

PUBLIC DISCLOSURE

June 29, 2022

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Morris Bank

Certificate Number: 17910

301 Bellevue Avenue
Dublin, Georgia 31021

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

10 10th Street NE, Suite 800
Atlanta, Georgia 30309-3849

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

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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 institution's size, financial condition, and assessment area credit needs.
- A majority of loans were originated within the institution's assessment areas.
- The geographic distribution of loans reflects reasonable dispersion throughout the assessment areas.
- The distribution of borrowers reflects reasonable penetration among businesses of different sizes and borrowers of different income levels.
- The institution has not received any Community Reinvestment Act (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 performance demonstrates adequate responsiveness to community development needs in its assessment areas through community development loans, qualified investments, and community development services. Examiners considered the institution's capacity and the need and availability of such opportunities for community development in the institution's assessment areas.

DESCRIPTION OF INSTITUTION

Background

Morris Bank is a state-chartered commercial bank headquartered in Dublin, Georgia. The bank is wholly owned by Morris State Bancshares, a one-bank holding company. Morris Bank received a Satisfactory CRA rating at the previous FDIC Performance Evaluation, dated October 21, 2019, based on Interagency Intermediate Small Institution Examination Procedures.

Operations

Morris Bank continues operates nine full-service offices in Georgia (GA), including three each in Bulloch and Houston Counties, two in Laurens County, and one in Jones County. Since the previous evaluation, the bank closed one branch in Wilkinson County (2021) and opened one branch in Houston County (2020).

Morris Bank offers a variety of products and services to meet the banking needs of its assessment areas. The bank's primary business focus remains commercial lending, including aircraft loans, auto financing, commercial real estate loans, construction and development loans, letters of credit, Small Business Administration (SBA) loans, and working capital loans. The bank originated U.S. SBA loans during the evaluation period, including the 504 and 7(a) Loan Programs and the Paycheck Protection Program (PPP). In 2020 and 2021, Morris Bank originated 621 loans and 476 loans through the PPP totaling \$59.7 million and \$30.3 million, respectively. The SBA guarantees PPP loans under the Coronavirus Aid, Relief, and Economic Security Act. The loans serve to retain jobs that would otherwise be lost due to business closures because of the COVID-19 national emergency. Alternative loan programs offered include Veteran's Affairs (VA), Federal Housing Administration (FHA), and United States Department of Agriculture (USDA) loans. Consumer credit products offered include installment loans, home equity lines of credit, auto financing, small dollar loans, personal lines of credit and loans, and one-to-four family residential mortgages. Deposit products offered include checking, savings, and money market accounts and certificates of deposit. Alternative banking services include internet banking, mobile banking, and telephone banking, and well as automated teller machines (ATM).

Ability and Capacity

Morris Bank's assets totaled \$1.4 billion as of March 31, 2022. Total loans and total deposits were \$957.3 million and \$1.3 billion, respectively. Since the previous evaluation, the loan portfolio composition has remained relatively stable, and the bank's business focus continues to be commercial lending, followed by home mortgage lending. The following table illustrates the composition of the bank's loan portfolio as of March 31, 2022.

Loan Portfolio Distribution as of 3/31/2022		
Loan Category	\$(000s)	%
Construction, Land Development, and Other Land Loans	182,034	19.0
Secured by Farmland	36,598	3.8
Secured by 1-4 Family Residential Properties	202,984	21.2
Secured by Multifamily (5 or more) Residential Properties	33,983	3.6
Secured by Nonfarm Nonresidential Properties	358,687	37.5
Total Real Estate Loans	814,286	85.1
Commercial and Industrial Loans	110,737	11.6
Agricultural Production and Other Loans to Farmers	6,448	0.7
Consumer Loans	25,801	2.7
Other Loans	2,422	0.3
Lease Financing Receivables (net of unearned income)	0	0.0
Less: Unearned Income	(2,409)	(0.3)
Total Loans	957,285	100.0
<i>Source: Consolidated Reports of Condition and Income</i>		

The bank provides for the credit needs of its assessment areas in a manner consistent with its size, financial condition, resources, and local economic conditions. While examiners did not identify any financial, legal, or other impediments that affect the bank's ability to meet the assessment areas' credit needs, several economic and demographic indicators could affect the bank's lending opportunities.

DESCRIPTION OF ASSESSMENT AREAS

The CRA requires each financial institution to define one or more assessment areas within which its performance will be evaluated. Morris Bank's three delineated assessment areas remain unchanged since the previous evaluation. The Georgia Non-Metropolitan Statistical Area (Non-MSA) assessment area includes all of Bulloch, Laurens, and Wilkinson Counties. The Warner Robins, GA Metropolitan Statistical Area (MSA) assessment area includes all of Houston County, which comprises a portion of the Warner Robins, GA MSA. The Macon-Bibb County, GA assessment area includes all of Jones County, which comprises a portion of the Macon-Bibb County, GA MSA. The assessment areas consist of whole census tracts and counties, and do not arbitrarily exclude low- or moderate-income areas. Refer to the individual assessment areas for additional information.

SCOPE OF EVALUATION

General Information

This evaluation covers the period from the previous evaluation dated October 21, 2019, to the current evaluation dated June 29, 2022. Examiners used Interagency Intermediate Small Institution Examination Procedures to evaluate Morris Bank's CRA performance. As described in the Appendices, these procedures include a Lending Test and a Community Development Test. Banks must achieve at least a Satisfactory rating under each test to obtain an overall Satisfactory rating. Examiners evaluated the bank's lending data, deposit activity, and number of branches to determine which assessment area would receive the most weight in assigning the overall rating.

As illustrated in the following table, the Georgia Non-MSA assessment area comprises a majority of the deposits, branches, and loans reviewed in the assessment areas. Consequently, examiners gave more weight to the bank's lending performance in the Georgia Non-MSA assessment area. Examiners conducted a full-scope review of the bank's CRA performance in all three assessment areas. Refer to the following table for additional details.

Assessment Area Breakdown of Loans, Deposits, and Branches								
Assessment Area	Loans (Reviewed)				Deposits		Branches	
	#	%	\$(000s)	%	\$(000s)	%	#	%
Georgia Non-MSA	1,464	60.9	159,815	58.3	780,047	67.1	5	55.6
Warner Robins, GA	564	23.4	88,754	32.4	184,517	15.9	3	33.3
Macon-Bibb County, GA	377	15.7	25,465	9.3	197,319	17.0	1	11.1
Total	2,405	100.0	274,034	100.0	1,161,883	100.0	9	100.0
<i>Source: Bank Data; FDIC Summary of Deposits (06/30/21)</i>								

Activities Reviewed

Morris Bank's major product line is small business loans followed by home mortgage loans. In reaching this conclusion, examiners considered the bank's business strategy as well as the number and dollar volume of loans originated during the evaluation period. Small farm loans were not considered a major product line, as they comprise only 4.5 percent of the bank's loan portfolio. Therefore, similar to the prior evaluation, an analysis of small farm loans is not presented.

For the Lending Test, examiners reviewed small business loans originated in 2020 and 2021 to draw conclusions about the bank's lending performance. The following table details the small business loans universe and samples selected for each year. The bank collected geographic data on its small business loans, so the entire universe is presented for the assessment area concentration and geographic distribution analyses. The sample was used for the borrower profile analysis, as the data was not collected by the bank.

Small Business Loans Reviewed				
Year	Universe		Sample	
	#	\$(000s)	#	\$(000s)
2020	1,468	139,913	67	5,822
2021	1,467	141,892	67	8,203
<i>Source: Bank Data</i>				

As a non-reporter of small business loans, aggregate small business lending data is not used for comparison purposes. Therefore, examiners compared the bank's 2020 and 2021 small business lending performance to 2020 and 2021 D&B business demographic data.

Examiners reviewed the universe of home mortgage loans reported pursuant to the Home Mortgage Disclosure Act (HMDA) for 2019, 2020, and 2021 to draw conclusions about the bank's home mortgage lending performance. In 2019, 2020, and 2021, the bank originated 367, 371, and 437 home mortgage loans totaling \$56.2 million, \$62.2 million, and \$127.3 million, respectively.

The 2019 and 2020 home mortgage lending performance for the Geographic Distribution and Borrower Profile criterion was compared against aggregate data for the respective years, and performance for all three years was compared against demographic data from 2015 ACS. Only data from 2020 is presented as that is the most recent year for which aggregate data was available. Anomalies in the bank's performance in 2019 and 2020 are discussed.

Examiners reviewed the number and dollar volume of small business and home mortgage loans. While the tables throughout this evaluation present both the number and dollar volume of loans, examiners emphasized performance by number of loans, as the number of loans is a better indicator of the number of businesses and individuals served.

For the Community Development Test, examiners drew conclusions based on the data that bank management provided for community development loans, qualified investments, and community development services since the previous evaluation, dated October 21, 2019.

CONCLUSIONS ON PERFORMANCE CRITERIA

LENDING TEST

Overall, Morris Bank demonstrated satisfactory performance under the Lending Test. This rating is supported by a reasonable loan-to-deposit ratio; a majority of the loans reviewed were originated within the assessment areas; reasonable dispersion of small business and home mortgage loans throughout the assessment areas; and reasonable penetration of loans among businesses of different sizes and borrowers of different incomes. Lastly, no CRA-related complaints were received since the previous evaluation.

Loan-to-Deposit Ratio

The bank's net loan-to-deposit ratio is reasonable given the institution's size, financial condition, and assessment area credit needs. The net loan-to-deposit ratio for the previous 10 quarters averaged 77.6 percent. Since the previous evaluation, the net loan-to-deposit ratio has ranged from a low of 71.4 percent on March 31, 2021, to a high of 84.7 percent on June 30, 2020. The net loan-to-deposit ratio has remained relatively stable, with a slight increasing trend noted since 2020. The following table presents the average net loan-to-deposit ratio for Morris Bank as well as comparable institutions based on asset size, geographic location, and lending focus. Morris Bank maintained an average net loan-to-deposit ratio that was within a reasonable range of the comparable banks.

Loan-to-Deposit Ratio Comparison		
Bank Name and Location	Total Assets as of 3/31/2022 \$(000s)	Average Net Loan-to-Deposit Ratio (%)
Morris Bank, Dublin, GA	1,437,184	77.6
Similarly Situated Institution #1	1,114,380	83.0
Similarly Situated Institution #2	1,035,674	69.9
Similarly Situated Institution #3	1,499,580	92.7
<i>Source: Consolidated Reports of Income and Condition 12/31/2019 through 3/31/2022</i>		

Assessment Area Concentration

A majority of loans by number were originated within the institution's assessment areas. As illustrated in the following table, Morris Bank originated 56.9 percent of small business loans and 61.3 percent of home mortgage loans by number within the assessment areas. Although the percentage, by dollar volume, is lower, it is still reasonable. It is noted that the bank's HMDA lending, by dollar volume, appears low in 2021; however, this figure was affected by several large loans for properties outside of the bank's assessment areas, but to customers with existing ties to the bank. Additionally, management noted that the increase in HMDA lending in 2021 was driven by customer refinances due to the low interest rate environment.

Lending Inside and Outside of the Assessment Areas										
Loan Category	Number of Loans				Total #	Dollar Amount of Loans \$(000s)				Total \$(000s)
	Inside		Outside			Inside		Outside		
	#	%	#	%		\$	%	\$	%	
Small Business										
2020	809	55.1	659	44.9	1,468	67,498	48.2	72,415	51.8	139,913
2021	861	58.7	606	41.3	1,467	72,732	51.3	69,160	48.7	141,892
Subtotal	1,670	56.9	1,265	43.1	2,935	140,230	49.8	141,575	50.2	281,805
Home Mortgage										
2019	223	60.8	144	39.2	367	32,875	58.5	23,345	41.5	56,220
2020	255	68.7	116	31.3	371	35,354	56.8	26,848	43.2	62,202
2021	242	55.4	195	44.6	437	46,025	36.2	81,266	63.8	127,291
Subtotal	720	61.3	455	38.7	1,175	114,254	46.5	131,459	53.5	245,713
Source: Bank Records.										

Geographic Distribution

Overall, the geographic distribution of the loans reflects reasonable dispersion throughout the assessment areas. This conclusion is supported by a reasonable dispersion of loans in the Georgia Non-MSA and Warner Robins MSA Assessment Areas. The overall performance was not consistent with the Macon-Bibb County MSA Assessment Area where the geographic distribution of loans was poor. Refer to each assessment area for additional details.

Borrower Profile

Overall, the distribution of loans reflects, given the product lines offered, reasonable penetration among business customers of different sizes and retail customers of different income levels. Examiners based this conclusion on the bank's small business and home mortgage lending performance. The overall performance was consistent with all of the assessment areas. Refer to each assessment area for additional details.

Response to Complaints

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

COMMUNITY DEVELOPMENT TEST

Morris Bank's community development performance demonstrated adequate responsiveness to community development needs in the assessment areas through community development loans, qualified investments, and community development services, as appropriate, considering the bank's capacity and the need and availability of such opportunities for community development in the assessment area.

Community Development Loans

Morris Bank originated 21 community development loans totaling \$41.7 million during the evaluation period; of which, 13 benefitted the Georgia Non-MSA assessment area; 2 benefitted the Warner Robins MSA assessment area; 1 benefitted the regional area; 1 benefitted the statewide area; and 4 were originated outside of the bank's assessment areas but in the State of Georgia. Qualitatively, the community development loans demonstrated adequate responsiveness to the assessment areas' community development needs. The dollar amount of the community development loans equates to 3.4 percent of average total assets and 5.0 percent of total loans, as of March 31, 2022. This level of community development loans is a decrease from the previous evaluation, when Morris Bank originated 22 loans totaling \$45.7 million, which represented 6.5 percent of average total assets and 7.9 percent of average total loans. However, this level of lending exceeds similarly situated institutions' level of community development lending. The following table reflects the bank's overall community development lending, by year and purpose. Refer to the assessment areas for additional details on community development loans.

Community Development Lending										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
2019 (Partial)	-	-	-	-	-	-	1	461	1	461
2020	-	-	1	1,001	1	700	10	17,219	12	18,920
2021	1	10,000	1	1,008	-	-	-	-	2	11,008
2022 (YTD)	1	5,986	-	-	5	5,279	-	-	6	11,265
Total	2	15,986	2	2,009	6	5,979	11	17,680	21	41,653
<i>Source: Bank Data</i>										

As illustrated in the following table, by number of loans, the bank made most of its loans in the Georgia Non-MSA assessment area followed by the Warner Robins MSA assessment area. In addition, the bank originated four community development loans totaling \$11.1 million outside of the assessment areas but within Georgia. These loans did not directly benefit the assessment areas; however, because the bank has been responsive to the community development needs of the assessment areas, examiners considered these loans under this factor.

Community Development Lending by Area										
Assessment Area	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Total	
	#	\$(000)	#	\$(000)	#	\$(000)	#	\$(000)	#	\$(000)
Georgia Non-MSA	-	-	1	1,001	4	3,787	8	11,987	13	16,775
Warner Robins MSA AA	-	-	-	-	1	700	1	2,052	2	2,752
Macon-Bibb County MSA AA	-	-	-	-	-	-	-	-	-	-
Statewide Activities	1	10,000	-	-	-	-	-	-	1	10,000
Regional Activities	-	-	1	1,008	-	-	-	-	1	1,008
Outside of Assessment Areas	1	5,986	-	-	1	1,492	2	3,641	4	11,118
Total	2	15,986	2	2,009	6	5,979	11	17,680	21	41,653
<i>Source: Bank Data</i>										

The following are examples of community development loans within areas neighboring the assessment areas.

- In 2022, the bank extended a \$1.5 million loan to a business to relocate to a larger facility. The relocation allowed the business to create between 17 and 18 new jobs for low- and moderate-income individuals.
- In 2020, the bank extended a loan for \$6.0 million to fund the renovation of a 105-unit multifamily property. All units in the property are affordable for low- and moderate-income individuals.

Qualified Investments

Morris Bank's community development performance demonstrates adequate responsiveness to community development needs in its assessment areas through qualified investments and grants/donations, as appropriate, considering the institution's capacity and the need and availability of such opportunities for community development in the institution's assessment areas. During the evaluation period, the bank's qualified investments and grants/donations totaled \$8.0 million, representing 0.7 percent of average total assets and 4.0 percent of average total securities as of March 31, 2022. The bank's qualified investment performance is comparable to similarly situated banks.

The majority of the bank's qualified investments consist of three investments during the evaluation period totaling \$5.3 million. New investments purchased during the performance evaluation period consist of two mortgage-backed securities totaling \$2.0 million supporting affordable housing within the bank's assessment areas. The bank also made one qualified investment in a Community Development Financial Institution (CDFI) totaling \$3.5 million supporting affordable housing to low- and moderate-income individuals or low- and moderate-income census tracts. Of the \$3.5 million investment, four loans totaling \$831,509 were made within the banks assessment areas and 129 loans totaling \$32.2 million were made in the state of Georgia.

The bank also made 24 qualified grants and donations totaling \$896,655 benefitting organizations supporting affordable housing and community services. These organizations represent vital social services, especially for low- and moderate-income individuals, and organizations.

The following tables detail the bank's qualified investments by year and purpose, as well as in each assessment area. Refer to each assessment areas write up for further discussion of qualified investment activities.

Qualified Investments										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Prior Period	3	1,804	-	-	-	-	-	-	3	1,804
2019 (Partial)	1	1,000	-	-	-	-	-	-	1	1,000
2020	-	-	-	-	-	-	-	-	-	-
2021	2	4,251	-	-	-	-	-	-	2	4,251
2022 (YTD)	-	-	-	-	-	-	-	-	-	-
Subtotal	6	7,055	-	-	-	-	-	-	6	7,055
Qualified Grants & Donations	3	15	21	882	-	-	-	-	24	897
Total	9	7,070	21	882	-	-	-	-	30	7,952
<i>Source: Bank Records</i>										

Qualified Investments by Assessment Area										
Assessment Area	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
GA Non-MSA AA	1	1,000	13	310	-	-	-	-	14	1,310
Macon-Bibb MSA AA	1	751	1	2	-	-	-	-	2	753
Warner Robins MSA AA	4	1,015	3	70	-	-	-	-	7	1,085
Regional Activities	3	4,304	4	500	-	-	-	-	7	4,804
Total	9	7,070	21	882	-	-	-	-	30	7,952
<i>Source: Bank Records</i>										

Community Development Services

Morris Bank overall demonstrates adequate responsiveness to community development needs in its assessment areas through community development services, as appropriate, considering the bank's capacity and the need and availability of such opportunities. During the evaluation period, bank directors and employees provided 57 instances of financial expertise, technical assistance, or financial literacy to 20 different community development-related organizations or schools within the area.

Activities primarily assisted local community organizations or schools providing a community service to low- and moderate-income individuals and neighborhoods, in addition to many distressed areas throughout the bank's assessment areas. The bank's qualified services performance is comparable to similarly situated banks.

The following tables detail the bank's community development services by year and purpose, as well as in each assessment area. Refer to each assessment area for further discussion of community development service activities.

Community Development Services					
Activity Year	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Totals
	#	#	#	#	#
2019 (Partial)	2	8	-	-	10
2020	4	12	1	1	18
2021	3	14	1	1	19
2022 (YTD)	1	8	1	-	10
Total	10	42	3	2	57
<i>Source: Bank Records</i>					

Community Development Services by Assessment Area					
Assessment Area	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Totals
	#	#	#	#	#
GA Non-MSA	8	37	3	-	48
Macon-Bibb MSA	2	5	-	-	7
Warren Robins MSA	-	-	-	2	2
Total	10	42	3	2	57
<i>Source: Bank Records</i>					

Retail Banking Services

In addition, of the bank's nine branch offices, two are located in a moderate-income census tracts. Both of these branches have ATMs. These branches and ATM locations demonstrate the availability of banking services to low- and moderate-income individuals and neighborhoods.

The bank does offer some alternative loans programs such as VA, FHA and USDA that are beneficial to low- and moderate-income borrowers. Additionally, the Morris Moola savings program is designed to help teach children the value of money has been very successful, as the bank has established 1,043 such accounts totaling \$1.6 million.

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.

GEORGIA NON-MSA ASSESSMENT AREA – Full-Scope Review

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

Morris Bank operates five of its nine full-service offices in the Georgia Non-MSA assessment area. The assessment area includes all census tracts in Bulloch, Laurens, and Wilkinson Counties.

Economic and Demographic Data

The following table illustrates select demographic characteristics of the assessment area based on the 2015 American Community Survey (ACS) data and the 2021 D&B data.

Demographic Information of the Assessment Area						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	28	14.3	10.7	46.4	28.6	0.0
Population by Geography	129,658	14.4	12.5	37.8	35.3	0.0
Housing Units by Geography	55,360	11.9	13.6	39.7	34.7	0.0
Owner-Occupied Units by Geography	26,766	2.2	10.7	44.0	43.1	0.0
Occupied Rental Units by Geography	20,315	23.8	17.6	31.7	26.9	0.0
Vacant Units by Geography	8,279	14.3	13.2	45.7	26.8	0.0
Businesses by Geography	12,729	9.5	18.4	36.7	35.4	0.0
Farms by Geography	723	2.9	9.3	42.0	45.8	0.0
Family Distribution by Income Level	29,883	24.4	16.4	15.2	44.0	0.0
Household Distribution by Income Level	47,081	28.7	14.7	15.1	41.5	0.0
Median Family Income Non-MSAs – GA		\$45,886	Median Housing Value			\$97,924
			Median Gross Rent			\$715
			Families Below Poverty Level			20.1%
Source: 2015 ACS Data and 2021 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.						

The U.S. Department of Housing and Urban Development (HUD) designates certain non-metropolitan middle-income census tracts as distressed or underserved. During the evaluation period, all 13 of the assessment area’s middle-income census tracts were designated by HUD as distressed or underserved based on high poverty rates and/or being remote rural.

The *Geographic Distribution* criterion compares small business and home mortgage loans to the percentage of businesses and families located in low-, moderate-, middle-, and upper-income census tracts. As illustrated in the previous table, only 9.5 percent of businesses are located in low-income census tracts. This data indicates limited small business lending opportunities in low-income census tracts.

Examiners used Federal Financial Institutions Examination Council (FFIEC)-updated median family income to analyze home mortgage lending under the *Borrower Profile* criterion. The following table reflects low-, moderate-, middle-, and upper-income categories in the assessment area during 2019, 2020, and 2021.

Median Family Income Ranges				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
2019 (\$49,700)	<\$24,850	\$24,850 to <\$39,760	\$39,760 to <\$59,640	≥\$59,640
2020 (\$51,800)	<\$25,900	\$25,900 to <\$41,440	\$41,440 to <\$62,160	≥\$62,160
2021 (\$53,400)	<\$26,700	\$26,700 to <\$42,720	\$42,720 to <\$64,080	≥\$64,080
Source: FFIEC				

The analysis of small business loans under the *Borrower Profile* criterion compares the distribution of businesses by gross annual revenue level. According to 2021 D&B data, 12,729 businesses operated in the assessment area. Of these businesses, 88.1 percent had gross annual revenues of \$1.0 million or less, 3.1 percent had gross annual revenues of more than \$1.0 million, and 8.8 percent of businesses did not report revenues.

According to 2021 D&B data, the assessment area's largest industries include services at 31.5 percent; retail trade at 11.8 percent; and finance, insurance, and real estate at 8.7 percent.

Data obtained from the U.S. Bureau of Labor Statistics indicates significant changes in the unemployment rate during the evaluation period. As illustrated in the following table, the unemployment rate in the United States, Georgia, and all three counties in the assessment area increased significantly from 2019 to 2020 due to the COVID-19 pandemic, but declined from 2020 to 2021 as the areas recovered. The unemployment rates in Bulloch County were above the state and national rates in 2019, consistent with the state rate and above the national rate in 2020, and in between the state and national rate in 2021. The unemployment rates in Laurens County were above the state and national rates in 2019 and in between the state and national rates in 2020 and 2021. The unemployment rates in Wilkinson County were above the state and national rates in 2019, below the state and national rates in 2020 and in between the state and national rates in 2021.

Unemployment Rates			
Area	2019	2020	2021
	%	%	%
Bulloch County	4.0	6.5	4.2
Laurens County	4.7	6.7	4.3
Wilkinson County	3.9	5.3	4.2
State of Georgia	3.6	6.5	3.9
United States	3.7	8.1	5.4
Source: U.S. Bureau of Labor Statistics;			

Competition

The market is competitive for financial services. According to FDIC Deposit Market Share data as of June 30, 2021, 24 financial institutions operated 39 branches in the assessment area. Of these institutions, Morris Bank ranked first with a deposit market share of 25.9 percent. The three next leading financial institutions were Synovus Bank; Bank of Dudley; and Wells Fargo Bank, NA, collectively accounting for 38.5 percent of the total deposit market share.

Community Contact

Examiners rely on contacts with community organizations to gain insight regarding the credit needs and economic conditions of a bank's assessment area. Individuals interviewed provide information based upon their knowledge and expertise in the housing, business, or economic sectors. During this evaluation, examiners reviewed three recently conducted community contacts. The first contact noted a need for credit accommodations to support economic stability for small businesses. The second contact noted that homebuilding has been increasing; however, it is manufactured housing and not 1-4 family residences. The third contact noted that affordable housing is necessary to attract people to stay in the area and bring new people to the area. The contact further indicated a need for financial assistance and technical assistance for small businesses.

Credit and Community Development Needs and Opportunities

Based on demographic information and economic data, examiners identified certain credit and community development needs and opportunities within the assessment area. The high number of low- and moderate-income families, at 24.4 percent and 16.4 percent, respectively, indicates a continuing need for affordable housing. Additionally, the high median age of housing stock in low- and moderate-income census tracts, at 29 years and 42 years, respectively, indicates a significant need for home improvement loans. Further, a need for technical assistance and loans supporting small businesses is evident based on the community contacts' statements coupled with the fact that small businesses comprise a significant majority of the assessment area's businesses.

CONCLUSIONS ON PERFORMANCE CRITERIA IN GEORGIA NON-MSA ASSESSMENT AREA

LENDING TEST

Overall, the geographic distribution of loans reflects reasonable dispersion throughout the assessment area. The distribution of borrowers reflects, given the demographics of the assessment area, reasonable penetration among businesses of different sizes and borrowers of different income levels.

Geographic Distribution

Overall, the geographic distribution of loans reflects reasonable penetration of loans throughout the assessment area.

Small Business Loans

The geographic distribution of small business loans reflects reasonable dispersion throughout the assessment area. In both 2020 and 2021, the bank's percentage of lending in low- and moderate-income census tracts was similar to demographic data. Refer to the following table for additional details.

Geographic Distribution of Small Business Loans						
Tract Income Level		% of Businesses	#	%	\$(000s)	%
Low						
2020		9.6	42	8.7	3,047	7.9
2021		9.5	44	8.2	6,188	13.5
Moderate						
2020		18.4	85	17.7	9,079	23.6
2021		18.4	106	19.7	13,541	29.6
Middle						
2020		36.6	202	42.0	15,848	41.2
2021		36.7	209	38.8	17,929	39.1
Upper						
2020		35.4	152	31.6	10,448	27.2
2021		35.4	180	33.4	8,144	17.8
Total						
2020		100.0	481	100.0	38,422	100.0
2021		100.0	539	100.0	45,802	100.0
<i>Source: 2015 ACS Data; 2020-2021 D&B Data; and Bank Data. Due to rounding, totals may not equal 100.0 percent.</i>						

Home Mortgage Loans

Overall, the geographic distribution of home loans is excellent. The bank originated 8 and 37 loans in low- and moderate-income census tracts, respectively, in 2020. This performance exceeds both demographic and aggregate lending data.

Geographic Distribution of Home Mortgage Loans						
Tract Income Level		% of Owner-Occupied Housing Units	Aggregate Performance % of #	#	%	\$(000s)
Low						
2020		2.2	2.4	8	4.8	520
Moderate						
2020		10.7	9.6	37	22.4	8,033
Middle						
2020		44.0	32.3	68	41.2	8,339
Upper						
2020		43.1	55.7	52	31.5	6,617
Totals						
2020		100.0	100.0	165	100.0	23,509
<i>Source: 2015 ACS; Bank Data, 2020 HMDA Aggregate Data. Due to rounding, totals may not equal 100.0%</i>						

Borrower Profile

Overall, the distribution of loans reflects, given the product lines offered by the bank, reasonable penetration among businesses of different sizes and retail customers of different income levels. This conclusion is based on the distribution of small business and home mortgage loans.

Small Business Loans

The distribution of borrowers reflects reasonable penetration among businesses of different sizes. The bank's percentage of loans to businesses with revenues of \$1.0 million or less in 2020 and 2021 was below the demographic data; however, 15 loans or 42.9 percent and 14 loans or 50.0 percent of the 2020 and 2021 sampled loans, respectively, were PPP loans, for which revenue data was not collected. Excluding PPP loans, lending performance to businesses with gross annual revenues of \$1 million or less increased to 85.0 percent in 2020 and 84.6 percent in 2021. Refer to the following table.

Borrower Profile of Small Business Loans					
Gross Revenue Level	% of Businesses	#	%	\$(000s)	%
<=\$1,000,000					
2020	86.0	17	48.6	802	28.9
2021	88.1	11	39.3	1,364	42.2
>\$1,000,000					
2020	3.8	3	8.6	1,019	36.7
2021	3.1	2	7.1	1,000	30.9
Revenue Not Available					
2020	10.2	15	42.9	955	34.4
2021	8.8	15	53.6	872	26.9
Total					
2020	100.0	35	100.0	2,776	100.0
2021	100.0	28	100.0	3,236	100.0
<i>Source: 2020-2021 D&B Data and Bank Data. Due to rounding, totals may not equal 100.0 percent.</i>					

Because business revenues were not collected for PPP loans, examiners conducted an analysis of these loans by loan amount as a proxy for revenues. As illustrated below, 73.3 percent and 80.0 percent of the loans originated in 2020 and 2021, respectively, were less than \$100,000, which demonstrated the bank's willingness to meet small business credit needs.

Distribution of PPP Loans by Loan Size					
Loan Size		#	%	\$(000s)	%
<\$50,000					
2020		9	60.0	210	22.0
2021		11	73.3	161	18.5
\$50,000 - \$100,000					
2020		2	13.3	181	19.0
2021		1	6.7	59	6.8
\$100,001 - \$500,000					
2020		4	26.7	564	59.0
2021		3	20.0	652	74.8
Total					
2020		15	100.0	955	100.0
2021		15	100.0	872	100.0
Source: 2020-2021 Bank Data. Due to rounding, totals may not equal 100.0 percent.					

Home Mortgage Loans

The distribution of loans reflects, given the demographics of the assessment area, reasonable penetration among individuals of different income levels. As shown in the following table, the bank's lending performance to low-income borrowers was well below demographic data. However, opportunities to lend to low-income borrowers may be limited given the high poverty rate at 20.1 percent. These families would generally not qualify for a home loan. The low aggregate lending data, at only 1.6 percent, further demonstrated limited opportunities to lend to these borrowers. The bank's performance exceeded the aggregate lending data.

The bank's percentage of lending to moderate-income borrowers is below demographic and aggregate lending data.

Distribution of Home Mortgage Loans by Borrower Income Level						
Borrower Income Level	% of Families	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2020	24.4	1.6	4	2.4	85	0.4
Moderate						
2020	16.4	8.6	7	4.2	225	1.0
Middle						
2020	15.2	16.8	22	13.3	1,311	5.6
Upper						
2020	44.0	48.8	81	49.1	8,185	34.8
Not Available						
2020	0.0	24.2	51	30.9	13,703	58.3
Totals						
2020	100.0	100.0	165	100.0	23,509	100.0
Source: 2015 ACS; Bank Data, 2020 HMDA Aggregate Data. Due to rounding, totals may not equal 100.0%						

COMMUNITY DEVELOPMENT TEST

Morris Bank's community development performance demonstrated adequate responsiveness to community development needs in the assessment area through community development loans, qualified investments, and community development services, as appropriate, considering the bank's capacity and the need and availability of such opportunities for community development in the assessment area.

Community Development Loans

Morris Bank originated 13 community development loans totaling \$16.8 million in the assessment area during the evaluation period. Regarding community development purpose, eight loans supported revitalization or stabilization, four loans supported economic development, and one loan supported community services for low- and moderate-income individuals. The following table illustrates the bank's community development loans by year and purpose.

Community Development Loans										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
2019 (Partial)	-	-	-	-	-	-	1	461	1	461
2020	-	-	1	1,001	-	-	7	11,526	8	12,527
2021	-	-	-	-	-	-	-	-	-	-
2022 (YTD)	-	-	-	-	4	3,787	-	-	4	3,787
Total		-	1	1,001	4	3,787	8	11,987	13	16,775
<i>Source: Bank Data</i>										

The following are notable examples of community development loans originated during the evaluation period.

- In 2019, the bank originated a loan that allowed for water to be provided to a residential neighborhood in a distressed or underserved area, which supported revitalization and stabilization in the area.
- In 2020, the bank originated a loan for \$1.0 million to an organization that primarily provides cancer treatments for low- and moderate-income individuals in a distressed or underserved area of the assessment area.

Qualified Investments

Qualified investments totaled \$1.3 million, or 16.5 percent of total bank qualified investments. This total includes a prior period investment of \$1.0 million that benefited affordable housing, and 13 donations totaling \$307,775 that benefited community services.

Community Development Services

Bank records show that employees participated in 48 community development services with various organizations since the last performance evaluation. This performance represents 84.2 percent of all community development service activities in the bank, which is higher than the assessment area's share of branches at 55.6 percent. The following table illustrates the bank's community development services by year and purpose.

Community Development Services - GA-Non-MSA					
Activity Year	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Total
	#	#	#	#	#
2019 (Partial)	1	7	-	-	8
2020	3	9	1	-	13
2021	3	14	1	-	18
2022 (YTD)	1	7	1	-	9
Total	8	37	3	-	48
<i>Source: Bank Data</i>					

The following are examples of community development services provided in this assessment area.

- A bank officer serves on the board of an organization that assists low- and moderate-income individuals and families in achieving home ownership.
- A commercial lender serves on the board of an economic development organization.

WARNER ROBINS, GA ASSESSMENT AREA – Full-Scope Review

DESCRIPTION OF INSTITUTION'S OPERATIONS IN WARNER ROBINS, GA ASSESSMENT AREA

Morris Bank operates three of its nine full-service offices in the Warner Robins, GA Assessment Area. The assessment area includes all of the census tracts in Houston County. The Warner Robins, GA MSA also includes Peach County, which is not included in the bank's assessment area.

Economic and Demographic Data

The following table illustrates select demographic characteristics of the assessment area based on the 2015 ACS data and the 2021 D&B data.

Demographic Information of the Assessment Area						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	23	8.7	21.7	56.5	13.0	0.0
Population by Geography	147,570	6.6	16.1	52.6	24.7	0.0
Housing Units by Geography	59,989	7.5	16.9	52.7	22.8	0.0
Owner-Occupied Units by Geography	35,105	2.8	13.9	51.4	31.8	0.0
Occupied Rental Units by Geography	18,666	13.4	21.3	55.7	9.6	0.0
Vacant Units by Geography	6,218	16.5	20.4	51.3	11.8	0.0
Businesses by Geography	14,718	5.7	15.1	54.8	24.4	0.0
Farms by Geography	421	3.8	13.5	59.9	22.8	0.0
Family Distribution by Income Level	37,863	22.0	15.0	21.4	41.6	0.0
Household Distribution by Income Level	53,771	23.0	15.4	18.3	43.3	0.0
Median Family Income MSA - 47580 Warner Robins, GA MSA		\$61,780	Median Housing Value			\$126,286
			Median Gross Rent			\$850
			Families Below Poverty Level			14.2%
Source: 2015 ACS Data and 2021 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.						

The *Geographic Distribution* criterion compares small business loans to the percentage of businesses located in low-, moderate-, middle-, and upper-income census tracts. As illustrated in the previous table, only 5.7 percent of businesses are located in low-income census tracts. This data indicates limited small business lending opportunities in low-income census tracts.

Examiners used FFIEC-updated median family income to analyze home mortgage lending under the *Borrower Profile* criterion. The following table reflects low-, moderate-, middle-, and upper-income categories in the assessment area during 2019, 2020, and 2021.

Median Family Income Ranges				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
2019 (\$66,600)	<\$33,300	\$33,300 to <\$53,280	\$53,280 to <\$79,920	≥\$79,920
2020 (\$67,100)	<\$33,550	\$33,550 to <\$53,680	\$53,680 to <\$80,520	≥\$80,520
2021 (\$69,300)	<\$34,650	\$34,650 to <\$55,440	\$55,440 to <\$83,160	≥\$83,160
<i>Source: FFIEC</i>				

The analysis of small business loans under the *Borrower Profile* criterion compares the distribution of businesses by gross annual revenue level. According to 2021 D&B data, 14,718 businesses operated in the assessment area. Of these businesses, 90.2 percent had gross annual revenues of \$1.0 million or less, 1.9 percent had gross annual revenues of more than \$1.0 million, and 7.9 percent of businesses did not report revenues.

According to 2021 D&B data, the assessment area's largest industries include services at 33.4 percent; retail trade at 11.5 percent; and finance, insurance, and real estate at 9.0 percent. Moody's Analytics reports that the Warner Robins MSA's major employers include Robins Air Force Base (24,500 employees), Perdue Foods Inc. (2,520 employees), and Houston Healthcare Complex (2,475 employees). Data obtained from the U.S. Bureau of Labor Statistics indicates significant changes in the unemployment rate during the evaluation period. As illustrated in the following table, the unemployment rate in the United States, Georgia, and Houston County increased significantly from 2019 to 2020 due to the COVID-19 pandemic, but declined from 2020 to 2021 as the areas recovered. The unemployment rates in Houston County were below the state and national rates in 2019, 2020, and 2021.

Unemployment Rates			
Area	2019	2020	2021
	%	%	%
Houston County	3.5	5.2	3.6
State of Georgia	3.6	6.5	3.9
United States	3.7	8.1	5.4
Source: U.S. Bureau of Labor Statistics			

Competition

The market is competitive for financial services. According to FDIC Deposit Market Share data as of June 30, 2021, 11 financial institutions operated 26 branches in the assessment area. Of these institutions, Morris Bank ranked fifth with a deposit market share of 8.4 percent. The three leading financial institutions were Synovus Bank; Truist Bank; and Cadence Bank, NA, collectively accounting for 54.7 percent of the total deposit market share.

Credit and Community Development Needs and Opportunities

Based on demographic information and economic data, examiners identified certain credit and community development needs and opportunities within the assessment area. The high number of low- and moderate-income families, at 22.0 percent and 15.0 percent, respectively, indicates a continuing need for affordable housing. Additionally, the high median age of housing stock in low- and moderate-income census tracts, at 52 years and 53 years, respectively, indicates a significant need for home improvement loans. Further, a need for loans supporting small businesses is evident based on the fact that small businesses comprise a significant majority of the assessment area's businesses.

CONCLUSIONS ON PERFORMANCE CRITERIA IN WARNER ROBINS, GA ASSESSMENT AREA

LENDING TEST

Overall, the geographic distribution of loans reflects reasonable dispersion throughout the assessment area. The distribution of borrowers reflects, given the demographics of the assessment area, reasonable penetration among businesses of different sizes and borrowers of different incomes.

Geographic Distribution

Overall, the geographic distribution of loans reflects reasonable penetration of loans throughout the assessment area.

Small Business Loans

The geographic distribution of small business loans reflects poor dispersion throughout the assessment area. In 2020 and 2021, the bank's percentage of lending in low-income census tracts was below demographic data. The low percentage of businesses located in low-income census tracts, at only 5.7 percent, limits the bank's lending opportunities in these tracts.

In 2020, the bank's percentage of lending in moderate-income census tracts was comparable to demographic data, and in 2021, the bank's percentage of lending in moderate-income census tracts was below demographic data. Refer to the following table for additional details.

Geographic Distribution of Small Business Loans					
Tract Income Level	% of Businesses	#	%	\$(000s)	%
Low					
2020	5.7	3	1.5	133	0.6
2021	5.7	3	1.6	97	0.5
Moderate					
2020	15.0	32	15.7	4,501	19.9
2021	15.1	19	10.2	1,266	6.7
Middle					
2020	55.8	129	63.2	14,252	63.0
2021	54.8	114	61.3	11,147	59.3
Upper					
2020	23.5	40	19.6	3,742	16.5
2021	24.4	50	26.9	6,293	33.5
Total					
2020	100.0	204	100.0	22,628	100.0
2021	100.0	186	100.0	18,803	100.0
<i>Source: 2015 ACS Data; 2020-2021 D&B Data; and Bank Data. Due to rounding, totals may not equal 100.0 percent.</i>					

Home Mortgage Loans

Overall, the geographic distribution of home loans is excellent. The bank originated 7 and 13 loans in low- and moderate-income census tracts, respectively in 2020. The bank's performance exceeded demographic and aggregate lending data. The bank's performance was lower in 2019 and 2021; however, was still similar to or exceeded demographic and aggregate lending data.

Geographic Distribution of Home Mortgage Loans						
Tract Income Level	% of Owner-Occupied Housing Units	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2020	2.8	0.7	7	12.5	419	4.8
Moderate						
2020	13.9	7.9	13	23.2	2,129	24.2
Middle						
2020	51.4	46.4	30	53.6	5,148	58.4
Upper						
2020	31.8	44.9	6	10.7	1,114	12.7
Totals						
2020	100.0	100.0	56	100.0	8,810	100.0
Source: 2015 ACS; Bank Data, 2019 & 2020 HMDA Aggregate Data. Due to rounding, totals may not equal 100.0%						

Borrower Profile

Overall, the distribution of loans reflects, given the product lines offered by the bank, reasonable penetration among businesses of different sizes and retail customers of different income levels. This conclusion is based on the distribution of small business.

Small Business Loans

The distribution of borrowers reflects reasonable penetration among businesses of different sizes. The bank's percentage of loans to businesses with revenues of \$1.0 million or less in 2021 was below the demographic data; however, 7 loans or 58.3 percent of the 2021 sampled loans were PPP loans, for which revenue data was not collected. Additionally, all of the 2020 sampled loans were PPP loans. Excluding PPP loans, lending performance to businesses with gross annual revenues of \$1 million or less increased to 80.0 percent in 2020. Refer to the following table.

Borrower Profile of Small Business Loans					
Gross Revenue Level	% of Businesses	#	%	\$(000s)	%
<=\$1,000,000					
2020	88.1	0	0.0	0	0.0
2021	90.2	4	33.3	226	23.5
>\$1,000,000					
2020	2.4	0	0.0	0	0.0
2021	1.9	1	8.3	400	41.7
Revenue Not Available					
2020	9.5	11	100.0	1,326	100.0
2021	7.9	7	58.3	334	34.8
Total					
2020	100.0	11	100.0	1,326	100.0
2021	100.0	12	100.0	960	100.0
Source: 2020-2021 D&B Data and Bank Data. Due to rounding, totals may not equal 100.0 percent.					

Because business revenues were not collected for PPP loans, examiners conducted an analysis of these loans by loan amount as a proxy for revenues. As illustrated below, 72.7 percent and 70.0 percent of the loans originated in 2020 and 2021, respectively, were less than \$100,000, which demonstrated the bank's willingness to meet small business credit needs.

Distribution of PPP Loans by Loan Size					
Loan Size		#	%	\$(000s)	%
<\$50,000					
2020		5	45.4	101	7.6
2021		5	71.4	146	43.7
\$50,000 - \$100,000					
2020		3	27.3	203	15.3
2021		1	14.3	88	26.3
\$100,001 - \$500,000					
2020		2	18.2	322	24.3
2021		1	14.3	100	29.9
>\$500,000					
2020		1	9.1	700	52.8
2021		0	0.0	0	0.0
Total					
2020		11	100.0	1,326	100.0
2021		7	100.0	334	100.0
Source: 2020-2021 Bank Data. Due to rounding, totals may not equal 100.0 percent.					

Home Mortgage Loans

The distribution of loans reflects, given the demographics of the assessment area, poor penetration among individuals of different income levels. As shown in the following table, the bank's lending performance to low-income borrowers was well below demographic data. However, opportunities to lend to low-income borrowers may be limited given the high poverty rate at 14.2 percent and median housing value at \$126,286 in 2015. Furthermore, median home prices have risen markedly since 2015 due to demand. These families would generally not qualify for a home loan. The bank originated four home mortgage loans to low-income borrowers in this assessment area in 2020. This performance is reasonable, as aggregate lending data, at only 3.4 percent further demonstrates limited opportunities to lend to these borrowers. The bank's performance in low-income census tracts in 2019 and 2021 was below comparable data. The bank's percentage of lending to moderate-income borrowers is well-below demographic data and below aggregate data. However, the percentage of lending to moderate-income borrowers has increased from 2019 to 2021. It is noted that 29 loans were made to businesses for investment purposes, where income is not required for HMDA.

Distribution of Home Mortgage Loans by Borrower Income Level						
Borrower Income Level	% of Families	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2020	22.0	3.4	4	7.1	297	3.4
Moderate						
2020	15.0	11.9	1	1.8	223	2.5
Middle						
2020	21.4	18.7	6	10.7	1,068	12.1
Upper						
2020	41.6	32.7	15	26.8	1,310	14.9
Not Available						
2020	0.0	33.3	30	53.6	5,912	67.1
Totals						
2020	100.0	100.0	56	100.0	8,810	100.0
<i>Source: 2015 ACS; Bank Data, 2020 HMDA Aggregate Data. Due to rounding, totals may not equal 100.0%</i>						

COMMUNITY DEVELOPMENT TEST

Morris Bank's community development performance demonstrated adequate responsiveness to community development needs in the assessment area through community development loans, qualified investments, and community development services, as appropriate, considering the bank's capacity and the need and availability of such opportunities for community development in the assessment area.

Community Development Loans

Morris Bank originated two community development loans totaling \$2.8 million in the assessment area during the evaluation period. Regarding community development purpose, one loan supported economic development and one loan supported revitalization or stabilization. One loan for \$700,000 was originated in 2020 through the SBA 504 loan program to renovate a restaurant and provide jobs for low- and moderate-income employees. The second loan for \$2.1 million was made to a business in a moderate-income census tract through the SBA PPP in 2020.

Qualified Investments

Qualified investments totaled \$1.1 million or 13.6 percent of total bank qualified investments. This total includes one investment totaling \$1.0 million, five donations totaling \$73,000 and one grant totaling \$14,000. Of the donations and grants, \$70,000 benefited community services and \$15,000 benefited affordable housing.

Community Development Services

Bank records show that employees participated in two community development services with one organization since the last performance evaluation. This performance represents 3.5 percent of all community development service activities in the bank, which is significantly below the assessment area's share of branches at 33.3 percent. A bank officer serves as chairman of a development authority organization in this assessment area.

MACON-BIBB COUNTY ASSESSMENT AREA – Full-Scope Review

DESCRIPTION OF INSTITUTION'S OPERATIONS IN MACON-BIBB COUNTY ASSESSMENT AREA

Morris Bank operates one of its nine full-service offices in the Macon-Bibb County, GA Assessment Area. The assessment area includes all of the census tracts in Jones County. The Macon-Bibb County MSA also includes Bibb, Crawford, Monroe, and Twiggs Counties, which are not included in the bank's assessment area.

Economic and Demographic Data

The following table illustrates select demographic characteristics of the assessment area based on the 2015 ACS data and the 2021 D&B data.

Demographic Information of the Assessment Area						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	6	0.0	16.7	33.3	50.0	0.0
Population by Geography	28,738	0.0	25.9	32.6	41.5	0.0
Housing Units by Geography	11,600	0.0	25.3	34.7	40.0	0.0
Owner-Occupied Units by Geography	8,348	0.0	23.2	35.2	41.6	0.0
Occupied Rental Units by Geography	1,978	0.0	29.6	30.5	39.8	0.0
Vacant Units by Geography	1,274	0.0	32.3	38.0	29.7	0.0
Businesses by Geography	2,169	0.0	20.7	25.9	53.3	0.0
Farms by Geography	103	0.0	16.5	37.9	45.6	0.0
Family Distribution by Income Level	7,861	18.0	14.2	16.9	50.9	0.0
Household Distribution by Income Level	10,326	17.2	12.9	16.1	53.8	0.0
Median Family Income MSA - 31420 Macon-Bibb County, GA MSA		\$51,727	Median Housing Value			\$124,483
			Median Gross Rent			\$802
			Families Below Poverty Level			13.4%
Source: 2015 ACS Data and 2021 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.						

The *Geographic Distribution* criterion compares small business and home mortgage loans to the percentage of businesses located in low-, moderate-, middle-, and upper-income census tracts. As illustrated in the previous table, no low-income census tracts are in this assessment area; therefore, there are no opportunities to lend in these tracts.

Examiners used FFIEC-updated median family income to analyze home mortgage lending under the Borrower Profile criterion. The following table reflects low-, moderate-, middle-, and upper-income categories in the assessment area during 2019, 2020, and 2021.

Median Family Income Ranges				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
2019 (\$57,600)	<\$28,800	\$28,800 to <\$46,080	\$46,080 to <\$69,120	≥\$69,120
2020 (\$61,200)	<\$30,600	\$30,600 to <\$48,960	\$48,960 to <\$73,440	≥\$73,440
2021 (\$58,300)	<\$29,150	\$29,150 to <\$46,640	\$46,640 to <\$69,960	≥\$69,960
Source: FFIEC				

The analysis of small business loans under the *Borrower Profile* criterion compares the distribution of businesses by gross annual revenue level. According to 2021 D&B data, 2,169 businesses operated in the assessment area. Of these businesses, 92.4 percent had gross annual revenues of \$1.0 million or less, 1.8 percent had gross annual revenues of more than \$1.0 million, and 5.8 percent of businesses did not report revenues.

According to 2021 D&B data, the assessment area's largest industries include services at 32.4 percent, retail trade at 9.7 percent, and construction at 8.0 percent. Moody's Analytics reports that the Macon-Bibb County MSA's major employers include GEICO (5,500 employees), Navicent Health Medical Center (4,800 employees), and Coliseum Health Systems (1,805 employees). Data obtained from the U.S. Bureau of Labor Statistics indicates significant changes in the unemployment rate during the evaluation period. As illustrated in the following table, the unemployment rate in the United States, Georgia, and Jones County increased significantly from 2019 to 2020 due to the COVID-19 pandemic, but declined from 2020 to 2021 as the areas recovered. The unemployment rates in Jones County were below the state and national rates in 2019, 2020, and 2021.

Unemployment Rates			
Area	2019	2020	2021
	%	%	%
Jones County	3.3	4.5	3.1
State of Georgia	3.6	6.5	3.9
United States	3.7	8.1	5.4
Source: U.S. Bureau of Labor Statistics			

Competition

According to FDIC Deposit Market Share data as of June 30, 2021, only four financial institutions operated four branches in the assessment area. Of these institutions, Morris Bank ranked first with

a deposit market share of 52.8 percent. The other financial institutions were Cadence Bank, NA; Exchange Bank, and Magnolia State Bank, collectively accounting for the other 47.2 percent of the total deposit market share.

Credit and Community Development Needs and Opportunities

Based on demographic information and economic data, examiners identified certain credit and community development needs and opportunities within the assessment area. The high number of low- and moderate-income families, at 18.0 percent and 14.2 percent, respectively, indicates a continuing need for affordable housing. Additionally, the high median age of housing stock in moderate-income census tracts, at 35 years, indicates a significant need for home improvement loans. Further, a need for loans supporting small businesses is evident based on the fact that small businesses comprise a significant majority of the assessment area's businesses.

CONCLUSIONS ON PERFORMANCE CRITERIA IN MACON-BIBB COUNTY, GA ASSESSMENT AREA

LENDING TEST

Overall, the geographic distribution of loans reflects poor dispersion throughout the assessment area. The distribution of borrowers reflects, given the demographics of the assessment area, reasonable penetration among businesses of different sizes and borrowers of different incomes.

Geographic Distribution

Overall, the geographic distribution of loans reflects poor penetration of loans throughout the assessment area. There are no low-income census tracts in this assessment area.

Small Business Loans

The geographic distribution of small business loans reflects poor dispersion throughout the assessment area. In 2020 and 2021, the bank's percentage of lending in moderate-income census tracts was below demographic data. Refer to the following table for additional details.

Geographic Distribution of Small Business Loans						
Tract Income Level		% of Businesses	#	%	\$(000s)	%
Moderate						
	2020	19.3	6	4.8	307	4.8
	2021	20.7	15	11.0	794	9.8
Middle						
	2020	25.5	59	47.6	2,931	45.5
	2021	25.9	62	45.6	3,201	39.4
Upper						
	2020	55.2	59	47.6	3,210	49.8
	2021	53.3	59	43.4	4,132	50.8
Total						
	2020	100.0	124	100.0	6,448	100.0
	2021	100.0	136	100.0	8,127	100.0
<i>Source: 2015 ACS Data; 2020-2021 D&B Data; and Bank Data. Due to rounding, totals may not equal 100.0 percent.</i>						

Home Mortgage Loans

The geographic distribution of home mortgage loans reflects reasonable penetration throughout the assessment area. The bank's level of lending in moderate-income census tracts was below demographic data; however, aggregate lending at only 12.7 percent indicates fewer opportunities to lend in these census tracts versus other tracts. The bank's performance exceeded aggregate lending data.

Geographic Distribution of Home Mortgage Loans						
Tract Income Level		% of Owner-Occupied Housing Units	Aggregate Performance % of #	#	%	\$(000s)
Moderate						
	2020	23.2	12.7	6	17.6	435
Middle						
	2020	35.2	26.0	17	50.0	1,422
Upper						
	2020	41.6	61.3	11	32.4	1,178
Totals						
	2020	100.0	100.0	34	100.0	3,035
<i>Source: 2015 ACS; Bank Data, 2020 HMDA Aggregate Data. Due to rounding, totals may not equal 100.0%</i>						

Borrower Profile

Overall, the distribution of loans reflects, given the product lines offered by the bank, reasonable penetration among businesses of different sizes and retail customers of different income levels. This conclusion is based on the distribution of small business and home mortgage loans.

Small Business Loans

The distribution of borrowers reflects reasonable penetration among businesses of different sizes. The bank's percentage of loans to businesses with revenues of \$1.0 million or less in 2020 was below demographic data; however, 4 loans or 57.1 percent of the 2020 sampled loans were PPP loans, for which revenue data was not collected. Excluding PPP loans, lending performance to businesses with gross annual revenues of \$1 million or less increased to 100.0 percent in 2020. The bank's percentage of loans to businesses with revenues of \$1.0 million or less in 2021 was comparable to demographic data. Refer to the following table.

Borrower Profile of Small Business Loans					
Gross Revenue Level	% of Businesses	#	%	\$(000s)	%
<=\$1,000,000					
2020	90.9	3	42.9	91	30.5
2021	92.4	9	90.0	385	64.2
>\$1,000,000					
2020	2.0	-	-	-	-
2021	1.8	-	-	-	-
Revenue Not Available					
2020	7.1	4	57.1	207	69.5
2021	5.8	1	10.0	215	35.8
Total					
2020	100.0	7	100.0	298	100.0
2021	100.0	10	100.0	600	100.0
<i>Source: 2020-2021 D&B Data and Bank Data. Due to rounding, totals may not equal 100.0 percent.</i>					

Because business revenues were not collected for PPP loans, examiners conducted an analysis of these loans by loan amount as a proxy for revenues. As illustrated below, 75.0 percent of the loans originated in 2020 were less than \$100,000, which demonstrated the bank's willingness to meet small business credit needs. Only one PPP loan was included in the 2021 sample.

Distribution of PPP Loans by Loan Size				
Loan Size	#	%	\$(000s)	%
<\$50,000				
2020	2	50.0	44	21.3
2021	-	-	-	-
\$50,000 - \$100,000				
2020	1	25.0	51	24.6
2021	-	-	-	-
\$100,001 - \$500,000				
2020	1	25.0	112	54.1
2021	1	100.0	215	100.0
Total				
2020	4	100.0	207	100.0
2021	1	100.0	215	100.0
<i>Source: 2020-2021 Bank Data. Due to rounding, totals may not equal 100.0 percent.</i>				

Home Mortgage Loans

The distribution of loans reflects, given the demographics of the assessment area, reasonable penetration among individuals of different income levels. As shown in the following table, the bank's lending performance to low-income borrowers was well below demographic data. However, opportunities to lend to low-income borrowers may be limited given the high poverty rate at 13.4 percent and median housing value at \$124,483 in 2015. Furthermore, as mentioned previously, median home prices have risen markedly since 2015 due to demand. These families would generally not qualify for a home loan. The bank originated one home mortgage loan to a low-income borrower in this assessment area in 2020. This performance is reasonable, as aggregate lending data shows limited opportunities to lend to these borrowers, and the bank's performance is comparable to aggregate. The bank's lending performance was better in 2019.

The percentage of lending to moderate-income borrowers exceeded demographic and aggregate data. The performance was lower in 2019 and 2021, but still reasonable.

Distribution of Home Mortgage Loans by Borrower Income Level						
Borrower Income Level	% of Families	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2020	18.0	2.2	1	2.9	27	0.9
Moderate						
2020	14.2	10.3	10	29.4	618	20.4
Middle						
2020	16.9	23.4	7	20.6	564	18.6
Upper						
2020	50.9	42.6	13	38.2	1,157	38.1
Not Available						
2020	0.0	21.5	3	8.8	669	22.0
Totals						
2020	100.0	100.0	34	100.0	3,035	100.0
Source: 2015 ACS; Bank Data, 2020 HMDA Aggregate Data. Due to rounding, totals may not equal 100.0%						

COMMUNITY DEVELOPMENT TEST

Morris Bank's community development performance demonstrated adequate responsiveness to community development needs in the assessment area through community development qualified investments, and community development services, as appropriate, considering the bank's capacity and the need and availability of such opportunities for community development in the assessment area.

Community Development Loans

The bank did not make any community development loans in this assessment area during the review period.

Qualified Investments

Qualified investments totaled \$753,000 or 9.5 percent of total bank qualified investments. This total includes one investment totaling \$751,000 and one donation totaling \$2,000. The investment benefited affordable housing and the donation benefited community services.

Community Development Services

Bank records show that employees participated in seven community development services with various organizations since the last performance evaluation. This performance represents 12.3 percent of all community development service activities in the bank, which is similar to the assessment area's share of branches at 11.1 percent. The following table illustrates the bank's community development services by year and purpose.

Community Development Services – Macon-Bibb					
Activity Year	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Total
	#	#	#	#	#
2019 (Partial)	1	1	-	-	2
2020	1	3	-	-	4
2021	-	-	-	-	-
2022 (YTD)	-	1	-	-	1
Total	2	5	-	-	7
<i>Source: Bank Data</i>					

The following are examples of community development services provided in this assessment area.

- A bank officer serves on the board of an organization that assists low- and moderate-income individuals and families in achieving home ownership.
- Various bank officers provided financial literacy education at schools where most of students receive free or reduced-price lunches.

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.

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.