

PUBLIC DISCLOSURE

February 26, 2024

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

LINKBANK

Certificate Number: 14863

3045 Market Street
Camp Hill, Pennsylvania 17011

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

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Atlanta, Georgia 30309

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 areas, including low- and moderate-income neighborhoods, in a manner consistent with its resources and capabilities.

The Lending Test is rated Satisfactory.

- The loan-to-deposit ratio is reasonable given the institution's size, financial condition, and assessment areas' credit needs.
- The bank made a majority of its loans inside the assessment areas.
- The geographic distribution of loans reflects reasonable dispersion throughout the assessment areas.
- The distribution of borrowers reflects, given the demographics of the assessment areas, reasonable penetration among individuals of different income levels and businesses of different sizes.
- The bank has not received any complaints regarding its Community Reinvestment Act (CRA) performance since the previous evaluation; therefore, this criterion did not affect the Lending Test rating.

The Community Development Test is rated Outstanding.

- The institution'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

Background

LINKBANK is a full-service financial institution headquartered in Camp Hill, Pennsylvania (PA), and currently operates in 16 counties: 7 in PA, 1 in Delaware (DE), 3 in Maryland (MD), 2 in New Jersey (NJ), and 3 in Virginia (VA). LINKBANK is wholly owned by LINKBANCORP, Inc., a one-bank holding company also located in Camp Hill, PA.

On September 18, 2021, LINKBANCORP, Inc., merged with GNB Financial Services, Inc., parent company of The Gratz Bank. LINKBANK simultaneously merged with and into The Gratz Bank, with The Gratz Bank as the surviving institution. On November 3, 2022, The Gratz Bank subsequently changed its name to LINKBANK.

On November 30, 2023, LINKBANCORP, Inc., merged with Partners Bancorp, the parent company of Bank of Delmarva (BOD) and Virginia Partners Bank (VPB). Both BOD and VPB merged into LINKBANK, with LINKBANK as the surviving institution. With the acquisition of BOD and VPB, LINKBANK owns and operates the following subsidiaries: Delmarva Real Estate Holdings, LLC; Davie Circle, LLC; Delmarva BK Holdings, LLC; Bear Holdings, Inc.; 410 William Street, LLC; and Johnson Mortgage Company, LLC. While the majority of subsidiaries hold other real estate owned, Johnson Mortgage Company, LLC, originates, closes, and sells mortgage loans.

LINKBANK received a Satisfactory rating at its previous FDIC Performance Evaluation dated March 8, 2021, using Small Institution Examination Procedures, while The Gratz Bank (now LINKBANK) received a Satisfactory rating at its previous FDIC Performance Evaluation dated March 22, 2021, using Intermediate Small Institution Examination Procedures.

Operations

LINKBANK currently operates 29 full-service branches throughout five states: PA (10), DE (4), MD (8), NJ (3), and VA (4). LINKBANK also operates six loan production offices (LPO) in three states: PA (3), MD (2), and DE (1). In July 2021, which is prior to the merger between The Gratz Bank and LINKBANK, LINKBANK opened its Linglestown branch in an upper-income census tract in Harrisburg, Dauphin County, PA. The September 2021 merger between the two banks resulted in nine additional branches in PA. The bank also relocated its West Chester branch in a middle-income census tract in September 2021. LINKBANK opened the three PA loan production offices in York (York County, low-income census tract), Camp Hill (Cumberland County, moderate-income census tract), and West Chester (Chester County, middle-income census tract) during the review period, in May, August, and December 2022, respectively.

LINKBANK acquired 19 branches and 3 LPOs from its merger with BOD and VPB in November 2023, all located outside PA. Due to the timing of the LINKBANK and BOD and VPB mergers, examiners will evaluate the bank's CRA performance based on the bank's assessment area prior to the mergers, which includes Cumberland, Dauphin, York, Northumberland, Schuylkill, Lancaster, and Chester counties in PA.

LINKBANK primarily focuses on residential real estate and commercial lending. The bank offers a variety of deposit, credit, and other financial services to address the needs of commercial and consumer banking needs. Commercial products include checking, savings, and nonprofit accounts; small business, equipment, and real estate loans; and lines of credit. Consumer products include checking and savings accounts; mortgage, term, construction, and automobile loans; and lines of credit. Alternative banking services include online, mobile, and telephone banking, automated teller machines, debit cards, digital wallet, bill payment, and Zelle.

Ability and Capacity

Bank assets totaled \$2.7 billion as of December 31, 2023, which included total loans of \$2.2 billion total securities of \$150.0 million. Bank deposits totaled \$2.3 billion. Since the prior evaluation, total assets, total loans, and total deposits increased by 536.1 percent, 842.4 percent, and 516.0 percent, respectively, due to the aforementioned bank acquisitions. The following table illustrates the loan portfolio as of December 31, 2023.

Loan Portfolio Distribution as of 12/31/2023		
Loan Category	\$(000s)	%
Construction, Land Development, and Other Land Loans	178,500	8.0
Secured by Farmland	51,427	2.3
Secured by 1-4 Family Residential Properties	485,381	21.7
Secured by Multifamily (5 or more) Residential Properties	184,749	8.2
Secured by Nonfarm Nonresidential Properties	1,070,043	47.7
Total Real Estate Loans	1,970,100	87.9
Commercial and Industrial Loans	233,323	10.4
Agricultural Production and Other Loans to Farmers	15,179	0.7
Consumer Loans	16,468	0.7
Obligations of State and Political Subdivisions in the U.S.	5,201	0.2
Other Loans	1,262	0.1
Lease Financing Receivable (net of unearned income)	0	0.0
Less: Unearned Income	(0)	(0.0)
Total Loans	2,241,533	100.0
<i>Source: Consolidated Reports of Condition and Income (Call Report)</i>		

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

DESCRIPTION OF ASSESSMENT AREAS

The CRA requires each financial institution to define one or more assessment areas within which its supervisory agency will evaluate its CRA performance. LINKBANK designates four assessment areas consisting of seven counties in PA. The first assessment area includes Dauphin and Cumberland Counties in the Harrisburg-Carlisle, PA Metropolitan Statistical Area (MSA) #25420, and York County in the York-Hanover, PA MSA #49620. Both MSAs are part of the larger

Harrisburg-York-Lebanon, PA Combined Statistical Area #276 (Harrisburg-York, PA CSA). The second assessment area includes Northumberland and Schuylkill Counties, which are not located in an MSA. The third assessment area includes Lancaster County within the Lancaster, PA MSA #29540. The fourth assessment area includes Chester County within the Montgomery County-Bucks County-Chester County, PA Metropolitan Division (MD) #33874 (Chester County, PA). Collectively, examiners refer to these four assessment areas as the combined assessment area.

Economic and Demographic Data

For economic and demographic data specific to each assessment area, please refer to the individual assessment area sections of this evaluation.

During the evaluation period, the unemployment rates within the combined assessment area varied from a high of 7.2 percent in Northumberland and Schuylkill Counties (both for March 2021) to a low of 2.3 percent in Chester County (April and September 2023). In early 2020, the COVID-19 pandemic resulted in heightened unemployment rates; however, the high rates recovered during the evaluation period. The following table summarizes unemployment data from the Bureau of Labor Statistics at county, state, and national levels.

Unemployment Rates			
Area	2021	2022	YTD 2023
	%	%	%
Chester County, PA	2.6	2.7	2.5
Cumberland County, PA	2.8	2.9	2.6
Dauphin County, PA	3.6	3.4	3.2
Lancaster County, PA	3.0	2.9	2.5
Northumberland County, PA	4.5	4.7	3.5
Schuylkill County, PA	4.1	4.5	3.8
York County, PA	3.2	3.2	2.9
PA Statewide	3.8	3.8	2.9
Nationwide	3.9	3.5	3.8

Source: Bureau of Labor Statistics (Year End). YTD 2023 figures are as of Oct 2023.

Please refer to the individual assessment area sections for additional demographics on each assessment area.

SCOPE OF EVALUATION

General Information

This evaluation covers the period from the prior evaluation, dated March 22, 2021, to the current evaluation, dated February 26, 2023. Examiners used the Interagency Intermediate Small Institution Examination Procedures to evaluate the bank’s CRA performance. These procedures include the Lending Test and the Community Development Test. Please see Appendices for a complete description of these tests.

Examiners conducted a full-scope review of the bank's performance in its Harrisburg-York, PA CSA, PA Non-MSA, and Lancaster, PA MSA assessment areas. Examiners conducted a limited-scope review of the bank's performance in its Chester County, PA assessment area. The Harrisburg-York, PA CSA assessment area received the greatest weight when determining the overall rating, as this area accounted for a majority of the bank's loans and deposits.

Activities Reviewed

Examiners determined LINKBANK's major product lines are home mortgage and small business loans. This conclusion considered the bank's business strategy and the number and dollar volume of loans originated during the evaluation period. The volume of home mortgage loans exceeded that of small business loans during the review period. Therefore, home mortgage lending was given more weight in the overall conclusions. The bank originated a low volume of farm and consumer loans during the evaluation period. Therefore, this evaluation did not consider small farm or consumer loans, as neither represented a major product line.

This evaluation considered all home mortgage loans reported on the bank's 2021, 2022, and 2023 Home Mortgage Disclosure Act (HMDA) Loan Application Registers (LAR). Due to asset size, LINKBANK was not required to collect or report small business loans. However, the bank collected sufficient data for analysis, thus examiners considered all data collected for small business loans originated or purchased in 2022 and 2023.

Examiners reviewed home mortgage loans reported on the bank's 2021, 2022, and 2023 HMDA LARs. LINKBANK originated or purchased 407 loans totaling \$122.8 million in 2021; 291 loans totaling \$111.7 million in 2022; and 222 loans totaling \$80.0 million in 2023. The 2021 HMDA data did not influence trends that materially affect conclusions. Therefore, except for the *Assessment Area Concentration* table, the CRA evaluation presents only 2022 and 2023 loan data. Examiners reviewed small business loans originated or purchased in 2022 and 2023. LINKBANK originated or purchased 223 loans totaling \$58.3 million in 2022; and 128 loans totaling \$32.1 million in 2023.

For comparative purposes, the evaluation will present 2022 aggregate HMDA data and 2020 U.S Census data for home mortgage loans, and 2022 and 2023 Dun & Bradstreet (D&B) data for small business loans. Although this evaluation presents the number and dollar volume of loans, examiners emphasized performance by number because number of loans is a better indicator of the number of individuals and businesses served.

Bank management provided information on community development loans, investments, and services since the prior CRA evaluation dated March 22, 2021.

CONCLUSIONS ON PERFORMANCE CRITERIA

LENDING TEST

The bank's overall Lending Test performance is rated "Satisfactory." LINKBANK's reasonable performance under the Loan-to-Deposit Ratio, Assessment Area Concentration, Geographic

Distribution, and Borrower Profile criteria supports this rating. The following sections present the bank’s overall performance under the Lending Test.

Loan-to-Deposit (LTD) Ratio

The LTD ratio is reasonable given the institution’s size, financial condition, and assessment area credit needs. LINKBANK’s LTD ratio, calculated from Call Report data, averaged 85.6 percent over the past 12 calendar quarters from March 31, 2021 to December 31, 2023. The LTD ratio fluctuated during the evaluation period, ranging from a low of 59.9 percent as of March 31, 2021, to a high of 96.0 percent as of December 31, 2023.

LINKBANK maintained a reasonable average net LTD ratio compared to those of similarly situated institutions, as shown in the table below. Examiners selected these institutions based on geographic location, lending focus, and asset size.

Loan-to-Deposit Ratio Comparison		
Bank	Total Assets as of 12/31/2023 \$(000s)	Average Net LTD Ratio (%)
LINKBANK	2,217,766	85.6
ACNB Bank	1,608,299	69.1
Atlantic Community Bankers Bank	894,719	80.9
Farmers & Merchants Trust Company of Chambersburg	1,835,344	67.4
PeoplesBank, a Codorus Valley Company	2,190,782	80.1
<i>Source: Call Report 3/31/2021 - 12/31/2023</i>		

Examiners also compared LINKBANK’s net LTD ratio to its peer group. The bank’s net LTD ratio of 96.0 percent is above that of the Uniform Bank Performance Report peer group’s net LTD ratio of 83.4 percent as of December 31, 2023. The bank’s peer group is defined as insured commercial banks having assets between \$1 billion and \$3 billion.

Assessment Area Concentration

A majority of loans and other lending related activities are inside the bank’s assessment areas. The following table presents, by number and dollar volume, home mortgage and small business loans made inside and outside the combined assessment area.

Lending Inside and Outside of the Combined Assessment Area										
Loan Category	Number of Loans				Total #	Dollar Amount of Loans				Total \$(000s)
	Inside		Outside			Inside		Outside		
	#	%	#	%		\$(000s)	%	\$(000s)	%	
Home Mortgage										
2021	348	85.5	59	14.5	407	98,248	80.0	24,582	20.0	122,830
2022	248	85.2	43	14.8	291	76,409	68.4	35,259	31.6	111,668
2023	181	81.5	41	18.5	222	48,375	60.4	31,668	39.6	80,043
Subtotal	777	84.5	143	15.5	920	223,032	70.9	91,509	29.1	314,541
Small Business										
2022	181	81.2	42	18.8	223	39,467	67.6	18,874	32.4	58,341
2023	103	80.5	25	19.5	128	22,006	68.6	10,065	31.4	32,071
Subtotal	284	80.9	67	19.1	351	61,473	68.0	28,939	32.0	90,412
Total	1,061	83.5	210	16.5	1,271	284,505	70.3	120,448	29.7	404,953

Source: 2021-2023 HMDA LAR Data. 2022-2023 Small Business Bank Data.

Geographic Distribution

The overall geographic distribution of loans reflects reasonable dispersion throughout the assessment areas. LINKBANK’s excellent performance in the Harrisburg-York, PA CSA assessment area, poor performance in the PA Non-MSA assessment area, and reasonable performance in the Lancaster, PA MSA assessment area supports this conclusion. Examiners focused on the number of loans in low- and moderate-income census tracts.

Borrower Profile

The overall distribution of borrowers reflects reasonable penetration throughout the assessment areas. LINKBANK’s reasonable performance in the Harrisburg-York, PA CSA and PA Non-MSA assessment areas, and poor performance in the Lancaster, PA MSA assessment area, supports this conclusion. Examiners focused on the number of home mortgage loans to low- and moderate-income borrowers and the number of small business loans to businesses with gross annual revenues of \$1.0 million or less.

Response to Complaints

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

COMMUNITY DEVELOPMENT TEST

The institution’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.

Community Development Loans

LINKBANK originated 46 community development loans totaling \$63.5 million. This level of activity represents 5.6 percent of average total assets and 7.4 percent of average total loans since the previous evaluation. LINKBANK’s community development loans primarily supported affordable housing efforts within its assessment areas, PA statewide area, and regional area. The following table illustrates the bank’s community development loans by assessment area or geographic area for each community development purpose. For additional details on community development loans, please refer to the individual assessment area sections.

Community Development Lending by Area										
Assessment Area or Geographic Area	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Harrisburg-York, PA CSA	16	11,805	0	0	0	0	3	6,247	19	18,052
PA Non-MSA	1	120	0	0	0	0	0	0	1	120
Lancaster, PA MSA	3	4,021	0	0	0	0	6	3,181	9	7,202
Chester County, PA	1	797	0	0	0	0	2	37	3	834
PA Statewide	2	4,313	0	0	0	0	7	9,584	9	13,897
Regional	4	21,439	1	2,000	0	0	0	0	5	23,439
Total	27	42,495	1	2,000	0	0	18	19,049	46	63,544
<i>Source: Bank Data</i>										

Since LINKBANK was responsive to community development needs and opportunities within its assessment areas, examiners considered community development loans that benefitted the statewide and broader regional area. Below are notable examples of community development loans that benefitted the PA statewide and regional area:

- In July 2021, the bank provided over a \$2.0 million loan to a limited liability corporation (LLC) for the purchase of two contiguous multifamily properties in a moderate-income census tract in Lansdale, Montgomery County, PA. One property contains 25 units while the other contains 6 units. The borrower leases all units below the area's fair market rent as established by the U.S. Department of Housing and Urban Development (HUD). This loan supports affordable housing in the PA statewide area.
- In 2022, the bank granted a \$2.2 million loan to an LLC for the purchase of a multifamily rental community. The property contains four two-story townhome style apartment buildings consisting of 31 units. The borrower leases all units below the area's fair market rent as established by HUD. This loan supports affordable housing in the PA statewide area.
- In 2023, the bank provided a \$20 million line of credit to a nonprofit organization that serves the District of Columbia metro region. The organization specializes in providing and

developing affordable rental housing. The line of credit will fund Letters of Credit for the organization's development projects and will provide capital for pre-development activities on new affordable housing projects. This loan supports affordable housing in the regional area.

Qualified Investments

LINKBANK made 136 qualified investments totaling \$15.9 million during the evaluation period. This volume includes four new qualified investments totaling \$3.6 million, 14 prior period investments still outstanding with a book value of \$11.9 million, and 118 grants and donations totaling \$458,279. Qualified investments equate to 1.4 percent of average total assets and 14.3 percent of average total securities since the prior evaluation.

The following table illustrates the bank's qualified investments and donations by assessment area or geographic area for each purpose. For additional details on qualified investments, please refer to the individual assessment area sections.

Qualified Investments and Donations by Area										
Assessment Area or Geographic Area	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Harrisburg-York, PA CSA	6	2,033	22	140	6	11	1	5	35	2,189
PA Non-MSA	0	0	14	623	0	0	0	0	14	623
Lancaster, PA MSA	3	23	18	123	2	3	0	0	23	149
Chester County, PA	3	25	1	3	1	3	0	0	5	31
PA Statewide	1	1,000	40	38	4	38	0	0	45	1,076
Regional	13	8,087	0	0	1	3,772	0	0	14	11,859
Total	26	11,168	95	927	14	3,827	1	5	136	15,927

Source: Bank Data

The following is a sample of qualified investments that benefit the PA statewide or regional area.

- Prior to the evaluation period and still outstanding, the bank purchased a mortgage-backed security (MBS) that has a book value of nearly \$918,000. The security consists of 11 mortgages, all of which were to borrowers of low- or moderate-income levels. Of the eleven mortgages, nine are in Sussex County, DE, one is in Somerset County, MD, and one is in Wicomico County, MD. BOD originally made this investment. This investment supports affordable housing in the broader regional area.
- Prior to the evaluation period and still outstanding, the bank purchased an MBS that has a book value of over \$782,000. The security consists of five mortgages, all of which were to borrowers of low- or moderate-income levels. The five mortgages are in Camden County, NJ. BOD originally made this investment. This investment supports affordable housing in the broader regional area.

- The bank maintains an investment in a Small Business Administration (SBA) loan fund totaling \$3.8 million. A certified community development entity manages the SBA loan fund. The investment company’s primary mission is promoting community and economic development nationwide through investing in the debt of small businesses located in low- and moderate-income census tracts or otherwise economically distressed communities. VPB originally made this investment. This investment enhances economic development in the broader regional area that includes the bank’s assessment areas.
- In 2023, the bank purchased a \$1.0 million single-family mortgage revenue bond from the PA Housing Finance Agency. The agency uses bond proceeds to provide affordable homeownership and rental apartment options for older adults, low- and moderate-income families, and people with special housing needs. Mortgages on single-family properties throughout PA collateralize this investment. This investment supports affordable housing in the broader PA statewide area.

Community Development Services

LINKBANK employees and Board members provided 56 instances of financial expertise or technical assistance to community development-related organizations in the combined assessment area during the evaluation period, primarily through Board or committee involvement or through financial education. The following table illustrates the bank’s community development services by assessment area or geographic area for each purpose. The bank provided a majority of the services within the Harrisburg-York, PA CSA assessment area. Additional details for community development services are contained within the sections for the individual assessment areas.

Community Development Services by Area					
Assessment Area or Geographic Area	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Totals
	#	#	#	#	#
Harrisburg-York, PA CSA	25	10	2	0	37
PA Non-MSA	0	3	0	0	3
Lancaster, PA MSA	1	6	4	0	11
Chester County, PA	0	0	2	0	2
PA Statewide	0	0	2	0	2
Regional	0	1	0	0	1
Total	26	20	10	0	56
<i>Source: Bank Data</i>					

DISCRIMINATORY OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

Examiners reviewed the bank’s compliance with the laws relating to discrimination and other illegal credit practices, including the Fair Housing Act and the Equal Credit Opportunity Act. Examiners did not identify any discriminatory or other illegal credit practices; therefore, this consideration did not affect the institution’s overall CRA rating.

HARRISBURG-YORK, PA CSA ASSESSMENT AREA – Full-Scope Review

DESCRIPTION OF INSTITUTION’S OPERATIONS IN HARRISBURG-YORK, PA CSA ASSESSMENT AREA

The Harrisburg-York, PA CSA assessment area includes Cumberland and Dauphin Counties in the Harrisburg-Carlisle, PA MSA #25420 and York County in the York-Hanover, PA MSA #49620. Since the previous CRA evaluation, the bank expanded this assessment area from a portion of Dauphin County to all of Dauphin, Cumberland, and York Counties. The bank operates three full-service branch offices within the assessment area. The bank’s operations in the assessment area represent 51.7 percent of total in-assessment area lending (by number), 47.8 percent of total deposits, and 30.0 percent of total branches.

Economic and Demographic Data

There are 230 census tracts within this assessment area. These tracts reflect the following income designations according to the 2020 Census data:

- 22 low-income,
- 33 moderate-income,
- 123 middle-income,
- 50 upper-income, and
- 2 with no income designation.

The following table shows the demographic information for the assessment area.

Demographic Information of the Harrisburg-York, PA CSA Assessment Area						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	230	9.6	14.3	53.5	21.7	0.9
Population by Geography	1,002,308	6.6	12.4	55.7	24.8	0.6
Housing Units by Geography	416,794	6.7	13.5	56.5	23.3	0.0
Owner-Occupied Units by Geography	273,130	2.6	9.9	59.6	27.9	0.0
Occupied Rental Units by Geography	116,230	14.3	20.8	50.6	14.3	0.0
Vacant Units by Geography	27,434	15.4	18.2	50.6	15.8	0.0
Businesses by Geography	109,720	6.6	14.8	52.9	25.6	0.0
Farms by Geography	3,619	1.5	8.4	67.3	22.9	0.0
Family Distribution by Income Level	254,459	18.6	18.8	23.3	39.2	0.0
Household Distribution by Income Level	389,360	22.3	16.8	19.8	41.1	0.0
Median Family Income - 25420 Harrisburg-Carlisle, PA MSA	\$84,347	Median Housing Value				\$184,711
Median Family Income - 49620 York-Hanover, PA MSA	\$82,154	Median Gross Rent				\$983
		Families Below Poverty Level				6.1%

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.*

There are 416,794 housing units in the assessment area. Of these units, 65.5 percent are owner-occupied, 27.9 percent are rental occupied, and 6.6 percent are vacant. The *Geographic Distribution* criterion compares home mortgage loans to the distribution of owner-occupied housing units. As reflected in the table above, only 2.6 percent of owner-occupied housing units are located in low-income census tracts. This distribution reflects limited opportunities to originate home mortgage loans in low-income census tracts in the assessment area. Furthermore, 9.9 percent of owner-occupied housing units are in moderate-income census tracts.

Examiners used 2022 and 2023 FFIEC-updated median family income (MFI) data to analyze home mortgage loans under the *Borrower Profile* criterion. The following table shows MFI ranges for each MSA in the assessment area.

Median Family Income Ranges				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
Harrisburg-Carlisle, PA MSA Median Family Income (25420)				
2022 (\$94,300)	<\$47,150	\$47,150 to <\$75,440	\$75,440 to <\$113,160	≥\$113,160
2023 (\$102,700)	<\$51,350	\$51,350 to <\$82,160	\$82,160 to <\$123,240	≥\$123,240
York-Hanover, PA MSA Median Family Income (49620)				
2022 (\$93,300)	<\$46,650	\$46,650 to <\$74,640	\$74,640 to <\$111,960	≥\$111,960
2023 (\$97,600)	<\$48,800	\$48,800 to <\$78,080	\$78,080 to <\$117,120	≥\$117,120

Source: FFIEC

The analysis of small business loans under the borrower profile criterion compares the distribution of businesses by gross annual revenue (GAR) level. According to 2023 D&B data, there were 109,720 non-farm businesses in the assessment area. These businesses have the following GAR characteristics:

- 88.4 percent had GARs of \$1.0 million or less;
- 3.1 percent had GARs of more than \$1.0 million; and
- 8.5 percent had unreported GARs.

Service industries represent the largest share of total businesses in the assessment area at 38.7 percent, followed by non-classifiable establishments (18.1 percent), retail trade (11.3 percent), and finance, insurance, and real estate (10.5 percent). Most businesses have four or fewer employees (66.1 percent) and operate at a single location (91.3 percent). This information reflects the potential demand for, and the opportunity to originate, small business loans in the assessment area.

According to PA's Department of Labor and Industry, several of the top employers in the assessment area include PA State Government, Milton S. Hershey Medical Center, Hershey Entertainment and Resorts Co., Federal Government, Amazon.com Services, Inc., York Hospital, and WellSpan Medical Group.

Competition

The bank's assessment area reflects a moderately competitive market for financial services. According to the June 30, 2023 FDIC Deposit Market Share Data, 26 financial institutions operated 233 full-service offices in the assessment area. Of these institutions, LINKBANK ranked 15th with a 1.8 percent deposit market share and ranked 18th with a 1.3 percent branch market share. The top three institutions based on deposit market share included PNC Bank, NA (22.4 percent), Manufacturers and Traders Trust Company (15.5 percent), and First National Bank of Pennsylvania (7.8 percent).

There is a high level of competition for home mortgage loans among banks, credit unions, and non-depository mortgage lenders in the assessment area. Based on 2022 peer mortgage data, 556 lenders originated or purchased 34,976 home mortgage loans. Of these lenders, LINKBANK ranked 61st by number of originations and purchases capturing 0.3 percent of total market share. The top three mortgage lenders in the assessment area included Members 1st Federal Credit Union (11.3 percent), PA State Employee Credit Union (5.0 percent), and Rocket Mortgage (4.0 percent).

LINKBANK is not required to collect or report its small business loan data, and it has not elected to do so. Therefore, the analysis of small business loans under the Lending Test does not include aggregate data comparisons. The aggregate data, however, reflects the level of demand for small business loans and is, therefore, included. Aggregate data for 2022 shows that 125 institutions reported 17,537 small business loans in the assessment area, indicating a relatively high degree of competition for this product.

Community Contacts

As part of the evaluation process, examiners contact third parties within the assessment area to gain insight on local economic conditions, credit needs, area challenges, and opportunities. This information can also help determine if banks in the area are responsive to the needs of the community. It also shows what credit and community development opportunities are available.

Examiners reviewed a recent community contact with a representative of a non-profit organization that provides housing and supportive services in Cumberland County. The contact indicated that Cumberland County is the fastest-growing county in PA, and there is a substantial need for affordable housing. The contact indicated the rising home values coupled with rising interest rates has been detrimental to the low- and moderate-income community. Additionally, the contact indicated that institutional investors who have been purchasing many of the first-time homeowner price range homes and AirBNBs have added to shortages in the permanent housing market. The contact suggested that it needs to be easier for developers to build affordable housing and for more flexible zoning, and there is a need for reasonable rent controls to provide additional affordable renting options.

Credit and Community Development Needs and Opportunities

Considering information from the community contact, bank management, and demographic and economic data, examiners determined that home mortgage loans and small business loans represent the primary credit needs for the Harrisburg-York, PA CSA assessment area. Affordable housing is a critical community development need throughout this assessment area, with the demand for affordable housing outweighing the current supply. Small business loans, particularly for start-up and working capital, are in high demand. The high percentage of businesses with GARs of \$1.0 million or less, operate out of a single location, and maintain a workforce of four or fewer employees illustrates the opportunities for small business lending.

CONCLUSIONS ON PERFORMANCE CRITERIA IN HARRISBURG-YORK, PA CSA ASSESSMENT AREA

LENDING TEST

LINKBANK demonstrated reasonable performance under the Lending Test in this assessment area.

Geographic Distribution

The geographic distribution of loans reflects excellent dispersion throughout the assessment area. LINKBANK's excellent performance of home mortgage and small business lending supports this conclusion. Examiners focused on the number of loans in low- and moderate-income census tracts.

Home Mortgage Loans

The geographic distribution of home mortgage loans reflects excellent dispersion throughout the assessment area. As shown in the following table, the bank's performance in low-income census tracts slightly exceeded demographic and aggregate data in 2022. The bank did not make any home

mortgage loans in such tracts in 2023. The bank’s performance in moderate-income census tracts greatly exceeded demographic and aggregate data in 2022, and greatly exceeded demographic data in 2023. Although the opportunity to lend in low- and moderate-income census tracts is limited, as only 2.6 percent and 9.9 percent of owner-occupied housing units are in low- and moderate-income census tracts, respectively, the bank’s performance reflects excellent dispersion.

Geographic Distribution of Home Mortgage Loans						
Harrisburg-York, PA CSA Assessment Area						
Tract Income Level	% of Owner-Occupied Housing Units	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2022	2.6	3.6	5	4.6	7,538	21.7
2023	2.6	--	0	0.0	0	0.0
Moderate						
2022	9.9	10.5	33	30.3	9,574	27.6
2023	9.9	--	26	31.7	10,162	35.4
Middle						
2022	59.6	57.0	47	43.1	11,201	32.3
2023	59.6	--	39	47.6	11,316	39.4
Upper						
2022	27.9	28.9	24	22.0	6,350	18.3
2023	27.9	--	17	20.7	7,257	25.3
Totals						
2022	100.0	100.0	109	100.0	34,663	100.0
2023	100.0	--	82	100.0	28,735	100.0
<i>Source: 2020 U.S. Census; Bank Data, 2022 HMDA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%</i>						

Small Business Loans

The geographic distribution of small business loans reflects excellent dispersion throughout the assessment area. As shown in the following table, the bank’s performance in low-income census tracts trailed demographic in 2022 and slightly exceeded demographic data in 2023. The bank’s performance in moderate-income census tracts greatly exceeded demographic data in 2022 and moderately exceeded demographic data in 2023. The opportunity to lend in low-income census tracts is limited as only 6.5 percent and 6.6 percent of businesses are located in low-income census tracts in 2022 and 2023, respectively. Likewise, only 14.8 percent of businesses are located in moderate-income census in both 2022 and 2023.

Geographic Distribution of Small Business Loans					
Harrisburg-York, PA CSA Assessment Area					
Tract Income Level	% of Businesses	#	%	\$(000s)	%
Low					
2022	6.5	4	4.0	1,432	6.0
2023	6.6	4	7.4	584	4.9
Moderate					
2022	14.8	37	36.6	3,619	15.2
2023	14.8	10	18.5	1,754	14.6
Middle					
2022	53.0	41	40.6	14,339	60.4
2023	52.9	24	44.4	6,038	50.2
Upper					
2022	25.6	19	18.8	4,369	18.4
2023	25.6	16	29.6	3,643	30.3
Totals					
2022	100.0	101	100.0	23,759	100.0
2023	100.0	54	100.0	12,019	100.0
<i>Source: 2022 & 2023 D&B Data and Bank Data. Due to rounding, totals may not equal 100.0%</i>					

Borrower Profile

The distribution of borrowers reflects reasonable penetration among individuals of different income levels and business customers of different sizes. LINKBANK's reasonable performance of home mortgage and small business lending supports this conclusion. Examiners focused on the number of home mortgage loans to low- and moderate-income borrowers and the number of small business loans to businesses with GAR of \$1.0 million or less.

Home Mortgage Loans

The distribution of home mortgage loans to individuals of different income levels, including low- and moderate-income borrowers, is reasonable. As shown in the following table, the bank's penetration of home mortgage lending to low-income borrowers was below demographic and aggregate data for 2022 and below demographic data for 2023. However, a low-income family in the assessment area may not likely qualify for a mortgage under conventional underwriting standards considering the median housing value of \$184,711. Therefore, the opportunities for lending to low-income families are limited. This helps explain the difference between the aggregate and bank's performance and the percentage of families at this income level. The bank's penetration of home mortgage loans to moderate-income borrowers exceeded demographic data and was similar to aggregate data in 2022, and exceeded demographic data in 2023.

Distribution of Home Mortgage Loans by Borrower Income Level						
Harrisburg-York, PA CSA Assessment Area						
Borrower Income Level	% of Families	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2022	18.6	10.1	9	8.3	884	2.5
2023	18.6	--	12	14.6	1,535	5.3
Moderate						
2022	18.8	22.1	23	21.1	2,918	8.4
2023	18.8	--	20	24.4	3,352	11.7
Middle						
2022	23.3	23.2	11	10.1	1,614	4.7
2023	23.3	--	14	17.1	2,641	9.2
Upper						
2022	39.2	30.4	37	33.9	10,655	30.7
2023	39.2	--	26	31.7	10,819	37.7
Not Available						
2022	0.0	14.1	29	26.6	18,592	53.6
2023	0.0	--	10	12.2	10,388	36.2
Totals						
2022	100.0	100.0	109	100.0	34,663	100.0
2023	100.0	--	82	100.0	28,735	100.0
<i>Source: 2020 U.S. Census; Bank Data, 2022 HMDA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%</i>						

Small Business Loans

The distribution of borrowers reflects reasonable penetration among businesses of different sizes. As shown in the following table, the bank's penetration of loans in 2022 and 2023 to businesses with GAR of \$1.0 million or less significantly trailed demographic data.

As previously addressed, LINKBANK is not required to collect or report its small business loan data; therefore, the analysis of small business loans does not include aggregate data comparisons. However, aggregate data reflects the level of demand for small business loans and is, therefore, included. During 2022, aggregate lenders only originated 51.8 percent of loans to businesses with GARs of \$1.0 million or less. As such, the aggregate performance also significantly trailed demographic data. It is noted that revenue was not available for 21.8 percent of businesses in 2022 and 16.7 percent in 2023. If these are excluded, the bank's performance in 2022 increases to 55.7 percent, which is slightly above aggregate performance; and, while still below demographics, it increases to 42.2 percent in 2023. Overall, the bank's performance of lending to businesses with GARs of \$1.0 million or less is reasonable.

Distribution of Small Business Loans by Gross Annual Revenue Category Harrisburg-York, PA CSA Assessment area					
Gross Revenue Level	% of Businesses	#	%	\$(000s)	%
<=\$1,000,000					
2022	87.9	44	43.6	10,250	43.1
2023	88.4	19	35.2	4,769	39.7
>\$1,000,000					
2022	3.3	35	34.7	12,770	53.7
2023	3.1	26	48.1	6,026	50.1
Revenue Not Available					
2022	8.8	22	21.8	739	3.1
2023	8.5	9	16.7	1,224	10.2
Totals					
2022	100.0	101	100.0	23,759	100.0
2023	100.0	54	100.0	12,019	100.0

Source: 2022 & 2023 D&B Data and Bank Data. Due to rounding, totals may not equal 100.0%

COMMUNITY DEVELOPMENT TEST

Community Development Loans

LINKBANK originated 19 community development loans totaling \$18.1 million during the evaluation period that specifically benefit the Harrisburg-York, PA CSA assessment area. The following table illustrates the bank's community development lending activity by year and purpose.

Community Development Lending Harrisburg-York, PA CSA Assessment Area										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
3/22/2021 – 12/31/2021	7	4,484	0	0	0	0	3	6,248	10	10,732
2022	7	5,332	0	0	0	0	0	0	7	5,332
2023	2	1,989	0	0	0	0	0	0	2	1,989
Total	16	11,805	0	0	0	0	3	6,248	19	18,053

Source: Bank Data

The following is a sample of community development loans that benefit the assessment area.

- In October 2021, the bank provided a \$960,000 loan to an LLC for the purchase of two multifamily properties in Harrisburg, PA. One property contains 12 units, of which the borrower leases 7 of the units below the area's fair market rent as established by HUD. The

other property contains nine units, of which the borrower leases five of the units below the area’s fair market rent. This loan supports affordable housing in the assessment area.

- In 2022, the bank refinanced five loans to an LLC totaling over \$3.1 million on properties located in Hanover, York County, PA. The properties are boarding homes containing separate bedrooms with communal kitchens and bathrooms. The weekly rental units provide housing primarily to low- and moderate-income individuals. These loans support affordable housing in the assessment area.
- In 2022, the bank originated a \$1.9 million loan to an LLC to finance the purchase of two multifamily properties containing 33 rental units. Both properties are located in the same moderate-income census tract in Highspire, Dauphin County, PA. All residential units have rents below the area’s fair market rent as established by HUD. This loan enhances affordable housing for low- and moderate-income families in the assessment area.
- In 2023, the bank granted a \$6.1 million loan to an LLC for the construction of 37 townhomes on a vacant lot in a moderate-income census tract in Cumberland County, PA. The Carlisle Urban Redevelopment Plan includes the entire “area-wide” northwest quadrant neighborhood where the townhome project is located. Part of the revitalization plan is creating more single-family homes in that area, as many of the duplexes and multi-family homes have fallen into disrepair reducing overall property values. This loan will help revitalize or stabilize the moderate-income census tract by attracting new or retaining existing residents.

Qualified Investments

LINKBANK made 35 qualified investments and donations totaling \$2.2 million specific to the Harrisburg-York, PA CSA assessment area during the evaluation period. This includes one new equity investment totaling \$2.0 million and 34 donations totaling \$188,650. The following table illustrates the bank’s qualified investment activity by year and purpose.

Qualified Investments Harrisburg-York, PA CSA Assessment Area										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Prior Period	0	0	0	0	0	0	0	0	0	0
3/22/2021-12/31/2021	0	0	0	0	0	0	0	0	0	0
2022	0	0	0	0	0	0	0	0	0	0
2023	1	2,000	0	0	0	0	0	0	1	2,000
Subtotal	1	2,000	0	0	0	0	0	0	1	2,000
Qualified Grants & Donations	5	33	22	140	6	11	1	5	34	189
Total	6	2,033	22	140	6	11	1	5	35	2,189
<i>Source: Bank Data</i>										

The following is a sample of qualified investments that benefit the assessment area.

- In 2023, the bank purchased a Fannie Mae multifamily security for \$2.0 million. A school building in York, PA that the developer converted into a 17-unit apartment building collateralizes the security. All units are reserved for those who qualify under the low-income housing standards issued by York County. This investment supports the bank's affordable housing efforts in the assessment area.
- The LINK Foundation provided two donations totaling \$20,000 in support of a program that provides a bridge for those who are currently homeless, or at risk of being so, in Dauphin County. The program provides temporary housing and support until participants can afford their own place. To be eligible for the program, an individual must meet the following criteria: 1) single mother with custody of one or more children; 2) literally homeless or fleeing domestic violence; 3) income guidelines at or below 200 percent of federal income poverty guidelines; 4) ability to function/live independently; and 5) willing to work on self-sufficiency goals. These donations promote affordable housing.
- The LINK Foundation provided two donations totaling \$15,000 to provide scholarships to students attending a private school operating in Dauphin and York Counties. Two-thirds of these students live at or near the federal poverty line, and scholarships are based on need and income level of households. These donations provide community services targeted to low- and moderate-income individuals.

Community Development Services

The bank provided 37 instances of financial expertise or technical assistance to community development-related organizations that specifically benefit the Harrisburg-York, PA CSA assessment area. The following table illustrates the bank’s qualified community development services in the Harrisburg-York, PA CSA assessment area by activity year and by purpose.

Community Development Services Harrisburg-York, CSA Assessment Area					
Activity Year	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Totals
	#	#	#	#	#
3/22/2021-12/31/2021	2	3	1	0	6
2022	2	2	1	0	5
2023	18	4	0	0	22
1/1/2024-2/26/2024	3	1	0	0	4
Total	25	10	2	0	37
<i>Source: Bank Data</i>					

The following is a sample of community development services that benefit the assessment area.

- A bank employee provided financial education and numerous first time homebuyer workshops during the review period. Partners included the Dauphin County Housing

Authority, Cumberland County Housing and Redevelopment Authority, and the Community Action Commission. This service promotes affordable housing.

- A bank employee serves as Chairman of the Board of an organization that provides transitional housing services for homeless women and children in the City of Harrisburg. This service promotes affordable housing.
- A bank employee serves as Board member, treasurer, and chairman of the Finance Committee of an organization serving Cumberland, Perry, and Dauphin Counties that ensures the financial stability of at risk individuals and families by providing financial guidance, financial education and bill payment services to those in need. Services are available to anyone regardless of ability to pay. Clients include veterans, older adults, individuals with mental, physical, or intellectual disabilities, working families, individuals in crisis including those experiencing domestic violence, individuals in recovery from addiction or other health crisis, and individuals and families experiencing homelessness or housing insecurity. This service provides community services targeted to low- and moderate-income individuals.

PA NON-MSA ASSESSMENT AREA – Full-Scope Review

DESCRIPTION OF INSTITUTION’S OPERATIONS IN PA NON-MSA ASSESSMENT AREA

The PA Non-MSA assessment area includes Northumberland and Schuylkill Counties, PA. These counties are not located in an MSA. Since the previous CRA evaluation, the bank expanded this assessment area from portions of Northumberland and Schuylkill Counties to the full county level. The bank operates five full-service branch offices within the assessment area. The bank’s operations in the assessment area represent 29.2 percent of total in-assessment area lending (by number), 25.1 percent of total deposits, and 50.0 percent of total branches.

Economic and Demographic Data

There are 67 census tracts within this assessment area. These tracts reflect the following income designations according to the 2020 Census data:

- 2 low-income,
- 11 moderate-income,
- 45 middle-income,
- 8 upper-income, and
- 1 with no income designation.

The following table shows the demographic information for the assessment area.

Demographic Information of the PA Non-MSA Assessment Area						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	67	3.0	16.4	67.2	11.9	1.5
Population by Geography	234,696	3.4	12.9	67.5	15.8	0.5
Housing Units by Geography	115,487	4.2	15.7	64.5	15.0	0.6
Owner-Occupied Units by Geography	71,902	2.7	10.7	67.7	18.7	0.1
Occupied Rental Units by Geography	25,792	6.2	23.0	61.0	8.0	1.8
Vacant Units by Geography	17,793	7.2	25.1	56.7	10.1	0.9
Businesses by Geography	18,619	3.2	11.5	65.9	16.8	2.7
Farms by Geography	851	0.1	4.1	67.0	28.3	0.5
Family Distribution by Income Level	62,900	20.2	17.8	21.6	40.4	0.0
Household Distribution by Income Level	97,694	24.7	16.2	17.2	41.9	0.0
Median Family Income Non-MSAs - PA		\$65,202	Median Housing Value			\$109,105
Families Below Poverty Level		9.1%	Median Gross Rent			\$693
<i>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.</i>						

There are 115,487 housing units in the assessment area. Of these units, 62.3 percent are owner-occupied, 22.3 percent are rental occupied, and 15.4 percent are vacant. As previously stated, the *Geographic Distribution* criterion compares home mortgage loans to the distribution of owner-occupied housing units. The above table shows only 2.7 percent of owner-occupied housing units are located in low-income census tracts. This distribution reflects limited opportunities to originate home mortgage loans in low-income census tracts in the assessment area. Furthermore, 10.7 percent of owner-occupied housing units are in moderate-income census tracts.

The 2022 and 2023 FFIEC-updated MFI data to analyze home mortgage loans under the borrower profile criterion for the assessment area is as follows:

Median Family Income Ranges				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
PA NA Median Family Income (99999)				
2022 (\$72,900)	<\$36,450	\$36,450 to <\$58,320	\$58,320 to <\$87,480	≥\$87,480
2023 (\$77,800)	<\$38,900	\$38,900 to <\$62,240	\$62,240 to <\$93,360	≥\$93,360
<i>Source: FFIEC</i>				

According to 2023 D&B data, there were 18,619 non-farm businesses in the assessment area. These businesses have the following GAR characteristics:

- 86.9 percent had GARs of \$1.0 million or less;
- 3.5 percent had GARs of more than \$1.0 million; and
- 9.6 percent had unreported GARs.

Service industries represent the largest share of total businesses in the assessment area at 36.3 percent, followed by non-classifiable establishments (15.2 percent), retail trade (13.6 percent), and finance, insurance and real estate (8.7 percent). Most businesses have four or fewer employees (67.4 percent) and operate at a single location (91.0 percent). This information reflects the potential demand for, and the opportunity to originate, small business loans in the assessment area.

According to PA’s Department of Labor and Industry, several of the top employers in the assessment area include Weis Markets, Inc., Knoebels Amusement Report, PA State Government, Wal-Mart Associates, Inc., Sapa Extrusions, Inc., and Schuylkill Medical Center.

Competition

The bank’s assessment area reflects a moderately competitive market for financial services. According to the June 30, 2023 FDIC Deposit Market Share Data, 21 financial institutions operated 61 full-service offices in the assessment area. Of these institutions, LINKBANK ranked 8th with a 6.3 percent deposit market share and ranked 4th with an 8.2 percent branch market share. The top three institutions based on deposit market share included Manufacturers and Traders Trust Company (17.7 percent), Mid Penn Bank (11.8 percent), and Wells Fargo Bank, N.A. (9.7 percent).

There is a high level of competition for home mortgage loans among banks, credit unions, and non-depository mortgage lenders in the assessment area. Based on 2022 peer mortgage data, 556 lenders originated or purchased 34,976 home mortgage loans. Of these lenders, LINKBANK ranked 61st by number of originations and purchases capturing 0.3 percent of total market share. The top three mortgage lenders in the assessment area included Members 1st Federal Credit Union (11.3 percent), PA State Employee Credit Union (5.0 percent), and Rocket Mortgage (4.0 percent).

As previously addressed, the analysis of small business loans under the Lending Test does not include aggregate data comparisons, as the bank is not required to collect and report the data. The aggregate data, however, reflects the level of demand for small business loans and is therefore included. Aggregate data for 2022 shows that 88 institutions reported 3,278 small business loans in the assessment area, indicating a moderate degree of competition for this product.

CONCLUSIONS ON PERFORMANCE CRITERIA IN PA NON-MSA ASSESSMENT AREA

LENDING TEST

LINKBANK demonstrated reasonable performance under the Lending Test in this assessment area.

Geographic Distribution

The geographic distribution of loans reflects poor dispersion throughout the assessment area. LINKBANK's poor performance of home mortgage and small business lending supports this conclusion. Examiners focused on the number of loans in low- and moderate-income census tracts.

Home Mortgage Loans

The geographic distribution of home mortgage loans reflects poor dispersion throughout the assessment area. As shown in the following table, the bank's performance in low-income census tracts was similar to demographic and aggregate data in 2022, and was below demographic data in 2023. The bank did not make any home mortgage loans in moderate-income census tracts in 2022, and only one home mortgage loan in such tracts in 2023. The opportunity to lend in low- and moderate-income census tracts is limited as only 2.7 percent and 10.7 percent of owner-occupied housing units are in low- and moderate-income census tracts, respectively.

Geographic Distribution of Home Mortgage Loans						
PA Non-MSA Assessment Area						
Tract Income Level	% of Owner-Occupied Housing Units	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2022	2.7	2.1	2	2.9	139	2.0
2023	2.7	--	1	1.4	48	0.6
Moderate						
2022	10.7	7.9	0	0.0	0	0.0
2023	10.7	--	1	1.4	82	0.9
Middle						
2022	67.7	71.1	67	95.7	6,530	94.3
2023	67.7	--	68	93.2	8,247	95.1
Upper						
2022	18.7	18.6	1	1.4	255	3.7
2023	18.7	--	3	4.1	292	3.4
Not Available						
2022	0.1	0.3	0	0.0	0	0.0
2023	0.1	--	0	0.0	0	0.0
Totals						
2022	100.0	100.0	70	100.0	6,924	100.0
2023	100.0	--	73	100.0	8,669	100.0

Source: 2020 U.S. Census; Bank Data, 2022 HMDA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%

Small Business Loans

The geographic distribution of small business loans reflects poor dispersion throughout the assessment area. As shown in the following table, the bank's performance in low-income census tracts slightly trailed demographic data in 2022. The bank did not originate any loans in such tracts in 2023. The bank's performance in moderate-income census tracts greatly trailed demographic data in 2022. The bank did not originate any loans in moderate-income census tracts in 2023. The opportunity to lend in low-income census tracts is limited as only 3.2 percent of businesses are located in low-income census tracts in both 2022 and 2023. Likewise, only 11.3 percent and 11.5 percent of businesses are located in moderate-income census in 2022 and 2023, respectively.

Geographic Distribution of Small Business Loans						
PA Non-MSA Assessment Area						
Tract Income Level		% of Businesses	#	%	\$(000s)	%
Low						
	2022	3.2	1	2.4	88	2.4
	2023	3.2	0	0.0	0	0.0
Moderate						
	2022	11.3	1	2.4	139	3.7
	2023	11.5	0	0.0	0	0.0
Middle						
	2022	66.0	38	90.5	3,485	93.1
	2023	65.9	21	100.0	2,084	100.0
Upper						
	2022	16.8	2	4.8	30	0.8
	2023	16.8	0	0.0	0	0.0
Not Available						
	2022	2.7	0	0.0	0	0.0
	2023	2.7	0	0.0	0	0.0
Totals						
	2022	100.0	42	100.0	3,742	100.0
	2023	100.0	21	100.0	2,084	100.0

Source: 2022 & 2023 D&B Data and Bank Data. Due to rounding, totals may not equal 100.0%

Borrower Profile

The distribution of borrowers reflects reasonable penetration among individuals of different income levels and business customers of different sizes. LINKBANK's reasonable performance of home mortgage and small business lending supports this conclusion. Examiners focused on the number of home mortgage loans to low- and moderate-income borrowers and the number of small business loans to businesses with GAR of \$1.0 million or less.

Home Mortgage Loans

The distribution of home mortgage loans to individuals of different income levels, including low- and moderate-income borrowers, is reasonable. As shown in the following table, the bank's penetration of home mortgage lending to low-income borrowers was below demographic and aggregate data for 2022. In 2023, the bank's penetration to low-income borrowers improved but still below demographic data. A low-income family in the assessment area may not likely qualify for a mortgage under conventional underwriting standards considering the median housing value of \$109,105. Therefore, the opportunities for lending to low-income families are limited. This helps explain the difference between the aggregate and bank's performance and the percentage of families

at this income level. The bank's penetration of home mortgage loans to moderate-income borrowers was similar to aggregate data in 2022 and exceeded demographic data in 2022 and 2023.

Distribution of Home Mortgage Loans by Borrower Income Level						
PA Non-MSA Assessment Area						
Borrower Income Level	% of Families	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2022	20.2	9.2	2	2.9	60	0.9
2023	20.2	--	6	8.2	269	3.1
Moderate						
2022	17.8	22.1	16	22.9	1,284	18.5
2023	17.8	--	14	19.2	1,596	18.4
Middle						
2022	21.6	22.4	16	22.9	1,377	19.9
2023	21.6	--	22	30.1	1,913	22.1
Upper						
2022	40.4	31.2	32	45.7	3,539	51.1
2023	40.4	--	27	37.0	4,681	54.0
Not Available						
2022	0.0	15.1	4	5.7	664	9.6
2023	0.0	--	4	5.5	210	2.4
Totals						
2022	100.0	100.0	70	100.0	6,924	100.0
2023	100.0	--	73	100.0	8,669	100.0

Source: 2020 U.S. Census; Bank Data, 2022 HMDA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%

Small Business Loans

The distribution of borrowers reflects reasonable penetration among businesses of different sizes. As shown in the following table, the bank's penetration of loans in 2022 and 2023 to businesses with GARs of \$1.0 million or less significantly trailed demographic data.

As previously addressed, LINKBANK is not required to collect or report its small business loan data; therefore, the analysis of small business loans does not include aggregate data comparisons. However, aggregate data reflects the level of demand for small business loans and is therefore included. During 2022, aggregate lenders only originated 56.0 percent of loans to businesses with GARs of \$1.0 million or less. As such, the aggregate performance also significantly trailed demographic data. It is noted that revenue was not available for 31.0 percent of businesses in 2022 and 28.6 percent in 2023. If these are excluded, the bank's performance in 2022 increases to 62.1 percent, which is above aggregate performance; and increases to 73.3 percent in 2023. Overall, the bank's performance of lending to businesses with GARs of \$1.0 million or less is reasonable.

Distribution of Small Business Loans by Gross Annual Revenue Category						
PA Non-MSA Assessment Area						
Gross Revenue Level		% of Businesses	#	%	\$(000s)	%
<=\$1,000,000						
	2022	86.3	18	42.9	1,938	51.8
	2023	86.8	11	52.4	892	42.8
>\$1,000,000						
	2022	3.7	11	26.2	1,119	29.9
	2023	3.5	4	19.0	714	34.3
Revenue Not Available						
	2022	10.0	13	31.0	685	18.3
	2023	9.7	6	28.6	478	22.9
Totals						
	2022	100.0	42	100.0	3,742	100.0
	2023	100.0	21	100.0	2,084	100.0

Source: 2022 & 2023 D&B Data and Bank Data. Due to rounding, totals may not equal 100.0%

COMMUNITY DEVELOPMENT TEST

Community Development Loans

LINKBANK originated one community development loan totaling \$120,000 during the evaluation period that specifically benefit the PA Non-MSA assessment area. The loan, which the bank originated in June 2021, was to purchase a 6-unit multi-family property in Trevorton, PA (Northumberland County). All units had rent below HUD's fair market value, which supports affordable housing in the assessment area.

Qualified Investments

LINKBANK made 14 qualified investments and donations totaling \$623,479 specific to the PA Non-MSA assessment area during the evaluation period. This includes two new equity investment totaling \$610,000 and 12 donations totaling \$13,479. The following table illustrates the bank's qualified investment activity by year and purpose.

Qualified Investments PA Non-MSA Assessment Area										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Prior Period	0	0	0	0	0	0	0	0	0	0
3/22/2021-12/31/2021	0	0	0	0	0	0	0	0	0	0
2022	0	0	0	0	0	0	0	0	0	0
2023	0	0	2	610	0	0	0	0	2	610
Subtotal	0	0	2	610	0	0	0	0	2	610
Qualified Grants & Donations	0	0	12	13	0	0	0	0	12	13
Total	0	0	14	623	0	0	0	0	14	623
<i>Source: Bank Data</i>										

The following is a sample of qualified investments that benefit the assessment area.

- In 2023, the bank purchased two Milton School District municipal bonds, totaling \$610,000. The school district will use the bond proceeds for the planning, designing, acquiring, constructing, and renovations to the James Baugher Elementary School in Northumberland County. A majority of the school’s students are from low- and moderate-income families as most qualify for the national free or reduced-price school lunch program.
- The bank made three donations totaling \$6,973 to support a food bank serving residents of Hegins Township, Schuylkill County. The organization used the funds to purchase Thanksgiving turkeys for families in need. These donations provided community services targeted to low- and moderate-income individuals and families.
- In 2021, the bank donated \$1,250 to support a food drive for residents of Minersville, Schuylkill County. This donation provided community services targeted to low- and moderate-income individuals and families.

Community Development Services

The bank provided three instances of financial expertise or technical assistance to community development-related organizations that specifically benefit the PA Non-MSA assessment area. The following table illustrates the bank’s qualified community development services in the PA Non-MSA assessment area by activity year and by purpose.

Community Development Services PA Non-MSA Assessment Area					
Activity Year	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Totals
	#	#	#	#	#
3/22/2021-12/31/2021	0	1	0	0	1
2022	0	1	0	0	1
2023	0	1	0	0	1
1/1/2024-2/26/2024	0	0	0	0	0
Total	0	3	0	0	3
<i>Source: Bank Data</i>					

The following is a sample of community development services that benefit the assessment area.

- A bank employee serves as Treasurer of a community development organization located in Schuylkill County that provides community services targeted to low- and moderate-income individuals. The organization strives to keep the Tri Valley Area a great place to live; to help those who need financial assistance; to contribute to the well-being and cultural needs of the community and to accomplish this humanitarian task entirely with volunteer efforts.
- A bank Board member also serves as Board treasurer of this community development organization located in Schuylkill County that provides community services targeted to low- and moderate-income individuals. Services include empowering youth through character building programs, summer camp opportunities, and music education; alleviating hunger with emergency food pantries, soup kitchens, and other feeding initiatives; and rental assistance and other social services for families.

LANCASTER, PA MSA ASSESSMENT AREA – Full-Scope Review

DESCRIPTION OF INSTITUTION’S OPERATIONS IN LANCASTER, PA MSA ASSESSMENT AREA

The Lancaster, PA MSA assessment area includes Lancaster County in the Lancaster, PA MSA #29540. This assessment area is new resulting from the Gratz Bank and LINKBANK merger on September 18, 2021. The bank operates one full-service branch office within the assessment area. The bank’s operations in the assessment area represent 13.9 percent of total in-assessment area lending (by number), 13.4 percent of total deposits, and 10.0 percent of total branches.

Economic and Demographic Data

There are 116 census tracts within this assessment area. These tracts reflect the following income designations according to the 2020 Census data:

- 4 low-income,
- 16 moderate-income,
- 81 middle-income, and
- 15 upper-income, and

The following table shows the demographic information for the assessment area.

Demographic Information of the Lancaster, PA MSA Assessment Area						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	116	3.4	13.8	69.8	12.9	0.0
Population by Geography	552,984	2.9	12.8	71.4	12.9	0.0
Housing Units by Geography	212,160	2.9	13.9	70.9	12.3	0.0
Owner-Occupied Units by Geography	141,505	1.5	11.3	72.5	14.7	0.0
Occupied Rental Units by Geography	62,498	5.6	19.5	67.8	7.1	0.0
Vacant Units by Geography	8,157	5.3	16.6	67.1	10.9	0.0
Businesses by Geography	60,792	3.7	11.4	69.1	15.8	0.0
Farms by Geography	2,858	0.6	8.9	77.7	12.7	0.0
Family Distribution by Income Level	143,101	17.4	19.3	24.6	38.8	0.0
Household Distribution by Income Level	204,003	22.3	16.2	20.5	41.0	0.0
Median Family Income - 29540 Lancaster, PA MSA	\$82,568	Median Housing Value				\$219,308
Families Below Poverty Level	5.7%	Median Gross Rent				\$1,086

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.*

There are 212,160 housing units in the assessment area. Of these units, 66.7 percent are owner-occupied, 29.5 percent are rental occupied, and 3.8 percent are vacant. As previously stated, the

geographic distribution criterion compares home mortgage loans to the distribution of owner-occupied housing units. The above table shows only 1.5 percent of owner-occupied housing units are located in low-income census tracts. This distribution reflects limited opportunities to originate home mortgage loans in low-income census tracts in the assessment area. Furthermore, 11.3 percent of owner-occupied housing units are in moderate-income census tracts.

The 2022 and 2023 FFIEC-updated MFI data to analyze home mortgage loans under the borrower profile criterion for the assessment area is as follows:

Median Family Income Ranges				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
Lancaster, PA MSA Median Family Income (29540)				
2022 (\$90,200)	<\$45,100	\$45,100 to <\$72,160	\$72,160 to <\$108,240	≥\$108,240
2023 (\$98,000)	<\$49,000	\$49,000 to <\$78,400	\$78,400 to <\$117,600	≥\$117,600
<i>Source: FFIEC</i>				

According to 2023 D&B data, there were 60,792 non-farm businesses in the assessment area. These businesses have the following GAR characteristics:

- 90.1 percent had GARs of \$1.0 million or less;
- 3.5 percent had GARs of more than \$1.0 million; and
- 6.4 percent had unreported GARs.

Service industries represent the largest share of total businesses in the assessment area at 35.4 percent, followed by non-classifiable establishments (17.8 percent), retail trade (11.7 percent), and finance, insurance and real estate (10.6 percent). Most businesses have four or fewer employees (67.6 percent) and operate at a single location (93.4 percent). This information reflects the potential demand for, and the opportunity to originate, small business loans in the assessment area.

According to PA’s Department of Labor and Industry, several of the top employers in the assessment area include Lancaster General Hospital, Mutual Assistance Group, Giant Food Stores, LLC, and County of Lancaster.

Competition

The bank’s assessment area reflects a moderately competitive market for financial services. According to the June 30, 2023 FDIC Deposit Market Share Data, 24 financial institutions operated 154 full-service offices in the assessment area. Of these institutions, LINKBANK ranked 16th with a 0.9 percent deposit market share and ranked 21st with a 0.7 percent branch market share. The top three institutions based on deposit market share included Fulton Bank, N.A. (28.9 percent), Truist Bank (16.0 percent), and PNC Bank, N.A. (10.6 percent).

There is a high level of competition for home mortgage loans among banks, credit unions, and non-depository mortgage lenders in the assessment area. Based on 2022 peer mortgage data, 404 lenders originated or purchased 15,955 home mortgage loans. Of these lenders, LINKBANK ranked 50th by number of originations and purchases capturing 0.3 percent of total market share. The top three mortgage lenders in the assessment area included Members 1st Federal Credit Union (8.5 percent), Fulton Bank, N.A. (6.9 percent), and The Ephrata National Bank (5.7 percent).

As previously addressed, the analysis of small business loans under the Lending Test does not include aggregate data comparisons, as the bank is not required to collect and report the data. The aggregate data, however, reflects the level of demand for small business loans and is, therefore, included. Aggregate data for 2022 shows that 116 institutions reported 12,222 small business loans in the assessment area, indicating a relatively high degree of competition for this product.

Community Contacts

Examiners reviewed a recent community contact with a representative of a non-profit affordable housing organization that serves Lancaster County. The contact indicated that affordable housing continues to be an issue in Lancaster County for several reasons. First, as Lancaster County becomes more desirable to live in, home prices will increase. Second, there is an increase in individuals from surrounding cities such as Philadelphia, New York City, and Washington D.C. moving to the area. Finally, as the rent and foreclosure moratoriums end, there is increasing concern that renters and homeowners will be unable to afford their current living situations. The contact also noted that branch closures may disproportionately impact the availability of small business loans to women and minority-owned businesses.

Credit and Community Development Needs and Opportunities

Considering information from the community contact, bank management, and demographic and economic data, examiners determined that home mortgage loans and small business loans represent the primary credit needs for the Lancaster, PA MSA assessment area. Affordable housing is a critical community development need throughout this assessment area, with the demand for affordable housing outweighing the current supply. Small business loans, particularly for start-up and working capital, are in high demand. The high percentage of businesses with GARs of \$1.0 million or less, operate out of a single location, and maintain a workforce of four or fewer employees illustrates the opportunities for small business lending.

CONCLUSIONS ON PERFORMANCE CRITERIA IN LANCASTER, PA MSA ASSESSMENT AREA

LENDING TEST

LINKBANK demonstrated reasonable performance under the Lending Test in this assessment area.

Geographic Distribution

The geographic distribution of loans reflects reasonable dispersion throughout the assessment area. LINKBANK's reasonable performance of home mortgage and small business lending supports this conclusion. Examiners focused on the number of loans in low- and moderate-income census tracts.

Home Mortgage Loans

The geographic distribution of home mortgage loans reflects reasonable dispersion throughout the assessment area. As shown in the following table, the bank did not make any home mortgage loans in low-income census tracts in 2022 and 2023. The bank's performance in moderate-income census tracts was similar to demographic and aggregate data in 2022 and trailed demographic data in 2023. The opportunity to lend in low- and moderate-income census tracts is limited as only 1.5 percent and 11.3 percent of owner-occupied housing units are in low- and moderate-income census tracts, respectively.

Geographic Distribution of Home Mortgage Loans						
Lancaster, PA MSA Assessment Area						
Tract Income Level	% of Owner-Occupied Housing Units	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2022	1.5	2.0	0	0.0	0	0.0
2023	1.5	--	0	0.0	0	0.0
Moderate						
2022	11.3	13.0	6	12.0	1,157	3.9
2023	11.3	--	1	7.1	82	2.6
Middle						
2022	72.5	69.3	36	72.0	26,800	89.7
2023	72.5	--	8	57.1	2,182	68.5
Upper						
2022	14.7	15.7	8	16.0	1,920	6.4
2023	14.7	--	5	35.7	921	28.9
Totals						
2022	100.0	100.0	50	100.0	29,877	100.0
2023	100.0	--	14	100.0	3,185	100.0

Source: 2020 U.S. Census; Bank Data, 2022 HMDA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%

Small Business Loans

The geographic distribution of small business loans reflects reasonable dispersion throughout the assessment area. As shown in the following table, the bank did not originate any small business loans in low-income census tracts in 2022 or 2023. The bank's performance in moderate-income census tracts trailed demographic data in 2022 and exceeded demographic data in 2023. The opportunity to lend in low-income census tracts is limited as only 3.7 percent of businesses are located in low-income

census tracts in both 2022 and 2023. Likewise, only 11.3 percent and 11.4 percent of businesses are located in moderate-income census in 2022 and 2023, respectively.

Geographic Distribution of Small Business Loans					
Lancaster, PA MSA Assessment Area					
Tract Income Level	% of Businesses	#	%	\$(000s)	%
Low					
2022	3.7	0	0.0	0	0.0
2023	3.7	0	0.0	0	0.0
Moderate					
2022	11.3	1	3.8	50	0.5
2023	11.4	4	16.0	1,655	28.2
Middle					
2022	69.3	17	65.4	6,120	66.7
2023	69.1	19	76.0	3,542	60.5
Upper					
2022	15.7	8	30.8	3,005	32.8
2023	15.8	2	8.0	662	11.3
Totals					
2022	100.0	26	100.0	9,175	100.0
2023	100.0	25	100.0	5,859	100.0

Source: 2022 & 2023 D&B Data and Bank Data. Due to rounding, totals may not equal 100.0%

Borrower Profile

The distribution of borrowers reflects poor penetration among individuals of different income levels and business customers of different sizes. LINKBANK’s poor performance of home mortgage supports this conclusion. Examiners focused on the number of home mortgage loans to low- and moderate-income borrowers and the number of small business loans to businesses with GAR of \$1.0 million or less.

Home Mortgage Loans

The distribution of home mortgage loans to individuals of different income levels, including low- and moderate-income borrowers, is poor. As shown in the following table, the bank's penetration of home mortgage lending to low-income borrowers was below demographic and aggregate data for 2022. The bank did not make any home mortgage loans to low-income borrowers in 2023. A low-income family in the assessment area may not likely qualify for a mortgage under conventional underwriting standards considering the median housing value of \$219,308. Therefore, the opportunities for lending to low-income families are limited. This helps explain the difference between the aggregate and bank’s performance and the percentage of families at this income level. The bank’s penetration of home mortgage loans to moderate-income borrowers trailed demographic

and aggregate data 2022 and trailed demographic data in 2023 with its single loan to a moderate-income borrower.

Distribution of Home Mortgage Loans by Borrower Income Level						
Lancaster, PA MSA Assessment Area						
Borrower Income Level	% of Families	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2022	17.4	7.9	1	2.0	135	0.5
2023	17.4	--	0	0.0	0	0.0
Moderate						
2022	19.3	21.8	7	14.0	1,262	4.2
2023	19.3	--	1	7.1	82	2.6
Middle						
2022	24.6	24.5	8	16.0	1,410	4.7
2023	24.6	--	1	7.1	436	13.7
Upper						
2022	38.8	34.8	24	48.0	7,297	24.4
2023	38.8	--	11	78.6	2,354	73.9
Not Available						
2022	0.0	11.0	10	20.0	19,773	66.2
2023	0.0	--	1	7.1	313	9.8
Totals						
2022	100.0	100.0	50	100.0	29,877	100.0
2023	100.0	--	14	100.0	3,185	100.0
<i>Source: 2020 U.S. Census; Bank Data, 2022 HMDA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%</i>						

Small Business Loans

The distribution of borrowers reflects reasonable penetration among businesses of different sizes. As shown in the following table, the bank's penetration of loans to businesses with GARs of \$1.0 million or less trailed demographic data in 2022 and significantly trailed in 2023.

As previously addressed, LINKBANK is not required to collect or report its small business loan data; therefore, the analysis of small business loans does not include aggregate data comparisons. However, aggregate data reflects the level of demand for small business loans and is, therefore, included. During 2022, the aggregate only originated 55.0 percent of its loans to businesses with GARs of \$1.0 million or less. As such, the aggregate performance also significantly trailed demographic and bank data. Overall, the bank's performance of lending to businesses with GARs of \$1.0 million or less is reasonable.

Distribution of Small Business Loans by Gross Annual Revenue Category					
Lancaster, PA MSA Assessment Area					
Gross Revenue Level	% of Businesses	#	%	\$(000s)	%
<=\$1,000,000					
2022	89.8	18	69.2	6,007	65.5
2023	90.1	6	24.0	2,367	40.4
>\$1,000,000					
2022	3.7	8	30.8	3,168	34.5
2023	3.5	17	68.0	3,230	55.1
Revenue Not Available					
2022	6.5	0	0.0	0	0.0
2023	6.4	2	8.0	262	4.5
Totals					
2022	100.0	26	100.0	9,175	100.0
2023	100.0	25	100.0	5,859	100.0

Source: 2022 & 2023 D&B Data and Bank Data. Due to rounding, totals may not equal 100.0%

COMMUNITY DEVELOPMENT TEST

Community Development Loans

LINKBANK originated seven community development loans totaling \$4.2 million during the evaluation period that specifically benefit the Lancaster, PA MSA assessment area. The following table illustrates the bank’s community development lending activity by year and purpose.

Community Development Lending										
Lancaster, PA MSA Assessment Area										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
3/22/2021 – 12/31/2021	0	0	0	0	0	0	4	160	4	160
2022	3	4,021	0	0	0	0	0	0	3	4,021
2023	0	0	0	0	0	0	0	0	0	0
Total	3	4,021	0	0	0	0	4	160	7	4,181

Source: Bank Data

The following is a sample of community development loans that benefit the assessment area.

- In 2021, LINKBANK originated four Paycheck Protection Program (PPP) loans totaling \$160,429 to businesses located in low- or moderate-income census tracts. These loans, offered through the U.S. Small Business Administration in response to the COVID-19

pandemic, revitalize or stabilize low- and moderate-income census tracts by supporting these businesses.

- In 2022, the bank provided two loans totaling \$3.0 million to an LLC for the construction of nine townhomes in a low-income census tract in Lancaster, PA. The borrower is an organization with a primary purpose of purchasing and rehabilitating blighted properties to be sold and/or rented out to low- to moderate-income families. These homes will be sold at less than market value to moderate-income families, which supports affordable housing.
- In 2022, the bank originated a \$1.0 million loan to a limited partnership for the refinance of a two-building apartment complex consisting of 15 units in Brecknock Township, Lancaster County, PA. All residential units have rents below the area’s fair market rent as established by HUD. This loan enhances affordable housing for low- and moderate-income families in the assessment area.

Qualified Investments

LINKBANK made 23 donations totaling \$149,250 specific to the Lancaster, PA MSA assessment area during the evaluation period. The bank does not have any prior period or new qualified investments specific to this assessment area. The following table illustrates the bank’s investment and donation activity by purpose.

Qualified Donations Lancaster, PA MSA Assessment Area										
Type of Investment	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Prior Period Investment	0	0	0	0	0	0	0	0	0	0
New Investments	0	0	0	0	0	0	0	0	0	0
Qualified Grants & Donations	3	23	18	123	2	3	0	0	23	149
Total	3	23	18	123	2	3	0	0	23	149
<i>Source: Bank Data</i>										

The following is a sample of qualified investments that benefit the assessment area.

- The bank provided two donations totaling \$3,500 to a Title 1 charter school located in Lancaster County. Title 1 is a 100 percent federally funded supplemental education program that provides programs designed to help educationally deprived children meet the state content and performance standards in reading, language arts, and mathematics. All students are eligible for free lunch. This donation provides community services targeted to low- and moderate-income individuals.
- In 2024, LINK Foundation provided a \$5,000 donation to a non-profit organization headquartered in Lancaster County that helps the aging, veterans, and people with

disabilities live safely and independently in their own homes. The organization used the donation for transportation and preparatory services during the job placement process and for technology database update and salary costs for the organization. This donation provides community services targeted to low- and moderate-income individuals.

Community Development Services

The bank provided 11 instances of financial expertise or technical assistance to community development-related organizations that specifically benefit the Lancaster, PA MSA assessment area. The following table illustrates the bank’s qualified community development services in the Lancaster, PA MSA assessment area by activity year and by purpose.

Community Development Services Lancaster, PA MSA Assessment Area					
Activity Year	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Totals
	#	#	#	#	#
3/22/2021-12/31/2021	0	2	1	0	3
2022	0	2	1	0	3
2023	1	1	1	0	3
1/1/2024-2/26/2024	0	1	1	0	2
Total	1	6	4	0	11
<i>Source: Bank Data</i>					

The following is a sample of community development services that benefit the assessment area.

- A bank employee serves as a Loan Review Committee member of an organization that leverages community partners to develop new and innovative ways of addressing the wide range of critical housing needs within Lancaster County, such as homelessness, renting, homeownership, and community lending. This service promotes affordable housing.
- A bank employee serves as Board member of a Lancaster County school that operates as a Title 1 school and where 100 percent of the students qualify for free- or reduced-price lunches. This service provides community services targeted to low- and moderate-income individuals.
- A bank Board member serves as vice chairperson of the Board of a community development organization that provides community services targeted to low- and moderate-income individuals. Services include an emergency shelter, residential programs, a community health clinic, a community food bank, pre-K and kindergarten education, teen mentoring, and a young adult ministry.

CHESTER COUNTY, PA ASSESSMENT AREA – Limited-Scope Review

DESCRIPTION OF INSTITUTION’S OPERATIONS IN CHESTER COUNTY, PA ASSESSMENT AREA

The Chester County, PA assessment area includes Chester County in the Montgomery County-Bucks County-Chester County, PA Metropolitan Division #33874. This assessment area is new resulting from the Gratz Bank and LINKBANK merger on September 18, 2021. The bank operates one full-service branch office within the assessment area. The bank’s operations in the assessment area represent 5.2 percent of total in-assessment area lending (by number), 13.7 percent of total deposits, and 10.0 percent of total branches.

Economic and Demographic Data

There are 124 census tracts within this assessment area. These tracts reflect the following income designations according to the 2020 Census data:

- 6 low-income,
- 21 moderate-income,
- 50 middle-income,
- 45 upper-income, and
- 2 with no income designation.

The following table shows the demographic information for the assessment area.

Demographic Information of the Chester County Assessment Area						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	124	4.8	16.9	40.3	36.3	1.6
Population by Geography	534,413	4.1	14.9	40.4	40.0	0.7
Housing Units by Geography	201,715	4.3	16.4	40.8	38.4	0.0
Owner-Occupied Units by Geography	144,688	2.2	13.1	40.8	43.9	0.0
Occupied Rental Units by Geography	48,263	9.8	25.9	41.3	22.9	0.0
Vacant Units by Geography	8,764	9.3	18.7	37.8	34.2	0.0
Businesses by Geography	78,508	2.3	11.7	38.4	46.9	0.8
Farms by Geography	2,909	1.8	16.0	45.9	36.2	0.2
Family Distribution by Income Level	137,325	17.8	16.6	21.3	44.4	0.0
Household Distribution by Income Level	192,951	21.4	15.9	17.5	45.2	0.0
Median Family Income - 33874 Montgomery County-Bucks County-Chester County, PA MD		\$117,345	Median Housing Value			\$380,126
Families Below Poverty Level		3.7%	Median Gross Rent			\$1,353
<i>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.</i>						

There are 201,715 housing units in the assessment area. Of these units, 71.7 percent are owner-occupied, 23.9 percent are rental occupied, and 4.4 percent are vacant. As previously stated, the *Geographic Distribution* criterion compares home mortgage loans to the distribution of owner-occupied housing units. The above table shows only 2.2 percent of owner-occupied housing units are located in low-income census tracts. This distribution reflects limited opportunities to originate home mortgage loans in low-income census tracts in the assessment area. Furthermore, 13.1 percent of owner-occupied housing units are located in moderate-income census tracts.

The 2022 and 2023 FFIEC-updated MFI data to analyze home mortgage loans under the borrower profile criterion for the assessment area is as follows:

Median Family Income Ranges				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
Montgomery County-Bucks County-Chester County, PA MD Median Family Income (33874)				
2022 (\$131,400)	<\$65,700	\$65,700 to <\$105,120	\$105,120 to <\$157,680	≥\$157,680
2023 (\$142,100)	<\$71,050	\$71,050 to <\$113,680	\$113,680 to <\$170,520	≥\$170,520
<i>Source: FFIEC</i>				

According to 2023 D&B data, there were 78,508 non-farm businesses in the assessment area. These businesses have the following GAR characteristics:

- 90.9 percent had GARs of \$1.0 million or less;
- 3.5 percent had GARs of more than \$1.0 million; and
- 5.6 percent had unreported GARs.

Service industries represent the largest share of total businesses in the assessment area at 40.9 percent, followed by non-classifiable establishments (19.0 percent), finance, insurance and real estate (12.2 percent), and retail trade (8.6 percent). Most businesses have four or fewer employees (68.0 percent) and operate at a single location (93.9 percent). This information reflects the potential demand for, and the opportunity to originate, small business loans in the assessment area.

According to PA’s Department of Labor and Industry, several of the top employers in the assessment area include The Vanguard Group, Inc., The Chester County Hospital, Main Line Hospitals, Inc., and County of Chester.

CONCLUSIONS ON PERFORMANCE CRITERIA IN CHESTER COUNTY, PA ASSESSMENT AREA

LENDING TEST

The bank’s Lending Test performance in the assessment area is below its overall lending performance. This conclusion takes into account the bank’s percentage of lending, deposits, and branches in the assessment area.

The following tables illustrate demographic and lending data for Geographic Distribution and Borrower Profile, upon which examiners based the Lending Test conclusion for this assessment area.

Geographic Distribution

Home Mortgage Loans

Geographic Distribution of Home Mortgage Loans Chester County, PA Assessment Area						
Tract Income Level	% of Owner-Occupied Housing Units	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2022	2.2	2.6	0	0.0	0	0.0
2023	2.2	--	0	0.0	0	0.0
Moderate						
2022	13.1	13.7	1	5.3	162	3.3
2023	13.1	--	1	8.3	302	3.9
Middle						
2022	40.8	40.5	5	26.3	1,377	27.9
2023	40.8	--	6	50.0	2,101	27.0
Upper						
2022	43.9	43.2	13	68.4	3,406	68.9
2023	43.9	--	5	41.7	5,383	69.1
Totals						
2022	100.0	100.0	19	100.0	4,945	100.0
2023	100.0	--	12	100.0	7,786	100.0
<i>Source: 2020 U.S. Census; Bank Data, 2022 HMDA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%</i>						

Small Business Loans

Geographic Distribution of Small Business Loans					
Chester County, PA Assessment Area					
Tract Income Level	% of Businesses	#	%	\$(000s)	%
Low					
2022	2.2	0	0.0	0	0.0
2023	2.3	0	0.0	0	0.0
Moderate					
2022	11.7	3	25.0	818	29.3
2023	11.7	2	66.7	1,772	86.7
Middle					
2022	38.5	6	50.0	1,482	53.1
2023	38.4	1	33.3	272	13.3
Upper					
2022	46.8	3	25.0	491	17.6
2023	46.9	0	0.0	0	0.0
Not Available					
2022	0.8	0	0.0	0	0.0
2023	0.8	0	0.0	0	0.0
Totals					
2022	100.0	12	100.0	2,791	100.0
2023	100.0	3	100.0	2,044	100.0
<i>Source: 2022 & 2023 D&B Data and Bank Data. Due to rounding, totals may not equal 100.0%</i>					

Borrower Profile

Home Mortgage Loans

Distribution of Home Mortgage Loans by Borrower Income Level Chester County, PA Assessment Area						
Borrower Income Level	% of Families	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2022	17.8	9.0	1	5.3	255	5.2
2023	17.8	--	0	0.0	0	0.0
Moderate						
2022	16.6	19.2	1	5.3	226	4.6
2023	16.6	--	1	8.3	302	3.9
Middle						
2022	21.3	23.0	2	10.5	666	13.5
2023	21.3	--	3	25.0	451	5.8
Upper						
2022	44.4	37.4	14	73.7	3,647	73.8
2023	44.4	--	6	50.0	5,450	70.0
Not Available						
2022	0.0	11.4	1	5.3	151	3.1
2023	0.0	--	2	16.7	1,583	20.3
Totals						
2022	100.0	100.0	19	100.0	4,945	100.0
2023	100.0	--	12	100.0	7,786	100.0

Source: 2020 U.S. Census; Bank Data, 2022 HMDA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%

Small Business Loans

Distribution of Small Business Loans by Gross Annual Revenue Category					
Chester County, PA Assessment Area					
Gross Revenue Level	% of Businesses	#	%	\$(000s)	%
<=\$1,000,000					
2022	90.7	8	66.7	2,147	76.9
2023	90.9	2	66.7	1,772	86.7
>\$1,000,000					
2022	3.6	4	33.3	644	23.1
2023	3.4	1	33.3	272	13.3
Revenue Not Available					
2022	5.8	0	0.0	0	0.0
2023	5.6	0	0.0	0	0.0
Totals					
2022	100.0	12	100.0	2,791	100.0
2023	100.0	3	100.0	2,044	100.0

Source: 2022 & 2023 D&B Data and Bank Data. Due to rounding, totals may not equal 100.0%

COMMUNITY DEVELOPMENT TEST

LINKBANK’s community development performance in the assessment area is below the bank’s overall community development performance.

Community Development Loans

LINKBANK originated three community development loans totaling \$833,790 during the evaluation period that specifically benefit the Chester County, PA assessment area. Specific to the assessment area, one loan for \$796,500 supported affordable housing efforts and two loans totaling \$37,290 revitalized or stabilized moderate-income census tracts.

- In July 2021, the bank originated a \$796,500 loan to an LLC to purchase a 7-unit multi-family property in Kennett Square, Chester County, PA. All seven units have rents that are below the area’s fair market rent as established by HUD. This loan enhances affordable housing for low- and moderate-income families in the assessment area.

Qualified Investments

In addition to the PA statewide and broader regional qualified investments, LINKBANK made five donations totaling \$30,950 specific to the Chester County, PA assessment area during the evaluation period. The bank does not have any prior period or new qualified investments specific to this assessment area.

The following is a sample of qualified investments that benefit the assessment area.

- In 2024, LINK Foundation provided three donations; one in December 2021 for \$5,000; one in 2023 for \$10,000; and one in January 2024 for \$10,000 to a non-profit organization. The organization serves families who are homeless or at risk of homelessness in the Chester County area. The families that they partner with benefit from a network of Christian faith volunteers, rental assistance, and intensive case management as they work to achieve long-term stability. This donation supports affordable housing for low- and moderate-income individuals.

Community Development Services

The bank provided two instances of financial expertise or technical assistance to community development-related organizations that specifically benefit the Chester County, PA assessment area. Specifically, a bank employee served as a Loan Committee member for an organization that helps businesses get the money they need to start, grow and expand. The organization offers loan programs with economic development partners throughout Pennsylvania and Delaware, primarily federal, state and local agencies, to help local businesses grow, create and retain jobs while stimulating growth within their community.

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.