

# **PUBLIC DISCLOSURE**

November 15, 2021

## **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

First Community Bank of Tennessee  
Certificate Number: 27211

207 Elm Street  
Shelbyville, Tennessee 37160

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 areas, 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 more than reasonable given the institution's size, financial condition, and assessment area (AA) credit needs.
- A majority of loans are in the AAs.
- The geographic distribution of loans reflects reasonable dispersion throughout the AAs.
- The distribution of borrowers reflects reasonable penetration among businesses of different sizes and individuals of different income levels.
- The bank 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 community development (CD) performance demonstrates adequate responsiveness to CD needs in the AAs through CD loans, qualified investments (QIs), and CD services, as appropriate, considering the institution's capacity and the need and availability of such opportunities for CD in the AAs.

## DESCRIPTION OF INSTITUTION

First Community Bank of Tennessee (FCB) maintains its headquarters in Shelbyville, Tennessee. First Community Bancorp, Inc., a one-bank holding company also located in Shelbyville, Tennessee, wholly owns the bank. FCB also operates wholly-owned mortgage subsidiary First Community Mortgage, Inc. (FCM), headquartered in Shelbyville, Tennessee. The institution received a Satisfactory rating at its previous FDIC Performance Evaluation dated October, 23, 2018, based on Intermediate Small Institution Examination Procedures.

FCB maintains three full-service offices in Tennessee in Bedford, Rutherford, and Moore Counties, two limited- service branches in Bedford County, and one loan production office in Rutherford County. All offices have automated teller machines (ATMs). Since the prior evaluation, the bank did not engage in any merger or acquisition activity, and no offices opened or closed.

As of September 30, 2021, the bank reported \$771.7 million in total assets, consisting of \$555.1 million in total loans. The lending emphasis comprises a variety of products including home mortgage, commercial, and consumer loans. The bank also offers agricultural and construction loans. In addition to home mortgage loans maintained on the books, FCM also originates and sells home mortgage loans on the secondary market. The institution reported \$529.6 million in total deposits as of September 30, 2021. Deposit products offered include checking, savings, money market, and certificate of deposit accounts. In addition, the bank offers individual retirement accounts. Alternative banking services include internet and online banking, online bill pay, mobile banking, and e-statements. The following table illustrates the loan portfolio distribution.

<b>Loan Portfolio Distribution as of 9/30/2021</b>		
<b>Loan Category</b>	<b>\$(000s)</b>	<b>%</b>
Construction, Land Development, and Other Land Loans	94,779	17.1
Secured by Farmland	7,452	1.3
Secured by 1-4 Family Residential Properties	341,790	61.6
Secured by Multifamily (5 or more) Residential Properties	1,770	0.3
Secured by Nonfarm Nonresidential Properties	79,675	14.4
<b>Total Real Estate Loans</b>	<b>525,466</b>	<b>94.7</b>
Commercial and Industrial Loans	24,281	4.4
Agricultural Production and Other Loans to Farmers	1,011	0.2
Consumer Loans	3,597	0.6
Obligations of State and Political Subdivisions in the U.S.	0	0.0
Other Loans	696	0.1
Less: Unearned Income	0	0.0
<b>Total Loans</b>	<b>555,051</b>	<b>100.0</b>
<i>Source: Reports of Condition and Income</i>		
<i>Due to rounding, totals may not equal 100.0 percent</i>		

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

## **DESCRIPTION OF ASSESSMENT AREAS**

FCB designated two AAs: two counties in the non-metropolitan portions of Tennessee make up the Tennessee Non-MSA AA and one county in the Nashville-Davidson-Murfreesboro-Franklin, Tennessee (Nashville) Metropolitan Statistical Area (MSA) makes up the Nashville MSA AA. The bank did not add any new or eliminate any AAs since the prior evaluation. All areas conform to CRA regulatory requirements. The individual AA sections of this performance evaluation provide information on each area.

## SCOPE OF EVALUATION

### General Information

This evaluation covers the period from the prior evaluation dated October 23, 2018, to the current evaluation dated November 15, 2021. To assess performance, examiners applied the Federal Financial Institutions Examination Council (FFIEC) Intermediate Small Institution CRA Examination Procedures, which includes the Lending and Community Development Tests. The Appendix lists the applicable tests' criteria.

Examiners applied full-scope procedures to the Tennessee Non-MSA AA and limited-scope procedures to the Nashville MSA AA. The following table shows that the Tennessee Non-MSA AA generated a majority of the loans, deposits, and offices in this area. Consequently, examiners weighed records in the Tennessee Non-MSA AA notably heavier when arriving at applicable conclusions.

<b>Assessment Area Breakdown of Loans, Deposits, and Branches</b>						
<b>Assessment Area</b>	<b>Loans</b>		<b>Deposits</b>		<b>Branches</b>	
	<b>\$(000s)</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>	<b>#</b>	<b>%</b>
Tennessee Non-MSA	18,120	88.1	514,449	97.1	2	66.7
Nashville MSA	2,457	11.9	15,600	2.9	1	33.3
<b>Total</b>	<b>20,577</b>	<b>100.0</b>	<b>530,049</b>	<b>100.0</b>	<b>3</b>	<b>100.0</b>
<i>Source: Bank data (2020) and FDIC Summary of Deposits (06/30/2021)</i>						

FCB also requested that examiners consider FCM's home mortgage loans in the AAs. As such, examiners reviewed FCM's home mortgage loans originated in the AAs for the geographic distribution and borrower profile performance factors.

### Activities Reviewed

For the Lending Test, Intermediate Small Institution Procedures require examiners to determine the major product lines from which to sample. As an initial matter, examiners may select among the same loan categories used for CRA Large Bank evaluations: home mortgage, small business, small farm, and consumer loans. The following table shows loan activity for 2020, which reflects a generally consistent pattern with the lending emphasis since the previous evaluation.

<b>Loans Originated or Purchased</b>				
<b>Loan Category</b>	<b>\$(000s)</b>	<b>%</b>	<b>#</b>	<b>%</b>
Construction and Land Development	68,331	53.2	164	19.0
Secured by Farmland	500	0.4	3	0.3
Secured by 1-4 Family Residential Properties	15,958	12.4	84	9.8
Multi-Family (5 or more) Residential Properties	0	0.0	0	0
Commercial Real Estate Loans	11,638	9.1	11	1.3
Commercial and Industrial Loans	22,715	17.7	248	28.8
Agricultural Loans	601	0.5	10	1.2
Consumer Loans	8,683	6.7	339	39.3
Other Loans	58	0.0	3	0.3
<b>Total Loans</b>	<b>128,484</b>	<b>100.0</b>	<b>862</b>	<b>100.0</b>
<i>Source: Bank data (01/01/2020 through 12/31/2020)</i>				

Considering the dollar volume and number of loans originated and products commonly reviewed for CRA, examiners determined the major product lines in 2020 consist of construction loans, commercial loans, and residential loans. Although construction loans comprise a majority of the 2020 lending by dollar volume, they only make up a small percentage by number. As a result, examiners did not review construction loans for this evaluation. Examiners also did not review consumer loans or agricultural loans, as they are not major product lines and represent a nominal percentage of the loan portfolio. FCB's performance is generally consistent with lending activity during the entire evaluation period.

Consequently, this evaluation considers the following groups of small business loans based on data from the previous full calendar year prior to the start of this evaluation for the noted Lending Test performance factors:

- Assessment Area Concentration – universe of 253 such loans totaling \$16.0 million originated or purchased in 2020;
- Geographic Distribution and Borrower Profile – all 218 such loans totaling \$12.3 million originated in the AAs from the universe of loans used for the Assessment Area Concentration.

Examiners considered the reviewed loans representative of the entire evaluation period. D&B data for 2020 provides a standard of comparison for the small business loans reviewed.

In addition, this evaluation considers the following groups of FCB's home mortgage loans based on data from the previous full calendar year prior to the start of this evaluation for the noted Lending Test performance factors:

- Assessment Area Concentration – universe of 83 such loans totaling \$15.6 million originated or purchased in 2020;
- Geographic Distribution – all 61 such loans in the AAs totaling \$8.3 million originated in the AAs from the universe of loans used for the Assessment Area Concentration;
- Borrower Profile – random sample of 41 such loans inside the AAs totaling \$6.0 million

from the universe of loans used for the Geographic Distribution.

The random sample uses a statistical 90.0 percent confidence level and 10.0 percent precision level. Examiners considered the reviewed loans representative of the entire evaluation period. American Community Survey (ACS) Census data for 2015 provides a standard of comparison for the home mortgage loans reviewed.

This evaluation also includes the review of residential mortgage loans originated by the subsidiary, FCM, as reported on their Home Mortgage Disclosure Act (HMDA) Loan Application Register (LAR). Examiners considered only those subsidiary loans originated in the AAs, and these loans received consideration only under the Geographic Distribution and Borrower Profile performance criteria. This evaluation considers the data collected and reported on FCM's HMDA LARs for all full calendar years since the prior evaluation, including the year of the prior evaluation.

- 2018 – 865 loans originated or purchased totaling \$188.1 million;
- 2019 – 1,172 loans originated or purchased totaling \$274.4 million;
- 2020 – 1,816 loans originated or purchased totaling \$444.0 million.

Examiners did not identify any trends between the different years' data that materially affect conclusions. Therefore, this evaluation presents FCM's home mortgage loan data for 2020, the most recent year for which aggregate data exists as of this evaluation date. ACS Census data for 2015 and HMDA aggregate data for 2020 provide standards of comparison for the presented home mortgage loans.

To determine loan product weighting, examiners applied the most weight to small business loans due to the product comprising a majority, by number and dollar volume, among the universes of products reviewed.

For the Lending Test, examiners reviewed the number and dollar volume of loans. However, examiners focused on performance by number of loans because the number of loans provides a better indicator of the number of businesses and individuals served.

For the Community Development Test, bank management provided data on CD loans, QIs, and CD services since the prior CRA evaluation dated October 23, 2018. The scope of this evaluation further encompasses all prior period QIs, those purchased prior to the previous evaluation that remain outstanding as of this evaluation's date. Examiners used book value of the prior period QIs as of the current evaluation's date.

## **CONCLUSIONS ON PERFORMANCE CRITERIA**

### **LENDING TEST**

FCB demonstrated satisfactory performance under the Lending Test. Reasonable records regarding borrower profile, geographic distribution, as well as a majority of loans inside the AAs, primarily

support this conclusion; examiners also noted a more than reasonable record regarding the LTD ratio. The appendices list the Lending Test’s criteria.

**Loan-to-Deposit Ratio**

The LTD ratio is more than reasonable (considering seasonal variations and taking into account lending related activities) given the institution’s size, financial condition, and AA credit needs. For the previous 12 quarters, the bank recorded a 108.9 percent average, net LTD ratio. The quarterly LTD ratio remained steady and ranged from a low of 99.1 percent as of March 31, 2019, to a high of 121.4 percent on September 30, 2020.

The following table lists two similarly-situated institutions based on their asset size, geographic location, product offerings, and lending focus. The similarly-situated institutions reported lower ratios.

<b>Loan-to-Deposit Ratio Comparison</b>		
<b>Bank Name and Location</b>	<b>Total Assets \$(000s)</b>	<b>Average Net LTD Ratio (%)</b>
First Community Bank of Tennessee, Shelbyville, Tennessee	771,746	108.9
<b>Comparable Banks</b>		
First Commerce Bank, Lewisburg, Tennessee	505,794	78.5
The First National Bank of Middle Tennessee, McMinnville, Tennessee	642,977	84.6
<i>Source: Reports of Condition and Income (12/31/2018 through 9/30/2021)</i>		

**Assessment Area Concentration**

A majority of loans and other lending related activities are in the institution’s AAs. A majority of small business loans and home mortgage loans originated inside the AAs support this conclusion. Examiners considered the bank’s asset size and office structure, as well as the loan categories reviewed relative to the AAs’ combined size and economy, when arriving at this conclusion.

<b>Lending Inside and Outside of the Assessment Areas</b>										
<b>Loan Category</b>	<b>Number of Loans</b>				<b>Total #</b>	<b>Dollar Amount of Loans \$(000s)</b>				<b>Total \$(000s)</b>
	<b>Inside</b>		<b>Outside</b>			<b>Inside</b>		<b>Outside</b>		
	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>		<b>\$</b>	<b>%</b>	<b>\$</b>	<b>%</b>	
Small Business	218	86.2	35	13.8	253	12,323	77.1	3,669	22.9	15,992
Home Mortgage	61	73.5	22	26.5	83	8,254	52.9	7,336	47.1	15,590
<i>Source: Bank data Due to rounding, totals may not equal 100.0 percent</i>										

**Geographic Distribution**

The geographic distribution of loans reflects reasonable dispersion throughout the AAs. Reasonable records in the Tennessee Non-MSA AA outweighed poor performance in the Nashville MSA AA to support this conclusion. The consideration of FCM’s home mortgage loans also revealed reasonable performance in both assessment areas.



Examiners focused on the percentages by the number of loans in low- and moderate-income geographies, if possible, when arriving at conclusions.

### **Borrower Profile**

The distribution of borrowers reflects, given the demographics of the AAs, reasonable penetration among businesses of different sizes and individuals of different income levels (including low- and moderate-income). Reasonable records in the Tennessee Non-MSA AA and the Nashville MSA AA support this conclusion. The consideration of FCM's home mortgage loans also revealed reasonable performance in both assessment areas.

#### ***Small Business Administration (SBA) Paycheck Protection Program (PPP) Loans***

The bank's willingness to meet the credit needs of businesses of varying sizes, including small businesses, by originating PPP loans through the SBA during the COVID-19 Pandemic further supports reasonable performance under the borrower profile criterion.

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. The FDIC encourages financial institutions to consider using such programs in a prudent manner as they actively work with business borrowers, including small businesses, with less financial flexibility to withstand near-term operational and economic challenges due to the COVID-19 Pandemic.

The bank generated 205 PPP loans totaling \$11.1 million. This equates to approximately 1.7 percent of the average total assets since the prior evaluation. These loans reflect the responsiveness to the COVID-19 Pandemic to address community needs, which played a role in job retention and funding payrolls for area businesses, including small businesses.

### **Response to Complaints**

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

### **COMMUNITY DEVELOPMENT TEST**

The institution's CD performance demonstrates adequate responsiveness to CD needs in its AAs through CD loans, QIs, and CD services, as appropriate, considering the institution's capacity and the need and availability of such opportunities for CD in the institution's AAs.

The totals for each activity, as applicable, include activities benefitting a broader statewide or regional area. The appendices define CD and list the criteria used to evaluate the Community Development Test.

**Community Development Loans**

The following table shows that, since the prior evaluation, the bank granted 26 CD loans totaling \$7.8 million. The total dollar volume equates to 1.2 percent of average total assets (\$659.2 million) since the prior performance evaluation and 1.6 percent of average net loans (\$477.1 million). These levels increased over the 0.5 percent of average total assets and 0.7 percent of average net loans recorded at the prior evaluation. Of the 26 CD loans, nine totaling \$2.3 million created affordable housing opportunities, while seven totaling \$4.0 million provided community services to low- and moderate-income individuals. These loans demonstrate the responsiveness to these CD needs identified by a community contact. The CD loans all benefitted the Tennessee Non-MSA AA.

<b>Community Development Loans</b>										
<b>Activity Year</b>	<b>Affordable Housing</b>		<b>Community Services</b>		<b>Economic Development</b>		<b>Revitalize or Stabilize</b>		<b>Totals</b>	
	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>
2018*	0	0	0	0	0	0	2	204	2	204
2019	4	1,288	3	2,037	2	197	1	120	10	3,642
2020	1	191	2	1,614	2	650	1	120	6	2,575
YTD** 2021	4	795	2	351	1	50	1	165	8	1,361
<b>Total</b>	<b>9</b>	<b>2,274</b>	<b>7</b>	<b>4,002</b>	<b>5</b>	<b>897</b>	<b>5</b>	<b>609</b>	<b>26</b>	<b>7,782</b>

Source: Bank data  
 \*Activity since 10/23/2018  
 \*\*Year-to-Date (YTD)

**Qualified Investments**

The following table shows that the bank made use of 14 QIs totaling \$2.0 million, which includes five donations totaling \$70,000. The total dollar volume equates to 0.3 percent of average total assets (\$659.2 million) and 2.8 percent of average total securities (\$71.9 million) since the prior evaluation. These levels decreased from the 0.6 percent of average total assets and the 4.2 percent of average total securities recorded at the prior evaluation. One of the QIs totaling \$1.9 million addressed affordable housing opportunities and the remaining QIs provided community services to low- and moderate-income individuals. These QIs demonstrate the responsiveness to these CD needs identified by a community contact.

Qualified Investments										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Prior Period	1	1,879	0	0	0	0	0	0	1	1,879
2018*	0	0	2	12	0	0	0	0	2	12
2019	0	0	2	12	0	0	0	0	2	12
2020	0	0	2	12	0	0	0	0	2	12
YTD 2021	0	0	2	12	0	0	0	0	2	12
<b>Subtotal</b>	<b>1</b>	<b>1,879</b>	<b>8</b>	<b>48</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>9</b>	<b>1,927</b>
Donations	0	0	5	70	0	0	0	0	5	70
<b>Total</b>	<b>1</b>	<b>1,879</b>	<b>13</b>	<b>118</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>14</b>	<b>1,997</b>

Source: Bank data  
\*Activity since 10/23/2018

The benefitted the following areas:

- Tennessee Non-MSA AA – 13 QIs totaling \$117,600
- Broader Statewide or Regional Area – one QI totaling nearly \$1.9 million

The following point describes the QI in the broader statewide or regional area:

- **Affordable Housing** – Prior to the previous evaluation, the bank purchased a \$2.0 million investment in the CRA Investment Fund, which invests in the National Mortgage Association (Fannie Mae) home mortgage loan pools consisting of loans to low- and moderate-income borrowers in a broader area that includes the AAs. The current value of the investment is nearly \$1.9 million.

### **Community Development Services**

The following table shows that the bank provided 84 CD services since the prior evaluation. The services all involve bank personnel’s use of their financial or managerial expertise to benefit organizations or projects with a primary purpose consistent with CD, as defined by the CRA regulation. The level of CD services has decreased from the previous evaluation, when examiners noted that the bank had 224 CD services during the evaluation period. The vast majority of CD services involve the provision of community services to low- and moderate-income individuals, demonstrating the responsiveness to this CD need identified by a community contact.

Community Development Services					
Activity Year	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Totals
	#	#	#	#	#
2018*	0	18	3	0	21
2019	1	22	3	0	26
2020	0	16	3	0	19
YTD 2021	0	16	2	0	18
<b>Total</b>	<b>1</b>	<b>72</b>	<b>11</b>	<b>0</b>	<b>84</b>
<i>Source: Bank data</i>					
<i>*Activity since 10/23/2018</i>					

The CD services benefitted the following areas:

- Tennessee Non-MSA AA – 80 CD services
- Nashville MSA AA – 4 CD services

The following table shows that the bank operated no branches or ATMs within low-income census tracts. However, these two low-income census tracts account for only a very small percentage of the population. For moderate-income areas, while the bank operated no full-service branches in these areas, one limited-service branch and two ATMs remain available. The percentage of ATMs located in moderate-income areas remains comparable to the percentage of the population. The hours of operations and provision of products and services remained relatively consistent among all offices.

Branch and ATM Distribution by Geography Income Level												
Tract Income Level	Census Tracts		Population		Branches		ATMs		Open Branches		Closed Branches	
	#	%	#	%	#	%	#	%	#	%	#	%
Low	2	3.3	8,759	2.6	0	0.0	0	0.0	0	0.0	0	0.0
Moderate	14	23.3	77,799	23.2	0	0.0	2	20.0	0	0.0	0	0.0
Middle	31	51.7	180,541	53.9	3	100.0	5	50.0	0	0.0	0	0.0
Upper	12	20.0	64,970	19.4	0	0.0	3	30.0	0	0.0	0	0.0
NA	1	1.7	2,826	0.9	0	0.0	0	0.0	0	0.0	0	0.0
<b>Total</b>	<b>60</b>	<b>100.0</b>	<b>334,895</b>	<b>100.0</b>	<b>3</b>	<b>100.0</b>	<b>10</b>	<b>100.0</b>	<b>0</b>	<b>0.0</b>	<b>0</b>	<b>0.0</b>
<i>Source: 2015 ACS data and Bank data</i>												
<i>Due to rounding, totals may not equal 100.0 percent</i>												

Besides its office locations, the bank provides alternative delivery systems that help avail services to low- and moderate-income individuals or geographies. The previous table shows a distribution of ATMs consistent with the branch distribution previously discussed. Besides its ATMs, the bank provides other alternative banking services such as internet and mobile banking that provide electronic bill pay, transfers, loan payments, account balances, and check and statement images. In addition, a representative of the bank travels to an assisted living facility two days a week to provide residents the opportunity to make in-person deposits.

## DISCRIMINATORY OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

Examiners reviewed the bank’s compliance with the laws relating to discrimination and other illegal credit practices, including the Fair Housing Act and the Equal Credit Opportunity Act. Examiners did not identify discriminatory or other illegal credit practices.

### TENNESSEE NON-MSA AA – FULL-SCOPE REVIEW

#### DESCRIPTION OF INSTITUTION’S OPERATIONS IN THE TENNESSEE NON-MSA AA

The Tennessee Non-MSA AA consists of all 11 census tracts in Bedford and Moore Counties.

The following table shows that the bank operates two full-service offices and nine ATMS in this area. Each of the offices maintains hours consistent with the area and industry. The delivery systems and range of products and services remained consistent with those reflected in the Description of Institution section of this Performance Evaluation.

<b>Office Locations Tennessee Non-MSA AA</b>				
County/City/Office	Office Type	Census Tract Number	Census Tract Income Level	Office Opened or Closed Since Last Evaluation
<i>Bedford County</i> Shelbyville - 207 Elm Street	Main	9504.02	Middle	No
<i>Moore County:</i> Lynchburg - 535 Majors Blvd.	Full-Service Branch	9302.00	Middle	No
<i>Source: Bank data</i>				

#### **Economic and Demographic Data**

The following table shows that the Tennessee Non-MSA AA includes 11 census tracts that reflect the following income designations according to 2015 ACS data: one moderate, seven middle-, and three upper-income census tracts. Please refer to the following table for additional demographic data.

Demographic Information of the Assessment Area Tennessee Non-MSA AA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	11	0.0	9.1	63.6	27.3	0.0
Population by Geography	52,337	0.0	15.3	65.3	19.4	0.0
Housing Units by Geography	21,471	0.0	14.3	64.8	20.9	0.0
Owner-Occupied Units by Geography	13,489	0.0	9.5	66.1	24.3	0.0
Occupied Rental Units by Geography	5,686	0.0	25.0	64.6	10.3	0.0
Vacant Units by Geography	2,296	0.0	15.6	57.1	27.3	0.0
Businesses by Geography	2,745	0.0	15.2	66.8	18.0	0.0
Farms by Geography	193	0.0	4.1	63.2	32.6	0.0
Family Distribution by Income Level	13,942	18.2	17.7	20.5	43.6	0.0
Household Distribution by Income Level	19,175	18.2	16.3	16.9	48.6	0.0
Median Family Income Non-MSAs - TN		\$46,066	Median Housing Value			\$120,072
Families Below Poverty Level		12.1%	Median Gross Rent			\$683
<i>Source: 2015 ACS data and 2020 D&amp;B data</i> <i>Due to rounding, totals may not equal 100.0 percent</i> <i>(*) The NA category consists of geographies that have not been assigned an income classification</i>						

The economy of the Tennessee Non-MSA AA relies on manufacturing but remains relatively diversified. Major employers in the AA include Tyson Foods, Inc., Calsonic Kansei North America, Jostens, National Pen Corp., Jack Daniels Distillery, Motlow State Community College, and Lynchburg Nursing Center. The Tennessee Non-MSA AA posted 5.8 and 4.2 percent unemployment rates for Bedford and Moore Counties, respectively, similar to the 5.6 percent State of Tennessee rate and lower than the 6.7 percent U.S. rate for the same period. The figures are derived from the U.S. Bureau of Labor Statistics as of December 2020.

Examiners used the applicable FFIEC-estimated median family income (MFI) to analyze home mortgage loans under the Borrower Profile performance factor. The following table shows the calculated income ranges, based on the 2020 FFIEC-estimated MFI of \$52,200 applicable to the Tennessee Non-MSA AA.

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

### **Competition**

FCB operates in a moderately competitive financial market in the Tennessee Non-MSA AA. Competition is derived from other local, regional, and national banks. As of June 30, 2020, nine

banks operated 13 offices in the counties that comprise the Tennessee Non-MSA AA. FCB ranked first with 46.1 percent of the deposit market share for this same time period. In addition, finance companies, credit unions, and mortgage companies also operate in this area.

Another means of determining the competition level involves reviewing home mortgage data reported according to the HMDA. In 2020, 238 lenders reported 3,861 home mortgage loans in the AA totaling over \$767.0 million. Although the bank did not report HMDA loans in 2020, FCM was ranked first out of this group of lenders, with 9.7 percent by dollar amount and 9.3 percent by number. FCM's average loan size of \$207,000 compared similarly to \$199,000 for the other area reporters. Considering all factors, the area's competition level allows for home mortgage lending opportunities.

The regulation does not require the bank to collect or report its small business data, and FCB has not elected to do so. Therefore, the analysis of small business loans under the Lending Test does not include comparisons to aggregate data. The aggregate data, however, reflects the level of demand for small business loans. Aggregate data for 2019 shows 47 institutions reported 800 small business loans in the AA, indicating a moderate degree of competition for this product.

### ***Community Contact***

Examiners previously conducted one community contact with a representative from a non-profit organization that focuses on enhancing the quality of life in a 13-county area of south central Tennessee, including the rural counties in the AA. The organization focuses on the development and retention of jobs, upgrading labor force skills, attracting and retaining industries, services for the elderly population in the region, and the overall quality of life in the area. The contact noted their area has been hit hard due to the Pandemic and opportunities remain limited for banks to assist; however, community banks have been actively involved and could continue by participating in short-term credit needs of small businesses, as well as housing and consumer credit needs.

### ***Credit and Community Development Needs and Opportunities***

Considering information obtained from the community contact, bank management, and demographic and economic information, examiners concluded that the primary credit needs of this AA include home mortgage and small business loans.

The information indicates that 35.9 percent of the families in the AA reflect low- or moderate-incomes, and 12.1 percent live below the poverty level, which signifies a continued need for CD services and affordable housing for this segment of the community. In addition, based on information from the community contact, small business lending and affordable housing lending remain credit needs.

## CONCLUSIONS ON PERFORMANCE CRITERIA IN THE TENNESSEE NON-MSA AA

### LENDING TEST

FCB demonstrated a reasonable record regarding the Lending Test for the Tennessee Non-MSA AA. Reasonable borrower profile and geographic loan distributions support this conclusion.

### Geographic Distribution

The geographic distribution of loans reflects reasonable dispersion throughout the Tennessee Non-MSA AA. Reasonable performance for small business and home mortgage loans supports this conclusion. FCM’s reasonable performance for home mortgage loans further supports the overall conclusion.

### *Small Business Loans*

The geographic distribution of small business loans reflects reasonable dispersion throughout the Tennessee Non-MSA AA. A reasonable record in the moderate-income geographies supports this conclusion.

The following table shows that the level of lending in moderate-income geographies rises 6.1 percentage points above the demographic data, evidencing a reasonable level.

<b>Geographic Distribution of Small Business Loans Tennessee Non-MSA AA</b>					
<b>Tract Income Level</b>	<b>% of Businesses</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
Low	0.0	0	0.0	0	0.0
Moderate	15.2	43	21.3	2,972	28.5
Middle	66.8	128	63.4	6,005	57.5
Upper	18.0	31	15.3	1,465	14.0
Not Available	0.0	0	0.0	0	0.0
<b>Totals</b>	<b>100.0</b>	<b>202</b>	<b>100.0</b>	<b>10,442</b>	<b>100.0</b>
<i>Source: 2020 D&amp;B data and Bank data Due to rounding, totals may not equal 100.0 percent</i>					

### *Home Mortgage Loans*

The geographic distribution of FCB’s home mortgage loans reflects reasonable dispersion in the Tennessee Non-MSA AA. A reasonable record in the moderate-income geographies supports this conclusion.

The following table shows the performance in moderate-income census tracts exceeds the demographic data by 1.0 percentage point, reflecting reasonable performance.



Geographic Distribution of Home Mortgage Loans Tennessee Non-MSA AA					
Tract Income Level	% of Owner-Occupied Housing Units	#	%	\$(000s)	%
Low	0.0	0	0.0	0	0.0
Moderate	9.5	6	10.5	977	12.7
Middle	66.1	40	70.2	5,156	67.2
Upper	24.3	11	19.3	1,545	20.1
Not Available	0.0	0	0.0	0	0.0
<b>Total</b>	<b>100.0</b>	<b>57</b>	<b>100.0</b>	<b>7,678</b>	<b>100.0</b>

*Source: 2015 ACS data and Bank data  
Due to rounding, totals may not equal 100.0 percent*

### ***FCM Home Mortgage Loans***

The geographic distribution of FCM’s home mortgage loans reflects reasonable performance in the Tennessee Non-MSA AA. Reasonable performance in moderate-income geographies supports this conclusion.

The following table shows that, in moderate-income census tracts, FCM’s level exceeds the aggregate data by 2.1 percentage points, thereby reflecting reasonable performance.

Geographic Distribution of FCM Home Mortgage Loans Tennessee Non-MSA AA						
Tract Income Level	% of Owner-Occupied Housing Units	Aggregate Performance % of #	#	%	\$(000s)	%
Low	0.0	0.0	0	0.0	0	0.0
Moderate	9.5	6.8	25	8.9	5,905	10.0
Middle	66.1	70.2	208	74.3	43,260	73.4
Upper	24.3	23.0	47	16.8	9,745	16.6
Not Available	0.0	0.0	0	0.0	0	0.0
<b>Totals</b>	<b>100.0</b>	<b>100.0</b>	<b>280</b>	<b>100.0</b>	<b>58,910</b>	<b>100.0</b>

*Source: 2015 ACS data, 2020 HMDA aggregate data, and 2020 HMDA data  
Due to rounding, totals may not equal 100.0 percent*

### **Borrower Profile**

The distribution of borrowers reflects, given the demographics of the AA, reasonable penetration among businesses of different sizes and individuals of different income levels (including low- and moderate-income). Reasonable records regarding small business loans outweighed poor records regarding home mortgage loans to support this conclusion. FCM’s reasonable performance for home mortgage loans further supports the overall conclusion.

### ***Small Business Loans***

The distribution of borrowers reflects reasonable penetration among businesses of different sizes. Examiners focused on lending to businesses with gross annual revenues (GARs) of \$1.0 million or less when arriving at this conclusion.

The following table shows the bank originated only one out of every 10 loans to businesses with GARs of \$1.0 million or less. However, a significant percentage of the 2020 small business loans shown in the table below were PPP loans for which the bank did not collect revenue data from the borrower. Excluding the loans where the bank did not collect the revenue data on these PPP loans, the bank originated 68.0 percent of its 2020 small business loans to businesses with revenues of \$1.0 million or less. In consideration of these factors, examiners determined that the level of small business lending was reasonable.

<b>Distribution of Small Business Loans by Gross Annual Revenues Tennessee Non-MSA AA</b>					
<b>Gross Revenue Level</b>	<b>% of Businesses</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
< \$100,000	49.2	13	6.4	460	4.4
\$100,000 - \$249,999	25.3	4	2.0	361	3.4
\$250,000 - \$499,999	6.2	2	1.0	43	0.4
\$500,000 - \$1,000,000	3.0	7	3.5	666	6.4
<b>Subtotal &lt;= \$1,000,000</b>	<b>83.7</b>	<b>26</b>	<b>12.9</b>	<b>1,530</b>	<b>14.7</b>
>\$1,000,000	4.4	8	3.9	790	7.6
Revenue Not Available	11.9	168	83.2	8,122	77.8
<b>Total</b>	<b>100.0</b>	<b>202</b>	<b>100.0</b>	<b>10,442</b>	<b>100.0</b>

*Source: 2020 D&B data and Bank data  
Due to rounding, totals may not equal 100.0 percent*

### ***Home Mortgage Loans***

The borrower profile of FCB's home mortgage loans reflects poor performance in the Tennessee Non-MSA AA. Very poor performance to moderate-income borrowers and reasonable performance to low-income borrowers supports this conclusion.

The following table shows the bank did not make any loans in 2020 to low-income borrowers, typically reflective of very poor performance. However, part of the performance context for this bank involves low-income families reporting incomes below the poverty level. Notably greater challenges exist for these families when trying to qualify for financing for traditional home mortgage loans, which are typically higher dollar volume and longer term loans. While low-income families represent 18.2 percent of the area's total families, 12.1 percent of the area's total families reported incomes below the poverty level. After considering this performance context, the level lands within a reasonable range of the demographic figure, thus reflecting a reasonable level.

The table further shows that the level of lending to moderate-income borrowers falls 15.0 percentage points below the demographics, reflecting very poor performance.

<b>Distribution of Home Mortgage Loans by Borrower Income Level Tennessee Non-MSA AA</b>					
<b>Borrower Income Level</b>	<b>% of Families</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
Low	18.2	0	0.0	0	0.0
Moderate	17.7	1	2.7	51	1.0
Middle	20.5	7	18.9	731	13.5
Upper	43.6	29	78.4	4,618	85.5
Not Available	0.0	0	0.0	0	0.0
<b>Total</b>	<b>100.0</b>	<b>37</b>	<b>100.0</b>	<b>5,400</b>	<b>100.0</b>

*Source: 2015 ACS data and Bank data  
Due to rounding, totals may not equal 100.0 percent*

### ***FCM Home Mortgage Loans***

The borrower profile of FCM’s home mortgage loans reflects reasonable performance. Reasonable records to low- and moderate-income borrowers support this conclusion.

The following table shows the lending to low-income borrowers is 0.5 percentage points above the aggregate data in 2020, reflecting reasonable performance. The table further shows the lending to moderate-income borrowers is above the aggregate data by 4.5 percentage points, also reflecting reasonable performance.

<b>Distribution of FCM Home Mortgage Loans by Borrower Income Level Tennessee Non-MSA AA</b>						
<b>Borrower Income Level</b>	<b>% of Families</b>	<b>Aggregate Performance % of #</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
Low	18.2	2.4	8	2.9	940	1.6
Moderate	17.7	11.9	46	16.4	7,110	12.1
Middle	20.5	22.6	86	30.7	15,670	26.6
Upper	43.6	41.9	127	45.4	32,275	54.8
Not Available	0.0	21.2	13	4.6	2,915	4.9
<b>Totals</b>	<b>100.0</b>	<b>100.0</b>	<b>280</b>	<b>100.0</b>	<b>58,910</b>	<b>100.0</b>

*Source: 2015 ACS data, 2020 HMDA Aggregate data and 2020 HMDA data  
Due to rounding, totals may not equal 100.0 percent*

### **COMMUNITY DEVELOPMENT TEST**

The institution’s CD performance demonstrates adequate responsiveness to the CD needs in the AA through CD loans, QIs, and CD services, as appropriate, considering the institution’s capacity and the need and availability of such opportunities for CD in the Tennessee Non-MSA AA.

**Community Development Loans**

The following table shows that, since the prior evaluation, the bank originated 26 CD loans totaling \$7.8 million in the Tennessee Non-MSA AA. All of the CD loans were in the Tennessee Non-MSA AA. As noted, this area contributed 88.1 percent of the total loans. The previous evaluation did not present the CD loans in the Tennessee Non-MSA AA separately from other areas.

The table presented in the Community Development Loans section for the bank as a whole provides loan data broken out by year.

The following points describe examples of the CD loans in this area:

- **Economic Development** – In 2020, the bank originated a \$250,000 loan to renovate a building for a local dairy operation offering jobs to low- and moderate-income individuals.
- **Affordable Housing** – In 2019, the bank originated a \$56,000 loan to replace units at a local trailer park, providing affordable housing for low- and moderate-income individuals.

**Qualified Investments**

The following table shows that the bank made use of 13 QIs totaling \$118,000 in the Tennessee Non-MSA AA. The dollar amount equates to 5.9 percent of the overall level of QIs. As noted, this area contributed 97.1 percent of the total deposits. The previous evaluation did not present the QIs in the Tennessee Non-MSA AA separately from other areas.

<b>Qualified Investments Tennessee Non-MSA AA</b>										
<b>Activity Year</b>	<b>Affordable Housing</b>		<b>Community Services</b>		<b>Economic Development</b>		<b>Revitalize or Stabilize</b>		<b>Totals</b>	
	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>
Prior Period	0	0	0	0	0	0	0	0	0	0
2018*	0	0	2	12	0	0	0	0	2	12
2019	0	0	2	12	0	0	0	0	2	12
2020	0	0	2	12	0	0	0	0	2	12
2021	0	0	2	12	0	0	0	0	2	12
<b>Subtotal</b>	<b>0</b>	<b>0</b>	<b>8</b>	<b>48</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>8</b>	<b>48</b>
Qualified Grants	0	0	5	70	0	0	0	0	5	70
<b>Total</b>	<b>0</b>	<b>0</b>	<b>13</b>	<b>118</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>13</b>	<b>118</b>
<i>Source: Bank data</i>										
<i>*Activity since 10/23/2018</i>										

The following point highlights an example of the QIs in this area:

- **Community Services** – Each year since the prior evaluation, the bank made in-kind donations of rent for two community organizations that primarily serve low- and moderate-income individuals.

**Community Development Services**

The following table shows that the bank provided 80 CD services in this area since the prior evaluation. The level equates to 95.2 percent of all CD services during the evaluation period. The previous evaluation did not present the CD services in the Tennessee Non-MSA AA separately from other areas.

Community Development Services Tennessee Non-MSA AA					
Activity Year	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Totals
	#	#	#	#	#
2018*	0	17	3	0	<b>20</b>
2019	1	21	3	0	<b>25</b>
2020	0	15	3	0	<b>18</b>
2021	0	15	2	0	<b>17</b>
<b>Total</b>	<b>1</b>	<b>68</b>	<b>11</b>	<b>0</b>	<b>80</b>
<i>Source: Bank data</i> <i>*Activity since 10/23/2018</i>					

The following points provide examples of the CD services in this area:

- ***Economic Development*** – One bank official serves on a committee for a local industrial development board that strives to promote economic development by bringing more jobs to Bedford County.
- ***Community Services*** – Several employees participate in the Personal Economics Program, a financial literacy program sponsored by the American Bankers Association and Tennessee Bankers Association. Employees conducted financial education classes at various schools in the AA that serve primarily low- and moderate-income students.

The following table shows that, while the bank operated no full-service branches in moderate-income areas, two ATMs are available in these geographies. The percentage of ATMs located in moderate-income areas is higher than the percentage of the population. In addition, the bank has one limited-service office that is located in a moderate-income census tract within the Tennessee Non-MSA AA. The hours of operations and provision of products and services remained consistent among the offices located in the Tennessee Non-MSA AA.

<b>Branch and ATM Distribution by Geography Income Level Tennessee Non-MSA AA</b>												
<b>Tract Income Level</b>	<b>Census Tracts</b>		<b>Population</b>		<b>Branches</b>		<b>ATMs</b>		<b>Open Branches</b>		<b>Closed Branches</b>	
	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>
Low	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
Moderate	1	9.1	8,008	15.3	0	0.0	2	22.2	0	0.0	0	0.0
Middle	6	54.5	34,176	65.3	2	100.0	4	44.5	0	0.0	0	0.0
Upper	4	36.4	10,153	19.4	0	0.0	3	33.3	0	0.0	0	0.0
NA	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
<b>Total</b>	<b>11</b>	<b>100.0</b>	<b>52,337</b>	<b>100.0</b>	<b>2</b>	<b>100.0</b>	<b>9</b>	<b>100.0</b>	<b>0</b>	<b>0.0</b>	<b>0</b>	<b>0.0</b>

*Source: 2015 ACS data and Bank data  
Due to rounding, totals may not equal 100.0 percent*

Besides its office locations, the bank provides the same alternative delivery systems in the Tennessee Non-MSA AA as it does for the institution as a whole. Please refer to the discussion under Community Development Services for the institution as a whole.

## **NASHVILLE MSA AA – LIMITED-SCOPE REVIEW**

### **DESCRIPTION OF INSTITUTION’S OPERATIONS IN THE NASHVILLE MSA AA**

The Nashville MSA AA includes all 49 census tracts in Rutherford County and represents only a portion of the Nashville MSA.

The following table notes the full-service office in this area. The bank also operates one ATM in the area. The office maintained hours consistent with the area and the industry and the bank did not open or close any offices in the Nashville MSA AA since the prior evaluation. The bank’s delivery systems and range of products and services remained consistent with those reflected in the Description of Institution section of this Performance Evaluation.

<b>Office Locations Nashville MSA AA</b>				
<b>County/City/Office</b>	<b>Office Type</b>	<b>Census Tract Number</b>	<b>Census Tract Income Level</b>	<b>Office Opened or Closed Since Last Evaluation</b>
<b><i>Rutherford County:</i></b> Murfreesboro – 262 Robert Rose Drive	Branch	409.01	Middle	No

*Source: 2015 ACS data and Bank data*

The 49 tracts reflect the following income designations according to the 2015 ACS data: two low-, 13 moderate-, 24 middle-, nine upper-income census tracts, and one census tract with no income designation. Please refer to the following table for additional demographic data.

Demographic Information of the Assessment Area Nashville MSA AA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	49	4.1	26.5	49.0	18.4	2.0
Population by Geography	282,558	3.1	24.7	51.8	19.4	1.0
Housing Units by Geography	107,451	3.4	27.3	51.4	17.8	0.0
Owner-Occupied Units by Geography	66,692	1.2	17.2	57.4	24.2	0.0
Occupied Rental Units by Geography	33,969	7.5	45.3	41.0	6.1	0.0
Vacant Units by Geography	6,790	4.7	35.9	45.1	14.3	0.0
Businesses by Geography	19,927	6.7	25.7	51.0	16.4	0.2
Farms by Geography	588	4.4	16.8	60.4	18.4	0.0
Family Distribution by Income Level	70,143	17.5	19.3	23.0	40.2	0.0
Household Distribution by Income Level	100,661	19.8	16.9	20.2	43.1	0.0
Median Family Income MSA - 34980 Nashville-Davidson-Murfreesboro- Franklin, TN MSA		\$66,441	Median Housing Value			\$167,292
Families Below Poverty Level		8.2%	Median Gross Rent			\$899
<i>Source: 2015 ACS data and 2020 D&amp;B data</i>						
<i>Due to rounding, totals may not equal 100.0 percent</i>						
<i>(*) The NA category consists of geographies that have not been assigned an income classification</i>						

The economy of the Nashville MSA AA primarily relies on health care and manufacturing but remains relatively diversified. Major employers in the AA include Rosemont Inc., VA-TN Valley Healthcare System, and Vi-Jon Inc. Rutherford County posted a 4.4 percent unemployment rate, lower than both the 5.6 percent State of Tennessee rate and the 6.7 percent U.S. rate for the same time period. The figures derive from the U.S. Bureau of Labor Statistics as of December 2020.

The following table shows the calculated income ranges, based on the 2020 FFIEC-estimated MFI of \$76,500 applicable to the Nashville MSA AA.

Median Family Income Ranges				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
<b>Nashville-Davidson-Murfreesboro-Franklin, TN MSA Median Family Income (34980)</b>				
2020 (\$76,500)	<\$38,250	\$38,250 to <\$61,200	\$61,200 to <\$91,800	≥\$91,800
<i>Source: FFIEC</i>				

FCB operates in a highly competitive financial market in the Nashville MSA AA based on its population. Competition derives from other local, regional, and national banks. As of June 30, 2021, 23 banks operated 17,669 offices in the Nashville MSA AA. FCB ranked 20<sup>th</sup> holding 0.3 percent of the deposit market share for this same period. In addition, a large number of finance companies, credit unions, and mortgage companies operate in this area.

## CONCLUSIONS ON PERFORMANCE CRITERIA IN THE NASHVILLE MSA AA

### LENDING TEST

The institution's lending performance in the Nashville MSA AA is below the lending performance for the institution; however, it does not change the institution rating. The following tables demonstrate the geographic and borrower profile performances for the Nashville MSA AA.

### Geographic Distribution

#### *Small Business Loans*

Geographic Distribution of Small Business Loans Nashville MSA AA					
Tract Income Level	% of Businesses	#	%	\$(000s)	%
Low	6.7	2	12.5	68	3.6
Moderate	25.7	1	6.3	3	0.2
Middle	51.0	11	68.8	1,513	80.4
Upper	16.4	2	12.5	297	15.8
Not Available	0.2	0	0.0	0	0.0
<b>Totals</b>	<b>100.0</b>	<b>16</b>	<b>100.0</b>	<b>1,881</b>	<b>100.0</b>

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

#### *Home Mortgage Loans*

Geographic Distribution of Home Mortgage Loans Nashville MSA AA					
Tract Income Level	% of Owner-Occupied Housing Units	#	%	\$(000s)	%
Low	1.2	0	0.0	0	0.0
Moderate	17.2	0	0.0	0	0.0
Middle	57.4	4	100.0	576	100.0
Upper	24.2	0	0.0	0	0.0
Not Available	0.0	0	0.0	0	0.0
<b>Total</b>	<b>100.0</b>	<b>4</b>	<b>100.0</b>	<b>576</b>	<b>100.0</b>

*Source: 2015 ACS data and Bank data  
Due to rounding, totals may not equal 100.0 percent*



### ***FCM Home Mortgage Loans***

<b>Geographic Distribution of FCM Home Mortgage Loans Nashville MSA AA</b>						
<b>Tract Income Level</b>	<b>% of Owner-Occupied Housing Units</b>	<b>Aggregate Performance % of #</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
Low	1.2	0.8	11	0.7	2,355	0.6
Moderate	17.2	11.3	196	12.8	42,800	11.1
Middle	57.4	61.9	978	63.7	245,150	63.7
Upper	24.2	26.1	351	22.8	94,735	24.6
Not Available	0.0	0.0	0	0.0	0	0.0
<b>Totals</b>	<b>100.0</b>	<b>100.0</b>	<b>1,536</b>	<b>100.0</b>	<b>385,040</b>	<b>100.0</b>
<i>Source: 2015 ACS data, 2020 HMDA Aggregate data, and 2020 HMDA data Due to rounding, totals may not equal 100.0 percent</i>						

### **Borrower Profile**

#### ***Small Business Loans***

The 13 small business loans totaling \$1.0 million in the Revenue Not Available category are SBA PPP loans for which the bank did not collect revenue information.

<b>Detailed Distribution of Small Business Loans by Gross Annual Revenues Nashville MSA AA</b>					
<b>Gross Revenue Level</b>	<b>% of Businesses</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
< \$100,000	57.5	0	0.0	0	0.0
\$100,000 - \$249,999	21.9	0	0.0	0	0.0
\$250,000 - \$499,999	4.9	0	0.0	0	0.0
\$500,000 - \$1,000,000	2.7	1	6.3	792	42.1
<b>Subtotal &lt;= \$1,000,000</b>	<b>87.0</b>	<b>1</b>	<b>6.3</b>	<b>792</b>	<b>42.1</b>
>\$1,000,000	3.3	2	12.5	74	3.9
Revenue Not Available	9.7	13	81.3	1,015	54.0
<b>Total</b>	<b>100.0</b>	<b>16</b>	<b>100.0</b>	<b>1,881</b>	<b>100.0</b>
<i>Source: 2020 D&amp;B Data, Bank Data. Due to rounding, totals may not equal 100.0%.</i>					

### Home Mortgage Loans

Distribution of Home Mortgage Loans by Borrower Income Level Nashville MSA AA					
Borrower Income Level	% of Families	#	%	\$(000s)	%
Low	17.5	0	0.0	0	0.0
Moderate	19.3	0	0.0	0	0.0
Middle	23.0	0	0.0	0	0.0
Upper	40.2	4	100.0	576	100.0
Not Available	0.0	0	0.0	0	0.0
<b>Total</b>	<b>100.0</b>	<b>4</b>	<b>100.0</b>	<b>576</b>	<b>100.0</b>

Source: 2015 ACS data and Bank data  
Due to rounding, totals may not equal 100.0 percent

### FCM Home Mortgage Loans

Distribution of FCM Home Mortgage Loans by Borrower Income Level Nashville MSA AA						
Borrower Income Level	% of Families	Aggregate Performance % of #	#	%	\$(000s)	%
Low	17.5	5.7	80	5.2	13,220	3.4
Moderate	19.3	20.1	435	28.3	95,845	24.9
Middle	23.0	22.2	439	28.6	109,975	28.6
Upper	40.2	30.4	431	28.1	124,155	32.2
Not Available	0.0	21.6	151	9.8	41,845	10.9
<b>Totals</b>	<b>100.0</b>	<b>100.0</b>	<b>1,536</b>	<b>100.0</b>	<b>385,040</b>	<b>100.0</b>

Source: 2015 ACS data, 2020 HMDA Aggregate data and 2020 HMDA data  
Due to rounding, totals may not equal 100.0 percent

## COMMUNITY DEVELOPMENT TEST

The institution's CD performance in the Nashville MSA AA is below the CD performance for the institution; however, it does not change the institution rating.

FCB did not have any CD loans or QIs in the Nashville MSA AA. However, the bank did have four CD services since the prior evaluation, all of which were community services for low- and moderate-income individuals.

## 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.

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

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

**Assessment Area:** A geographic area delineated by the 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.