

PUBLIC DISCLOSURE

October 26, 2020

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Citizens Bank and Trust
Certificate Number: 5673

2 East Wall Street
Frostproof, Florida 33843

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

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Atlanta, Georgia 30309-3849

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

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INSTITUTION RATING

INSTITUTION'S CRA RATING: This institution is rated **Satisfactory**. An institution in this group has a satisfactory record of helping to meet the credit needs of its assessment area, including low- and moderate-income neighborhoods, in a manner consistent with its resources and capabilities.

The Lending Test is rated Satisfactory.

- The loan-to-deposit ratio is reasonable given the bank's size, financial condition, and assessment area's credit needs.
- A substantial majority of the loans reviewed were originated in the bank's assessment area.
- The geographic distribution of the loans reviewed reflects an excellent dispersion throughout the assessment area.
- The distribution of borrowers reflects a poor penetration among businesses of different sizes and individuals of different income levels.
- The bank 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 bank's community development performance demonstrates an adequate responsiveness to the community development needs in the assessment area. The bank met these needs through community development loans, qualified investments, and community development services. Examiners consider a bank's capacity and the need and availability of such opportunities for community development in a bank's assessment area(s).

DESCRIPTION OF INSTITUTION

Citizens Bank and Trust (CB&T) is headquartered in Frostproof, Florida. The bank is a wholly owned subsidiary of Citizens Banking Corporation, a one-bank holding company located in Frostproof, Florida. The bank received a "Satisfactory" rating at the previous FDIC Performance Evaluation, dated November 27, 2017, based on the Interagency Intermediate Small Institution Examination procedures.

CB&T operates 14 full-service branches in Auburndale, Bartow, Dundee, Frostproof, Ft. Meade, Haines City, Lakeland (4), Lake Wales (2), and Winter Haven (2), all in Polk County, Florida. Since the previous evaluation, the bank has not opened or closed any offices and there has been no merger or acquisition activity. However, the Ft. Meade branch was relocated on February 10, 2020 to a larger facility at 214 West Broadway Street, from its previous location at 25 West Broadway Street, Ft. Meade, Florida. Both addresses are located in the same middle-income census tract. Additionally, the bank operates a stand-alone automated teller machine (ATM) located at the RP Funding Center arena in Lakeland, Florida.

Due to COVID-19 restrictions, current lobby hours are Monday through Friday from 9:00 a.m. to 10:00 a.m. for at risk customers; and 10:00 a.m. to 2:00 p.m. for all customers. The Schalamar Creek Office in Lakeland has lobby hours Monday through Friday from 9:00 a.m. to 1:00 p.m. for all customers. Also, all offices, except for Schalamar Creek, have drive-up tellers with hours from

8:00 a.m. to 5:30 p.m. Monday through Thursday; and from 8:00 a.m. to 6:00 p.m. on Friday. The Auburndale, Frostproof, Lake Wales, Edgewood (Lakeland), and Winterset (Winter Haven) offices have Saturday drive-up hours from 8:30 a.m. to 12:00 p.m. All locations have ATMs.

Deposit services offered include checking, savings, money market, certificates of deposit, and individual retirement accounts. Further, the bank provides investment advisory and trust services through its affiliate, Citizens Financial Group. Alternative banking services include the internet at www.citizens-bank.com; ATMs; bill pay; and mobile and telephone banking.

The bank offers a variety of loan products to meet the needs of its community. Commercial credit products offered include working capital lines of credit; equipment and accounts receivable financing; and commercial real estate, agricultural, and unsecured loans. The bank also offers loans through the Small Business Administration (SBA), such as the Paycheck Protection Program (PPP). During the evaluation period, the bank originated 1,060 PPP loans totaling \$116.9 million and recorded 260 COVID-19-related extensions totaling \$42.9 million. The SBA guarantees these loans under the Coronavirus Aid, Relief, and Economic Security Act. The loans serve to retain jobs that would otherwise be lost due to business closures because of the COVID-19 emergency.

Consumer credit products offered include home equity loans and lines of credit, personal lines of credit, adjustable-rate mortgages, construction and lot loans, various secured and unsecured term loans, indirect auto loans, and credit cards through a third party. Additionally, residential mortgage loans (conventional, Federal Housing Administration (FHA), Veterans Administration (VA), United States Department of Agriculture, jumbo, and construction-permanent loans) are offered through the bank's correspondent lender. During the evaluation period, the bank table funded 57 home mortgage loans totaling \$11.1 million for Crescent Mortgage; of these, 4 totaling \$0.8 million were FHA loans, and 5 totaling \$1.2 million were VA loans.

CB&T's assets totaled \$893.3 million as of June 30, 2020. Total loans and total deposits were \$526.9 million and \$783.7 million, respectively. The bank's primary business focus remains commercial lending. Based on the June 30, 2020, Consolidated Reports of Condition and Income (Call Report), the bank's loan portfolio is illustrated in the table below.

Loan Portfolio Distribution as of 6/30/2020		
Loan Category	\$(000s)	%
Construction and Land Development	17,677	3.3
Secured by Farmland	4,692	0.9
Secured by 1-4 Family Residential Properties	101,770	19.3
Secured by Multifamily (5 or more) Residential Properties	9,289	1.8
Secured by Nonfarm Nonresidential Properties	159,996	30.4
Total Real Estate Loans	293,424	55.7
Agricultural Loans	210	0.0
Commercial and Industrial Loans	167,156	31.7
Consumer Loans	51,842	9.8
Other Loans	14,300	2.7
<i>Less: Unearned Loans</i>	0	0.0
Total Loans	526,932	100.0
<i>Source: Call Report as of 6/30/2020. Due to rounding, totals may not equal 100.0 percent.</i>		

As illustrated in the previous table, loans secured by commercial real estate or commercial and industrial loans comprise 62.1 percent of total loans, which increased from 50.3 percent at the previous evaluation. Loans secured by one-to-four family residential properties decreased from 27.7 percent at the previous evaluation to 19.3 percent at this evaluation. Farm-related loans remained constant at 0.9 percent of the loan portfolio.

The bank provides for the credit needs of its communities consistent with its size, financial condition, resources, and local economic conditions. Examiners did not identify financial, legal, or other impediments that affect the bank’s ability to meet the credit needs of its assessment area.

DESCRIPTION OF ASSESSMENT AREA

CB&T continues to maintain one assessment area, which includes all census tracts from the Lakeland-Winter Haven (Lakeland), FL, Metropolitan Statistical Area (MSA). The Lakeland MSA assessment area was delineated in accordance with the technical requirements of the CRA regulation.

CB&T’s assessment area continues to consist of 154 census tracts. However, the U.S. Census Bureau updated the 2010 Census data through use of the American Community Survey (ACS) with data collected during the 2011-2015 survey, referred to as 2015 ACS Census. Databases that regulators use when preparing CRA performance evaluations were updated in the following manner: In February 2017, the MSAs, MDs, states, counties, census tracts, and income level indicators were updated. In July 2017, demographic information, including population and housing characteristics, was also updated.

ECONOMIC AND DEMOGRAPHIC DATA

The following table illustrates select demographic characteristics of the Lakeland MSA assessment area.

Demographic Information of the Assessment Area						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	154	4.5	22.7	51.3	20.8	0.6
Population by Geography	626,676	2.5	22.4	55.6	19.5	0.0
Housing Units by Geography	282,248	2.3	21.5	57.8	18.3	0.0
Owner-Occupied Units by Geography	152,336	1.3	17.3	58.8	22.6	0.0
Occupied Rental Units by Geography	69,045	4.9	30.2	51.6	13.3	0.0
Vacant Units by Geography	60,867	2.0	22.1	62.5	13.4	0.0
Businesses by Geography	52,844	3.6	20.4	52.1	23.9	0.0
Farms by Geography	2,075	2.2	17.3	58.6	21.9	0.0
Family Distribution by Income Level	153,115	20.4	18.3	21.4	39.8	0.0
Household Distribution by Income	221,381	22.1	17.1	18.8	42.0	0.0
Median Family Income MSA - 29460 Lakeland-Winter Haven, FL MSA		\$50,986	Median Housing Value			\$106,344
			Median Gross Rent			\$884
			Families Below Poverty Level			13.4%
<i>Source: 2015 ACS Census Data and 2019 D&B Data. Due to rounding, totals may not equal 100.0 percent. *The NA category consists of geographies (census tracts) that have not been assigned an income classification.</i>						

On September 10, 2017, the Federal Emergency Management Agency declared the State of Florida a designated major disaster area due to damages caused by Hurricane Irma. As a result of this designation, assistance was made available for the residents and small businesses in the Lakeland MSA.

According to statistics provided by Moody’s Analytics, the Lakeland MSA was a stellar performer compared to the rest of Florida prior to the COVID-19 pandemic. However, the area ranks in the top 50 in terms of its share of residents age 65 or older. Fear of infection from COVID-19 is expected to cause this group to continue to reduce spending at in-person consumer establishments. Though not as exposed as other parts of Florida, the Lakeland MSA economy will also receive fewer visitors as hiring slows in consumer services. Employment is anticipated to rise more slowly than the rest of Florida and the nation in 2021 due to a lack of high-wage jobs. However, the area’s close proximity to Tampa and Orlando will help secure above-average performance in the long run.

Examiners used the Federal Financial Institutions Examination Council (FFIEC)-updated median family income (MFI) figures to analyze home mortgage lending under the Borrower Profile criterion. The table below reflects the low-, moderate-, middle-, and upper-income MFI categories in the MSA. As shown, during this time frame, the maximum MFI for low-income families ranged from \$26,250 to \$29,100, which is low, when considering the median housing value of \$106,344. Further, 13.4 percent of families have incomes below the federal poverty level. These families will likely face difficulty in qualifying for home mortgage loans.

Median Family Income Ranges				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
Lakeland-Winter Haven, FL MSA Median Family Income (29460)				
2017 (\$52,500)	<\$26,250	\$26,250 to <\$42,000	\$42,000 to <\$63,000	≥\$63,000
2018 (\$53,600)	<\$26,800	\$26,800 to <\$42,880	\$42,880 to <\$64,320	≥\$64,320
2019 (\$58,200)	<\$29,100	\$29,100 to <\$46,560	\$46,560 to <\$69,840	≥\$69,840
<i>Source: FFIEC</i>				

According to 2019 Dun and Bradstreet (D&B) data, there were 52,844 businesses in the assessment area. The analysis of small business loans under the Borrower Profile criterion compares the distribution of businesses by gross annual revenue (GAR) level. The following reflects GARs for these businesses: 89.7 percent had \$1.0 million or less, 3.2 percent had more than \$1.0 million, and 7.1 percent had unknown revenues. Service industries represent the largest sector of businesses in the assessment area at 40.8 percent; followed by non-classifiable establishments at 15.8 percent; and retail trade at 11.2 percent. According to 2019 Moody’s Analytics, major employers in the Lakeland MSA include Publix Supermarkets, Inc.; Lakeland Regional Medical Center; Walmart, Inc.; GEICO; and Winter Haven Hospital.

Data obtained from the U.S. Bureau of Labor Statistics indicates the unemployment rate changed during the evaluation period. As illustrated in the table on the following page, the unemployment rate in the U.S., State of Florida, and the Lakeland MSA steadily decreased during the evaluation period. The Lakeland MSA’s unemployment rate was above the state average in all three years and the national average in 2017 and 2018. However, the area’s average rate was equal to the national average in 2019.

Unemployment Rates			
Area	2017	2018	2019
	%	%	%
Lakeland MSA	4.8	4.2	3.7
State of Florida	4.2	3.6	3.1
National Average	4.4	3.9	3.7
<i>Source: Bureau of Labor Statistics</i>			

COMPETITION

CB&T operates in a highly competitive environment. In addition to competing with large national and regional banks, the bank also competes with local community banks, credit unions, and finance companies. Internet banking also increases competition. According to the FDIC Deposit Market Share data, as of June 30, 2020, 18 financial institutions operated 101 offices within the Lakeland MSA. Of these institutions, CB&T ranked 5th, with an 8.7 percent market share. The leaders in deposit market share included the following: South State Bank, National Association; Truist Bank; Wells Fargo Bank, National Association; and Bank of America, National Association. These leading institutions accounted for 70.9 percent of the total deposit market share in the MSA.

According to 2019 peer mortgage data, 594 Home Mortgage Disclosure Act (HMDA)-reportable institutions originated or purchased 29,122 home mortgage loans in the assessment area. CB&T ranked 48th, with a 0.5 percent and 0.3 percent market share by number and dollar of loans, respectively. The top five lenders by number of loans were Quicken Loans; Wells Fargo Bank, National Association; PennyMac Loan Services, LLC; MidFlorida Credit Union; and The Mortgage Firm, Inc. These leading institutions accounted for 22.2 percent of the total market share of the home mortgage loan originations in the assessment area.

COMMUNITY CONTACT

Examiners contact organizations during CRA evaluations to gain insight regarding the credit needs and economic conditions of a bank's assessment area(s). During this evaluation, examiners contacted a local housing organization. He stated Polk County has numerous low- and moderate-income communities in need of one-to-four family and multi-family residential lending. Also, he commented that approximately 75.0 to 89.0 percent of his organization's clients are minorities. He further stated there has been an overwhelming response from local financing institutions during the pandemic related to PPP and residential loans, including forbearance programs; and donations to non-profit organizations. In contrast, he explained the Governor's veto for additional funding to the State Housing Initiatives Partnership (SHIP) program has hampered down payment assistance, reducing builders' interest in developing multi-family housing.

CREDIT AND COMMUNITY DEVELOPMENT NEEDS AND OPPORTUNITIES

Based on demographic information and economic data, examiners identified certain credit and community development needs and opportunities in the assessment area. The high level of low- and moderate-income families, at 20.4 percent and 18.4 percent, respectively, and rising home prices indicates a strong need for affordable housing. Affordable rental housing is also a need given

that 13.4 percent of the households are below the poverty level. Additionally, the high median age of housing stock in low- and moderate-income census tracts, at 44 and 42 years, respectively, indicates a need for home improvement loans. Further, a need for loans supporting small businesses is evident, as small businesses comprise 89.7 percent of all the assessment area's businesses.

SCOPE OF EVALUATION

GENERAL INFORMATION

This evaluation covers the period from the previous evaluation dated November 27, 2017, to the current evaluation. Examiners used the Interagency Intermediate Small Institution Examination Procedures to evaluate the bank's CRA performance in the sole assessment area. This evaluation does not include lending activity performed by affiliates.

ACTIVITIES REVIEWED

CB&T's major product line is business loans followed by one-to-four family home mortgage loans. This conclusion considered the bank's business strategy, as well as the number and dollar volume of loans originated or purchased during the evaluation period. Examiners did not review small farm loans, which represent less than 1.0 percent of the loan portfolio, due to the low volume of originations.

Examiners collected small business data from bank records for loans originated in 2019 to draw conclusions about the bank's lending performance. In 2019, the bank originated 163 small business loans totaling \$57.0 million. Examiners reviewed a random sample of 51 loans totaling \$7.0 million for this evaluation. The sample was considered representative of the bank's performance during the evaluation period. As a non-reporter, aggregate small business lending data does not serve as an appropriate comparison; therefore, examiners compared the bank's 2019 small business lending performance to 2019 D&B business demographic data.

CB&T is subject to the HMDA, which requires banks, meeting asset size and location requirements, to report home mortgage loan data. This evaluation considered all home mortgage loans reported on the bank's 2017, 2018, and 2019 HMDA Loan Application Registers. The bank originated a universe of 216 HMDA-reportable loans totaling \$30.9 million in 2017, 140 loans totaling \$18.4 million in 2018, and 149 loans totaling \$18.1 million in 2019. All loans originated in 2017, 2018, and 2019 were reviewed to evaluate the bank's Lending Test performance. However, with the exception of the assessment area concentration, since year-to-date performance was similar, only 2019 HMDA data is included in the evaluation. The bank's 2019 home mortgage lending performance was compared to demographic data based on the 2015 ACS Census data and 2019 HMDA aggregate data.

The bank is primarily a commercial lender, since 62.1 percent of the bank's loan portfolio represents commercial loans as of June 30, 2020; home mortgage loans represent 19.3 percent. Further, since the previous evaluation, commercial loans increased from 50.3 percent, while home mortgage loans decreased from 27.7 percent. Based on these factors, greater weight was given to the small business loans when determining the conclusions and overall ratings reflected in this evaluation.

For the Lending Test, examiners review the number and dollar volume of a bank’s small business and home mortgage loans. The tables in an evaluation present the number and dollar volume of loans. However, examiners emphasize performance by number, as the number of loans is a better indicator of the number of individuals and businesses served. For the Community Development Test, examiners drew conclusions based on bank records on community development loans, qualified investments, and community development services since the previous evaluation dated November 27, 2017.

CONCLUSIONS ON PERFORMANCE CRITERIA

LENDING TEST

Overall, CB&T demonstrated satisfactory performance under the Lending Test. The bank’s performance in its assessment area, relative to the loan-to-deposit ratio, assessment area concentration, and geographic distribution, support this conclusion.

Loan-to-Deposit (LTD) Ratio

The average net LTD ratio is reasonable given the bank’s size, financial condition, and assessment area’s credit needs. The bank’s average net LTD ratio, calculated from Call Report data, totaled 66.7 percent over the past 11 calendar quarters from December 31, 2017, to June 30, 2020. During the evaluation period, the ratio fluctuated with no distinctive trend, ranging from a high of 72.6 percent as of December 31, 2017, to a low of 62.5 percent as of March 31, 2020. Since the previous evaluation, the bank experienced an increase in net loan volume of \$151.6 million, representing a 40.8 percent increase and an increase in total deposits of \$272.2 million, representing a 53.2 percent increase.

The following table presents the average net LTD ratios for CB&T as well as for two similarly situated banks. Similarly situated banks are chosen based on asset size, geographic location, and lending focus. As shown in the following table, CB&T maintained an average LTD ratio that was slightly lower than the comparable banks, indicating a reasonable level of lending.

Loan-to-Deposit Ratio Comparison		
Bank	Total Assets as of 6/30/2020 \$(000)	Average Net LTD Ratio
CB&T, Frostproof, Florida	893,316	66.7%
Wauchula State Bank, Wauchula, Florida	817,323	72.8%
Bank of Central Florida, Lakeland, Florida	745,603	72.9%
<i>Source: Call Reports from 12/31/2017 through 6/30/2020</i>		

Assessment Area Concentration

A substantial majority of the loans reviewed were originated in the bank’s assessment area. As shown in the table on the next page, in 2019 by number of loans, CB&T originated 94.1 percent and 97.3 percent of the small business and home mortgage loans, respectively, inside the assessment area. Similar performance was noted by dollar amount in 2019 and in 2017 and 2018 for the home mortgage loans. This performance demonstrates the bank’s outstanding effort to provide credit to individuals and businesses located inside the assessment area.

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		
	#	%	#	%		\$	%	\$	%	
Small Business										
2019	48	94.1	3	5.9	51	6,406	91.8	576	8.2	6,982
Home Mortgage										
2017	205	94.9	11	5.1	216	26,637	86.3	4,237	13.7	30,874
2018	136	97.1	4	2.9	140	17,008	92.5	1,387	7.5	18,395
2019	145	97.3	4	2.7	149	16,465	90.8	1,667	9.2	18,132
<i>Source: 2019 Bank Records; 2017-2019 Bank HMDA Data. Due to rounding, totals may not equal 100.0 percent.</i>										

Geographic Distribution

The geographic distribution of the loans reviewed reflects an excellent dispersion of the small business and home mortgage loans throughout the assessment area.

Small Business Loans

The geographic distribution of the small business loans reflects an excellent dispersion throughout the assessment area. As illustrated in the table below, the bank originated 12.5 percent (by number) of the small business loans in low-income census tracts. This performance is substantially higher than the percent of businesses in low-income census tracts at 3.6 percent. The bank originated 29.2 percent (by number) of the small business loans in moderate-income census tracts. This performance is also higher than the percent of businesses in moderate-income census tracts at 20.4 percent. Higher performance was also noted by dollar amount in both census tract categories. This performance demonstrates the bank's willingness to lend in low- and moderate-income census tracts.

Geographic Distribution of Small Business Loans					
Tract Income Level	% of Businesses	#	%	\$(000s)	%
Low	3.6	6	12.5	277	4.3
Moderate	20.4	14	29.2	2,097	32.7
Middle	52.1	23	47.9	3,512	54.8
Upper	23.9	5	10.4	520	8.1
NA	0.0	0	0.0	0	0.0
Total	100.0	48	100.0	6,406	100.0
<i>Source: 2015 ACS Census Data; 2019 D&B Data; 2019 Bank Records. Due to rounding, totals may not equal 100.0 percent.</i>					

Home Mortgage Loans

The geographic distribution of the home mortgage loans reflects an excellent dispersion throughout the assessment area. As illustrated in the table on the next page, the bank originated no loans in low-income census tracts. However, lending opportunities in these tracts may be limited given the low percentage of owner-occupied housing units at 1.3 percent and a high level of competition for home mortgage loans in the assessment area. The bank originated 18.6 percent (by number) of the home mortgage loans in moderate-income census tracts, which is above both the percent of owner-occupied housing at 17.3 percent and 2019 aggregate performance at 12.8 percent. The bank's performance decreased in moderate-income census tracts from 22.4 percent in 2017 and from 25.7 percent in 2018; however, this performance continues to demonstrate the bank's willingness to lend in moderate-income census tracts.

Geographic Distribution of Home Mortgage Loans						
Tract Income Level	% of Owner-Occupied Housing Units	Aggregate Performance % of #	#	%	\$(000s)	%
Low	1.3	0.5	0	0.0	0	0.0
Moderate	17.3	12.8	27	18.6	1,902	11.6
Middle	58.8	63.9	96	66.2	9,348	56.8
Upper	22.6	22.8	22	15.2	5,215	31.7
Not Available	0.0	0.0	0	0.0	0	0.0
Total	100.0	100.0	145	100.0	16,465	100.0

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

Borrower Profile

The distribution of borrowers reflects a poor penetration among businesses of different sizes and individuals of different income levels. This conclusion is based on a poor penetration of the small business loans and a reasonable penetration of the home mortgage loans.

Small Business Loans

The distribution of borrowers reflects a poor penetration among businesses of different sizes. As shown in the table below, the bank originated 35.4 percent (by number) and 41.8 percent (by dollar) of the small business loans to businesses with GARs of \$1.0 million or less. CB&T developed the infrastructure to aggressively pursue loans to smaller businesses; however, the program was placed on hold due to the need to reallocate bank resources for PPP lending activities.

Distribution of Small Business Loans by Gross Annual Revenue Category					
Gross Annual Revenue (GAR) Level	% of Businesses	#	%	\$(000s)	%
≤ \$1,000,000	89.7	17	35.4	2,680	41.8
> \$1,000,000	3.2	31	64.6	3,726	58.2
Revenue Not Available	7.1	0	0.0	0	0.0
Total	100.0	48	100.0	6,406	100.0

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

Home Mortgage Loans

The distribution of borrowers reflects a reasonable penetration among individuals of different income levels. As illustrated in the table on the next page, CB&T's lending to low-income borrowers at 4.8 percent was significantly lower than the percentage of low-income families at 20.4 percent. However, it was higher than the 2019 aggregate performance of 3.3 percent.

Opportunities to lend to low-income borrowers may be limited given the high poverty rate at 13.4 percent and the high median housing value of \$106,344. In particular, low-income borrowers would not readily qualify for a home mortgage loan given these demographic conditions. The low aggregate performance further supports this conclusion. Additionally, the bank's lending to moderate-income borrowers at 19.3 percent is higher than both the percentage of moderate-income families and aggregate performance, at 18.3 percent and 15.0 percent, respectively.

Distribution of Home Mortgage Loans by Borrower Income Level						
Borrower Income Level	% of Families	Aggregate Performance % of #	#	%	\$(000s)	%
Low	20.4	3.3	7	4.8	338	2.1
Moderate	18.3	15.0	28	19.3	1,315	8.0
Middle	21.4	22.6	42	29.0	2,826	17.2
Upper	39.8	37.9	60	41.4	10,722	65.1
Not Available	0.0	21.2	8	5.5	1,264	7.7
Total	100.0	100.0	145	100.0	16,465	100.0

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

Response to Complaints

The bank received no CRA-related complaints since the previous evaluation; therefore, this criterion did not affect the Lending Test rating.

COMMUNITY DEVELOPMENT TEST

CB&T's Community Development Test performance demonstrates an adequate responsiveness to the community development needs of the assessment area. The bank met these needs through community development loans, qualified investments, and community development services. The number and dollar amount of the community development loans increased since the previous evaluation due to 357 PPP loans originated in 2020 that qualified for community development. Community development qualified investments and services are comparable to the previous evaluation. The following table illustrates the bank's community development activities during the review period.

Community Development Activities (All Activities)								
Assessment Area	Activity Type						Totals	
	Loans		Investments		Services			
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Lakeland MSA	321	38,678	54	3,378	31	NA	406	42,056
Regional Activities	39	6,882	2	1,866	0	NA	41	8,748
Nationwide Activities	2	106	0	0	0	NA	2	106
Totals	362	45,666	56	5,244	31	NA	449	50,910

Source: Bank Records

Community Development Loans

CB&T originated 321 community development loans totaling \$38.7 million in the assessment area during the evaluation period. The dollar amount of the community development loans equates to 7.3 percent of total loans and 4.3 percent of total assets as of June 30, 2020. By number, 98.6 percent supported revitalization or stabilization, 0.8 percent for affordable housing, and 0.6 percent for community services. A substantial majority of the community development loans (98.6 percent by number) were extended through the SBA's PPP. In addition, 88.7 percent and 11.3 percent were originated inside and outside the assessment area, respectively. Further, the bank's lending by

number and dollar amount exceeded a similarly situated bank. The following table reflects the bank’s community development lending activity by year and purpose.

Community Development Lending										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Total	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
11/28/2017-12/31/2017	0	0	0	0	0	0	0	0	0	0
2018	1	460	0	0	0	0	0	0	1	460
2019	2	355	2	5,075	0	0	0	0	4	5,430
1/1/2020-10/26/2020	0	0	0	0	0	0	357	39,776	357	39,776
Total	3	815	2	5,075	0	0	357	39,776	362	45,666

Source: Bank Records

CB&T met the needs of its assessment area through the noted community development loans. Therefore, the bank received consideration for 41 other PPP loans totaling \$6.9 million that benefitted small businesses outside of the assessment area. The following are examples of the bank’s community development loans in the assessment area.

- In 2019, the bank originated a loan for \$4.6 million to a non-profit organization located in a low-income census tract. The organization primarily serves homeless and low-income individuals by providing shelter, food, clothing, and education. The loan supported community service and allowed the organization to direct more funds to the needs of the community.
- In 2020, the bank originated 357 loans totaling \$39.8 million through the PPP to sustain small business operations by supporting job retention in low- and moderate-income census tracts or for low- and moderate-income individuals.

Qualified Investments

CB&T carried over 4 prior period investments, made 2 new qualified investments, and provided 50 donations totaling \$5.2 million during the evaluation period. This performance includes two regional investments totaling \$1.9 million. The following table illustrates the qualified investment totals by activity purpose during the evaluation period.

Qualified Investments										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Prior Period	4	2,580	0	0	0	0	0	0	4	2,580
2018	0	0	0	0	0	0	0	0	0	0
2019	1	1,224	0	0	0	0	0	0	1	1,224
1/1/2020-10/26/2020	1	1,380	0	0	0	0	0	0	1	1,380
Subtotal	6	5,184	0	0	0	0	0	0	6	5,184
Qualified Donations	0	0	49	57	1	3	0	0	50	60
Total	6	5,184	49	57	1	3	0	0	56	5,244

Source: Bank Records

As noted in the above table, the investments were responsive to the needs of organizations that support community development activities in the assessment area. By number, 87.5 percent of the investments supported community services, 10.7 percent supported affordable housing, and 1.8

percent supported economic development. However, by dollar volume, 98.9 percent supported affordable housing, 1.0 percent supported community services, and 0.1 percent supported economic development. The dollar amount of them equates to 0.6 percent of total assets and 1.7 percent of total securities as of June 30, 2020. The bank’s investment activity was similar by number and higher by dollar than a similarly situated bank. The following are examples of the bank’s investment and donation activities in the assessment area.

- In 2020, the bank purchased a Freddie Mac MBS for \$1.4 million. The security is backed by seven properties, four of which are located within the assessment area and are owed by low- and moderate-income borrowers.
- In 2020, CB&T provided a \$19,260 donation to a non-profit organization located in a moderate-income census tract. The organization assists low- and moderate-income families and at-risk children by providing education, health, and child care programs in the assessment area.

Community Development Services

CB&T’s Board members and employees participated in 31 community development services during the evaluation period. This performance resulted in the bank providing financial services or technical expertise to 19 organizations, for a total of 985 hours. The organizations assist the assessment area by providing essential community services and affordable housing to low- and moderate-income individuals; and supporting economic development. The bank’s service activity was lower than a similarly situated bank.

All of the community development services were provided in the assessment area. The following table illustrates the bank’s community development services by year and purpose. By purpose, 77.4 percent of the activities supported community services, 12.9 percent supported economic development, and 9.7 percent supported affordable housing.

Community Development Services					
Activity Year	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Totals
	#	#	#	#	#
11/28/2017-12/31/2017	0	1	1	0	2
2018	1	14	2	0	17
2019	1	9	1	0	11
1/1/2020-10/26/2020	1	0	0	0	1
Totals	3	24	4	0	31

Source: Bank Records

The following are examples of the bank’s community development service activities in the assessment area.

- In 2018 and 2019, a bank director served in a leadership role to create a new Business Resource Center for a local Chamber of Commerce. The shared facility fosters a collaborative approach with other area resource partners to help small businesses grow and succeed in the community.
- From 2018 through 2020, a bank officer provided financial and technical experience at Board and Planning Committee meetings for a non-profit organization. The organization is a community housing development corporation that partners with an affordable housing complex in the community, and is located in a moderate-income census tract.

In terms of retail lending services, 3 of the bank's 14 full-service branches and ATMs (21.4 percent) are located in moderate-income census tracts. The bank continues to offer alternative delivery systems attractive to low- and moderate-income individuals, including telephone, mobile, and internet banking; and debit cards. CB&T also waived excessive transaction fees in response to the COVID-19 pandemic. Additionally, the bank provided payment accommodations by allowing three-month payment deferrals to 281 business and consumer borrowers affected by the pandemic.

DISCRIMINATORY OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

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

APPENDICES

INTERMEDIATE SMALL BANK PERFORMANCE CRITERIA

Lending Test

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

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

Community Development Test

The Community Development Test considers the following criteria:

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

GLOSSARY

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

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

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

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

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

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

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

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

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

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

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

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

Community Development Loan: A loan that:

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

Community Development Service: A service that:

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

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

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

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

- (1) An unemployment rate of at least 1.5 times the national average;
- (2) A poverty rate of 20 percent or more; or
- (3) A population loss of 10 percent or more between the previous and most recent decennial census or a net migration loss of 5 percent or more over the 5-year period preceding the most recent census.

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

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

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

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

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

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

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

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

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

Low Income Housing Tax Credit: The Low-Income Housing Tax Credit Program is a housing program contained within the Internal Revenue Code of 1986, as amended. It is administered by the U.S. Department of the Treasury and the Internal Revenue Service. The U.S. Treasury

Department distributes low-income housing tax credits to housing credit agencies through the Internal Revenue Service. The housing agencies allocate tax credits on a competitive basis.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Urban Area: All territories, populations, and housing units in urbanized areas and in places of 2,500 or more persons outside urbanized areas. More specifically, "urban" consists of territory, persons, and housing units in places of 2,500 or more persons incorporated as cities, villages,

boroughs (except in Alaska and New York), and towns (except in the New England states, New York, and Wisconsin).

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