

PUBLIC DISCLOSURE

February 4, 2021

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

The Community Bank
Certificate Number: 5981

113 North Fifth Street
Zanesville, Ohio 43701

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

300 South Riverside Plaza, Suite 1700
Chicago, Illinois 60606

This document is an evaluation of this institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the institution. This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion, or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.

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INSTITUTION RATING

INSTITUTION'S CRA RATING: This institution is rated **Satisfactory**.

An institution in this group has a satisfactory record of helping to meet the credit needs of its assessment area, including low- and moderate-income neighborhoods, in a manner consistent with its resources and capabilities.

The Lending Test is rated Satisfactory.

The Community Bank's (TCB) satisfactory Community Reinvestment Act (CRA) performance under the Lending Test is supported by the following:

- The loan-to-deposit (LTD) ratio is reasonable given the institution's size, financial condition, and assessment area (AA) credit needs.
- The bank made a substantial majority of its home mortgage and small business loans in its AAs.
- The geographic distribution of loans reflects reasonable dispersion throughout the AAs.
- The distribution of loans reflects reasonable penetration among borrowers of different income levels and businesses of different sizes.

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

The Community Development Test is rated Satisfactory.

TCB's community development activities demonstrate adequate responsiveness to community development needs in its AAs through community development loans, qualified investments, and community development services, as appropriate, considering the institution's capacity and the need and availability of such opportunities for community development in the AAs.

Discriminatory or Other Illegal Credit Practices

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.

DESCRIPTION OF INSTITUTION

TCB is a full-service community bank headquartered in Zanesville, Ohio and operates in the eastern portion of central Ohio in Licking, Perry, Morgan, Noble, Guernsey, Muskingum, and Coshocton Counties. CommunityBanc, Inc., a single-bank holding company also located in Zanesville, owns the bank as well as several other subsidiaries, none of which are financial institutions. TCB received a Satisfactory rating at its previous CRA Performance Evaluation, dated January 22, 2018, based on the Interagency Intermediate Small Institution Procedures.

The bank operates eleven branches and five off-site automated teller machines (ATMs) in its AAs. Since the previous evaluation, TCB opened the Newark, Ohio branch in March 2019. The main office and all branch locations have the same hours of operation for both lobby and drive-thru facilities. Nine of TCB's branches and four of its off-site ATMs are located in its Non-Metropolitan Statistical Area (MSA) Ohio AA. The institution has one loan production office, also located within its AA, in a middle-income geography in Licking County. The following tables detail the bank's branch and ATM network with tract income designations as of 2020.

Office Locations				
Address	City	County	ATM	Census Tract Income Level
3960 Dillon Falls Rd.	Zanesville, Ohio	Muskingum	Yes	Low
4990 East Pike	Zanesville, Ohio	Muskingum	Yes	Upper
902 Wheeling Ave.	Cambridge, Ohio	Guernsey	Yes	Moderate
61246 Southgate Pkwy.	Cambridge, Ohio	Guernsey	Yes	Moderate
113 North Fifth St.	Zanesville, Ohio	Muskingum	Yes	Middle
2750 Maysville Pike	Zanesville, Ohio	Muskingum	Yes	Middle
199 West Main St.	New Concord, Ohio	Muskingum	Yes	Middle
3795 Northpoint Dr.	Zanesville, Ohio	Muskingum	Yes	Middle
10 West Third St.	Frazeysburg, Ohio	Muskingum	Yes	Middle
835 North 21 st St.	Newark, Ohio	Licking	Yes	Middle
42 East Main St.	Crooksville, Ohio	Perry	Yes	Moderate

Source: Bank Records, 2015 ACS Data

Off-Site ATM Locations			
Address	City	County	Census Tract Income Level
1103 Linden Ave.	Zanesville, Ohio	Muskingum	Middle
1305 Newark Rd.	Zanesville, Ohio	Muskingum	Middle
67 West Dave Longaberger Ave.	Dresden, Ohio	Muskingum	Middle
220 West Third St.	Frazeysburg, Ohio	Muskingum	Middle
91 South Buckeye St.	Crooksville, Ohio	Perry	Moderate

TCB offers a variety of lending products including home mortgage and home equity loans, construction loans, home improvement loans, auto loans, and various commercial loans. The bank also offers a mix of deposit products including various checking and savings accounts, certificates of deposit and individual retirement accounts. Other services include insurance and investment sales, online and mobile banking, funds transfer, and credit and debit cards.

According to the December 31, 2020 Call Report data, the bank’s assets totaled approximately \$526.8 million, including total loans of \$344.7 million and total securities of \$64.4 million. Total deposits as of that date were \$470.5 million. The bank’s primary loan focus, as evidenced by the portfolio distribution shown in the following table, is 1-4 family residential loans.

Loan Portfolio Distribution as of 12/31/2020		
Loan Category	\$(000s)	%
Construction, Land Development, and Other Land Loans	9,565	2.8
Secured by Farmland	1,481	0.4
Secured by 1-4 Family Residential Properties	180,714	52.4
Secured by Multifamily (5 or more) Residential Properties	7,658	2.2
Secured by Nonfarm Nonresidential Properties	76,132	22.1
Total Real Estate Loans	275,550	79.9
Commercial and Industrial Loans	44,426	13.0
Agricultural Production and Other Loans to Farmers	234	<0.1
Consumer Loans	24,165	7.1
Obligations of State and Political Subdivisions in the U.S.	223	<0.1
Other Loans	113	<0.1
Lease Financing Receivable (net of unearned income)	-	-
Less: Unearned Income	<55>	<0.1
Total Loans	344,656	100.00
<i>Source: Reports of Condition and Income</i>		

Examiners did not identify any financial, legal, or other impediments that affect the bank’s ability to meet AA needs.

DESCRIPTION OF ASSESSMENT AREAS

The CRA requires financial institutions to define one or more AAs within which examiners will evaluate its CRA performance. TCB designated two AAs, each consisting of contiguous, whole geographies that do not arbitrarily exclude low- or moderate-income tracts. This section of the Performance Evaluation discusses the bank’s two AAs combined. Examiners present information about the individual AAs in more detail later in this evaluation.

According to 2010 U.S. Census data, the combined AAs include 84 tracts, of which 4 are low-income, 27 are moderate-income, 42 are middle-income, and 11 are upper-income. The combined AA includes the entirety of Coshocton, Guernsey, Licking, Morgan, Muskingum, Noble, and Perry Counties.

The Federal Financial Institutions Examination Council (FFIEC) designated multiple middle-income tracts in the non-MSA portion of the combined AA as distressed or underserved during the review period. In 2020, ten middle-income tracts were designated as distressed or underserved, with six tracts in Coshocton County and two tracts in Morgan County classified as distressed due to high unemployment levels, and two tracts in Noble County due to high unemployment levels and underserved due to their rural location.

In 2020, the State of Ohio designated several Enterprise Zones in the AAs. The Ohio Enterprise Zone Program is an economic development tool administered by municipal and county governments that provides real and personal property tax exemptions to businesses making investments in Enterprise Zones, when the investments are made in conjunction with a project that includes job creation.

SCOPE OF EVALUATION

General Information

This evaluation covers the period from the prior evaluation dated January 22, 2018, to the current evaluation dated February 4, 2021. Examiners used the Interagency Intermediate Small Institution Examination Procedures to evaluate TCB's CRA performance. These procedures include the Lending Test and the Community Development Test. Performance criteria for each of these tests are contained in the first Appendix. Banks must achieve a rating of at least "Satisfactory" under each test to obtain an overall "Satisfactory" rating.

As noted in the previous section, TCB has two separate AAs. Examiners conducted full-scope reviews of both the Non-MSA Ohio AA and the Columbus, Ohio MSA AA, and placed the most weight on the Non-MSA Ohio AA as the majority of lending and community development activities occurred in this AA.

Activities Reviewed

Examiners determined that the bank's major product lines are home mortgage and small business loans. This conclusion considered the number and dollar volume of loans originated during the evaluation period, the composition of the bank's loan portfolio, and the bank's business strategy. Examiners placed more weight on home mortgage loans as it is the bank's major product line.

Examiners considered all home mortgage loans reported on the bank's 2018 and 2019 Home Mortgage Disclosure Act (HMDA) Loan Application Registers (LARs). TCB originated 317 loans totaling \$49.8 million in 2018 and 301 loans totaling \$47.1 million in 2019. The bank's lending was generally consistent between the years; therefore, examiners presented only the 2019 data in the geographic distribution and borrower profile analyses later in this evaluation, as it is the most recent year for which aggregate HMDA data is available.

Examiners used bank records to identify and analyze the universe of 2019 and 2020 small business loans. The bank originated 186 loans totaling \$22.8 million in 2019. Volume increased markedly in 2020 to 499 loans totaling \$46.6 million due to a substantial number of loans originated under the Small Business Administration's Paycheck Protection Program (PPP). Given the inconsistencies in small business lending volume due to PPP loan activity, this evaluation presents small business activity for both 2019 and 2020.

Examiners did not consider small farm or consumer loans, as they are not major product lines and do not represent a significant portion of the bank's originations or loan portfolio during the

evaluation period.

Examiners compared home mortgage lending to aggregate HMDA and demographic data obtained from the 2015 American Community Survey (ACS). D&B data for 2019 and 2020 provided a standard for comparison for the small business loans.

For the Lending Test, examiners considered the number and dollar volume of home mortgage and small business loans. Examiners emphasized performance by number of originations because it is a better indicator of the number of individuals and businesses served.

For the Community Development Test, examiners considered all applicable community development loans, qualified investments, and community development services since the prior CRA evaluation dated January 22, 2018.

CONCLUSIONS ON PERFORMANCE CRITERIA

LENDING TEST

Overall, TCB demonstrated reasonable performance under the Lending Test.

Loan-to-Deposit Ratio

The bank's LTD ratio is reasonable, given its size, financial condition, and AA credit needs. The average net LTD ratio, calculated from Call Report data, averaged 73.8 percent over the previous 11 quarters since the prior performance evaluation. The ratio ranged from a high of 88.7 percent as of December 31, 2018, to a low of 73.8 percent as of September 30, 2020. The ratio remained relatively steady from March 2018 to December 2018, but declined over the last several quarters due primarily to a 26.0 percent increase in deposits as customers moved funds to insured products, such as certificates of deposit. As shown in the following table, the ratio is comparable to similarly-situated institutions chosen based on asset size, lending focus, and geographic location.

Loan-to-Deposit (LTD) Ratio Comparison		
Bank	Total Assets as of 09/30/2020 (\$000s)	Average Net LTD Ratio (%)
The Community Bank	536,363	73.8
Similarly-Situated Institution #1	367,140	77.3
Similarly-Situated Institution #2	390,499	69.5
<i>Source: Reports of Condition and Income 03/31/2018-09/30/2020</i>		

Assessment Area Concentration

TCB originated a substantial majority of its home mortgage and small business loans by number and dollar volume within the AAs during the evaluation period, as shown in the following table.

Lending Inside and Outside of the Assessment Area										
Loan Category	Number of Loans				Total #	Dollars Amount of Loans \$(000s)				Total \$(000s)
	Inside		Outside			Inside		Outside		
	#	%	#	%		\$	%	\$	%	
Home Mortgage										
2018	298	94.0	19	6.0	317	46,297	92.9	3,516	7.1	49,813
2019	282	93.7	19	6.3	301	43,273	91.8	3,854	8.2	47,127
Total	580	93.8	38	6.2	618	89,570	92.4	7,370	7.6	96,940
Small Business										
2019	180	96.8	6	3.2	186	22,364	98.0	456	2.0	22,820
2020	475	95.2	24	4.8	499	44,181	94.8	2,441	5.2	46,622
Total	655	95.6	30	4.4	685	66,545	95.8	2,897	4.2	69,442

Source: HMDA LAR Data; Bank Data.

Geographic Distribution

Overall, the geographic distribution of home mortgage and small business loans reflects reasonable dispersion throughout the AAs, with heavier emphasis on home mortgage loans. Examiners analyzed and presented this criterion separately for each AA in subsequent sections of this evaluation.

Borrower Profile

Overall, the distribution of home mortgage and small business loans reflects reasonable penetration among borrowers of different income levels and businesses of different sizes, with heavier emphasis on home mortgage loans. Examiners analyzed and presented this criterion separately for each AA in the subsequent sections of this evaluation.

Response to Complaints

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

COMMUNITY DEVELOPMENT TEST

Overall, TCB's community development performance demonstrates adequate responsiveness to the needs of the AAs through a blend of community development loans, qualified investments, and community development services, considering the institution's capacity and the availability of such opportunities within the AAs. Examiners primarily compared activity to the previous evaluation and to other institutions operating in the same areas as TCB. The following sections present overall conclusions, and the separate AA discussions later in this evaluation contain additional details.

Community Development Loans

TCB originated 18 community development loans inside the AAs totaling approximately \$6.3 million during the evaluation period. This level of activity represents 1.2 percent of average total assets and 1.8 percent of average total loans since the previous evaluation. This level of activity is similar to the previous evaluation and consistent with the levels of lending by similarly-situated institutions by location, asset size, and loan composition.

Community Development Lending - Overall										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
2018	3	2,028	4	1,092	0	0	0	0	7	3,120
2019	0	0	5	2,243	1	98	1	50	7	2,391
2020	1	244	0	0	3	552	0	0	4	796
YTD 2021	0	0	0	0	0	0	0	0	0	0
Total	4	2,272	9	3,335	4	650	1	50	18	6,307
<i>Source: Bank Data</i>										

Qualified Investments

The bank’s total qualified investments, which include community development donations and grants, were \$3.6 million as shown in the following table. This total includes one investment made prior to the evaluation period, but remains in the bank’s investment portfolio with a current book value of approximately \$618,000.

The primary purposes of the prior period investment and the current investments were for targeted community services for low- and moderate-income individuals and to promote economic development by financing small businesses that have gross annual revenues of \$1.0 million or less or that meet the size eligibility requirements of the U.S. Small Business Administration’s (SBA) Small Business Development Company or Small Business Investment Company (SBIC) programs.

The total qualified investment activities represent approximately 0.7 percent of average total assets and 5.7 percent of total securities since the last evaluation. Performance for both metrics increased since the previous evaluation, when they were 0.5 percent, and 2.5 percent, respectively. TCB’s performance in is higher than the community development investment levels of similarly-situated institutions, chosen based on location and asset size.

Qualified Investments and Donations - Overall										
Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Total	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Prior Period	0	0	0	0	1	618	0	0	1	618
2018	0	0	0	0	1	151	0	0	1	151
2019	0	0	1	1,500	3	1,333	0	0	4	2,833
2020	0	0	0	0	0	0	0	0	0	0
YTD 2021	0	0	0	0	0	0	0	0	0	0
Subtotal	0	0	1	1,500	5	2,102	0	0	6	3,602
Grants & Donations	0	0	77	41	4	4	0	0	81	45
Total	0	0	78	1,541	9	2,106	0	0	87	3,647

Source: Bank Data

Community Development Services

During the evaluation period, bank employees provided 121 instances of financial expertise or technical assistance to 38 community development-related organizations. This represents an increase in comparison to the last evaluation, when employees participated in 95 community development services. The following table illustrates the bank’s community development services by purpose.

Community Development Services - Overall					
Year	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Total
	#	#	#	#	#
2018	2	24	15	0	41
2019	2	22	9	0	33
2020	2	22	12	0	36
YTD 2021	0	7	4	0	11
Total	6	75	40	0	121

Source: Bank Data

Additionally, TCB was responsive to needs of its AAs during the COVID-19 pandemic. The bank offered forbearance and modification agreements for affected borrowers, and provided resources and contact information on its website to increase awareness of assistance available to individuals impacted by the pandemic.

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.

NON-MSA OHIO AA – Full-Scope Review

DESCRIPTION OF INSTITUTION’S OPERATIONS IN NON-MSA OHIO AA

The AA consists of the entirety of Coshocton, Guernsey, Morgan, Muskingum, and Noble Counties. TCB operates its main office, nine additional full-service branches, one loan production office, and four stand-alone ATMs within this AA. The bank did not open or close any branches in this AA since the prior evaluation. As of June 30, 2020, 88.8 percent of the bank’s total deposits are from this area. The bank originated 87.7 percent of home mortgage loans and 90.1 percent of small business loans, by number volume, in this AA during the review period.

Economic and Demographic Data

This AA consists of 46 census tracts. As noted previously, the FFIEC designated several census tracts within the AA as either distressed or underserved. The following table illustrates select demographic characteristics of the AA.

Demographic Information of the Assessment Area Non-MSA OH AA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	46	2.2	34.8	56.5	6.5	0.0
Population by Geography	191,787	1.9	29.7	62.1	6.3	0.0
Housing Units by Geography	87,238	1.9	31.2	60.8	6.1	0.0
Owner-Occupied Units by Geography	53,723	1.3	24.5	65.0	9.3	0.0
Occupied Rental Units by Geography	21,437	3.3	43.6	48.3	4.8	0.0
Vacant Units by Geography	12,078	2.5	33.6	61.3	2.6	0.0
Businesses by Geography	10,028	1.2	30.2	60.5	8.0	0.0
Farms by Geography	705	0.4	15.9	73.9	9.8	0.0
Family Distribution by Income Level	50,903	24.8	19.3	21.2	34.7	0.0
Household Distribution by Income Level	75,160	27.3	17.4	18.1	37.2	0.0
Median Family Income Non-MSAs - OH		\$56,217	Median Housing Value			\$100,815
			Median Gross Rent			\$611
			Families Below Poverty Level			14.0%
<i>Source: 2015 ACS Census and 2019 D&B Data; Due to rounding, totals may not equal 100.0</i>						

According to the 2020 D&B data, the AA contains 10,028 non-farm businesses with the following gross annual revenue (GAR) levels:

- 79.7 percent have \$1.0 million or less
- 5.1 percent have more than \$1.0 million
- 15.2 percent have unknown revenues

The analysis of small business loans under the borrower profile criterion compares the distribution of lending by GAR level. D&B data from 2020 shows that the largest industries in the AA are services (38.2 percent); retail trade (14.2 percent); construction (6.8 percent); and finance, insurance, and real estate (6.8 percent). In addition, 85.4 percent of businesses operate from a single location, and 64.0 percent have four or fewer employees.

According to Bureau of Labor Statistics data from December 2020, the top employers within the AA include Genesis HealthCare Systems, Dollar General, Halliburton (oil and gas), Continuing Health Care Systems, Shelly and Sands (construction), and Muskingum University.

The analysis of residential mortgage loans under the Borrower Profile criterion compares the distribution of loans by borrower income level. Income levels are based on the FFIEC-adjusted median family income (MFI).

Median Family Income Ranges – Non-MSA OH AA				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
2018 (\$61,400)	<\$30,700	\$30,700 to <\$49,120	\$49,120 to <\$73,680	≥\$73,680
2019 (\$61,000)	<\$30,500	\$30,500 to <\$48,800	\$48,800 to <\$73,200	≥\$73,200

Source: FFIEC

There are 87,238 housing units within the AA. Of these, 61.6 percent are owner-occupied, 24.6 percent are occupied rental units, and 13.8 percent are vacant.

Unemployment data obtained from the U.S. Bureau of Labor Statistics shows that while unemployment levels within the AA are lower than national averages as of October 2020, they generally exceed statewide averages and rose markedly in 2020 due primarily to the COVID-19 pandemic. The table below shows unemployment rates for each of the counties that comprise the AA throughout the evaluation period.

Unemployment Rates – Non-MSA OH AA			
Area	2018	2019	October 2020
	%	%	%
Coshocton County	6.2	5.8	6.2
Guernsey County	5.5	5.5	5.9
Morgan County	6.0	6.5	7.0
Muskingum County	5.3	4.9	5.7
Noble County	6.6	6.9	7.3
State of Ohio	4.5	4.1	6.3
National Average	3.9	3.7	8.4

Source: Bureau of Labor Statistics.

Competition

There is a moderate level of competition for deposits within the AA. As of June 30, 2020, FDIC-insured financial institutions operate 122 offices with \$7.1 billion in deposits in the AA. TCB ranked seventh with 6.2 percent of total deposits. The top three institutions, all national banks, hold 55.5 percent of the total deposit market share.

There is a strong level of competition for home mortgage loans in the AA. TCB faces competition from a number of national, regional, and local banks, credit unions, and non-bank lenders. Based on 2019 HMDA aggregate data, 157 HMDA-reporting lenders originated 4,152 home mortgage loans totaling \$469.1 million in the AA. TCB ranked fourth with 5.0 percent of market share. The top three lenders, two national banks and one community bank, account for 41.9 percent of all originations by number.

There is a moderate level of competition for small business lending in the AA. While TCB is not required to collect or report CRA small business loan data and is not included in the following numbers, the data shows evidence of local demand for small business financing. In 2019, the most recent year for which data is available, 46 lenders originated 2,116 small business loans totaling \$77.8 million. The top three lenders, all national banks, accounted for 51.0 percent of all reported small business loans by number of loans.

Community Contacts

As part of the evaluation process, examiners contact third parties active in the AA to assist in identifying credit and CD needs and opportunities. The information helps assess whether local financial institutions are responsive to these needs.

Examiners contacted a representative of a community development organization within the AA to discuss the area's credit and community development needs. The contact stated that while local economic conditions were improving in 2018 and 2019, the COVID-19 pandemic hampered economic growth and opportunities in recent quarters. The contact noted that, despite the pandemic, small business activity remains fairly robust and local businesses have availed themselves of PPP loan funds. In addition, the contact stated that a lack of affordable housing remains an issue in the area, and that the lack of widespread broadband internet access does not allow local residents to take advantage of telework job opportunities that arose during the pandemic.

The contact stated that local financial institutions have been responsive to local credit needs, and they have played an active role in helping PPP loan applicants. The contact indicated no concerns regarding the availability of financial services and was not aware of any complaints regarding local financial institutions.

Credit and Community Development Needs and Opportunities

Considering information obtained from the community contact, bank management, and demographic and economic data, examiners determined that there are lending opportunities within

the AA for affordable housing and small business financing. The contact also indicated the need for financial literacy programs within the AA.

CONCLUSIONS ON PERFORMANCE CRITERIA IN NON-MSA OHIO AA

LENDING TEST

TCB's lending performance reflects reasonable responsiveness to the credit needs within the AA, based on the geographic distribution and borrower profile criteria, given performance context and mitigating factors. As noted previously, home mortgage lending received more weight in the overall conclusions.

Geographic Distribution

The geographic distribution of loans reflects reasonable dispersion throughout the AA. This conclusion is based on reasonable performance for both home mortgage and small business lending during the evaluation period.

Home Mortgage Loans

The geographic distribution of home mortgage loans reflects reasonable dispersion throughout the Non-MSA Ohio AA. The following table shows the distribution of home mortgage loans and the percentages of owner-occupied housing by tract income level, with aggregate HMDA data for the AA.

Geographic Distribution of Home Mortgage Loans Non-MSA OH AA						
Tract Income Level	% of Owner- Occupied Housing Units	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2019	1.3	1.1	4	2.1	1,347	4.5
Moderate						
2019	24.5	20.4	36	19.3	2,853	12.9
Middle						
2019	65.0	67.3	136	72.7	23,042	77.4
Upper						
2019	9.3	11.1	11	5.9	1,528	5.1
Totals						
2019	100.0	100.0	187	100.0	28,770	100.0
<i>Source: 2015 ACS Data; HMDA Reported Data; HMDA Aggregate Data.</i>						

The bank's lending in low-income census tracts exceeded both the percentage of owner-occupied housing units and the aggregate HMDA data based on both number and dollar volume of loans. Lending in moderate-income tracts was slightly lower than the percentage of owner-occupied housing units, but consistent with the aggregate data based on the number of loans. Overall, this performance is reasonable.

Small Business Loans

The distribution of small business loans reflects reasonable dispersion throughout low- and moderate-income census tracts within the AA. The following table shows the distribution of 2019 and 2020 small business loans within the AA, and includes comparative data for the distribution of businesses by tract income level.

Geographic Distribution of Small Business Loans					
Non-MSA OH AA					
Tract Income Level	% of Businesses	#	%	\$(000s)	%
Low					
2019	1.2	6	5.9	482	3.5
2020	1.3	13	4.2	962	3.7
Moderate					
2019	30.2	26	25.5	6,240	44.7
2020	30.7	77	24.7	7,811	29.7
Middle					
2019	60.6	61	59.8	5,787	41.5
2020	60.2	194	62.2	15,789	60.0
Upper					
2019	8.0	9	8.8	1,451	10.3
2020	7.8	28	8.9	1,731	6.6
Totals					
2019	100.0	102	100.0	13,960	100.0
2020	100.0	312	100.0	26,293	100.0
<i>Source: 2019 & 2020 D&B Data; Bank Data; Due to rounding, totals may not equal 100.0</i>					

In both 2019 and 2020, the bank’s lending exceeded the percentages of small businesses in low-income census tracts. Lending in moderate-income tracts was below the percentages of businesses in both years, but reasonable overall.

Borrower Profile

The distribution of loans to borrowers reflects poor penetration among individuals of different income levels and business of different sizes overall, given the greater weight placed on home mortgage lending. Examiners focused on the percentages by number of home mortgage loans to low- and moderate-income borrowers and loans to businesses with GARs of \$1.0 million or less.

Home Mortgage Loans

The distribution of home mortgage loans reflects poor penetration among individuals of different income levels, including low- and moderate-income borrowers. The following table shows the distribution of home mortgage loans by borrower income level.

Distribution of Home Mortgage Loans by Borrower Income Level						
Non-MSA OH AA						
Borrower Income Level	% of Families	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2019	24.8	8.0	9	4.8	474	1.6
Moderate						
2019	19.3	20.2	26	13.9	2,329	8.1
Middle						
2019	21.2	24.6	36	19.3	4,557	15.8
Upper						
2019	34.7	32.7	91	48.7	17,441	60.6
Not Available						
2019	0.0	14.4	25	13.4	3,969	13.8
Totals						
2019	100.0	100.0	187	100.0	28,770	100.0

*Source: 2015 ACS; Bank Data, 2018 & 2019 HMDA Aggregate Data.
Due to rounding, totals may not equal 100.0*

TCB's lending to low-income borrowers is well below the percentage of families. However, this category includes a total of 14.0 percent of the families in the AA who have incomes below the poverty level. Families at that income level likely would not qualify for loans and/or be able to service debt in amounts necessary to finance homes in the AA. For this reason, examiners placed more emphasis on the comparison of the bank's lending to the aggregate HMDA data, which is a better indicator of demand from borrowers with capacity to qualify for loans. Nevertheless, the bank's lending to low-income borrowers was also well below the aggregate. Similarly, the bank's lending to moderate-income borrowers was below both the percentage of families and the aggregate data.

Small Business Loans

TCB's lending performance to business of different sizes reflects reasonable penetration. As shown in the following table, the bank's 2019 lending activities to businesses with GARs of 1 million or less was slightly below the corresponding percentage of businesses. The bank's 2020 activities far exceeded the percentage of businesses.

Distribution of Small Business Loans by Gross Annual Revenue Category					
Non-MSA OH AA					
Gross Revenue Level	% of Businesses	#	%	\$(000s)	%
<=\$1,000,000					
2019	79.9	75	73.5	8,320	59.6
2020	79.7	298	95.5	23,864	90.8
>1,000,000					
2019	5.2	27	26.5	5,640	40.4
2020	5.1	14	4.5	2,430	9.2
Revenue Not Available					
2019	14.9	0	0.0	0	0.0
2020	15.2	0	0.0	0	0.0
Totals					
2019	100.0	102	100.0	13,960	100.0
2020	100.0	312	100.0	26,294	100.0
<i>Source: 2018 & 2019 D&B Data; Bank Data; Due to rounding, totals may not equal 100.0</i>					

COMMUNITY DEVELOPMENT TEST

The bank's community development activities demonstrate adequate responsiveness to the needs of this AA. The level of community development lending increased since the previous evaluation, while investment activity has declined. Overall, performance is adequate. Examiners determined the need and availability of opportunities in this AA by interviewing a community contact, reviewing available demographic and economic data, and reviewing the activity of a similarly-situated institution that operates in this AA. TCB's community development activities were generally comparable to the similarly-situated institution overall.

Community Development Loans

TCB originated 15 community development loans totaling approximately \$5.5 million during the review period within this AA, primarily those that support community services targeted to low- or moderate-income individuals. This volume represents a significant increase from the prior evaluation when the bank granted three community development loans in this AA totaling \$1.6 million. The following table provides details on community development activity.

Community Development Lending - Non-MSA OH AA										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
2018	1	1,510	4	1,092	0	0	0	0	5	2,602
2019	0	0	5	2,243	1	98	1	50	7	2,391
2020	0	0	0	0	3	552	0	0	3	552
YTD 2021	0	0	0	0	0	0	0	0	0	0
Total	1	1,510	9	3,335	4	650	1	50	15	5,545
<i>Source: Bank Data</i>										

Notable examples of community development loans include:

- \$1.5 million to an entity that provides affordable housing to low-income residents of Muskingum County.
- Two qualified SBA 501(c)(3) loans to one borrower totaling \$673,000 for the provision of healthcare and mental health services for low- and moderate-income residents of Muskingum County.
- \$420,000 to a healthcare facility that provides inpatient mental health care to low- and moderate-income residents of Zanesville, Ohio.
- \$50,000 to an entity that provides temporary housing, food assistance, medical care, and counseling to low-income residents of Muskingum County.

Qualified Investments

During the evaluation period, TCB made two community development investments totaling \$302,000 to finance infrastructure improvements in a moderate-income census tract. Despite bank efforts, lending volume in this area decreased since the previous evaluation when the bank made five investments totaling approximately \$1.1 million.

TCB also made 49 grants and donations totaling \$33,000 in this AA during the evaluation period, primarily to organizations that provide community services and economic development in low- and moderate-income census tracts. The following table illustrates the bank’s community development investment and donation activity by year and purpose.

Qualified Investments by Year – Non-MSA OH AA										
Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Total	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Prior Period		0	0	0	0	0	0	0	0	0
2018		0	0	0	1	151	0	0	1	151
2019		0	0	0	1	151	0	0	1	151
2020		0	0	0	0	0	0	0	0	0
YTD 2021		0	0	0	0	0	0	0	0	0
Subtotal		0	0	0	2	302	0	0	2	302
Grants & Donations		0	45	29	4	4	0	0	49	33
Total		0	45	29	6	306	0	0	51	335

Source: Bank Data

Notable examples of community development donations include:

- Three \$1,000 donations to organizations that provide financial counseling and financial literacy programs to low- and moderate income residents of Muskingum County.
- Three \$1,000 donations to an entity that provides education services and funding for low-income residents of Guernsey County.
- \$2,000 to an organization that provides educational and therapy programs for low- and moderate-income families with children that have speech impairments.

Community Development Services

During the evaluation period, bank directors, management, and employees provided 92 instances of financial expertise or technical assistance to 31 community development-related organizations serving this AA. This level of activity represents a modest increase since the prior evaluation when bank employees provided 87 instances of community development services. The following table illustrates community development services by year and purpose.

Community Development Services- Non-MSA OH AA					
Year	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Total
	#	#	#	#	#
2018	2	19	12	0	33
2019	2	16	7	0	25
2020	1	17	8	0	26
YTD 20201	0	5	3	0	8
Total	5	57	30	0	92

Source: Bank Data

Notable examples of community development services include:

- A bank employee serves on the Board of Directors for the Habitat for Humanity of Southeastern Ohio.

- A bank employee serves on the Loan Committee of the Guernsey County Port Authority.
- A bank employee serves on the Investment Committee for the Muskingum County Community Foundation.
- A Board member serves on the Board of the Muskingum Port Authority, which promotes economic development and job retention in Muskingum County.

COLUMBUS, OHIO MSA AA – Full-Scope Review

DESCRIPTION OF INSTITUTION’S OPERATIONS IN COLUMBUS, OHIO MSA AA

The AA consists of the entirety of Licking and Perry Counties. TCB operates two full-service branches and one stand-alone ATM within this AA. The bank opened one of the offices, located in Newark, Ohio in March 2019, subsequent to the previous evaluation. As of June 30, 2020, 11.2 percent of the bank’s total deposits are from this area. The bank originated 12.3 percent of home mortgage loans and 9.9 percent of small business loans, by number, in this AA during the review period.

Economic and Demographic Data

This AA consists of 38 census tracts. The following table illustrates select demographic characteristics of the AA.

Demographic Information of the Assessment Area Columbus, OH MSA Assessment Area						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	38	7.9	31.6	42.1	18.4	0.0
Population by Geography	204,718	6.3	23.4	47.7	22.6	0.0
Housing Units by Geography	84,940	7.1	24.8	47.6	20.5	0.0
Owner-Occupied Units by Geography	56,391	5.7	19.5	50.5	24.3	0.0
Occupied Rental Units by Geography	21,619	8.7	36.8	41.3	13.1	0.0
Vacant Units by Geography	6,930	13.4	31.0	43.5	12.0	0.0
Businesses by Geography	11,825	3.5	23.3	46.8	26.3	0.0
Farms by Geography	738	3.3	10.0	61.4	25.3	0.0
Family Distribution by Income Level	55,271	23.7	18.2	22.3	35.7	0.0
Household Distribution by Income Level	78,010	25.3	17.1	17.9	39.7	0.0
Median Family Income Non-MSAs - OH			\$70,454	Median Housing Value		\$139,935
			Median Gross Rent			\$742
			Families Below Poverty Level			10.2%
<small>Source: 2015 ACS Census and 2019 D&B Data; Due to rounding, totals may not equal 100.0 (*) The NA category consists of geographies that have not been assigned an income classification.</small>						

According to the 2020 D&B data, the AA contains 11,825 non-farm businesses with the following GAR levels:

- 84.2 percent have \$1.0 million or less
- 4.4 percent have more than \$1.0 million
- 11.4 percent have unknown revenues

The analysis of small business loans under the borrower profile criterion compares the distribution of lending by GAR level. D&B data from 2020 shows that the largest industries in the AA are services (38.4 percent); retail trade (13.2 percent); construction (9.1 percent); and finance, insurance, and real estate (8.2 percent). In addition, 88.6 percent of businesses operate from a single location, and 66.5 percent have four or fewer employees.

According to Bureau of Labor Statistics data from December 2020, the top employers within the AA include Owens Corning (construction supplies), Dow Chemical, Kroger Corporation, Licking Memorial Health Systems, Denison University, and Newark City Schools.

The analysis of residential mortgage loans under the Borrower Profile criterion compares the distribution of loans by borrower income level. Income levels are based on the FFIEC-adjusted MFI.

Median Family Income Ranges – Columbus, OH MSA				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
2018 (\$76,000)	<\$38,000	\$38,000 to <\$60,800	\$60,800 to <\$91,200	≥\$91,200
2019 (\$77,900)	<\$38,950	\$38,950 to <\$62,320	\$62,320 to <\$93,480	≥\$93,480

Source: FFIEC

There are 84,940 housing units within the AA. Of these, 66.4 percent are owner-occupied, 25.5 percent are occupied rental units, and 8.2 percent are vacant.

Data from the U.S. Bureau of Labor Statistics shows that unemployment levels within Licking County are markedly lower than statewide and national averages, but rates in Perry County more closely approximate statewide and national averages as of October 2020. Unemployment levels in both counties rose in 2020 due primarily to the COVID-19 pandemic. The table below shows unemployment rates for each of the counties that comprise the AA throughout the evaluation period.

Unemployment Rates – Columbus, OH MSA			
Area	2018	2019	October 2020
	%	%	%
Licking County	4.0	3.7	4.2
Perry County	5.6	5.2	5.8
State of Ohio	4.5	4.1	6.1
National Average	3.9	3.7	8.4

Source: Bureau of Labor Statistics.

Competition

There is a moderate level of competition for deposits within the AA. As of June 30, 2020, FDIC-insured financial institutions operate 59 offices with \$3.5 billion in deposits in the AA. TCB ranked eighth with only 1.4 percent of total deposits. The top three institutions, all national banks, hold 70.8 percent of the total deposit market share.

There is a strong level of competition for home mortgage loans in the AA. TCB faces competition from several national, regional, and local banks, credit unions, and non-bank lenders. Based on 2019 HMDA aggregate data, 228 HMDA-reporting lenders originated 4,884 home mortgage loans totaling \$523.7 million in the AA. TCB ranked twentieth with 1.2 percent of market share. The top six lenders, all national banks, account for 31.74 percent of all originations by number.

There is a moderate level of competition for small business lending in the AA. While TCB is not required to collect or report CRA small business loan data and is not included in the following numbers, the data shows evidence of local demand for small business financing. In 2019, the most recent year for which data is available, 55 lenders originated 2,864 small business loans totaling \$109.3 million. The top five lenders, all national banks, accounted for 61.1 percent of all reported small business loans by number of loans.

Community Contact

Examiners contacted a nonprofit dedicated to community development in Perry County to discuss the area's credit and community development needs. The contact stated that economic conditions have remained relatively stable despite the COVID-19 pandemic. The contact stated that while the recent closure of some local coal mining operations negatively affected the local economy, the pace of job creation within Perry County exceeded that of most Ohio counties in recent years. While economic conditions remain stable, the lack of widespread broadband internet access and a skilled workforce present challenges going forward. The contact stated that the local housing market remains strong, but the need for additional affordable housing persists.

The contact was complimentary regarding the performance of local financial institutions in meeting community credit needs. For example, the contact stated that local community banks were very helpful to small businesses applying for PPP loans funds, even if the applicant did not have a previous relationship with the bank. The contact shared no concerns regarding the availability of financial services, even in the more rural areas within the AA.

Credit and Community Development Needs and Opportunities

Considering information obtained from the community contact, bank management, and demographic and economic data, examiners determined that there are lending opportunities within the AA for affordable housing and small business financing. The contact also indicated the need for financial literacy programs within the AA.

CONCLUSIONS ON PERFORMANCE CRITERIA IN COLUMBUS, OH MSA AA

LENDING TEST

TCB's lending performance reflects reasonable responsiveness to the credit needs within the AA, based on the geographic distribution and borrower profile criteria, given performance context and

mitigating factors. As noted previously, home mortgage lending received more weight when arriving at overall conclusions.

Geographic Distribution

The geographic distribution of loans reflects excellent dispersion throughout the AA. This conclusion is based on excellent performance for both home mortgage and small business lending during the evaluation period.

Home Mortgage Loans

The geographic distribution of home mortgage loans reflects excellent dispersion throughout the AA. The following table shows the distribution of home mortgage loans compared with the percentages of owner-occupied homes and aggregate lending data by tract income level.

Geographic Distribution of Home Mortgage Loans Columbus, OH MSA Assessment Area						
Tract Income Level	% of Owner- Occupied Housing Units	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2019	5.7	3.5	6	6.3	380	2.6
Moderate						
2019	19.5	16.5	37	38.9	4,849	33.4
Middle						
2019	50.5	51.5	45	47.4	7,350	50.7
Upper						
2019	24.3	28.5	7	7.4	1,924	13.3
Totals						
2019	100.0	100.0	95	100.0	14,503	100.0
<i>Source: 2015 ACS Data; HMDA Reported Data; HMDA Aggregate Data.</i>						

As shown in the table, the bank’s lending exceeded both the percentages of owner-occupied housing and the aggregate data for both low- and moderate-income areas based on number of loans, and the percentage by dollar volume of loans in the moderate-income tracts.

Small Business Loans

The distribution of small business loans reflects excellent dispersion throughout the AA. The following table shows the distribution of 2019 and 2020 small business loans, compared with the percentages of business by tract income level.

Geographic Distribution of Small Business Loans					
Columbus, OH MSA Assessment Area					
Tract Income Level	% of Businesses	#	%	\$(000s)	%
Low					
2019	3.5	0	0.0	0	0.0
2020	3.7	11	6.7	2,303	12.9
Moderate					
2019	23.4	42	53.8	4,963	59.1
2020	23.5	55	33.7	7,449	41.6
Middle					
2019	46.8	31	39.7	2,641	31.4
2020	46.2	74	45.4	6,491	36.3
Upper					
2019	26.3	5	6.5	800	9.5
2020	26.6	23	14.2	1,645	9.2
Totals					
2019	100.0	78	100.0	8,404	100.0
2020	100.0	163	100.0	17,888	100.0
<i>Source: 2019 & 2020 D&B Data; Bank Data; Due to rounding, totals may not equal 100.0</i>					

The bank did not originate any small business loans in low-income geographies in 2019; however, 2020 activities far exceed the percentage of businesses. Lending in moderate-income census tracts for both 2019 and 2020 sharply exceeds the percentages of businesses.

Borrower Profile

The distribution of loans to borrowers reflects reasonable penetration among borrowers of different income levels and business of different sizes overall, given the greater weight placed on home mortgage lending. Examiners focused on the percentages by number of home mortgage loans to low- and moderate-income borrowers and loans to businesses with GARs of \$1.0 million or less.

Home Mortgage Loans

The distribution of home mortgage loans reflects reasonable penetration among individuals of different income levels, including low- and moderate-income borrowers. The following table shows the distribution of home mortgage loans by borrower income level.

Distribution of Home Mortgage Loans by Borrower Income Level						
Columbus, OH MSA Assessment Area						
Borrower Income Level	% of Families	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2019	23.7	9.3	11	11.6	761	5.2
Moderate						
2019	18.2	21.3	17	17.9	1,441	9.9
Middle						
2019	22.3	23.0	17	17.9	2,604	18.0
Upper						
2019	35.7	30.3	27	28.4	5,024	34.6
Not Available						
2019	0.0	16.1	23	24.2	4,672	32.2
Totals						
2019	100.0	100.0	95	100.0	14,503	100.0
<i>Source: 2015 ACS; Bank Data, 2018 & 2019 HMDA Aggregate Data. Due to rounding, totals may not equal 100.0</i>						

TCB's lending to low-income borrowers is below the percentage of families. However, similar to the non-MSA AA discussed earlier, this category includes families with incomes below the poverty level, which is 10.2 percent of the families in this AA. These families likely do not qualify for loans in amounts necessary to finance homes in the AA. For this reason, examiners focused the comparison of the bank's lending to low-income borrowers to the aggregate HMDA data. As shown in table, the bank's lending is slightly higher than the aggregate data based on the number of loans.

With regard to moderate-income borrowers, the bank's lending was below the aggregate data, but nearly matched the percentage of moderate-income families in the AA.

Small Business Loans

TCB's lending performance to business of different sizes reflects reasonable penetration. The following table shows the dispersion of the bank's lending as well as the percentages of businesses by GAR level in the AA. The bank's levels of lending to businesses with GARs of \$1 million or less nearly was slightly less than the corresponding percentage of businesses in 2019 and nearly matched it exactly in 2020.

Distribution of Small Business Loans by Gross Annual Revenue Category					
Columbus, OH MSA Assessment Area					
Gross Revenue Level	% of Businesses	#	%	\$(000s)	%
<=\$1,000,000					
2019	84.1	57	73.1	6,109	72.7
2020	84.2	137	84.0	11,718	65.5
>1,000,000					
2019	4.5	21	26.9	2,294	27.3
2020	4.4	26	16.0	6,170	34.5
Revenue Not Available					
2019	11.4	0	0.0	0	0.0
2020	11.4	0	0.0	0	0.0
Totals					
2019	100.0	78	100.0	8,403	100.0
2020	100.0	163	100.0	17,888	100.0

*Source: 2018 & 2019 D&B Data; Bank Data; "--" data not available.
Due to rounding, totals may not equal 100.0*

COMMUNITY DEVELOPMENT TEST

The bank's community development activities demonstrate adequate responsiveness to the needs of this AA. While community development lending volume declined since the previous evaluation, investment activity increased significantly. Examiners determined the need and availability of opportunities in this AA by interviewing a community contact, reviewing available demographic and economic data, and reviewing the activity of a similarly-situated institution that operates in this AA. TCB's activity levels were generally comparable to the similarly-situated institution overall.

Community Development Loans

TCB originated three community development loans totaling approximately \$762,000 during the review period within this AA. All three loans financed affordable housing for low- and moderate-income families. This volume represents a decline from the prior evaluation when the bank granted six community development loans totaling \$2.7 million. The following table provides details on community development activity.

Community Development Lending- Columbus, OH MSA Assessment Area										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
2018	2	518	0	0	0	0	0	0	2	518
2019	0	0	0	0	0	0	0	0	0	0
2020	1	244	0	0	0	0	0	0	0	0
YTD 2021	0	0	0	0	0	0	0	0	0	0
Total	3	762	0	0	0	0	0	0	3	762

Source: Bank Data

Qualified Investments

During the evaluation period, TCB made four community development investments totaling \$3.3 million to finance community services targeted for low- and moderate-income individuals and to promote economic development in low- and moderate-income census tracts. This volume represents a significant increase since the previous evaluation when the bank made one investment totaling \$703,000.

TCB also made 32 grants and donations totaling \$12,000 throughout this AA during the evaluation period, primarily to organizations that provide community services and economic development in low- and moderate-income census tracts. The following table illustrates the bank’s community development investment and donation activity by year and purpose.

Qualified Investments by Year – Columbus, OH MSA Assessment Area										
Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Total	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Prior Period	0	0	0	0	1	618	0	0	1	618
2018	0	0	0	0	0	0	0	0	0	0
2019	0	0	1	1,500	2	1,182	0	0	3	2,682
2020	0	0	0	0	0	0	0	0	0	0
YTD 2021	0	0	0	0	0	0	0	0	0	0
Subtotal	0	0	1	1,500	3	1,800	0	0	4	3,300
Grants & Donations	0	0	32	12	0	0	0	0	32	12
Total	0	0	33	1,512	3	1,800	0	0	36	3,312

Source: Bank Data

Notable examples of community development donations include:

- \$2,600 donation to an entity that provides housing and food assistance to low- and moderate-income residents of Licking County.
- \$1,000 donation to an organization that provides community services to children, targeted to residents in low-income census tracts.

Community Development Services

During the evaluation period, bank directors, management, and employees provided 29 instances of financial expertise or technical assistance to seven community development-related organizations serving this AA. This level of activity represents a major increase since the prior evaluation when bank employees provided 11 instances of community development services. The following table illustrates community development services by year and purpose.

Community Development Services- Columbus, OH MSA Assessment Area					
Year	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Total
	#	#	#	#	#
2018	0	5	3	0	8
2019	0	6	2	0	8
2020	1	5	4	0	10
YTD 2021	0	2	1	0	3
Total	1	18	10	0	29

Source: Bank Data

Notable examples of community development services include:

- A bank employee serves as a Board member for a local agency that provides community services targeted to children from low- and moderate-income families.
- A bank employee serves as a Board member for a local housing authority whose mission is to provide affordable housing for low- and very low-income families.
- A bank employee provides financial literacy classes for low- and moderate-income individuals.

APPENDICES

INTERMEDIATE SMALL BANK PERFORMANCE CRITERIA

Lending Test

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

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

Community Development Test

The Community Development Test considers the following criteria:

- 1) The number and amount of community development loans;
- 2) The number and amount of qualified investments;
- 3) The extent to which the bank provides community development services; and
- 4) The bank's responsiveness through such activities to the area's community development needs considering the amount and combination of these activities, along with their qualitative aspects.

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.

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

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

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

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

funds, community development credit unions, micro enterprise funds, and community development venture capital funds.

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

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

Community Development Loan: A loan that:

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

Community Development Service: A service that:

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

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

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

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

- (1) An unemployment rate of at least 1.5 times the national average;
- (2) A poverty rate of 20 percent or more; or

- (3) A population loss of 10 percent or more between the previous and most recent decennial census or a net migration loss of 5 percent or more over the 5-year period preceding the most recent census.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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