

PUBLIC DISCLOSURE

September 5, 2023

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Liberty Bank and Trust Company
Certificate Number: 20856

6600 Plaza Drive
New Orleans, Louisiana 70127

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

600 North Pearl Street, Suite 700
Dallas, Texas 75201

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 areas, including low- and moderate-income neighborhoods, in a manner consistent with its resources and capabilities.

The Lending Test is rated Satisfactory.

- The loan-to-deposit (LTD) ratio is reasonable (considering seasonal variations and taking into account lending-related activities) given the institution's size, financial condition, and assessment area credit needs.
- A majority of loans are in the institution's assessment areas.
- The geographic distribution of loans reflects excellent dispersion throughout the assessment areas.
- The distribution of borrowers reflects, given the demographics of the assessment areas, reasonable penetration among businesses of different sizes and individuals of different income levels (including low- and moderate-income).
- 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.

The institution's community development (CD) performance demonstrates adequate responsiveness to CD needs in its assessment areas through CD loans, qualified investments (QIs), and CD services, as appropriate, considering the institution's capacity and the need and availability of such opportunities for CD in the institution's assessment areas.

DESCRIPTION OF INSTITUTION

Liberty Bank and Trust Company (LBTC), established in 1972, maintains its headquarters in New Orleans, Louisiana. Liberty Financial Services, Inc., located in New Orleans, Louisiana, wholly owns LBTC. No affiliates or subsidiaries exist relevant to this CRA evaluation, as the institution did not ask for consideration of the activities from such. LBTC received a “Satisfactory” rating at its previous FDIC performance evaluation, dated September 8, 2020, based on the Federal Financial Institutions Examination Council (FFIEC) Intermediate Small Institution CRA Examination Procedures.

LBTC functions as a retail bank with a primary business focus, unchanged since the prior evaluation, on commercial and home mortgage lending. In October 2021, the bank acquired Tri-State Bank of Memphis, Tennessee, which involved one office. The institution operates fourteen full-service offices in eight states. In July 2022, LBTC closed a full-service office in Louisville, Kentucky. In October 2022, LBTC relocated a full-service office in Kansas City, Kansas. The bank also operates three loan production offices (LPOs) in Atlanta, Georgia (opened in November 2022); Houston, Texas; and Vicksburg, Mississippi.

The institution offers a variety of loan products, including home mortgage, commercial, and consumer loans. It also provides a variety of deposit services, including checking, savings, and certificate of deposit accounts. Service hours include extended lobby and drive-thru hours on Fridays at most locations as well as limited lobby and drive-thru hours on Saturdays at some locations. Alternative banking services include online and mobile banking, online bill pay, and 30 bank-owned automated teller machines (ATMs).

As of the June 30, 2023, Reports of Condition and Income, assets totaled \$1.1 billion, total loans equaled \$557.7 million, and deposits totaled \$949.6 million. Since the prior evaluation, on average per year, total assets increased 15.4 percent, net loans increased 11.0 percent, and total deposits increased 16.4 percent. The following table shows a distribution supportive of the institution’s primary business focus with commercial loans representing the largest portion of the loan portfolio followed closely by home mortgage loans.

Loan Portfolio Distribution as of June 30, 2023		
Loan Category	\$(000s)	%
Construction, Land Development, and Other Land Loans	19,320	3.5
Secured by Farmland	0	0.0
Secured by 1-4 Family Residential Properties	186,795	33.5
Secured by Multifamily (5 or more) Residential Properties	36,230	6.5
Secured by Nonfarm Nonresidential Properties	202,721	36.4
Total Real Estate Loans	445,066	79.9
Commercial and Industrial	76,723	13.8
Agricultural Production and Other Loans to Farmers	0	0.0
Consumer Loans	30,411	5.5
Other Loans	0	0.0
Obligations of States and Political Subdivisions in the U.S.	0	0.0
Lease Financing Receivable (net of unearned income)	5,461	1.0
Less: Unearned Income	0	0.0
Total Loans	557,661	100.0
<i>Source: Reports of Condition and Income</i>		

Examiners did not identify any financial, legal, or other impediments that affect the institution's ability to meet the credit needs of its assessment areas.

DESCRIPTION OF ASSESSMENT AREAS

As more fully described under Description of Institution for each rated area, LBTC operates in seven rated areas, the Kansas City, MO-KS Multi-State Metropolitan Statistical Area (MSA), as well as the States of Alabama, Illinois, Louisiana, Michigan, Mississippi, and Tennessee. Since the previous evaluation, LBTC removed the Louisville AA in the State of Kentucky due to the aforementioned branch closing. In addition, the bank expanded its AAs to include the State of Tennessee due to the aforementioned merger activity. The bank also expanded the assessment area in the State of Illinois. All of the assessment areas conform to CRA regulatory requirements. The following table provides additional details regarding each assessment area. Please refer to the rated areas and individual assessment areas for additional information.

Description of Assessment Areas			
Assessment Area	Counties/Parishes in Assessment Area	# of CTs	# of Branches
Kansas City Multi-State MSA	Wyandotte - Kansas Jackson - Missouri	291	2
Alabama			
Montgomery MSA	Lowndes, Montgomery	75	1
Alabama Non-MSA	Macon	12	1
Illinois			
Chicago MSA	Cook	1,332	1
Louisiana			
Baton Rouge MSA	East Baton Rouge	108	2
New Orleans MSA	Jefferson, Orleans	312	4
Michigan			
Detroit MSA	Wayne	627	1
Mississippi			
Jackson MSA	Hinds	67	1
Tennessee			
Memphis MSA	Shelby	249	1
<i>Source: Bank Data</i>			

SCOPE OF EVALUATION

General Information

Examiners evaluated performance based on FFIEC Intermediate Small Institution CRA Examination Procedures, which include the Lending Test and Community Development Test. The appendix details each tests' criteria. This evaluation covers the period from the previous evaluation dated September 8, 2020, to the current evaluation dated September 5, 2023.

Examiners applied full-scope procedures to the following AAs: the Kansas City Multi-State MSA, Montgomery MSA, Chicago MSA, New Orleans MSA, Detroit MSA, Jackson MSA, and Memphis MSA. Examiners applied limited-scope procedures to the Alabama Non-MSA and Baton Rouge MSA AAs. Please refer to the rated area sections for additional details.

The following table shows that the bank originated a majority of its loans, deposits, and branches in the State of Louisiana. Consequently, examiners weighed records in the State of Louisiana heaviest when arriving at applicable conclusions and ratings.

Rated Area Breakdown of Loans, Deposits, and Branches						
Rated Area	Loans		Deposits		Branches	
	\$(000s)	%	\$(000s)	%	#	%
Kansas City Multi-State MSA	1,345	2.6	40,691	4.3	2	14.3
Alabama	1,845	3.6	79,114	8.5	2	14.3
Illinois	2,988	5.8	34,324	3.7	1	7.1
Louisiana	35,443	69.4	625,870	66.9	6	43.0
Michigan	2,104	4.1	48,044	5.1	1	7.1
Mississippi	2,436	4.8	28,518	3.0	1	7.1
Tennessee	4,937	9.7	79,267	8.5	1	7.1
Total	51,098	100.0	935,828	100.0	14	100.0

Source: HMDA data (2022); Bank records (2022); FDIC Summary of Deposits (06/30/2023)

Activities Reviewed

For the Lending Test, CRA Intermediate Small Institution procedures require examiners to determine the bank’s major product lines for review. As an initial matter, examiners may select from the same loan categories used for CRA Large Bank evaluations: home mortgage, small business, small farm, and consumer loans.

As seen in the following table, considering the dollar volume and number of loans originated or purchased and management’s stated business strategy, examiners determined that the bank’s major product lines consist of home mortgage, small business, and consumer loans. Since small farm loans do not represent a major product line and thus would not materially affect any conclusions or ratings, this evaluation does not include a review of them. LBTC’s records indicate the lending focus and product mix remained generally consistent throughout the evaluation period.

Loans Originated or Purchased				
Loan Category	\$(000s)	%	#	%
Construction and Land Development	22,881	10.6	17	2.8
Secured by Farmland	0	0.0	0	0.0
Secured by 1-4 Family Residential Properties	27,470	12.7	108	17.5
Multi-Family (5 or more) Residential Properties	7,660	3.6	8	1.3
Commercial Real Estate Loans	59,047	27.3	79	12.8
Commercial and Industrial Loans	96,181	44.5	172	27.8
Agricultural Loans	66	<0.1	7	1.1
Consumer Loans	2,834	1.3	227	36.7
Other Loans	0	0.0	0	0.0
Total Loans	216,139	100.0	618	100.0

Source: Bank Data

Therefore, this evaluation includes a review of all home mortgage loans listed below reported on the bank’s Home Mortgage Disclosure Act (HMDA) Loan Application Registers (LAR) for all full

calendar years since the prior evaluation.

- 2020 – 276 such loans totaling \$66.2 million,
- 2021 – 265 such loans totaling \$64.5 million, and
- 2022 – 182 such loans totaling \$49.4 million

Examiners did not identify any trends between the different years considered that materially affect conclusions, unless otherwise noted. Therefore, this evaluation presents information for 2022, the most recent year for which aggregate data exists as of this evaluation date. U.S. Census data for 2020, as well as HMDA aggregate data, provide the standards of comparison for the reviewed home mortgage loans.

This evaluation also includes a review of the universe of 207 small business loans totaling \$36.7 million originated in 2022, the most recent calendar year of available data. Examiners considered the reviewed loans representative of the entire evaluation period. D&B data for 2022 provides a standard of comparison for the reviewed small business loans. Within the New Orleans MSA assessment area, however, examiners utilized a random sample of 38 small business loans totaling \$7.9 million for the borrower profile analysis.

In addition, this evaluation includes a review of the universe of 227 consumer loans totaling \$2.8 million originated in 2022, the most recent calendar year of available data. Examiners considered the reviewed loans representative of the entire evaluation period. U.S. Census data for 2020 provides a standard of comparison for the reviewed consumer loans.

Examiners considered the universes of the dollar volume and number of loans originated for the loan categories reviewed, as well as management’s stated business strategy, to determine the weighting applied when evaluating the applicable performance factors. The following table shows that, of the loan categories reviewed, home mortgage loans comprise a majority by dollar volume. As the different assessment areas have varied credit needs, examiners reviewed different loan products in each assessment area. However, examiners generally weighed home mortgage loans heavier than small business and consumer loans when arriving at applicable conclusions, unless otherwise noted.

Loan Products Reviewed				
Loan Category	Universe		Reviewed	
	#	\$(000s)	#	\$(000s)
Home Mortgage	276	66,228	276	66,228
Small Business	207	36,745	207	36,745
Consumer	227	2,834	227	2,834

Source: Bank Data (2022). HMDA Data (2022).

For the Community Development Test, this evaluation considers applicable current period CD activities, including CD loans, QIs, and CD services. Current period activities involve those generated since the previous September 8, 2020, evaluation. This test further encompasses all prior period QIs. Prior period QIs involve those purchased prior to the previous evaluation but remain

outstanding as of this evaluation’s date. Examiners use the book value as of the current evaluation date for all prior period QIs.

CONCLUSIONS ON PERFORMANCE CRITERIA

LENDING TEST

LBTC demonstrated a satisfactory record regarding the Lending Test. Reasonable records regarding borrower profile outweighed excellent records regarding geographic distribution to primarily support this conclusion. A reasonable LTD ratio and a majority of loans originated inside the assessment area further support this conclusion. The conclusions for each rated area are consistent with the institution’s overall Lending Test performance.

Loan-to-Deposit Ratio

The LTD ratio is reasonable (considering seasonal variations and taking into account lending-related activities) given the institution’s size, financial condition, and assessment area credit needs. The bank recorded a 57.9 percent average net LTD ratio for the 12 quarters since the previous evaluation. The ratio decreased from the 61.0 percent average net LTD ratio reported at the previous evaluation. Over the 12 quarters, the bank’s quarterly net LTD ratio ranged from a high of 65.7 percent on December 31, 2020, to a low of 54.1 percent on September 30, 2022.

The following table includes comparable institutions operating in or near LBTC’s assessment area, reporting similar asset sizes, and reflecting similar lending emphases. The following table shows that LBTC posted the second lowest ratio out of the other ratios listed.

LTD Ratio Comparison		
Bank	Total Assets as of 6/30/2023 (000s)	Average Net LTD Ratio (%)
Liberty Bank and Trust Company, New Orleans, Orleans Par., LA	1,077,834	57.9
First Commercial Bank, Jackson, Hinds Co., MS	823,311	96.8
First Community Bank of Central Alabama, Wetumpka, Elmore Co., AL	565,938	55.8
First Independence Bank, Detroit, Wayne Co., MI	581,350	70.7
International Bank of Chicago, Chicago, Cook Co., IL	932,965	85.9
Metairie Bank & Trust Company, Metairie, Jefferson Par., LA	574,714	66.0
NBKC Bank, Leawood, Johnson Co., KS	1,132,469	63.6
Paragon Bank, Memphis, Shelby Co., TN	701,829	93.0
<i>Source: Reports of Condition and Income 9/30/2020 – 6/30/2023.</i>		

Assessment Area Concentration

A majority of loans are in the institution’s assessment areas. The following table shows a majority of home mortgage, small business, and consumer loans, by both number and dollar, originated inside the bank’s assessment areas.

Lending Inside and Outside of the Assessment Area										
Loan Category	Number of Loans				Total #	Dollar Amount of Loans \$(000s)				Total \$(000s)
	Inside		Outside			Inside		Outside		
	#	%	#	%		\$	%	\$	%	
Home Mortgage										
2020	182	65.9	94	34.1	276	42,447	64.1	23,781	35.9	66,228
2021	160	60.4	105	39.6	265	35,630	55.3	28,833	44.7	64,462
2022	103	56.6	79	43.4	182	27,164	55.0	22,194	45.0	49,358
Subtotal	445	61.5	278	38.5	723	105,241	58.5	74,808	41.5	180,048
Small Business	153	73.9	54	26.1	207	21,930	59.7	14,815	40.3	36,745
Consumer	175	77.1	52	22.9	227	2,002	70.6	832	29.4	2,834

Source: Bank data (2022); HMDA Reported Data..

Geographic Distribution

The geographic distribution of loans reflects excellent dispersion throughout the assessment areas for the bank as a whole. Excellent records in the States of Louisiana, Illinois, Michigan, and Tennessee outweighed reasonable records in the Kansas City Multi-State MSA and the States of Alabama and Mississippi to support this conclusion. Examiners considered the bank’s performance relative to the available comparative data and any performance context issues. They focused on the percentage by number of loans in low- and moderate-income geographies within the assessment areas when arriving at conclusions.

Borrower Profile

The distribution of borrowers reflects, given the demographics of the assessment areas, reasonable penetration among businesses of different sizes and individuals of different income levels (including low- and moderate-income) for the bank as a whole. Reasonable records in all rated areas support this conclusion. Examiners considered the bank's performance relative to the available comparative data and any performance context issues. They focused on the percentage by number of loans to businesses with gross annual revenue of \$1 million or less and to low- and moderate-income individuals within the assessment area when arriving at conclusions.

Response to Complaints

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

COMMUNITY DEVELOPMENT TEST

The institution’s CD performance demonstrates adequate responsiveness to CD needs in its assessment areas through CD loans, QIs, and CD services, as appropriate, considering the institution’s capacity and the need and availability of such opportunities for CD in the institution’s

assessment areas. The conclusions for each rated area remain consistent with the institution's overall Community Development Test performance.

Community Development Loans

Since the prior evaluation, the bank originated 115 CD loans totaling \$73.5 million. This reflects an increase from the 73 CD loans totaling \$34.3 million reported at the previous evaluation. The total dollar amount equates to 7.7 percent of average total assets of \$960.4 million since the previous evaluation and 15.2 percent of average net loans of \$483.9 million for the same period. These levels reflect an increase from the 5.6 percent of average total assets and 10.4 percent average net loans reported at the previous evaluation. The responsiveness of the loans addresses identified needs in the assessment area primarily targeted to revitalization and stabilization efforts but also benefit economic development, community services, and affordable housing. The following tables illustrate the CD loans by rated area, year, and purpose.

Community Development Lending by Rated Area										
Rated Area	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Kansas City Multi-State MSA	0	0	1	40	1	5,000	9	3,242	11	8,282
Alabama	3	43	0	0	2	547	13	2,955	18	3,545
Illinois	0	0	1	750	0	0	3	413	4	1,163
Louisiana	1	110	0	0	1	4,000	36	24,331	38	28,441
Michigan	0	0	0	0	1	4,000	1	58	2	4,058
Mississippi	1	50	0	0	0	0	4	2,366	5	2,416
Tennessee	1	27	0	0	0	0	22	4,769	23	4,796
Regional Activities	3	12,000	1	1,500	0	0	10	7,339	14	20,839
Total	9	12,230	3	2,290	5	13,547	98	45,473	115	73,540

Source: Bank Data

Community Development Lending by Year Institution										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
2020*	2	2,110	1	1,500	0	0	0	0	3	3,610
2021	4	10,056	1	750	1	4,000	64	16,574	70	31,380
2022	2	35	0	0	1	4,000	19	14,359	22	18,394
YTD 2023	1	29	1	40	3	5,547	15	14,540	20	20,156
Total	9	12,230	3	2,290	5	13,547	98	45,473	115	73,540

*Source: Bank data. *Since the prior evaluation.*

The following points are examples of the bank's CD loans benefitting a broader statewide or regional area:

- **Affordable Housing** – The bank originated two loans totaling \$10.0 million loan to build apartment complexes that provide rental rates below the Department of Housing and Urban Development’s fair market rents for the area. Thus, the activity provides affordable housing primarily to low- and moderate-income families.
- **Revitalize or Stabilize** – The bank originated a \$5.0 million loan to fund the creation of a community grocery store in a low-income census tract. Thus, the activity revitalizes and stabilizes qualifying geographies by helping to attract new, or retain existing, businesses or residents.

Qualified Investments

The bank made use of 53 QIs totaling \$9.8 million. This reflects a decrease by number and an increase by dollar amount from the 60 QIs totaling \$6.5 million reported at the previous evaluation. The total dollar amount equates to 1.0 percent of average total assets since the prior evaluation and 3.4 percent of average securities of \$285.8 million for the same period. These levels reflect a decrease from the 1.1 percent of average total assets and equal the 3.4 percent of average securities reported at the previous evaluation. The responsiveness of the QIs addresses identified needs of the assessment area primarily for revitalization or stabilization efforts. The following tables illustrate the bank’s QIs by rated area, year, and purpose.

Qualified Investments by Rated Area										
Rated Area	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Kansas City Multi-State MSA	0	0	2	252	0	0	5	1,642	7	1,894
Alabama	0	0	1	1	0	0	0	0	1	1
Illinois	0	0	0	0	0	0	0	0	0	0
Louisiana	6	10	10	44	4	24	9	4,716	29	4,794
Michigan	0	0	2	479	0	0	0	0	2	479
Mississippi	0	0	2	1	0	0	2	502	4	503
Tennessee	0	0	5	1,601	0	0	0	0	5	1,601
Regional Activities	0	0	5	561	0	0	0	0	5	561
Total	6	10	27	2,939	4	24	16	6,860	53	9,833
<i>Source: Bank Data</i>										

Qualified Investments by Year Institution										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Prior Period	0	0	3	987	0	0	11	3,507	14	4,494
2020*	0	0	0	0	0	0	0	0	0	0
2021	0	0	2	600	0	0	2	350	4	950
2022	0	0	2	600	0	0	1	3,000	3	3,600
YTD 2023	0	0	3	700	0	0	0	0	3	700
Subtotal	0	0	10	2,887	0	0	14	6,857	24	9,744
Qualified Grants & Donations	6	10	17	52	4	24	2	3	29	89
Total	6	10	27	2,939	4	24	16	6,860	53	9,833

Source: Bank Data. *Since the prior evaluation.

The following points are examples of the bank’s QIs benefitting a broader statewide or regional area:

- **Community Services** – The bank continued its investments of \$1.9 million in certificates of deposit at two minority-owned, community development financial institutions (CDFI) that provide affordable financial services to low- and moderate-income individuals and in economically distressed areas. Thus, the activity benefits organizations or projects that provide community services primarily to low- and moderate-income individuals.
- **Community Services** – The bank continued its investment of \$258,099 in a money market deposit account at a CDFI that provides affordable financial services to low- and moderate-income individuals and in economically distressed areas. Thus, the activity benefits organizations or projects that provide community services primarily to low- and moderate-income individuals.

Community Development Services

The following table shows that the bank provided 43 CD services since the prior evaluation. This level reflects a significant decrease over the 119 CD services at the prior evaluation. The services involve bank personnel’s use of their technical expertise to benefit organizations or projects in the assessment areas with a primary purpose of CD, as defined by the CRA regulation. The CD services primarily benefited community service organizations that provide services to low- and moderate-income individuals, which demonstrate the bank’s responsiveness to an identified CD need in the rated areas. The following tables detail the bank’s CD services by rated area, purpose, and year.

Community Development Services by Rated Area					
Rated Area	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Totals
	#	#	#	#	#
Kansas City Multi-State MSA	0	0	0	0	0
Alabama	1	0	6	0	7
Illinois	1	7	1	1	10
Louisiana	5	8	3	0	16
Michigan	0	0	1	0	1
Mississippi	4	3	0	0	7
Tennessee	0	1	1	0	2
Total	11	19	12	1	43

Source: Bank Data

Community Development Services by Year Institution					
Activity Year	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Totals
	#	#	#	#	#
2020*	0	0	0	0	0
2021	0	9	1	0	10
2022	1	9	8	1	19
YTD 2023	10	1	3	0	14
Total	11	19	12	1	43

*Source: Bank data. *Since the prior evaluation.*

LBTC also provides retail banking services that benefit low- and moderate-income individuals or areas. The following table shows the bank operates more than half of its branches and nearly half of its ATMs in low- and moderate-income census tracts.

Branch and ATM Distribution by Geography Income Level Institution								
Tract Income Level	Census Tracts		Population		Branches		ATMs	
	#	%	#	%	#	%	#	%
Low	538	16.3	1,511,323	13.2	4	28.6	7	23.3
Moderate	900	27.4	3,154,470	27.6	4	28.6	7	23.3
Middle	839	25.5	3,318,256	29.0	5	35.7	6	20.0
Upper	867	26.4	3,321,388	29.0	1	7.1	7	23.3
NA	145	4.4	130,925	1.2	0	0.0	3	10.0
Total	3,289	100.0	11,436,362	100.0	14	100.0	30	100.0

Source: U.S. Census Data (2020); Bank data.

Furthermore, the bank also provides alternative delivery systems that help avail the bank's services to low- and moderate-income individuals or geographies. Those systems include the bank's ATMs, nearly half of which are located in low- and moderate-income census tracts. Besides its ATMs, the

bank provides other alternative delivery systems including online and mobile banking, as well as electronic bill pay capabilities available to all individuals throughout all portions of the assessment area. Additionally, in response to the COVID-19 pandemic, the bank participated in the Small Business Administration's Paycheck Protection Program and offered deferrals on loan payments to assist affected borrowers.

DISCRIMINATORY OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

The bank's compliance with the laws relating to discrimination and other illegal credit practices was reviewed, including the Fair Housing Act and the Equal Credit Opportunity Act. Examiners did not identify any discriminatory or other illegal credit practices.

KANSAS CITY MULTI-STATE MSA – Full-Scope Review

CRA RATING FOR KANSAS CITY MULTI-STATE MSA: SATISFACTORY

The Lending Test is rated: Satisfactory

The Community Development Test is rated: Satisfactory

DESCRIPTION OF INSTITUTION’S OPERATIONS IN KANSAS CITY MULTI-STATE MSA

The Kansas City Multi-State MSA Assessment Area (Kansas City MS MSA AA), unchanged since the prior evaluation, consists of the following contiguous census tracts in the following contiguous counties. The counties represent two of fourteen counties that comprise the Kansas City, Missouri-Kansas MS MSA located in west Missouri and east Kansas.

- Jackson County, MO – all census tracts
- Wyandotte County, KS – all census tracts

The following table shows that the bank operates two full-service offices and ATMs in this assessment area. The offices maintain hours consistent with the area and the industry.

Full-Service Office Locations Kansas City MS MSA AA					
County/City/Street	Office Type	Census Tract Number	Census Tract Income Level	ATM	Office Opened or Closed Since Last Evaluation
<i>Jackson County, MO:</i> Kansas City – Troost Ave	Branch	0075.00	Moderate	Yes	No
<i>Wyandotte County, KS:</i> Kansas City – State Ave	Branch	0439.03	Low	Yes	Yes – opened Oct 2022
Kansas City – N 5 th St	Branch	0411.00	Low	Yes	Yes – closed Oct 2022

Source: Bank data; U.S. Census data (2020).

Economic and Demographic Data

During the evaluation period, the income classifications of the census tracts within the assessment area changed. According to 2015 ACS data, the assessment area’s 269 census tracts reflect the following income designations: 76 low-, 75 moderate-, 65 middle-, 38 upper-income census tracts, and 15 census tracts with no income designation. According to 2020 U.S. Census data, the assessment area’s 291 census tracts reflect the following income designations: 53 low-, 99 moderate-, 80 middle-, 41 upper-income census tracts, and 18 census tracts with no income designation. The Federal Emergency Management Agency (FEMA) declared this area as a major disaster area during the entire period under review. The following table illustrates select demographic characteristics of the assessment area.

Demographic Information of the Assessment Area Kansas City MS MSA AA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	291	18.2	34.0	27.5	14.1	6.2
Population by Geography	886,449	15.2	36.8	31.0	15.6	1.5
Housing Units by Geography	393,998	16.0	37.4	30.3	14.4	1.8
Owner-Occupied Units by Geography	205,968	10.4	33.2	36.3	19.1	1.0
Occupied Rental Units by Geography	145,964	21.3	41.9	24.6	9.7	2.6
Vacant Units by Geography	42,066	25.2	42.5	20.8	8.1	3.5
Businesses by Geography	121,771	11.0	28.4	32.1	24.8	3.7
Farms by Geography	2,620	8.6	29.6	37.6	22.3	1.9
Family Distribution by Income Level	205,983	28.1	20.5	21.1	30.3	0.0
Household Distribution by Income Level	351,932	31.6	18.2	17.9	32.2	0.0
Median Family Income – Kansas City, MO-KS MSA	\$86,562		Median Housing Value Median Gross Rent Families Below Poverty Level			\$149,824 \$934 10.7%

*Source: 2020 U.S. Census and 2022 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.*

According to Moody’s Analytics, major employers in the area include Children’s Mercy Hospital, Cerner Corp., and Honeywell. The U.S. Bureau of Labor Statistics reflects a July 2023 unemployment rate of 3.2 percent for the Kansas City MS MSA, which is below the 3.5 percent national and the 3.4 percent State of Missouri unemployment rates and slightly above the 3.1 percent State of Kansas unemployment rate for the same period.

Examiners use the applicable FFIEC-updated median family income (MFI) levels to analyze home mortgage and consumer loans under the borrower profile criterion. The following table shows the applicable income ranges based on the 2022 FFIEC-estimated MFI of \$97,300 for the Kansas City MS MSA.

Median Family Income Ranges – Kansas City MS MSA				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
2022 (\$97,300)	<\$48,650	\$48,650 to <\$77,840	\$77,840 to <\$116,760	≥\$116,760

Source: FFIEC (2020).

Competition

The Kansas City MS MSA AA contains a high level of competition from other chartered banks. According to FDIC Deposit Market Share data as of June 30, 2023, 50 institutions operate 217 offices in the assessment area. Mortgage companies, credit unions, and finance companies also compete for loans in the area adding to the competition level. LBTC ranks 38th in deposit market share by capturing 0.09 percent of the area’s deposits.

Credit and Community Development Needs and Opportunities

Considering information from bank management, as well as demographic and economic data, examiners determined that home mortgage, consumer, and small business loans represent primary credit needs in the assessment area.

Regarding the area's CD needs, demographic data showing that 52.2 percent of the area's census tracts received low- or moderate-income designations and the federal disaster area designations suggest a need for activities that revitalize or stabilize qualifying geographies. In addition, the demographic data showing lower percentages of owner-occupied housing units relative to total housing units in low- and moderate-income geographies, in connection with the 48.6 percent of the area's families reporting low or moderate incomes, also suggests a need for affordable housing. The percentage of low- and moderate-income families also suggests a need for activities that benefit projects or organizations that provide community services targeted to those families. The area's businesses suggest a need for economic development activities, such as those that finance smaller sized entities that support permanent job creation, retention, or improvement for low- or moderate-income persons or geographies.

SCOPE OF EVALUATION – KANSAS CITY MULTI-STATE MSA

Examiners considered the same review period as discussed at the institution level. Examiners also reviewed small business, home mortgage, and consumer loans in this rated area. Small business lending received the greatest weight when arriving at overall conclusions for the Kansas City MS MSA AA because of its greater relative number and dollar volume of loans. Regarding the CD Test, the scope for this rated area remains consistent with that of the institution as a whole. Refer to the institution level Scope of Evaluation section for additional information.

CONCLUSIONS ON PERFORMANCE CRITERIA IN KANSAS CITY MULTI-STATE MSA

LENDING TEST

LBTC demonstrated a satisfactory record regarding the Lending Test in the Kansas City MS MSA AA. Reasonable geographic distribution and borrower profile support this conclusion.

Geographic Distribution

The geographic distribution of loans reflects reasonable dispersion throughout the Kansas City MS MSA AA. Reasonable records regarding small business, home mortgage, and consumer loans support this conclusion.

Small Business Loans

The geographic distribution of small business loans reflects reasonable dispersion throughout the Kansas City MS MSA AA. Reasonable performance in moderate-income geographies insufficiently lifted by excellent performance in low-income geographies supports this conclusion. The following table shows that, in low-income census tracts, the bank's level of lending is 50.0 percentage points

higher than demographic data, reflecting excellent performance. The table further shows that, in moderate-income tracts, the bank’s level of lending falls 8.4 percentage points lower than the demographic data, evidencing reasonable performance.

Geographic Distribution of Small Business Loans Kansas City MS MSA AA					
Tract Income Level	% of Businesses	#	%	\$(000s)	%
Low	11.0	6	60.0	663	68.0
Moderate	28.4	2	20.0	140	14.3
Middle	32.1	1	10.0	146	15.0
Upper	24.8	1	10.0	26	2.7
NA	3.7	0	0.0	0	0.0
Total	100.0	10	100.0	975	100.0
<i>Source: 2022 D&B Data; Bank Data</i>					

Home Mortgage Loans

The geographic distribution of home mortgage loans reflects reasonable dispersion throughout the Kansas City MS MSA AA. Excellent performance in low-income geographies outweighed poor performance in moderate-income geographies to support this conclusion. The following table shows that the bank’s lending in low-income census tracts rises 41.0 percentage points above aggregate data, reflecting excellent performance. The table further shows that no loans originated in moderate-income tracts, thereby reflecting poor performance. However, the bank did originate two loans, one each in 2020 and 2021, in moderate-income census tracts.

Geographic Distribution of Home Mortgage Loans Kansas City MS MSA AA						
Tract Income Level	Owner-Occupied Housing Units (% of #)	Aggregate Data (% of #)	Bank’s Home Mortgage Loans			
			#	%	\$(000s)	%
Low	10.4	9.0	1	50.0	119	37.7
Moderate	33.2	33.1	0	0.0	0	0.0
Middle	36.3	36.4	1	50.0	197	62.3
Upper	19.1	20.5	0	0.0	0	0.0
NA	1.0	1.0	0	0.0	0	0.0
Total	100.0	100.0	2	100.0	316	100.0
<i>Source: U.S. Census data (2020); HMDA data (2022); HMDA aggregate data (2022).</i>						

Consumer Loans

The geographic distribution of consumer loans reflects reasonable dispersion throughout the Kansas City MS MSA AA. Excellent performance in low-income geographies lowered by reasonable performance in moderate-income geographies supports this conclusion. The following table shows that in low-income census tracts, the bank’s level of lending is 22.6 percentage points higher than demographic data, reflecting excellent performance. The table further shows that in moderate-income tracts, the bank’s level of lending rises 0.7 percentage points higher than the demographic data, evidencing reasonable performance.

Geographic Distribution of Consumer Loans Kansas City MS MSA AA					
Tract Income Level	% of Households	#	%	\$(000s)	%
Low	14.9	3	37.5	28	51.9
Moderate	36.8	3	37.5	7	13.0
Middle	31.4	2	25.0	19	35.1
Upper	15.2	0	0.0	0	0.0
NA	1.6	0	0.0	0	0.0
Total	100.0	8	100.0	54	100.0

Source: U.S. Census Data (2020); Bank Data

Borrower Profile

The distribution of borrowers reflects, given the demographics of the assessment area, reasonable penetration among businesses of different sizes and individuals of different income levels (including low- and moderate-income) in the Kansas City MS MSA AA. Excellent records regarding small business and consumer loans lowered by a very poor record regarding home mortgage loans support this conclusion.

Small Business Loans

The distribution of borrowers reflects, given the demographics of the assessment area, excellent penetration among businesses of different sizes in the Kansas City MS MSA AA. Excellent performance to businesses with gross annual revenue of \$1 million or less supports this conclusion. The following table shows that the bank originated all of the loans to businesses with gross annual revenues of \$1 million or less, thereby reflecting an excellent level.

Distribution of Small Business Loans by Gross Annual Revenue Category Kansas City MS MSA AA					
Gross Revenue Level	% of Businesses	#	%	\$(000s)	%
< \$100,000	72.5	7	70.0	514	52.7
\$100,000 - \$249,999	13.5	1	10.0	26	2.7
\$250,000 - \$499,999	3.3	0	0.0	0	0.0
\$500,000 - \$1,000,000	1.8	2	20.0	435	44.6
Subtotal ≤ \$1,000,000	91.1	10	100.0	975	100.0
> \$1,000,000	2.9	0	0.0	0	0.0
Revenue Not Available	6.0	0	0.0	0	0.0
Total	100.0	10	100.0	975	100.0

Source: 2022 D&B data; Bank data

Home Mortgage Loans

The distribution of borrowers reflects, given the demographics of the assessment area, very poor penetration among individuals of different income levels in the Kansas City MS MSA AA. Very poor performances to low- and moderate-income borrowers support this conclusion. The following

table shows no loans originated to low- or moderate-income borrowers, thereby reflecting a very poor level.

Distribution of Home Mortgage Loans by Borrower Income Level Kansas City MS MSA AA						
Borrower Income Level	Families (%)	Aggregate Data (% of #)	Bank's Home Mortgage Loans			
			#	%	\$(000s)	%
Low	28.1	13.8	0	0.0	0	0.0
Moderate	20.5	22.4	0	0.0	0	0.0
Middle	21.1	19.0	2	100.0	316	100.0
Upper	30.3	23.2	0	0.0	0	0.0
NA	0.0	21.6	0	0.0	0	0.0
Total	100.0	100.0	2	100.0	316	100.0

Source: U.S. Census data (2020); HMDA data (2022). HMDA aggregate data (2022).

Consumer Loans

The distribution of borrowers reflects, given the demographics of the assessment area, excellent penetration among individuals of different income levels in the Kansas City MS MSA AA. Excellent performance to low-income borrowers insufficiently lowered by reasonable performance to moderate-income borrowers supports this conclusion. The following table shows that, to low-income borrowers, the bank's level of lending rises 18.4 percentage points higher than demographic data, thereby reflecting an excellent level. The table further shows that, to moderate-income borrowers, the bank's level of lending falls 5.7 percentage points below demographic data, also reflecting a reasonable level.

Distribution of Consumer Loans by Borrower Income Level Kansas City MS MSA AA					
Borrower Income Level	% of Households	#	%	\$(000s)	%
Low	31.6	4	50.0	17	31.5
Moderate	18.2	1	12.5	9	16.7
Middle	17.9	2	25.0	19	35.2
Upper	32.2	1	12.5	9	16.6
Total	100.0	8	100.0	54	100.0

Source: U.S. Census data (2020); Bank data (2022).

COMMUNITY DEVELOPMENT TEST

The institution's CD performance demonstrates adequate responsiveness to CD needs in the assessment area through CD loans, QIs, and CD services, as appropriate, considering the institution's capacity and the need and availability of such opportunities for CD in the Kansas City MS MSA AA.

Community Development Loans

As noted in the institution level section, the bank originated 11 CD loans totaling nearly \$8.3 million in the Kansas City MS MSA AA. These levels reflect a decrease by number and an increase by dollar amount over the 18 loans totaling \$3.5 million in this AA at the prior evaluation. The current dollar amount equates to 11.3 percent of the bank's total CD loans compared to this rated area contributing 2.6 percent of the bank's total dollar volume of loans. The responsiveness of the loans address identified needs in the assessment area primarily targeted to revitalization and stabilization efforts but also benefit economic development and community services.

The following points are examples of the bank's CD loans in the Kansas City MS MSA AA:

- ***Revitalize or Stabilize*** – The bank renewed a loan for \$1.2 million originally made to construct a building addition in a low-income census tract. Thus, the activity revitalizes and stabilizes qualifying geographies by helping to attract new, or retain existing, businesses or residents.
- ***Economic Development*** – The bank originated a \$5.0 million loan to finance a micro loan fund to assist small businesses. Thus, the activity promotes economic development by assisting businesses that meet the size eligibility standards of the regulation and that support permanent job creation, retention, or improvement for low- or moderate-income persons or in low- and moderate-income geographies.

Qualified Investments

As noted in the institution level section, the bank made use of 7 QIs totaling nearly \$1.9 million in the Kansas City MS MSA AA. This reflects a slight increase from the 5 QIs totaling \$1.6 million in this AA at the prior evaluation. The current dollar amount equates to 19.3 percent of the bank's total QIs compared to this rated area containing 4.3 percent of the bank's total deposits. The responsiveness of the QIs addresses identified needs of the assessment area primarily for revitalization or stabilization.

The following points are examples of the bank's QIs in the Kansas City MS MSA AA:

- ***Revitalize or Stabilize*** – The bank continued its investments in four municipal bonds totaling \$1.6 million. The bonds improved sewers, public utilities, and other public infrastructure in an area where a majority of the census tracts are designated as low- and moderate-income. Thus, the activity revitalizes and stabilizes qualifying geographies by helping to attract new, or retain existing, businesses or residents.
- ***Community Services*** – The bank continued its investment of \$251,116 in a money market deposit account at a CDFI that provides affordable financial services to low- and moderate-income individuals and in economically distressed areas. Thus, the activity benefits organizations or projects that provide community services primarily to low- and moderate-income individuals.

Community Development Services

As noted in the institution level, the bank did not provide any CD services in the Kansas City MS MSA AA. This figure reflects a decrease from the 12 services in this area at the prior evaluation. However, the bank's retail banking services benefit low- and moderate -income individuals and areas. As seen in the following table, the bank operates both of its branches and both of its ATMs in low- and moderate-income census tracts in the assessment area. Alternative delivery systems available throughout all portions of this assessment area remain consistent with those discussed previously at the institution level section.

Branch and ATM Distribution by Geography Income Level Kansas City MS MSA AA								
Tract Income Level	Census Tracts		Population		Branches		ATMs	
	#	%	#	%	#	%	#	%
Low	53	18.2	134,829	15.2	1	50.0	1	50.0
Moderate	99	34.0	325,901	36.8	1	50.0	1	50.0
Middle	80	27.5	274,519	31.0	0	0.0	0	0.0
Upper	41	14.1	137,918	15.6	0	0.0	0	0.0
NA	18	6.2	13,282	1.5	0	0.0	0	0.0
Total	291	100.0	886,449	100.0	2	100.0	2	100.0

Source: U.S. Census Data (2020); Bank Data.

STATE OF ALABAMA

CRA RATING FOR ALABAMA: SATISFACTORY

The Lending Test is rated: Satisfactory

The Community Development Test is rated: Satisfactory

DESCRIPTION OF INSTITUTION'S OPERATIONS IN ALABAMA

As noted at the institution level, LBTC designated two assessment areas in the State of Alabama: the Montgomery MSA AA and the Alabama Non-MSA AA. Refer to the individual assessment area sections for additional details.

SCOPE OF EVALUATION – ALABAMA

Examiners considered the same review period and same lending products discussed at the institution level. However, home mortgage lending did not comprise a primary lending focus in the Alabama Non-MSA AA; therefore, examiners drew conclusions for this assessment area based on small business and consumer lending performance. Small business lending received the greatest weight when arriving at overall conclusions for the State of Alabama because of its greater relative number and dollar volume of loans. Regarding the CD Test, the scope for this rated area remains consistent with that of the institution as a whole. Refer to the institution level Scope of Evaluation section for additional information.

The following table shows that the Montgomery MSA AA generated a significant percentage of the bank's loans and deposits in the State of Alabama. Consequently, examiners weighed performance in the Montgomery MSA AA heaviest when arriving at applicable conclusions and ratings for this rated area.

Assessment Area Breakdown of Loans, Deposits, and Branches Alabama						
Assessment Area	Loans		Deposits		Branches	
	\$(000s)	%	\$(000s)	%	#	%
Montgomery MSA	1,160	62.9	49,075	62.0	1	50.0
AL Non-MSA	685	37.1	30,039	38.0	1	50.0
Total	1,845	100.0	79,114	100.0	2	100.00

Source: Bank Data; FDIC Summary of Deposits (6/30/2023)

CONCLUSIONS ON PERFORMANCE CRITERIA IN ALABAMA

LENDING TEST

LBTC demonstrated a satisfactory Lending Test record in the State of Alabama. Reasonable records regarding geographic distribution and borrower profile support this conclusion. The Montgomery MSA

and Alabama Non-MSA AAs demonstrated consistent performance. Examiners placed more weight on the bank’s performance in the Montgomery MSA AA.

Geographic Distribution

The geographic distribution of loans reflects reasonable dispersion throughout the assessment areas in the State of Alabama. Reasonable performance in the Montgomery MSA AA and Alabama Non-MSA AA support this conclusion. Examiners placed more weight on the bank’s performance in the Montgomery MSA AA.

Borrower Profile

The distribution of borrowers reflects, given the demographics of the assessment areas, reasonable penetration among individuals of different income levels and businesses of different sizes in the State of Alabama. Reasonable performance in the Montgomery MSA AA outweighs excellent performance in the Alabama Non-MSA AA to support this conclusion. Examiners placed more weight on the bank’s performance in the Montgomery MSA AA.

COMMUNITY DEVELOPMENT TEST

The institution’s CD performance demonstrates adequate responsiveness to CD needs in the assessment areas through CD loans, QIs, and CD services, as appropriate, considering the institution’s capacity and the need and availability of such opportunities for CD in the State of Alabama. Performance is inconsistent throughout the assessment areas in the State of Alabama. Examiners placed more weight on the bank’s performance in the Montgomery MSA AA.

Community Development Loans

The following table shows that, since the prior evaluation, the bank originated 18 CD loans totaling over \$3.5 million in the State of Alabama. This level reflects an increase over the 17 CD loans totaling \$3.0 million in this rated area at the prior evaluation. The current dollar amount equates to 4.8 percent of the bank’s total CD loans compared to this rated area contributing 3.6 percent of the dollar volume of the bank’s total loans.

Community Development Lending by Assessment Area Alabama										
Assessment Area	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Montgomery MSA	0	0	0	0	2	547	3	1,043	5	1,590
Alabama Non-MSA	0	0	0	0	0	0	8	755	8	755
Regional Activities	3	43	0	0	0	0	2	1,157	5	1,200
Total	3	43	0	0	2	547	13	2,955	18	3,545

Source: Bank Data

The following points are examples of the bank’s CD loans benefitting a broader statewide or regional area:

- **Revitalize or Stabilize** – The bank renewed two loans totaling \$1.2 million originally made to purchase a strip mall located in a low-income census tract. Thus, the activity revitalizes and stabilizes qualifying geographies by helping to attract new, or retain existing, businesses or residents.
- **Affordable Housing** – The bank participated nearly \$29,000 in a loan to finance a low-income housing apartment complex. Thus, the activity provides affordable housing primarily to low- and moderate-income families.

Qualified Investments

The following table shows the bank made use of 1 QI totaling \$1,000 in the State of Alabama. This reflects a decrease from the 4 QIs totaling \$4,000 in this rated area at the prior evaluation. The current dollar amount equates to less than 0.1 percent of the bank’s total QIs compared to this rated area containing 8.5 percent of the bank’s total deposits.

Qualified Investments by Assessment Area Alabama										
Assessment Area	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Montgomery MSA	0	0	1	1	0	0	0	0	1	1
Alabama Non-MSA	0	0	0	0	0	0	0	0	0	0
Total	0	0	1	1	0	0	0	0	1	1

Source: Bank Data

Community Development Services

The following table shows that the bank provided 7 CD services in this rated area since the prior evaluation. This level reflects a slight decrease over the 8 CD services at the prior evaluation. The current figure represents 16.3 percent of the bank’s total CD services, compared to this rated area containing 14.3 percent of the bank’s total branches.

Community Development Services by Assessment Area Alabama					
Assessment Area	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Totals
	#	#	#	#	#
Montgomery MSA	1	0	6	0	7
Alabama Non-MSA	0	0	0	0	0
Total	1	0	6	0	7

Source: Bank Data

Additionally, the bank’s retail banking services benefit low- and moderate-income individuals and areas. As seen in the following table, the bank operates half of its branches and ATMs in a low-income census tract in the assessment area. Alternative delivery systems available throughout all portions of this assessment area remain consistent with those discussed previously at the institution level section.

Branch and ATM Distribution by Geography Income Level Alabama								
Tract Income Level	Census Tracts		Population		Branches		ATMs	
	#	%	#	%	#	%	#	%
Low	13	14.9	27,902	10.8	1	50.0	1	50.0
Moderate	26	30.0	86,121	33.3	0	0.0	0	0.0
Middle	25	28.7	71,433	27.6	1	50.0	1	50.0
Upper	21	24.1	70,904	27.4	0	0.0	0	0.0
NA	2	2.3	2,437	0.9	0	0.0	0	0.0
Total	87	100.0	258,797	100.0	2	100.0	2	100.0

Source: U.S. Census Data (2020); Bank Data.

MONTGOMERY MSA – Full-Scope Review

DESCRIPTION OF INSTITUTION’S OPERATIONS IN MONTGOMERY MSA

The Montgomery MSA AA, unchanged since the prior evaluation, consists of the following 75 contiguous census tracts in the following contiguous counties, two of the four counties that make up the Montgomery, AL Metropolitan Statistical Area, located in south central Alabama.

- Lowndes County – all census tracts
- Montgomery County – all census tracts

The following table shows that the bank operates one full-service office and ATM in this assessment area. The office maintains hours consistent with the area and the industry.

Full-Service Office Location Montgomery MSA AA					
County/City/Street	Office Type	Census Tract Number	Census Tract Income Level	ATM	Office Opened or Closed Since Last Evaluation
Montgomery County: Montgomery – Carmichael Rd	Branch	0033.04	Middle	Yes	No

Source: Bank data; U.S. Census data (2020).

Economic and Demographic Data

During the evaluation period, the income classifications of the census tracts within the assessment area changed. According to 2015 ACS data, the assessment area’s 69 census tracts reflect the following income designations: 12 low-, 22 moderate-, 16 middle-, 18 upper-income census tracts, and 1 census tract with no income designation. According to 2020 U.S. Census data, the

assessment area’s 75 census tracts reflect the following income designations: 12 low-, 22 moderate-, 21 middle-, 18 upper-income census tracts, and 2 census tracts with no income designation. FEMA declared this area as a major disaster area during the majority of the period under review. The following table illustrates select demographic characteristics of the assessment area.

Demographic Information of the Assessment Area Montgomery MSA AA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	75	16.0	29.3	28.0	24.0	2.7
Population by Geography	239,265	11.0	33.4	26.8	27.8	1.0
Housing Units by Geography	110,314	12.6	34.2	27.0	24.7	1.4
Owner-Occupied Units by Geography	54,751	7.9	29.5	30.6	31.7	0.3
Occupied Rental Units by Geography	38,973	15.1	40.4	22.9	19.2	2.4
Vacant Units by Geography	16,590	22.5	35.3	25.0	14.5	2.7
Businesses by Geography	28,249	10.0	27.8	25.9	29.8	6.5
Farms by Geography	600	6.7	27.0	31.2	33.0	2.2
Family Distribution by Income Level	56,988	26.0	17.2	17.5	39.3	0.0
Household Distribution by Income Level	93,724	27.9	15.6	18.2	38.3	0.0
Median Family Income – Montgomery, AL MSA	\$68,115		Median Housing Value Median Gross Rent Families Below Poverty Level			\$129,617 \$919 14.9%

*Source: 2020 U.S. Census and 2022 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.*

According to Moody’s Analytics, major employers in the area include Maxwell/Gunter Air Force Base, Baptist Health, and Hyundai Motor Manufacturing Alabama. The U.S. Bureau of Labor Statistics reflects a July 2023 unemployment rate of 2.4 percent for the Montgomery MSA, which is below the 3.5 percent national and slightly above the 2.3 percent State of Alabama unemployment rates for the same period.

Examiners use the applicable FFIEC-updated MFI levels to analyze home mortgage and consumer loans under the borrower profile criterion. The following table shows the applicable income ranges based on the 2022 FFIEC-estimated MFI of \$75,500 for the Montgomery MSA.

Median Family Income Ranges – Montgomery MSA				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
2022 (\$75,500)	<\$37,750	\$37,750 to <\$60,400	\$60,400 to <\$90,600	≥\$90,600

Source: FFIEC (2020).

Competition

The Montgomery MSA AA contains a relatively good level of competition from other chartered banks. According to FDIC Deposit Market Share data as of June 30, 2023, 21 institutions operate 60 offices in the assessment area. Mortgage companies, credit unions, and finance companies also compete for loans in the area adding to the competition level. LBTC ranks 17th in deposit market share by capturing 0.6 percent of the area's deposits.

Credit and Community Development Needs and Opportunities

Considering information from bank management, as well as demographic and economic data, examiners determined that home mortgage, consumer, and small business loans represent primary credit needs in the assessment area.

Regarding the area's CD needs, demographic data showing that 45.3 percent of the area's census tracts received low- or moderate-income designations and the federal disaster area designations suggest a need for activities that revitalize or stabilize qualifying geographies. In addition, the demographic data showing lower percentages of owner-occupied housing units relative to total housing units in low- and moderate-income geographies, in connection with the 43.2 percent of the area's families reporting low or moderate incomes, also suggests a need for affordable housing. The percentage of low- and moderate-income families also suggests a need for activities that benefit projects or organizations that provide community services targeted to those families. The area's businesses suggest a need for economic development activities, such as those that finance smaller sized entities that support permanent job creation, retention, or improvement for low- or moderate-income persons or geographies.

CONCLUSIONS ON PERFORMANCE CRITERIA IN MONTGOMERY MSA

LENDING TEST

LBTC demonstrated a satisfactory record in the Montgomery MSA AA regarding the Lending Test. Reasonable records regarding geographic distribution and borrower profile support this conclusion.

Geographic Distribution

The geographic distribution of loans reflects reasonable dispersion throughout the Montgomery MSA AA. Reasonable performances regarding small business, home mortgage, and consumer lending support this conclusion.

Small Business Loans

The geographic distribution of small business loans reflects reasonable dispersion throughout the Montgomery MSA AA. Reasonable performances in low- and moderate-income geographies support this conclusion. The following table shows that, in low-income census tracts, the bank's level of lending is 0.9 percentage points lower than demographic data, reflecting reasonable performance. The table further shows that, in moderate-income tracts, the bank's level of lending falls 9.6 percentage points lower than the demographic data, evidencing reasonable performance. Additionally, the bank's

lending by dollar volume in moderate-income tracts exceeds the demographic data by 19.9 percentage points.

Geographic Distribution of Small Business Loans Montgomery MSA AA					
Tract Income Level	% of Businesses	#	%	\$(000s)	%
Low	10.0	1	9.1	63	8.4
Moderate	27.8	2	18.2	356	47.7
Middle	25.9	3	27.3	225	30.2
Upper	29.8	5	45.4	102	13.7
NA	6.5	0	0.0	0	0.0
Total	100.0	11	100.0	746	100.0

Source: 2022 D&B Data; Bank Data

Home Mortgage Loans

The geographic distribution of home mortgage loans reflects reasonable dispersion throughout the Montgomery MSA AA. Reasonable performance in moderate-income geographies outweighed poor performance in low-income geographies to support this conclusion. The following table shows that no loans originated in low-income census tracts, reflecting poor performance. The table further shows that, in moderate-income tracts, the bank’s level of lending rises 78.9 percentage points higher than aggregate data, reflecting reasonable performance. Given the consideration of the greater percentage of owner-occupied housing units within moderate-income geographies, the reasonable performance for moderate-income geographies outweighed the poor performance in the low-income geographies.

Geographic Distribution of Home Mortgage Loans Montgomery MSA AA						
Tract Income Level	Owner-Occupied Housing Units (% of #)	Aggregate Data (% of #)	Bank’s Home Mortgage Loans			
			#	%	\$(000s)	%
Low	7.9	1.9	0	0.0	0	0.0
Moderate	29.5	21.1	2	100.0	324	100.0
Middle	30.6	30.9	0	0.0	0	0.0
Upper	31.7	45.9	0	0.0	0	0.0
NA	0.3	0.2	0	0.0	0	0.0
Total	100.0	100.0	2	100.0	324	100.0

Source: U.S. Census data (2020); HMDA data (2022); HMDA aggregate data (2022).

Consumer Loans

The geographic distribution of consumer loans reflects reasonable dispersion throughout the Montgomery MSA AA. Excellent performance in moderate-income geographies sufficiently lifted poor performance in low-income geographies to support this conclusion. The following table shows that no loans originated in low-income census tracts, reflecting poor performance. The table further shows that, in moderate-income tracts, the bank’s level of lending rises 41.0 percentage points higher than the demographic data, evidencing excellent performance.

Geographic Distribution of Consumer Loans Montgomery MSA AA					
Tract Income Level	% of Households	#	%	\$(000s)	%
Low	10.9	0	0.0	0	0.0
Moderate	34.0	3	75.0	79	87.8
Middle	27.4	1	25.0	11	12.2
Upper	26.5	0	0.0	0	0.0
NA	1.2	0	0.0	0	0.0
Total	100.0	4	100.0	90	100.0

Source: U.S. Census Data (2020); Bank Data

Borrower Profile

The distribution of borrowers reflects, given the demographics of the assessment area, reasonable penetration among individuals of different income levels (including low- and moderate-income) and businesses of different sizes in the Montgomery MSA AA. Reasonable records regarding small business and consumer loans outweighed a very poor record regarding home mortgage loans to support this conclusion.

Small Business Loans

The distribution of borrowers reflects, given the demographics of the assessment area, reasonable penetration among businesses of different sizes in the Montgomery MSA AA. Reasonable performance to businesses with gross annual revenue of \$1 million or less supports this conclusion. The following table shows that the bank originated eight of ten loans to businesses with gross annual revenues of \$1 million or less, thereby reflecting a reasonable level.

Distribution of Small Business Loans by Gross Annual Revenue Category Montgomery MSA AA					
Gross Revenue Level	% of Businesses	#	%	\$(000s)	%
< \$100,000	62.0	3	27.3	268	35.9
\$100,000 - \$249,999	18.1	3	27.3	90	12.1
\$250,000 - \$499,999	4.0	1	9.0	20	2.7
\$500,000 - \$1,000,000	2.5	2	18.2	356	47.7
Subtotal ≤ \$1,000,000	86.5	9	81.8	734	98.4
> \$1,000,000	3.4	2	18.2	12	1.6
Revenue Not Available	10.1	0	0.0	0	0.0
Total	100.0	11	100.0	746	100.0

Source: 2022 D&B data; Bank data

Home Mortgage Loans

The distribution of borrowers reflects, given the demographics of the assessment area, very poor penetration among individuals of different income levels in the Montgomery MSA AA. Very poor performances to low- and moderate-income borrowers support this conclusion. The following table

shows that the bank did not originate any loans to low- or moderate-income borrowers, thereby reflecting a very poor level.

Distribution of Home Mortgage Loans by Borrower Income Level Montgomery MSA AA						
Borrower Income Level	Families (%)	Aggregate Data (% of #)	Bank's Home Mortgage Loans			
			#	%	\$(000s)	%
Low	26.0	8.6	0	0.0	0	0.0
Moderate	17.2	20.9	0	0.0	0	0.0
Middle	17.5	20.5	0	0.0	0	0.0
Upper	39.3	33.6	0	0.0	0	0.0
NA	0.0	16.5	2	100.0	324	100.0
Total	100.0	100.0	2	100.0	324	100.0

Source: U.S. Census data (2020); HMDA data (2022). HMDA aggregate data (2022).

Consumer Loans

The distribution of borrowers reflects, given the demographics of the assessment area, reasonable penetration among individuals of different income levels in the Montgomery MSA AA. Reasonable performances to low- and moderate-income borrowers support this conclusion. The following table shows that to low-income borrowers, the bank's level of lending falls 2.9 percentage points lower than demographic data, thereby reflecting a reasonable level. The table further shows that, to moderate-income borrowers, the bank's level of lending rises 34.4 percentage points above demographic data, reflecting an excellent level. Given the higher percentage of low-income households, examiners placed more weight on the bank's lending to low-income borrowers. As a result, the overall level of consumer loan originated to low- and moderate-income borrowers is reasonable.

Distribution of Consumer Loans by Borrower Income Level Montgomery MSA AA					
Borrower Income Level	% of Households	#	%	\$(000s)	%
Low	27.9	1	25.0	14	15.5
Moderate	15.6	2	50.0	15	16.7
Middle	18.2	0	0.0	0	0.0
Upper	38.3	1	25.0	61	67.8
Total	100.0	4	100.0	90	100.0

Source: U.S. Census data (2020); Bank data (2022).

COMMUNITY DEVELOPMENT TEST

The institution's CD performance demonstrates adequate responsiveness to CD needs in the assessment area through CD loans, QIs, and CD services, as appropriate, considering the institution's capacity and the need and availability of such opportunities for CD in the Montgomery MSA AA.

Community Development Loans

As noted in the state level section, the bank originated 5 CD loans totaling nearly \$1.6 million in the Montgomery MSA AA. These levels are nearly identical to the 6 loans totaling \$1.6 million in this AA at the prior evaluation. The current dollar amount equates to 44.8 percent of the bank's total CD loans in the State of Alabama compared to this area contributing 62.9 percent of the bank's total dollar volume of loans in this state. The responsiveness of the loans address identified needs in the assessment area primarily targeted to revitalization and stabilization efforts.

The following points are examples of the bank's CD loans in the Montgomery MSA AA:

- ***Economic Development*** – The bank renewed a \$454,000 loan originally made to a local business. The activity promotes economic development by assisting a business that meets the size eligibility standards of the regulation and that supports permanent job creation, retention, or improvement for low- or moderate-income persons or in low- and moderate-income geographies.
- ***Revitalize or Stabilize*** – The bank renewed a \$41,000 loan originally made to construct a church facility located in a moderate-income census tract. Thus, the activity revitalizes and stabilizes qualifying geographies by helping to attract new, or retain existing, businesses or residents.

Qualified Investments

As noted in the state level section, the bank made use of 1 QI totaling \$1,395 in the Montgomery MSA AA. This reflects a decrease from the 4 QIs totaling \$4,000 in this AA at the prior evaluation. The current dollar amount equates to 100 percent of the bank's total QIs in the State of Alabama compared to this area containing 62.0 percent of the bank's total deposits in this state. Although not particularly responsive, this activity benefits community services targeted to low- and moderate-income individuals.

The following point is the sole QI in the Montgomery MSA AA:

- ***Community Services*** – The bank donated \$1,395 for a financial literacy program used at a school where the majority of students receive free or reduced lunch. Thus, the activity benefits organizations or projects that provide community services primarily to low- and moderate-income individuals.

Community Development Services

As noted in the state level, the bank provided 7 CD services in the Montgomery MSA AA. This figure reflects a decrease from the 8 services at the prior evaluation. The current level represents 100 percent of the bank's total CD services in the State of Alabama compared to 50.0 percent of the bank's total branches in this state. The services involve bank personnel's use of their technical expertise to benefit organizations or projects with a primary purpose of CD, as defined by CRA regulations. Although not particularly responsive, these activities primarily benefit economic development.

The following points are examples of the bank’s CD services in the Montgomery MSA AA:

- **Economic Development** – A bank representative provided financial literacy to a small business development center. Thus, the activity promotes economic development by assisting an organization that aids businesses that meet the size eligibility standards of the regulation and that support permanent job creation, retention, or improvement for low- or moderate-income persons or in low- and moderate-income geographies.
- **Affordable Housing** – A bank representative serves on a loan consortium that provides multi-family housing to low-income individuals. Thus, the activity helps provide affordable housing to low-income individuals.

As seen in the following table, the bank operates its only branch and ATM in a middle-income census tract in the assessment area. However, alternative delivery systems available throughout all portions of this assessment area remain consistent with those discussed previously at the institution level section.

Branch and ATM Distribution by Geography Income Level Montgomery MSA AA								
Tract Income Level	Census Tracts		Population		Branches		ATMs	
	#	%	#	%	#	%	#	%
Low	12	16.0	26,319	11.0	0	0.0	0	0.0
Moderate	22	29.3	79,960	33.4	0	0.0	0	0.0
Middle	21	28.0	64,080	26.8	1	100.0	1	100.0
Upper	18	24.0	66,469	27.8	0	0.0	0	0.0
NA	2	2.7	2,437	1.0	0	0.0	0	0.0
Total	75	100.0	239,265	100.0	1	100.0	1	100.0

Source: U.S. Census Data (2020); Bank Data.

ALABAMA NON-MSA – Limited-Scope Review

DESCRIPTION OF INSTITUTION’S OPERATIONS IN ALABAMA NON-MSA

The Alabama Non-MSA AA consists solely of Macon County, located in southeast Alabama. The bank operates one full-service branch and ATM in this assessment area.

During the evaluation period, the income classifications of the census tracts within the assessment area changed. According to 2015 ACS data, the assessment area’s 12 census tracts reflect the following income designations: 0 low-, 4 moderate-, 5 middle-, 2 upper-income census tracts, and 1 census tract with no income designation. According to 2020 U.S. Census data, the assessment area’s 12 census tracts reflect the following income designations: 1 low-, 4 moderate-, 4 middle-, and 3 upper-income census tracts. FEMA declared this area as a major disaster area during the majority of the period under review. The following table illustrates select demographic characteristics of the assessment area.

Demographic Information of the Assessment Area Alabama Non-MSA AA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	12	8.3	33.3	33.3	25.0	0.0
Population by Geography	19,532	8.1	31.5	37.6	22.7	0.0
Housing Units by Geography	10,311	6.8	35.4	39.0	18.7	0.0
Owner-Occupied Units by Geography	4,917	3.3	38.5	38.6	19.6	0.0
Occupied Rental Units by Geography	2,675	9.7	37.9	40.2	12.1	0.0
Vacant Units by Geography	2,719	10.4	27.5	38.6	23.5	0.0
Businesses by Geography	1,359	20.6	29.1	33.6	16.8	0.0
Farms by Geography	62	3.2	43.5	37.1	16.1	0.0
Family Distribution by Income Level	4,447	27.7	17.4	16.4	38.5	0.0
Household Distribution by Income Level	7,592	29.5	18.9	16.1	35.5	0.0
Median Family Income – Non-MSAs AL	\$55,960		Median Housing Value Median Gross Rent Families Below Poverty Level			\$78,433 \$642 17.1%

*Source: 2020 U.S. Census and 2022 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.*

CONCLUSIONS ON PERFORMANCE CRITERIA IN ALABAMA NON-MSA

LENDING TEST

The institution's lending performance in the Alabama Non-MSA AA is consistent with the institution's lending performance in the State of Alabama.

Geographic Distribution

Small Business Loans

Geographic Distribution of Small Business Loans Alabama Non-MSA AA					
Tract Income Level	% of Businesses	#	%	\$(000s)	%
Low	20.6	1	25.0	509	82.0
Moderate	29.1	0	0.0	0	0.0
Middle	33.6	3	75.0	112	18.0
Upper	16.8	0	0.0	0	0.0
Total	100.0	4	100.0	621	100.0

Source: 2022 D&B Data; Bank Data

Consumer Loans

Geographic Distribution of Consumer Loans Alabama Non-MSA AA					
Tract Income Level	% of Households	#	%	\$(000s)	%
Low	5.6	0	0.0	0	0.0
Moderate	38.3	1	16.7	30	46.9
Middle	39.2	3	50.0	19	29.7
Upper	17.0	2	33.3	15	23.4
Total	100.0	6	100.0	64	100.0

Source: U.S. Census Data (2020); Bank Data

Borrower Profile

Small Business Loans

Distribution of Small Business Loans by Gross Annual Revenue Category Alabama Non-MSA AA					
Gross Revenue Level	% of Businesses	#	%	\$(000s)	%
< \$100,000	58.0	1	25.0	46	7.4
\$100,000 - \$249,999	22.7	1	25.0	56	9.0
\$250,000 - \$499,999	4.4	0	0.0	0	0.0
\$500,000 - \$1,000,000	1.5	2	50.0	519	83.6
Subtotal ≤ \$1,000,000	86.6	4	100.0	621	100.0
> \$1,000,000	2.0	0	0.0	0	0.0
Revenue Not Available	11.4	0	0.0	0	0.0
Total	100.0	4	100.0	621	100.0

Source: 2022 D&B data; Bank data

Consumer Loans

Distribution of Consumer Loans by Borrower Income Level Alabama Non-MSA AA					
Borrower Income Level	% of Households	#	%	\$(000s)	%
Low	29.5	3	50.0	34	53.1
Moderate	18.9	1	16.7	6	9.4
Middle	16.1	2	33.3	24	37.5
Upper	35.5	0	0.0	0	0.0
Total	100.0	6	100.0	64	100.0

Source: U.S. Census data (2020); Bank data (2022).

COMMUNITY DEVELOPMENT TEST

The institution's CD performance in the Alabama Non-MSA AA is below the CD performance in the State of Alabama; however, it does not change the state's rating. The bank only originated 8 CD loans totaling \$755,000, which accounted for 21.3 percent of the bank's total CD loans in the State of Alabama. The bank did not make use of any QIs or provide any CD services in this assessment area.

STATE OF ILLINOIS – Full-Scope Review

CRA RATING FOR ILLINOIS: SATISFACTORY

The Lending Test is rated: Satisfactory

The Community Development Test is rated: Satisfactory

DESCRIPTION OF INSTITUTION’S OPERATIONS IN ILLINOIS

LBTC designated one assessment area in the State of Illinois: the Chicago Metropolitan Statistical Area Assessment Area (Chicago MSA AA). Since the prior evaluation, the bank expanded this assessment area to include Cook County in its entirety. The following county represents one of five counties that comprise the Chicago-Naperville-Evanston, IL MSA located in northeast Illinois.

- Cook County – all census tracts

The following table shows that the bank operates one full-service office and ATM in this assessment area. The offices maintain hours consistent with the area and the industry.

Full-Service Office Location Chicago MSA AA					
County/City/Street	Office Type	Census Tract Number	Census Tract Income Level	ATM	Office Opened or Closed Since Last Evaluation
<i>Cook County:</i> Forest Park – Roosevelt Rd	Branch	0081.61	Middle	Yes	No
<i>Source: Bank data; U.S. Census data (2020).</i>					

Economic and Demographic Data

During the evaluation period, the income classifications of the census tracts within the assessment area changed. According to 2015 ACS data, the assessment area’s 83 census tracts reflect the following income designations: 25 low-, 20 moderate-, 22 middle-, 15 upper-income census tracts, and 1 census tract with no income designation. According to 2020 U.S. Census data, the assessment area’s 291 census tracts reflect the following income designations: 53 low-, 99 moderate-, 80 middle-, 41 upper-income census tracts, and 18 census tracts with no income designation. The following table illustrates select demographic characteristics of the assessment area.

Demographic Information of the Assessment Area Chicago MSA AA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	1,332	16.9	26.4	27.7	27.9	1.2
Population by Geography	5,275,541	13.4	26.8	30.4	28.8	0.5
Housing Units by Geography	2,198,489	13.3	25.4	29.7	30.9	0.6
Owner-Occupied Units by Geography	1,139,938	7.3	22.8	34.7	34.9	0.3
Occupied Rental Units by Geography	851,536	18.8	28.5	25.1	26.6	1.0
Vacant Units by Geography	207,015	24.0	26.9	21.4	26.8	0.9
Businesses by Geography	627,874	8.4	20.5	28.4	42.0	0.7
Farms by Geography	5,627	8.7	22.9	31.0	37.0	0.4
Family Distribution by Income Level	1,183,425	27.3	16.9	18.1	37.7	0.0
Household Distribution by Income Level	1,991,474	28.8	15.7	16.4	39.2	0.0
Median Family Income – Chicago-Naperville-Evanston, IL MSA	\$92,622	Median Housing Value Median Gross Rent Families Below Poverty Level				\$287,457 \$1,230 10.1%

*Source: 2020 U.S. Census and 2022 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.*

According to Moody’s Analytics, major employers in the area include Amazon.com Inc., Advocate Health Care System, and Northwestern Memorial Healthcare. The U.S. Bureau of Labor Statistics reflects a July 2023 unemployment rate of 4.2 percent for the Chicago MSA, which is above the 3.5 percent national and below the 4.5 percent State of Illinois unemployment rates for the same period.

Examiners use the applicable FFIEC-updated MFI levels to analyze home mortgage loans under the borrower profile criterion. The following table shows the applicable income ranges based on the 2022 FFIEC-estimated MFI of \$105,700 for the Chicago MSA.

Median Family Income Ranges – Chicago MSA				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
2022 (\$105,700)	<\$52,850	\$52,850 to <\$84,560	\$84,560 to <\$126,840	≥\$126,840

Source: FFIEC (2020).

Competition

The Chicago MSA AA contains a high level of competition from other chartered banks. According to FDIC Deposit Market Share data as of June 30, 2023, 100 institutions operate 1,167 offices in the assessment area. Mortgage companies, credit unions, and finance companies also compete for loans in the area adding to the competition level. LBTC ranks 93rd in deposit market share by capturing 0.01 percent of the area’s deposits.

Community Contact(s)

Examiners reviewed a previous contact with a community member knowledgeable of the area's economic, demographic, and business environment to help assess the current economic conditions, community credit needs, and potential opportunities for bank involvement in the area.

The contact stated that small business loans and start-up capital are significant needs within the area. The contact suggested that local banks could address these needs by funding loan pools. Financial institutions could also increase involvement by providing effective financial education to small business owners. The contact indicated that some of the larger financial institutions in the area are active in the community.

Credit and Community Development Needs and Opportunities

Considering information from the community contact, bank management, as well as demographic and economic data, examiners determined that home mortgage and small business loans represent primary credit needs in the assessment area.

Regarding the area's CD needs, demographic data showing that 43.3 percent of the area's census tracts received low- or moderate-income designations and the federal disaster area designations suggest a need for activities that revitalize or stabilize qualifying geographies. In addition, the demographic data showing lower percentages of owner-occupied housing units relative to total housing units in low- and moderate-income geographies, in connection with the 44.2 percent of the area's families reporting low or moderate incomes, also suggests a need for affordable housing. The percentage of low- and moderate-income families also suggests a need for activities that benefit projects or organizations that provide community services targeted to those families. The area's businesses suggest a need for economic development activities, such as those that finance smaller sized entities that support permanent job creation, retention, or improvement for low- or moderate-income persons or geographies.

SCOPE OF EVALUATION – ILLINOIS

Examiners considered the same review period and same lending products discussed at the institution level. However, consumer lending did not comprise a primary lending focus in the State of Illinois; therefore, examiners drew conclusions for this AA based on home mortgage and small business lending performance. Home mortgage lending received the greatest weight when arriving at overall conclusions for the State of Illinois because of its greater relative number and dollar volume of loans. Regarding the CD Test, the scope for this rated area remains consistent with that of the institution as a whole. Refer to the institution level Scope of Evaluation section for additional information.

CONCLUSIONS ON PERFORMANCE CRITERIA IN ILLINOIS

LENDING TEST

LBTC demonstrated a satisfactory record regarding the Lending Test in the State of Illinois. Excellent geographic distribution and reasonable borrower profile support this conclusion.

Geographic Distribution

The geographic distribution of loans reflects excellent dispersion throughout the Chicago MSA AA. An excellent record regarding home mortgage loans outweighed a reasonable record regarding small business loans to support this conclusion.

Home Mortgage Loans

The geographic distribution of home mortgage loans reflects excellent dispersion throughout the Chicago MSA AA. Excellent performances in low- and moderate-income geographies support this conclusion. The following table shows that the bank’s lending in low-income census tracts rises 15.9 percentage points above aggregate data, reflecting excellent performance. The table further shows that the bank’s lending in moderate-income tracts rises 17.3 percentage points above aggregate data, also reflecting excellent performance.

Geographic Distribution of Home Mortgage Loans Chicago MSA AA						
Tract Income Level	Owner-Occupied Housing Units (% of #)	Aggregate Data (% of #)	Bank’s Home Mortgage Loans			
			#	%	\$(000s)	%
Low	7.3	7.2	3	23.1	427	18.9
Moderate	22.8	21.1	5	38.4	742	32.8
Middle	34.7	32.8	3	23.1	637	28.1
Upper	34.9	38.6	2	15.4	457	20.2
NA	0.3	0.4	0	0.0	0	0.0
Total	100.0	100.0	13	100.0	2,263	100.0
<i>Source: U.S. Census data (2020); HMDA data (2022); HMDA aggregate data (2022).</i>						

Small Business Loans

The geographic distribution of small business loans reflects reasonable dispersion throughout the Chicago MSA AA. Reasonable performances in low- and moderate-income geographies support this conclusion. The following table shows that, in low-income census tracts, the bank’s level of lending is 7.4 percentage points higher than demographic data, reflecting reasonable performance. Additionally, the bank’s lending by dollar volume in low-income tracts is over seven times the demographic data, exceeding by 53.3 percentage points. The table further shows that, in moderate-income tracts, the bank’s level of lending falls 10.0 percentage points lower than the demographic data, evidencing reasonable performance. Further, the bank’s lending by dollar volume in moderate-income tracts exceeds the demographic data by 7.0 percentage points.

Geographic Distribution of Small Business Loans Chicago MSA AA					
Tract Income Level	% of Businesses	#	%	\$(000s)	%
Low	8.4	3	15.8	444	61.7
Moderate	20.5	2	10.5	198	27.5
Middle	28.4	0	0.0	0	0.0
Upper	42.0	14	73.7	78	10.8
NA	0.7	0	0.0	0	0.0
Total	100.0	19	100.0	720	100.0

Source: 2022 D&B Data; Bank Data

Borrower Profile

The distribution of borrowers reflects, given the demographics of the assessment area, reasonable penetration among businesses of different sizes and individuals of different income levels (including low- and moderate-income) in the Chicago MSA AA. An excellent record regarding home mortgage loans lowered by a poor record regarding small business loans supports this conclusion.

Home Mortgage Loans

The distribution of borrowers reflects, given the demographics of the assessment area, excellent penetration among individuals of different income levels in the Chicago MSA AA. Excellent performances to low- and moderate-income borrowers support this conclusion. The following table shows that, to low-income borrowers, the bank's level of lending rises 20.7 percentage points higher than aggregate data, thereby reflecting an excellent level. The table further shows that, to moderate-income borrowers, the bank's level of lending rises 17.3 percentage points higher than aggregate data, also reflecting an excellent level.

Distribution of Home Mortgage Loans by Borrower Income Level Chicago MSA AA						
Borrower Income Level	Families (%)	Aggregate Data (% of #)	Bank's Home Mortgage Loans			
			#	%	\$(000s)	%
Low	27.3	10.1	4	30.8	601	26.6
Moderate	16.9	21.1	5	38.4	1,043	46.1
Middle	18.1	19.5	2	15.4	281	12.4
Upper	37.7	31.2	2	15.4	338	14.9
NA	0.0	18.2	0	0.0	0	0.0
Total	100.0	100.0	13	100.0	2,263	100.0

Source: U.S. Census data (2020); HMDA data (2022). HMDA aggregate data (2022).

Small Business Loans

The distribution of borrowers reflects, given the demographics of the assessment area, poor penetration among businesses of different sizes in the Chicago MSA AA. Poor performance to businesses with gross annual revenue of \$1 million or less supports this conclusion. The following table shows that the bank only originated two out of every ten loans to businesses with gross annual

revenues of \$1 million or less, thereby reflecting a poor level. However, the bank’s lending by dollar volume nearly equals the percent of businesses with gross annual revenues of \$1 million or less.

Distribution of Small Business Loans by Gross Annual Revenue Category Chicago MSA AA					
Gross Revenue Level	% of Businesses	#	%	\$(000s)	%
< \$100,000	69.0	4	21.0	448	62.2
\$100,000 - \$249,999	15.0	1	5.3	194	27.0
\$250,000 - \$499,999	4.1	0	0.0	0	0.0
\$500,000 - \$1,000,000	2.3	0	0.0	0	0.0
Subtotal ≤ \$1,000,000	90.4	5	26.3	642	89.2
> \$1,000,000	3.6	14	73.7	78	10.8
Revenue Not Available	6.1	0	0.0	0	0.0
Total	100.0	19	100.0	720	100.0

Source: 2022 D&B data; Bank data

COMMUNITY DEVELOPMENT TEST

The institution’s CD performance demonstrates adequate responsiveness to CD needs in the assessment area through CD loans, QIs, and CD services, as appropriate, considering the institution’s capacity and the need and availability of such opportunities for CD in the State of Illinois.

Community Development Loans

As noted in the institution level section, the bank originated 4 CD loans totaling nearly \$1.2 million in the State of Illinois. These levels reflect a decrease over the 8 loans totaling \$2.7 million in this AA at the prior evaluation. The current dollar amount equates to 1.6 percent of the bank’s total CD loans compared to this rated area contributing 5.8 percent of the bank’s total dollar volume of loans. The responsiveness of the loans address identified needs in the assessment area primarily targeted to community services but also benefit revitalization and stabilization efforts

The following points are examples of the bank’s CD loans in the Chicago MSA AA:

- ***Community Services*** – The bank renewed a \$750,000 line of credit originally made to finance operating expenses for a school where the majority of students receive need-based financial aid. Thus, the activity benefits organizations or projects that provide community services primarily to low- and moderate-income individuals.
- ***Revitalize or Stabilize*** – The bank renewed a \$209,000 loan originally made to fund renovation and equipment costs for a church located in a low-income census tract. Thus, the activity revitalizes and stabilizes qualifying geographies by helping to attract new, or retain existing, businesses or residents.

Qualified Investments

As noted in the institution level section, the bank did not make use of any QIs in the State of Illinois, despite containing 3.7 percent of the bank’s total deposits. This reflects a decrease from the 3 QIs totaling \$9,000 in this assessment area at the prior evaluation.

Community Development Services

As noted in the institution level, the bank provided 10 CD services in the State of Illinois. This figure reflects a decrease from the 40 services at the prior evaluation. The current level represents 23.3 percent of the bank’s total CD services whereas the State of Illinois contains 7.1 percent of the bank’s total branches. The services involve bank personnel’s use of their technical expertise to benefit organizations or projects with a primary purpose of CD, as defined by CRA regulations. Although not particularly responsive, these activities primarily benefit community services.

The following points are examples of the bank’s CD services in the Chicago MSA AA:

- **Community Services** – A bank representative taught financial literacy classes at a school where the majority of students are low- and moderate-income individuals. Thus, the activity benefits organizations or projects that provide community services primarily to low- and moderate-income individuals.
- **Community Services** – A bank representative provided financial education to a center that offers low- to moderate-income residents professional housing counseling assistance. Thus, the activity benefits organizations or projects that provide community services primarily to low- and moderate-income individuals.

As seen in the following table, the bank operates its only branch and ATM in a middle-income census tract in the assessment area. However, alternative delivery systems available throughout all portions of this assessment area remain consistent with those discussed previously at the institution level section.

Branch and ATM Distribution by Geography Income Level Chicago MSA AA								
Tract Income Level	Census Tracts		Population		Branches		ATMs	
	#	%	#	%	#	%	#	%
Low	225	16.9	704,469	13.4	0	0.0	0	0.0
Moderate	351	26.3	1,416,283	26.8	0	0.0	0	0.0
Middle	369	27.7	1,605,841	30.4	1	100.0	1	100.0
Upper	371	27.9	1,521,788	28.9	0	0.0	0	0.0
NA	16	1.2	27,160	0.5	0	0.0	0	0.0
Total	1,332	100.0	5,275,541	100.0	1	100.0	1	100.0

Source: U.S. Census Data (2020); Bank Data.

STATE OF LOUISIANA

CRA RATING FOR LOUISIANA: SATISFACTORY

The Lending Test is rated: Satisfactory

The Community Development Test is rated: Satisfactory

DESCRIPTION OF INSTITUTION'S OPERATIONS IN LOUISIANA

As noted at the institution level, LBTC designated two assessment areas in the State of Louisiana: the Baton Rouge MSA AA and the New Orleans MSA AA. Refer to the individual assessment area sections for additional details.

SCOPE OF EVALUATION – LOUISIANA

Examiners considered the same review period and same lending products discussed at the institution level. However, consumer lending did not comprise a primary lending focus in the New Orleans MSA AA; therefore, examiners drew conclusions for this assessment area based on home mortgage and small business lending performance. Home mortgage lending received the greatest weight when arriving at overall conclusions for the State of Louisiana because of its greater relative number and dollar volume of loans. Regarding the CD Test, the scope for this rated area remains consistent with that of the institution as a whole. Refer to the institution level Scope of Evaluation section for additional information.

The following table shows that the New Orleans MSA AA generated a significant percentage of the bank's loans, deposits, and branches in the State of Louisiana. Consequently, examiners weighed performance in the New Orleans MSA AA heaviest when arriving at applicable conclusions and ratings for this rated area.

Assessment Area Breakdown of Loans, Deposits, and Branches Louisiana						
Assessment Area	Loans		Deposits		Branches	
	\$(000s)	%	\$(000s)	%	#	%
Baton Rouge MSA	3,068	8.7	35,208	5.6	2	33.3
New Orleans MSA	32,375	91.3	590,662	94.4	4	66.7
Total	35,443	100.0	625,870	100.0	6	100.00

Source: Bank Data; FDIC Summary of Deposits (06/30/2023)

CONCLUSIONS ON PERFORMANCE CRITERIA IN LOUISIANA

LENDING TEST

LBTC demonstrated a satisfactory Lending Test record in the State of Louisiana. Reasonable records regarding borrower profile outweighed excellent records regarding geographic distribution to support

this conclusion. The New Orleans and Baton Rouge MSA AAs demonstrated consistent performance. Examiners placed more weight on the bank’s performance in the New Orleans MSA AA.

Geographic Distribution

The geographic distribution of loans reflects excellent dispersion throughout the assessment areas in the State of Louisiana. Excellent performance in the New Orleans MSA outweighed reasonable performance in the Baton Rouge MSA AA to support this conclusion. Examiners placed more weight on the bank’s performance in the New Orleans MSA AA.

Borrower Profile

The distribution of borrowers reflects, given the demographics of the assessment areas, reasonable penetration among individuals of different income levels (including low- and moderate-income) and businesses of different sizes in the State of Louisiana. Reasonable performances in the New Orleans MSA and Baton Rouge MSA AAs support this conclusion. Examiners placed more weight on the bank’s performance in the New Orleans MSA AA.

COMMUNITY DEVELOPMENT TEST

The institution’s CD performance demonstrates adequate responsiveness to CD needs in the assessment areas through CD loans, QIs, and CD services, as appropriate, considering the institution’s capacity and the need and availability of such opportunities for CD in the State of Louisiana. The New Orleans MSA AA demonstrated consistent performance, while the Baton Rouge MSA AA demonstrated inconsistent performance. Examiners placed more weight on the bank’s performance in the New Orleans MSA AA.

Community Development Loans

The following table shows that, since the prior evaluation, the bank originated 38 CD loans totaling over \$28.4 million in the State of Louisiana. This level reflects an increase over the 15 CD loans totaling \$12.5 million in this rated area at the prior evaluation. The current dollar amount equates to 38.7 percent of the bank’s total CD loans compared to this rated area contributing 69.4 percent of the dollar volume of the bank’s total loans.

Community Development Lending by Assessment Area Louisiana										
Assessment Area	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Baton Rouge MSA	1	110	0	0	0	0	3	208	4	318
New Orleans MSA	0	0	0	0	1	4,000	32	24,083	33	28,083
Regional Activities	0	0	0	0	0	0	1	40	1	40
Total	1	110	0	0	1	4,000	36	24,331	38	28,441

Source: Bank Data

The following point is the bank’s CD loan benefitting a broader statewide or regional area:

- **Revitalize or Stabilize** – The bank originated a PPP loan for \$40,000 to a business located in a moderate-income census tract. Thus, the activity revitalizes and stabilizes qualifying geographies by helping to attract new, or retain existing, businesses or residents.

Qualified Investments

The following table shows the bank made use of 29 QIs totaling nearly \$4.8 million in the State of Louisiana. This reflects a decrease in number and an increase in dollar volume from the 38 QIs totaling nearly \$2.7 million in this rated area at the prior evaluation. The current dollar amount equates to 48.8 percent of the bank’s total QIs compared to this rated area containing 66.9 percent of the bank’s total deposits.

Qualified Investments by Assessment Area Louisiana										
Assessment Area	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Baton Rouge MSA	0	0	1	2	0	0	0	0	1	2
New Orleans MSA	6	10	9	42	3	14	7	1,715	25	1,781
Statewide Activities	0	0	0	0	1	10	1	3,000	2	3,010
Regional Activities	0	0	0	0	0	0	1	1	1	1
Total	6	10	10	44	4	24	9	4,716	29	4,794

Source: Bank Data

The following points are examples of the bank’s QIs benefitting a broader statewide or regional area:

- **Revitalize or Stabilize** – The bank invested \$3.0 million in a municipal bond used for costs associated with utility restoration associated with recent natural disasters, such as hurricanes and winter storms. Thus, the activity revitalizes and stabilizes qualifying geographies by helping to attract new, or retain existing, businesses or residents.
- **Revitalize or Stabilize** – The bank donated \$500 to a museum located in a moderate-income area. Thus, the activity revitalizes and stabilizes qualifying geographies by helping to attract new, or retain existing, businesses or residents.

Community Development Services

The following table shows that the bank provided 16 CD services in this rated area since the prior evaluation. This level reflects a decrease over the 26 CD services at the prior evaluation. The current figure represents 37.2 percent of the bank’s total CD services, compared to this rated area containing 43.0 percent of the bank’s total branches.

Community Development Services by Assessment Area					
Louisiana					
Assessment Area	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Totals
	#	#	#	#	#
Baton Rouge MSA	1	0	2	0	3
New Orleans MSA	4	8	1	0	13
Total	5	8	3	0	16
<i>Source: Bank Data</i>					

Additionally, the bank’s retail banking services benefit low- and moderate-income individuals and areas. As seen in the following table, the bank operates half of its branches and over 40 percent of its ATMs in low- and moderate-income census tracts in the assessment area. Alternative delivery systems available throughout all portions of this assessment area remain consistent with those discussed previously at the institution level section.

Branch and ATM Distribution by Geography Income Level								
Louisiana								
Tract Income Level	Census Tracts		Population		Branches		ATMs	
	#	%	#	%	#	%	#	%
Low	64	15.2	173,503	13.5	1	16.7	4	21.1
Moderate	111	26.4	332,459	25.9	2	33.3	4	21.1
Middle	97	23.1	360,214	28.1	2	33.3	2	10.5
Upper	126	30.0	385,242	30.1	1	16.7	6	31.5
NA	22	5.3	30,141	2.4	0	0.0	3	15.8
Total	420	100.0	1,281,559	100.0	6	100.0	19	100.0
<i>Source: U.S. Census Data (2020); Bank Data.</i>								

NEW ORLEANS MSA – Full-Scope Review

DESCRIPTION OF INSTITUTION’S OPERATIONS IN NEW ORLEANS MSA

The New Orleans MSA AA, unchanged since the prior evaluation, consists of the following 312 contiguous census tracts in the following contiguous parishes, two of the eight parishes that make up the New Orleans-Metairie, LA Metropolitan Statistical Area, located in southeast Louisiana.

- Jefferson Parish – all census tracts
- Orleans Parish – all census tracts

The following table shows that the bank operates four full-service offices and ATMs in this assessment area. There are also 13 offsite ATMs in this assessment area. The office maintains hours consistent with the area and the industry.

Full-Service Office Locations New Orleans MSA AA					
Parish/City/Street	Office Type	Census Tract Number	Census Tract Income Level	ATM	Office Opened or Closed Since Last Evaluation
Orleans Parish:					
New Orleans – Canal St	Branch	0063.00	Middle	Yes	No
New Orleans – Crowder Blvd	Branch	0017.43	Low	Yes	No
New Orleans – Gen. DeGaulle Dr	Branch	0006.19	Moderate	Yes	No
New Orleans – Gentilly Blvd	Branch	0033.08	Moderate	Yes	No

Source: Bank data; U.S. Census data (2020).

Economic and Demographic Data

During the evaluation period, the income classifications of the census tracts within the assessment area changed. According to 2015 ACS data, the assessment area’s 304 census tracts reflect the following income designations: 64 low-, 75 moderate-, 71 middle-, 80 upper-income census tracts, and 14 census tracts with no income designation. According to 2020 U.S. Census data, the assessment area’s 312 census tracts reflect the following income designations: 44 low-, 90 moderate-, 67 middle-, 94 upper-income census tracts, and 17 census tracts with no income designation. FEMA declared this area as a major disaster area during the entire period under review. The following table illustrates select demographic characteristics of the assessment area.

Demographic Information of the Assessment Area New Orleans MSA AA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	312	14.1	28.8	21.5	30.1	5.4
Population by Geography	824,778	12.4	30.6	26.1	29.1	1.8
Housing Units by Geography	380,588	11.9	31.1	25.0	29.8	2.2
Owner-Occupied Units by Geography	183,955	8.0	25.2	29.6	36.0	1.2
Occupied Rental Units by Geography	141,269	16.1	39.4	21.8	20.2	2.6
Vacant Units by Geography	55,364	14.2	29.8	17.9	33.8	4.3
Businesses by Geography	143,595	8.9	26.0	26.8	36.0	2.4
Farms by Geography	1,679	9.2	27.8	29.3	32.3	1.4
Family Distribution by Income Level	175,961	27.3	15.3	17.9	39.4	0.0
Household Distribution by Income Level	325,224	29.7	14.7	15.8	39.7	0.0
Median Family Income – New Orleans-Metairie, LA MSA	\$72,053		Median Housing Value Median Gross Rent Families Below Poverty Level			\$244,642 \$1,027 13.7%

Source: 2020 U.S. Census and 2022 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.

According to Moody’s Analytics, major employers in the area include Ochsner Health System, East Jefferson General Hospital, and ACME Truck Line Inc. The U.S. Bureau of Labor Statistics reflects a July 2023 unemployment rate of 3.4 percent for the New Orleans MSA, which is slightly

below the 3.5 percent national and slightly above the 3.3 percent State of Louisiana unemployment rates for the same period.

Examiners use the applicable FFIEC-updated MFI levels to analyze home mortgage loans under the borrower profile criterion. The following table shows the applicable income ranges based on the 2022 FFIEC-estimated MFI of \$81,800 for the New Orleans MSA.

Median Family Income Ranges – New Orleans MSA				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
2022 (\$81,800)	<\$40,900	\$40,900 to <\$65,440	\$65,440 to <\$98,160	≥\$98,160
<i>Source: FFIEC (2020).</i>				

Competition

The New Orleans MSA AA contains a relatively good level of competition from other chartered banks. According to FDIC Deposit Market Share data as of June 30, 2023, 28 institutions operate 184 offices in the assessment area. Mortgage companies, credit unions, and finance companies also compete for loans in the area adding to the competition level. LBTC ranks 7th in deposit market share by capturing 1.7 percent of the area’s deposits.

Credit and Community Development Needs and Opportunities

Considering information from bank management, as well as demographic and economic data, examiners determined that home mortgage and small business loans represent primary credit needs in the assessment area.

Regarding the area’s CD needs, demographic data showing that 42.9 percent of the area’s census tracts received low- or moderate-income designations and the federal disaster area designations suggest a need for activities that revitalize or stabilize qualifying geographies. In addition, the demographic data showing lower percentages of owner-occupied housing units relative to total housing units in low- and moderate-income geographies, in connection with the 42.6 percent of the area’s families reporting low or moderate incomes, also suggests a need for affordable housing. The percentage of low- and moderate-income families also suggests a need for activities that benefit projects or organizations that provide community services targeted to those families. The area’s businesses suggest a need for economic development activities, such as those that finance smaller sized entities that support permanent job creation, retention, or improvement for low- or moderate-income persons or geographies.

CONCLUSIONS ON PERFORMANCE CRITERIA IN NEW ORLEANS MSA

LENDING TEST

LBTC demonstrated a satisfactory record in the New Orleans MSA AA regarding the Lending Test. Reasonable records regarding borrower profile outweighed excellent records regarding geographic distribution to support this conclusion.

Geographic Distribution

The geographic distribution of loans reflects excellent dispersion throughout the New Orleans MSA AA. Excellent performance regarding home mortgage lending outweighed reasonable performance regarding small business lending to support this conclusion.

Home Mortgage Loans

The geographic distribution of home mortgage loans reflects excellent dispersion throughout the New Orleans MSA AA. Excellent performance in moderate-income geographies outweighed reasonable performance in low-income geographies to support this conclusion. The following table shows that, in low-income census tracts, the bank’s level of lending rises 3.8 percentage points higher than the aggregate data, reflecting reasonable performance. The table further shows that, in moderate-income tracts, the bank’s level of lending rises 15.4 percentage points higher than aggregate data, reflecting excellent performance. Examiners placed more weight on the bank’s lending in moderate-income census tracts, given the higher percentage of owner-occupied housing units in these tracts than low-income census tracts. As a result, the geographic distribution of home mortgage loans in the New Orleans MSA AA is excellent.

Geographic Distribution of Home Mortgage Loans New Orleans MSA AA						
Tract Income Level	Owner-Occupied Housing Units (% of #)	Aggregate Data (% of #)	Bank’s Home Mortgage Loans			
			#	%	\$(000s)	%
Low	8.0	7.9	7	11.7	959	5.1
Moderate	25.2	22.9	23	38.3	5,545	29.4
Middle	29.6	27.2	4	6.7	359	1.9
Upper	36.0	40.4	26	43.3	11,992	63.6
NA	1.2	1.5	0	0.0	0	0.0
Total	100.0	100.0	60	100.0	18,855	100.0

Source: U.S. Census data (2020); HMDA data (2022); HMDA aggregate data (2022).

Small Business Loans

The geographic distribution of small business loans reflects reasonable dispersion throughout the New Orleans MSA AA. Reasonable performances in low- and moderate-income geographies support this conclusion. The following table shows that, in low-income census tracts, the bank’s level of lending is 6.6 percentage points higher than demographic data, reflecting reasonable performance. The table further shows that, in moderate-income tracts, the bank’s level of lending rises 6.4 percentage points higher than the demographic data, evidencing reasonable performance.

Geographic Distribution of Small Business Loans New Orleans MSA AA					
Tract Income Level	% of Businesses	#	%	\$(000s)	%
Low	8.9	11	15.5	1,376	11.3
Moderate	26.0	23	32.4	4,346	35.5
Middle	26.8	12	16.9	2,053	16.8
Upper	36.0	25	35.2	4,442	36.4
NA	2.4	0	0.0	0	0.0
Total	100.0	71	100.0	12,217	100.0

Source: 2022 D&B Data; Bank Data

Borrower Profile

The distribution of borrowers reflects, given the demographics of the assessment area, reasonable penetration among businesses of different sizes and individuals of different income levels (including low- and moderate-income) in the New Orleans MSA AA. Reasonable records regarding home mortgage and small business loans support this conclusion.

Home Mortgage Loans

The distribution of borrowers reflects, given the demographics of the assessment area, reasonable penetration among individuals of different income levels in the New Orleans MSA AA. Excellent performance to low-income borrowers lowered by reasonable performance to moderate-income borrowers supports this conclusion. The following table shows that, to low-income borrowers, the bank's level of lending rises 9.5 percentage points higher than the aggregate data, thereby reflecting an excellent level. The table further shows that, to moderate-income borrowers, the bank's level of lending falls 2.8 percentage points lower than the aggregate data, also reflecting a reasonable level.

Distribution of Home Mortgage Loans by Borrower Income Level New Orleans MSA AA						
Borrower Income Level	Families (%)	Aggregate Data (% of #)	Bank's Home Mortgage Loans			
			#	%	\$(000s)	%
Low	27.3	5.5	9	15.0	1,305	6.9
Moderate	15.3	16.1	8	13.3	1,103	5.8
Middle	17.9	18.0	6	10.0	975	5.2
Upper	39.4	38.5	27	45.0	11,041	58.6
NA	0.0	21.9	10	16.7	4,431	23.5
Total	100.0	100.0	60	100.0	18,855	100.0

Source: U.S. Census data (2020); HMDA data (2022). HMDA aggregate data (2022).

Small Business Loans

The distribution of borrowers reflects, given the demographics of the assessment area, reasonable penetration among businesses of different sizes in the New Orleans MSA AA. Reasonable performance to businesses with gross annual revenue of \$1 million or less supports this conclusion. The following table shows that the bank originated over seven out of every ten loans to businesses with gross annual revenues of \$1 million or less, thereby reflecting a reasonable level.

Distribution of Small Business Loans by Gross Annual Revenue Category New Orleans MSA AA					
Gross Revenue Level	% of Businesses	#	%	\$(000s)	%
< \$100,000	70.2	13	34.2	2,681	34.1
\$100,000 - \$249,999	16.4	8	21.1	975	12.4
\$250,000 - \$499,999	3.5	7	18.4	1,976	25.1
\$500,000 - \$1,000,000	1.9	1	2.6	496	6.3
Subtotal ≤ \$1,000,000	92.0	29	76.3	6,128	77.9
> \$1,000,000	2.4	8	21.1	1,138	14.5
Revenue Not Available	5.6	1	2.6	600	7.6
Total	100.0	38	100.0	7,866	100.0
<i>Source: 2022 D&B data; Bank data</i>					

COMMUNITY DEVELOPMENT TEST

The institution's CD performance demonstrates adequate responsiveness to CD needs in the assessment area through CD loans, QIs, and CD services, as appropriate, considering the institution's capacity and the need and availability of such opportunities for CD in the New Orleans MSA AA.

Community Development Loans

As noted in the state level section, the bank originated 33 CD loans totaling nearly \$28.1 million in the New Orleans MSA AA. These levels reflect an increase over the 14 loans totaling \$8.7 million in this AA at the prior evaluation. The current dollar amount equates to 98.7 percent of the bank's total CD loans in the State of Louisiana compared to this area contributing 91.3 percent of the bank's total dollar volume of loans in this state. The responsiveness of the loans address identified needs in the assessment area primarily targeted to revitalization and stabilization efforts but also benefit economic development.

The following points are examples of the bank's CD loans in the New Orleans MSA AA:

- ***Revitalize or Stabilize*** – The bank refinanced a \$5.0 million loan for two convenience stores located in moderate-income census tracts. Thus, the activity revitalizes and stabilizes qualifying geographies by helping to attract new, or retain existing, businesses or residents.
- ***Economic Development*** – The bank refinanced a \$4.0 million loan to a CDFI that provides financing and technical assistance to small, disadvantaged businesses. Thus, the activity promotes economic development by assisting an organization that aids businesses that meet the size eligibility standards of the regulation and that support permanent job creation, retention, or improvement for low- or moderate-income persons or in low- and moderate-income geographies.

Qualified Investments

As noted in the state level section, the bank made use of 25 QIs totaling nearly \$1.8 million in the New Orleans MSA AA. This reflects a decrease in number and an increase in dollar volume from the 34 QIs totaling over \$1.4 million in this AA at the prior evaluation. The current dollar amount equates to 37.2 percent of the bank's total QIs in the State of Louisiana compared to this area containing 94.4 percent of the bank's total deposits in this state. The responsiveness of the QIs addresses identified needs of the assessment area primarily for revitalization or stabilization efforts.

The following points are examples of the bank's QIs in the New Orleans MSA AA:

- ***Revitalize or Stabilize*** – The bank invested \$350,000 in two municipal bonds. The bonds are for the costs of extensions, improvements, enlargements, alterations, renewals, and replacements to the sewerage system in an area where a majority of the census tracts are designated as low- and moderate-income. Thus, the activity revitalizes and stabilizes qualifying geographies by helping to attract new, or retain existing, businesses or residents.
- ***Community Services*** – The bank donated \$15,500 to two school where the majority of students receive free or reduced lunch. Thus, the activity benefits organizations or projects that provide community services primarily to low- and moderate-income individuals.

Community Development Services

As noted in the state level, the bank provided 13 CD services in the New Orleans MSA AA. This figure reflects a decrease from the 24 services at the prior evaluation. The current level represents 81.3 percent of the bank's total CD services in the State of Louisiana compared to 66.7 percent of the bank's total branches in this state. The services involve bank personnel's use of their technical expertise to benefit organizations or projects with a primary purpose of CD, as defined by CRA regulations. Although not particularly responsive, these activities primarily benefit community services.

The following points are examples of the bank's CD services in the New Orleans MSA AA:

- ***Community Services*** – A bank representative serves as a Board member of a school where the majority of students receive free or reduced lunch. Thus, the activity benefits an organization that provides community services primarily to low- and moderate-income individuals.
- ***Economic Development*** – A bank representative provided financial literacy to small business owners. Thus, the activity promotes economic development by assisting businesses that meet the size eligibility standards of the regulation and that support permanent job creation, retention, or improvement for low- or moderate-income persons or in low- and moderate-income geographies.

Additionally, the bank's retail banking services benefit low- and moderate-income individuals and areas. As seen in the following table, the bank operates most of its branches and ATMs in low- and moderate-income census tracts in the assessment area. Alternative delivery systems available

throughout all portions of this assessment area remain consistent with those discussed previously at the institution level.

Branch and ATM Distribution by Geography Income Level New Orleans MSA AA								
Tract Income Level	Census Tracts		Population		Branches		ATMs	
	#	%	#	%	#	%	#	%
Low	44	14.1	102,222	12.4	1	25.0	4	23.5
Moderate	90	28.9	252,402	30.6	2	50.0	4	23.5
Middle	67	21.5	215,424	26.1	1	25.0	1	5.9
Upper	94	30.1	240,230	29.1	0	0.0	5	29.4
NA	17	5.4	14,500	1.8	0	0.0	3	17.7
Total	312	100.0	824,778	100.0	4	100.0	17	100.0

Source: U.S. Census Data (2020); Bank Data.

BATON ROUGE MSA – Limited-Scope Review

DESCRIPTION OF INSTITUTION’S OPERATIONS IN BATON ROUGE MSA

The Baton Rouge MSA AA consists solely of East Baton Rouge Parish, located in central southeast Louisiana. The bank operates two full-service branches and ATMs in this assessment area.

During the evaluation period, the income classifications of the census tracts within the assessment area changed. According to 2015 ACS data, the assessment area’s 92 census tracts reflect the following income designations: 17 low-, 27 moderate-, 19 middle-, 28 upper-income census tracts, and 1 census tract with no income designation. According to 2020 U.S. Census data, the assessment area’s 108 census tracts reflect the following income designations: 20 low-, 21 moderate-, 30 middle-, 32 upper-income census tracts, and 5 census tracts with no income designation. FEMA declared this area as a major disaster area during the entire period under review. The following table illustrates select demographic characteristics of the assessment area.

Demographic Information of the Assessment Area Baton Rouge MSA AA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	108	18.5	19.4	27.8	29.6	4.6
Population by Geography	456,781	15.6	17.5	31.7	31.7	3.4
Housing Units by Geography	195,178	15.7	17.4	30.5	33.0	3.3
Owner-Occupied Units by Geography	99,008	8.6	14.4	34.2	42.0	0.8
Occupied Rental Units by Geography	65,633	24.3	20.1	26.2	24.4	4.9
Vacant Units by Geography	30,537	20.4	21.3	27.9	22.3	8.1
Businesses by Geography	79,146	11.9	18.3	32.5	35.9	1.4
Farms by Geography	1,450	8.8	17.5	34.6	38.1	1.0
Family Distribution by Income Level	98,787	24.7	16.4	17.2	41.8	0.0
Household Distribution by Income Level	164,641	27.8	15.3	16.5	40.4	0.0
Median Family Income – Baton Rouge, LA MSA	\$77,948		Median Housing Value Median Gross Rent Families Below Poverty Level			\$198,100 \$938 11.9%

*Source: 2020 U.S. Census and 2022 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.*

CONCLUSIONS ON PERFORMANCE CRITERIA IN BATON ROUGE MSA

LENDING TEST

The institution’s lending performance in the Baton Rouge MSA AA is consistent with the institution’s lending performance in the State of Louisiana.

Geographic Distribution

Small Business Loans

Geographic Distribution of Small Business Loans Baton Rouge MSA AA					
Tract Income Level	% of Businesses	#	%	\$(000s)	%
Low	11.9	5	50.0	499	25.6
Moderate	18.3	1	10.0	65	3.3
Middle	32.5	2	20.0	66	3.4
Upper	35.9	2	20.0	1,319	67.7
NA	1.4	0	0.0	0	0.0
Total	100.0	10	100.0	1,949	100.0

Source: 2022 D&B Data; Bank Data

Home Mortgage Loans

Geographic Distribution of Home Mortgage Loans Baton Rouge MSA AA						
Tract Income Level	Owner-Occupied Housing Units (% of #)	Aggregate Data (% of #)	Bank's Home Mortgage Loans			
			#	%	\$(000s)	%
Low	8.6	5.4	0	0.0	0	0.0
Moderate	14.4	12.9	1	33.3	189	21.5
Middle	34.2	35.9	1	33.3	259	29.5
Upper	42.0	43.5	1	33.3	430	49.0
NA	0.8	2.3	0	0.0	0	0.0
Total	100.0	100.0	3	100.0	878	100.0

Source: U.S. Census data (2020); HMDA data (2022); HMDA aggregate data (2022).

Consumer Loans

Geographic Distribution of Consumer Loans Baton Rouge MSA AA					
Tract Income Level	% of Households	#	%	\$(000s)	%
Low	14.9	2	9.1	8	3.3
Moderate	16.7	6	27.3	68	28.2
Middle	31.0	11	50.0	149	61.8
Upper	35.0	3	13.6	16	6.7
NA	2.4	0	0.0	0	0.0
Total	100.0	22	100.0	241	100.0

Source: U.S. Census Data (2020); Bank Data

Borrower Profile

Small Business Loans

Distribution of Small Business Loans by Gross Annual Revenue Category Baton Rouge MSA AA					
Gross Revenue Level	% of Businesses	#	%	\$(000s)	%
< \$100,000	67.7	3	30.0	693	35.5
\$100,000 - \$249,999	16.9	2	20.0	31	1.6
\$250,000 - \$499,999	3.6	3	30.0	212	10.9
\$500,000 - \$1,000,000	2.0	1	10.0	963	49.4
Subtotal ≤ \$1,000,000	90.2	9	90.0	1,899	97.4
> \$1,000,000	2.7	1	10.0	50	2.6
Revenue Not Available	7.0	0	0.0	0	0.0
Total	100.0	10	100.0	1,949	100.0

Source: 2022 D&B data; Bank data

Home Mortgage Loans

Distribution of Home Mortgage Loans by Borrower Income Level Baton Rouge MSA AA						
Borrower Income Level	Families (%)	Aggregate Data (% of #)	Bank's Home Mortgage Loans			
			#	%	\$(000s)	%
Low	24.7	9.5	0	0.0	0	0.0
Moderate	16.4	20.0	1	33.3	189	21.5
Middle	17.2	17.8	1	33.3	259	29.5
Upper	41.8	32.6	1	33.3	430	49.0
NA	0.0	20.0	0	0.0	0	0.0
Total	100.0	100.0	3	100.0	878	100.0

Source: U.S. Census data (2020); HMDA data (2022). HMDA aggregate data (2022).

Consumer Loans

Distribution of Consumer Loans by Borrower Income Level Baton Rouge MSA AA					
Borrower Income Level	% of Households	#	%	\$(000s)	%
Low	27.8	7	31.8	78	32.3
Moderate	15.3	7	31.8	71	29.5
Middle	16.5	5	22.7	40	16.6
Upper	40.4	3	13.7	52	21.6
Total	100.0	22	100.0	241	100.0

Source: U.S. Census data (2020); Bank data (2022).

COMMUNITY DEVELOPMENT TEST

The institution's CD performance in the Baton Rouge MSA AA is below the CD performance in the State of Louisiana; however, it does not change the state rating. The bank originated 4 CD loans totaling \$318,000, which accounted for 1.1 percent of the bank's total CD loans in this state. Additionally, the bank made use of QIs consisting of a \$2,000 donation that accounts for less than 0.1 percent of the bank's total QIs in this state. Lastly, the bank provided 3 CD services accounting for 18.8 percent of the CD services in this state.

STATE OF MICHIGAN

CRA RATING FOR MICHIGAN: SATISFACTORY

The Lending Test is rated: Satisfactory

The Community Development Test is rated: Satisfactory

DESCRIPTION OF INSTITUTION’S OPERATIONS IN MICHIGAN

LBTC designated one assessment area in the State of Michigan: the Detroit Metropolitan Statistical Area Assessment Area (Detroit MSA AA). Unchanged since the prior evaluation, the following county represents the only county that comprises the Detroit-Dearborn-Livonia, MI MSA located in southeast Michigan.

- Wayne County – all census tracts

The following table shows that the bank operates one full-service office and ATM in this assessment area. The office maintains hours consistent with the area and the industry.

Full-Service Office Location Detroit MSA AA					
County/City/Street	Office Type	Census Tract Number	Census Tract Income Level	ATM	Office Opened or Closed Since Last Evaluation
<i>Wayne County:</i> Detroit – Woodward Ave	Branch	5114.00	Moderate	Yes	No
<small>Source: Bank data; U.S. Census data (2020).</small>					

The bank’s delivery systems and range of products and services remain mainly consistent with those reflected in the institution section. However, the bank also offers a Home Restoration and Acquisition Program (HRAP) for impoverished neighborhoods within the City of Detroit. The program offers mortgage loans to finance the acquisition and repairs or renovations to homes purchased in these areas. Since the previous evaluation, the bank originated 29 loans totaling nearly \$4.9 million.

Economic and Demographic Data

During the evaluation period, the income classifications of the census tracts within the assessment area changed. According to 2015 ACS data, the assessment area’s 611 census tracts reflect the following income designations: 126 low-, 174 moderate-, 121 middle-, 173 upper-income census tracts, and 17 census tracts with no income designation. According to 2020 U.S. Census data, the assessment area’s 627 census tracts reflect the following income designations: 89 low-, 170 moderate-, 125 middle-, 177 upper-income census tracts, and 66 census tracts with no income designation. FEMA declared this area as a major disaster area during the majority of the period under review. The following table illustrates select demographic characteristics of the assessment area.

Demographic Information of the Assessment Area Detroit MSA AA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	627	14.2	27.1	19.9	28.2	10.5
Population by Geography	1,793,561	12.5	27.0	23.0	35.7	1.8
Housing Units by Geography	814,954	14.7	28.3	21.7	32.9	2.5
Owner-Occupied Units by Geography	434,235	8.1	21.9	23.8	45.1	1.2
Occupied Rental Units by Geography	260,623	20.6	32.3	21.7	21.8	3.6
Vacant Units by Geography	120,096	25.5	42.6	14.1	12.6	5.2
Businesses by Geography	131,712	10.1	21.5	20.4	43.7	4.3
Farms by Geography	2,130	6.9	20.5	23.6	46.9	2.0
Family Distribution by Income Level	416,034	24.3	15.8	17.6	42.2	0.0
Household Distribution by Income Level	694,858	26.4	15.0	16.1	42.5	0.0
Median Family Income – Detroit-Dearborn-Livonia, MI MSA	\$63,896		Median Housing Value Median Gross Rent Families Below Poverty Level			\$126,431 \$899 16.0%

*Source: 2020 U.S. Census and 2022 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.*

According to Moody’s Analytics, major employers in the area include General Motors Corp., Ford Motor Co., and University of Michigan. The U.S. Bureau of Labor Statistics reflects a July 2023 unemployment rate of 3.9 percent for the Detroit MSA, which is above the 3.5 percent national and below the 4.3 percent State of Michigan unemployment rates for the same period.

Examiners use the applicable FFIEC-updated MFI levels to analyze home mortgage loans under the borrower profile criterion. The following table shows the applicable income ranges based on the 2022 FFIEC-estimated MFI of \$72,800 for the Detroit MSA.

Median Family Income Ranges – Detroit MSA				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
2022 (\$72,800)	<\$36,400	\$36,400 to <\$58,240	\$58,240 to <\$87,360	≥\$87,360

Source: FFIEC (2020).

Competition

The Detroit MSA AA contains a relatively good level of competition from other chartered banks. According to FDIC Deposit Market Share data as of June 30, 2023, 18 institutions operate 252 offices in the assessment area. Mortgage companies, credit unions, and finance companies also compete for loans in the area adding to the competition level. LBTC ranks 15th in deposit market share by capturing 0.06 percent of the area’s deposits.

Credit and Community Development Needs and Opportunities

Considering information from bank management, as well as demographic and economic data, examiners determined that home mortgage loans represent primary credit needs in the assessment area.

Regarding the area's CD needs, demographic data showing that 41.3 percent of the area's census tracts received low- or moderate-income designations and the federal disaster area designations suggest a need for activities that revitalize or stabilize qualifying geographies. In addition, the demographic data showing lower percentages of owner-occupied housing units relative to total housing units in low- and moderate-income geographies, in connection with the 40.1 percent of the area's families reporting low or moderate incomes, also suggests a need for affordable housing. The percentage of low- and moderate-income families also suggests a need for activities that benefit projects or organizations that provide community services targeted to those families. The area's businesses suggest a need for economic development activities, such as those that finance smaller sized entities that support permanent job creation, retention, or improvement for low- or moderate-income persons or geographies.

SCOPE OF EVALUATION – MICHIGAN

Examiners considered the same review period and same lending products discussed at the institution level. However, small business and consumer lending did not comprise a primary lending focus in the State of Michigan; therefore, examiners drew conclusions for this AA based solely on home mortgage lending performance. Regarding the CD Test, the scope for this rated area remains consistent with that of the institution as a whole. Refer to the institution level Scope of Evaluation section for additional information.

CONCLUSIONS ON PERFORMANCE CRITERIA IN MICHIGAN

LENDING TEST

LBTC demonstrated a satisfactory record regarding the Lending Test in the State of Michigan. Excellent geographic distribution lowered by reasonable borrower profile support this conclusion.

Geographic Distribution

The geographic distribution of loans reflects excellent dispersion throughout the Detroit MSA AA. An excellent record regarding home mortgage loans supports this conclusion.

Home Mortgage Loans

The geographic distribution of home mortgage loans reflects excellent dispersion throughout the Detroit MSA AA. Excellent performance in moderate-income geographies uplifted reasonable performance in low-income geographies to support this conclusion. The following table shows that, in low-income census tracts, the bank's level of lending rises 6.1 percentage points higher than aggregate data, reflecting reasonable performance. The table further shows that the bank's lending in moderate-income tracts rises 45.6 percentage points above aggregate data, reflecting excellent performance.

Geographic Distribution of Home Mortgage Loans Detroit MSA AA						
Tract Income Level	Owner-Occupied Housing Units (% of #)	Aggregate Data (% of #)	Bank's Home Mortgage Loans			
			#	%	\$(000s)	%
Low	8.1	3.9	1	10.0	218	13.2
Moderate	21.9	14.4	6	60.0	786	47.7
Middle	23.8	28.5	2	20.0	367	22.2
Upper	45.1	52.4	1	10.0	278	16.9
NA	1.2	0.8	0	0.0	0	0.0
Total	100.0	100.0	10	100.0	1,649	100.0

Source: U.S. Census data (2020); HMDA data (2022); HMDA aggregate data (2022).

Borrower Profile

The distribution of borrowers reflects, given the demographics of the assessment area, reasonable penetration among individuals of different income levels (including low- and moderate-income) in the Detroit MSA AA. A reasonable record regarding home mortgage loans supports this conclusion.

Home Mortgage Loans

The distribution of borrowers reflects, given the demographics of the assessment area, reasonable penetration among individuals of different income levels (including low- and moderate-income) in the Detroit MSA AA. Reasonable performance to moderate-income borrowers hampered by poor performance to low-income borrowers supports this conclusion. The following table shows that the bank did not originate any home mortgage loans to low-income borrowers, thereby reflecting a poor level. The table further shows that, to moderate-income borrowers, the bank's level of lending rises 9.1 percentage points higher than aggregate data, reflecting a reasonable level.

Distribution of Home Mortgage Loans by Borrower Income Level Detroit MSA AA						
Borrower Income Level	Families (%)	Aggregate Data (% of #)	Bank's Home Mortgage Loans			
			#	%	\$(000s)	%
Low	24.3	8.0	0	0.0	0	0.0
Moderate	15.8	20.9	3	30.0	382	23.2
Middle	17.6	23.3	3	30.0	508	30.8
Upper	42.2	35.0	4	40.0	759	46.0
NA	0.0	12.8	0	0.0	0	0.0
Total	100.0	100.0	10	100.0	1,649	100.0

Source: U.S. Census data (2020); HMDA data (2022). HMDA aggregate data (2022).

COMMUNITY DEVELOPMENT TEST

The institution's CD performance demonstrates adequate responsiveness to CD needs in the assessment area through CD loans, QIs, and CD services, as appropriate, considering the institution's capacity and the need and availability of such opportunities for CD in the State of Michigan.

Community Development Loans

As noted in the institution level section, the bank originated 2 CD loans totaling nearly \$4.1 million in the State of Michigan. These levels reflect a decrease over the 11 loans totaling \$6.7 million in this rated area at the prior evaluation. The current dollar amount equates to 5.5 percent of the bank's total CD loans compared to this rated area contributing 4.1 percent of the bank's total dollar volume of loans. The responsiveness of the loans address identified needs in the assessment area primarily targeted to economic development.

The following points are the bank's CD loans in the Detroit MSA AA:

- ***Economic Development*** – The bank modified a \$4.0 million loan to a CDFI to finance a loan fund to be used to assist small businesses. Thus, the activity promotes economic development by assisting businesses that meet the size eligibility standards of the regulation and that support permanent job creation, retention, or improvement for low- or moderate-income persons or in low- and moderate-income geographies.
- ***Revitalize or Stabilize*** – The bank renewed a loan for \$58,000 originally made to purchase a building located in a moderate-income census tract. Thus, the activity revitalizes and stabilizes qualifying geographies by helping to attract new, or retain existing, businesses or residents.

Qualified Investments

As noted in the institution level section, the bank made use of 2 QIs totaling \$479,000 in the State of Michigan. This reflects an increase in number and a slight decrease in dollar volume from the 1 QI totaling \$480,000 in this AA at the prior evaluation. The current dollar amount equates to 4.9 percent of the bank's total QIs compared to this rated area containing 5.1 percent of the bank's total deposits. The responsiveness of the QIs addresses identified needs of the assessment area for community services targeted to low- and moderate-income individuals.

The following points are the bank's QIs in the Detroit MSA AA:

- ***Community Services*** – The bank continued its investment of \$477,817 in a municipal bond. The bond was for improving facilities at a community college where the majority of students receive financial aid. Thus, the activity benefits organizations or projects that provide community services primarily to low- and moderate-income individuals.
- ***Community Services*** – The bank donated \$1,025 for a financial literacy program used at a school where the majority of students receive free or reduced lunch. Thus, the activity benefits organizations or projects that provide community services primarily to low- and moderate-income individuals.

Community Development Services

As noted in the institution level, the bank provided 1 CD service in the State of Michigan. This figure reflects a decrease from the 12 services at the prior evaluation. The current level represents 2.3 percent of the bank’s total CD services whereas the State of Michigan contains 7.1 percent of the bank’s total branches. The service involves bank personnel’s use of their technical expertise to benefit organizations or projects with a primary purpose of CD, as defined by CRA regulations. Although not particularly responsive, this activity benefits economic development.

The following point is the bank’s sole CD service in the Detroit MSA AA:

- **Economic Development** – A bank representative served on the Loan Committee of an organization that provides loans and technical assistance to small businesses. Thus, the activity promotes economic development by assisting an organization that aids businesses that meet the size eligibility standards of the regulation and that support permanent job creation, retention, or improvement for low- or moderate-income persons or in low- and moderate-income geographies.

Additionally, the bank's retail banking services benefit low- and moderate-income individuals and areas. As seen in the following table, the bank operates its branch and ATM in a moderate-income census tract in the assessment area. Alternative delivery systems available throughout all portions of this assessment area remain consistent with those discussed previously at the institution level section.

Branch and ATM Distribution by Geography Income Level Detroit MSA AA								
Tract Income Level	Census Tracts		Population		Branches		ATMs	
	#	%	#	%	#	%	#	%
Low	89	14.2	223,493	12.5	0	0.0	0	0.0
Moderate	170	27.1	484,014	27.0	1	100.0	1	100.0
Middle	125	20.0	413,377	23.0	0	0.0	1	10.0
Upper	177	28.2	641,067	35.7	0	0.0	0	0.0
NA	66	10.5	31,610	1.8	0	0.0	0	0.0
Total	627	100.0	1,793,561	100.0	1	100.0	1	100.0

Source: U.S. Census Data (2020); Bank Data.

STATE OF MISSISSIPPI

CRA RATING FOR MISSISSIPPI: SATISFACTORY

The Lending Test is rated: Satisfactory

The Community Development Test is rated: Satisfactory

DESCRIPTION OF INSTITUTION’S OPERATIONS IN MISSISSIPPI

LBTC designated one assessment area in the State of Mississippi: the Jackson MSA Assessment Area (Jackson MSA AA). Unchanged since the prior evaluation, the following county represents one of seven counties that comprise the Jackson, MS MSA located in southwest Mississippi.

- Hinds County – all census tracts

The following table shows that the bank operates one full-service office and ATM in this assessment area. There are also three offsite ATMs in this state. The offices maintain hours consistent with the area and the industry.

Full-Service Office Location Jackson MSA AA					
County/City/Street	Office Type	Census Tract Number	Census Tract Income Level	ATM	Office Opened or Closed Since Last Evaluation
<i>Hinds County:</i> Jackson – Livingston Rd	Branch	0011.00	Low	Yes	No
<i>Source: Bank data; U.S. Census data (2020).</i>					

Economic and Demographic Data

During the evaluation period, the income classifications of the census tracts within the assessment area changed. According to 2015 ACS data, the assessment area’s 64 census tracts reflect the following income designations: 15 low-, 23 moderate-, 16 middle-, and 10 upper-income census tracts. According to 2020 U.S. Census data, the assessment area’s 67 census tracts reflect the following income designations: 15 low-, 20 moderate-, 21 middle-, 9 upper-income census tracts, and 2 census tracts with no income designation. FEMA declared this area as a major disaster area during the entire period under review. The following table illustrates select demographic characteristics of the assessment area.

Demographic Information of the Assessment Area Jackson MSA AA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	67	22.4	29.9	31.3	13.4	3.0
Population by Geography	227,742	14.9	27.3	40.4	16.6	0.9
Housing Units by Geography	104,356	18.0	29.3	36.1	15.1	1.4
Owner-Occupied Units by Geography	51,403	10.8	21.2	48.4	19.3	0.3
Occupied Rental Units by Geography	37,429	25.6	36.0	24.0	11.4	2.9
Vacant Units by Geography	15,524	23.6	40.1	24.3	10.4	1.6
Businesses by Geography	23,766	14.3	21.3	33.0	23.5	7.9
Farms by Geography	541	8.5	16.3	47.1	24.2	3.9
Family Distribution by Income Level	54,762	29.1	17.9	19.4	33.6	0.0
Household Distribution by Income Level	88,832	30.1	17.6	17.5	34.8	0.0
Median Family Income – Jackson, MS MSA	\$67,202		Median Housing Value Median Gross Rent Families Below Poverty Level			\$112,661 \$864 15.9%

*Source: 2020 U.S. Census and 2022 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.*

According to Moody’s Analytics, major employers in the area include University of Mississippi Medical Center, Merit Health, and Nissan. The U.S. Bureau of Labor Statistics reflects a July 2023 unemployment rate of 3.5 percent for the Jackson MSA, which equals the 3.5 percent national and is below the 4.0 percent State of Mississippi unemployment rates for the same period.

Examiners use the applicable FFIEC-updated MFI levels to analyze home mortgage loans under the borrower profile criterion. The following table shows the applicable income ranges based on the 2022 FFIEC-estimated MFI of \$74,000 for the Jackson MSA.

Median Family Income Ranges – Jackson MSA				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
2022 (\$74,000)	<\$37,000	\$37,000 to <\$59,200	\$59,200 to <\$88,800	≥\$88,800

Source: FFIEC (2020).

Competition

The Jackson MSA AA contains a moderate level of competition from other chartered banks. According to FDIC Deposit Market Share data as of June 30, 2023, 16 institutions operate 66 offices in the assessment area. Mortgage companies, credit unions, and finance companies also compete for loans in the area adding to the competition level. LBTC ranks 13th in deposit market share by capturing 0.3 percent of the area’s deposits.

Credit and Community Development Needs and Opportunities

Considering information from bank management, as well as demographic and economic data, examiners determined that home mortgage loans represent the primary credit need in the assessment area.

Regarding the area's CD needs, demographic data showing that 52.3 percent of the area's census tracts received low- or moderate-income designations, and the federal disaster area designations suggest a need for activities that revitalize or stabilize qualifying geographies. In addition, the demographic data showing lower percentages of owner-occupied housing units relative to total housing units in low- and moderate-income geographies, in connection with the 47.0 percent of the area's families reporting low or moderate incomes, also suggests a need for affordable housing. The percentage of low- and moderate-income families also suggests a need for activities that benefit projects or organizations that provide community services targeted to those families. The area's businesses suggest a need for economic development activities, such as those that finance smaller sized entities that support permanent job creation, retention, or improvement for low- or moderate-income persons or geographies.

SCOPE OF EVALUATION – MISSISSIPPI

Examiners considered the same review period and same lending products discussed at the institution level. However, small business and consumer lending did not comprise a primary lending focus in the State of Mississippi; therefore, examiners drew conclusions for this area based solely on home mortgage lending performance. Regarding the CD Test, the scope for this rated area remains consistent with that of the institution as a whole. Refer to the institution level Scope of Evaluation Section for additional information.

CONCLUSIONS ON PERFORMANCE CRITERIA IN MISSISSIPPI

LENDING TEST

LBTC demonstrated a satisfactory record regarding the Lending Test in the State of Mississippi. Reasonable geographic distribution and borrower profile support this conclusion.

Geographic Distribution

The geographic distribution of loans reflects reasonable dispersion throughout the Jackson MSA AA. A reasonable record regarding home mortgage loans supports this conclusion.

Home Mortgage Loans

The geographic distribution of home mortgage loans reflects reasonable dispersion throughout the Jackson MSA AA. Reasonable performance in moderate-income geographies uplifted poor performance in low-income geographies to support this conclusion. The following table shows that no loans originated in low-income census tracts, reflecting poor performance. The table further shows that the bank's lending in moderate-income tracts falls 1.0 percentage points below aggregate data, reflecting reasonable performance.

Geographic Distribution of Home Mortgage Loans Jackson MSA AA						
Tract Income Level	Owner-Occupied Housing Units (% of #)	Aggregate Data (% of #)	Bank's Home Mortgage Loans			
			#	%	\$(000s)	%
Low	10.8	4.3	0	0.0	0	0.0
Moderate	21.2	11.0	1	10.0	137	6.2
Middle	48.4	53.7	4	40.0	857	38.7
Upper	19.3	30.8	5	50.0	1,223	55.1
NA	0.3	0.2	0	0.0	0	0.0
Total	100.0	100.0	10	100.0	2,217	100.0

Source: U.S. Census data (2020); HMDA data (2022); HMDA aggregate data (2022).

Borrower Profile

The distribution of borrowers reflects, given the demographics of the assessment area, reasonable penetration among individuals of different income levels (including low- and moderate-income) in the Jackson MSA AA. A reasonable record regarding home mortgage loans supports this conclusion.

Home Mortgage Loans

The distribution of borrowers reflects, given the demographics of the assessment area, reasonable penetration among individuals of different income levels (including low- and moderate-income) in the Jackson MSA AA. Excellent performance to moderate-income borrowers lowered by poor performance to low-income borrowers supports this conclusion. The following table shows that no loans originated to low-income borrowers, thereby reflecting a poor level. The table further shows that, to moderate-income borrowers, the bank's level of lending rises 19.8 percentage points higher than aggregate data, reflecting an excellent level. Examiners also noted that, in 2020 and 2021, the bank originated three and ten home mortgage loans, respectively, in low-income tracts. For both years, the bank's lending levels exceeded aggregate data.

Distribution of Home Mortgage Loans by Borrower Income Level Jackson MSA AA						
Borrower Income Level	Families (%)	Aggregate Data (% of #)	Bank's Home Mortgage Loans			
			#	%	\$(000s)	%
Low	29.1	7.3	0	0.0	0	0.0
Moderate	17.9	20.2	4	40.0	612	27.6
Middle	19.4	19.5	4	40.0	794	35.8
Upper	33.6	30.4	2	20.0	811	36.6
NA	0.0	22.7	0	0.0	0	0.0
Total	100.0	100.0	10	100.0	2,217	100.0

Source: U.S. Census data (2020); HMDA data (2022). HMDA aggregate data (2022).

COMMUNITY DEVELOPMENT TEST

The institution's CD performance demonstrates adequate responsiveness to CD needs in the assessment area through CD loans, QIs, and CD services, as appropriate, considering the institution's capacity and the need and availability of such opportunities for CD in the State of Mississippi.

Community Development Loans

As noted in the institution level section, the bank originated 5 CD loans totaling \$2.4 million in the State of Mississippi. These levels reflect an increase by number and a decrease by dollar amount over the 4 loans totaling \$5.9 million in this assessment area at the prior evaluation. The current dollar amount equates to 3.3 percent of the bank's total CD loans compared to this rated area contributing 4.8 percent of the bank's total dollar volume of loans. The responsiveness of the loans address identified needs in the assessment area primarily targeted to revitalization and stabilization efforts.

The following points are examples of the bank's CD loans in the Jackson MSA AA:

- ***Revitalize or Stabilize*** – The bank originated a \$1.9 million loan to purchase a hotel located in a moderate-income census tract. Thus, the activity revitalizes and stabilizes qualifying geographies by helping to attract new, or retain existing, businesses or residents.
- ***Affordable Housing*** – The bank renewed a line of credit for \$50,000 to an affordable housing organization for operating expenses. Thus, the activity helps an organization that provides affordable housing to low- and moderate-income individuals.

Qualified Investments

As noted in the institution level section, the bank made use of 4 QIs totaling \$503,000 in the State of Mississippi. This reflects a slight decrease from the 5 QIs totaling \$513,000 in this area at the prior evaluation. The current dollar amount equates to 5.1 percent of the bank's total QIs compared to this rated area containing 3.0 percent of the bank's total deposits. The responsiveness of the QIs addresses identified needs of the assessment area primarily for revitalization and stabilization efforts.

The following points are examples of the bank's QIs in the Jackson MSA AA:

- ***Revitalize or Stabilize*** – The bank continued its investments in two municipal bonds totaling \$501,546. The general obligation bonds benefitted an area mostly comprised of low- and moderate-income census tracts, as well as a convention center located in a moderate-income area. Thus, the activity revitalizes and stabilizes qualifying geographies by helping to attract new, or retain existing, businesses or residents.
- ***Community Services*** – The bank donated \$895 for a financial literacy program used at a school where the majority of students receive free or reduced lunch. Thus, the activity

benefits organizations or projects that provide community services primarily to low- and moderate-income individuals.

Community Development Services

As noted in the institution level, the bank provided 7 CD services in the State of Mississippi. This figure reflects a decrease from the 21 services at the prior evaluation. The current level represents 16.3 percent of the bank’s total CD services, whereas the State of Mississippi contains 7.1 percent of the bank’s total branches. The services involve bank personnel’s use of their technical expertise to benefit organizations or projects with a primary purpose of CD, as defined by CRA regulations. Although not particularly responsive, these activities benefit community services and affordable housing.

The following points are examples of the bank’s CD services in the Jackson MSA AA:

- **Community Services** – A bank representative taught financial literacy classes at a school where the majority of students are low- and moderate-income individuals. Thus, the activity benefits organizations or projects that provide community services primarily to low- and moderate-income individuals.
- **Affordable Housing** – Bank representatives provided technical assistance to low-income individuals who applied for grants through the Federal Home Loan Bank’s Homebuyer Equity Leverage Partnership (HELP) program. The HELP program assists low-income-qualified, first-time homebuyers with down payment assistance and closing costs. Thus, the activity helps provide affordable housing to low- and moderate-income individuals.

Additionally, the bank's retail banking services benefit low- and moderate-income individuals and areas. As seen in the following table, the bank operates its branch and two of its ATMs in low- and moderate-income census tracts in the assessment area. Alternative delivery systems available throughout all portions of this assessment area remain consistent with those discussed previously at the institution level section.

Branch and ATM Distribution by Geography Income Level Jackson MSA AA								
Tract Income Level	Census Tracts		Population		Branches		ATMs	
	#	%	#	%	#	%	#	%
Low	15	22.4	33,853	14.9	1	100.0	1	33.3
Moderate	20	29.9	62,159	27.3	0	0.0	1	33.3
Middle	21	31.3	92,031	40.4	0	0.0	0	10.0
Upper	9	13.4	37,698	16.5	0	0.0	1	33.3
NA	2	3.0	2,001	0.9	0	0.0	0	0.0
Total	67	100.0	227,742	100.0	1	100.0	3	100.0

Source: U.S. Census Data (2020); Bank Data.

STATE OF TENNESSEE

CRA RATING FOR TENNESSEE: SATISFACTORY

The Lending Test is rated: Satisfactory

The Community Development Test is rated: Satisfactory

DESCRIPTION OF INSTITUTION’S OPERATIONS IN TENNESSEE

LBTC designated one assessment area in the State of Tennessee: the Memphis MSA Assessment Area (Memphis MSA AA). As previously mentioned, LBTC added this assessment area as a result of the bank acquisition. The following county represents one of three counties that comprise the Memphis, TN-MS-AR MSA located in southwest Tennessee.

- Shelby County – all census tracts

The following table shows that the bank operates one full-service office and ATM in this assessment area. The offices maintain hours consistent with the area and the industry.

Full-Service Office Location Memphis MSA AA					
County/City/Street	Office Type	Census Tract Number	Census Tract Income Level	ATM	Office Opened or Closed Since Last Evaluation
<i>Shelby County:</i> Memphis – Elvis Presley Blvd	Branch	0221.11	Middle	Yes	Yes – acquired Oct 2021
<small>Source: Bank data; U.S. Census data (2020).</small>					

Economic and Demographic Data

During the evaluation period, the income classifications of the census tracts within the assessment area changed. According to 2015 ACS data, the assessment area’s 221 census tracts reflect the following income designations: 65 low-, 48 moderate-, 32 middle-, 70 upper-income census tracts, and 6 census tracts with no income designation. According to 2020 U.S. Census data, the assessment area’s 249 census tracts reflect the following income designations: 51 low-, 67 moderate-, 49 middle-, 70 upper-income census tracts, and 12 census tracts with no income designation. FEMA declared this area as a major disaster area during the majority of the period under review. The following table illustrates select demographic characteristics of the assessment area.

Demographic Information of the Assessment Area Memphis MSA AA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	249	20.5	26.9	19.7	28.1	4.8
Population by Geography	929,744	15.5	27.0	22.6	33.6	1.4
Housing Units by Geography	406,026	17.8	27.6	22.2	31.3	1.1
Owner-Occupied Units by Geography	195,260	9.0	23.3	22.9	44.4	0.4
Occupied Rental Units by Geography	161,347	23.6	31.4	22.9	20.1	1.9
Vacant Units by Geography	49,419	33.5	32.2	17.4	15.6	1.3
Businesses by Geography	97,718	10.5	23.9	21.0	42.1	2.5
Farms by Geography	1,758	9.1	20.2	21.4	47.6	1.7
Family Distribution by Income Level	219,410	24.9	15.8	17.5	41.8	0.0
Household Distribution by Income Level	356,607	26.7	15.7	16.5	41.2	0.0
Median Family Income – Memphis, TN-MS-AR MSA	\$68,008		Median Housing Value Median Gross Rent Families Below Poverty Level			\$155,181 \$977 14.3%

*Source: 2020 U.S. Census and 2022 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.*

According to Moody’s Analytics, major employers in the area include FedEx Corp., United States Government, and Methodist Le Bonheur Healthcare Corp. The U.S. Bureau of Labor Statistics reflects a July 2023 unemployment rate of 4.5 percent for the Memphis MSA, which exceeds both the 3.5 percent national and the 3.7 percent State of Tennessee unemployment rates for the same period.

Examiners use the applicable FFIEC-updated MFI levels to analyze consumer loans under the borrower profile criterion. The following table shows the applicable income ranges based on the 2022 FFIEC-estimated MFI of \$76,200 for the Memphis MSA.

Median Family Income Ranges – Memphis MSA				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
2022 (\$76,200)	<\$38,100	\$38,100 to <\$60,960	\$60,960 to <\$91,440	≥\$91,440

Source: FFIEC (2020).

Competition

The Memphis MSA AA contains a relatively good level of competition from other chartered banks. According to FDIC Deposit Market Share data as of June 30, 2023, 31 institutions operate 199 offices in the assessment area. Mortgage companies, credit unions, and finance companies also compete for loans in the area adding to the competition level. LBTC ranks 25th in deposit market share by capturing 0.3 percent of the area’s deposits.

Community Contact

Examiners reviewed a previous contact with a community member knowledgeable of the area's economic, demographic, and business environment to help assess the current economic conditions, community credit needs, and potential opportunities for bank involvement in the area.

The contact stated that, while major industries are thriving in the area, their financial successes are not benefitting lower income individuals. Small dollar loans and emergency loans are the primary credit needs of the area. The contact also identified affordable housing and financial literacy as credit needs. The contact indicated that banks are barely meeting the needs of the community and more involvement is necessary.

Credit and Community Development Needs and Opportunities

Considering information from the community contact, bank management, as well as demographic and economic data, examiners determined that home mortgage and small business loans represent primary credit needs in the assessment area.

Regarding the area's CD needs, demographic data showing that 47.4 percent of the area's census tracts received low- or moderate-income designations and the federal disaster area designations suggest a need for activities that revitalize or stabilize qualifying geographies. In addition, the demographic data showing lower percentages of owner-occupied housing units relative to total housing units in low- and moderate-income geographies, in connection with the 40.7 percent of the area's families reporting low or moderate incomes, also suggests a need for affordable housing. The percentage of low- and moderate-income families also suggests a need for activities that benefit projects or organizations that provide community services targeted to those families. The area's businesses suggest a need for economic development activities, such as those that finance smaller sized entities that support permanent job creation, retention, or improvement for low- or moderate-income persons or geographies.

SCOPE OF EVALUATION – TENNESSEE

Examiners considered the same review period and same lending products discussed at the institution level. However, home mortgage lending did not comprise a primary lending focus in the State of Tennessee; therefore, examiners drew conclusions for this area based on small business and consumer lending performance. Small business lending received the greatest weight when arriving at overall conclusions for the State of Tennessee because of its greater relative number and dollar volume of loans. Regarding the CD Test, the scope for this rated area remains consistent with that of the institution as a whole. Refer to the institution level Scope of Evaluation section for additional information.

CONCLUSIONS ON PERFORMANCE CRITERIA IN TENNESSEE

LENDING TEST

LBTC demonstrated a satisfactory record regarding the Lending Test in the State of Tennessee. Reasonable borrower profile and excellent geographic distribution support this conclusion.

Geographic Distribution

The geographic distribution of loans reflects excellent dispersion throughout the Memphis MSA AA. An excellent record regarding small business loans and an excellent record regarding consumer loans supports this conclusion.

Small Business Loans

The geographic distribution of small business loans reflects excellent dispersion throughout the Memphis MSA AA. Excellent performance in moderate-income geographies outweighed reasonable performance in low-income geographies to support this conclusion. The following table shows that, in low-income census tracts, the bank’s level of lending is 6.2 percentage points higher than demographic data, reflecting reasonable performance. The table further shows that in moderate-income tracts, the bank’s level of lending rises 17.8 percentage points higher than the demographic data, evidencing excellent performance. Given the consideration of the greater percentage of businesses within moderate-income geographies, the excellent performance for moderate-income geographies outweighed the reasonable performance in low-income geographies.

Geographic Distribution of Small Business Loans					
Memphis MSA AA					
Tract Income Level	% of Businesses	#	%	\$(000s)	%
Low	10.5	4	16.7	1,236	29.7
Moderate	23.9	10	41.7	1,243	29.9
Middle	21.0	5	20.8	586	14.1
Upper	42.1	2	8.3	88	2.1
NA	2.5	3	12.5	1,009	24.2
Total	100.0	24	100.0	4,162	100.0
<i>Source: 2022 D&B Data; Bank Data</i>					

Consumer Loans

The geographic distribution of consumer loans reflects excellent dispersion throughout the Memphis MSA AA. Excellent performance in low-income geographies sufficiently lifted reasonable performance in moderate-income geographies to support this conclusion. The following table shows that, in low-income census tracts, the bank’s level of lending rises 38.9 percentage points higher than the demographic data, reflecting excellent performance. The table further shows that in moderate-income tracts, the bank’s level of lending rises 0.3 percentage points higher than the demographic data, evidencing reasonable performance.

Geographic Distribution of Consumer Loans Memphis MSA AA					
Tract Income Level	% of Households	#	%	\$(000s)	%
Low	15.6	6	54.5	55	49.6
Moderate	27.0	3	27.3	26	23.4
Middle	22.9	0	0.0	0	0.0
Upper	33.4	2	18.2	30	27.0
NA	1.1	0	0.0	0	0.0
Total	100.0	11	100.0	111	100.0

Source: U.S. Census Data (2020); Bank Data

Borrower Profile

The distribution of borrowers reflects, given the demographics of the assessment area, reasonable penetration among businesses of different sizes and individuals of different income levels (including low- and moderate-income) in the Memphis MSA AA. Reasonable records regarding small business and consumer loans support this conclusion.

Small Business Loans

The distribution of borrowers reflects, given the demographics of the assessment area, reasonable penetration among businesses of different sizes in the Memphis MSA AA. Reasonable performance to businesses with gross annual revenue of \$1 million or less supports this conclusion. The following table shows that the bank originated over 85 percent of loans to businesses with gross annual revenues of \$1 million or less, thereby reflecting a reasonable level.

Distribution of Small Business Loans by Gross Annual Revenue Category Memphis MSA AA					
Gross Revenue Level	% of Businesses	#	%	\$(000s)	%
< \$100,000	64.7	8	33.3	1,054	25.3
\$100,000 - \$249,999	16.8	6	25.0	738	17.7
\$250,000 - \$499,999	4.2	6	25.0	1,160	27.9
\$500,000 - \$1,000,000	2.3	1	4.2	36	0.9
Subtotal ≤ \$1,000,000	88.0	21	87.5	2,988	71.8
> \$1,000,000	3.7	3	12.5	1,174	28.2
Revenue Not Available	8.3	0	0.0	0	0.0
Total	100.0	24	100.0	4,162	100.0

Source: 2022 D&B data; Bank data

Consumer Loans

The distribution of borrowers reflects, given the demographics of the assessment area, reasonable penetration among individuals of different income levels (including low- and moderate-income) in the Memphis MSA AA. Reasonable performances to low- and moderate-income borrowers support this conclusion. The following table shows that, to low-income borrowers, the bank's level of lending rises 9.7 percentage points higher than the demographic data, thereby reflecting a reasonable level.

The table further shows that, to moderate-income borrowers, the bank’s level of lending falls 6.6 percentage points below demographic data, also reflecting a reasonable level.

Distribution of Consumer Loans by Borrower Income Level					
Memphis MSA AA					
Borrower Income Level	% of Households	#	%	\$(000s)	%
Low	26.7	4	36.4	17	15.3
Moderate	15.7	1	9.1	15	13.5
Middle	16.5	4	36.4	68	61.3
Upper	41.2	2	18.1	11	9.9
Total	100.0	11	100.0	111	100.0

Source: U.S. Census data (2020); Bank data (2022).

COMMUNITY DEVELOPMENT TEST

The institution's CD performance demonstrates adequate responsiveness to CD needs in the assessment area through CD loans, QIs, and CD services, as appropriate, considering the institution's capacity and the need and availability of such opportunities for CD in the State of Tennessee.

Community Development Loans

As noted in the institution level section, the bank originated 23 CD loans totaling nearly \$4.8 million in the State of Tennessee. The current dollar amount equates to 6.5 percent of the bank’s total CD loans compared to this rated area contributed 9.7 percent of the bank’s total dollar volume of loans. The responsiveness of the loans address identified needs in the assessment area primarily targeted to revitalization and stabilization efforts.

The following points are examples of the bank’s CD loans in the Memphis MSA AA:

- ***Revitalize or Stabilize*** – The bank renewed a \$1.2 million loan originally made to purchase a church facility located in a low-income census tract. Thus, the activity revitalizes and stabilizes qualifying geographies by helping to attract new, or retain existing, businesses or residents.
- ***Revitalize or Stabilize*** – The bank renewed a \$1.3 million loan originally made to provide working capital for operating expenses to a college located in low-income census tract. Thus, the activity revitalizes and stabilizes qualifying geographies by helping to attract new, or retain existing, businesses or residents.

Qualified Investments

As noted in the institution level section, the bank made use of 5 QIs totaling \$1.6 million in the State of Tennessee. The current dollar amount equates to 16.3 percent of the bank’s total QIs compared to this rated area containing 8.5 percent of the bank’s total deposits. Although not

particularly responsive, this activity benefits community services targeted to low- and moderate-income individuals.

The following point is an example of the QIs in the Memphis MSA AA:

- **Community Services** – The bank donated \$1,395 for a financial literacy program used at a school where the majority of students receive free or reduced lunch. Thus, the activity benefits organizations or projects that provide community services primarily to low- and moderate-income individuals.

Community Development Services

As noted in the institution level, the bank provided 2 CD services in the State of Tennessee. The current level represents 4.7 percent of the bank’s total CD services whereas the State of Tennessee contains 7.1 percent of the bank’s total branches. The services involve bank personnel’s use of their technical expertise to benefit organizations or projects with a primary purpose of CD, as defined by CRA regulations. Although not particularly responsive, these activities benefit economic development and community services.

The following points are the bank’s CD services in the Memphis MSA AA:

- **Economic Development** – A bank representative serves as a committee member of an economic development organization that provides loans and bonds to small businesses. Thus, the activity promotes economic development by assisting an organization that aids businesses that meet the size eligibility standards of the regulation and that support permanent job creation, retention, or improvement for low- or moderate-income persons or in low- and moderate-income geographies.
- **Community Services** – A bank representative serves on the Board of an organization that provides transitional housing for homeless women that are ex-offenders. Thus, the activity benefits organizations or projects that provide community services primarily to low- and moderate-income individuals.

As seen in the following table, the bank operates its only branch and ATM in a middle-income census tract in the assessment area. However, alternative delivery systems available throughout all portions of this assessment area remain consistent with those discussed previously at the institution level section.

Branch and ATM Distribution by Geography Income Level Memphis MSA AA								
Tract Income Level	Census Tracts		Population		Branches		ATMs	
	#	%	#	%	#	%	#	%
Low	51	20.5	143,782	15.5	0	0.0	0	0.0
Moderate	67	26.9	250,596	27.0	0	0.0	0	0.0
Middle	49	19.7	209,671	22.5	1	100.0	1	100.0
Upper	70	28.1	312,540	33.6	0	0.0	0	0.0
NA	12	4.8	13,155	1.4	0	0.0	0	0.0
Total	249	100.0	929,744	100.0	1	100.0	1	100.0
<i>Source: U.S. Census Data (2020); Bank Data.</i>								

APPENDICES

INTERMEDIATE SMALL BANK PERFORMANCE CRITERIA

Lending Test

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

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

Community Development Test

The Community Development Test considers the following criteria:

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

SUMMARY OF RATINGS FOR RATED AREAS

Rated Area	Lending Test	Community Development Test	Rating
Kansas City	Satisfactory	Satisfactory	Satisfactory
Alabama	Satisfactory	Satisfactory	Satisfactory
Illinois	Satisfactory	Satisfactory	Satisfactory
Louisiana	Satisfactory	Satisfactory	Satisfactory
Michigan	Satisfactory	Satisfactory	Satisfactory
Mississippi	Satisfactory	Satisfactory	Satisfactory
Tennessee	Satisfactory	Satisfactory	Satisfactory

GLOSSARY

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

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

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

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

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

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

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

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

Community Development Corporation (CDC): A CDC allows banks and holding companies to make equity type of investments in community development projects. Bank CDCs can develop innovative debt instruments or provide near-equity investments tailored to the development needs of the community. Bank 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 bank:
 - (i) Has not been reported or collected by the bank or an affiliate for consideration in the bank'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 bank's assessment area(s) or a broader statewide or regional area including the bank'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 bank'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 (LBTCSA): 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 LBTCSAs.

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 LBTCSA 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): LBTCSA 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.