





2011 E. Van Hook Street, Milan, Tennessee  
503 W. Church Street, Medina, Tennessee

## CREDIT SERVICES OFFERED

### Consumer Loans:

We offer a variety of consumer products, including but not limited to:

Auto Loans	CD secured loans
Unsecured Loans	Other secured loans
Overdraft Lines of Credit (w/variable rates)	Debt consolidation loans
Personal Lines of Credit (w/variable rates)	

### Real Estate Loans:

We offer the following real estate consumer loans:

Purchase money loans*	Construction loans
Home Improvement loans*	Mobile Home loans
Home Equity loans*	Lot/Land loans
Rate/Term Refinance loans*	
Home Equity Lines of Credit (w/variable rates)	

\*Terms available from 6 years up to 15 year fixed rates (with amortization periods of up to 30 years for balloon loans).

### Business Loans:

We offer several types of business loans for sole proprietorships, partnerships, corporations and limited liability corporations, including but not limited to:

Unsecured loans	Real Estate loans
Working Capital Loans	Agricultural loans
Secured Loans (including equipment, accounts receivable & inventory loans)	

\*\*All loan products subject to qualifying based on credit review and the bank's underwriting policies.

**SCHEDULE OF FEES AND CHARGES**

The following fees may be assessed against your account:

Account Statement Copy/Duplicate.....	\$ 2.00
ACH Origination .....	\$ 30.00
ATM/Debit Card Replacement.....	\$ 5.00
ATM Transactions @ Foreign ATM.....	\$ 1.50
Bad Address Fee.....	\$ 10.00
Bond Interest Coupon Collection.....	\$ 5.00
Cashiers Checks (per Check).....	\$ 8.00
Check Photocopy (per Copy).....	\$ 2.00
Daily Overdraft Balance Fee (After third business day of overdraft) ..	\$ 5.00
***Dormant Account Fee.....	\$ 6.00
**Early Close Out Fee.....	\$ 10.00
Fax Service (per Page).....	\$ 1.50
Foreign Currency Exchange.....	\$ 10.00
Garnishment On Account.....	\$ 25.00
Instruments Presented on Foreign Institutions.....	\$ 3.00
*Insufficient Funds (Returned Check).....	\$ 34.65
Locking Night Deposit Bags.....	\$ 25.00
Miscellaneous Copies (no Research).....	\$ .25
Money Orders (per Item).....	\$ 8.00
Notary Fee (Non-customer).....	\$ 5.00
*Overdraft (Paid Check).....	\$ 34.65
Paper Statement Fee (Regular Checking Accounts Only) ..	\$ 1.99
Research On Account (per Hour).....	\$ 12.00
Return Deposit Item Personal.....	\$ 5.00
Return Deposited Item Business.....	\$ 10.00
Stop Payment.....	\$ 32.50
Tax Levy On Account.....	\$ 25.00
Telephone Balance Inquiries.....	\$ 1.00
Telephone Transfer Requests.....	\$ 2.00
Telephone Loan Payment Requests (per payment).....	\$ 5.00
Wire Transfers Incoming.....	\$ 10.00
Wire Transfers International.....	\$ 60.00
Wire Transfers Outgoing.....	\$ 25.00

\*"Overdrafts created by check, in-person withdrawal, ATM withdrawal, or other electronic means."

\*\*Account is closed within 90 days of opening.

\*\*\*Dormant Account Fee will be assessed if account has no customer initiated activity on an account in a (12) twelve month consecutive period and upon dormancy are subject to the dormant service fee monthly on account balances of \$250.00 or less.

## Other Financial Services

### 24 Hour ATM Card\*\*

The convenience of 24 Hour Banking at either of our full service locations. Your ATM Card allows you to withdraw from your checking or savings.

### Visa® Debit Card\*\*

A faster, more economical and convenient way to buy the products and services you need. The Visa® Debit Card allows you to withdraw funds from your checking account without ever having to write a check. You can make purchases wherever Visa® is accepted. Plus, the Visa® Debit Card performs all the functions of an ATM Card.

### Overdraft Protection\*\*

Avoid overdraft charges - sparing you the embarrassment, expense and credit problems resulting from bounced checks and overdraft charges. Overdraft protection guarantees that your checking account will have ample funds to cover checks or scheduled electronic debits. The Bank of Milan will automatically transfer \$100 increments into your checking account to ensure a positive balance.  
*(Application Required)*

### Safe Deposit Box Rental

Protect your most valuable documents with a Safe Deposit Box. (Subject to Availability)

*\*\*Please refer to the Electronic Funds Transfer Agreement and Disclosure.*

## Two Full Service Locations

### Milan Office

2011 East Van Hook  
Milan, TN 38358  
731-686-2255

### Medina Office

503 West Church Street  
Medina, TN 38355  
731-783-1700

[www.bankofmilan.net](http://www.bankofmilan.net)

## Online and Mobile Banking

This service allows you to view your account balances, pay bills, transfer funds, make payments, view history, view eStatements and more. Contact a customer service representative to enroll. Free smartphone app, available for iPhone®, iPad® and Android™ devices. Download today in App Store or Google Play.  
*(Certain Restrictions Apply)*

## Telephone Banking

Telephone banking is open 24 hours a day, seven days a week. You can find out your checking or savings balances, transfer money between accounts, make loan payments and much more. It's a convenient way to keep track of your banking.

731-723-INFO  
(731-723-4636)

## Banking Hours

Monday thru Thursday

8:30 AM to 4:00 PM

Friday

8:30 AM to 5:00 PM



The BANK of MILAN

## Personal Checking and Savings Accounts

- Regular Checking
- Premier Checking
- Premier Plus Checking
- Premier Partners Account
- Premier Savings Account
- Premier Money Market Account
- Christmas Club Account
- IRA
- Kidz Savings Club Account
- Certificates of Deposit

*Your Neighborhood.  
Your Bank.*



Member  
**FDIC**

# Your Neighborhood. Your Bank.



## Regular Checking\*

- \$100 minimum to open
- Unlimited check writing
- Free ATM/Visa® Debit Card
- 50% discount on 3x5 lockbox - 1st Year (Per Availability)
- Overdraft Protection Available (Application Required)
- Online & Mobile banking at no charge
- 24-Hour Telephone Banking
- \$500 daily minimum average balance avoids monthly service charge of \$5
- Free eStatements. Paper statements \$1.99 per statement.

## Premier Checking\*

- \$100 minimum to open
- An Interest Bearing Account
- Unlimited check writing
- Free ATM/Visa® Debit Card
- One(1) order Premier checks free annually
- Free 3x5 Safe Deposit Box or 50% discount on larger box - 1st Year (Per Availability)
- Overdraft Protection Available (Application Required)
- Online & Mobile banking at no charge
- 24-Hour Telephone Banking
- \$1,000 daily minimum balance avoids monthly service charge of \$5

## Premier Plus Checking\*

- \$100 minimum to open
- An Interest Bearing Account
- Tiered Rate Account (Ask your Customer Service Representative for details on Rate Tiers)
- Unlimited check writing
- Free ATM/Visa® Debit Card
- Free Premier Plus Checks
- Free 3x5 Safe Deposit Box or 50% discount on larger box - 1st Year (Per Availability)
- 25% discount on Safe Deposit Box after 1st year
- Overdraft Protection Available (Application Required)
- Online & Mobile banking at no charge
- 24-Hour Telephone Banking
- \$2,500 daily minimum balance avoids monthly service charge of \$5

## Premier Partners Account\*

An account designed for those 55 and up

- \$500 minimum to open
- Premier Interest Rates
- Unlimited Check Writing
- Free Premier Partner Checks
- Free ATM/Visa® Debit Card
- Free 3x5 or 3x10 Safe Deposit Box 1st Year 50% off annually thereafter (Per availability)
- Special Events
- \$500 daily minimum average balance avoids monthly service charge of \$5

## Premier Savings Account\*

A safe and easy way to build personal savings, earn interest, and have access to your money.

- \$100 minimum to open
- Online & Mobile Banking at no charge
- 24 Hour Telephone Banking
- Interest paid quarterly
- \$100 daily minimum balance avoids monthly service charge of \$2
- Up to 6 debits per month, first 2 at no charge.

## Premier Money Market Account\*

Earn money market interest rates, with limited check writing privileges.

- \$1,000 minimum to open
- Online & Mobile Banking at no charge
- 24 Hour Telephone Banking
- Unlimited transactions when in the bank, in person, or at the ATM
- Third party checks, telephone, automatic, or electronic transfers are limited to six (6) per month
- Automatically earn higher yields as your balance increases (Ask your Customer Service Representative for details on Rate Tiers)
- \$1,000 daily minimum balance avoids monthly service charge of \$8

## Christmas Club Savings\*

From November 1st through April 30th you can open a Christmas Club Account and have ready cash for Christmas.

(Call our office or visit a Customer Service Representative for more details)

## IRA\*

Individual Retirement Accounts that offer a variety of ways to save for retirement.

- \$100 minimum to open
- Terms available are up to 60 months
- Traditional and Roth
- Online and Mobile Banking at no charge

## Kidz Savings Club Account\*

- Interest Bearing Account
- \$10 minimum to open
- No service charge
- No minimum balance
- Ages 0-12
- Special events for club members
- Choose a prize from our treasure box with each \$25.00 deposit.

## Certificates of Deposit\*

A safe way to invest your money with a variety of terms and rates to fit your needs.

- \$1,000 minimum to open
- Terms available are up to 60 months
- Interest paid to CD, to another account, or by check
- Online & Mobile banking at no charge

At The Bank of Milan you have choices of several account options to fit your individual needs. All of your accounts provide you with convenient access to your funds, financial record keeping, and safety provided by the FDIC. Ask for a free FDIC brochure "Questions and Answers About Your Insured Deposits."

\*Please refer to the "Deposit Agreement and Disclosure" for complete account details.



# THE BANK OF MILAN

Branch Openings and Closings with the past two (2) years: None

# **The Bank of Milan**

## **Loan to Deposit Ratios for 2023**

<b><u>Period Ending</u></b>	<b><u>Loan to Deposit Ratio</u></b>
<b>3-31-2023</b>	<b>63.01 %</b>
<b>6-30-2023</b>	<b>63.75 %</b>
<b>9-30-2023</b>	<b>63.02 %</b>
<b>12-31-2023</b>	<b>60.30 %</b>

## **Loan to Deposit Ratios for 2024**

**3-31-2024**  
**6-30-2024**  
**9-30-2024**  
**12-31-2024**



# HOME MORTGAGE DISCLOSURE ACT NOTICE

The HMDA data about our residential mortgage lending are available online for review.

The data show geographic distribution of loans and applications; ethnicity, race, sex, age, and income of applicants and borrowers; and information about loan approvals and denials.

HMDA data for many other financial institutions are also available online.

For more information, visit the Consumer Financial Protection Bureau's Web site

([www.consumerfinance.gov/hmda](http://www.consumerfinance.gov/hmda))

# **PUBLIC DISCLOSURE**

August 19, 2019

## **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

The Bank of Milan  
Certificate Number: 33851

2011 East Van Hook Street  
Milan, Tennessee 38358

Federal Deposit Insurance Corporation  
Division of Depositor and Consumer Protection  
Dallas Region – Memphis Area Office

6060 Primacy Parkway, Suite 300  
Memphis, Tennessee 38119

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 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 RATING

**INSTITUTION'S COMMUNITY REINVESTMENT ACT (CRA) RATING:** This institution is rated **Satisfactory**. An institution in this group has a satisfactory record of helping to meet the credit needs of its assessment area (AA), including low- and moderate-income neighborhoods, in a manner consistent with its resources and capabilities.

The Bank of Milan's (TBM's) satisfactory performance under the Lending Test supports the overall rating. Examiners did not identify any evidence of discriminatory or other illegal credit practices; therefore, this consideration did not affect the overall rating. The following discussion summarizes the institution's performance.

- The institution displayed a reasonable loan-to-deposit (LTD) ratio given the institution's size, financial condition, and AA credit needs.
- The institution originated a majority of its small business and home mortgage loans inside the AA.
- The institution established a reasonable record regarding its borrower profile. The reasonable small business and home mortgage loan performances support this conclusion.
- The geographic distribution of loans is not meaningful since there are no low- or moderate-income census tracts (CTs) in the AA; therefore, this factor did not affect the rating.
- The institution did not receive any CRA-related complaints since the previous evaluation; therefore, this factor did not affect the rating.

## SCOPE OF EVALUATION

### ***General Information***

This evaluation covers the period from the prior evaluation dated July 29, 2013, to the current evaluation dated August 19, 2019. Examiners used the Interagency Small Institution Examination Procedures to evaluate TBM’s CRA performance.

The Lending Test considered the institution’s performance according to the following criteria:

- Loan-to-deposit ratio
- Assessment area concentration
- Geographic distribution
- Borrower profile
- Response to CRA-related complaints

The evaluation does not include any lending activity performed by affiliates.

### ***Loan Products Reviewed***

CRA Small Institution Examination Procedures require examiners to determine the bank’s major product lines for review. As an initial matter, examiners may select from among the same loan categories used for CRA Large Institution evaluations: home mortgage, small business, small farm, and consumer loans. The following table shows lending activity for 2018, which reflects a relatively similar pattern with the lending emphasis since the last evaluation.

<b>Loans Originated or Purchased (2018)</b>				
<b>Loan Category</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
Construction and Land Development	3	1.6	1,793	17.3
Secured by Farmland	5	2.7	417	4.0
1-4 Family Residential	39	21.1	3,126	30.1
Multi-Family (5 or more) Residential	0	0.0	0	0.0
Commercial Real Estate	3	1.6	984	9.5
<b>Total Real Estate Loans</b>	<b>50</b>	<b>27.0</b>	<b>6,320</b>	<b>60.9</b>
Commercial and Industrial	46	24.9	3,049	29.3
Agricultural	0	0.0	0	0.0
Consumer	89	48.1	1,017	9.8
Other Loans	0	0.0	0	0.0
<b>Total Loans</b>	<b>185</b>	<b>100.0</b>	<b>10,386</b>	<b>100.0</b>
<i>Source: Bank data (1/1/2018 – 12/31/2018)</i>				

Considering the dollar volume and number of loans originated, as well as management’s stated business strategy, examiners determined the bank’s major product lines. These categories consist of commercial loans at 38.8 percent and residential loans at 30.1 percent of the dollar volume of gross loans originated during 2018. No other loan category, such as consumer loans at 9.8 percent or agricultural loans at 4.0 percent, represents a major product line; therefore, this evaluation does not discuss them.

Consequently, examiners considered a random sample of 30 small business loans totaling \$2.8 million from a universe of 49 small business loans totaling \$4.0 million, originated in 2018. This evaluation also considered a random sample of 30 home mortgage loans totaling \$2.3 million from a universe of 39 home mortgage loans totaling \$3.1 million, originated in 2018. Examiners used a statistical 90 percent confidence interval with a 10 percent precision level to determine the sample size.

***Loan Category Weighting***

Examiners considered the universes of the dollar volume and number of loans originated in 2018 for the loan categories reviewed, as well as management’s stated business strategy, to determine the weighting applied to those loan categories.

The following table shows that the lending emphasis of reviewed loans for 2018 reflects a focus on both small business and home mortgage loans by number and dollar volume. Thus, small business and home mortgage loans received equal weighting when arriving at lending activity conclusions.

<b>Loan Category Weighting</b>				
<b>Loan Category Reviewed</b>	<b>Universes of Loan Categories Reviewed</b>			
	<b>#</b>	<b>%</b>	<b>\$(000)</b>	<b>%</b>
Small Business	49	55.7	4,033	56.3
Home Mortgage	39	44.3	3,126	43.7
<b>Total Reviewed Categories</b>	<b>88</b>	<b>100.0</b>	<b>7,159</b>	<b>100.0</b>
<i>Source: Bank records (1/1/2018 - 12/31/2018)</i>				

## DESCRIPTION OF INSTITUTION

### ***Background***

TBM is headquartered in Milan, Tennessee, which is approximately 132 miles west of Nashville, Tennessee and 101 miles east of Memphis, Tennessee. Hometown Bancorp, Inc., a one-bank holding company, also located in Milan, Tennessee, wholly owns TBM. The institution received a “Satisfactory” rating at its previous FDIC Performance Evaluation dated July 29, 2013, based on Small Institution Examination Procedures.

### ***Operations***

TBM operates as a full-service community bank with a primary focus on commercial and residential lending. The bank operates two full-service offices in the State of Tennessee. The main office is located in Milan, and a full-service branch is located in Medina. The bank did not open or close any locations nor did they participate in any merger or acquisition activity since the prior evaluation. See the table below for a breakdown of offices by CT income level.

<b>Distribution of Bank Offices</b>				
<b>Office Name</b>	<b>Main Office or Branch</b>	<b>Census Tract</b>	<b>CT Income Category</b>	<b>Opened or Closed Since Prior Evaluation</b>
Main Office	Main Office	9664.00	Middle	No
Medina Office	Branch	9671.00	Upper	No
Number of branches in low-or moderate- income tracts		0		
Percent of branches in low-or moderate- income tracts		0.0%		
<i>Source: Bank data</i>				

The bank offers a variety of loan products, including commercial, residential, construction, consumer, and agricultural loans. The bank also offers a variety of consumer and commercial deposit services, including checking, savings, and time deposit accounts. The bank maintains hours typical for its AA and the industry. Alternative banking services include online banking, telephone banking, and two automated teller machines.

### ***Ability and Capacity***

TBM’s assets totaled approximately \$67.3 million as of March 31, 2019, and included total loans of \$38.5 million and securities totaling \$20.0 million.

The following table, which details the mix of outstanding loans as of March 31, 2019, shows a similar distribution to the Loans Originated or Purchased table under the Scope of Evaluation. Residential loans constitute the largest percentage of outstanding gross loans at 42.9 percent followed by commercial loans at 40.3 percent.

<b>Loan Portfolio Distribution as of March 31, 2019</b>		
<b>Loan Category</b>	<b>\$(000s)</b>	<b>%</b>
Construction and Land Development	2,401	6.2
Secured by Farmland	2,348	6.1
1-4 Family Residential	16,420	42.7
Multi-family (5 or more) Residential	85	0.2
Commercial Real Estate	9,004	23.4
<b>Total Real Estate Loans</b>	<b>30,258</b>	<b>78.6</b>
Commercial and Industrial	6,517	16.9
Agricultural	599	1.6
Consumer	1,094	2.9
Loans to Non-Depository Financial Institution & Other	10	0.0
<b>Total Loans</b>	<b>38,478</b>	<b>100.0</b>
<i>Source: Reports of Condition and Income (3/31/2019)</i>		

Based on the information discussed in this section, as well as other regulatory data, examiners did not identify any financial, legal, or other impediments that affect its ability to meet the AA's credit needs.



## DESCRIPTION OF ASSESSMENT AREA

The CRA requires each financial institution to define one or more AAs within which examiners will evaluate its CRA performance. TBM designated five CTs in the southeastern portion of Gibson County, Tennessee as its AA, which is part of the nonmetropolitan areas (Non-MSA) of Tennessee. As of January 1, 2019, Gibson County became part of the Jackson, Tennessee Metropolitan Statistical Area. However, since the change does not encompass the evaluation period, this evaluation will consider Gibson County as a part of the Tennessee Non-MSA AA. The following sections discuss demographic and economic information for the AA.

### ***Economic and Demographic Data***

The AA includes five of 14 CTs in Gibson County, Tennessee. These five CTs reflect the following income designations according to the 2015 American Community Survey (ACS) data: four middle-income tracts and one upper-income tract. The AA conforms to CRA regulatory requirements.

In May 2019, Gibson County received a disaster area designation.

<b>Demographic Information of the Assessment Area</b>						
<b>Demographic Characteristics</b>	<b>#</b>	<b>Low % of #</b>	<b>Moderate % of #</b>	<b>Middle % of #</b>	<b>Upper % of #</b>	<b>NA* % of #</b>
Geographies (Census Tracts)	5	0.0	0.0	80.0	20.0	0.0
Population by Geography	28,000	0.0	0.0	78.0	22.0	0.0
Housing Units by Geography	12,167	0.0	0.0	78.0	22.0	0.0
Owner-Occupied Units by Geography	7,968	0.0	0.0	81.4	18.6	0.0
Occupied Rental Units by Geography	2,716	0.0	0.0	77.5	22.5	0.0
Vacant Units by Geography	1,483	0.0	0.0	88.1	11.9	0.0
Businesses by Geography	1,261	0.0	0.0	89.6	10.4	0.0
Farms by Geography	66	0.0	0.0	84.8	15.2	0.0
Family Distribution by Income Level	7,510	0.0	0.0	83.3	16.7	0.0
Household Distribution by Income Level	10,684	17.1	17.4	18.7	46.8	0.0
Median Family Income Non-MSAs – TN (2018)		\$50,100	Median Housing Value			\$101,326
			Median Gross Rent			\$655
			Families Below Poverty Level			12.1%
<i>Source: 2015 ACS data and 2018 D&amp;B data            Due to rounding, totals may not equal 100.0 percent            (*) The NA category consists of geographies that have not been assigned an income classification</i>						

Examiners used the applicable Federal Financial Institutions Examination Council (FFIEC)-estimated median family income (MFI) to analyze home mortgage loans under the Borrower Profile performance factor. The following table shows the calculated income ranges, based on the 2018 FFIEC-estimated MFI of \$50,100, applicable to the AA.

<b>Median Family Income Ranges</b>				
<b>Median Family Incomes</b>	<b>Low &lt;50%</b>	<b>Moderate 50% to &lt;80%</b>	<b>Middle 80% to &lt;120%</b>	<b>Upper ≥120%</b>
<b>TN Non-MSA Median Family Income</b>				
2018 (\$50,100)	<\$25,050	\$25,050 to <\$40,080	\$40,080 to <\$60,120	≥\$60,120
<i>Source: FFIEC</i>				

According to the 2018 D&B data, there were 1,261 businesses in the AA. The information below displays the gross annual revenues (GARs) for these businesses, which examiners used to analyze the Borrower Profile performance factor.

- 79.2 percent reported revenues of \$1.0 million or less.
- 5.9 percent reported revenues of more than \$1.0 million.
- 14.9 percent did not report revenues.

The economy of the AA relies on the services and retail trade industries, but remains relatively diversified.

The unemployment rate for Gibson County is 4.2 percent, which is higher than both the 3.5 percent State of Tennessee rate and the 3.8 percent U.S. rate for the same period. The figures derive from the U.S. Census Bureau as of June 2019. Major employers in the AA include Ceco Door Products, Gibson County School District, Walmart Supercenter, and Margie & Thomas Winfrey Center.

***Competition***

TBM operates in a highly competitive financial market. Competition derives from other local, regional, and national banks. As of June 30, 2018, eight banks operated 20 offices in the AA. TBM ranked fifth, holding 7.3 percent of the deposit market share. In addition, several finance companies, credit unions, and mortgage companies operate in this area.

***Community Contact***

As part of the evaluation process, examiners contact third parties active in the AA to help identify the credit and community development needs. This information helps determine whether local financial institutions are responsive to these needs. It also shows what credit and community development opportunities are available.

Examiners contacted an affordable housing organization representative in the AA. This community member is knowledgeable of the area’s business environment, current economic conditions, community credit needs, and potential opportunities for local bank involvement. The contact indicated lending opportunities include affordable housing for low-income individuals. Overall, the contact indicated financial institutions are responsive to the credit and community development needs.

***Credit Needs and Opportunities***

Considering information obtained from the community contact, bank management, and demographic and economic information, examiners concluded the primary credit needs include home mortgage, small business, and small dollar loans to low- and moderate-income borrowers. Small business and small dollar loans are in high demand.

## CONCLUSIONS ON PERFORMANCE CRITERIA

### LENDING TEST

TBM demonstrated satisfactory performance under the Lending Test. A reasonable LTD ratio and borrower profile, and a majority of loans originated in the AA, support this conclusion.

For the CRA Small Bank Lending Test, typically, examiners will first determine whether the presence of any weaker LTD ratio or AA concentration performance warrants downgrading the overall Lending Test conclusion. Absent any such warranted downgrading, examiners will then place more weight on borrower profile and geographic loan distributions when arriving at the overall Lending Test conclusion.

### Loan-to-Deposit Ratio

The institution exhibited a reasonable record regarding its LTD ratio. Examiners considered the institution's size, business strategy, and capacity relative to the AA's credit needs when arriving at this conclusion. The institution's average, net LTD ratio of 60.7 percent over the previous 24 quarters since the prior evaluation supports this conclusion. The ratio ranged from a low of 52.3 percent as of September 30, 2013, to a high of 71.7 percent as of June 30, 2018. The ratio demonstrated an increasing trend over the last six years.

As seen in the following table, examiners identified one similarly-situated institution operating in the AA. The average, net LTD ratio for the similarly-situated institution is below TBM's ratio; however, very similar. Therefore, TBM's ratio reflects reasonable performance.

<b>Loan-to-Deposit Ratio Comparison</b>		
<b>Bank</b>	<b>Total Assets as of 3/31/2019 (\$000s)</b>	<b>Average, Net LTD Ratio (%)</b>
<b>Bank of Milan, Milan, Tennessee</b>	<b>68,848</b>	<b>60.7</b>
Farmers Bank, Parsons, Tennessee	35,900	56.3

*Source: Reports of Condition and Income (9/30/2013 - 6/30/2019)*

### Assessment Area Concentration

TBM originated a majority of its loans inside the AA. A majority of small business and home mortgage loans originated inside the AA supports this conclusion. Examiners considered the bank's asset size and office structure as well as the loan categories reviewed relative to the AA's size and economy, when arriving at this conclusion.

As illustrated in the following table, the bank originated a majority of its small business and home mortgage loans, by both number and dollar inside the AA.

<b>Lending Inside and Outside of the Assessment Area</b>										
<b>Loan Category</b>	<b>Number of Loans</b>				<b>Total #</b>	<b>Dollar Amount of Loans \$(000s)</b>				<b>Total \$(000s)</b>
	<b>Inside</b>		<b>Outside</b>			<b>Inside</b>		<b>Outside</b>		
	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>		<b>\$</b>	<b>%</b>	<b>\$</b>	<b>%</b>	
Small Business	22	73.3	8	26.7	30	2,532	91.1	248	8.9	2,780
Home Mortgage	19	63.3	11	36.7	30	1,752	77.1	520	22.9	2,272
<i>Source: Bank data (1/1/2018 - 12/31/2018)</i> <i>Due to rounding, totals may not equal 100.0 percent</i>										

## **Borrower Profile**

The institution established a reasonable record regarding its borrower profile. The reasonable small business and home mortgage loan performances support this conclusion.

Examiners considered the loan categories reviewed relative to the available comparative data and any performance context issues. They focused on the percentages by number of loans when arriving at this conclusion. This factor only considered loans granted inside the AA.

### ***Small Business Loans***

The distribution of small business loans reflects, given the demographics of the AA, reasonable penetration among businesses of different sizes. Examiners focus on the record of lending to businesses with GARs of \$1 million or less when arriving at this conclusion. The companies' GARs define the borrowers' profile for this analysis.

The following table illustrates the reasonable penetration among businesses of different sizes and shows that the bank extended over three out of every five small business loans to businesses with GARs of \$1 million or less. The table further shows TBM originated one out of every two small business loans to businesses with GARs of \$100,000 or less, reflecting the bank's willingness to lend to very small businesses in the community.

<b>Distribution of Small Business Loans by Gross Annual Revenues</b>					
<b>Gross Revenue Level</b>	<b>% of Businesses</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
< \$100,000	34.0	11	50.0	404	16.0
\$100,000 - \$249,999	31.5	1	4.5	500	19.7
\$250,000 - \$499,999	8.7	2	9.1	525	20.7
\$500,000 - \$1,000,000	5.0	1	4.5	65	2.6
<b>Subtotal &lt;= \$1,000,000</b>	<b>79.2</b>	<b>15</b>	<b>68.1</b>	<b>1,494</b>	<b>59.0</b>
>\$1,000,000	5.9	7	31.8	1,038	41.0
Revenue Not Available	14.9	0	0.0	0	0.0
<b>Total</b>	<b>100.0</b>	<b>22</b>	<b>100.0</b>	<b>2,532</b>	<b>100.0</b>

*Source: 2018 D&B data, Bank data (1/1/2018 - 12/31/2018)  
Due to rounding, totals may not equal 100.0 percent*

### ***Home Mortgage Loans***

The distribution of home mortgage loans reflects, given the demographics of the AA, reasonable penetration among individuals of different income levels, including low- and moderate-income. Examiners focused on the comparison to the distribution of families by income level in the AA.

Home mortgage lending to low-income borrowers is 3.9 percentage points higher than the percentage of low-income families in the AA, reflecting reasonable performance. To moderate-income borrowers, the institution's lending level is 3.6 percentage points higher than the percentage of moderate-income families in the AA, reflective of reasonable performance. Consequently, given the overall conclusion, the lending reflects reasonable performance.

<b>Distribution of Home Mortgage Loans by Borrower Income Level</b>					
<b>Borrower Income Level</b>	<b>% of Families</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
Low	17.1	4	21.0	155	8.8
Moderate	17.4	4	21.0	199	11.4
Middle	18.7	2	10.5	125	7.1
Upper	46.8	9	47.5	1,273	72.7
Not Available	0.0	0	0.0	0	0.0
<b>Total</b>	<b>100.0</b>	<b>19</b>	<b>100.0</b>	<b>1,752</b>	<b>100.0</b>

*Source: 2015 ACS data and Bank data (1/1/2018 - 12/31/2018)  
Due to rounding, totals may not equal 100.0 percent*

### **Geographic Distribution**

The geographic distribution of loans was not conducted as the AA does not include any low- or moderate-income CTs. As a result, the analysis of geographic distribution would not be meaningful.

### **Response to Complaints**

The bank did not receive any CRA-related complaints since the previous evaluation; therefore, this criterion did not affect the Lending Test rating.

### **DISCRIMINATORY OR OTHER ILLEGAL CREDIT PRACTICES REVIEW**

Examiners did not identify any evidence of discriminatory or other illegal credit practices; therefore, this consideration did not affect the institution's overall CRA rating.

## 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.

**Area Median Income:** The median family income for the MSA, if a person or geography is located in an MSA; or the statewide nonmetropolitan median family income, if a person or geography is located outside an MSA.

**Assessment Area:** A geographic area delineated by the bank under the requirements of the Community Reinvestment Act.

**Census Tract:** A small, relatively permanent statistical subdivision of a county or equivalent entity. The primary purpose of census tracts is to provide a stable set of geographic units for the presentation of statistical data. Census tracts generally have a population size between 1,200 and 8,000 people, with an optimum size of 4,000 people. Census tract boundaries generally follow visible and identifiable features, but they may follow nonvisible legal boundaries in some instances. State and county boundaries always are census tract boundaries.

**Combined Statistical Area (CSA):** A combination of several adjacent metropolitan statistical areas or micropolitan statistical areas or a mix of the two, which are linked by economic ties.

**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.

**Core Based Statistical Area (CBSA):** The county or counties or equivalent entities associated with at least one core (urbanized area or urban cluster) of at least 10,000 population, plus adjacent counties having a high degree of social and economic integration with the core as measured through commuting ties with the counties associated with the core. Metropolitan and Micropolitan Statistical Areas are the two categories of CBSAs.

**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 non-relatives living with the family. Families are classified by type as either a married-couple family or other family. Other family 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).

**Family Income:** Includes the income of all members of a family that are age 15 and older.



**FFIEC-Estimated Income Data:** The Federal Financial Institutions Examination Council (FFIEC) issues annual estimates which update median family income from the metropolitan and nonmetropolitan areas. The FFIEC uses American Community Survey data and factors in information from other sources to arrive at an annual estimate that more closely reflects current economic conditions.

**Full-Scope Review:** A full-scope review is accomplished when examiners complete all applicable interagency examination procedures for an assessment area. Performance under applicable tests is analyzed considering performance context, quantitative factors (for example, geographic distribution, borrower profile, and total number and dollar amount of investments), and qualitative factors (for example, innovativeness, complexity, and responsiveness).

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

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

**Home Mortgage Disclosure Loan Application Register (HMDA LAR):** The HMDA LARs record all applications received for residential purchase, refinance, home improvement, and temporary-to-permanent construction loans.

**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 to purchase 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.

**Household Income:** Includes the income of the householder and all other persons that are age 15 and older in the household, whether related to the householder or not. Because many households are only one person, median household income is usually less than median family income.

**Housing Unit:** Includes a house, an apartment, a mobile home, a group of rooms, or a single room that is occupied as separate living quarters.

**Limited-Scope Review:** A limited scope review is accomplished when examiners do not complete all applicable interagency examination procedures for an assessment area. Performance under applicable tests is often analyzed using only quantitative factors (for example, geographic distribution, borrower profile, total number and dollar amount of investments, and branch distribution).

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

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

**Median Income:** The median income divides the income distribution into two equal parts, one having incomes above the median and other having incomes below the median.

**Metropolitan Division (MD):** A county or group of counties within a CBSA that contain(s) an urbanized area with a population of at least 2.5 million. A MD is one or more main/secondary counties representing an employment center or centers, plus adjacent counties associated with the main/secondary county or counties through commuting ties.

**Metropolitan Statistical Area (MSA):** CBSA associated with at least one urbanized area having a population of at least 50,000. The MSA comprises the central county or counties or equivalent entities containing the core, plus adjacent outlying counties having a high degree of social and economic integration with the central county or counties as measured through commuting.

**Micropolitan Statistical Area:** CBSA associated with at least one urbanized area having a population of at least 10,000, but less than 50,000.

**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 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 and less than 80 percent in the case of a geography.

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

**Nonmetropolitan Area:** All areas outside of metropolitan areas. The definition of nonmetropolitan area is not consistent with the definition of rural areas. Urban and rural classifications cut across the other hierarchies. For example, there is generally urban and rural territory within metropolitan and nonmetropolitan areas.

**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.

**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.

**Rural Area:** Territories, populations, and housing units that are not classified as urban.

**Small Business Loan:** A loan included in “loans to small businesses” as defined in the Consolidated Report of Condition and Income (Call Report). These loans have original amounts of \$1 million or less and are either secured by nonfarm nonresidential properties or are classified as commercial and industrial loans.

**Small Farm Loan:** A loan included in “loans to small farms” as defined in the instructions for preparation of the Consolidated Report of Condition and Income (Call Report). These loans have original amounts of \$500,000 or less and are either secured by farmland, including farm residential and other improvements, or are classified as loans to finance agricultural production and other loans to farmers.

**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.

**Urban Area:** All territories, populations, and housing units in urbanized areas and in places of 2,500 or more persons outside urbanized areas. More specifically, “urban” consists of territory, persons, and housing units in places of 2,500 or more persons incorporated as cities, villages, boroughs (except in Alaska and New York), and towns (except in the New England states, New York, and Wisconsin).

“Urban” excludes the rural portions of “extended cities”; census designated place of 2,500 or more persons; and other territory, incorporated or unincorporated, including in urbanized areas.

## **WRITTEN COMMENTS**

We have had no written comments for the past two (2) calendar years.

Comments for 2024:

1<sup>st</sup> Quarter:

2<sup>nd</sup> Quarter:

3<sup>rd</sup> Quarter:

4<sup>th</sup> Quarter: