

PUBLIC DISCLOSURE

July 11, 2022

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**Community Bank
RSSD #361279**

**19 Natchez Trace Drive
Lexington, Tennessee 38351**

Federal Reserve Bank of St. Louis

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

NOTE: This document is an evaluation of this institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the institution. This evaluation is not, nor should it be construed as, an assessment of the financial condition of the institution. The rating assigned to this institution does not represent an analysis, conclusion, or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.

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INSTITUTION'S CRA RATING: This institution is rated SATISFACTORY.

Community Bank meets the criteria for a Satisfactory rating based on the evaluation of the bank's lending activity. The factors supporting the institution's rating include:

- The loan-to-deposit (LTD) ratio is more than reasonable given the institution's size, financial condition, and credit needs of the assessment areas.
- A majority of loans and other lending-related activities are in the assessment areas.
- Distribution of loans to borrowers reflects excellent penetration among individuals of different income levels (including low- and moderate-income (LMI)) and businesses of different revenue sizes.
- Geographic distribution of loans reflects a reasonable dispersion throughout the assessment areas.
- There were no CRA-related complaints filed against the bank since the previous CRA evaluation.

During the COVID-19 pandemic, the bank responded to the needs of the community through its participation in the CARES Act¹ Paycheck Protection Program (PPP). The bank's participation in the PPP was also considered in the bank's rating.

SCOPE OF EXAMINATION

The bank's CRA performance was reviewed using the Federal Financial Institutions Examination Council's (FFIEC's) small bank procedures. Bank performance is analyzed by the Lending Test and is rated at the institution level. The bank maintains operations in two delineated assessment areas within the state of Tennessee. The assessment area where the bank is headquartered is comprised of Henderson County, which is in a nonmetropolitan statistical area (nonMSA) portion of the state. The second assessment area includes Madison County and Chester County, which are part of the three-county Jackson, Tennessee MSA (Jackson MSA).

The following table details the number of branch offices, breakdown of deposits, and the CRA review procedures applicable to each assessment area completed as part of this evaluation. Deposit information in the following table, as well as deposit information throughout this evaluation, is taken from the Federal Deposit Insurance Corporation (FDIC) Deposit Market Share Report data as of June 30, 2021.

¹ Coronavirus Aid, Relief, and Economic Security Act, signed into law on March 27, 2020.

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Assessment Area	Offices		Deposits as of 6/30/21		Assessment Area Reviews		
	#	%	\$ (000s)	%	Full Scope	Limited Scope	TOTAL
Henderson County	2	50.0%	\$131,813	77.9%	1	0	1
Jackson	2	50.0%	\$37,458	22.1%	0	1	1
OVERALL	4	100%	\$169,271	100%	1	1	2

In light of branch structure, loan and deposit activity, and the bank's CRA evaluation history, CRA performance in the Henderson County assessment area was analyzed using full-scope review procedures and given primary consideration. The Jackson assessment area was reviewed using limited-scope review procedures.

Furthermore, 1–4 family residential real estate, small business, and consumer motor vehicle loans were used to evaluate the bank's lending performance, as these loan categories are considered the bank's core business lines based on lending volume and the bank's stated business strategy. Therefore, the loan activity represented by these credit products is deemed indicative of the bank's overall lending performance. However, as the bank has a particular emphasis on home mortgage lending, performance based on the 1–4 family residential real estate loan category carried the most significance toward the bank's overall performance conclusions, followed by small business lending. Consumer motor-vehicle lending performance carried the least weight in forming conclusions. The following table details the performance criterion and the corresponding time periods used in each analysis.

Performance Criterion	Time Period
LTD Ratio	September 30, 2017 – March 31, 2022
Assessment Area Concentration	January 1, 2020 – December 31, 2020
Loan Distribution by Borrower's Profile	
Geographic Distribution of Loans	
Response to Written CRA Complaints	July 17, 2017 – July 10, 2022

Lending Test analyses often entail comparisons of bank performance to assessment area demographics and the performance of other lenders, based on Home Mortgage Disclosure Act (HMDA) and CRA aggregate lending data. Unless otherwise noted, assessment area demographics are based on 2015 American Community Survey (ACS) data, and certain business demographics are based on 2020 Dun & Bradstreet data. When analyzing bank performance by comparing lending activity to both demographic data and aggregate lending data, greater emphasis is generally placed on the aggregate lending data, because it is expected to describe many factors impacting lenders within an assessment area. Aggregate lending datasets are also updated annually and are, therefore, expected to predict more relevant comparisons. In addition, the bank's lending levels were evaluated in relation to those of comparable financial institutions operating within the same general region. Three other banks were identified as similarly situated peers, with asset sizes ranging from \$119.5 million to \$242.8 million as of March 31, 2022.

To augment this evaluation, one community contact interview was conducted with a member of the local community to ascertain specific credit needs, opportunities, and local market conditions

within the full-scope assessment area. Information from this interview also assisted in evaluating the bank's responsiveness to identified community credit needs and community development opportunities. Key details from this community contact interview are included in the *Description of Assessment Area* section.

DESCRIPTION OF INSTITUTION

Community Bank is a full-service retail bank offering both consumer and commercial loan and deposit products. The bank is wholly owned by Community National Corporation, a one-bank holding company headquartered in Lexington, Tennessee. The bank's branch network consists of four offices (including the main office), each of which offers cash-dispensing-only automated teller machines and drive-through services.

The bank's main office and one additional branch are located in Lexington, Tennessee, in the Henderson County assessment area. Two additional branch offices are located in the Jackson assessment area, including one office in the northern portion of Jackson, Tennessee, in Madison County and one office in the city of Henderson, Tennessee, in the northwestern portion of Chester County. All four locations are full-service facilities. During the review period, the bank acquired the branch office located in Chester County and did not close any branch offices. Based on this branch network and other service delivery systems, including full-service online banking capabilities, the bank is well positioned to provide financial services throughout its Henderson County assessment area. However, based on the bank's limited branch presence and the level of competition in the market, the bank's ability to serve the entirety of its Jackson assessment area is limited.

For this review period, no legal impediments or financial constraints were identified that would have hindered the bank from serving the credit needs of its customers, and the bank appeared capable of meeting the credit needs of its assessment areas based on its available resources and financial products. As of March 31, 2022, the bank reported total assets of \$226.3 million. As of the same date, loans and leases outstanding were \$186.4 million (82.4 percent of total assets), and deposits totaled \$203.3 million. The bank's loan portfolio composition by credit category is displayed in the following table.

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Distribution of Total Loans as of March 31, 2022		
Credit Category	Amount (\$000s)	Percentage of Total Loans
Construction and development	\$17,088	9.2%
Commercial real estate	\$54,143	29.0%
Multifamily residential	\$5,512	3.0%
1–4 family residential	\$65,044	34.9%
Farmland	\$3,364	1.8%
Farm loans	\$670	0.4%
Commercial and industrial	\$13,506	7.2%
Loans to individuals	\$26,216	14.1%
Total other loans	\$847	0.5%
TOTAL	\$186,390	100%

As indicated by the previous table, a significant portion of the bank’s lending resources is directed to loans secured by 1–4 family residential properties and commercial real estate. While not reflected in the previous table, it is also worth noting that by number of loans originated, loans to individuals (such as consumer motor vehicle loans) represent a significant product offering for the bank. Consumer loans not related to residential real estate are typically made in smaller dollar amounts relative to other credit products.

The bank received a Satisfactory rating at its previous CRA evaluation, conducted by this Reserve Bank on July 17, 2017.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS

Community Bank meets the standards for a Satisfactory rating under the small bank procedures, which evaluate bank performance under the following five criteria as applicable.

Loan-to-Deposit (LTD) Ratio

One indication of the bank’s overall level of lending activity is its LTD ratio. The table below displays the bank’s average LTD ratio in comparison to those of regional peers. The average LTD ratio represents a 19-quarter average, dating back to the bank’s last CRA evaluation.

LTD Ratio Analysis			
Name	Headquarters	Asset Size (\$000s) as of March 31, 2022	Average LTD Ratio
Community Bank	Lexington, Tennessee	\$226,329	92.8%
Regional Banks	Sardis, Tennessee	\$119,458	74.8%
	Decaturville, Tennessee	\$205,349	80.1%
	Jackson, Tennessee	\$242,831	35.2%

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Based on data from the previous table, the bank's level of lending is above those of other banks in the region. During the review period, the bank's quarterly LTD ratio ranged from a low of 86.7 percent to a high of 98.9 percent. In general, the bank's quarterly LTD ratio experienced a stable trend and was higher than the bank's regional peers in each of the previous 19 quarters. Therefore, compared to data from regional banks, the bank's average LTD ratio is more than reasonable given the bank's size, financial condition, and credit needs of its assessment areas.

Assessment Area Concentration

For the loan activity reviewed as part of this evaluation, the following table displays the number and dollar volume of loans inside and outside the bank's assessment areas.

Lending Inside and Outside of Assessment Areas January 1, 2020 through December 31, 2020						
Loan Type	Inside Assessment Areas		Outside Assessment Areas		TOTAL	
1-4 family residential real estate	51	71.8%	20	28.2%	71	100%
	\$5,607	48.4%	\$5,976	51.6%	\$11,583	100%
Small business	57	83.8%	11	16.2%	68	100%
	\$4,969	64.5%	\$2,732	35.5%	\$7,701	100%
Consumer motor vehicle	45	33.3%	90	66.7%	135	100%
	\$744	33.9%	\$1,453	66.1%	\$2,197	100%
TOTAL LOANS	153	55.8%	121	44.2%	274	100%
	\$11,321	52.7%	\$10,160	47.3%	\$21,481	100%

Overall, a majority of loans and other lending-related activities were made in the bank's assessment areas. However, a majority of the bank's consumer motor vehicle loans were originated outside the assessment areas. As shown above, 55.8 percent of the total loans were made inside the assessment areas, accounting for 52.7 percent of the dollar volume of total loans.

Borrower and Geographic Distribution

Loan distribution by borrower's profile analyzes the bank's lending penetration among borrowers of different income levels, with specific emphasis given to LMI borrowers and businesses with gross annual revenues of \$1 million or less. As shown in the following table, overall performance by borrower's profile is excellent.

Assessment Area	Loan Distribution by Borrower's Profile
Henderson County	Excellent
Jackson	Below
OVERALL	EXCELLENT

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Geographic distribution performance analyzes the bank's lending penetration among geographies of different income levels, with a specific emphasis on lending in LMI geographies. As displayed in the following table, the bank's overall distribution of lending by income level of census tract reflects reasonable penetration.

Assessment Area	Geographic Distribution of Loans
Henderson County	Reasonable
Jackson	Below
OVERALL	REASONABLE

Additional details regarding the loan distribution by borrower's profile and geographic distribution of loans are included later in this evaluation under the sections applicable to individual assessment area analyses.

Responses to Complaints

No CRA-related complaints were filed against the bank during this review period (July 17, 2017 through July 10, 2022).

COVID-19 PANDEMIC RESPONSE

In response to the COVID-19 pandemic, the bank originated 1,190 PPP loans, totaling \$34.7 million. These loans are administered by the Small Business Administration as part of the CARES Act.

FAIR LENDING OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

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

HENDERSON COUNTY, TENNESSEE NONMETROPOLITAN STATISTICAL AREA

(Full-Scope Review)

DESCRIPTION OF INSTITUTION'S OPERATIONS IN THE HENDERSON COUNTY ASSESSMENT AREA

Bank Structure

The bank operates its main office and one branch in the city of Lexington in this assessment area. Both offices are located in upper-income census tracts. During this review period, the bank did not open or close any offices in this assessment area. Based on this branch network and other service delivery systems, the bank is well positioned to deliver financial services to substantially all of the assessment area.

General Demographics

The assessment area, which has a population of 28,013, is located in western Tennessee and comprised of Henderson County in its entirety. It contains six census tracts, including five middle-income census tracts and one classified as upper income. Of the five FDIC-insured depository institutions with a branch presence in this assessment area as of June 30, 2021, the bank ranked second in terms of deposit market share, with 20.8 percent of the total deposit dollars.

Credit needs in the assessment area include a blend of consumer and business credit products. More specifically, information gathered from the community contact revealed a need for more affordable housing stock and easier access to credit for small businesses in the area.

Income and Wealth Demographics

The following table summarizes the distribution of assessment area census tracts by income level and the family population within those tracts.

Assessment Area Demographics by Geography Income Level						
Dataset	Low-	Moderate-	Middle-	Upper-	Unknown-	TOTAL
Census Tracts	0	0	5	1	0	6
	0.0%	0.0%	83.3%	16.7%	0.0%	100%
Family Population	0	0	5,371	2,105	0	7,476
	0.0%	0.0%	71.8%	28.2%	0.0%	100%

Henderson County contains no low- or moderate-income census tracts. As shown above, 83.3 percent of the census tracts are middle-income geographies; however, only 71.8 percent of families in the assessment area reside in middle-income census tracts. The remainder of the families reside in an upper-income census tract that is located in and around the city of Lexington.

Based on 2015 ACS data, the median family income for the assessment area was \$47,381. At the same time, the median family income for nonMSA Tennessee was \$46,066. More recently, the FFIEC estimates the 2020 median family income for nonMSA Tennessee to be \$52,200. The following table displays population percentages of assessment area families by income level compared to the nonMSA Tennessee family population.

Family Population by Income Level					
Dataset	Low-	Moderate-	Middle-	Upper-	TOTAL
Assessment Area	1,469	1,280	1,620	3,107	7,476
	19.7%	17.1%	21.7%	41.6%	100%
NonMSA Tennessee	81,163	70,532	77,971	159,460	389,126
	20.9%	18.1%	20.0%	41.0%	100%

As shown in the table above, 36.8 percent of families within the assessment area were considered LMI, which is slightly lower than LMI family percentages of 39.0 percent in nonMSA Tennessee. The assessment area also has a slightly larger upper-income family population (41.6 percent) compared to nonMSA Tennessee (41.0 percent). However, the percentage of families living below the poverty level in the assessment area, 16.9 percent, is slightly above the 15.4 percent level in nonMSA Tennessee. Considering these factors, assessment area income levels are similar to nonMSA Tennessee.

Housing Demographics

The table below displays housing demographics within the assessment area compared to nonMSA Tennessee as a whole.

Housing Demographics			
Dataset	Median Housing Value	Affordability Ratio	Median Gross Rent (Monthly)
Assessment Area	\$92,652	42.0%	\$596
NonMSA Tennessee	\$106,819	34.0%	\$601

Based on housing values, income levels, and rental costs, housing in the assessment area appears to be more affordable than in nonMSA Tennessee. The median housing value and median gross rent for the assessment area are both below nonMSA Tennessee figures. In addition, the affordability ratio, which calculates the extent to which a family earning the median household income in the assessment area can afford a median-priced home, is higher in Henderson County (42.0 percent) than in nonMSA Tennessee (34.0 percent), indicating that housing is more affordable in Henderson County.

Industry and Employment Demographics

According to the community contact, the assessment area economy is focused primarily on manufacturing. As of September 30, 2021, county business patterns indicate that there are 7,604 paid employees in the assessment area. By percentage of employees, the three largest job categories in the assessment area are manufacturing (22.7 percent), followed by government (16.2 percent) and retail trade (14.9 percent).

The table below details unemployment data from the U.S. Department of Labor, Bureau of Labor Statistics (not seasonally adjusted) for the assessment area compared to nonMSA Tennessee as a whole.

Unemployment Levels for the Assessment Area		
Time Period (Annual Average)	Assessment Area	NonMSA Tennessee
2018	4.7%	4.1%
2019	4.4%	4.1%
2020	8.0%	7.9%
2021	4.4%	4.4%

As shown in the table above, unemployment levels for the assessment area have been slightly higher than nonMSA Tennessee. However, both the assessment area and nonMSA Tennessee experienced spikes in unemployment in 2020 due to the economic disruption resulting from the COVID-19 pandemic, with the assessment area unemployment rate similar to nonMSA Tennessee.

Community Contact Information

Information from one community contact was used to help shape the performance context in which the bank's activities in the assessment area were evaluated. The community contact interview was with an individual specializing in the social services industry.

Despite setbacks from the COVID-19 pandemic, the community contact interviewee indicated the local economy has strengthened in recent years, with growth stemming from the recruitment of new manufacturing businesses. While the workforce primarily consists of long-time, local individuals, there has been an influx of workers from surrounding counties due to job growth from the manufacturing and construction sectors; however, there has still been an overall decline in the population and workforce over the past few years. Competition for workers has become an emerging issue for new, smaller businesses, as larger employers can offer higher pay and benefits to attract and retain employees. Overall, the small business environment is generally favorable, with the biggest challenge being the need for capital, especially for business owners who do not have favorable credit histories.

As for housing, the contact mentioned a major housing shortage in western Tennessee due to high construction costs for new builds and for renovating older homes. Affordable housing stock is particularly scarce. As such, a need for residential home loans for new construction and renovations exists, and the largest barrier to homeownership is high costs pushing many potential homeowners out of the market.

Finally, the contact characterized the area as having a healthy level of banking competition but not oversaturated.

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CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN THE HENDERSON COUNTY ASSESSMENT AREA

Loan Distribution by Borrower's Profile

Overall, the bank's loan distribution by borrower's profile is excellent, based on performance from the three loan categories reviewed.

Borrowers are classified into low-, moderate-, middle-, and upper-income categories by comparing their reported income to the applicable median family income figure as estimated by the FFIEC (\$52,200 for nonMSA Tennessee as of 2020). The following table shows the distribution of 1–4 family residential real estate loans by borrower income level in comparison to family population income demographics for the assessment area. Additionally, 2020 aggregate data for the assessment area is displayed.

Borrower Distribution of 1–4 Family Residential Real Estate Loans							
Assessment Area: Henderson County							
Borrower Income Levels	2020						
	Count			Dollar			Families
	Bank		HMDA Aggregate	Bank		HMDA Aggregate	
	#	%	%	\$ (000s)	\$ %	\$ %	%
Low	3	17.6%	3.8%	85	7.8%	1.6%	19.6%
Moderate	3	17.6%	14.5%	122	11.2%	9.5%	17.1%
Middle	3	17.6%	20.7%	179	16.5%	16.8%	21.7%
Upper	7	41.2%	42.4%	690	63.5%	51.4%	41.6%
Unknown	1	5.9%	18.6%	12	1.1%	20.6%	0.0%
TOTAL	17	100.0%	100.0%	1,087	100.0%	100.0%	100.0%

As displayed in the preceding table, the bank's percentage of lending to low-income borrowers (17.6 percent) is below the low-income family population figure (19.6 percent) but significantly above the aggregate lending level to low-income borrowers (3.8 percent), reflecting excellent performance. Furthermore, the bank's level of lending to moderate-income borrowers (17.6 percent) is similar to the moderate-income family population percentage (17.1 percent) and higher than the aggregate lending level to moderate-income borrowers (14.5 percent), reflecting reasonable performance. Therefore, considering performance in both income categories, the bank's overall distribution of loans by borrower's profile is excellent. This performance is particularly impactful, as the community contact identified affordable housing as a credit need in the assessment area.

Next, small business loans were reviewed to determine the bank's lending levels to businesses of different sizes. The following table shows the distribution of 2020 small business loans by loan amount and business revenue size compared to Dun & Bradstreet and aggregate data.

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Small Business Loans by Revenue and Loan Size								
Assessment Area: Henderson County								
Business Revenue and Loan Size		2020						
		Count			Dollars			Total Businesses
		Bank		Aggregate	Bank		Aggregate	
		#	%	%	\$ (000s)	\$ %	\$ %	%
Business Revenue	\$1 Million or Less	33	89.2%	57.8%	\$1,562	53.5%	61.3%	90.3%
	Over \$1 Million/Unknown	4	10.8%	42.2%	\$1,356	46.5%	38.7%	9.7%
	TOTAL	37	100.0%	100.0%	\$2,918	100.0%	100.0%	100.0%
Loan Size	\$100,000 or Less	29	78.4%	81.7%	\$683	23.4%	30.0%	
	\$100,001–\$250,000	5	13.5%	14.0%	\$742	25.4%	37.2%	
	\$250,001–\$1 Million	3	8.1%	4.3%	\$1,493	51.2%	32.8%	
	Over \$1 Million	0	0.0%	0.0%	\$0	0.0%	0.0%	
	TOTAL	37	100.0%	100.0%	\$2,918	100.0%	100.0%	
Loan Size	Revenue \$1 Million or Less	\$100,000 or Less	28	84.8%		\$634	40.6%	
		\$100,001–\$250,000	4	12.1%		\$622	39.8%	
		\$250,001–\$1 Million	1	3.0%		\$306	19.6%	
		Over \$1 Million	0	0.0%		\$0	0.0%	
		TOTAL	33	100.0%		\$1,562	100.0%	

The bank's level of lending to small businesses is excellent. The bank originated the majority of its small business loans (89.2 percent) to businesses with revenues of \$1 million or less. In comparison, assessment area demographics estimate that 90.3 percent of businesses in the assessment area had annual revenues of \$1 million or less, and the aggregate lending level to small businesses is 57.8 percent. In addition, 28 of 33 (84.8 percent of) loans to small businesses were in amounts of \$100,000 or less, further evidencing the bank's willingness to meet the credit needs of small businesses.

As with the two previous categories reviewed, the borrower distribution of consumer motor vehicle loans was also analyzed by the borrower's income profile. The table below displays the distribution of consumer motor vehicle loans by income level of borrower compared to household population income characteristics.

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Borrower Distribution of Consumer Motor Vehicle Loans					
Assessment Area: Henderson County					
Borrower Income Levels	2020				
	Bank				Households
	Count		Dollar		
	#	%	\$ (000s)	\$ %	%
Low	5	18.5%	\$62	13.9%	24.0%
Moderate	4	14.8%	\$42	9.4%	14.2%
Middle	9	33.3%	\$163	36.6%	17.5%
Upper	8	29.6%	\$144	32.4%	44.3%
Unknown	1	3.7%	\$34	7.6%	0.0%
TOTAL	27	100.0%	\$445	100.0%	100.0%

The bank originated 18.5 percent of its consumer motor vehicle loans to low-income borrowers. This reflects reasonable performance when compared to the household population level of 24.0 percent. The bank also made 14.8 percent of its consumer motor vehicle loans to moderate-income borrowers. This reflects reasonable performance when compared to the household population level of 14.2 percent. Therefore, when considering the combined performance in both income categories (33.3 percent), the overall distribution of loans is reasonable.

Geographic Distribution of Loans

Under the geographic distribution of loans analysis, emphasis is normally placed on the bank's performance in LMI geographies. However, the bank's assessment area does not contain any LMI census tracts. As previously stated, the bank's assessment area is comprised of five middle- and one upper-income census tracts. Therefore, a detailed geographic distribution of loans analysis would not prove meaningful and was not performed as part of this evaluation. Nevertheless, the loan dispersion within the assessment area census tracts was reviewed, the results of which indicated that loan activity was adequately dispersed throughout the assessment area with loans originated in all census tracts, consistent with demographics and bank structure. Therefore, the bank's geographic distribution of loans is reasonable.

JACKSON, TENNESSEE METROPOLITAN STATISTICAL AREA

(Limited-Scope Review)

DESCRIPTION OF INSTITUTION'S OPERATIONS IN THE JACKSON ASSESSMENT AREA

This assessment area includes the entireties of Madison and Chester Counties, two of the three counties that make up the Jackson, Tennessee MSA. The bank operates two offices in this assessment area, including one that was acquired during the review period. The tables below detail key demographics relating to this assessment area.

Assessment Area Demographics by Population Income Level					
Demographic Type	Population Income Level				TOTAL
	Low-	Moderate-	Middle-	Upper-	
Family Population	6,057	4,772	5,274	12,866	28,969
	20.9%	16.5%	18.2%	44.4%	100%
Household Population	10,388	6,325	6,924	19,203	42,840
	24.3%	14.8%	16.2%	44.8%	100%

Assessment Area Demographics by Geography Income Level						
Dataset	Geography Income Level					TOTAL
	Low-	Moderate-	Middle-	Upper-	Unknown-	
Census Tracts	3	6	11	9	1	30
	10.0%	20.0%	36.7%	30.0%	3.3%	100%
Family Population	1,533	5,102	11,454	10,756	124	28,969
	5.3%	17.6%	39.5%	37.1%	0.4%	100%
Household Population	2,602	8,293	16,473	14,931	541	42,840
	6.1%	19.4%	38.5%	34.9%	1.3%	100%
Business Institutions	104	1,004	1,516	1,281	303	4,208
	2.5%	23.9%	36.0%	30.4%	7.2%	100%

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CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN THE JACKSON ASSESSMENT AREA

The bank's performance in this assessment area is below the bank's performance in the full-scope nonMSA assessment area, as detailed in the following table. However, overall performance was not diminished. For more detailed information relating to the bank's performance in this assessment area, see the tables in *Appendix A*.

Lending Test Criteria	Performance
Distribution of Loans by Borrower's Profile	Below
Geographic Distribution of Loans	Below
OVERALL	Below

**LENDING PERFORMANCE TABLES FOR LIMITED-SCOPE REVIEW
ASSESSMENT AREA**

Tennessee

Jackson Assessment Area

Distribution of 2020 Home Mortgage Lending by Borrower Income Level Assessment Area: Jackson							
Borrower Income Level	Bank Loans				Families by Family Income %	Aggregate HMDA Data	
	#	# %	\$	\$ %		# %	\$ %
Low	3	8.8%	306	6.8%	20.9%	3.3%	1.6%
Moderate	5	14.7%	244	5.4%	16.5%	14.2%	9.7%
Middle	6	17.6%	731	16.2%	18.2%	19.5%	16.2%
Upper	20	58.8%	3,238	71.6%	44.4%	43.3%	51.8%
Unknown	0	0.0%	0	0.0%	0.0%	19.6%	20.6%
TOTAL	34	100.0%	4,520	100.0%	100.0%	100.0%	100.0%

Distribution of 2020 Small Business Lending by Borrower Income Level Assessment Area: Jackson								
Business Revenue and Loan Size		2020						
		Count			Dollars			Total Businesses
		Bank		Aggregate	Bank		Aggregate	
		#	%	%	\$ (000s)	\$ %	\$ %	%
Business Revenue	\$1 Million or Less	7	35.0%	43.9%	\$935	45.6%	41.5%	89.8%
	Over \$1 Million/ Unknown	13	65.0%	56.1%	\$1,116	54.4%	58.5%	10.2%
	TOTAL	20	100.0%	100.0%	\$2,051	100.0%	100.0%	100.0%
Loan Size	\$100,000 or Less	17	85.0%	82.7%	\$650	31.7%	27.1%	
	\$100,001–\$250,000	1	5.0%	9.8%	\$132	6.4%	22.3%	
	\$250,001–\$1 Million	2	10.0%	7.5%	\$1,269	61.9%	50.6%	
	Over \$1 Million	0	0.0%	0.0%	\$0	0.0%	0.0%	
	TOTAL	20	100.0%	100.0%	\$2,051	100.0%	100.0%	
Loan Size Revenue \$1 Million or Less	\$100,000 or Less	6	85.7%		\$253	27.1%		
	\$100,001–\$250,000	0	0.0%		\$0	0.0%		
	\$250,001–\$1 Million	1	14.3%		\$682	72.9%		
	Over \$1 Million	0	0.0%		\$0	0.0%		
	TOTAL	7	100.0%		\$935	100.0%		

Distribution of 2020 Consumer Lending by Borrower Income Level Assessment Area: Jackson					
Borrower Income Levels	2020				
	Count		Dollars		Households
	#	%	\$ (000s)	\$ %	%
Low	1	5.6%	\$20	6.7%	24.2%
Moderate	2	11.1%	\$29	9.7%	14.8%
Middle	6	33.3%	\$74	24.7%	16.2%
Upper	9	50.0%	\$177	59.0%	44.8%
Unknown	0	0.0%	\$0	0.0%	0.0%
TOTAL	18	100.0%	\$300	100.0%	100.0%

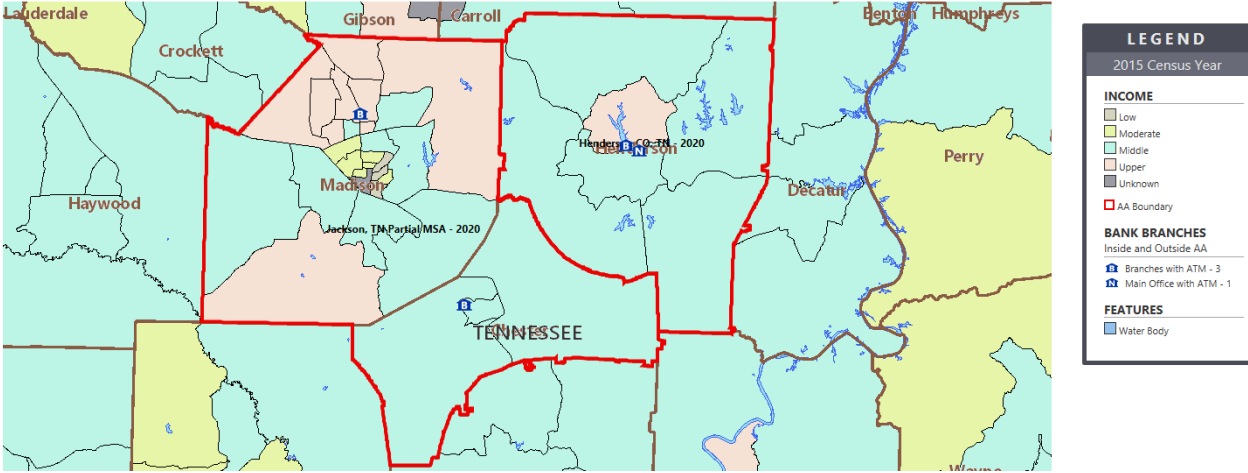
Distribution of 2020 Home Mortgage Lending by Income Level of Geography Assessment Area: Jackson							
Census Tract Income Level	Bank Loans				% of Owner- Occupied Units	Aggregate HMDA Data	
	#	# %	\$	\$ %		# %	\$ %
Low	0	0.0%	0	0.0%	3.3%	0.7%	0.3%
Moderate	2	5.9%	122	2.7%	13.5%	10.9%	9.4%
Middle	14	41.2%	2,657	58.8%	43.0%	34.6%	30.0%
Upper	14	41.2%	1,463	32.4%	39.9%	53.6%	60.2%
Unknown	4	11.8%	277	6.1%	0.3%	0.1%	0.1%
TOTAL	34	100.0%	4,520	100.0%	100.0%	100.0%	100.0%

Distribution of 2020 Small Business Lending by Income Level of Geography Assessment Area: Jackson							
Census Tract Income Level	Bank Small Business Loans				% of Businesses	Aggregate of Peer Data	
	#	# %	\$ 000s	\$ %		%	\$ %
Low	0	0.0%	\$0	0.0%	2.5%	1.7%	1.4%
Moderate	2	10.0%	\$118	5.8%	23.9%	22.8%	24.8%
Middle	4	20.0%	\$140	6.8%	36.0%	31.6%	28.8%
Upper	7	35.0%	\$1,542	75.2%	30.4%	35.4%	31.7%
Unknown	7	35.0%	\$251	12.2%	7.2%	8.5%	13.3%
TOTAL	20	100.0%	\$2,051	100.0%	100.0%	100.0%	100.0%

Distribution of 2020 Consumer Lending by Income Level of Geography					
Assessment Area: Jackson					
Tract Income Levels	Bank Loans				Households
	#	# %	\$ (000s)	\$ %	%
Low	0	0.0%	\$0	0.0%	6.1%
Moderate	4	22.2%	\$72	24.1%	19.4%
Middle	7	38.9%	\$105	35.1%	38.5%
Upper	7	38.9%	\$122	40.8%	34.9%
Unknown	0	0.0%	\$0	0.0%	1.3%
TOTAL	18	100.0%	\$299	100.0%	100.0%

ASSESSMENT AREA DETAIL

Community BK - Lexington, TN 2022



GLOSSARY

Aggregate lending: The number of loans originated and purchased by all reporting lenders in specified income categories as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the metropolitan area/assessment area.

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

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

Community contact: Interviews conducted as part of the CRA examination to gather information that might assist examiners in understanding the bank's community, available opportunities for helping to meet local credit and community development needs, and perceptions on the performance of financial institutions in helping meet local credit needs. Communications and information gathered can help to provide a context to assist in the evaluation of an institution's CRA performance.

Community development: An activity associated with one of the following five descriptions: (1) affordable housing (including multifamily rental housing) for low- or moderate-income individuals; (2) community services targeted to low- or moderate-income individuals; (3) activities that promote economic development by financing businesses or farms that meet the size eligibility standards of the Small Business Administration's Development Company or Small Business Investment Company programs (13 CFR 121.301) or have gross annual revenues of \$1 million or less; (4) activities that revitalize or stabilize low- or moderate-income geographies, designated disaster areas, or distressed or underserved nonmetropolitan middle-income geographies; or (5) Neighborhood Stabilization Program (NSP) eligible activities in areas with HUD-approved NSP plans, which are conducted within two years after the date when NSP program funds are required to be spent and benefit low-, moderate-, and middle-income individuals and geographies.

Consumer loan(s): A loan(s) to one or more individuals for household, family, or other personal expenditures. A consumer loan does not include a home mortgage, small business, or small farm loan. This definition includes the following categories: motor vehicle loans, credit card loans, home equity loans, other secured consumer loans, and other unsecured consumer loans.

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

Distressed nonmetropolitan middle-income geography: A middle-income, nonmetropolitan geography will be designated as distressed if it is in a county that meets one or more of the following triggers: (1) an unemployment rate of at least 1.5 times the national average, (2) a poverty rate of 20 percent or more, or (3) a population loss of 10 percent or more between the previous and most recent decennial census or a net migration loss of 5 percent or more over the 5-year period preceding the most recent census.

Family: Includes a householder and one or more other persons living in the same household who are related to the householder by birth, marriage, or adoption. The number of family households always equals the number of families; however, a family household may also include nonrelatives living with the family. Families are classified by type as either a married-couple family or other family, which is further classified into “male householder” (a family with a male householder and no wife present) or “female householder” (a family with a female householder and no husband present).

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

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

Home Mortgage Disclosure Act (HMDA): The statute that requires certain mortgage lenders who do business or have banking offices in a metropolitan statistical area to file annual summary reports of their mortgage lending activity. The reports include such data as the race, gender, and income of applicants; the amount of loan requested; and the disposition of the application (e.g., approved, denied, and withdrawn).

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

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

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

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

Appendix C (continued)

Low-income: Individual income that is less than 50 percent of the area median income, or a median family income that is less than 50 percent, in the case of a geography.

Market share: The number of loans originated and purchased by the institution as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the metropolitan area/assessment area.

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

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

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

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

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

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

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

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

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

Appendix C (continued)

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

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

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

Rated area: A rated area is a state or multistate metropolitan area. For an institution with domestic branches in only one state, the institution's CRA rating would be the state rating. If an institution maintains domestic branches in more than one state, the institution will receive a rating for each state in which those branches are located. If an institution maintains domestic branches in two or more states within a multistate metropolitan area, the institution will receive a rating for the multistate metropolitan area.

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

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

Underserved middle-income geography: A middle-income, nonmetropolitan geography will be designated as underserved if it meets criteria for population size, density, and dispersion that indicate the area's population is sufficiently small, thin, and distant from a population center that the tract is likely to have difficulty financing the fixed costs of meeting essential community needs.

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