

## **PUBLIC DISCLOSURE**

July 18, 2016

### **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

**TriSummit Bank  
422 Broad Street  
Kingsport, Tennessee 37660**

**RSSD ID NUMBER: 3546899**

**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.

TABLE OF CONTENTS

	PAGE
INSTITUTION’S CRA RATING	
Institution’s Community Reinvestment Act (CRA) Rating.....	1
Summary of Major Factors Supporting Rating.....	1
INSTITUTION	
Scope of Examination.....	1
Description of Institution.....	2
Conclusions with Respect to Performance Tests.....	4
FAIR LENDING OR OTHER ILLEGAL CREDIT PRACTICES REVIEW.....	5
MULTI-STATE METROPOLITAN AREA - KINGSFORT-BRISTOL TN-VA ASSESSMENT AREA	
Multistate Metropolitan Area Rating.....	6
Scope of Examination.....	6
Description of Institution’s Operations.....	6
Conclusions with Respect to Performance Tests.....	11
STATE RATING – TENNESSEE	
State Rating.....	17
Scope of Examination.....	17
Description of Institution’s Operations.....	17
Conclusions with Respect to Performance Tests.....	17
METROPOLITAN AREA – WASHINGTON COUNTY, TN ASSESSMENT AREA – FULL-SCOPE REVIEW	
Description of Institution’s Operations.....	18
Conclusions with Respect to Performance Tests.....	22
METROPOLITAN AREA – MORRISTOWN, TN ASSESSMENT AREA – LIMITED-SCOPE REVIEW	
Description of Institution’s Operations.....	28
Conclusions with Respect to Performance Tests.....	28
APPENDICES	
Appendix A – Scope Of Examination.....	29
Appendix B – Demographic and Lending Tables for Limited Scope Assessment Area.....	30
Appendix C – Definitions and General Information.....	34
Appendix D – Glossary.....	36

## INSTITUTION'S CRA RATING

**INSTITUTION'S CRA RATING: This institution is rated Satisfactory.**

Major factors supporting the institution's rating include:

- The bank's loan-to-deposit (LTD) ratio is considered more than reasonable.
- A majority of the loans were made in the assessment area.
- The geographic distribution of loans reflects reasonable dispersion throughout the assessment areas.
- The distribution of lending by borrower income and business size reflects reasonable penetration among individuals of different income levels and businesses of different sizes.
- The bank has not received any CRA-related complaints since the previous evaluation.

## 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 neighborhoods, within the context of information such as asset size and financial condition of the institution, competitive factors, and the economic and demographic characteristics of its defined assessment area. This CRA performance review was based on the bank's lending performance in its assessment areas using the Interagency Small Institution Examination Procedures. The rating was assessed using the following core criteria developed for evaluating CRA lending performance for small banks:

- Net LTD Ratio
- Lending Inside the Assessment Area
- Lending to Borrowers of Different Incomes and Businesses of Different Sizes
- Geographic Distribution of Loans
- The bank's responsiveness to complaints it has received regarding its CRA activities, if applicable

For purposes of the CRA, the bank has three assessment areas: Kingsport-Bristol-Bristol Tennessee-Virginia; Washington County, Tennessee; and Morristown, Tennessee. The Kingsport-Bristol-Bristol Tennessee-Virginia assessment is referred to as the Kingsport-Bristol TN-VA or Multi-State Kingsport-Bristol assessment area in this report. The bank's assessment area has changed since the previous examination with the addition of the Morristown assessment due to the acquisition of Community National Bank of the Lakeway Area on July 1, 2014. The Kingsport-Bristol TN-VA and Washington County assessment areas were evaluated using full-scope examination procedures, and the Morristown, Tennessee, assessment area was evaluated using limited-scope examination procedures. When determining the overall rating, the greatest weight was placed on the bank's performance in the Kingsport-Bristol TN-VA assessment area because the greatest concentration of branches (50.0 percent) and deposits (53.1 percent) are in this assessment area. In addition, 39.9 percent of the bank's total lending is in the Kingsport-Bristol TN-VA assessment area.

The lending test included an analysis of commercial loans and loans reportable under the Home Mortgage Disclosure Act (HMDA), which consist of home purchase, home refinance, home improvement, and multifamily loans. The loans were originated from January 1, 2014 through December 31, 2015. Given the

bank's asset size and offices located in a metropolitan statistical area (MSA), it submits annual reports about its residential real estate loan originations and applications, pursuant to the HMDA. These loans are referred to as HMDA loans in this evaluation. TriSummit Bank reported a greater volume of commercial loans than HMDA loans, in both number and dollar amount; therefore, commercial lending was given more weight than HMDA lending in evaluating the bank's lending performance.

As part of this evaluation, several community contacts were made with local community and governmental representatives familiar with the economic and demographic characteristics as well as community development opportunities in the full-scope assessment areas. 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.

## **DESCRIPTION OF INSTITUTION**

TriSummit Bank is a community bank that is headquartered in Kingsport, Tennessee. The bank was formed without a holding company, and has been in operation since 2007. The bank has undergone a change in structure since the previous examination due to the acquisition of Community National Bank of the Lakeway Area (CNBLA). TriSummit Bank is a full-service bank that offers traditional personal and business deposit and loan products. Online banking and mobile banking are also offered through the bank's web site.

According to the December 31, 2015 Report of Condition, the bank's assets increased from \$278.6 million to \$345.2 million, which represents an increase of approximately 24.0 percent since the bank's previous CRA evaluation dated April 30, 2012.

TriSummit Bank 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 evaluation conducted by the Federal Reserve Bank of Atlanta dated April 30, 2012, under the Small Institution Examination Procedures.

### Branch Offices

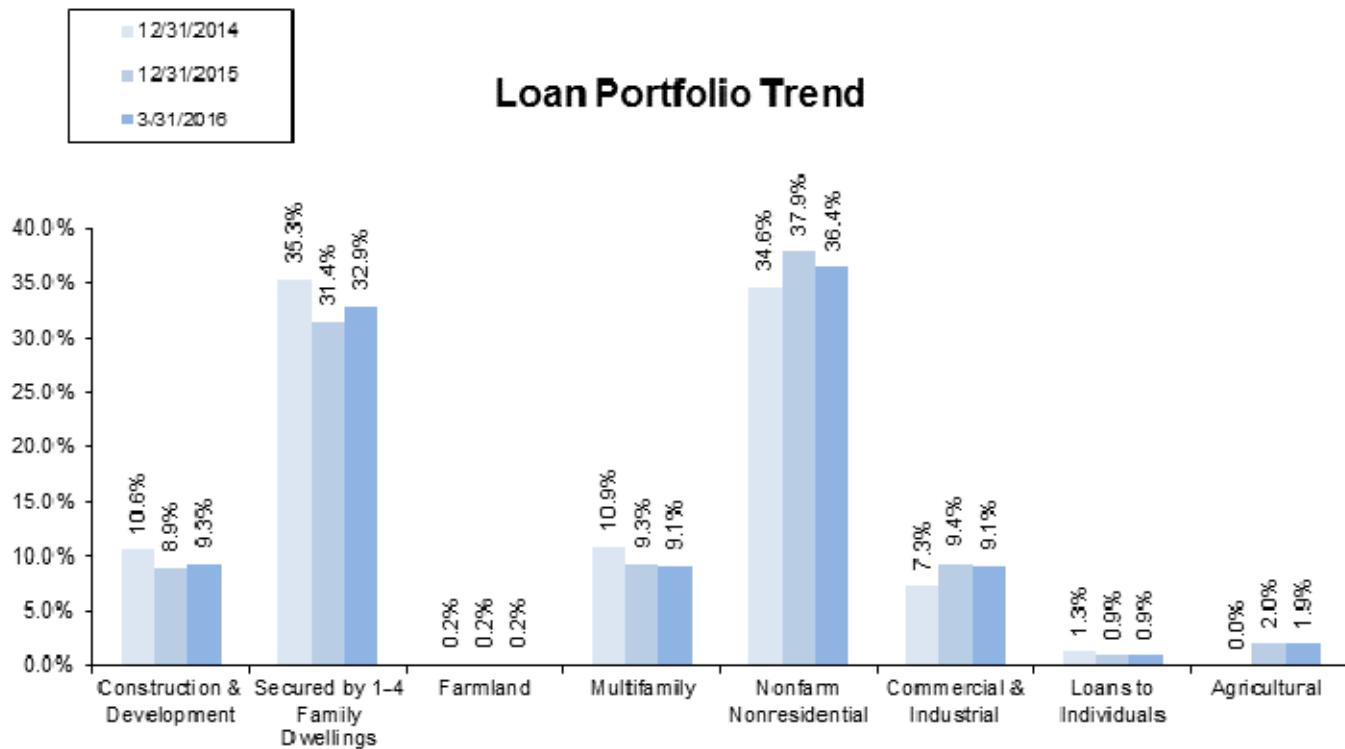
The bank's branch network has changed since the previous examination. The bank acquired three branch offices from CNBLA on July 1, 2014, and closed one of those branch offices on October 31, 2014. TriSummit Bank now operates six full-service branch offices in the three assessment areas. In addition, the bank operates seven cash-only ATMs that are all located at branch offices.

### Loan Portfolio

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

COMPOSITION OF LOAN PORTFOLIO						
Loan Type	3/31/2016		12/31/2015		12/31/2014	
	\$ (000s)	Percent	\$ (000s)	Percent	\$ (000s)	Percent
Construction and Development	23,237	9.3%	21,966	8.9%	23,904	10.6%
Secured by One- to Four- Family Dwellings	81,810	32.9%	77,473	31.4%	79,716	35.3%
Other Real Estate: Farmland	465	0.2%	421	0.2%	393	0.2%
Multifamily	22,745	9.1%	22,976	9.3%	24,543	10.9%
Nonfarm nonresidential	90,680	36.4%	93,318	37.9%	78,108	34.6%
Commercial and Industrial	22,760	9.1%	23,167	9.4%	16,390	7.3%
Loans to Individuals	2,355	0.9%	2,100	0.9%	2,914	1.3%
Agricultural Loans	4,841	1.9%	4,928	2.0%	0	0.0%
<b>Total</b>	<b>\$248,893</b>	<b>100.00%</b>	<b>\$246,349</b>	<b>100.00%</b>	<b>\$225,968</b>	<b>100.00%</b>

\*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 chart above, the bank focused on commercial lending and loans secured by one-to four-family dwellings. As of March 31, 2016, loans secured by nonfarm nonresidential property made up the largest percentage of the loan portfolio at 36.4 percent of total loans, followed closely by loans secured by one-to four-family dwellings at 32.9 percent, and construction and development loans at 9.3 percent. Total loans increased by 10.0 percent over the period shown. Although total loans increased, the percentage by loan type has remained relatively consistent.

### Credit Products

The bank offers the following types of credit products: consumer loans (including auto loans, home improvement loans, home equity loans, home equity lines of credit, and credit cards), real estate mortgages (including fixed-rate mortgages for 30- and 15-year terms, Federal Housing Administration (FHA) mortgage loans, mortgages for multifamily dwellings, United States Department of Agriculture (USDA) loans, and Veterans Administration (VA) mortgage loans) and commercial loans (including commercial real estate loans, commercial construction loans, revolving lines of credit, and term loans). The bank introduced three new adjustable rate mortgage products since the previous CRA evaluation.

## **CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA**

### Overview

TriSummit Bank's overall performance rating for the lending test is satisfactory. The LTD ratio is considered more than reasonable. The lending test included an analysis of commercial loans and HMDA loans originated from January 1, 2014 through December 31, 2015. A majority of the loans were originated inside the assessment areas. The geographic distribution of loans is reasonable, and the distribution of loans by borrower income level and business revenue size is also reasonable. Performance context information was considered in evaluating the bank's lending performance, such as factors related to competition and the bank's limited branch presence in the assessment area. Details on the distribution of commercial and HMDA loans can be found in the full-scope assessment area sections of this report.

### Loan-to-Deposit (LTD) Ratio

The bank's net average LTD ratio for the eight quarters ending March 31, 2016, was 85.7 percent, which is considered more than reasonable given the institution's size, financial condition, and assessment area credit needs. Only one other financial institution has a home office in the bank's assessment areas in Tennessee. This institution has significantly more assets and operates 24 total branch offices; however, the institution has a lower LTD ratio of 82.1 percent.

### Assessment Area Concentration

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

### Lending Inside and Outside the Assessment Area

Loan Types	Inside				Outside			
	#	%	\$(000s)	%	#	%	\$(000s)	%
Home Improvement	34	91.9	\$1,699	97.1	3	8.1	\$50	2.9
Home Purchase - Conventional	73	83.9	\$16,457	89.5	14	16.1	\$1,924	10.5
Multi-Family Housing	7	100	\$9,002	100	0	0	\$0	0
Refinancing	60	84.5	\$10,818	89.9	11	15.5	\$1,210	10.1
<b>Total HMDA</b>	<b>174</b>	<b>86.1</b>	<b>\$37,976</b>	<b>92.3</b>	<b>28</b>	<b>13.9</b>	<b>\$3,184</b>	<b>7.7</b>
<b>Total Commercial</b>	<b>265</b>	<b>82</b>	<b>\$84,688</b>	<b>74</b>	<b>58</b>	<b>18</b>	<b>\$29,747</b>	<b>26</b>
<b>TOTAL LOANS</b>	<b>439</b>	<b>83.6</b>	<b>\$122,664</b>	<b>78.8</b>	<b>86</b>	<b>16.4</b>	<b>\$32,931</b>	<b>21.2</b>

Note: Affiliate loans not included

The bank originated 86.1 percent of the HMDA loans and 82.0 percent of commercial loans to borrowers and businesses residing within the bank's assessment areas. This indicates the bank's willingness to originate loans that meet the credit needs of its assessment areas.

#### Geographic Distribution of Loans

For this analysis, the geographic distribution of commercial loans and HMDA loans was compared to available demographic information. HMDA lending was also compared to the aggregate performance of lenders in the assessment area. Performance context issues were taken into consideration. Considering all of these factors, the bank's geographic distribution of loans reflects reasonable dispersion throughout the assessment areas. The analyses of commercial lending and HMDA lending within each assessment area are discussed in detail later in this report.

#### Lending to Borrowers of Different Incomes and Businesses of Different Sizes

For this analysis, the distribution of HMDA loans across borrower income levels and commercial loans across business revenue sizes was compared to available demographic information. HMDA lending was also compared to the aggregate performance of lenders in the assessment area. Performance context issues were taken into consideration. Considering all of these factors, the bank's distribution of loans by borrower income and business size reflects reasonable penetration among individuals of different income levels and businesses of different sizes. The analyses of HMDA lending and commercial lending are discussed in more detail within each assessment area.

#### FAIR LENDING OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

No evidence of prohibited discrimination or the use of other illegal credit practices was noted during the examination. The bank is in compliance with the substantive provisions of antidiscrimination laws and regulations.

**MULTI-STATE METROPOLITAN AREA - KINGSPORT-BRISTOL TN-VA  
ASSESSMENT AREA  
FULL-SCOPE REVIEW**

**CRA RATING FOR KINGSPORT – BRISTOL TN-VA ASSESSMENT AREA: Satisfactory.**

Major factors supporting the institution's rating include the following:

- The geographic distribution of loans reflects reasonable dispersion throughout the assessment area.
- The distribution of lending by borrower income and business size reflects reasonable penetration among individuals of different income levels and businesses of different sizes.

**SCOPE OF EXAMINATION**

The Kingsport-Bristol TN-VA assessment area consists of Sullivan County, Tennessee, and the City of Bristol, Virginia, both of which are a part of the Kingsport-Bristol-Bristol Tennessee-Virginia MSA. The bank's performance in the Kingsport-Bristol TN-VA assessment area was evaluated using full-scope examination procedures. The time periods covered and the loan products reviewed were the same as those discussed in the Institution section of this report.

**DESCRIPTION OF INSTITUTION'S OPERATIONS IN THE KINGSPORT-BRISTOL TN-VA ASSESSMENT AREA**

Overview

Sullivan County is located in Northeast Tennessee in a region referred to as the Tri-Cities area (Johnson City, Tennessee and Kingsport, Tennessee, and Bristol, Virginia). TriSummit Bank operates three full-service branch offices with cash-only ATMs in the assessment area, including two in Kingsport, Tennessee, and one in Bristol, Virginia. Of the three branches, one is located in a moderate-income tract and two are located in middle-income tracts.

The Kingsport-Bristol TN-VA assessment area is a highly competitive banking market where national banks, regional banks and credit unions have a significant presence. According to the June 30, 2015 FDIC Summary of Deposits Report, there are 20 financial institutions operating 61 branch locations across the assessment area with \$2.5 billion in total deposits. TriSummit Bank ranked 9<sup>th</sup> in deposit market share with \$76 million, or 3.0 percent of total deposits. First Tennessee Bank held the largest deposit market share at 19.2 percent followed by Regions Bank at 16.9 percent, and Branch Banking and Trust at 10.5 percent. Other competitive institutions in the assessment area include the Bank of Tennessee and Wells Fargo Bank.

HMDA lending is similarly competitive. TriSummit Bank ranked 22<sup>nd</sup> out of 204 HMDA reporters in 2014 and increased to 16<sup>th</sup> out of 200 HMDA reporters in 2015. The bank's share of total HMDA reportable loans increased from 1.0 percent to 1.3 percent over the review period. Eastman Credit Union (ECU), Wells Fargo Bank, Quicken Loans, Regions Bank, First Bank and Trust Company, and Mortgage Investors Group are the dominant HMDA lenders in the market.



The bank experiences significant competition from several credit unions in the assessment area. The main competitor is ECU, which is the largest credit union in Tennessee and offers competitive interest rates on various business and consumer loan products, including residential mortgage loans, auto loans, and personal loans. As of June 30, 2016, ECU had approximately \$3.5 billion in assets and serves over 174,864 members. Additionally, ECU operates a total of 25 branch offices, including 8 located in Kingsport, Tennessee.<sup>1</sup>

Population Information

The population in the bank’s assessment area has seen a slight increase since the previous evaluation. Between 2000 and 2010, the population increased by approximately 4,243 residents or 2.5 percent. As of the 2010 census data, the population of the bank’s assessment area was 174,658, which included Sullivan County with approximately 156,823 residents and the City of Bristol with approximately 17,835 residents.

Income Characteristics

For purposes of classifying borrower income, this evaluation uses the FFIEC estimated median family income for the Kingsport TN-VA Multi-State MSA. The following table sets forth the estimated median family income for 2014 and 2015 for the Kingsport TN-VA Multi-State MSA. The table also provides a range of the estimated annual family income for each income category (low, moderate, middle, and upper).

**Borrower Income Levels  
Kingsport TN-VA Multi-State MSA**

FFIEC Estimated Median Family Income		Low		Moderate		Middle		Upper	
		0	- 49.99%	50%	- 79.99%	80%	- 119.99%	120%	- & above
<b>2014</b>	<b>\$50,600</b>	0	- \$25,299	\$25,300	- \$40,479	\$40,480	- \$60,719	\$60,720	- & above
<b>2015</b>	<b>\$51,800</b>	0	- \$25,899	\$25,900	- \$41,439	\$41,440	- \$62,159	\$62,160	- & above

As shown in the table above, the median family income increased from \$50,600 in 2014 to \$51,800 in 2015. According to the 2015 FFIEC census data, there were 49,817 families in the assessment area. Of those families, 20.9 percent were low-income, 16.5 percent were moderate-income, 20.1 percent were middle-income, and 42.5 percent were upper-income. Of the total families, 13.1 percent had incomes below the poverty level.

Demographic Data by Census Tracts

The following table provides demographic characteristics of the assessment area based on 2015 FFIEC census data and 2015 Dun & Bradstreet data. During the previous evaluation there were no low-income tracts; however, the assessment area changed slightly as a result of the 2010 U.S. Census. The assessment area increased by three tracts, which changed the tract income composition as follows: added two low-income tracts, subtracted one middle income tract, and added two upper-income tracts. Certain components of the data in the table are discussed in this evaluation as they apply to the lending analysis. As shown in the table, the assessment area includes 43 census tracts: 2 (4.7 percent) are low-income tracts; 7 (16.3 percent) are moderate-income tracts; 21 (48.8 percent) are middle-income tracts; and 13 (30.2 percent) are upper-income tracts.

<sup>1</sup> National Credit Union Association. Accessed on August 16, 2016; available at: <http://mapping.ncua.gov/SingleResult.aspx?ID=68095>

### Combined Demographics Report

Assessment Area: Multi Kingsport-Bristol

Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low-income	2	4.7	1,706	3.4	686	40.2	10,399	20.9
Moderate-income	7	16.3	7,522	15.1	1,503	20.0	8,223	16.5
Middle-income	21	48.8	23,759	47.7	3,257	13.7	10,018	20.1
Upper-income	13	30.2	16,830	33.8	1,084	6.4	21,177	42.5
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0
<b>Total Assessment Area</b>	<b>43</b>	<b>100.0</b>	<b>49,817</b>	<b>100.0</b>	<b>6,530</b>	<b>13.1</b>	<b>49,817</b>	<b>100.0</b>
	<b>Housing Units by Tract</b>	<b>Housing Types by Tract</b>						
		<b>Owner-Occupied</b>			<b>Rental</b>		<b>Vacant</b>	
		#	%	%	#	%	#	%
Low-income	3,100	1,402	2.5	45.2	1,319	42.5	379	12.2
Moderate-income	14,110	8,092	14.6	57.3	4,307	30.5	1,711	12.1
Middle-income	40,367	26,999	48.8	66.9	9,856	24.4	3,512	8.7
Upper-income	24,591	18,861	34.1	76.7	3,696	15.0	2,034	8.3
Unknown-income	0	0	0.0	0.0	0	0.0	0	0.0
<b>Total Assessment Area</b>	<b>82,168</b>	<b>55,354</b>	<b>100.0</b>	<b>67.4</b>	<b>19,178</b>	<b>23.3</b>	<b>7,636</b>	<b>9.3</b>
	<b>Total Businesses by Tract</b>	<b>Businesses by Tract &amp; Revenue Size</b>						
		<b>Less Than or = \$1 Million</b>		<b>Over \$1 Million</b>		<b>Revenue Not Reported</b>		
		#	%	#	%	#	%	#
Low-income	249	3.3	225	3.2	23	4.2	1	2.8
Moderate-income	1,260	16.7	1,151	16.5	100	18.1	9	25.0
Middle-income	3,866	51.2	3,529	50.7	314	56.8	23	63.9
Upper-income	2,176	28.8	2,057	29.5	116	21.0	3	8.3
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0
<b>Total Assessment Area</b>	<b>7,551</b>	<b>100.0</b>	<b>6,962</b>	<b>100.0</b>	<b>553</b>	<b>100.0</b>	<b>36</b>	<b>100.0</b>
<b>Percentage of Total Businesses:</b>				<b>92.2</b>		<b>7.3</b>		<b>.5</b>
	<b>Total Farms by Tract</b>	<b>Farms by Tract &amp; Revenue Size</b>						
		<b>Less Than or = \$1 Million</b>		<b>Over \$1 Million</b>		<b>Revenue Not Reported</b>		
		#	%	#	%	#	%	#
Low-income	1	0.7	1	0.7	0	0.0	0	0.0
Moderate-income	22	15.4	22	15.4	0	0.0	0	0.0
Middle-income	65	45.5	65	45.5	0	0.0	0	0.0
Upper-income	55	38.5	55	38.5	0	0.0	0	0.0
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0
<b>Total Assessment Area</b>	<b>143</b>	<b>100.0</b>	<b>143</b>	<b>100.0</b>	<b>0</b>	<b>.0</b>	<b>0</b>	<b>.0</b>
<b>Percentage of Total Farms:</b>				<b>100.0</b>		<b>.0</b>		<b>.0</b>

2015 FFIEC Census Data and 2015 D&B Information

### Housing Characteristics

The 2015 FFIEC census data shows 82,168 housing units in the assessment area. Of these units, 67.4 percent were owner-occupied, 23.3 percent were rentals, and 9.3 percent were vacant. The median age of the housing stock across the assessment area was 39 years, although significantly older in low- and moderate-income census tracts at 58 years and 50 years, respectively.

The median housing value in the assessment area in 2010 was \$108,960, which was less than the median housing value for the State of Tennessee at \$134,100. The affordability ratio, defined as the median household income divided by the median housing value, is 35.6 for the bank's assessment area compared to 32.3 for the State of Tennessee. A higher ratio means the housing is considered more affordable while a lower ratio means the housing is considered less affordable. Therefore, housing is more affordable in the assessment area than in the State of Tennessee.

A community contact with a local government housing agency indicated that there is a shortage of affordable housing options; however, there are opportunities for local financial institutions to participate in programs that are specifically focused on affordable housing.

### Employment Statistics

The largest employment concentrations are in health care and social assistance, manufacturing, retail trade, government, and food service and accommodations.<sup>2</sup> The largest employers in the assessment area include Eastman Chemical Company, Wellmont Health Systems, Holston Medical Group, Sullivan County Department of Education, and Kingsport City Schools.<sup>3</sup>

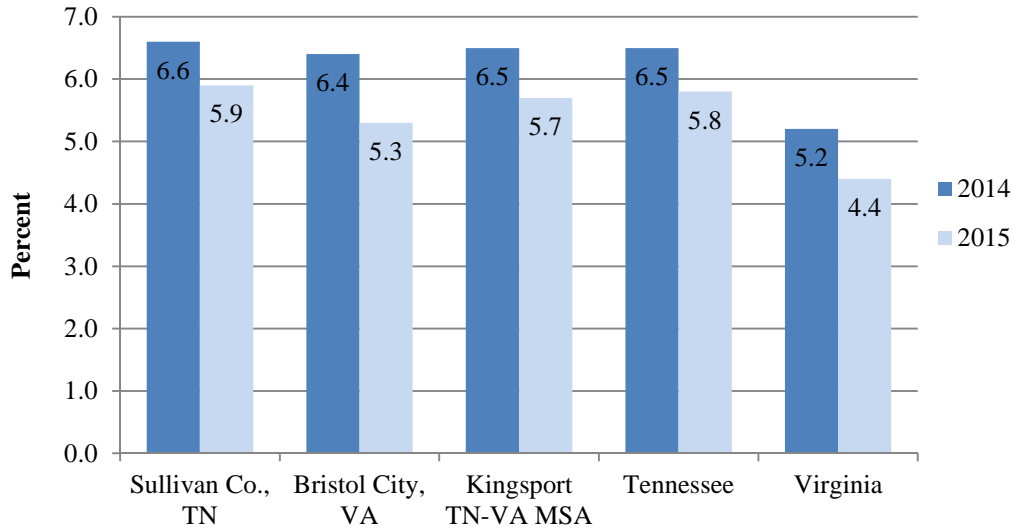
The following chart shows the unemployment rates for 2014 and 2015 for the bank's assessment area, the Kingsport TN-VA MSA, the State of Tennessee and the State of Virginia. As shown in the chart, the unemployment rate dropped in all of the areas from 2014 to 2015. Additionally, the unemployment rate in the bank's assessment area is similar to the State of Tennessee, but slightly higher than the State of Virginia.

---

<sup>2</sup> Bureau of Labor Statistics, REIS

<sup>3</sup> NETWORKS Sullivan Partnership. Accessed on July 13, 2016; available at: [http://www.networkstn.com/existing-industry/major-employers#industries\\_in\\_sullivan\\_county](http://www.networkstn.com/existing-industry/major-employers#industries_in_sullivan_county)

Unemployment Rates - Multi-State Kingsport



Not Seasonally Adjusted. Source: Bureau of Labor Statistics

General Economic and Business Characteristics

Eastman Chemical Company (Eastman) is headquartered in Kingsport, Tennessee, and employs approximately 15,000 people worldwide, including 6,800 people in Kingsport. Eastman is a global specialty chemical company that produces a broad range of products found in items people use every day and serves customers in approximately 100 countries.<sup>4</sup> Eastman and the State of Tennessee announced details about a major economic development project referred to as “Project Inspire” on May 29, 2013. As part of this project, over the next seven years, Eastman will invest \$1.6 billion in its Kingsport site and create 300 new jobs in Tennessee.<sup>5</sup>

Small businesses play a vital role in the Kingsport-Bristol TN-VA economy. According to 2015 Dun & Bradstreet information, there were 7,551 businesses within the assessment area, of which 92.2 percent had total annual revenues less than or equal to \$1 million, and were therefore considered to be small businesses. There are a number of non-profit small business service providers active in the assessment area providing education, support services, and access to alternative financing options to help job and business growth. A community contact with a non-profit economic development organization mentioned that there are opportunities for local financial institutions to conduct training sessions and serve on advisory committees or local Chamber of Commerce boards.

The Kingsport Academic Village, which consists of the Regional Center for Health Professions, the Regional Center for Advanced Manufacturing (RCAM), and the Kingsport Center for Higher Education, is located in downtown Kingsport and provides an opportunity for local entities to invest in the creation of their future workforce. For example, Eastman and Domtar Paper Mill partnered with Northeast State Community College

<sup>4</sup> Eastman Chemical Company. Accessed on July 20, 2016; available at: [http://www.eastman.com/Company/About\\_Eastman/Pages/Profile.aspx](http://www.eastman.com/Company/About_Eastman/Pages/Profile.aspx)

<sup>5</sup> Eastman Chemical Company. Accessed on July 18, 2016; available at: [http://www.eastman.com/Company/News\\_Center/2013/Pages/Eastman\\_and\\_Governor\\_Haslam\\_Announce\\_Major\\_Economic\\_Development\\_Investment.aspx](http://www.eastman.com/Company/News_Center/2013/Pages/Eastman_and_Governor_Haslam_Announce_Major_Economic_Development_Investment.aspx)

to construct the RCAM, allowing these companies to train highly skilled labor forces for specific purposes in their organizations.<sup>6</sup> The Kingsport Center for Higher Education is a facility that joins the resources of six colleges and universities with the convenience of one central location and offers courses and programs ranging from associate to doctoral degrees. Current participants include King University, Lincoln Memorial University, Milligan College, Northeast State Community College, Tusculum College, and the University of Tennessee.<sup>7</sup>

Additionally, the Tennessee Department of Economic and Community Development offers a FastTrack program to assist Tennessee communities in attracting businesses, jobs, and capital investment. FastTrack assists companies with the relocation and training of new employees and helps communities develop public infrastructure to assist expanding or relocating companies. In 2015, there were companies located in Sullivan County that received FastTrack funds.<sup>8</sup>

## **CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN THE KINGSPORT – BRISTOL TN-VA ASSESSMENT AREA**

### LENDING TEST

#### Overview

The bank's lending performance is satisfactory. The review included 88 commercial loans and 87 HMDA reportable loans made in the assessment area. The number of commercial and HMDA loans originated during the review period was similar, however; given the bank's strategic focus on commercial lending, these loans were given slightly more weight in evaluating lending performance in this assessment area.

#### Geographic Distribution of Loans

For this analysis, the geographic distribution of commercial loans and HMDA loans was compared to available demographic information. HMDA lending was also compared to the aggregate performance of lenders in the assessment area. Performance context issues were taken into consideration. Considering all of these factors, the bank's geographic distribution of loans reflects reasonable dispersion throughout the assessment area.

#### Commercial Lending

The following table shows the geographic distribution of commercial loans made in the Kingsport-Bristol TN-VA assessment area in 2014 and 2015. The bank did not make any loans in low-income tracts, where 3.2 percent of the small businesses in the assessment area are located. However, 20.5 percent were made in moderate-income census tracts, which contain 16.5 percent of the small businesses. The great majority of small businesses are located in middle- and upper-income geographies; therefore, it would be reasonable for the greater amount of lending to occur in these census tracts. The geographic distribution of commercial loans reflects reasonable dispersion throughout the assessment area when performance context factors are taken into consideration.

<sup>6</sup> Kingsport, Tennessee Government. Higher Education. Accessed on July 12, 2016; available at: <http://www.kingsporttn.gov/higher-education>

<sup>7</sup> Kingsport Higher Education Center. Accessed on July 12, 2016; available at: [http://www.kingsporthighered.org/about\\_us.php](http://www.kingsporthighered.org/about_us.php)

<sup>8</sup> Transparent Tennessee. Accessed on July 21, 2016; available at: <https://tn.gov/transparenttn/topic/openecd-fasttrack>

**Geographic Distribution of Commercial Loans**

Assessment Area: Multi Kingsport-Bristol

Tract Income Levels	Bank Lending & Demographic Data Comparison				
	2014, 2015				
	Count		Bank Dollar		Small Businesses
	#	%	\$ (000s)	\$ %	%
Low	0	0.0%	\$0	0.0%	3.2%
Moderate	18	20.5%	\$2,206	6.7%	16.5%
Middle	36	40.9%	\$22,580	68.2%	50.7%
Upper	34	38.6%	\$8,342	25.2%	29.5%
Unknown	0	0.0%	\$0	0.0%	0.0%
Tr Unknown	0	0.0%	\$0	0.0%	
<i>Total</i>	88	100.0%	\$33,128	100.0%	100.0%

Originations & Purchases  
2015 FFIEC Census Data and 2015 D&B Information

Residential Real Estate (HMDA) Lending

The following table shows the geographic distribution of TriSummit Bank’s HMDA loans for 2014 and 2015 in the Kingsport-Bristol TN-VA assessment area and also includes a comparison of the bank’s HMDA lending to the aggregate HMDA lenders within the assessment area. The HMDA aggregate lenders’ data is the combined total of lending activity reported by all lenders subject to the HMDA in the Kingsport-Bristol TN-VA assessment area.

The bank originated 87 HMDA loans during the review period with 2 loans (2.3 percent) in low-income tracts and 9 loans (10.3 percent) in moderate-income tracts. The percentage of bank loans in low- and moderate-income census tracts was less than the percentage of owner-occupied units in these tracts (2.5 percent in low-income tracts and 14.6 percent in moderate-income tracts). The bank’s total HMDA lending for 2014 was less than the aggregate in both low- and moderate-income tracts. However, the bank’s refinance lending in low- and moderate-income tracts exceeded both the demographic benchmark and aggregate lending in 2014. The geographic distribution of HMDA loans is reasonable when performance context factors, such as competition, strategic focus on commercial lending, and limited branch presence in the assessment area, are taken into consideration.

Geographic Distribution of HMDA Loans

Assessment Area: Multi Kingsport-Bristol

PRODUCT TYPE	Tract Income Levels	Bank Lending & Demographic Data Comparison 2014, 2015					Bank & Aggregate Lending Comparison					
		Bank				Owner Occupied Units %	2014			2014		
		Count		Dollar			Count		Dollar			
		#	%	\$ (000s)	\$ %	#	%	%	\$ (000s)	\$ %	Agg \$ %	
HOME PURCHASE	Low	0	0.0%	\$0	0.0%	2.5%	0	0.0%	2.0%	\$0	0.0%	1.5%
	Moderate	3	7.5%	\$457	4.8%	14.6%	2	10.0%	11.7%	\$352	6.6%	8.0%
	Middle	8	20.0%	\$1,584	16.6%	48.8%	4	20.0%	42.7%	\$984	18.4%	36.9%
	Upper	29	72.5%	\$7,524	78.7%	34.1%	14	70.0%	43.6%	\$4,020	75.1%	53.6%
	Unknown	0	0.0%	\$0	0.0%	0.0%	0	0.0%	0.0%	\$0	0.0%	0.0%
	<i>Total</i>	<i>40</i>	<i>100.0%</i>	<i>\$9,565</i>	<i>100.0%</i>	<i>100.0%</i>	<i>20</i>	<i>100.0%</i>	<i>100.0%</i>	<i>\$5,356</i>	<i>100.0%</i>	<i>100.0%</i>
REFINANCE	Low	1	3.4%	\$87	1.3%	2.5%	0	0.0%	2.2%	\$0	0.0%	1.6%
	Moderate	6	20.7%	\$841	12.7%	14.6%	1	12.5%	12.4%	\$105	11.6%	8.5%
	Middle	11	37.9%	\$1,564	23.6%	48.8%	4	50.0%	46.5%	\$396	43.6%	40.2%
	Upper	11	37.9%	\$4,144	62.4%	34.1%	3	37.5%	38.9%	\$407	44.8%	49.7%
	Unknown	0	0.0%	\$0	0.0%	0.0%	0	0.0%	0.0%	\$0	0.0%	0.0%
	<i>Total</i>	<i>29</i>	<i>100.0%</i>	<i>\$6,636</i>	<i>100.0%</i>	<i>100.0%</i>	<i>8</i>	<i>100.0%</i>	<i>100.0%</i>	<i>\$908</i>	<i>100.0%</i>	<i>100.0%</i>
HOME IMPROVEMENT	Low	1	6.3%	\$90	7.5%	2.5%	0	0.0%	3.6%	\$0	0.0%	1.4%
	Moderate	0	0.0%	\$0	0.0%	14.6%	0	0.0%	16.0%	\$0	0.0%	12.2%
	Middle	8	50.0%	\$826	69.0%	48.8%	3	60.0%	45.2%	\$402	75.6%	47.5%
	Upper	7	43.8%	\$281	23.5%	34.1%	2	40.0%	35.2%	\$130	24.4%	38.9%
	Unknown	0	0.0%	\$0	0.0%	0.0%	0	0.0%	0.0%	\$0	0.0%	0.0%
	<i>Total</i>	<i>16</i>	<i>100.0%</i>	<i>\$1,197</i>	<i>100.0%</i>	<i>100.0%</i>	<i>5</i>	<i>100.0%</i>	<i>100.0%</i>	<i>\$532</i>	<i>100.0%</i>	<i>100.0%</i>
MULTIFAMILY	Low	0	0.0%	\$0	0.0%	6.9%	0	0.0%	11.1%	\$0	0.0%	4.7%
	Moderate	0	0.0%	\$0	0.0%	19.4%	0	0.0%	33.3%	\$0	0.0%	24.7%
	Middle	1	50.0%	\$200	30.3%	52.0%	1	100.0%	33.3%	\$200	100.0%	27.8%
	Upper	1	50.0%	\$460	69.7%	21.7%	0	0.0%	22.2%	\$0	0.0%	42.8%
	Unknown	0	0.0%	\$0	0.0%	0.0%	0	0.0%	0.0%	\$0	0.0%	0.0%
	<i>Total</i>	<i>2</i>	<i>100.0%</i>	<i>\$660</i>	<i>100.0%</i>	<i>100.0%</i>	<i>1</i>	<i>100.0%</i>	<i>100.0%</i>	<i>\$200</i>	<i>100.0%</i>	<i>100.0%</i>
HMDA TOTALS	Low	2	2.3%	\$177	1.0%	2.5%	0	0.0%	2.2%	\$0	0.0%	1.6%
	Moderate	9	10.3%	\$1,298	7.2%	14.6%	3	8.8%	12.4%	\$457	6.5%	8.8%
	Middle	28	32.2%	\$4,174	23.1%	48.8%	12	35.3%	44.2%	\$1,982	28.3%	38.1%
	Upper	48	55.2%	\$12,409	68.7%	34.1%	19	55.9%	41.2%	\$4,557	65.1%	51.4%
	Unknown	0	0.0%	\$0	0.0%	0.0%	0	0.0%	0.0%	\$0	0.0%	0.0%
	<i>Total</i>	<i>87</i>	<i>100.0%</i>	<i>\$18,058</i>	<i>100.0%</i>	<i>100.0%</i>	<i>34</i>	<i>100.0%</i>	<i>100.0%</i>	<i>\$6,996</i>	<i>100.0%</i>	<i>100.0%</i>

Originations & Purchases  
2015 FFIEC Census Data and 2010 ACS Data

Lending to Borrowers of Different Incomes and Businesses of Different Sizes

For this analysis, the distribution of HMDA lending across borrower income levels and commercial lending across business revenue sizes was compared to available demographic information. Performance context issues and the performance of other banks in the assessment area was also considered. Considering all of these factors, the bank’s distribution of loans by borrower income and business size reflects reasonable penetration among borrowers of different income levels and to businesses of different sizes.

Commercial Lending

According to 2015 Dun & Bradstreet data, 92.2 percent of businesses in the assessment area have revenues of \$1 million or less. As the table indicates, in 2015 the bank originated 35 (39.8 percent) of the 88 commercial loans within the assessment area to businesses having revenues of \$1 million or less. However, the majority (72.7 percent) of all commercial loans were originated in amounts of \$250,000 or less, indicating the bank’s willingness to make loans in smaller dollar amounts to meet the needs of small businesses in the assessment area. The bank’s commercial lending by business revenue size reflects reasonable penetration throughout the assessment area when performance context factors are taken into consideration.

The following table shows, by loan size, the number and dollar volume of commercial loans originated by TriSummit Bank in 2014 and 2015.

**Commercial Loans by Business Revenue & Loan Size**

Assessment Area: Multi Kingsport-Bristol

Business Revenue & Loan Size		Bank Lending & Demographic Data Comparison				
		2014, 2015				Total Businesses %
		Bank Count		Bank \$ (000s)		
		#	%	\$	%	
BUSINESS REVENUE	\$1million or Less	35	39.8%	\$12,254	37.0%	92.2%
	Over \$1 Million	46	52.3%	\$19,542	59.0%	7.3%
	<i>Total Rev. available</i>	81	92.1%	\$31,796	96.0%	99.5%
	Rev. Not Known	7	8.0%	\$1,333	4.0%	0.5%
	<i>Total</i>	88	100.0%	\$33,128	100.0%	100.0%
LOAN SIZE	\$100,000 or Less	41	46.6%	\$1,818	5.5%	
	\$100,001 - \$250,000	23	26.1%	\$4,085	12.3%	
	\$250,001 - \$1 Million	19	21.6%	\$9,296	28.1%	
	Over \$1 Million	5	5.7%	\$17,930	54.1%	
	<i>Total</i>	88	100.0%	\$33,128	100.0%	
LOAN SIZE & Rev \$1 Mill or Less	\$100,000 or Less	17	48.6%	\$815	6.7%	
	\$100,001 - \$250,000	10	28.6%	\$1,745	14.2%	
	\$250,001 - \$1 Million	5	14.3%	\$1,764	14.4%	
	Over \$1 Million	3	8.6%	\$7,930	64.7%	
	<i>Total</i>	35	100.0%	\$12,254	100.0%	

Originations & Purchases  
2015 FFIEC Census Data and 2015 D&B Information



Residential Real Estate (HMDA) Lending

Of the bank's 87 HMDA loans, 3.4 percent were originated to low-income borrowers which is less than the percentage of families considered low-income (20.9 percent of total families); 6.9 percent of HMDA loans were originated to moderate-income borrowers, which again is less than the percentage of families considered moderate-income in the assessment area. Generally, the bank's performance was also less than that of the aggregate lenders. Considering competition and limited branch presence in the assessment area, along with the bank's strategic focus on commercial lending, the distribution of HMDA lending across borrower income levels is reasonable.

**Borrower Distribution of HMDA Loans**

Assessment Area: Multi Kingsport-Bristol

PRODUCT TYPE	Borrower Income Levels	Bank Lending & Demographic Data Comparison 2014, 2015					Bank & Aggregate Lending Comparison 2014					
		Bank				Families by Family Income	Count			Dollar		
		Count		Dollar			#	%	%	Bank		Agg
		#	%	\$ (000s)	\$ %	%				\$ (000s)	\$ %	
HOME PURCHASE	Low	1	2.5%	\$43	0.4%	20.9%	1	5.0%	6.2%	\$43	0.8%	2.8%
	Moderate	3	7.5%	\$373	3.9%	16.5%	2	10.0%	20.4%	\$208	3.9%	13.5%
	Middle	7	17.5%	\$1,026	10.7%	20.1%	3	15.0%	23.4%	\$465	8.7%	20.2%
	Upper	27	67.5%	\$7,495	78.4%	42.5%	12	60.0%	37.4%	\$4,012	74.9%	50.5%
	Unknown	2	5.0%	\$628	6.6%	0.0%	2	10.0%	12.6%	\$628	11.7%	13.0%
	<i>Total</i>	<i>40</i>	<i>100.0%</i>	<i>\$9,565</i>	<i>100.0%</i>	<i>100.0%</i>	<i>20</i>	<i>100.0%</i>	<i>100.0%</i>	<i>\$5,356</i>	<i>100.0%</i>	<i>100.0%</i>
REFINANCE	Low	2	6.9%	\$104	1.6%	20.9%	2	25.0%	9.9%	\$104	11.5%	5.3%
	Moderate	2	6.9%	\$234	3.5%	16.5%	0	0.0%	16.1%	\$0	0.0%	10.5%
	Middle	5	17.2%	\$692	10.4%	20.1%	3	37.5%	20.1%	\$460	50.7%	16.2%
	Upper	19	65.5%	\$5,404	81.4%	42.5%	3	37.5%	35.0%	\$344	37.9%	48.0%
	Unknown	1	3.4%	\$202	3.0%	0.0%	0	0.0%	18.9%	\$0	0.0%	20.0%
	<i>Total</i>	<i>29</i>	<i>100.0%</i>	<i>\$6,636</i>	<i>100.0%</i>	<i>100.0%</i>	<i>8</i>	<i>100.0%</i>	<i>100.0%</i>	<i>\$908</i>	<i>100.0%</i>	<i>100.0%</i>
HOME IMPROVEMENT	Low	0	0.0%	\$0	0.0%	20.9%	0	0.0%	16.7%	\$0	0.0%	6.9%
	Moderate	1	6.3%	\$117	9.8%	16.5%	1	20.0%	17.1%	\$117	22.0%	13.4%
	Middle	2	12.5%	\$171	14.3%	20.1%	0	0.0%	26.3%	\$0	0.0%	25.5%
	Upper	13	81.3%	\$909	75.9%	42.5%	4	80.0%	37.4%	\$415	78.0%	51.6%
	Unknown	0	0.0%	\$0	0.0%	0.0%	0	0.0%	2.5%	\$0	0.0%	2.7%
	<i>Total</i>	<i>16</i>	<i>100.0%</i>	<i>\$1,197</i>	<i>100.0%</i>	<i>100.0%</i>	<i>5</i>	<i>100.0%</i>	<i>100.0%</i>	<i>\$532</i>	<i>100.0%</i>	<i>100.0%</i>
MULTI FAMILY	Low	0	0.0%	\$0	0.0%	20.9%	0	0.0%	0.0%	\$0	0.0%	0.0%
	Moderate	0	0.0%	\$0	0.0%	16.5%	0	0.0%	0.0%	\$0	0.0%	0.0%
	Middle	0	0.0%	\$0	0.0%	20.1%	0	0.0%	0.0%	\$0	0.0%	0.0%
	Upper	0	0.0%	\$0	0.0%	42.5%	0	0.0%	0.0%	\$0	0.0%	0.0%
	Unknown	2	100.0%	\$660	100.0%	0.0%	1	100.0%	100.0%	\$200	100.0%	100.0%
	<i>Total</i>	<i>2</i>	<i>100.0%</i>	<i>\$660</i>	<i>100.0%</i>	<i>100.0%</i>	<i>1</i>	<i>100.0%</i>	<i>100.0%</i>	<i>\$200</i>	<i>100.0%</i>	<i>100.0%</i>
HMDA TOTALS	Low	3	3.4%	\$147	0.8%	20.9%	3	8.8%	8.4%	\$147	2.1%	3.7%
	Moderate	6	6.9%	\$724	4.0%	16.5%	3	8.8%	18.5%	\$325	4.6%	12.1%
	Middle	14	16.1%	\$1,889	10.5%	20.1%	6	17.6%	22.4%	\$925	13.2%	18.5%
	Upper	59	67.8%	\$13,808	76.5%	42.5%	19	55.9%	36.5%	\$4,771	68.2%	48.2%
	Unknown	5	5.7%	\$1,490	8.3%	0.0%	3	8.8%	14.2%	\$828	11.8%	17.6%
	<i>Total</i>	<i>87</i>	<i>100.0%</i>	<i>\$18,058</i>	<i>100.0%</i>	<i>100.0%</i>	<i>34</i>	<i>100.0%</i>	<i>100.0%</i>	<i>\$6,996</i>	<i>100.0%</i>	<i>100.0%</i>

Originations & Purchases  
2015 FFIEC Census Data and 2010 ACS Data

## STATE OF TENNESSEE

### CRA RATING FOR STATE OF TENNESSEE: Satisfactory.

Major factors supporting the institution's rating include the following:

- The geographic distribution of loans reflects reasonable dispersion throughout the assessment areas.
- The distribution of lending by borrower income and business size reflects reasonable penetration among individuals of different income levels and businesses of different sizes.

### SCOPE OF EXAMINATION

TriSummit Bank has two assessment areas in the state of Tennessee: the Washington County and Morristown assessment areas. The Washington County assessment area was evaluated using full-scope examination procedures, and the Morristown assessment area was evaluated using limited-scope procedures. The time periods covered and the loan products reviewed were the same as those previously discussed in the Institution section of this report.

### DESCRIPTION OF INSTITUTION'S OPERATIONS IN TENNESSEE

#### Overview

TriSummit Bank operates three of its six branch offices with four cash-only ATMs in Tennessee, which includes one each in a moderate-, middle- and upper-income tracts. As of June 30, 2015, the bank had \$184.7 million in deposits in Tennessee, accounting for 71.0 percent of its total deposits. Of the bank's lending inside its three assessment areas during 2014 and 2015, 66.0 percent of the commercial loans and 50.0 percent of the HMDA loans, by number, were originated in the Tennessee assessment areas.

### CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA IN TENNESSEE

#### LENDING TEST

The bank's lending performance in Tennessee is satisfactory. The geographic distribution of commercial and HMDA loans reflects reasonable dispersion throughout the assessment areas. The distribution of loans by borrower income and business size reflects reasonable penetration among individuals of different income levels and businesses of different sizes.

During the review period, TriSummit Bank originated 177 commercial loans and 87 HMDA loans in the two Tennessee assessment areas. Therefore, commercial lending was given greater weight when determining the lending test rating for Tennessee. Because 90.4 percent of the loans were made in the Washington County assessment area, the rating for Tennessee is based on performance in the Washington County full-scope assessment area. Performance in the Morristown limited-scope assessment area was consistent with the bank's performance in the full-scope assessment area.

## **METROPOLITAN AREA – WASHINGTON COUNTY, TN ASSESSMENT AREA FULL-SCOPE REVIEW**

### **DESCRIPTION OF INSTITUTION'S OPERATIONS IN THE WASHINGTON COUNTY, TN ASSESSMENT AREA**

#### Overview

Washington County is part of the Johnson City, Tennessee MSA, which also includes Carter and Unicoi counties. The bank operates one branch with an ATM in the Washington County assessment area, which is located in an upper-income tract.

The Washington County assessment area is a highly competitive banking market where national banks, regional banks and credit unions have a significant presence. According to the June 30, 2015 FDIC Summary of Deposits Report, there are 20 financial institutions operating 49 branch locations across the assessment area with \$1.9 billion in total deposits. TriSummit Bank ranked 11<sup>th</sup> in deposit market share with \$57 million, or 3.0 percent of total deposits. First Tennessee Bank held the largest deposit market share at 30.4 percent followed by the Bank of Tennessee at 13.8 percent, and SunTrust Bank at 10.9 percent. Other competitive institutions in the assessment area include Regions Bank and HomeTrust Bank. As mentioned previously, a major credit union in the area is ECU and they offer competitive interest rates on various business and consumer loan products, including residential mortgage loans, auto loans, and personal loans.

HMDA lending is similarly competitive. TriSummit Bank ranked 34<sup>th</sup> out of 182 HMDA reporters in 2014, and increased to 24<sup>th</sup> out of 206 HMDA reporters in 2015; the bank's share of total HMDA reportable loans increased from 0.43 percent to 0.93 percent over the review period. ECU, Wells Fargo Bank, Quicken Loans, Mortgage Investors Group, Regions Bank, and Peoples Home Equity are the dominant HMDA lenders in the market. It is noteworthy that the number of HMDA reporters increased in a one-year period of time, reflecting an increased level of competition in the assessment area.

#### Population Information

The population of the bank's assessment area increased approximately 15.0 percent from the 2000 U.S. Census at 107,198 to 122,979 as of the 2010 U.S. Census, which represented 61.9 percent of the population of the MSA. The 2015 population of the assessment area was estimated to be 123,338.

#### Income Characteristics

For purposes of classifying borrower income, this evaluation uses the FFIEC estimated 2014 and 2015 median family income for the relevant area. The following table sets forth the estimated median family income for the Johnson City, Tennessee MSA. The table also provides a range of the estimated annual family income for each income category (low, moderate, middle, and upper).

**Borrower Income Levels  
Johnson City, TN MSA**

FFIEC Estimated Median Family Income		Low	Moderate	Middle	Upper
		0 - 49.99%	50% - 79.99%	80% - 119.99%	120% - & above
<b>2014</b>	<b>\$51,300</b>	0 - \$25,649	\$25,650 - \$41,039	\$41,040 - \$61,559	\$61,560 - & above
<b>2015</b>	<b>\$52,400</b>	0 - \$26,199	\$26,200 - \$41,919	\$41,920 - \$62,879	\$62,880 - & above

As shown in the table above, the median family income increased slightly from \$51,300 in 2014 to \$52,400 in 2015. According to the 2015 FFIEC census data, there were 31,614 families in the assessment area. Of those families, 18.1 percent were low-income, 16.7 percent were moderate-income, 19.4 percent were middle-income, and 45.9 percent were upper-income. Of the total families, 11.6 percent had incomes below the poverty level.

Demographic Data by Census Tracts

The following table provides demographic characteristics of the assessment area based on 2015 FFIEC census data and 2015 Dun & Bradstreet data. During the previous evaluation there were no low-income tracts and five moderate-income tracts; however, due to the census changes from the 2010 U.S. Census, the demographic make-up of Washington County has changed. The county has increased from 19 to 23 census tracts and now includes one low-income tract and three additional upper-income tracts. Other changes include one fewer middle-income tract and one tract where the income level is unknown. Certain components of the data in the table are discussed in this evaluation as they apply to the lending analysis. As shown in the tables, the assessment area contains 23 census tracts: 1 (4.3 percent) is a low-income tract; 5 (21.7 percent) are moderate-income tracts; 8 (34.8 percent) are middle-income tracts; 8 (34.8 percent) are upper-income tracts; and 1 tract (4.3 percent) has an unknown income level.

## Combined Demographics Report

Assessment Area: TN Washington

Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low-income	1	4.3	678	2.2	193	28.5	5,642	18.1
Moderate-income	5	21.7	4,716	15.1	1,359	28.8	5,201	16.7
Middle-income	8	34.8	12,527	40.2	1,083	8.6	6,032	19.4
Upper-income	8	34.8	13,243	42.5	966	7.3	14,289	45.9
Unknown-income	1	4.3	0	0.0	0	0.0	0	0.0
<b>Total Assessment Area</b>	<b>23</b>	<b>100.0</b>	<b>31,164</b>	<b>100.0</b>	<b>3,601</b>	<b>11.6</b>	<b>31,164</b>	<b>100.0</b>
	<b>Housing Units by Tract</b>	<b>Housing Types by Tract</b>						
		<b>Owner-Occupied</b>			<b>Rental</b>		<b>Vacant</b>	
		#	%	%	#	%	#	%
Low-income	1,293	455	1.4	35.2	576	44.5	262	20.3
Moderate-income	10,359	4,064	12.2	39.2	4,808	46.4	1,487	14.4
Middle-income	20,268	13,760	41.3	67.9	4,027	19.9	2,481	12.2
Upper-income	23,771	15,062	45.2	63.4	6,359	26.8	2,350	9.9
Unknown-income	0	0	0.0	0.0	0	0.0	0	0.0
<b>Total Assessment Area</b>	<b>55,691</b>	<b>33,341</b>	<b>100.0</b>	<b>59.9</b>	<b>15,770</b>	<b>28.3</b>	<b>6,580</b>	<b>11.8</b>
	<b>Total Businesses by Tract</b>	<b>Businesses by Tract &amp; Revenue Size</b>						
		<b>Less Than or = \$1 Million</b>		<b>Over \$1 Million</b>		<b>Revenue Not Reported</b>		
		#	%	#	%	#	%	#
Low-income	119	2.2	112	2.2	6	1.6	1	3.3
Moderate-income	1,025	18.8	920	18.2	98	26.1	7	23.3
Middle-income	1,617	29.7	1,539	30.5	66	17.6	12	40.0
Upper-income	2,669	49.0	2,459	48.8	200	53.2	10	33.3
Unknown-income	19	0.3	13	0.3	6	1.6	0	0.0
<b>Total Assessment Area</b>	<b>5,449</b>	<b>100.0</b>	<b>5,043</b>	<b>100.0</b>	<b>376</b>	<b>100.0</b>	<b>30</b>	<b>100.0</b>
<b>Percentage of Total Businesses:</b>				<b>92.5</b>		<b>6.9</b>		<b>.6</b>
	<b>Total Farms by Tract</b>	<b>Farms by Tract &amp; Revenue Size</b>						
		<b>Less Than or = \$1 Million</b>		<b>Over \$1 Million</b>		<b>Revenue Not Reported</b>		
		#	%	#	%	#	%	#
Low-income	0	0.0	0	0.0	0	0.0	0	0.0
Moderate-income	8	5.2	8	5.2	0	0.0	0	0.0
Middle-income	89	57.4	88	57.1	1	100.0	0	0.0
Upper-income	58	37.4	58	37.7	0	0.0	0	0.0
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0
<b>Total Assessment Area</b>	<b>155</b>	<b>100.0</b>	<b>154</b>	<b>100.0</b>	<b>1</b>	<b>100.0</b>	<b>0</b>	<b>.0</b>
<b>Percentage of Total Farms:</b>				<b>99.4</b>		<b>.6</b>		<b>.0</b>

2015 FFIEC Census Data and 2015 D&B Information

### Housing Characteristics

The 2015 FFIEC census data shows 55,691 housing units in the assessment area. Of these, 59.9 percent of the units were owner-occupied, 28.3 percent were rental units, and 11.8 percent were vacant. The median age of the housing stock across the assessment area was 32 years; although significantly older in low- and moderate-income census tracts at 57 years and 44 years, respectively.

The median housing value in the assessment area in 2010 was \$136,668, which was higher than the median housing value for the State of Tennessee at \$134,100. The affordability ratio, defined as the median household income divided by the median housing value, is 30.2 for the bank's assessment area as compared to 32.3 for the State of Tennessee. A higher ratio means the housing is considered more affordable while a lower ratio means the housing is considered less affordable. Therefore, housing is more affordable in the State of Tennessee than in the assessment area.

A community contact with a local government housing agency indicated that there is a shortage of affordable housing options; however, there are opportunities for local financial institutions to participate in programs that are specifically focused on affordable housing.

### Employment Statistics

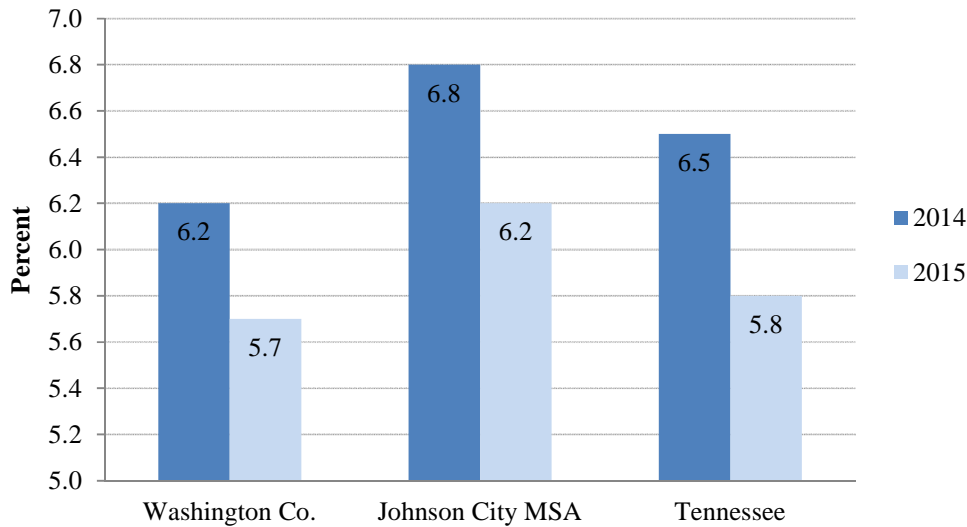
The Washington County economy is diverse with the largest employment sectors in government, health care and social assistance, retail trade, food service and accommodations, and manufacturing.<sup>9</sup> The largest employers in the assessment area include Mountain States Alliance, East Tennessee State University, James H. Quillen Veterans Administration Medical Center, CitiGroup, and Washington County Department of Education.<sup>10</sup>

The following chart shows the unemployment rates for 2014 and 2015 for the bank's assessment area, Washington County, the Johnson City MSA, and the State of Tennessee. As shown in the chart, the unemployment rates dropped in all of the areas shown from 2014 to 2015. Additionally, the unemployment rate in the bank's assessment area is slightly less than in the MSA and the State of Tennessee.

<sup>9</sup> Bureau of Labor Statistics. REIS

<sup>10</sup> Washington County, Tennessee Economic Development Council. Accessed on July 19, 2016; available at: <http://www.thewcedc.com/data-and-maps/top-employers/>

### Unemployment Rates - TN Washington



Not Seasonally Adjusted. Source: Bureau of Labor Statistics

#### General Economic and Business Characteristics

Small businesses play a vital role in the Washington County economy. According to 2015 Dun & Bradstreet information, there were 5,449 businesses within the assessment area, of which 92.5 percent had total annual revenues less than or equal to \$1 million, and were therefore considered to be small businesses. There are a number of non-profit small business service providers active in the assessment area providing education, support services, and access to alternative financing options to help create jobs and encourage business growth. A community contact with a non-profit development organization specializing in meeting the needs of small businesses, mentioned that local financial institutions can participate by conducting training sessions.

#### **CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA IN THE WASHINGTON COUNTY ASSESSMENT AREA**

##### Overview

The bank's lending performance is satisfactory. This review included 160 commercial loans and 44 HMDA loans made in the assessment area. Based on the volume, commercial lending was given more weight in evaluating the bank's lending performance in the assessment area.

##### Geographic Distribution of Loans

For this analysis, the geographic distribution of commercial loans and HMDA loans was compared to available demographic information. HMDA lending was also compared to the aggregate performance of lenders in the assessment area. Performance context issues were taken into consideration. Considering all of these factors, the bank's geographic distribution of loans reflects reasonable dispersion throughout the assessment area.



Commercial Lending

The following table shows the geographic distribution of commercial loans made in the Washington County assessment area in 2014 and 2015. Of the 160 commercial loans originated in the assessment area, one loan was in a low-income tract (0.6 percent) where 2.2 percent of small businesses are located. The bank also originated three loans in moderate-income tracts (1.9 percent), which contain 18.2 percent of the small businesses. The majority of small businesses are located in middle- and upper-income tracts; therefore, it is reasonable that the majority of commercial lending would also be in middle- and upper-income tracts; the bank’s one branch is also located in an upper-income tract. Considering competition from other lenders in the assessment area, and the bank’s limited branch presence, the geographic distribution of commercial loans is reasonable.

**Geographic Distribution of Commercial Loans**

Assessment Area: TN Washington

Tract Income Levels	Bank Lending & Demographic Data Comparison				
	2014, 2015				
	Count		Bank		Small Businesses
	#	%	Dollar \$ (000s)	\$ %	%
Low	1	0.6%	\$70	0.2%	2.2%
Moderate	3	1.9%	\$200	0.5%	18.2%
Middle	33	20.6%	\$12,730	30.0%	30.5%
Upper	123	76.9%	\$29,482	69.4%	48.8%
Unknown	0	0.0%	\$0	0.0%	0.3%
Tr Unknown	0	0.0%	\$0	0.0%	
<i>Total</i>	<i>160</i>	<i>100.0%</i>	<i>\$42,482</i>	<i>100.0%</i>	<i>100.0%</i>

Originations & Purchases  
2015 FFIEC Census Data and 2015 D&B Information

Residential Real Estate (HMDA) Lending

The following table shows the geographic distribution of TriSummit Bank’s HMDA loans for 2014 and 2015 in the Washington County assessment area, and also includes a comparison of the bank’s HMDA lending to the aggregate HMDA lenders within the assessment area. The HMDA aggregate lenders’ data is the combined total of lending activity reported by all lenders subject to the HMDA in the Washington County assessment area.

The bank originated 44 HMDA loans in 2014 and 2015, with no loans in low-income tracts and 4 loans (9.1 percent) in moderate-income tracts. The percentage of loans in low- and moderate-income census tracts was less than the percentage of owner-occupied units in these census tracts (1.4 percent in low-income tracts and 12.2 percent in moderate-income tracts). The bank’s total HMDA lending for 2014 was less than the aggregate lending in low- and moderate-income tracts. However, the aggregate lending performance is relatively low which could indicate limited opportunity for lending in those tracts (the number and percentage of owner-occupied housing units in low-income tracts is very low). In addition, the great majority of owner-occupied

housing units in the assessment area are located in middle- and upper-income tracts. The geographic distribution of HMDA loans is reasonable when other performance context factors are also considered, such as aggregate performance, competition, and limited branch presence in the assessment area.

### Geographic Distribution of HMDA Loans

Assessment Area: TN Washington

PRODUCT TYPE	Tract Income Levels	Bank Lending & Demographic Data Comparison 2014, 2015					Bank & Aggregate Lending Comparison					
		Bank				Owner Occupied Units	2014			2014		
		Count		Dollar			Count		Dollar			
		#	%	\$ (000s)	\$ %	%	#	%	%	\$ (000s)	\$ %	\$ %
HOME PURCHASE	Low	0	0.0%	\$0	0.0%	1.4%	0	0.0%	1.1%	\$0	0.0%	0.5%
	Moderate	1	4.8%	\$47	0.9%	12.2%	0	0.0%	9.7%	\$0	0.0%	6.8%
	Middle	10	47.6%	\$2,495	45.4%	41.3%	4	44.4%	38.5%	\$1,067	45.3%	35.6%
	Upper	10	47.6%	\$2,951	53.7%	45.2%	5	55.6%	50.7%	\$1,291	54.7%	57.1%
	Unknown	0	0.0%	\$0	0.0%	0.0%	0	0.0%	0.1%	\$0	0.0%	0.0%
	<i>Total</i>	<i>21</i>	<i>100.0%</i>	<i>\$5,493</i>	<i>100.0%</i>	<i>100.0%</i>	<i>9</i>	<i>100.0%</i>	<i>100.0%</i>	<i>\$2,358</i>	<i>100.0%</i>	<i>100.0%</i>
REFINANCE	Low	0	0.0%	\$0	0.0%	1.4%	0	0.0%	2.5%	\$0	0.0%	1.3%
	Moderate	0	0.0%	\$0	0.0%	12.2%	0	0.0%	13.4%	\$0	0.0%	9.9%
	Middle	4	36.4%	\$989	41.1%	41.3%	0	0.0%	35.7%	\$0	0.0%	34.8%
	Upper	7	63.6%	\$1,419	58.9%	45.2%	1	100.0%	48.4%	\$501	100.0%	53.9%
	Unknown	0	0.0%	\$0	0.0%	0.0%	0	0.0%	0.0%	\$0	0.0%	0.0%
	<i>Total</i>	<i>11</i>	<i>100.0%</i>	<i>\$2,408</i>	<i>100.0%</i>	<i>100.0%</i>	<i>1</i>	<i>100.0%</i>	<i>100.0%</i>	<i>\$501</i>	<i>100.0%</i>	<i>100.0%</i>
HOME IMPROVEMENT	Low	0	0.0%	\$0	0.0%	1.4%	0	0.0%	1.8%	\$0	0.0%	1.4%
	Moderate	0	0.0%	\$0	0.0%	12.2%	0	0.0%	11.0%	\$0	0.0%	6.6%
	Middle	5	71.4%	\$144	81.8%	41.3%	0	0.0%	44.2%	\$0	0.0%	46.9%
	Upper	2	28.6%	\$32	18.2%	45.2%	0	0.0%	42.9%	\$0	0.0%	45.1%
	Unknown	0	0.0%	\$0	0.0%	0.0%	0	0.0%	0.0%	\$0	0.0%	0.0%
	<i>Total</i>	<i>7</i>	<i>100.0%</i>	<i>\$176</i>	<i>100.0%</i>	<i>100.0%</i>	<i>0</i>	<i>0.0%</i>	<i>100.0%</i>	<i>\$0</i>	<i>0.0%</i>	<i>100.0%</i>
MULTI FAMILY	Low	0	0.0%	\$0	0.0%	1.1%	0	0.0%	0.0%	\$0	0.0%	0.0%
	Moderate	3	60.0%	\$6,462	77.5%	33.0%	1	50.0%	19.0%	\$1,025	48.7%	16.2%
	Middle	1	20.0%	\$800	9.6%	15.4%	0	0.0%	28.6%	\$0	0.0%	10.7%
	Upper	1	20.0%	\$1,080	12.9%	50.5%	1	50.0%	52.4%	\$1,080	51.3%	73.1%
	Unknown	0	0.0%	\$0	0.0%	0.0%	0	0.0%	0.0%	\$0	0.0%	0.0%
	<i>Total</i>	<i>5</i>	<i>100.0%</i>	<i>\$8,342</i>	<i>100.0%</i>	<i>100.0%</i>	<i>2</i>	<i>100.0%</i>	<i>100.0%</i>	<i>\$2,105</i>	<i>100.0%</i>	<i>100.0%</i>
HMDA TOTALS	Low	0	0.0%	\$0	0.0%	1.4%	0	0.0%	1.6%	\$0	0.0%	0.8%
	Moderate	4	9.1%	\$6,509	39.6%	12.2%	1	8.3%	11.0%	\$1,025	20.6%	8.1%
	Middle	20	45.5%	\$4,428	27.0%	41.3%	4	33.3%	37.8%	\$1,067	21.5%	34.6%
	Upper	20	45.5%	\$5,482	33.4%	45.2%	7	58.3%	49.5%	\$2,872	57.9%	56.5%
	Unknown	0	0.0%	\$0	0.0%	0.0%	0	0.0%	0.0%	\$0	0.0%	0.0%
	<i>Total</i>	<i>44</i>	<i>100.0%</i>	<i>\$16,419</i>	<i>100.0%</i>	<i>100.0%</i>	<i>12</i>	<i>100.0%</i>	<i>100.0%</i>	<i>\$4,964</i>	<i>100.0%</i>	<i>100.0%</i>

Originations & Purchases  
2015 FFIEC Census Data and 2010 ACS Data

Lending to Borrowers of Different Incomes and Businesses of Different Sizes

For this analysis, the distribution of HMDA lending across borrower income levels and commercial lending across business revenue sizes was compared to available demographic information. Performance context issues and the performance of other banks in the assessment area were also considered. Considering all of these factors, the bank’s distribution of loans reflects reasonable penetration among borrowers of different income levels and to businesses of different sizes.

Commercial Lending

Of the 160 commercial loans included in the analysis, 28 (17.5 percent) were extended to businesses with revenues of \$1 million or less, which was less than the percentage of businesses in the assessment area that are considered small businesses (92.5 percent). However, 53.6 percent of the loans to businesses with revenues of \$1 million or less were in amounts of \$250,000 or less, which typically represent loan amounts requested by small businesses, indicating the bank’s willingness to make credit available to small businesses in the assessment area. The bank’s commercial lending by business revenue size reflects reasonable penetration throughout the assessment area when considering performance factors such as competition and limited branch presence.

**Commercial Loans by Business Revenue & Loan Size**

Assessment Area: TN Washington

Business Revenue & Loan Size		Bank Lending & Demographic Data Comparison 2014, 2015				
		Bank				Total Businesses
		Count		\$ (000s)		
		#	%	\$	%	%
BUSINESS REVENUE	\$1million or Less	28	17.5%	\$11,085	26.1%	92.5%
	Over \$1 Million	125	78.1%	\$23,991	56.5%	6.9%
	<i>Total Rev. available</i>	153	95.6%	\$35,076	82.6%	99.4%
	Rev. Not Known	7	4.4%	\$7,406	17.4%	0.6%
	<i>Total</i>	160	100.0%	\$42,482	100.0%	100.0%
LOAN SIZE	\$100,000 or Less	52	32.5%	\$2,517	5.9%	
	\$100,001 - \$250,000	60	37.5%	\$10,945	25.8%	
	\$250,001 - \$1 Million	42	26.3%	\$15,150	35.7%	
	Over \$1 Million	6	3.8%	\$13,871	32.7%	
	<i>Total</i>	160	100.0%	\$42,482	100.0%	
LOAN SIZE & Rev \$1 Mill or Less	\$100,000 or Less	10	35.7%	\$558	5.0%	
	\$100,001 - \$250,000	5	17.9%	\$868	7.8%	
	\$250,001 - \$1 Million	10	35.7%	\$4,441	40.1%	
	Over \$1 Million	3	10.7%	\$5,218	47.1%	
	<i>Total</i>	28	100.0%	\$11,085	100.0%	

Originations & Purchases  
2015 FFIEC Census Data and 2015 D&B Information

Residential Real Estate (HMDA) Lending

Of the bank's 44 HMDA loans, 13.6 percent were originated to low- and moderate-income borrowers; however, 34.8 percent of the families in the assessment area are considered low- or moderate-income. The bank's performance was also less than the 22.0 percent of loans to low- and moderate-income borrowers originated by the aggregate lenders in 2014. Considering competition, limited branch presence, and the bank's strategic focus on commercial lending, the distribution of HMDA lending across borrower income levels is reasonable.

**Borrower Distribution of HMDA Loans**

Assessment Area: TN Washington

PRODUCT TYPE	Borrower Income Levels	Bank Lending & Demographic Data Comparison 2014, 2015					Bank & Aggregate Lending Comparison 2014					
		Bank				Families by Family Income %	Count			Dollar		
		Count		Dollar			Bank	Agg	Bank		Agg	
		#	%	\$ (000s)	\$ %	#	%	%	\$ (000s)	\$ %	\$ %	
HOME PURCHASE	Low	1	4.8%	\$106	1.9%	18.1%	0	0.0%	5.8%	\$0	0.0%	2.6%
	Moderate	1	4.8%	\$90	1.6%	16.7%	1	11.1%	15.7%	\$90	3.8%	10.0%
	Middle	2	9.5%	\$180	3.3%	19.4%	0	0.0%	19.2%	\$0	0.0%	16.0%
	Upper	15	71.4%	\$4,625	84.2%	45.9%	7	77.8%	43.9%	\$2,101	89.1%	57.7%
	Unknown	2	9.5%	\$492	9.0%	0.0%	1	11.1%	15.4%	\$167	7.1%	13.7%
	<i>Total</i>	<i>21</i>	<i>100.0%</i>	<i>\$5,493</i>	<i>100.0%</i>	<i>100.0%</i>	<i>9</i>	<i>100.0%</i>	<i>100.0%</i>	<i>\$2,358</i>	<i>100.0%</i>	<i>100.0%</i>
REFINANCE	Low	0	0.0%	\$0	0.0%	18.1%	0	0.0%	6.6%	\$0	0.0%	3.2%
	Moderate	0	0.0%	\$0	0.0%	16.7%	0	0.0%	14.8%	\$0	0.0%	10.4%
	Middle	1	9.1%	\$150	6.2%	19.4%	0	0.0%	17.5%	\$0	0.0%	14.2%
	Upper	8	72.7%	\$1,851	76.9%	45.9%	1	100.0%	41.3%	\$501	100.0%	51.5%
	Unknown	2	18.2%	\$407	16.9%	0.0%	0	0.0%	19.7%	\$0	0.0%	20.6%
	<i>Total</i>	<i>11</i>	<i>100.0%</i>	<i>\$2,408</i>	<i>100.0%</i>	<i>100.0%</i>	<i>1</i>	<i>100.0%</i>	<i>100.0%</i>	<i>\$501</i>	<i>100.0%</i>	<i>100.0%</i>
HOME IMPROVEMENT	Low	2	28.6%	\$9	5.1%	18.1%	0	0.0%	9.8%	\$0	0.0%	3.4%
	Moderate	2	28.6%	\$30	17.0%	16.7%	0	0.0%	22.1%	\$0	0.0%	12.7%
	Middle	3	42.9%	\$137	77.8%	19.4%	0	0.0%	26.4%	\$0	0.0%	29.4%
	Upper	0	0.0%	\$0	0.0%	45.9%	0	0.0%	38.0%	\$0	0.0%	50.6%
	Unknown	0	0.0%	\$0	0.0%	0.0%	0	0.0%	3.7%	\$0	0.0%	3.8%
	<i>Total</i>	<i>7</i>	<i>100.0%</i>	<i>\$176</i>	<i>100.0%</i>	<i>100.0%</i>	<i>0</i>	<i>0.0%</i>	<i>100.0%</i>	<i>\$0</i>	<i>0.0%</i>	<i>100.0%</i>
MULTIFAMILY	Low	0	0.0%	\$0	0.0%	18.1%	0	0.0%	0.0%	\$0	0.0%	0.0%
	Moderate	0	0.0%	\$0	0.0%	16.7%	0	0.0%	0.0%	\$0	0.0%	0.0%
	Middle	0	0.0%	\$0	0.0%	19.4%	0	0.0%	0.0%	\$0	0.0%	0.0%
	Upper	0	0.0%	\$0	0.0%	45.9%	0	0.0%	0.0%	\$0	0.0%	0.0%
	Unknown	5	100.0%	\$8,342	100.0%	0.0%	2	100.0%	100.0%	\$2,105	100.0%	100.0%
	<i>Total</i>	<i>5</i>	<i>100.0%</i>	<i>\$8,342</i>	<i>100.0%</i>	<i>100.0%</i>	<i>2</i>	<i>100.0%</i>	<i>100.0%</i>	<i>\$2,105</i>	<i>100.0%</i>	<i>100.0%</i>
HMDA TOTALS	Low	3	6.8%	\$115	0.7%	18.1%	0	0.0%	6.3%	\$0	0.0%	2.7%
	Moderate	3	6.8%	\$120	0.7%	16.7%	1	8.3%	15.7%	\$90	1.8%	9.8%
	Middle	6	13.6%	\$467	2.8%	19.4%	0	0.0%	18.9%	\$0	0.0%	15.2%
	Upper	23	52.3%	\$6,476	39.4%	45.9%	8	66.7%	42.4%	\$2,602	52.4%	53.4%
	Unknown	9	20.5%	\$9,241	56.3%	0.0%	3	25.0%	16.8%	\$2,272	45.8%	19.0%
	<i>Total</i>	<i>44</i>	<i>100.0%</i>	<i>\$16,419</i>	<i>100.0%</i>	<i>100.0%</i>	<i>12</i>	<i>100.0%</i>	<i>100.0%</i>	<i>\$4,964</i>	<i>100.0%</i>	<i>100.0%</i>

Originations & Purchases  
2015 FFIEC Census Data and 2010 ACS Data

**METROPOLITAN AREA – MORRISTOWN, TENNESSEE  
LIMITED-SCOPE REVIEW**

**Overview**

The Morristown assessment area was reviewed using limited-scope examination procedures. The assessment area consists of Hamblen and Jefferson counties, which make up the Morristown, Tennessee MSA. Please refer to the tables in Appendix B for additional information regarding the assessment area.

**DESCRIPTION OF INSTITUTION’S OPERATIONS IN MORRISTOWN, TENNESSEE**

The bank operates two branch offices with ATMs in the Morristown assessment area. According to the Federal Deposit Insurance Corporation (FDIC) Deposit Market Share Report as of June 30, 2015, the bank had total deposits of \$86 million. With a deposit market share of 6.1 percent, TriSummit Bank was ranked 7<sup>th</sup> out of 14 financial institutions that operate in the assessment area. First Tennessee Bank was ranked number one in deposit market share with 21.0 percent of deposits.

**CONCLUSION(S) WITH RESPECT TO PERFORMANCE CRITERIA IN MORRISTOWN, TN**

Through the use of available facts and data, including performance and demographic information, the assessment area’s performance was evaluated and compared with the bank’s performance in Tennessee. The following table compares conclusions regarding the TriSummit Bank’s performance in the Morristown assessment area to the bank’s overall performance. The limited-scope review revealed the bank’s CRA performance in this assessment area is consistent with the area that received a full-scope review.

<b>Performance in the Limited-Scope Review Metropolitan Assessment Areas</b>	
<b>Assessment Area</b>	<b>Lending Test</b>
<b>Morristown, Tennessee</b>	<b>Consistent</b>

**APPENDIX A**

<b>SCOPE OF EXAMINATION</b>			
<b>TIME PERIOD REVIEWED</b>			
January 1, 2014 to December 31, 2015			
<b>FINANCIAL INSTITUTION</b>			<b>PRODUCTS REVIEWED</b>
TriSummit Bank Kingsport, Tennessee			Commercial Loans HMDA Loans
<b>AFFILIATE(S)</b>	<b>AFFILIATE RELATIONSHIP</b>	<b>PRODUCTS REVIEWED</b>	
NA	NA	NA	
<b>LIST OF ASSESSMENT AREAS AND TYPE OF EXAMINATION</b>			
<b>ASSESSMENT AREA</b>	<b>TYPE OF EXAMINATION</b>	<b>BRANCHES VISITED</b>	<b>OTHER INFORMATION</b>
Kingsport-Bristol TN-VA	Full-scope Review	Stone Drive Financial Center 1999 East Stone Drive Kingsport, TN 37660	None
Washington County	Full-scope Review	None	None
Morristown, Tennessee	Limited-scope Review	None	None

**APPENDIX B – DEMOGRAPHIC AND LENDING TABLES FOR LIMITED-SCOPE ASSESSMENT AREA**

**Combined Demographics Report**

Assessment Area: TN Morristown

Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low-income	0	0.0	0	0.0	0	0.0	6,350	21.0
Moderate-income	3	14.3	3,391	11.2	951	28.0	5,475	18.1
Middle-income	16	76.2	23,858	78.7	2,796	11.7	6,292	20.8
Upper-income	2	9.5	3,049	10.1	242	7.9	12,181	40.2
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0
<b>Total Assessment Area</b>	<b>21</b>	<b>100.0</b>	<b>30,298</b>	<b>100.0</b>	<b>3,989</b>	<b>13.2</b>	<b>30,298</b>	<b>100.0</b>
	Housing Units by Tract	Housing Types by Tract						
		Owner-Occupied		Rental		Vacant		
		#	%	%	#	%	#	%
Low-income	0	0	0.0	0.0	0	0.0	0	0.0
Moderate-income	5,609	2,794	8.7	49.8	2,386	42.5	429	7.6
Middle-income	39,437	26,023	81.1	66.0	8,550	21.7	4,864	12.3
Upper-income	4,716	3,284	10.2	69.6	1,011	21.4	421	8.9
Unknown-income	0	0	0.0	0.0	0	0.0	0	0.0
<b>Total Assessment Area</b>	<b>49,762</b>	<b>32,101</b>	<b>100.0</b>	<b>64.5</b>	<b>11,947</b>	<b>24.0</b>	<b>5,714</b>	<b>11.5</b>
	Total Businesses by Tract	Businesses by Tract & Revenue Size						
		Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported		
		#	%	#	%	#	%	#
Low-income	0	0.0	0	0.0	0	0.0	0	0.0
Moderate-income	617	15.9	538	15.0	77	29.5	2	7.7
Middle-income	2,948	75.9	2,758	76.7	166	63.6	24	92.3
Upper-income	317	8.2	299	8.3	18	6.9	0	0.0
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0
<b>Total Assessment Area</b>	<b>3,882</b>	<b>100.0</b>	<b>3,595</b>	<b>100.0</b>	<b>261</b>	<b>100.0</b>	<b>26</b>	<b>100.0</b>
<b>Percentage of Total Businesses:</b>				<b>92.6</b>		<b>6.7</b>		<b>.7</b>
	Total Farms by Tract	Farms by Tract & Revenue Size						
		Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported		
		#	%	#	%	#	%	#
Low-income	0	0.0	0	0.0	0	0.0	0	0.0
Moderate-income	8	5.6	8	5.6	0	0.0	0	0.0
Middle-income	128	88.9	128	88.9	0	0.0	0	0.0
Upper-income	8	5.6	8	5.6	0	0.0	0	0.0
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0
<b>Total Assessment Area</b>	<b>144</b>	<b>100.0</b>	<b>144</b>	<b>100.0</b>	<b>0</b>	<b>.0</b>	<b>0</b>	<b>.0</b>
<b>Percentage of Total Farms:</b>				<b>100.0</b>		<b>.0</b>		<b>.0</b>

2015 FFIEC Census Data and 2015 D&B Information



**APPENDIX B – DEMOGRAPHIC AND LENDING TABLES FOR LIMITED-SCOPE ASSESSMENT AREA (Continued)**

**Geographic Distribution of Commercial Loans**

Assessment Area: TN Morristown

Tract Income Levels	Bank Lending & Demographic Data Comparison				
	2014, 2015				
	Bank				Small Businesses
	Count		Dollar		
#	%	\$ (000s)	\$ %	%	
Low	0	0.0%	\$0	0.0%	0.0%
Moderate	5	29.4%	\$4,766	52.5%	15.0%
Middle	12	70.6%	\$4,312	47.5%	76.7%
Upper	0	0.0%	\$0	0.0%	8.3%
Unknown	0	0.0%	\$0	0.0%	0.0%
Tr Unknown	0	0.0%	\$0	0.0%	
<i>Total</i>	<i>17</i>	<i>100.0%</i>	<i>\$9,078</i>	<i>100.0%</i>	<i>100.0%</i>

Originations & Purchases  
2015 FFIEC Census Data and 2015 D&B Information

**Commercial Loans by Business Revenue & Loan Size**

Assessment Area: TN Morristown

Business Revenue & Loan Size		Bank Lending & Demographic Data Comparison				
		2014, 2015				
		Bank				Total Businesses
		Count		\$ (000s)		
#	%	\$	%	%		
BUSINESS REVENUE	\$1million or Less	13	76.5%	\$3,796	41.8%	92.6%
	Over \$1 Million	3	17.6%	\$5,032	55.4%	6.7%
	<i>Total Rev. available</i>	<i>16</i>	<i>94.1%</i>	<i>\$8,828</i>	<i>97.2%</i>	<i>99.3%</i>
	Rev. Not Known	1	5.9%	\$250	2.8%	0.7%
	<i>Total</i>	<i>17</i>	<i>100.0%</i>	<i>\$9,078</i>	<i>100.0%</i>	<i>100.0%</i>
LOAN SIZE	\$100,000 or Less	8	47.1%	\$331	3.6%	
	\$100,001 - \$250,000	4	23.5%	\$720	7.9%	
	\$250,001 - \$1 Million	3	17.6%	\$1,473	16.2%	
	Over \$1 Million	2	11.8%	\$6,554	72.2%	
	<i>Total</i>	<i>17</i>	<i>100.0%</i>	<i>\$9,078</i>	<i>100.0%</i>	
LOAN SIZE & Rev \$1 Mill or Less	\$100,000 or Less	7	53.8%	\$252	6.6%	
	\$100,001 - \$250,000	3	23.1%	\$470	12.4%	
	\$250,001 - \$1 Million	2	15.4%	\$863	22.7%	
	Over \$1 Million	1	7.7%	\$2,211	58.2%	
	<i>Total</i>	<i>13</i>	<i>100.0%</i>	<i>\$3,796</i>	<i>100.0%</i>	

Originations & Purchases  
2015 FFIEC Census Data and 2015 D&B Information

APPENDIX B – DEMOGRAPHIC AND LENDING TABLES FOR LIMITED-SCOPE ASSESSMENT  
AREA (Continued)

Geographic Distribution of HMDA Loans

Assessment Area: TN Morristown

PRODUCT TYPE	Tract Income Levels	Bank Lending & Demographic Data Comparison 2014, 2015					Bank & Aggregate Lending Comparison 2014					
		Bank			Owner Occupied Units		Count			Dollar		
		Count		Dollar		%	Bank		Agg	Bank		Agg
		#	%	\$ (000s)	\$ %		#	%		%	\$ (000s)	
HOME PURCHASE	Low	0	0.0%	\$0	0.0%	0.0%	0	0.0%	0.0%	\$0	0.0%	0.0%
	Moderate	0	0.0%	\$0	0.0%	8.7%	0	0.0%	5.5%	\$0	0.0%	3.7%
	Middle	10	83.3%	\$1,079	77.1%	81.1%	6	75.0%	81.1%	\$418	56.6%	79.2%
	Upper	2	16.7%	\$320	22.9%	10.2%	2	25.0%	13.4%	\$320	43.4%	17.1%
	Unknown	0	0.0%	\$0	0.0%	0.0%	0	0.0%	0.0%	\$0	0.0%	0.0%
	<i>Total</i>	<i>12</i>	<i>100.0%</i>	<i>\$1,399</i>	<i>100.0%</i>	<i>100.0%</i>	<i>8</i>	<i>100.0%</i>	<i>100.0%</i>	<i>\$738</i>	<i>100.0%</i>	<i>100.0%</i>
REFINANCE	Low	0	0.0%	\$0	0.0%	0.0%	0	0.0%	0.0%	\$0	0.0%	0.0%
	Moderate	1	5.0%	\$55	3.1%	8.7%	1	10.0%	6.1%	\$55	5.7%	5.5%
	Middle	18	90.0%	\$1,696	95.6%	81.1%	8	80.0%	81.1%	\$881	91.9%	83.5%
	Upper	1	5.0%	\$23	1.3%	10.2%	1	10.0%	12.8%	\$23	2.4%	11.0%
	Unknown	0	0.0%	\$0	0.0%	0.0%	0	0.0%	0.0%	\$0	0.0%	0.0%
	<i>Total</i>	<i>20</i>	<i>100.0%</i>	<i>\$1,774</i>	<i>100.0%</i>	<i>100.0%</i>	<i>10</i>	<i>100.0%</i>	<i>100.0%</i>	<i>\$959</i>	<i>100.0%</i>	<i>100.0%</i>
HOME IMPROVEMENT	Low	0	0.0%	\$0	0.0%	0.0%	0	0.0%	0.0%	\$0	0.0%	0.0%
	Moderate	1	9.1%	\$10	3.1%	8.7%	1	12.5%	8.4%	\$10	6.8%	3.9%
	Middle	9	81.8%	\$306	93.9%	81.1%	7	87.5%	81.3%	\$137	93.2%	89.0%
	Upper	1	9.1%	\$10	3.1%	10.2%	0	0.0%	10.3%	\$0	0.0%	7.1%
	Unknown	0	0.0%	\$0	0.0%	0.0%	0	0.0%	0.0%	\$0	0.0%	0.0%
	<i>Total</i>	<i>11</i>	<i>100.0%</i>	<i>\$326</i>	<i>100.0%</i>	<i>100.0%</i>	<i>8</i>	<i>100.0%</i>	<i>100.0%</i>	<i>\$147</i>	<i>100.0%</i>	<i>100.0%</i>
MULTIFAMILY	Low	0	0.0%	\$0	0.0%	0.0%	0	0.0%	0.0%	\$0	0.0%	0.0%
	Moderate	0	0.0%	\$0	0.0%	29.2%	0	0.0%	28.6%	\$0	0.0%	8.4%
	Middle	0	0.0%	\$0	0.0%	63.9%	0	0.0%	57.1%	\$0	0.0%	90.1%
	Upper	0	0.0%	\$0	0.0%	6.8%	0	0.0%	14.3%	\$0	0.0%	1.6%
	Unknown	0	0.0%	\$0	0.0%	0.0%	0	0.0%	0.0%	\$0	0.0%	0.0%
	<i>Total</i>	<i>0</i>	<i>0.0%</i>	<i>\$0</i>	<i>0.0%</i>	<i>100.0%</i>	<i>0</i>	<i>0.0%</i>	<i>100.0%</i>	<i>\$0</i>	<i>0.0%</i>	<i>100.0%</i>
HMDA TOTALS	Low	0	0.0%	\$0	0.0%	0.0%	0	0.0%	0.0%	\$0	0.0%	0.0%
	Moderate	2	4.7%	\$65	1.9%	8.7%	2	7.7%	6.0%	\$65	3.5%	4.5%
	Middle	37	86.0%	\$3,081	88.1%	81.1%	21	80.8%	81.0%	\$1,436	77.9%	81.4%
	Upper	4	9.3%	\$353	10.1%	10.2%	3	11.5%	13.0%	\$343	18.6%	14.1%
	Unknown	0	0.0%	\$0	0.0%	0.0%	0	0.0%	0.0%	\$0	0.0%	0.0%
	<i>Total</i>	<i>43</i>	<i>100.0%</i>	<i>\$3,499</i>	<i>100.0%</i>	<i>100.0%</i>	<i>26</i>	<i>100.0%</i>	<i>100.0%</i>	<i>\$1,844</i>	<i>100.0%</i>	<i>100.0%</i>

Originations & Purchases  
2015 FFIEC Census Data and 2010 ACS Data

**APPENDIX B – DEMOGRAPHIC AND LENDING TABLES FOR LIMITED-SCOPE ASSESSMENT AREA (Continued)**

**Borrower Distribution of HMDA Loans**

Assessment Area: TN Morristown

PRODUCT TYPE	Borrower Income Levels	Bank Lending & Demographic Data Comparison 2014, 2015					Bank & Aggregate Lending Comparison 2014					
		Bank				Families by Family Income %	Count			Dollar		
		Count		Dollar			Bank	Agg	Bank		Agg	
		#	%	\$(000s)	\$ %				#	%		%
HOME PURCHASE	Low	0	0.0%	\$0	0.0%	21.0%	0	0.0%	5.8%	\$0	0.0%	3.1%
	Moderate	2	16.7%	\$258	18.4%	18.1%	0	0.0%	20.1%	\$0	0.0%	14.7%
	Middle	2	16.7%	\$170	12.2%	20.8%	1	12.5%	18.3%	\$17	2.3%	16.3%
	Upper	7	58.3%	\$911	65.1%	40.2%	6	75.0%	34.1%	\$661	89.6%	47.0%
	Unknown	1	8.3%	\$60	4.3%	0.0%	1	12.5%	21.7%	\$60	8.1%	18.9%
	<i>Total</i>	<i>12</i>	<i>100.0%</i>	<i>\$1,399</i>	<i>100.0%</i>	<i>100.0%</i>	<i>8</i>	<i>100.0%</i>	<i>100.0%</i>	<i>\$738</i>	<i>100.0%</i>	<i>100.0%</i>
REFINANCE	Low	1	5.0%	\$7	0.4%	21.0%	0	0.0%	5.2%	\$0	0.0%	2.5%
	Moderate	2	10.0%	\$100	5.6%	18.1%	1	10.0%	14.5%	\$76	7.9%	8.0%
	Middle	5	25.0%	\$407	22.9%	20.8%	2	20.0%	21.3%	\$320	33.4%	14.9%
	Upper	11	55.0%	\$957	53.9%	40.2%	7	70.0%	35.5%	\$563	58.7%	37.5%
	Unknown	1	5.0%	\$303	17.1%	0.0%	0	0.0%	23.5%	\$0	0.0%	37.1%
	<i>Total</i>	<i>20</i>	<i>100.0%</i>	<i>\$1,774</i>	<i>100.0%</i>	<i>100.0%</i>	<i>10</i>	<i>100.0%</i>	<i>100.0%</i>	<i>\$959</i>	<i>100.0%</i>	<i>100.0%</i>
HOME IMPROVEMENT	Low	0	0.0%	\$0	0.0%	21.0%	0	0.0%	10.3%	\$0	0.0%	4.1%
	Moderate	3	27.3%	\$12	3.7%	18.1%	2	25.0%	22.6%	\$9	6.1%	14.8%
	Middle	2	18.2%	\$19	5.8%	20.8%	2	25.0%	19.4%	\$19	12.9%	18.4%
	Upper	6	54.5%	\$295	90.5%	40.2%	4	50.0%	41.9%	\$119	81.0%	56.6%
	Unknown	0	0.0%	\$0	0.0%	0.0%	0	0.0%	5.8%	\$0	0.0%	6.2%
	<i>Total</i>	<i>11</i>	<i>100.0%</i>	<i>\$326</i>	<i>100.0%</i>	<i>100.0%</i>	<i>8</i>	<i>100.0%</i>	<i>100.0%</i>	<i>\$147</i>	<i>100.0%</i>	<i>100.0%</i>
MULTI FAMILY	Low	0	0.0%	\$0	0.0%	21.0%	0	0.0%	0.0%	\$0	0.0%	0.0%
	Moderate	0	0.0%	\$0	0.0%	18.1%	0	0.0%	0.0%	\$0	0.0%	0.0%
	Middle	0	0.0%	\$0	0.0%	20.8%	0	0.0%	0.0%	\$0	0.0%	0.0%
	Upper	0	0.0%	\$0	0.0%	40.2%	0	0.0%	0.0%	\$0	0.0%	0.0%
	Unknown	0	0.0%	\$0	0.0%	0.0%	0	0.0%	100.0%	\$0	0.0%	100.0%
	<i>Total</i>	<i>0</i>	<i>0.0%</i>	<i>\$0</i>	<i>0.0%</i>	<i>100.0%</i>	<i>0</i>	<i>0.0%</i>	<i>100.0%</i>	<i>\$0</i>	<i>0.0%</i>	<i>100.0%</i>
HMDA TOTALS	Low	1	2.3%	\$7	0.2%	21.0%	0	0.0%	5.8%	\$0	0.0%	2.8%
	Moderate	7	16.3%	\$370	10.6%	18.1%	3	11.5%	18.0%	\$85	4.6%	11.7%
	Middle	9	20.9%	\$596	17.0%	20.8%	5	19.2%	19.5%	\$356	19.3%	15.5%
	Upper	24	55.8%	\$2,163	61.8%	40.2%	17	65.4%	35.0%	\$1,343	72.8%	42.6%
	Unknown	2	4.7%	\$363	10.4%	0.0%	1	3.8%	21.6%	\$60	3.3%	27.3%
	<i>Total</i>	<i>43</i>	<i>100.0%</i>	<i>\$3,499</i>	<i>100.0%</i>	<i>100.0%</i>	<i>26</i>	<i>100.0%</i>	<i>100.0%</i>	<i>\$1,844</i>	<i>100.0%</i>	<i>100.0%</i>

Originations & Purchases  
2015 FFIEC Census Data and 2010 ACS Data

## APPENDIX C – 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.

**APPENDIX C – DEFINITIONS AND GENERAL INFORMATION (Continued)**

**General Information**

The Community Reinvestment Act (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 **TriSummit Bank** prepared by the **Federal Reserve Bank of Atlanta**, the institution's supervisory agency, as of **July 18, 2016**. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 CFR Part 228.

## APPENDIX D – 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 metropolitan statistical areas. 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, Office of the Comptroller of the Currency (OCC), and the 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.

Effective January 19, 2010, the Board of Governors of the Federal Reserve System, the OCC, and the FDIC revised the definition of community development to include loans, investments, and services by financial institutions that-

- I. Support, enable or facilitate projects or activities that meet the “eligible uses” criteria described in Section 2301(c) of the Housing and Economic Recovery Act (HERA) of 2008, Public Law 110-289, 122 Stat. 2654, as amended, and are conducted in designated target areas identified in plans approved by the United States Department of Housing and Urban Development in accordance with the Neighborhood Stabilization Program (NSP);
- II. Are provided no later than two years after the last date funds appropriated for the NSP are required to be spent by grantees; and
- III. Benefit low-, moderate-, and middle-income individuals and geographies in the bank's assessment area(s) or areas outside the bank's assessment area(s) provided the bank has adequately addressed the community development needs of its assessment area(s).

**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.

## APPENDIX D – GLOSSARY (Continued)

**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 is analyzed considering performance context, quantitative factors (for example, geographic distribution and borrower distribution), and qualitative factors.

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

**Home Mortgage Disclosure Act (HMDA):** The statute that requires certain mortgage lenders that do business or have banking offices in a metropolitan statistical area to file annual summary reports of their mortgage lending activity. The reports include such data as the race, gender, and the income of 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 is analyzed using only quantitative factors (for example, geographic distribution, and borrower 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 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.

## APPENDIX D – GLOSSARY (Continued)

**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.

**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 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 loan(s) to business(es):** A loan included in 'loans to small businesses' as defined in the Consolidated Report 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 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 more than 120 percent of the area median income, or a median family income that is more than 120 percent, in the case of a geography.