

PUBLIC DISCLOSURE

July 15, 2024

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

First Cahawba Bank
Certificate Number: 58636

2610 Citizens Parkway
Selma, AL 36701

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 loan-to-deposit (LTD) ratio is reasonable given the institution's size, financial condition, and assessment area credit needs.
- A majority of small business and home mortgage loans were originated inside the institution's assessment areas.
- The geographic distribution of small business and home mortgage loans reflects reasonable dispersion throughout the assessment areas.
- The distribution of borrowers reflects reasonable penetration among businesses of different sizes and individuals of different income levels.
- The bank has not received any CRA-related complaints since the previous CRA performance evaluation, dated July 30, 2018; therefore, this factor did not affect the Lending Test rating.

DESCRIPTION OF INSTITUTION

First Cahawba Bank is located in south central Alabama (AL) and serves rural communities within Dallas, Pike, and Baldwin Counties. Headquartered in Selma, AL, the bank is wholly-owned by First Cahawba Bancshares, Inc., a one-bank holding company also located in Selma, AL. First Cahawba Bank received a "Satisfactory" rating at the previous FDIC CRA Performance Evaluation dated July 30, 2018, based on Interagency Small Bank Examination Procedures.

First Cahawba Bank operates a main office and three full-service branches. The main office and one full-service branch are located in Selma, AL (Dallas County); a full-service branch is located in Troy, AL (Pike County), and a full-service branch is located in Gulf Shores, AL (Baldwin County). The Troy, AL branch was opened on November 13, 2018. The bank has not closed any branches and has not participated in any merger or acquisition activity since the previous evaluation.

While a variety of credit products are available, the bank is primarily a commercial lender. The bank offers numerous loan products including residential mortgage, consumer, and commercial loans. The bank provides deposit services, including checking, savings, money market accounts, and safe deposit boxes. Alternative banking services include mobile and internet banking, debit cards, automated teller machines, and night depositories.

As of the March 31, 2024 Consolidated Reports of Condition and Income (Call Report), the bank's total assets totaled \$180.4 million, which represents an increase of \$74.7 million or 70.6 percent

since the previous evaluation. First Cahawba Bank had \$120 million in total loans, \$43 million in total securities, and \$167 million in total deposits. Both loans and deposits increased by 64.4 percent and 87.5 percent, respectively. As shown in the following table, commercial loans (loans secured by non-farm, non-residential properties and commercial and industrial loans) represent the largest portion of the loan portfolio at 48.5 percent, followed by 1 to 4-family residential loans at 30.6 percent.

Examiners did not identify any financial, legal, or other impediments that affected the bank's ability to meet the credit needs of its assessment areas.

Loan Portfolio Distribution as of 03/31/2024		
Loan Category	\$(000s)	%
Construction, Land Development, and Other Land Loans	14,670	12.2
Secured by Farmland	2,796	2.3
Secured by 1-4 Family Residential Properties	36,858	30.6
Secured by Multifamily (5 or more) Residential Properties	3,087	2.6
Secured by Nonfarm Nonresidential Properties	37,001	30.7
Total Real Estate Loans	94,412	78.4
Commercial and Industrial Loans	21,442	17.8
Agricultural Production and Other Loans to Farmers	1,176	0.9
Consumer Loans	3,466	2.9
Obligations of State and Political Subdivisions in the U.S.	0	0
Other Loans	0	0
Lease Financing Receivable (net of unearned income)	0	0
Less: Unearned Income	0	0
Total Loans	120,496	100.00
<i>Source: March 31, 2024 Call Report</i>		

DESCRIPTION OF ASSESSMENT AREAS

The CRA requires each financial institution to define one or more assessment areas in which its CRA performance will be evaluated. First Cahawba Bank has designated three assessment areas in Alabama. The first assessment area is comprised of Dallas County, which is located in a Non-Metropolitan Statistical Area (NMSA). The second assessment area is comprised of Pike County, which is also located in a NNMSA. The third assessment area is comprised of Baldwin County, which totally comprises the Daphne-Fairhope-Foley, Alabama Metropolitan Statistical Area (Daphne MSA). The assessment areas do not arbitrarily exclude any low- or moderate-income census tracts. The assessment areas combined include 72 census tracts, which consist of 2 low-income, 17 moderate-income, 36 middle-income, and 15 upper-income census tracts.

Additionally, two census tracts have an income designation of “NA”. Refer to the table below for an overview of each assessment area and to each individual assessment area section for additional information.

Description of Assessment Areas			
County in Assessment Area	Assessment Area MSA	# of CTs	# of Branches
Dallas County	Dallas County NMSA	17	2
Baldwin County	Daphne MSA	44	1
Pike County	Pike County NMSA	11	1
<i>Source: Bank Data</i>			

SCOPE OF EVALUATION

General Information

This evaluation covers the period from the previous evaluation dated July 30, 2018, to the current evaluation dated July 15, 2024. Examiners used the Interagency Small Bank Institution Examination Procedures to evaluate the bank’s CRA performance. As described in the Appendices, these procedures consist of the Lending Test, which considers the bank’s lending performance according to the following criteria:

- Loan-to-Deposit Ratio
- Assessment Area Concentration
- Geographic Distribution
- Borrower Profile
- Response to CRA-related Complaints

The analysis of the bank’s lending performance will be evaluated using full-scope evaluation procedures in the Dallas County NMSA and the Daphne MSA assessment areas. Lending performance in the Pike County NMSA assessment area will be reviewed using limited-scope evaluation procedures, given that this is assessment area is new since the last evaluation. The bank does not have any affiliates or subsidiaries.

Activities Reviewed

Examiners determined that First Cahawba Bank’s major product lines are home mortgage and small business loans. This conclusion considered the bank’s business strategy and the number and dollar volume of loans originated during the evaluation period. Only calendar year 2023 home mortgage and small business loans were reviewed and presented, as it is considered representative of the entire evaluation period.

The bank’s record of originating small business loans contributed more weight to overall conclusions due to the larger loan volume when compared to home mortgage lending during the most recent calendar year. Also, no other loan types, such as small farm loans or consumer loans,

represented a major product line. Therefore, they provided no material support for conclusions or ratings and are not presented. The following table shows the bank's originations and purchases over the most recent calendar year by loan type. Bank records indicated the lending focus and product mix remained consistent throughout the evaluation period. Refer to the table below for additional details regarding loan activity during the review period.

Loans Originated or Purchased (2023)				
Loan Category	\$(000s)	%	#	%
Construction and Land Development	10,913	34.07	30	14.56
Secured by Farmland	0	0	0	0
Secured by 1-4 Family Residential Properties	8,282	25.85	45	21.84
Multi-Family (5 or more) Residential Properties	34	0.11	6	2.91
Commercial Real Estate Loans	3,598	11.23	12	5.83
Commercial and Industrial Loans	8,406	26.24	51	24.76
Agricultural Loans	0	0	0	0
Consumer Loans	801	2.5	62	30.10
Other Loans	0	0	0	0
Total Loans	32,034	100.00	206	100.00
<i>Source: Bank Records 01/01/2023 through 12/31/2023</i>				

Examiners reviewed small business loans originated from January 1, 2023, through December 31, 2023. During the evaluation period, the bank originated 77 business loans totaling \$14.4 million, of which 74 totaling \$11.1 million were small business loans. All of these loans were reviewed.

The bank began collecting and reporting Home Mortgage Disclosure Act (HMDA) data in 2023. However, since aggregate data was not available as of the date of this evaluation, the 2023 HMDA data was not utilized during this analysis. Therefore, the analysis included a review of home mortgage loans originated from January 1, 2023, through December 31, 2023. During this review period, the bank originated 42 home mortgage loans totaling \$7.9 million. All of these loans were reviewed. The following table depicts the number of loans included in the evaluation by loan category.

Loan Products Reviewed				
Loan Category	Universe		Reviewed	
	#	\$(000s)	#	\$(000s)
Home Mortgage	42	7,935	42	7,935
Small Business	74	11,097	74	11,097
<i>Source: Bank Data</i>				

For the Lending Test, examiners reviewed the number and dollar volume of small business and home mortgage loans. While this evaluation presents both number and dollar volume of loans, examiners emphasized performance by number of loans, because the number of loans is a better indicator of the number of businesses and individuals served. For both loan products reviewed, the *Geographic Distribution* and *Borrower Profile* discussions focus only on loans originated inside the bank's assessment areas.

CONCLUSIONS ON PERFORMANCE CRITERIA

LENDING TEST

First Cahawba Bank demonstrated satisfactory performance under the lending test. Loan-to-Deposit Ratio, Assessment Area Concentration, Geographic Distribution, and Borrower Profile performance primarily support this conclusion.

Loan-to-Deposit Ratio

The net loan to deposit (NLTD) ratio is reasonable given the bank's asset size, financial condition, and assessment areas' credit needs. First Cahawba Bank's NLTD ratio, calculated from Call Report data, averaged 66.8 percent from March 31, 2018, to March 31, 2024. The NLTD ratio ranged from a low of 50.8 percent as of March 31, 2022, to a high of 91.6 percent as of September 30, 2018. First Cahawba Bank's NLTD ratio has decreased since the previous examination. However, since hitting its low as of March 31, 2022, the ratio has been on an upward trend. Deposits increased significantly beginning in June 2020 and continued through September 2022, which seems to trend with the timing of the COVID-19 Economic Impact Payments in March 2020, December 2020, and March 2021.

For comparison purposes, examiners identified two similarly-situated banks based on asset size, geographic location, and lending focus to evaluate the reasonableness of First Cahawba Bank's NLTD ratio. First Cahawba Bank maintained an average NLTD ratio that was reasonably comparable with the similarly-situated banks during the same 23 calendar quarters. Please refer to the following table for details.

Loan-to-Deposit (LTD) Ratio Comparison		
Bank	Total Assets as of 03/31/2024 (\$000s)	Average Net LTD Ratio (%)
First Cahawba Bank, (Selma, AL)	180,416	66.8
Citizens' Bank, Inc., (Robertsdale, AL)	155,455	64.1
The Citizens Bank, (Enterprise, AL)	247,405	74.8
<i>Source: Reports of Condition and Income 07/30/2018 -03/31/2024</i>		

Assessment Area Concentration

The bank originated a majority of its home mortgage and small business loans, by number and dollar volume, within its assessment areas. The following table presents the combined assessment area concentration analysis.

Lending Inside and Outside of the Assessment Area										
Loan Category	Number of Loans				Total #	Dollar Amount of Loans				Total \$
	Inside		Outside			Inside		Outside		
	#	%	#	%		(\$000s)	%	(\$000s)	%	
Home Mortgage	22	52.4	20	47.6	42	2,677	33.7	5,258	66.3	7,935
Small Business	46	63.0	27	37.0	73	6,868	61.9	4,229	38.1	11,097
Source: Bank Data Due to rounding, totals may not equal 100.0% Dollar amounts for Small Business, Small Farm and Consumer loans are multiplied by 1000.										

Geographic Distribution

The geographic distribution of home mortgage lending reflects reasonable dispersion throughout the assessment areas. Examiners primarily focused on the percentage of loans originated in low-and moderate-income census tracts. Only loans originated inside of the assessment areas are included in this analysis. The bank's lending in the Dallas County assessment area was more heavily weighted.

Borrower Profile

The borrower profile of loans reflects reasonable penetration among businesses of different sizes and individuals of different income levels. This conclusion is primarily based on the bank's lending performance in the Dallas County (most weight) and Pike County assessment areas. The bank's lending in the Daphne MSA assessment area was poor. Examiners primarily focused on the percentage of loans originated to small businesses and low- and moderate-income borrowers. Only loans originated inside the assessment areas are included in this analysis.

Response to Complaints

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

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 evidence of discriminatory or other illegal credit practices.

DALLAS COUNTY NMSA ASSESSMENT AREA – Full-Scope Review

DESCRIPTION OF INSTITUTION’S OPERATIONS IN THE DALLAS COUNTY NMSA ASSESSMENT AREA

First Cahawba Bank’s Dallas County NMSA assessment area is comprised of Dallas County in its entirety. There have been no changes to this assessment area since the last evaluation.

Economic and Demographic Data

First Cahawba Bank’s Dallas County NMSA assessment area consists of 17 census tracts in Dallas County. The income classification of this assessment area includes 2 low-income, 7 moderate-income, 5 middle-income, and 3 upper-income census tracts. The following table details the demographic characteristics of the assessment area based on the 2020 U.S. Census and the 2023 Dun and Bradstreet (D&B) data.

Demographic Information of the Assessment Area						
Assessment Area: Dallas County NMSA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	17	11.8	41.2	29.4	17.6	0.0
Population by Geography	38,462	14.4	34.0	34.4	17.3	0.0
Housing Units by Geography	20,427	16.2	37.6	29.9	16.2	0.0
Owner-Occupied Units by Geography	8,731	9.0	37.1	32.6	21.3	0.0
Occupied Rental Units by Geography	6,678	27.4	34.7	23.3	14.6	0.0
Vacant Units by Geography	5,018	13.9	42.5	33.9	9.7	0.0
Businesses by Geography	3,240	16.4	27.8	41.8	14.0	0.0
Farms by Geography	123	6.5	54.5	22.8	16.3	0.0
Family Distribution by Income Level	9,116	29.6	18.6	17.7	34.1	0.0
Household Distribution by Income Level	15,409	34.1	17.5	14.8	33.6	0.0
Median Family Income Non-MSAs - AL		\$55,960	Median Housing Value			\$80,011
			Median Gross Rent			\$685
			Families Below Poverty Level			21.3%
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.						

According to D&B data as of June 2023, there were 3,240 businesses located in the Dallas County assessment area. Of the businesses in the assessment area, 85.2 percent have \$1.0 million or less in gross annual revenues (GARs). In addition, of the total businesses in the assessment area, 61.1

percent reported having four or less employees and 89.0 percent operate from a single location. Service industries represent the largest portion of businesses at 33.8 percent followed by non-classifiable establishments (19.4 percent) and retail trade (12.7 percent). Dallas County's largest employers are Walmart Supercenter, Vaughan Regional Medical Center, and International Paper Company.

According to the U.S. Bureau of Labor Statistics, the unemployment rate for Dallas County increased from 2022 to 2023 and exceeded the State of Alabama and the national unemployment rates. The unemployment rates for the State of Alabama and the nation remained constant in 2023. The following table summarizes the unemployment rates for the assessment area, state and nation.

Annual Unemployment Rates (Not Seasonally Adjusted)			
Geographic Area	2022	2023	May 2024
	%	%	%
Dallas County	4.9	5.4	4.4
State	2.5	2.5	2.4
National Average - US	3.6	3.6	4.1
<i>Source: Bureau of Labor Statistics</i>			

The 2023 Federal Financial Institutions Examination Council's (FFIEC) updated median family income level is used to analyze home mortgage loans under the *Borrower Profile* criterion. The low-, moderate-, middle-, and upper-income categories are presented in the following table.

Median Family Income Ranges				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
AL NA Median Family Income (99999)				
2023 (\$65,700)	<\$32,850	\$32,850 to <\$52,560	\$52,560 to <\$78,840	≥\$78,840
<i>Source: FFIEC</i>				

The *Geographic Distribution* criterion compares home mortgage loans to the distribution of owner-occupied housing units. Demographic data shows there are 20,427 housing units located within the Dallas County assessment area. Of these, 42.7 percent are owner occupied, 32.7 percent are occupied rental, and 24.6 percent are vacant units. In addition, 21.3 percent of the families live below the poverty level within the assessment area.

Competition

The assessment area is moderately competitive for the financial services market. According to FDIC Deposit Market Share data as of June 30, 2023, there were six financial institutions operating eight offices within the assessment area, including multi-billion dollar institutions, Wells Fargo Bank, N.A.; PNC Bank, N.A.; Regions Bank; and Trustmark National Bank. Of these institutions, First Cahawba Bank ranked 2nd, with a market share of 18.3 percent.

The bank is not required to collect or report its small business loan data and has not elected to do so. Therefore, the analysis of small business loans under the Lending Test does not include comparisons against aggregate data but is included for context purposes. In 2022, the aggregate data showed 41 institutions reporting 427 small business loans within the assessment area. The top four institutions accounted for 56.2 percent of the market share. This indicates a high degree of competition for this product.

A high level of competition exists for home mortgage loans among several banks, credit unions, and non-depository mortgage lenders. The bank was not a HMDA reporter in 2022; therefore, the Lending Test does not include comparisons against aggregate data. However, the aggregate data is included for context purposes. In 2022, 129 lenders reported a total of 883 residential mortgage loans originated or purchased within the assessment area. The top lenders included Regions Bank, Rocket Mortgage, and Vanderbilt Mortgage and Finance, controlling 8.3, 7.4, and 6.9 percent of the market share, respectively.

Community Contact

During CRA evaluations, examiners conduct community contacts to develop a better understanding of the demographic, economic, and credit needs of an institution's assessment area. This information helps provide insight on whether local financial institutions are responsive to these needs. It also helps determine what credit opportunities are available.

A contact with a local business trade organization in the assessment area noted that the current economy is struggling due to an aging workforce and the availability and conditions of local housing stock. Primary needs in the area are housing development, financial education for the public, and small business education.

Credit Needs

Considering information from the community contact, bank management, and demographic and economic data, examiners determined that residential development along with financial education for the public and small business education are needed.

CONCLUSIONS ON PERFORMANCE CRITERIA IN THE DALLAS COUNTY NMSA ASSESSMENT AREA

LENDING TEST

Overall, First Cahawba Bank demonstrated reasonable performance under the Lending Test in the Dallas County assessment area. This performance was based on the institution's reasonable dispersion of loans throughout the assessment area and to businesses of different sizes and borrowers of different income levels.

Geographic Distribution

The geographic distribution of loans reflects reasonable dispersion throughout the assessment area. Small business and home mortgage lending supports this conclusion.

Small Business Loans

The geographic distribution of small business loans is reasonable. The bank's dispersion of loans in low-income census tracts is lower than demographic data; however, its performance in moderate-income census tracts slightly exceeds demographic data. As previously noted, the bank receives significant competition in this assessment area for small business loans.

Geographic Distribution of Small Business Loans					
Assessment Area: Dallas County NMSA					
Tract Income Level	% of Businesses	#	%	\$(000s)	%
Low	16.4	3	9.7	840	18.5
Moderate	27.8	9	29.0	170	3.8
Middle	41.8	11	35.5	2,442	53.9
Upper	14.0	8	25.8	1,080	23.8
Not Available	0.0	0	0.0	0	0.0
Totals	100.0	31	100.0	4,532	100.0
<i>Source: 2023 D&B Data; Bank Data</i> <i>Due to rounding, totals may not equal 100.0%</i>					

Home Mortgage Loans

The geographic distribution of home mortgage lending reflects reasonable dispersion throughout the assessment area. The bank's performance in the low-income census tracts was lower than demographic data in both low- and moderate-income census tracts. However, given the low percentage of owner-occupied housing units available in low-income census tracts, the high unemployment rate, and competition in the area, the bank's performance is considered reasonable.

Geographic Distribution of Home Mortgage Loans					
Assessment Area: Dallas County NMSA					
Tract Income Level	% of Owner-Occupied Housing Units	#	%	\$(000s)	%
Low	9.0	1	6.3	53	3.5
Moderate	37.1	5	31.3	487	32.2
Middle	32.6	3	18.8	126	8.3
Upper	21.3	7	43.8	848	56.0
Not Available	0.0	0	0.0	0	0.0
Total	100.0	16	100.0	1,514	100.0
Source: 2020 U.S. Census, Bank Data Due to rounding, totals may not equal 100.0%					

Borrower Profile

The bank's distribution of loans to businesses of different sizes and borrowers of different income levels reflects reasonable performance. Small business and home mortgage lending supports this conclusion.

Small Business Loans

The bank's distribution of loans to businesses with GARs of \$1 million or less was lower than demographic data; however, this performance is considered reasonable when you consider competition in the area.

Distribution of Small Business Loans by Gross Annual Revenue Category					
Assessment Area: Dallas County NMSA					
Gross Revenue Level	% of Businesses	#	%	\$(000s)	%
<=\$1,000,000	85.2	21	67.7	806	17.8
>\$1,000,000	3.0	10	32.3	3,726	82.2
Revenue Not Available	11.8	0	0.0	0	0.0
Total	100.0	31	100.0	4,532	100.0
Source: 2023 D&B Data, Bank Data. Due to rounding, totals may not equal 100.0%					

Home Mortgage Loans

The bank's performance within the assessment area is reasonable. The bank's level of lending to low-income borrowers is lower than demographic data. However, it is noted that 72.0 percent of the low-income families have incomes below the poverty level, which greatly decreases the number of low-income families that can qualify for conventional home mortgages. The bank's level of lending to moderate-income borrowers was significantly lower than demographic data. However, the bank experiences high unemployment and moderate competition in this area, which further impacts its

ability to lend. Additionally, 43.8 percent of the bank’s loans did not have income information available, which impacts the analysis.

Distribution of Home Mortgage Loans by Borrower Income Level					
Assessment Area: Dallas County NMSA					
Borrower Income Level	% of Families	#	%	\$(000s)	%
Low	29.6	2	12.5	210	13.9
Moderate	18.6	1	6.3	41	2.7
Middle	17.7	2	12.5	222	14.7
Upper	34.1	4	25.0	553	36.5
Not Available	0.0	7	43.8	488	32.2
Total	100.0	16	100.0	1,514	100.0
<i>Source: 2020 U.S. Census; Bank Data</i> <i>Due to rounding, totals may not equal 100.0%</i>					

DAPHNE MSA ASSESSMENT AREA – Full-Scope Review

DESCRIPTION OF INSTITUTION’S OPERATIONS IN THE DAPHNE MSA ASSESSMENT AREA

The Daphne MSA assessment area consists of Baldwin County in its entirety.

Economic and Demographic Data

The Daphne MSA assessment area consists of 44 census tracts in Baldwin County. The income designations of the census tracts include 9 moderate-income, 24 middle-income, and 9 upper-income census tracts. Additionally, there are two census tracts with no income designations. The following table details the demographic characteristics of the assessment area based on the 2020 U.S. Census and 2023 D&B data.

Demographic Information of the Assessment Area						
Assessment Area: Daphne-Fairhope-Foley MSA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	44	0.0	20.5	54.5	20.5	4.5
Population by Geography	231,767	0.0	17.6	58.0	23.7	0.7
Housing Units by Geography	116,747	0.0	15.5	57.1	22.9	4.5
Owner-Occupied Units by Geography	64,716	0.0	17.4	59.4	22.5	0.7
Occupied Rental Units by Geography	19,331	0.0	22.0	58.1	18.8	1.1
Vacant Units by Geography	32,700	0.0	8.0	52.1	25.9	14.0
Businesses by Geography	29,990	0.0	14.2	56.4	27.4	2.0
Farms by Geography	971	0.0	17.8	61.1	20.2	0.9
Family Distribution by Income Level	56,092	19.6	19.1	21.1	40.2	0.0
Household Distribution by Income Level	84,047	23.2	17.8	16.8	42.2	0.0
Median Family Income MSA - 19300 Daphne-Fairhope-Foley, AL MSA		\$79,907	Median Housing Value			\$254,050
			Median Gross Rent			\$1,033
			Families Below Poverty Level			6.3%
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.						

According to D&B data as of June 2023, there were 29,990 businesses located in the Daphne MSA assessment area. Of those businesses, 90.0 percent have \$1.0 million or less in GARs. In addition, of the total businesses in the assessment area, 64.1 percent reported having four or less employees and 93.7 percent operate from a single location. Service industries represent the largest portion of businesses at 32.5 percent, followed by non-classifiable establishments (23.5 percent); finance, insurance, and real estate (11.5 percent); and retail trade (11.2 percent). The assessment area's largest employers are Gulf Coast Interiors, Thomas Hospital, Rohr Aero Services LLC., and Grand Hotel.

According to the U.S. Bureau of Labor Statistics, unemployment rates for Baldwin County, the State of Alabama, and the nation remained consistent from 2022 to 2023. Additionally, the unemployment rate for Baldwin County was below the state and national averages. The following table summarizes the unemployment rates for the assessment area, state, and nation.

Annual Unemployment Rates (Not Seasonally Adjusted)			
Geographic Area	2022	2023	May 2024
	%	%	%
Baldwin County	2.3	2.3	2.2
State	2.5	2.5	2.4
National Average - US	3.6	3.6	4.1
<i>Source: Bureau of Labor Statistics</i>			

The 2023 FFIEC updated median family income level is used to analyze home mortgage loans under the *Borrower Profile* criterion. The low-, moderate-, middle-, and upper-income categories are presented in the following table.

Median Family Income Ranges				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
Daphne-Fairhope-Foley, AL MSA Median Family Income (19300)				
2023 (\$93,000)	<\$46,500	\$46,500 to <\$74,400	\$74,400 to <\$111,600	≥\$111,600
<i>Source: FFIEC</i>				

The *Geographic Distribution* criterion compares home mortgage loans to the distribution of owner-occupied housing units. Demographic data shows there are 116,747 housing units located within the assessment area. Of these, 55.4 percent are owner occupied, 16.6 percent are occupied rental, and 28.0 percent are vacant units. In addition, 6.3 percent of the families live below the poverty level within the assessment area.

Competition

The assessment area is moderately competitive for the financial services market. According to FDIC Deposit Market Share data as of June 30, 2023, there were 26 financial institutions operating 83 offices within the assessment area, including several multi-billion dollar institutions such as Wells Fargo Bank, N.A; PNC Bank, N.A.; Truist Bank; and Regions Bank. Of these institutions, First Cahawba Bank ranked 22nd, with a market share of 0.43 percent.

The bank is not required to report its small business data. Therefore, the following aggregate data is included to show the level of competition in the area for small business loans. In 2022, the aggregate data showed 105 institutions reporting 7,601 small business loans within the assessment area. The top four institutions accounted for 48.9 percent of the market share. This indicates a high degree of competition for this product.

The bank was not a HMDA reporter in 2022; therefore, the following information is only used to show the level of competition in the area for home mortgage loans. A high level of competition exists for home mortgage loans among several banks, credit unions, and non-depository mortgage lenders. In 2022, 633 lenders reported a total of 19,943 residential mortgage loans originated or purchased within

the assessment area. The top lenders included DHI Mortgage Company Limited, Regions Bank, and Rocket Mortgage, controlling 5.8, 5.6, and 4.2 percent of the market share, respectively.

Community Contact

During CRA evaluations, examiners conduct community contacts to develop a better understanding of the demographic, economic, and credit needs of an institution's assessment area. This information helps provide insight on whether local financial institutions are responsive to these needs. It also helps determine what credit opportunities are available.

A contact with a local education outreach organization in the assessment area noted an increase in the population within the county due to the influx of retirees. However, population declines are projected due to the international relocation of seafarer industries. The contact added that manufacturing companies have closed in Baldwin County that have also impacted surrounding communities. In addition, the contact stated that service businesses, such as landscaping, are flourishing. Lastly, the contact noted that the primary needs in the area are financial education and small business education for the public.

Credit Needs

Considering information from the community contact, bank management, and demographic and economic data, examiners determined that needs included financial education and small business education for the public.

CONCLUSIONS ON PERFORMANCE CRITERIA IN THE DAPHNE MSA ASSESSMENT AREA

LENDING TEST

Overall, First Cahawba Bank demonstrated reasonable performance under the Lending Test in the Daphne MSA Assessment Area. This performance was based on the bank's reasonable geographic distribution performance and poor borrower profile performance. It is noted that the bank's presence in this assessment area is still relatively new, as the branch has been open for a little over five years. Additionally, the bank faces significant competition in this assessment area.

Geographic Distribution

The geographic distribution of loans reflects reasonable dispersion throughout the assessment area for both small business and home mortgage loans.

Small Business Loans

The bank's performance in moderate-income tracts exceeded demographic data; however, lending is limited in this assessment area as the bank only originated four loans.

Geographic Distribution of Small Business Loans					
Assessment Area: Daphne-Fairhope-Foley MSA					
Tract Income Level	% of Businesses	#	%	\$(000s)	%
Low	0.0	0	0.0	0	0.0
Moderate	14.2	1	25.0	150	13.6
Middle	56.4	3	75.0	950	86.4
Upper	27.4	0	0.0	0	0.0
Not Available	2.0	0	0.0	0	0.0
Totals	100.0	4	100.0	1,100	100.0
Source: 2023 D&B Data; Bank Data Due to rounding, totals may not equal 100.0%					

Home Mortgage Loans

The bank's performance significantly exceeded demographic data; however, lending is limited in this assessment area as the bank only originated five loans.

Geographic Distribution of Home Mortgage Loans					
Assessment Area: Daphne-Fairhope-Foley MSA					
Tract Income Level	% of Owner-Occupied Housing Units	#	%	\$(000s)	%
Low	0.0	0	0.0	0	0.0
Moderate	17.4	3	60.0	640	59.1
Middle	59.4	1	20.0	277	25.6
Upper	22.5	1	20.0	165	15.2
Not Available	0.7	0	0.0	0	0.0
Total	100.0	5	100.0	1,082	100.0
Source: 2020 U.S. Census, Bank Data Due to rounding, totals may not equal 100.0%					

Borrower Profile

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

Small Business Loans

The bank's performance in lending to small businesses with GARs of \$1 million or less was significantly below demographic data.

Distribution of Small Business Loans by Gross Annual Revenue Category					
Assessment Area: Daphne-Fairhope-Foley MSA					
Gross Revenue Level	% of Businesses	#	%	\$(000s)	%
<=\$1,000,000	90.0	2	50.0	450	40.9
>\$1,000,000	2.4	2	50.0	650	59.1
Revenue Not Available	7.6	0	0.0	0	0.0
Total	100.0	4	100.0	1,100	100.0
Source: 2023 D&B Data, Bank Data. Due to rounding, totals may not equal 100.0%					

Home Mortgage Loans

The bank did not originate any loans to low- and moderate-income borrowers during the review period.

Distribution of Home Mortgage Loans by Borrower Income Level					
Assessment Area: Daphne-Fairhope-Foley MSA					
Borrower Income Level	% of Families	#	%	\$(000s)	%
Low	19.6	0	0.0	0	0.0
Moderate	19.1	0	0.0	0	0.0
Middle	21.1	1	20.0	165	15.2
Upper	40.2	4	80.0	917	84.8
Not Available	0.0	0	0.0	0	0.0
Total	100.0	5	100.0	1,082	100.0
Source: 2020 U.S. Census; Bank Data Due to rounding, totals may not equal 100.0%					

PIKE COUNTY NMSA ASSESSMENT AREA – Limited-Scope Review

DESCRIPTION OF INSTITUTION’S OPERATIONS IN THE PIKE COUNTY NMSA ASSESSMENT AREA

The Pike County NMSA assessment area consists of Pike County in its entirety. This assessment area is new since the last performance evaluation.

Economic and Demographic Data

The Pike County NMSA assessment area consists of 11 census tracts in Pike County. The income classifications for these census tracts include 1 moderate-income, 7 middle-income, and 3 upper-income census tracts. The following table details the demographic characteristics of the assessment area based on the 2020 U.S. Census and 2023 D&B data.

Demographic Information of the Assessment Area						
Assessment Area: Pike County NMSA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	11	0.0	9.1	63.6	27.3	0.0
Population by Geography	33,009	0.0	12.9	67.1	20.1	0.0
Housing Units by Geography	16,241	0.0	10.6	70.3	19.1	0.0
Owner-Occupied Units by Geography	7,431	0.0	4.1	75.9	20.0	0.0
Occupied Rental Units by Geography	4,269	0.0	23.0	56.9	20.1	0.0
Vacant Units by Geography	4,541	0.0	9.8	73.6	16.5	0.0
Businesses by Geography	2,588	0.0	10.3	67.0	22.6	0.0
Farms by Geography	164	0.0	5.5	77.4	17.1	0.0
Family Distribution by Income Level	6,227	15.9	18.8	17.9	47.4	0.0
Household Distribution by Income Level	11,700	29.4	15.5	13.6	41.6	0.0
Median Family Income Non-MSAs - AL		\$55,960	Median Housing Value			\$125,387
			Median Gross Rent			\$695
			Families Below Poverty Level			10.7%
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.						

According to D&B data as of June 2023, there were 2,588 businesses located in the Pike County assessment area. Of these businesses, 83.2 percent have \$1.0 million or less in GARs. In addition, of the total businesses in the assessment area, 63.1 percent have reported having four or less employees and 88.0 percent operate from a single location. In Pike County, service industries represent the largest portion of businesses at 33.8 percent; followed by non-classifiable establishments (19.4 percent) and retail trade (12.7 percent). Pike County assessment area's largest employers are Walmart Supercenter, Walmart Food Distribution Center, and HB&G Building Products Inc.

Demographic data shows there are 16,241 housing units located within this assessment area. Of these, 45.7 percent are owner occupied, 26.3 percent are occupied rental, and 28.0 percent are vacant units. In addition, 21.5 percent of the families live below the poverty level within the assessment area.

According to the U.S. Bureau of Labor Statistics, unemployment rates for Pike County, the State of Alabama, and the nation have remained consistent from 2022 to 2023. In 2023, the unemployment rate for Pike County was higher than the state but lower than the national average.

Annual Unemployment Rates (Not Seasonally Adjusted)			
Geographic Area	2022	2023	May 2024
	%	%	%
Pike County	2.7	2.7	2.6
State	2.5	2.5	2.4
National Average - US	3.6	3.6	4.1
Source: Bureau of Labor Statistics			

The 2023 FFIEC updated median family income level is used to analyze home mortgage loans under the *Borrower Profile* criterion. The low-, moderate-, middle-, and upper-income census tracts are presented in the following table.

Median Family Income Ranges				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
AL NA Median Family Income (99999)				
2023 (\$65,700)	<\$32,850	\$32,850 to <\$52,560	\$52,560 to <\$78,840	≥\$78,840
Source: FFIEC				

CONCLUSIONS ON PERFORMANCE CRITERIA IN THE PIKE COUNTY NMSA ASSESSMENT AREA

LENDING TEST

The institution's lending performance in the Pike County NMSA assessment area is consistent with the lending performance in the Dallas County NMSA assessment areas that was reviewed using full-scope examination procedures. This conclusion was primarily based on the bank's small business loan performance, as the bank only made one residential loan totaling \$81,000 in a middle-income tract in this assessment area. Therefore, there was not enough data for residential loans to make a reasonable conclusion.

Geographic Distribution

Small Business Loans

The bank's performance in lending to small businesses in moderate-income census tracts was slightly below demographic data.

Geographic Distribution of Small Business Loans					
Assessment Area: Pike County NMSA					
Tract Income Level	% of Businesses	#	%	\$(000s)	%
Low	0.0	0	0.0	0	0.0
Moderate	10.3	1	9.1	173	14.0
Middle	67.0	9	81.8	1,021	82.6
Upper	22.6	1	9.1	42	3.4
Not Available	0.0	0	0.0	0	0.0
Totals	100.0	11	100.0	1,236	100.0
Source: 2023 D&B Data; Bank Data Due to rounding, totals may not equal 100.0%					

Borrower Profile

Small Business Loans

The bank's performance for lending to business of different sizes was excellent in Pike County. The bank originated all 11 small business loans totaling \$1.2 million to businesses with GARs of \$1 million or less. This exceeds the 83.2 percent of business with GARs of \$1 million or less.

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.