

PUBLIC DISCLOSURE

October 31, 2022

**COMMUNITY REINVESTMENT ACT
PERFORMANCE EVALUATION**

**Truxton Trust Bank
4525 Harding Road, Suite 300
Nashville, Tennessee 37205**

RSSD ID NUMBER: 3290240

**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: Outstanding.

The following table indicates the performance level of Truxton Trust Bank (Truxton) with respect to the lending and community development tests.

PERFORMANCE LEVELS	Truxton Trust Bank	
	PERFORMANCE TESTS	
	Lending Test	Community Development Test
Outstanding		X
Satisfactory	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 reasonable.
- A majority of loans were made in the assessment area.
- The geographic distribution of loans reflects reasonable dispersion throughout the assessment area.
- The distribution of borrowers reflects reasonable penetration among businesses of different sizes and borrower incomes.
- Given the bank’s business market focus, the level of community development loans and services reflects excellent responsiveness to community development needs in its assessment area.
- Neither the Reserve Bank nor the bank has received any CRA-related complaints since the previous examination.

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. Truxton'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 residential real estate and small business loans originated from January 1, 2020 through December 31, 2021. The bank was not subject to Home Mortgage Disclosure Act (HMDA)² reporting requirements in 2020 and 2021 as it did not meet the loan volume threshold that triggers reporting requirements (pursuant to the 2015 HMDA Final Rule). However, the bank submitted residential real estate loan data (including originations, refinances, and home improvement) for consideration in the analysis of 2020 and 2021 performance. A small business loan is defined as a loan for business purposes with an original amount of \$1 million or less and typically is either secured by nonfarm or nonresidential real estate or classified in the bank's records as a commercial loan. The bank's origination of small business loans was greater than residential real estate loan originations during the review period, in both number and dollar amount. As a result, small business lending was given greater weight when determining the lending test rating.

For the community development test, the examination covered community development loans, qualified investments, and community development services from July 1, 2019 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, two community contacts with local community and economic development representatives who are familiar with the economic and demographic characteristics as well as community development opportunities in the Nashville assessment area were referenced. Information obtained from these contacts was used to establish a context for the communities in which the bank operates and to gather information on the bank's performance. Specific information obtained from the community contacts is included in the applicable section of the evaluation for each assessment area.

² Home Mortgage loans are reported by institutions on the Home Mortgage Disclosure Act (HMDA) Loan Application Register (LAR). The register includes home purchase, home refinance, home improvement, and multi-family loans originated and purchased by the institution.

DESCRIPTION OF INSTITUTION

Truxton is a wholly owned subsidiary of Truxton Corporation, a single bank holding company. The bank offers personal and business loans, depository accounts, wealth management and trust services. The primary trade area consists of Davidson and Williamson counties, which are part of the Nashville-Davidson-Franklin-Murfreesboro, Tennessee MSA.

Branch Offices

The bank operates as a full-service bank and wealth management company with one branch office in Belle Meade, Tennessee. The bank has not opened or closed any branches since the previous examination.

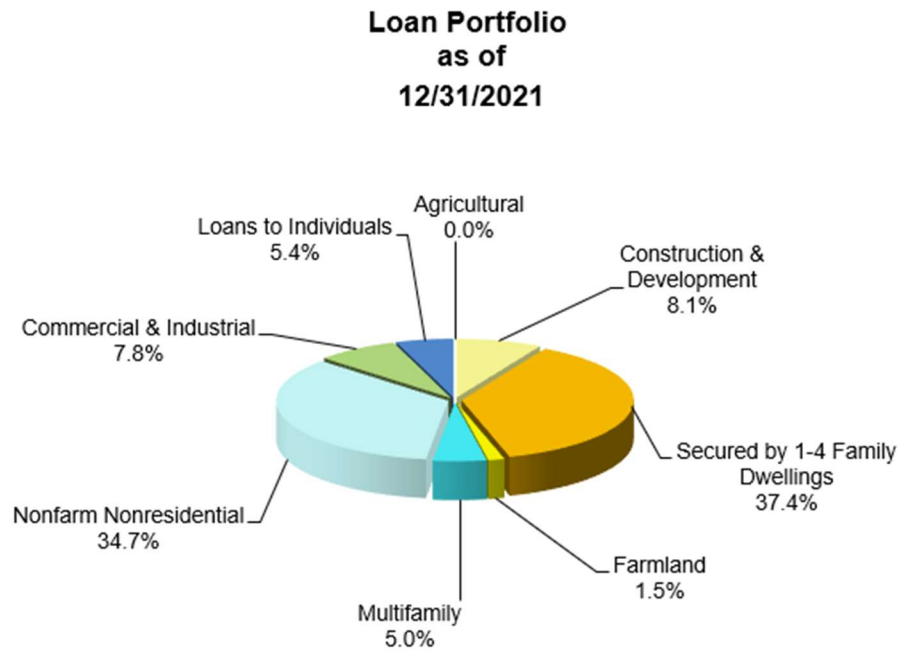
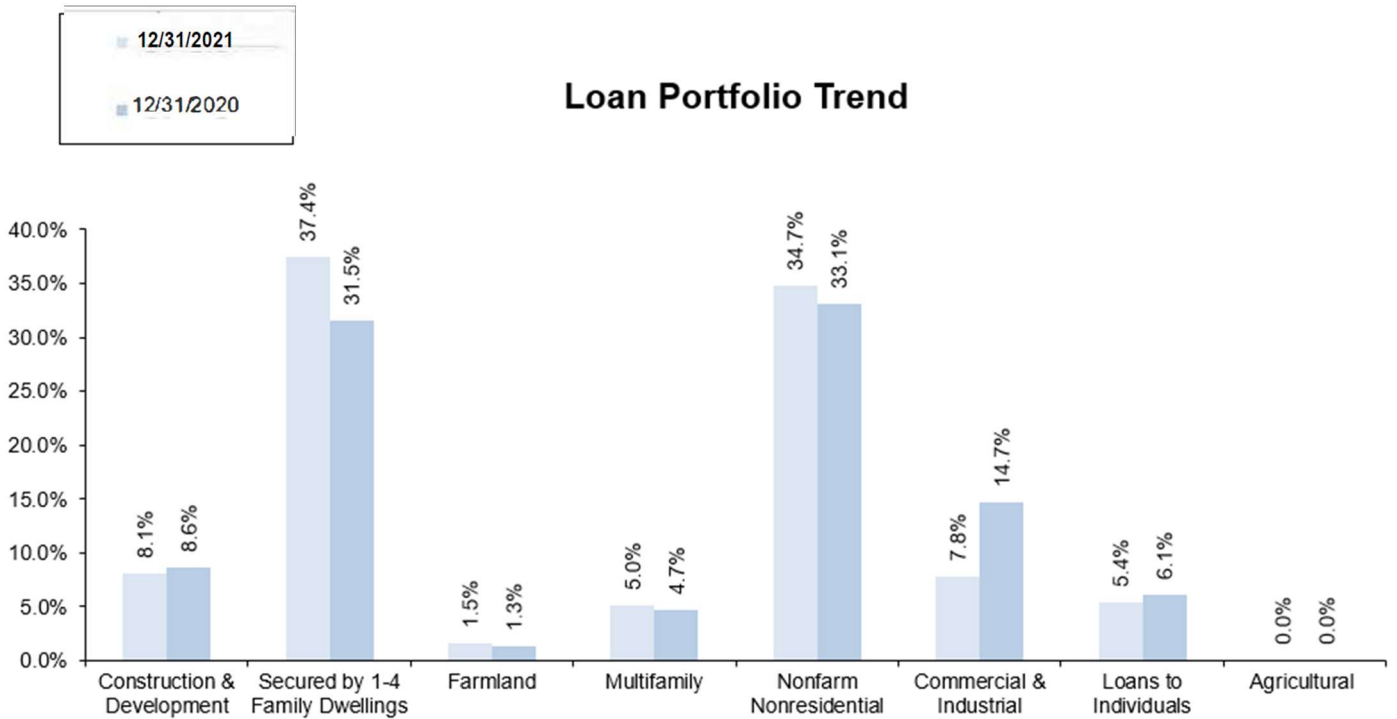
Loan Portfolio

According to the December 31, 2021, Report of Condition (ROC), the bank’s assets totaled \$901.7 million, a substantial increase of approximately \$420.2 million since the bank’s last CRA examination conducted on October 28, 2019.

The following table and graphs show the composition of the loan portfolio according to the Consolidated Report of Condition and Income (Call Report). As indicated, residential real estate (37.4 percent) and nonfarm nonresidential (i.e., commercial real estate) lending (34.7 percent) are the bank’s primary lending focus. Total loans increased by approximately 18.1 percent over the period shown, while the loan mix remained relatively consistent.

COMPOSITION OF LOAN PORTFOLIO				
Loan Type	12/31/2021		12/31/2020	
	\$ (000s)	Percent	\$ (000s)	Percent
Construction and Development	39,998	8.1%	36,162	8.6%
Secured by One- to Four- Family Dwellings	185,434	37.4%	132,201	31.5%
Other Real Estate: Farmland	7,581	1.5%	5,316	1.3%
Multifamily	24,965	5.0%	19,564	4.7%
Nonfarm nonresidential	172,083	34.7%	138,819	33.1%
Commercial and Industrial	38,523	7.8%	61,766	14.7%
Loans to Individuals	26,869	5.4%	25,584	6.1%
Agricultural Loans	0	0.0%	0	0.0%
Total	\$495,453	100.00%	\$419,412	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.



Credit Products

Truxton provides highly individualized personal and business banking and wealth management services to high income and high net worth individuals, their families, and their businesses. While wealth management services represent a significant part of the bank's business strategy and revenue source, they also offer various consumer credit products including residential mortgage loans, construction loans, personal lines of credit, home equity lines of credit, automobile loans, and personal loans. The bank offers various business financing options as well as remote-deposit services and online banking for all customers.

COVID-19 Response

Truxton participated in the SBA Paycheck Protection Program (PPP), which was established as part of the Coronavirus Aid, Relief, and Economic Security (CARES) Act. PPP loans were designed to help businesses retain workers and staff during the economic crisis caused by the pandemic. During the review period, Truxton originated 404 PPP loans in amounts of \$1 million or less for a total dollar amount of \$39.2 million; 83.7 percent (338) of the PPP loans were in the assessment area. The PPP loans were considered responsive to the needs of small businesses during the COVID-19 pandemic. Additional details regarding the bank's PPP lending are discussed in the performance test sections below.

CRA Compliance

Truxton 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 areas. The bank received a "Satisfactory" rating at its previous examination conducted by the Federal Reserve Bank of Atlanta dated October 28, 2019, under ISB examination procedures.

DESCRIPTION OF INSTITUTION'S OPERATIONS IN THE NASHVILLE ASSESSMENT AREA

Overview

The Nashville assessment area consists of Davidson and Williamson counties, which are part of the 13-county Nashville-Davidson-Murfreesboro-Franklin MSA. As of June 30, 2022, Truxton operates one branch office, with one full-service ATM, in the assessment area. The branch is located in an upper-income census tract. According to 2021 FFIEC census data, the assessment area contains 198 tracts: 28 low-income census tracts (14.1 percent); 44 moderate-income tracts (22.2 percent); 55 are middle-income tracts (27.8 percent); 68 are upper-income tracts (34.3 percent); and 3 tracts (1.5 percent) have unknown-income levels.³

Competition

The banking market in Nashville is very competitive. National and regional banks have a significant presence, but there are quite a few community banks. According to the June 30, 2021 FDIC Summary of Deposits Report, there were 45 financial institutions operating 305 branch location across the assessment area with \$66.7 billion in total deposits. Truxton ranked 14th in deposit market share with \$710.8 million (1.1 percent of total deposits in the assessment area). Bank of America holds the largest deposit market share with about 20.1 percent, followed by Pinnacle Bank at about 18.1 percent. Truxton's competitors are primarily smaller community banks.

³ FRB Atlanta Calculations of 2021 Census Data

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 2010.⁴ For context, the state of Tennessee and the United States grew at 8.9 percent and 7.4 percent over the same time frame, respectively.⁵ Davidson County, which includes the city of Nashville, is the largest county in the 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, population increased by 35.2 percent. The population for Davidson County increased by 14.2 percent during the same time.

Income Characteristics

For purposes of classifying borrower income, this evaluation uses the FFIEC estimated median family income (MFI) for the Nashville-Davidson-Murfreesboro-Franklin MSA. As shown in the table below, the MFI increased from \$76,500 in 2020 to \$79,200 (3.5 percent) in 2021.

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

FFIEC Estimated Median Family Income		Low 0 - 49.99%	Moderate 50% - 79.99%	Middle 80% - 119.99%	Upper 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

There is substantial variation in the MFI between the two counties in the assessment area. Williamson County is the wealthiest county in Tennessee with an estimated MFI of \$141,064 in 2021, while the MFI in Davidson County was \$83,222.⁶ Throughout the assessment area, 36.9 percent of families were considered LMI based on 2021 FFIEC Census data. Additionally, 11.2 percent of families in the assessment area have incomes below the poverty level.

Housing Characteristics

According to 2021 FFIEC census data, there were 362,948 housing units located in the assessment area, 54.9 percent of which were owner-occupied, 37.0 percent were rental units, and 8.1 percent were vacant. In low-income census tracts, 27.2 percent of housing units were owner-occupied, and 59.9 percent were rental; in moderate-income tracts, 38.0 percent of units were owner-occupied, and 52.5 percent were rental.

⁴ "Nashville assessment area." *GIS Mapping and Geographic Information System Data*. N.d. Web 17 November 2022. <<http://www.policymap.com/>>.

<https://www.census.gov/quickfacts/fact/table/US,TN,davidsoncountytennessee,dicksoncountytennessee,maurycountytennessee,robertsoncountytennessee/PST045221>. Accessed 17 Nov 2022.

⁵ Ibid.

⁶ "Nashville assessment area." *GIS Mapping and Geographic Information System Data*. N.d. Web 17 November 2022. <<http://www.policymap.com/>>.

The median age of the housing stock across the assessment area was 39 years, while the median age was 37 years in Davidson County and 20 years in Williamson County.⁷

Population and employment growth is driving a hot real estate market in the Nashville MSA. According to data from Realtor.com, the median sales price for a home in Williamson County in July 2021 was \$423,750, which represents an increase of 29 percent compared with July 2020.⁸ Additionally, the median sales price for a home in Davidson County in July 2021 was \$383,000, which represents an increase of 21.2 percent compared with the prices in July 2020.⁹ However, home prices vary widely between the two counties in the assessment area. In June 2021, Williamson County had the highest median home list price at \$865,750¹⁰ while Davidson County was significantly lower, at \$437,248.¹¹ Active home listings in the MSA decreased 67.9 percent from January 2020 to December 2021, indicating an increasingly tight market.¹²

Homeownership for LMI families in the Nashville area is becoming less affordable. Using the assumption that a borrower can obtain a loan for approximately three times their annual income, and using 2020 FFIEC median family income figures, affordable homes would be priced at \$114,747 or below for low-income families and \$183,597 or below for moderate-income families. Using 2021 FFIEC MFI figures for the Nashville MSA, affordable homes would be priced at \$118,797 or below for low-income families and \$190,077 for moderate-income families. Both counties in the assessment area had median home prices above \$200,000 in 2020 and 2021.

Economic Conditions and Employment Statistics

The Nashville MSA has seen strong population and job growth in the past few years and is also a leading national health care hub and a thriving tourism center. Between January 2018 and December 2021, total nonfarm payrolls grew 8.2 percent in the MSA,¹³ while total nonfarm payrolls in the state of Tennessee increased 4.3 percent.¹⁴ The industries with the fastest job growth in this same period included construction, transportation/logistics, and professional/business services.¹⁵ Meanwhile, the manufacturing and leisure/hospitality industries saw decreases in total jobs during the same period.¹⁶ The largest employment concentrations are in the transportation/logistics,

⁷ FRB Atlanta Calculations of 2021 Census Data

⁸ Lahman, Sean. "How Is Williamson County's Real Estate Market? Home Prices Rose over Year." *Austin American-Statesman*, 30 Nov. 2021, <https://www.statesman.com/story/news/2021/11/30/gda-average-home-prices-20211119-tx-naas-48491/49402617/>. Accessed 18 Nov. 2022.

⁹ Lahman, Sean. "How Is Davidson County's Real Estate Market? Home Prices Rose over Year." *The Tennessean*, 23 Nov. 2021, <https://www.tennessean.com/story/news/2021/11/23/gda-average-home-prices-20211119-tn-pnas-47037/49402459/>. Accessed 18 Nov. 2022.

¹⁰ "Housing Inventory: Median Listing Price in Williamson County, TN." *Federal Reserve Economic Data (FRED)*, St. Louis Fed, <https://fred.stlouisfed.org/series/MEDLISPRI47187>. Accessed 18 Nov 2022

¹¹ "Housing Inventory: Median Listing Price in Davidson County, TN." *Federal Reserve Economic Data (FRED)*, St. Louis Fed, <https://fred.stlouisfed.org/series/MEDLISPRI47037>. Accessed 18 Nov 2022

¹² "Housing Inventory: Active Listing Count in Nashville-Davidson-Murfreesboro-Franklin, TN." *Federal Reserve Economic Data (FRED)*, St. Louis Fed, <https://fred.stlouisfed.org/series/ACTLISCOU34980>. Accessed 18 Nov 2022.

¹³ "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 16 Nov 2022.

¹⁴ "All Employees: Total Nonfarm." *Federal Reserve Economic Data (FRED)*, St. Louis Fed, <https://fred.stlouisfed.org/series/PAYEMS>. Accessed 17 Nov 2022.

¹⁵ "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 18 Nov 2022.

¹⁶ Ibid.

professional/business services, government, education/health services, and leisure/hospitality industries.¹⁷ 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 Services.¹⁸

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 area. Of the total businesses in the assessment area, 90.5 percent had total annual revenues less than or equal to \$1 million and were therefore considered small businesses.¹⁹ Additionally, 17.1 percent of small businesses in the assessment area were located in moderate-income tracts, while there were fewer in low-income tracts at 9.0 percent.²⁰

Covid-19 Response

The early stages of the COVID-19 pandemic had a crippling effect on economic activity in the Nashville assessment area, especially in Davidson County, which is home to Nashville's famous entertainment, music, and food industries. 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 Tennessee.²¹ On April 2, 2020 Tennessee Governor Bill Lee issued a statewide stay-at-home order,²² which was later extended through the end of April 2020.²³ Most of the state began re-opening on May 1, 2020,²⁴ and Davidson County began their own reopening process on May 11, 2020.²⁵ 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 costs.²⁶ In the bank's assessment area alone,

¹⁷ Ibid.

¹⁸ "Major Employers." *Nashville Area Chamber of Commerce*, <https://www.nashvillechamber.com/explore/work/major-employers>. Accessed 18 Nov 2022.

¹⁹ Ibid.

²⁰ Ibid.

²¹ 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 17 Nov 2022.

²² 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 18 Nov 2022.

²³ 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 18 Nov 2022.

²⁴ "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 17 Nov March 2022.

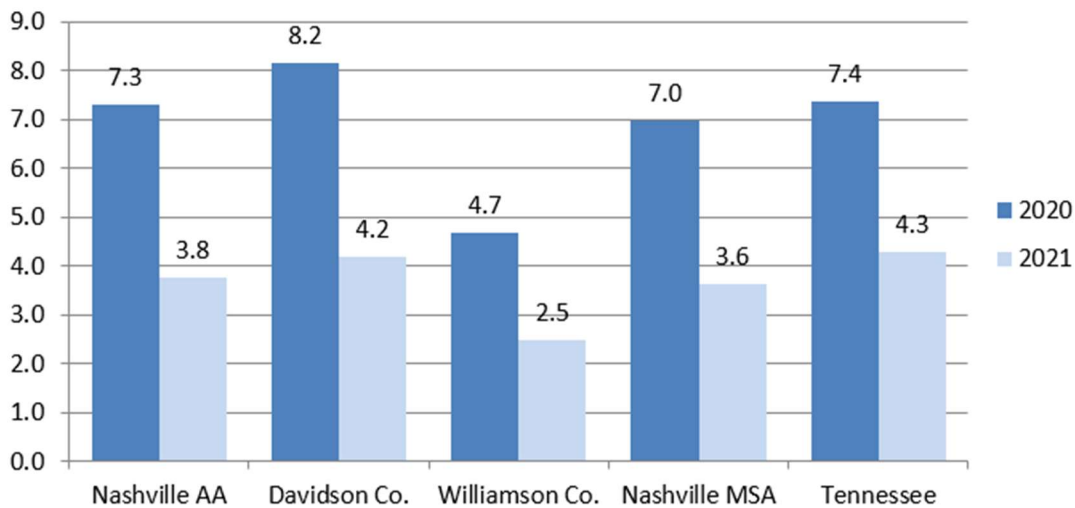
²⁵ Kelman, Brett and Schmitt, Brad. "Nashville Will Let Restaurants and Stores Open at Half Capacity on Monday." *Tennessean*, 7 May 2020, <https://amp.tennessean.com/amp/3087487001>. Accessed 18 Nov 2022.

²⁶ "Paycheck Protection Program." *United States Department of the Treasury*, <https://home.treasury.gov/policy-issues/coronavirus/assistance-for-small-businesses/paycheck-protection-program>. Accessed 18 Nov 2022.

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 demand.²⁷

As a result of the pandemic, unemployment rates had a significant increase in 2020. As displayed in the following chart, Davidson County had the highest unemployment rate of 8.2 percent compared to the State of Tennessee at 7.4 percent in 2020. The unemployment rate improved for both counties in the assessment area in 2021. Despite the increase in unemployment due to the pandemic in 2020, the unemployment rate in the assessment area decreased in 2021 (3.8 percent) continued to compare favorably to the state of Tennessee (at 4.3 percent).

Unemployment Rates - TN Nashville



Not Seasonally Adjusted. Source: Bureau of Labor Statistics

Credit and Community Development Needs

The Nashville market has a moderately strong community development environment with several community service organizations targeting LMI individuals and families. Additionally, there are numerous community development financial institutions (CDFIs) specializing in affordable housing finance and small business lending. These resources create a commending environment and opportunity for banks to partner with nonprofits, developers, and CDFIs to provide affordable housing, neighborhood revitalization, and small business development by investing, lending directly, or providing technical assistance to the organizations or those they serve.

Individuals familiar with the Nashville area community and local economic 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

²⁷ “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 17 Nov 2022.

activities. According to these contacts, affordable housing and small business assistance, and the number of underbanked/unbanked LMI residents are significant concerns for the area. Contacts 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.

The lack of affordable housing has also contributed to a rental gap due to a decline in affordable units. According to the U.S. Census' American Community Survey, 68,287 renters in this area were cost-burdened (paying more than 30 percent of their income towards rent) between 2016-2020. Of those renters, 12.8 percent were over the age of 65.²⁸ Additionally, approximately 32 percent of cost-burdened renters earned less than \$20,000 between 2016-2020. According to the community contact, nonprofit organizations have been active in bidding on land and property for affordable housing initiatives, but competition from real estate investors and private equity groups has resulted in an inability to compete at current market prices. Most of the affordable housing stock is older, and many of these homes and rentals need repairs and updates. Downtown Nashville has almost no available affordable housing stock. Starter home prices are out of reach and young urban workers have been pushed outside of city limits in search of housing. The resulting gentrification has displaced many LMI individuals and families who previously lived on the outskirts of Nashville. The contact suggested that banks could help mitigate affordable housing challenges by investing in or lending to CDFIs, lending to organizations helping to preserve and provide affordable housing and expanding down payment assistance programs for LMI borrowers.

Furthermore, contacts discussed the impact of the COVID-19 pandemic on the area. One contact indicated that economic growth slowed during the pandemic, but the economy remained strong. The other contact 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, one of the contacts 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.

Assessment Area Demographics

The following table presents key demographic and business information used to help develop performance context for the assessment area. The data reflects the 2021 FFIEC Census data and Dunn & 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.

²⁸ "Nashville assessment area." *GIS Mapping and Geographic Information System Data*. n.d. Web 17 Nov 2022.
<<http://www.policymap.com/>>

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

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS

LENDING TEST

Overview

Truxton's overall rating for the lending test is satisfactory. The loan-to-deposit (LTD) ratio is reasonable, and a majority of loans were originated inside the assessment area. The geographic distribution of loans reflects reasonable dispersion throughout the assessment area, and the distribution of loans by borrower income and business revenue is reasonable. Performance context information, such as competition, demographic, and other economic factors was also considered in the evaluation determining the bank's lending performance.

As previously mentioned, the bank was not subject to HMDA reporting requirements in 2020 and 2021 as it did not meet the loan volume threshold that triggers reporting requirements. However, the bank submitted residential real estate loan data (including originations, refinances, and home improvement) for consideration.

The bank originated more small business loans than residential real estate loans during the review period, by both dollar amount and number of loans. As a result, small business lending was given more weight when determining the lending test rating.

Loan-to-Deposit Ratio

The bank's net loan-to-deposit ratio reflects its level of lending activity, and its lending levels show a reasonable responsiveness to meeting the overall assessment area's credit needs. The bank's average LTD ratio for the 10-quarter period ending December 31, 2021, was 72.1 percent. The bank's average LTD ratio was compared to LTD ratios of four other financial institutions of comparable asset size with branch offices in the assessment area. The average LTD ratios for the comparable financial institutions ranged from 55.8 percent to 89.9 percent.

Assessment Area Concentration

The bank originated a majority of the total loans sampled to borrowers and 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)	%
Residential Loans	155	88.1	\$99,616	81.2	21	11.9	\$23,087	18.8
Total Non-HMDA	155	88.1	\$99,616	81.2	21	11.9	\$23,087	18.8
Small Business	489	84.6	\$85,971	88.1	89	15.4	\$11,667	11.9
Total Small Bus. related	489	84.6	\$85,971	88.1	89	15.4	\$11,667	11.9
TOTAL LOANS	644	85.4	\$185,588	84.2	110	14.6	\$34,754	15.8

As shown, 85.4 percent (by number) and 84.2 percent (by dollar) of the total loans are to borrowers and businesses residing within the assessment area. This indicates the bank’s willingness to originate loans that meet the credit needs of its assessment area.

Geographic Distribution of Loans

Based on the following analysis, the overall geographic distribution of the bank’s residential real estate and small business loans reflects reasonable dispersion throughout the assessment area and does not reveal any unexplained gaps in lending patterns.

Residential Real Estate Lending

The following table shows the geographic distribution of Truxton Trust Bank residential real estate loans for 2020 and 2021 within its Nashville assessment area. As noted earlier, the bank was not subject to HMDA reporting requirements in 2020 and 2021 as it did not meet the loan volume threshold that triggers reporting requirements. However, the bank submitted residential loan data (including originations, refinances, and home improvement) for consideration on the analysis of 2020 and 2021 performance.

Geographic Distribution of Consumer Residential Real Estate Loans

Assessment Area: Nashville

Tract Income Levels	Bank Lending & Demographic Data Comparison				
	2020, 2021				
	Bank		Owner Occupied Units		
	Count	Dollar			
#	%	\$ (000s)	\$ %	%	
Low	21	13.5%	\$12,073	12.1%	5.5%
Moderate	19	12.3%	\$3,762	3.8%	15.1%
Middle	31	20.0%	\$5,072	5.1%	31.2%
Upper	84	54.2%	\$78,709	79.0%	48.3%
Unknown	0	0.0%	\$0	0.0%	0.0%
Tr Unknown	0	0.0%	\$0	0.0%	
<i>Total</i>	<i>155</i>	<i>100%</i>	<i>\$99,616</i>	<i>100%</i>	<i>100%</i>

Originations & Purchases
2021 FFIEC Census Data and 2015 ACS Data

The geographic distribution of residential real estate loans for 2020 and 2021 is reasonable. The bank originated 13.5 percent of total loans in low-income tracts which is higher than the percentage of owner-occupied units in low-income tracts at 5.5 percent. The bank originated 12.3 percent of total loans in moderate-income tracts compared to 15.1 percent of owner-occupied units in moderate-income tracts. As stated previously, 11.2 percent of families in the assessment area have incomes below the poverty level and 88.7 percent of those families live in LMI tracts. The high concentration of families below the poverty level living in LMI tracts and the lack of affordable housing in these areas present challenges to lending in LMI tracts.

Small Business

The following table shows the geographic distribution of small business loans for calendar years 2020 and 2021 within the Nashville 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	42	8.6%	\$8,414	9.8%	9.4%
Moderate	59	12.1%	\$13,438	15.6%	17.2%
Middle	53	10.8%	\$12,859	15.0%	21.3%
Upper	325	66.5%	\$49,955	58.1%	50.8%
Unknown	10	2.0%	\$1,306	1.5%	1.2%
Tr Unknown	0	0.0%	\$0	0.0%	
<i>Total</i>	<i>489</i>	<i>100%</i>	<i>\$85,971</i>	<i>100%</i>	<i>100%</i>

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

Truxton originated 489 small business loans inside the assessment area in 2020 and 2021. Of this total, as noted previously, the bank originated 338 PPP loans (69.1 percent). 42 loans (8.6 percent) were originated in low-income census tracts which was slightly less than the percentage of total businesses located in low-income tracts at 9.4 percent. The bank made 59 loans (12.1 percent) in moderate-income tracts, which was less than the percentage of businesses located in moderate-income tracts at 17.2 percent. Small business lending in Nashville is competitive, and Truxton is a small institution in the market with a unique business strategy. When these factors are taken into consideration, the geographic distribution of loans is considered reasonable over the review period.

Lending to Borrowers of Different Incomes and Businesses of Different Sizes

Based on the following analysis, the overall distribution of the bank’s residential real estate and small business loans by borrower income and business revenue reflects reasonable dispersion throughout the bank’s assessment area and does not reveal any unexplained gaps in lending patterns. Performance context factors and the bank’s strategy were considered and, as previously mentioned, small business lending received greater weight when determining the overall rating.

Residential Real Estate Lending

The following table shows the distribution of the bank’s residential real estate loans by the income level of the borrowers.

Borrower Distribution of Consumer Residential Real Estate Loans
Assessment Area: Nashville

Borrower Income Levels	Bank Lending & Demographic Data Comparison				
	2020, 2021				
	Count		Bank Dollar		Families by Family Income
	#	%	\$ (000s)	\$ %	%
Low	12	7.7%	\$2,063	2.1%	21.5%
Moderate	14	9.0%	\$856	0.9%	15.4%
Middle	3	1.9%	\$1,089	1.1%	18.0%
Upper	81	52.3%	\$61,497	61.7%	45.1%
Unknown	45	29.0%	\$34,111	34.2%	0.0%
Tr Unknown	0	0.0%	\$0	0.0%	
<i>Total</i>	<i>155</i>	<i>100%</i>	<i>\$99,616</i>	<i>100%</i>	<i>100%</i>

Originations & Purchases
2021 FFIEC Census Data and 2015 ACS Data

The distribution of residential real estate lending by borrower income was poor in 2020 and 2021. The bank’s lending to low-income borrowers at 7.7 percent of the total number of loans was less than the percentage of low-income families in the assessment area at 21.5 percent. The bank’s lending to moderate-income borrowers at 9.0 percent of the total number of loans was also less than the percentage of moderate-income families in the assessment area at 15.4 percent.

Small Business Lending

Small business lending by business revenue reflects reasonable penetration among businesses of different sizes in the assessment area. The following table shows the distribution of Truxton’s small business loans, by revenue and loan size, for calendar years 2020 and 2021 within Nashville assessment area.

Small Business Loans by Business Revenue & Loan Size

Assessment Area: Nashville

Business Revenue & Loan Size		Bank Lending & Demographic Data Comparison 2020, 2021				
		Count		Bank \$ (000s)		Total Businesses
		#	%	\$	%	%
BUSINESS REVENUE	\$1million or Less	97	19.8%	\$38,235	44.5%	90.5%
	Over \$1 Million	54	11.0%	\$13,878	16.1%	8.7%
	<i>Total Rev. available</i>	151	30.8%	\$52,113	60.6%	99.2%
	Rev. Not Known	338	69.1%	\$33,858	39.4%	0.8%
	<i>Total</i>	489	100%	\$85,971	100%	100%
LOAN SIZE	\$100,000 or Less	270	55.2%	\$9,673	11.3%	
	\$100,001 - \$250,000	102	20.9%	\$17,333	20.2%	
	\$250,001 - \$1 Million	117	23.9%	\$58,965	68.6%	
	<i>Total</i>	489	100%	\$85,971	100%	
LOAN SIZE & Rev \$1 Mill or Less	\$100,000 or Less	16	16.5%	\$865	2.3%	
	\$100,001 - \$250,000	20	20.6%	\$4,079	10.7%	
	\$250,001 - \$1 Million	61	62.9%	\$33,292	87.1%	
	<i>Total</i>	97	100%	\$38,235	100%	

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

As stated previously, 338 of the small business loans in the assessment area during the review period were PPP loans. Of note, revenue information was not known for 338 loans, of which all were PPP loans and therefore had no requirement to collect revenue. Of the 151 loans where revenues were known, 97 (64.2 percent) were made to businesses with revenues less than \$1 million compared to 90.5 percent of total businesses. Approximately 76.1 percent of the bank’s small business loans were in amounts less than \$250,000, which typically represents the loan amounts requested by small businesses.

As noted earlier, Nashville is a competitive market for small business lending, and Truxton is not a typical commercial bank with its focus on highly personalized and individualized business banking services. In addition, while a direct comparison is not used in this evaluation, a review of aggregate CRA small business loan reporters in the assessment area shows that the distribution of the bank’s lending to businesses with revenues under \$1 million is similar to other lenders in the market for both years in the review period. Given these factors, the distribution of small business lending by revenue size is considered reasonable.

COMMUNITY DEVELOPMENT TEST

Overall, Truxton Trust Company demonstrates excellent responsiveness to the community development needs of its assessment area through community development loans, qualified investments, and community development services.

During the review period, Truxton originated 31 community development loans totaling approximately \$62.9 million: 18 loans for \$38.1 million went to finance affordable housing; 3 loans for \$15.6 went to finance revitalization/stabilization projects; 6 loans for \$8.8 million financed PPP loans (>\$1 million); and 4 loans for \$430,000 were provided to organizations that offer community services to LMI individuals.

Examples of notable community development loans include:

- A revolving line of credit to a CDFI to allow the organization to purchase affordable multifamily properties prior to obtaining long term financing to preserve affordable housing.
- Four loans for \$14.6 million to one of the largest nonprofit affordable housing developers in Nashville to help with property acquisition, development, and ownership of several multi-family projects.
- One loan for \$400,000 to a nonprofit to purchase transitional residential housing for women leaving incarceration.

The bank's lending demonstrates a high degree of responsiveness to the need for affordable housing that was noted by one of the community contacts.

Truxton had qualified investments totaling \$11 million, including \$6.6 million that were made during the review period and directly benefit the assessment area. Truxton also donated \$198,220 to support nonprofit organizations in the assessment area that provide affordable housing and community services targeted to LMI individuals. The largest donations were to nonprofits that provide transitional housing and to help encourage homeownership for LMI families. Bank representatives used their financial expertise when providing approximately 800 hours of community development service during the review period that benefited LMI individuals. Of the 800 hours, 350 were provided to an organization that provides community services and 220 were provided to support affordable housing. Notably, a bank executive worked on establishing a Middle and East Tennessee CRA Collaborative. This new group will help banks make better connections in local communities and to learn from one another.

RESPONSIVENESS TO SUBSTANTIATED COMPLAINTS

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

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 through December 31, 2021 Community Development Test: July 1, 2019 through June 30, 2022			
FINANCIAL INSTITUTION		PRODUCTS REVIEWED	
Truxton Trust Bank, Nashville, Tennessee		Residential Real Estate Loans Small Business Loans	
AFFILIATE(S)	AFFILIATE RELATIONSHIP	PRODUCTS REVIEWED	
NA	NA	NA	
LIST OF ASSESSMENT AREAS AND TYPE OF EXAMINATION			
<i>ASSESSMENT AREA</i>	<i>TYPE OF EXAMINATION</i>	<i>BRANCHES VISITED</i>	<i>OTHER INFORMATION</i>
Nashville, Tennessee	Full-scope Review	Nashville, Tennessee	NA

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 Truxton Trust Bank prepared by the **Federal Reserve Bank of Atlanta**, the institution's supervisory agency, as of **October 31, 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).

APPENDIX C – GLOSSARY (Continued)

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).

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 refinancings 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.

APPENDIX C – GLOSSARY (Continued)

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.

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.