Complaints**

The institution has not received any CRA-related complaints since the previous evaluation. Therefore, this factor did not affect the Lending Test rating.

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

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

## GEORGIA NON-MSA ASSESSMENT AREA – Full-Scope Review

### DESCRIPTION OF INSTITUTION’S OPERATIONS IN GEORGIA NON-MSA ASSESSMENT AREA

#### Economic and Demographic Data

The entire Georgia non-MSA assessment area includes 17 census tracts, which consist of 2 low-, 2 moderate-, 9 middle-, and 4 upper-income. All five middle-income census tracts in Bulloch County and all 4 middle-income census tracts in Screven County are distressed middle-income census tracts due to poverty. The table below outlines select demographic data of this assessment area based on the 2015 ACS data and the 2020 D&B data.

<b>Demographic Information of the Georgia Non-MSA 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)	17	11.8	11.8	52.9	23.5	0.0
Population by Geography	86,592	16.5	10.8	34.7	38.1	0.0
Housing Units by Geography	36,268	12.6	12.4	37.9	37.1	0.0
Owner-Occupied Units by Geography	16,683	0.6	10.2	41.9	47.2	0.0
Occupied Rental Units by Geography	14,735	25.7	14.7	30.6	28.9	0.0
Vacant Units by Geography	4,850	13.8	12.9	46.3	27.0	0.0
Businesses by Geography	6,585	7.6	17.8	35.1	39.4	0.0
Farms by Geography	464	0.2	9.1	45.7	45.0	0.0
Family Distribution by Income Level	19,247	23.1	16.3	14.4	46.2	0.0
Household Distribution by Income Level	31,418	28.3	13.8	15.3	42.6	0.0
Median Family Income Non-MSAs - GA		\$45,886	Median Housing Value			\$105,615
			Median Gross Rent			\$756
			Families Below Poverty Level			19.5%
<i>Source: 2015 ACS and 2020 D&amp;B Data. Due to rounding, totals may not equal 100.0%. (*) The NA category consists of geographies that have not been assigned an income classification.</i>						

The table on the following page reflects the low-, moderate-, middle-, and upper-income Median Family Income (MFI) categories in the assessment area. During 2020, the maximum MFI for low-income families was less than \$25,900, which is low, when considering the median housing value of \$105,615. Further, 19.5 percent of families have incomes below the federal poverty level. These families will likely face difficulty in qualifying for home mortgage loans.



<b>Georgia Non-MSA Median Family Income Ranges</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>
2020 (\$51,800)	<\$25,900	\$25,900 to <\$41,440	\$41,440 to <\$62,160	≥\$62,160
<i>Source: FFIEC</i>				

As shown in the table below, the annual unemployment rates for the counties in the Georgia Non-MSA assessment area increased from 2019 to 2020. For both counties, the unemployment rates in 2019 were similar or higher than the state and national rates. In 2020, the unemployment rate in Screven County was higher than the state and similar to national rates; Bulloch County was equal to state rates.

<b>Annual Unemployment Rates</b>		
<b>Area</b>	<b>2019</b>	<b>2020</b>
	<b>%</b>	<b>%</b>
Bulloch County	3.9	6.5
Screven County	5.5	8.2
Georgia	3.5	6.5
National Average	3.7	8.1

In terms of businesses and the economy, the 2020 D&B data shows the top industries in the Georgia non-MSA assessment area were services, non-classifiable establishments, and retail trade. The Bulloch County website states the four largest private sector employers are Briggs & Stratton, Wal-Mart Associates, Inc., Pineland Area Community Service Board, and East Georgia Regional Medical Center. A listing of the largest employers in Screven County was not available. However, an article on WTOC’s website published March 21, 2019 entitled “New Poultry Plant to Bring Hundreds of Jobs to Screven County” notes Claxton Poultry will open a new processing plant at the Screven County Industrial Park. The company plans to hire up to 120 employees by the fall of 2019.

**Competition**

There is a high level of competition for deposits in the Georgia Non-MSA assessment area. In addition to competing with large national and regional banks, Bank of Newington competes with local banks, credit unions, and finance companies. As of June 30, 2020, 13 FDIC-insured institutions operated 24 offices within the assessment area. The top three banks by deposit market share were Synovus Bank, Truist Bank, and Morris Bank. Collectively, these three banks accounted for 55.9 percent of the deposit market share. Of these institutions, Bank of Newington ranked sixth in total deposits with a market share of 6.5 percent.

**Community Contact**

Examiners rely on contacts with community organizations to gain insight regarding the credit needs and economic conditions of a bank's assessment area. Individuals interviewed provide information based upon their knowledge and expertise in the housing, business, or economic sectors. During this evaluation, examiners conducted a community contact with an organization that serves the

assessment area's businesses. The contact felt that, generally, banking needs of the community were being met; however, there is a need for financial literacy programs for residents of all ages and venture capital funding. The contact noted that the east side of Sylvania, a primarily moderate-income neighborhood, is designated a federal opportunity zone; however, to the contact's knowledge, there has not been any investors.

### **Credit Needs**

Based on demographic and economic data, some conclusions regarding the credit needs of the Georgia Non-MSA assessment area can be derived. First, the relatively high percentage of low- and moderate-income families at 39.4 percent and the high poverty rate indicate a need for affordable housing. However, it is doubtful that many of these families would qualify for typical home loans. Thus, government-guaranteed home loan programs with more flexible underwriting criteria may be needed. Additionally, small business loans are needed, since a significant percentage of businesses have gross annual revenues of \$1.0 million or less at 87.1 percent.

## **CONCLUSIONS ON PERFORMANCE CRITERIA IN GEORGIA NON-MSA ASSESSMENT AREA**

### **LENDING TEST**

Overall, the bank's lending demonstrates reasonable performance. Specifically, the geographic distribution of the loans reflects a reasonable dispersion throughout the assessment area. The distribution of borrowers reflects, given the demographics of the assessment area, a poor penetration among individuals of different income levels.

### **Geographic Distribution**

Overall, the geographic distribution of the loans reflects an excellent distribution in the assessment area.

#### *Home Mortgage Loans*

The geographic distribution of the home mortgage loans reflects an excellent dispersion in the assessment area. As illustrated in the table on the next page, the bank did not originate any loans in low-income census tracts; however, lending opportunities in these tracts are limited as less than one percent of owner-occupied housing units are located in these tracts. The bank's home mortgage lending in moderate-income census tracts significantly exceeded the percentage of owner-occupied housing units by both number and dollar.

Geographic Distribution of Home Mortgage Loans in Georgia Non-MSA Assessment Area					
Tract Income Level	% of Owner-Occupied Housing Units	#	%	\$(000s)	%
Low	0.6	0	0.0	0	0
Moderate	10.2	3	18.7	445	23.0
Middle	41.9	11	68.7	1,073	55.3
Upper	47.3	2	12.6	421	21.7
Not Available	0.0	0	0.0	0	0.0
<b>Totals</b>	<b>100.0</b>	<b>16</b>	<b>100.0</b>	<b>1,939</b>	<b>100.0</b>

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

### Small Business Loans

The geographic distribution of the small business loans reflects a reasonable dispersion in the assessment area. In 2019, the bank's percentage of lending in low-income census tracts was below the demographic data. However, in 2020, the bank's performance improved and was more in line with demographic data. In 2019, the bank's percentage of lending in moderate-income census tracts exceeded demographic data by both number and dollar volume. However, in 2020, the bank's performance declined and the bank's percentage of lending in moderate-income census tracts was below demographic data.

Geographic Distribution of Small Business Loans in Georgia Non-MSA Assessment Area						
Tract Income Level		% of Businesses	#	%	\$(000s)	%
Low						
	2019	7.7	1	4.6	21	1.3
	2020	7.6	1	6.2	26	3.8
Moderate						
	2019	18.4	5	22.7	346	21.5
	2020	17.8	2	12.5	60	8.6
Middle						
	2019	35.3	15	68.1	1,125	69.7
	2020	35.1	13	81.3	609	87.6
Upper						
	2019	38.6	1	4.6	121	7.5
	2020	39.4	0	0.0	0	0.0
Not Available						
	2019	0.0	0	0.0	0	0.0
	2020	0.0	0	0.0	0	0.0
<b>Totals</b>						
	<b>2019</b>	<b>100.0</b>	<b>22</b>	<b>100.0</b>	<b>1,613</b>	<b>100.0</b>
	<b>2020</b>	<b>100.0</b>	<b>16</b>	<b>100.0</b>	<b>695</b>	<b>100.0</b>

Source: 2019 & 2020 D&B Data; Bank Data. Due to rounding, totals may not equal 100.0%.

### *Small Farm Loans*

The geographic distribution of small farm loans reflects an excellent dispersion in the assessment area. The bank did not originate any loans in low-income census tracts; however, lending opportunities in these tracts are limited as less than one percent of farms are located in these tracts. The bank's small farm lending in moderate-income census tracts significantly exceeded the percentage of farms in these tracts by both number and dollar.

<b>Geographic Distribution of Small Farm Loans in Georgia Non-MSA Assessment Area</b>					
<b>Tract Income Level</b>	<b>% of Farms</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
Low	0.2	0	0.0	0	0.0
Moderate	9.1	9	37.5	413	28.5
Middle	45.7	14	58.3	962	66.4
Upper	45.0	1	4.2	73	5.1
Not Available	0.0	0	0.0	0	0.0
<b>Totals</b>	<b>100.0</b>	<b>24</b>	<b>100.0</b>	<b>1,448</b>	<b>100.0</b>

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

### **Borrower Profile**

Overall, the borrower profile distribution of the loans reflects a poor penetration among individuals of different income levels. This conclusion was based on an overall poor dispersion of home mortgage loans.

### *Home Mortgage Loans*

The bank's lending to borrowers of different income levels represents a poor penetration in the assessment area. As shown in the table on the following page, in 2020, the bank's lending performance to low-income borrowers was well below demographic data. However, opportunities to lend to low-income borrowers are limited given the high poverty rate at 19.5 percent, median family income of less than \$25,900, and median housing value at \$105,615. These families would generally not qualify for a home loan. In 2020, the bank did not make any loans to moderate - income borrowers. Moderate-income borrowers may need long-term, fixed-rate mortgage loans, which the bank does not offer. The bank offers fixed-rate residential portfolio mortgages with 3- to 5-year balloons.

<b>Distribution of Home Mortgage Loans by Borrower Income Level in Georgia Non-MSA Assessment Area</b>					
<b>Borrower Income Level</b>	<b>% of Owner-Occupied Housing Units</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
Low	23.1	1	6.3	201	10.4
Moderate	16.3	0	0.0	0	0
Middle	14.4	0	0.0	0	0
Upper	46.2	14	87.4	1,647	84.9
Not Available	0	1	6.3	91	4.7
<b>Totals</b>	<b>100.0</b>	<b>16</b>	<b>100.0</b>	<b>1,939</b>	<b>100.0</b>

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

### *Small Business Loans*

The distribution of borrowers reflects a reasonable penetration among business customers of different sizes. In 2019, the bank's percentage of lending to businesses with revenues of \$1.0 million or less exceeded demographic data. In 2020, the bank's percentage of loans to businesses with revenues of \$1.0 million or less fell below demographic data. However, in 2020, the bank originated a majority of their small business loans to businesses with revenues of \$1.0 million or less, demonstrating the bank's willingness to lend to small businesses.

<b>Distribution of Small Business Loans by Gross Annual Revenue Category in the Georgia Non-MSA Assessment Area</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>					
2019	85.5	20	90.9	1,488	92.3
2020	87.1	11	68.8	487	70.1
<b>&gt;\$1,000,000</b>					
2019	4.1	2	9.1	125	7.7
2020	3.5	0	0.0	0	0.0
<b>Revenue Not Available</b>					
2019	10.4	0	0.0	0	0.0
2020	9.4	5	31.2	208	29.9
<b>Totals</b>					
<b>2019</b>	<b>100.0</b>	<b>22</b>	<b>100.0</b>	<b>1,613</b>	<b>100.0</b>
<b>2020</b>	<b>100.0</b>	<b>16</b>	<b>100.0</b>	<b>695</b>	<b>100.0</b>

*Source: 2019 & 2020 D&B Data; Bank Data. Due to rounding, totals may not equal 100.0%.*

In 2020, the bank originated a majority of their small business loan with revenues collected to businesses with revenues of \$1.0 million or less. Additionally, four loans in the sample were SBA PPP loans for which revenue data was not collected. All four loans were in amounts less than \$100,000 further demonstrating the bank's willingness to meet small business credit needs.

*Small Farm Loans*

The bank's lending to farms with gross annual revenues of one million or less is excellent. The bank's lending performance is in line with demographic data.

<b>Distribution of Small Farm Loans by Gross Annual Revenue Category in the Georgia Non-MSA Assessment Area</b>					
<b>Gross Revenue Level</b>	<b>% of Farms</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
<=\$1,000,000	97.0	23	95.8	1,422	98.2
>\$1,000,000	1.3	0	0.0	0	0.0
Revenue Not Available	1.7	1	4.2	26	1.8
<b>Totals</b>	<b>100.0</b>	<b>24</b>	<b>100.0</b>	<b>1,448</b>	<b>100.0</b>

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

## SAVANNAH MSA ASSESSMENT AREA – Full-Scope Review

### DESCRIPTION OF INSTITUTION’S OPERATIONS IN SAVANNAH MSA ASSESSMENT AREA

Bank of Newington’s assessment area has changed over the evaluation period. For most of the evaluation period, the assessment area consisted of only Effingham County. For the 2019 small business lending performance, demographic data for Effingham County was used. Because the bank began obtaining applications from Chatham and Bryan Counties resulting from the new branch that opened in January 2019, management expanded the assessment area to include all three counties that comprise the Savannah, Georgia MSA. These counties are Effingham County (10 census tracts), Bryan County (7 census tracts), and Chatham County (72 census tracts). The bank’s 2020 lending performance was compared to demographic data for the entire Savannah MSA to match the bank’s current designated assessment area.

#### Economic and Demographic Data

The bank’s 2019 small business lending performance was compared to demographic data for Effingham County. As illustrated in the following table, Effingham County contains no low- or moderate-income census tracts.

Demographic Information for Effingham County in the Savannah MSA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	10	0.0	0.0	80.0	20.0	0.0
Population by Geography	54,630	0.0	0.0	76.8	23.2	0.0
Housing Units by Geography	20,361	0.0	0.0	76.8	23.2	0.0
Owner-Occupied Units by Geography	14,107	0.0	0.0	76.5	23.5	0.0
Occupied Rental Units by Geography	4,325	0.0	0.0	75.5	24.5	0.0
Vacant Units by Geography	1,929	0.0	0.0	82.3	17.7	0.0
Businesses by Geography	3,828	0.0	0.0	69.2	30.8	0.0
Farms by Geography	150	0.0	0.0	76.7	23.3	0.0
Family Distribution by Income Level	14,141	16.5	15.2	22.4	45.9	0.0
Household Distribution by Income Level	18,432	17.3	13.0	16.8	53.0	0.0
Median Family Income MSA - 42340 Savannah, GA MSA		\$61,754	Median Housing Value			\$147,684
			Median Gross Rent			\$901
			Families Below Poverty Level			7.8%
<i>Source: 2015 ACS and 2020 D&amp;B Data. Due to rounding, totals may not equal 100.0%. (*) The NA category consists of geographies that have not been assigned an income classification.</i>						

The entire Savannah MSA includes 89 census tracts, which consist of 10 low-, 28 moderate-, 27 middle-, 20 upper-income, and 4 census tracts with no income classification. The table below outlines select demographic data of this assessment area based on the 2015 ACS data and the 2020 D&B data.

<b>Demographic Information of the Savannah MSA 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)	89	11.2	31.5	30.3	22.5	4.5
Population by Geography	367,071	7.7	24.1	37.3	31.0	0.0
Housing Units by Geography	154,914	7.7	24.7	36.4	31.1	0.0
Owner-Occupied Units by Geography	79,241	4.0	16.9	41.2	37.9	0.0
Occupied Rental Units by Geography	55,544	11.5	34.9	30.6	23.0	0.0
Vacant Units by Geography	20,129	11.6	27.5	33.6	27.2	0.1
Businesses by Geography	37,855	7.0	19.6	36.6	36.6	0.2
Farms by Geography	778	4.1	16.3	43.7	35.9	0.0
Family Distribution by Income Level	87,366	22.9	16.3	20.5	40.3	0.0
Household Distribution by Income Level	134,785	24.9	15.7	17.3	42.1	0.0
Median Family Income MSA - 42340 Savannah, GA MSA		\$61,754	Median Housing Value			\$182,813
			Median Gross Rent			\$961
			Families Below Poverty Level			12.8%
<i>Source: 2015 ACS and 2020 D&amp;B Data. Due to rounding, totals may not equal 100.0%. (*) The NA category consists of geographies that have not been assigned an income classification.</i>						

The table below reflects the low-, moderate-, middle-, and upper-income Median Family Income (MFI) categories in the assessment area. During 2020, the maximum MFI for low-income families was less than \$36,000, which is low, when considering the median housing value of \$182,813. Further, 12.8 percent of families have incomes below the federal poverty level. These families will likely face difficulty in qualifying for home mortgage loans.

<b>Savannah, GA MSA Median Family Income Ranges</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>
2020 (\$72,000)	<\$36,000	\$36,000 to <\$57,600	\$57,600 to <\$86,400	≥\$86,400
<i>Source: FFIEC</i>				

As shown in the table on the following page, the annual unemployment rates for the counties in the Savannah MSA increased from 2019 to 2020. Chatham County had a higher unemployment rate than the rate for Georgia in 2020. However, all the county unemployment rates were lower than the national rates.



Annual Unemployment Rates		
Area	2019	2020
	%	%
Bryan County	3.0	5.3
Chatham County	3.4	7.6
Effingham County	2.9	5.0
Georgia	3.5	6.5
National Average	3.7	8.1

In terms of businesses and the economy, the 2020 D&B data shows the top industries in the Savannah MSA assessment area were services, non-classifiable establishments, and retail trade. The Savannah Area Chamber of Commerce listed the top employers as Gulfstream Aerospace Corp. (11,000 employees), Memorial University Medical Center (4,400 employees), and Ft. Stewart/Hunter Army Airfield (4,153 employees). Moody's Economy.com, Inc., Précis Metro dated August 2020 notes the metro area has reversed an above-average two-thirds of the pandemic-driven job losses that occurred in March and April, but net hiring has dropped off in the last two months. Tourist attractions, restaurants, and hotels are struggling. In addition, the report notes that job losses are concentrated in low-paying service jobs filled disproportionately by households in lower-income tiers. Visitor spending is a major source of income for the area with some 13 million visitors arriving annually who spend \$3 billion, equal to 15 percent of gross metro product. Due to COVID-19, Savannah canceled its world renowned St. Patrick's Day celebration and the annual music festival.

### **Competition**

There is a high level of competition for deposits in the Savannah MSA assessment area. In addition to competing with large national and regional banks, Bank of Newington competes with local banks, credit unions, and finance companies. As of June 30, 2020, 24 FDIC-insured institutions operated 96 offices within the assessment area. The top three banks by deposit market share were Truist Bank: Wells Fargo Bank, N.A.; and Bank of America, N.A. Collectively, these three banks accounted for 58.0 percent of the deposit market share. Of these institutions, Bank of Newington ranked twenty-third in total deposits with a market share of 0.2 percent.

### **Credit Needs**

Based on demographic and economic data, some conclusions regarding the credit needs of the Savannah MSA assessment area can be derived. First, the relatively high percentage of low- and moderate-income families at 39.2 percent and the high poverty rate indicate a need for affordable housing. However, it is doubtful that many of these families would qualify for typical home loans. Thus, government-guaranteed home loan programs with more flexible underwriting criteria may be needed. Additionally, small business loans are needed, since a significant percentage of businesses have gross annual revenues of \$1.0 million or less at 87.4 percent.

## CONCLUSIONS ON PERFORMANCE CRITERIA IN SAVANNAH MSA ASSESSMENT AREA

### LENDING TEST

Overall, the bank's lending demonstrates reasonable performance. Specifically, the geographic distribution of the loans reflects a reasonable dispersion throughout the assessment area. The distribution of borrowers reflects, given the demographics of the assessment area, a poor penetration among individuals of different income levels.

#### Geographic Distribution

Overall, the geographic distribution of the loans reflects a reasonable distribution in the assessment area.

#### *Home Mortgage Loans*

The geographic distribution of the home mortgage loans reflects an excellent dispersion in the assessment area. As illustrated in the table below, the bank's percentage of lending in low-income census tracts is similar to demographic data. However, the bank's home mortgage lending in moderate-income census tracts significantly exceeded the percentage of owner-occupied housing units by both number and dollar.

<b>Geographic Distribution of Home Mortgage Loans in Savannah MSA Assessment Area</b>					
<b>Tract Income Level</b>	<b>% of Owner-Occupied Housing Units</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
Low	4.0	1	3.2	120	2.6
Moderate	16.9	8	25.8	1,009	21.9
Middle	41.2	20	64.5	2,717	58.9
Upper	37.9	2	6.5	764	16.6
Not Available	0.0	0	0.0	0	0.0
<b>Totals</b>	<b>100.0</b>	<b>31</b>	<b>100.0</b>	<b>4,610</b>	<b>100.0</b>

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

#### *Small Business Loans*

The geographic distribution of the small business loans reflects a poor dispersion in the assessment area. In 2019, demographic data for Effingham County was used. There are no low- and moderate-income census tracts in Effingham County. As noted previously, the bank expanded its assessment area to include the entire MSA. Lending data for 2020 reveals that the bank has not sufficiently lent in the low- and moderate-income census tracts in the expanded area to be in line with the demographic data. In 2020, the bank's lending performance was poor as the bank did not make any loans in the low-income census tracts. The bank's percentage of lending in moderate-income census tracts was significantly below demographic data by both number and dollar volume.

<b>Geographic Distribution of Small Business Loans in Savannah MSA Assessment Area</b>					
<b>Tract Income Level</b>	<b>% of Businesses</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
Low					
2020	7.0	0	0.0	0	0.0
Moderate					
2020	19.6	3	8.3	241	7.7
Middle					
2019	68.8	13	100.0	1,339	100.0
2020	36.6	28	77.8	2,549	81.6
Upper					
2019	31.2	0	0.0	0	0.0
2020	36.6	5	13.9	334	10.7
Not Available					
2019	0.3	0	0.0	0	0.0
2020	0.2	0	0.0	0	0.0
<b>Totals</b>					
<b>2019</b>	<b>100.0</b>	<b>13</b>	<b>100.0</b>	<b>1,339</b>	<b>100.0</b>
<b>2020</b>	<b>100.0</b>	<b>36</b>	<b>100.0</b>	<b>3,124</b>	<b>100.0</b>

*Source: 2019 & 2020 D&B Data; Bank Data. Due to rounding, totals may not equal 100.0%.*

### *Small Farm Loans*

Based on the loans sampled, the bank originated a total of seven small farm loans in this assessment area totaling \$760,000. All loans were located in middle-income census tracts. Given that few sampled loans were originated in this assessment area, meaningful conclusions could not be formed from such a low number of loans.

### **Borrower Profile**

Overall, the borrower profile distribution of the loans reflects a poor penetration among individuals of different income levels. This conclusion was based on an overall poor dispersion of home mortgage loans.

### *Home Mortgage Loans*

The bank's lending to borrowers of different income levels represents a poor penetration in the assessment area. As shown in the table below, in 2020, the bank's lending performance to low-income borrowers was well below demographic data. However, opportunities to lend to low-income borrowers are limited given the high poverty rate at 12.8 percent, median family income of less than \$36,000, and median housing value at \$182,813. These families would generally not qualify for a home loan. In 2020, the bank did not make any loans to moderate -income borrowers. Moderate-income borrowers may need long-term fixed-rate mortgage loans, which the bank does not offer. The bank offers fixed-rate residential portfolio mortgages with 3- to 5-year balloons. It is

noted that income was not available for 35.4 percent of borrowers, as those loans are to business entities to purchase or refinance homes.

<b>Distribution of Home Mortgage Loans by Borrower Income Level in Georgia in Savannah MSA Assessment Area</b>					
<b>Borrower Income Level</b>	<b>% of Owner-Occupied Housing Units</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
Low	22.9	3	9.7	91	2.0
Moderate	16.3	2	6.5	211	4.6
Middle	20.5	7	22.6	564	12.2
Upper	40.3	8	25.8	1,908	41.4
Not Available	0	11	35.4	1,836	39.8
<b>Totals</b>	<b>100.0</b>	<b>31</b>	<b>100.0</b>	<b>4,610</b>	<b>100.0</b>

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

### *Small Business Loans*

The distribution of borrowers reflects a reasonable penetration among business customers of different sizes. In 2019, the bank’s percentage of lending to businesses with revenues of \$1.0 million or less was slightly below demographic data. In 2020, the bank's percentage of loans to businesses with revenues of \$1.0 million or less fell below demographic data. However, in 2020, the bank originated a majority of its small business loans to businesses with revenues of \$1.0 million or less, demonstrating the bank's willingness to lend to small businesses.

<b>Distribution of Small Business Loans by Gross Annual Revenue Category in the Savannah MSA</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>					
2019	91.2	11	84.6	1,044	78.0
2020	87.4	14	38.9	1,748	55.9
<b>&gt;\$1,000,000</b>					
2019	1.9	2	15.4	295	22.0
2020	3.6	4	11.1	758	24.3
<b>Revenue Not Available</b>					
2019	6.9	0	0.0	0	0.0
2020	9.0	18	50.0	618	19.8
<b>Totals</b>					
<b>2019</b>	<b>100.0</b>	<b>13</b>	<b>100.0</b>	<b>1,339</b>	<b>100.0</b>
<b>2020</b>	<b>100.0</b>	<b>36</b>	<b>100.0</b>	<b>3,124</b>	<b>100.0</b>

*Source: 2019 & 2020 D&B Data; Bank Data. Due to rounding, totals may not equal 100.0%.*

In 2020, the bank originated a majority of its small business loan with revenues collected to businesses with revenues of \$1.0 million or less. Additionally, 18 loans in the sample were SBA PPP loans for which revenue data was not collected. Seventeen loans were in amounts less than \$100,000 further demonstrating the bank's willingness to meet small business credit needs, and one loan was in an amount slightly above \$100,000.

*Small Farm Loans*

Based on the loans sampled, the bank originated a total of seven small farm loans. Six of the seven loans were to businesses with gross annual revenues of \$1 million or less. Given the few number of sampled loans, meaningful conclusions could not be formed from such a low number.

## APPENDICES

### SMALL BANK PERFORMANCE CRITERIA

#### **Lending Test**

The Lending Test evaluates the bank's record of helping to meet the credit needs of its assessment area(s) by considering the following criteria:

- 1) The bank's loan-to-deposit ratio, adjusted for seasonal variation, and, as appropriate, other lending-related activities, such as loan originations for sale to the secondary markets, community development loans, or qualified investments;
- 2) The percentage of loans, and as appropriate, other lending-related activities located in the bank's assessment area(s);
- 3) The geographic distribution of the bank's loans;
- 4) The institution's record of lending to and, as appropriate, engaging in other lending-related activities for borrowers of different income levels and businesses and farms of different sizes; and
- 5) The bank's record of taking action, if warranted, in response to written complaints about its performance in helping to meet credit needs in its assessment area(s).

## GLOSSARY

**Aggregate Lending:** The number of loans originated and purchased by all reporting lenders in specified income categories as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the metropolitan area/assessment area.

**American Community Survey (ACS):** A nationwide United States Census survey that produces demographic, social, housing, and economic estimates in the form of five year estimates based on population thresholds.

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

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

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

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

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

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

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

**FFIEC-Estimated Income Data:** The Federal Financial Institutions Examination Council (FFIEC) issues annual estimates which update median family income from the metropolitan and nonmetropolitan areas. The FFIEC uses American Community Survey data and factors in information from other sources to arrive at an annual estimate that more closely reflects current economic conditions.

**Full-Scope Review:** A full-scope review is accomplished when examiners complete all applicable interagency examination procedures for an assessment area. Performance under applicable tests is analyzed considering performance context, quantitative factors (e.g, geographic distribution, borrower profile, and total number and dollar amount of investments), and qualitative factors (e.g, innovativeness, complexity, and responsiveness).

**Geography:** A census tract delineated by the United States Bureau of the Census in the most recent decennial census.

**Home Mortgage Disclosure Act (HMDA):** The statute that requires certain mortgage lenders that do business or have banking offices in a metropolitan statistical area to file annual summary reports of their mortgage lending activity. The reports include such data as the race, gender, and the income of applicants; the amount of loan requested; and the disposition of the application (approved, denied, and withdrawn).

**Home Mortgage Loans:** Includes closed-end mortgage loans or open-end line of credits as defined in the HMDA regulation that are not an excluded transaction per the HMDA regulation.

**Housing Unit:** Includes a house, an apartment, a mobile home, a group of rooms, or a single room that is occupied as separate living quarters.

**Limited-Scope Review:** A limited-scope review is accomplished when examiners do not complete all applicable interagency examination procedures for an assessment area. Performance under applicable tests is often analyzed using only quantitative factors (e.g, geographic distribution, borrower profile, total number and dollar amount of investments, and branch distribution).

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

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

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

**Metropolitan Division (MD):** A county or group of counties within a CBSA that contain(s) an urbanized area with a population of at least 2.5 million. A MD is one or more main/secondary



counties representing an employment center or centers, plus adjacent counties associated with the main/secondary county or counties through commuting ties.

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

**Middle-Income:** Individual income that is at least 80 percent and less than 120 percent of the area median income, or a median family income that is at least 80 and less than 120 percent in the case of a geography.

**Moderate-Income:** Individual income that is at least 50 percent and less than 80 percent of the area median income, or a median family income that is at least 50 and less than 80 percent in the case of a geography.

**Multi-family:** Refers to a residential structure that contains five or more units.

**Nonmetropolitan Area (also known as non-MSA):** All areas outside of metropolitan areas. The definition of nonmetropolitan area is not consistent with the definition of rural areas. Urban and rural classifications cut across the other hierarchies. For example, there is generally urban and rural territory within metropolitan and nonmetropolitan areas.

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

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

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

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

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

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

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

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