

PUBLIC DISCLOSURE

November 7, 2022

**COMMUNITY REINVESTMENT ACT
PERFORMANCE EVALUATION**

INSBANK
2106 Crestmoor Road
Nashville, Tennessee 37215

RSSD ID NUMBER: 2877345

FEDERAL RESERVE BANK OF ATLANTA
1000 Peachtree Street, N.E.
Atlanta, Georgia 30309-4470

NOTE: This document is an evaluation of this institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the institution. This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to the 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’S CRA RATING

INSTITUTION’S CRA RATING: This institution is rated Satisfactory.

The Lending Test is rated: Satisfactory.

The Community Development Test is rated: Satisfactory.

The following table indicates the performance level of INSBANK with respect to the lending and community development tests.

PERFORMANCE LEVELS	INSBANK	
	PERFORMANCE TESTS	
	Lending Test	Community Development Test
Outstanding		
Satisfactory	X	X
Needs to Improve		
Substantial Noncompliance		

**Note: The lending test and the community development test are weighted equally when arriving at an overall rating

Major factors supporting the institution’s rating include:

- The bank’s loan-to-deposit (LTD) ratio was more than reasonable.
- The geographic distribution of loans reflects reasonable dispersion throughout the assessment area.
- The distribution of borrowers reflects reasonable penetration among businesses of different sizes.
- The bank has not received any CRA-related complaints since the previous evaluation.
- A majority of loans were made in the assessment area.
- Given the bank’s business market focus, the level of community development loans, qualified investments, and community development services reflects adequate responsiveness to community development needs in its assessment area.

INSTITUTION

SCOPE OF EXAMINATION

The CRA performance evaluation assesses the bank's record of meeting the credit needs of its community, including low- and moderate-income (LMI) neighborhoods, within the context of information such as asset size and financial condition of the institution, competitive factors, as well as the economic and demographic characteristics of its defined assessment area. INSBANK's CRA performance evaluation was based on CRA activities within its assessment area using the Interagency Intermediate Small Institution Examination (ISB) Procedures. Under these procedures, institutions meeting the threshold size are evaluated using two separately rated tests: a lending test, and a community development test that includes an evaluation of community development loans, investments, and services in light of community needs within its assessment areas and the capacity of the bank.

The evaluation included an analysis of small business loans originated from January 1, 2020 through December 31, 2021. Based on INSBANK's asset size, it is not required to report small business loan CRA data; however, the bank voluntarily collects small business loan data. A small business loan is defined as a business loan with an original amount of \$1 million or less and typically is either secured by nonfarm or nonresidential real estate or classified as commercial loans. The bank was not subject to Home Mortgage Disclosure Act (HMDA) reporting requirements in 2020 and 2021.

For the community development test, the examination covered community development loans, qualified investments, and community development services from November 1, 2017 through June 30, 2022. The CRA defines a community development activity as having a primary purpose of providing any of the following: affordable housing or community services for LMI persons, economic development through the financing of small businesses, revitalizing or stabilizing LMI geographies, designated disaster areas, or distressed or underserved nonmetropolitan middle-income geographies that benefit the assessment area or a larger statewide or regional area that includes the assessment area.

As part of this evaluation, information obtained from a community contact was used to establish a context for the communities in which the bank operates and to gather information on the bank's performance. The community contact is a local economic development representative who is familiar with the economic and demographic characteristics as well as community development opportunities in Nashville. Specific information obtained from the community contact is included in the applicable section of the evaluation for the assessment area.

DESCRIPTION OF INSTITUTION

INSBANK, originally named Insurors Bank of Tennessee (IBOT), opened on November 20, 2000, with a target market of independent insurance agents in Tennessee. INSBANK is 100 percent owned by InsCorp, Inc., a Tennessee bank holding company. The bank currently has a main office in the Green Hills area of Nashville and a branch office in Brentwood, Tennessee. In 2008, INSBANK acquired Finworth Mortgage, adding residential mortgages to its available products; however, effective December 31, 2018, a strategic decision was made to exit the correspondent lender mortgage business. The bank has maintained the Finworth Mortgage brand but utilizes the name as a broker relationship to handle accommodation loans for bank customers needing traditional mortgage financing. The bank seeks to replace the expense of traditional branch locations or providing cash intensive services with technology-based solutions that are unique, "at your office", personal service for business clients, which are non-cash intensive small and medium-sized businesses in targeted metropolitan areas of Tennessee.

Branch Offices

INSBANK offers deposit and lending services from its headquarters located at 2106 Crestmoor Road in Nashville and the branch office in Brentwood. Both offices are located in Davidson County in upper-income census tracts. There is no ATM, nor drive-up teller service at either office. INSBANK is highly dependent on technology and other nontraditional and innovative methods to attract and deliver its services to customers across the state of Tennessee.

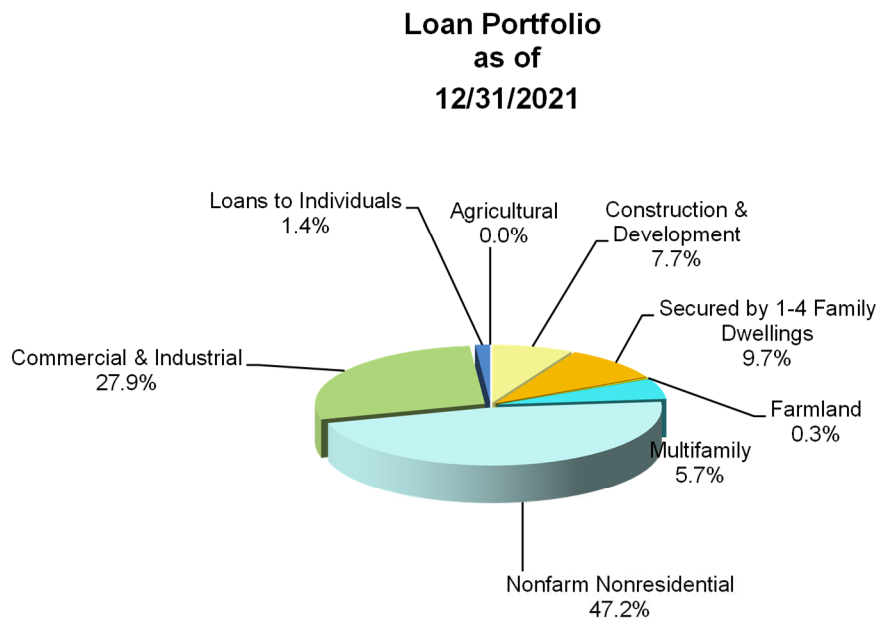
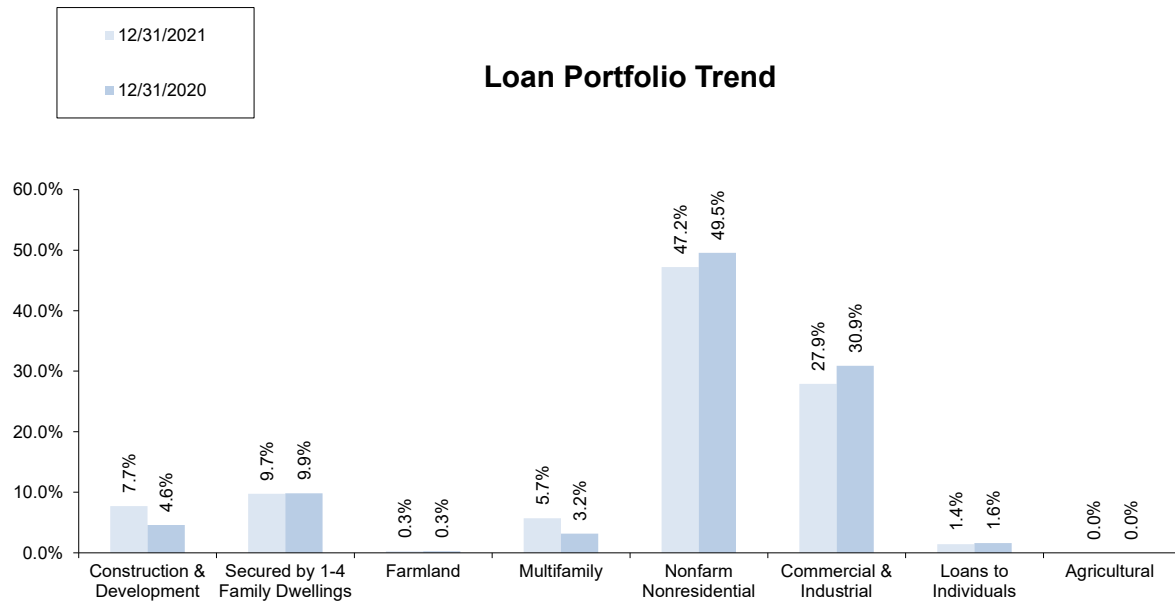
Loan Portfolio

According to the September 30, 2022 Report of Condition (ROC), the bank's assets totaled \$721.7 million, an increase of approximately \$328.3 million since the bank's last CRA evaluation conducted in 2017.

The following table and graphs show the composition of the loan portfolio according to the Consolidated Report of Condition and Income (Call Report).

COMPOSITION OF LOAN PORTFOLIO					
Loan Type	12/31/2021		12/31/2020		
	\$ (000s)	Percent	\$ (000s)	Percent	
Construction and Development	41,932	7.7%	24,125	4.6%	
Secured by One- to Four- Family Dwellings	52,778	9.7%	51,696	9.9%	
Other Real Estate: Farmland	1,438	0.3%	1,475	0.3%	
Multifamily	31,011	5.7%	16,742	3.2%	
Nonfarm nonresidential	255,588	47.2%	259,892	49.5%	
Commercial and Industrial	151,202	27.9%	162,157	30.9%	
Loans to Individuals	7,780	1.4%	8,471	1.6%	
Agricultural Loans	0	0.0%	0	0.0%	
Total	\$541,729	100.00%	\$524,558	100.00%	

* This table does not include the entire loan portfolio. Specifically, it excludes loans to depository institutions, bankers acceptances, lease financing receivables, obligations of state and political subdivisions, and other loans that do not meet any other category. Contra assets are also not included in this table.



As shown in the table and charts above, the bank is primarily focused on commercial lending. Loans secured by nonfarm nonresidential real estate (47.2 percent) make up the largest percentage of the loan portfolio, followed by commercial and industrial loans (27.9 percent) and loans secured by 1-4 family dwellings (9.7 percent).

Credit Products

INSBANK is primarily a commercial lender; the bank offers various commercial products including commercial loans, commercial mortgage loans, investment property loans, business lines of credit, letters of credit, and equipment leasing. The bank also offers various consumer credit products including residential mortgage loans, consumer loans, home equity loans and lines of credit, and personal lines of credit.

CRA Compliance

INSBANK complies with the requirements of the CRA. No known legal impediments exist that would restrict the bank from meeting the credit needs of its assessment area. The bank received a “Satisfactory” rating at its previous examination conducted by the Federal Reserve Bank of Atlanta dated November 6, 2017, which was reviewed using ISB procedures.

DESCRIPTION OF INSTITUTION’S NASHVILLE ASSESSMENT AREA

Overview

INSBANK’s assessment area consists of Davidson and Williamson counties, Tennessee, which are part of the 13-county Nashville MSA. INSBANK has not changed its assessment area since the previous examination. The assessment area contains 198 census tracts. 2021 FFIEC census data indicates that there were 28 (14.1 percent) low-income census tracts; 44 (22.2 percent) moderate-income tracts; 55 (27.8 percent) middle-income tracts; 68 (34.3 percent) upper-income tracts; and 3 (1.5 percent) unknown-income tracts. All LMI tracts are in Davidson County.

Competition

Nashville has a competitive banking market where national and regional banks have a significant presence, but there are also several local community banks. According to the June 30, 2021 FDIC Summary of Deposits Report, there were 45 financial institutions operating 305 branch locations across the assessment area with \$66.7 billion in total deposits. INSBANK ranked 16th in deposit market share with \$533.8 million or 0.8 percent of total deposits. Bank of America and Pinnacle Bank held the largest deposit market share, with 20.1 percent and 18.1 percent, respectively.

Population Information

The population in the assessment area has grown rapidly in the past several years. Population in the assessment area was approximately 963,610 as of the 2020 Census, representing an increase of 18.9 percent since 2010¹. For context, the state of Tennessee and the United States grew at 8.9 percent and 7.4 percent over the same time frame, respectively². Davidson County, which includes the city of Nashville, is the largest of the two counties in the bank’s assessment area with a 2020 population of 715,884, while Williamson County has a population of 247,726. The highest population growth rate in the assessment area has been in Williamson County; between 2010 and 2020, the population increased by 35.2 percent³.

Income Characteristics

For purposes of classifying borrower income, this evaluation uses the FFIEC estimated 2020 and 2021 median family income (MFI) for the Nashville-Davidson-Murfreesboro-Franklin MSA. The table provides a breakdown of the estimated annual income based on income level.

¹ “QuickFacts.” *United States Census Bureau*, <https://www.census.gov/quickfacts/fact/table/US,TN,davidsoncountytennessee,dicksoncountytennessee,maurycountytennessee,robertsoncountytennessee/PST045221>. Accessed 22 Mar 2022.

² Ibid.

³ Ibid.

Borrower Income Levels
Nashville-Davidson-Murfreesboro-Franklin, TN MSA

FFIEC Estimated Median Family Income		Low	Moderate	Middle	Upper
		0 - 49.99%	50% - 79.99%	80% - 119.99%	120% - & above
2020	\$76,500	0 - \$38,249	\$38,250 - \$61,199	\$61,200 - \$91,799	\$91,800 - & above
2021	\$79,200	0 - \$39,599	\$39,600 - \$63,359	\$63,360 - \$95,039	\$95,040 - & above

The FFIEC estimated MFI for the Nashville-Davidson-Murfreesboro-Franklin MSA increased from \$76,500 in 2020 to \$79,200 in 2021. Williamson County is the wealthiest county in Tennessee with an estimated MFI of \$141,064 in 2021, while the MFI in Davidson County was \$83,222⁴. The detailed MFI figures provide some perspective on the economic diversity across the assessment area.

According to the 2021 FFIEC census data, there were 202,028 families in the assessment area. Of those families, 21.5 percent were low-income, 15.4 percent were moderate-income, 18.0 percent were middle-income, and 45.1 percent were upper-income. Of the total families, 11.2 percent had incomes below the poverty level. To show the contrast between the two counties in the assessment area, the percentage of families in poverty in Davidson County was 13.8 percent, while the percentage was 4.2 percent in Williamson County. This could indicate more need for resources and less lending opportunities in Davidson County.

Economic Conditions

The Nashville MSA has seen strong population and job growth in the past few years and is a leading national health care hub and a thriving tourism center. Between January 2016 and December 2021, total nonfarm payrolls grew 15.7 percent in the MSA⁵, while total nonfarm payrolls in the state of Tennessee increased 7.7 percent.⁶ The industries with the fastest job growth in this same period included construction, transportation/logistics, and professional/business services⁷. Meanwhile, the manufacturing and leisure/hospitality industries saw decreases in total jobs during the same period⁸. The largest employment concentrations are in the transportation/logistics, professional/business services, government, education/health services, and leisure/hospitality industries⁹. Apart from state government, the leading private sector employers are Vanderbilt University Medical Center, Nissan North America, Hospital Corporation of America Holdings, Inc., Vanderbilt University, and Saint Thomas Health Services¹⁰.

Small businesses play an important role in the Nashville metro economy. According to 2021 Dun & Bradstreet data, there were 51,069 businesses in the Nashville assessment area¹¹. Of the total businesses in the area, 90.5 percent had total annual revenues less than or equal to \$1 million and were therefore considered small

⁴ “Williamson County, TN” and “Davidson County, TN” (U.S. Census Bureau) GIS Mapping and Geographic Information System Data. The Reinvestment Fund, n.d Web. 15 November 2021. <http://policymap.com/>.

⁵ “All Employees: Total Nonfarm in Nashville-Davidson-Murfreesboro-Franklin, TN (MSA).” *Federal Reserve Economic Data (FRED)*, St. Louis Fed, <https://fred.stlouisfed.org/series/NASH947NA>. Accessed 23 March 2022.

⁶ “All Employees: Total Nonfarm.” *Federal Reserve Economic Data (FRED)*, St. Louis Fed, <https://fred.stlouisfed.org/series/PAYEMS>. Accessed 23 March 2022.

⁷ “Economy at a Glance: Nashville-Davidson-Murfreesboro-Franklin, TN.” *U.S. Bureau of Labor Statistics*, https://www.bls.gov/eag/eag.tn_nashville_msa.htm. Accessed 23 March 2022.

⁸ Ibid.

⁹ Ibid.

¹⁰ “Major Employers.” *Nashville Area Chamber of Commerce*, <https://www.nashvillechamber.com/explore/work/major-employers>. Accessed 23 March 2022.

¹¹ FRB Atlanta calculations of 2021 Dun & Bradstreet data

businesses¹². Additionally, 17.1 percent of small businesses were located in moderate-income tracts, while there were fewer in low-income tracts at 9.0 percent¹³. Lending to small businesses posted gradual growth since the previous examination in the assessment area. According to an analysis of aggregate CRA small business loan data reporters, the number of small business loans in the assessment area increased by 74.3 percent between 2016 and 2021 with 35,325 loans made in 2021 by all lenders.

Covid-19 Response

According to bank management and a community contact, economic conditions in the assessment area are stable. However, the early stages of the COVID-19 pandemic had a crippling effect on economic activity in Nashville, especially in Davidson County, which is home to Nashville's famous entertainment, music, and food industry. On March 16, 2020, Mayor John Cooper closed Davidson County's bars and limited restaurants to 50 percent capacity in response to the onset of COVID-19 cases in the state of Tennessee¹⁴. On April 2, 2020, Tennessee Governor Bill Lee issued a statewide stay-at-home order¹⁵, which was later extended through the end of April 2020¹⁶. Most of the state began re-opening on May 1, 2020¹⁷, and Davidson County began their own reopening process on May 11, 2020¹⁸. However, COVID-19 contraction risk and case counts continued to stunt consumer demand for certain services, especially those in the travel, leisure, entertainment, and food industries. To help keep the nation's economy afloat during the crisis, the U.S. Congress passed the Coronavirus Aid, Relief, and Economic Security (CARES) Act. The CARES Act established the Paycheck Protection Act (PPP), which provided fully forgivable loans to small businesses to cover payroll costs¹⁹. In the assessment area, 45,893 total PPP loans were approved for a sum of \$3.5 billion, which helped small businesses keep their doors open and workers on payroll through the unprecedented drop in consumer demand²⁰.

As displayed in the following chart, Davidson County had an unemployment rate of 8.2 percent in 2020 while Williamson County had a rate of 4.7 percent in the same year. Both counties saw a significant improvement in unemployment in 2021. The unemployment rate in Davidson County decreased to 4.2 percent while Williamson County decreased to 2.5 percent in 2021. The unemployment rate in the MSA at 7.0 percent in 2020 and 3.6 percent in 2021 was slightly less than the state of Tennessee at 7.4 percent in 2020 and 4.3 percent in 2021.

¹² Ibid.

¹³ Ibid.

¹⁴ Ebert, Joel. "Nashville Mayor John Cooper, City Close All Bars on Lower Broadway, Impose Limits on Restaurant Capacity." *Tennessean*, 15 March 2020, <https://www.tennessean.com/story/news/2020/03/15/coronavirus-nashville-mayor-john-cooper-closes-bars-lower-broadway/5054917002/>. Accessed 24 March 2022.

¹⁵ Sturges, Wendy. "Gov. Bill Lee Issues Stay-at-Home Order through April 14." *Community Impact Newspaper*, 30 March 2020, <https://communityimpact.com/nashville/franklin-brentwood/coronavirus/2020/03/30/gov-bill-lee-issues-statewide-stay-at-home-order-for-tennesseans/>. Accessed 24 March 2022.

¹⁶ Elbert, Joel. "Tennessee Gov. Bill Lee Extends Stay at Home Order through End of April." *Tennessean*, 13 April 2020, <https://www.tennessean.com/story/news/politics/2020/04/13/tennessee-gov-bill-lee-extends-stay-home-order-through-end-april/2982579001/>. Accessed 24 March 2022.

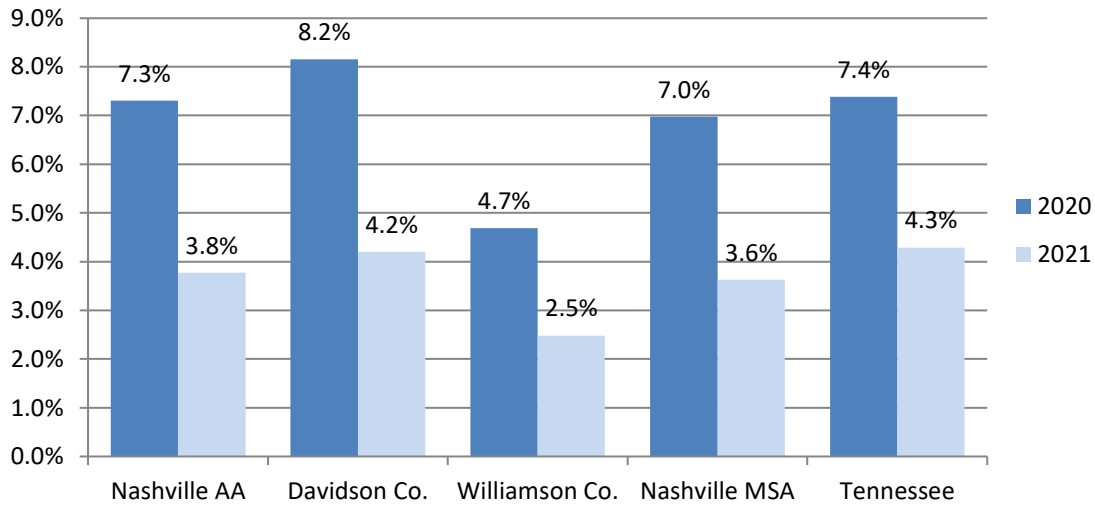
¹⁷ "Governor Lee: TN 'Safer at Home' Order to Expire April 30, Phased Reopening Next Week." *WKRN*, 20 April 2020, <https://www.wkrn.com/community/health/coronavirus/governor-lee-tn-safer-at-home-order-to-expire-april-30-phased-reopening-next-week/>. Accessed 24 March 2022.

¹⁸ Kelman, Brett and Schmitt, Brad. "Nashville Will Let Restaurants and Stores Open at Half Capacity on Monday." *Tennessean*, 7 May 2020, <https://amp.tennessean.com/amp/3087487001>. Accessed 24 March 2022.

¹⁹ "Paycheck Protection Program." *United States Department of the Treasury*, <https://home.treasury.gov/policy-issues/coronavirus/assistance-for-small-businesses/paycheck-protection-program>. Accessed 24 March 2022.

²⁰ "Who in Tennessee Got Paycheck Protection Program Loans during the Pandemic?" *The Augusta Chronicle*, <https://data.augustachronicle.com/paycheck-protection-program-loans/summary/tennessee/cannon-county/47015/>. Accessed 24 March 2022.

Unemployment Rates - Nashville



Not Seasonally Adjusted. Source: Bureau of Labor Statistics

Housing Characteristics

According to 2021 FFIEC Census data, there were 362,948 housing units located in the assessment area, 54.9 percent were owner-occupied, 37.0 percent were rental units, and 8.1 percent were vacant²¹. In low-income census tracts in the assessment area, 27.2 percent of housing units were owner-occupied, while 38.0 percent were owner-occupied in moderate-income tracts²². The median age of the housing stock in the assessment area was 39 years, while the median age was 53 years in low-income census tracts and 46 years in moderate-income tracts²³. Population and employment growth is driving a strong real estate market in the Nashville MSA. The Housing Price Index in the MSA increased from 289.8 in Q1 2020 to 377.0 in Q4 2021, representing a 23.1 percentage change increase²⁴. The affordability ratio, defined as the median household income divided by the median housing value, is 26.6 for the assessment area, compared to the Nashville MSA at 30.9 and the state of Florida ratio at 31.8. A higher ratio means the housing is considered more affordable, while a lower ratio means the housing is considered less affordable. Therefore, housing is less affordable in this assessment area compared to the MSA or statewide²⁵.

Demographic Characteristics by Census Tract

The following table presents key demographic and business information used to help develop a performance context for the assessment area. The data reflects the 2021 FFIEC census data and Dun & Bradstreet data used to analyze the bank’s CRA performance. Certain components of the data in the table are discussed in this evaluation as they apply to specific parts of the analysis.

²¹ FRB Atlanta Calculations of 2020 FFIEC Census Data

²² Ibid.

²³ Ibid.

²⁴ “All- Transactions House Price Index for Nashville-Davidson-Murfreesboro-Franklin, TN (MSA).” *Federal Reserve Economic Data (FRED)*, St. Louis Fed, <https://fred.stlouisfed.org/series/ATNHPIUS34980Q>. Accessed 6 December 2022.

²⁵ Ibid.

Combined Demographics Report

Assessment Area: Nashville

Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low-income	28	14.1	18,943	9.4	6,873	36.3	43,355	21.5
Moderate-income	44	22.2	39,349	19.5	7,616	19.4	31,083	15.4
Middle-income	55	27.8	58,420	28.9	5,459	9.3	36,437	18
Upper-income	68	34.3	85,316	42.2	2,590	3	91,153	45.1
Unknown-income	3	1.5	0	0	0	0	0	0
Total Assessment Area	198	100.0	202,028	100.0	22,538	11.2	202,028	100.0
	Housing Units by Tract	Housing Types by Tract						
		Owner-Occupied		Rental		Vacant		
		#	%	%	#	%	#	%
Low-income	40,221	10,956	5.5	27.2	24,077	59.9	5,188	12.9
Moderate-income	79,000	30,022	15.1	38	41,489	52.5	7,489	9.5
Middle-income	108,363	62,162	31.2	57.4	38,143	35.2	8,058	7.4
Upper-income	135,364	96,201	48.3	71.1	30,639	22.6	8,524	6.3
Unknown-income	0	0	0	0	0	0	0	0
Total Assessment Area	362,948	199,341	100.0	54.9	134,348	37.0	29,259	8.1
	Total Businesses by Tract	Businesses by Tract & Revenue Size						
		Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported		
		#	%	#	%	#	%	#
Low-income	4,784	9.4	4,147	9	595	13.4	42	10
Moderate-income	8,808	17.2	7,924	17.1	848	19.1	36	8.6
Middle-income	10,893	21.3	10,182	22	645	14.6	66	15.7
Upper-income	25,948	50.8	23,500	50.8	2,178	49.2	270	64.3
Unknown-income	636	1.2	466	1	164	3.7	6	1.4
Total Assessment Area	51,069	100.0	46,219	100.0	4,430	100.0	420	100.0
Percentage of Total Businesses:				90.5		8.7		.8
	Total Farms by Tract	Farms by Tract & Revenue Size						
		Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported		
		#	%	#	%	#	%	#
Low-income	12	2.9	12	3	0	0	0	0
Moderate-income	29	7.1	27	6.7	2	50	0	0
Middle-income	95	23.3	94	23.3	1	25	0	0
Upper-income	268	65.8	267	66.3	1	25	0	0
Unknown-income	3	0.7	3	0.7	0	0	0	0
Total Assessment Area	407	100.0	403	100.0	4	100.0	0	.0
Percentage of Total Farms:				99.0		1.0		.0

2021 FFIEC Census Data and 2021 D&B Information

Credit and Community Development Needs

To better understand the local community development and economic landscapes, individuals familiar with the Nashville area and with local community development activities were contacted. These individuals discussed the various opportunities and challenges in the region and how financial institutions can be responsive to local community development needs through lending, investment, and/or service activities. According to these contacts, affordable housing, small business assistance, and the number of underbanked/unbanked LMI residents are significant concerns for the area.

The contact indicated that the Nashville area's community development environment is strong, with numerous organizations working to provide affordable housing, financial education, and small business aid (in the form of advice and funding). The contact also indicated that most banks in the area have been proactive in seeking out community development projects and in lending to LMI communities and individuals both directly and indirectly. While the economy in the Nashville area is strong overall, some urban areas immediately surrounding the central business district, as well as suburban/rural areas like Maury County, continue to suffer with relatively high poverty rates²⁶.

Furthermore, the contact discussed the impact of the COVID-19 pandemic on the area. They indicated that economic growth slowed during the pandemic, but the economy remained strong. It was also mentioned that LMI residents employed in seasonal jobs as well as in the food and accommodation industry were greatly impacted during the pandemic. Some of the impacts included having difficulty paying rent due to a decrease in people's working hours or job losses. Additionally, the individual mentioned that the pandemic caused many LMI people who were transitioning to homeownership to deplete their savings towards their first home and cause an increase in debt to survive during the temporary and permanent business shutdowns. Lastly, the contact indicated that most banks did well with working with customers of all incomes and revenues by offering credit lines, workouts, and loan modifications during the pandemic. However, the person stated that most of a bank's willingness to work with a customer was based upon the customer's relationship history, which resulted in less emphasis on assisting newer customers.

The community contact, who works with local small businesses, indicated that access to capital is a barrier to launching and growing new businesses. Many small business owners in the area do not have the collateral or the personal net worth that would allow commercial banks to lend to them. The contact added that many local banks do not extend commercial loans in amounts under \$75,000. In response, many local small businesses increasingly rely on fintech firms for their credit needs. The contact added that some of these fintech firms have predatory practices that result in crushing interest rates and fees being charged to the small businesses. The contact encouraged banks to provide educational services to small businesses and to be more flexible on collateral standards and debt-service coverage ratios with small business lending.

²⁶ "Nashville Promise Zone." *U.S. Department of Housing and Urban Development*, June 2016, https://www.hud.gov/sites/documents/NASHVILLE_ZONE_3RD.PDF. Accessed 24 March 2022.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS

LENDING TEST

Overview

The lending test included an analysis of INSBANK’s small business loans. INSBANK’s overall performance rating for the lending test is satisfactory. The evaluation of the bank’s lending performance considered small business loans originated between January 1, 2020 and December 31, 2021. The loan-to-deposit ratio is more than reasonable given the institution’s size, financial condition, competition in the market, and assessment area credit needs. A majority of the loans were originated inside the assessment area. The geographic distribution of loans reflects reasonable dispersion throughout the assessment area. The distribution of small business loans reflects reasonable penetration among businesses of different sizes. The performance context information discussed earlier in the report was also considered in the evaluation of the bank’s lending performance.

Loan-to-Deposit Ratio

The bank’s average LTD ratio for the 20 quarters ending December 31, 2021, was 104.1 percent, which is considered more than reasonable given the bank’s size, financial condition, business strategy and assessment area credit needs. The bank’s LTD ratio was compared to the ratios of six other financial institutions of similar asset size with branch offices in the assessment area. The average LTD ratios for these six banks ranged from 44.2 percent to 85.8 percent. Overall, the bank’s average LTD ratio compares favorably to the six comparable banks.

Assessment Area Concentration

The bank originated a majority of total loans to businesses residing in or located within the assessment area. The table below shows, by product type, the number, and percentage of loans reviewed that were located inside and outside the assessment area.

Lending Inside and Outside the Assessment Area

Loan Types	Inside				Outside			
	#	%	\$(000s)	%	#	%	\$(000s)	%
Small Business	357	70.7	\$64,501	67.1	148	29.3	\$31,563	32.9
TOTAL LOANS	357	70.7	\$64,501	67.1	148	29.3	\$31,563	32.9

As indicated in the table above, 70.7 percent of small business loans, by number, were to businesses within the assessment area. Additionally, 67.1 percent of small business loans, by loan amount, were originated within the assessment area compared to 32.9 percent that were originated outside of the assessment area. This level of lending indicates the bank’s willingness to originate loans that meet the credit needs of its assessment area.

Geographic Distribution of Loans

The bank is primarily a commercial lender and does not originate HMDA-reportable loans. For this analysis, the geographic distribution of small business loans was compared to available demographic information. Performance context issues, including the bank’s business strategy, competition, and economic climate, were also taken into consideration. Based on these factors, the overall geographic distribution of the bank’s small business

loans reflects reasonable dispersion throughout the bank’s assessment area and does not reveal any unexplained gaps in lending patterns.

Small Business Lending

The following table shows the geographic distribution of small business loans compared to the distribution of total businesses in the assessment area.

Geographic Distribution of Small Business Loans

Assessment Area: Nashville

Tract Income Levels	Bank Lending & Demographic Data Comparison				
	2020, 2021				
	Bank				Total Businesses
	Count		Dollar		
#	%	\$ (000s)	\$ %	%	
Low	30	8.4%	\$4,825	7.5%	9.4%
Moderate	52	14.6%	\$12,512	19.4%	17.2%
Middle	32	9.0%	\$5,310	8.2%	21.3%
Upper	242	67.8%	\$41,762	64.7%	50.8%
Unknown	1	0.3%	\$92	0.1%	1.2%
Tr Unknown	0	0.0%	\$0	0.0%	
<i>Total</i>	<i>357</i>	<i>100%</i>	<i>\$64,501</i>	<i>100%</i>	<i>100%</i>

Originations & Purchases
 2021 FFIEC Census Data and 2021 D&B Information

The geographic distribution of small business loans reflects reasonable penetration throughout the assessment area given the level of competition for small business lending in this market and other performance context factors. INSBANK originated 357 small business loans in the assessment area during the review period; 228 of these loans were PPP loans. The bank originated 30 (8.4 percent) of its small business loans in low-income tracts during the review period, which was slightly lower than the percentage of total businesses in these tracts at 9.4 percent. During the review period, the bank originated 52 (14.6 percent) of its small business loans in moderate-income tracts, which was slightly less than the percentage of total businesses located in these tracts at 17.2 percent. Although the bank's lending is slightly less than demographics in LMI tracts, the bank operates in a highly competitive banking market that includes regional and national financial institutions. As mentioned by the community contact, access to credit from traditional large financial institutions is difficult for entrepreneurs and small businesses. Performance context factors such as competition and the COVID-19 pandemic had an impact on the bank's ability to lend to small businesses.

Lending to Businesses of Different Sizes

For this analysis, the distribution of small business lending across business revenue sizes was compared to available demographic information in 2020 and 2021. Performance context issues were also taken into consideration. Considering these factors, the overall distribution of the bank’s small business loans by business revenue reflects reasonable penetration among businesses of different sizes.

Small Business Lending

The following table shows, by loan size, the number, and dollar volume of small business loans originated by INSBANK in 2020 and 2021.

Small Business Loans by Business Revenue & Loan Size

Assessment Area: Nashville

Business Revenue & Loan Size		Bank Lending & Demographic Data Comparison 2020, 2021				
		Bank				Total Businesses
		Count		\$ (000s)		%
		#	%	\$	%	%
BUSINESS REVENUE	\$1million or Less	43	12.0%	\$7,944	12.3%	90.5%
	Over \$1 Million	60	16.8%	\$18,886	29.3%	8.7%
	<i>Total Rev. available</i>	103	28.8%	\$26,831	41.6%	99.2%
	Rev. Not Known	254	71.1%	\$37,670	58.4%	0.8%
	<i>Total</i>	357	100%	\$64,501	100%	100%
LOAN SIZE	\$100,000 or Less	201	56.3%	\$8,958	13.9%	
	\$100,001 - \$250,000	72	20.2%	\$11,481	17.8%	
	\$250,001 - \$1 Million	84	23.5%	\$44,063	68.3%	
	<i>Total</i>	357	100%	\$64,501	100%	
LOAN SIZE & Rev \$1 Mill or Less	\$100,000 or Less	24	55.8%	\$1,538	19.4%	
	\$100,001 - \$250,000	10	23.3%	\$1,599	20.1%	
	\$250,001 - \$1 Million	9	20.9%	\$4,807	60.5%	
	<i>Total</i>	43	100%	\$7,944	100%	

Originations & Purchases
2021 FFIEC Census Data and 2021 D&B Information

INSBANK’s small business lending by business revenue size reflects reasonable penetration among businesses of different sizes, given competition in the assessment area. The table above shows the bank originated 43 (12.0 percent) small business loans to businesses with reported revenues of \$1 million or less, although small businesses represent 90.5 percent of total businesses in the assessment area. However, revenue information was not known for 254 of the 357 loans and 228 of the loans with unknown revenue were PPP loans. Banks were not required to collect or report revenue information for PPP loans. PPP loans were considered responsive to the needs of small businesses during the COVID-19 pandemic. Additionally, 76.5 percent of the bank’s small business loans were \$250,000 or less, which indicates the bank’s willingness to make smaller loans that are typically requested by small businesses.

COMMUNITY DEVELOPMENT TEST

INSBANK’s community development test is rated satisfactory. Considering the bank’s asset size, capacity, and service area, the bank demonstrates reasonable responsiveness to the community development needs of its assessment area through a combination of community development loans, investments, and community development services.

During the review period, INSBANK made nine qualifying community development loans totaling \$34.2 million. Of the total community development loan amount, \$20 million was in the bank's assessment area and \$6.7 million was throughout the state of Tennessee. The bank provided PPP loans which are considered highly responsive towards job retention and stabilization within their assessment area and statewide.

The bank had \$4.0 million in qualified community development investments and \$99,300 in contributions that primarily benefitted the bank's assessment area. The bank's investments included funding for SBICs, and three CDFIs. For one investment, the bank maintains a money market account within a CDFI that is a minority-owned depository institution in Nashville. This CDFI promotes economic development by financing businesses of eligible size and provides financing for affordable housing within Davidson County. Additionally, the bank donated \$25,000 towards a women's business center for a nonprofit organization that provides lending solutions and educational services designed to support the development, growth, and preservation of underserved small businesses, affordable housing, and sustainable communities.

The bank also contributed 232 hours of qualified community development service hours through eleven service activities during the review period. Bank staff mainly served on the boards or advisory committees for a variety of organizations that provide affordable housing and community services targeted to LMI individuals.

RESPONSE TO SUBSTANTIATED COMPLAINTS

Neither the bank nor this Reserve Bank has received any CRA-related complaints since the previous evaluation.

FAIR LENDING OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

No evidence of discriminatory or other illegal credit practices inconsistent with helping to meet community credit needs was identified.

APPENDIX A

SCOPE OF EXAMINATION			
TIME PERIOD REVIEWED			
Lending Test: January 1, 2020 to December 31, 2021			
Community Development Test: November 1, 2017 to June 30, 2022			
INSBANK		PRODUCTS REVIEWED	
Nashville, Tennessee		Small Business Loans	
AFFILIATE(S)	AFFILIATE RELATIONSHIP	PRODUCTS REVIEWED	
N/A	N/A	N/A	
LIST OF ASSESSMENT AREAS AND TYPE OF EXAMINATION			
ASSESSMENT AREA	TYPE OF EXAMINATION	BRANCHES VISITED	OTHER INFORMATION
<i>Davidson and Williamson counties</i>	<i>Full-scope Review</i>	<i>N/A</i>	<i>N/A</i>

APPENDIX B – DEFINITIONS AND GENERAL INFORMATION

Definitions

ATM	Automated Teller Machine
CDC	Community Development Corporation
CDFI	Community Development Financial Institution
CRA	Community Reinvestment Act (Regulation BB)
FDIC	Federal Deposit Insurance Corporation
FFIEC	Federal Financial Institutions Examination Council
HMDA	Home Mortgage Disclosure Act (Regulation C)
HUD	Department of Housing and Urban Development
LMI	Low- and Moderate-Income
LTD	Loan-to-Deposit
LTV	Loan-to-Value Ratio
MD	Metropolitan Division
MSA	Metropolitan Statistical Area
OMB	Office of Management and Budget
REIS	Regional Economic Information System
SBA	Small Business Administration
USDA	United States Department of Agriculture

Rounding Convention

Because the percentages presented in tables were rounded to the nearest tenth in most cases, some columns may not total exactly 100 percent.

General Information

The CRA requires each federal financial supervisory agency to use its authority when examining financial institutions subject to its supervision to assess the 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. Upon conclusion of such examination, the agency must prepare a written evaluation of the institution's record of meeting the credit needs of its community.

This document is an evaluation of the CRA performance of INSBANK prepared by the **Federal Reserve Bank of Atlanta**, the institution's supervisory agency, as of **November 7, 2022**. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 CFR Part 228.

APPENDIX C – 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.

Census tract: A small subdivision of metropolitan and other densely populated counties. Census tract boundaries do not cross county lines; however, they may cross the boundaries of MSAs. Census tracts usually have between 2,500 and 8,000 persons, and their physical size varies widely depending upon population density. Census tracts are designed to be homogeneous with respect to population characteristics, economic status, and living conditions to allow for statistical comparisons.

Community development: All Agencies have adopted the following language. Affordable housing (including multi-family rental housing) for low- or moderate-income individuals; community services targeted to low- or moderate-income individuals; activities that promote economic development by financing businesses or farms that meet the size eligibility standards of the Small Business Administration's Development Company or Small Business Investment Company programs (13 CFR 121.301) or have gross annual revenues of \$1 million or less; or, activities that revitalize or stabilize low- or moderate-income geographies.

Effective September 1, 2005, the Board of Governors of the Federal Reserve System (Board), Office of the Comptroller of the Currency (OCC), and the Federal Deposit Insurance Corporation (FDIC) have adopted the following additional language as part of the revitalize or stabilize definition of community development. Activities that revitalize or stabilize-

- I. Low-or moderate-income geographies;
- II. Designated disaster areas; or
- III. Distressed or underserved nonmetropolitan middle-income geographies designated by the Board, FDIC, and OCC, based on-
 - a. Rates of poverty, unemployment, and population loss; or
 - b. Population size, density, and dispersion. Activities that revitalize and stabilize geographies designated based on population size, density, and dispersion if they help to meet essential community needs, including needs of low- and moderate-income individuals.

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.

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 nonrelatives living with the family. Families are classified by type as either a married-couple family or other family, which is further classified into 'male householder' (a family with a male householder and no wife present) or 'female householder' (a family with a female householder and no husband present).

Full-scope review: Performance under the Lending, Investment, and Service Tests is analyzed considering performance context, quantitative factors (for example, geographic distribution, borrower distribution, and total number and dollar amount of investments), and qualitative factors (for example, innovativeness, complexity, and responsiveness).

APPENDIX C – GLOSSARY (Continued)

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 MSA to file annual summary reports of their mortgage lending activity. The reports include such data as the race, gender, and the income of applications, the amount of loan requested, and the disposition of the application (for example, approved, denied, and withdrawn).

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

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

Limited-scope review: Performance under the Lending, Investment, and Service Tests is analyzed using only quantitative factors (for example, geographic distribution, borrower distribution, 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.

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.

Metropolitan area (MA): A MSA or a metropolitan division (MD) as defined by the Office of Management and Budget. An MSA is a core area containing at least one urbanized area of 50,000 or more inhabitants, together with adjacent communities having a high degree of economic and social integration with that core. An MD is a division of an MSA based on specific criteria including commuting patterns. Only an MSA that has a population of at least 2.5 million may be divided into MDs.

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

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

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

Other products: Includes any unreported optional category of loans for which the institution collects and maintains data for consideration during a CRA examination. Examples of such activity include consumer loans and other loan data an institution may provide concerning its lending performance.

APPENDIX C – GLOSSARY (Continued)

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

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

Rated area: A rated area is a state or multistate MA. 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 MA, the institution will receive a rating for the multistate MA.

Small loan(s) to business(es): A loan included in 'loans to small businesses' as defined in the Call Report and the Thrift Financial Reporting (TFR) instructions. These loans have original amounts of \$1 million or less and typically are either secured by nonfarm or nonresidential real estate or are classified as commercial and industrial loans. However, thrift institutions may also exercise the option to report loans secured by nonfarm residential real estate as "small business loans" if the loans are reported on the TFR as nonmortgage, commercial loans.

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

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