

# **PUBLIC DISCLOSURE**

April 1, 2024

## **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

### **Marine Bank & Trust Company**

Certificate Number: 34233

571 Beachland Boulevard  
Vero Beach, Florida 32963

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

10 10th Street NE, Suite 900  
Atlanta, Georgia 30309-3849

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

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## INSTITUTION RATING

**INSTITUTION'S CRA RATING:** This institution is rated **Satisfactory**.

An institution in this group has a satisfactory record of helping to meet the credit needs of its assessment area, including low- and moderate-income neighborhoods, in a manner consistent with its resources and capabilities.

**The Lending Test is rated Satisfactory.**

- The loan-to-deposit ratio is reasonable given the institution's size, financial condition, and assessment area credit needs.
- The bank originated a majority of its home mortgage and small business loans in the assessment areas.
- The geographic distribution of loans reflects reasonable dispersion throughout the assessment areas.
- The distribution of borrowers reflects, given the demographics of the assessment areas, poor penetration among individuals of different income levels and businesses of different sizes.
- The institution did not receive any Community Reinvestment Act (CRA)-related complaints since the previous evaluation; therefore, this factor did not affect the Lending Test rating.

**The Community Development Test is rated Satisfactory.**

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

## DESCRIPTION OF INSTITUTION

### **Background**

Marine Bank & Trust Company (Marine Bank) headquartered in Vero Beach, Florida, is wholly owned by Marine Bancorp of Florida, Inc., Vero Beach, Florida. The bank does not have any affiliates or subsidiaries. Marine Bank received a Satisfactory CRA rating at the prior FDIC Performance Evaluation, dated February 1, 2021, based on Interagency Small Institution Examination Procedures. There has been no merger or acquisition activities since the previous CRA evaluation.

### **Operations**

Marine Bank operates five full-service offices in Florida. Three offices, including the main office are located in Indian River County and one office in Brevard and St. Lucie counties. On June 29, 2022, the bank opened an office in a low-income census tract in St. Lucie County. The bank has not closed any offices since the previous evaluation. Marine Bank also opened two loan production offices (LPO) since the previous evaluation. The Port St. Lucie, St. Lucie County, Florida, LPO was opened on July 1, 2021, and the Stuart, Martin County, Florida, LPO was opened on December 2, 2021.

The institution offers a range of banking products and financial services. Consumer loan products includes residential real estate, home equity lines of credit, and consumer secured and unsecured lending. As a service to its customers, the bank offers long-term, fixed-rate mortgage loans through the secondary market. Since the previous evaluation, Marine Bank has facilitated 304 loans totaling \$93.9 million to the secondary market. Commercial loans include real estate loans, lines of credit, construction loans, United States Department of Agriculture loans, and condominium and homeowner association loans. The institution also offers loans through the Small Business Administration (SBA). Further, it participated in the SBA's Paycheck Protection Program (PPP). Since the previous evaluation, in 2021, Marine Bank originated 337 PPP loans totaling \$20.4 million. The SBA guaranteed these loans under the Coronavirus Aid, Relief, and Economic Security Act, also known as the CARES Act. The loans served to retain jobs that would otherwise be lost due to business closures because of the COVID-19 pandemic.

Deposit products include checking, savings, and money market accounts, certificates of deposit, and individual retirement accounts. Low-cost deposit products are also available. Alternative banking services include internet banking, mobile banking (including mobile deposit), and telephone banking services. Each office location has reasonable hours of operation, four branches are equipped with drive-thru banking, and three have automated teller machines. The institution has a digital banking platform for online and mobile transactions and operates a telephone banking response service that allows customers to initiate balance inquiries and account transfers. Further, remote deposit capture and treasury management services are available to commercial customers.

**Ability and Capacity**

According to the December 31, 2023, Consolidated Reports of Condition and Income (Call Report), Marine Bank had total assets of \$654.3 million, total loans of \$453.5 million, and total deposits of \$583.8 million.

Since the previous evaluation, the loan portfolio composition has grown and shifted among categories, but the bank’s business focus continues to center on commercial and home mortgage lending. Marine Bank’s loan portfolio is reflected in the following table.

<b>Loan Portfolio Distribution as of 12/31/2023</b>		
<b>Loan Category</b>	<b>\$(000s)</b>	<b>%</b>
Construction, Land Development, and Other Land Loans	28,622	6.3
Secured by Farmland	2,796	0.6
Secured by 1-4 Family Residential Properties	201,463	44.4
Secured by Multifamily (5 or more) Residential Properties	8,659	1.9
Secured by Nonfarm Nonresidential Properties	168,534	37.2
<b>Total Real Estate Loans</b>	<b>410,074</b>	<b>90.4</b>
Commercial and Industrial Loans	34,026	7.5
Agricultural Production and Other Loans to Farmers	0	0.0
Consumer Loans	669	0.2
Other Loans	8,751	1.9
Less: Unearned Income	0	0.0
<b>Total Loans</b>	<b>453,520</b>	<b>100.0</b>
<i>Source: Call Report 12/31/2023</i>		

Examiners did not identify any financial, legal, or other impediments that affect the bank’s ability to meet the assessment areas’ credit needs.

**DESCRIPTION OF ASSESSMENT AREAS**

The CRA requires each financial institution to define one or more assessment areas within which its performance will be evaluated. Marine Bank’s assessment areas have changed since the previous evaluation, as the bank added St. Lucie County, which is part of the Port St. Lucie, FL MSA (Fort Pierce assessment area). The bank continues to delineate Indian River County, which comprises the entire Sebastian-Vero Beach, FL MSA (Vero Beach assessment area) and Brevard County, which represents the entire Palm Bay-Melbourne-Titusville, FL MSA (Melbourne assessment area). The following table provides details for the three assessment areas.

<b>Description of Assessment Areas</b>			
<b>Assessment Area</b>	<b>Counties in Assessment Area</b>	<b># of Census Tracts</b>	<b># of Branches</b>
Vero Beach	Indian River	45	3
Melbourne	Brevard	148	1
Fort Pierce	St. Lucie	68	1
<i>Source: Bank Data and 2020 Census Data</i>			

The evaluation includes separate discussions for each of the three assessment areas. Refer to the individual assessment area sections for additional information.

## SCOPE OF EVALUATION

### General Information

This evaluation covers the period from the previous evaluation dated February 1, 2021, to the current evaluation dated April 1, 2024. Examiners uses the Interagency Intermediate Small Institution CRA Examination Procedures to evaluate Marine Bank’s CRA performance. As described in the Appendices, these procedures include two tests: the Lending Test and the Community Development Test.

Examiners evaluate a bank’s lending data, deposit activity, and number of branches to determine which assessment areas will receive the most weight in assigning the overall rating. For this evaluation, the Vero Beach assessment area had the most loan volume, deposits, and branches. Therefore, examiners gave the most weight to performance in this assessment area, followed by the Fort Pierce assessment area, and lastly the Melbourne assessment area. All assessment areas received full-scope reviews. The Fort Pierce assessment area review was limited to 2022 and 2023 due to its June 29, 2022 entry into the market. Refer to the following table for additional details.

<b>Assessment Area Breakdown of Loans, Deposits, and Branches</b>						
<b>Assessment Area</b>	<b>Loans</b>		<b>Deposits</b>		<b>Branches</b>	
	<b>\$(000s)</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>	<b>#</b>	<b>%</b>
Vero Beach	110,757	61.7	517,293	88.6	3	60.0
Fort Pierce	42,661	23.8	19,395	3.3	1	20.0
Melbourne	26,113	14.5	47,460	8.1	1	20.0
<b>Total</b>	<b>179,531</b>	<b>100.0</b>	<b>584,148</b>	<b>100.0</b>	<b>5</b>	<b>100.0</b>

*Sources: Bank Records (Small Business Loans 1/01/2023 – 12/31/2023, HMDA Loans 2/1/2021– 12/31/2023), FDIC Summary of Deposits 6/30/2023. Community Development Loan totals are not included in the table.*

### Activities Reviewed

The CRA regulation requires a review of the lending performance of a bank in its defined assessment areas with respect to small business, home mortgage, and small farm loans, if significant. Small business and home mortgage loans were reviewed for analysis purposes as it represents the major product lines. This conclusion considered the bank’s business strategy, as well as the number and dollar volume of loans originated or purchased during the evaluation period.

The bank’s record of originating home mortgage and small business loans received equal weight when determining overall conclusions. This considered the number of loans originated during the evaluation period by loan type. According to the December 31, 2023, Call Report, commercial real estate and commercial and industrial loans represented 44.7 percent of the total loan portfolio, and 1-4 family residential property loans represented 44.4 percent of the total loan portfolio. Additionally, no other loan types such as farmland and agricultural loans represented a major product line. Therefore, small farm data is not presented. Bank records indicate that the lending focus was inconsistent throughout the evaluation period as small business lending was significantly higher in 2021 due to participation in the PPP.

For the Lending Test, examiners reviewed loans subject to the Home Mortgage Disclosure Act (HMDA) for 2021, 2022, and 2023. In total, the bank originated 313 HMDA loans totaling \$179.9 million over the three years. For 2021, Marine Bank reported 98 home mortgage loans totaling \$56.5 million. For 2022, the bank reported 166 home mortgage loans totaling \$95.2 million. For 2023, Marine Bank reported 49 loans totaling \$28.2 million. Only home mortgage lending for 2022 is presented in the analysis as this is the most recent year for which aggregate data is available. Lending performance for 2021 and 2023 was reviewed and is only discussed if anomalies are noted. Examiners compared the bank's 2021 home mortgage lending performance to applicable demographic data based on the 2015 American Community Survey (ACS) Census and 2022 and 2023 lending performance to 2020 U.S. Census data as well as the available corresponding annual aggregate lending data.

In addition, examiners reviewed and analyzed all small business loans originated from January 1, 2023, through December 31, 2023. The bank originated 83 small business loans totaling \$38.2 million in 2023. Marine Bank is not subject to small business loan data collection and reporting requirements; therefore, examiners did not compare the bank's performance to small business loan aggregate data. Instead, examiners compared the bank's small business lending performance to the 2023 Dun & Bradstreet (D&B) business demographic data.

For the Lending Test, examiners reviewed the number and dollar volume of home mortgage and small business loans. While 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 businesses and individuals served. The *Geographic Distribution* and *Borrower Profile* discussions focus only on loans originated inside the assessment areas.

For the Community Development Test, examiners reviewed data provided by management on community development loans, qualified investments, and community development services since the previous CRA evaluation. Additionally, qualified investments purchased prior to the previous evaluation and have an outstanding book value as of the current evaluation date were considered.

## **CONCLUSIONS ON PERFORMANCE CRITERIA**

### **LENDING TEST**

The Lending Test is rated satisfactory. Lending levels are reasonable given the institution's size and financial condition and the assessment area's credit needs. The bank originated a majority of loans within the assessment areas. The geographic distribution of loans reflects reasonable dispersion throughout the assessment area, but the borrower profile reflects poor penetration among individuals of different income levels and businesses of different sizes.

## Loan-to-Deposit Ratio

The loan-to-deposit ratio is reasonable given the institution’s size, financial condition, and assessment areas’ credit needs. The loan-to-deposit ratio, calculated from Call Report data, averaged 70.7 percent over the past 13 quarters from March 31, 2021, to March 31, 2024. The ratio ranged from a high of 76.6 percent as of December 31, 2023, to a low of 60.9 percent as of March 31, 2022. There is an increasing trend with the loan-to-deposit ratio since March 31, 2022, through December 31, 2023, due to organic growth of loans and deposits.

Marine Bank maintained an average net loan-to-deposit ratio that was comparable or higher than the similarly-situated banks, as shown in the following table. Examiners selected similarly-situated banks based on asset size, lending focus, and/or geographic location.

<b>Loan-to-Deposit Ratio Comparison</b>		
<b>Bank</b>	<b>Total Assets as of 3/31/2024 \$(000s)</b>	<b>Average NLTD Ratio (%)</b>
<b>Marine Bank &amp; Trust Company</b>	<b>\$666,307</b>	<b>70.7</b>
Mainstreet Community Bank of Florida	\$788,555	65.9
United Southern Bank	\$880,436	42.4
<i>Source: Call Report 3/31/2021 through 3/31/2024</i>		

## Assessment Area Concentration

The bank originated a majority of home mortgage and small business loans, by number and dollar volume, within the assessment areas. The following table illustrates the distribution of home mortgage and small business loans inside and outside of the assessment areas.

<b>Lending Inside and Outside of the Assessment Areas</b>										
<b>Loan Category</b>	<b>Number of Loans</b>					<b>Dollar Amount of Loans \$(000s)</b>				
	<b>Inside</b>		<b>Outside</b>		<b>Total</b>	<b>Inside</b>		<b>Outside</b>		<b>Total</b>
	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>#</b>	<b>\$</b>	<b>%</b>	<b>\$</b>	<b>%</b>	<b>\$(000s)</b>
Home Mortgage										
2021	77	78.6	21	21.4	98	44,045	78.0	12,454	22.0	56,499
2022	143	86.1	23	13.9	166	82,209	86.4	12,943	13.6	95,152
2023	48	98.0	1	2.0	49	27,870	98.8	330	1.2	28,200
<b>Subtotal</b>	<b>268</b>	<b>85.6</b>	<b>45</b>	<b>14.4</b>	<b>313</b>	<b>154,124</b>	<b>85.7</b>	<b>25,727</b>	<b>14.3</b>	<b>179,851</b>
Small Business										
2023	75	90.4	8	9.6	83	25,407	66.5	12,798	33.5	38,205
<i>Source: HMDA Data; Bank Data</i>										



### **Geographic Distribution**

Overall, the geographic distribution of loans reflects reasonable dispersion throughout the assessment areas. This conclusion is based on adequate dispersion of loans throughout all three-assessment areas. For this performance criterion, examiners focus on the percentage of loans, by number, originated within low- and moderate-income census tracts in the bank's assessment areas, as applicable.

### **Borrower Profile**

Overall, the distribution of borrowers reflects poor penetration among individuals of different income levels and businesses of different sizes. This conclusion is based on poor dispersion of loans throughout the assessment areas. For this performance criterion, examiners focus on the percentage of loans, by number, originated to small businesses and to low- and moderate-income individuals in the bank's assessment areas, as applicable.

### **Response to Complaints**

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

## **COMMUNITY DEVELOPMENT TEST**

The institution demonstrated adequate responsiveness to the community development needs of its assessment areas through community development loans, qualified investments, and community development services. Examiners considered the institution's capacity and the need and availability of such opportunities for community development in the assessment areas. The following table reflects all community development activity by assessment area.

### **Community Development Loans**

Marine Bank originated 124 community development loans totaling \$16.8 million during the evaluation period. This level of activity represents 4.4 percent of average total loans and 2.9 percent of average total assets as of December 31, 2023. These percentages were in line with the two similarly situated institutions.

The bulk of the community development loans at this evaluation is comprised of PPP loans. The bank is responsive to community development lending opportunities in its assessment areas; therefore, PPP loans made in Florida, but outside the assessment areas were included. At this evaluation, the bank originated 97 PPP loans totaling \$6.3 million in low- and moderate-income census tracts, which stabilized businesses in these areas. Please refer to the following tables and each assessment area for additional information regarding community development loans.

Community Development Lending by Year										
Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$	#	\$	#	\$	#	\$	#	\$
2021	0	0	2	305	3	2,084	98	6,523	103	8,912
2022	1	250	3	1,900	6	3,228	2	600	12	5,978
2023	0	0	2	362	6	1,489	0	0	8	1,851
YTD 2024	0	0	0	0	1	100	0	0	1	100
<b>Totals</b>	<b>1</b>	<b>250</b>	<b>7</b>	<b>2,567</b>	<b>16</b>	<b>6,901</b>	<b>100</b>	<b>7,123</b>	<b>124</b>	<b>16,841</b>

*Source: Bank Data*

Community Development Lending by Assessment Area										
Area/MSA	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$	#	\$	#	\$	#	\$	#	\$
Vero Beach	0	0	5	2,262	5	3,064	62	3,565	72	8,891
Fort Pierce	0	0	0	0	2	150	2	600	4	750
Melbourne	1	250	0	0	7	2,004	8	597	16	2,851
Statewide	0	0	2	305	2	1,683	28	2,361	32	4,349
<b>Totals</b>	<b>1</b>	<b>250</b>	<b>7</b>	<b>2,567</b>	<b>16</b>	<b>6,901</b>	<b>100</b>	<b>7,123</b>	<b>124</b>	<b>16,841</b>

*Source: Bank Data*

All of the community development loans outside the assessment areas are tied to SBA loan programs. Below are examples of these community development loans.

- One SBA 504 loan totaling \$385,500 that provided jobs for a manufacturing company in a moderate-income census tract in Pompano Beach, Florida.
- Twenty-seven small business loans totaling \$1,975,500 originated under the PPP that stabilized small businesses in low- and moderate-income census tracts.

### **Qualified Investments**

Marine Bank made 39 qualified investments totaling \$5.3 million, which equates to 0.9 percent of average total assets and 4.0 percent of average total securities since the previous evaluation. The bank's investments as a percent of average total assets exceeded the percentages of both similarly situated banks.

The bank purchased seven new investments totaling \$5.3 million. Six of the qualified investments were mortgage-backed securities (MBS) and one was a municipal bond for the City of Fort Pierce. Marine Bank also made \$28,711 in donations that supported affordable housing, community services, and economic development purposes. All of the donations benefitted the bank's assessment area. The tables below present the number of qualified investments by year and purpose as well as by assessment area and purpose. Refer to the respective assessment areas for further details.

Qualified Investments by Year										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Total	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
2021	3	2,451	0	0	0	0	1	503	4	2,954
2022	2	1,775	1	531	0	0	0	0	3	2,306
2023	0	0	0	0	0	0	0	0	0	0
YTD 2024	0	0	0	0	0	0	0	0	0	0
<b>Subtotal</b>	<b>5</b>	<b>4,226</b>	<b>1</b>	<b>531</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>503</b>	<b>7</b>	<b>5,260</b>
Qualified Grants & Donations	2	1	24	21	6	7	0	0	32	29
<b>Totals</b>	<b>7</b>	<b>4,227</b>	<b>25</b>	<b>552</b>	<b>6</b>	<b>7</b>	<b>1</b>	<b>503</b>	<b>39</b>	<b>5,289</b>

*Source: Bank Data*

Qualified Investments by Assessment Area										
Area/MSA	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$	#	\$	#	\$	#	\$	#	\$
Vero Beach	1	1,296	21	19	6	7	1	503	29	1,825
Fort Pierce	0	0	4	533	0	0	0	0	4	533
Melbourne	2	1	0	0	0	0	0	0	2	1
Statewide	4	2,930	0	0	0	0	0	0	4	2,930
<b>Totals</b>	<b>7</b>	<b>4,227</b>	<b>25</b>	<b>552</b>	<b>6</b>	<b>7</b>	<b>1</b>	<b>503</b>	<b>39</b>	<b>5,289</b>

*Source: Bank Data*

The following are notable examples of qualified investments that benefitted a statewide area that included the bank’s assessment areas.

- In 2021 and 2022, the bank purchased four bonds totaling \$2.9 million from the Florida Housing Finance Corporation (FHFC) to facilitate the funding of safe and sanitary affordable housing throughout the state. The FHFC’s purpose is to finance single family, owner-occupied mortgages for low-to-moderate income families in the state of Florida.

### **Community Development Services**

Marine Bank provided 46 community development services to 15 community development organizations during the evaluation period. However, the bank’s number of community development services is below the performance of both similarly situated institutions. Community development services include employees serving on 14 Boards and/or committees of affordable housing, community service, or economic development organizations. The following tables present the number of community development services by year and purpose as well as by assessment area and purpose. Refer to the respective assessment areas for further details.

<b>Community Development Services by Year</b>					
<b>Activity Year</b>	<b>Affordable Housing</b>	<b>Community Services</b>	<b>Economic Development</b>	<b>Revitalize or Stabilize</b>	<b>Totals</b>
	<b>#</b>	<b>#</b>	<b>#</b>	<b>#</b>	<b>#</b>
2021	1	10	5	0	16
2022	1	5	2	0	8
2023	3	6	3	0	12
YTD 2024	1	7	2	0	10
<b>Totals</b>	<b>6</b>	<b>28</b>	<b>12</b>	<b>0</b>	<b>46</b>

*Source: Bank Data*

<b>Community Development Services by Assessment Area</b>					
<b>Assessment Area/MSA</b>	<b>Affordable Housing</b>	<b>Community Services</b>	<b>Economic Development</b>	<b>Revitalize or Stabilize</b>	<b>Totals</b>
	<b>#</b>	<b>#</b>	<b>#</b>	<b>#</b>	<b>#</b>
Vero Beach	6	10	10	0	26
Fort Pierce	0	9	0	0	9
Melbourne	0	5	2	0	7
Statewide	0	4	0	0	4
<b>Totals</b>	<b>6</b>	<b>28</b>	<b>12</b>	<b>0</b>	<b>46</b>

*Source: Bank Data*

In addition to the community development services provided in the assessment areas, the bank provided four services that benefitted two entities in Martin County, which is located in the Port St. Lucie MSA, but outside of the bank’s assessment areas. These community development services are considered given the bank’s performance in the assessment areas. All examples of community development activities that benefitted an area just outside the assessment areas follow:

- From 2022-2024, an employee serves on the Board of a non-profit organization whose mission is to support and educate pregnant women and their families. This organization supports low- and moderate-income individuals, as all of the services are free for Martin County citizens.
- In 2021, an employee serves on the Board of a non-profit organization whose mission is provide affordable accommodations to patients and families facing medical crisis.

Further, two of the bank’s five full-service offices are located in low- or moderate-income census tracts. The bank also offers a low-cost checking account with no monthly maintenance fee or minimum balance required, which could reach low- and moderate-income individuals.

**DISCRIMINATORY OR OTHER ILLEGAL CREDIT PRACTICES REVIEW**

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

## VERO BEACH ASSESSMENT AREA – Full-Scope Review

### DESCRIPTION OF INSTITUTION’S OPERATIONS IN THE VERO BEACH ASSESSMENT AREA

Marine Bank operates three full-service offices in the assessment area, which account for 60.0 percent of bank-wide offices. The Pelican, Sebastian, and Main office branches are in moderate-, middle-, and upper-income census tracts, respectively. The assessment area includes all of Indian River County, which comprises the Sebastian-Vero Beach, FL MSA.

#### **Economic and Demographic Data**

From the 2015 ACS to the 2020 Census, there has been an increase in the number of census tracts in the assessment area from 31 to 45. The number of low-income census tracts increased from one to two census tracts. The number of moderate-income census tracts doubled from 5 to 10 census tracts. The number of middle-income census tracts remained the same at 15 census tracts. The number of upper-income census tracts doubled from 8 to 16 census tracts. Additionally, the number of census tracts that have not been assigned an income classification remained the same at two census tracts. The table below outlines select demographic data of this assessment area based on the 2020 Census data and 2023 D&B data.

<b>Demographic Information of the Vero Beach Assessment Area</b>						
<b>Demographic Characteristics</b>	<b>#</b>	<b>Low % of #</b>	<b>Moderate % of #</b>	<b>Middle % of #</b>	<b>Upper % of #</b>	<b>NA* % of #</b>
Geographies (Census Tracts)	45	4.4	22.2	33.3	35.6	4.4
Population by Geography	159,788	3.1	23.7	41.2	32.1	0.0
Housing Units by Geography	81,185	2.2	20.9	41.0	35.9	0.0
Owner-Occupied Units by Geography	48,767	1.8	17.9	43.2	37.1	0.0
Occupied Rental Units by Geography	12,192	4.3	28.4	44.6	22.7	0.0
Vacant Units by Geography	20,226	2.1	23.4	33.6	41.0	0.0
Businesses by Geography	36,431	2.2	22.7	38.8	36.1	0.2
Farms by Geography	1,448	4.0	28.0	37.4	30.4	0.3
Family Distribution by Income Level	37,647	19.0	18.6	21.5	40.9	0.0
Household Distribution by Income Level	60,959	23.1	17.6	17.7	41.6	0.0
Median Family Income MSA - Sebastian-Vero Beach, FL MSA		\$72,001	Median Housing Value			\$266,986
			Median Gross Rent			\$981
			Families Below Poverty Level			5.8%

*Source: 2020 U.S. Census and 2023 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*

Examiners used the Federal Financial Institutions Examination Council’s (FFIEC) updated median family income (MFI) for the Sebastian-Vero Beach, FL MSA to analyze the bank’s home mortgage lending under the *Borrower Profile* criterion. The following table reflects the low-, moderate-, middle-, and upper-income MFI categories for the Sebastian-Vero Beach, FL MSA. As shown in the following table, the maximum MFI for low- and moderate-income families is low considering the median housing value increased to \$439,000 in March 2024 per Realtor.com. By comparison, in March 2021, the same source noted a \$285,000 median housing price. As a result, low- and moderate-income families will face difficulty in qualifying for home mortgage loans.

<b>Median Family Income Ranges for the Sebastian-Vero Beach, FL MSA</b>				
<b>Median Family Incomes</b>	<b>Low &lt;50%</b>	<b>Moderate 50% to &lt;80%</b>	<b>Middle 80% to &lt;120%</b>	<b>Upper ≥120%</b>
2021 (\$77,600)	<\$38,800	\$38,800 to <\$62,080	\$62,080 to <\$93,120	≥\$93,120
2022 (\$79,900)	<\$39,950	\$39,950 to <\$63,920	\$63,920 to <\$95,880	≥\$95,880
2023 (\$79,200)	<\$39,600	\$39,600 to <\$63,360	\$63,360 to <\$95,040	≥\$95,040
<i>Source: FFIEC</i>				

Data obtained from the U.S. Bureau of Labor Statistics indicates an improvement in the unemployment rate over the evaluation period. The unemployment rate in Indian River County remained above the state rate and slightly below or in line with the national rate.

<b>Unemployment Rates</b>			
<b>Area</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>
	<b>%</b>	<b>%</b>	<b>%</b>
Indian River County, FL	4.8	3.5	3.5
Florida	4.7	3.0	2.9
National Average	5.3	3.6	3.6
<i>Source: Bureau of Labor Statistics</i>			

According to Moody’s Analytics, the assessment area’s largest industries include services at 51.8 percent; retail trade at 15.8 percent; and government at 8.9 percent. As of April 2024, according to the Indian River County Economic Development Council, the major employers include the School District of Indian River County (2,234 employees), Cleveland Clinic Indian River Hospital (2,027 employees), Indian River County Government (1,455 employees), Publix Supermarkets (1,380 employees), and Piper Aircraft Inc. (1,100 employees).

Moody's *Economy.com, Inc., Précis Metro*, dated December 2023, noted that the assessment area’s economy is starting to slow down. Although the unemployment rates have remained steady, the employment growth in the two largest sectors of services and retail trade have started to decline. However, healthcare job growth continues to be strong due to the large number and in-migration of senior population. Home prices continue to rise similar to those in the state and construction activity is increasing after falling to a 10-year low.

## **Competition**

There is a moderate level of competition for deposits in the assessment area. In addition to competing with large national and regional banks, Marine Bank competes with local banks, credit unions, and finance companies. According to FDIC Deposit Market Share data as of June 30, 2023, 15 FDIC-insured institutions operated 40 branches within the assessment area. Of these institutions, Marine Bank ranked fifth with a deposit market share of 8.8 percent. The four leading financial institutions Bank of America, N.A, Wells Fargo, N.A., PNC Bank, N.A., and JPMorgan Chase, N.A., are all large national banks accounting for 54.5 percent of the total deposit market share.

There is a high level of competition for home mortgage loans in the assessment area. According to 2022 Peer Mortgage Data, 457 lenders reported 6,758 home mortgage loans in the assessment area. Aggregate data for 2023 is not yet available. By number of loans, Marine Bank ranked 23rd with a market share of 1.2 percent. The top three lenders, by number of loans, included Rocket Mortgage, Caliber Home Inc., and PNC Bank, N.A., accounting for 16.0 percent of the total market share.

In addition, there is a high level of competition for small business loans in the assessment area. Marine Bank is not required to collect small business data; therefore, the analysis of small business loans under the Lending Test does not include a comparison against aggregate data. However, with regard to competition for small business loans, aggregate data for 2022 reflects 76 lenders reported 5,669 small business loans in the assessment area. This performance indicates significant competition for small business loans. The top three lenders, by number of loans, included American Express National Bank; JPMorgan Chase Bank, N.A.; and Bank of America, N.A., accounting for 44.2 percent of the total market share.

## **Credit and Community Development Needs and Opportunities**

Based on demographic information and economic data, examiners identified the credit and community development needs and opportunities within the assessment area. The moderately high number of low- and moderate-income families at 19.0 percent and 18.6 percent, respectively, indicates a need for affordable housing. However, this need could be addressed by the 24.9 percent of the housing units being vacant. In addition, the elevated median age of housing stock in low- and moderate-income census tracts at 45 years and 31 years, respectively, indicates a need for home improvement loans. Demographic information such as 92.9 percent of businesses having gross annual revenues of \$1.0 million or less indicates a continuing need for small business loans.

## CONCLUSIONS ON PERFORMANCE CRITERIA IN THE VERO BEACH ASSESSMENT AREA

### LENDING TEST

Marine Bank demonstrated reasonable performance under the Lending Test. The *Geographic Distribution* of loans reflects reasonable penetration for both home mortgage and small business loans within the low- and moderate-income census tracts. Overall, the *Borrower Profile* reflects poor home mortgage and small business lending penetration among individuals of different income levels and businesses of different sizes.

### Geographic Distribution

The geographic distribution of loans reflects reasonable dispersion of home mortgage and small business lending throughout the assessment area. Both home mortgage and small business lending performances in moderate-income census tracts was below, but within a reasonable range, when compared to aggregate and/or demographic data.

#### *Home Mortgage Loans*

The geographic distribution of home mortgage loans reflects reasonable distribution throughout the assessment area. The bank’s lending performance in low-income census tracts is consistent with the percentage of owner-occupied housing units and aggregate lending data. The performance in moderate-income census tracts is lower than the comparable demographic and the aggregate performance. The following table reflects the distribution of home mortgage loans within the assessment area.

<b>Geographic Distribution of Home Mortgage Loans</b>						
<b>Tract Income Level</b>	<b>% of Owner-Occupied Housing Units</b>	<b>Aggregate Performance % of #</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
Low	1.8	1.4	1	1.2	331	0.6
Moderate	17.9	21.6	11	13.3	3,314	5.9
Middle	43.2	42.3	17	20.5	7,297	13.0
Upper	37.1	34.7	54	65.0	44,988	80.5
<b>Totals</b>	<b>100.0</b>	<b>100.0</b>	<b>83</b>	<b>100.0</b>	<b>55,930</b>	<b>100.0</b>
<i>Source: 2020 U.S. Census; 2022 HMDA Data; 2022 HMDA Aggregate Data</i>						

#### *Small Business Loans*

The geographic distribution of small business loans reflects reasonable dispersion throughout the assessment area. The bank did not originate any loans in low-income census tracts during the review period; however, only 2.2 percent of businesses are located in these tracts. Small business lending in moderate-income census tracts was below the percentage of businesses in those census tracts but is reasonable. The following table reflects the distribution of small business loans within the assessment area.



<b>Geographic Distribution of Small Business Loans</b>					
<b>Tract Income Level</b>	<b>% of Businesses</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
Low	2.2	0	0.0	0	0.0
Moderate	22.7	7	14.6	653	6.1
Middle	38.8	22	45.8	6,466	60.5
Upper	36.1	18	37.5	3,175	29.7
Not Available	0.2	1	2.1	400	3.7
<b>Totals</b>	<b>100.0</b>	<b>48</b>	<b>100.0</b>	<b>10,694</b>	<b>100.0</b>
<i>Source: 2023 D&amp;B Data and Bank Data</i>					

### **Borrower Profile**

The distribution of loans reflects, given the demographics of the assessment area, poor penetration among individuals of different income levels and businesses of different sizes.

#### *Home Mortgage Loans*

The distribution of home mortgages loans reflects poor penetration among borrowers of different income levels. In 2022 and 2023, the bank did not extend any loans to low-income borrowers. This performance was compared to the percentage of families and the aggregate lending data. In 2022, the lending to moderate-income borrowers was well below aggregate lending data and the percentage of moderate-income families even when families below the poverty level are considered. Further, in 2023, the bank did not originate any loans to moderate-income borrowers.

<b>Distribution Home Mortgage Loans by Borrower Income Level</b>						
<b>Borrower Income Level</b>	<b>% of Families</b>	<b>Aggregate Performance % of #</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
Low	19.0	5.8	0	0	0	0.0
Moderate	18.6	17.1	6	7.2	1,040	1.9
Middle	21.5	21.7	6	7.2	1,060	1.9
Upper	40.9	40.3	68	82.0	52,954	94.5
Not Available	0.0	15.1	3	3.6	876	1.7
<b>Totals</b>	<b>100.0</b>	<b>100.0</b>	<b>83</b>	<b>100.0</b>	<b>55,930</b>	<b>100.0</b>
<i>Source: 2020 U.S. Census; 2022 HMDA Data; 2022 HMDA Aggregate Data</i>						

#### *Small Business Loans*

The distribution of borrowers reflects reasonable penetration among business customers of different sizes. As illustrated in the following table, the bank's lending performance was lower the percentage of businesses with gross annual revenues of \$1 million or less. However, there was a concentration in loans to borrowers with revenues greater than \$1 million. To illustrate, 10 of the 24 loans (41.7 percent), by number, were to two borrowers. If the two borrowers were not included

in the analysis, lending to small businesses would have stood at 63.2 percent, by number, which would be more comparable to the percentage of small businesses.

<b>Distribution Small Business Loans by Gross Annual Revenue Category</b>					
<b>Gross Revenue Level</b>	<b>% of Businesses</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
<=\$1,000,000	92.9	24	50.0	6,419	60.0
>1,000,000	1.8	24	50.0	4,275	40.0
Revenue Not Available	5.3	0	0.0	0	0.0
<b>Totals</b>	<b>100.0</b>	<b>48</b>	<b>100.0</b>	<b>10,694</b>	<b>100.0</b>

*Source: 2023 D&B Data and Bank Data*

## **COMMUNITY DEVELOPMENT TEST**

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

### **Community Development Loans**

The bank originated 72 community development loans totaling \$8.9 million in the Vero Beach MSA assessment area representing 52.8 percent of total community development loans by dollar volume. Of the community development loans, five totaling \$2.3 million were for community services, five loans totaling \$3.1 million for economic development, and 62 for \$3.5 million for revitalization or stabilization of low- and moderate-income census tracts. All 62 loans for revitalization or stabilization purposes located in low- and moderate-income census tracts are originated under the PPP. Examples of the community development loans include the following.

- A \$1.6 million loan to purchase a commercial building for a non-profit organization that focuses on families who cannot afford after school care. The building is also located in a moderate-income census tract.
- Two loans totaling \$2.2 million to refinance and renovate an owner-occupied office building in a moderate-income census tract. One of the loans is an SBA 504 loan and the other loan was for additional construction funds for this new entity.
- A \$250,000 line of credit for working capital to a non-profit rehabilitation center that provides therapeutic services regardless of the ability to pay and is located in a moderate-income census tract.

### **Qualified Investments**

Marine Bank provided 29 qualified investments totaling \$1.8 million in the Vero Beach MSA assessment area. By community development purpose, the two investments included one affordable

housing bond totaling \$1,296,000 and one targeted MBS for revitalization purposes totaling \$502,629.

The qualified investments included 27 donations for \$25,461 for the assessment area. By community development purpose, the bank had \$19,155 for community service purposes and \$6,306 for economic development purposes. The following are examples of qualified investments.

- A \$1.3 million FNMA bond to fund the purchase of 20 apartment units. All two-bedroom units have average rents of \$861 per month, which is significantly lower than the comparable HUD Fair Market Rent for the Vero Beach MSA. Further, the apartment units are located in a moderate-income census tract.
- A \$502,629 FHLMC bond to fund multifamily housing units in a moderate-income census tract.

**Community Development Services**

The bank provided 26 community development services to seven community development organizations during the evaluation period. The following table presents the number of community development services by year and purpose.

Community Development Services by Year					
Activity Year	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Totals
	#	#	#	#	#
2021	1	7	2	0	10
2022	1	1	3	0	5
2023	3	1	3	0	7
YTD 2024	1	1	2	0	4
<b>Totals</b>	<b>6</b>	<b>10</b>	<b>10</b>	<b>0</b>	<b>26</b>
<i>Source: Bank Data</i>					

Below are examples of community development services.

- Two employees serve on a loan committee for an organization whose purpose is to increase the availability of affordable housing units in the county by providing low- or no-interest loans for down payments, closing costs, and loans for the renovation of substandard housing units.
- For one year, an employee served on the Board of a non-profit organization whose mission is to provide affordable housing for low-income families.
- Two employees served on the Board of a non-profit organization for multiple years whose mission is to attract, retain, and facilitate the expansion of small businesses and create local job opportunities.

## FORT PIERCE ASSESSMENT AREA – Full-Scope Review

### DESCRIPTION OF INSTITUTION’S OPERATIONS IN THE FORT PIERCE ASSESSMENT AREA

Marine Bank operates one full-service office in the assessment area, which accounts for 20.0 percent of bank-wide offices. The bank’s only office is located in a low-income census tract. The assessment area includes all of St. Lucie County, which comprises part of the Port St. Lucie-Fort Pierce, FL MSA. The MSA also includes Martin County, which is not delineated as part of the bank’s assessment area. This is a new assessment area since the last evaluation as the bank opened a branch on June 29, 2022. As a result, the performance for this assessment area was reviewed from June 30, 2022 through December 31, 2023.

#### **Economic and Demographic Data**

The assessment area includes 68 census tracts, which consist of 3 low-, 16 moderate-, 35 middle-, and 10 upper-income census tracts. There is also four census tracts with no income designation. The following table outlines select demographic data of the assessment area based on the 2020 U.S. Census and 2023 D&B Data.

<b>Demographic Information of the Assessment Area</b>						
<b>Demographic Characteristics</b>	<b>#</b>	<b>Low % of #</b>	<b>Moderate % of #</b>	<b>Middle % of #</b>	<b>Upper % of #</b>	<b>NA* % of #</b>
Geographies (Census Tracts)	68	4.4	23.5	51.5	14.7	5.9
Population by Geography	329,226	3.2	27.0	54.7	13.9	1.2
Housing Units by Geography	143,823	3.1	26.3	49.8	19.8	1.1
Owner-Occupied Units by Geography	89,045	1.0	24.1	55.2	18.1	1.6
Occupied Rental Units by Geography	29,482	9.1	34.8	45.1	10.8	0.2
Vacant Units by Geography	25,296	3.8	24.1	35.9	36.0	0.2
Businesses by Geography	66,199	3.1	26.2	53.0	16.7	1.0
Farms by Geography	2,038	2.9	31.6	49.5	14.6	1.4
Family Distribution by Income Level	81,648	20.3	22.0	21.2	36.5	0.0
Household Distribution by Income Level	118,527	24.0	17.6	20.3	38.1	0.0
Median Family Income MSA - Port St. Lucie, FL MSA		\$68,546	Median Housing Value			\$202,461
			Median Gross Rent			\$1,217
			Families Below Poverty Level			9.0%
<i>Source: 2020 U.S. Census and 2023 D&amp;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</i>						

Examiners used the FFIEC updated MFI for the Port St. Lucie, FL MSA to analyze the bank’s home mortgage lending under the *Borrower Profile* criterion. The following table reflects the low-, moderate-, middle-, and upper-income MFI categories for the Port St. Lucie, FL MSA.

<b>Median Family Income Ranges for the Port St. Lucie, FL MSA</b>				
<b>Median Family Incomes</b>	<b>Low &lt;50%</b>	<b>Moderate 50% to &lt;80%</b>	<b>Middle 80% to &lt;120%</b>	<b>Upper ≥120%</b>
2021 (\$71,500)	<\$35,750	\$35,750 to <\$57,200	\$57,200 to <\$85,800	≥\$85,800
2022 (\$84,500)	<\$42,250	\$42,250 to <\$67,600	\$67,600 to <\$101,400	≥\$101,400
2023 (\$84,800)	<\$42,400	\$42,400 to <\$67,840	\$67,840 to <\$101,760	≥\$101,760
<i>Source: FFIEC</i>				

Data obtained from the U.S. Bureau of Labor Statistics indicates an improvement in the unemployment rate over the evaluation period. The unemployment rate in St. Lucie County remained above the state rate and slightly below or in line with the national rate.

<b>Unemployment Rates</b>			
<b>Area</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>
	<b>%</b>	<b>%</b>	<b>%</b>
St. Lucie County	5.0	3.5	3.5
Florida	4.7	3.0	2.9
National Average	5.3	3.6	3.6
<i>Source: Bureau of Labor Statistics</i>			

According to Moody’s Analytics, the assessment area’s largest industries include services at 49.5 percent; retail trade at 13.7 percent; and government at 11.6 percent. As of 2023, according to the St. Lucie County Economic Development Council, the major employers include the St. Lucie Public Schools (5,253 employees), HCA Florida Hospitals (2,784 employees), Cleveland Clinic Martin Health (1,500 employees), City of Port St. Lucie (1,363 employees), and Walmart Distribution Center (1,273 employees).

Moody's *Economy.com, Inc., Précis Metro*, dated January 2024, noted that the assessment area’s economy is starting to slow down. Although the unemployment rates have remained stable, the employment growth in the two largest sectors of services and retail trade have started to decline. Specifically, the hospitality and retail services are providing lower wage jobs when compared to other metropolitan areas. However, healthcare job growth continues to be strong due to the large number and in-migration of senior population. Although single-family permits have significantly increased over the evaluation period, price appreciation has been slower than both the state and national averages during the same period.

## **Competition**

There is a moderate level of competition for deposits in the assessment area. In addition to competing with large national and regional banks, Marine Bank competes with local banks, credit unions, and finance companies. According to FDIC Deposit Market Share data as of June 30, 2023, 11 FDIC-insured institutions operated 42 branches within the assessment area. Of these institutions, Marine Bank ranked 11<sup>th</sup> with a deposit market share of 0.3 percent. The four leading financial institutions TD Bank, N.A., PNC Bank, N.A., Seacoast National Bank and Bank of America, N.A. are all large national banks accounting for 55.6 percent of the total deposit market share.

There is a high level of competition for home mortgage loans in the assessment area. According to 2022 Peer Mortgage Data, 578 lenders reported 18,402 home mortgage loans in the assessment area. Aggregate data for 2023 is not yet available. By number of loans, Marine Bank ranked 94<sup>th</sup> with a market share of 0.2 percent. The top three lenders, by number of loans, included United Wholesale Mortgage; Rocket Mortgage; and Pennymac Loan Services, LLC, accounting for 16.6 percent of the total market share.

In addition, there is a moderate level of competition for small business loans in the assessment area. Marine Bank is not required to collect small business data; therefore, the analysis of small business loans under the Lending Test does not include a comparison against aggregate data. However, with regard to competition for small business loans, aggregate data for 2022 reflects 92 lenders reported 10,994 small business loans in the assessment area. The top three lenders, by number of loans, included American Express National Bank, JPMorgan Chase Bank, N.A., and Bank of America, N.A., accounting for 49.0 percent of the total market share.

## **Credit and Community Development Needs and Opportunities**

Based on demographic information and economic data, examiners identified the credit and community development needs and opportunities within the assessment area. The high median age of housing stock in low- and moderate-income census tracts at 56 years and 38 years, respectively, indicates a significant need for home improvement loans. The moderately high number of low- and moderate-income families at 20.3 percent and 22.0 percent, respectively, indicates a need for affordable housing. Demographic information such as 94.6 percent of businesses having gross annual revenues of \$1.0 million or less indicates a strong need for small business loans.

## CONCLUSIONS ON PERFORMANCE CRITERIA IN THE FORT PIERCE ASSESSMENT AREA

### LENDING TEST

Marine Bank demonstrated reasonable performance under the Lending Test. The Geographic Distribution of loans reflects a reasonable penetration for home mortgage and small business loans within the low- and moderate-income census tracts. The Borrower Profile reflects poor home mortgage and small business lending penetration among individuals of different income levels and businesses of different sizes.

#### Geographic Distribution

The geographic distribution of loans reflects reasonable dispersion of home mortgage and small business lending throughout the assessment area. This conclusion is supported by an excellent dispersion of home mortgage and a reasonable dispersion of small business loans in low- and moderate-income census tracts.

#### *Home Mortgage Loans*

The geographic distribution of home mortgage loans reflects excellent distribution throughout the assessment area. Although the bank did not originate any loans in the three low-income census tracts, the tracts account for one percent or less of the owner-occupied housing units and the aggregate lending performance. Performance in moderate-income census tracts was slightly higher than the aggregate data and the comparative demographics. However, in 2023, at 38.5 percent, the bank's performance (by number) in moderate-income census tracts significantly exceeded the percentage of owner-occupied housing units within those tracts. The following table illustrates the bank's 2022 lending performance.

Geographic Distribution of Home Mortgage Loans						
Tract Income Level	% of Owner-Occupied Housing Units	Aggregate Performance % of #	#	%	\$(000s)	%
Low	1.0	0.6	0	0	0	0.0
Moderate	24.1	21.0	8	24.2	2,758	16.3
Middle	55.2	62.3	14	42.4	4,636	27.3
Upper	18.1	14.9	9	27.3	9,081	53.6
Not Available	1.6	1.2	2	6.1	476	2.8
<b>Totals</b>	<b>100.0</b>	<b>100.0</b>	<b>33</b>	<b>100.0</b>	<b>16,951</b>	<b>100.0</b>

*Source: 2020 U.S. Census; 2022 HMDA Data; 2022 HMDA Aggregate Data*

#### *Small Business Loans*

The geographic distribution of small business loans reflects reasonable dispersion throughout the assessment area. The bank did not extend any loans in low-income census tracts during the review period. However, the low percentage of businesses in those tracts indicate limited lending opportunities. Small business lending in moderate-income census tracts was lower (by number) and

higher (by dollar volume), when compared to the percentage of businesses. The following table reflects the distribution of small business loans within the assessment area.

<b>Geographic Distribution of Small Business Loans</b>					
<b>Tract Income Level</b>	<b>% of Businesses</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
Low	3.1	0	0.0	0	0.0
Moderate	26.2	4	23.5	3,615	31.7
Middle	53.0	8	47.1	1,170	10.2
Upper	16.7	4	23.5	6,619	57.9
Not Available	1.0	1	5.9	21	0.2
<b>Totals</b>	<b>100.0</b>	<b>17</b>	<b>100.0</b>	<b>11,425</b>	<b>100.0</b>

*Source: 2023 D&B Data and Bank Data*

### **Borrower Profile**

The distribution of loans reflects, given the demographics of the assessment area, poor penetration among individuals of different income levels and businesses of different sizes.

#### *Home Mortgage Loans*

The distribution of home mortgages loans reflects poor penetration among borrowers of different income levels. In 2022 and 2023, Marine Bank did not extend any loans to low-income borrowers. This performance was compared to the percentage of families and the aggregate lending data. In 2022, the lending to moderate-income borrowers was well below the percentage of moderate-income families and lower than aggregate lending data. Further, in 2023, the bank originated only one loan to a moderate-income borrower. The following table illustrates the bank’s 2022 lending performance.

<b>Distribution Home Mortgage Loans by Borrower Income Level</b>						
<b>Borrower Income Level</b>	<b>% of Families</b>	<b>Aggregate Performance % of #</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
Low	20.3	4.9	0	0.0	0.0	0.0
Moderate	22.0	16.2	3	9.1	650	3.8
Middle	21.2	26.5	1	3.0	419	2.5
Upper	36.5	31.9	21	63.7	13,135	77.5
Not Available	0.0	20.5	8	24.2	2,747	16.2
<b>Totals</b>	<b>100.0</b>	<b>100.0</b>	<b>33</b>	<b>100.0</b>	<b>16,951</b>	<b>100.0</b>

*Source: 2020 U.S. Census; 2022 HMDA Data; 2022 HMDA Aggregate Data*



### *Small Business Loans*

The distribution of borrowers reflects poor penetration among business customers of different sizes. The performance is demonstrated by the bank's level of small business lending being less than half of the percentage of businesses.

<b>Distribution Small Business Loans by Gross Annual Revenue Category</b>					
<b>Gross Revenue Level</b>	<b>% of Businesses</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
<=\$1,000,000	94.6	7	41.2	6,676	58.4
>1,000,000	0.9	10	58.8	4,749	41.6
Revenue Not Available	4.5	0	0.0	0	0.0
<b>Totals</b>	<b>100.0</b>	<b>17</b>	<b>100.0</b>	<b>11,425</b>	<b>100.0</b>
<i>Source: 2023 D&amp;B Data and Bank Data</i>					

## **COMMUNITY DEVELOPMENT TEST**

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

### **Community Development Loans**

The bank originated four community development loans totaling \$750,000 in the Fort Pierce MSA assessment area. This represents 4.5 percent of total community development loans by dollar volume. Of the community development loans, two totaling \$150,000 were for economic development and two for \$600,000 for revitalization or stabilization of low- and moderate-income census tracts. Examples of the community development loans include the following.

- Two loans totaling \$250,000 to refinance and provide working capital to a non-profit organization in a low-income census tract in Fort Pierce. The mission of the organization is to provide economic development and revitalization for the downtown Fort Pierce area.
- One loan totaling \$400,000 to finance two multifamily properties consisting of 11 housing units in Fort Pierce. One building is located in a low-income census tract and the other is in a moderate-income census tract.

### **Qualified Investments**

Marine Bank provided four qualified investments totaling \$532,763 in the Fort Pierce MSA assessment area. By community development purpose, there was one investment totaling \$530,813 for community services purposes. The investments also included three donations totaling \$1,950 for community service purposes in the assessment area. The following is an example of a qualified investment.

- A \$530,813 investment to purchase a utility bond that funded capital improvements to the electric, gas, water, and sewer for the City of Fort Pierce. With an average per capita of \$23,834 and 29 percent of the population below the federal poverty level, this bond predominantly benefitted low- and moderate-income populations.

### **Community Development Services**

The bank provided nine community development services to three community development organizations during the evaluation period. All nine of the services were for community services purposes. Below are examples of community development services.

- For three years, an employee served on the Board of an affordable early childhood education entity that targets its programs and financial assistance to families with incomes not to exceed 150 percent above the federal poverty level. The vision of this organization is for all children and families to have access to quality affordable early learning programs and services.
- During the entire evaluation period, a director served on the Board for an organization that provides end of life services regardless of ability to pay.
- An employee serves on a Board of a hospital that provides a significant amount of indigent care or assistance to patients that cannot afford to pay.

## MELBOURNE ASSESSMENT AREA – Full-Scope Review

### DESCRIPTION OF INSTITUTION’S OPERATIONS IN THE MELBOURNE ASSESSMENT AREA

Marine Bank operates one full-service office in the assessment area, which account for 20.0 percent of bank-wide offices. The bank’s only branch is located in an upper-income census tract. The assessment area includes all of Brevard County, which comprises the Palm Bay-Melbourne-Titusville, FL MSA.

#### **Economic and Demographic Data**

From the 2015 ACS to the 2020 Census, there has been an increase in the number of census tracts in the assessment area from 114 to 148. The number of low-income census tracts decreased from six to five census tracts. The number of moderate-income increased from 26 to 34 moderate-income census tracts. The number of middle- (61 census tracts) and upper-income (41 census tracts) increased by 14 and 9 census tracts, respectively. Additionally, the number of census tracts that have not been assigned an income classification increased from three to seven census tracts. The table below outlines select demographic data of this assessment area based on the 2020 Census data and 2023 D&B data.

Demographic Information of the Assessment Area						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	148	3.4	23.0	41.2	27.7	4.7
Population by Geography	606,612	2.6	21.4	45.0	30.5	0.4
Housing Units by Geography	280,648	2.8	21.4	44.7	30.7	0.4
Owner-Occupied Units by Geography	178,469	0.9	18.4	45.6	34.6	0.5
Occupied Rental Units by Geography	57,536	8.0	30.2	40.3	21.2	0.2
Vacant Units by Geography	44,643	3.9	22.0	46.5	27.3	0.3
Businesses by Geography	114,341	2.8	20.5	41.3	34.9	0.5
Farms by Geography	3,467	2.7	24.4	41.4	29.9	1.6
Family Distribution by Income Level	148,934	20.0	18.5	20.2	41.3	0.0
Household Distribution by Income Level	236,005	22.7	16.9	18.9	41.5	0.0
Median Family Income MSA - Palm Bay-Melbourne-Titusville, FL MSA		\$73,440	Median Housing Value			\$225,108
			Median Gross Rent			\$1,121
			Families Below Poverty Level			7.7%

*Source: 2020 U.S. Census and 2023 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.*

Examiners used the FFIEC updated MFI for the Palm Bay-Melbourne-Titusville, FL MSA to analyze the bank’s home mortgage lending under the *Borrower Profile* criterion. The following table reflects the low-, moderate-, middle-, and upper-income MFI categories for the Palm Bay-Melbourne-Titusville, FL MSA. As shown in the following table, the maximum MFI for low- and moderate-income families is low considering the median housing value increased to \$399,000 in March 2024 per Realtor.com. By comparison, in March 2021, the same source noted a \$312,000 median housing price. As a result, low- and moderate-income families will face difficulty in qualifying for home mortgage loans.

<b>Median Family Income Ranges for the Palm Bay-Melbourne-Titusville, FL MSA</b>				
<b>Median Family Incomes</b>	<b>Low &lt;50%</b>	<b>Moderate 50% to &lt;80%</b>	<b>Middle 80% to &lt;120%</b>	<b>Upper ≥120%</b>
2021 (\$77,900)	<\$38,950	\$38,950 to <\$62,320	\$62,320 to <\$93,480	≥\$93,480
2022 (\$82,300)	<\$41,150	\$41,150 to <\$65,840	\$65,840 to <\$98,760	≥\$98,760
2023 (\$89,600)	<\$44,800	\$44,800 to <\$71,680	\$71,680 to <\$107,520	≥\$107,520
<i>Source: FFIEC</i>				

Data obtained from the U.S. Bureau of Labor Statistics indicates improvement in the unemployment rate over the evaluation period. The unemployment rate in Brevard County remained in line with or slightly below the state and national rates.

<b>Unemployment Rates</b>			
<b>Area</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>
	<b>%</b>	<b>%</b>	<b>%</b>
Brevard County, FL	4.1	2.9	3.0
Florida	4.7	3.0	2.9
National Average	5.3	3.6	3.6
<i>Source: Bureau of Labor Statistics</i>			

According to Moody’s Analytics, the assessment area’s largest industries include services at 47.4 percent; retail trade at 11.9 percent; and government at 11.5 percent. As of December 2023, according to the Merritt Island Redevelopment Agency, the major employers include Brevard County Public Schools (over 9,000 employees), Health First, Inc. (over 8,000 employees), L3 Harris Technologies (over 7,000 employees), 45<sup>th</sup> Space Wing (over 2,500 employees), and Publix Supermarkets (over 3,000 employees).

Moody's *Economy.com, Inc., Précis Metro*, dated December 2023, noted that the assessment area’s economy continues to be strong. The economy benefits from the Aerospace Industry, which provides high wages jobs and low unemployment rates. The services industry also supports this economic strength through robust tourism and a high demand for cruises. Home prices continue to rise similar to those in the state to support job growth.

## **Competition**

There is a moderate level of competition for deposits in the assessment area. In addition to competing with large national and regional banks, Marine Bank competes with local banks, credit unions, and finance companies. According to FDIC Deposit Market Share data as of June 30, 2023, 17 FDIC-insured institutions operated 89 branches within the assessment area. Of these institutions, Marine Bank ranked 15th with a deposit market share of 0.4 percent. The four leading financial institutions Truist Bank, Bank of America, N.A., Wells Fargo Bank, N.A., and JPMorgan Chase Bank, N.A., are all large banks accounting for 70.7 percent of the total deposit market share.

There is a high level of competition for home mortgage loans in the assessment area. According to 2022 Peer Mortgage Data, 691 lenders reported 27,026 home mortgage loans in the assessment area. Aggregate data for 2023 is not yet available. By number of loans, Marine Bank ranked 103rd with a market share of 0.1 percent. The top three lenders, by number of loans, included Space Coast Credit Union, Rocket Mortgage, and United Wholesale Mortgage Bank accounting for 18.3 percent of the total market share.

In addition, there is a high level of competition for small business loans in the assessment area. Marine Bank is not required to collect small business data; therefore, the analysis of small business loans under the Lending Test does not include a comparison against aggregate data. However, with regard to competition for small business loans, aggregate data for 2022 reflects 115 lenders reported 16,458 small business loans in the assessment area. This performance indicates significant competition for small business loans. The top three lenders, by number of loans, included American Express National Bank, JPMorgan Chase Bank, N.A., and Bank of America, N.A., accounting for 49.1 percent of the total market share.

## **Community Contact**

Examiners reviewed two recent existing community contacts with organizations in the Melbourne MSA assessment area. The contacts stated that there is a significant need for working capital loans for start-up small businesses. Additionally, one of the contacts emphasized an acute need for affordable housing and financial literacy education.

## **Credit and Community Development Needs and Opportunities**

Based on demographic information, economic data, and community contact information, examiners identified the credit and community development needs and opportunities within the assessment area. Information provided by community contacts and the moderately high number of low- and moderate-income families at 20.0 percent and 18.5 percent, respectively; indicate a high need for affordable housing. In addition, the elevated median age of housing stock in low- and moderate-income census tracts at 45 years and 31 years, respectively, indicates a need for home improvement loans. Information from a community contact, as well as 92.7 percent of businesses having gross annual revenues of \$1.0 million or less, indicate a significant need for working capital loans and financial literacy education.

## CONCLUSIONS ON PERFORMANCE CRITERIA IN THE MELBOURNE ASSESSMENT AREA

### LENDING TEST

Marine Bank demonstrated reasonable performance under the Lending Test. The Geographic Distribution of loans reflects reasonable penetration for both home mortgage and small business loans within the low- and moderate-income census tracts. The Borrower Profile reflects poor home mortgage and small business lending penetration among individuals of different income levels and businesses of different sizes.

### Geographic Distribution

The geographic distribution of loans reflects reasonable dispersion of home mortgage and small business lending throughout the assessment area. Both home mortgage and small business lending performances in moderate-income census tracts are comparable to the applicable demographics.

#### *Home Mortgage Loans*

The geographic distribution of home mortgage loans reflects reasonable distribution throughout the assessment area. Although the bank did not originate any loans in the five low-income census tracts, the tracts account for slightly less than one percent of both the owner-occupied housing units and the aggregate lending performance. The performance in moderate-income census tracts is reasonable despite being lower than the comparable demographic and the aggregate performance. The following table reflects the distribution of home mortgage loans within the assessment area.

Geographic Distribution of Home Mortgage Loans						
Tract Income Level	% of Owner-Occupied Housing Units	Aggregate Performance % of #	#	%	\$(000s)	%
Low	0.9	0.9	0	0	0	0.0
Moderate	18.4	19.4	4	14.8	1,081	11.6
Middle	45.6	45.6	14	51.9	4,178	44.8
Upper	34.6	33.5	9	33.3	4,070	43.6
Not Available	0.5	0.6	0	0.0	0	0.0
<b>Totals</b>	<b>100.0</b>	<b>100.0</b>	<b>27</b>	<b>100.0</b>	<b>9,329</b>	<b>100.0</b>
<i>Source: 2020 U.S. Census; 2022 HMDA Data; 2022 HMDA Aggregate Data</i>						

#### *Small Business Loans*

The geographic distribution of small business loans reflects reasonable dispersion throughout the assessment area. The bank did not originate any loans in low-income census tracts during the review period; however, less than 3 percent of businesses are in those census tracts. Small business lending in moderate-income census tracts was in line with the percentage of businesses in those census tracts. The following table reflects the distribution of small business loans within the assessment area.

<b>Geographic Distribution of Small Business Loans</b>					
<b>Tract Income Level</b>	<b>% of Businesses</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
Low	2.8	0	0.0	0	0.0
Moderate	20.5	2	20.0	1,156	35.2
Middle	41.3	3	30.0	300	9.1
Upper	34.9	5	50.0	1,832	55.7
Not Available	0.5	0	0.0	0	0.0
<b>Totals</b>	<b>100.0</b>	<b>10</b>	<b>100.0</b>	<b>3,288</b>	<b>100.0</b>
<i>Source: 2023 D&amp;B Data and Bank Data</i>					

### **Borrower Profile**

The distribution of loans reflects, given the demographics of the assessment area, poor penetration among individuals of different income levels and businesses of different sizes.

#### *Home Mortgage Loans*

The distribution of home mortgages loans reflects poor penetration among borrowers of different income levels. In 2022 and 2023, the bank did not extend any loans to low-income borrowers. This performance was compared to the percentage of families and the aggregate lending data. In 2022, the lending to moderate-income borrowers was less than half of the aggregate performance and the percentage of moderate-income families even when families below the poverty level are considered. Further, in 2023, the bank originated only one loan to a moderate-income borrower.

<b>Distribution Home Mortgage Loans by Borrower Income Level</b>						
<b>Borrower Income Level</b>	<b>% of Families</b>	<b>Aggregate Performance % of #</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
Low	20.0	6.5	0	0.0	0	0.0
Moderate	18.5	16.0	2	7.4	237	2.5
Middle	20.2	22.1	3	11.1	663	7.1
Upper	41.3	38.4	17	63.0	6,544	70.2
Not Available	0.0	17.0	5	18.5	1,885	20.2
<b>Totals</b>	<b>100.0</b>	<b>100.0</b>	<b>27</b>	<b>100.0</b>	<b>9,329</b>	<b>100.0</b>
<i>Source: 2020 U.S. Census; 2022 HMDA Data; and, 2022 HMDA Aggregate Data</i>						

#### *Small Business Loans*

The distribution of borrowers reflects reasonable penetration among business customers of different sizes. As illustrated in the following table, the bank's lending performance was comparable to the percentage of businesses with gross annual revenues of \$1 million or less.

<b>Distribution Small Business Loans by Gross Annual Revenue Category</b>					
<b>Gross Revenue Level</b>	<b>% of Businesses</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
<=\$1,000,000	92.7	8	80.0	2,738	83.3
>1,000,000	1.7	2	20.0	550	16.7
Revenue Not Available	5.6	0	0.0	0	0.0
<b>Totals</b>	<b>100.0</b>	<b>10</b>	<b>100.0</b>	<b>3,288</b>	<b>100.0</b>
<i>Source: 2023 D&amp;B Data and Bank Data</i>					

## **COMMUNITY DEVELOPMENT TEST**

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

### **Community Development Loans**

The bank originated 16 community development loans totaling \$2.9 million in the Melbourne MSA assessment area representing 16.9 percent of total community development loans by dollar volume. Of the community development loans, one totaling \$250,000 was for affordable housing, seven totaling \$2.0 million were for economic development, and eight totaling \$597,000 were for revitalization or stabilization of low- and moderate-income census tracts. All eight loans for stabilization purposes in low- and moderate-income census tracts were originated under the PPP. Examples of the community development loans include the following:

- A \$250,000 working capital line of credit to a non-profit affordable housing organization in a low-income census tract. This organization provides long-term rental housing for low- and moderate-income families under a formal Neighborhood Stabilization Program. This organization gives families in immediate need access to food and shelter.
- A \$781,795 SBA 504 loan to a small business in a moderate-income census tract.
- A \$50,000 working capital loan to a small business in Palm Bay. This loan was guaranteed through a state small business credit initiative that manages an economic development program through the Florida's Department of Economic Opportunity.

### **Qualified Investments**

Marine Bank’s investments were limited to two donations for affordable housing purposes totaling \$1,300 in the Melbourne MSA assessment area. The following is for both qualified donations:

- Two donations totaling \$1,300 to an organization that provides housing, food, utilities, medical, dental, and transportation for low-income families.



## **Community Development Services**

The bank provided seven community development services to three community development organizations during the evaluation period. Below are examples of community development services.

- During the entire evaluation period, an employee served on the Board of a non-profit organization that provides transitional housing, emergency financial assistance, and a thrift store for low-income families in North Brevard County.
- For two years, an employee served on the Board for an organization that promotes economic development and revitalization of the downtown area for the City of Melbourne.
- In 2024, an employee serves as Treasurer of a non-profit organization that serves people in dire need of financial assistance. This includes aid for emergency housing, utility bills, school supplies and lunches, clothing, and dental care.

## APPENDICES

### INTERMEDIATE SMALL BANK PERFORMANCE CRITERIA

#### **Lending Test**

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

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

#### **Community Development Test**

The Community Development Test considers the following criteria:

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

## GLOSSARY

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

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

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

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

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

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

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

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

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

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

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

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

**Community Development Loan:** A loan that:

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

**Community Development Service:** A service that:

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

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

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

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

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

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

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

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

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

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

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

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

**Limited-Scope Review:** A limited scope review is accomplished when examiners do not complete all applicable interagency examination procedures for an assessment area.

Performance under applicable tests is often analyzed using only quantitative factors (e.g, geographic distribution, borrower profile, total number and dollar amount of investments, and branch distribution).

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

**Low Income Housing Tax Credit:** The Low-Income Housing Tax Credit Program is a housing program contained within the Internal Revenue Code of 1986, as amended. It is administered by the U.S. Department of the Treasury and the Internal Revenue Service. The U.S. Treasury Department distributes low-income housing tax credits to housing credit agencies through the Internal Revenue Service. The housing agencies allocate tax credits on a competitive basis.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

**Urban Area:** All territories, populations, and housing units in urbanized areas and in places of 2,500 or more persons outside urbanized areas. More specifically, "urban" consists of territory, persons, and housing units in places of 2,500 or more persons incorporated as cities, villages, boroughs (except in Alaska and New York), and towns (except in the New England states, New York, and Wisconsin).

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