



PUBLIC DISCLOSURE

February 07, 2022

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Vidalia Federal Savings Bank
Charter Number: 704067

300 Jackson St
Vidalia, GA 30474-4708

Office of the Comptroller of the Currency

Three Ravinia Drive
Suite 550
Atlanta, GA 30346

Note: This document is an evaluation of this institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the institution. This evaluation is not, and should not 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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Overall CRA Rating

Institution's CRA Rating: This institution is rated **Satisfactory**

The lending test is rated: **Satisfactory**

The major factors that support this rating include:

- The institution originated a substantial majority of its loans within its assessment area (AA).
- The loan-to-deposit (LTD) ratio is less than reasonable given the institution's size, financial condition, and business strategy.
- Lending activities represent a reasonable distribution to individuals of different income levels.
- There were no CRA-related complaints received by the in or the OCC during the evaluation period of January 1, 2019 through December 31, 2021.

Loan-to-Deposit Ratio (LTD)

Considering the bank's size, financial condition, and credit needs of the AA, the bank's loan-to-deposit ratio is less than reasonable. Over the 17 quarters since the last CRA evaluation, the quarterly LTD ratio averaged 33.84 percent. The bank's LTD ratio ranged from a low of 31.03 percent in March 2018 to a high of 36.67 percent in September 2019. The bank's average LTD ratio is historically low as evidenced by the average LTD ratio cited at the prior CRA evaluation of 35.18 percent.

The bank's quarterly LTD ratio is significantly lower than other banks in the AA. Two banks of similar size and locality as VFSB had a quarterly average LTD ratio of 66.07 percent. However, these banks have more locations in VFSB's AA, have an additional AA delineated, and offer small business and small farm loans. While VFSB originates some small business loans, the bank's primary lending product are loans secured by 1-4 family residential property, which comprised approximately 88 percent of total dollar volume of loans originated during our evaluation period.

Lending in Assessment Area

A substantial majority of the bank's loans are inside its AA.

The bank originated 81.7 percent of its total loans by number inside the bank's AAs during the evaluation period. This analysis is performed at the bank, rather than the AA, level.

Lending Inside and Outside of the Assessment Area										
Loan Category	Number of Loans				Total #	Dollar Amount of Loans \$(000s)				Total \$(000s)
	Inside		Outside			Inside		Outside		
	#	%	#	%		\$	%	\$	%	
2019	15	75.00	5	25.00	20	1,739,500	75.94	551,000	24.06	2,290,500
2020	17	85.00	3	15.00	20	1,995,000	79.32	520,000	20.68	2,515,000

2021	17	85.00	3	15.00	20	2,281,500	78.39	629,000	21.61	2,910,500
Total	49	81.67	11	18.33	60	6,016,000	77.97	1,700,000	22.03	7,716,000
<i>Source: Sample of 60 home mortgage loans originated during the evaluation period.</i>										

Description of Institution

VFSB is a single-state federally chartered thrift headquartered in Vidalia, Georgia. In addition to the main office, the bank operates a full-service branch in Lyons, Georgia. Both locations are in Toombs County, GA. VFSB has no affiliates.

As a traditional small savings association, VFSB offers a moderate range of financial products and services. The bank's primary lending products are residential mortgage and consumer loans. VFSB offers fixed-rate loans secured by 1-4 family residential property. Additionally, the consumer loan portfolio consists of secured and unsecured loans to existing customers for household and other essential expenses or to purchase automobiles, boats and other watercraft, motorcycles and all-terrain vehicles. Deposits are stable and typically generated within the local community. The bank offers a variety of checking and savings accounts, safe deposit boxes, telephone and on-line banking. There are Automated Teller Machines (ATMs) at each location, however, they do not accept deposits.

The bank has designated Toombs and Montgomery Counties, a non-Metropolitan Statistical area as its AA. The AA meets the requirements of the CRA regulation and does not arbitrarily exclude low or moderate-income census tracts (CTs). At December 31, 2021, the bank had total assets of \$215.0 million with \$61.6 million in total loans, \$183.5 million in deposits, and tier one capital of \$31.0 million. There was no expansion activity or significant changes to the bank's corporate structure since the prior CRA evaluation. There are no financial conditions, legal constraints, or other factors hindering the bank's ability to meet the credit needs of its AA. The previous CRA evaluation, dated September 11, 2017, resulted in a Satisfactory rating.

Evaluation Period/Products Evaluated

The Office of the Comptroller of the Currency (OCC) evaluated the CRA performance of VFSB using Small Bank performance criteria, which includes the lending test. The evaluation period covered the period from January 1, 2019 through December 31, 2021.

To determine VFSB's primary lending products, examiners assessed the composition of loan originations during the evaluation period, which identified approximately 88 percent of dollar volume originated during the review period were home mortgage loans. Therefore, examiners reviewed home mortgage loans, consistent with the institution's lending focus. The bank's AA only contains middle- and upper-income CTs, so an analysis of mortgage loan distribution among different geographies is not meaningful. To assess the bank's lending performance within the AA, examiners selected a random sample of 60 home mortgage loans, representing 20 loans for each full year of the evaluation period.

Selection of Areas for Full-Scope Review

At December 31, 2021, VFSB delineated one AA consisting of Toombs and Montgomery Counties. Examiners conducted a full-scope review of the Toombs/Montgomery County AA. There are no limited-scope areas. Refer to Appendix A: Scope of Examination, for additional information.

Ratings

VFSB's overall rating is for the State of Georgia. The state rating is based on performance in the bank's AA. Refer to the "Scope" section under the state section for details regarding how the state rating was determined for the evaluation.

Discriminatory or Other Illegal Credit Practices Review

Pursuant to 12 CFR 25.28(c) or 195.28(c), respectively, in determining a national bank's or federal savings association's (collectively, bank) CRA rating, the OCC considers evidence of discriminatory or other illegal credit practices in any geography by the bank, or in any AA by an affiliate whose loans have been considered as part of the bank's lending performance. As part of this evaluation process, the OCC consults with other federal agencies with responsibility for compliance with the relevant laws and regulations, including the U.S. Department of Justice, the U.S. Department of Housing and Urban Development, and the Bureau of Consumer Financial Protection, as applicable.

The OCC has not identified that this institution has engaged in discriminatory or other illegal credit practices that require consideration in this evaluation.

The OCC will consider any information that this institution engaged in discriminatory or other illegal credit practices, identified by or provided to the OCC before the end of the institution's next performance evaluation in that subsequent evaluation, even if the information concerns activities that occurred during the evaluation period addressed in this performance evaluation.

State Rating

State of Georgia

CRA rating for the State of Georgia: Satisfactory

The Lending Test is rated: Satisfactory

The major factors that support this rating include:

- A substantial majority of the institution's loans were originated within the AA.
- Home mortgage lending to borrowers of different income levels in the AA shows a reasonable distribution.

Description of Institution's Operations in Georgia

VFSB is a small savings association (or federal thrift bank) which operates two full-service locations in Georgia, with the main office in Vidalia and a branch in Lyons. Lyons is the county seat of Toombs County and the largest city is Vidalia. The bank offers a variety of traditional deposit and loan products, with a primary lending focus of home mortgage loans.

VFSB's AA is Toombs and Montgomery Counties. The AA contains 9 census tracts which is comprised of 8 middle- and 1 upper-income geographies. There are no low- or moderate-income census tracts. All middle-income census tracts are distressed or under-served due to poverty. Approximately 22 percent of the families in the AA are low-income, with 18 percent at the moderate-income level. At December 31, 2021, the Georgia Department of Labor reported the unemployment rate for Toombs and Montgomery Counties was 6.6 percent and 5.4, percent, respectively. Manufacturing, retail trade, and health care are the leading industry and employer.

In addition to VFSB, there are seven other FDIC-insured financial institutions with 14 branch locations throughout the AA. At June 30, 2021, VFSB ranked 2nd with total deposits of \$171.0 million, representing a 19.3 percent market share. The bank encounters strong competition from small and large financial institutions, two large mortgage lending companies and a regional farm credit association. Leading competitors in the market include Ameris Bank, Altamaha Bank and Trust Company, Mount Vernon Bank, BB&T (Truist) Mortgage, The Mortgage Firm, and AgSouth Farm Credit.

Community credit needs were determined by reviewing recent housing and demographic information, and the input from one community contact. The individual noted the area remains economically distressed which adversely impacts the ability to attract new businesses and provide higher paying jobs. The interviewee indicated that banks in the area provide products and services needed to meet the credit needs of the community.

The following table depicts the demographic information for VFSB's AA.

Toombs/Montgomery County AA

Table A – Demographic Information of the Assessment Area						
Assessment Area: Toombs/Montgomery County						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	9	0.0	0.0	88.9	11.1	0.0
Population by Geography	36,178	0.0	0.0	82.5	17.5	0.0
Housing Units by Geography	15,993	0.0	0.0	85.1	14.9	0.0
Owner-Occupied Units by Geography	8,831	0.0	0.0	81.4	18.6	0.0
Occupied Rental Units by Geography	4,990	0.0	0.0	87.2	12.8	0.0
Vacant Units by Geography	2,172	0.0	0.0	95.2	4.8	0.0
Businesses by Geography	2,553	0.0	0.0	80.2	19.8	0.0
Farms by Geography	185	0.0	0.0	87.0	13.0	0.0
Family Distribution by Income Level	9,321	22.3	18.1	18.2	41.4	0.0
Household Distribution by Income Level	13,821	28.6	16.0	14.4	40.9	0.0
Median Family Income Non-MSAs - GA	\$45,886	Median Housing Value				\$81,907
		Median Gross Rent				\$567
		Families Below Poverty Level				18.7%

Source: 2015 ACS and 2020 D&B Data Due to rounding, totals may not equal 100.0%.

Scope of Evaluation in Georgia

VFSB's AA is Toombs and Montgomery Counties, given the counties are contiguous and are not located in an MSA, examiners combined the counties for the purpose of this review.

Refer to the table in Appendix A: Scope of Examination for additional information on the AA.

Lending Test

The bank's performance under the Lending Test in Georgia is rated Satisfactory.

Conclusions for Area Receiving Full-Scope Review

Based on a full-scope review, the bank's performance in the Toombs/Montgomery County AA is good.

Distribution of Loans by Income Level of the Borrower

The bank exhibits a reasonable distribution of loans to individuals of different income levels, given the product lines offered by the bank.

Home Mortgage Loans

Refer to Table P in the State of Georgia section of appendix D for the facts and data used to evaluate the borrower distribution of the bank's home mortgage loan originations and purchases.

Based on Table P, the bank's size and performance context considerations described in the Description of the Institution, the bank's overall distribution of home mortgage loan originations for the evaluation period reflects a reasonable distribution.

Home loans made to low- and moderate-income borrowers was significantly lower than the number of families reporting low- and moderate-income. Forty percent of families reported low- or moderate-income, while only 10 percent of the sampled loans were made to moderate-income borrowers. However, the 10 percent lending compares favorably to aggregate lending of 11 percent by all lenders to families with low-or moderate-income levels. High poverty levels and rising home costs limits homeownership affordability, especially to low-and moderate-income borrowers. According to 2015 ACS census data, the poverty rate was 19 percent and wages reported were well below state averages.

Responses to Complaints

Neither VFSB nor the OCC Customer Assistance Group received complaints related to the bank's CRA performance during this evaluation period.

Appendix A: Scope of Examination

The following table identifies the time period covered in this evaluation, affiliate activities that were reviewed, and loan products considered. The table also reflects the MSAs and non-MSAs that received comprehensive examination review, designated by the term “full-scope,” and those that received a less comprehensive review, designated by the term “limited-scope”.

Time Period Reviewed:	01/01/2019 to 12/31/2021	
Bank Products Reviewed:	Home mortgage loans	
Affiliate(s)	Affiliate Relationship	Products Reviewed
None	NA	NA
List of Assessment Areas and Type of Examination		
Rating and Assessment Areas	Type of Exam	Other Information
Non-MSA		
Toombs and Montgomery Counties	Full-scope	All CTs in Toombs and Montgomery Counties.
State: Georgia		
Toombs and Montgomery Counties	Full-scope	All CTs in Toombs and Montgomery Counties.

Appendix B: Summary of State Ratings

RATINGS	Vidalia Federal Savings Bank
Overall Bank:	Lending Test Rating
Satisfactory	Satisfactory
State: Georgia	Satisfactory

Appendix C: Definitions and Common Abbreviations

The following terms and abbreviations are used in this performance evaluation, including the CRA tables. The definitions are intended to provide the reader with a general understanding of the terms, not a strict legal definition.

Affiliate: Any company that controls, is controlled by, or is under common control with another company. A company is under common control with another company if the same company directly or indirectly controls both companies. For example, a bank subsidiary is controlled by the bank and is, therefore, an affiliate.

Aggregate Lending (Aggt.): The number of loans originated and purchased by all reporting lenders (HMDA or CRA) in specified income categories as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the state/assessment area.

Census Tract (CT): A small, relatively permanent statistical subdivision of a county delineated by a local committee of census data users for the purpose of presenting data. Census tracts nest within counties, and their boundaries normally follow visible features, but may follow legal geography boundaries and other non-visible features in some instances, Census tracts ideally contain about 4,000 people and 1,600 housing units.

Combined Statistical Area (CSA): A geographic entity consisting of two or more adjacent Core Based Statistical Areas with employment interchange measures of at least 15. An employment interchange measure is a measure of ties between two adjacent entities. The employment interchange measure is the sum of the percentage of workers living in the smaller entity who work in the larger entity and the percentage of employment in the smaller entity that is accounted for by workers who reside in the larger entity.

Community Development (CD): Affordable housing (including multifamily rental housing) for low- or moderate-income individuals; community services targeted to low- or moderate-income individuals; activities that promote economic development by financing businesses or farms that meet Small Business Administration Development Company or Small Business Investment Company programs size eligibility standards or have gross annual revenues of \$1 million or less; or activities that revitalize or stabilize low- or moderate-income geographies, distressed or underserved nonmetropolitan middle-income geographies, or designated disaster areas.

Community Reinvestment Act (CRA): The statute that requires the OCC to evaluate a bank's record of meeting the credit needs of its entire community, including LMI areas, consistent with the safe and sound operation of the bank, and to take this record into account when evaluating certain corporate applications filed by the bank.

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, other secured consumer loans, and other unsecured consumer loans.

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, which 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).

Full-Scope Review: Performance under the Lending, Investment, and Service Tests is analyzed considering performance context, quantitative factors (e.g., geographic distribution, borrower distribution, 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 conduct 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, the disposition of the application (e.g., approved, denied, and withdrawn), the lien status of the collateral, any requests for preapproval, and loans for manufactured housing.

Home Mortgage Loans: A closed-end mortgage loan or an open-end line of credit as these terms are defined under 12 CFR 1003.2, and that is not an excluded transaction under 12 CFR 1003.3(c)(1) through (c)(10) and (c)(13).

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.

Limited-Scope Review: Performance under the Lending, Investment, and Service Tests is analyzed using only quantitative factors (e.g., geographic distribution, borrower distribution, total number and dollar amount of investments, and branch distribution).

Low-Income Individual: Individual income that is less than 50 percent of the area median income.

Low Income Geography: A census tract with a median family income that is less than 50 percent.

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 state/assessment area.

Median Family Income (MFI): The median income determined by the U.S. Census Bureau every five years and used to determine the income level category of geographies. The median is the point at which half of the families have income above, and half below, a range of incomes. Also, the median income determined by the Federal Financial Institutions Examination Council (FFIEC) annually that is used to determine the income level category of individuals. For any given area, the median is the point at which half of the families have income above, and half below, a range of incomes.

Metropolitan Division: As defined by Office of Management and Budget, a county or group of counties within a Core Based Statistical Area that contains an urbanized population of at least 2.5 million. A Metropolitan Division consists of one or more main/secondary counties that represent an employment center or centers, plus adjacent counties associated with the main/secondary county or counties through commuting ties.

Metropolitan Statistical Area: An area, defined by the Office of Management and Budget, as a core based statistical area associated with at least one urbanized area that has a population of at least 50,000. The Metropolitan Statistical Area comprises the central county or counties 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 percent 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 percent and less than 80 percent, in the case of a geography.

Multifamily: Refers to a residential structure that contains five or more units.

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 qualified investment is defined as any lawful investment, deposit, membership share, or grant that has as its primary purpose community development.

Rating Area: A rated area is a state or multi-state metropolitan statistical 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 multi-state metropolitan statistical area, the institution will receive a rating for the multi-state metropolitan statistical area.

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

Small Loan(s) to Farm(s): 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, or are classified as loans to finance agricultural production and other loans to farmers.

Tier 1 Capital: The total of common shareholders' equity, perpetual preferred shareholders' equity with non-cumulative dividends, retained earnings and minority interests in the equity accounts of consolidated subsidiaries.

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

Appendix D: Tables of Performance Data

Content of Standardized Tables

A separate set of tables is provided for each state. All multistate metropolitan statistical areas, if applicable, are presented in one set of tables. References to the “bank” include activities of any affiliates that the bank provided for consideration (refer to appendix A: Scope of the Examination). For purposes of reviewing the Lending Test tables, the following are applicable: (1) purchased are treated as originations; and (2) “aggregate” is the percentage of the aggregate number of reportable loans originated and purchased by all HMDA or CRA-reporting lenders in the MMSA/assessment area. Deposit data are compiled by the FDIC and are available as of June 30th of each year. Tables without data are not included in this PE.

The following is a listing and brief description of the tables included in each set:

Table P. Assessment Area Distribution of Home Mortgage Loans by Income Category of the Borrower - Compares the percentage distribution of the number of loans originated and purchased by the bank to low-, moderate-, middle-, and upper-income borrowers to the percentage distribution of families by income level in each MMSA/assessment area. The table also presents aggregate peer data for the years the data is available.

Table P: Assessment Area Distribution of Home Mortgage Loans by Income Category of the Borrower																			2019-21	
	Total Home Mortgage Loans				Low-Income Borrowers			Moderate-Income Borrowers			Middle-Income Borrowers			Upper-Income Borrowers			Not Available-Income Borrowers			
AA:	#	\$	% of Total	Overall Market	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	
Toombs/Montgomery	60	7,261,000	100.00	582	22.3	0.00	2.1	18.1	10.00	9.1	18.2	23.33	16.3	41.4	63.33	51.4	0.0	3.33	21.1	
Total	60	7,261,000	100.00	582	22.3	0.00	2.1	18.1	10.00	9.1	18.2	23.33	16.3	41.4	63.33	51.4	0.0	3.33	21.1	

Source: 2015 ACS Census; 01/01/2019 - 12/31/2021 Bank Data, 2020 HMDA Aggregate Data, ". Due to rounding, totals may not equal 100.0%