PUBLIC DISCLOSURE

March 5, 2019

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Bank of York
Certificate Number: 15104

13 West Liberty Street
York, South Carolina 29745

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

10 10th Street, Northeast, 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.

Bank of York's satisfactory Community Reinvestment Act (CRA) lending performance 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 performance during this evaluation period.

- The loan-to-deposit ratio is generally reasonable given the institution's size, financial condition, and credit needs of the assessment areas.
- The bank made a majority of its home mortgage and small business loans in the assessment area.
- The geographic distribution of home mortgage and small business loans reflects an overall excellent dispersion throughout the assessment area.
- The distribution of borrowers reflects reasonable penetration of loans among individuals of different income levels and businesses of different sizes.
- The institution did not receive any CRA-related complaints since the previous evaluation. Therefore, this factor did not affect the Lending Test rating.

SCOPE OF EVALUATION

General Information
This evaluation covers the period from the bank's previous evaluation dated June 17, 2013, to the current evaluation dated March 5, 2019. Examiners used the FFIEC's Interagency Small Institution Examination Procedures to evaluate Bank of York's CRA performance. These procedures include one test: the CRA Small Bank Lending Test. Effective January 1, 2019, Small Institution Examination Procedures are used at banks that have total assets of least $321 million as of December 31 of either of the prior two calendar years. Bank of York has met the asset threshold requirements for Small Bank Examination Procedures, which include the following performance criteria:

- Loan-to-deposit ratio
- Assessment area concentration
- Geographic distribution
- Borrower profile
- Response to CRA-related complaints

Loan Products Reviewed
The CRA regulation requires a review of the lending performance of an institution in its defined assessment area with respect to small business, home mortgage, small farm, and consumer lending, if significant. A review of the December 31, 2018, Consolidated Reports of Condition and Income (Call Report) reflect that business loans (loans secured by non-farm, non-residential properties, and commercial and industrial loans) represent the largest loan category at 39.9 percent. Home mortgage loans (loans secured by 1-4 family residential property) represent the second largest loan category at 35.3 percent. Both loan categories, collectively, represent 75.2 percent of the loan portfolio and are integral components of the bank's lending focus. Farm loans, which include farmland and agricultural production loans, at 3.9 percent, and consumer loans at 7.6 percent, do not constitute a substantial portion of the bank's loan portfolio, or represent a major product line and therefore, not considered for CRA purposes. For this evaluation, home mortgage and small business loans were selected for the lending analysis.

Bank of York is located in a metropolitan statistical area (MSA). As a result, it is subject to the Home Mortgage Disclosure Act (HMDA) and is required to collect and report certain data concerning applications for home purchase, home refinance, and home improvement loans. Therefore, this evaluation includes an analysis of the bank's HMDA loans originated from January 1, 2016, through December 31, 2017. During 2016, the bank originated 77 HMDA loans totaling $8,705,000. During 2017, the bank originated 104 HMDA loans totaling $10,393,000. The percentage of families by income level, the percentage of owner-occupied housing units by geography, and the 2016 and 2017 lending of other HMDA reporters within the assessment area (aggregate lending data) were used for comparison purposes.

With regard to the business loan analysis, small business loans are defined as loans originated in the amount of $1 million or less and include loans secured by non-farm, non-residential properties and commercial and industrial loans. During the one-year period from January 1, 2018, through December 31, 2018, Bank of York originated or renewed 183 small business loans totaling $13,793,943. From this universe of loans, examiners analyzed a random sample of 51 small business loans totaling $3,946,669 to assess the bank's performance in meeting the credit needs of its assessment area. This sample was considered representative of the bank's performance during the entire evaluation period. The 2018 Dunn & Bradstreet (D&B) business demographic data provided a standard of comparison for the sampled small business loans.

For this evaluation, analyses of both loan products were weighted equally due to comparatively similar volume of originations, particularly in terms of the number of originations, during the evaluation period. Examiners also reviewed the number and dollar volume of home mortgage and small business loans. While the number and dollar volume of loans are presented, the lending analyses focused on the number of loans originated or renewed, rather than the dollar volume of loans, since loans extended to smaller commercial operations and to low- and moderate-income individuals are generally in smaller dollar amounts. Information on dollar volume was addressed only when meaningful to the analysis. In addition, full scope procedures were used to evaluate the bank's lending performance. For information purposes, the following table illustrates the bank's loan origination activity, by number and dollar volume, during the one-year period from January 1, 2018, to December 31, 2018.

Loans Originated				
Loan Category	**$(000s)**	**%**	**#**	**%**
Construction and Land Development	10,323	23.2	45	6.2
Secured by Farmland	1,888	4.2	8	1.1
Secured by 1-4 Family Residential Properties	15,626	35.1	150	20.7
Multi-Family (5 or more) Residential Properties	-	-	-	-
Commercial Real Estate Loans	7,939	17.8	47	6.5
Commercial and Industrial Loans	5,855	13.1	136	18.7
Agricultural Loans	-	-	-	-
Consumer Loans	2,559	5.7	338	46.6
Other Loans	387	0.9	2	0.3
Total Loans	**44,577**	**100.0**	**726**	**100.0**
Source: Bank Records. Due to rounding, totals may not equal 100.0 percent.				

DESCRIPTION OF INSTITUTION

Background

Established in 1935, Bank of York is a state-chartered community bank headquartered in York, York County, South Carolina. The bank is a wholly-owned subsidiary of York Bancshares, Incorporated, a one-bank holding company, headquartered in York, South Carolina. There have been no changes in control of the bank or its business strategy since the previous CRA evaluation. The bank does not have any affiliates or subsidiaries. Bank of York received a "Satisfactory" rating at the previous FDIC Performance Evaluation, dated June 17, 2013, based on Interagency Small Institution Examination Procedures.

Operations

Bank of York operates four full-service banking offices within York County, South Carolina. In addition to its main office and one branch office in York, South Carolina, the bank operates offices in Lake Wylie and Rock Hill, South Carolina. All of the aforementioned offices are located in the Charlotte-Concord-Gastonia, North Carolina-South Carolina MSA. The bank's main office and Bethel-Lake Wylie Branch office are located in a moderate-income census tract, and the Newport Branch office and East Liberty Street Branch office are located in a middle- and upper-income census tract, respectively. The bank has not opened or closed any branches or had any mergers or acquisition activity since the previous CRA.

Bank of York's offices are reasonably accessible within its assessment area. Drive-through facilities are offered at all of the banking offices. The offices have reasonable lobby and drive-through hours and provide convenient access to customers. Lobby hours for the main office and East Liberty Street Branch office are 9:00 a.m. to 5:00 p.m. Monday through Thursday, with extended hours to 6:00 p.m. on Friday. Lobby hours for the Bethel-Lake Wylie Branch office and Newport Branch office are 9:00 a.m. to 1:00 p.m. and 2:00 p.m. to 5:00 p.m. Monday through Thursday, with extended hours to 6:00 p.m. on Friday. Drive-through hours are the same for all banking offices, from 9:00 a.m. to 5:00 p.m., Monday through Thursday, with extended hours to 6:00 p.m. on Friday. Additionally, each banking office has an automated teller machine (ATM).

Bank of York offers a full array of lending and deposit products to help meet the needs of individuals and businesses within its assessment area. The bank's lending focus is multi-faceted, with an emphasis on commercial and residential lending. Business purpose loans include construction and land development, commercial real estate, residential income property, unsecured, lines of credit, equipment financing, farm-related, working capital, and other types of secured and unsecured loans. Consumer loan products include 1-4 family residential mortgages, construction, home equity and lines of credit, manufactured and mobile homes with real property, automobile and motorcycle loans, overdraft protection lines of credit, and other types of secured and unsecured consumer installment loans. In addition, the bank offers credit cards through a third-party. To further demonstrate the bank's commitment to mortgage lending, the bank offers long-term home mortgage loans to its consumers through its mortgage referral relationship with a non-depository lender.

Bank of York offers a variety of consumer and business deposit products, including checking, savings, money market, certificates of deposit accounts, individual retirement accounts, health savings, and interest on lawyers accounts. Additional services include safe deposit boxes, notary, direct deposit, and domestic and international wire transfers.

Bank of York offers alternative delivery systems to make financial services available to customers. In addition to its main office, branch offices, and access to ATMs through proprietary venues, the bank offers personal and business online banking and bill pay, mobile banking with mobile deposit, and telephone banking. Online and mobile banking services allow customers to view account balances and activity; view and print check images; sign-up, view, and print statements; stop payment on checks; schedule future transfers, one-time transfers, or repeating transfers between Bank of York accounts; and pay bills with online bill pay service. In addition, with mobile banking, customers can make remote deposits, which capture check images for deposit into any consumer checking and savings accounts. The bank provides 24-hour telephone response service that allows customers to obtain account balances, make transfers between Bank of York accounts, review automated clearing house activity, and active/stop debit card. The bank maintains a website at *www.bankofyork.com* that provides information on available products and services.

Ability and Capacity

Bank of York's assets totaled $231,512,000 as of December 31, 2018, and included total loans of $86,754,000 and total deposits of $201,623,000. Loans represent 37.5 percent of total assets as of December 31, 2018. The loan portfolio per the December 31, 2018 Call Report is illustrated in the following table.

Loan Portfolio Distribution as of 12/31/18		
Loan Category	**$(000s)**	**%**
Construction and Land Development	11,379	13.1
Secured by Farmland	3,364	3.9
Secured by 1-4 Family Residential Properties	30,659	35.3
Secured by Multifamily (5 or more) Residential Properties	-	-
Secured by Nonfarm Nonresidential Properties	24,569	28.3
Total Real Estate Loans	**69,971**	**80.6**
Commercial and Industrial Loans	10,028	11.6
Agricultural Loans	3	-
Consumer Loans	6,573	7.6
Other Loans	233	0.3
Less: Unearned Income	<54>	<0.1>
Total Loans	**86,754**	**100.0**
Source: Reports of Condition and Income.		

Bank of York provides for the credit needs of it community in a manner consistent with its size, financial condition, resources, and local economic conditions. Examiners did not identify any financial, legal, or other impediments that would significantly affect the bank's ability to meet the credit needs of the assessment area. However, the high level of competition from financial institutions, credit unions, and non-depository mortgage lenders within the assessment area could somewhat hinder the bank's ability to meet local credit needs, which is discussed in the section entitled *Competition*.

DESCRIPTION OF ASSESSMENT AREA

The CRA requires each financial institution to define one or more assessment areas within which its CRA performance will be evaluated. Bank of York has delineated a single assessment area based on the location of the main office and branch network. The assessment area, which has not changed since the previous evaluation, includes the western portions of York County, South Carolina, which is located approximately 35 miles south of Charlotte, North Carolina. York

County is part of the Charlotte-Concord-Gastonia, North Carolina-South Carolina MSA. The assessment area is defined in accordance with the technical requirements of the CRA regulation. The assessment area includes whole geographies and does not arbitrarily exclude any low- or moderate-income census tracts the bank could reasonably be expected to serve. The following tables detail changes in census tracts and income level within the assessment area based on the 2010 United States (U.S.) Census data and the 2015 American Community Survey (ACS) data.

Assessment Area Geographies 2010 U.S. Census Data						
Assessment Area	**Low-Income**	**Moderate-Income**	**Middle-Income**	**Upper-Income**	**NA***	**Total**
York County	1	6	5	2	-	14
Total	**1**	**6**	**5**	**2**	-	**14**

Source: 2010 U. S. Census. (*)The NA category consists of geographies that have not been assigned an income classification. The additional two moderate- and one upper-income census tracts, as addressed on page 8 are included the figures in the table.

Assessment Area Geographies 2015 ACS Data						
Assessment Area	**Low-Income**	**Moderate-Income**	**Middle-Income**	**Upper-Income**	**NA***	**Total**
York County	-	5	7	2	-	14
Total	-	**5**	**7**	**2**	-	**14**

Source: 2015 ACS Data. (*)The NA category consists of geographies that have not been assigned an income classification.

The bank's assessment area, by number of census tracts, has changed since the previous evaluation, as well as the demographic composition, which resulted from the release of the 2015 ACS data by the FFIEC on July 7, 2017. The survey updated data gathered during the 2010 U.S. Census, which resulted in a reclassification of the income characteristics of a number of census tracts within the assessment area. These updates also changed the demographic makeup of various census tracts, as well as demographic distribution throughout the assessment area. Therefore, this evaluation presents performance context issues and bank performance results during 2016 based on the 2010 U.S. Census data, and during 2017 based on 2015 ACS data. The following is a discussion of the demographics for the assessment area using the 2015 ACS data, and any demographic changes from the 2010 U.S. Census that impact performance context issues.

Economic and Demographic Data

Each census tract is designated as low-, moderate-, middle-, or upper-income by comparing the median family income of the geography to the median family income for the area. The bank's current assessment area consists of 14 census tracts in York County, South Carolina. The 14 census tracts consist of five moderate- (35.7 percent), seven middle- (50.0 percent), and two upper-income (14.3 percent) census tracts. There are no distressed or underserved non-metropolitan middle-income geographies within the bank's assessment area.

Population, Family, Housing, and Business Demographic Characteristics

The assessment area has a total population of 75,663 and total families of 20,978. Of these families, 35.2 percent, 45.0 percent, and 19.8 percent live in low-, moderate-, middle-, and upper-income census tracts, respectively. Of these families, 22.3 percent, 19.8 percent, 20.6 percent, and 37.3 percent are designated as low-, moderate-, middle-, and upper-income families.

Families living below the poverty level account for 11.5 percent of total families. Further, 51.6 percent of the low-income families have income below the poverty level. There are 30,225 housing units in the assessment area. Of these, 72.3 percent are owner-occupied units, 18.3 percent are occupied rental units, and 9.4 percent are vacant units. Of the 30,225 housing units, 74.3 percent are single-family units, 4.3 percent are multi-family units, 21.3 percent are mobile home units, and 0.1 percent are designated as "other" units. The *Geographic Distribution* criterion compares home mortgage loans to the distribution of owner-occupied housing units. The following table illustrates select demographic characteristics of the assessment area based on the 2015 ACS data.

Demographic Information of the Assessment Area						
Demographic Characteristics	**#**	**Low % of #**	**Moderate % of #**	**Middle % of #**	**Upper % of #**	**NA* % of #**
Geographies (Census Tracts)	14	-	35.7	50.0	14.3	-
Population by Geography	75,663	-	36.9	44.6	18.6	-
Housing Units by Geography	30,225	-	36.2	45.4	18.3	-
Owner-Occupied Units by Geography	21,868	-	33.3	48.3	18.4	-
Occupied Rental Units by Geography	5,532	-	46.4	34.1	19.6	-
Vacant Units by Geography	2,825	-	38.7	45.9	15.3	-
Businesses by Geography	3,362	-	34.9	39.4	25.6	-
Farms by Geography	167	-	34.1	56.9	9.0	-
Family Distribution by Income Level	20,978	22.3	19.8	20.6	37.3	-
Household Distribution by Income Level	27,400	23.0	15.2	19.7	42.1	-
Median Family Income (MFI): Charlotte-Concord-Gastonia, North Carolina-South Carolina MSA FFIEC-Estimated MFI for 2016 FFIEC-Estimated MFI for 2017		$64,993 $64,100 $67,700	Median Housing Value Median Gross Rent Families Below Poverty Level			$167,014 $822 11.5%
Source: 2015 ACS Data, 2018 D&B Data, and 2016 and 2017 FFIEC Estimated Median Family Income. (*) The NA category consists of geographies that have not been assigned an income classification. Due to rounding, totals may not equal 100.0 percent.						

Revenue and Income Demographic Characteristics

According to the 2018 D&B data, there are 3,362 non-farm businesses in the assessment area. The gross annual revenue percentages for these businesses are below:

- 85.2 percent - revenues of $1 million or less
- 3.9 percent - revenues of more than $1million
- 10.9 percent - unknown revenues

The analysis of small business loans under the *Borrower Profile* criterion compares the distribution of businesses by gross annual revenue level. Service industries represent the largest portion of businesses at 36.7 percent, followed by non-classified establishments at 13.1 percent, retail trade at 12.6 percent, construction at 11.0 percent, and finance, insurance, and real estate at 7.6 percent. In addition, 68.6 percent of the area's businesses have four or fewer employees and 89.6 percent operate from a single location.

The FFIEC's median family income estimates, which are adjusted annually, were used in the analysis of the 2016 and 2017 home mortgage lending under the *Borrower Profile* criterion. The borrower income levels for the Charlotte-Concord-Gastonia, North Carolina-South Carolina MSA, as well as the census tract income levels, are presented in the following table.

Median Family Income Ranges				
Median Family Incomes	**Low <50%**	**Moderate 50% to <80%**	**Middle 80% to <120%**	**Upper ≥120%**
Charlotte-Concord-Gastonia, North Carolina-South Carolina MSA Median Family Income				
2016 ($64,100)	<$32,050	$32,050 to <$51,280	$51,280 to <$76,920	≥$76,920
2017 ($67,700)	<$33,850	$33,850 to <$54,160	$54,160 to <$81,240	≥$81,240
Source: FFIEC.				

As previously discussed, a change in the demographics of the assessment area and the reclassification of census tracts did occur as a result of the 2015 ACS data. Specifically, one low-income census tract was reclassified as moderate-income, three moderate-income census tracts were reclassified as middle-income, and one middle income census tract was reclassified as a moderate-income census tract. Additionally, the bank added two moderate-income and two upper-income census tracts since the last evaluation. With these changes, the population, owner-occupied housing, and businesses within the census tracts changed accordingly. Although there were changes, the comparative demographic data remained relatively consistent between the two sets of census data.

York County, South Carolina

York County is located in the north-central portion of South Carolina. As of March 2019, employment conditions improved over the previous 12 months. The unemployment rate decreased to 3.1 percent compared to 4.0 percent one year ago and is below the average U.S. rate of 3.9 percent. The household job growth rate decreased to 1.3 percent compared to 2.7 percent one year ago and remains below the average U.S. rate of 1.8 percent. The population growth rate of 3.3 percent increased over the past 12 months and is above the average U.S. rate of 0.6 percent. The median household income increased over the past 12 months and is above the national median household income level. The percentage of County residents in poverty decreased to 11.2 percent in 2017 and is below the national average of 13.4 percent. Growth in government transfer payments, such as unemployment benefits, decreased from one year ago, though still above the national average. Consumer credit conditions improved, as personal bankruptcy filings have decreased. However, business credit conditions have declined, as business bankruptcy filings increased. Real estate conditions improved. Growth of single-family permits increased over the past 12 months and is above the national average U.S. growth rate. Additionally, the housing affordability index declined, which is indicative of rising home prices in the area. The top employment sectors in the County are leisure, professional and business services, government, retail, and manufacturing. Major employers include Lash Group, Ross Stores Distribution Center, LPL Financial, Wells Fargo Home Mortgage, and Piedmont Medical Center.

Competition

Bank of York faces strong competition within the assessment area. According to the *FDIC's Summary of Deposit Report* as of June 30, 2018, there were 13 other financial institutions with 39 offices operating in the assessment area. The competitive market includes other community banks, as well as branches of national and large regional financial institutions. In addition, there are a number of finance companies and credit unions operating within the assessment area. Bank of York is ranked sixth with 7.1 percent of the deposit market share. The top five financial institutions control 77.3 percent of the deposit market share.

There is a high level of competition for home mortgage loans among banks, credit unions, and non-depository mortgage lenders in the assessment area. In 2017, Bank of York was ranked ninth in market share among 270 lenders. These lenders originated or purchased 4,905 residential mortgage loans in the assessment area totaling approximately $1.0 billion in the assessment area. Bank of York's market share was 2.0 percent. The top five home mortgage lenders account for 30.0 percent of the total home mortgage market share.

The bank is not required to collect or report its small business loan data, and has elected to not report such information. Therefore, the analysis of small business loans does not include comparisons against aggregate data. The aggregate data, however, reflects the high level of demand for small business loans and is therefore included. Aggregate data for 2017 indicates 74 institutions reported 4,463 small business loans in the assessment area, indicating a high degree of competition for this product. The top five institutions account for 49.8 percent of the small business market share.

Community Contact

As part of the CRA evaluation process, examiners typically contact third parties in a bank's assessment areas to gain additional insight regarding local economic conditions and to assist in identifying the credit and community development needs. This information helps determine whether local financial institutions are responsive to these needs and to identify what opportunities are available.

During this evaluation, information obtained from two new contacts was used to gain additional insight into the credit needs and economic conditions within the assessment area. Examiners contacted representatives from a housing assistance organization and an economic development organization in York County, South Carolina. The common theme from both contacts is that York County is growing at a rapid pace and economic conditions are good overall. The contacts also agreed that financial institutions are adequately addressing the needs of the local community. However, the housing contact stresses affordable housing as a primary need and that it should be a top priority in the community. The economic development contact identified small business working capital as a primary credit need, and stated that a qualified available workforce is a major concern given the county's rapid growth. Neither contact is aware of any other significant unmet credit needs of the community.

Credit Needs and Opportunities

Considering information obtained from the community contacts, bank management, and demographic and economic data, examiners determined that small business and home mortgage loans represent credit needs within the assessment area. This assessment is supported by the high percentage of small businesses, 2,866 or 85.2 percent, in the assessment area with reported gross annual revenues of $1 million or less and the large number of businesses, 2,430 or 68.6 percent, with four or fewer employees. With so many small businesses operating in the assessment area, funding for their operations is a need.

Further, the assessment area has credit needs for home mortgages. This assessment is supported by the relatively high percent of low- and moderate-income families (22.3 percent and 19.8 percent), median family housing value ($167,014), and rental rates ($822) within the assessment area. In addition, 18.3 percent of the housing units are rental and 9.4 percent are vacant units; thus strengthening the need for affordable housing. The high median age of housing stock in the assessment area, 26 years, also indicates a potential need for home improvement or renovation loans.

CONCLUSIONS ON PERFORMANCE CRITERIA

LENDING TEST

Bank of York's overall lending performance is "Satisfactory". This rating is supported by the bank's generally reasonable loan-to-deposit ratio; a majority of the home mortgage and small business loans being made inside the assessment area; an overall excellent dispersion of home mortgage and small business lending achieved throughout the geographies; and a reasonable penetration of loans to borrowers of different incomes and businesses of different sizes. Only loans extended within the bank's assessment areas are included in the analyses.

Loan-to-Deposit Ratio

Bank of York's average net loan-to-deposit (NLTD) ratio is generally reasonable given the institution's size, financial condition, and assessment areas' credit needs. The bank's NLTD ratio averaged 48.0 percent over the previous 23 quarters from June 30, 2013, to December 31, 2018. During this time period, the bank's NLTD ratio ranged from a low of 40.7 percent as of December 31, 2017, to a high of 54.6 percent as of June 30, 2014. The NLTD ratio, as of December 31, 2018, is 42.7 percent. Bank of York's NTLD ratio has historically been low, and has steadily declined since the previous evaluation.

While Bank of York has many competitors, none are considered similarly-situated in terms of asset size, structure, age, or market area served. As a result, the bank's average NLTD ratio was compared to the Uniform Bank Performance Report (UBPR) Peer Group's ratio as of December 31, 2018. The Peer Group, as defined by the UBPR, includes 477 insured commercial banks with assets between $100 million and $300 million, with three or more full service banking offices and located in a metropolitan statistical area. The Peer Group's average NTLD ratio, over the same 23 quarters, was 76.9 percent, which is higher than Bank of York's average NTLD ratio of 48.0

percent. The Peer Group's NLTD ratio ranged from a low of 72.3 percent as of March 31, 2014, to a high of 81.4 percent as of December 31, 2018.

A number of factors were considered in determining the reasonableness of the bank's average NLTD ratio. Upon further analysis, it was determined that Bank of York maintains large balances of public funds on deposit, which has had an impact on its average NLTD ratio. The bank's percentage of public funds to total deposits has ranged from a low of 6.8 percent to a high of 14.1 percent during the evaluation period. The percent of public funds held by the Peer Group banks has ranged from a low of 6.1 percent to a high of 9.1 percent during the same time period. Bank of York's average NLTD ratio was recalculated excluding the public deposits. The adjusted average NLTD ratio for the same time period was 53.1 percent.

Consideration was also given to Bank of York's mortgage referral lending activities. Since the previous evaluation, the bank has referred traditional long-term mortgage loans to a non-depository lender that originates loans for the secondary market, as an alternative method of meeting the credit needs within its assessment area. Bank of York referred 28 residential mortgage loans to the non-depository lender creating approximately $4.8 million in credit opportunities to its customers since 2013. Further, the level of competition within the bank's assessment area has limited its opportunities. As discussed under competition, 270 different lenders have originated home mortgage loans in 2017. In addition, there are limited opportunities for commercial loans given the relatively strong competition for those loans, as indicated by the fact that 74 institutions reported 4,463 small business loan originations in the assessment area.

Assessment Area Concentration

Bank of York originated a majority of its home mortgage and small business loans within the assessment area during the evaluation period, which indicates reasonable performance. For home mortgage loans, 76.2 percent by number and 64.7 percent by dollar volume were originated in the assessment area. For small business loans, 78.4 percent by number and 77.8 percent by dollar volume were made within the assessment area. The following table details the bank's dispersion of loan originations and renewals inside and outside the assessment area.

Lending Inside and Outside of the Assessment Area										
	Number of Loans					**Dollar Amount of Loans $(000s)**				
Loan Category	**Inside**		**Outside**		**Total**	**Inside**		**Outside**		**Total**
	#	**%**	**#**	**%**	**#**	**$(000)**	**%**	**$(000)**	**%**	**$(000s)**
Home Mortgage										
2016	54	70.1	23	29.9	77	5,671	65.1	3,034	34.9	8,705
2017	84	80.8	20	19.2	104	6,694	64.4	3,699	35.6	10,393
Subtotal	**138**	**76.2**	**43**	**23.8**	**181**	**12,365**	**64.7**	**6,733**	**35.3**	**19,098**
Small Business	40	78.4	11	21.6	51	3,071	77.8	875	22.2	3,946
Source: 2016 and 2017 HMDA Reported Data and 2017 and 2018 Bank Records.										

Geographic Distribution

Bank of York's geographic distribution of lending reflects an excellent dispersion throughout the assessment area. The bank's overall excellent performance relative to home mortgage and small business lending supports this conclusion. Examiners focused on the percentage of loans, by number, in low- and moderate-income census tracts. Only loans extended within the assessment area were analyzed. Further, it is noted that during 2017, there were no low-income census tracts within the assessment area.

Home Mortgage Loans

Overall, Bank of York's geographic distribution of home mortgage loans reflects an excellent dispersion throughout the assessment area.

During 2016, the bank only originated one home mortgage loan to borrowers in the single low-income census tract. This level of lending (1.9 percent) is below aggregate lending data (3.6 percent) and demographic data (2.1 percent). However, this performance is considered reasonable given the limited lending opportunities available, as indicated by the low percentage of owner-occupied housing units (2.1 percent) and the low percentage of aggregate lending (3.6 percent). Home mortgage lending in moderate-income census tracts (44.4 percent) significantly exceeded aggregate lending data (23.8 percent) and was above demographics (36.4 percent).

During 2017, the bank's home mortgage lending in moderate-income census tracts increased considerably compared to the previous year. Bank of York originated 53.6 percent of its home mortgage loans within moderate-income census tracts. This level of lending significantly exceeded aggregate lending data (31.9 percent) and demographics (33.3 percent). The following table reflects the geographic dispersion of the bank's home mortgage lending in the assessment area.

Geographic Distribution of Home Mortgage Loans						
Tract Income Level	% of Owner-Occupied Housing Units	Aggregate Performance % of #	#	%	$(000s)	%
Low						
2016	2.1	3.6	1	1.9	34	0.6
Moderate						
2016	36.4	23.8	24	44.4	1,811	31.9
2017	33.3	31.9	45	53.6	3,746	56.0
Middle						
2016	44.8	46.0	26	48.1	2,027	35.7
2017	48.3	42.4	30	35.7	2,085	31.1
Upper						
2016	16.7	26.7	3	5.6	1,799	31.7
2017	18.4	25.7	9	10.7	863	12.9
Totals						
2016	**100.0**	**100.0**	**54**	**100.0**	**5,671**	**100.0**
2017	**100.0**	**100.0**	**84**	**100.0**	**6,694**	**100.0**
Source: 2010 U.S. Census & 2015 ACS Data; 2016 & 2017 HMDA Reported Data; 2016 & 2017 HMDA Aggregate Data; "--" data not available. Due to rounding, totals may not equal 100.0 percent.						

Small Business Loans

Bank of York's geographic distribution of small business loans reflects excellent dispersion throughout the assessment area. Small business lending in moderate-income census tracts (50.0 percent) significantly exceeded the percentage of businesses operating in these census tracts (34.9 percent). The following table illustrates the geographic dispersion of small business loans within the assessment area.

Geographic Distribution of Small Business Loans					
Tract Income Level	% of Businesses	#	%	$(000s)	%
Moderate	34.9	20	50.0	1,640	53.4
Middle	39.4	16	40.0	838	27.3
Upper	25.7	4	10.0	593	19.3
Total	**100.0**	**40**	**100.0**	**3,071**	**100.0**
Source: 2018 D&B Data and Bank Records.					

Borrower Profile

Bank of York's distribution of borrowers reflects a reasonable penetration of loans to individuals of different income levels and to businesses of different sizes. The bank's reasonable performance relative to home mortgage and small business lending supports this conclusion. Only loans extended within the assessment area were included in the analysis.

Home Mortgage Loans
Bank of York's distribution of home mortgage loans to individuals of different income levels, including low- and moderate-income borrowers, is reasonable within the assessment area.

During 2016, the bank's home mortgage lending to low-income borrowers (9.3 percent) exceeded aggregate lending data (6.4 percent), but was well below demographics (22.1 percent). In assessing the bank's home mortgage lending to low-income borrowers, it is noted that 46.8 percent of the low-income families in the assessment area live below the poverty level. Typically, these families have difficulty qualifying for a home mortgage loan because of their lower income levels. The bank's home mortgage lending to moderate-income borrowers (18.5 percent) exceeded aggregate lending data (15.8 percent), but was below demographics (19.9 percent).

During 2017, the bank's home mortgage lending to low-income borrowers (15.5 percent) increased in comparison to the previous year. This level of lending exceeded aggregate lending data (6.0 percent). The same mitigating factor discussed above continues to limit the bank's lending penetration to low-income borrowers, which remains below demographics (22.3 percent). Examiners noted that during 2017, 51.6 percent of the low-income families in the assessment area live below the poverty level. Home mortgage lending also increased to moderate-income borrowers (20.2 percent) from the previous year, but remained slightly below aggregate lending data (19.0 percent) and demographics (19.8 percent). The following table reflects the borrower distribution of the bank's home mortgage lending in the assessment area.

Distribution of Home Mortgage Loans by Borrower Income Level						
Borrower Income Level	**% of Families**	**Aggregate Performance % of #**	**#**	**%**	**$(000s)**	**%**
Low						
2016	22.1	6.4	5	9.3	305	5.4
2017	22.3	6.0	13	15.5	640	9.6
Moderate						
2016	19.9	15.8	10	18.5	601	10.6
2017	19.8	19.0	17	20.2	961	14.4
Middle						
2016	20.2	20.8	7	13.0	610	10.8
2017	20.6	22.6	12	14.3	821	12.3
Upper						
2016	37.8	39.2	22	40.7	2,077	36.6
2017	37.3	37.3	32	38.1	3,151	47.1
Income Not Available						
2016	-	17.8	10	18.5	2,078	36.6
2017	-	15.1	10	11.9	1,121	16.7
Total						
2016	**100.0**	**100.0**	**54**	**100.0**	**5,671**	**100.0**
2017	**100.0**	**100.0**	**84**	**100.0**	**6,694**	**100.0**
Source: 2010 U.S. Census & 2015 ACS Data; 2016 & 2017 HMDA Reported Data; 2016 & 2017 HMDA Aggregate Data; "--" data not available. Due to rounding, totals may not equal 100.0 percent.						

Small Business Loans
Bank of York has achieved a reasonable level of penetration among small businesses within the assessment area. As illustrated in the following table, 82.5 percent of the sampled small business loans were originated to businesses with gross annual revenues of $1 million or less. While this percentage reveals that a majority of the sampled small business loans were to small business entities, the bank's level of lending is below demographics (85.2 percent), but considered reasonable.

Distribution of Small Business Loans by Gross Annual Revenue Category					
Gross Revenue Level	**% of Businesses**	**#**	**%**	**$(000s)**	**%**
<= $1,000,000	85.2	33	82.5	2,039	66.4
> $1,000,000	3.9	7	17.5	1,032	33.6
Revenue Not Available	10.9	-	-	-	-
Total	**100**	**40**	**100.0**	**3,071**	**100.0**
Source: 2018 D&B Data and Bank Records.					

Response to Complaints

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

DISCRIMINATORY OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

The bank's compliance with laws relating to discrimination and other illegal credit practices was reviewed, including the Fair Housing Act and the Equal Credit Opportunity Act. No evidence of discriminatory or other illegal credit practices were identified. Therefore, this consideration did not affect the institution's overall CRA rating.

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.

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;
(4) Provide activities that revitalize or stabilize low- and moderate-income geographies, designated disaster areas, or distressed or underserved nonmetropolitan middle-income geographies; or
(5) Enable or facilitate projects or activities that address needs regarding foreclosed or abandoned residential properties in designated target areas.

Community Development Corporation (CDC): A CDC allows banks and holding companies to make equity type of investments in community development projects. Bank CDCs can develop innovative debt instruments or provide near-equity investments tailored to the development needs of the community. Bank 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 bank:
  (i) Has not been reported or collected by the bank or an affiliate for consideration in the bank'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 bank's assessment area(s) or a broader statewide or regional area including the bank'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 bank'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).

Family Income: Includes the income of all members of a family that are age 15 and older.

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 (for example, geographic distribution, borrower profile, and total number and dollar amount of investments), and qualitative factors (for example, 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 Disclosure Loan Application Register (HMDA LAR): The HMDA LARs record all applications received for residential purchase, refinance, home improvement, and temporary-to-permanent construction loans.

Home Mortgage Loans: Includes home purchase and home improvement loans as defined in the HMDA regulation. This definition also includes multi-family (five or more families) dwelling loans, loans to purchase manufactured homes, and refinancings of home improvement and home purchase loans.

Household: Includes all persons occupying a housing unit. Persons not living in households are classified as living in group quarters. In 100 percent tabulations, the count of households always equals the count of occupied housing units.

Household Income: Includes the income of the householder and all other persons that are age 15 and older in the household, whether related to the householder or not. Because many households are only one person, median household income is usually less than median family income.

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 (for example, 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.

Micropolitan Statistical Area: CBSA associated with at least one urbanized area having a population of at least 10,000, but less than 50,000.

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: 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.