PUBLIC DISCLOSURE

September 23, 2024

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Time Bank
Certificate Number: 34038

626 West Talcott Road
Park Ridge, Illinois 60068

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

300 South Riverside Plaza, Suite 1700
Chicago, Illinois 60606

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 (AA), 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 (LTD) ratio is reasonable given the institution's size, financial condition, and AA credit needs.
- A majority of loans are in the institution's AA.
- The geographic distribution of loans reflects reasonable dispersion throughout the AA.
- The dispersion of borrowers reflects, given the demographics of the AA, 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.

The Community Development Test is rated Satisfactory.

- The institution's community development performance demonstrates adequate responsiveness to community development needs in its AA 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 AA.

DESCRIPTION OF INSTITUTION

Time Bank operates from its sole office in Park Ridge, Illinois. The bank is located north of the city of Chicago in the suburban northern part of Cook County. Time Bank is a wholly owned subsidiary of Community Bank Corporation, a one-bank holding company. The institution received a Satisfactory rating at its previous FDIC Performance Evaluation, dated February 14, 2022, based on the Interagency Intermediate Small Bank (ISB) CRA Examination Procedures.

Time Bank operates one full-service facility in an upper-income census tract in the AA. The bank offers traditional lending products including commercial, residential (including home equity and home improvement), construction, and consumer loans. Time Bank also offers guaranteed loan programs through the Small Business Administration (SBA). The institution provides a variety of deposit services including checking, savings, money market deposit accounts, and certificates of deposit (CDs). Alternative banking services include internet and mobile banking, electronic bill pay, and bank-owned ATMs. The bank did not open or close any branches, and no merger or acquisition activities occurred since the previous evaluation.

According to the June 30, 2024, Consolidated Reports of Condition and Income (Call Report), Time Bank reported \$463.1 million in total assets, \$36.0 million in total loans, \$379.6 million in total deposits, and total securities of \$77.3 million. Loans have increased \$44.8 million, or 14.2 percent, and assets have increased $39.8 million, or 9.4 percent, since the prior evaluation. Multifamily and 1-4 family residential loans combined make-up the largest segment of the loan portfolio, followed by construction and land development, and commercial lending. Specifically, multifamily and 1-4 family residential, construction and land development, and commercial lending by dollar volume represent 54.7 percent, 26.7 percent, and 9.5 percent, respectively of the loan portfolio. The following table illustrates the loan portfolio composition.

Loan Portfolio Distribution as of 06/30/2024		
Loan Category	**$(000s)**	**%**
Construction, Land Development, and Other Land Loans	96,044	26.7
Secured by Farmland	0	0.0
Secured by 1-4 Family Residential Properties	101,560	28.2
Secured by Multifamily (5 or more) Residential Properties	95,243	26.4
Secured by Nonfarm Nonresidential Properties	27,460	7.6
Total Real Estate Loans	**320,307**	**88.9**
Commercial and Industrial Loans	6,802	1.9
Agricultural Production and Other Loans to Farmers	0	0.0
Consumer Loans	231	0.1
Obligations of State and Political Subdivisions in the U.S.	0	0.0
Other Loans	32,791	9.1
Lease Financing Receivable (net of unearned income)	0	0.0
Less: Unearned Income	-149	0.0
Total Loans	**359,982**	**100.0**
Source: Reports of Condition and Income.		

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

DESCRIPTION OF ASSESSMENT AREAS

The CRA requires each financial institution to define one or more AAs to evaluate its CRA performance. Time Bank designated a single AA in northern Cook County, Illinois, which is located within the Chicago-Naperville-Evanston, Illinois Metropolitan Division (Chicago MD). The AA includes contiguous census tracts, and it has not changed since the previous evaluation. The bank's AA conforms to the CRA regulation, as it does not arbitrarily exclude any low- or moderate-income census tracts, does not reflect illegal discrimination, and otherwise meets the requirements of the CRA regulation. The following sections discuss demographic and economic information for the assessment area.

<u>Economic and Demographic Data</u>

The AA includes 544 census tracts in Cook County. Examiners used demographic data from the 2020 U.S. Census and 2023 D&B to analyze the bank's CRA performance. According to the 2020 U.S. Census data, the AA's census tracts reflect the following income designations: 15 (2.8 percent) low-income census tracts; 102 (18.8 percent) moderate-income tracts; 192 (35.3 percent) middle-income tracts; 232 (42.6 percent) upper-income tracts; and three (0.5 percent) census tracts with no income designation. The following table illustrates select demographic characteristics of the AA.

Demographic Information of the Assessment Area						
Demographic Characteristics	**#**	**Low % of #**	**Moderate % of #**	**Middle % of #**	**Upper % of #**	**NA* % of #**
Geographies (Census Tracts)	544	2.8	18.8	35.3	42.6	0.5
Population by Geography	2,317,821	2.8	19.9	38.1	39.0	0.2
Housing Units by Geography	958,835	2.8	19.0	37.8	40.2	0.3
Owner-Occupied Units by Geography	528,628	1.7	14.1	39.0	45.0	0.1
Occupied Rental Units by Geography	362,474	4.4	25.6	36.4	33.2	0.5
Vacant Units by Geography	67,733	3.1	20.8	35.6	40.3	0.3
Businesses by Geography	306,393	2.2	15.4	37.3	44.8	0.3
Farms by Geography	2,974	1.4	14.7	37.4	46.3	0.1
Family Distribution by Income Level	535,381	20.3	15.6	18.6	45.5	0.0
Household Distribution by Income Level	891,102	22.7	15.0	16.9	45.5	0.0
Median Family Income MSA - 16984 Chicago-Naperville-Evanston, IL		$92,622	Median Housing Value			$356,478
Families Below Poverty Level		6.5%	Median Gross Rent			$1,309
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.						

While 21.6 percent of the geographies located within the AA are categorized as low- or moderate-income, only 15.8 percent of all owner-occupied units are in these tracts. Low-income census tracts reflect particularly low owner-occupancy levels at 1.7 percent. This demographic reveals a challenge that lenders face in providing home mortgage financing in low- and moderate-income areas. The demographics also reveal a higher percentage of rental units in low- and moderate-income census tracts when compared to owner-occupied housing units in those tracts. This suggests more potential for non-owner-occupied lending in those areas and supports the need for affordable housing. Time Bank provides a significant amount of financing for non-owner-occupied 1-4 family residential and multifamily mortgage loans. These loans are typically extended to investors for the purpose of providing rental housing. As such, the bank's performance under the Geographic Distribution criterion is compared to the percentage of occupied rental units located within geographies by income level.

Examiners used the Federal Financial Institutions Examination Council (FFIEC)-updated median family income (MFI) levels during the review period to analyze home mortgage loans under the Borrower Profile criterion. The table below contains information on the MFIs by category.

Median Family Income Ranges				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
Chicago-Naperville-Evanston, IL Median Family Income (16984)				
2022 ($105,700)	<$52,850	$52,850 to <$84,560	$84,560 to <$126,840	≥$126,840
2023 ($109,800)	<$54,900	$54,900 to <$87,840	$87,840 to <$131,760	≥$131,760
Source: FFIEC.				

The Chicagoland area maintains a strong commercial base with a high concentration of small businesses. The demographic information reflects a relatively low percentage (2.2 percent) of businesses that operate in low-income geographies. This data is indicative of challenges institutions may face in extending credit in these geographies. According to 2023 D&B data, 306,393 non-farm businesses operate in the AA, of which 281,189 or approximately 91.8 percent reported gross annual revenues (GARs) of $1 million or less. The percentage of non-farm businesses with GARs of less than $1 million in the AA indicates that opportunities exist to extend loans to small businesses.

Among all non-farm businesses, the services industry represents the largest segment of businesses in the AA at 32.6 percent; followed by finance, insurance, and real estate (10.3 percent); and retail trade (8.74 percent). In addition, 57.4 percent of businesses within the AA have four or fewer employees and 94.5 percent operate from a single location. This highlights the prevalence of very small businesses within the AA. The analysis of small business loans under the Geographic Distribution criterion compares the loans to the percentage of businesses within geographies by income level, while the analysis under the Borrower Profile criterion compares the loans to the distribution of businesses by GAR level. D&B data for 2022 and 2023 provides a standard of comparison when measuring small business lending performance.

Competition

Time Bank operates in a very competitive market within the AA. According to the FDIC Deposit Market Share data as of June 30, 2024, 99 financial institutions operated 1,140 full-service offices throughout Cook County. Time Bank ranked 52nd with 0.1 percent of the deposit market share. The three highest-ranked institutions are large national banks that have a combined deposit market share of 51.3 percent.

The bank was not required to report Home Mortgage Disclosure Act (HMDA) data in 2022 but reported HMDA loans in 2023. The bank had a total of 13 reportable lines in 2023, which were considered during the evaluation. Examiners reviewed home mortgage market share reports to assess the level of lending competition in the AA amongst banks, credit unions, and non-depository mortgage lenders for both years. In 2023, 696 lenders reported 138,322 home mortgage loans originated or purchased in the AA. The top five lenders accounted for 25.5 percent of the total market share.

In addition, the bank is not required to collect or report small business data pursuant to the reporting requirements of the CRA. Therefore, aggregate small business lending data is not used as a direct comparison to performance under the Lending Test. However, examiners considered aggregate small business lending data as a measure of demand. The most recent aggregate small lending data available shows that 219 reporting lenders originated or purchased 155,079 small business loans within the AA. These performance context factors indicate a competitive market for originating or purchasing small business loans in the AA.

Community Contacts

Examiners conducted recent community contact interviews to assist in identifying and understanding the credit and community development needs of the AA. The information helps examiners determine whether local financial institutions are responsive to these needs. For this performance evaluation, examiners reviewed four recent community contact interviews with representatives from housing, economic development, and financial counseling organizations. The contacts identified credit needs for affordable housing, financial literacy, and financing for start-up businesses, specifically small dollar business loans.

Credit and Community Development Needs and Opportunities

Considering the information from community contacts and demographic data, examiners determined that small business financing, affordable housing, and financial literacy represent significant credit and community development needs in the AA. Several community development opportunities exist within the AA. For example, considering the coronavirus disease 2019 pandemic, numerous businesses were forced to cease operations leading to an increased interest in support of small business programs. In addition, the bank's AA contains empowerment zones and tax increment financing districts that local or state government entities have designated for revitalization, stabilization, or economic development. These areas are established to stimulate economic activities that include job preservation, job creation, business development, and residential development. Further, small business and affordable housing counseling agencies that provide financial expertise to small business owners, individuals, and young professionals operate throughout the bank's AA.

SCOPE OF EVALUATION

General Information

The evaluation covers the period from the previous evaluation dated February 14, 2022, to the current evaluation dated September 23, 2024. Examiners used the Interagency ISB CRA Examination Procedures to evaluate Time Bank's CRA performance. This is the second CRA performance evaluation using ISB CRA Examination Procedures, as the bank's assets exceeded the small bank size thresholds as of December 31 of the prior two calendar years. ISB CRA Examination Procedures include the Lending and Community Development Tests as outlined in the ISB Performance Criteria Appendix. Financial institutions must achieve a satisfactory rating under each of these tests to obtain an overall Satisfactory rating.

Activities Reviewed

Examiners determined that the bank's major product lines are home mortgage, 1-4 family residential construction (residential construction), and small business loans. This conclusion considered the bank's business strategy, Call Report data, and bank records to identify the number and dollar volume of loans originated during the review period. The bank's record of originating home mortgage, residential construction, and small business loans contributed equal weight to the overall conclusion. No other loan types, such as small farm or consumer loans, represent a major product line or provide material support for the conclusions or rating.

Time Bank originated 45 home mortgage loans totaling $50.0 million in 2022 and 18 home mortgage loans totaling $11.5 million in 2023. The bank extended most of these loans to fund 1-4 family residential rental properties. With respect to residential construction loans, the bank originated 42 loans totaling $61.9 million in 2022, and 21 loans totaling $37.5 million in 2023. In addition, the bank originated 25 small business loans totaling approximately $9.9 million in 2022 and 15 loans totaling $6.6 million in 2023.

This evaluation considered the universe of the home mortgage, residential construction, and small business loans originated in 2022 and 2023. The bank was not required to report home mortgage or small business data and elected not to do so in 2022; therefore, examiners compared the bank's performance to demographic data and 2020 U.S. Census data.

For the Community Development Test, examiners reviewed community development loans, qualified investments, and community development services provided by the bank since the prior CRA evaluation dated February 14, 2022.

CONCLUSIONS ON PERFORMANCE CRITERIA

LENDING TEST

Time Bank demonstrated reasonable performance under the Lending Test. Reasonable levels regarding the LTD Ratio, AA Concentration, Geographic Profile, and Borrower Profile criteria support this conclusion.

Loan-to-Deposit Ratio

The LTD ratio is reasonable given the institution's size, financial condition, and AA credit needs. The net LTD ratio, calculated from Call Report data, averaged 92.6 percent over the past 12 calendar quarters from March 31, 2022, to June 30, 2024. The ratio ranged from a low of 78.4 percent as of March 31, 2022, to a high of 103.9 percent as of December 31, 2023. In general, the ratio steadily increased throughout the review period. Examiners evaluated Time Bank's net LTD ratio by comparing it to five similarly situated institutions (SSIs). Examiners selected these banks based on asset size, geographic location, and lending focus. As shown in the table below, Time Bank's ratio ranks third highest among similarly situated institutions.

Loan-to-Deposit Ratio Comparison		
Institution	**Total Assets $(000s)**	**Average Net Loan-to-Deposit Ratio (%)**
Time Bank	**463,148**	**93.0**
Similarly Situated Institution #1	520,239	115.2
Similarly Situated Institution #2	356,312	94.1
Similarly Situated Institution #3	422,715	83.5
Similarly Situated Institution #4	511,416	68.8
Similarly Situated Institution #5	502,330	61.5
Source: Reports of Condition and Income 03/31/2022 – 06/30/2024.		

Assessment Area Concentration

Examiners analyzed all home mortgage, residential construction, and small business loans throughout the review period to determine the portion of loans extended inside and outside the AA. Overall, Time Bank originated 51.7 percent of its home mortgage loans, residential construction, and small business loans by dollar amount within its AA. The bank originated 49.4 of its home mortgage, residential construction and small business loans by volume within its AA. However, when also considering the bank's HELOC lending, in addition to the major product lines identified, the bank's lending within its AA by dollar amount and volume represented 55.0 percent and 60.5 percent of total lending, respectively.

Lending Inside and Outside of the Assessment Area										
Loan Category	**Number of Loans**				**Total**	**Dollar Amount of Loans $(000s)**				**Total**
	Inside		**Outside**			**Inside**		**Outside**		
	#	**%**	**#**	**%**	**#**	**$**	**%**	**$**	**%**	**$(000s)**
Home Mortgage										
2022	16	35.6	29	64.4	45	10,854	21.7	39,108	78.3	49,962
2023	11	61.1	7	38.9	18	6,607	57.3	4,929	42.7	11,536
Subtotal	**27**	**42.9**	**36**	**57.1**	**63**	**17,461**	**28.4**	**44,037**	**71.6**	**61,498**
Residential Construction										
2022	24	57.1	18	42.9	42	48,846	78.9	13,056	21.1	61,902
2023	9	42.9	12	57.1	21	16,505	44.0	21,017	56.0	37,522
Subtotal	**33**	**52.4**	**30**	**47.6**	**63**	**65,351**	**65.7**	**34,073**	**38.4**	**99,424**
Small Business										
2022	16	64.0	9	36.0	25	6,055	61.2	3,831	38.8	9,886
2023	6	40.0	9	60.0	15	2,800	42.4	3,802	57.6	6,602
Subtotal	**22**	**55.0**	**18**	**45.0**	**40**	**8,855**	**53.7**	**7,633**	**46.3**	**16,488**
Source: Bank Data. Due to rounding, totals may not equal 100.0%										

Geographic Distribution

The geographic distribution of loans reflects a reasonable dispersion throughout the bank's AA. This conclusion is supported by the bank's reasonable performance of residential construction and small business lending inside of the AA. For this criterion, examiners focused on loans originated in the AA, the percentage by number of loans in low- and moderate-income census tracts, and performance context factors.

Home Mortgage Loans

The geographic distribution of home mortgage loans reflects poor dispersion throughout the AA. Time Bank's home mortgage lending focus is commercial purpose, non-owner-occupied residential mortgage loans. These loans are provided to real estate investors who use them as rental properties. Therefore, the demographic data used for comparison is the percent of occupied rental units. The following table reflects the distribution of home mortgage loans by census tract income level.

Geographic Distribution of Home Mortgage Loans					
Tract Income Level	**% of Occupied Rental Units**	**#**	**%**	**$(000s)**	**%**
Low					
2022	4.4	0	0.0	0	0.0
2023	4.4	0	0.0	0	0.0
Moderate					
2022	25.6	1	6.3	807	7.4
2023	25.6	1	9.1	408	6.2
Middle					
2022	36.4	6	37.5	4,385	40.4
2023	36.4	4	36.4	4,146	62.7
Upper					
2022	33.2	9	56.3	5,662	52.2
2023	33.2	6	54.5	2,054	31.1
Not Available					
2022	0.5	0	0.0	0	0.0
2023	0.5	0	0.0	0	0.0
Totals					
2022	**100.0**	**16**	**100.0**	**10,854**	**100.0**
2023	**100.0**	11	**100.0**	**6,607**	**100.0**
Source: 2015 ACS; Bank Data, Due to rounding, totals may not equal 100.0%					

The bank did not originate any loans in low-income census tracts in 2022 and 2023. The low percentage of rental occupied units in low-income census tracts limits the bank's ability to attract additional borrowers in these geographies. Examiners evaluated aggregate lending data of non-owner-occupied home mortgage lending in low-income census tracts to demonstrate demand. Aggregate lending data slightly trailed the demographic in terms of volume and dollar amount at 2.3 percent and 2.6 percent, respectively. Similarly, the bank's SSI performance in low-income census tracts in terms of volume and dollar amount represented 5.0 percent and 1.5 percent of total lending, respectively.

The bank's lending in moderate-income census tracts in 2022 and 2023 significantly trailed demographic data. Examiners evaluated aggregate lending data of non-owner-occupied home mortgage lending in moderate-income census tracts to demonstrate demand. Aggregate lending data slightly trailed demographic data in both volume and dollar amount at 19.5 percent and 22.3 percent. In addition, the bank's SSI performance in moderate-income census tracks within the AA exceeded demographic data in both volume and dollar amount at 40.6 percent and 37.5 percent, respectively.

The bank's home mortgage loan performance is poor when considering the above factors and level of competition in the AA.

Residential Construction Loans

The geographic distribution of residential construction loans reflects reasonable penetration throughout the AA. As previously stated, the majority of the bank's residential construction lending is to commercial residential builders primarily for 1-4 family residential properties. Therefore, examiners used the 1-4 family housing units' demographic data for comparative purposes. The following table reflects the distribution of residential construction loans by census tract income level.

Geographic Distribution of Construction Loans					
Tract Income Level	**1-4 Family Housing Units**	**#**	**%**	**$(000s)**	**%**
Low					
2022	2.3	0	0.0	0	0.0
2023	2.3	0	0.0	0	0.0
Moderate					
2022	25.0	0	0.0	0	0.0
2023	25.0	3	33.3	1,600	9.7
Middle					
2022	30.3	2	8.3	469	1.0
2023	30.3	0	0.0	0	0.0
Upper					
2022	41.9	22	91.7	48,377	99.0
2023	41.9	6	66.7	14,905	90.3
Not Available					
2022	0.2	0	0.0	0	0.0
2023	0.2	0	0.0	0	0.0
Totals					
2022	**100.0**	**24**	**100.0**	**48,846**	**100.0**
2023	**100.0**	**9**	**100.0**	**16,505**	**100.0**
Source: 2015 ACS; Bank Data, Due to rounding, totals may not equal 100.0%					

The bank did not originate any loans in low- or moderate-income census tracts in 2022. The low percentage of 1-4 family housing units in low-income census tracts limits the opportunity for lending in these geographies. While the bank did not originate any loans in the low-income tracts in 2023, the bank did exceed the demographic for moderate-income tracts by 8.3 percent. Given the highly competitive market, the bank's strong performance in 2023 in moderate-income census tracts support an overall reasonable conclusion.

Small Business Loans
The geographic distribution of small business loans represents reasonable dispersion throughout the AA. Examiners compared the bank's performance to the location of businesses by census tract income level (demographic). The following table reflects the distribution of small business loans by census tract income level.

Geographic Distribution of Small Business Loans					
Tract Income Level	**% of Businesses**	**#**	**%**	**$(000s)**	**%**
Low					
2022	2.2	1	6.2	1,000	16.5
2023	2.2	0	0.0	0	0.0
Moderate					
2022	15.2	3	18.8	1,200	19.8
2023	15.4	1	26.7	1,000	35.7
Middle					
2022	37.3	0	0.0	0	0.0
2023	37.3	1	16.7	100	3.6
Upper					
2022	44.9	12	75.0	3,855	63.7
2023	44.8	4	66.7	1,700	60.7
Not Available					
2022	0.3	0	0.0	0	0.0
2023	0.3	0	0.0	0	0.0
Totals					
2022	**100.0**	**16**	**100.0**	**6,055**	**100.0**
2023	**100.0**	**6**	**100.0**	**2,800**	**100.0**
Source: 2022 and 2023 D&B Data; Bank Data; Due to rounding, totals may not equal 100.0%					

Time Bank originated one loan in a low-income census tract in 2022 and did not originate any loans in low-income census tracts in 2023. However, the demographic illustrates that the percentage of businesses in low-income census tracts is very small, limiting the opportunities for lending. The bank's overall lending performance in moderate-income census tracts exceeded the demographic for both 2022 and 2023. Time Bank's performance is reasonable, considering the limited opportunities in low-income census tracts and the bank's lending performance in low- and moderate-income tracts that exceeded demographic data.

Borrower Profile

The distribution of loans to borrowers of different incomes and businesses of different sizes is reasonable. Time Bank's performance in small business loans supports this conclusion. Home mortgage and residential construction lending did not carry any weight because most loans are non-owner-occupied investment purpose with a limited number of loans originated where the bank obtained income or revenue information. The analysis only includes loans originated in the AA.

Home Mortgage Loans
No meaningful conclusions could be drawn regarding the distribution of home mortgage loans by borrowers of different income levels given the limited number of loans with income information.

Investment purpose loans are typically sought by applicants or business entities for which income information is not collected.

Residential Construction Loans
No meaningful conclusions could be drawn for the residential construction loans, as the bank's lending is mainly for commercial construction of 1-4 family residential units. Construction purpose loans are typically sought by applicants or business entities for which the bank did not obtain revenue information.

Small Business Loans
The distribution of small business loans reflects reasonable penetration of loans to businesses of different sizes. Examiners focused on the percentage by number of small business loans to businesses with GARs of $1 million or less.

Distribution of Small Business Loans by Gross Annual Revenue Category					
Gross Revenue Level	**% of Businesses**	**#**	**%**	**$(000s)**	**%**
<=$1,000,000					
2022	91.0	7	43.8	990	16.4
2023	91.8	2	33.3	550	19.6
>$1,000,000					
2022	3.5	8	50.0	4,265	70.4
2023	3.2	4	66.7	2,250	80.4
Revenue Not Available					
2022	5.5	1	6.3	800	13.2
2023	5.1	0	0.0	0	0.0
Totals					
2022	**100.0**	**16**	**100.0**	**6,055**	**100.0**
2023	**100.0**	**6**	**100.0**	**2,800**	**100.0**
Source: 2022 and 2023 D&B Data; Bank Data; Due to rounding, totals may not equal 100.0%					

The bank's performance trailed the demographic in both 2022 and 2023. However, the demographic represents all businesses within the AA, not just those seeking traditional bank financing. It is important to note that demographic data does not necessarily represent an accurate picture of demand. In addition, many smaller businesses seek credit through other means such as credit cards, home equity loans, or financing through non-bank sources to fund their businesses.

While the bank's performance is not directly compared to aggregate small business lending data reported by large institutions, the aggregate small business lending data can provide further insight into the demand and opportunities for originating small business loans in the AA. According to 2022 aggregate small business loan data, 55.1 percent of small business loans originated by reporting banks were to businesses with GARs of $1 million or less. However, given the low volume of lending, one additional loan in both 2022 and 2023 would increase the percentage of loans to small businesses like that of aggregate lending data. Further, revenue information was not available for one small business loan the bank made in 2022.

In addition, Time Bank continues to originate SBA 7(a) loans, which serve the credit of small business owners. The bank's participation in SBA lending programs further supports its willingness to serve the credit needs of small businesses in the AA. Given the volume of lending and competition that exists within the AA, the bank's lending to businesses of different sizes demonstrates reasonable performance.

Response to Complaints

The bank did not receive any CRA-related complaints since the previous evaluation; therefore, this criterion did not affect the Lending Test rating.

COMMUNITY DEVELOPMENT TEST

Time Bank's performance demonstrates adequate responsiveness to community development needs in its AA through community development loans, qualified investments, and community development services, considering the institution's capacity and the need and availability of such opportunities in the institution's AA. Examiners compared the bank's community development activities to that of five SSIs operating within the AA and evaluated recently for CRA community development performance.

Community Development Loans

Time Bank originated 19 community development loans totaling approximately $13.0 million during the evaluation period. This level of activity represents 3.7 percent of average net loans as of June 30, 2024. The bank's percent of average net loans compares favorably to two of five SSIs that operate within the bank's AA. The SSIs' ratio of community development loans to average net loans ranged from 2.5 percent to 10.4 percent with the average ratio being 6.4 percent. In addition, the bank's community development loans demonstrate responsiveness to community development needs identified by community contacts. Most of the bank's lending was related to affordable housing, which represented a credit need identified by the community contacts within the AA. The following table illustrates the bank's community development lending activities by purpose and year.

Community Development Lending

Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	$(000s)	#	$(000s)	#	$(000s)	#	$(000s)	#	$(000s)
2022	6	4,040	0	0	0	0	0	0	**6**	**4,040**
2023	9	5,858	0	0	1	82	0	0	**10**	**5,940**
YTD 2024	3	2,996	0	0	0	0	0	0	**3**	**2,996**
Total	**18**	**12,894**	**0**	**0**	**1**	**82**	**0**	**0**	**19**	**12,976**

Source: Bank Data.

Qualified Investments

Time Bank made 21 qualified investments totaling approximately $4.7 million. This total is comprised of one existing CD, five new CDs, and 12 donations, all within the bank's AA. In addition, the bank originated three municipal bonds totaling approximately $3.1 million to the broader regional area that includes the bank's AA. The total dollar amount during the evaluation period equates to 5.9 percent of average total securities and 7.0 percent of average total capital. Both current ratios represent an increase from the previous evaluation where the bank's qualified investments represented 3.5 percent of the bank's average total securities and 4.7 percent of average total capital. Time Bank's qualified investment to average total securities surpassed the performance of three of five SSIs, whose ratios of qualified investments to total assets ranged from 0.2 percent to 11.5 percent with an average of 5.5 percent. Similarly, Time Bank's qualified investments to average total equity capital ratio ranked above three of five SSIs. The SSIs' ratios of qualified investments to average total capital ranged from 0.3 percent to 20.8 percent, with an average ratio of 8.2 percent. Further, the bank's qualified investments demonstrated adequate responsiveness to community development needs inside the AA in support of low-income individuals and families.

Qualified Investments										
Activity Year	**Affordable Housing**		**Community Services**		**Economic Development**		**Revitalize or Stabilize**		**Totals**	
	#	**$(000s)**	**#**	**$(000s)**	**#**	**$(000s)**	**#**	**$(000s)**	**#**	**$(000s)**
Prior Period	0	0	1	249	0	0	0	0	**1**	**249**
2022	0	0	0	0	0	0	0	0	**0**	**0**
2023	0	0	0	0	0	0	3	3,149	**3**	**3,149**
YTD 2024	0	0	5	1,245	0	0	0	0	**5**	**1,245**
Subtotal	**0**	**0**	**6**	**1,494**	**0**	**0**	**3**	**3,149**	**9**	**4,643**
Qualified Grants & Donations	0	0	12	21	0	0	0	0	**12**	**21**
Total	**0**	**0**	**18**	**1,515**	**0**	**0**	**3**	**3,149**	**21**	**4,664**
Source: Bank Data.										

The following are examples of the bank's qualified investment activities:

- In 2024, the bank purchased five CDs (totaling $1.49 million) at five credit unions that predominately serve persons qualifying as low-income, as recognized by the National Credit Union Administration.
- Throughout 2023 and 2024, the bank donated $7,500 total in tuition assistance to low-income students and families.

<u>Community Development Services</u>

During the evaluation period, bank employees provided five instances of community development services to community development-related organizations within the AA. This was an increase from the prior evaluation in which the bank had only one qualifying service activity. The five SSIs' community development services ranged from one to 55 services with an overall average of 21 services. The five community development services (three in 2022, one in 2023, and one in 2024), all community services by purpose, included tutoring financial literacy-related material targeted to low-income urban youth and families, serving on a financial aid committee that facilitates scholarships for low- and moderate-income students, and participating in a loan committee for a non-profit organization that offers small business loans that promote economic development within the AA. The bank's services demonstrated adequate responsiveness to the identified community development needs previously discussed but were limited in comparison to the SSIs, with Time Bank having the second least number of services.

DISCRIMINATORY OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

Examiners did not identify any evidence of discriminatory or other illegal credit practices; therefore, this consideration did not affect the institution's CRA rating.

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.