

PUBLIC DISCLOSURE

November 13, 2023

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**Bank of Crockett
RSSD #324854**

**111 East Main Street
Bells, Tennessee 38006**

Federal Reserve Bank of St. Louis

**P.O. Box 442
St. Louis, Missouri 63166-0442**

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 bank. This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this bank 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 COMMUNITY REINVESTMENT ACT RATING

Bank of Crockett is rated Satisfactory. This rating is based on the following conclusions with respect to the performance criteria:

- The bank's loan-to-deposit ratio (LTD) is reasonable given the bank's size, financial condition, and assessment area (AA) credit needs.
- A majority of the bank's loans and other lending-related activities are originated inside the AA.
- The borrower's profile analysis reveals reasonable distribution among individuals of different income levels, including low- and moderate-income (LMI), and businesses and farms of different sizes.
- The geographic distribution of loans reflects a reasonable dispersion throughout the AA.
- Neither the bank nor this Reserve Bank received any CRA-related complaints since the previous evaluation.

SCOPE OF EXAMINATION

The Federal Financial Institutions Examination Council's (FFIEC's) *Interagency Examination Procedures for Small Institutions* were utilized to evaluate the bank's CRA performance. The evaluation considered CRA performance context, including the bank's asset size, financial condition, business strategy, and market competition, as well as AA demographic and economic characteristics and credit needs. Lending performance was assessed within the bank's single AA.

Small business, small farm, and 1–4 family residential real estate (RRE) loans were used to evaluate the bank's lending performance, as these loan categories are considered the bank's core business lines based on lending volume and the bank's stated business strategy. Small business loans were given the most weight, followed by small farm loans, as they represent the bank's two largest products by volume; 1–4 family RRE loans were also included, as there has been significant growth in this product, but weighted the least, as they represent a smaller percentage of the bank's portfolio by volume and dollar. The following table includes the corresponding time period for each performance category.

Performance Criterion	Time Period
LTD Ratio	June 30, 2019 – September 30, 2023
Assessment Area Concentration	June 3, 2019 – December 31, 2021
Loan Distribution by Borrower Profile	
Geographic Distribution of Loans	
Response to Written CRA Complaints	June 3, 2019 – November 12, 2023

Lending Test analyses often entail comparisons of bank performance to AA demographics and the performance of other lenders, based on Home Mortgage Disclosure Act (HMDA) and CRA aggregate lending data. Unless otherwise noted, AA demographics are based on 2015 American Community Survey data, and certain business and farm demographics are based on 2019–2021 Dun & Bradstreet data. When analyzing bank performance by comparing lending activity to both demographic data and aggregate lending data, greater emphasis is generally placed on the aggregate lending data, because it is expected to describe many factors impacting lenders within an AA. Aggregate lending datasets are updated annually and are, therefore, expected to predict more relevant comparisons. In addition, the bank’s lending levels were evaluated in relation to those of comparable financial institutions operating in the same general region. Three other banks were identified as similarly situated peers, with asset sizes ranging from \$188.5 million to \$274.6 million as of September 30, 2023.

To augment this evaluation, one community contact interview with a member of the local community was utilized to ascertain specific credit needs, opportunities, and local market conditions within the bank’s AA. Information from this interview also assisted in evaluating the bank’s responsiveness to identified community credit needs and community development opportunities. Key details from this community contact interview are included in the *Description of Assessment Area* section.

DESCRIPTION OF INSTITUTION

Bank of Crockett is an intrastate community bank headquartered in Bells, Tennessee. The bank’s characteristics include:

- The bank is a wholly owned subsidiary of Security Bancorp of Tennessee, Inc., Halls, Tennessee (Security Bancorp).
- Security Bancorp is a multibank holding company, owning and/or controlling five banks. As such, Bank of Crockett is affiliated through common ownership with Patriot Bank, Millington, Tennessee; Bank of Jackson, Jackson, Tennessee; Security Bank, Newbern, Tennessee; and Bank of Halls, Halls, Tennessee.
- The bank has total assets of \$264.3 million as of September 30, 2023. That represents an increase of 56.6 percent since the last evaluation.

- In addition to its main office in Bells, the AA has four branch offices located in Bells, Alamo, Gadsden, and Gates.
- All four offices, including the main office, have cash-dispensing-only automated teller machines (ATMs). The bank has two additional stand-alone ATMs in Crockett County.
- The bank merged with Gates Banking and Trust Company, Gates, Tennessee (Gates), on July 8, 2023. Prior to the merger, Gates was also a subsidiary of Security Bancorp and was, therefore, an affiliate. The merger resulted in the addition of one full-service branch in the city of Gates (Lauderdale County) and the delineation of a second AA. However, the newly added AA was not included in this evaluation because the merger consummated shortly before the start of this evaluation, and Gates’ operations had not fully been integrated into Bank of Crockett.
- As shown in the following table, the bank’s primary business focus is commercial, agricultural, and 1–4 family RRE lending.

Composition of Loan Portfolio as of September 30, 2023		
Loan Type	Amount \$ (000s)	Percentage of Total Loans
Farmland	\$53,003	35.7%
1–4 Family Residential	\$27,018	18.2%
Commercial and Industrial	\$26,364	17.8%
Farm Loans	\$17,569	11.8%
Loans to Individuals	\$12,517	8.4%
Construction and Development	\$6,459	4.4%
Commercial Real Estate	\$4,507	3.0%
Total Other Loans	\$838	0.6%
TOTAL LOANS	\$148,275	100%
<i>Note: Percentages may not total 100.0% due to rounding.</i>		

The bank was rated Satisfactory under the CRA at its June 3, 2019, performance evaluation. There are no known legal, financial, or other factors impeding the bank’s ability to help meet the credit needs in its communities.

DESCRIPTION OF ASSESSMENT AREA

The bank’s Western Tennessee AA consists of Crockett County in its entirety and one census tract in Haywood County. Crockett County is located in the Jackson, Tennessee Metropolitan Statistical Area (Jackson MSA), and Haywood County is located in a nonMSA portion of Tennessee (see Appendix A for an AA map).

- There have been no changes to the Western Tennessee AA since the prior evaluation.
- According to the June 30, 2023, Federal Deposit Market Share report, the bank has a market share of 30.8 percent, which ranks first out of ten Federal Deposit Insurance Corporation (FDIC)-insured depository institutions operating in the AA.¹
- According to the Bureau of Labor Statistics, the three largest nongovernmental industries in the AA, determined by number of employees, are manufacturing (38.9 percent), retail trade (13.5 percent), and healthcare and social assistance (10.7 percent).
- One community contact interview with an individual from an organization that specializes in small businesses in the AA was utilized.

Assessment Area Demographics by Geography Income Level						
Dataset	Low-	Moderate-	Middle-	Upper-	Unknown-	TOTAL
Census Tracts	0	1	5	0	0	6
	0.0%	16.7%	83.3%	0.0%	0.0%	100%
Family Population	0	571	3,641	0	0	4,212
	0.0%	13.6%	86.4%	0.0%	0.0%	100%

- The bank’s AA includes no low-income, one moderate-income, five middle-income, and no upper-income census tracts. When compared to the previous evaluation, this represents one less moderate-income census tract and one more middle-income census tract due to changing demographics.
- As noted in the table above, the family population that resides in the AA is distributed among the moderate- and middle-income geographies by a similar proportion of the moderate- and middle-income census tracts in the AA.

¹ The market share percentage and market rank figures represent the entirety of Crockett and Haywood counties.

Population Change			
Area	2015 Population	2020 Population	Percent Change
Assessment Area	32,848	31,775	-3.3%
Jackson MSA	179,680	180,504	0.5%
NonMSA Tennessee	1,453,776	1,492,702	2.7%
Tennessee	6,499,615	6,910,840	6.3%
<i>Source: 2020 U.S. Census Bureau: Decennial Census 2011–2015 U.S. Census Bureau: American Community Survey</i>			

- The AA population experienced a declining population trend from 2015 to 2020, decreasing 3.3 percent. In comparison, the Jackson MSA remained steady, while nonMSA Tennessee and the state experienced a growth in population.
- The community contact stated the closure of two major factories caused a decline in population.

Median Family Income Change			
Area	2015 Median Family Income	2020 Median Family Income	Percent Change
Assessment Area	\$48,522	\$54,132	11.6%
Jackson MSA	\$56,279	\$58,697	4.3%
NonMSA Tennessee	\$50,331	\$56,418	12.1%
Tennessee	\$61,304	\$68,793	12.2%
<i>Source: 2011–2015 U.S. Census Bureau: American Community Survey 2016–2020 U.S. Census Bureau: American Community Survey Note: Median family incomes have been inflation-adjusted and are expressed in 2020 dollars.</i>			

- The median family income for the AA grew by 11.6 percent from 2015 to 2020. This growth is comparable with the median family income growth in nonMSA Tennessee and the state as a whole. The Jackson MSA experienced a much slower growth rate.

Unemployment Rates					
Area	2019	2020	2021	2022	YTD – 2023
Assessment Area	4.2%	7.2%	4.8%	3.4%	3.6%
Jackson MSA	3.7%	6.9%	4.3%	3.4%	3.4%
NonMSA Tennessee	4.1%	7.9%	4.4%	3.8%	3.9%
Tennessee	3.4%	7.4%	4.3%	3.4%	3.4%
<i>Source: Bureau of Labor Statistics: Local Area Unemployment Statistics</i>					

- Unemployment levels for the AA are in line with the Jackson MSA and nonMSA Tennessee levels. All areas experienced an increase in unemployment in 2020 due to the COVID-19 pandemic, which subsequently declined in the years that followed.

Housing Cost Burden						
Area	Cost Burden – Renters			Cost Burden – Owners		
	Low-Income	Moderate-Income	All Renters	Low-Income	Moderate-Income	All Owners
Assessment Area	66.6%	39.4%	40.5%	53.1%	35.2%	18.0%
Jackson MSA	68.6%	46.4%	41.8%	57.4%	27.7%	16.4%
NonMSA Tennessee	64.2%	28.2%	36.1%	48.8%	24.3%	16.5%
Tennessee	71.0%	37.9%	40.6%	54.6%	27.6%	17.2%

*Cost burden is housing cost that equals 30% or more of household income.
Source: 2015–2019 U.S. Department of Housing and Urban Development (HUD): Comprehensive Housing Affordability Strategy*

- Within the AA, 66.6 percent of low-income renters and 39.4 percent of moderate-income renters are cost burdened. The cost burden of low-income renters is in line with the figures for the Jackson MSA and nonMSA Tennessee areas. However, moderate-income renters are less cost burdened than the moderate-income renters in the Jackson MSA and more cost burdened than the moderate-income renters in nonMSA Tennessee. This illustrates that low-income renters in the AA, in particular, spend a similar portion of their income on housing when compared to low-income renters in the Jackson MSA and nonMSA Tennessee areas.
- Within the AA, 53.1 percent of low-income homeowners and 35.2 percent of moderate-income homeowners are cost burdened. The cost burden of low-income homeowners is generally in line with the figures for the Jackson MSA and nonMSA Tennessee areas. However, moderate-income homeowners appear to be more cost burdened than the moderate-income homeowners in the Jackson MSA and nonMSA Tennessee areas. This illustrates that moderate-income homeowners in the AA, in particular, spend more of their income on housing than moderate-income homeowners in the Jackson MSA and nonMSA Tennessee areas, while low-income homeowners spend a comparable proportion.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

The bank’s overall performance under the Lending Test is Satisfactory.

Loan-to-Deposit (LTD) Ratio

This performance criterion evaluates the bank’s average LTD ratio to determine the reasonableness of lending in light of performance context, such as the bank’s capacity to lend, the availability of lending opportunities, the demographic and economic factors present in the AA, and in comparison to similarly situated FDIC-insured institutions. The similarly situated institutions were selected based on asset size, product offerings, market share, and geographic location.

Comparative LTD Ratios (June 30, 2019 – September 30, 2023)			
Institution	Location	Asset Size \$ (000s)	LTD Ratio (%)
			18-Quarter Average
Bank of Crockett	Bells, Tennessee	\$264,291	47.9%
Similarly Situated Institutions			
Regional Banks	Ripley, Tennessee	\$274,618	37.4%
	Decaturville, Tennessee	\$268,828	83.6%
	McKenzie, Tennessee	\$188,463	57.3%

The bank’s LTD ratio is reasonable. During the review period, the bank maintained an 18-quarter average of 47.9 percent, which is above one and below two regional peer banks. The regional bank with the lower average LTD is most comparable to Bank of Crockett because both banks have a heavy focus on agriculture lending. The bank’s average LTD ratio increased since the previous evaluation (35.7 percent). In addition, the quarterly LTD ratio has experienced a trend that increased from 30.0 percent in the first quarter of 2019 to 60.7 percent in the third quarter of 2023.

Assessment Area Concentration

This performance criterion evaluates the percentage of lending extended inside and outside of the AA.

Lending Inside and Outside the Assessment Area								
Loan Type	Inside				Outside			
	#	# %	\$ (000s)	\$ %	#	# %	\$ (000s)	\$ %
Small Business	52	65.0%	\$4,975	49.5%	28	35.0%	\$5,073	50.5%
Small Farm	36	69.2%	\$5,664	67.1%	16	30.8%	\$2,782	32.9%
1–4 Family RRE	40	69.0%	\$3,681	56.3%	18	31.0%	\$2,853	43.7%
TOTAL LOANS	128	67.4%	\$14,321	57.2%	62	32.6%	\$10,709	42.8%

Note: Percentages may not total 100.0% due to rounding.

The majority of the bank’s loans, by number and dollar, were originated inside the AA. Overall, 67.4 percent of the total loans were originated inside the AA, accounting for 57.2 percent of the total dollar volume of loans.

Loan Distribution by Borrower’s Profile

This performance criterion evaluates the bank’s lending to borrowers of different income levels and businesses and farms of different revenue sizes. The bank’s lending has a reasonable distribution among individuals of different income levels and businesses and farms of different sizes. More specifically, the bank’s lending performance to small businesses is excellent, and the bank’s lending performance to small farms and 1–4 family RRE LMI borrowers is reasonable.

Small Business Lending

The borrower distribution of small business lending is excellent. As displayed in the following table, the bank’s lending to small businesses (100.0 percent) is substantially above the aggregate (46.9 percent) and the demographic (89.3 percent).

Distribution of 2019-2021 Small Business Lending by Revenue Size of Businesses								
Assessment Area: Western Tennessee								
Business Revenue and Loan Size		Count			Dollars			Total Businesses
		Bank		Aggregate	Bank		Aggregate	
		#	%	%	\$ (000s)	\$ %	\$ %	%
Business Revenue	\$1 Million or Less	52	100.0%	46.9%	\$4,975	100.0%	45.3%	89.3%
	Over \$1 Million/ Unknown	0	0.0%	53.1%	\$0	0.0%	54.7%	10.7%
	TOTAL	52	100.0%	100.0%	\$4,975	100.0%	100.0%	100.0%
Loan Size	\$100,000 or Less	41	78.8%	90.8%	\$1,673	33.6%	37.4%	
	\$100,001–\$250,000	6	11.5%	6.1%	\$1,042	20.9%	25.2%	
	\$250,001–\$1 Million	5	9.6%	3.1%	\$2,260	45.4%	37.4%	
	Over \$1 Million	0	0.0%	0.0%	\$0	0.0%	0.0%	
	TOTAL	52	100.0%	100.0%	\$4,975	100.0%	100.0%	
Loan Size	Revenue \$1 Million or Less	\$100,000 or Less	41	78.8%		\$1,673	33.6%	
		\$100,001–\$250,000	6	11.5%		\$1,042	20.9%	
		\$250,001–\$1 Million	5	9.6%		\$2,260	45.4%	
		Over \$1 Million	0	0.0%		\$0	0.0%	
		TOTAL	52	100.0%		\$4,975	100.0%	

*Source: 2021 FFIEC Census Data
2021 Dun & Bradstreet Data
2011–2015 U.S. Census Bureau: American Community Survey
Note: Percentages may not total 100.0% due to rounding.*

Small Farm Lending

The borrower distribution of small farm lending is reasonable. As displayed in the following table, the bank’s lending to small farms (75.0 percent) is above the aggregate (33.1 percent) but below the demographic (94.8 percent).

Distribution of 2019-2021 Small Farm Lending by Revenue Size of Farms								
Assessment Area: Western Tennessee								
Farm Revenue and Loan Size		Count			Dollars			Total Farms
		Bank		Aggregate	Bank		Aggregate	
		#	%	%	\$ (000s)	\$ %	\$ %	
Farm Revenue	\$1 Million or Less	27	75.0%	33.1%	\$3,842	67.9%	46.0%	94.8%
	Over \$1 Million/ Unknown	9	25.0%	66.9%	\$1,820	32.1%	54.0%	5.2%
	TOTAL	36	100.0%	100.0%	\$5,662	100.0%	100.0%	100.0%
Loan Size	\$100,000 or Less	13	36.1%	79.2%	\$689	12.2%	24.9%	
	\$100,001–\$250,000	16	44.4%	15.9%	\$2,515	44.4%	42.2%	
	\$250,001–\$1 Million	7	19.4%	4.9%	\$2,458	43.4%	32.9%	
	Over \$1 Million	0	0.0%	0.0%	\$0	0.0%	0.0%	
	TOTAL	36	100.0%	100.0%	\$5,662	100.0%	100.0%	
Loan Size	Revenue \$1 Million or Less	\$100,000 or Less	12	44.4%		\$597	15.5%	
		\$100,001–\$250,000	11	40.7%		\$1,767	46.0%	
		\$250,001–\$1 Million	4	14.8%		\$1,478	38.5%	
		Over \$1 Million	0	0.0%		\$0	0.0%	
		TOTAL	27	100.0%		\$3,842	100.0%	

*Source: 2021 FFIEC Census Data
2021 Dun & Bradstreet Data
2011–2015 U.S. Census Bureau: American Community Survey*

Note: Percentages may not total 100.0% due to rounding.

1–4 Family Residential Real Estate Lending

The bank’s RRE loan distribution is reasonable. The bank’s lending to low-income borrowers (10.0 percent) is in line with the aggregate (5.6 percent) but is below the demographic (20.3 percent). Similarly, the bank’s performance lending to moderate-income borrowers (17.5 percent) is in line with the aggregate (17.0 percent) and the demographic (22.0 percent).

Distribution of 2019–2021 Residential Real Estate Lending by Borrower Income Level							
Assessment Area: Western Tennessee							
Borrower Income Level	Bank and Aggregate Loans						Families by Family Income %
	Bank		Aggregate	Bank		Aggregate	
	#	# %	# %	\$ (000s)	\$ %	\$ %	
Low	4	10.0%	5.6%	\$237	6.4%	2.9%	20.3%
Moderate	7	17.5%	17.0%	\$285	7.7%	12.4%	22.7%
Middle	12	30.0%	19.2%	\$754	20.5%	16.6%	22.6%
Upper	17	42.5%	36.6%	\$2,405	65.3%	43.8%	34.4%
Unknown	0	0.0%	21.6%	\$0	0.0%	24.3%	0.0%
TOTAL	40	100.0%	100.0%	\$3,681	100.0%	100.0%	100.0%
<i>Source: 2021 FFIEC Census Data 2011–2015 U.S. Census Bureau: American Community Survey Note: Percentages may not total 100.0% due to rounding. Multifamily loans are not included in the borrower distribution analysis.</i>							

Geographic Distribution of Loans

This performance criterion evaluates the bank’s distribution of lending within its AA by income level of census tracts with consideration given to the dispersion of loans throughout the AA. The bank’s geographic distribution of loans reflects reasonable distribution among the different census tracts and dispersion throughout the AA. More specifically, the geographic distribution of the bank’s small business loans reflects reasonable dispersion, the distribution of small farm loans reflects poor dispersion, and the geographic distribution of the bank’s 1–4 family RRE loans reflects excellent distribution. There are no low-income census tracts in the AA. Therefore, the geographic distribution analysis focused on lending in moderate-income census tracts. Additionally, lending was dispersed throughout the bank’s AA census tracts, and no conspicuous lending gaps were noted.

Small Business Lending

The geographic distribution of small business lending is reasonable. The bank’s geographic distribution of small business loans in moderate-income census tracts (5.8 percent) is in line with the aggregate (8.5 percentage) and the demographic level (10.4 percent), reflecting reasonable performance.

Distribution of 2019–2021 Small Business Lending by Income Level of Geography Assessment Area: Western Tennessee							
Tract Income Levels	Count			Dollar			Total Businesses
	Bank		Aggregate	Bank		Aggregate	
	#	%	%	\$ (000s)	\$ %	\$ %	
Low	0	0.0%	0.0%	\$0	0.0%	0.0%	0.0%
Moderate	3	5.8%	8.5%	\$475	9.5%	6.0%	10.4%
Middle	49	94.2%	91.0%	\$4,500	90.5%	93.9%	89.6%
Upper	0	0.0%	0.0%	\$0	0.0%	0.0%	0.0%
Unknown	0	0.0%	0.6%	\$0	0.0%	0.1%	0.0%
TOTAL	52	100.0%	100.0%	\$4,975	100.0%	100.0%	100.0%
<i>Source: 2021 FFIEC Census Data 2021 Dun & Bradstreet Data 2011–2015 U.S. Census Bureau: American Community Survey Note: Percentages may not total 100.0% due to rounding.</i>							

Small Farm Lending

The geographic distribution of small farm lending is poor. The bank’s geographic distribution of small farm loans in moderate-income census tracts (11.1 percent) is significantly below aggregate (24.5 percentage) and demographic (22.3 percent) levels.

Distribution of 2019–2021 Small Farm Lending by Income Level of Geography Assessment Area: Western Tennessee							
Tract Income Levels	Count			Dollar			Total Farms
	Bank		Aggregate	Bank		Aggregate	
	#	%	%	\$ (000s)	\$ %	\$ %	
Low	0	0.0%	0.0%	\$0	0.0%	0.0%	0.0%
Moderate	4	11.1%	24.5%	\$526	9.3%	18.7%	22.3%
Middle	32	88.9%	74.3%	\$5,138	90.7%	81.1%	77.7%
Upper	0	0.0%	0.0%	\$0	0.0%	0.0%	0.0%
Unknown	0	0.0%	1.2%	\$0	0.0%	0.2%	0.0%
TOTAL	36	100.0%	100.0%	\$5,664	100.0%	100.0%	100.0%
<i>Source: 2021 FFIEC Census Data 2021 Dun & Bradstreet Data 2011–2015 U.S. Census Bureau: American Community Survey Note: Percentages may not total 100.0% due to rounding.</i>							

Residential Real Estate Lending

The geographic distribution of 1–4 family RRE lending is excellent. The bank’s distribution of loans in moderate-income census tracts (20.0 percent) is significantly above the aggregate in these geographies (8.7 percent) and is in line with the demographic (15.9 percent).

Distribution of 2019–2021 Residential Real Estate Lending by Income Level of Geography							
Assessment Area: Western Tennessee							
Geographic Income Level	Bank and Aggregate Loans						Owner-Occupied Units %
	Bank		Aggregate	Bank		Aggregate	
	#	# %	# %	\$ (000s)	\$ %	\$ %	
Low	0	0.0%	0.0%	0	0.0%	0.0%	0.0%
Moderate	8	20.0%	8.7%	\$764	20.8%	7.9%	15.9%
Middle	32	80.0%	91.3%	\$2,917	79.2%	92.1%	84.1%
Upper	0	0.0%	0.0%	0	0.0%	0.0%	0.0%
Unknown	0	0.0%	0.0%	0	0.0%	0.0%	0.0%
TOTAL	40	100.0 %	100.0%	\$3,681	100.0%	100.0%	100.0%
<i>Source: 2021 FFIEC Census Data 2011–2015 U.S. Census Bureau: American Community Survey Note: Percentages may not total 100.0% due to rounding.</i>							

FAIR LENDING OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

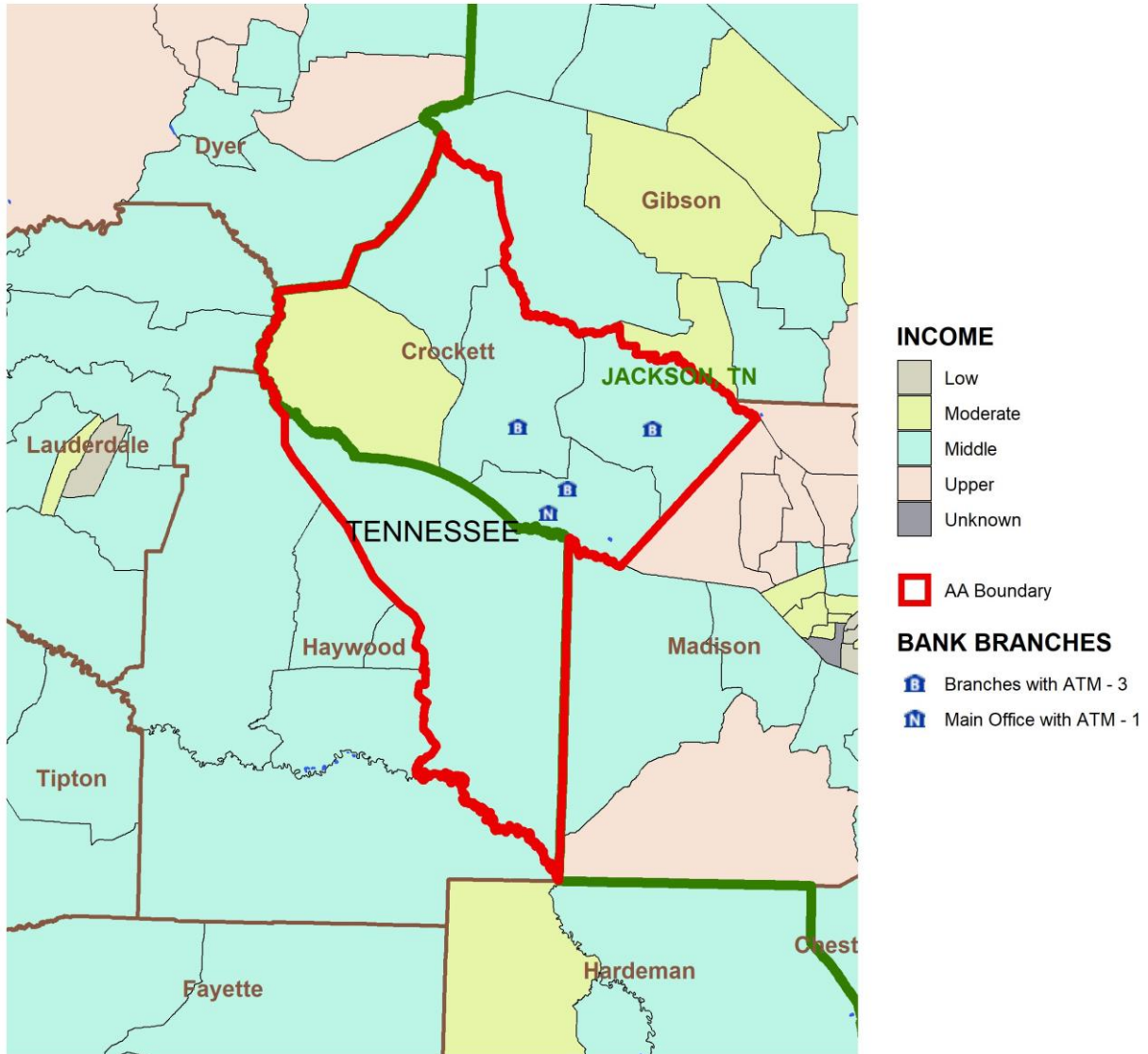
Based on findings from the Consumer Affairs examination, including a fair lending analysis performed under Regulation B – Equal Credit Opportunity and the Fair Housing Act requirements, conducted concurrently with this CRA evaluation, no evidence of discriminatory or other illegal credit practices inconsistent with helping to meet community credit needs was identified.

APPENDIX A – MAP OF THE ASSESSMENT AREA

Western Tennessee AA

Bank of Crockett - Bells, TN 2023

Crockett and Partial Haywood County, TN 2021 - Tract Income



APPENDIX B – 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.

Assessment area: One or more of the geographic areas delineated by the bank and used by the regulatory agency to assess an institution's record of CRA performance.

Census tract: A small subdivision of metropolitan and nonmetropolitan counties. Census tract boundaries do not cross county lines; however, they may cross the boundaries of metropolitan statistical areas. Census tracts usually have between 2,500 and 8,000 persons, and their physical size varies widely, depending on 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 contact: Interviews conducted as part of the CRA examination to gather information that might assist examiners in understanding the bank's community, available opportunities for helping to meet local credit and community development needs, and perceptions on the performance of financial institutions in helping meet local credit needs. Communications and information gathered can help to provide a context to assist in the evaluation of an institution's CRA performance.

Community development: An activity associated with one of the following five descriptions: (1) affordable housing (including multifamily rental housing) for low- or moderate-income individuals; (2) community services targeted to low- or moderate-income individuals; (3) 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; (4) activities that revitalize or stabilize low- or moderate-income geographies, designated disaster areas, or distressed or underserved nonmetropolitan middle-income geographies; or (5) Neighborhood Stabilization Program (NSP) eligible activities in areas with HUD-approved NSP plans, which are conducted within two years after the date when NSP program funds are required to be spent and benefit low-, moderate-, and middle-income individuals and geographies.

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.

Demographics: The statistical characteristics of human populations (e.g., age, race, sex, and income) used especially to identify markets.

Distressed nonmetropolitan middle-income geography: A middle-income, nonmetropolitan 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 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 (e.g., geographic distribution, borrower distribution, and total number and dollar amount of investments), and qualitative factors (e.g., innovativeness, complexity, and responsiveness).

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

Home Mortgage Disclosure Act (HMDA): The statute that requires certain mortgage lenders who 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 income of applicants; the amount of loan requested; and the disposition of the application (e.g., approved, denied, and withdrawn).

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

Household: One or more persons who occupy a housing unit. The occupants may be a single family, one person living alone, two or more families living together, or any other group of related or unrelated persons who share living arrangements.

Housing affordability ratio: Calculated by dividing the median household income by the median housing value. It represents the amount of single family, owner-occupied housing that a dollar of income can purchase for the median household in the census tract. Values closer to 100 percent indicate greater affordability.

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

Low-income: Individual 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.

Median family income: The dollar amount that divides the family income distribution into two equal groups, half having incomes above the median, half having incomes below the median. The median family income is based on all families within the area being analyzed.

Metropolitan area (MA): A metropolitan statistical area (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.

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

Nonmetropolitan statistical area (nonMSA): Not part of a metropolitan area. (See metropolitan area.)

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.

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.

Performance context: The performance context is a broad range of economic, demographic, and institution- and community-specific information that an examiner reviews to understand the context in which an institution's record of performance should be evaluated. The performance context is not a formal or written assessment of community credit needs.

Performance criteria: These are the different criteria against which a bank's performance in helping to meet the credit needs of its assessment area(s) is measured. The criteria relate to lending, investment, retail service, and community development activities performed by a bank. The performance criteria have both quantitative and qualitative aspects. There are different sets of

criteria for large banks, intermediate small banks, small banks, wholesale/limited purpose banks, and strategic plan banks.

Performance evaluation (PE): A written evaluation of a financial institution’s record of meeting the credit needs of its community, as prepared by the federal financial supervision agency responsible for supervising the institution.

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 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.

Small businesses/small farms: A small business/farm is considered to be one in which gross annual revenues for the preceding calendar year were \$1 million or less.

Small loan(s) to business(es): That is, “small business loans” are included in “loans to small businesses” as defined in the Consolidated Reports of Condition and Income (Call Report) and the Thrift Financial Reporting (TFR) instructions. These loans have original amounts of \$1 million or less and typically are secured by either 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): That is, “small farm loans” are included in “loans to small farms” as defined in the instructions for preparation of the Consolidated Reports of Condition and Income (Call Report). These loans have original amounts of \$500,000 or less and are either secured by farmland or are classified as loans to finance agricultural production and other loans to farmers.

Underserved middle-income geography: A middle-income, nonmetropolitan geography will be designated as underserved if it meets criteria for population size, density, and dispersion that indicate 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.