

PUBLIC DISCLOSURE

October 3, 2022

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

U.S. Century Bank
Certificate Number: 57369

2301 Northwest 87th Avenue
Doral, Florida 33172

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

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

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

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INSTITUTION RATING

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

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

The Lending Test is rated Satisfactory.

- The loan-to-deposit ratio is reasonable.
- The bank originated a majority of its loans in the assessment areas.
- The geographic distribution of loans reflects a reasonable dispersion throughout the assessment areas.
- The distribution of loans to borrowers reflects, given the demographics of the assessment areas, reasonable penetration among businesses of different sizes.
- The institution did not receive any CRA-related complaints since the previous evaluation; therefore, this factor did not affect the Lending Test rating.

The Community Development Test is rated Outstanding.

The bank's community development performance demonstrates excellent 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

U.S. Century Bank (U.S. Century) is a community bank headquartered in Doral, Florida. The bank is a wholly-owned subsidiary of USCB Financial Holdings, Inc., a one-bank holding company. The bank has not been involved in any merger or acquisition activity since the previous evaluation; however, the bank went public with an initial public offering in 2021. At the previous CRA evaluation performed by the FDIC, dated October 21, 2019, the bank received a “Satisfactory” rating under Interagency Intermediate Small Institution CRA Examination Procedures.

The bank operates ten full-service offices in two south Florida counties: Miami-Dade and Broward. In November 2021, the bank closed one office in Hialeah (Miami-Dade County) located in a moderate-income census tract. The bank has not opened any offices since the previous evaluation.

Although its primary focus is commercial lending, U.S. Century offers a variety of loan products, including commercial, home mortgage, and consumer loans. In terms of commercial lending, the bank offers real estate, equipment, accounts receivable, inventory, and unsecured loans and lines of credit. In addition, the bank offers loans through the United States Small Business Administration’s (SBA) 504 and 7a programs. Furthermore, the bank offered SBA Paycheck Protection Program (PPP) loans during the review period. The SBA guarantees these loans under the Coronavirus Aid, Relief, and Economic Security Act (CARES Act). This temporary program was created to provide economic relief to businesses that were adversely impacted and by retaining jobs that would otherwise be lost due to business closures because of the COVID-19 national emergency, issued on March 13, 2020. During the review period, the bank originated 2,446 PPP loans totaling \$170.5 million.

In terms of home mortgage lending, the bank offers construction-to-permanent loans, variable-rate loans, and home equity lines of credit; however, these loans are focused towards business entities. The bank offers a full range of consumer deposit products, including checking, savings, money market, and certificates of deposit accounts. All offices have automated teller machines. Alternative banking services include internet and mobile banking, electronic bill pay, and person-to-person transfers.

Examiners did not identify any financial or legal impediments that would prevent the bank from meeting the assessment areas’ credit needs. As of the June 30, 2022 Consolidated Reports of Condition and Income (Call Report), U.S. Century had total assets of \$2.0 billion, with loans totaling \$1.4 billion, total deposits of \$1.8 billion, and total securities of \$456.1 million. As shown in the following table, commercial real estate and commercial and industrial loans represented the largest portion of the outstanding loan portfolio at 58.7 percent followed by and one-to-four family residential properties at 14.5 percent and consumer loans at 7.2 percent.

Loan Portfolio Distribution as of 6/30/2022		
Loan Category	\$(000s)	%
Construction, Land Development, and Other Land Loans	44,170	3.2
Secured by Farmland	188	0.0
Secured by 1-4 Family Residential Properties	199,534	14.5
Secured by Multifamily (5 or more) Residential Properties	134,535	9.8
Secured by Nonfarm Nonresidential Properties	668,180	48.7
Total Real Estate Loans	1,046,607	76.2
Agricultural Production and Other Loans to Farmers	0	0.0
Commercial and Industrial Loans	137,376	10.0
Consumer Loans	98,073	7.2
Obligations of State and Political Subdivisions in the U.S.	0	0.0
Other Loans	90,677	6.6
Lease Financing Receivable (net of unearned income)	0	0.0
Less: Unearned Income	0	0.0
Total Loans	1,372,733	100.0
<i>Source: Call Report</i>		

DESCRIPTION OF ASSESSMENT AREAS

The CRA requires each financial institution to define one or more assessment areas within which its performance will be evaluated. U.S. Century’s delineated assessment areas remain unchanged since the previous examination. One assessment area includes all of Miami-Dade County, which comprises the entire Miami-Miami Beach-Kendall, FL Metropolitan Division (MD). The second assessment area includes all of Broward County, which comprises the entire Fort Lauderdale-Pompano Beach-Sunrise, FL MD. The following table provides details on the assessment areas.

Description of Assessment Areas			
Assessment Area	Counties in Assessment Area	# of Census Tracts	# of Branches
Miami MD	Miami-Dade	519	9
Fort Lauderdale MD	Broward	362	1
<i>Source: Bank Data</i>			

The evaluation includes separate discussions for each of the two 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 October 21, 2019, to the current evaluation dated October 3, 2022. In evaluating U.S. Century’s CRA performance, examiners used the Interagency Intermediate Small Institution CRA Examination Procedures, which consist of two tests: Lending and Community Development. Refer to the Appendices for a detailed

description of these tests. Examiners used these procedures to perform full-scope reviews of the bank’s CRA performance in its Miami MD and Fort Lauderdale MD assessment areas. In determining the scope of each review, the examiner considered the branching structure and activity in each assessment area.

Examiners evaluate a bank’s lending and deposit activity and number of offices to determine an individual assessment area’s contribution to the overall rating. With a significant majority of lending and deposit activity in the Miami MD assessment area, examiners gave the most weight in assigning the overall rating and conclusions to performance in this assessment area. Refer to the following table for additional details.

Assessment Area Breakdown of Loans, Deposits, and Branches						
Assessment Area	Loans		Deposits		Branches	
	\$(000s)	%	\$(000s)	%	#	%
Miami MD	191,717	71.1	1,618,951	92.5	9	90.0
Fort Lauderdale MD	78,086	28.9	131,121	7.5	1	10.0
Total	269,803	100.0	1,750,072	100.0	10	100.0

Source: Bank Records; FDIC Summary of Deposits (6/30/2022)

Activities Reviewed

The CRA regulation requires a review of a bank’s lending performance in its assessment areas with respect to home mortgage, small business, and small farm lending, if significant. Based upon the bank’s business strategy, loan portfolio mix, and the number and dollar volume of loans originated during the evaluation period, examiners determined the major product line is small business loans, followed by home mortgage loans. Commercial lending accounts for 58.7 percent of the loan portfolio, as of June 30, 2022, compared to home mortgage loans at 24.3 percent.

In 2020 and 2021, the bank was not subject to the data collection requirements under the CRA. However, the bank elected to collect small business data; therefore, examiners reviewed the universe of small business loans in 2020 and 2021. In 2020, the bank originated or renewed 1,633 small business loans totaling \$113.0 million. Of the 2020 small business loans, 1,591 loans totaling \$94.3 million were SBA PPP loans. The high volume of loan originations in 2020, due to PPP lending, was not reflective of the bank's lending during the entire evaluation period. Therefore, a review was also conducted of the bank's 2021 small business lending. In 2021, the bank originated or renewed 876 small business loans totaling \$84.5 million. Of the 2021 small business loans, 814 loans totaling \$49.9 million were SBA PPP loans. The bank did not collect revenue data for SBA PPP loans, because it was not required to do so under the program.

As a non-CRA reporter, examiners did not use aggregate small business lending data for comparison purposes; instead, examiners compared the bank’s 2020 and 2021 small business lending performance to 2020 and 2021 Dunn & Bradstreet (D&B) business demographic data. Only data for 2021 is presented within this evaluation with anomalies or trends discussed under each criterion, as applicable. Due to the bank’s commercial lending focus and number of small business loan originations, examiners gave the most weight in the overall conclusions to the bank’s small business lending performance.

The bank is not subject to the Home Mortgage Disclosure Act (HMDA) because the number of home mortgage loans originated during the review period did not meet the reporting threshold. Therefore, examiners collected home mortgage loan data from bank records for loans originated in 2021 to draw conclusions about the bank's home mortgage lending performance. In 2021, the bank originated 73 home mortgage loans totaling \$117.9 million, and examiners reviewed the universe of these loans. All home mortgage loan originations were to business entities for investment purposes. As such, the borrowers were not natural persons, and an analysis of income would not result in a meaningful conclusion. Therefore, the *Borrower Profile* criterion will not be included for these loans. Since the bank does not report HMDA data, aggregate home mortgage lending data was not used as a standard of comparison for the *Geographic Distribution* criterion. Instead, examiners compared the bank's 2021 home mortgage lending performance to applicable demographic data based on the 2015 American Community Survey (ACS) Census.

The bank's farm loans represent less than 0.1 percent of outstanding loans per the June 30, 2022 Call Report information. Furthermore, the bank did not originate or renew any small farm loans in 2021; therefore, small farm loans will not be included in the CRA evaluation.

For the Community Development Test, examiners reviewed the bank's qualified community development loans, investments, and services since the previous evaluation dated October 21, 2019.

CONCLUSIONS ON PERFORMANCE CRITERIA

LENDING TEST

Overall, U.S. Century demonstrated satisfactory performance under the Lending Test. This rating is supported by a reasonable loan-to-deposit ratio, a substantial majority of the loans originated within the assessment areas, an overall reasonable geographic distribution of loans, and a reasonable distribution of loans to businesses of different sizes.

Loan-to-Deposit Ratio

The net loan-to-deposit (NLTD) ratio is reasonable given the institution's size, financial condition, and assessment areas' credit needs. The NLTD ratio for the previous 11 quarters averaged 81.0 percent. This ratio is calculated on a net basis, excluding the loan loss reserves and unearned income. Since the previous evaluation, the NLTD ratio ranged from a high of 97.1 percent on December 31, 2019 to a low of 72.2 percent on March 31, 2022. Overall, the NLTD ratio has been trending downward. This trend is due to deposits increasing at a faster rate than loans, due in part to an elevated level of deposits during the Covid-19 pandemic.

U.S. Century maintained an average NLTD ratio that was higher than two comparable banks and below one comparable bank. The following table presents U.S. Century's average NLTD ratio as well as comparable institutions based on size, geographic location, branch network, and/or lending focus.

Net Loan-to-Deposit Ratio Comparison		
Bank	Total Assets as of 6/30/2022 \$(000s)	Average NLTD Ratio (%)
US Century Bank, Doral, FL	2,016,086	81.0
First State Bank of the Florida Keys, Key West, FL	1,300,709	74.1
Apollo Bank, Miami, FL	1,061,855	71.7
BanESCO USA, Coral Gables, FL	2,592,737	95.6
<i>Source: Call Reports 12/31/2019 – 6/30/2022</i>		

Assessment Area Concentration

As shown on the following table, the bank originated a majority of loans, by both number and dollar, within the assessment areas.

Lending Inside and Outside of the Assessment Area										
Loan Category	Number of Loans					Dollar Amount of Loans \$(000s)				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%	#	\$	%	\$	%	\$(000s)
Small Business										
2020	1,431	87.6	202	12.4	1,633	100,692	89.1	12,350	10.9	113,042
2021	774	88.4	102	11.6	876	74,026	87.6	10,513	12.4	84,539
Subtotal	2,205	87.9	304	12.1	2,509	174,718	88.4	22,863	11.6	197,581
Home Mortgage	61	83.6	12	16.4	73	95,085	80.6	22,824	19.4	117,909
Total	2,266	87.8	316	12.2	2,582	269,803	85.5	45,687	14.5	315,490
<i>Source: Bank Data</i>										

Geographic Distribution

The geographic distribution of loans reflects reasonable dispersion throughout the bank's assessment areas. Performance is consistent throughout the assessment areas. For this performance criterion, examiners focus on the percentage of loans by number originated in low- and moderate-income census tracts. Only loans extended within a bank's assessment areas are included in the analyses.

Borrower Profile

The distribution of loans to borrowers reflects reasonable penetration among businesses of different sizes. The performance is consistent throughout the assessment areas. For this performance criterion, examiners focus on the percentage of small business loans originated to businesses with gross annual revenues of \$1.0 million or less and the percentage of home mortgage loans originated to low- and moderate-income borrowers. As previously noted, all of the bank's home mortgage loans were made to businesses; therefore, there was no evaluation of lending to individuals of different income levels. Only loans extended within a bank's assessment areas are included in the analyses.

Response to Complaints

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

COMMUNITY DEVELOPMENT TEST

U.S. Century demonstrated an excellent responsiveness to the community development needs of its assessment areas. The bank met those needs 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.

Community Development Loans

As detailed in the following table, U.S. Century originated 74 community development loans totaling \$151.1 million during the evaluation period. By number, 66.2 percent supported affordable housing, 20.3 percent supported economic development, 10.8 percent supported revitalization or stabilization, and 2.7 percent supported community services. The dollar volume of community development loans equates to 9.4 percent of average total assets and 13.6 percent of average total loans as of June 30, 2022. The bank’s lending, in terms of both percentages, is higher than similarly situated banks and the bank’s performance at the previous evaluation.

Community Development Lending										
Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Total	
	#	\$(000)	#	\$(000)	#	\$(000)	#	\$(000)	#	\$(000)
2019 (Partial)	-	-	-	-	-	-	-	-	-	-
2020	15	13,933	-	-	9	20,433	3	5,097	27	39,463
2021	20	38,390	1	7,800	6	16,667	2	11,360	29	74,217
2022 (YTD)	14	19,183	1	2,673	-	-	3	15,540	18	37,396
Total	49	71,506	2	10,473	15	37,100	8	31,997	74	151,076
<i>Source: Bank Data from 10/21/2019 to 10/3/2022</i>										

As illustrated in the following table, by number and dollar volume of loans, the bank made more loans in the Miami MD assessment area, which is consistent with the bank’s larger presence in the assessment area compared to the Fort Lauderdale MD assessment area. In addition, the bank originated two community development loans totaling \$1.2 million outside of the assessment areas but within South Florida. These loans did not directly benefit the assessment areas; however, because the bank was responsive to the community development needs of the assessment areas, examiners considered these loans within the bank’s performance. Refer to the individual assessment areas for additional details on community development loans within the assessment areas.

Community Development Lending by Area										
Areas	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Total	
	#	\$(000)	#	\$(000)	#	\$(000)	#	\$(000)	#	\$(000)
Miami MD	23	36,931	1	7,800	12	26,978	7	30,534	43	102,243
Fort Lauderdale MD	24	33,366	1	2,673	3	10,122	1	1,463	29	47,624
Regional	2	1,209	-	-	-	-	-	-	2	1,209
Total	49	71,506	2	10,473	15	37,100	8	31,997	74	151,076
<i>Source: Bank Data from 10/21/2019 to 10/3/2022</i>										

The following community development loans were outside the assessment areas in Palm Beach County.

- In 2021, the bank originated a \$656,250 loan to purchase a 6-unit multifamily apartment building. The units provide affordable housing for low- and moderate-income people. All rents are below HUD Fair Market Rents.
- In 2022, the bank originated a \$552,510 loan to purchase a 6-unit multifamily property. The units provide affordable housing for low- and moderate-income people. All rents are below HUD Fair Market Rents.

Qualified Investments

During the evaluation period, the bank made or retained 55 qualified investments, grants and donations totaling \$19.3 million, representing 1.2 percent of average total assets and 5.9 percent of average total securities as of June 30, 2022. The bank's qualified investment performance as a percent of average total securities is higher than the previous evaluation and higher than some similarly situated banks.

Most of the bank's qualified investments consist of 11 new investments purchased during the evaluation period totaling \$15.8 million. New investments purchased, during the performance evaluation period, consist of mortgage-backed securities supporting affordable housing to low- and moderate-income individuals or within low- and moderate-income census tracts. Examiners noted that five new investments contained loans in, both, the Miami MD and Fort Lauderdale MD assessment areas.

The bank also made 41 qualified grants and donations totaling \$53,202, benefitting organizations supporting affordable housing and community services. These organizations represent vital social services, especially for low- and moderate-income individuals.

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

Qualified Investments										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Prior Period	2	3,246	-	-	1	249	-	-	3	3,495
2019 (Partial)	-	-	-	-	-	-	-	-	-	-
2020	-	-	-	-	-	-	-	-	-	-
2021	9	13,280	-	-	-	-	-	-	9	13,280
2022 (YTD)	2	2,480	-	-	-	-	-	-	2	2,480
Subtotal	13	19,006	-	-	1	249	-	-	14	19,255
Qualified Grants & Donations	2	4	39	49	-	-	-	-	41	53
Total	15	19,010	39	49	1	249	-	-	55	19,308
<i>Source: Bank Records</i>										

Qualified Investments by Assessment Area										
Assessment Area	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Miami MD	9	10,238	29	41	1	249	-	-	39	10,528
Fort Lauderdale MD	1	1,158	10	8	-	-	-	-	11	1,166
Regional Activities	5	7,614	-	-	-	-	-	-	5	7,614
Total	15	19,010	39	49	1	249	-	-	55	19,308
<i>Source: Bank Records</i>										

The following is an example of regional qualified investments made within the Miami MD and Fort Lauderdale MD assessment areas.

- In 2021 and 2022, the bank invested a total of \$7.6 million through five mortgage-backed securities. These investments promote affordable housing.

Community Development Services

During the evaluation period, bank directors and employees provided 72 instances of financial expertise, technical assistance, or financial literacy to 23 different community development-related organizations or schools within the area. Activities primarily assisted local community organizations in providing community services to low- and moderate-income individuals and neighborhoods. The bank's performance is similar when compared to the previous evaluation.

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

Community Development Services					
Activity Year	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Totals
	#	#	#	#	#
2019 (Partial)	-	1	-	-	1
2020	-	9	1	-	10
2021	3	29	3	-	35
2022 (YTD)	2	15	9	-	26
Total	5	54	13	-	72
<i>Source: Bank Records from 10/21/2019 to 0/3/2022</i>					

Community Development Services by Assessment Area					
Assessment Area	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Totals
	#	#	#	#	#
Miami MD	5	53	11	-	69
Fort Lauderdale MD	-	1	2	-	3
Total	5	54	13	-	72
<i>Source: Bank Records from 10/21/2019 to 10/3/2022</i>					

The bank also offers low-cost checking and savings accounts, which are attractive to low- and moderate-income individuals. Specifically, the “Personal Checking” and “Senior Citizens Checking” accounts have a minimum balance requirement of \$100 to open with no monthly maintenance fees. In addition, the bank maintains one of its ten offices (10 percent) in a moderate-income census tract.

DISCRIMINATORY OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

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

MIAMI MD ASSESSMENT AREA – Full-Scope Review

DESCRIPTION OF INSTITUTION’S OPERATIONS IN THE MIAMI MD ASSESSMENT AREA

The bank operates nine offices in this assessment area. All offices are located in Miami-Dade County, which comprises the entire Miami-Miami Beach-Kendall MD. The assessment area remains unchanged from the previous evaluation. The Miami MD assessment area accounts for 71.1 percent of loans reviewed, 92.5 percent of bank-wide deposits, and 90.0 percent of the branching network.

Economic and Demographic Data

This assessment area includes 519 census tracts, which consist of 30 low-, 144 moderate-, 150 middle-, and 177 upper-income census tracts. There are 18 census tracts with no income designation. The following table outlines select demographic data of this assessment area based on the 2015 ACS Census data and the 2021 D&B data.

Demographic Information of the Miami MD Assessment Area						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	519	5.8	27.7	28.9	34.1	3.5
Population by Geography	2,639,042	5.5	29.7	30.9	33.2	0.7
Housing Units by Geography	998,833	5.3	27.5	29.3	37.2	0.6
Owner-Occupied Units by Geography	452,826	2.0	21.4	31.9	44.4	0.2
Occupied Rental Units by Geography	389,327	9.6	37.8	28.2	23.5	0.8
Vacant Units by Geography	156,680	4.3	19.4	24.6	50.4	1.3
Businesses by Geography	791,580	3.1	20.8	26.3	47.5	2.3
Farms by Geography	7,895	3.9	23.7	27.1	44.5	0.8
Family Distribution by Income Level	572,388	24.0	16.6	16.9	42.5	0.0
Household Distribution by Income Level	842,153	26.1	15.1	15.9	42.9	0.0
Median Family Income MSA - 33124 Miami-Miami Beach-Kendall, FL		\$49,264	Median Housing Value			\$244,010
			Median Gross Rent			\$1,155
			Families Below Poverty Level			16.9%

Source: 2015 ACS and 2021 D&B Data. Due to rounding, totals may not equal 100.0%. () The NA category consists of geographies that have not been assigned an income classification.*

The following table reflects the Federal Financial Institutions Examination Council’s (FFIEC) updated median family income (MFI) figure and the low-, moderate-, middle-, and upper-income MFI categories for the MD. As shown below, the maximum MFI for low-income families was less than \$30,500, which is low, when considering the median housing value of \$244,010 in 2015.

Further, 16.9 percent of families have incomes below the federal poverty level. These families will likely face difficulty in qualifying for home mortgage loans.

Median Family Income Ranges for the Miami MD				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
2021 (\$61,000)	<\$30,500	\$30,500 to <\$48,800	\$48,800 to <\$73,200	≥\$73,200
<i>Source: FFIEC</i>				

As noted in the following table, the unemployment rate for Miami-Dade County declined from 2020 to 2021. The unemployment rate in 2020 was lower than the state and national rates. In 2021, the unemployment rate was lower than the national rate, but higher than the state rate.

Unemployment Rates		
Area	2020	2021
	%	%
Miami-Dade County	7.4	5.2
Florida	8.2	4.6
National Average	8.1	5.4
<i>Source: Federal Reserve Economic Data</i>		

The assessment area’s largest industries include education and health services at 16.6 percent, professional and business services at 15.5 percent, and retail trade at 11.7 percent. According to Moody’s, major employers include Publix Supermarkets (39,240 employees), Baptist Health South Florida (23,000 employees), and American Airlines (13,500 employees).

Moody's *Economy.com, Inc., Précis Metro*, dated November 2021, notes that the MD’s economy is in slow recovery. Although the large tourism industry is improving, the MD’s economy is seeing continued effects of COVID-19-related restrictions on international travel. Additionally, although housing construction has picked up, housing prices have risen nearly 25 percent in the past year.

Competition

There is a high level of competition for deposits in the assessment area. In addition to competing with large national and regional banks, U.S. Century competes with local banks, credit unions, and finance companies. As of June 30, 2022, 56 FDIC-insured institutions operated 591 offices within the assessment area. The top five banks by deposit market share were Bank of America, National Association (N.A.); JP Morgan Chase Bank, N.A.; Wells Fargo Bank, N.A.; Citibank N.A.; and City National Bank of Florida. Collectively, these five banks accounted for 55.7 percent of the deposit market share. U.S Century ranked 21st in total deposits with a market share of 0.8 percent.

In addition, there is a high level of competition for small business loans in the assessment area. Although the bank became a CRA reporter in January 2022, U.S. Century was not a CRA reporter for 2020 and 2021. Therefore, the analysis of small business loans under the Lending Test does not include a comparison against aggregate data. Aggregate data for 2021 is not yet available; however, to provide context, aggregate data for 2020 reflects 253 lenders reported 143,253 small business

loans, indicating a significant level of competition. The three most prominent small business lenders were American Express National Bank; Bank of America, N.A.; and JPMorgan Chase Bank, N.A., collectively accounting for 45.4 percent of the total market share by number of loans.

As previously noted, U.S Century Bank is not required to report its home mortgage loan data, and has not elected to do so. Therefore, the analysis of home mortgage loans does not include a comparison against aggregate data. However, to provide context, there is a high level of competition for home loans in the assessment area. The 2020 aggregate data shows that 726 lenders reported 78,733 home mortgage loans in the assessment area, indicating a significant level of competition. The three most prominent home mortgage lenders were Quicken Loans, LLC; United Wholesale Mortgage, LLC; and Paramount Residential Mortgage, collectively accounting for 18.0 percent of total market share, by number of loans.

Community Contacts

Examiners rely on contacts with community organizations to gain insight regarding the credit needs, community development opportunities, and economic conditions of the assessment area. Individuals interviewed provide information based upon their knowledge and expertise in the housing, business, or economic sectors.

An existing community contact with an organization that serves the assessment area's small businesses was reviewed. The contact stated that the organization's target market, which includes the bank's assessment area, has more micro and small businesses than the rest of the State of Florida. Low- and moderate-income individuals and families that have been underserved by the traditional banking system own the vast majority of these businesses. The majority of the businesses lack the resources to access the capital needed to grow their businesses. As a result, there is a huge market that is underserved in Miami-Dade County. The contact also stated that organizations served within the target market do not see banks as a source of micro and small business capital. The alternatives for these businesses are non-profit organizations, merchant cash advances, or similar organizations. Additionally, an existing contact with an affordable housing organization that serves as an advocate for new and existing affordable housing developments in Miami-Dade County was reviewed. The contact noted a significant need for the development of additional multifamily and single-family affordable housing due to Miami's high cost of living, which continues to rise.

Credit and Community Development Needs and Opportunities

Based on demographic information, economic data, and community contact information, examiners identified certain credit and community development needs and opportunities within the assessment area. A need for loans supporting small businesses is evident based on the community contact's statements coupled with the fact that small businesses comprise a significant majority of the assessment area's businesses. Specifically, there is a need for small business loans as there is a significant percentage of businesses with gross annual revenues of \$1.0 million or less at 94.7 percent.

Additionally, the high number of low- and moderate-income families at 24.0 percent and 16.6 percent, respectively, indicates a continued need for affordable housing. The community contact further supported the need for, and opportunity to finance, additional affordable housing in Miami-Dade County. Lastly, the high median age of housing stock in low- and moderate-income census tracts at 53 years and 52 years, respectively, indicates a significant need for home improvement loans.

CONCLUSIONS ON PERFORMANCE CRITERIA IN THE MIAMI MD ASSESSMENT AREA

LENDING TEST

U.S. Century demonstrated satisfactory performance under the Lending Test in the Miami MD assessment area. The bank’s reasonable performance relative to the geographic distribution and borrower profile supports this conclusion.

Geographic Distribution

Overall, the geographic distribution of loans reflects a reasonable dispersion of loans throughout the assessment area. This conclusion is based on reasonable dispersion of small business loans and an excellent dispersion of home mortgage loans.

Small Business Loans

The geographic distribution reflects a reasonable dispersion of small business loans. As shown in the table below, the bank’s percentage of lending in low-income census tracts was slightly below, but comparable to, the percentage of businesses in these tracts. The bank’s percentage of lending in moderate-income census tracts was below, but comparable to, the percentage of businesses in these tracts.

Geographic Distribution of Small Business Loans in the Miami MD Assessment Area					
Tract Income Level	% of Businesses	#	%	\$(000s)	%
Low	3.1	17	2.6	4,986	8.8
Moderate	20.8	121	18.7	14,644	25.9
Middle	26.3	174	26.9	12,773	22.6
Upper	47.5	318	49.2	22,587	40.0
Not Available	2.3	16	2.6	1,526	2.7
Totals	100.0	646	100.0	56,516	100.0
<i>Source: 2021 D&B Data; Bank Data</i>					

Home Mortgage Loans

The geographic distribution of home mortgage loans reflects excellent dispersion throughout the Miami MD assessment area. As shown in the following table, the bank's percentage of lending in low-income and moderate-income census tracts significantly exceeded demographic data.

Geographic Distribution of Home Mortgage Loans in the Miami MD Assessment Area					
Tract Income Level	% of Owner-Occupied Housing Units	#	%	\$(000s)	%
Low	2.0	7	21.2	19,960	35.0
Moderate	21.4	12	36.4	21,223	37.2
Middle	31.9	7	21.2	9,637	16.9
Upper	44.4	5	15.2	4,580	8.0
Not Available	0.2	2	6.1	1,590	2.9
Totals	100.0	33	100.0	56,990	100.0

Source: 2015 ACS Data; Bank Data. Due to rounding, totals may not equal 100.0%.

Borrower Profile

The borrower profile distribution reflects reasonable penetration among businesses of different sizes. This conclusion is based on the reasonable penetration among businesses of different sizes.

Small Business Loans

The distribution of borrowers reflects a reasonable penetration among business customers of different sizes. As shown in the following table, the bank's percentage of loans to businesses with revenues of \$1.0 million or less fell well below demographic data, in part, because of the large number of SBA PPP loans where revenue information was not available. If these loans are excluded, the bank's performance increases, but is still below demographic data at 62.5 percent. However, the bank's performance is trending up, as lending in 2020 was 47.1 percent, after accounting for SBA PPP loans without revenue information. Additionally, D&B data does not reflect the demand for small business loans. To gain a better understanding of credit needs and demand in the assessment area, examiners reviewed aggregate market data from institutions that collect and report data on small business loans. The 2020 aggregate data reflects that reporters originated 38.4 percent of all loans to businesses with revenues of \$1 million or less.

Distribution of Small Business Loans by Gross Annual Revenue Category in Miami MD Assessment Area					
Gross Revenue Level	% of Businesses	#	%	\$(000s)	%
<=\$1,000,000	94.7	25	3.9	13,139	23.2
>\$1,000,000	1.8	15	2.3	7,476	13.2
Revenue Not Available	3.5	606	93.8	35,901	63.6
Totals	100.0	646	100.0	56,516	100.0

Source: 2021 D&B Data; Bank Data

The bank originated a substantial majority of the SBA PPP loans in amounts under \$250,000, with a significant majority of those loans originated in amounts under \$100,000. As illustrated in the following table, the volume of small-sized loans demonstrates the bank’s willingness to meet small business credit needs.

Distribution of PPP Loans by Loan Size in the Miami MD Assessment Area				
Loan Size	#	%	\$(000s)	%
<\$100,000	512	84.6	15,109	41.4
\$100,000 - \$249,000	62	10.3	9,699	26.6
\$250,000 - \$1,000,000	31	5.1	11,697	32.0
Totals	605	100.0	36,505	100.0

Source: 2021 Bank Data

COMMUNITY DEVELOPMENT TEST

U.S. Century's community development performance demonstrates excellent responsiveness to community development needs in the assessment area through community development loans, qualified investments, and community development services, considering the bank’s capacity and the need and availability of such opportunities for community development in the assessment area.

Community Development Loans

By number of loans, the bank originated 67.7 percent of its community development loans in this assessment area. The following table depicts the bank’s lending by year and community development purpose.

Community Development Lending – Miami MD										
Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Total	
	#	\$	#	\$	#	\$	#	\$	#	\$
2019 (Partial)	-	-	-	-	-	-	-	-	-	-
2020	6	4,668	-	-	7	13,365	2	3,634	15	21,667
2021	9	19,268	1	7,800	5	13,613	2	11,360	17	52,041
2022 (YTD)	8	12,995	-	-	-	-	3	15,540	11	28,535
Total	23	36,931	1	7,800	12	26,978	7	30,534	43	102,243

Source: Bank Data from 10/21/2019 to 10/3/2022

The following are examples of the bank’s community development loans in the assessment area.

- In 2021, the bank originated a \$1.9 million SBA 504 loan to purchase a building located in a moderate-income census tract. The loan supported economic development.
- In 2022, the bank originated a \$1.4 million PPP loan to a business in a moderate-income census tract. The loan helped the business maintain payroll for over 250 employees during the COVID-19 pandemic.

Qualified Investments

In the Miami MD, the bank made or retained 39 qualified investments totaling \$10.5 million or 54.5 percent of total qualified investments. During the evaluation period, the bank continued to hold two equity investments from a prior period totaling \$3.2 million. Additionally, the bank maintained its certificate of deposit for \$249,000 at a minority-owned financial institution designated by the U.S. Department of Treasury based on ownership interests. The following table illustrates the bank’s qualified investments in the Miami MD by year and purpose.

Community Development Qualified Investments by Activity Year – Miami MD										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Prior Period	2	3,246	-	-	1	249	-	-	3	3,495
2019 (Partial)	-	-	-	-	-	-	-	-	-	-
2020	-	-	-	-	-	-	-	-	-	-
2021	5	6,988	-	-	-	-	-	-	5	6,988
2022 (YTD)	-	-	-	-	-	-	-	-	-	-
Subtotal	7	10,234	-	-	1	249	-	-	8	10,483
Qualified Grants & Donations	2	4	29	41	-	-	-	-	31	45
Total	9	10,238	29	41	1	249	-	-	39	10,528
<i>Source: Bank Records</i>										

The following are notable examples of qualified investments made during the evaluation period.

- In 2021, the bank purchased three Freddie Mac mortgage-backed securities totaling \$4.4 million. The security is backed by 27 loans for one-to-four-family homes within Miami-Dade County. All of the loans were to low- or moderate-income borrowers and five are located in low- or moderate-income census tracts.
- In 2021, the bank donated \$5,000 to an organization that provides financial coaching and education to low- and moderate-income families to help them and their children break the cycle of generational poverty.

Community Development Services

Since the previous evaluation, bank records show that employees have participated in 69 community development services with various organizations. Similar to the assessment area’s share of branches, at 90 percent, this performance represents 95.8 percent of the bank’s community

development services activities. The following table illustrates the bank’s community development services by year and purpose.

Community Development Services – Miami MD					
Activity Year	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Total
	#	#	#	#	#
2019 (Partial)	-	1	-	-	1
2020	-	9	1	-	10
2021	3	29	2	-	34
2022 (YTD)	2	14	8	-	24
Total	5	53	11	-	69
<i>Source: Bank Data from 10/21/2019 to 10/31/2022</i>					

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

- Various bank officers served on organizations' boards that assist small businesses with financial education.
- Various bank officers provided financial literacy education at schools where most students receive free or reduced-price lunches.

FORT LAUDERDALE MD ASSESSMENT AREA – Full-Scope Review

DESCRIPTION OF INSTITUTION’S OPERATIONS IN THE FORT LAUDERDALE MD ASSESSMENT AREA

The bank operates one office in this assessment area, which comprises the entire Fort Lauderdale-Pompano Beach-Sunrise MD. The assessment area remains unchanged from the previous evaluation. The Fort Lauderdale MD assessment area accounts for 28.9 percent of loans reviewed, 7.5 percent of bank-wide deposits, and 10.0 percent of the branching network.

Economic and Demographic Data

This assessment area includes 362 census tracts, which consist of 20 low-, 106 moderate-, 117 middle-, and 117 upper-income census tracts. There are two census tracts with no income designation. The table below outlines select demographic data of this assessment area based on the 2015 ACS Census data and the 2021 D&B data.

Demographic Information of the Fort Lauderdale Assessment Area						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	362	5.5	29.3	32.3	32.3	0.6
Population by Geography	1,843,152	5.1	28.9	32.7	33.3	0.0
Housing Units by Geography	814,454	5.4	28.7	33.2	32.7	0.0
Owner-Occupied Units by Geography	425,691	2.8	24.8	34.0	38.4	0.0
Occupied Rental Units by Geography	244,593	9.4	34.6	33.2	22.9	0.0
Vacant Units by Geography	144,170	6.6	30.2	30.7	32.4	0.0
Businesses by Geography	512,701	4.9	25.0	30.6	39.6	0.0
Farms by Geography	6,220	5.4	29.4	29.1	36.1	0.0
Family Distribution by Income Level	425,680	22.3	17.3	18.7	41.7	0.0
Household Distribution by Income Level	670,284	24.4	16.1	17.3	42.2	0.0
Median Family Income MSA - 22744 Fort Lauderdale-Pompano Beach-Sunrise, FL		\$61,809	Median Housing Value			\$206,124
			Median Gross Rent			\$1,233
			Families Below Poverty Level			11.2%

Source: 2015 ACS and 2021 D&B Data. Due to rounding, totals may not equal 100.0%. () The NA category consists of geographies that have not been assigned an income classification.*

The following table reflects the FFIEC’s updated MFI figure and the low-, moderate-, middle-, and upper-income MFI categories for the MD. As shown on the following table, the maximum MFI for low-income families was less than \$36,700, which is low, when considering the median housing value of \$206,124 in 2015. Further, 11.2 percent of families have incomes below the federal poverty level. These families will likely face difficulty in qualifying for home mortgage loans.

Median Family Income Ranges for the Fort Lauderdale MSA				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
2021 (\$73,400)	<\$36,700	\$36,700 to <\$58,720	\$58,720 to <\$88,080	≥\$88,080
<i>Source: FFIEC</i>				

As shown in the table below, the unemployment rate for Broward County declined from 2020 to 2021. The unemployment rate in 2020 was higher than the state and national rates. In 2021, the unemployment rate was lower than the state and national rates.

Unemployment Rates		
Area	2020	2021
	%	%
Broward County	8.8	3.6
Florida	8.2	4.6
National Average	8.1	5.4
<i>Source: Federal Reserve Economic Data</i>		

In terms of businesses and the economy, 2021 D&B data shows the top industries in the assessment area were professional and business services at 18.0 percent, education and health services at 13.3 percent, government at 12.8 percent, and retail trade at 12.7 percent. According to Moody's, major employers include Nova Southeastern University (6,234 employees); First Service Residential (5,400 employees); and HEICO (4,532 employees).

Moody's *Economy.com, Inc., Précis Metro*, dated December 2021, notes that the MD's economy is finally recovering from the crisis with the accelerated pace of job growth at the end of 2021. Although there has been a surge in hiring and an influx of new residents to stimulate the economy, housing prices rose at the fastest rate in two decades. The combined concentration of lower-wage jobs with higher housing prices has increased the need for affordable housing.

Competition

There is a high level of competition for deposits in the assessment area. In addition to competing with large national and regional banks, U.S. Century competes with local banks, credit unions, and finance companies. As of June 30, 2022, 44 FDIC-insured institutions operated 390 offices within the assessment area. The top five banks by deposit market share were Bank of America, N.A.; Wells Fargo Bank, N.A.; Truist Bank; JP Morgan Chase Bank, N.A.; and Citibank N.A. Collectively, these five banks accounted for 71.0 percent of the deposit market share. U.S Century Bank ranked thirtieth in total deposits with a market share of 0.2 percent.

Aggregate data for 2020 reflects 264 lenders reported 98,821 small business loans, indicating a significant level of competition. The three most prominent small business lenders were American Express National Bank; Bank of America, N.A.; and JPMorgan Chase Bank, N.A., collectively accounting for 46.0 percent of the total market share by number of loans.

The 2020 aggregate data shows that 833 lenders reported 80,794 home mortgage loans in the assessment area, indicating a significant level of competition. The three most prominent home mortgage lenders were Quicken Loans, LLC; United Wholesale Mortgage, LLC; and Wells Fargo Bank, N.A., collectively accounting for 18.6 percent of total market share, by number of loans.

Community Contacts

An existing community contact with an organization that serves the assessment area's small businesses was reviewed. The contact stated that affordable housing remains the primary need of households. Construction loans, commercial financing, export/trade financing, and small business loans are the primary loan needs of businesses. Further, local businesses currently need working capital to keep their businesses running because of the impact of COVID-19. Examiners also reviewed a recent community contact conducted with an affordable housing organization that provides permanent, affordable housing opportunities to meet the needs of low-income individuals in Broward County. The contact noted a significant need for the development of additional multifamily and single-family affordable housing as well as low- and moderate-income apartments. The contact noted that people are relocating from the northern United States to Broward County, resulting in higher demand in housing than the current supply. Thus, home and rent prices are at all-time highs such that low- and moderate-income individuals are unable to afford the rents and are no longer able to live in Broward County.

Credit and Community Development Needs and Opportunities

Based on the community contacts and demographic and economic data, some conclusions regarding the credit needs of the assessment area can be derived. First, the high percentage of low- and moderate-income families at 39.6 percent and the poverty rate indicate needs for financial literacy and affordable housing. However, it is doubtful that many of these families would qualify for typical home loans. Thus, government-guaranteed home loan programs with more flexible underwriting criteria may be needed. Lastly, there is a need for small business loans as there is a significant percentage of businesses with gross annual revenues of \$1.0 million or less at 94.3 percent.

CONCLUSIONS ON PERFORMANCE CRITERIA IN THE FORT LAUDERDALE MD ASSESSMENT AREA

LENDING TEST

U.S. Century demonstrated satisfactory performance under the Lending Test in the Fort Lauderdale MD assessment area. The bank's reasonable performance relative to the geographic distribution and borrower profile supports this conclusion.

Geographic Distribution

Overall, the geographic distribution of loans reflects reasonable dispersion of loans throughout the Fort Lauderdale MD assessment area. This conclusion is based on the reasonable dispersion of small business loans and the excellent dispersion of home mortgage loans.

Small Business Loans

The geographic distribution reflects a reasonable dispersion among small business loans. As shown in the following table, the bank's percentage of lending in low-income census tracts was above the percentage of businesses in these tracts. The bank's percentage of lending in moderate-income census tracts was below, but comparable to, demographic data.

Geographic Distribution of Small Business Loans in the Fort Lauderdale MD Assessment Area					
Tract Income Level	% of Businesses	#	%	\$(000s)	%
Low	4.9	8	6.3	794	4.5
Moderate	25.0	27	21.1	4,690	26.8
Middle	30.6	27	21.1	4,049	23.1
Upper	39.6	66	51.6	7,977	45.6
Not Available	0.0	0	0.0	0	0.0
Totals	100.0	128	100.0	17,510	100.0

Source: 2021 D&B Data; Bank Data. Due to rounding, totals may not equal 100.0%.

Home Mortgage Loans

The geographic distribution of home mortgage loans reflects excellent penetration throughout the Fort Lauderdale MD assessment area. As shown in the following table, the bank's percentage of lending in low- and moderate-income census tracts significantly exceeded the percentage of owner-occupied housing units in these tracts.

Geographic Distribution of Home Mortgage Loans in the Fort Lauderdale MD Assessment Area					
Tract Income Level	% of Owner-Occupied Housing Units	#	%	\$(000s)	%
Low	2.8	4	14.3	6,629	17.4
Moderate	24.8	16	57.1	17,101	44.9
Middle	34.0	4	14.3	6,940	18.2
Upper	38.4	4	14.3	7,425	19.5
Not Available	0.0	0	0.0	0	0.0
Totals	100.0	28	100.0	38,095	100.0

Source: 2015 ACS Data; Bank Data

Borrower Profile

The borrower profile distribution reflects reasonable penetration among businesses of different sizes. This conclusion is based on the reasonable penetration among businesses of different sizes.

Small Business Loans

The distribution of borrowers reflects a reasonable penetration among business customers of different sizes. As shown in the following table, the bank’s percentage of loans to businesses with revenues of \$1.0 million or less fell well-below demographic data, in part, because of the large number of SBA PPP loans where revenue information was not available. If these loans are excluded, the bank’s performance increased, but is still below demographics at 50.0 percent. Although the bank’s performance is below the demographic data, D&B data does not reflect the demand for small business loans. To gain a better understanding of credit needs and demand in the assessment area, examiners reviewed aggregate market data from institutions that collect and report data on small business loans. The 2020 aggregate data reflects that reporters originated 40.3 percent of all loans reported to businesses with revenues of \$1 million or less. Additionally, competition within this assessment area is high.

Distribution of Small Business Loans by Gross Annual Revenue Category in Fort Lauderdale MD Assessment Area					
Gross Revenue Level	% of Businesses	#	%	\$(000s)	%
<=\$1,000,000	94.3	7	5.5	4,985	28.5
>\$1,000,000	1.9	7	5.5	4,544	26.0
Revenue Not Available	3.8	114	89.0	7,981	45.5
Totals	100.0	128	100.0	17,510	100.0

Source: 2021 D&B Data; Bank Data

The bank originated a significant majority of the SBA PPP loans in amounts under \$250,000, with a significant majority of those loans originated in amounts under \$100,000. As illustrated in the following table, the volume of small-sized loans further demonstrates the bank’s willingness to meet small business credit needs.

Distribution of PPP Loans by Loan Size in the Fort Lauderdale Assessment Area				
Loan Size	#	%	\$(000s)	%
<\$100,000	89	78.1	2,146	26.9
\$100,000 - \$249,000	17	14.9	2,802	35.1
\$250,000 - \$1,000,000	8	7.0	3,033	38.0
Totals	114	100.0	7,981	100.0

Source: 2021 Bank Data

COMMUNITY DEVELOPMENT TEST

U.S. Century’s community development performance demonstrates excellent responsiveness to community development needs in the assessment area through community development loans, qualified investments, and community development services, considering the bank’s capacity and the need and availability of such opportunities for community development in the assessment area.

Community Development Loans

By number of loans, the bank originated 31.5 percent of its community development loans in this assessment area. The following table depicts the bank’s lending by year and community development purpose.

Community Development Lending – Fort Lauderdale MD										
Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Total	
	#	\$	#	\$	#	\$	#	\$	#	\$
2019 (Partial)	-	-	-	-	-	-	-	-	-	-
2020	9	9,265	-	-	2	7,067	1	1,463	12	17,795
2021	10	18,466	-	-	1	3,055	-	-	11	21,521
2022 (YTD)	5	5,635	1	2,673	-	-	-	-	6	8,308
Total	24	33,366	1	2,673	3	10,122	1	1,463	29	47,624
<i>Source: Bank Data from 10/21/2019 to 10/3/2022</i>										

The following are examples of the bank’s community development loans in the assessment area.

- In 2020, the bank originated a \$2.3 million loan as part of the SBA’s Certified Development Company 504 Loan Program. The borrower used the proceeds to purchase a commercial property located in a moderate-income census tract.
- In 2020, the bank originated a \$1.9 million loan to purchase four multifamily apartment buildings containing a total of 20 units. The units provide affordable housing for low- and moderate-income people. All rents are below HUD Fair Market Rents.

Qualified Investments

In the Fort Lauderdale MD assessment area, the bank made 11 qualified investments totaling \$1.2 million or 6.2 percent of the dollar amount of total qualified investments since the previous evaluation. During the evaluation period, qualified investments benefited efforts related to affordable housing and community services within the assessment area. The following table outlines the bank’s qualified investments in the Fort Lauderdale MD assessment area by year and purpose.

Community Development Qualified Investments by Activity Year – Fort Lauderdale MD										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Prior Period	-	-	-	-	-	-	-	-	-	-
2019 (Partial)	-	-	-	-	-	-	-	-	-	-
2020	-	-	-	-	-	-	-	-	-	-
2021	-	-	-	-	-	-	-	-	-	-
2022 (YTD)	1	1,158	-	-	-	-	-	-	1	1,158
Subtotal	1	1,158	-	-	-	-	-	-	1	1,158
Qualified Grants & Donations	-	-	10	8	-	-	-	-	10	8
Total	1	1,158	10	8	-	-	-	-	11	1,166

Source: Bank Records from 10/21/2019 to 10/3/2022

The following are notable examples of qualified investments made or retained during the evaluation period.

- In 2022, the bank purchased one Fannie Mae mortgage-backed security totaling \$1.2 million. One-to-four-family homes within Broward County secure the six underlying loans. Of the six loans, all were originated to low- or moderate-income borrowers and two are located in low- or moderate-income census tracts.
- In 2021, the bank donated \$1,000 to an organization that provides services to Broward County’s low- and moderate-income communities.

Community Development Services

Since the previous evaluation, bank records show that employees have participated in three community development services with various organizations. This performance represents 4.2 percent of the bank’s community development services activities and is below the assessment area’s share of branches at 10 percent. The following table illustrates the bank’s community development services by year and purpose.

Community Development Services – Fort Lauderdale MD					
Activity Year	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Total
	#	#	#	#	#
2019 (Partial)	-	-	-	-	-
2020	-	-	-	-	-
2021	-	-	1	-	1
2022 (YTD)	-	1	1	-	2
Total	-	1	2	-	3

Source: Bank Data from 10/21/2019 to 10/3/2022

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

- A bank officer serves on the board of an organization committed to economic development programs designed to stimulate and encourage business and employment.
- One bank officer provided financial literacy education at a school where most students receive free or reduced-price lunches.

APPENDICES

INTERMEDIATE SMALL BANK PERFORMANCE CRITERIA

Lending Test

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

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

Community Development Test

The Community Development Test considers the following criteria:

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

GLOSSARY

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

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

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

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

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

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

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

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

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

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

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

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

Community Development Loan: A loan that:

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

Community Development Service: A service that:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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