

# **PUBLIC DISCLOSURE**

**July 1, 2014**

## **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

**CB&S Bank, Inc.  
Certificate Number: 15310**

**200 Jackson Avenue South  
Russellville, Alabama 35653**

**Federal Deposit Insurance Corporation  
Division of Depositor and Consumer Protection  
10 Tenth Street, N.E., Suite 800  
Atlanta, Georgia 30309-3906**

**NOTE:**

**This document is an evaluation of this institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the institution. This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to 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.**

## INSTITUTION'S RATING

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

### LENDING, INVESTMENT, AND SERVICE TEST TABLE:

The following table indicates the performance level of the institution with respect to the lending, investment, and service tests.

PERFORMANCE LEVELS	CB&S Bank, Inc.		
	PERFORMANCE TESTS		
	Lending Test*	Investment Test	Service Test
Outstanding			
High Satisfactory	X	X	X
Low Satisfactory			
Needs to Improve			
Substantial Noncompliance			

\*The lending test is weighted more heavily than the investment and service tests when arriving at an overall rating.

### Lending Test

- A high percentage of loans are made in the institution's assessment areas.
- The distribution of borrowers reflects good penetration among retail customers of different income levels and businesses of different sizes, given the product lines offered by the institution.
- The geographic distribution of loans reflects good penetration throughout the assessment areas.
- The institution has made a relatively high level of community development loans.
- The institution uses flexible lending practices in order to serve its assessment areas' credit needs. The bank's use of flexible loan programs increased in number and dollar volume since the prior CRA evaluation. However, it has made limited use of innovative lending practices.

## **Investment Test**

- The institution has a significant level of qualified community development investments, grants, and donations that are not routinely provided by private investors. Based on the dollar volume of qualified community development investments, the institution demonstrates a solid investment test performance throughout its assessment areas. The institution's recent partnership with the Senior Housing Crime Prevention Foundation is noteworthy and representative of an investment type not routinely provided by private investors.
- The institution exhibits good responsiveness to the credit and community economic development needs. Each of the bank's investments is responsive to an identified need, particularly those involving Title One schools in Alabama, Mississippi, and Tennessee; state and local municipal bonds for the Water and Sanitation Board; affordable housing assistance and partnership with the Alabama Multifamily Loan Consortium; and rehabilitation and economic development projects in Alabama and Mississippi.
- The institution occasionally uses innovative and/or complex investments to support community development initiatives.

## **Service Test**

- Delivery systems are accessible to essentially all portions of the institution's assessment areas.
- To the extent changes have been made, the institution's openings and closings of branches has not adversely affected the accessibility of its delivery systems, particularly in low- and moderate-income census tracts and to low- and moderate-income individuals.
- Services and business hours do not vary in a manner that inconveniences low- and moderate-income census tracts and individuals.
- The institution provides a relatively high level of community development services.

underserved or distressed nonmetropolitan middle-income census tracts in the Franklin County Non-MSA and the Florence, Decatur, and Huntsville MSA assessment areas.

- In 2013, the bank purchased 11 revenue bonds totaling \$3.7 million for utility improvements and public school improvements in the Florence MSA assessment area. Many of these schools are Title One schools with exceedingly high percentages of their students receiving free or reduced-cost lunches. Further, three revenue bonds totaling \$1.6 million were purchased in the Mississippi Non-MSA assessment area for the purpose of roadway and building improvements as well as public area repairs in the distressed and underserved census tracts in Lee County.
- In 2014, the bank purchased five revenue bonds totaling \$1.4 million, which included three utility bonds and two revenue bonds for capital improvements to the county jail, public highways, roads, streets, bridges of low- and moderate-income census tracts in the Decatur, Alabama assessment area.

#### *Equity Security Investments*

- **In 2013, the bank partnered with the Senior Housing Crime Prevention Foundation and invested \$1.1 million, which provided affordable housing assistance to designated nursing homes in Franklin County, Alabama.**
- In 2014, the bank invested \$1 million with the Tennessee Rural/Small Business Opportunity Fund, known as “Pathway Lending.” The mission of this organization is to provide underserved small businesses with lending solutions and educational services that result in job creation and economic development.

#### *Donations*

The various donations made throughout the bank’s assessment areas during the evaluation period provided financial assistance to organizations that have the primary purpose of promoting economic development, community revitalization, affordable housing, homeless shelters, financial education, literacy, scholarships and educational opportunities for low- and moderate-income students, job training for entry into the workforce, revitalization of low-income neighborhoods and distressed areas, and basic human services to low- and moderate-income individuals, including food banks, medical services, domestic violence victims, and helping at-risk youths.

#### **SERVICE TEST**

The bank’s service test performance is rated high satisfactory. High satisfactory records regarding its retail banking services and community development services support this conclusion. The bank offers a full array of financial services throughout its assessment areas to ensure that the needs of the communities are met through several delivery methods. The bank’s opening and closing of branches has not adversely affected accessibility of its delivery systems in its assessment areas, particularly in low- and moderate-income census tracts and to low- and

bank also originated an excellent level of community development loans in Alabama. During the evaluation period, the bank originated 21 community development loans totaling \$35.7 million. This represents 56 percent of the bank's community development lending by dollar volume. Please refer to tables 1-12 in Appendices E and F for additional details on the bank's lending activity in the Alabama assessment areas.

## **INVESTMENT TEST**

CB&S demonstrated outstanding performance under the investment test for the Alabama assessment areas. The institution's investment performance reflected an excellent level of qualified investments and responsiveness to credit and community development needs in its assessment areas. During this evaluation period, the bank's investments totaled \$25.9 million in Alabama. This amount represents 90 percent of bank-wide community development investments. In addition, CB&S has \$17.3 million of qualified prior period investments that benefit the assessment areas in Alabama.

The bank occasionally uses innovative and/or complex investments to support community development initiatives. However, the bank's recent partnership with the Senior Housing Crime Prevention Foundation is noteworthy and representative of an investment type not routinely provided by private investors. This organization provides safe and affordable housing to low- and moderate-income senior individuals. Through this organization, CB&S invested \$1.1 million during the evaluation period. Additionally, the Alabama assessment areas have a direct benefit from the bank's continued partnership with the AMLC. The bank made a three-year \$1.3 million investment with this organization that provides affordable housing assistance to residents in Alabama. Please refer to the overall Investment Test section beginning on page 20 for additional details.

## **SERVICE TEST**

CB&S demonstrated a high satisfactory performance under the service test for the Alabama assessment areas. Delivery systems are accessible to essentially all assessment areas. The bank's opening and closing of branches has not adversely affected the accessibility of its delivery systems to low- and moderate-income individuals or census tracts. Services are appropriate for the convenience and needs of low- and moderate-income individuals and census tracts. Lastly, the bank provides a relatively high level of community development services. Please refer to the overall Service Test section beginning on page 22 for additional details.