

PUBLIC DISCLOSURE

June 28, 2021

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Talbot State Bank
Certificate Number: 178

76 East Main Street
Woodland, Georgia 31836

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 areas' credit needs.
- The majority of loans originated within the institution's assessment areas.
- The geographic distribution of loans reflects reasonable dispersion throughout the assessment areas.
- The distribution to borrowers reflects, given the demographics of the assessment areas, reasonable penetration among individuals of different income levels.
- The bank did not receive any CRA-related complaints since the prior evaluation dated March 26, 2015; therefore, this criterion did not affect the Lending Test rating.

DESCRIPTION OF INSTITUTION

Talbot State Bank (TSB) is headquartered in Woodland, Georgia (GA) and is owned by TSB Bancorp, Inc., a one-bank holding company, also located in Woodland, GA. The bank received a Satisfactory rating at its March 26, 2015 FDIC Performance Evaluation, based on Interagency Small Institution Examination Procedures. The bank operates two full-service offices located in Woodland (Talbot County) and Fayetteville (Fayette County), GA. The main office is located in Woodland, GA; both offices are located in middle-income census tracts. Since the previous evaluation, the bank has not opened or closed any branches or participated in any acquisition or merger activities.

TSB offers a variety of loan products, including farm, commercial, and consumer loans. Home mortgage lending continues to represent TSB's primary business focus. Consumer residential products include fixed-rate residential mortgages with terms of 20-years and under. Consumer non-residential loans include installment, vehicle title loans, and personal lines of credit. Deposit products include checking, savings, money market, individual retirement, and certificate of deposit accounts. Additionally, alternative services include internet banking and bill pay, an automated teller machine (ATM) in the Fayetteville branch, and ATM and debit cards.

As of March 31, 2021, TSB's Consolidated Reports of Condition and Income (Call Report) reflected total assets of \$61 million, total loans of \$31.8 million (52.1 percent of total assets), and total deposits of \$53.9 million. As shown in the following table, loans secured by 1-4 family residential properties represent the largest portion of the loan portfolio at 93.0 percent, followed by farm (farm loans secured by real estate) at 2.3 percent and commercial (loans secured by non-farm and non-residential properties) at 2.2 percent.

Loan Portfolio Distribution as of 03/31/2021		
Loan Category	\$(000s)	%
Construction, Land Development, and Other Land Loans	580	1.8
Secured by Farmland	713	2.3
Secured by 1-4 Family Residential Properties	29,593	93.0
Secured by Multifamily (5 or more) Residential Properties	-	-
Secured by Nonfarm Nonresidential Properties	698	2.2
Total Real Estate Loans	31,584	99.3
Commercial and Industrial Loans	-	-
Agricultural Production and Other Loans to Farmers	-	-
Consumer Loans	229	0.7
Other	-	-
Total Loans	31,813	100.0
<i>Source: Reports of Condition and Income</i>		

TSB provides for the credit needs of its assessment areas in a manner consistent with its size, financial capacity, and local economic conditions. There are no legal impediments that would preclude the bank from reasonably meeting those credit needs in accordance with the CRA.

DESCRIPTION OF ASSESSMENT AREAS

The CRA requires each financial institution to define one or more assessment areas within which its CRA performance will be evaluated. TSB has delineated three assessment areas: the Atlanta-Sandy Springs-Alpharetta, GA Metropolitan Statistical Area (Atlanta MSA) that includes Clayton, Coweta, Fayette, Henry, Lamar, Meriwether, Pike, and Spalding Counties; the Columbus, GA-AL Metropolitan Statistical Area (Columbus MSA) that includes Harris, Muscogee, and Talbot Counties; and a GA non-Metropolitan Statistical Area (GA non-MSA) that consists of Upson County. However, for CRA analysis purposes, the GA non-MSA assessment area was excluded, as the bank does not have any offices or deposit-taking ATMs therein, and its inclusion would extend the assessment area substantially beyond the Columbus MSA boundary line. The assessment area is based on the location of the bank's offices and deposit-taking ATMs and the expectation of attracting and retaining a customer base within the surrounding areas.

Since the previous evaluation, the assessment areas have changed. In 2017, counties were added to or removed from the Atlanta MSA and GA non-MSA assessment areas as follows. For the Atlanta MSA, Carroll, Cobb, DeKalb, Fulton, Gwinnett, and Heard Counties were removed, and Henry and Lamar Counties were added. For the GA non-MSA, Macon, Taylor, and Troup counties were removed. Also in 2017, the Columbus MSA was added with the addition of Harris and Muscogee

Counties. As a result of the 2018 OMB revised delineations of Metropolitan, Mircropolitan, and Combined Statistical Areas, Talbot County was removed from the GA non-MSA and included in the Columbus MSA.

Also, the demographic composition has changed as a result of the 2015 American Community Survey (ACS) data on July 7, 2017. Specifically, the 2015 ACS updated data that was gathered during the 2010 U.S. Census, which resulted in a reclassification of income characteristics of various census tracts. The assessment area now includes 199 census tracts and consists of 25 low-income (12.6 percent), 62 moderate-income (31.2 percent), 67 middle-income (33.7 percent), 43 upper-income (21.5 percent), and 2 tracts which have no reported income available (1.0 percent).

Description of Assessment Areas			
Assessment Area	Counties in Assessment Area	# of CTs	# of Branches
Atlanta MSA	Clayton, Coweta, Fayette, Henry, Lamar, Meriwether, Pike, Spalding	138	1
Columbus MSA	Harris, Muscogee, Talbot	61	1
Total		199	2
<i>Source: Bank Data</i>			

Economic Data

The 2019 and 2020 median family income (MFI) figures for the Atlanta, GA MSA and the Columbus, GA MSA are estimated by the Federal Financial Institutions Examination Council (FFIEC). The MFI levels were used to analyze home mortgage loans under the Borrower Profile criterion. The low-, moderate-, middle-, and upper-income categories are presented in the below table.

Median Family Income Ranges				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
Atlanta-Sandy Springs-Roswell, GA MSA Median Family Income (12060)				
2019 (\$79,200)	<\$39,600	\$39,600 to <\$63,360	\$63,360 to <\$95,040	≥\$95,040
2020 (\$82,200)	<\$41,100	\$41,100 to <\$65,760	\$65,760 to <\$98,640	≥\$98,640
Columbus, GA-AL MSA Median Family Income (17980)				
2019 (\$57,400)	<\$28,700	\$28,700 to <\$45,920	\$45,920 to <\$68,880	≥\$68,880
2020 (\$59,100)	<\$29,550	\$29,550 to <\$47,280	\$47,280 to <\$70,920	≥\$70,920
<i>Source: FFIEC</i>				

SCOPE OF EVALUATION

General Information

The evaluation covers the period from the prior evaluation dated March 26 2015, to the current evaluation dated June 28, 2021. Examiners used Interagency Small Institution Examination Procedures to evaluate the bank's CRA performance. Effective January 1, 2021, Small Institution Examination Procedures are used at banks that have total assets of less than \$326 million as of December 31 of both of the prior two calendar years. TSB has met the asset threshold requirements for the Small Institution Examination Procedures. The Atlanta MSA assessment area received a full scope review of performance as the majority of loans are originated in this assessment area. The Columbia MSA assessment area also received a full review, as this is a new assessment area. The Atlanta MSA assessment area received the most weight since the majority of loans originated there.

Activities Reviewed

Examiners determined the bank's major product line is home mortgage loans. This conclusion considered the bank's business strategy and the distribution of the bank's loan portfolio. Also, no other loan types, such as small farm, commercial, or consumer loans, represent a major product line. Therefore, they provided no material support for conclusions or ratings and are not presented. Examiners reviewed the number and dollar volume of home mortgage loans. While the number and dollar volume of loans are presented, examiners emphasized performance by number of loans because the number of loans is a better indicator of the number of individuals served.

The Home Mortgage Disclosure Act (HMDA) requires banks, meeting asset size, location, and transaction requirements, to report certain data concerning applications for home purchase, home refinance, and home improvement loans. TSB was subject to the requirements of the HMDA in 2018 and 2019, but not in 2020, as home mortgage lending activity in 2020 was below the data collection and reporting threshold. Therefore, this evaluation included an analysis of the bank's HMDA loans originated from January 1, 2019 through December 31, 2019 (HMDA review period), as well as home mortgage loans originated in 2020.

Examiners reviewed all home mortgage loans originated and reported on the bank's HMDA Loan Application Register for 2018 and 2019 and all home mortgage loans reported internally for 2020. TSB originated 36 home mortgage loans totaling \$2.1 million in 2018, 72 home mortgage loans totaling \$5.3 million in 2019, and 89 home mortgage loans totaling \$8.6 million in 2020. Aggregate HMDA data for 2019 and 2015 ACS demographic data provided a standard of comparison for home mortgage loans. Examiners did not identify material trends from 2018 to 2019 that materially affect conclusions. Therefore, only loans originated or purchased in 2019 and 2020 will be utilized to evaluate the bank's Lending Test performance,

CONCLUSIONS ON PERFORMANCE CRITERIA

LENDING TEST

The overall Lending Test rating for this institution is Satisfactory. This rating is supported by the bank's reasonable loan-to-deposit ratio; a majority of loans reviewed being made inside the institution-wide assessment area; a reasonable distribution of loans in the various geographies; and a reasonable penetration of loans to borrowers of different incomes. Additionally, the bank has not received any CRA-related complaints since the previous evaluation.

Conclusions regarding the bank's overall performance are generally consistent for each assessment area. Refer to the separate assessment area sections for detailed discussions of the bank's Lending Test performance.

Loan-to-Deposit Ratio

TSB's average net loan-to-deposit (NLTD) ratio is considered reasonable given the institution's size, financial condition, and credit needs of the assessment area. The bank's NLTD ratio averaged 54.7 percent over the previous 25 calendar quarters from March 31, 2015, to March 31, 2021. Over this time, the bank's NLTD ratio ranged from a low of 48.6 percent as of December 31, 2018, to a high of 62.0 percent as of September 30, 2020. TSB's NLTD ratio, as of March 31, 2021, was 58.6 percent.

Although there are numerous financial institutions operating in the assessment areas, there is no bank that is considered similarly-situated to TSB in terms of total asset size, branching network, and product offerings. Examiners compared TSB's average NLTD ratio to that of its peer group as defined by the Uniform Bank Performance Report (UBPR). TSB was in peer group 13, which includes insured commercial banks with total assets of \$50 million to \$150 million. The UBPR peer group's average NLTD ratio, calculated over the same 25 quarters, was 68.3 and is higher than TSB's average NLTD ratio (54.7 percent). The UBPR peer group's NLTD ratios ranged from a low of 58.6 percent on March 31, 2021 to a high of 75.8 percent on June 30, 2016.

A number of factors were considered in determining the reasonableness of the average NLTD ratio. Upon further analysis, TSB maintains large balances of pledged deposits, which has had an impact on the bank's average NLTD ratio, as the funds are restricted from loan funding. The bank's percentage of pledged funds has ranged from a low of 33.3 percent of all deposits in March 31, 2021 to a high of 51.6 percent in March 31, 2015. The percent of brokered funds held by UBPR peer group banks has ranged from 0.6 percent to 1.2 percent. The average NLTD ratio calculated excluding the pledged deposits for the same period was 95.6 percent. Further, the bank's NLTD ratio, excluding the pledged deposits, ranged from a low of 74.4 percent as of March 31, 2017, to a high of 120.9 percent as of March 31, 2020. TSB's NLTD ratio, without pledged deposits, as of March 31, 2021, was 112.4 percent.

Assessment Area Concentration

The bank originated a majority of home mortgage loans inside the institution-wide assessment area. The following table illustrates the bank's home mortgage loan performance by number and dollar volume during the evaluation period.

Lending Inside and Outside of the Assessment Area										
Loan Category	Number of Loans				Total #	Dollar Amount of Loans \$(000s)				Total \$(000s)
	Inside		Outside			Inside		Outside		
	#	%	#	%		\$	%	\$	%	
Home Mortgage										
2019	40	55.6	32	44.4	72	3,157	59.1	2,180	40.9	5,337
2020	46	51.7	43	48.3	89	5,171	60.4	3,390	39.6	8,561
Total	86	53.4	75	46.6	161	8,328	59.9	5,570	40.1	13,898
Source: Bank Data.										

Geographic Distribution

Overall, the geographic distribution of loans reflects reasonable dispersion throughout the institution-wide assessment area. Conclusions regarding the bank's performance are generally consistent throughout the assessment areas. Refer to the *Geographic Distribution* sections of each assessment area for a discussion of the bank's performance in those assessment areas.

Borrower Profile

The distribution of loans to borrowers reflects a reasonable penetration among individuals of different income levels. Conclusions regarding the bank's performance are generally consistent throughout the assessment areas. Refer to the *Borrower Profile* sections of each assessment area for a discussion of the bank's performance in those assessment areas.

Response to Complaints

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

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.

ATLANTA, GA METROPOLITAN STATISTICAL AREA – Full-Scope Review

DESCRIPTION OF INSTITUTION’S OPERATIONS IN THE ATLANTA MSA

Lending in the Atlanta MSA assessment area included 74.4 percent of the number and 86.0 percent of the dollar volume of home mortgage loans analyzed during this evaluation. The bank’s Fayetteville office is located in this assessment area.

The following table presents demographic information from 2015 ACS and 2020 Dunn & Bradstreet (D&B) data.

Demographic Information of the Assessment Area Assessment Area: Atlanta MSA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	138	10.9	33.3	34.1	21.0	0.7
Population by Geography	841,913	7.8	33.2	38.1	20.9	0.0
Housing Units by Geography	325,709	8.7	34.1	37.6	19.6	0.0
Owner-Occupied Units by Geography	193,611	3.4	26.6	43.8	26.2	0.0
Occupied Rental Units by Geography	95,883	16.0	46.5	27.1	10.4	0.0
Vacant Units by Geography	36,215	18.2	40.8	32.0	9.0	0.0
Businesses by Geography	74,502	8.2	30.9	36.9	23.7	0.4
Farms by Geography	1,706	3.5	24.0	46.0	26.3	0.2
Family Distribution by Income Level	210,966	25.6	18.2	20.5	35.7	0.0
Household Distribution by Income Level	289,494	26.2	17.7	18.7	37.5	0.0
Median Family Income MSA - 12060 Atlanta-Sandy Springs-Alpharetta, GA MSA		\$67,322	Median Housing Value			\$133,919
			Median Gross Rent			\$928
			Families Below Poverty Level			13.9%
Source: 2015 ACS and 2019 D&B Data. Due to rounding, totals may not equal 100.0%. (*) The NA category consists of geographies that have not been assigned an income classification.						

There are 325,709 housing units in the assessment area. Of these, 59.4 percent are owner-occupied, 29.4 percent are occupied rental units, and 11.1 percent are vacant. The Geographic Distribution criterion compares home mortgage loans to the distribution of owner-occupied housing units. The 2015 ACS data shows that a significant majority of owner-occupied housing units (70.0 percent) in the assessment area are in middle- and upper-income areas.

Data obtained from the Bureau of Labor Statistics reflect changes in unemployment rates during the evaluation period, which reflect changes in the economy for each county in the assessment area, the state, and the nation. In each county, the unemployment rate decreased in 2019. The unemployment rate increased in all counties in the assessment area in 2020, primarily due to the COVID-19 pandemic; four of eight counties exceeded state or national averages. The following table reflects the average unemployment rates and trends for the assessment area, state, and nation.

Unemployment Rates			
Area	2018	2019	2020
	%	%	%
Clayton County	5.0	4.4	10.3
Coweta County	3.5	3.0	6.2
Fayette County	3.6	3.1	5.4
Henry County	4.2	3.7	7.4
Lamar County	4.7	4.0	6.3
Meriwether County	5.1	4.7	8.6
Pike County	3.7	3.1	5.0
Spalding County	4.8	4.1	7.6
Georgia	4.0	3.5	6.6
National Average	3.9	3.7	8.1
<i>Source: Bureau of Labor Statistics</i>			

Clayton County, GA

According to the Clayton County Development Authority, the top three employers include Delta Airlines, Clayton County Public Schools, and Clayton County Board of Commissioners.

Coweta County, GA

According to the Coweta County Development Authority, the top three employers include Yamaha Motor Manufacturer Corp. of America, PetSmart Distribution Center, and Southeast Regional Medical Center.

Fayette County, GA

According to the Fayette County Development Authority, the top three employers include Piedmont Fayette Hospital, Panasonic Automotive Systems, and Easton Lighting Solutions.

Henry County, GA

According to the Henry County Development Authority, the top employers include Piedmont Henry Hospital, Federal Aviation Administration, and Henry County Schools.

Lamar County, GA

According to the Lamar County Industrial Development Authority, the top employers include Gordon State College, Continental Tire Company, and Ingles Grocery.

Spalding County, GA

According to the Griffith-Spalding Development Authority, the top employers include 1888 Mills, LLC, CareMaster Medical Services, Caterpillar, Inc., Griffin Technical College, Homenurse, Inc.,

Impact Outsourcing Solutions IX, LLC, Personnel Options, Walmart, and Wellstar Health System, Inc.

Meriwether County, GA

According to the Meriwether Development Authority, Meriwether County's top employers include Mando American Corporation, Meriwether School System, and Dongwon Autoparts Technology of Georgia

Pike County, GA

According to the Georgia Area Labor Profile report, Pike County's top employers include Troy University, Wiley Sanders Truck Lines, Inc. and Wal-Mart Distribution Center.

Competition

The assessment area is a highly competitive market for financial services. According to the FDIC's June 30, 2020 Summary of Deposits Report, there are 23 FDIC-insured financial institutions that operated 146 banking offices within the bank's assessment area. Of these institutions, TSB ranked 21st, with a deposit market share of 0.4 percent. The top five financial institutions account for 65.5 percent of the deposit market share.

There is a high level of competition for home mortgage loans among numerous banks, credit unions, and non-depository mortgage lenders in the assessment area. In 2019, 534 institutions reported 35,545 residential mortgage originations totaling \$7.3 billion in this assessment area. Of these lenders, TSB ranked 151st, with a market share of 0.1 percent.

Credit Needs

Considering demographic and economic data, examiners determined that affordable housing loans represent primary credit needs within the assessment area. The high percentage of low- and moderate-income families (25.6 percent and 18.6 percent, respectively), and the families below the poverty level (36.8 percent) support the need for affordable housing credit.

CONCLUSIONS ON PERFORMANCE CRITERIA IN (ATLANTA MSA ASSESSMENT AREA)

LENDING TEST

TSB's Lending Test performance in the Atlanta MSA is reasonable. Lending levels reflect reasonable responsiveness to the Atlanta MSA credit needs. The geographic distribution of loans reflects a reasonable dispersion throughout the assessment area, including in low- and moderate-income geographies. The borrower profile reflects reasonable penetration among individuals of different income levels.

Geographic Distribution

The bank's geographic distribution of loans reflects reasonable dispersion throughout the assessment area.

Home Mortgage Loans

The distribution of home mortgage loans reflects reasonable penetration throughout the assessment area. As reflected in the following table, the percent of owner-occupied housing units and aggregate lending performance reflects very limited lending opportunities in the low-income tracts. However, in 2019, the bank's lending performance in low-income tracts was in line with demographic data and above aggregate lending performance. Lending performance in the moderate-income census tracts significantly exceeded aggregate lending in 2019 and demographic data in both 2019 and 2020.

Geographic Distribution of Home Mortgage Loans Assessment Area: Atlanta MSA						
Tract Income Level	% of Owner-Occupied Housing Units	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2019	3.4	1.9	1	3.3	53	2.0
2020	3.4	-	1	2.9	55	1.2
Moderate						
2019	26.6	22.7	10	33.3	567	21.4
2020	26.6	-	13	38.2	861	19.0
Middle						
2019	43.8	47.0	14	46.7	1,545	58.4
2020	43.8	-	11	32.4	1,723	38.1
Upper						
2019	26.2	28.3	5	16.7	480	18.2
2020	26.2	-	9	26.5	1,883	41.6
Not Available						
2019	0.0	0.0	0	0.0	0	0.0
2020	0.0	-	0	0.0	0	0.0
Totals						
2019	100.0	100.0	30	100.0	2,645	100.0
2020	100.0	-	34	100.0	4,522	100.0
<i>Source: 2015 ACS; Bank Data, 2019 HMDA Aggregate Data, "-" data not available. Due to rounding, totals may not equal 100.0%</i>						

Borrower Profile

The distribution of borrowers reflects reasonable penetration among individuals of different income levels. The bank's reasonable distribution of home mortgage supports the overall conclusion.

Home Mortgage Loans

The distribution of home mortgage loans reflects reasonable penetration to individuals of different incomes considering that 36.6 percent of total families, or 60.5 percent of low-income families, live at incomes below the poverty level, which makes it difficult for these individuals to qualify for traditional long-term mortgage products. As reflected in the following table, the bank's 2019 lending performance to low-income borrowers significantly exceeded aggregate performance and was above demographic data, while lending to moderate-income borrowers was comparable to both aggregate and demographic data. TSB's lending performance to low-income borrowers in 2020 evidenced a decline and was below demographic data, but considered comparable to moderate-income borrowers. In 2020, the COVID-19 pandemic negatively impacted the assessment area, as demonstrated by the increased unemployment rates, which also limited the opportunity to lend.

Distribution of Home Mortgage Loans by Borrower Income Level Atlanta MSA						
Borrower Income Level	% of Families	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2019	25.6	9.6	9	30.0	294	11.1
2020	25.6	-	5	14.7	247	5.5
Moderate						
2019	18.2	21.8	6	20.0	252	9.5
2020	18.2	-	6	17.6	989	21.9
Middle						
2019	20.5	20.4	6	20.0	630	23.8
2020	20.5	-	5	14.7	508	11.2
Upper						
2019	35.7	25.4	9	30.0	1,469	55.5
2020	35.7	-	18	52.9	2,778	61.4
Not Available						
2019	0.0	22.8	0	0.0	0	0.0
2020	0.0	-	0	0.0	0	0.0
Totals						
2019	100.0	100.0	30	100.0	2,645	100.0
2020	100.0	-	34	100.0	4,522	100.0
<i>Source: 2015 ACS; Bank Data, 2019 HMDA Aggregate Data, "-" data not available. Due to rounding, totals may not equal 100.0%</i>						

COLUMBUS, GA METROPOLITAN STATISTICAL AREA - Full-Scope Review

DESCRIPTION OF INSTITUTION'S OPERATIONS IN THE COLUMBUS MSA

Lending in the Columbus MSA assessment area included 25.6 percent of the number and 14.0 percent of the dollar volume of home mortgage loans analyzed during this evaluation. The bank

Economic and Demographic Data

The following table presents demographic information from 2015 ACS and 2020 D&B data.

Demographic Information of the Assessment Area Assessment Area: Columbus MSA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	61	16.4	26.2	32.8	23.0	1.6
Population by Geography	239,551	9.2	20.7	34.4	34.7	1.0
Housing Units by Geography	100,483	10.7	21.9	32.8	34.6	0.0
Owner-Occupied Units by Geography	48,097	3.4	18.8	32.2	45.6	0.0
Occupied Rental Units by Geography	38,898	18.2	23.8	34.1	23.8	0.0
Vacant Units by Geography	13,488	15.0	27.1	31.5	26.2	0.2
Businesses by Geography	16,434	7.8	17.3	36.1	38.7	0.1
Farms by Geography	447	2.7	15.4	34.5	47.4	0.0
Family Distribution by Income Level	57,117	21.8	16.4	18.1	43.8	0.0
Household Distribution by Income Level	86,995	24.3	14.6	16.2	44.9	0.0
Median Family Income MSA - 17980 Columbus, GA-AL MSA		\$52,902	Median Housing Value			\$138,103
			Median Gross Rent			\$829
			Families Below Poverty Level			14.4%
Source: 2015 ACS and 2019 D&B Data. Due to rounding, totals may not equal 100.0%. (*) The NA category consists of geographies that have not been assigned an income classification.						

There are 100,483 housing units in the assessment area. Of these, 47.9 percent are owner-occupied, 38.7 percent are occupied rental units, and 13.4 percent are vacant. The Geographic Distribution criterion compares home mortgage loans to the distribution of owner-occupied housing units. The 2015 ACS Census data shows that a significant majority of owner-occupied housing units (77.8 percent) in the assessment area are in middle- and upper-income areas.

Data obtained from the Bureau of Labor Statistics reflect changes in unemployment rates during the evaluation period, which reflect changes in the economy for each county in the assessment area, the state, and the nation. In each county, the unemployment rate decreased in 2019, while rates

increased in all counties in the assessment area in 2020, primarily due to the COVID-19 pandemic. The following table reflects the average unemployment rates and trends for the assessment area, state, and nation.

Unemployment Rates			
Area	2018	2019	2020
	%	%	%
Harris County	3.5	3.1	4.6
Muscogee County	5.2	4.7	7.8
Talbot County	5.1	4.5	6.8
Georgia	4.0	3.5	6.6
National Average	3.9	3.7	8.1
<i>Source: Bureau of Labor Statistics</i>			

Harris County, GA

According to the Harris County Chamber of Commerce, the top three employers in Harris County include Callaway Gardens, Koch Industry and Johnson Controls.

Muscogee County, GA

According to the Muscogee Chamber of Commerce, the top three employers in Muscogee County include U.S. Army Fort Benning, Muscogee County School System, and Total System Service.

Talbot County, GA

According to the Talbot County Chamber of Commerce, the top three employers in Talbot County include Talbot County School System, Talbot County Government, and Oliver Logging Company.

Competition

The assessment area is a highly competitive market for financial services. According to the FDIC's June 30, 2020 Summary of Deposits Report, there are 13 FDIC-insured financial institutions that operated 42 banking offices within the bank's assessment area. Of these institutions, TSB ranked 12th, with a deposit market share of 0.1 percent. The top five financial institutions account for 96.0 percent of the deposit market share.

There is a high level of competition for home mortgage loans among numerous banks, credit unions, and non-depository mortgage lenders in the assessment area. In 2019, 265 institutions reported 6,794 residential mortgage originations totaling \$1.4 billion in this assessment area. Of these lenders, TSB ranked 83rd with a market share of 0.2 percent.

Community Contact(s)

As part of the CRA evaluation process, examiners contact third parties in a bank's assessment area to gain additional insight regarding local economic conditions and to assist in identifying credit needs. This information helps determine whether local financial institutions are responsive to these needs and to identify what opportunities are available. During this evaluation, a representative from an affordable housing community development financial institution (CDFI) within the assessment

area was contacted. The contact stated that there is a severe affordable housing shortage (rental and home-ownership) for low- and moderate-income borrowers in the area. Overall, the contact indicated that even with the high level of competition, financial institutions actively work to help meet the credit needs of the community.

Credit Needs

Considering demographic and economic data and information from the community contact, examiners determined that affordable housing loans represent primary credit needs within the assessment area. The high percentage of low- and moderate-income families (21.8 percent and 16.4 percent, respectively), and families below the poverty level (51.9 percent) support the need for affordable housing credit.

CONCLUSIONS ON PERFORMANCE CRITERIA IN (COLUMBUS MSA ASSESSMENT AREA)

LENDING TEST

TSB's Lending Test performance in the Columbus MSA is reasonable. Lending levels reflect reasonable responsiveness to the Columbus MSA credit needs. The geographic distribution of loans reflects a reasonable dispersion throughout the assessment area, including in low- and moderate-income geographies. The borrower profile reflects an excellent penetration among individuals of different income levels.

Geographic Distribution

The distribution of home mortgage loans reflects reasonable penetration throughout the assessment area.

Home Mortgage Loans

There was no lending in low-income census tracts in 2019 or 2020. However, as depicted in the table below, there is very limited opportunities as demonstrated by the area demographics and aggregate lending performance, and is considered reasonable. In 2019, the bank's lending performance in moderate-income census tracts was comparable to aggregate lending performance and below demographic data; performance in 2020 is comparably below demographic and is considered reasonable.

Geographic Distribution of Home Mortgage Loans Assessment Area: Columbus MSA						
Tract Income Level	% of Owner-Occupied Housing Units	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2019	3.4	0.8	0	0.0	0	0.0
2020	3.4	-	0	0.0	0	0.0
Moderate						
2019	18.8	9.8	1	10.0	57	11.1
2020	18.8	-	2	16.7	76	11.7
Middle						
2019	32.2	25.5	8	80.0	290	56.6
2020	32.2	-	4	33.3	153	23.6
Upper						
2019	45.6	63.8	1	10.0	165	32.3
2020	45.6	-	6	50.0	420	64.7
Not Available						
2019	0.0	0.0	0	0.0	0	0.0
2020	0.0	-	0	0.0	0	0.0
Totals						
2019	100.0	100.0	10	100.0	512	100.0
2020	100.0	-	12	100.0	649	100.0
Source: 2015 ACS; Bank Data, 2019 HMDA Aggregate Data, "-" data not available. Due to rounding, totals may not equal 100.0%						

Borrower Profile

The distribution of borrowers reflects excellent penetration among individuals of different income levels. The bank's reasonable distribution of home mortgage loans supports the overall conclusion.

Home Mortgage Loans

The distribution of home mortgage loans reflects excellent penetration throughout the assessment area. As reflected in the following table, the bank's 2019 lending performance to low- and moderate-income borrowers significantly exceeded aggregate and demographic data. The bank's lending performance in 2020 exceeded demographic data to low-income borrowers, and lending performance to moderate-income borrowers was in line with demographic data. TSB only originated 10 and 12 home mortgage loans, respectively, for 2019 and 2020; which somewhat skews the percentages. However, it should be noted that aggregate data for 2019 reflects limited lending.

Distribution of Home Mortgage Loans by Borrower Income Level Assessment Area: Columbus MSA						
Borrower Income Level	% of Families	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2019	21.8	3.4	5	50.0	115	22.5
2020	21.8	-	5	41.7	107	16.5
Moderate						
2019	16.4	10.3	2	20.0	31	6.1
2020	16.4	-	2	16.7	53	8.2
Middle						
2019	18.1	17.7	1	10.0	68	13.3
2020	18.1	-	1	8.3	108	16.6
Upper						
2019	43.8	43.4	2	20.0	298	58.1
2020	43.8	-	4	33.3	381	58.7
Not Available						
2019	0.0	25.2	0	0.0	0	0.0
2020	0.0	-	0	0.0	0	0.0
Totals						
2019	100.0	100.0	10	100.0	512	100.0
2020	100.0	-	12	100.0	649	100.0
Source: 2015 ACS; Bank Data, 2019 HMDA Aggregate Data, "2020" data not available. Due to rounding, totals may not equal 100.0%						

APPENDICES

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 institution'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).

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 institution 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.

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.

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.

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.

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 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.

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.