

**PUBLIC DISCLOSURE**

**August 13, 2018**

**COMMUNITY REINVESTMENT ACT  
PERFORMANCE EVALUATION**

**Franklin Synergy Bank  
722 Columbia Avenue  
Franklin, Tennessee**

**RSSD ID NUMBER: 3635533**

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

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

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**INSTITUTION’S CRA RATING**

**INSTITUTION’S CRA RATING:** This institution is rated SATISFACTORY.

The following table indicates the performance level of Franklin Synergy Bank with respect to the lending, investment, and service tests.

PERFORMANCE LEVELS	Franklin Synergy Bank		
	PERFORMANCE TESTS		
	Lending Test*	Investment Test	Service Test
Outstanding		X	
High Satisfactory			
Low Satisfactory	X		X
Needs to Improve			
Substantial Noncompliance			

\*\*Note: The lending test is weighted more heavily than the investment and service tests when arriving at an overall rating.

Major factors contributing to this rating include:

- Lending levels reflect adequate responsiveness to assessment area credit needs relative to the bank’s market share of HMDA and small business loans;
- A substantial majority of loans were made inside the assessment area;
- The geographic distribution of loans reflects good penetration throughout the assessment area;
- The distribution of borrowers reflects adequate penetration among customers of different income levels and businesses of different sizes;
- The bank makes an adequate level of community development loans;
- The bank makes an excellent level of qualified community development investments and grants;
- Retail delivery systems are reasonably accessible to geographies and individuals of different income levels in the bank’s assessment area; and
- The bank provides a relatively high level of community development services throughout its assessment area.

**DESCRIPTION OF INSTITUTION**

Franklin Synergy Bank is a community bank headquartered in Franklin, Tennessee. The bank is the sole subsidiary of Franklin Financial Network, a holding company also located in Franklin. The bank has been in operation since 2007, and its primary trade area is the middle Tennessee region. Franklin Synergy Bank operates 13 branches and 4 stand-alone ATMs within the Nashville-Davidson-Murfreesboro-Franklin, Tennessee MSA. At the end of 2017, the bank completed its acquisition of Civic Bank and Trust, expanding the bank’s presence in Nashville.

Franklin Synergy Bank received a “Satisfactory” rating at its previous CRA evaluation conducted by the Federal Reserve Bank of Atlanta dated February 22, 2016, under the intermediate small bank examination procedures. Since the previous CRA examination, there have been no changes in the bank’s assessment area. No known legal impediments exist that would restrain the bank from meeting the credit needs of its assessment area.

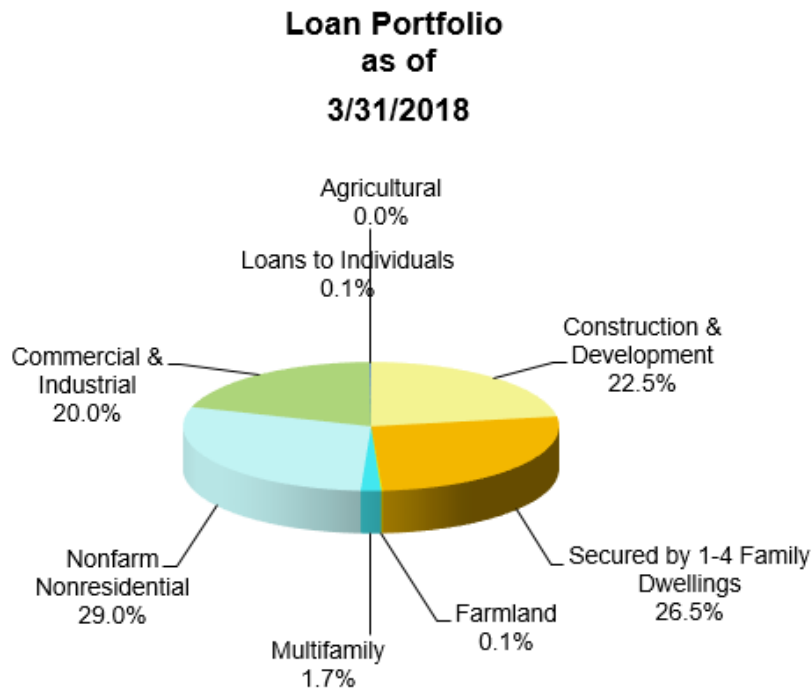
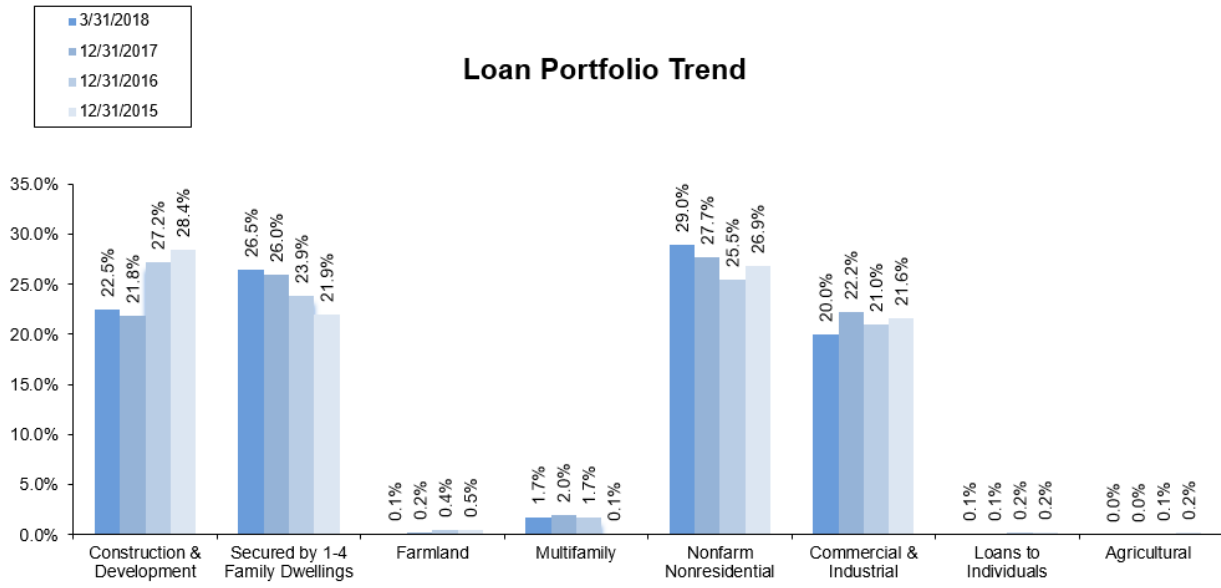
Credit Products and Loan Portfolio

Franklin Synergy Bank offers a wide variety of deposit products and credit products to meet the credit needs of its community, including residential mortgage loans (single family and multi-family), home equity loans, home improvement loans, construction loans, consumer loans and credit cards, commercial real estate and small business loan products. The bank offers flexible mortgage products, including Federal Housing Administration (FHA) and Veterans Administration (VA) loans as well as loans through the Tennessee Housing Development Agency.

The following table and graphs show the composition of Franklin Synergy Bank’s loan portfolio according to the Consolidated Reports of Condition and Income as of year-end 2015 through 2017, and the end of the first quarter of 2018. Overall, total loans increased by 76.0 percent over the period shown, driven by significant growth in 1-4 family dwelling loans (112.6 percent growth) and non-farm nonresidential (90.0 percent growth). Loan growth continued with commercial and industrial loans and construction and development loans over the period shown, but these loan types gradually represented a smaller percentage of the bank’s overall loan portfolio. For example, construction and development loans declined from 26.4 percent of total loans as of December 31, 2015, to 22.5 percent of total loans as of March 31, 2018. During the same time period, loans secured by 1-4 family dwellings increased from 21.9 percent to 26.5 percent of total loans. Nonfarm nonresidential (commercial real estate) loans make up the largest percentage of the loan portfolio as of March 31, 2018, followed by loans secured by 1-4 family dwellings and construction and development loans.

COMPOSITION OF LOAN PORTFOLIO								
Loan Type	3/31/2018		12/31/2017		12/31/2016		12/31/2015	
	\$ (000s)	Percent	\$ (000s)	Percent	\$ (000s)	Percent	\$ (000s)	Percent
Construction and Development	523,660	22.5%	494,818	21.8%	489,563	27.2%	375,422	28.4%
Secured by One- to Four- Family Dwellings	615,651	26.5%	589,465	26.0%	429,184	23.9%	289,576	21.9%
Other Real Estate: Farmland	2,591	0.1%	4,587	0.2%	7,671	0.4%	6,539	0.5%
Multifamily	40,518	1.7%	45,097	2.0%	30,901	1.7%	1,838	0.1%
Nonfarm nonresidential	673,869	29.0%	628,934	27.7%	458,962	25.5%	354,728	26.9%
Commercial and Industrial	464,440	20.0%	503,451	22.2%	377,214	21.0%	285,700	21.6%
Loans to Individuals	2,655	0.1%	2,767	0.1%	3,140	0.2%	3,060	0.2%
Agricultural Loans	487	0.0%	462	0.0%	1,230	0.1%	3,191	0.2%
<b>Total</b>	<b>\$2,323,871</b>	<b>100.00%</b>	<b>\$2,269,581</b>	<b>100.00%</b>	<b>\$1,797,865</b>	<b>100.00%</b>	<b>\$1,320,054</b>	<b>100.00%</b>

\* This table does not include the entire loan portfolio. Specifically, it excludes loans to depository institutions, bankers acceptances, 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.



## **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, as well as the economic and demographic characteristics of its defined assessment area. Franklin Synergy Bank's CRA performance evaluation was based on the analysis of the bank's CRA activities within its assessment area using the Large Institution Examination Procedures. "Large institutions" have total assets of at least \$1.252 billion for December 31 of both of the prior two years. Institutions meeting the threshold size are evaluated using three separately rated tests: a lending test; a community investments test, and a community services test in light of the community needs within the bank's assessment area and the capacity of the bank. This was the first time the bank had been examined using the Large Institution Examination Procedures.

The evaluation included an analysis of HMDA-reportable and small business loans originated from January 1, 2015 through December 31, 2017. The bank's 2015 HMDA-reportable lending and small business lending data were evaluated for informational purposes, and will not be presented in this evaluation. Additionally, lending performance was examined separately for 2016 and 2017 due to the change in the census data. Loans originated in 2016 were analyzed using 2016 FFIEC census data, 2006-2010 American Community Survey 5-year estimates, and 2016 D&B data. Loans originated in 2017 were analyzed using 2017 FFIEC census data, 2011-2015 American Community Survey 5-year estimates, and 2017 D&B data.

For the community development test, the examination covered community development loans, qualified investments, and community development services from February 23, 2016 through December 31, 2017. The CRA defines a community development activity as having a primary purpose of providing any of the following: affordable housing or community services for low- or moderate- income persons, economic development through the financing of small businesses, revitalizing or stabilizing low- or moderate-income geographies, designated disaster areas, or distressed or underserved nonmetropolitan middle-income geographies that benefit the assessment area or a larger statewide or regional area that includes the assessment area.

As part of the CRA evaluation, several community contacts were made with local community, governmental or economic development representatives who are familiar with the economic and demographic characteristics as well as community development opportunities in the Nashville assessment area. 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. Contacts identified small business credit and rehabilitation and construction financing for affordable housing as the primary credit needs in the assessment area.

## DESCRIPTION OF INSTITUTION'S OPERATIONS IN THE NASHVILLE, TENNESSEE ASSESSMENT AREA

### Overview

The Nashville assessment area consists of Davidson, Rutherford, and Williamson counties, which are part of the Nashville-Davidson-Murfreesboro-Franklin MSA. As of December 31, 2017, Franklin Synergy Bank operated 13 branch offices and 4 stand-alone ATMs in the assessment area.

Nashville has a competitive banking market composed of national and regional banks as well as local community banks. According to the June 30, 2017 FDIC Summary of Deposits Report, there were 51 financial institutions operating 384 branch locations across the assessment area with \$46.3 billion in total deposits. Franklin Synergy Bank ranked 6<sup>th</sup> in deposit market share with \$2.8 billion or nearly 6.0 percent of total deposits. Bank of America held the largest deposit market share followed by Regions Bank and Pinnacle Bank.

HMDA-reportable lending and CRA small business lending are similarly competitive. Franklin Synergy Bank was ranked 11<sup>th</sup> out of 657 lenders in 2016 with 2.5 percent market share, and in 2017, the bank ranked 15<sup>th</sup> out of 658 lenders with 2.1 percent market share. Wells Fargo Bank, Quicken, SunTrust Mortgage, and Franklin American Mortgage Company were the top four HMDA lenders in 2017.

For CRA lending, Franklin Synergy Bank ranked 12<sup>th</sup> out of 144 lenders in 2016 with 1.5 percent of CRA loans. In 2017, the bank ranked 13<sup>th</sup> out of 150 lenders with 1.6 percent of total CRA loans. American Express Bank was the leading CRA lender in the market for both 2016 and 2017 with nearly 20.0 percent of the market share of CRA loans.

### Population and Income Characteristics

The population in the assessment area was estimated at 1.2 million in 2017, representing an increase of 15.1 percent since 2010. While Davidson County is the most populous county in the assessment area with an estimated population of approximately 691,200 as of July 2017, the highest population growth is taking place in the counties surrounding Davidson County. Since the last census, the population increased by 23.5 percent in Williamson County and by 20.7 percent in Rutherford County. In contrast, the statewide population increased by 5.8 percent over the same time period.<sup>1</sup>

According to the 2017 FFIEC census data, the assessment area contains 247 census tracts: 30 low-income census tracts (12.1 percent); 57 moderate-income tracts (23.1 percent); 79 middle-income tracts (32.0 percent); 77 upper-income tracts (31.2 percent); and 4 unknown-income tracts (1.6 percent).<sup>2</sup> Since there was a change in the census data between 2016 and 2017, it is worth noting the changes in the census tract classifications: low income tracts decreased from 31 to 30; moderate income tracts increased from 46 to 57; middle and upper income tracts decreased each by 5 tracts; and there was no change in the number of unknown income tracts.

<sup>1</sup> *QuickFacts*. US Census Bureau, n.d. Web. 21 Aug. 2018. <http://quickfacts.census.gov>

<sup>2</sup> Demographic information for 2016 is based on the 2006-2010 American Community Survey (ACS) Data. Demographic information for 2017 is based on ACS Data using 2011-2015 ACS 5-year estimates.

There are no low- or moderate-income tracts in Williamson County, and 2 low-income tracts and 13 moderate-income tracts in Rutherford County; Davidson County has the majority of the low- and moderate-income tracts in the assessment area.

For purposes of classifying borrower income, this evaluation uses the FFIEC estimated median family income for the Nashville-Davidson-Murfreesboro-Franklin MSA. As shown, the median family income increased from \$66,600 in 2016 to \$67,500 in 2017.

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

FFIEC Estimated Median Family Income		Low 0 - 49.99%	Moderate 50% - 79.99%	Middle 80% - 119.99%	Upper 120% - & above
<b>2016</b>	<b>\$66,600</b>	0 - \$33,299	\$33,300 - \$53,279	\$53,280 - \$79,919	\$79,920 - & above
<b>2017</b>	<b>\$67,500</b>	0 - \$33,749	\$33,750 - \$53,999	\$54,000 - \$80,999	\$81,000 - & above

There is substantial variation in the median family income throughout the assessment area. Williamson County is one of the wealthiest counties in the country with an estimated median family income of \$112,555 between 2012 and 2016, while the median family income in Davidson County was the lowest in the assessment area at \$62,723.<sup>3</sup>

The rapid growth in the assessment area is contributing to greater income disparities, and poverty is a significant concern. In Davidson County, the percentage of families in poverty was estimated at 13.1 percent between 2012 and 2016, while only 3.8 percent of families live in poverty in Williamson County.<sup>4</sup> Throughout the assessment area, 36.8 percent of families were considered low- to moderate-income based on 2017 FFIEC census data. Additionally, 36.2 percent of families in low-income tracts and 18.4 percent of families in moderate-income tracts have incomes below the poverty level. The concentration of families living below the poverty level in low- and moderate-income tracts may create challenges to lending in these tracts.

**Economic Conditions**

Nashville has ranked as one of the top 10 large metro areas for population and job growth for the past few years and is a leading national hub for the health care industry and a thriving tourism center. From 2012 through 2016, total nonfarm payrolls grew an average of 4.5 percent annually, three times the annual rate for the nation during the same period. Job growth occurred in every sector in the three months ending February 2017, with the largest growth occurring in professional and business services, leisure and hospitality, and construction sectors.<sup>5</sup> The largest employment concentrations are in government, health care and social assistance, retail trade, leisure and hospitality, and manufacturing.<sup>6</sup> The leisure and hospitality and retail trade sectors, the two

<sup>3</sup> "Nashville assessment area." *GIS Mapping and Geographic Information System Data*. n.d. Web. 21 Aug. 2018. <<http://www.policymap.com/>>.

<sup>4</sup> *Ibid.*

<sup>5</sup> Blount, Casey M. "HUD PD&R Housing Market Profiles: Nashville-Davidson--Murfreesboro--Franklin, Tennessee." Office of Policy Development and Research (PD&R), U.S. Department of Housing and Urban Development, 1 Mar. 2017. Web. 21 Aug. 2018. <<https://www.huduser.gov/portal/periodicals/USHMC/reg/Nashville-HMP-March17.pdf>>.

<sup>6</sup> "Nashville Region Monthly Indicators, Industries." Nashville Area Chamber of Commerce, n.d. Web. 21 Aug. 2018. <<https://www.nashvillechamber.com/research/monthly-indicators/industries>>.

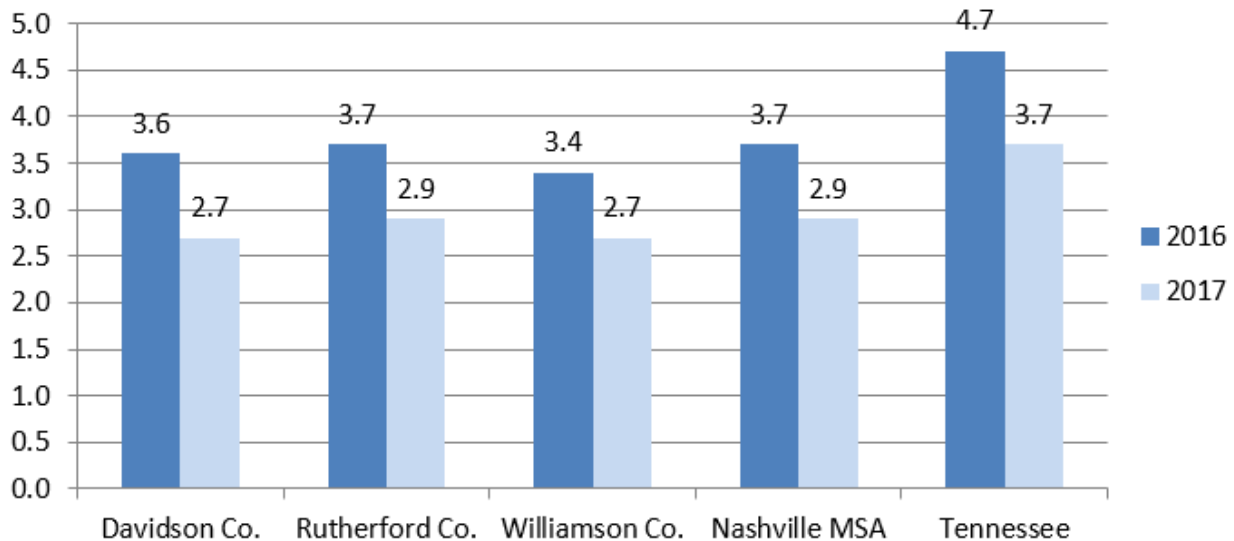


lowest paid sectors, represent 21.3 percent of total employment or approximately 202,500 jobs in the MSA, with annual average earnings of \$40,937 and \$40,036, respectively.<sup>7</sup> The leading private sector employers are Vanderbilt University, Nissan North America, HCA Holdings, Inc., and Saint Thomas Health.<sup>8</sup>

According to 2017 Dun & Bradstreet information, there were 45,146 businesses within the Nashville assessment area, 87.8 percent of which had total annual revenues less than or equal to \$1 million and were therefore considered to be small businesses. Between 2012 and 2016, loans made to firms with revenues of \$1.0 million or less in the assessment area increased significantly by 52.0 percent, with 11,956 loans made in 2016. This represented nearly 50.0 percent of total small business loans in 2016, a much higher proportion than in prior years; this trend may indicate that there are fewer obstacles for smaller firms to access credit in the market.<sup>9</sup>

The robust economic climate in middle Tennessee is evident in the falling unemployment rates. Between 2016 and 2017, the unemployment rate in the Nashville MSA decreased from 3.7 percent to 2.9 percent. Within the assessment area, the lowest unemployment rates were in Williamson and Davidson counties at 2.7 percent in 2017. Employment conditions in the MSA compare favorably to the state and nationwide with unemployment at 3.7 percent and 4.1 percent, respectively.<sup>10</sup>

**Unemployment Rates - Nashville**



<sup>7</sup> Fazio, Emily. "Nashville-Davidson-Murfreesboro-Franklin, TN." Précis U.S. Metro. Moody's Analytics, July 2017. Web. 21 August 2018.

<https://www.economy.com/precismetro>

<sup>8</sup> "Comprehensive Housing Market Analysis: Nashville-Davidson--Murfreesboro--Franklin, Tennessee." Office of Policy Development and Research (PD&R), U.S. Department of Housing and Urban Development, 1 Aug. 2017. Web. 21 August 2018.

<https://www.huduser.gov/portal/publications/pdf/NashvilleTN-comp-17.pdf>.

<sup>9</sup> "Nashville assessment area." *FFIEC: CRA Data*. Community Reinvestment, n.d. Web. 21 Aug. 2018. <<http://www.policymap.com/>>.

<sup>10</sup> "At a Glance Tables." U.S. Bureau of Labor Statistics. U.S. Bureau of Labor Statistics, n.d. Web. 21 August 2018.

<http://www.bls.gov/eag/home.htm>

The FFIEC 2017 census data indicates that there were 470,399 housing units located in the assessment area, of which 56.6 percent were owner-occupied, 35.8 percent were rental units, and 7.7 percent were vacant. Rental housing was disproportionately concentrated in Davidson County, which had 61.8 percent of total housing units but 72.0 percent of all the rental units in the assessment area. The median age of the housing stock across the assessment area was 36 years, though housing in the low- and moderate-income census tracts was older (52 and 44 years, respectively). These factors indicate that HMDA-reportable lending may be more limited in low- and moderate-income tracts, particularly in Davidson County.

Population and employment growth is driving a very hot real estate market in Nashville. Between the 4<sup>th</sup> quarter of 2015 and the 4<sup>th</sup> quarter of 2017, housing prices increased by 25.0 percent in Davidson County, 26.0 percent in Rutherford County, and 13.0 percent in Williamson County.<sup>11</sup> The median home price, however, varied widely throughout the assessment area. Williamson County had the highest median home price at \$465,500, while Rutherford County had the lowest at \$239,900. Davidson County had a median price of \$287,000. In addition to high demand, declining inventory of available housing lots is contributing to rising home prices.<sup>12</sup>

The affordability index for the entire assessment area indicates that the housing market in the assessment area is generally in line with household incomes when the median home price is compared to median household income.<sup>13</sup> However, housing in the region is significantly less affordable than elsewhere in the state, and home prices continue to rise much faster than incomes; therefore, affordability is declining rapidly in certain communities within the assessment area.

Much of the population growth in Davidson County has been driven by millennials, who want to live in the urban center. This trend has fueled a particularly robust multifamily housing market in the Nashville MSA. During the fourth quarter of 2016, the apartment vacancy rate in the metropolitan area was 4.2 percent, up from 3.6 percent during the fourth quarter of 2015. The average asking rent has increased more than 7.0 percent from the previous year; nationally, rents increased by a little over 3.0 percent during this time period. As of March 2017, an estimated 13,400 apartment units were under construction in the metropolitan area, including 9,075 units in Davidson County; construction is particularly active in and around downtown Nashville.<sup>14</sup> Most of the new development is high-end or luxury apartments. Simultaneously, existing affordable income housing is being demolished to make way for new housing, or converted to market rate units; consequently, the supply of affordable housing that is located near job centers, transit and services is dwindling. A report by the National Low Income Housing Coalition confirmed housing affordability is also a problem for renters in Nashville. According to the study, in 2017, the hourly wage necessary to afford the fair market rent for a two-bedroom apartment in the Nashville MSA is \$18.44. The average renter in the MSA earns \$16.62.<sup>15</sup>

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<sup>11</sup> *Home Sales By County: Fourth Quarter*, Greater Nashville Realtors, <https://www.gnar.org/sales-reports/quarterly/2015-fourth-quarter#overlay-context=>

<sup>12</sup> Ward, Gethan. "Nashville struggling to meet demand for new homes." *The Tennessean*, 22 Aug. 2016. Web. 21 Aug 2018. <<http://www.tennessean.com/story/money/real-estate/2016/08/22/nashville-struggling-meet-demand-new-homes/89099810/>>.

<sup>13</sup> The affordability index measures how affordable the median home price is to households earning the median income, assuming current mortgage rates. A baseline of 100 indicates that median home prices are in line with median household income; an index greater than 100 indicates the housing is more affordable. According to Federal Reserve Bank of Atlanta calculations, the affordability index for the assessment area in December 2016 was 153, though there was variation across the counties. Source: Federal Reserve Bank of Atlanta.

<sup>14</sup> Blount, Casey M. "HUD PD&R Housing Market Profiles: Nashville-Davidson--Murfreesboro--Franklin, Tennessee." Office of Policy Development and Research (PD&R), U.S. Department of Housing and Urban Development, 1 Mar. 2017. Web. 21 August 2018. <<https://www.huduser.gov/portal/periodicals/USHMC/reg/Nashville-HMP-March17.pdf>>.

<sup>15</sup> "Out of Reach 2017 Report." National Low Income Housing Coalition, n.d. Web. 21 Aug. 2018 <<http://nlihc.org/oor/tennessee>>.

The following tables present key demographic and business information used to help develop a performance context for the assessment area for the period 2016 and 2017. The data reflects the 2016 and 2017 FFIEC census data and 2016 and 2017 Dun & Bradstreet data used to analyze the bank's CRA performance. Certain components of the data in the table are discussed in this evaluation as they apply to specific parts of the analysis.

### Combined Demographics Report

Assessment Area: TN Nashville

Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families		Families by Family Income	
	#	%	#	%	#	%	#	%
Low-income	31	12.6	22,701	8.9	8,369	36.9	52,524	20.5
Moderate-income	46	18.6	39,665	15.5	7,434	18.7	43,327	16.9
Middle-income	84	34	94,038	36.7	7,589	8.1	51,061	19.9
Upper-income	82	33.2	99,843	39	3,029	3	109,375	42.7
Unknown-income	4	1.6	40	0	0	0	0	0
<b>Total Assessment Area</b>	<b>247</b>	<b>100.0</b>	<b>256,287</b>	<b>100.0</b>	<b>26,421</b>	<b>10.3</b>	<b>256,287</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	47,194	13,120	5	27.8	27,939	59.2	6,135	13
Moderate-income	83,856	33,802	12.9	40.3	40,214	48	9,840	11.7
Middle-income	161,882	101,182	38.8	62.5	48,354	29.9	12,346	7.6
Upper-income	152,448	112,951	43.3	74.1	29,674	19.5	9,823	6.4
Unknown-income	92	0	0	0	92	100	0	0
<b>Total Assessment Area</b>	<b>445,472</b>	<b>261,055</b>	<b>100.0</b>	<b>58.6</b>	<b>146,273</b>	<b>32.8</b>	<b>38,144</b>	<b>8.6</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	4,812	9.4	4,151	9.1	634	12.1	27	7.2
Moderate-income	8,395	16.4	7,204	15.8	1,136	21.7	55	14.6
Middle-income	14,632	28.6	13,340	29.3	1,217	23.2	75	19.9
Upper-income	22,764	44.5	20,492	45	2,062	39.4	210	55.9
Unknown-income	529	1	330	0.7	190	3.6	9	2.4
<b>Total Assessment Area</b>	<b>51,132</b>	<b>100.0</b>	<b>45,517</b>	<b>100.0</b>	<b>5,239</b>	<b>100.0</b>	<b>376</b>	<b>100.0</b>
<b>Percentage of Total Businesses:</b>			<b>89.0</b>		<b>10.2</b>			<b>.7</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	15	3.5	14	3.4	1	11.1	0	0
Moderate-income	34	8	33	8	1	11.1	0	0
Middle-income	153	36.1	148	35.7	5	55.6	0	0
Upper-income	221	52.1	219	52.8	2	22.2	0	0
Unknown-income	1	0.2	1	0.2	0	0	0	0
<b>Total Assessment Area</b>	<b>424</b>	<b>100.0</b>	<b>415</b>	<b>100.0</b>	<b>9</b>	<b>100.0</b>	<b>0</b>	<b>.0</b>
<b>Percentage of Total Farms:</b>			<b>97.9</b>		<b>2.1</b>			<b>.0</b>

2016 FFIEC Census Data and 2016 D&B Information

### Combined Demographics Report

Assessment Area: TN Nashville

Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families		Families by Family Income	
	#	%	#	%	#	%	#	%
Low-income	30	12.1	20,666	7.6	7,478	36.2	55,594	20.4
Moderate-income	57	23.1	54,636	20.1	10,072	18.4	44,612	16.4
Middle-income	79	32	96,588	35.5	7,596	7.9	52,567	19.3
Upper-income	77	31.2	100,281	36.8	3,172	3.2	119,398	43.9
Unknown-income	4	1.6	0	0	0	0	0	0
<b>Total Assessment Area</b>	<b>247</b>	<b>100.0</b>	<b>272,171</b>	<b>100.0</b>	<b>28,318</b>	<b>10.4</b>	<b>272,171</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	43,904	11,758	4.4	26.8	26,636	60.7	5,510	12.6
Moderate-income	108,337	41,523	15.6	38.3	56,887	52.5	9,927	9.2
Middle-income	163,624	100,425	37.7	61.4	52,082	31.8	11,117	6.8
Upper-income	154,522	112,327	42.2	72.7	32,700	21.2	9,495	6.1
Unknown-income	12	0	0	0	12	100	0	0
<b>Total Assessment Area</b>	<b>470,399</b>	<b>266,033</b>	<b>100.0</b>	<b>56.6</b>	<b>168,317</b>	<b>35.8</b>	<b>36,049</b>	<b>7.7</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	3,945	8.7	3,188	8	732	14.1	25	7.4
Moderate-income	8,570	19	7,455	18.8	1,074	20.7	41	12.1
Middle-income	11,874	26.3	10,831	27.3	978	18.9	65	19.1
Upper-income	20,263	44.9	17,848	45	2,213	42.7	202	59.4
Unknown-income	494	1.1	305	0.8	182	3.5	7	2.1
<b>Total Assessment Area</b>	<b>45,146</b>	<b>100.0</b>	<b>39,627</b>	<b>100.0</b>	<b>5,179</b>	<b>100.0</b>	<b>340</b>	<b>100.0</b>
<b>Percentage of Total Businesses:</b>			<b>87.8</b>		<b>11.5</b>		<b>.8</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	8	2.2	8	2.2	0	0	0	0
Moderate-income	31	8.4	29	8.1	2	28.6	0	0
Middle-income	114	31.1	111	30.8	3	42.9	0	0
Upper-income	213	58	211	58.6	2	28.6	0	0
Unknown-income	1	0.3	1	0.3	0	0	0	0
<b>Total Assessment Area</b>	<b>367</b>	<b>100.0</b>	<b>360</b>	<b>100.0</b>	<b>7</b>	<b>100.0</b>	<b>0</b>	<b>.0</b>
<b>Percentage of Total Farms:</b>			<b>98.1</b>		<b>1.9</b>		<b>.0</b>	

2017 FFIEC Census Data and 2017 D&B Information

### Credit and Community Development Needs

To better understand the local community development and economic landscape, individuals familiar with the community and with community development activities were contacted. These individuals discussed the various opportunities and challenges in the region and how financial institutions can be responsive to local community development needs through lending, investment, and/or service activities.

The Nashville market has a relatively strong community development environment with numerous community service organizations targeting low- and moderate-income individuals and families. In addition, there are several active community development financial institutions (CDFIs) specializing in affordable housing finance and small business lending, as well as an effective network of nonprofits providing financial counseling. These assets create a favorable environment and opportunity for banks to partner with nonprofits, developers and CDFIs to provide affordable housing, neighborhood revitalization, and small business development by investing, lending directly, or providing technical assistance to the organizations or those they serve. It is also important to note that the community development industry is most established in Davidson County, but many of the organizations serve a broader regional area.

According to a community contact engaged in affordable housing initiatives, the lack of workforce housing will have long-term economic development and social stability ramifications. Rising dwelling and land costs have challenged the nonprofit organization's ability to construct or rehabilitate affordable homes to an extent comparable to prior years. Land is available for development, but affordable residential development is not feasible due to costs, and private investment for development is targeting high-end price points. Despite an improving employment picture in terms of numbers employed, the average monthly income has barely increased over the past decade. Stagnant wages, coupled with the rising home prices and rents, make it difficult for low- and moderate-income individuals seeking affordable housing. Challenging conditions are mainly a function of tight inventory in general and nonexistent affordable inventory in particular. Banks can partner with nonprofit affordable housing organizations in providing capital for land acquisitions, construction, and rehabilitation of distressed properties. The contact expressed that lenders are very willing to originate mortgage loans but are less willing to fund the rehabilitation or construction projects.

Access to affordable housing is not just a concern in Davidson County. The City of Franklin, in Williamson County, has recognized that the vast majority of people that work in the city, including teachers and public service employees, cannot afford to buy a home in the city given the high cost of land and rising home sales prices. Recently, ground was broken on an affordable condominium development on an infill lot in the City of Franklin. The development is viewed as a first step towards a solution for the lack of affordable and workforce housing.<sup>16</sup>

A community contact that works with small businesses cited lines of credit and access to adequate capital as high priority credit needs for local small businesses, particularly women- and minority-owned businesses. There is a lack of technical help for businesses that have grown past the startup stage but have not yet grown to maturity, as well as a lack of workshops to help larger, mature businesses with succession planning. Another contact mentioned that small businesses need flexible pricing for leases to enable them to locate in an area that will allow them to attract good talent and clientele. Other assistance that banks could provide include offering

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<sup>16</sup> Bartlett, Kerri. "Village at West Main breaks the barriers to affordable housing in Franklin." *Williamson Herald* 12 Oct. 2017. Web. 23 Feb. 2018. <<http://www.franklintn.gov>>.

free business checking accounts to startup businesses; providing lines of credit to small businesses rather than credit cards; using flexible credit underwriting for companies trying to grow; offering strong, low-cost software platforms and interfaces that provide direct deposit and point-of-sale capabilities; establishing a presence in underserved areas; underwriting the provision of technical assistance at small business centers and the development of the curriculum for capacity-building workshops; providing financial expertise to help businesses understand tax changes; and directing outreach efforts to women- and minority-owned businesses.

**CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS**

**LENDING TEST**

Overview

Franklin Synergy Bank’s overall performance rating for the lending test is low satisfactory.

Lending levels reflect adequate responsiveness to assessment area credit needs. A substantial majority of loans are made to borrowers and businesses located in the bank’s assessment areas. The geographic distribution of loans reflects good penetration throughout the assessment areas given the bank’s business strategy and branch locations. The distribution of borrowers reflects adequate penetration among customers of different income levels and among businesses of different sizes. The bank makes an adequate level of community development loans.

Assessment Area Concentration

The bank originated a majority of 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 area.

**Lending Inside and Outside the Assessment Area 2016 & 2017**

Loan Types	Inside				Outside			
	#	%	\$(000s)	%	#	%	\$(000s)	%
Home Improvement	59	95.2%	\$26,216	95.7%	3	4.8%	\$1,185	4.3%
Home Purchase - Conventional	1,551	83.2%	\$573,030	85.4%	314	16.8%	\$97,946	14.6%
Home Purchase - FHA	158	70.9%	\$40,542	74.4%	65	29.1%	\$13,927	25.6%
Home Purchase - VA	42	72.4%	\$15,076	76.5%	16	27.6%	\$4,632	23.5%
Multi-Family Housing	9	56.3%	\$27,570	87.6%	7	43.8%	\$3,891	12.4%
Refinancing	724	88.7%	\$215,467	88.9%	92	11.3%	\$27,028	11.1%
<b>Total HMDA related</b>	<b>2,543</b>	<b>83.7%</b>	<b>\$897,901</b>	<b>85.8%</b>	<b>497</b>	<b>16.3%</b>	<b>\$148,609</b>	<b>14.2%</b>
Small Business	827	89.4%	\$191,868	89.4%	98	10.6%	\$22,866	10.6%
<b>Total Small Bus. related</b>	<b>827</b>	<b>89.4%</b>	<b>\$191,868</b>	<b>89.4%</b>	<b>98</b>	<b>10.6%</b>	<b>\$22,866</b>	<b>10.6%</b>
Small Farm	10	90.9%	\$1,946	99.6%	1	9.1%	\$8	0.4%
<b>Total Small Farm related</b>	<b>10</b>	<b>90.9%</b>	<b>\$1,946</b>	<b>99.6%</b>	<b>1</b>	<b>9.1%</b>	<b>\$8</b>	<b>0.4%</b>
<b>TOTAL LOANS</b>	<b>3,380</b>	<b>85.0%</b>	<b>\$1,091,715</b>	<b>86.4%</b>	<b>596</b>	<b>15.0%</b>	<b>\$171,483</b>	<b>13.6%</b>

Note: Affiliate loans not included

As shown, the bank originated 2,543 HMDA-related loans (83.7 percent) totaling \$897.9 million in its assessment area during the review period. The bank also originated 827 small business loans (89.4 percent) in its assessment area totaling \$191.9 million. Overall, the bank originated 85.0 percent of total loans (by number) inside the bank's assessment area. This indicates the bank's willingness to originate loans that meet the credit needs of its assessment area.

### Geographic Distribution of Loans

For this analysis, the geographic distribution of HMDA-reportable and small business lending, including both originations and purchases, was compared to available demographic information. Loans originated in 2016 were analyzed using 2016 FFIEC census data, 2006-2010 American Community Survey 5-year estimates, and 2016 D&B data. Loans originated in 2017 were analyzed using 2017 FFIEC census data, 2011-2015 American Community Survey 5-year estimates, and 2017 D&B data. Performance context issues and aggregate lending data for both years were taken into consideration as well. Considering all of these factors, the bank's geographic distribution of loans reflects good penetration throughout the assessment area and does not reveal any unexplained gaps in lending patterns.

### Residential Real Estate (HMDA) Lending

The following tables show the geographic distribution of Franklin Synergy Bank HMDA-reportable loans in 2016 and 2017 in the Nashville assessment area, and also include a comparison of the bank's HMDA lending to the aggregate HMDA lenders within the assessment area. The HMDA aggregate lenders' data are the combined total of lending activity reported by all HMDA lenders within the assessment area. Overall HMDA-reportable lending decreased by 24.0 percent during the review period; home purchase loans represented the majority of HMDA-reportable lending followed by refinance loans.



Geographic Distribution of HMDA Loans

Assessment Area: TN Nashville

PRODUCT TYPE	Tract Income Levels	Bank Lending & Demographic Data Comparison					Bank & Aggregate Lending Comparison						
		2016					2016						
		Bank		Owner Occupied Units		Count	Bank		Dollar		Count	Dollar	
		#	%	\$ (000s)	\$ %		%	#	%	%		\$ (000s)	\$ %
HOME PURCHASE	Low	72	7.8%	\$20,744	6.2%	5.0%	72	7.8%	5.0%	\$20,744	6.2%	4.6%	
	Moderate	135	14.6%	\$34,514	10.3%	12.9%	135	14.6%	12.5%	\$34,514	10.3%	9.9%	
	Middle	180	19.4%	\$51,777	15.5%	38.8%	180	19.4%	37.7%	\$51,777	15.5%	28.9%	
	Upper	540	58.3%	\$227,527	68.0%	43.3%	540	58.3%	44.8%	\$227,527	68.0%	56.6%	
	Unknown	0	0.0%	\$0	0.0%	0.0%	0	0.0%	0.0%	\$0	0.0%	0.0%	
	<i>Total</i>	<i>927</i>	<i>100.0%</i>	<i>\$334,562</i>	<i>100.0%</i>	<i>100.0%</i>	<i>927</i>	<i>100.0%</i>	<i>100.0%</i>	<i>\$334,562</i>	<i>100.0%</i>	<i>100.0%</i>	
REFINANCE	Low	32	6.8%	\$8,372	6.0%	5.0%	32	6.8%	4.6%	\$8,372	6.0%	3.3%	
	Moderate	46	9.8%	\$9,858	7.1%	12.9%	46	9.8%	10.0%	\$9,858	7.1%	6.5%	
	Middle	79	16.9%	\$19,588	14.1%	38.8%	79	16.9%	33.8%	\$19,588	14.1%	23.7%	
	Upper	311	66.5%	\$101,008	72.8%	43.3%	311	66.5%	51.7%	\$101,008	72.8%	66.5%	
	Unknown	0	0.0%	\$0	0.0%	0.0%	0	0.0%	0.0%	\$0	0.0%	0.0%	
	<i>Total</i>	<i>468</i>	<i>100.0%</i>	<i>\$138,826</i>	<i>100.0%</i>	<i>100.0%</i>	<i>468</i>	<i>100.0%</i>	<i>100.0%</i>	<i>\$138,826</i>	<i>100.0%</i>	<i>100.0%</i>	
HOME IMPROVEMENT	Low	4	8.9%	\$972	4.8%	5.0%	4	8.9%	6.0%	\$972	4.8%	5.0%	
	Moderate	0	0.0%	\$0	0.0%	12.9%	0	0.0%	11.8%	\$0	0.0%	8.4%	
	Middle	14	31.1%	\$4,595	22.9%	38.8%	14	31.1%	38.6%	\$4,595	22.9%	25.8%	
	Upper	27	60.0%	\$14,531	72.3%	43.3%	27	60.0%	43.5%	\$14,531	72.3%	60.8%	
	Unknown	0	0.0%	\$0	0.0%	0.0%	0	0.0%	0.0%	\$0	0.0%	0.0%	
	<i>Total</i>	<i>45</i>	<i>100.0%</i>	<i>\$20,098</i>	<i>100.0%</i>	<i>100.0%</i>	<i>45</i>	<i>100.0%</i>	<i>100.0%</i>	<i>\$20,098</i>	<i>100.0%</i>	<i>100.0%</i>	
MULTI FAMILY	Low	1	20.0%	\$590	4.9%	18.6%	1	20.0%	28.7%	\$590	4.9%	16.6%	
	Moderate	0	0.0%	\$0	0.0%	28.9%	0	0.0%	33.7%	\$0	0.0%	22.4%	
	Middle	1	20.0%	\$666	5.5%	29.9%	1	20.0%	17.8%	\$666	5.5%	25.3%	
	Upper	3	60.0%	\$10,875	89.6%	22.6%	3	60.0%	19.8%	\$10,875	89.6%	35.7%	
	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>\$12,131</i>	<i>100.0%</i>	<i>100.0%</i>	<i>5</i>	<i>100.0%</i>	<i>100.0%</i>	<i>\$12,131</i>	<i>100.0%</i>	<i>100.0%</i>	
HMDA TOTALS	Low	109	7.5%	\$30,678	6.1%	5.0%	109	7.5%	4.9%	\$30,678	6.1%	4.7%	
	Moderate	181	12.5%	\$44,372	8.8%	12.9%	181	12.5%	11.5%	\$44,372	8.8%	9.3%	
	Middle	274	19.0%	\$76,626	15.2%	38.8%	274	19.0%	36.2%	\$76,626	15.2%	26.8%	
	Upper	881	61.0%	\$353,941	70.0%	43.3%	881	61.0%	47.4%	\$353,941	70.0%	59.1%	
	Unknown	0	0.0%	\$0	0.0%	0.0%	0	0.0%	0.0%	\$0	0.0%	0.0%	
	<i>Total</i>	<i>1,445</i>	<i>100.0%</i>	<i>\$505,617</i>	<i>100.0%</i>	<i>100.0%</i>	<i>1,445</i>	<i>100.0%</i>	<i>100.0%</i>	<i>\$505,617</i>	<i>100.0%</i>	<i>100.0%</i>	

Originations & Purchases

2016 FFIEC Census Data and 2010 ACS Data

Geographic Distribution of HMDA Loans

Assessment Area: TN Nashville

PRODUCT TYPE	Tract Income Levels	Bank Lending & Demographic Data Comparison					Bank & Aggregate Lending Comparison						
		2017					2017						
		Bank		Owner Occupied Units		Count	Bank		Dollar		Count	Dollar	
		#	%	\$ (000s)	\$ %		%	#	%	%		\$ (000s)	\$ %
HOME PURCHASE	Low	96	11.7%	\$25,484	8.7%	4.4%	96	11.7%	6.3%	\$25,484	8.7%	6.0%	
	Moderate	75	9.1%	\$20,162	6.9%	15.6%	75	9.1%	14.1%	\$20,162	6.9%	10.4%	
	Middle	169	20.5%	\$47,157	16.0%	37.7%	169	20.5%	39.5%	\$47,157	16.0%	31.8%	
	Upper	484	58.7%	\$201,283	68.4%	42.2%	484	58.7%	40.1%	\$201,283	68.4%	51.7%	
	Unknown	0	0.0%	\$0	0.0%	0.0%	0	0.0%	0.0%	\$0	0.0%	0.0%	
	<i>Total</i>	<i>824</i>	<i>100.0%</i>	<i>\$294,086</i>	<i>100.0%</i>	<i>100.0%</i>	<i>824</i>	<i>100.0%</i>	<i>100.0%</i>	<i>\$294,086</i>	<i>100.0%</i>	<i>100.0%</i>	
REFINANCE	Low	23	9.0%	\$6,735	8.8%	4.4%	23	9.0%	4.9%	\$6,735	8.8%	4.1%	
	Moderate	29	11.3%	\$5,515	7.2%	15.6%	29	11.3%	15.2%	\$5,515	7.2%	9.9%	
	Middle	58	22.7%	\$15,635	20.4%	37.7%	58	22.7%	39.1%	\$15,635	20.4%	31.0%	
	Upper	146	57.0%	\$48,756	63.6%	42.2%	146	57.0%	40.8%	\$48,756	63.6%	55.0%	
	Unknown	0	0.0%	\$0	0.0%	0.0%	0	0.0%	0.0%	\$0	0.0%	0.0%	
	<i>Total</i>	<i>256</i>	<i>100.0%</i>	<i>\$76,641</i>	<i>100.0%</i>	<i>100.0%</i>	<i>256</i>	<i>100.0%</i>	<i>100.0%</i>	<i>\$76,641</i>	<i>100.0%</i>	<i>100.0%</i>	
HOME IMPROVEMENT	Low	0	0.0%	\$0	0.0%	4.4%	0	0.0%	4.6%	\$0	0.0%	3.8%	
	Moderate	3	21.4%	\$593	9.7%	15.6%	3	21.4%	17.7%	\$593	9.7%	11.9%	
	Middle	4	28.6%	\$1,388	22.7%	37.7%	4	28.6%	39.8%	\$1,388	22.7%	33.4%	
	Upper	7	50.0%	\$4,137	67.6%	42.2%	7	50.0%	38.0%	\$4,137	67.6%	50.9%	
	Unknown	0	0.0%	\$0	0.0%	0.0%	0	0.0%	0.0%	\$0	0.0%	0.0%	
	<i>Total</i>	<i>14</i>	<i>100.0%</i>	<i>\$6,118</i>	<i>100.0%</i>	<i>100.0%</i>	<i>14</i>	<i>100.0%</i>	<i>100.0%</i>	<i>\$6,118</i>	<i>100.0%</i>	<i>100.0%</i>	
MULTI FAMILY	Low	1	25.0%	\$5,742	37.2%	14.6%	1	25.0%	19.8%	\$5,742	37.2%	9.9%	
	Moderate	2	50.0%	\$1,047	6.8%	34.9%	2	50.0%	30.2%	\$1,047	6.8%	22.6%	
	Middle	1	25.0%	\$8,650	56.0%	27.9%	1	25.0%	34.9%	\$8,650	56.0%	53.5%	
	Upper	0	0.0%	\$0	0.0%	22.6%	0	0.0%	15.1%	\$0	0.0%	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>4</i>	<i>100.0%</i>	<i>\$15,439</i>	<i>100.0%</i>	<i>100.0%</i>	<i>4</i>	<i>100.0%</i>	<i>100.0%</i>	<i>\$15,439</i>	<i>100.0%</i>	<i>100.0%</i>	
HMDA TOTALS	Low	120	10.9%	\$37,961	9.7%	4.4%	120	10.9%	5.8%	\$37,961	9.7%	5.7%	
	Moderate	109	9.9%	\$27,317	7.0%	15.6%	109	9.9%	14.6%	\$27,317	7.0%	11.1%	
	Middle	232	21.1%	\$72,830	18.6%	37.7%	232	21.1%	39.4%	\$72,830	18.6%	33.1%	
	Upper	637	58.0%	\$254,176	64.8%	42.2%	637	58.0%	40.2%	\$254,176	64.8%	50.1%	
	Unknown	0	0.0%	\$0	0.0%	0.0%	0	0.0%	0.0%	\$0	0.0%	0.0%	
	<i>Total</i>	<i>1,098</i>	<i>100.0%</i>	<i>\$392,284</i>	<i>100.0%</i>	<i>100.0%</i>	<i>1,098</i>	<i>100.0%</i>	<i>100.0%</i>	<i>\$392,284</i>	<i>100.0%</i>	<i>100.0%</i>	

Originations & Purchases

2017 FFIEC Census Data and 2015 ACS Data

The geographic distribution of HMDA-reportable loans is good. The bank originated 1,445 HMDA-reportable loans in 2016 with 109 loans (7.5 percent) in low-income tracts and 181 loans (12.5 percent) in moderate-income tracts. The percentage of bank loans in low- and moderate-income census tracts was above the percentage of owner-occupied units (5.0 percent) in low-income tracts and slightly below the percentage of owner-occupied units in moderate-income tracts (12.9 percent). The bank's total HMDA-reportable lending outperformed aggregate lending in low- and moderate-income tracts.

In 2017, the bank originated 1,098 HMDA-reportable loans in the assessment area, with 120 loans (10.9 percent) in low-income tracts and 109 loans (9.9 percent) in moderate-income tracts. The percentage of bank loans in low-income tracts was above the percentage of owner-occupied units in low-income tracts (4.4 percent) but markedly less than the percentage of owner-occupied units in moderate-income tracts (15.6 percent). The bank's total HMDA-reportable lending exceeded aggregate lending in low-income tracts, but underperformed aggregate lenders in moderate-income tracts. Bank management acknowledged its weaker performance in 2017, and indicated that they are aggressively pursuing additional mortgage originators and expanding their mortgage outreach to assist with originations to low- and moderate-income geographies and to low- and moderate-income borrowers.

In both years, the bank's home purchase and refinance lending in low-income tracts exceeded the demographic and aggregate lending.

#### *Small Business Lending*

The following tables show the geographic distribution of small business loans within the Nashville assessment area for 2016 and 2017. As shown, Franklin Synergy originated 411 small business loans in 2016 and 416 loans in 2017. In 2016, the bank originated 15 loans in low-income tracts (3.6 percent) and 50 loans in moderate income tracts (12.2 percent). By comparison, 9.1 percent of small businesses were located in low-income census tracts and 15.8 percent of small businesses were located in moderate-income tracts; aggregate lenders originated 9.3 percent and 16.8 percent of loans in these tracts, respectively. In 2017, the bank originated 32 loans (7.7 percent) in low-income tracts where 8.0 percent of small businesses are located and 72 in moderate-income tracts (17.3 percent) where 18.8 percent of small businesses are located; the bank also underperformed aggregate lenders in both geographies.

The geographic distribution of the bank's small business lending is considered adequate when competition and performance context factors are taken into consideration.

**Geographic Distribution of Small Business Loans**

Assessment Area: TN Nashville

Tract Income Levels	Bank Lending & Demographic Data Comparison 2016					Bank & Aggregate Lending Comparison 2016					
	Count		Bank Dollar		Small Businesses %	Count			Dollar		
	#	%	\$ (000s)	\$ %		Bank #	Agg %	Bank \$ 000s	\$ %	Agg \$ %	
Low	15	3.6%	\$3,905	4.0%	9.1%	15	3.6%	9.3%	\$3,905	4.0%	11.7%
Moderate	50	12.2%	\$15,727	16.2%	15.8%	50	12.2%	16.8%	\$15,727	16.2%	20.0%
Middle	106	25.8%	\$25,425	26.2%	29.3%	106	25.8%	23.3%	\$25,425	26.2%	20.8%
Upper	239	58.2%	\$51,506	53.0%	45.0%	239	58.2%	48.3%	\$51,506	53.0%	44.9%
Unknown	1	0.2%	\$650	0.7%	0.7%	1	0.2%	0.9%	\$650	0.7%	2.2%
Tr Unknown	0	0.0%	\$0	0.0%		0	0.0%	1.4%	\$0	0.0%	0.4%
<i>Total</i>	<i>411</i>	<i>100.0%</i>	<i>\$97,213</i>	<i>100.0%</i>	<i>100.0%</i>	<i>411</i>	<i>100.0%</i>	<i>100.0%</i>	<i>\$97,213</i>	<i>100.0%</i>	<i>100.0%</i>

Originations & Purchases  
2016 FFIEC Census Data and 2016 D&B Information

**Geographic Distribution of Small Business Loans**

Assessment Area: TN Nashville

Tract Income Levels	Bank Lending & Demographic Data Comparison 2017					Bank & Aggregate Lending Comparison 2017					
	Count		Bank Dollar		Small Businesses %	Count			Dollar		
	#	%	\$ (000s)	\$ %		Bank #	Agg %	Bank \$ 000s	\$ %	Agg \$ %	
Low	32	7.7%	\$9,408	9.9%	8.0%	32	7.7%	9.3%	\$9,408	9.9%	12.3%
Moderate	72	17.3%	\$21,594	22.8%	18.8%	72	17.3%	18.3%	\$21,594	22.8%	19.5%
Middle	86	20.7%	\$19,657	20.8%	27.3%	86	20.7%	23.5%	\$19,657	20.8%	18.0%
Upper	222	53.4%	\$42,896	45.3%	45.0%	222	53.4%	47.1%	\$42,896	45.3%	47.7%
Unknown	4	1.0%	\$1,100	1.2%	0.8%	4	1.0%	1.0%	\$1,100	1.2%	2.3%
Tr Unknown	0	0.0%	\$0	0.0%		0	0.0%	0.9%	\$0	0.0%	0.2%
<i>Total</i>	<i>416</i>	<i>100.0%</i>	<i>\$94,655</i>	<i>100.0%</i>	<i>100.0%</i>	<i>416</i>	<i>100.0%</i>	<i>100.0%</i>	<i>\$94,655</i>	<i>100.0%</i>	<i>100.0%</i>

Originations & Purchases  
2017 FFIEC Census Data and 2017 D&B Information

Lending to Borrowers of Different Incomes and Businesses of Different Sizes

For this analysis, the distribution of HMDA-reportable lending across borrower income levels and small business lending across business revenue sizes was compared to available demographic information. Performance context issues were also considered, as well as the performance of other banks for 2016 and 2017. Considering all of these factors, the bank's distribution of loans reflects adequate dispersion among customers of different income levels and businesses of different sizes in the bank's assessment area.

*Residential Real Estate (HMDA) Lending*

The following tables show the distribution of the bank's HMDA-reportable loans in 2016 and 2017 by the income level of the borrowers. In 2016, 2.2 percent of HMDA-reportable loans were originated to low-income borrowers, which is far less than both the percentage of families considered low-income (20.5 percent of total families) and aggregate lending performance (4.9 percent). The bank originated 7.2 percent of HMDA-reportable loans to moderate-income borrowers; the bank's performance compares poorly to the demographic (16.9 percent of families considered moderate-income) and aggregate (15.3 percent of total loans to moderate-income borrowers).

In 2017, 0.8 percent of the bank's total HMDA-reportable loans were made to low-income borrowers, which was significantly less than the percentage of families in the assessment area classified as low-income (20.4 percent) and weak compared to aggregate performance (4.6 percent). The bank originated 8.3 percent of HMDA-reportable loans to moderate-income borrowers; the bank's performance was less than the demographic (16.4 percent of families considered moderate-income) and aggregate (15.7 percent of total loans to moderate-income borrowers).

While bank management has acknowledged weaker performance in its borrower distribution, there are also a number of performance context factors impacting home purchase and refinance lending performance to low- and moderate-income households. As discussed earlier, affordable housing is a significant concern in the assessment area. There is an insufficient supply of affordable housing throughout the assessment area.

Additionally, there is a mismatch between incomes and housing affordability in the assessment area. For example, census data shows that 20.4 percent of the families are considered low-income and 16.4 percent are considered moderate-income in the assessment area. Using the assumption that a borrower can afford a home for approximately three times annual income, based on the 2017 FFIEC estimated median family income for the Nashville-Davidson-Franklin-Murfreesboro MSA, a family at the top of the low-income bracket (\$33,749) can afford a \$101,247 home; a family at the top of the moderate-income bracket (\$53,999) could afford a home priced at \$161,997. The median home sales price in the assessment area in the fourth quarter of 2017 ranged from \$239,900 in Rutherford County to \$465,500 in Williamson County. While there may be pockets of more affordable housing across the assessment area, home prices generally exceed what low- and moderate-income families can afford to purchase without significant assistance.

**Borrower Distribution of HMDA Loans**

Assessment Area: TN Nashville

PRODUCT TYPE	Borrower Income Levels	Bank Lending & Demographic Data Comparison					Bank & Aggregate Lending Comparison					
		2016					2016					
		Bank				Families by Family Income	Count			Dollar		
		Count		Dollar			Bank	Agg	Bank	Agg		
#	%	\$ (000s)	\$ %	%	#	%	%	\$ (000s)	\$ %	\$ %		
HOME PURCHASE	Low	23	2.5%	\$3,819	1.1%	20.5%	23	2.5%	5.0%	\$3,819	1.1%	2.5%
	Moderate	73	7.9%	\$13,888	4.2%	16.9%	73	7.9%	17.0%	\$13,888	4.2%	11.0%
	Middle	122	13.2%	\$33,375	10.0%	19.9%	122	13.2%	18.1%	\$33,375	10.0%	15.0%
	Upper	575	62.0%	\$235,312	70.3%	42.7%	575	62.0%	43.0%	\$235,312	70.3%	55.1%
	Unknown	134	14.5%	\$48,168	14.4%	0.0%	134	14.5%	16.9%	\$48,168	14.4%	16.4%
	<b>Total</b>	<b>927</b>	<b>100.0%</b>	<b>\$334,562</b>	<b>100.0%</b>	<b>100.0%</b>	<b>927</b>	<b>100.0%</b>	<b>100.0%</b>	<b>\$334,562</b>	<b>100.0%</b>	<b>100.0%</b>
REFINANCE	Low	9	1.9%	\$1,021	0.7%	20.5%	9	1.9%	4.7%	\$1,021	0.7%	2.3%
	Moderate	30	6.4%	\$5,024	3.6%	16.9%	30	6.4%	12.7%	\$5,024	3.6%	7.3%
	Middle	72	15.4%	\$15,794	11.4%	19.9%	72	15.4%	17.1%	\$15,794	11.4%	12.6%
	Upper	284	60.7%	\$89,249	64.3%	42.7%	284	60.7%	42.8%	\$89,249	64.3%	54.2%
	Unknown	73	15.6%	\$27,738	20.0%	0.0%	73	15.6%	22.7%	\$27,738	20.0%	23.7%
	<b>Total</b>	<b>468</b>	<b>100.0%</b>	<b>\$138,826</b>	<b>100.0%</b>	<b>100.0%</b>	<b>468</b>	<b>100.0%</b>	<b>100.0%</b>	<b>\$138,826</b>	<b>100.0%</b>	<b>100.0%</b>
HOME IMPROVEMENT	Low	0	0.0%	\$0	0.0%	20.5%	0	0.0%	6.1%	\$0	0.0%	2.8%
	Moderate	1	2.2%	\$210	1.0%	16.9%	1	2.2%	15.7%	\$210	1.0%	9.2%
	Middle	7	15.6%	\$2,052	10.2%	19.9%	7	15.6%	21.6%	\$2,052	10.2%	16.7%
	Upper	29	64.4%	\$13,755	68.4%	42.7%	29	64.4%	49.3%	\$13,755	68.4%	64.6%
	Unknown	8	17.8%	\$4,081	20.3%	0.0%	8	17.8%	7.3%	\$4,081	20.3%	6.9%
	<b>Total</b>	<b>45</b>	<b>100.0%</b>	<b>\$20,098</b>	<b>100.0%</b>	<b>100.0%</b>	<b>45</b>	<b>100.0%</b>	<b>100.0%</b>	<b>\$20,098</b>	<b>100.0%</b>	<b>100.0%</b>
MULTI FAMILY	Low	0	0.0%	\$0	0.0%	20.5%	0	0.0%	0.0%	\$0	0.0%	0.0%
	Moderate	0	0.0%	\$0	0.0%	16.9%	0	0.0%	0.0%	\$0	0.0%	0.0%
	Middle	0	0.0%	\$0	0.0%	19.9%	0	0.0%	0.0%	\$0	0.0%	0.0%
	Upper	0	0.0%	\$0	0.0%	42.7%	0	0.0%	0.0%	\$0	0.0%	0.0%
	Unknown	5	100.0%	\$12,131	100.0%	0.0%	5	100.0%	100.0%	\$12,131	100.0%	100.0%
	<b>Total</b>	<b>5</b>	<b>100.0%</b>	<b>\$12,131</b>	<b>100.0%</b>	<b>100.0%</b>	<b>5</b>	<b>100.0%</b>	<b>100.0%</b>	<b>\$12,131</b>	<b>100.0%</b>	<b>100.0%</b>
HMDA TOTALS	Low	32	2.2%	\$4,840	1.0%	20.5%	32	2.2%	4.9%	\$4,840	1.0%	2.3%
	Moderate	104	7.2%	\$19,122	3.8%	16.9%	104	7.2%	15.3%	\$19,122	3.8%	9.1%
	Middle	201	13.9%	\$51,221	10.1%	19.9%	201	13.9%	17.8%	\$51,221	10.1%	13.4%
	Upper	888	61.5%	\$338,316	66.9%	42.7%	888	61.5%	43.1%	\$338,316	66.9%	52.1%
	Unknown	220	15.2%	\$92,118	18.2%	0.0%	220	15.2%	19.0%	\$92,118	18.2%	23.0%
	<b>Total</b>	<b>1,445</b>	<b>100.0%</b>	<b>\$505,617</b>	<b>100.0%</b>	<b>100.0%</b>	<b>1,445</b>	<b>100.0%</b>	<b>100.0%</b>	<b>\$505,617</b>	<b>100.0%</b>	<b>100.0%</b>

Originations & Purchases  
2016 FFIEC Census Data and 2010 ACS Data

**Borrower Distribution of HMDA Loans**

Assessment Area: TN Nashville

PRODUCT TYPE	Borrower Income Levels	Bank Lending & Demographic Data Comparison					Bank & Aggregate Lending Comparison					
		2017					2017					
		Bank				Families by Family Income	Count			Dollar		
		Count		Dollar			Bank	Agg	Bank	Agg		
#	%	\$ (000s)	\$ %	%	#	%	%	\$ (000s)	\$ %	\$ %		
HOME PURCHASE	Low	5	0.6%	\$888	0.3%	20.4%	5	0.6%	3.8%	\$888	0.3%	2.0%
	Moderate	66	8.0%	\$12,951	4.4%	16.4%	66	8.0%	15.6%	\$12,951	4.4%	10.1%
	Middle	122	14.8%	\$32,455	11.0%	19.3%	122	14.8%	19.7%	\$32,455	11.0%	16.4%
	Upper	551	66.9%	\$219,888	74.8%	43.9%	551	66.9%	44.6%	\$219,888	74.8%	56.6%
	Unknown	80	9.7%	\$27,904	9.5%	0.0%	80	9.7%	16.3%	\$27,904	9.5%	14.9%
	<b>Total</b>	<b>824</b>	<b>100.0%</b>	<b>\$294,086</b>	<b>100.0%</b>	<b>100.0%</b>	<b>824</b>	<b>100.0%</b>	<b>100.0%</b>	<b>\$294,086</b>	<b>100.0%</b>	<b>100.0%</b>
REFINANCE	Low	4	1.6%	\$531	0.7%	20.4%	4	1.6%	5.9%	\$531	0.7%	2.9%
	Moderate	25	9.8%	\$4,259	5.6%	16.4%	25	9.8%	15.8%	\$4,259	5.6%	10.1%
	Middle	30	11.7%	\$6,907	9.0%	19.3%	30	11.7%	19.9%	\$6,907	9.0%	15.8%
	Upper	163	63.7%	\$54,609	71.3%	43.9%	163	63.7%	39.3%	\$54,609	71.3%	52.8%
	Unknown	34	13.3%	\$10,335	13.5%	0.0%	34	13.3%	19.1%	\$10,335	13.5%	18.3%
	<b>Total</b>	<b>256</b>	<b>100.0%</b>	<b>\$76,641</b>	<b>100.0%</b>	<b>100.0%</b>	<b>256</b>	<b>100.0%</b>	<b>100.0%</b>	<b>\$76,641</b>	<b>100.0%</b>	<b>100.0%</b>
HOME IMPROVEMENT	Low	0	0.0%	\$0	0.0%	20.4%	0	0.0%	5.9%	\$0	0.0%	3.6%
	Moderate	0	0.0%	\$0	0.0%	16.4%	0	0.0%	16.4%	\$0	0.0%	11.3%
	Middle	2	14.3%	\$387	6.3%	19.3%	2	14.3%	24.1%	\$387	6.3%	19.6%
	Upper	10	71.4%	\$4,063	66.4%	43.9%	10	71.4%	46.0%	\$4,063	66.4%	59.1%
	Unknown	2	14.3%	\$1,668	27.3%	0.0%	2	14.3%	7.5%	\$1,668	27.3%	6.4%
	<b>Total</b>	<b>14</b>	<b>100.0%</b>	<b>\$6,118</b>	<b>100.0%</b>	<b>100.0%</b>	<b>14</b>	<b>100.0%</b>	<b>100.0%</b>	<b>\$6,118</b>	<b>100.0%</b>	<b>100.0%</b>
MULTI FAMILY	Low	0	0.0%	\$0	0.0%	20.4%	0	0.0%	0.0%	\$0	0.0%	0.0%
	Moderate	0	0.0%	\$0	0.0%	16.4%	0	0.0%	0.0%	\$0	0.0%	0.0%
	Middle	0	0.0%	\$0	0.0%	19.3%	0	0.0%	0.0%	\$0	0.0%	0.0%
	Upper	0	0.0%	\$0	0.0%	43.9%	0	0.0%	0.0%	\$0	0.0%	0.0%
	Unknown	4	100.0%	\$15,439	100.0%	0.0%	4	100.0%	100.0%	\$15,439	100.0%	100.0%
	<b>Total</b>	<b>4</b>	<b>100.0%</b>	<b>\$15,439</b>	<b>100.0%</b>	<b>100.0%</b>	<b>4</b>	<b>100.0%</b>	<b>100.0%</b>	<b>\$15,439</b>	<b>100.0%</b>	<b>100.0%</b>
HMDA TOTALS	Low	9	0.8%	\$1,419	0.4%	20.4%	9	0.8%	4.6%	\$1,419	0.4%	2.1%
	Moderate	91	8.3%	\$17,210	4.4%	16.4%	91	8.3%	15.7%	\$17,210	4.4%	9.5%
	Middle	154	14.0%	\$39,749	10.1%	19.3%	154	14.0%	19.9%	\$39,749	10.1%	15.2%
	Upper	724	65.9%	\$278,560	71.0%	43.9%	724	65.9%	42.9%	\$278,560	71.0%	51.9%
	Unknown	120	10.9%	\$55,346	14.1%	0.0%	120	10.9%	16.9%	\$55,346	14.1%	21.3%
	<b>Total</b>	<b>1,098</b>	<b>100.0%</b>	<b>\$392,284</b>	<b>100.0%</b>	<b>100.0%</b>	<b>1,098</b>	<b>100.0%</b>	<b>100.0%</b>	<b>\$392,284</b>	<b>100.0%</b>	<b>100.0%</b>

Originations & Purchases  
2017 FFIEC Census Data and 2015 ACS Data

Small Business Lending

Franklin Synergy Bank’s small business lending by business revenue size reflects good penetration among businesses of different sizes. In 2016, 65.0 percent of the bank’s loans were originated to businesses with gross annual revenue of \$1 million or less, while small businesses represented 89.0 percent of total businesses in the assessment area. In 2017, the percentage of loans to small businesses increased slightly to 67.1 percent of total loans. By comparison, 87.8 percent of total businesses in the assessment area are classified as small businesses. In both years, the bank outperformed aggregate lenders in the percentage of loans to small businesses. In addition, approximately 71.0 percent of the bank’s loans to small businesses were less than \$250,000, which indicates that the bank is helping address a credit need for small business owners.

The following tables show, by business revenue and loan size, the number and dollar volume of small business loans originated by Franklin Synergy Bank in 2016 and 2017.

**Small Business Loans by Business Revenue & Loan Size**  
**Assessment Area: TN Nashville**

Business Revenue & Loan Size		Bank Lending & Demographic Data Comparison					Bank & Aggregate Lending Comparison					
		2016					2016					
		Bank				Total Businesses	Count			Dollar		
		Count		\$ (000s)			Bank	Agg	Bank	Agg	Agg	
#	%	\$	%	%	#	%	%	\$ (000s)	\$ %	\$ %		
BUSINESS REVENUE	\$1million or Less	267	65.0%	\$58,867	60.6%	89.0%	267	65.0%	45.0%	\$58,867	60.6%	36.5%
	Over \$1 Million	126	30.7%	\$36,847	37.9%	10.2%	126	30.7%				
	Total Rev. available	393	95.7%	\$95,714	98.5%	99.2%	393	95.7%				
	Rev. Not Known	18	4.4%	\$1,499	1.5%	0.7%	18	4.4%				
	Total	411	100.0%	\$97,213	100.0%	100.0%	411	100.0%				
LOAN SIZE	\$100,000 or Less	196	47.7%	\$9,417	9.7%		196	47.7%	90.1%	\$9,417	9.7%	26.8%
	\$100,001 - \$250,000	89	21.7%	\$16,177	16.6%		89	21.7%	4.5%	\$16,177	16.6%	15.4%
	\$250,001 - \$1 Million	126	30.7%	\$71,619	73.7%		126	30.7%	5.4%	\$71,619	73.7%	57.8%
	Total	411	100.0%	\$97,213	100.0%		411	100.0%	100.0%	\$97,213	100.0%	100.0%
LOAN SIZE Rev \$1 Mill or Less	\$100,000 or Less	133	49.8%	\$5,888	10.0%							
	\$100,001 - \$250,000	58	21.7%	\$10,285	17.5%							
	\$250,001 - \$1 Million	76	28.5%	\$42,694	72.5%							
	Total	267	100.0%	\$58,867	100.0%							

Originations & Purchases

Aggregate data is unavailable for loans to businesses with revenue over \$1 million or revenue unknown, and for loan size by revenue. 2016 FFIEC Census Data and 2016 D&B Information



Small Business & Small Farm Lending By Revenue & Loan Size

Assessment Area: TN Nashville

Product Type		Bank Lending & Demographic Data Comparison					Bank & Aggregate Lending Comparison						
		2017					2017						
		Bank		Dollar		Total	Count		Agg	Dollar		Agg	
#	%	\$ (000s)	\$ %	%	#	%	%	\$ 000s	\$ %	\$ %			
Small Business	Revenue	\$1 Million or Less	279	67.1%	\$56,620	59.8%	87.8%	279	67.1%	52.1%	\$56,620	59.8%	38.9%
		Over \$1 Million	127	30.5%	\$37,571	39.7%	11.5%	127	30.5%				
		Total Rev. available	406	97.6%	\$94,191	99.5%	99.3%	406	97.6%				
		Rev. Not Known	10	2.4%	\$464	0.5%	0.8%	10	2.4%				
		Total	416	100.0%	\$94,655	100.0%	100.0%	416	100.0%				
	Loan Size	\$100,000 or Less	192	46.2%	\$8,864	9.4%		192	46.2%	89.0%	\$8,864	9.4%	23.7%
		\$100,001 - \$250,000	104	25.0%	\$19,554	20.7%		104	25.0%	4.8%	\$19,554	20.7%	15.8%
		\$250,001 - \$1 Million	120	28.8%	\$66,237	70.0%		120	28.8%	6.1%	\$66,237	70.0%	60.5%
		Total	416	100.0%	\$94,655	100.0%		416	100.0%	100.0%	\$94,655	100.0%	100.0%
	Loan Size & Rev \$1 Mill or	\$100,000 or Less	137	49.1%	\$5,897	10.4%							
\$100,001 - \$250,000		70	25.1%	\$12,982	22.9%								
\$250,001 - \$1 Million		72	25.8%	\$37,741	66.7%								
Total		279	100.0%	\$56,620	100.0%								

Originations & Purchases

Agg data is unavailable for loans to businesses/farms with revenue over \$1 million or revenue unknown, and for loan size by revenue. 2017 FFIEC Census Data and 2017 D&B Information

Community Development Lending

Franklin Synergy Bank makes an adequate level of community development loans in its assessment area. The bank originated 12 qualified community development loans totaling \$64.4 million during the review period. The majority of the loans were to for-profit entities for commercial properties located in low- and moderate-income geographies designated for revitalization and stabilization. This volume of community development lending is considered adequate given the bank's size and presence in the assessment area. However, the bank was less responsive to identified community development and credit needs including economic development and affordable housing.

INVESTMENT TEST

Qualified Investments and Contributions

Franklin Synergy Bank makes an excellent level of qualified investments and grants relative to the bank's asset size, capacity and service area. The bank made investments (excluding contributions) totaling \$33.2 million in the assessment area; of that, 14 investments for \$26.6 million were made during the review period. The bank also had seven investments purchased prior to the review period with a December 31, 2017 book value of \$6.6 million. The current period investments were responsive to affordable housing and small business loan funds with multiple investments into CDFIs serving the Nashville MSA and the greater Middle Tennessee region. Additionally, the bank invested in a Small Business Investment Company (SBIC), which provides small

business financing, and it invested in a minority-owned financial institution. Prior period investments supported financing for affordable housing through investments in government guaranteed mortgage-backed securities for low- and moderate-income borrowers.

Franklin Synergy Bank also contributed \$79,900 to nonprofit organizations during the review period. The majority of the contributions supported organizations providing community services to low- and moderate-income individuals.

**SERVICE TEST**

**Retail Services**

Retail banking services are considered adequate in the Nashville assessment area.

Franklin Synergy Bank’s delivery systems are reasonably accessible to the bank’s geographies and individuals of different income levels in its assessment area. The distribution of 13 branch offices as of December 31, 2017, was compared to the distribution of households and businesses among the tract categories within the assessment area. During the review period, the bank opened one branch in a middle-income tract; therefore, the bank’s record of opening and closing branches has generally not adversely affected the accessibility of its delivery systems, particularly to low- and moderate-income geographies and individuals in the assessment area. Additionally, bank products, services and standard business hours are consistent throughout the assessment area, and do not vary in a way that inconveniences any portion of the bank’s assessment area, including low- and moderate-income geographies and/or low- and moderate-income individuals.

The table below displays the bank’s 2017 branch distribution based on 2017 FFIEC Census Data and 2015 ACS Data.

**Geographic Distribution of Branches & ATMS**  
 Assessment Area: TN Nashville

Tract Category	Branches							ATMs								Demographics						
	Total Branches				Drive thru	Extend-ed Hours	Week-end Hours	Total ATMs		Full Service ATMs				Cash only ATMs				Census Tracts		House holds	Total Businesses	
	#	%	Open	Closed				#	%	Open	Closed	#	%	Open	Closed	#	%					
Low	0	0.0%	0	0	0	0	0	Total	0	0.0%	0	0.0%	0	0	0	0.0%	0	0	30	12.1%	8.8%	8.7%
DTO	0		0	0				SA	0		0		0	0	0		0	0				
Moderate	2	15.4%	0	0	2	0	0	Total	2	11.8%	0	0.0%	0	0	2	11.8%	0	0	57	23.1%	22.7%	19.0%
DTO	0		0	0				SA	0		0		0	0	0		0	0				
Middle	5	38.5%	1	0	5	0	0	Total	7	41.2%	0	0.0%	0	0	7	41.2%	0	0	79	32.0%	35.1%	26.3%
DTO	0		0	0				SA	2		0		0	0	2		0	0				
Upper	6	46.2%	0	0	5	0	0	Total	8	47.1%	0	0.0%	0	0	8	47.1%	0	1	77	31.2%	33.4%	44.9%
DTO	0		0	0				SA	2		0		0	0	2		0	1				
Unknown	0	0.0%	0	0	0	0	0	Total	0	0.0%	0	0.0%	0	0	0	0.0%	0	0	4	1.6%	0.0%	1.1%
DTO	0		0	0				SA	0		0		0	0	0		0	0				
Total	13	100.0%	1	0	12	0	0	Total	17	100.0%	0	0.0%	0	0	17	100.0%	0	1	247	100.0%	100.0%	100.0%
DTO	0		0	0				SA	4		0		0	0	4		0	1				

2017 FFIEC Census Data, 2017 D&B Info, and 2015 ACS Data  
 Closed branches/ATMs are only included in "closed" columns and are not included in any other totals.  
 DTO - Drive thru only is a subset of total branches  
 SA = Stand Alone ATM is a subset of total ATMs

Community Development Services

Franklin Synergy Bank provides a relatively high level of community development services in the Nashville assessment area given its size and scope. Employees provided 1,499 hours of qualified community development service hours through 44 activities. Bank staff served on the board and advisory committees for several organizations that provide community services targeted to low- and moderate-income individuals. Bank employees also engaged in financial education in the schools and through local community organizations. While the bank's community development services demonstrated good engagement in community services, the types of activities were less responsive to identified affordable housing, economic development and revitalization needs in the 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.

APPENDIX A

<b>SCOPE OF EXAMINATION</b>			
<b>TIME PERIOD REVIEWED</b>			
HMDA and Small Business Lending: January 1, 2015 to December 31, 2017			
CD Lending, Investments and Services: February 23, 2016 to December 31, 2017			
<b>FINANCIAL INSTITUTION</b>		<b>PRODUCTS REVIEWED</b>	
Franklin Synergy Bank – Franklin, Tennessee		HMDA and Small Business Lending	
<b>AFFILIATE(S)</b>	<b>AFFILIATE RELATIONSHIP</b>	<b>PRODUCTS REVIEWED</b>	
N/A	N/A	None	
<b>LIST OF ASSESSMENT AREAS AND TYPE OF EXAMINATION</b>			
<i>ASSESSMENT AREA</i>	<i>TYPE OF EXAMINATION</i>	<i>BRANCHES VISITED</i>	<i>OTHER INFORMATION</i>
TENNESSEE Nashville-Davidson- Murfreesboro-Franklin, MSA Davidson County Rutherford County Williamson County	Full-scope Review	None	

## APPENDIX B – DEFINITIONS AND GENERAL INFORMATION

### Definitions

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

### Rounding Convention

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

### General Information

The CRA requires each federal financial supervisory agency to use its authority when examining financial institutions subject to its supervision to assess the institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the institution. Upon conclusion of such examination, the agency must prepare a written evaluation of the institution's record of meeting the credit needs of its community.

This document is an evaluation of the CRA performance of Franklin Synergy Bank prepared by the Federal Reserve Bank of Atlanta, the institution's supervisory agency, as of August 13, 2018. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 CFR Part 228.

## APPENDIX C – GLOSSARY

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

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

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

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

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

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

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

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

## APPENDIX C – GLOSSARY (Continued)

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

**Home Mortgage Disclosure Act (HMDA):** The statute that requires certain mortgage lenders that do business or have banking offices in a MSA to file annual summary reports of their mortgage lending activity. The reports include such data as the race, gender, and the income of applications, the amount of loan requested, and the disposition of the application (for example, approved, denied, and withdrawn).

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

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

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

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

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

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

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

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

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

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

### APPENDIX C – GLOSSARY (Continued)

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

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

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

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

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

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