

PUBLIC DISCLOSURE

November 29, 2021

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Centennial Bank
Certificate Number: 8439

5420 Broad Street South
Trezevant, Tennessee 38258

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

600 North Pearl Street, Suite 700
Dallas, Texas 75201

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.

The Lending Test is rated Satisfactory.

- The loan-to-deposit (LTD) ratio is reasonable, considering seasonal variations and taking into account lending related activities, given the institution's size, financial condition, and assessment area credit needs.
- A majority of loans and other lending related activities are in the institution's assessment areas (AAs).
- The geographic loan distribution of loans reflects poor dispersion throughout the assessment areas.
- The distribution of borrowers reflects, given the demographics of the assessment areas, reasonable penetration among individuals of different income levels, including low- and moderate- income, 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.

The Community Development Test is rated Satisfactory.

The institution's community development performance demonstrates adequate responsiveness to community development needs in its assessment areas through community development loans, qualified investments, and community development services, as appropriate, considering the institution's capacity and the need and availability of such opportunities for community development in the institution's assessment areas.

DESCRIPTION OF INSTITUTION

Centennial Bank (CB) operates as a full-service community bank headquartered in Trezevant, TN. Farmers and Merchants Bancshares, Incorporated, Trezevant, Tennessee is a one-bank holding company and wholly owns CB, as well as non-lending subsidiaries; this evaluation does not consider any of their activities. CB closed three full service branch locations and its three LPOs since the previous evaluation. However, the bank acquired Farmer & Merchants Bank in Adamsville, TN and Chester County Bank in Henderson, TN since the previous evaluation. The institution received a “Satisfactory” rating at its previous FDIC CRA Evaluation dated January 22, 2019, based on Interagency Intermediate Small Institution Examination Procedures.

CB operates 13 full-service offices with cash-dispensing automated teller machines (ATMs) at 12 of the full-service offices. Furthermore, the bank operates an additional 3 ATMs at various locations. All 15 ATMs are located in the bank’s assessment areas. CB primarily focuses on commercial and home mortgage lending, but offers a full line of loan products, deposit accounts, and other financial services and also offers hours and days of service consistent with area and industry norms. Subsequent sections provide additional details.

As of June 30, 2021, assets totaled approximately \$666.3 million, consisting primarily of total loans of \$448.2 million and securities of \$35.5 million. Total deposits equaled \$580.3 million as of the same date.

As reflected in the following table, commercial loans represent the largest loan category at 34.7 percent and residential loans as the second largest at 21.9 percent.

Loan Portfolio Distribution as of 06/30/2021		
Loan Category	\$(000s)	%
Construction, Land Development, and Other Land Loans	28,941	6.5
Secured by Farmland	39,947	8.9
Secured by 1-4 Family Residential Properties	92,473	20.6
Secured by Multifamily (5 or more) Residential Properties	5,599	1.3
Secured by Nonfarm Nonresidential Properties	98,661	22.0
Total Real Estate Loans	265,621	59.3
Commercial and Industrial Loans	56,971	12.7
Agricultural Production and Other Loans to Farmers	21,994	4.9
Consumer Loans	26,676	6.0
Obligations of State and Political Subdivisions in the U.S.	-	
Other Loans	76,923	17.1
Lease Financing Receivable (net of unearned income)	-	-
Less: Unearned Income	-	-
Total Loans	448,185	100.0
<i>Source: Reports of Condition and Income</i>		

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

DESCRIPTION OF ASSESSMENT AREAS

The CRA requires each financial institution to define one or more AAs in which examiners will evaluate its CRA performance. CB designated three AAs, consisting of 47 total census tracts (CTs).

- The Carroll County Non-MSA AA is comprised of all 8 CTs in Carroll County, TN.
- The Hardeman-McNairy-Hardin Non-MSA AA is comprised of all of Hardeman and McNairy Counties, and a portion of Hardin County, for a total of 17 CTs, all in TN. (This assessment area was expanded since the previous evaluation due to the acquisition of Farmers & Merchants Bank in Adamsville, TN and Chester County Bank in Henderson, TN.)
- The Jackson, TN Metropolitan Statistical Area (MSA) AA includes all of Chester and Gibson Counties, and a portion of Madison County. This assessment area has also changed since the previous evaluation. The bank added Chester County to the AA, and Gibson County was previously a Non-MSA area, but has now been added to the Jackson, TN MSA.

The following table provides additional details regarding each AA. Refer to the individual discussions of the AAs for more details.

Description of Assessment Areas			
Assessment Area	Counties in Assessment Area	# of Census Tracts	# of Branches
Carroll County. Non-MSA	Carroll County	8	2
Hardeman-McNairy-Hardin. Non-MSA	Hardeman County	6	4
	McNairy County	7	1
	Hardin County	4	0
Jackson MSA	Gibson County	14	3
	Chester County	3	2
	Madison County	5	1

Source: Bank records

SCOPE OF EVALUATION

General Information

This evaluation covers the period from January 22, 2019, the date of the previous evaluation, to the current evaluation, dated November 29, 2021. To assess performance, examiners applied Intermediate Small Institution Examination Procedures, which include the Lending Test and the Community Development Test. The appendix lists each tests’ criteria.

As previously noted, the institution operates in three separate AAs. As seen in the following table, the institution originated a majority of its loans in the Jackson MSA AA, which accounted for approximately 58.2 percent, by number, of the lending activity in 2020. Additionally, nearly half of

the retail branches operate in this AA. As previously noted, the composition of this AA has changed since the previous CRA evaluations when it did not receive a full scope review. Therefore, examiners applied full-scope procedures in the evaluation of the Jackson MSA AA and the Carroll County Non-MSA. The Carroll County Non-MSA also received a full-scope review due to the bank's main offices along with 15 percent of its branches are located in the AA. Examiners used limited-scope procedures for the Hardeman-McNairy-Hardin Non MSA AA, as this area received a full-scope review at the previous evaluation. The assessments areas were weighted equally when arriving at overall conclusions.

Assessment Area Breakdown of Loans, Deposits, and Branches						
Assessment Area	Loans		Deposits		Branches	
	\$(000s)	%	\$(000s)	%	#	%
Carroll County Non-MSA	18,597,382	18.2	108,833	18.8	2	15.4
Hardeman -McNairy-Hardin Non-MSA	24,085,897	23.6	184,638	31.8	5	38.5
Jackson MSA	59,473,042	58.2	286,845	49.4	6	46.1
Total	102,156,321	100	580,316	100.0	13	100.0

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

Activities Reviewed

CRA Intermediate Small Institution Examination Procedures require examiners to determine the bank's major product lines for review. As an initial matter, examiners may select from among the same loan categories used for CRA Large Institution evaluations: home mortgage, small business, small farm, and consumer loans. The following table shows CB's lending activity for 2020.

Loans Originated or Purchased				
Loan Category	\$(000s)	%	#	%
Construction and Land Development	27,989	9.8	86	2.4
Secured by Farmland	20,058	7.0	46	1.3
Secured by 1-4 Family Residential Properties	33,956	11.9	380	10.7
Multi-Family (5 or more) Residential Properties	3,164	1.1	7	0.2
Commercial Real Estate Loans	38,037	13.3	76	2.1
Commercial and Industrial Loans	49,364	17.2	822	23.0
Agricultural Loans	11,797	4.1	83	2.3
Consumer Loans	16,246	5.7	1,861	52.1
Other Loans	85,837	29.9	211	5.9
Total Loans	286,448	100.0	3,572	100.0

Source: Bank Data (1/1/2020 to 12/31/2020)

Considering the dollar volume and number of loans originated during 2020 as well as management's stated business strategy, examiners determined the major product lines consist of commercial and residential loans. Since none of the other categories typically reviewed, including small farm and consumer loans, represent major product lines and thus would not materially affect conclusions or ratings, this evaluation does not include a review of them. Bank records indicated

that the lending focus and product mix remained consistent throughout the evaluation period.

This evaluation considered a random sample of small business loans originated in calendar year 2020. This sample was representative of the bank's performance during the entire evaluation period. The bank originated 884 small business loans totaling approximately \$55 million, of which examiners sampled 83 loans totaling \$5.3 million. D&B data for 2020 provided the standard of comparison for the sampled small business loans. Examiners pulled an additional 20 loans to ensure there would be enough loans to review in each of the bank's AAs to draw meaningful conclusions. The additional loans are not included in the assessment area concentration analysis, as these loans were not randomly selected.

In addition, CB reports home mortgage loans pursuant to the Home Mortgage Disclosure Act (HMDA). Therefore, this evaluation reviewed all home mortgage loans reported on the bank's 2019 and 2020 HMDA Loan Application Registers. For 2019 data, the bank's lending will be compared to 2019 aggregate data and the 2015 ACS data. For 2020 data, the bank's lending will be compared to 2020 aggregate data and the 2015 ACS data. Examiners reviewed the following reported home mortgage loans for this evaluation:

- 2019: 256 home mortgage loans totaling \$23.8 million
- 2020: 226 home mortgage loans totaling \$26.3 million

With the exception of the assessment area concentration analysis, this evaluation only presents 2020 home mortgage loan data since it is the most recent year for which aggregate data exists as of this evaluation date. Examiners did not identify any significant trends between the different years' data that materially affects applicable conclusions or ratings. The assessment area concentration table presents all years of home mortgage loan data reviewed.

Examiners considered the universe of small business and home mortgage loans when determining loan product weighting. Consequently, small business loans received more weight when arriving at overall conclusions.

Community Development Test

For the Community Development Test, bank management provided data on community development loans, qualified investments, and community development services since the prior evaluation dated January 22, 2019. The scope of this evaluation also considered all prior period qualified investments purchased prior to the previous evaluation and still outstanding as of this evaluation's date.

CONCLUSIONS ON PERFORMANCE CRITERIA

LENDING TEST

CB demonstrated a satisfactory record regarding the Lending Test. Performance under the Loan-to-Deposit Ratio, Assessment Area Concentration, and Borrower Profile criteria primarily support this conclusion. Lending Test performance was consistent among the assessment areas.

Loan-to-Deposit Ratio

The LTD ratio is reasonable (considering seasonal variations and taking into account lending related activities) given the institution's size, financial condition, and AA credit needs. Examiners considered the bank's size, business strategy, and capacity relative to AA credit needs when arriving at this conclusion.

For the 11 quarters since the previous evaluation, the bank recorded an 83.2 percent average net LTD ratio. The net LTD ratio ranged from a high of 95.6 percent on June 30, 2019, to a low of 73.6 percent on March 31, 2021, which demonstrates a relatively steady trend until the most recent nine quarters, which shows a downward trend since the previous evaluation.

Examiners identified two similarly situated institutions that reflect similar asset sizes, branching structures, and lending emphases to CB. As shown in the following table, CB's average net LTD ratio is similar to these institutions.

Loan-to-Deposit Ratio Comparison		
Bank Name and Location	Total Assets \$(000s)	Average, Net LTD Ratio (%)
Centennial Bank, Trezevant, TN	667,595	83.2
Similarly-Situated Banks		
Carroll Bank and Trust, Huntingdon, TN	383,691	78.1
Hardin County Bank, Savannah, TN	584,367	88.5

Source: Report of Condition (9/30/2021); Reports of Condition (previous 11 quarters)

Assessment Area Concentration

A majority of loans and other lending related activities are inside the institution's AAs. The following table shows a majority of home mortgage and small business loans, by number and dollar volume, is within its AAs.

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		
	#	%	#	%		\$	%	\$	%	
Home Mortgage										
2019	185	72.3	71	27.7	256	15,613	65.7	8,159	34.3	23,771
2020	163	72.1	63	27.9	226	14,708	56.0	11,562	44.0	26,270
Subtotal	348	72.2	134	27.8	482	30,321	60.6	19,720	39.4	50,041
Small Business	58	69.9	25	30.1	83	3,205	60.1	2,124	39.9	5,329
<i>Source: Bank Data Due to rounding, totals may not equal 100.0%</i>										

Geographic Distribution

The geographic distribution of loans reflects poor dispersion among low- or moderate-income geographies. Examiners considered the loan product types reviewed relative to the available comparative data and any performance context issues when arriving at this conclusion. This factor only considered loans originated inside the bank's AAs. Poor performance in the Jackson MSA AA primarily supports this conclusion since there are not low- or moderate-income geographies in the Carroll County AA.

Borrower Profile

The distribution of borrowers reflects, given the demographics of the AAs, reasonable penetration among individuals of different income levels (including low- and moderate-income) and businesses of different sizes. Reasonable performance in the Jackson MSA AA and the Carroll County Non-MSA AA support this conclusion. Examiners focused on lending to low- and moderate income borrowers and to businesses with gross annual revenues (GARs) of \$1 million or less when arriving at conclusions. This factor only considered loans originated inside the bank's AAs.

Small Business Administration Paycheck Protection Program Loans

The Coronavirus Aid, Relief and Economic Security Act, signed into law on March 27, 2020, established the temporary PPP. The SBA, with support from the Department of the Treasury, implements the PPP, which provides loans to encourage qualified businesses that meet certain standards established by the SBA to retain employees through the COVID-19 Pandemic and includes loan forgiveness subject to certain conditions.

Centennial Bank originated 1,183 PPP loans totaling approximately \$45.9 million during the evaluation period. The bank's willingness to meet credit needs of businesses of varying sizes, including small businesses, by originating PPP loans during the COVID-19 Pandemic further supports a reasonable performance.

Additionally, the bank displayed a willingness to extend small dollar loans exhibiting

responsiveness in helping to meet credit needs of the community. During the evaluation the bank extended 1,430 loans in the amounts of \$2,500 or less.

Response to Complaints

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

COMMUNITY DEVELOPMENT TEST

CB’s community development performance demonstrates adequate responsiveness to community development needs in its AAs. An overall adequate record regarding the community development lending, and an overall excellent record regarding community development services primarily supports this conclusion. Examiners considered the availability of opportunities, the institution’s capacity for community development activities, and AA needs when arriving at this conclusion. Examiners also considered broader regional or statewide activities since Centennial Bank effectively met the community development needs of its AAs. Adequate performance in the Carroll County Non-MSA AA and in the Hardeman-McNairy-Hardin Non-MSA AA outweighs the poor performance in the Jackson MSA AA.

Community Development Loans

The following table shows that during the review period, the bank granted 12 community development loans totaling approximately \$18.3 million. This level of community development lending represents 3.1 percent of the average total assets of \$587 million and 4.4 percent of its average net loans of \$417 million since the prior evaluation. These levels increased from the 2.3 percent of average assets and 2.7 percent of average net loans recorded at the prior evaluation.

The community development loans demonstrate responsiveness to the AAs primarily toward addressing an identified need by providing loans to municipalities and business that provide community services and revitalize or stabilize low- and moderate-income census tracts and middle-income distressed census tracts. The following table illustrates the community development loans by year and purpose.

Community Development Lending – Whole Bank										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
2019	0	0	2	2,095	0	0	1	3,000	3	5,095
2020	1	189	2	1,401	0	0	1	4,767	4	6,357
YTD 2021	0	0	3	3,376	1	1,240	1	2,270	5	6,886
Total	1	189	7	6,872	1	1,240	3	10,037	12	18,338
<i>Source: Bank Data (1-22-2019 – 11-29-2021)</i>										
<i>*Year-to-date (YTD)</i>										

The following table further illustrates the community development loans by area benefited and purpose.

Community Development Lending by Assessment Area										
Rated Area	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Jackson MSA AA	1	189	3	285	0	0	0	0	4	474
Carroll County Non-MSA AA	0	0	4	6,587	0	0	3	10,037	7	16,624
Hardeman-McNairy-Hardin Non-MSA AA	0	0	0	0	1	1,240	0	0	1	1,240
Total	1	189	7	6,872	1	1,240	3	10,037	12	18,338

Source: Bank records (1-22-2019 – 11-29-2021)

Qualified Investments

The majority of qualified investments are directed towards revitalizing or stabilizing low- and moderate- income areas or middle-income distressed areas. The following table shows that the bank made 27 qualified investments, grants, and donations totaling approximately \$4.8 million, which includes 31 donations and grants for \$31 thousand. The total dollar volume represents 0.8 percent of average total assets of \$587 million and 12.0 percent of average total securities of \$40 million. This represents a decrease from 1.2 percent of average total assets noted at the prior evaluation.

Qualified Investments – Whole Bank										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Prior Period	0	0	0	0	0	0	3	765	3	765
2019	24	1,299	0	0	3	183	6	690	33	2,172
2020	0	0	2	500	0	0	0	0	2	500
2021 YTD	1	1,050	1	251	0	0	0	0	2	1,301
Subtotal	25	2,349	3	751	3	183	9	1,455	40	4,738
Grants & Donations	5	1	45	30	0	0	0	0	50	31
Total	30	2,350	48	781	3	183	9	1,455	900	4,769

Source: Bank records (1-22-2019 – 11-29-2021)

The following table shows the breakout of activities by area benefitted.

Qualified Investments by Assessment Area										
Assessment Area	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Jackson MSA AA	0	0	24	15	0	0	2	280	26	295
Carroll County Non-MSA AA	5	1	12	11	0	0	0	0	17	12
Hardeman-McNairy-Hardin Non-MSA AA	0	0	9	4	0	0	7	1,175	16	1,179
Statewide Activities	25	2,349	3	751	3	183	0	0	31	3,283
Regional Activities	0	0	0	0	0	0	0	0	0	0
Total	30	2,350	48	781	3	183	9	1,455	90	4,769

Source: Bank Data

Community Development Services

The following table shows that the bank provided 262 community development services since the prior evaluation. All of the services involved bank employees using their financial or technical expertise to benefit organizations or projects with a primary purpose consistent with community development. This level of community development services represent an 18 percent increase in the bank’s service activities provided at the previous evaluation.

Community Development Services					
Activity Year	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Totals
	#	#	#	#	#
2019	0	84	0	0	84
2020	0	90	0	0	90
2021 YTD	0	83	0	5	88
Total	0	257	0	5	262

Source: Bank records (1-22-2019 – 11-29-2021)

Community Development Services					
Rated Area	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Totals
	#	#	#	#	#
Jackson MSA AA	0	136	0	5	141
Carroll Co. Non-MSA AA	0	69	0	0	69
Hardeman Co. Non-MSA AA (limited scope)	0	52	0	0	52
Total	0	48	0	0	262

Source: Bank records (1-22-2019 – 11-29-2021)

The following table shows CB’s availability of services through branches and ATMs. In moderate-income geographies, the level of branches and ATMs by percentage is in line with the population percentage in those tracts, reflecting favorable availability of services.

Branch and ATM Distribution by Geography Income Level								
Tract Income Level	Census Tracts		Population		Branches		ATMs	
	#	%	#	%	#	%	#	%
Low	0	0.0	0	0.0	0	0.0	0	0.0
Moderate	9	19.1	38,951	20.1	2	15.4	3	20.0
Middle	29	61.7	116,996	60.2	9	69.2	9	60.0
Upper	7	14.9	38,180	19.7	2	15.4	3	20.0
NA	2	4.3	18	0.0	0	0.0	0	0.0
Totals	47	100.0	194,145	100.0	13	100.0	15	100.0

*Source: 2015 ACS & Bank Data
Due to rounding, totals may not equal 100.0%*

In addition to its office locations, the bank provides a number of alternative delivery systems. The previous table shows that the bank operates fifteen ATMs in its AAs. These ATMs include the ability of paying cash, responding to inquiries, and making transfers. The bank also offers free online banking and bill pay, telephone banking, and mobile banking. The institution maintains banking hours typical for its areas and the industry.

DISCRIMINATORY OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

Examiners did not identify any evidence of discriminatory or other illegal credit practices inconsistent with helping to meet community credit needs. Therefore, this consideration did not affect the institution’s overall CRA rating.

JACKSON MSA AA-Full Scope Review

DESCRIPTION OF INSTITUTION’S OPERATIONS IN THE JACKSON MSA AA

The Jackson MSA AA includes 22 census tracts in Gibson, Chester, and a portion of Madison Counties in Tennessee. The AA reflects the following income designations according to the 2015 ACS data: 4 moderate-, 12 middle-, 5 upper-income, and one tract with no income designation. The bank operates six full-service branch locations in this assessment area.

Economic and Demographic Data

The following table contains select demographic data of the Jackson MSA AA.

Table A – Demographic Information of the Assessment Area						
Assessment Area: Centennial Bank - Jackson MSA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	22	0.0	18.2	54.5	22.7	4.5
Population by Geography	96,641	0.0	17.1	50.9	32.0	0.0
Housing Units by Geography	41,418	0.0	19.4	50.4	30.2	0.0
Owner-Occupied Units by Geography	26,491	0.0	16.2	52.3	31.5	0.0
Occupied Rental Units by Geography	10,120	0.0	23.8	45.7	30.6	0.0
Vacant Units by Geography	4,807	0.0	27.5	49.8	22.7	0.0
Businesses by Geography	4,646	0.0	22.9	44.0	33.0	0.1
Farms by Geography	271	0.0	11.8	56.5	31.7	0.0
Family Distribution by Income Level	25,298	17.6	17.0	20.9	44.4	0.0
Household Distribution by Income Level	36,611	20.0	15.5	17.1	47.3	0.0
Median Family Income MSA - 27180 Jackson, TN MSA		\$51,510	Median Housing Value			\$106,623
			Median Gross Rent			\$723
			Families Below Poverty Level			12.3%
<i>Source: 2015 ACS and 2020 D&B Data</i> <i>Due to rounding, totals may not equal 100.0%</i> <i>(*) The NA category consists of geographies that have not been assigned an income classification.</i>						

The following table shows the 2020 FFIEC-estimated median family income level to analyze home mortgage loans under the Borrower Profile criterion.

Median Family Income Ranges				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
Jackson, TN MSA Median Family Income (27180)				
2019 (\$55,800)	<\$27,900	\$27,900 to <\$44,640	\$44,640 to <\$66,960	≥\$66,960
2020 (\$56,600)	<\$28,300	\$28,300 to <\$45,280	\$45,280 to <\$67,920	≥\$67,920
<i>Source: FFIEC</i>				

Major employers in the area include Tyson Food, Union University, Kellogg’s Foods, Humboldt City Schools, Milan Special School District, Con-Agra Foods, MacLean Power Systems, and Dura Automotive.

As shown in the following table, data obtained from the U.S. Bureau of Labor Statistics indicates that the unemployment rate for the counties in the Jackson MSA AA has increased over the past year, due in part to the COVID pandemic.

Unemployment Rates		
Area	December 2019	December 2020
	%	%
Jackson MSA		
~ Chester County	3.6	5.1
~ Gibson County	4.2	5.6
~ Madison County	3.5	5.9
National Average	3.6	6.7
<i>Source: Bureau of Labor Statistics</i>		

Competition

CB operates in a moderately competitive environment in this AA. Competition comes from other local, regional, and national banks, as well as mortgage companies and credit unions. As of June 30, 2021, 19 banks operated 58 offices in the AA. According to the 2021 Summary of Deposits, CB ranked sixth with 7.6 percent of the deposit market share in the Jackson MSA AA.

Community Contact(s)

As part of the evaluation process, examiners contact third parties active in the AA to assist in identifying credit and community development (CD) needs. This information helps determine local financial institutions’ responsiveness to these needs and shows available credit and CD opportunities.

Examiners contacted a member of the community involved in economic development to help assess the area’s current economic conditions, community credit needs, and potential opportunities for bank involvement. The contact indicated that current economic conditions in the Jackson MSA are forecasting to increase employment in the area. The contact noted that financial institutions should

emphasize financial literacy and education to consumers. Finally, the contact indicated that primary credit needs of the area include jobs, housing, childcare, and transportation.

Credit and Community Development Needs and Opportunities

Considering information obtained from the community contact, bank management, as well as demographic and economic data, examiners concluded the primary credit needs of the AA include small business and home mortgage loans. With respect to the area’s CD needs, demographic data supports the need for projects that provide affordable housing, community services targeted to low- and moderate-income individuals, revitalization efforts, and economic development for small businesses.

CONCLUSIONS ON PERFORMANCE CRITERIA IN THE JACKSON MSA AA

LENDING TEST

CB demonstrated a satisfactory Lending Test record in the Jackson MSA AA. A reasonable performance regarding borrower profile outweighs the poor performance regarding geographical distribution to support this conclusion.

Geographic Distribution

The geographic distribution of loans reflects poor dispersion throughout the Jackson MSA AA. CB’s poor small business lending performance outweighs the reasonable home mortgage lending performance to support this conclusion.

Small Business Loans

The geographic distribution of small business loans reflects poor dispersion throughout the Jackson MSA AA. The following table shows that lending in moderate-income CTs is 12.4 percentage points lower than the demographic data, reflecting poor performance. There are no low-income tracts in this AA.

Geographic Distribution of Small Business Loans					
Assessment Area: Jackson MSA					
Tract Income Level	% of Businesses	#	%	\$(000s)	%
Low	0.0	0	0.0	0	0.0
Moderate	22.9	4	10.5	80	5.5
Middle	44.0	30	78.9	793	54.9
Upper	33.0	4	10.5	572	39.6
Not Available	0.1	0	0.0	0	0.0
Totals	100.0	38	100.0	1,445	100.0
<i>Source: 2020 D&B Data; Bank Data Due to rounding, totals may not equal 100.0%</i>					

Home Mortgage Loans

The geographic distribution of home mortgage loans reflects reasonable dispersion throughout the Jackson MSA AA. The following table shows in moderate-income CTs, the lending performance exceeds aggregate performance by 8.0 percentage points, reflecting reasonable performance.

Geographic Distribution of Home Mortgage Loans						
Assessment Area: Jackson MSA						
Tract Income Level	% of Owner-Occupied Housing Units	Aggregate Performance % of #	#	%	\$(000s)	%
Low	0.0	0.0	0	0.0	0	0.0
Moderate	16.2	11.5	17	19.5	1,532	16.9
Middle	52.3	38.4	61	70.1	6,139	67.8
Upper	31.5	50.1	9	10.3	1,388	15.3
Not Available	0.0	0.0	0	0.0	0	0.0
Totals (2020)	100.0	100.0	87	100.0	9,058	100.0

Source: 2015 ACS; Bank Data, 2020 HMDA Aggregate Data Due to rounding, totals may not equal 100.0%

Borrower Profile

The distribution of borrowers reflects reasonable penetration, given the demographics of the AA among individuals of different income levels (including low- and moderate-income) and businesses of different sizes. The reasonable small business and home mortgage lending performance support this conclusion.

Small Business Loans

The distribution of borrowers reflects reasonable penetration among businesses of different sizes in the Jackson MSA AA. The following table shows that the bank granted approximately eight out of every 10 loans to businesses reporting GARs of \$1 million or less, reflecting reasonable performance. In addition, loans showing revenues of Revenue Not Available are PPP loans reflecting the bank's willingness to lend to small business during the COVID – 19 Pandemic further supporting a reasonable performance.

Detailed Distribution of Small Business Loans by Gross Annual Revenues					
Assessment Area: Jackson MSA					
Gross Revenue Level	% of Businesses	#	%	\$(000s)	%
< \$100,000	46.0	11	28.9	173	12.0
\$100,000 - \$249,999	26.6	9	23.7	704	48.7
\$250,000 - \$499,999	6.6	3	7.9	58	4.0
\$500,000 - \$1,000,000	3.6	7	18.4	204	14.1
Subtotal <= \$1,000,000	82.8	30	79.0	1,139	79.0
>\$1,000,000	4.4	3	7.9	220	15.2
Revenue Not Available	12.8	5	13.2	86	6.0
Total	100.0	38	100.0	1,445	100.0

*Source: 2020 D&B Data, Bank Data
Due to rounding, totals may not equal 100.0%*

Home Mortgage Loans

The distribution of borrowers reflects reasonable penetration among individuals of different income levels in the Jackson MSA AA. The reasonable performance to low- and moderate-income borrowers support this conclusion.

The following table shows the distribution of loans to low-income borrowers exceeds aggregate by 2.1 percent, indicative of reasonable performance. The lending to moderate-income borrowers falls slightly below aggregate data by 3.4 percentage points, which is within a reasonable range. Performance for low-income borrowers presents slightly more loan demand and lending opportunity as indicated by the area demographics.

Distribution of Home Mortgage Loans by Borrower Income Level						
Assessment Area: Jackson MSA						
Borrower Income Level	% of Families	Aggregate Performance % of #	#	%	\$(000s)	%
Low	17.6	3.6	5	5.7	227	2.5
Moderate	17.0	14.9	10	11.5	475	5.2
Middle	20.9	21.2	22	25.3	1,722	19.0
Upper	44.4	40.5	45	51.7	6,310	69.7
Not Available	0.0	19.9	5	5.7	324	3.6
Totals (2020)	100.0	100.0	87	100.0	9,058	100.0

*Source: 2015 ACS; Bank Data, 2020 HMDA Aggregate Data, "--" data not available.
Due to rounding, totals may not equal 100.0%*

COMMUNITY DEVELOPMENT TEST

CB demonstrated a poor record regarding the Community Development Test in the Jackson MSA AA. A poor record regarding CD loans and qualified investments outweighs the bank’s adequate performance in qualified services to support this conclusion.

Examiners considered the bank’s capacity as well as the need and availability of opportunities, the institution’s capacity for CD activities, and the AA’s needs when arriving at this conclusion.

Community Development Loans

The bank exhibited a poor record regarding its CD loans. A poor level regarding the dollar volume of CD loans primarily support this conclusion. Examiners evaluated the number and dollar volume relative to the considerations noted for the Community Development Test when arriving at overall conclusions.

The following table shows that since the prior evaluation the bank granted four community development loans totaling approximately \$474 thousand in the Jackson MSA AA. The current dollar amount equates to 2.6 percent of the total community development lending, and a decrease from approximately \$3.0 million noted during the previous performance evaluation. The bank’s current level of lending reflects poor performance to the considerations previously noted for the Community Development Test. The four loans noted below promoted affordable housing and community services opportunities.

The following table illustrates the community development loans by year and purpose in the Jackson MSA AA.

Community Development Lending										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
2019	0	0	1	95	0	0	0	0	1	95
2020	1	189	1	95	0	0	0	0	2	284
YTD 2021	0	0	1	95	0	0	0	0	1	95
Total	1	189	3	285	0	0	0	0	4	474
<small>Source: Bank Data (1-22-2019 – 11-29-2021) *Year-to-date (YTD)</small>										

Community development loans in the Jackson MSA AA include the following:

- **Affordable Housing** – In 2020, the bank made a \$188,888 loan in a moderate-income tract with 22 units to accommodate low-income families.
- **Community Service** – In 2019, 2020, & 2021, the bank made three loans totaling \$285,000 to support the operations of a state funded family day care to provide services to low-income individuals with mental and intellectual disabilities.

Qualified Investments

The following table shows that the bank made two qualified investments totaling \$280 thousand, and 24 donations totaling \$15 thousand. The current dollar amount equates to 6.2 percent of the total qualified investments. Both qualified investments benefited revitalization or stabilization of this assessment area targeted to low- and moderate-income individuals.

The following table illustrates the qualified investments by year and purpose in the Jackson MSA AA.

Qualified Investments										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Prior Period	0	0	0	0	0	0	0	0	0	0
2019	0	0	0	0	0	0	2	280	2	280
2020	0	0	0	0	0	0	0	0	0	0
2021 YTD	0	0	0	0	0	0	0	0	0	0
Subtotal	0	0	0	0	0	0	2	280	2	280
Grants & Donations	0	0	24	15	0	0	0	0	24	15
Total	0	0	24	15	0	0	2	280	26	295

Source: Bank records (1-22-2019 – 11-29-2021)

The following lists qualified investments in the Jackson MSA AA.

- **Community Service** – The bank made a \$100,000 investment to the local school district. The school district supports schools with a majority of low and moderate-income students.
- **Revitalize or Stabilize** – In 2019, CB invested in a \$180,000 bond for a municipality, which consists of some underserved middle-income CTs. The funds will support the municipality’s operations, which provide services to all of its residents.

Community Development Services

During the evaluation period, bank employees provided 141 instances of financial expertise or technical assistance to various community development related organizations and people in the Jackson MSA AA. These community development services primarily benefited community services targeted to low- and moderate-income individuals. The efforts demonstrate the bank’s responsiveness in addressing an identified community development need.

The following table illustrates the community development services by year and purpose in the Jackson MSA AA.

Community Development Services					
Activity Year	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Totals
	#	#	#	#	#
2019	0	29	0	0	29
2020	0	55	0	0	55
2021 YTD	0	52	0	5	57
Total	0	136	0	5	141

Source: Bank records (1-22-2019 – 11-29-2021)

The following lists examples of notable community development services in the Jackson MSA AA.

- **Community Services** – A bank employee provided financial expertise by serving on the Board of Directors of a local organization that provides charitable assistance to low-income families residing in the area.
- **Community Services** – Bank employees led financial literacy classes to Title I schools in the area. The goal of the literacy classes was to aid in improving financial stability of low- and moderate-income individuals living in the area.

The following table shows that the percentage level of branches and ATMs in moderate-income CTs is in line with the population level percentage, reflecting favorable availability of services.

Branch and ATM Distribution by Geography Income Level – Jackson MSA AA								
Tract Income Level	Census Tracts		Population		Branches		ATMs	
	#	%	#	%	#	%	#	%
Low	0	0.0	0	0.0	0	0.0	0	0.0
Moderate	4	18.2	16,524	17.1	1	16.7	2	25.0
Middle	12	54.6	49,221	50.9	3	50.0	3	37.5
Upper	5	22.7	30,878	32.0	2	33.3	3	37.5
NA	1	4.5	0	0.0	0	0.0	0	0.0
Totals	22	100.0	215,948	100.0	6	100.0	8	100.0

*Source: 2015 ACS & Bank Data
Due to rounding, totals may not equal 100.0%*

In addition to its facility locations, the bank provides a number of alternative delivery systems. The other delivery systems are consistent with those noted for the bank as a whole.

CARROLL COUNTY NON-MSA AA-Full Scope Review

DESCRIPTION OF INSTITUTION’S OPERATIONS IN THE CARROLL COUNTY NON-MSA AA

The Carroll County Non-MSA AA includes all 8 census tracts in Carroll County, Tennessee. The AA reflects the following income designations according to the 2015 ACS data: 7 middle-income and one tract with no income designation. The bank operates two full-services branches in this assessment area.

Economic and Demographic Data

The following table contains select demographic data of the Carroll County Non- MSA AA.

Demographic Information of the Assessment Area						
Assessment Area: Carroll County Non-MSA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	8	0.0	0.0	87.5	0.0	12.5
Population by Geography	28,353	0.0	0.0	100.0	0.0	0.0
Housing Units by Geography	13,211	0.0	0.0	100.0	0.0	0.0
Owner-Occupied Units by Geography	8,284	0.0	0.0	100.0	0.0	0.0
Occupied Rental Units by Geography	2,884	0.0	0.0	100.0	0.0	0.0
Vacant Units by Geography	2,043	0.0	0.0	100.0	0.0	0.0
Businesses by Geography	1,184	0.0	0.0	99.2	0.0	0.8
Farms by Geography	61	0.0	0.0	100.0	0.0	0.0
Family Distribution by Income Level	7,402	19.1	19.7	19.5	41.7	0.0
Household Distribution by Income Level	11,168	24.6	18.0	18.0	39.4	0.0
Median Family Income Non-MSAs - TN		\$46,066	Median Housing Value			\$82,917
			Median Gross Rent			\$584
			Families Below Poverty Level			14.8%
<i>Source: 2015 ACS and 2020 D&B Data</i> <i>Due to rounding, totals may not equal 100.0%</i> <i>(*) The NA category consists of geographies that have not been assigned an income classification.</i>						

The following table shows the 2020 FFIEC-estimated median family income level to analyze home mortgage loans under the Borrower Profile criterion.

Median Family Income Ranges				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
TN NA Median Family Income (99999)				
2019 (\$50,100)	<\$25,050	\$25,050 to <\$40,080	\$40,080 to <\$60,120	≥\$60,120
2020 (\$52,200)	<\$26,100	\$26,100 to <\$41,760	\$41,760 to <\$62,640	≥\$62,640
<i>Source: FFIEC</i>				

Major employers in the area include Granges, McKenzie School District, Bethal University, Baptist Healthcare, Huntingdon Special School District, and McKenzie Medical Center.

As shown in the following table, data obtained from the U.S. Bureau of Labor Statistics indicates that the unemployment rate for the counties in the Carroll Co. Non-MSA AA has increased over the past year, due in part to the COVID pandemic.

Unemployment Rates		
Area	December 2019	December 2020
	%	%
Carroll Co. Non-MSA	5.2	6.1
National Average	3.6	6.7
<i>Source: Bureau of Labor Statistics</i>		

Competition

CB operates in a moderately competitive environment in this AA. Competition comes from other local, regional, and national banks, as well as mortgage companies and credit unions. As of June 30, 2021, 19 banks operated 58 offices in the AA. According to the 2021 Summary of Deposits, CB ranked third with 16.7 percent of the deposit market share in the Carroll Co. Non-MSA AA.

Community Contact(s)

As part of the evaluation process, examiners contact third parties active in the AA to assist in identifying credit and CD needs. This information helps determine local financial institutions' responsiveness to these needs and shows available credit and CD opportunities.

Examiners contacted a member of the community involved in economic development to help assess the area's current economic conditions, community credit needs, and potential opportunities for bank involvement. The contact indicated that current economic conditions in the Carroll Co. Non-MSA have temporarily declined due to the COVID-19 Pandemic for small businesses. However, the contact indicated that the area had many more skilled jobs with larger commercial businesses during the Pandemic. The contact noted one significant need in the area as affordable housing for low- and moderate-income individuals, as well as additional resources devoted to aid small businesses in their development. Finally, the contact indicated that primary credit needs of the area include home mortgage and small business loans.

Credit and Community Development Needs and Opportunities

Considering information obtained from the community contact, bank management, as well as demographic and economic data, examiners concluded the primary credit needs of the AA include small business and home mortgage loans. With respect to the area's CD needs, demographic data supports the need for projects that provide affordable housing, community services targeted to low- and moderate-income individuals, revitalization efforts, and economic development for small businesses.

CONCLUSIONS ON PERFORMANCE CRITERIA IN THE CARROLL COUNTY NON-MSA AA

LENDING TEST

CB demonstrated a satisfactory Lending Test record in the Carroll County Non-MSA AA. Reasonable performance regarding borrower profile primarily supports this conclusion.

Geographic Distribution

The assessment areas do not include any low- and moderate-income geographies, and a review of the Geographic Distribution criterion would not result in meaningful conclusions. Therefore, this criterion was not evaluated for this AA.

Borrower Profile

The distribution of borrowers reflects reasonable penetration, given the demographics of the AA, among individuals of different income levels (including low- and moderate-income) and businesses of different sizes. The excellent home mortgage lending performance and the reasonable small business lending performance support this conclusion.

Small Business Loans

The distribution of borrowers reflects reasonable penetration among businesses of different sizes in the Carroll County Non-MSA AA. The following table shows the bank only granted approximately four out of every 10 loans to businesses reporting GARs of \$1 million or less. However, it is noted that 43.8 percent of the bank's small business loans are PPP loans and reflect Revenue Not Available. This evidences the bank's willingness to lend to small business during the COVID – 19 Pandemic supporting an overall reasonable performance for small business lending in Carroll County.

Detailed Distribution of Small Business Loans by Gross Annual Revenues					
Assessment Area: Carroll County Non-MSA					
Gross Revenue Level	% of Businesses	#	%	\$(000s)	%
< \$100,000	41.9	1	6.3	7	1.4
\$100,000 - \$249,999	24.1	3	18.8	47	9.4
\$250,000 - \$499,999	7.1	1	6.3	7	1.4
\$500,000 - \$1,000,000	3.9	2	12.5	110	22.0
Subtotal <= \$1,000,000	76.9	7	44.0	171	34.0
>\$1,000,000	4.7	2	12.5	165	32.9
Revenue Not Available	18.3	7	43.8	165	32.9
Total	100.0	16	100.0	501	100.0

*Source: 2020 D&B Data, Bank Data
Due to rounding, totals may not equal 100.0%*

Home Mortgage Loans

The distribution of borrowers reflects excellent penetration among individuals of different income levels in the Carroll County Non-MSA AA. The excellent performance to low-income borrowers outweigh the reasonable performance to moderate-income borrowers to support this conclusion.

The following table shows the distribution of loans to low-income borrowers exceeds aggregate by more than double, indicative of excellent performance. Additionally, the lending to moderate-income borrowers is above aggregate data by 4.3 percentage points, which is within a reasonable range.

Distribution of Home Mortgage Loans by Borrower Income Level						
Assessment Area: Carroll County Non-MSA						
Borrower Income Level	% of Families	Aggregate Performance % of #	#	%	\$(000s)	%
Low	19.1	5.5	4	12.5	177	6.5
Moderate	19.7	14.5	6	18.8	238	8.7
Middle	19.5	19.9	9	28.1	694	25.3
Upper	41.7	45.6	12	37.5	1,591	58.0
Not Available	0.0	14.5	1	3.1	41	1.5
Totals (2020)	100.0	100.0	32	100.0	2,742	100.0

*Source: 2015 ACS; Bank Data, 2020 HMDA Aggregate Data, "--" data not available.
Due to rounding, totals may not equal 100.0%*

COMMUNITY DEVELOPMENT TEST

CB demonstrated an overall satisfactory record regarding the Community Development Test in the Carroll County Non-MSA AA. An excellent record regarding CD loans and adequate performance in qualified services outweighs the bank’s poor performance in qualified investments to support this conclusion.

Community Development Loans

The following table shows that since the prior evaluation the bank granted nine community development loans totaling approximately \$16.6 million in this AA. The current dollar amount equates to 91 percent of the total community development lending. Community development loans primarily helped to revitalize or stabilize the AA. This represents the bank’s excellent responsiveness to community development needs in the Carroll County Non-MSA AA.

The following table illustrates the community development loans by year and purpose in the Carroll County Non-MSA AA.

Community Development Lending										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
2019	0	0	1	2,000	0	0	1	3,000	2	5,000
2020	0	0	1	1,306	0	0	1	4,767	2	6,073
YTD 2021	0	0	2	3,281	0	0	1	2,270	3	5,551
Total	0	0	4	6,587	0	0	3	10,037	7	16,624
<i>Source: Bank Data (1-22-2019 – 11-29-2021)</i>										
<i>*Year-to-date (YTD)</i>										

The following lists examples of notable community development loans in the Carroll County Non-MSA AA.

- **Community Service** – In 2019, 2020, and 2021, the bank made four loans totaling \$6,586,683 to a medical center’s urgent care facility after the local hospital closed its doors. The loans helps in providing healthcare services in an area that does not have a hospital nearby.
- **Revitalize or Stabilize** – In 2020 and 2021, the bank originated two loans totaling \$7,037,195 to a university. The these loans were PPP loans that went to ensure and sustain income for low- and moderate-income individuals that could not work from home when the school transitioned to online learning due to the pandemic.

Qualified Investments

The following table shows that the bank made use of 17 donations totaling \$12 thousand. The current dollar amount equates to 0.25 percent of the total qualified investments. A majority of the qualified donations had a community service purpose targeted to low- and moderate-income

individuals. This represents poor responsiveness to community development investment needs in the Carroll County Non-MSA AA.

The following table illustrates the qualified investments by year and purpose in the Carroll County Non-MSA AA.

Qualified Investments – Carroll County Non-MSA AA										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Prior Period	0	0	0	0	0	0	0	0	0	0
2019	0	0	0	0	0	0	0	0	0	0
2020	0	0	0	0	0	0	0	0	0	0
2021 YTD	0	0	0	0	0	0	0	0	0	0
Subtotal	0	0	0	0	0	0	0	0	0	0
Grants & Donations	5	1	12	11	0	0	0	0	17	12
Total	5	1	12	11	0	0	0	0	17	12

Source: Bank records (1-22-2019 – 11-29-2021)

The following lists notable examples of the qualified donations in the Carroll Co. Non-MSA AA.

- **Community Service** – During the review period, the bank made three donations totaling \$8,000 to the Second Harvest Food Bank. The funds support a food program that provides food packs on Fridays to low-income children to take with them for the weekend.
- **Community Service** – During the review period, the bank made nine donations totaling \$2,800 the Carl Perkins Center, which provide items needed by low- and moderate-income families.

Community Development Services

During the evaluation period, bank employees provided 69 instances of financial expertise or technical assistance to various community development related organizations and people in the Carroll County Non-MSA AA. These community development services primarily benefited community services targeted to low- and moderate-income individuals. The efforts demonstrate the bank’s adequate responsiveness in addressing an identified community development needs.

The following table illustrates the community development services by year and purpose in the Carroll County Non-MSA AA.

Community Development Services					
Activity Year	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Totals
	#	#	#	#	#
2019	0	37	0	0	37
2020	0	8	0	0	8
2021 YTD	0	24	0	0	24
Total	0	69	0	0	69

Source: Bank records (1-22-2019 – 11-29-2021)

The following lists examples of notable community development services in the Carroll Co. Non-MSA AA.

- **Community Services** – A bank employees provided financial literacy through delivery of a financial education classes targeted towards low- and moderate-income individuals residing in the area.
- **Community Services** –Bank employees serves on the board of an agency that serves the community’s low-income residents needing assistance with food, clothing, hygiene items and school supplies in an effort to improve quality of family life.

The following table shows that the percentage level of branches and ATMs in this portion of the bank’s AA.

Branch and ATM Distribution by Geography Income Level – Carroll County Non-MSA AA								
Tract Income Level	Census Tracts		Population		Branches		ATMs	
	#	%	#	%	#	%	#	%
Low	0	0.0	0	0.0	0	0.0	0	0.0
Moderate	0	0.0	0	0.0	0	0.0	0	0.0
Middle	7	87.5	28,353	100.0	2	100.0	2	100.0
Upper	0	0.0	0	0.0	0	0	0	0
NA	1	12.5	0	0.0	0	0.0	0	0.0
Totals	8	100.0	28,353	100.0	2	100.0	2	100.0

*Source: 2015 ACS & Bank Data
Due to rounding, totals may not equal 100.0%*

In addition to its facility locations, the bank provides a number of alternative delivery systems. The other delivery systems are consistent with those noted for the bank as a whole.

HARDEMAN-McNAIRY-HARDIN. NON-MSA AA – Limited-Scope Review

DESCRIPTION OF INSTITUTION’S OPERATIONS IN THE HARDEMAN-McNAIRY-HARDIN NON- MSA AA

The Hardeman-McNairy-Hardin Non-MSA AA includes all of Hardeman and McNairy Counties, and portions of Hardin County in Tennessee. The AA consists of 5 moderate-, 10 middle-, and 2 upper-income CTs. The bank operates five branches in this AA.

The AA is moderately competitive in the financial service market. According to the FDIC Deposit Market Share data as of June 30, 2021, 10 institutions operating 32 offices within this AA. Of these institutions, CB ranked 2nd with an 11.9 percent deposit market share. The top three financial institutions account for 54.9 percent of the total deposit market share.

The unemployment rate for Hardeman County at 7.7 percent, for Hardin County at 6.2 percent, and for McNairy County at 7.7 percent as of December 2020 is higher than the 5.6 percent rate for the State of Tennessee and the U.S. rate of 6.7 percent for the same period.

The following table presents demographic data for the area.

Demographic Information of the Assessment Area						
Assessment Area: Hardeman McNairy Hardin Non-MSA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	17	0.0	29.4	58.8	11.8	0.0
Population by Geography	69,151	0.0	32.4	57.0	10.6	0.0
Housing Units by Geography	32,230	0.0	28.5	57.8	13.6	0.0
Owner-Occupied Units by Geography	18,691	0.0	27.2	60.8	12.0	0.0
Occupied Rental Units by Geography	6,670	0.0	36.9	52.2	10.9	0.0
Vacant Units by Geography	6,869	0.0	24.2	55.3	20.5	0.0
Businesses by Geography	3,281	0.0	31.5	54.6	13.9	0.0
Farms by Geography	164	0.0	28.0	55.5	16.5	0.0
Family Distribution by Income Level	17,024	23.2	21.0	18.2	37.6	0.0
Household Distribution by Income Level	25,361	27.8	18.4	17.3	36.6	0.0
Median Family Income Non-MSAs - TN		\$46,066	Median Housing Value			\$88,393
			Median Gross Rent			\$579
			Families Below Poverty Level			16.3%
<i>Source: 2015 ACS and 2020 D&B Data Due to rounding, totals may not equal 100.0% (*) The NA category consists of geographies that have not been assigned an income classification.</i>						

CONCLUSIONS ON PERFORMANCE CRITERIA IN THE HARDEMAN-McNAIRY-HARDIN NON-MSA AA

LENDING TEST

The institution's lending performance in the Hardeman-McNairy-Hardin Non-MSA AA is consistent with the institution's lending performance overall.

Geographic Distribution

Small Business Loans

Geographic Distribution of Small Business Loans					
Assessment Area: Hardeman-McNairy-Hardin Non-MSA					
Tract Income Level	% of Businesses	#	%	\$(000s)	%
Low	0.0	0	0.0	0	0.0
Moderate	31.5	5	23.8	171	12.1
Middle	54.6	14	66.7	1,177	83.1
Upper	13.9	2	9.5	69	4.9
Not Available	0.0	0	0.0	0	0.0
Totals	100.0	21	100.0	1,417	100.0
<i>Source: 2020 D&B Data; Bank Data</i>					
<i>Due to rounding, totals may not equal 100.0%</i>					

Home Mortgage Loans

Geographic Distribution of Home Mortgage Loans						
Assessment Area: Hardeman-McNairy-Hardin Non-MSA						
Tract Income Level	% of Owner-Occupied Housing Units	Aggregate Performance % of #	#	%	\$(000s)	%
Low	0.0	0.0	0	0.0	0	0.0
Moderate	27.2	21.7	8	18.2	499	17.1
Middle	60.8	56.5	35	79.5	2,165	74.4
Upper	12.0	21.7	1	2.3	245	8.4
Not Available	0.0	0.0	0	0.0	0	0.0
Totals (2020)	100.0	100.0	44	100.0	2,908	100.0
<i>Source: 2015 ACS; Bank Data, 2020 HMDA Aggregate Data, "--" data not available.</i>						
<i>Due to rounding, totals may not equal 100.0%</i>						

Borrower Profile

Small Business Loans

Detailed Distribution of Small Business Loans by Gross Annual Revenues					
Assessment Area: Hardeman-McNairy-Hardin Non-MSA					
Gross Revenue Level	% of Businesses	#	%	\$(000s)	%
< \$100,000	42.9	5	23.8	370	26.1
\$100,000 - \$249,999	26.2	1	4.8	58	4.1
\$250,000 - \$499,999	6.9	2	9.5	70	4.9
\$500,000 - \$1,000,000	3.8	2	9.5	96	6.8
Subtotal <= \$1,000,000	79.8	10	48.0	594	42.0
>\$1,000,000	4.6	0	0.0	0	0.0
Revenue Not Available	15.6	11	52.4	823	58.1
Total	100.0	21	100.0	1,417	100.0

*Source: 2020 D&B Data, Bank Data
Due to rounding, totals may not equal 100.0%*

Home Mortgage Loans

Distribution of Home Mortgage Loans by Borrower Income Level						
Assessment Area: Hardeman-McNairy-Hardin Non-MSA						
Borrower Income Level	% of Families	Aggregate Performance % of #	#	%	\$(000s)	%
Low	23.2	5.1	3	6.8	99	3.4
Moderate	21.0	14.0	10	22.7	468	16.1
Middle	18.2	19.0	4	9.1	309	10.6
Upper	37.6	40.7	25	56.8	1,925	66.2
Not Available	0.0	21.1	2	4.5	107	3.7
Totals (2020)	100.0	100.0	44	100.0	2,908	100.0

*Source: 2015 ACS; Bank Data, 2020 HMDA Aggregate Data, "--" data not available.
Due to rounding, totals may not equal 100.0%*

COMMUNITY DEVELOPMENT TEST

The institution's community development performance in the assessment area is consistent with the institution's adequate community development performance overall. However, it is noted that there is a higher level of qualified investments in this assessment area.

Community Development Lending										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
2019	0	0	0	0	0	0	0	0	0	0
2020	0	0	0	0	0	0	0	0	0	0
YTD 2021	0	0	0	0	1	1,240	0	0	1	1,240
Total	0	0	0	0	1	1,240	0	0	1	1,240
<i>Source: Bank Data (1-22-2019 – 11-29-2021)</i>										
<i>*Year-to-date (YTD)</i>										

Qualified Investments – Hardeman Co. Non-MSA AA										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Prior Period	0	0	0	0	0	0	3	765	3	765
2019	0	0	0	0	0	0	4	410	4	410
2020	0	0	0	0	0	0	0	0	0	0
2021 YTD	0	0	0	0	0	0	0	0	0	0
Subtotal	0	0	0	0	0	0	0	0	0	0
Grants & Donations	0	0	9	4	0	0	0	0	9	4
Total	0	0	9	4	0	0	7	1,175	16	1,179
<i>Source: Bank records (1-22-2019 – 11-29-2021)</i>										

Community Development Services					
Activity Year	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Totals
	#	#	#	#	#
2019	0	18	0	0	18
2020	0	27	0	0	27
2021 YTD	0	7	0	0	7
Total	0	52	0	0	52
<i>Source: Bank records (1-22-2019 – 11-29-2021)</i>					

Following is an example of notable qualified investments by the bank in this assessment area:

- **Revitalize or Stabilize** – During the review period, the bank made an investment to a local school district that totaled \$345 thousand. This investment was in the form of a bond that provided funds to aid in construction repairs for schools in the district. Schools benefitting from these repairs include schools that are Title 1 schools.

APPENDICES

INTERMEDIATE SMALL BANK PERFORMANCE CRITERIA

Lending Test

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

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

Community Development Test

The Community Development Test considers the following criteria:

- 1) The number and amount of community development loans;
- 2) The number and amount of qualified investments;
- 3) The extent to which the bank provides community development services; and
- 4) The bank's responsiveness through such activities to community development lending, investment, and service needs.

GLOSSARY

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

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

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

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

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

Community Development: For loans, investments, and services to qualify as community development activities, their primary purpose must:

- (1) Support affordable housing for low- and moderate-income individuals;
- (2) Target community services toward low- and moderate-income individuals;
- (3) Promote economic development by financing small businesses or farms; or
- (4) Provide activities that revitalize or stabilize low- and moderate-income geographies, designated disaster areas, or distressed or underserved nonmetropolitan middle-income geographies.

Community Development Corporation (CDC): A CDC allows banks and holding companies to make equity type of investments in community development projects. Institution CDCs can develop innovative debt instruments or provide near-equity investments tailored to the development needs of the community. Institution CDCs are also tailored to their financial and marketing needs. A CDC may purchase, own, rehabilitate, construct, manage, and sell real property. Also, it may make equity or debt investments in development projects and in local businesses. The CDC activities are expected to directly benefit low- and moderate-income groups, and the investment dollars should not represent an undue risk on the banking organization.

Community Development Financial Institutions (CDFIs): CDFIs are private intermediaries (either for profit or nonprofit) with community development as their primary mission. A CDFI facilitates the flow of lending and investment capital into distressed communities and to individuals who have been unable to take advantage of the services offered by traditional financial institutions. Some basic types of CDFIs include community development banks, community development loan

funds, community development credit unions, micro enterprise funds, and community development venture capital funds.

A certified CDFI must meet eligibility requirements. These requirements include the following:

- Having a primary mission of promoting community development;
- Serving an investment area or target population;
- Providing development services;
- Maintaining accountability to residents of its investment area or targeted population through representation on its governing board of directors, or by other means;
- Not constituting an agency or instrumentality of the United States, of any state or political subdivision of a state.

Community Development Loan: A loan that:

- (1) Has as its primary purpose community development; and
- (2) Except in the case of a wholesale or limited purpose institution:
 - (i) Has not been reported or collected by the institution or an affiliate for consideration in the institution's assessment area as a home mortgage, small business, small farm, or consumer loan, unless it is a multifamily dwelling loan (as described in Appendix A to Part 203 of this title); and
 - (ii) Benefits the institution's assessment area(s) or a broader statewide or regional area including the institution's assessment area(s).

Community Development Service: A service that:

- (1) Has as its primary purpose community development;
- (2) Is related to the provision of financial services; and
- (3) Has not been considered in the evaluation of the institution's retail banking services under § 345.24(d).

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

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

Distressed Middle-Income Nonmetropolitan Geographies: A nonmetropolitan middle-income geography will be designated as distressed if it is in a county that meets one or more of the following triggers:

- (1) An unemployment rate of at least 1.5 times the national average;
- (2) A poverty rate of 20 percent or more; or
- (3) A population loss of 10 percent or more between the previous and most recent decennial census or a net migration loss of 5 percent or more over the 5-year period preceding the most recent census.

Family: Includes a householder and one or more other persons living in the same household who are related to the householder by birth, marriage, or adoption. The number of family households always equals the number of families; however, a family household may also include non-relatives living with the family. Families are classified by type as either a married-couple family or other family. Other family is further classified into “male householder” (a family with a male householder and no wife present) or “female householder” (a family with a female householder and no husband present).

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

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

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

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

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

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

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

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

Low Income Housing Tax Credit: The Low-Income Housing Tax Credit Program is a housing program contained within the Internal Revenue Code of 1986, as amended. It is administered by

the U.S. Department of the Treasury and the Internal Revenue Service. The U.S. Treasury Department distributes low-income housing tax credits to housing credit agencies through the Internal Revenue Service. The housing agencies allocate tax credits on a competitive basis.

Developers who acquire, rehabilitate, or construct low-income rental housing may keep their tax credits. Or, they may sell them to corporations or investor groups, who, as owners of these properties, will be able to reduce their own federal tax payments. The credit can be claimed annually for ten consecutive years. For a project to be eligible, the developer must set aside a specific percentage of units for occupancy by low-income residents. The set-aside requirement remains throughout the compliance period, usually 30 years.

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

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

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

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

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

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

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

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

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

Qualified Investment: A lawful investment, deposit, membership share, or grant that has as its primary purpose community development.

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

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

Small Business Investment Company (SBIC): SBICs are privately-owned investment companies which are licensed and regulated by the Small Business Administration (SBA). SBICs provide long-term loans and/or venture capital to small firms. Because money for venture or risk investments is difficult for small firms to obtain, SBA provides assistance to SBICs to stimulate and supplement the flow of private equity and long-term loan funds to small companies. Venture capitalists participate in the SBIC program to supplement their own private capital with funds borrowed at favorable rates through SBA's guarantee of SBIC debentures. These SBIC debentures are then sold to private investors. An SBIC's success is linked to the growth and profitability of the companies that it finances. Therefore, some SBICs primarily assist businesses with significant growth potential, such as new firms in innovative industries. SBICs finance small firms by providing straight loans and/or equity-type investments. This kind of financing gives them partial ownership of those businesses and the possibility of sharing in the companies' profits as they grow and prosper.

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

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

Underserved Middle-Income Nonmetropolitan Geographies: A nonmetropolitan middle-income geography will be designated as underserved if it meets criteria for population size, density, and dispersion indicating the area's population is sufficiently small, thin, and distant from a population center that the tract is likely to have difficulty financing the fixed costs of meeting essential community needs.

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

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

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