

PUBLIC DISCLOSURE

September 17, 2018

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Central State Bank
11025 Highway 25
Calera, Alabama 35040

RSSD ID NUMBER: 353238

FEDERAL RESERVE BANK OF ATLANTA
1000 Peachtree Street, N.E.
Atlanta, Georgia 30309-4470

NOTE: 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 the 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'S CRA RATING: This institution is rated Satisfactory.

Major factors supporting the institution's rating include the following:

- The bank's loan-to-deposit ratio is reasonable given its asset size, financial condition, and assessment area credit needs.
- A majority of its HMDA and small business loans were originated inside the assessment area.
- The geographic distribution of loans reflects excellent dispersion throughout the assessment area.
- The distribution of loans reflects reasonable penetration among borrowers of different incomes and businesses of different sizes.
- The bank has not received any CRA-related complaints since the previous examination.

SCOPE OF EXAMINATION

The CRA performance evaluation assesses the bank's record of meeting the credit needs of its community, including low- and moderate-income neighborhoods, within the context of information such as asset size and financial condition of the institution, competitive factors, and the economic and demographic characteristics of its defined assessment area. This CRA performance review was based on the bank's lending performance in its assessment area using the Interagency Small Institution Examination Procedures. The rating was assessed using the following core criteria developed for evaluating CRA lending performance for small banks:

- Net loan-to-deposit (LTD) ratio
- Lending inside the assessment area
- Lending to borrowers of different incomes and businesses of different sizes
- Geographic distribution of loans
- The bank's responsiveness to complaints it has received regarding its CRA activities, if applicable

Central State Bank's rating was determined by conducting a full-scope review of the bank's one assessment area. The evaluation included an analysis of HMDA-reportable and small business loans from January 1, 2014, through December 31, 2017. Given the bank's asset size and offices located in a metropolitan statistical area (MSA), it submits annual reports about its residential real estate loan originations and applications, pursuant to the Home Mortgage Disclosure Act (HMDA). These loans are referred to as "HMDA" loans in this evaluation. A small business loan is defined as a business loan with an original amount of \$1 million or less and typically is either secured by nonfarm or nonresidential real estate or classified as a commercial loan. Central State Bank originated a greater volume of small business loans than HMDA loans in both number and dollar amount during the review period; therefore, small business lending was given more weight than HMDA lending in evaluating the bank's lending performance.

As part of this evaluation, examiners obtained information from one community contact who is familiar with the economic and demographic characteristics as well as community development opportunities in the bank's assessment area. Information obtained from this contact was used to establish a context for the communities in which the bank operates and to gather information on the bank's performance. Specific information obtained from the community contact is included in the applicable section of the evaluation.

DESCRIPTION OF INSTITUTION

Central State Bank is a community bank based in Calera, Alabama. It is a wholly owned subsidiary of Central State Bancorporation, a shell organization with no significant assets other than its investment in the subsidiary bank. The bank has operated in the community since 1916. In addition to its main office, Central State Bank

operates four other full-service branches and a mortgage office, Central State Mortgage, all in Shelby County. Central State Bank had assets totaling \$288.2 million as of June 30, 2018.

The bank offers a wide range of retail banking services, commercial credit, residential, and consumer loan products at each of its locations. In addition to traditional retail banking and credit products and services, the bank offers mobile banking and on-line banking with bill-pay service. Central State Bank is primarily a commercial lender, but offers other forms of credit to diversify its loan portfolio and meet various consumer credit needs. The bank's residential mortgage products consist mainly of different types of variable-rate first mortgages. Long-term fixed-rate residential loans are available through Central State Mortgage, which acts as a broker for various investors. The mortgage office takes applications, but the loans are underwritten by and closed in the name of the investor.

Branch Offices

Since the previous evaluation, Central State Bank opened a branch in Alabaster, Alabama, in December 2015. The bank now operates five banking offices, including the main office. All are located near exits along the Interstate 65 corridor in Shelby County. All five full-service banking offices feature ATMs and drive-up window access with extended hours.

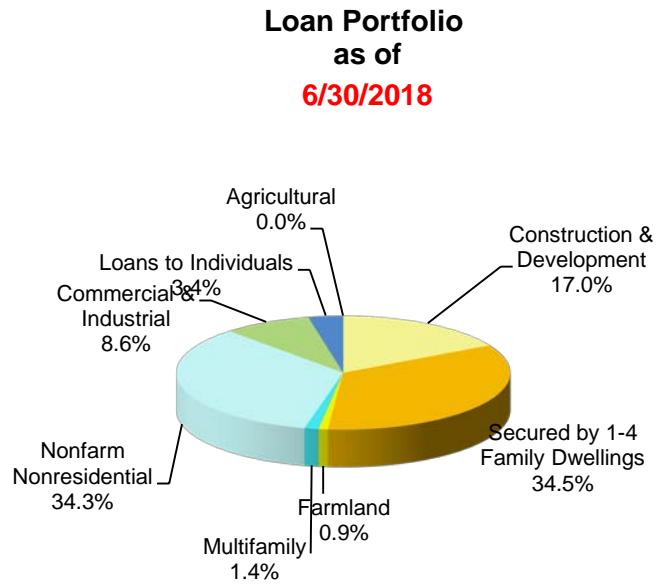
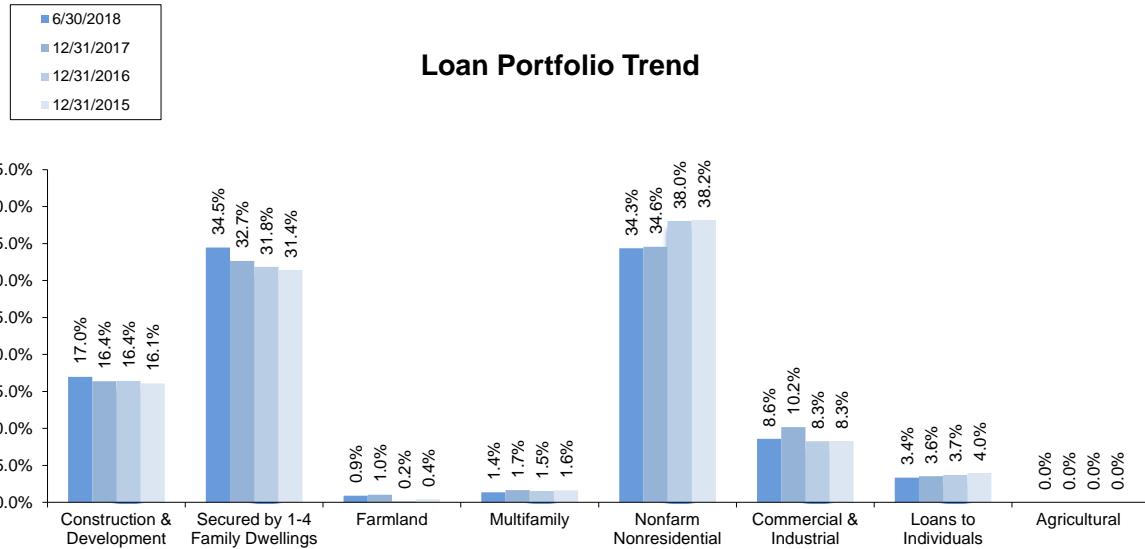
Loan Portfolio

The following table shows the composition of the loan portfolio according to the Consolidated Reports of Condition and Income (Call Report).

Loan Type	COMPOSITION OF LOAN PORTFOLIO							
	6/30/2018		12/31/2017		12/31/2016		12/31/2015	
	\$ (000s)	Percent		\$ (000s)	Percent		\$ (000s)	Percent
Construction and Development	34,342	17.0%	30,774	16.4%	27,582	16.4%	23,959	16.1%
Secured by One- to Four- Family Dwellings	69,691	34.5%	61,379	32.7%	53,409	31.8%	46,820	31.4%
Other Real Estate: Farmland	1,790	0.9%	1,931	1.0%	325	0.2%	625	0.4%
Multifamily	2,772	1.4%	3,112	1.7%	2,561	1.5%	2,432	1.6%
Nonfarm nonresidential	69,436	34.3%	64,958	34.6%	63,818	38.0%	56,907	38.2%
Commercial and Industrial	17,337	8.6%	19,127	10.2%	13,878	8.3%	12,349	8.3%
Loans to Individuals	6,781	3.4%	6,682	3.6%	6,260	3.7%	5,914	4.0%
Agricultural Loans	0	0.0%	0	0.0%	0	0.0%	0	0.0%
<i>Total</i>	<i>\$202,149</i>	<i>100.00%</i>	<i>\$187,963</i>	<i>100.00%</i>	<i>\$167,833</i>	<i>100.00%</i>	<i>\$149,006</i>	<i>100.00%</i>

* This table does not include the entire loan portfolio. Specifically, it excludes loans to depository institutions, bankers acceptances, lease financing receivables, obligations of state and political subdivisions, and other loans that do not meet any other category. Contra assets are also not included in this table.

As illustrated by the table above, the bank is primarily focused on real estate lending. Loans secured by one- to four-family dwellings make up the largest percentage of the loan portfolio, followed closely by nonfarm nonresidential real estate loans. The composition of the bank's portfolio did not vary significantly during the review period. Total loans increased by nearly 12 percent from year-end 2016 to year-end 2017 and have increased 7.5 percent through second quarter 2018. The following charts further illustrate that real estate loans, particularly loans secured by one- to four-family dwellings and nonfarm nonresidential properties, are the primary types of loans originated by the bank.



Credit Products

Central State Bank is a community bank that offers a wide variety of credit products to meet the credit needs of its communities, including loans secured by one- to four-family dwellings, nonfarm nonresidential real estate loans, construction and development loans, and small business loans. The bank has not introduced any new loan products since the previous evaluation.

CRA Compliance

Central State Bank complies with the requirements of the CRA. No known legal impediments exist that would restrict the bank from meeting the credit needs of its assessment area. The bank received a “Satisfactory” rating at its previous evaluation conducted by the Federal Reserve Bank of Atlanta dated July 7, 2014, under the Small Institution Examination Procedures.

Responsiveness to Substantiated Complaints

The bank has not received any CRA-related complaints since the previous evaluation.

Fair Lending or Other Illegal Credit Practices Review

No evidence of prohibited discrimination or the use of other illegal credit practices was noted during the examination. The bank is in compliance with the substantive provisions of antidiscrimination laws and regulations.

DESCRIPTION OF ASSESSMENT AREA – SHELBY, CHILTON, AND BIBB COUNTIES

Overview

The bank's assessment area consists of selected contiguous census tracts in Shelby, Chilton, and Bibb counties, all of which are within the Birmingham-Hoover MSA in Alabama. Since the previous evaluation, the bank has expanded the assessment area to include all of Shelby County and an additional census tract in Bibb County. The assessment area consists of all of Shelby County (48 tracts), 3 of the 9 tracts in Chilton County and 2 of the 4 tracts in Bibb County.

Population Information

The 2015 population of the assessment area was estimated to be 233,466.¹ Shelby County is the most populous county in the assessment area, with approximately 76.2 percent of the population of the three-county area. Chilton County contains 15.7 percent of the population of the three-county area, and Bibb County contains the least, at 8.1 percent. Of the three counties, Shelby is the only county that experienced significant growth (9.4 percent) between 2010 and 2017.²

Income Characteristics

For purposes of classifying borrower income, this evaluation uses the FFIEC estimated median family income for the relevant area. The following table sets forth the estimated income for 2014 through 2017 for the Birmingham-Hoover, Alabama MSA and also provides a breakdown of the range of estimated annual family income for each income category (low, moderate, middle, and upper). The FFIEC estimated median family income for the Birmingham MSA increased by a net of \$400 from 2014 to 2017. After rising from 2014 to 2015 and 2016, the median family income in the MSA dropped in 2017.

Borrower Income Levels
Birmingham-Hoover, AL MSA

FFIEC Estimated Median Family Income		Low		Moderate		Middle		Upper					
		0	-	49.99%	50%	-	79.99%	80%	-	119.99%	120%	-	& above
2014	\$61,000	0	-	\$30,499	\$30,500	-	\$48,799	\$48,800	-	\$73,199	\$73,200	-	& above
2015	\$62,500	0	-	\$31,249	\$31,250	-	\$49,999	\$50,000	-	\$74,999	\$75,000	-	& above
2016	\$62,500	0	-	\$31,249	\$31,250	-	\$49,999	\$50,000	-	\$74,999	\$75,000	-	& above
2017	\$61,400	0	-	\$30,699	\$30,700	-	\$49,119	\$49,120	-	\$73,679	\$73,680	-	& above

¹ FRB Atlanta calculations of 2015 FFIEC census data.

² "QuickFacts: Shelby County, Chilton County, Bibb County, Alabama." U.S. Census Bureau, n.d. Web. 15 Oct. 2018. <<https://www.census.gov/quickfacts>>.

According to 2017 FFIEC census data, 61,745 families lived in the assessment area. Of those families, 14.9 percent were low-income; 13.3 percent were moderate-income; 18.7 percent were middle-income; and 53.1 percent were upper-income. Of the total families, only 6.7 percent had incomes below the poverty level.

Assessment Area Demographics

The following tables provide demographic characteristics of the assessment area used to analyze the bank's CRA performance. The first table is based on 2016 FFIEC census data³ along with 2016 Dun & Bradstreet (D&B) information and is used in the analysis of 2014–2016 HMDA and small business lending performance. The second table is based on the 2017 FFIEC census data⁴ and 2017 D&B information and is used in the analysis of 2017 lending performance. The release of the 2017 FFIEC census data resulted in the reclassification of the income levels of some census tracts. From 2016 to 2017, the number of moderate-income tracts increased from four to six while the number of low-income tracts remained at zero. Certain components of the data in the tables are discussed in this evaluation as they apply to specific parts of the analysis.

³ The 2016 FFIEC census data is derived from the 2010 census data and the 2006–2010 American Community Survey (ACS) five-year estimates.

⁴ The 2017 FFIEC census data is derived from the 2011–2015 ACS five-year estimates.

Combined Demographics Report

Assessment Area: Bibb-Chilton-Shelby

Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low-income	0	0.0	0	0.0	0	0.0	8,521	14.2
Moderate-income	4	7.5	5,156	8.6	722	14.0	8,114	13.6
Middle-income	18	34.0	18,273	30.6	1,662	9.1	10,705	17.9
Upper-income	30	56.6	36,374	60.8	1,207	3.3	32,463	54.3
Unknown-income	1	1.9	0	0.0	0	0.0	0	0.0
Total Assessment Area	53	100.0	59,803	100.0	3,591	6.0	59,803	100.0
Housing Units by Tract	Housing Types by Tract							
	Owner-Occupied			Rental		Vacant		
	#	%	%	#	%	#	%	
Low-income	0	0	0.0	0.0	0	0.0	0	0.0
Moderate-income	8,264	5,149	7.8	62.3	1,646	19.9	1,469	17.8
Middle-income	30,082	20,265	30.6	67.4	5,942	19.8	3,875	12.9
Upper-income	52,770	40,914	61.7	77.5	8,196	15.5	3,660	6.9
Unknown-income	0	0	0.0	0.0	0	0.0	0	0.0
Total Assessment Area	91,116	66,328	100.0	72.8	15,784	17.3	9,004	9.9
Total Businesses by Tract	Businesses by Tract & Revenue Size							
	Less Than or = \$1 Million			Over \$1 Million		Revenue Not Reported		
	#	%	%	#	%	#	%	
Low-income	0	0.0	0	0.0	0	0.0	0	0.0
Moderate-income	455	4.6	428	4.9	20	2.2	7	7.4
Middle-income	2,963	30.3	2,594	29.6	319	34.6	50	52.6
Upper-income	6,360	65.0	5,738	65.4	584	63.3	38	40.0
Unknown-income	7	0.1	7	0.1	0	0.0	0	0.0
Total Assessment Area	9,785	100.0	8,767	100.0	923	100.0	95	100.0
	Percentage of Total Businesses:		89.6			9.4		1.0
Total Farms by Tract	Farms by Tract & Revenue Size							
	Less Than or = \$1 Million			Over \$1 Million		Revenue Not Reported		
	#	%	%	#	%	#	%	
Low-income	0	0.0	0	0.0	0	0.0	0	0.0
Moderate-income	23	17.4	23	18.3	0	0.0	0	0.0
Middle-income	52	39.4	48	38.1	4	66.7	0	0.0
Upper-income	57	43.2	55	43.7	2	33.3	0	0.0
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0
Total Assessment Area	132	100.0	126	100.0	6	100.0	0	.0
	Percentage of Total Farms:		95.5			4.5		.0

2016 FFIEC Census Data and 2016 D&B Information

Combined Demographics Report

Assessment Area(s): Bibb-Chilton-Shelby

Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low-income	0	0.0	0	0.0	0	0.0	9,219	14.9
Moderate-income	6	11.3	6,293	10.2	962	15.3	8,196	13.3
Middle-income	17	32.1	19,005	30.8	1,813	9.5	11,546	18.7
Upper-income	29	54.7	36,447	59.0	1,382	3.8	32,784	53.1
Unknown-income	1	1.9	0	0.0	0	0.0	0	0.0
Total Assessment Area	53	100.0	61,745	100.0	4,157	6.7	61,745	100.0
Housing Units by Tract	Housing Types by Tract							
	Owner-Occupied			Rental		Vacant		
	#	%	%	#	%	#	%	
Low-income	0	0	0.0	0	0.0	0	0.0	
Moderate-income	10,348	6,223	9.2	60.1	2,688	26.0	1,437	13.9
Middle-income	33,146	20,720	30.6	62.5	7,624	23.0	4,802	14.5
Upper-income	51,951	40,713	60.2	78.4	7,850	15.1	3,388	6.5
Unknown-income	0	0	0.0	0.0	0	0.0	0	0.0
Total Assessment Area	95,445	67,656	100.0	70.9	18,162	19.0	9,627	10.1
Total Businesses by Tract	Businesses by Tract & Revenue Size							
	Less Than or = \$1 Million			Over \$1 Million		Revenue Not Reported		
	#	%	%	#	%	#	%	
Low-income	0	0.0	0	0.0	0	0.0	0	0.0
Moderate-income	601	6.9	545	7.1	40	4.3	16	17.4
Middle-income	2,940	34.0	2,473	32.4	425	45.9	42	45.7
Upper-income	5,108	59.0	4,614	60.4	460	49.7	34	37.0
Unknown-income	7	0.1	7	0.1	0	0.0	0	0.0
Total Assessment Area	8,656	100.0	7,639	100.0	925	100.0	92	100.0
	Percentage of Total Businesses:		88.3			10.7		1.1
Total Farms by Tract	Farms by Tract & Revenue Size							
	Less Than or = \$1 Million			Over \$1 Million		Revenue Not Reported		
	#	%	%	#	%	#	%	
Low-income	0	0.0	0	0.0	0	0.0	0	0.0
Moderate-income	19	16.8	19	17.8	0	0.0	0	0.0
Middle-income	42	37.2	38	35.5	4	66.7	0	0.0
Upper-income	52	46.0	50	46.7	2	33.3	0	0.0
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0
Total Assessment Area	113	100.0	107	100.0	6	100.0	0	.0
	Percentage of Total Farms:		94.7			5.3		.0

2017 FFIEC Census Data and 2017 D&B Information

According to the 2017 FFIEC census data, the assessment area contains 53 census tracts, of which none are low-income; 6 (11.3 percent) are moderate-income; 17 (32.1 percent) are middle-income; 29 (54.7 percent) are upper-income; and one (1.9 percent) has an unknown income level.

Housing Characteristics

According to the 2017 FFIEC census data, there were 95,445 housing units in the assessment area. Of the total units, 70.9 percent were owner-occupied, 19.0 percent were rental units, and 10.1 percent were vacant units.

According to data from the Greater Alabama Multiple Listing Service, residential sales in the Birmingham MSA totaled 1,434 units during July 2018, up 4.7 percent from 1,369 in the same month a year earlier.⁵

The median housing value in the assessment area in 2015 was \$181,826, which was higher than the median housing value for the state of Alabama at \$125,500 and higher than the median for the Birmingham MSA at \$146,184. The median housing value was highest in Shelby County (\$192,800) and lowest in Chilton County (\$100,100). The median age of the housing stock was 28 years in the assessment area compared to 34 years for the state, with the oldest stock, at 33 years, located in moderate-income tracts.⁶

The affordability ratio is defined as the median household income divided by the median housing value. A higher ratio means the housing is considered more affordable while a lower ratio means the housing is considered less affordable. For the assessment area, the affordability ratio was 36.21, higher than the Birmingham MSA ratio of 33.70 and the state of Alabama ratio of 34.76, indicating housing is more affordable for residents in the assessment area, compared to other areas in the state.

Economic Conditions

Major employers include the University of Alabama at Birmingham, Regions Financial Corporation, St. Vincent's Health System, Children's of Alabama, AT&T, Honda Manufacturing of Alabama, the City of Birmingham, and Mercedes-Benz USA.⁷ Multiple colleges located within 50 miles of Birmingham provide training for the workforce throughout the region.

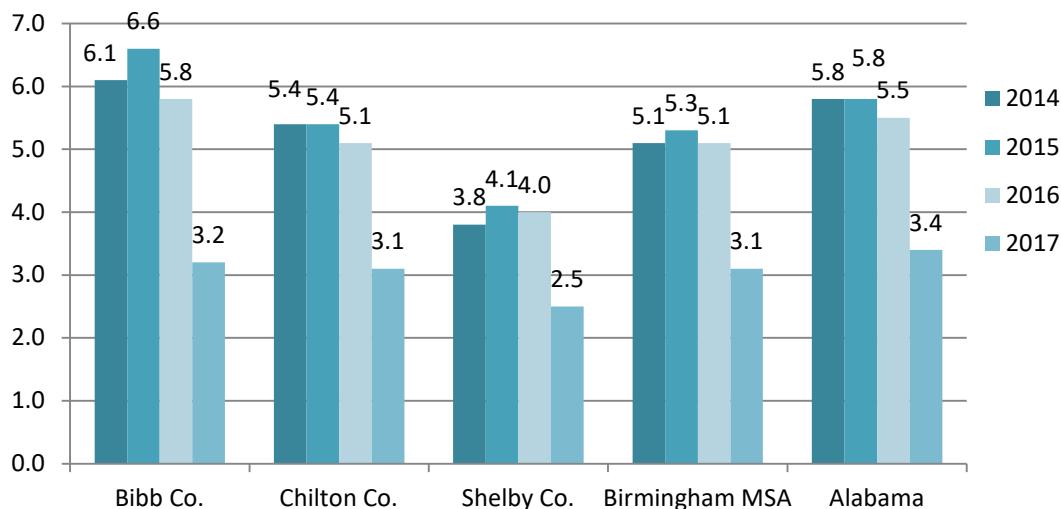
The following table shows the unemployment rates for 2014 through 2017 for the three counties in the bank's assessment area and for the state of Alabama. According to the Bureau of Labor Statistics, the 2017 annualized unemployment rate (not seasonally adjusted) for the Birmingham MSA was 3.1 percent, which was slightly lower than the rate for the state of Alabama at 3.4 percent. Overall, unemployment decreased from 2014 to 2017. The declining trend in the unemployment rate in each of the three counties is consistent with the statewide trend; however, in years 2014, 2015, and 2016, the unemployment rate in Bibb County was higher than the statewide and MSA rates. Improving economic factors, such as increasing employment, generally indicate greater potential for consumer and small business loan demand and improved borrower qualifications to obtain credit.

⁵ "Birmingham home sales in July up 5 percent from a year ago." Alabama Newscenter Good News from Home, n.d. Web. 25 Sept. 2018. <<https://alabamanewscenter.com/2018/08/20/birmingham-homes-in-july-2018-are-selling-13-days-faster-on-average-than-a-year-ago/>>.

⁶ FRB Atlanta calculations of 2015 FFIEC census data.

⁷ "Major Employers." Birmingham Business Alliance, n.d. Web. 25 Sept. 2018. <<https://www.birminghambusinessalliance.com/major-employers/>>.

Unemployment Rates - Bibb-Chilton-Shelby



Competition

Central State Bank competes in a heavily banked market area near Birmingham, Alabama, where multiple regional banking organizations are based; Birmingham is also a major urban center and market for financial services in the region. According to the FDIC Deposit Market Share Report as of June 30, 2017, 27 financial institutions operated 75 offices inside the assessment area. Central State Bank has the 5th largest share of deposits in the assessment area, with a market share of 6.0 percent. Much of the banking competition comes from local, regional, and multi-regional banks with resources significantly greater than Central State Bank, with Regions Bank holding the greatest market share of deposits at 32.8 percent. Nonetheless, the level of competition does not appear to adversely affect the bank's ability to serve the credit needs of the assessment area.

Community Contacts and Credit Needs

To better understand the credit needs of the community, an expert in small business lending was contacted. This individual discussed various opportunities and challenges across the region in terms of small businesses, as well as how financial institutions can be responsive to this sector. Bank management also provided some input on performance context issues affecting the assessment area. This information is reflected in the appropriate sections below.

According to the community contact, there is a critical need for technical assistance and alternative financing for small business owners who are unable to qualify for traditional bank financing. Banks are aggressively competing for small business loans for financially stable businesses; for those businesses that are still struggling, credit access is limited. There is a need for additional credit sources to assist these business owners, possibly through the use of a buy-down loan. Banks can engage with small business-focused Community Development Financial Institutions (CDFIs) and loan funds to help meet this important community credit need. Local CDFIs provide small business lending to those who do not have access to capital from typical lending sources, such as traditional banks, and may afford opportunities for financial institutions to work directly with small businesses in the local area by providing technical assistance and access to credit.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

Overview

Central State Bank's overall lending performance is satisfactory. Performance context factors such as economic conditions, competition, and demographics were considered when evaluating the bank's lending performance. The bank's loan-to-deposit ratio is reasonable. Based on an analysis of HMDA-reportable and small business loans originated from January 1, 2014, through December 31, 2017, the geographic distribution of both small business and HMDA loans reflects excellent dispersion throughout the assessment area. The distribution of loans reflects reasonable penetration among individuals of different income levels and businesses of different revenue sizes. In addition, the bank originated a majority of its HMDA and small business loans within its assessment area.

Loans made in 2014–2016 were analyzed using 2016 FFIEC census data, while loans made in 2017 were analyzed using 2017 FFIEC census data. Therefore, in the discussions of geographic distribution of loans and lending to borrowers of different incomes and businesses of different sizes, separate tables are presented depicting lending in 2014–2016 and lending in 2017.

Loan-to-Deposit (LTD) Ratio

The bank's net LTD ratio reflects its level of lending activity, and its lending levels show a reasonable responsiveness to meeting the overall assessment area credit needs. The bank's net LTD ratio is reasonable given its asset size, financial condition, and assessment area credit needs. The bank's average LTD ratio for the 16 quarters ending December 31, 2017, was 76.1 percent. This average LTD ratio was compared with those of similarly sized banks operating in the Birmingham MSA, and the ratios ranged from 35.8 percent to 91.5 percent. A number of performance context factors were considered to properly evaluate the bank's LTD ratio. The assessment area is a highly competitive market, and there is strong competition with a number of larger regional institutions.

Assessment Area Concentration

The bank originated a majority of the total loans analyzed to borrowers residing in and businesses located within the bank's assessment area; however, by dollar amount, less than a majority of the HMDA loans were made inside the assessment area. The following table shows, by product type, the number and percentage of loans reviewed that were located inside and outside the bank's assessment area.

Lending Inside and Outside the Assessment Area

Loan Types	Inside				Outside			
	#	%	\$(000s)	%	#	%	\$(000s)	%
Home Improvement	43	79.6	\$1,893	66.2	11	20.4	\$967	33.8
Home Purchase - Conventional	117	55.7	\$14,035	43.1	93	44.3	\$18,518	56.9
Multi-Family Housing	3	75.0	\$889	70.7	1	25.0	\$368	29.3
Refinancing	91	64.5	\$9,249	45.4	50	35.5	\$11,132	54.6
Total HMDA related	254	62.1	\$26,066	45.7	155	37.9	\$30,985	54.3
Small Business	881	78.7	\$97,466	67.6	238	21.3	\$46,612	32.4
Total Small Bus. related	881	78.7	\$97,466	67.6	238	21.3	\$46,612	32.4
TOTAL LOANS	1,135	74.3	\$123,532	61.4	393	25.7	\$77,597	38.6

Note: Affiliate loans not included

As illustrated in the table above, 62.1 percent of the HMDA-reportable loans, 78.7 percent of small business loans, and 74.3 percent of total loans were to borrowers and businesses in the bank's assessment area. These percentages indicate the bank's willingness to originate loans that meet the credit needs of its assessment area.

Geographic Distribution of Loans

For this analysis, the geographic distribution of HMDA-reportable and small business loans, including both originations and purchases, was compared to available demographic information. HMDA-reportable lending was also compared with the aggregate performance of lenders in the assessment area. Based on the following analysis, the overall geographic distribution of the bank's HMDA and small business loans reflects excellent dispersion throughout the bank's assessment area and does not reveal any unexplained gaps in lending patterns. As noted previously, the assessment area contains no low-income census tracts.

Residential Real Estate (HMDA) Lending

The following table shows the geographic distribution of Central State Bank's HMDA-reportable loans for 2014, 2015, and 2016 within the assessment area and also includes a comparison of the bank's HMDA lending to the aggregate HMDA lenders in the assessment area. The HMDA aggregate lenders' data is the combined total of lending activity reported by all lenders subject to HMDA in the assessment area, itemized by applicable loan types, such as home purchase, refinance, home improvement, and multifamily loans. Note that multifamily loans are not a material loan type for the bank or for other lenders serving the area; therefore, multifamily loans were not included in the overall lending evaluation for HMDA loans.

Geographic Distribution of HMDA Loans

Assessment Area: Bibb-Chilton-Shelby

PRODUCT TYPE	Tract Income Levels	Bank Lending & Demographic Data Comparison						Bank & Aggregate Lending Comparison												
		2014, 2015, 2016				2014					2015					2016				
		Bank		Owner Occupied Units		Count	Bank	Agg	Count	Bank	Agg	Count	Bank	Agg	Bank	Agg	Count	Bank	Agg	
HOME PURCHASE	Low	0	0.0%	\$0	0.0%	0.0%	0	0.0%	0.0%	\$0	0.0%	0.0%	0	0.0%	0.0%	0	0.0%	0.0%	\$0	0.0%
	Moderate	14	17.3%	\$714	7.7%	7.8%	5	18.5%	3.0%	\$218	7.7%	2.0%	7	20.6%	2.6%	364	8.7%	1.7%	2	10.0%
	Middle	21	25.9%	\$1,702	18.5%	30.6%	8	29.6%	24.1%	\$828	29.4%	17.1%	7	20.6%	23.1%	434	10.4%	16.6%	6	30.0%
	Upper	46	56.8%	\$6,807	73.8%	61.7%	14	51.9%	72.8%	\$1,767	62.8%	80.9%	20	58.8%	74.3%	3,374	80.9%	81.7%	12	60.0%
	Unknown	0	0.0%	\$0	0.0%	0.0%	0	0.0%	0.0%	\$0	0.0%	0.0%	0	0.0%	0.0%	\$0	0.0%	0.1%	0	0.0%
	<i>Total</i>	<i>81</i>	<i>100.0%</i>	<i>\$9,223</i>	<i>100.0%</i>	<i>100.0%</i>	<i>27</i>	<i>100.0%</i>	<i>100.0%</i>	<i>\$2,813</i>	<i>100.0%</i>	<i>100.0%</i>	<i>34</i>	<i>100.0%</i>	<i>100.0%</i>	<i>\$4,172</i>	<i>100.0%</i>	<i>100.0%</i>	<i>20</i>	<i>100.0%</i>
REFINANCE	Low	0	0.0%	\$0	0.0%	0.0%	0	0.0%	0.0%	\$0	0.0%	0.0%	0	0.0%	0.0%	\$0	0.0%	0.0%	\$0	0.0%
	Moderate	17	26.6%	\$818	12.9%	7.8%	5	23.8%	3.7%	\$345	13.2%	2.4%	5	33.3%	3.3%	\$200	16.7%	2.2%	7	25.0%
	Middle	26	40.6%	\$2,208	34.8%	30.6%	10	47.6%	26.3%	\$1,056	40.4%	20.0%	6	40.0%	23.3%	\$266	22.2%	17.2%	10	35.7%
	Upper	21	32.8%	\$3,315	52.3%	61.7%	6	28.6%	70.0%	\$1,212	46.4%	77.6%	4	26.7%	73.5%	\$730	61.0%	80.6%	11	39.3%
	Unknown	0	0.0%	\$0	0.0%	0.0%	0	0.0%	0.0%	\$0	0.0%	0.0%	0	0.0%	0.0%	\$0	0.0%	0.0%	0	0.0%
	<i>Total</i>	<i>64</i>	<i>100.0%</i>	<i>\$6,341</i>	<i>100.0%</i>	<i>100.0%</i>	<i>21</i>	<i>100.0%</i>	<i>100.0%</i>	<i>\$2,613</i>	<i>100.0%</i>	<i>100.0%</i>	<i>15</i>	<i>100.0%</i>	<i>100.0%</i>	<i>\$1,196</i>	<i>100.0%</i>	<i>100.0%</i>	<i>28</i>	<i>100.0%</i>
HOME IMPROVEMENT	Low	0	0.0%	\$0	0.0%	0.0%	0	0.0%	0.0%	\$0	0.0%	0.0%	0	0.0%	0.0%	\$0	0.0%	0.0%	\$0	0.0%
	Moderate	13	35.1%	\$318	21.2%	7.8%	3	37.5%	11.5%	\$103	25.5%	9.3%	8	47.1%	8.9%	\$162	27.1%	3.5%	2	16.7%
	Middle	19	51.4%	\$981	65.5%	30.6%	4	50.0%	29.2%	\$293	72.5%	29.3%	8	47.1%	27.2%	\$400	67.0%	20.1%	7	58.3%
	Upper	5	13.5%	\$199	13.3%	61.7%	1	12.5%	59.4%	\$8	2.0%	61.4%	1	5.9%	64.0%	\$35	5.9%	76.4%	3	25.0%
	Unknown	0	0.0%	\$0	0.0%	0.0%	0	0.0%	0.0%	\$0	0.0%	0.0%	0	0.0%	0.0%	\$0	0.0%	0.0%	0	0.0%
	<i>Total</i>	<i>37</i>	<i>100.0%</i>	<i>\$1,498</i>	<i>100.0%</i>	<i>100.0%</i>	<i>8</i>	<i>100.0%</i>	<i>100.0%</i>	<i>\$404</i>	<i>100.0%</i>	<i>100.0%</i>	<i>17</i>	<i>100.0%</i>	<i>100.0%</i>	<i>\$597</i>	<i>100.0%</i>	<i>100.0%</i>	<i>12</i>	<i>100.0%</i>
MULTI FAMILY	Multi-Family Units																			
	Low	0	0.0%	\$0	0.0%	0.0%	0	0.0%	0.0%	\$0	0.0%	0.0%	0	0.0%	0.0%	\$0	0.0%	0.0%	\$0	0.0%
	Moderate	0	0.0%	\$0	0.0%	1.7%	0	0.0%	0.0%	\$0	0.0%	0.0%	0	0.0%	0.0%	\$0	0.0%	0.0%	\$0	0.0%
	Middle	1	33.3%	\$186	20.9%	28.9%	0	0.0%	42.9%	\$0	0.0%	4.7%	0	0.0%	50.0%	\$0	0.0%	99.3%	1	50.0%
	Upper	2	66.7%	\$703	79.1%	69.4%	0	0.0%	57.1%	\$0	0.0%	95.3%	1	100.0%	50.0%	\$525	100.0%	0.7%	1	50.0%
	Unknown	0	0.0%	\$0	0.0%	0.0%	0	0.0%	0.0%	\$0	0.0%	0.0%	0	0.0%	0.0%	\$0	0.0%	0.0%	0	0.0%
	<i>Total</i>	<i>3</i>	<i>100.0%</i>	<i>\$889</i>	<i>100.0%</i>	<i>100.0%</i>	<i>0</i>	<i>0.0%</i>	<i>100.0%</i>	<i>\$0</i>	<i>0.0%</i>	<i>100.0%</i>	<i>1</i>	<i>100.0%</i>	<i>100.0%</i>	<i>\$525</i>	<i>100.0%</i>	<i>100.0%</i>	<i>2</i>	<i>100.0%</i>
HMDA TOTALS	Low	0	0.0%	\$0	0.0%	0.0%	0	0.0%	0.0%	\$0	0.0%	0.0%	0	0.0%	0.0%	\$0	0.0%	0.0%	\$0	0.0%
	Moderate	44	23.8%	\$1,850	10.3%	7.8%	13	23.2%	3.7%	\$666	11.4%	2.0%	20	29.9%	3.1%	\$726	11.2%	1.8%	11	17.7%
	Middle	67	36.2%	\$5,077	28.3%	30.6%	22	39.3%	25.1%	\$2,177	37.3%	16.7%	21	31.3%	23.3%	\$1,100	16.9%	20.2%	24	38.7%
	Upper	74	40.0%	\$11,024	61.4%	61.7%	21	37.5%	71.2%	\$2,987	51.2%	81.3%	26	38.8%	73.5%	\$4,664	71.9%	77.9%	27	43.5%
	Unknown	0	0.0%	\$0	0.0%	0.0%	0	0.0%	0.0%	\$0	0.0%	0.0%	0	0.0%	0.0%	\$0	0.0%	0.0%	\$0	0.0%
	<i>Total</i>	<i>185</i>	<i>100.0%</i>	<i>\$17,951</i>	<i>100.0%</i>	<i>100.0%</i>	<i>56</i>	<i>100.0%</i>	<i>100.0%</i>	<i>\$5,830</i>	<i>100.0%</i>	<i>100.0%</i>	<i>67</i>	<i>100.0%</i>	<i>100.0%</i>	<i>\$6,490</i>	<i>100.0%</i>	<i>100.0%</i>	<i>62</i>	<i>100.0%</i>

Originations & Purchases

2016 FFIEC Census Data and 2010 ACS Data

The bank originated a total of 185 HMDA loans inside the assessment area during 2014–2016. The demographic information reflects that 7.8 percent of the assessment area's owner-occupied housing units were located in its moderate-income census tracts. The percentage of the bank's total loans (23.8 percent) in moderate-income census tracts significantly exceeded the demographic comparison; the bank's lending exceeded the demographic in each of the product categories of home purchase, refinance, and home improvement loans. In addition, the bank's percentage of total HMDA loans in moderate-income tracts significantly exceeded aggregate performance, both in terms of number of loans and dollar volume, in all three years.

The following table shows the geographic distribution of Central State Bank's HMDA-reportable loans for 2017 within the assessment area.

Geographic Distribution of HMDA Loans

Assessment Area: Bibb-Chilton-Shelby

PRODUCT TYPE	Tract Income Levels	Bank Lending & Demographic Data Comparison					Bank & Aggregate Lending Comparison					
		2017					2017					
		Bank Count		Bank Dollar		Owner Occupied Units	Bank Count		Bank Dollar		Bank Dollar	
HOME PURCHASE	Low	0	0.0%	\$0	0.0%	0.0%	0	0.0%	0.0%	\$0	0.0%	0.0%
	Moderate	9	25.0%	\$592	12.3%	9.2%	9	25.0%	4.2%	\$592	12.3%	2.6%
	Middle	13	36.1%	\$1,549	32.2%	30.6%	13	36.1%	28.3%	\$1,549	32.2%	21.0%
	Upper	14	38.9%	\$2,671	55.5%	60.2%	14	38.9%	67.5%	\$2,671	55.5%	76.4%
	Unknown	0	0.0%	\$0	0.0%	0.0%	0	0.0%	0.0%	\$0	0.0%	0.0%
	Total	36	100.0%	\$4,812	100.0%	100.0%	36	100.0%	100.0%	\$4,812	100.0%	100.0%
REFINANCE	Low	0	0.0%	\$0	0.0%	0.0%	0	0.0%	0.0%	\$0	0.0%	0.0%
	Moderate	6	22.2%	\$574	19.7%	9.2%	6	22.2%	6.5%	\$574	19.7%	4.0%
	Middle	13	48.1%	\$975	33.5%	30.6%	13	48.1%	25.1%	\$975	33.5%	18.4%
	Upper	8	29.6%	\$1,359	46.7%	60.2%	8	29.6%	68.4%	\$1,359	46.7%	77.6%
	Unknown	0	0.0%	\$0	0.0%	0.0%	0	0.0%	0.0%	\$0	0.0%	0.0%
	Total	27	100.0%	\$2,908	100.0%	100.0%	27	100.0%	100.0%	\$2,908	100.0%	100.0%
HOME IMPROVEMENT	Low	0	0.0%	\$0	0.0%	0.0%	0	0.0%	0.0%	\$0	0.0%	0.0%
	Moderate	2	33.3%	\$107	27.1%	9.2%	2	33.3%	9.6%	\$107	27.1%	4.0%
	Middle	1	16.7%	\$75	19.0%	30.6%	1	16.7%	29.7%	\$75	19.0%	17.2%
	Upper	3	50.0%	\$213	53.9%	60.2%	3	50.0%	60.7%	\$213	53.9%	78.8%
	Unknown	0	0.0%	\$0	0.0%	0.0%	0	0.0%	0.0%	\$0	0.0%	0.0%
	Total	6	100.0%	\$395	100.0%	100.0%	6	100.0%	100.0%	\$395	100.0%	100.0%
MULTI FAMILY	Multi-Family Units											
	Low	0	0.0%	\$0	0.0%	0.0%	0	0.0%	0.0%	\$0	0.0%	0.0%
	Moderate	0	0.0%	\$0	0.0%	7.7%	0	0.0%	33.3%	\$0	0.0%	0.5%
	Middle	0	0.0%	\$0	0.0%	43.1%	0	0.0%	0.0%	\$0	0.0%	0.0%
	Upper	0	0.0%	\$0	0.0%	49.2%	0	0.0%	66.7%	\$0	0.0%	99.5%
	Unknown	0	0.0%	\$0	0.0%	0.0%	0	0.0%	0.0%	\$0	0.0%	0.0%
HMDA TOTALS	Total	0	0.0%	\$0	0.0%	100.0%	0	0.0%	100.0%	\$0	0.0%	100.0%
	Low	0	0.0%	\$0	0.0%	0.0%	0	0.0%	0.0%	\$0	0.0%	0.0%
	Moderate	17	24.6%	\$1,273	15.7%	9.2%	17	24.6%	5.1%	\$1,273	15.7%	3.0%
	Middle	27	39.1%	\$2,599	32.0%	30.6%	27	39.1%	27.5%	\$2,599	32.0%	19.8%
	Upper	25	36.2%	\$4,243	52.3%	60.2%	25	36.2%	67.5%	\$4,243	52.3%	77.3%
	Unknown	0	0.0%	\$0	0.0%	0.0%	0	0.0%	0.0%	\$0	0.0%	0.0%
	Total	69	100.0%	\$8,115	100.0%	100.0%	69	100.0%	100.0%	\$8,115	100.0%	100.0%

Originations & Purchases

2017 FFIEC Census Data and 2015 ACS Data

The bank originated 69 HMDA loans in the assessment area during 2017, including 17, or nearly 25.0 percent, in moderate-income tracts; by comparison, 9.2 percent of owner-occupied units were located in moderate-income tracts. The bank's home purchase, refinance, and home improvement lending in moderate-income tracts was strong relative to the demographics. Additionally, the bank's HMDA lending in 2017 exceeded the aggregate lending performance in moderate- and middle-income tracts. Overall, the geographic distribution of HMDA-reportable loans reflects excellent dispersion throughout the assessment area.

Small Business Lending

For this analysis, the geographic distribution of loans was compared with available demographic information. Central State Bank's overall geographic distribution of small business loans reflects excellent dispersion throughout the assessment area.

The following table shows the geographic distribution of small business loans to businesses located within the assessment area in 2014, 2015, and 2016.

Geographic Distribution of Small Business Loans

Assessment Area: Bibb-Chilton-Shelby

Tract Income Levels	Bank Lending & Demographic Data Comparison				
	2014, 2015, 2016				
	Bank		Small Businesses		
	#	%	\$ (000s)	\$ %	%
Low	0	0.0%	\$0	0.0%	0.0%
Moderate	89	12.6%	\$4,395	5.8%	4.9%
Middle	241	34.2%	\$22,740	29.9%	29.6%
Upper	375	53.2%	\$48,801	64.3%	65.4%
Unknown	0	0.0%	\$0	0.0%	0.1%
Tr Unknown	0	0.0%	\$0	0.0%	
<i>Total</i>	<i>705</i>	<i>100.0%</i>	<i>\$75,936</i>	<i>100.0%</i>	<i>100.0%</i>

Originations & Purchases

2016 FFIEC Census Data and 2016 D&B Information

The bank's assessment area contains no low-income tracts. For 2014, 2015, and 2016, Central State Bank originated 12.6 percent of its small business loans in moderate-income tracts, which was higher than the percentage of small businesses in these tracts at 4.9 percent.

The following table shows the geographic distribution of small business loans originated by Central State Bank in the assessment area in 2017.

Geographic Distribution of Small Business Loans

Assessment Area: Bibb-Chilton-Shelby

Tract Income Levels	Bank Lending & Demographic Data Comparison				
	2017				
	Bank		Dollar		Small Businesses
	#	%	\$ (000s)	\$ %	%
Low	0	0.0%	\$0	0.0%	0.0%
Moderate	32	18.2%	\$2,235	10.4%	7.1%
Middle	73	41.5%	\$9,299	43.2%	32.4%
Upper	71	40.3%	\$9,996	46.4%	60.4%
Unknown	0	0.0%	\$0	0.0%	0.1%
Tr Unknown	0	0.0%	\$0	0.0%	
<i>Total</i>	<i>176</i>	<i>100.0%</i>	<i>\$21,530</i>	<i>100.0%</i>	<i>100.0%</i>

Originations & Purchases
2017 FFIEC Census Data and 2017 D&B Information

The bank originated 18.2 percent of its small business loans in moderate-income tracts, which was significantly higher than the percentage of small businesses in these tracts at 7.1 percent. The overall geographic distribution of small business lending is considered excellent.

Lending to Borrowers of Different Incomes and Businesses of Different Sizes

For this analysis, the distribution of HMDA-reportable lending across borrower income levels and small business lending across business revenue sizes was compared to available demographic information; HMDA-reportable lending was also compared with aggregate lending data. Performance context factors were also considered. The bank's distribution of loans reflects reasonable penetration among customers of different income levels and to businesses of different sizes and does not reveal any unexplained gaps in lending patterns.

Residential Real Estate (HMDA) Lending

The bank's HMDA-reportable lending distribution by borrower income is reasonable. The following table shows the distribution of the bank's HMDA-reportable loans inside the assessment area by the income level of the borrowers for 2014 through 2016.

Borrower Distribution of HMDA Loans

Assessment Area: Bibb-Chilton-Shelby

Product Type	Borrower Income Levels	Bank Lending & Demographic Data Comparison 2014, 2015, 2016						Bank & Aggregate Lending Comparison													
		2014			2015			2016													
		Count	Bank	Dollar	Count	Dollar	Count	Bank	Dollar	Count	Bank	Dollar	Count	Bank	Dollar	Count	Bank	Dollar			
Home Purchase	#	%	\$ (000s)	\$ %	#	%	%	\$ (000s)	\$ %	#	%	%	\$ (000s)	\$ %	\$ %	#	%	\$ (000s)	\$ %	\$ %	
	Low	3	3.7%	\$282	3.1%	14.2%	0	0.0%	4.5%	\$0	0.0%	2.2%	1	2.9%	5.9%	\$78	1.9%	2.9%	2	10.0%	4.8%
	Moderate	11	13.6%	\$814	8.8%	13.6%	3	11.1%	16.7%	\$184	6.5%	11.3%	7	20.6%	17.2%	\$515	12.3%	11.9%	1	5.0%	17.4%
	Middle	15	18.5%	\$1,049	11.4%	17.9%	5	18.5%	23.3%	\$501	17.8%	19.7%	5	14.7%	22.4%	\$296	7.1%	19.4%	5	25.0%	21.7%
	Upper	37	45.7%	\$5,782	62.7%	54.3%	16	59.3%	38.0%	\$1,852	65.8%	50.8%	12	35.3%	38.0%	\$2,511	60.2%	50.2%	9	45.0%	38.1%
	Unknown	15	18.5%	\$1,296	14.1%	0.0%	3	11.1%	17.5%	\$276	9.8%	16.0%	9	26.5%	16.5%	\$772	18.5%	15.5%	3	15.0%	18.1%
Refinance	Total	81	100.0%	\$9,223	100.0%	100.0%	27	100.0%	100.0%	\$2,813	100.0%	100.0%	34	100.0%	100.0%	\$4,172	100.0%	100.0%	20	100.0%	100.0%
	Low	15	23.4%	\$726	11.4%	14.2%	5	23.8%	5.4%	\$260	10.0%	3.1%	3	20.0%	3.9%	\$78	6.5%	2.1%	7	25.0%	4.5%
	Moderate	13	20.3%	\$674	10.6%	13.6%	5	23.8%	11.7%	\$324	12.4%	8.1%	3	20.0%	10.1%	\$61	5.1%	6.7%	5	17.9%	10.3%
	Middle	6	9.4%	\$219	3.5%	17.9%	1	4.8%	20.0%	\$62	2.4%	16.4%	1	6.7%	18.2%	\$25	2.1%	14.7%	4	14.3%	16.1%
	Upper	19	29.7%	\$2,702	42.6%	54.3%	7	33.3%	42.2%	\$1,318	50.4%	50.8%	6	40.0%	41.3%	\$769	64.3%	50.3%	6	21.4%	43.2%
	Unknown	11	17.2%	\$2,020	31.9%	0.0%	3	14.3%	20.6%	\$649	24.8%	21.7%	2	13.3%	26.5%	\$263	22.0%	26.2%	6	21.4%	26.0%
Home Improvement	Total	64	100.0%	\$6,341	100.0%	100.0%	21	100.0%	100.0%	\$2,613	100.0%	100.0%	15	100.0%	100.0%	\$1,196	100.0%	100.0%	28	100.0%	100.0%
	Low	12	32.4%	\$310	20.7%	14.2%	4	50.0%	7.6%	\$178	44.1%	3.2%	5	29.4%	7.3%	\$53	8.9%	3.3%	3	25.0%	8.0%
	Moderate	5	13.5%	\$123	8.2%	13.6%	1	12.5%	16.1%	\$8	2.0%	9.0%	4	23.5%	15.1%	\$115	19.3%	7.3%	0	0.0%	12.9%
	Middle	8	21.6%	\$340	22.7%	17.9%	2	25.0%	21.9%	\$169	41.8%	12.7%	3	17.6%	23.8%	\$91	15.2%	18.0%	3	25.0%	17.9%
	Upper	9	24.3%	\$595	39.7%	54.3%	1	12.5%	48.2%	\$49	12.1%	68.3%	3	17.6%	46.7%	\$296	49.6%	60.6%	5	41.7%	54.8%
	Unknown	3	8.1%	\$130	8.7%	0.0%	0	0.0%	6.3%	\$0	0.0%	6.8%	2	11.8%	7.0%	\$42	7.0%	10.7%	1	8.3%	6.3%
Multi-Family	Total	37	100.0%	\$1,498	100.0%	100.0%	8	100.0%	100.0%	\$404	100.0%	100.0%	17	100.0%	100.0%	\$597	100.0%	100.0%	12	100.0%	100.0%
	Low	0	0.0%	\$0	0.0%	14.2%	0	0.0%	0.0%	\$0	0.0%	0.0%	0	0.0%	0.0%	\$0	0.0%	0.0%	0	0.0%	0.0%
	Moderate	0	0.0%	\$0	0.0%	13.6%	0	0.0%	0.0%	\$0	0.0%	0.0%	0	0.0%	0.0%	\$0	0.0%	0.0%	0	0.0%	0.0%
	Middle	0	0.0%	\$0	0.0%	17.9%	0	0.0%	0.0%	\$0	0.0%	0.0%	0	0.0%	0.0%	\$0	0.0%	0.0%	0	0.0%	0.0%
	Upper	0	0.0%	\$0	0.0%	54.3%	0	0.0%	0.0%	\$0	0.0%	0.0%	0	0.0%	0.0%	\$0	0.0%	0.0%	0	0.0%	0.0%
	Unknown	3	100.0%	\$889	100.0%	0.0%	0	0.0%	100.0%	\$0	0.0%	100.0%	1	100.0%	100.0%	\$525	100.0%	100.0%	2	100.0%	100.0%
HMDA Totals	Total	3	100.0%	\$889	100.0%	100.0%	0	0.0%	100.0%	\$0	0.0%	100.0%	1	100.0%	100.0%	\$525	100.0%	100.0%	2	100.0%	100.0%
	Low	30	16.2%	\$1,318	7.3%	14.2%	9	16.1%	5.0%	\$438	7.5%	2.2%	9	13.4%	5.2%	\$209	3.2%	2.5%	12	19.4%	4.8%
	Moderate	29	15.7%	\$1,611	9.0%	13.6%	9	16.1%	15.0%	\$516	8.9%	9.1%	14	20.9%	14.4%	\$691	10.6%	9.5%	6	9.7%	14.5%
	Middle	29	15.7%	\$1,608	9.0%	17.9%	8	14.3%	22.0%	\$732	12.6%	16.4%	9	13.4%	20.9%	\$412	6.3%	16.9%	12	19.4%	19.4%
	Upper	65	35.1%	\$9,079	50.6%	54.3%	24	42.9%	39.9%	\$3,219	55.2%	45.4%	21	31.3%	39.6%	\$3,576	55.1%	48.3%	20	32.3%	40.6%
	Unknown	32	17.3%	\$4,335	24.1%	0.0%	6	10.7%	18.1%	\$925	15.9%	26.9%	14	20.9%	19.9%	\$1,602	24.7%	22.8%	12	19.4%	20.7%
	Total	185	100.0%	\$17,951	100.0%	100.0%	56	100.0%	100.0%	\$5,830	100.0%	100.0%	67	100.0%	100.0%	\$6,490	100.0%	100.0%	62	100.0%	100.0%

Originations & Purchases
2016 FFIEC Census Data and 2010 ACS Data

The left side of the table compares the bank's lending to the demographic of family income in the assessment area. Based on HMDA totals, 30 of 185 loans, or 16.2 percent, were to low-income borrowers. This percentage is greater than the percentage of low-income families residing within the assessment area, at 14.2 percent. Total HMDA lending performance for moderate-income borrowers was consistent with the bank's lending to low-income borrowers. The bank's overall performance in lending to low- and moderate-income borrowers compares favorably to both the applicable demographics and to aggregate lending performance.

The following table shows the distribution of the bank's HMDA-reportable loans inside the assessment area by the income level of the borrowers for 2017.

Borrower Distribution of HMDA Loans

Assessment Area: Bibb-Chilton-Shelby

Product Type	Borrower Income Levels	Bank Lending & Demographic Data Comparison				Bank & Aggregate Lending Comparison							
		2017				2017							
		Bank		Families by Family Income	%	Count		Dollar		Bank	Agg %		
		#	%			\$ (000s)	\$ %	\$ (000s)	\$ %				
HOME PURCHASE	Low	6	16.7%	\$322	6.7%	14.9%		6	16.7%	5.5%	\$322	6.7%	3.4%
	Moderate	2	5.6%	\$372	7.7%	13.3%		2	5.6%	17.2%	\$372	7.7%	11.6%
	Middle	5	13.9%	\$478	9.9%	18.7%		5	13.9%	20.5%	\$478	9.9%	17.7%
	Upper	11	30.6%	\$2,004	41.6%	53.1%		11	30.6%	39.1%	\$2,004	41.6%	50.7%
	Unknown	12	33.3%	\$1,636	34.0%	0.0%		12	33.3%	17.8%	\$1,636	34.0%	16.7%
	<i>Total</i>	<i>36</i>	<i>100.0%</i>	<i>\$4,812</i>	<i>100.0%</i>	<i>100.0%</i>		<i>36</i>	<i>100.0%</i>	<i>100.0%</i>	<i>\$4,812</i>	<i>100.0%</i>	<i>100.0%</i>
REFINANCE	Low	4	14.8%	\$208	7.2%	14.9%		4	14.8%	4.8%	\$208	7.2%	2.3%
	Moderate	3	11.1%	\$245	8.4%	13.3%		3	11.1%	10.5%	\$245	8.4%	6.6%
	Middle	6	22.2%	\$490	16.9%	18.7%		6	22.2%	17.8%	\$490	16.9%	14.1%
	Upper	6	22.2%	\$722	24.8%	53.1%		6	22.2%	44.8%	\$722	24.8%	54.8%
	Unknown	8	29.6%	\$1,243	42.7%	0.0%		8	29.6%	22.1%	\$1,243	42.7%	22.1%
	<i>Total</i>	<i>27</i>	<i>100.0%</i>	<i>\$2,908</i>	<i>100.0%</i>	<i>100.0%</i>		<i>27</i>	<i>100.0%</i>	<i>100.0%</i>	<i>\$2,908</i>	<i>100.0%</i>	<i>100.0%</i>
HOME IMPROVEMENT	Low	3	50.0%	\$198	50.1%	14.9%		3	50.0%	9.8%	\$198	50.1%	10.3%
	Moderate	0	0.0%	\$0	0.0%	13.3%		0	0.0%	17.1%	\$0	0.0%	9.1%
	Middle	0	0.0%	\$0	0.0%	18.7%		0	0.0%	18.9%	\$0	0.0%	16.3%
	Upper	2	33.3%	\$182	46.1%	53.1%		2	33.3%	49.4%	\$182	46.1%	62.0%
	Unknown	1	16.7%	\$15	3.8%	0.0%		1	16.7%	4.8%	\$15	3.8%	2.3%
	<i>Total</i>	<i>6</i>	<i>100.0%</i>	<i>\$395</i>	<i>100.0%</i>	<i>100.0%</i>		<i>6</i>	<i>100.0%</i>	<i>100.0%</i>	<i>\$395</i>	<i>100.0%</i>	<i>100.0%</i>
MULTI FAMILY	Low	0	0.0%	\$0	0.0%	14.9%		0	0.0%	0.0%	\$0	0.0%	0.0%
	Moderate	0	0.0%	\$0	0.0%	13.3%		0	0.0%	0.0%	\$0	0.0%	0.0%
	Middle	0	0.0%	\$0	0.0%	18.7%		0	0.0%	0.0%	\$0	0.0%	0.0%
	Upper	0	0.0%	\$0	0.0%	53.1%		0	0.0%	0.0%	\$0	0.0%	0.0%
	Unknown	0	0.0%	\$0	0.0%	0.0%		0	0.0%	100.0%	\$0	0.0%	100.0%
	<i>Total</i>	<i>0</i>	<i>0.0%</i>	<i>\$0</i>	<i>0.0%</i>	<i>100.0%</i>		<i>0</i>	<i>0.0%</i>	<i>100.0%</i>	<i>\$0</i>	<i>0.0%</i>	<i>100.0%</i>
HMDA TOTALS	Low	13	18.8%	\$728	9.0%	14.9%		13	18.8%	5.4%	\$728	9.0%	3.2%
	Moderate	5	7.2%	\$617	7.6%	13.3%		5	7.2%	15.3%	\$617	7.6%	10.0%
	Middle	11	15.9%	\$968	11.9%	18.7%		11	15.9%	19.6%	\$968	11.9%	16.3%
	Upper	19	27.5%	\$2,908	35.8%	53.1%		19	27.5%	41.2%	\$2,908	35.8%	51.0%
	Unknown	21	30.4%	\$2,894	35.7%	0.0%		21	30.4%	18.5%	\$2,894	35.7%	19.5%
	<i>Total</i>	<i>69</i>	<i>100.0%</i>	<i>\$8,115</i>	<i>100.0%</i>	<i>100.0%</i>		<i>69</i>	<i>100.0%</i>	<i>100.0%</i>	<i>\$8,115</i>	<i>100.0%</i>	<i>100.0%</i>

Originations & Purchases

2017 FFIEC Census Data and 2015 ACS Data

Overall HMDA lending to low- and moderate-income borrowers (26.0 percent) compares favorably with the percentage of low- and moderate-income families in the assessment area (28.2 percent). The bank's HMDA lending to low-income borrowers was particularly strong and exceeded the aggregate. Though not as strong, the bank's HMDA lending to moderate-income borrowers exceeded the aggregate for refinance loans.

Small Business Lending

Central State Bank's small business lending by business revenue size reflects reasonable penetration among businesses of different sizes.

Because the bank is not a CRA (small business loan) reporter and does not collect revenue information for those loans, the distribution of loans by business revenue and loan size was evaluated using a sample of loans for which the bank provided revenue information. The following table shows, by business revenue and loan size, the number and dollar volume of a sample of small business loans originated by Central State Bank inside its assessment area in 2014, 2015, and 2016.

Small Business Loans by Business Revenue & Loan Size

Assessment Area: Bibb-Chilton-Shelby

Business Revenue & Loan Size		Bank Lending & Demographic Data Comparison				
		2014, 2015, 2016				
		Bank Count		\$ (000s)		Total Businesses
Business Revenue	\$1million or Less	123	77.8%	\$11,935	72.4%	89.6%
	Over \$1 Million	35	22.2%	\$4,551	27.6%	9.4%
	Total Rev. available	158	100.0%	\$16,485	100.0%	99.0%
	Rev. Not Known	0	0.0%	\$0	0.0%	1.0%
	Total	158	100.0%	\$16,485	100.0%	100.0%
Loan Size	\$100,000 or Less	116	73.4%	\$3,817	23.2%	
	\$100,001 - \$250,000	20	12.7%	\$3,408	20.7%	
	\$250,001 - \$1 Million	21	13.3%	\$8,065	48.9%	
	Over \$1 Million	1	0.6%	\$1,196	7.3%	
	Total	158	100.0%	\$16,485	100.0%	
Loan Size & Rev \$1 Mill or Less	\$100,000 or Less	93	75.6%	\$2,984	25.0%	
	\$100,001 - \$250,000	17	13.8%	\$2,900	24.3%	
	\$250,001 - \$1 Million	12	9.8%	\$4,855	40.7%	
	Over \$1 Million	1	0.8%	\$1,196	10.0%	
	Total	123	100.0%	\$11,935	100.0%	

Originations & Purchases
2016 FFIEC Census Data and 2016 D&B Information

From 2014 through 2016, 77.8 percent of the bank's small business loans were originated to businesses with gross annual revenue of \$1 million or less, while small businesses represented 89.6 percent of total businesses in the assessment area. The percentage of the bank's loans to small businesses was slightly below the demographic; however, while a direct comparison is not used in this evaluation, a review of data from aggregate CRA reporters in the assessment area shows that the bank's performance in small business lending was strong relative to the other lenders, especially given the competitive banking market in the Birmingham MSA. Additionally, 89.4 percent of the bank's loans to small businesses were for amounts of \$250,000 or less, which indicates the bank's willingness to make smaller loans that are typically requested by small businesses.

The following table shows, by business revenue and loan size, the number and dollar volume of a sample of small business loans originated by Central State Bank inside its assessment area in 2017.

Small Business Loans by Business Revenue & Loan Size

Assessment Area: Bibb-Chilton-Shelby

Business Revenue & Loan Size		Bank Lending & Demographic Data Comparison					
		2017					
Business Revenue	Loan Size	Bank		Total Businesses			
		Count	\$ (000s)	\$	%		
		#	\$	%	%		
		\$1million or Less	76	80.9%	\$5,010	49.8%	88.3%
		Over \$1 Million	18	19.1%	\$5,057	50.2%	10.7%
		<i>Total Rev. available</i>	94	100.0%	\$10,067	100.0%	99.0%
Loan Size	Business Revenue	Rev. Not Known	0	0.0%	\$0	0.0%	1.1%
		<i>Total</i>	94	100.0%	\$10,067	100.0%	100.0%
		\$100,000 or Less	68	72.3%	\$1,798	17.9%	
		\$100,001 - \$250,000	14	14.9%	\$2,395	23.8%	
		\$250,001 - \$1 Million	11	11.7%	\$4,628	46.0%	
		Over \$1 Million	1	1.1%	\$1,245	12.4%	
Loan Size & Rev \$1 Mill or Less	Business Revenue	<i>Total</i>	94	100.0%	\$10,067	100.0%	
		\$100,000 or Less	62	81.6%	\$1,703	34.0%	
		\$100,001 - \$250,000	9	11.8%	\$1,516	30.2%	
		\$250,001 - \$1 Million	5	6.6%	\$1,792	35.8%	
		Over \$1 Million	0	0.0%	\$0	0.0%	
		<i>Total</i>	76	100.0%	\$5,010	100.0%	

Originations & Purchases
2017 FFIEC Census Data and 2017 D&B Information

For 2017, 80.9 percent of the bank's small business loans were originated to businesses with gross annual revenue of \$1 million or less, while small businesses represented 88.3 percent of total businesses in the assessment area. The percentage of the bank's loans to small businesses was slightly below the demographic. Additionally, 93.4 percent of the bank's loans to small businesses were for amounts of \$250,000 or less, which once again indicates the bank's willingness to make smaller loans that are typically requested by small businesses.

APPENDIX A

SCOPE OF EXAMINATION			
TIME PERIOD REVIEWED			
January 1, 2014, through December 31, 2017			
FINANCIAL INSTITUTION		PRODUCTS REVIEWED	
Central State Bank, Calera, Alabama		HMDA-reportable loans and small business loans	
AFFILIATE(S)	AFFILIATE RELATIONSHIP	PRODUCTS REVIEWED	
N/A	N/A	N/A	
LIST OF ASSESSMENT AREAS AND TYPE OF EXAMINATION			
ASSESSMENT AREA	TYPE OF EXAMINATION	BRANCHES VISITED	OTHER INFORMATION
Bibb-Chilton-Shelby counties	Full-scope Review	Main Office	N/A

APPENDIX B – DEFINITIONS AND GENERAL INFORMATION

Definitions

ATM	Automated Teller Machine
CDC	Community Development Corporation
CDFI	Community Development Financial Institution
CRA	Community Reinvestment Act (Regulation BB)
FDIC	Federal Deposit Insurance Corporation
FFIEC	Federal Financial Institutions Examination Council
HMDA	Home Mortgage Disclosure Act (Regulation C)
HUD	Department of Housing and Urban Development
LMI	Low- and Moderate-Income
LTD	Loan-to-Deposit
LTV	Loan-to-Value Ratio
MD	Metropolitan Division
MSA	Metropolitan Statistical Area
OMB	Office of Management and Budget
REIS	Regional Economic Information System
SBA	Small Business Administration
USDA	United States Department of Agriculture

Rounding Convention

Because the percentages presented in tables were rounded to the nearest tenth in most cases, some columns may not total exactly 100 percent.

General Information

The Community Reinvestment Act (CRA) requires each federal financial supervisory agency to use its authority when examining financial institutions subject to its supervision to assess the 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. Upon conclusion of such examination, the agency must prepare a written evaluation of the institution's record of meeting the credit needs of its community.

This document is an evaluation of the CRA performance of **Central State Bank** prepared by the **Federal Reserve Bank of Atlanta**, the institution's supervisory agency, as of **September 17, 2018**. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 CFR Part 228.

APPENDIX C – 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.

Census tract: A small subdivision of metropolitan and other densely populated counties. Census tract boundaries do not cross county lines; however, they may cross the boundaries of MSAs. Census tracts usually have between 2,500 and 8,000 persons, and their physical size varies widely depending upon population density. Census tracts are designed to be homogeneous with respect to population characteristics, economic status, and living conditions to allow for statistical comparisons.

Community development: All Agencies have adopted the following language. Affordable housing (including multifamily rental housing) for low- or moderate-income individuals; community services targeted to low- or moderate-income individuals; activities that promote economic development by financing businesses or farms that meet the size eligibility standards of the Small Business Administration’s Development Company or Small Business Investment Company programs (13 CFR 121.301) or have gross annual revenues of \$1 million or less; or, activities that revitalize or stabilize low- or moderate-income geographies.

Effective September 1, 2005, the Board of Governors of the Federal Reserve System (Board), Office of the Comptroller of the Currency (OCC), and the Federal Deposit Insurance Corporation (FDIC) adopted the following additional language as part of the revitalize or stabilize definition of community development. Activities that revitalize or stabilize-

- I. Low- or moderate-income geographies;
- II. Designated disaster areas; or
- III. Distressed or underserved nonmetropolitan middle-income geographies designated by the Board, FDIC, and OCC, based on:
 - a. Rates of poverty, unemployment, and population loss; or
 - b. Population size, density, and dispersion. Activities that revitalize and stabilize geographies designated based on population size, density, and dispersion if they help to meet essential community needs, including needs of low- and moderate-income individuals.

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.

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 nonrelatives living with the family. Families are classified by type as either a married-couple family or other family, which 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).

Full-scope review: Performance under the Lending, Investment, and Service Tests is analyzed considering performance context, quantitative factors (for example, geographic distribution, borrower distribution, and total number and dollar amount of investments), and qualitative factors (for example, innovativeness, complexity, and responsiveness).

APPENDIX C – GLOSSARY (Continued)

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 an MSA 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 (for example, approved, denied, and withdrawn).

Home mortgage loans: Includes home purchase and home improvement loans as defined in the HMDA regulation. This definition also includes multifamily (five or more families) dwelling loans, loans for the purchase of manufactured homes and refinancings of home improvement and home purchase loans.

Household: Includes all persons occupying a housing unit. Persons not living in households are classified as living in group quarters. In 100 percent tabulations, the count of households always equals the count of occupied housing units.

Limited-scope review: Performance under the Lending, Investment, and Service Tests is analyzed using only quantitative factors (for example, geographic distribution, borrower distribution, total number and dollar amount of investments, and branch distribution).

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

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

Metropolitan area (MA): An MSA or a metropolitan division (MD) as defined by the Office of Management and Budget. An MSA is a core area containing at least one urbanized area of 50,000 or more inhabitants, together with adjacent communities having a high degree of economic and social integration with that core. An MD is a division of an MSA based on specific criteria including commuting patterns. Only an MSA that has a population of at least 2.5 million may be divided into MDs.

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 percent 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 percent and less than 80 percent, in the case of a geography.

Multifamily: Refers to a residential structure that contains five or more units.

Other products: Includes any unreported optional category of loans for which the institution collects and maintains data for consideration during a CRA examination. Examples of such activity include consumer loans and other loan data an institution may provide concerning its lending performance.

APPENDIX C – GLOSSARY (Continued)

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 qualified investment is defined as any 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 MA. 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 MA, the institution will receive a rating for the multistate MA.

Small loan(s) to business(es): A loan included in 'loans to small businesses' as defined in the Call Report and the Thrift Financial Reporting (TFR) instructions. These loans have original amounts of \$1 million or less and typically are either secured by nonfarm or nonresidential real estate or are classified as commercial and industrial loans. However, thrift institutions may also exercise the option to report loans secured by nonfarm residential real estate as "small business loans" if the loans are reported on the TFR as nonmortgage, commercial loans.

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

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