

CRA PUBLIC FILE

Community Reinvestment Act



MERIT BANK

COMMUNITY REINVESTMENT ACT PUBLIC FILE

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MERIT BANK

SECTION 1

Public Comments



MERIT BANK



March 31, 2025

PUBLIC NOTICE

Re: CRA File – Public Comments

To Whom it May Concern:

Merit Bank has not received any public comments to date pertaining to CRA performance.

MERIT BANK

A handwritten signature in black ink, appearing to read "A. Palmer", written over a horizontal line.

Angela Palmer
CRA Officer



March 31, 2024

PUBLIC NOTICE

Re: CRA File – Public Comments

To Whom it May Concern:

Merit Bank has not received any public comments to date pertaining to CRA performance.

MERIT BANK

A handwritten signature in blue ink, appearing to read "APalmer", written over a horizontal line.

Angela Palmer
CRA Officer



March 31, 2023

PUBLIC NOTICE

Re: CRA File – Public Comments

To Whom it May Concern:

Merit Bank has not received any public comments to date pertaining to CRA performance.

MERIT BANK

A handwritten signature in blue ink, appearing to read "A. Palmer", written over the printed name.

Angela Palmer
CRA Officer

SECTION 2
FDIC Performance Evaluations



PUBLIC DISCLOSURE

November 2, 2021

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Merit Bank
Certificate Number: 15270

659 Gallatin ST SW
Huntsville, Alabama 35801

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

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

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

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INSTITUTION RATING

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

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

Merit Bank's satisfactory Community Reinvestment Act (CRA) performance under the Lending Test supports the overall rating. Examiners did not identify any evidence of discriminatory or other illegal credit practices. The following points summarize the bank's Lending Test performance.

- The loan-to-deposit ratio is reasonable given the institution's size, financial condition, and assessment areas' credit needs.
- The bank originated a majority of the loans reviewed within its assessment areas.
- The geographic distribution of loans reflects reasonable dispersion throughout the assessment areas.
- The distribution of loans reflects reasonable penetration among businesses of different sizes and individuals of different income levels.
- The institution has not received any CRA-related complaints since the previous evaluation; therefore, this factor did not affect the Lending Test rating.

DESCRIPTION OF INSTITUTION

Merit Bank is a small commercial bank headquartered in Huntsville, Alabama. The bank is wholly-owned by the Merit Holdings, LLC, a one-bank holding company also headquartered in Huntsville. Merit Bank does not have any subsidiaries or affiliates other than the holding company. On April 30, 2019, Merit Bank, formerly known as The Citizens Bank of Valley Head, and its previous parent company, Citizens Bancorporation, Inc., was acquired by NB Holdings, LLC (NBH). Following the change in control, The Citizens Bank of Valley Head was renamed Merit Bank and relocated its main office from Valley Head to Huntsville, Alabama. Additionally, NBH was renamed Merit Holdings, LLC. At the previous CRA performance evaluation conducted by the FDIC, dated November 16, 2015, the bank received a "Satisfactory" CRA rating using the Interagency Small Institution Examination Procedures.

The bank currently operates four full-service offices in Alabama. Upon completion of the acquisition, the bank opened a new office in Huntsville, Alabama and relocated its main office to Huntsville, Madison County, Alabama. The bank's other branches are located in Ider, Mentone, and Valley Head, Alabama, which are all located in DeKalb County. The Mentone branch has been temporarily closed since April of 2020 due to the COVID-19 Pandemic. The Huntsville main office is located in an upper-income census tract. The three DeKalb County branches are all located in middle-income census tracts. The bank has not closed any offices since the last evaluation.

Merit Bank offers a variety of traditional commercial and consumer banking products and services. The primary focus of the bank is commercial lending, with the secondary emphasis on residential real estate lending. Merit Bank also offers consumer and agricultural loans. The bank offers business and commercial loans, business lines of credit, agricultural loans, residential real estate mortgages, and Home Equity Lines of Credit (HELOCs). Merit Bank offers credit cards to both businesses and individuals. Deposit products vary for personal use and business use, but include savings, checking, and money market accounts. Alternative banking services include mobile banking with deposit and bill payment capabilities. The bank does not operate any automatic teller machines (ATMs); however, it will reimburse customers for ATM fees incurred from using other institution's ATMs.

Additionally, to support customers during the COVID-19 pandemic, Merit Bank utilized the Small Business Administration's Paycheck Protection Program (PPP) loans to help provide extra funding for small businesses. The bank originated 267 PPP loans totaling \$26.4 million during 2020 and 2021.

As of the June 30, 2021, Consolidated Reports of Condition and Income (Call Report), Merit Bank reported total assets of \$180.8 million, including total loans of \$129.1 million. As reflected in the table below, commercial loans comprised the largest portion of the loan portfolio (73.0 percent), while agricultural and home mortgage loans comprised 10.2 percent and 6.4 percent, respectively.

Loan Portfolio Distribution as of 06/30/2021		
Loan Category	\$(000s)	%
Construction, Land Development, and Other Land Loans	8,534	6.6
Secured by Farmland	4,924	3.8
Secured by 1-4 Family Residential Properties	8,177	6.3
Secured by Multifamily (5 or more) Residential Properties	1,532	1.2
Secured by Nonfarm Nonresidential Properties	54,355	42.1
Total Real Estate Loans	77,522	60.1
Commercial and Industrial Loans	39,824	30.9
Agricultural Production and Other Loans to Farmers	8,258	6.4
Consumer Loans	2,059	1.6
Obligations of State and Political Subdivisions in the U.S.	161	.12
Other Loans	1,249	.97
Lease Financing Receivable (net of unearned income)	0	0
Less: Unearned Income	0	0
Total Loans	129,073	100%
<i>Source: Reports of Condition and Income</i>		

Merit Bank provides for the credit needs of its community in a manner consistent with its size, financial condition, resources, and local economic conditions. There are no legal impediments that affect the bank's ability to meet the credit needs of its assessment areas. However, certain economic and financial conditions may have affected the bank's ability to lend.

DESCRIPTION OF ASSESSMENT AREAS

The Community Reinvestment Act requires each financial institution to define one or more assessment areas within which its CRA performance will be evaluated. The bank-defined areas are delineated in accordance with the technical requirements of the CRA regulation and do not arbitrarily exclude any low- and moderate-income census tracts.

Merit Bank has designated two assessment areas. The Madison County assessment area is new since the previous evaluation and includes all of Madison County, which is located in the Huntsville, Alabama Metropolitan Statistical Area (MSA). This assessment area was created when the bank moved its headquarters to Huntsville. The DeKalb County assessment area, which is located in a non-MSA (NMSA), has not changed since the last evaluation. Please refer to the individual assessment areas for additional information.

SCOPE OF EVALUATION

General Information

This evaluation covers the period from the prior evaluation dated November 16, 2015, to the current evaluation dated November 2, 2021. Examiners used the Interagency Small Institution Examination Procedures to evaluate Merit Bank’s CRA performance.

The Madison County assessment area was reviewed using full-scope procedures given that 81.1 percent of loans were made within this assessment area. The DeKalb County assessment area received a limited-scope review given that only 18.9 percent of loans were made within this assessment area.

Assessment Area Breakdown of Loans, Deposits, and Branches						
Assessment Area	Loans		Deposits		Branches	
	\$(000s)	%	\$(000s)	%	#	%
Madison	28,095	81.1	136,737	83.8	1	25.0
DeKalb	6,562	18.9	26,425	16.2	3	75.0
Total	34,657	100.0	163,162	100.0	4	100.0

Source: Bank Data; FDIC Summary of Deposits (6/30/2021)

Activities Reviewed

Examiners determined that the bank’s major product lines are small business, small farm, and home mortgage loans. This conclusion considered the bank’s business strategy and the number and dollar volume of loans originated during the evaluation period.

For this evaluation, loans originated between January 1, 2020 and December 31, 2020 were used to determine overall conclusions and ratings. During the review period, the bank originated 257 small business loans totaling \$46.7 million and 18 small farm loans totaling \$3.5 million. All of these loans were reviewed to evaluate the bank’s small business and small farm lending performance.

Dunn and Bradstreet (D&B) data for 2020 was used for comparison purposes.

Merit Bank is not subject to the requirements of the Home Mortgage Disclosure Act (HMDA); therefore, it is not required to collect and report certain data for home mortgage loans. During 2020, Merit Bank originated a universe of 32 home mortgage loans totaling \$7.35 million. All of these loans were reviewed to evaluate the bank's home mortgage performance. The 2015 American Community Survey (ACS) data was used as a standard of comparison.

Since small business loans represent the largest volume of lending, they are the primary contributor to the overall conclusions. Additionally, while small farm and home mortgage loans originated in 2020 are captured in the Assessment Area Concentration section, they are not included in the Geographic Distribution and Borrower Distribution analyses due to their nominal numbers.

CONCLUSIONS ON PERFORMANCE CRITERIA

LENDING TEST

Merit Bank demonstrated reasonable performance under the Lending Test. This rating is supported by a reasonable loan-to-deposit ratio, a majority of loans inside the assessment areas, reasonable geographic distribution, and reasonable borrower profile performance.

Loan-to-Deposit Ratio

The loan-to-deposit ratio is reasonable given the institution's size, financial condition, and assessment areas' credit needs. The bank's loan-to-deposit ratio, calculated from Call Report data, has fluctuated over the past 23 calendar quarters from December 31, 2015, to June 30, 2021, and has averaged 64.4 percent. The ratio ranged from a low of 45.4 percent on June 30, 2019, to a high of 80.1 percent on June 30, 2020.

There are no similarly-situated banks located within the bank's assessment area; therefore, the bank's average net loan-to-deposit ratio was compared to Uniform Bank Performance Report (UBPR) peer bank data. Peer banks, as defined by the UBPR, includes insured commercial banks having assets between \$100 million and \$300 million, with three or more full service banking offices, and located in an MSA. The bank's average net loan-to-deposit ratio is comparable to the peer banks average ratio, which was approximately 66.8 percent during the same time period.

Assessment Area Concentration

The bank originated a majority of its home mortgage and small business loans, by number, within the assessment areas. However, the majority of its small farm loans originated outside of the assessment areas. As previously noted, small farm loans had minimal impact on the bank's overall performance due to the limited number of loans originated. Refer to the following table for details.

Lending Inside and Outside of the Assessment Areas										
Loan Category	Number of Loans				Total #	Dollar Amount of Loans \$(000s)				Total \$(000s)
	Inside		Outside			Inside		Outside		
	#	%	#	%		\$	%	\$	%	
Home Mortgage	17	53.1	15	46.9	32	2,369	32.2	4,982	67.8	7,351
Small Business	174	67.7	83	32.3	257	31,688	67.9	14,987	32.1	46,675
Small Farm	4	22.2	14	77.8	18	600	17.1	2,907	82.9	3,507
<i>Source: Bank Data Due to rounding, totals may not equal 100.0%</i>										

As previously noted, home mortgage and small farm loans were not further analyzed due to the nominal number of loans. However, a cursory review of these loans revealed the following. Of the 17 home mortgage loans, 11 were in Madison County and six were in DeKalb County. Of the four small farm loans, three were in Madison County and one in DeKalb County.

Geographic Distribution

Overall, the geographic distribution of small business loans reflects reasonable dispersion throughout the assessment areas. The geographic distribution is based solely on performance in the Madison County assessment area, as there are no low- or moderate-income census tracts within the DeKalb County assessment area.

Borrower Profile

Overall, the distribution of small business loans reflects reasonable penetration among businesses of different sizes. Conclusions are consistent within each assessment area.

Response to Complaints

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

DISCRIMINATORY OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

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

MADISON COUNTY ASSESSMENT AREA – Full-Scope Review

DESCRIPTION OF INSTITUTION’S OPERATIONS IN THE MADISON COUNTY ASSESSMENT AREA

Merit Bank’s Madison County assessment area includes all of Madison County. The Huntsville office is the bank’s only location in Madison County and is located in an upper-income census tract. During 2020, the bank originated 81.1 percent of total loans and holds 83.8 percent of total deposits within Madison County.

Economic and Demographic Data

This assessment area consists of 73 census tracts. The census tracts reflect the following income designations according to the 2015 ACS Census Data:

- 12 low-income,
- 19 moderate-income,
- 21 middle-income tracts, and
- 21 upper-income tracts.

The following table illustrates the demographic characteristics of the assessment area.

Demographic Information of the Madison County Assessment Area						
Assessment Area: Madison County						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	73	16.4	26.0	28.8	28.8	0.0
Population by Geography	346,438	10.8	20.8	31.2	37.2	0.0
Housing Units by Geography	152,720	12.3	21.9	32.1	33.7	0.0
Owner-Occupied Units by Geography	93,319	5.1	18.3	33.0	43.6	0.0
Occupied Rental Units by Geography	44,448	23.9	28.3	30.9	16.9	0.0
Vacant Units by Geography	14,953	22.7	25.3	30.2	21.8	0.0
Businesses by Geography	25,106	12.1	21.6	28.6	37.7	0.0
Farms by Geography	746	8.3	20.2	38.2	33.2	0.0
Family Distribution by Income Level	89,551	22.9	16.0	17.4	43.8	0.0
Household Distribution by Income Level	137,767	24.5	15.6	15.6	44.3	0.0
Median Family Income MSA - 26620 Huntsville, AL MSA		\$72,576	Median Housing Value			\$164,667
			Median Gross Rent			\$800
			Families Below Poverty Level			10.0%

Source: 2015 ACS and 2020 D&B Data
Due to rounding, totals may not equal 100.0%
(*) The NA category consists of geographies that have not been assigned an income classification.

The Geographic Distribution criterion compares home mortgage loans to the distribution of owner-occupied housing units and small business loans to the percentage of businesses located in low-, moderate-, middle-, and upper-income census tracts. The majority of owner-occupied housing units and businesses are in the upper-income tracts. The remaining owner-occupied housing is mainly disbursed between moderate- and middle-income tracts, with limited volume in the low-income tracts. For businesses, the remaining businesses are disbursed throughout the middle-, moderate-, and low-income tracts within Madison County.

The 2020 Federal Financial Institutions Examination Council (FFIEC) median family income (MFI) levels for the Huntsville MSA is used to analyze home mortgage lending under the Borrower Profile. The following table presents each income category using the 2020 Median Family Income of \$85,300.

Median Family Income Ranges				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
Huntsville, AL MSA Median Family Income (26620)				
2020 (\$85,300)	<\$42,650	\$42,650 to <\$68,240	\$68,240 to <\$102,360	≥\$102,360
<i>Source: FFIEC</i>				

According to 2020 D&B data, there were 25,106 businesses in this area. The analysis of small business lending compares the percentage of businesses located within low-, moderate-, middle-, and upper-income census tracts for the geographic distribution. The analysis of small business loans under the borrower profile criterion compares the distribution of small business lending by gross annual revenues of businesses. Gross annual revenues (GARs) for these businesses are as follows:

- 83.4 percent reported \$1.0 million or less;
- 5.0 percent reported more than \$1.0 million; and,
- 11.7 percent reported unknown revenues.

Data obtained from the U.S. Bureau of Labor and Statistics indicates that the unemployment rate in Madison County has remained lower than the Alabama state average and national average over the past two years. The following table details the unemployment rates.

Annual Unemployment Rates			
Area	2020	2019	2018
	%	%	%
Madison County	4.7	2.6	3.5
State of Alabama	6.0	3.0	3.9
National Average	8.1	3.7	3.9
<i>Source: Bureau of Labor Statistics</i>			

According to Moody's Analytics, the top employers within the Huntsville, Alabama MSA include U.S. Army/Redstone Arsenal, Huntsville Hospital, NASA/Marshall Space Flight Center, The Boeing Co., and Science Applications International Corporation.

Competition

There is a significant amount of competition in this assessment area. According to the June 30, 2021, FDIC Deposit Market Share data, there were 30 FDIC-insured banks operating 99 branches in the Madison County assessment area. Of these institutions, Merit Bank ranked 15th, with 1.3 percent of the deposit market share. The top banks in the area were Regions Bank (20.7 percent), BBVA USA (13.4 percent), Servis First Bank (10.8 percent), and Synovus Bank (8.8 percent).

The bank is not required to collect or report its small business loans data and has not elected to do so. Therefore, the analysis of small business loans under the Lending Test does not include comparisons against aggregate data. The aggregate data, however, reflects the level of demand for small business loans and is therefore included. In 2020, aggregate data reflects that 89 institutions reported 6,950 small business loans in the assessment area. The top lenders in the area were American Express National Bank, JP Morgan Chase Bank, Servis First Bank, Citi Bank, and Capital One Bank, which accounted for 47.4 percent of the total market share.

Community Contact

Examiners utilized a recently conducted community contact in the Huntsville MSA. The contact noted that overall economic conditions in the area have weakened due to the 2020 COVID-19 pandemic. Prior to 2020, the assessment area experienced bright prospects with a growing population and a strong workforce. However, the housing market has been tight in regards to the availability of affordable housing and single-family homes. Most of the new housing developments target upper-income families. Furthermore, rental prices have increased as outside investors continue to purchase available housing stock for investment purposes. The contact stated that lenders have tight underwriting criteria for applicants trying to qualify for home purchase loans. The contact also stated that residents in the area would benefit from the establishment of financial literacy programs.

Credit Needs

Based on demographic and economic data, as well as information provided by the community contact, examiners identified a need for affordable housing in the assessment area. Additionally, there is a need for community development targeting different areas of the community, to include enterprise zones.

CONCLUSIONS ON PERFORMANCE CRITERIA IN THE MADISON COUNTY ASSESSMENT AREA

LENDING TEST

The institution’s lending performance in the assessment area is consistent with the institution’s lending performance overall. Merit Bank demonstrated reasonable performance under the Lending Test. This is supported by reasonable geographic distribution and reasonable borrower profile performance.

Geographic Distribution

The geographic distribution of small business loans reflects reasonable dispersion throughout the assessment area. The bank’s performance in small business lending supports this conclusion.

Small Business Loans

The geographic distribution of small business loans reflects reasonable dispersion throughout the assessment area. Lending in low-income census tracts was higher than demographic data. However, lending in moderate-income census tracts was lower than demographic data. When you consider competition in the area, this level of lending is reasonable

Geographic Distribution of Small Business Loans					
Assessment Area: Madison County					
Tract Income Level	% of Businesses	#	%	\$(000s)	%
Low	12.1	22	14.9	5,011	19.7
Moderate	21.6	19	12.8	2,262	8.9
Middle	28.6	30	20.3	7,431	29.2
Upper	37.7	77	52.0	10,773	42.3
Not Available	0.0	0	0.0	0	0.0
Totals	100.0	148	100.0	25,477	100.0
<small>Source: 2020 D&B Data; Bank Data Due to rounding, totals may not equal 100.0%</small>					

Borrower Profile

The distribution of loans reflects reasonable penetration among businesses of different sizes. The bank’s performance in small business lending supports this conclusion.

Small Business Loans

The distribution of small business loans reflects reasonable penetration among businesses of different sizes. Lending to businesses with GARs of \$1.0 million or less was lower than demographic data for 2020. However, it is noted that 91 loans did not have GAR data available. Of these loans, 89 were PPP loans for which revenue data was not collected.

Distribution of Small Business Loans by Gross Annual Revenue Category					
Assessment Area: Madison County					
Gross Revenue Level	% of Businesses	#	%	\$(000s)	%
<=\$1,000,000	83.4	39	26.4	9,010	35.4
>\$1,000,000	5.0	18	12.2	6,782	26.6
Revenue Not Available	11.7	91	61.5	9,684	38.0
Total	100.0	148	100.0	25,477	100.0
<i>Source: 2020 D&B Data, Bank Data. Due to rounding, totals may not equal 100.0%</i>					

DEKALB COUNTY ASSESSMENT AREA – Limited-Scope Review

DESCRIPTION OF INSTITUTION’S OPERATIONS IN THE DEKALB COUNTY ASSESSMENT AREA

Merit Bank’s DeKalb County assessment area consists of eight census tracts within DeKalb County, which is located in a NMSA. Currently, the bank operates three branches in this assessment area. Additionally, the bank originated 18.9 percent of loans and holds 16.2 percent of deposits within this assessment area. The Ider, Mentone, and Valley Head branches are located in middle-income tracts.

Economic and Demographic Data

This assessment area consists of eight census tracts, all of which are middle- and upper-income census tracts. The following table represents the demographics of the area.

Demographic Information of the Assessment Area						
Assessment Area: DeKalb County						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	8	0.0	0.0	87.5	12.5	0.0
Population by Geography	32,332	0.0	0.0	93.2	6.8	0.0
Housing Units by Geography	15,178	0.0	0.0	94.2	5.8	0.0
Owner-Occupied Units by Geography	8,635	0.0	0.0	91.3	8.7	0.0
Occupied Rental Units by Geography	3,409	0.0	0.0	98.8	1.2	0.0
Vacant Units by Geography	3,134	0.0	0.0	97.3	2.7	0.0
Businesses by Geography	1,868	0.0	0.0	91.0	9.0	0.0
Farms by Geography	78	0.0	0.0	96.2	3.8	0.0
Family Distribution by Income Level	7,727	17.7	19.2	23.4	39.7	0.0
Household Distribution by Income Level	12,044	23.6	17.2	15.7	43.5	0.0
Median Family Income Non-MSAs - AL		\$45,454	Median Housing Value			\$101,266
			Median Gross Rent			\$554
			Families Below Poverty Level			13.7%
<i>Source: 2015 ACS and 2020 D&B Data</i> <i>Due to rounding, totals may not equal 100.0%</i> <i>(*) The NA category consists of geographies that have not been assigned an income classification.</i>						

The unemployment rate for DeKalb County during 2020 was 4.5 percent, which was below the state and national averages at 6.0 percent and 8.1 percent, respectively. Service related jobs represent the largest portion of businesses at 32.73 percent; followed by Non-Classifiable Establishments (16.70 percent); Retail Trade (16.44 percent); and Finance, Insurance, and Real Estate (7.25 percent).

CONCLUSIONS ON PERFORMANCE CRITERIA IN THE DEKALB COUNTY ASSESSMENT AREA

LENDING TEST

Merit Bank's lending performance in this assessment area is consistent with the institution's lending performance in the assessment area that was reviewed using full-scope examination procedures.

Geographic Distribution

The DeKalb County assessment area does not include any low- and moderate-income census tracts, and a review of the Geographic Distribution criterion would not result in meaningful conclusions. Therefore, this criterion was not evaluated.

Borrower Profile

The bank originated 26 small business loans totaling \$6.2 million during 2020 in the DeKalb County assessment area. Of these loans, 3.8 percent were originated to businesses with GARs of \$1.0 million or less, which was lower than demographic data. However, it is noted that 57.7 percent did not report GAR data. All of these loans were PPP loans for which revenue data was not collected.

APPENDICES

SMALL BANK PERFORMANCE CRITERIA

Lending Test

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

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

GLOSSARY

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

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

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

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

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

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

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

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

Family: Includes a householder and one or more other persons living in the same household who are related to the householder by birth, marriage, or adoption. The number of family households always equals the number of families; however, a family household may also include non-relatives living with the family. Families are classified by type as either a married-couple family or other family. Other family is further classified into “male householder” (a family with a male

householder and no wife present) or “female householder” (a family with a female householder and no husband present).

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

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

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

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

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

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

Limited-Scope Review: A limited-scope review is accomplished when examiners do not complete all applicable interagency examination procedures for an assessment area. Performance under applicable tests is often analyzed using only quantitative factors (e.g, geographic distribution, borrower profile, total number and dollar amount of investments, and branch distribution).

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

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

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

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

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

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

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

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

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

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

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

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

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

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

and other improvements, or are classified as loans to finance agricultural production and other loans to farmers.

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

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

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

SECTION 3

Assessment Areas / Maps



MERIT BANK

MERIT BANK CRA ASSESSMENT AREA

Updated 8/20/2025

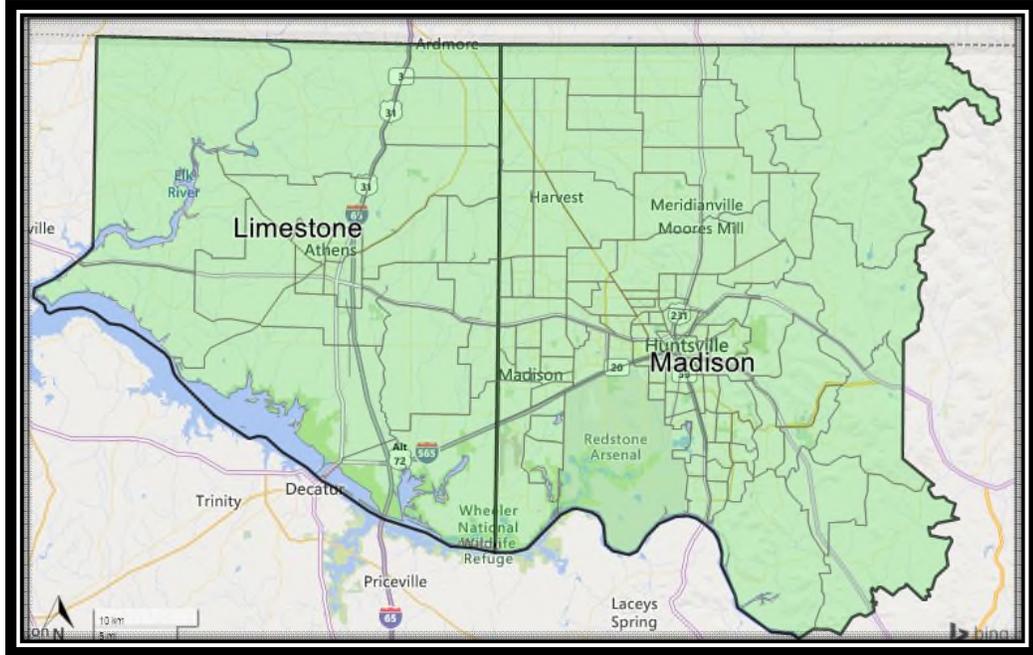
Assessment Area

The **Huntsville Metropolitan Statistical Area (MSA)**, which includes all of Madison County and Limestone County in Alabama, as follows:

Huntsville Metropolitan Statistical Area (MSA)	Tract(s)		
Madison County	0108900203,	01089002502,	01089010627,
	0108900301,	01089002600,	01089010628,
	0108900302,	01089002701,	01089010629,
	0108900403,	01089002721,	01089010630,
	0108900501,	01089002722,	01089010631,
	0108900502,	01089002801,	01089010703,
	0108900503,	01089002803,	01089010704,
	0108900601,	01089002804,	01089010705,
	0108900602,	01089002911,	01089010706,
	0108900701,	01089002912,	01089010801,
	0108900702,	01089002922,	01089010802,
	0108900901,	01089002923,	01089010902,
	0108900902,	01089002924,	01089010903,
	0108901000,	01089003000,	01089010904,
	0108901200,	01089003100,	01089010905,
	0108901301,	01089010101,	01089011012,
	0108901302,	01089010102,	01089011013,
	0108901401,	01089010200,	01089011021,
	0108901403,	01089010302,	01089011023,
	0108901404,	01089010303,	01089011024,
	0108901500,	01089010304,	01089011025,
	0108901700,	01089010403,	01089011026,
	0108901801,	01089010404,	01089011027,
	0108901901,	01089010405,	01089011028,
	0108901902,	01089010406,	01089011100,
	0108901903,	01089010502,	01089011201,
	0108902000,	01089010503,	01089011202,
	0108902100,	01089010504,	01089011203,
	0108902200,	01089010612,	01089011301,
	0108902300,	01089010623,	01089011302,
	0108902400,	01089010625,	01089011400,
	0108902501	01089010626,	
	Limestone County	01083020101	01083020404,
01083020103,		01083020500,	01083021000,
01083020104,		01083020600,	01083021101,
01083020201,		01083020700,	01083021102,
01083020202,		01083020803,	01083021201,
01083020300,		01083020804,	01083021202,
01083020402,		01083020805,	01083021203,
01083020403,		01083020806,	

MERIT BANK CRA ASSESSMENT AREA

Assessment Area – Huntsville MSA



SECTION 4

Current Branches + Hours
Recent Openings + Closings



MERIT BANK

MERIT BANK BRANCHES & HOURS

Huntsville Main Branch / Headquarters

3810 Governors Drive NW, Suite 110
Huntsville, AL 35805
Census Tract # 01089002100

Lobby Hours:

Monday – Friday: 9:00 a.m. – 5:00 p.m.

**The Bank's corporate headquarters is located in the same building as the branch, in Suite 300.*



MERIT BANK



July 1, 2025

BRANCH OPENINGS AND CLOSINGS

Re: Current Bank Branches - CRA File

No new offices or branches for Merit Bank have been opened in the past twelve (12) months.

The following branches located in Dekalb County were sold on June 13, 2025:

- Ider Branch: 11194 AL Highway 75, Ider, AL 35981 – *Census Tract# 01049960102*
- Valley Head Branch: 85 Winston St., Valley Head, AL 35989 – *Census Tract# 01049961400*

Thus, the headquarters located in Huntsville, Alabama is currently the sole location for Merit Bank.

MERIT BANK

A handwritten signature in black ink, appearing to read "APalmer", written over a light gray horizontal line.

Angela Palmer
CRA Officer



March 31, 2024

BRANCH OPENINGS AND CLOSINGS

*Re: Current Bank Branches - CRA File
Relocation of Headquarters
Closure of Mentone Branch*

In January 2024: Merit Bank relocated its headquarters from 659 Gallatin Street SW, Huntsville, Alabama 35801 to its new permanent location at **3810 Governors Drive NW, Huntsville, Alabama 35805**. The retail branch is Suite 110 and the corporate headquarters is located in Suite 300.

In October 2023: After proper approvals and notice, Merit Bank permanently closed the Mentone branch located at 5750 AL Highway 117, Mentone, Alabama 35984.

MERIT BANK

A handwritten signature in blue ink that reads "A. Palmer".

Angela Palmer
CRA Officer



March 31, 2023

BRANCH OPENINGS AND CLOSINGS

Re: CRA File

No new offices or branches for Merit Bank have been opened in the past twelve (12) months. The Mentone branch was temporarily closed in April, 2020 and remains closed at this time.

Merit Bank plans to relocate its headquarters to 3810 Governors Drive, Huntsville, Alabama 35805 in December, 2023.

MERIT BANK

A handwritten signature in black ink that reads "APalmer".

Angela Palmer
CRA Officer

SECTION 5

Quarterly Loan-to-Deposit Ratios



MERIT BANK

MERIT BANK

Quarterly - Net Loan to Deposit Ratio

<u>Calendar Quarter Ending:</u>	<u>Ratio:</u>
June 30, 2019	45.99
September 30, 2019	45.35
December 31, 2019	48.24
March 31, 2020	57.09
June 30, 2020	80.11
September 30, 2020	71.42
December 31, 2020	69.69
March 31, 2021	72.86
June 30, 2021	78.08
September 30, 2021	67.95
December 31, 2021	76.01
March 31, 2022	77.76
June 30, 2022	87.70
September 30, 2022	88.63
December 31, 2022	92.09
March 31, 2023	90.99
June 30, 2023	90.20
September 30, 2023	85.96
December 31, 2023	87.07
March 31, 2024	77.96
June 30, 2024	80.42
September 30, 2024	76.93
December 31, 2024	84.39
March 31, 2025	75.70
June 30, 2025	80.73
September 30, 2025	78.54
December 31, 2025	84.66



MERIT BANK

SECTION 6
Services + Fees



MERIT BANK

MERIT BANK PRODUCTS, SERVICES + FEES

Deposit Products

Consumer Deposit Products

Merit Checking	\$5.00 monthly maintenance fee if the average daily balance falls below \$500
Merit Select Checking	\$10.00 monthly maintenance fee if the average daily balance falls below \$2,500
Merit Savings	\$5.00 monthly maintenance fee if the average daily balance falls below \$100
Merit Money Market	\$15.00 monthly maintenance fee if the average daily balance falls below \$2,500
Certificates of Deposit	No monthly maintenance fee
IntraFi Network	No monthly maintenance fee

Business Deposit Products

Merit Business Checking	\$10.00 monthly maintenance fee if the average daily balance falls below \$500
Merit Non-Profit Business Checking	No monthly maintenance fee
Merit Analyzed Business	Based on Analysis Schedule
Merit IOLTA	No monthly maintenance fee
Merit Business Money Market	\$15.00 monthly maintenance fee if the average daily balance falls below \$2,500
IntraFi Network	No monthly maintenance fee

Safe Deposit Boxes (annual rental fee)

3x5 Box	\$40.00
5x5 Box	\$55.00
3x10 Box	\$70.00
5x10 Box	\$85.00
10x10 Box	\$136.00

Safe Deposit Box Fees

Safe Deposit Box Drill	Cost of local locksmith service +\$25.00
Safe Deposit Box Key Replacement	Cost of local locksmith service +\$25.00
Safe Deposit Box Late Fee	\$10.00 (After 60 Days Delinquent)

Consumer Lending Products

Home Equity Line of Credit
Residential Construction Loans
Portfolio Mortgages
Closed End Term Loans
Merit Visa Credit Card-Platinum Rewards
Merit Visa Credit Card-Signature Rewards



MERIT BANK

Business Lending Products

Business Lines of Credit

Business Term Loans

Agricultural Loans

Merit Visa Business Credit Card-Commercial Rewards

Home Mortgage Lending (Secondary Market)

Conventional Fixed-Rate Loans

Adjustable-Rate Loans

Government-Guaranteed Loans

First Time Homebuyer Program Loans

Jumbo Loans

HomeReady Loans

Services

Check Cashing (Customers Only)	No Charge
Cashier's Checks	\$10.00 per check
Check Printing	Fee depends on style of check ordered

Wire Fees

Wire-Domestic Outgoing	\$20.00
Wire-Domestic & Foreign Incoming	No Charge
Wire-Foreign Outgoing	\$25.00

Electronic Banking Fees

Mobile Banking	Text & Data Rates May Apply
Mobile Deposit	No Charge
ACH Origination Access	\$10 per month
Positive Pay (includes ACH + check with payee information)	\$75 per month
Sweep Services	\$100 per month

Account Fees

Stop Payment	\$20.00 per item
Non-Sufficient Funds (NSF) Fee ¹	\$35.00
Returned Deposit Item Fee	\$5.00 per item
Copies of Statements	No Charge
Account Closing Fee	No Charge

¹ The Non-Sufficient Funds (NSF) Fee may be imposed by any of the following: check, in-person withdrawal, ATM withdrawal or electronic means.



ATM/Debit & Prepaid Card Fees

ATM/Debit Card Monthly Fee	No Charge
Card Replacement Fee	No Charge
Expedited Card Replacement Fee	\$40.00

Miscellaneous Fees

Notary Services (Customers Only)	No Charge
Medallion Stamp Guarantee (Customers Only)	No Charge
Dormant Account ²	\$5.00 per month
Account Research	\$20.00 per hour
Photocopies	\$1.00 per page
Legal Processing	\$100.00 per notice

² An account is dormant if, within 12 months, you have made no deposits or withdrawals to the account



Compare Personal Accounts

Accounts	Merit Checking	Merit Select Checking	Merit Savings	Merit Money Market
Opening Deposit	\$100.00	\$100.00	\$100.00	\$100.00
Average Daily Balance to Avoid Monthly Maintenance Fee	\$500.00	\$2,500.00	\$100.00	\$2,500.00
Monthly Maintenance Fee	\$5.00	\$10.00	\$5.00	\$15.00
Earns Interest	No	Yes	Yes	Yes
Withdrawals Allowed	Unlimited	Unlimited	Unlimited	Unlimited
Free Checks	First Order Free	First Order Free	N/A	First Order Free
Check Limitations	Unlimited Check Writing	Unlimited Check Writing	N/A	Unlimited Check Writing
ATM Fee Refunds	All ATM Fees Refunded	All ATM Fees Refunded	All ATM Fees Refunded	All ATM Fees Refunded
Other Features & Benefits	Debit Card with Card Valet, Mobile Banking, Online Banking, E-Statements & Bill Pay	Debit Card with Card Valet, Mobile Banking, Online Banking, E-Statements & Bill Pay	Debit Card with Card Valet, Mobile Banking, Online Banking & E-Statements	Mobile Banking, Online Banking & E-Statements



MERIT BANK

Compare Business Accounts

Accounts	Merit Business Checking	Merit Non-Profit for Business Checking	Merit Analyzed Business	Merit IOLTA	Merit Business Money Market
Opening Deposit	\$100.00	\$100.00	\$100.00	\$100.00	\$1,000.00
Average Daily Balance to Avoid Monthly Maintenance Fee	\$500.00	None	None	None	\$2,500.00
Monthly Maintenance Fee	\$10.00	None	Based on Analysis Schedule	None	\$15.00
Item Processing	200 items processed, \$0.10 for each additional item	150 items processed, \$0.10 for each additional item	Based on analysis schedule	200 items processed, \$0.10 for each additional item	Unlimited
Earns Interest	No	Yes	No	Yes	Yes
Withdrawals Allowed Per Month	200 debits and/or credits per statement cycle	150 debits and/or credits per statement cycle	Based on analysis schedule	200 debits and/or credits per statement cycle	Unlimited
Free Checks	First Order Free	First Order Free	First Order Free	First Order Free	First Order Free
Other Features & Benefits	Debit Card with Card Valet, Mobile Banking, Online Banking, E-Statements & Bill Pay	Debit Card with Card Valet, Mobile Banking, Online Banking, E-Statements & Bill Pay	Debit Card with Card Valet, Mobile Banking, Online Banking, E-Statements & Bill Pay	Mobile Banking, Online Banking, E-Statements & Bill Pay	Mobile Banking, Online Banking & E-Statements



MERIT BANK

SECTION 7

Public Notice

(Main Office + Branch Notices)



MERIT BANK

Community Reinvestment Act Notice

Under the Federal Community Reinvestment Act (CRA), the Federal Deposit Insurance Corporation (FDIC) evaluates our record of helping to meet the credit needs of this community consistent with safe and sound operations. The FDIC also takes this record into account when deciding on certain applications submitted by us.

Your involvement is encouraged.

You are entitled to certain information about our operations and our performance under the CRA, including, for example, information about our branches, such as their location and services provided at them; the public section of our most recent CRA Performance Evaluation, prepared by the Federal Deposit Insurance Corporation, and comments received from the public relating to our performance in helping to meet community credit needs, as well as our responses to those comments. You may review this information today.

At least 30 days before the beginning of each quarter, the Federal Deposit Insurance Corporation publishes a list of the banks that are scheduled for CRA examination by the FDIC in that quarter. This list is available from the Regional Director, FDIC, 10 Tenth Street N.E., Suite 800, Atlanta, GA 30309-3906. You may send written comments about our performance in helping to meet community credit needs to Angela Palmer, CRA Officer, Merit Bank, 3810 Governors Drive NW, Suite 300, Huntsville, AL 35805 and Regional Director, FDIC, 10 Tenth Street N.E., Suite 800, Atlanta, GA 30309-3906. You may also submit comments electronically through the FDIC's Web site at www.fdic.gov/regulation/cra. Your letter, together with any response by us, will be considered by the FDIC in evaluating our CRA performance and may be made public.

You may ask to look at any comments received by the FDIC Regional Director. You may also request from the FDIC Regional Director an announcement of our applications covered by the CRA filed with the FDIC. You may request from the Officer in Charge of Supervision, Federal Reserve Bank, 1000 Peachtree Street N.E., Atlanta, Georgia 30309-4470, an announcement of applications covered by the CRA filed by bank holding companies.

