



PUBLIC DISCLOSURE

March 09, 2022

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Cullman Savings Bank
Charter Number: 704877

316 2nd Ave SW
Cullman, AL 35055-4117

Office of the Comptroller of the Currency

3595 Grandview Parkway
Suite 655
Birmingham, AL 35243

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 bank's loan-to-deposit (LTD) ratio is more than reasonable.
- A substantial majority of the bank's loans are inside its Assessment Area (AA).
- The distribution of small business loans to businesses of different sizes is excellent.
- The distribution of home mortgage loans to individuals of different income levels is reasonable.
- There were no CRA related complaints during the evaluation period.

Loan-to-Deposit Ratio

Considering Cullman Savings Bank's (CSB or bank) size, financial condition, and AA credit needs, the loan-to-deposit (LTD) ratio is more than reasonable. The bank's LTD ratio averaged 111.6 percent over the 13 quarters since the previous CRA examination, with a quarterly low of 85.3 percent and a quarterly high of 128.1 percent. This compares favorably to four similarly situated banks (peer group) in the area. The peer group's average LTD ratio was 91.4 percent, with a low average of 76.9 percent and a high average of 104.3 percent.

Lending in Assessment Area

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

The bank originated and purchased 90 percent of its total loans inside the AA during the evaluation period. This analysis is performed at the bank level rather than the AA level. This percentage does not include extensions of credit by affiliates that may be considered under the other performance criteria.

Lending Inside and Outside of the Assessment Area										
Loan Category	Number of Loans				Total #	Dollar Amount of Loans (000's)				Total \$(000s)
	Inside		Outside			Inside		Outside		
	#	%	#	%		\$	%	\$	%	
Home Mortgage	57	95.00%	3	5.00%	60	\$13,879	93.35%	\$988	6.65%	\$14,867
Small Business	51	85.00%	9	15.00%	60	\$16,016	87.36%	\$2,317	12.64%	\$18,333
Total	108	90.00%	12	10.00%	120	\$29,895	90.05%	\$3,305	9.95%	\$33,200

Description of Institution

CSB is an intrastate financial institution with four full-service branches located in Cullman County, AL. At December 31, 2021, assets totaled \$353 million and deposits totaled \$256 million. CSB has four 24-hour accessible automated teller machines (ATMs). The bank is open Monday through Thursday from 8:30 am to 4:30 pm, Friday 8:30 am to 5:00 pm, and Saturday from 8:30 am to 12:00 pm, with no Sunday operations.

CSB is wholly owned by Cullman Bancorp Incorporated (Inc.), a one-bank holding company headquartered in Cullman, AL. The holding company has no impact on CSB's performance. During the evaluation period, CSB had no merger or acquisition activity. There were no branch openings or closings.

CSB has one AA, made up of Cullman County, AL, a non-Metropolitan Statistical Area (MSA). The AA meets regulatory requirements and consists of complete political subdivisions that do not arbitrarily exclude low- or moderate-income geographies. Additionally, CSB has no natural boundaries within its AA that hinder accessibility. The Cullman County Non-MSA AA consists of 18 census tracts (15 middle-income and 3-upper income) with a total population of 87 thousand. At December 31, 2021, three branches were located in middle-income tracts and one branch was located in an upper-income tract.

CSB is primarily a small community lender. At December 31, 2021, the bank's loan portfolio totaled \$252.7 million, or 71.6 percent of total assets. The loan portfolio is comprised of 52 percent residential real estate, 34.6 percent commercial loans, 9.6 percent construction and land development loans, 1 percent consumer loans, 1.6 percent farm loans, and 1.1 percent other obligations. Tier 1 capital was \$69.7 million.

CSB's CRA performance was last evaluated as of December 10, 2018, and performance was assessed as "Satisfactory." There are no legal, financial, or other factors that impede CSB from meeting the credit needs of the community.

Scope of the Evaluation

Evaluation Period/Products Evaluated

We completed a full-scope review of CSB's CRA activities in its AA using Small Bank CRA examination procedures. This included a lending test, which evaluates the bank's record of meeting the credit needs of the AAs through its lending activities. Conclusions regarding the lending test are based on samples of residential mortgage loans and small business loans. At December 31, 2021, residential real estate loans represented 52 percent of the loan portfolio. Small business loans represented 17 percent of total loans and 49 percent of total commercial lending. Home loans and small business loans were selected for review since these two products comprise a significant portion of the loan portfolio and the bank's strategic focus.

Selection of Areas for Full-Scope Review

In each state where the bank has an office, one or more of AAs within that state was selected for a full-scope review. For purposes of this evaluation, bank delineated assessment areas located within the same metropolitan statistical area (MSA), multistate metropolitan statistical area (MMSA), or combined statistical area (CSA) are combined and evaluated as a single AA. Similarly, bank delineated non-MSA AAs within the same state are combined and evaluated as a single area. These combined AAs may be evaluated as full- or limited-scope. Refer to the "Scope" section under each State Rating for details regarding how full-scope AAs were selected. Refer to appendix A, Scope of Examination, for a list of full- and limited-scope AAs.

Ratings

The bank's overall rating is based on performance in the state of Alabama. The state rating is based on performance in the bank's AA of Cullman County. We evaluated lending performance in relation to the two primary loan products of home mortgage loans and small business loans. We placed more weight on results from home mortgage lending as these loans made up a larger portion of the bank's lending activities. Refer to the "Scope" section under the State Rating section for details regarding how the areas were weighted in arriving at the respective ratings.

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 Alabama

CRA rating for the State of Alabama: Satisfactory

The Lending Test is rated: Satisfactory

The major factors that support this rating include:

- The distribution of small business loans to businesses of different sizes is excellent.
- The distribution of home mortgage loans to individuals of different income levels is reasonable.
- There were no CRA related complaints during the evaluation period.

Description of Institution's Operations in Alabama

CSB operates one main office and three full-service branches, all located in Cullman, County AL. CSB has four 24-hour accessible ATMs. CSB is wholly owned by Cullman Bancorp Inc., a one-bank holding company headquartered in Cullman, AL. Cullman Bancorp Inc.'s common stock price is publicly traded on NASDAQ as CULL.

CSB has one AA, made up of Cullman County, AL, a non-MSA. The AA meets regulatory requirements and consists of complete political subdivisions that do not arbitrarily exclude low- or moderate-income geographies. Additionally, CSB has no natural boundaries within its AA that hinder accessibility. The Cullman County Non-MSA AA consists of 18 census tracts (15 middle-income and 3-upper income) with a total population of 87 thousand.

On June 30, 2021, CSB ranked fifth out of twelve financial institutions in Cullman County, AL, holding 12.6 percent of the market share. CSB is primarily a small community lender. The bank's competition in Cullman County is significant with competition from regional and large banks.

We contacted a representative from a community-based organization to identify local community needs. The community contact identified the needs as: workforce development and single family and small business loans. The community contact added that financial institutions in the area have shown commitment to meeting the needs of the community.

Cullman County AA

Table A – Demographic Information of the Assessment Area						
Assessment Area: Cullman County						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	18	0.0	0.0	83.3	16.7	0.0
Population by Geography	80,965	0.0	0.0	82.2	17.8	0.0
Housing Units by Geography	37,103	0.0	0.0	78.8	21.2	0.0
Owner-Occupied Units by Geography	23,548	0.0	0.0	81.1	18.9	0.0
Occupied Rental Units by Geography	7,739	0.0	0.0	84.7	15.3	0.0
Vacant Units by Geography	5,816	0.0	0.0	62.0	38.0	0.0
Businesses by Geography	4,366	0.0	0.0	72.3	27.7	0.0
Farms by Geography	232	0.0	0.0	86.6	13.4	0.0
Family Distribution by Income Level	21,864	17.6	17.8	19.8	44.9	0.0
Household Distribution by Income Level	31,287	21.8	14.7	18.2	45.3	0.0
Median Family Income Non-MSAs- AL		\$45,454	Median Housing Value			\$117,204
			Median Gross Rent			\$610
			Families Below Poverty Level			13.0%
<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>						

Scope of Evaluation in Alabama

The Cullman County AA was selected for full-scope review as the majority of the bank's lending activities occurred in this AA. Home mortgage loans and small business loans were selected for review since these two products comprise a significant portion of the loan portfolio. We placed more weight on home mortgage lending as this is the bank's primary loan product. Consumer and farm loan products were not considered as they represented a minimal number of loans over the assessment period. For the Lending Test, we analyzed years 2019, 2020, and 2021.

Lending Test

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

Conclusions for Area Receiving a Full-Scope Review

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

Distribution of Loans by Income Level of the Geography

We did not analyze the geographic distribution of the bank's lending as part of this evaluation. The analysis would not be meaningful, as there are very little demographically distinct geographies within the bank's AA. The AA contains no low- or moderate-income census tracts.

Distribution of Loans by Income Level of the Borrower

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

Home Mortgage Loans

Refer to Table P in the state of Alabama 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.

CSB's distribution of home mortgage loans to low- and moderate-income borrowers is reasonable. The percentage of home mortgage loans originated to low- and moderate-income families is lower than the demographic comparators. The bank's lending to low-income borrowers exceeds the level of aggregate peer lending for reporting institutions and is considered good. Opportunities to make loans to low-income borrowers are limited by the 13 percent of potential borrowers in the AA that live below the poverty level. The bank's lending to moderate-income borrowers is less than the aggregate peer level. This is reasonable given the high level of competition for mortgage lending in the AA.

Small Loans to Businesses

Refer to Table R in the state of Alabama section of appendix D for the facts and data used to evaluate the borrower distribution of the bank's originations and purchases of small loans to businesses.

CSB's distribution of small business loans is excellent. The bank's percentage of loans exceeded the percentage of businesses with gross annual revenues of less than \$1 million in the AA and significantly exceeded the percentage of aggregate peer lending to similar businesses.

Responses to Complaints

CSB did not receive any CRA-related complaints during the review 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 and small business loans	
Affiliate(s)	Affiliate Relationship	Products Reviewed
N/A	N/A	N/A
List of Assessment Areas and Type of Examination		
Rating and Assessment Areas	Type of Exam	Other Information
Alabama		
Cullman County	Full-scope	The bank’s AA consists of all 18 census tracts that comprise Cullman County AL

Appendix B: Summary of MMSA and State Ratings

RATINGS: Cullman Savings Bank	
Overall Bank:	Lending Test Rating
Cullman Savings Bank	Satisfactory
MMSA or State:	
State of Alabama	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 R. Assessment Area Distribution of Loans to Small Businesses by Gross Annual Revenue - Compares the percentage distribution of the number of small loans (loans less than or equal to \$1 million) originated and purchased by the bank to businesses with revenues of \$1 million or less to: 1) the percentage distribution of businesses with revenues of greater than \$1 million; and, 2) the percentage distribution of businesses for which revenues are not available. The table also presents aggregate peer small business data for the years the data is available.

Table P: Assessment Area Distribution of Home Mortgage Loans by Income Category of the Borrower																2019-2021		
	Total Home Mortgage Loans			Low-Income Borrowers			Moderate-Income Borrowers			Middle-Income Borrowers			Upper-Income Borrowers			Not Available-Income Borrowers		
	#	\$	% Total	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate
Cullman County	60	14,533	100	17.6	5	2.6	17.8	8.3	13.1	19.8	21.7	19.2	44.9	65	46.5	0.0	0	18.6
Total	60	14,533	100	17.6	5	2.6	17.8	8.3	13.1	19.8	21.7	19.2	44.9	65	46.5	0.0	0	18.6

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

Table R: Assessment Area Distribution of Loans to Small Businesses by Gross Annual Revenues											2019-2021	
Assessment Area:	Total Loans to Small Businesses				Businesses with Revenues <= 1MM			Businesses with Revenues > 1MM		Businesses with Revenues Not Available		
	#	\$	% of Total	Overall Market	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	% Businesses	% Bank Loans	
Cullman County	53	17,751	100	802	81.4	92.5	30.3	5.5	7.6	13.1	0	
Total	53	17,751	100	802	81.4	92.5	30.3	5.5	7.6	13.1	0	

*Source: 2020 D&B Data; 01/01/2019 - 12/31/2021 Bank Data; 2020 CRA Aggregate Data, "--" data not available.
Due to rounding, totals may not equal 100.0%*