

PUBLIC DISCLOSURE

January 23, 2023

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Andrew Johnson Bank
Certificate Number: 22015

124 North Main Street
Greeneville, Tennessee 37743

Federal Deposit Insurance Corporation
Division of Depositor and Consumer Protection
Dallas Regional Office

600 North Pearl Street, Suite 700
Dallas, Texas 75201

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 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 areas (AAs), including low- and moderate-income (LMI) neighborhoods, in a manner consistent with its resources and capabilities.

The Lending Test is rated Satisfactory.

- The loan-to-deposit (LTD) ratio is reasonable (considering seasonal variations and taking into account lending related activities) given the institution's size, financial condition, and AAs' credit needs.
- A majority of loans are in the institution's AAs.
- The geographic distribution of loans reflects reasonable dispersion throughout the AAs.
- The distribution of borrowers reflects, given the demographics of the AAs, reasonable penetration among individuals of different income levels (including LMI) and businesses of different sizes.
- The institution did not receive any CRA-related complaints since the previous evaluation; therefore, this factor did not affect the Lending Test rating.

The Community Development Test is rated Satisfactory.

The institution's community development (CD) performance demonstrates adequate responsiveness to CD needs in its AAs through community development loans (CDLs), qualified investments (QIs), and CD services, as appropriate, considering the institution's capacity and the need and availability of such opportunities for CD in the AAs.

DESCRIPTION OF INSTITUTION

Andrew Johnson Bank (AJB) maintains its headquarters in Greeneville, Tennessee. Andrew Johnson Bancshares, Inc., a one-bank holding company, also headquartered in Greeneville, wholly owns the bank. AJB operates eight full-service offices and eight deposit-taking automated teller machines (ATMs) in four AAs in Tennessee. No merger or acquisition activity or branching changes occurred since the previous evaluation. The bank received a "Satisfactory" rating at its previous Federal Deposit Insurance Corporation (FDIC) CRA Performance Evaluation dated June 15, 2020, using Intermediate Small Institution Examination Procedures.

AJB's primary lending focus includes commercial and home mortgage lending. In addition to these products, the bank offers construction, consumer, and agricultural loans. The bank also offered loans through the Small Business Administration's (SBA) Paycheck Protection Program (PPP) and originated 285 PPP loans totaling approximately \$8.5 million during the evaluation period. In

addition, the bank offered various payment deferral options to its commercial and consumer loan customers during the evaluation period and deferred loan payments for 459 customers impacted financially by the COVID-19 Pandemic.

AJB provides a variety of deposit products including personal and business checking and savings accounts. Alternative banking services include mobile banking with mobile deposit, internet banking, bill pay, person-to-person payments, and telephone banking. The bank maintains hours typical for its areas and the industry.

As of the September 30, 2022, Reports of Condition and Income, assets totaled \$515.7 million and included total loans of \$341.4 million. Total deposits equaled \$478.9 million as of the same date. The following table details the mix of outstanding loans as of September 30, 2022. Home mortgage and commercial loans represent the largest two loan categories.

Loan Portfolio Distribution as of September 30, 2022		
Loan Category	\$(000s)	%
Construction, Land Development, and Other Land Loans	55,894	16.4
Secured by Farmland	6,862	2.0
Secured by 1-4 Family Residential Properties	130,104	38.1
Secured by Multi-family (5 or more) Residential Properties	18,035	5.3
Secured by Non-farm Non-Residential Properties	113,411	33.2
Total Real Estate Loans	324,306	95.0
Commercial and Industrial Loans	13,341	3.9
Agricultural Loans	378	0.1
Consumer Loans	3,341	1.0
Other Loans	29	0.0
Total Loans	341,395	100.0
<i>Source: Reports of Condition and Income. Due to rounding, totals may not equal 100.0.</i>		

Based on the information discussed in this section as well as other regulatory data, the institution's financial condition, size, product offerings, prior performance, and status of any legal impediments did not affect its ability to meet the credit needs of the AAs.

DESCRIPTION OF ASSESSMENT AREAS

The CRA requires each financial institution to define one or more AAs in which examiners will evaluate its CRA performance. AJB designated four AAs: Tennessee Non-Metropolitan Statistical Area (MSA) AA, Morristown MSA AA, Cleveland MSA AA, and Johnson City MSA AA. Refer to the individual AAs' section for additional information and details on each AA.

SCOPE OF EVALUATION

General Information

This evaluation covers the period from the previous evaluation dated June 15, 2020, to the current evaluation dated January 23, 2023. To assess performance, examiners applied the Federal Financial Institutions Examination Council's (FFIEC's) Intermediate Small Institution CRA Examination Procedures, which include the Lending Test and Community Development Test. The Appendix lists each tests' criteria.

Examiners applied full-scope procedures to the Tennessee Non-MSA AA after considering the portion of the bank's lending and deposit activity as well as the number of branches in this AA and upon contemplating all outstanding guidance. They also performed full-scope procedures for the Morristown MSA AA after randomly selecting it from the pool of the remaining AAs that did not receive a full-scope review at either of the two previous evaluations. Examiners applied limited-scope procedures to the remaining two AAs.

After considering the total loan, deposit, and branching activity listed in the following table, examiners placed the most weight on the Tennessee Non-MSA AA. Examiners generally weighed performance for the AAs based on the lending percentages in the following table.

Assessment Area Breakdown of Loans, Deposits, and Branches						
Assessment Area	Loans		Deposits		Branches	
	\$(000s)	%	\$(000s)	%	#	%
Tennessee Non-MSA	27,197	34.3	292,773	60.8	3	37.5
Morristown MSA	14,865	18.7	105,983	22.0	1	12.5
Cleveland MSA	19,911	25.1	32,590	6.8	2	25.0
Johnson City MSA	17,352	21.9	50,178	10.4	2	25.0
Total	79,325	100.0	481,524	100.0	8	100.0

*Source: Bank Data (1/1/2022-12/31/2022); FDIC Summary of Deposits (6/30/2022).
Due to rounding, totals may not equal 100.0.*

Activities Reviewed

CRA Intermediate 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 the bank's lending activity for 2022.

Loans Originated or Purchased				
Loan Category	\$(000s)	%	#	%
Construction and Land Development	62,780	37.0	179	26.1
Secured by Farmland	2,034	1.2	7	1.0
Secured by 1-4 Family Residential Properties	44,275	26.1	227	33.1
Multi-Family (5 or more) Residential Properties	11,566	6.8	15	2.2
Commercial Real Estate Loans	37,837	22.3	60	8.6
Commercial and Industrial Loans	8,943	5.3	100	14.7
Agricultural Loans	285	0.2	9	1.3
Consumer Loans	1,927	1.1	89	13.0
Total Loans	169,647	100.0	686	100.0
<i>Source: Bank data (1/1/2022 – 12/31/2022). Due to rounding, totals may not equal 100.0.</i>				

Considering the dollar volume and number of loans originated during 2022 as well as the products commonly reviewed for CRA, examiners determined that the major product lines consist of home mortgage loans and commercial loans. Examiners did not review consumer loans or small farm loans since consumer and agricultural loans do not represent major product lines and would not materially affect any conclusions or ratings. Bank records indicate that the lending focus and product mix remained generally consistent throughout the evaluation period.

For assessment area concentration, this evaluation includes a review of a universe of 160 small business loans totaling approximately \$25.3 million originated or purchased in 2022, the most recent full calendar year of available data. For geographic distribution, examiners reviewed all 129 small business loans totaling \$18.9 million located inside the AAs. Additionally, examiners selected a random sample of 60 small business loans totaling \$9.8 million from those located inside the AAs to use for analyzing borrower profile. D&B data for 2021 served as a standard of comparison for small business loans since D&B data for 2022 was not yet available.

AJB reports home mortgage loans pursuant to the Home Mortgage Disclosure Act (HMDA). Therefore, this evaluation also includes a review of 206 home mortgage loans totaling \$48.9 million reported in 2020 and 206 home mortgage loans totaling \$49.6 million reported in 2021. Examiners did not review home mortgage loans for 2022 since HMDA data for 2022 is not yet available as of the date of this evaluation. Examiners used 2020 and 2021 aggregate HMDA data as sources of comparison.

This evaluation only presents 2021 home mortgage loan data, the most recent year for which aggregate data exists as of this evaluation's date, since no significant trends exist between the different years' data that materially affect conclusions or ratings. However, the assessment area concentration table presents all years of home mortgage loan data reviewed.

Examiners considered the universes of loans when determining loan product weighting. Home mortgage loan volume exceeds small business loan volume, based upon both number and dollar. Therefore, home mortgage loans received more weight when drawing conclusions.

For the Lending Test, examiners reviewed the number and dollar volume of loans. However, examiners focused on performance by number of loans because the number of loans provides a better indicator of the number of businesses and individuals served.

To evaluate the CD activities for the Community Development Test, bank management provided data on CDLs, QIs, and CD services since the prior CRA evaluation dated June 15, 2020. Examiners also considered any QIs purchased prior to the previous evaluation that remained outstanding as of the current evaluation’s date.

CONCLUSIONS ON PERFORMANCE CRITERIA

LENDING TEST

AJB demonstrated satisfactory performance regarding the Lending Test. Reasonable records regarding the LTD ratio, geographic distribution, and borrower profile, as well as a majority of loans originated inside the AAs support this conclusion.

Loan-to-Deposit Ratio

The LTD ratio is reasonable (considering seasonal variations and taking into account lending related activities) given the institution’s size, financial condition, and AAs’ credit needs. For the ten quarters since the previous evaluation, the bank recorded a 73.6 percent average, net LTD ratio, which falls lower than the 90.6 percent ratio reported at the previous evaluation. The quarterly net LTD ratio ranged from a high of 87.5 percent on June 30, 2020, to a low of 64.8 percent on March 31, 2022. After a spike in PPP loan originations during 2020, the subsequent slowdown in lending activity combined with an increase in deposits contributed to the overall decrease in the LTD ratio.

Examiners identified and listed in the following table one similarly-situated institution operating in similar areas and reflecting a comparable asset size and lending emphasis. The following table shows AJB’s ratio remains within a reasonable range of the similarly situated institution.

Loan-to-Deposit Ratio Comparison		
Bank	Total Assets as of 9/30/2022 (\$000s)	Average, Net LTD Ratio (%)
Andrew Johnson Bank – Greeneville, Tennessee	515,735	73.6
SimplyBank, – Dayton, Tennessee	690,645	80.8
<i>Source: Reports of Condition and Income (6/30/2020 – 9/30/2022).</i>		

Assessment Area Concentration

A majority of loans are in the institution's AAs. The following table shows a majority of small business and home mortgage loans, by number and dollar volume, are within the AAs.

Lending Inside and Outside of the Assessment Area										
Loan Category	Number of Loans					Dollar Amount of Loans \$(000s)				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%	#	\$	%	\$	%	\$(000s)
Home Mortgage										
2020	146	70.9	60	29.1	206	25,798	52.8	23,050	47.2	48,848
2021	131	63.6	75	36.4	206	29,899	60.2	19,729	39.8	49,628
Subtotal	277	67.2	135	32.8	412	55,697	56.6	42,779	43.4	98,476
Small Business	129	80.6	31	19.4	160	18,889	74.7	6,412	25.3	25,301

*Source: Bank records (1/1/2022 – 12/31/2022); 2020 and 2021 HMDA LARs.
Due to rounding, totals may not equal 100.0.*

Geographic Distribution

The geographic distribution of loans reflects reasonable dispersion throughout the AAs. Reasonable performance in the Tennessee Non-MSA AA, Morristown MSA AA, and Johnson City MSA AA support this conclusion. The bank demonstrated excellent performance in the Cleveland MSA AA. Examiners focused on the percentage by number of loans in low- and moderate-income census tracts in the AAs relative to comparative data when arriving at conclusions for this performance factor. Refer to each AA for additional details.

Borrower Profile

The distribution of borrowers reflects reasonable penetration among individuals of different income levels (including LMI) and businesses of different sizes. Reasonable performance in all four AAs supports this conclusion. Examiners focused on the percentage by number of loans to businesses reporting gross annual revenue of \$1 million or less and home mortgage loans originated to LMI borrowers in the AAs relative to comparative data when arriving at conclusions for this performance factor. Refer to each AA for additional details.

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.

COMMUNITY DEVELOPMENT TEST

AJB's CD performance demonstrates adequate responsiveness to CD needs in its AAs through CDLs, QIs, and CD services, as appropriate, considering the institution's capacity and the need and availability of such opportunities for CD in the institution's AAs.

Community Development Loans

Since the prior evaluation, AJB originated 20 CDLs totaling approximately \$18.1 million. This level equates to 3.5 percent of average total assets of \$515.7 million since the prior evaluation and 5.4 percent of average net loans of \$341.4 million for the same period. These levels exceed the 2.1 percent of average total assets and 2.9 percent of average net loans recorded at the prior evaluation.

The CDLs demonstrate responsiveness to AAs' needs by providing for activities that benefit CD needs. As seen in the following table, a large volume of the activities provided affordable housing for LMI individuals and revitalized or stabilized qualifying areas, both of which represent identified CD needs.

Community Development Lending										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
2020	1	177	0	0	6	6,444	2	803	9	7,424
2021	2	761	0	0	0	0	2	4,693	4	5,454
2022	3	3,712	0	0	1	81	3	1,471	7	5,264
2023 YTD	0	0	0	0	0	0	0	0	0	0
Total	6	4,650	0	0	7	6,525	7	6,967	20	18,142

Source: Bank records (6/15/2020 – 1/23/2023).

The following table further illustrates the CDLs by area benefited and purpose.

Community Development Lending by Assessment Area										
Area	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Tennessee Non-MSA	1	177	0	0	2	496	1	328	4	1,001
Morristown MSA	3	1,080	0	0	0	0	2	868	5	1,948
Cleveland MSA	0	0	0	0	3	5,404	0	0	3	5,404
Johnson City MSA	0	0	0	0	1	81	1	4,300	2	4,381
Statewide Activities	2	3,393	0	0	1	544	3	1,471	6	5,408
Total	6	4,650	0	0	7	6,525	7	6,967	20	18,142

Source: Bank records (6/15/2020 – 1/23/2023).

The following point highlights an example of a CDLs benefitting the broader statewide area.

- **Affordable Housing** – The bank originated two loans totaling nearly \$3.4 million to purchase and rehabilitate multi-family housing primarily for LMI individuals.

Qualified Investments

The following table shows that the bank made use of 91 QIs totaling approximately \$7.5 million. By dollar volume, the QIs represent approximately 1.5 percent of average total assets and 5.8 percent of average total securities of \$129.1 million since the prior evaluation. The QIs showed responsiveness among a variety of CD categories, but primarily benefited revitalize or stabilize and affordable housing efforts, both of which represent identified needs.

Qualified Investments										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Prior Period	0	0	0	0	0	0	0	0	0	0
2020	0	0	0	0	0	0	0	0	0	0
2021	3	1,655	1	35	0	0	1	345	5	2,035
2022	1	1,000	1	32	3	1,600	8	2,805	13	5,437
2023 YTD	0	0	0	0	0	0	0	0	0	0
Subtotal	4	2,655	2	67	3	1,600	9	3,150	18	7,472
Qualified Grants & Donations	4	11	62	39	4	11	3	1	73	62
Total	8	2,666	64	106	7	1,611	12	3,151	91	7,534

Source: Bank records (6/15/2020 – 1/23/2023).

The following table shows the QIs by area benefitted and purpose.

Qualified Investments by Assessment Area										
Area	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Tennessee Non-MSA	8	2,666	28	22	4	1,605	11	2,806	51	7,099
Morristown MSA	0	0	14	6	0	0	1	345	15	351
Cleveland MSA	0	0	17	44	3	6	0	0	20	50
Johnson City MSA	0	0	5	34	0	0	0	0	5	34
Total	8	2,666	64	106	7	1,611	12	3,151	91	7,534

Source: Bank records (6/15/2020 – 1/23/2023).

Community Development Services

During the evaluation period, bank employees provided 61 instances of financial expertise or technical assistance to 18 different CD-related organizations in the AAs, reflecting a decrease from the previous evaluation of 115 instances of financial expertise or technical assistance. CD services were provided within all four CD categories, with a majority benefiting community services, which shows responsiveness to a CD need.

Community Development Services					
Activity Year	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Totals
	#	#	#	#	#
2020	3	9	2	1	15
2021	3	11	3	1	18
2022	2	9	2	1	14
2023 (YTD)	2	9	2	1	14
Total	10	38	9	4	61

Source: Bank records (6/15/2020 – 1/23/2023).

The following table shows the CD services by area benefitted and purpose.

Community Development Services by Assessment Area					
Area	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Totals
	#	#	#	#	#
Tennessee Non-MSA	0	14	0	0	14
Morristown MSA	2	20	9	4	35
Cleveland MSA	0	4	0	0	4
Johnson City MSA	8	0	0	0	8
Total	10	38	9	4	61

Source: Bank records (6/15/2020 – 1/23/2023).

Furthermore, AJB also provides alternative delivery systems that help avail the bank's services to LMI individuals and areas. Alternative delivery systems available across all parts of the AAs include online banking, bill pay, telephone banking, person to person payments, and mobile banking with mobile deposit. AJB also operates one branch and one ATM in a low-income tract as well as one branch and one ATM in a moderate-income tract.

DISCRIMINATORY OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

Examiners reviewed for compliance with the laws relating to discrimination and other illegal credit practices, including the Fair Housing Act and the Equal Credit Opportunity Act. Examiners did not identify any discriminatory or other illegal credit practices.

TENNESSEE NON-MSA AA – FULL-SCOPE REVIEW

DESCRIPTION OF INSTITUTION’S OPERATIONS IN THE TENNESSEE NON-MSA AA

The Tennessee Non-MSA AA includes all 15 census tracts in Greene County. The census tracts reflect the following income designations according to the 2015 ACS data: 2 moderate-, 11 middle-, and 2 upper-income census tracts. The bank operates three full-service offices and three ATMs in this AA.

Economic and Demographic Data

The following table contains select demographic data of the Tennessee Non-MSA AA.

Demographic Information of the Assessment Area Assessment Area: Tennessee Non-MSA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	15	0.0	13.3	73.3	13.3	0.0
Population by Geography	68,576	0.0	13.8	74.7	11.5	0.0
Housing Units by Geography	32,104	0.0	13.7	75.0	11.3	0.0
Owner-Occupied Units by Geography	20,059	0.0	9.1	80.0	10.9	0.0
Occupied Rental Units by Geography	8,002	0.0	23.9	63.9	12.1	0.0
Vacant Units by Geography	4,043	0.0	16.3	72.2	11.5	0.0
Businesses by Geography	4,226	0.0	16.0	62.7	21.3	0.0
Farms by Geography	294	0.0	10.9	84.4	4.8	0.0
Family Distribution by Income Level	18,704	20.9	20.0	21.0	38.1	0.0
Household Distribution by Income Level	28,061	23.3	17.4	20.5	38.8	0.0
Median Family Income – TN Non-MSA	\$46,066		Median Housing Value			\$108,491
			Median Gross Rent			\$561
			Families Below Poverty Level			15.9%
<small>Source: 2015 ACS Data and 2021 D&B Data. Due to rounding, totals may not equal 100.0. (*) The NA category consists of geographies that have not been assigned an income classification.</small>						

According to the East Tennessee Economic Development Agency, the major employers in the region, which includes the AA, include Covenant Health, Wal-Mart Stores, Inc., and Clayton Homes, Inc. As shown in the following table, data obtained from the U.S. Bureau of Labor Statistics reveals the unemployment rate for Greene County remained slightly below state and national averages for 2020 and 2021; however, it rose above both the state and national averages for December 2022.

Unemployment Rates			
Area	December 2020	December 2021	December 2022
	%	%	%
Greene County	5.4	3.5	4.2
Tennessee	5.5	3.6	3.5
National Average	6.7	3.9	3.5

Source: U.S. Bureau of Labor Statistics.

Examiners used the applicable FFIEC-estimated median family income (MFI) to analyze home mortgage loans under the borrower profile performance factor. The following table shows the income ranges based on the 2021 FFIEC-estimated MFI of \$53,700 for the non-MSA of Tennessee.

Median Family Income Ranges – Tennessee Non-MSA				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
2021 (\$53,700)	<\$26,850	\$26,850 to <\$42,960	\$42,960 to <\$64,440	≥\$64,440

Source: FFIEC.

Competition

The AA includes low competition for financial services. According to the FDIC’s June 30, 2022, Deposit Market Share data, 5 financial institutions operate 17 full-service branches in the AA. Of these institutions, AJB ranked 2nd with a 25.3 percent deposit market share. Overall, the competition level allows for lending opportunities.

Mortgage companies, credit unions, and finance companies also compete for loans, further adding to the competition level. In 2021, 244 lenders reported 4,074 home mortgage loans in the AA. AJB ranked 9th with 2.5 percent of the market share. The two most prominent home mortgage lenders accounted for 22.8 percent of the total market share.

Community Contact

As part of the evaluation process, examiners contact third parties active in the AA to assist in identifying the credit and CD needs. This information helps determine the financial institution’s responsiveness to those needs and shows available credit and CD opportunities.

Examiners conducted a community contact interview with an organization serving Greeneville and Greene County, Tennessee. The contact stated that affordable housing represents a major problem for the county, with an occupancy rate for public housing running above 97 percent. The contact stated that businesses continue to expand in the area; however, home prices rise higher than wages offered in Greene County, especially in Greeneville, and available land to build public housing is becoming an issue. Furthermore, the contact would like to see banks offer first-time homebuyer classes, including credit counseling, and offer incentives to builders and developers for building LMI housing to address the area’s credit needs.

Credit and Community Development Needs and Opportunities

Considering information from bank management and the community contact as well as demographic and economic data, examiners determined that the area's primary credit needs include small business and home mortgage loans.

Demographic data showing that 40.9 percent of the area's families considered LMI suggests a need for CD activities that provide community services and affordable housing targeted to these families. Opportunities also exist to revitalize or stabilize moderate-income census tracts, including downtown Greeneville, which has its own revitalization plan to attract new businesses and residents.

CONCLUSIONS ON PERFORMANCE CRITERIA IN THE TENNESSEE NON-MSA AA

LENDING TEST

AJB demonstrated a satisfactory Lending Test record in the Tennessee Non-MSA AA. Reasonable performance regarding geographic distribution and borrower profile support this conclusion.

Geographic Distribution

The geographic distribution of loans reflects reasonable dispersion throughout the Tennessee Non-MSA AA. AJB's reasonable performance for home mortgage and small business loans supports this conclusion.

Home Mortgage Loans

The geographic distribution of home mortgage loans reflects reasonable dispersion throughout the Tennessee Non-MSA AA. Reasonable performance in moderate-income census tracts supports this conclusion. The following table shows that AJB's home mortgage lending performance in moderate-income census tracts falls only slightly below aggregate performance by 0.6 percentage points, reflecting reasonable performance.

Geographic Distribution of Home Mortgage Loans						
Assessment Area: Tennessee Non-MSA						
Tract Income Level	% of Owner-Occupied Housing Units	Aggregate Performance % of #	#	%	\$(000s)	%
Low	0.0	0.0	0	0.0	0	0.0
Moderate	9.1	8.5	5	7.8	558	4.6
Middle	80.0	76.7	51	79.7	9,526	79.1
Upper	10.9	14.9	8	12.5	1,958	16.3
Totals	100.0	100.0	64	100.0	12,042	100.0

Source: 2015 ACS data, 2021 HMDA Aggregate data, and 2021 HMDA LAR.
Due to rounding, totals may not equal 100.0.

Small Business Loans

The geographic distribution of small business loans reflects reasonable dispersion throughout the Tennessee Non-MSA AA. Reasonable performance in moderate-income census tracts supports this conclusion. The following table shows the distribution of AJB's small business loans within moderate-income census tracts slightly exceeds demographic data by 1.2 percentage points, reflecting reasonable performance.

Geographic Distribution of Small Business Loans					
Assessment Area: Tennessee Non-MSA					
Tract Income Level	% of Businesses	#	%	\$(000s)	%
Low	0.0	0	0.0	0	0.0
Moderate	16.0	11	17.2	1,567	26.9
Middle	62.7	42	65.7	2,705	46.4
Upper	21.3	11	17.2	1,557	26.7
Totals	100.0	64	100.0	5,829	100.0

*Source: 2021 D&B data and Bank data (1/1/2022 – 12/31/2022).
Due to rounding, totals may not equal 100.0.*

Borrower Profile

The distribution of borrowers reflects, given the demographics of the AA, reasonable penetration among individuals of different income levels (including LMI) and businesses of different sizes. Reasonable records of home mortgage and small business lending support this conclusion.

Home Mortgage Loans

The distribution of borrowers reflects reasonable penetration among individuals of different income levels in the Tennessee Non-MSA AA. Reasonable records to LMI borrowers supports this conclusion. The following table shows the distribution of loans to low-income borrowers exceeds aggregate data by 3.5 percentage points, reflecting reasonable performance. AJB's lending to moderate-income borrowers falls slightly below aggregate data by 3.0 percentage points, also evidencing reasonable performance.

Distribution of Home Mortgage Loans by Borrower Income Level Assessment Area: Tennessee Non-MSA						
Borrower Income Level	% of Families	Aggregate Performance % of #	#	%	\$(000s)	%
Low	20.9	4.3	5	7.8	304	2.5
Moderate	20.0	17.1	9	14.1	691	5.7
Middle	21.0	22.2	10	15.6	1,505	12.5
Upper	38.1	40.6	37	57.8	9,273	77.0
Not Available	0.0	15.8	3	4.7	269	2.2
Totals	100.0	100.0	64	100.0	12,042	100.0

*Source: 2015 ACS data, 2021 HMDA Aggregate data, and 2021 HMDA LAR.
Due to rounding, totals may not equal 100.0.*

Small Business Loans

The distribution of borrowers reflects reasonable penetration among businesses of different sizes in the Tennessee Non-MSA AA. The reasonable level of lending to businesses with gross annual revenue of \$1.0 million or less supports this conclusion. The following table shows that the bank made over seven out of every ten small business loans to businesses with gross annual revenue of \$1.0 million or less, reflecting reasonable performance.

Distribution of Small Business Loans by Gross Annual Revenue Category Assessment Area: Tennessee Non-MSA					
Gross Revenue Level	% of Businesses	#	%	\$(000s)	%
<=\$1,000,000	82.9	20	71.4	1,911	71.5
>\$1,000,000	4.1	8	28.6	762	28.5
Revenue Not Available	13.0	0	0.0	0	0.0
Totals	100.0	28	100.0	2,673	100.0

*Source: 2021 D&B data and Bank data (1/1/2022 – 12/31/2022).
Due to rounding, totals may not equal 100.0 percent.*

COMMUNITY DEVELOPMENT TEST

The institution’s CD performance demonstrates adequate responsiveness to CD needs in the Tennessee Non-MSA AA through CDLs, QIs, and CD services, as appropriate, considering the institution’s capacity and the need and availability of such opportunities for CD in the Tennessee Non-MSA AA.

Community Development Loans

The bank granted only four CDLs totaling approximately \$1.0 million in the Tennessee Non-MSA AA. The current dollar amount equates to 5.5 percent of the bank’s total CD lending, which falls significantly below the 34.3 percent of total loans in this area as noted previously.

The following lists examples of CDLs in the Tennessee Non-MSA AA.

- ***Affordable Housing*** – AJB originated a loan for \$176,800 to purchase and maintain a mobile home park, which will continue to primarily serve the housing needs of LMI individuals.
- ***Revitalize or Stabilize*** – The bank originated a \$328,000 loan to a business to purchase and renovate a vacant building in a moderate-income census tract in the downtown Greeneville area, which will attract and retain businesses and residents.

Qualified Investments

AJB made use of 51 QIs totaling nearly \$7.1 million in the Tennessee Non-MSA AA. The current dollar amount equates to 94.2 percent of the overall level of QIs, which is significantly higher than the 60.8 percent of the deposits in this AA as noted previously.

The following lists an example of a QI in the Tennessee Non-MSA AA.

- ***Revitalize or Stabilize*** – The bank invested \$750,000 in revenue bonds to fund the cost of improvements to the Greeneville Energy Authority’s electric power transmission and distribution system that includes LMI areas. This investment will help to attract new and retain current business and residents.

Community Development Services

During the evaluation period, bank employees provided 14 instances of financial expertise or technical assistance to various CD-related organizations in the Tennessee Non-MSA AA. This represents 23.0 percent of the bank’s total volume of CD services. Comparatively, this AA contains 37.5 percent of the bank’s total branches.

The following lists examples of CD services in the Tennessee Non-MSA AA.

- ***Community Services*** – A bank employee served as a Board member of an organization providing various community services such as housing and employment assistance as well as operating a storefront with greatly reduced prices for LMI individuals.
- ***Community Services*** – A bank employee served as a Board member of a local organization that provides assistance in paying utility bills for those in need and provides funding for a local food bank. This community service aids LMI individuals and families.

The alternative delivery systems offered in this AA remain consistent with those noted previously for the bank as a whole.

MORRISTOWN MSA AA – FULL-SCOPE REVIEW

DESCRIPTION OF INSTITUTION’S OPERATIONS IN THE MORRISTOWN MSA AA

The Morristown MSA AA includes all 12 census tracts in Hamblen County. The census tracts reflect the following income designations according to the 2015 ACS data: one low-, four moderate-, six middle-, and one upper-income census tract. The bank operates one full-service office and one ATM in this area.

Economic and Demographic Data

The following table contains select demographic data of the Morristown MSA AA.

Demographic Information of the Assessment Area Assessment Area: Morristown MSA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	12	8.3	33.3	50.0	8.3	0.0
Population by Geography	62,999	4.6	33.9	50.6	10.9	0.0
Housing Units by Geography	27,009	5.1	34.4	50.8	9.7	0.0
Owner-Occupied Units by Geography	16,135	1.8	27.6	57.2	13.3	0.0
Occupied Rental Units by Geography	8,335	10.3	43.8	40.8	5.1	0.0
Vacant Units by Geography	2,539	9.3	46.4	42.9	1.4	0.0
Businesses by Geography	3,954	12.6	38.6	41.7	7.1	0.0
Farms by Geography	135	3.7	14.8	69.6	11.9	0.0
Family Distribution by Income Level	16,993	25.5	18.0	18.7	37.8	0.0
Household Distribution by Income Level	24,470	26.8	16.1	17.4	39.7	0.0
Median Family Income - Morristown, TN MSA	\$48,094		Median Housing Value			\$120,412
			Median Gross Rent			\$651
			Families Below Poverty Level			18.4%

Source: 2015 ACS Data and 2021 D&B Data. Due to rounding, totals may not equal 100.0.
(* The NA category consists of geographies that have not been assigned an income classification.

According to the Morristown Economic Development Agency, the major employers in the region, which includes the AA, include Hamblen County Department of Education, Koch Foods, and MAHLE Engine Components. As shown in the following table, data obtained from the U.S. Bureau of Labor Statistics reveals the unemployment rates for Hamblen County remained either generally consistent or slightly below both the state and national averages.

Unemployment Rates			
Area	December 2020	December 2021	December 2022
	%	%	%
Hamblen County	5.0	3.7	3.0
Tennessee	5.5	3.6	3.5
National Average	6.7	3.9	3.5

Source: U.S. Bureau of Labor Statistics.

The following table shows the 2021 income ranges based on the FFIEC-estimated MFI of \$56,300 for the Morristown MSA.

Median Family Income Ranges – Morristown, TN MSA				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
2021 (\$56,300)	<\$28,150	\$28,150 to <\$45,040	\$45,040 to <\$67,560	≥\$67,560

Source: FFIEC.

Competition

The Morristown MSA AA contains a low level of competition. According to the FDIC Deposit Market Share Report as of June 30, 2022, the AA contained 9 financial institutions that operate 13 full-service branches. Of these institutions, AJB ranked 5th with 8.2 percent of the deposit market share. The top two financial institutions account for 50.6 percent of the market share.

Mortgage companies, credit unions, and finance companies also compete for loans, further adding to the competition level. In 2021, 254 lenders reported 4,110 home mortgage loans in the AA. AJB ranked 27th out of this group of lenders with 0.7 percent of the market share. The three most prominent home mortgage lenders accounted for 20.0 percent of the total market share.

Credit and Community Development Needs and Opportunities

Considering information from bank management and demographic and economic data, examiners determined that the area’s primary credit needs include small business and home mortgage loans. Demographic data showing that 43.5 percent of the area’s families are considered LMI suggests a need for activities that provide community services and affordable housing targeted to these families.

CONCLUSIONS ON PERFORMANCE CRITERIA IN THE MORRISTOWN MSA AA

LENDING TEST

AJB demonstrated a satisfactory Lending Test record in the Morristown MSA AA. Reasonable performance regarding geographic distribution and borrower profile support this conclusion.

Geographic Distribution

The geographic distribution of loans reflects reasonable dispersion throughout the Morristown MSA AA. Reasonable performance for home mortgage loans outweighs poor performance for small business loans to support this conclusion.

Home Mortgage Loans

The geographic distribution of home mortgage loans reflects reasonable dispersion throughout the Morristown MSA AA. Reasonable performance in LMI census tracts support this conclusion. The following table shows that although AJB did not originate any home mortgage loans in low-income census tracts, this reflects a reasonable level when compared to the aggregate data of 1.5 percent and demographic data which shows only 1.8 percent of owner occupied housing units are located in these tracts. In moderate-income census tracts, the bank's lending falls only slightly below aggregate performance by 1.3 percentage points, reflecting reasonable performance.

Geographic Distribution of Home Mortgage Loans Assessment Area: Morristown MSA						
Tract Income Level	% of Owner-Occupied Housing Units	Aggregate Performance % of #	#	%	\$(000s)	%
Low	1.8	1.5	0	0.0	0	0.0
Moderate	27.6	24.8	4	23.5	1,154	22.2
Middle	57.2	58.9	11	64.7	3,672	70.7
Upper	13.4	14.8	2	11.8	370	7.1
Totals	100.0	100.0	17	100.0	5,196	100.0

Source: 2015 ACS data, 2021 HMDA Aggregate data, and 2021 HMDA LAR.
Due to rounding, totals may not equal 100.0.

Small Business Loans

The geographic distribution of small business loans reflects poor dispersion throughout the Morristown MSA AA. Poor performance in moderate-income census tracts outweighs reasonable performance in low-income census tracts to support this conclusion.

The following table shows the distribution of AJB's small business loans within low-income census tracts slightly lagged demographic data only 1.5 percentage points and reflects reasonable performance. The lending in moderate-income census tracts fell below demographic data by 12.7 percentage points, reflecting poor performance. Examiners placed more weight on performance in

moderate-income census tracts when arriving at an overall conclusion given the likely greater opportunity to lend due to the larger percentage of businesses located there.

Geographic Distribution of Small Business Loans Assessment Area: Morristown MSA					
Tract Income Level	% of Businesses	#	%	\$(000s)	%
Low	12.6	3	11.1	1,421	35.7
Moderate	38.6	7	25.9	1,212	30.4
Middle	41.7	16	59.3	1,308	32.9
Upper	7.1	1	3.7	40	1.0
Totals	100.0	27	100.0	3,981	100.0

*Source: 2021 D&B data and Bank data (1/1/2022 – 12/31/2022).
Due to rounding, totals may not equal 100.0.*

Borrower Profile

The distribution of borrowers reflects, given the demographics of the AA, reasonable penetration among individuals of different income levels (including LMI) and businesses of different sizes. Reasonable records regarding home mortgage and small business lending support this conclusion.

Home Mortgage Loans

The distribution of borrowers reflects reasonable penetration among individuals of different income levels in the Morristown MSA AA. Reasonable performance to LMI borrowers supports this conclusion. The following table shows that AJB did not make any home mortgage loans to low-income borrowers, which trails aggregate data by 5.6 percentage points, yet remains within a reasonable range. Examiners also noted that 18.4 percent of families fall below the poverty level, which limits the bank’s ability to lend as these individual typically do not qualify for conventional financing. The bank’s lending to moderate-income borrowers lags aggregate data by 7.3 percentage points, but remains within a reasonable range. Furthermore, examiners noted that a majority of loans with income not available skews the data.

Distribution of Home Mortgage Loans by Borrower Income Level Assessment Area: Morristown MSA						
Borrower Income Level	% of Families	Aggregate Performance % of #	#	%	\$(000s)	%
Low	25.5	5.6	0	0.0	0	0.0
Moderate	18.0	19.1	2	11.8	559	10.7
Middle	18.7	18.6	1	5.9	280	5.4
Upper	37.8	36.0	5	29.4	1,990	38.3
Not Available	0.0	20.7	9	52.9	2,367	45.6
Totals	100.0	100.0	17	100.0	5,196	100.0

*Source: 2015 ACS data, 2021 HMDA Aggregate data, and 2021 HMDA LAR.
Due to rounding, totals may not equal 100.0.*

Small Business Loans

The distribution of borrowers reflects reasonable penetration among businesses of different sizes in the Morristown MSA AA. The reasonable level of lending to businesses with gross annual revenue of \$1.0 million or less supports this conclusion. The following table shows that the bank made over eight out of every ten small business loans to businesses with gross annual revenue of \$1.0 million or less, reflecting reasonable performance.

Distribution of Small Business Loans by Gross Annual Revenue Category Assessment Area: Morristown MSA					
Gross Revenue Level	% of Businesses	#	%	\$(000s)	%
<=\$1,000,000	80.6	12	85.7	2,466	88.6
>\$1,000,000	5.0	2	14.3	316	11.4
Revenue Not Available	14.4	0	0.0	0	0.0
Totals	100.0	14	100.0	2,782	100.0

*Source: 2021 D&B data and Bank data (1/1/2022 – 12/31/2022).
Due to rounding, totals may not equal 100.0.*

COMMUNITY DEVELOPMENT TEST

The institution's CD performance demonstrates adequate responsiveness to the CD needs in the Morristown MSA AA through CDLs, QIs, and CD services, as appropriate, considering the institution's capacity and the need and availability for such opportunities for CD in the AA.

Community Development Loans

AJB originated five CDLs totaling approximately \$1.9 million in the Morristown MSA AA. This dollar volume equates to 10.7 percent of the total level of CDLs compared to 18.7 percent of total loans in this AA as noted previously.

The following lists an example of a CDL in the Morristown MSA AA.

- ***Affordable Housing*** – The bank originated a \$465,000 loan to purchase and renovate an 8-unit multifamily building that will provide affordable housing to LMI individuals.

Qualified Investments

The following table shows that the bank made use of 15 QIs totaling \$351,000. The current dollar amount equates to 4.7 percent of the total QIs, which is less than the 22.0 percent of deposits in this AA as noted previously.

The following lists an example of a QI in the Morristown MSA AA.

- ***Revitalize or Stabilize*** – The bank invested \$345,000 in a local county bond to provide funding for constructing, improving, and renovating various facilities such as libraries and public buildings, as well as transportation infrastructure primarily located in LMI census tracts. This investment retains and attracts businesses and residents in the area.

Community Development Services

During the evaluation period, bank employees provided 35 instances of financial expertise or technical assistance to various CD-related organizations in the Morristown MSA AA. This represents 57.4 percent of the bank's total CD services, which rises above the 12.5 percent of the bank's total offices located in this AA.

The following lists an example of a CD service in the Morristown MSA AA.

- ***Affordable Housing*** – A bank employee served on the Board for a nonprofit housing agency that provides affordable housing to LMI individuals.

The alternative delivery systems offered in the Morristown MSA AA remain consistent with those noted previously for the institution as a whole. AJB also operates one branch and one ATM in a low-income census tract within the Morristown MSA AA.

CLEVELAND MSA AA – LIMITED-SCOPE REVIEW

DESCRIPTION OF INSTITUTION'S OPERATIONS IN THE CLEVELAND MSA AA

The Cleveland MSA AA includes all 19 census tracts in Bradley County. The census tracts reflect the following income designations according to the 2015 ACS data: three low-, two moderate-, nine middle-, and five upper-income census tracts. The bank operates two full-service offices and two ATMs in this area.

The following table presents certain demographic data for the Cleveland MSA AA.

Demographic Information of the Assessment Area						
Assessment Area: Cleveland MSA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	19	15.8	10.5	47.4	26.3	0.0
Population by Geography	102,062	10.8	6.4	44.4	38.4	0.0
Housing Units by Geography	42,258	10.9	5.9	45.5	37.7	0.0
Owner-Occupied Units by Geography	25,108	4.7	3.2	45.6	46.4	0.0
Occupied Rental Units by Geography	13,358	21.4	10.1	45.1	23.4	0.0
Vacant Units by Geography	3,792	14.5	9.4	45.4	30.7	0.0
Businesses by Geography	7,903	7.7	10.9	48.6	32.8	0.0
Farms by Geography	268	1.1	2.6	46.3	50.0	0.0
Family Distribution by Income Level	26,469	22.2	16.8	18.4	42.6	0.0
Household Distribution by Income Level	38,466	24.2	16.1	16.2	43.4	0.0
Median Family Income - Cleveland, TN MSA	\$52,007		Median Housing Value.			\$143,104
			Median Gross Rent			\$707
			Families Below Poverty Level			15.1%
<i>Source: 2015 ACS Data and 2021 D&B Data. Due to rounding, totals may not equal 100.0. (*) The NA category consists of geographies that have not been assigned an income classification.</i>						

The AA reflects low competition in the financial services market. According to the FDIC's June 30, 2022, Deposit Market Share data, 11 financial institutions operate 25 full-service branches in the AA. Of these institutions, AJB ranked 11th with a 1.4 percent market share.

In 2021, 306 lenders reported 8,395 home mortgage loans in the AA. AJB ranked 47th out of this group of lenders with 0.5 percent of the market share. The five most prominent home mortgage lenders accounted for 25.4 percent of the total market share.

CONCLUSIONS ON PERFORMANCE CRITERIA IN THE CLEVELAND MSA AA

LENDING TEST

The institution's lending performance in the Cleveland MSA AA is consistent with the lending performance overall. The following tables provide quantitative data regarding the loan distribution performance factors.

Geographic Distribution

Home Mortgage Loans

Geographic Distribution of Home Mortgage Loans Assessment Area: Cleveland MSA						
Tract Income Level	% of Owner-Occupied Housing Units	Aggregate Performance % of #	#	%	\$(000s)	%
Low	4.7	4.2	5	13.5	1,310	22.2
Moderate	3.2	3.7	5	13.5	672	11.4
Middle	45.6	42.8	13	35.1	1,458	24.7
Upper	46.4	49.3	14	37.8	2,469	41.8
Totals	100.0	100.0	37	100.0	5,909	100.0

*Source: 2015 ACS data, 2021 HMDA Aggregate data, and 2021 HMDA LAR.
Due to rounding, totals may not equal 100.0.*

Small Business Loans

Geographic Distribution of Small Business Loans Assessment Area: Cleveland MSA					
Tract Income Level	% of Businesses	#	%	\$(000s)	%
Low	7.7	1	4.0	179	2.9
Moderate	10.9	5	20.0	820	13.2
Middle	48.6	14	56.0	2,875	46.1
Upper	32.8	5	20.0	2,359	37.8
Totals	100.0	25	100.0	6,233	100.0

*Source: 2021 D&B data and Bank data (1/1/2022 – 12/31/2022).
Due to rounding, totals may not equal 100.0.*

Borrower Profile

Home Mortgage Loans

Distribution of Home Mortgage Loans by Borrower Income Level Assessment Area: Cleveland MSA						
Borrower Income Level	% of Families	Aggregate Performance % of #	#	%	\$(000s)	%
Low	22.2	3.3	0	0.0	0	0.0
Moderate	16.8	14.3	6	16.2	480	8.1
Middle	18.4	19.4	5	13.5	677	11.5
Upper	42.6	39.5	19	51.4	3,057	51.7
Not Available	0.0	23.4	7	18.9	1,695	28.7
Totals	100.0	100.0	37	100.0	5,909	100.0

*Source: 2015 ACS data, 2021 HMDA Aggregate data, and 2021 HMDA LAR.
Due to rounding, totals may not equal 100.0.*

Small Business Loans

Distribution of Small Business Loans by Gross Annual Revenue Category Assessment Area: Cleveland MSA					
Gross Revenue Level	% of Businesses	#	%	\$(000s)	%
<=\$1,000,000	86.0	6	60.0	2,084	81.9
>\$1,000,000	4.1	4	40.0	460	18.1
Revenue Not Available	9.9	0	0.0	0	0.0
Totals	100.0	10	100.0	2,544	100.0

*Source: 2021 D&B data and Bank data (1/1/2022 – 12/31/2022).
Due to rounding, totals may not equal 100.0.*

COMMUNITY DEVELOPMENT TEST

The institution's CD performance in the Cleveland MSA AA is consistent with the CD performance overall. Refer to the Community Development Test section at the overall institution level for CD activities in the Cleveland MSA AA.

JOHNSON CITY MSA AA – LIMITED-SCOPE REVIEW

DESCRIPTION OF INSTITUTION’S OPERATIONS IN THE JOHNSON CITY MSA AA

The Johnson City MSA AA includes all 23 census tracts in Washington County. The census tracts reflect the following income designations according to the 2015 ACS data: 4 moderate-, 11 middle-, and 7 upper-income census tracts as well as 1 census tract with no income designation. AJB operates two full-service offices and two ATMs in this area.

The following table presents certain demographic data for the Johnson City MSA AA.

Demographic Information of the Assessment Area						
Assessment Area: Johnson City MSA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	23	0.0	17.4	47.8	30.4	4.3
Population by Geography	125,317	0.0	13.4	51.6	33.4	1.6
Housing Units by Geography	58,443	0.0	14.1	53.2	32.6	0.0
Owner-Occupied Units by Geography	34,833	0.0	8.4	55.1	36.5	0.0
Occupied Rental Units by Geography	17,805	0.0	24.9	47.6	27.5	0.0
Vacant Units by Geography	5,805	0.0	15.8	58.9	25.3	0.0
Businesses by Geography	9,702	0.0	14.4	39.6	45.5	0.5
Farms by Geography	311	0.0	8.7	56.9	34.4	0.0
Family Distribution by Income Level	33,217	19.1	15.0	21.5	44.4	0.0
Household Distribution by Income Level	52,638	23.3	14.2	16.7	45.9	0.0
Median Family Income - Johnson City, TN MSA	\$50,296		Median Housing Value			\$145,323
			Median Gross Rent			\$689
			Families Below Poverty Level			12.3%

*Source: 2015 ACS Data and 2021 D&B Data. Due to rounding, totals may not equal 100.0.
(*) The NA category consists of geographies that have not been assigned an income classification.*

The AA reflects a somewhat moderately competitive financial services market. According to the FDIC’s June 30, 2022, Deposit Market Share data, 17 financial institutions operate 36 full-service branches in the AA. Of these institutions, AJB ranked 11th with a 1.5 percent market share.

In 2021, 319 lenders reported 8,993 home mortgage loans in the AA. AJB ranked 68th out of this group of lenders with 0.2 percent of the market share. The three most prominent home mortgage lenders accounted for 29.0 percent of the total market share.

CONCLUSIONS ON PERFORMANCE CRITERIA IN THE JOHNSON CITY MSA AA

LENDING TEST

The institution's lending performance in the Johnson City MSA AA is consistent with the lending performance overall. The following tables provide quantitative data regarding the loan distribution performance factors.

Geographic Distribution

Home Mortgage Loans

Geographic Distribution of Home Mortgage Loans Assessment Area: Johnson City MSA						
Tract Income Level	% of Owner-Occupied Housing Units	Aggregate Performance % of #	#	%	\$(000s)	%
Low	0.0	0.0	0	0.0	0	0.0
Moderate	8.4	7.6	1	7.7	4,300	63.7
Middle	55.1	50.2	9	69.2	1,661	24.6
Upper	36.5	42.2	3	23.1	792	11.7
Not Available	0.0	0.0	0	0.0	0	0.0
Totals	100.0	100.0	13	100.0	6,753	100.0

*Source: 2015 ACS data, 2021 HMDA Aggregate data, and 2021 HMDA LAR.
Due to rounding, totals may not equal 100.0.*

Small Business Loans

Geographic Distribution of Small Business Loans Assessment Area: Johnson City MSA					
Tract Income Level	% of Businesses	#	%	\$(000s)	%
Low	0.0	0	0.0	0	0.0
Moderate	14.4	0	0.0	0	0.0
Middle	39.6	10	76.9	2,059	72.3
Upper	45.5	3	23.1	787	27.7
Not Available	0.5	0	0.0	0	0.0
Totals	100.0	13	100.0	2,846	100.0

*Source: 2021 D&B data and Bank data (1/1/2022 – 12/31/2022).
Due to rounding, totals may not equal 100.0 percent.*

Borrower Profile

Home Mortgage Loans

Distribution of Home Mortgage Loans by Borrower Income Level Assessment Area: Johnson City MSA						
Borrower Income Level	% of Families	Aggregate Performance % of #	#	%	\$(000s)	%
Low	19.1	5.3	0	0.0	0	0.0
Moderate	15.0	16.3	1	7.7	45	0.7
Middle	21.5	19.8	4	30.8	921	13.6
Upper	44.4	42.4	7	53.8	1,486	22.0
Not Available	0.0	16.2	1	7.7	4,300	63.7
Totals	100.0	100.0	13	100.0	6,752	100.0

*Source: 2015 ACS data, 2021 HMDA Aggregate data, and 2021 HMDA LAR.
Due to rounding, totals may not equal 100.0.*

Small Business Loans

Distribution of Small Business Loans by Gross Annual Revenue Category Assessment Area: Johnson City MSA					
Gross Revenue Level	% of Businesses	#	%	\$(000s)	%
<=\$1,000,000	84.6	6	75.0	857	48.7
>\$1,000,000	4.1	2	25.0	903	51.3
Revenue Not Available	11.3	0	0.0	0	0.0
Totals	100.0	8	100.0	1,760	100.0

*Source: 2021 D&B data and Bank data (1/1/2022 – 12/31/2022).
Due to rounding, totals may not equal 100.0.*

COMMUNITY DEVELOPMENT TEST

The institution's CD performance in the Johnson City MSA AA is consistent with the institution's performance overall. Refer to the Community Development Test section at the overall institution level for CD activities in the Johnson City MSA AA.

APPENDICES

INTERMEDIATE SMALL BANK PERFORMANCE CRITERIA

Lending Test

The Lending Test evaluates the bank's record of helping to meet the credit needs of its assessment area(s) by considering the following criteria:

- 1) The bank's loan-to-deposit ratio, adjusted for seasonal variation, and, as appropriate, other lending-related activities, such as loan originations for sale to the secondary markets, community development loans, or qualified investments;
- 2) The percentage of loans, and as appropriate, other lending-related activities located in the bank's assessment area(s);
- 3) The geographic distribution of the bank's loans;
- 4) The bank's record of lending to and, as appropriate, engaging in other lending-related activities for borrowers of different income levels and businesses and farms of different sizes; and
- 5) The bank's record of taking action, if warranted, in response to written complaints about its performance in helping to meet credit needs in its assessment area(s).

Community Development Test

The Community Development Test considers the following criteria:

- 1) The number and amount of community development loans;
- 2) The number and amount of qualified investments;
- 3) The extent to which the bank provides community development services; and
- 4) The bank's responsiveness through such activities to community development lending, investment, and service needs.

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.

American Community Survey (ACS): A nationwide United States Census survey that produces demographic, social, housing, and economic estimates in the form of five year estimates based on population thresholds.

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.

Community Development: For loans, investments, and services to qualify as community development activities, their primary purpose must:

- (1) Support affordable housing for low- and moderate-income individuals;
- (2) Target community services toward low- and moderate-income individuals;
- (3) Promote economic development by financing small businesses or farms; or
- (4) Provide activities that revitalize or stabilize low- and moderate-income geographies, designated disaster areas, or distressed or underserved nonmetropolitan middle-income geographies.

Community Development Corporation (CDC): A CDC allows banks and holding companies to make equity type of investments in community development projects. Institution CDCs can develop innovative debt instruments or provide near-equity investments tailored to the development needs of the community. Institution CDCs are also tailored to their financial and marketing needs. A CDC may purchase, own, rehabilitate, construct, manage, and sell real property. Also, it may make equity or debt investments in development projects and in local businesses. The CDC activities are expected to directly benefit low- and moderate-income groups, and the investment dollars should not represent an undue risk on the banking organization.

Community Development Financial Institutions (CDFIs): CDFIs are private intermediaries (either for profit or nonprofit) with community development as their primary mission. A CDFI facilitates the flow of lending and investment capital into distressed communities and to individuals who have been unable to take advantage of the services offered by traditional financial institutions. Some basic types of CDFIs include community development banks, community development loan funds, community development credit unions, micro enterprise funds, and community development venture capital funds.

A certified CDFI must meet eligibility requirements. These requirements include the following:

- Having a primary mission of promoting community development;
- Serving an investment area or target population;
- Providing development services;
- Maintaining accountability to residents of its investment area or targeted population through representation on its governing board of directors, or by other means;
- Not constituting an agency or instrumentality of the United States, of any state or political subdivision of a state.

Community Development Loan: A loan that:

- (1) Has as its primary purpose community development; and
- (2) Except in the case of a wholesale or limited purpose institution:
 - (i) Has not been reported or collected by the institution or an affiliate for consideration in the institution's assessment area as a home mortgage, small business, small farm, or consumer loan, unless it is a multifamily dwelling loan (as described in Appendix A to Part 203 of this title); and
 - (ii) Benefits the institution's assessment area(s) or a broader statewide or regional area including the institution's assessment area(s).

Community Development Service: A service that:

- (1) Has as its primary purpose community development;
- (2) Is related to the provision of financial services; and
- (3) Has not been considered in the evaluation of the institution's retail banking services under § 345.24(d).

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.

Distressed Middle-Income Nonmetropolitan Geographies: A nonmetropolitan middle-income geography will be designated as distressed if it is in a county that meets one or more of the following triggers:

- (1) An unemployment rate of at least 1.5 times the national average;
- (2) A poverty rate of 20 percent or more; or
- (3) A population loss of 10 percent or more between the previous and most recent decennial census or a net migration loss of 5 percent or more over the 5-year period preceding the most recent census.

Family: Includes a householder and one or more other persons living in the same household who are related to the householder by birth, marriage, or adoption. The number of family households always equals the number of families; however, a family household may also include 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).

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 (e.g, geographic distribution, borrower profile, and total number and dollar amount of investments), and qualitative factors (e.g, innovativeness, complexity, and responsiveness).

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

Home Mortgage Disclosure Act (HMDA): The statute that requires certain mortgage lenders 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 Loans: Includes closed-end mortgage loans or open-end line of credits as defined in the HMDA regulation that are not an excluded transaction per the HMDA regulation.

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 (e.g, 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.

Low Income Housing Tax Credit: The Low-Income Housing Tax Credit Program is a housing program contained within the Internal Revenue Code of 1986, as amended. It is administered by the U.S. Department of the Treasury and the Internal Revenue Service. The U.S. Treasury Department distributes low-income housing tax credits to housing credit agencies through the Internal Revenue Service. The housing agencies allocate tax credits on a competitive basis.

Developers who acquire, rehabilitate, or construct low-income rental housing may keep their tax credits. Or, they may sell them to corporations or investor groups, who, as owners of these properties, will be able to reduce their own federal tax payments. The credit can be claimed annually for ten consecutive years. For a project to be eligible, the developer must set aside a specific percentage of units for occupancy by low-income residents. The set-aside requirement remains throughout the compliance period, usually 30 years.

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.

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 (also known as non-MSA): 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.

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

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

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

Small Business Investment Company (SBIC): SBICs are privately-owned investment companies which are licensed and regulated by the Small Business Administration (SBA). SBICs provide long-term loans and/or venture capital to small firms. Because money for venture or risk investments is difficult for small firms to obtain, SBA provides assistance to SBICs to stimulate and supplement the flow of private equity and long-term loan funds to small companies. Venture capitalists participate in the SBIC program to supplement their own private capital with funds borrowed at favorable rates through SBA's guarantee of SBIC debentures. These SBIC debentures are then sold to private investors. An SBIC's success is linked to the growth and profitability of the companies that it finances. Therefore, some SBICs primarily assist businesses with significant growth potential, such as new firms in innovative industries. SBICs finance small firms by providing straight loans and/or equity-type investments. This kind of financing gives them partial ownership of those businesses and the possibility of sharing in the companies' profits as they grow and prosper.

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.

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

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

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.