

PUBLIC DISCLOSURE

November 6, 2017

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

InsBank
2106 Crestmoor Road
Nashville, Tennessee 37215

RSSD ID NUMBER: 2877345

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

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

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INSTITUTION'S CRA RATING

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

The Lending Test is rated: Satisfactory

The Community Development Test is rated: Satisfactory

The following table indicates the performance level of InsBank with respect to the lending and community development tests.

PERFORMANCE LEVELS	InsBank	
	PERFORMANCE TESTS	
	Lending Test	Community Development Test
Outstanding		
Satisfactory	X	X
Needs to Improve		
Substantial Noncompliance		

**Note: The lending test and the community development test are weighted equally when arriving at an overall rating.

Major factors supporting the institution's rating include:

- The bank's loan-to-deposit ratio was more than reasonable.
- A majority of the loans were made in the assessment area.
- The geographic distribution of HMDA-reportable and small business loans reflects reasonable dispersion throughout the assessment area.
- The distribution of lending by borrower income and business size reflects reasonable penetration among individuals of different income levels and businesses of different sizes.
- The bank's community development performance demonstrates adequate responsiveness to community development needs in its assessment area through community development loans, qualified investments and services, as appropriate, considering the bank's capacity and the need and availability of such opportunities for community development in the bank's assessment area.

The bank has not received any CRA-related complaints since the previous evaluation.

INSTITUTION

SCOPE OF EXAMINATION

The CRA performance evaluation assesses the bank's record of meeting the credit needs of its community, including low- and moderate-income neighborhoods, within the context of information such as asset size and financial condition of the institution, competitive factors, as well as the economic and demographic characteristics of its defined assessment area. InsBank's CRA performance evaluation was based on CRA activities within its assessment area using the Interagency Intermediate Small Institution Examination Procedures. Under these procedures, effective as of September 1, 2005, institutions meeting the threshold size are evaluated using two separately rated tests: a lending test; and a community development test that includes an evaluation of community development loans, investments, and services in light of community needs within its assessment area and the capacity of the bank.

The evaluation included an analysis of HMDA-reportable and small business loans originated from January 1, 2014 through December 31, 2016. Given the bank's asset size and offices located in a MSA, it submits annual reports about its residential real estate loan originations and applications, pursuant to the Home Mortgage Disclosure Act (HMDA). These loans are referred to as "HMDA-reportable"² loans in this evaluation. Based on InsBank's asset size, it is not required to report small business loan CRA data; however, the bank voluntarily collects small business loan data. A small business loan is defined as a business loan with an original amount of \$1 million or less and typically is either secured by nonfarm or nonresidential real estate or classified as commercial loans. CRA small farm and HMDA-reportable multi-family lending was not considered in the overall assessment due to minimal lending volume in these categories.

For the community development test, the examination covered community development loans, qualified investments, and community development services from January 1, 2014 through October 31, 2017. The CRA defines a community development activity as having a primary purpose of providing any of the following: affordable housing or community services for low- or moderate-income persons, economic development through the financing of small businesses, or revitalization or stabilization of low- or moderate-income geographies, designated disaster areas, or distressed or underserved nonmetropolitan middle-income geographies. Community development activities must benefit the assessment area or a larger statewide or regional area that includes the assessment area.

As part of this evaluation, a community contact was made with a local community and economic development representative familiar with the economic and demographic characteristics as well as community development opportunities in the bank's assessment area. Information obtained from the contact was used to establish a context for the communities in which the bank operates and to gather information on the bank's performance. Specific information obtained from the community contact is included in the applicable section of the evaluation. The contact did not identify any unmet credit needs.

² Home Mortgage loans are reported by institutions on the Home Mortgage Disclosure Act (HMDA) Loan Application Register (LAR). The register includes home purchase, home refinance, home improvement, and multi-family loans originated and purchased by the institution.

DESCRIPTION OF INSTITUTION

InsBank is a community bank headquartered in Nashville, Tennessee. The bank, originally named Insurors Bank of Tennessee, opened on November 20, 2002, with a target market of independent insurance agents in Tennessee. InsBank is owned by InsCorp, Inc., a Tennessee bank holding company. In 2008, InsBank acquired Finworth Mortgage, adding residential mortgages to its available products. InsBank’s main office is located in the Green Hills area of Nashville, Tennessee. This location is in close proximity to a busy shopping area; as such, management hopes to attract more low-cost deposits and increase awareness of the bank. In November 2016, the bank opened a second location in Brentwood, Tennessee. The bank’s business strategy is to provide a boutique commercial banking experience via experienced financial experts and deliver services by a “high touch through technology” approach focusing on local businesses and business owners and principals.

Branch Offices

InsBank offers deposit and lending services from its headquarters located at 2106 Crestmoor Road in Nashville and the branch office in Brentwood. Both offices are located in Davidson County. The bank’s mortgage subsidiary, Finworth Mortgage, has offices at both locations. The Crestmoor Road location has a full-service ATM on the premises. There is no ATM at the Brentwood location, and neither location provides drive-up teller services. InsBank is highly dependent on technology and other nontraditional and innovative methods to attract and deliver its services to customers across the state of Tennessee.

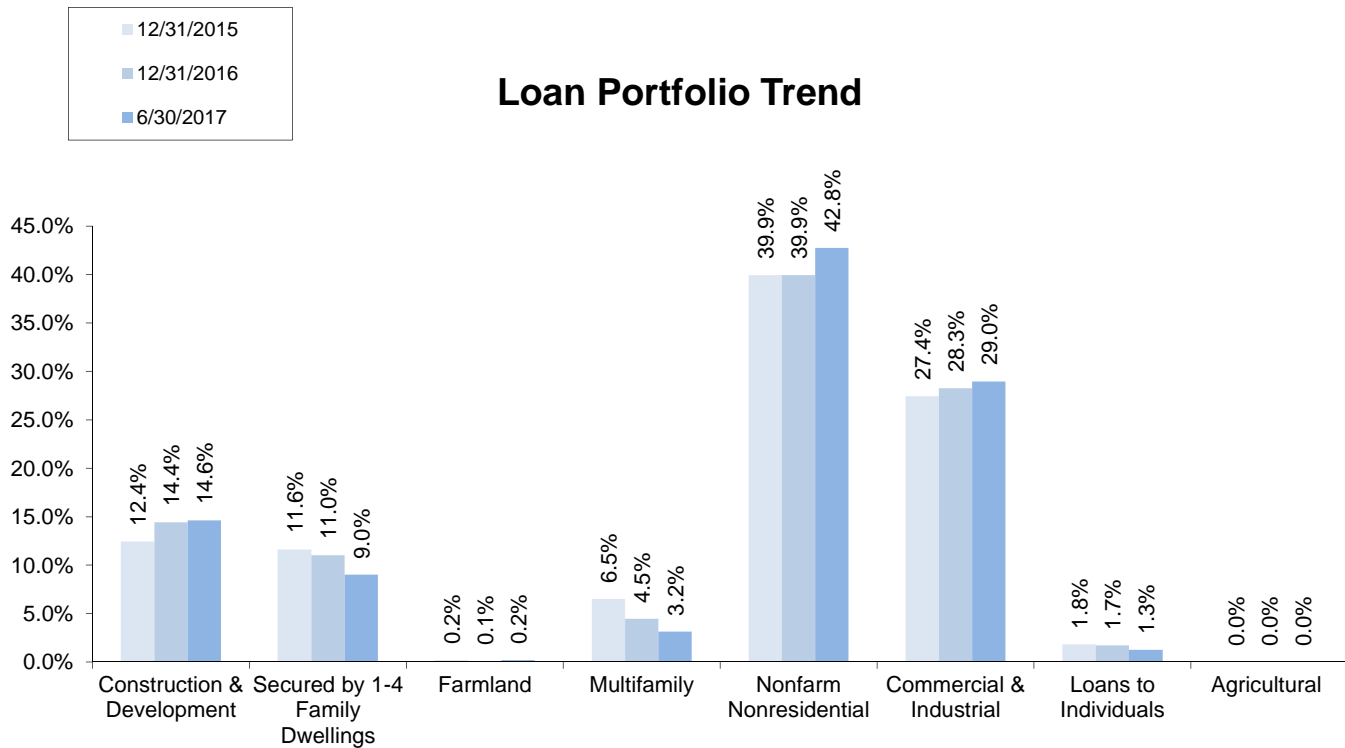
Loan Portfolio

According to the June 30, 2017 Report of Condition (ROC), the bank’s assets totaled \$415.8 million, an increase of approximately \$208.9 million since the bank’s last CRA evaluation conducted on October 7, 2013. Additionally, net loans and leases increased by 117 percent from \$159.2 million to \$345.1 million, and total deposits increased by 115.8 percent from \$152 million to \$328 million.

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

COMPOSITION OF LOAN PORTFOLIO						
Loan Type	6/30/2017		12/31/2016		12/31/2015	
	\$ (000s)	Percent	\$ (000s)	Percent	\$ (000s)	Percent
Construction and Development	50,508	14.6%	47,146	14.4%	32,111	12.4%
Secured by One- to Four- Family Dwellings	31,156	9.0%	36,063	11.0%	30,018	11.6%
Other Real Estate: Farmland	732	0.2%	370	0.1%	578	0.2%
Multifamily	10,915	3.2%	14,636	4.5%	16,773	6.5%
Nonfarm nonresidential	147,618	42.8%	130,529	39.9%	103,087	39.9%
Commercial and Industrial	100,014	29.0%	92,384	28.3%	70,839	27.4%
Loans to Individuals	4,335	1.3%	5,643	1.7%	4,695	1.8%
Agricultural Loans	0	0.0%	0	0.0%	0	0.0%
Total	\$345,278	100.00%	\$326,771	100.00%	\$258,101	100.00%

* This table does not include the entire loan portfolio. Specifically, it excludes loans to depository institutions, bankers acceptances, lease financing receivables, obligations of state and political subdivisions, and other loans that do not meet any other category. Contra assets are also not included in this table.



As shown in the table and charts above, the bank is primarily focused on commercial lending. Loans secured by nonfarm nonresidential real estate (42.8 percent) make up the largest percentage of the loan portfolio, followed by commercial and industrial loans (29.0 percent) and construction and development (14.6 percent).

Credit Products

InsBank is primarily a commercial lender; the bank offers various commercial products including commercial loans, commercial mortgage loans, investment property loans, business lines of credit, letters of credit, and equipment leasing. The bank also offers various consumer credit products including residential mortgage loans, consumer loans, home equity loans and lines of credit, and personal lines of credit. Most of InsBank’s HMDA originations are attributable to the mortgage subsidiary, Finworth Mortgage. Finworth funds conventional residential mortgages, which are sold in the secondary market.

InsBank complies with the requirements of the CRA. No known legal impediments exist that would restrict the bank from meeting the credit needs of its assessment area. The bank received a “Satisfactory” rating at its previous evaluation conducted by the Federal Reserve Bank of Atlanta dated October 7, 2013, under the small bank examination procedures.

DESCRIPTION OF INSTITUTION'S NASHVILLE ASSESSMENT AREA

Overview

InsBank's assessment area consists of Davidson and Williamson counties, Tennessee, which are part of the 14-county Nashville MSA. InsBank changed its assessment area since the previous examination. At the previous examination, the bank's assessment area included Davidson, Cheatham, Robertson, Rutherford, Sumner, Williamson, and Wilson counties, which are part of the Nashville MSA. The assessment area contains 198 census tracts; 2010 census data indicates that there were 29 (14.6 percent) low-income census tracts; 39 (19.7 percent) moderate-income tracts; 55 (27.8 percent) middle-income tracts; 72 (36.4 percent) upper-income tracts; and 3 (1.5 percent) unknown-income tracts. All low- and moderate-income tracts are in Davidson County, with the exception of one moderate-income tract in Williamson County.³

Nashville has a competitive banking market where national and regional banks have a significant presence, but there are also a number of local community banks. According to the June 30, 2016 FDIC Summary of Deposits Report, there were 43 financial institutions operating 311 branch locations across the assessment area with \$38.0 billion in total deposits. InsBank ranked 19th in deposit market share with \$263 million or 0.7 percent of total deposits. Bank of America held the largest deposit market share at 20.3 percent followed by Regions Bank with 15.6 percent of total deposits. InsBank's deposit market share was comparable to Truxton Trust, a local community bank.

HMDA lending is similarly competitive. InsBank ranked 115th out of 623 HMDA reporters in 2016 with less than 1 percent of total loans. Wells Fargo Bank, Franklin American Mortgage, SunTrust Mortgage, Regions Bank, US Bank, and Quicken Loans are the market leaders in HMDA lending.

Population Information

The Nashville MSA has grown rapidly in the past several years. Population in the bank's assessment area was estimated at 857,962 in 2015, representing an increase of 5.9 percent since 2010; population in Tennessee increased by 2.4 percent over this time period. Nashville, located in Davidson County, is the principal city in the assessment area with an estimated population in 2015 of 634,500. The highest population growth rate in the assessment area occurred in Williamson County, where population increased by 14.5 percent between 2010 and 2015.⁴

Income Characteristics

For purposes of classifying borrower income, this evaluation uses the Federal Financial Institution Examination Council's (FFIEC) estimated 2015 and 2016 median family income. As shown in the table below, the median family income declined slightly during the review period, from \$47,800 in 2015 to \$46,400 in 2016.

³ <https://www.ffiec.gov/census/report.aspx?year=2016&state=47&msa=&county=037&tract=ALL&report=demographic&pdf=true>, 22 November 2017.

⁴ "Nashville MSA, TN (U.S. Census Bureau)." GIS Mapping and Geographic Information System Data. The Reinvestment Fund, n.d. Web. 22 August 2017. <http://www.policymap.com/>.

**Borrower Income Levels
Nashville, TN MSA**

FFIEC Estimated Median Family Income		Low 0 - 49.99%	Moderate 50% - 79.99%	Middle 80% - 119.99%	Upper 120% - & above
2015	\$47,800	0 - \$23,899	\$23,900 - \$38,239	\$38,240 - \$57,359	\$57,360 - & above
2016	\$46,400	0 - \$23,199	\$23,200 - \$37,119	\$37,120 - \$55,679	\$55,680 - & above

There is substantial variation in the median family income throughout the assessment area. Williamson County is one of the wealthiest counties in the country with an estimated median family income of \$108,990 in 2015 while the median family income in Davidson County was \$60,398.⁵ The detailed median family income figures provide some perspective on the economic diversity across the assessment area, which has implications for lending opportunities.

The rapid growth in the assessment area is contributing to greater income disparities, and poverty is a significant concern, particularly in Davidson County. According to the 2010 census data, there were 191,892 families in the assessment area. Of those families, 21.3 percent were considered low-income and 16.3 percent were considered moderate-income. Additionally, 37.2 percent of families in low-income tracts and 18.6 percent of families in moderate-income tracts have incomes below the poverty level. The concentration of families living below the poverty level creates challenges to lending in LMI tracts.

Economic Conditions

Nashville has ranked as one of the top 10 large metropolitan areas for population and job growth for the past few years. While known as the country music capital, Nashville is also a leading national hub for the health care industry and a thriving tourism center. From 2012 through 2016, total nonfarm payrolls grew an average of 4.5 percent annually, triple the 1.5 percent annual rate for the nation during the same period. Job growth has occurred in every sector in the three months ending February 2017, with the largest growth occurring in the professional and business services, leisure and hospitality, and construction sectors.⁶ The largest employment concentrations are in government, health care and social assistance, retail trade, accommodations and food services, and manufacturing.⁷ Apart from state government, the leading private sector employers are Vanderbilt University, Nissan North America, HCA Holdings, Inc., and St. Thomas Health.⁸

⁵ "Nashville MSA, TN (U.S. Census Bureau)." GIS Mapping and Geographic Information System Data. The Reinvestment Fund, n.d. Web. 16 August 2017. <http://www.policymap.com/>.

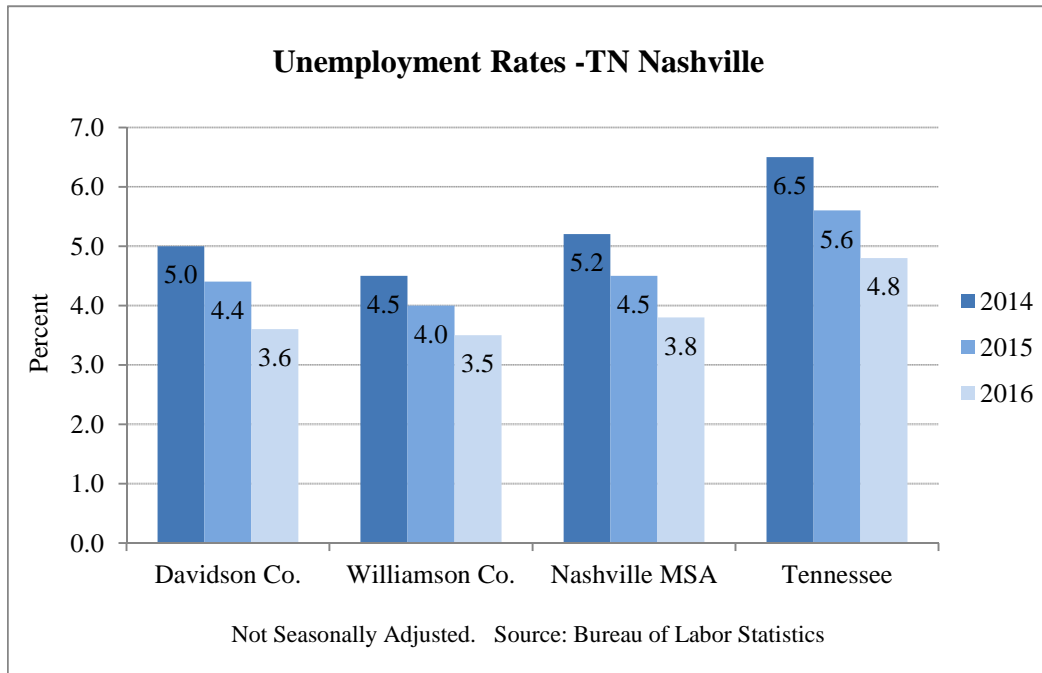
⁶ Housing Market Profiles, Nashville-Davidson--Murfreesboro--Franklin, Tennessee. Office of Policy Development and Research (PD&R), n.d. Web. 22 August 2017. <https://www.huduser.gov/portal/periodicals/USHMC/reg//Nashville-HMP-March17.pdf>

⁷ "Nashville Region Monthly Indicators, Industries. Nashville Area Chamber of Commerce.,n.d. Web. 22 August 2017. <https://www.nashvillechamber.com/research/monthly-indicators/industries>

⁸ <https://www.nashvillechamber.com/explore/work/major-employers>

The robust economic climate in middle Tennessee is evident in the falling unemployment rates. Between 2015 and 2016, the unemployment rate in the Nashville MSA decreased from 4.5 percent to 3.8 percent. Within the assessment area, the lowest unemployment rate is in Williamson County, at 3.5 percent. Employment conditions in the MSA compare very favorably to the state, which had an unemployment rate of 4.8 percent in 2016.⁹

The following table shows the unemployment rates for the bank’s assessment area and the state of Tennessee.



According to 2016 Dun & Bradstreet information, there were 42,121 businesses in the Nashville assessment area, 88.3 percent of which had total annual revenues less than or equal to \$1 million and were therefore considered to be small businesses. Between 2012 and 2015, small business lending increased by 17.5 percent, with 18,914 loans made in 2015.¹⁰

Housing Characteristics

Census data indicates that there were 345,965 housing units located in the assessment area in 2010, of which 57.0 percent were owner-occupied, 34.0 percent were rental units, and 9.0 percent were vacant. Rental housing was disproportionately concentrated in Davidson County, which had 80.9 percent of total housing units, but 90.9 percent of all the rental units in the assessment area. The median age of the housing stock across the assessment area was 33 years, although housing in Davidson County was much older (35 years) compared to Williamson County (17 years). Housing units in the low- and moderate-income census tracts were also older compared to the assessment area overall.

Population and employment growth is driving a very hot real estate market in Nashville. Home values rose, on average, by 6.0 to 7.0 percent across the Nashville MSA during the review period, though appreciation was much greater in Davidson County, where prices increased 9.0 to 11.0 percent during the review period. In December 2016, Williamson County had the highest median home price of all counties in the MSA at

⁹ “2015 Home.” U.S. Bureau of Labor Statistics. U.S. Bureau of Labor Statistics, n.d. Web. 22 August 2017.

¹⁰ “Nashville, TN (CRA Loan Data)” *GIS Mapping and Geographic Information System Data*. The Reinvestment Fund, n.d. Web. 22 November 2017. <<http://policymap.com/>>

\$439,000.¹¹ Home sales have also been increasing across the assessment area, although the increase in home sales has slowed due to the disparity between supply and demand. Declining housing supply relative to demand is also contributing to rising home prices.¹²

To meet the rising demand, new home construction is underway. The number of permits for new single-family homes in Williamson County and Davidson County increased by 25.6 percent and 47.6 percent, respectively, between 2014 and 2016.¹³ Land prices are also rising, which is driving up home prices and reducing the inventory of vacant lots for future development, which will make meeting demand for new housing, and particularly affordable housing, a bigger challenge in the near future.¹⁴ The increasing challenge of building and retaining affordable housing, along with rising home prices, indicate that HMDA lending opportunities to LMI borrowers may be more limited in the assessment area.

Much of the population growth in Davidson County has been driven by millennials, who want to live in the urban center. This trend has fueled a particularly robust multifamily housing market in the Nashville MSA. During the fourth quarter of 2016, the apartment vacancy rate in the metropolitan area was 4.2 percent, up from 3.6 percent during the fourth quarter of 2015. The average asking rent was \$1,104, an increase of more than 7.0 percent over the year before; nationally, rents increased by 3.0 percent during this time period. An estimated 13,400 apartment units are currently under construction in the metropolitan area, including 9,075 units in Davidson County; construction is particularly active in and around downtown Nashville.¹⁵ Most of the new development is high-end or luxury apartments. Simultaneously, existing income-affordable housing is being demolished to make way for new housing, or converted to market rate units; therefore, the supply of affordable rental housing is dwindling.

Credit and Community Development Needs

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

Increasing the supply of affordable housing, and specifically affordable rental housing, is one of the primary community development needs throughout the assessment area but particularly in Davidson County. A recent report released by the Mayor's office in Nashville showed that, in 2015, there was a shortage of 17,754 affordable rental housing units to meet the demand for households that earn 60 percent or below of the median household income. The shortage is expected to increase to more than 31,000 units by 2025 if current trends continue.¹⁶ The rental gap is driven in part by the decline in affordable rental units. A report by the Federal

¹¹ 2016 Home Sales by County: Fourth Quarter." Greater Nashville Realtors, 25 Jan. 2017, Web. 22 August 2017. www.gnar.org/sales-reports/quarterly/2016-fourth-quarter#overlay-context=marketdata.

¹² Federal Reserve Bank of Atlanta calculations of data provided by CoreLogic

¹³ "Nashville MSA, TN (U.S. Census Bureau)." *GIS Mapping and Geographic Information System Data*. The Reinvestment Fund, n.d. Web. 16 August 2017. <http://www.policymap.com/>.

¹⁴ Ward, Gethan. "Nashville struggling to meet demand for new homes." *The Tennessean*, 22 Aug. 2016. Print. 22 August 2017.

¹⁵ US Housing Market Conditions. Office of Policy Development and Research (PD&R), n.d. Web. 22 August 2017.

https://www.huduser.gov/portal/publications/pdf/NashvilleTN_comp_2014.pdf

¹⁶ HOUSING NASHVILLE: Nashville and Davidson County's Housing Report. Office of Mayor Megan Berry. n.d. Web. 22 August 2017. <http://www.nashville.gov/Portals/0/SiteContent/MayorsOffice/AffordableHousing/Housing%20Nashville%20FINAL.pdf>

Reserve Bank of Atlanta found that in Davidson County, there had been a 17.0 percent decline between 2010 and 2014 in the number of units with rent under \$750; the loss of units was much greater in certain communities and particularly those close to downtown and other job centers.¹⁷ Approximately 47.3 percent of renters in Davidson County between 2011 and 2015 were paying more than 30.0 percent of their income for housing and are therefore considered to be cost-burdened.¹⁸ A report by the National Low Income Housing Coalition confirmed housing affordability is a problem for renters in Nashville. According to the study, in 2016, a minimum wage worker would have to work 98 hours a week in order to afford the fair market rent for a two-bedroom apartment in the Nashville MSA.¹⁹ There are opportunities for banks to support affordable housing, by lending or contributing to local nonprofit developers or by supporting affordable housing projects led by city governments or local housing authorities.

A community contact from a local economic development organization that assists small businesses addressed opportunities available to local financial institutions to participate in activities related to small business development and lending. The contact confirmed that the economy is thriving in Nashville and banks are engaged in lending. However, the contact felt additional financing tools are needed to assist minority and women-owned businesses, as well as financing for start-up businesses. According to the contact, direct investments and contributions to her organization are one of the biggest opportunities for bank participation since the organization serves small businesses that are unable to get bank financing due to underwriting constraints and suitability. Furthermore, local financial institutions can support the organization's work by providing financial education.

Demographic Data by Census Tracts

The following table based on 2016 FFIEC census data and 2016 Dun & Bradstreet data presents key demographic and business information used to help develop a performance context for the assessment area.

¹⁷ Immergluck, Dan, Carpenter, Ann, Lueders, Abram. "Declines in Low-Cost Rented Housing Units in Eight Large Southeastern Cities." Federal Reserve Bank of Atlanta, Community & Economic Development Discussion Paper. No. 03-16. May 2016. Print. 22 August 2017.

¹⁸ "Nashville MSA, TN (U.S. Census Bureau)." *GIS Mapping and Geographic Information System Data*. The Reinvestment Fund, n.d. Web. 22 August 2017.

<<http://www.policymap.com/>>.

¹⁹ "Out of Reach 2016 Report." National Low Income Housing Coalition, n.d. Web. 22 August 2017.

Combined Demographics Report

Assessment Area: Nashville

Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low-income	29	14.6	20,590	10.7	7,651	37.2	40,967	21.3
Moderate-income	39	19.7	32,332	16.8	6,023	18.6	31,232	16.3
Middle-income	55	27.8	54,821	28.6	4,825	8.8	36,234	18.9
Upper-income	72	36.4	84,149	43.9	2,252	2.7	83,459	43.5
Unknown-income	3	1.5	0	0.0	0	0.0	0	0.0
Total Assessment Area	198	100.0	191,892	100.0	20,751	10.8	191,892	100.0
	Housing Units by Tract	Housing Types by Tract						
		Owner-Occupied			Rental		Vacant	
		#	%	%	#	%	#	%
Low-income	42,024	12,266	6.2	29.2	24,326	57.9	5,432	12.9
Moderate-income	69,918	27,917	14.1	39.9	33,668	48.2	8,333	11.9
Middle-income	102,777	61,023	30.9	59.4	33,521	32.6	8,233	8.0
Upper-income	131,246	96,110	48.7	73.2	26,154	19.9	8,982	6.8
Unknown-income	0	0	0.0	0.0	0	0.0	0	0.0
Total Assessment Area	345,965	197,316	100.0	57.0	117,669	34.0	30,980	9.0
	Total Businesses by Tract	Businesses by Tract & Revenue Size						
		Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported		
		#	%	#	%	#	%	#
Low-income	4,157	9.9	3,553	9.5	581	12.7	23	7.1
Moderate-income	7,219	17.1	6,162	16.6	1,013	22.1	44	13.5
Middle-income	9,367	22.2	8,467	22.8	852	18.6	48	14.7
Upper-income	20,868	49.5	18,711	50.3	1,955	42.6	202	62.0
Unknown-income	510	1.2	316	0.8	185	4.0	9	2.8
Total Assessment Area	42,121	100.0	37,209	100.0	4,586	100.0	326	100.0
Percentage of Total Businesses:				88.3		10.9		.8
	Total Farms by Tract	Farms by Tract & Revenue Size						
		Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported		
		#	%	#	%	#	%	#
Low-income	13	4.2	12	3.9	1	16.7	0	0.0
Moderate-income	16	5.1	15	4.9	1	16.7	0	0.0
Middle-income	77	24.7	74	24.2	3	50.0	0	0.0
Upper-income	205	65.7	204	66.7	1	16.7	0	0.0
Unknown-income	1	0.3	1	0.3	0	0.0	0	0.0
Total Assessment Area	312	100.0	306	100.0	6	100.0	0	.0
Percentage of Total Farms:				98.1		1.9		.0

2016 FFIEC Census Data and 2016 D&B Information

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS

LENDING TEST

Overview

The lending test included an analysis of InsBank’s small business loans and HMDA loans reported by the bank and its mortgage subsidiary, Finworth Mortgage. However, HMDA loans reported by Finworth Mortgage were not included in the analysis of the bank’s lending inside and outside the assessment area.

InsBank’s overall performance rating for the lending test is satisfactory. The evaluation of the bank’s lending performance considered HMDA-reportable and small business loans originated between January 1, 2014 and December 31, 2016. The loan-to-deposit ratio is more than reasonable given the institution’s size, financial condition, competition in the market, and assessment area credit needs. A majority of the loans were originated inside the assessment area. The geographic distribution of loans reflects reasonable dispersion throughout the assessment area. The distribution of loans reflects reasonable penetration among customers of different income levels and businesses of different sizes. The performance context information discussed earlier in the report was also considered in the evaluation of the bank’s lending performance.

Loan-to-Deposit Ratio

The bank’s net average loan-to-deposit (LTD) ratio for the 14 quarters ending December 31, 2016 was 106.3 percent, which is more than reasonable given the bank’s size, financial condition, competition in the market, and assessment area credit needs. The bank’s average LTD ratio was compared to the average LTD ratios of three other financial institutions of similar asset size with branch offices in the assessment area. The average LTD ratios for these other institutions ranged from 72.6 percent to 106.3 percent. Overall, the bank’s average LTD ratio compares favorably to the three comparable banks.

Assessment Area Concentration

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

Lending Inside and Outside the Assessment Area

Loan Types	Inside				Outside			
	#	%	\$(000s)	%	#	%	\$(000s)	%
Home Improvement	6	100	\$4,008	100	0	0	\$0	0
Home Purchase - Conventional	32	88.9	\$20,441	95.4	4	11.1	\$978	4.6
Multi-Family Housing	3	50	\$6,450	65.3	3	50	\$3,422	34.7
Refinancing	16	88.9	\$4,749	96.2	2	11.1	\$190	3.8
Total HMDA	57	86.4	\$35,648	88.6	9	13.6	\$4,590	11.4
Total Small Business	387	77.4	\$109,386	76.5	113	22.6	\$33,683	23.5
TOTAL LOANS	444	78.4	\$145,034	79.1	122	21.6	\$38,273	20.9

Note: Affiliate loans not included

As indicated in the table above, 86.4 percent of the HMDA-reportable loans (by number) and 77.4 percent of small business loans (by number) were to borrowers and businesses within the bank's assessment area. Additionally, 88.6 percent of the HMDA and 76.5 percent of small business loans, by loan amount, were originated within the bank's assessment area. This level of lending indicates the bank's willingness to originate loans that meet the credit needs of its assessment area.

Geographic Distribution of Loans

For this analysis, the geographic distribution of HMDA-reportable and small business loans was compared to available demographic information. HMDA-reportable lending was also compared with aggregate lending data in 2014, 2015, and 2016. Performance context issues including the bank's business strategy, competition, and economic climate were also taken into consideration. Based on these factors, the overall geographic distribution of the bank's HMDA-reportable and small business loans reflects reasonable dispersion throughout the bank's assessment area and does not reveal any unexplained gaps in lending patterns. The bank is primarily a commercial lender and not a major HMDA lender; the bank accounts for less than one percent of total HMDA loans in the assessment area. However, due to similar volume in both small business and HMDA lending, loan types were weighted similarly in evaluating the bank's lending performance.

Residential Real Estate (HMDA) Lending

The following table shows the geographic distribution of InsBank HMDA-reportable loans for 2014, 2015, and 2016 and also includes a comparison of the bank's HMDA lending to the aggregate HMDA lenders within the assessment area. The HMDA aggregate lenders' data are the combined total of lending activity reported by all lenders subject to HMDA in the assessment area.

Geographic Distribution of HMDA Loans

Assessment Area: Nashville

PRODUCT TYPE	Tract Income Levels	Bank Lending & Demographic Data Comparison 2014, 2015, 2016					Bank & Aggregate Lending Comparison																	
		Bank				Owner Occupied Units %	2014					2015					2016							
		Count #	Dollar				Count #	Agg %	Dollar			Count #	Agg %	Dollar			Count #	Agg %	Dollar					
			%	\$ (000s)	\$ %				\$ (000s)	\$ %	\$ %			\$ (000s)	\$ %	\$ %			\$ (000s)	\$ %	\$ %			
HOME PURCHASE	Low	12	5.6%	\$3,805	5.2%	6.2%	0	0.0%	6.0%	\$0	0.0%	4.3%	5	6.2%	6.2%	\$1,526	5.9%	4.8%	7	7.4%	6.7%	\$2,279	6.3%	5.7%
	Moderate	28	13.1%	\$7,153	9.7%	14.1%	6	16.2%	13.5%	\$1,303	11.2%	9.0%	14	17.3%	13.8%	\$3,606	13.9%	9.9%	8	8.4%	14.8%	\$2,244	6.2%	11.4%
	Middle	40	18.8%	\$14,720	20.0%	30.9%	7	18.9%	26.3%	\$1,471	12.6%	17.9%	14	17.3%	26.8%	\$2,751	10.6%	19.0%	19	20.0%	27.4%	\$10,498	29.2%	20.1%
	Upper	133	62.4%	\$47,951	65.1%	48.7%	24	64.9%	54.2%	\$8,871	76.2%	68.8%	48	59.3%	53.2%	\$18,112	69.7%	66.3%	61	64.2%	51.1%	\$20,968	58.3%	62.9%
	Unknown	0	0.0%	\$0	0.0%	0.0%	0	0.0%	0.0%	\$0	0.0%	0.0%	0	0.0%	0.0%	\$0	0.0%	0.0%	0	0.0%	0.0%	\$0	0.0%	0.0%
	Total	213	100.0%	\$73,629	100.0%	100.0%	37	100.0%	100.0%	\$11,645	100.0%	100.0%	81	100.0%	100.0%	\$25,995	100.0%	100.0%	95	100.0%	100.0%	\$35,989	100.0%	100.0%
REFINANCE	Low	6	3.2%	\$1,292	2.4%	6.2%	0	0.0%	5.9%	\$0	0.0%	7.4%	2	2.7%	4.9%	\$391	1.9%	3.2%	4	4.1%	5.7%	\$901	3.1%	3.8%
	Moderate	17	9.0%	\$3,643	6.7%	14.1%	1	5.9%	13.4%	\$96	2.5%	10.5%	7	9.5%	11.2%	\$1,473	7.0%	6.9%	9	9.2%	11.3%	\$2,074	7.0%	7.0%
	Middle	29	15.3%	\$6,008	11.0%	30.9%	2	11.8%	29.0%	\$241	6.2%	25.7%	13	17.6%	26.1%	\$2,763	13.1%	17.6%	14	14.3%	25.1%	\$3,004	10.2%	16.5%
	Upper	137	72.5%	\$43,572	79.9%	48.7%	14	82.4%	51.8%	\$3,537	91.3%	56.4%	52	70.3%	57.8%	\$16,489	78.1%	72.3%	71	72.4%	57.9%	\$23,546	79.7%	72.7%
	Unknown	0	0.0%	\$0	0.0%	0.0%	0	0.0%	0.0%	\$0	0.0%	0.0%	0	0.0%	0.0%	\$0	0.0%	0.0%	0	0.0%	0.0%	\$0	0.0%	0.0%
	Total	189	100.0%	\$54,515	100.0%	100.0%	17	100.0%	100.0%	\$3,874	100.0%	100.0%	74	100.0%	100.0%	\$21,116	100.0%	100.0%	98	100.0%	100.0%	\$29,525	100.0%	100.0%
HOME IMPROVEMENT	Low	0	0.0%	\$0	0.0%	6.2%	0	0.0%	10.5%	\$0	0.0%	6.5%	0	0.0%	7.8%	\$0	0.0%	6.3%	0	0.0%	7.2%	\$0	0.0%	5.5%
	Moderate	0	0.0%	\$0	0.0%	14.1%	0	0.0%	17.0%	\$0	0.0%	8.0%	0	0.0%	14.5%	\$0	0.0%	8.5%	0	0.0%	13.7%	\$0	0.0%	8.8%
	Middle	0	0.0%	\$0	0.0%	30.9%	0	0.0%	32.9%	\$0	0.0%	25.8%	0	0.0%	29.3%	\$0	0.0%	17.9%	0	0.0%	30.8%	\$0	0.0%	20.5%
	Upper	6	100.0%	\$4,008	100.0%	48.7%	1	100.0%	39.6%	\$934	100.0%	59.8%	1	100.0%	48.3%	\$540	100.0%	67.3%	4	100.0%	48.3%	\$2,534	100.0%	65.1%
	Unknown	0	0.0%	\$0	0.0%	0.0%	0	0.0%	0.0%	\$0	0.0%	0.0%	0	0.0%	0.1%	\$0	0.0%	0.0%	0	0.0%	0.0%	\$0	0.0%	0.0%
	Total	6	100.0%	\$4,008	100.0%	100.0%	1	100.0%	100.0%	\$934	100.0%	100.0%	1	100.0%	100.0%	\$540	100.0%	100.0%	4	100.0%	100.0%	\$2,534	100.0%	100.0%
MULTI FAMILY	Multi-Family Units					Low	1	50.0%	18.5%	\$3,000	52.6%	12.1%	0	0.0%	15.3%	\$0	0.0%	9.2%	0	0.0%	32.0%	\$0	0.0%	23.1%
	Moderate	0	0.0%	\$0	0.0%	28.7%	0	0.0%	35.8%	\$0	0.0%	32.5%	0	0.0%	42.4%	\$0	0.0%	31.3%	0	0.0%	37.3%	\$0	0.0%	31.2%
	Middle	0	0.0%	\$0	0.0%	27.0%	0	0.0%	25.9%	\$0	0.0%	30.3%	0	0.0%	24.7%	\$0	0.0%	31.2%	0	0.0%	12.0%	\$0	0.0%	12.5%
	Upper	2	66.7%	\$3,450	53.5%	24.5%	1	50.0%	19.8%	\$2,700	47.4%	25.1%	1	100.0%	17.6%	\$750	100.0%	28.3%	0	0.0%	18.7%	\$0	0.0%	33.2%
	Unknown	0	0.0%	\$0	0.0%	0.0%	0	0.0%	0.0%	\$0	0.0%	0.0%	0	0.0%	0.0%	\$0	0.0%	0.0%	0	0.0%	0.0%	\$0	0.0%	0.0%
	Total	3	100.0%	\$6,450	100.0%	100.0%	2	100.0%	100.0%	\$5,700	100.0%	100.0%	1	100.0%	100.0%	\$750	100.0%	100.0%	0	0.0%	100.0%	\$0	0.0%	100.0%
HMDA TOTALS	Low	19	4.6%	\$8,097	5.8%	6.2%	1	1.8%	6.2%	\$3,000	13.5%	5.9%	7	4.5%	5.8%	\$1,917	4.0%	4.7%	11	5.6%	6.4%	\$3,180	4.7%	5.7%
	Moderate	45	10.9%	\$10,796	7.8%	14.1%	7	12.3%	13.6%	\$1,399	6.3%	11.3%	21	13.4%	12.9%	\$5,079	10.5%	10.7%	17	8.6%	13.4%	\$4,318	6.3%	10.6%
	Middle	69	16.8%	\$20,728	15.0%	30.9%	9	15.8%	27.3%	\$1,712	7.7%	21.4%	27	17.2%	26.6%	\$5,514	11.4%	19.5%	33	16.8%	26.6%	\$13,502	19.8%	18.4%
	Upper	278	67.6%	\$98,981	71.4%	48.7%	40	70.2%	52.9%	\$16,042	72.4%	61.4%	102	65.0%	54.6%	\$35,891	74.2%	65.1%	136	69.0%	53.7%	\$47,048	69.1%	65.3%
	Unknown	0	0.0%	\$0	0.0%	0.0%	0	0.0%	0.0%	\$0	0.0%	0.0%	0	0.0%	0.0%	\$0	0.0%	0.0%	0	0.0%	0.0%	\$0	0.0%	0.0%
	Total	411	100.0%	\$138,602	100.0%	100.0%	57	100.0%	100.0%	\$22,153	100.0%	100.0%	157	100.0%	100.0%	\$48,401	100.0%	100.0%	197	100.0%	100.0%	\$68,048	100.0%	100.0%

Originations & Purchases
2016 FFIEC Census Data and 2010 ACS Data

The geographic distribution of the bank's HMDA-reportable loans is reasonable. The bank originated 411 HMDA loans during the review period, with 19 loans (4.6 percent) in low-income tracts and 45 loans (10.9 percent) in moderate-income tracts. By comparison, 6.2 percent of owner-occupied units are located in low-income tracts and 14.1 percent of owner-occupied units are located in moderate-income tracts.

The bank's performance in low-income tracts was reasonable, even though the percentage of loans in these tracts was lower than the percentage of owner-occupied units and less than aggregate lending. As noted earlier, there are limited opportunities for originating mortgage loans in low-income tracts due to the declining supply of affordable housing units in these tracts. Home prices continue to appreciate in these tracts, making homes less affordable. Additionally, according to demographic data, 58.0 percent of homes in low-income tracts are rental units. The bank's lending performance in moderate-income tracts was also reasonable. As shown in the table above, home purchase lending represents the largest volume of HMDA lending and the bank's home purchase lending in 2014 and 2015 in moderate-income tracts was above both demographic and aggregate performance.

Small Business Lending

The following table shows the geographic distribution of small business loans compared to the distribution of small businesses in the assessment area.

Geographic Distribution of Small Business Loans

Assessment Area: Nashville

Tract Income Levels	Bank Lending & Demographic Data Comparison				
	2014, 2015, 2016				
	Bank		Small Businesses		
	Count	Dollar			
	#	%	\$ (000s)	\$ %	%
Low	18	4.7%	\$4,656	4.3%	9.5%
Moderate	89	23.0%	\$30,429	27.8%	16.6%
Middle	89	23.0%	\$19,577	17.9%	22.8%
Upper	189	48.8%	\$54,561	49.9%	50.3%
Unknown	2	0.5%	\$164	0.1%	0.8%
Tr Unknown	0	0.0%	\$0	0.0%	
<i>Total</i>	<i>387</i>	<i>100.0%</i>	<i>\$109,386</i>	<i>100.0%</i>	<i>100.0%</i>

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

The geographic distribution of small business loans reflects reasonable penetration throughout the assessment area given the level of competition for small business lending in this market and other performance context factors. InsBank originated 387 small business loans in the assessment area during the review period. The bank originated 18 (4.7 percent) of its small business loans in low-income tracts during the review period, which was lower than the percentage of small businesses in these tracts at 9.5 percent. The bank's lending in moderate-income tracts was stronger. During the review period, the bank originated 89 (23.0 percent) of its small business loans in moderate-income tracts, which was substantially greater than the percentage of small businesses located in these tracts at 16.6 percent.

Lending to Borrowers of Different Incomes and Businesses of Different Sizes

For this analysis, the distribution of HMDA-reportable lending across borrower income levels and small business lending across business revenue sizes was compared to available demographic information. HMDA-reportable lending was also compared to aggregate lenders in 2014, 2015, and 2016. Performance context issues were also taken into consideration. Considering these factors, the overall distribution of the bank's HMDA and small business loans by borrower income and business revenue reflects reasonable dispersion throughout the bank's assessment area and does not reveal any unexplained gaps in lending patterns.

Residential Real Estate (HMDA) Lending

The following table shows the distribution of the bank's HMDA-reportable loans by the income level of the borrowers.

Borrower Distribution of HMDA Loans

Assessment Area: Nashville

PRODUCT TYPE	Borrower Income Levels	Bank Lending & Demographic Data Comparison 2014, 2015, 2016					Bank & Aggregate Lending Comparison																	
		Bank				Families by Family Income %	2014			2015						2016								
		Count	Dollar				Bank	Agg	Bank	Agg	Bank	Agg	Bank	Agg	Bank	Agg	Bank	Agg						
			#	%	\$(000s)	\$ %													#	%	%	\$(000s)	\$ %	\$ %
HOME PURCHASE	Low	5	2.3%	\$618	0.8%	21.3%	2	5.4%	5.8%	\$283	2.4%	2.4%	1	1.2%	5.2%	\$125	0.5%	2.3%	2	2.1%	4.0%	\$210	0.6%	1.9%
	Moderate	15	7.0%	\$2,410	3.3%	16.3%	3	8.1%	16.1%	\$599	5.1%	9.5%	7	8.6%	14.9%	\$1,177	4.5%	9.0%	5	5.3%	15.2%	\$634	1.8%	9.3%
	Middle	40	18.8%	\$9,687	13.2%	18.9%	3	8.1%	16.1%	\$545	4.7%	12.9%	17	21.0%	16.9%	\$3,831	14.7%	13.8%	20	21.1%	16.7%	\$5,311	14.8%	13.1%
	Upper	138	64.8%	\$48,793	66.3%	43.5%	28	75.7%	42.7%	\$9,554	82.0%	57.0%	50	61.7%	43.1%	\$17,057	65.6%	56.8%	60	63.2%	48.4%	\$22,182	61.6%	60.2%
	Unknown	15	7.0%	\$12,121	16.5%	0.0%	1	2.7%	19.4%	\$664	5.7%	18.2%	6	7.4%	19.9%	\$3,805	14.6%	18.1%	8	8.4%	15.7%	\$7,652	21.3%	15.5%
	Total	213	100.0%	\$73,629	100.0%	100.0%	37	100.0%	100.0%	\$11,645	100.0%	100.0%	81	100.0%	100.0%	\$25,995	100.0%	100.0%	95	100.0%	100.0%	\$35,989	100.0%	100.0%
REFINANCE	Low	2	1.1%	\$214	0.4%	21.3%	0	0.0%	5.9%	\$0	0.0%	2.1%	1	1.4%	4.7%	\$95	0.4%	2.0%	1	1.0%	4.3%	\$119	0.4%	2.0%
	Moderate	15	7.9%	\$2,711	5.0%	16.3%	2	11.8%	14.1%	\$272	7.0%	6.6%	5	6.8%	11.7%	\$904	4.3%	6.5%	8	8.2%	11.8%	\$1,535	5.2%	6.4%
	Middle	27	14.3%	\$5,964	10.9%	18.9%	0	0.0%	16.0%	\$0	0.0%	9.5%	13	17.6%	16.7%	\$2,610	12.4%	12.2%	14	14.3%	16.6%	\$3,354	11.4%	11.8%
	Upper	134	70.9%	\$42,226	77.5%	43.5%	8	47.1%	40.1%	\$1,852	47.8%	44.0%	55	74.3%	41.7%	\$17,507	82.9%	55.7%	71	72.4%	47.2%	\$22,867	77.4%	58.1%
	Unknown	11	5.8%	\$3,400	6.2%	0.0%	7	41.2%	23.9%	\$1,750	45.2%	37.7%	0	0.0%	25.2%	\$0	0.0%	23.6%	4	4.1%	20.1%	\$1,650	5.6%	21.7%
	Total	189	100.0%	\$54,515	100.0%	100.0%	17	100.0%	100.0%	\$3,874	100.0%	100.0%	74	100.0%	100.0%	\$21,116	100.0%	100.0%	98	100.0%	100.0%	\$29,525	100.0%	100.0%
HOME IMPROVEMENT	Low	0	0.0%	\$0	0.0%	21.3%	0	0.0%	7.9%	\$0	0.0%	2.9%	0	0.0%	8.1%	\$0	0.0%	1.8%	0	0.0%	5.9%	\$0	0.0%	2.6%
	Moderate	0	0.0%	\$0	0.0%	16.3%	0	0.0%	19.8%	\$0	0.0%	10.1%	0	0.0%	16.4%	\$0	0.0%	8.7%	0	0.0%	14.2%	\$0	0.0%	8.2%
	Middle	0	0.0%	\$0	0.0%	18.9%	0	0.0%	17.5%	\$0	0.0%	15.6%	0	0.0%	21.2%	\$0	0.0%	17.4%	0	0.0%	20.1%	\$0	0.0%	14.8%
	Upper	6	100.0%	\$4,008	100.0%	43.5%	1	100.0%	41.5%	\$934	100.0%	62.2%	1	100.0%	47.5%	\$540	100.0%	63.8%	4	100.0%	52.2%	\$2,534	100.0%	67.9%
	Unknown	0	0.0%	\$0	0.0%	0.0%	0	0.0%	13.4%	\$0	0.0%	9.1%	0	0.0%	6.7%	\$0	0.0%	8.3%	0	0.0%	7.7%	\$0	0.0%	6.5%
	Total	6	100.0%	\$4,008	100.0%	100.0%	1	100.0%	100.0%	\$934	100.0%	100.0%	1	100.0%	100.0%	\$540	100.0%	100.0%	4	100.0%	100.0%	\$2,534	100.0%	100.0%
MULTIFAMILY	Low	0	0.0%	\$0	0.0%	21.3%	0	0.0%	0.0%	\$0	0.0%	0.0%	0	0.0%	0.0%	\$0	0.0%	0.0%	0	0.0%	0.0%	\$0	0.0%	0.0%
	Moderate	0	0.0%	\$0	0.0%	16.3%	0	0.0%	0.0%	\$0	0.0%	0.0%	0	0.0%	0.0%	\$0	0.0%	0.0%	0	0.0%	0.0%	\$0	0.0%	0.0%
	Middle	0	0.0%	\$0	0.0%	18.9%	0	0.0%	0.0%	\$0	0.0%	0.0%	0	0.0%	0.0%	\$0	0.0%	0.0%	0	0.0%	0.0%	\$0	0.0%	0.0%
	Upper	0	0.0%	\$0	0.0%	43.5%	0	0.0%	0.0%	\$0	0.0%	0.0%	0	0.0%	0.0%	\$0	0.0%	0.0%	0	0.0%	0.0%	\$0	0.0%	0.0%
	Unknown	3	100.0%	\$6,450	100.0%	0.0%	2	100.0%	100.0%	\$5,700	100.0%	100.0%	1	100.0%	100.0%	\$750	100.0%	100.0%	0	0.0%	100.0%	\$0	0.0%	100.0%
	Total	3	100.0%	\$6,450	100.0%	100.0%	2	100.0%	100.0%	\$5,700	100.0%	100.0%	1	100.0%	100.0%	\$750	100.0%	100.0%	0	0.0%	100.0%	\$0	0.0%	100.0%
HMDA TOTALS	Low	7	1.7%	\$832	0.6%	21.3%	2	3.5%	5.9%	\$283	1.3%	2.2%	2	1.3%	5.1%	\$220	0.5%	2.0%	3	1.5%	4.2%	\$329	0.5%	1.9%
	Moderate	30	7.3%	\$5,121	3.7%	16.3%	5	8.8%	15.6%	\$871	3.9%	7.9%	12	7.6%	13.8%	\$2,081	4.3%	7.4%	13	6.6%	13.8%	\$2,169	3.2%	7.8%
	Middle	67	16.3%	\$15,651	11.3%	18.9%	3	5.3%	16.1%	\$545	2.5%	10.8%	30	19.1%	16.9%	\$6,441	13.3%	12.2%	34	17.3%	16.7%	\$8,665	12.7%	12.1%
	Upper	278	67.6%	\$95,027	68.6%	43.5%	37	64.9%	41.7%	\$12,340	55.7%	48.5%	106	67.5%	42.7%	\$35,104	72.5%	51.9%	135	68.5%	48.0%	\$47,583	69.9%	57.0%
	Unknown	29	7.1%	\$21,971	15.9%	0.0%	10	17.5%	20.8%	\$8,114	36.6%	30.7%	7	4.5%	21.6%	\$4,555	9.4%	26.5%	12	6.1%	17.3%	\$9,302	13.7%	21.3%
	Total	411	100.0%	\$138,602	100.0%	100.0%	57	100.0%	100.0%	\$22,153	100.0%	100.0%	157	100.0%	100.0%	\$48,401	100.0%	100.0%	197	100.0%	100.0%	\$68,048	100.0%	100.0%

Originations & Purchases
2016 FFIEC Census Data and 2010 ACS Data

The distribution of HMDA lending by borrower income reflects poor dispersion throughout the assessment area when compared to the demographic characteristics of the assessment area and to the performance of the aggregate lenders. During the review period, the bank originated seven (1.7 percent) HMDA loans to low-income borrowers, which is below the percentage of families considered low-income at 21.3 percent. The bank's HMDA-reportable lending to moderate-income borrowers was also poor; 30 (7.3 percent) of the bank's loans were to moderate-income borrowers compared to 16.3 percent of families considered moderate-income. Further, the bank's lending to low- and moderate-income borrowers was less than aggregate lending. There are several factors that may contribute to the bank's weaker performance with HMDA lending. First, the bank is not a significant HMDA lender in a very competitive banking market. Additionally, rising housing prices and the declining supply of affordable housing in the assessment area, is making it very difficult for low- and moderate-income homeowners to purchase homes. As previously noted, in 2015, 39.5 percent of housing units in Davidson County and only 9.1 percent of homes in Williamson County were considered affordable to a family of four earning less than 80.0 percent of the area median income.²⁰

²⁰ "Nashville MSA, TN (US Census Bureau)" GIS Mapping and Geographic Information System Data. The Reinvestment Fund, n.d. Web. 22 August 2017
<http://www.policymap.com>.

Small Business Lending

The following table shows, by loan size, the number and dollar volume of small business loans originated by InsBank in 2014, 2015, and 2016.

Small Business Loans by Business Revenue & Loan Size

Assessment Area: Nashville

Business Revenue & Loan Size		Bank Lending & Demographic Data Comparison				
		2014, 2015, 2016				
		Bank				Total Businesses
Count		\$ (000s)		%		
		#	%	\$	%	%
BUSINESS REVENUE	\$1million or Less	224	57.9%	\$56,549	51.7%	88.3%
	Over \$1 Million	160	41.3%	\$52,644	48.1%	10.9%
	<i>Total Rev. available</i>	384	99.2%	\$109,193	99.8%	99.2%
	Rev. Not Known	3	0.8%	\$193	0.2%	0.8%
	<i>Total</i>	<i>387</i>	<i>100.0%</i>	<i>\$109,386</i>	<i>100.0%</i>	<i>100.0%</i>
LOAN SIZE	\$100,000 or Less	147	38.0%	\$7,713	7.1%	
	\$100,001 - \$250,000	88	22.7%	\$15,478	14.2%	
	\$250,001 - \$1 Million	152	39.3%	\$86,195	78.8%	
	<i>Total</i>	<i>387</i>	<i>100.0%</i>	<i>\$109,386</i>	<i>100.0%</i>	
LOAN SIZE Rev \$1 Mill or Less	\$100,000 or Less	101	45.1%	\$5,252	9.3%	
	\$100,001 - \$250,000	43	19.2%	\$7,354	13.0%	
	\$250,001 - \$1 Million	80	35.7%	\$43,943	77.7%	
	<i>Total</i>	<i>224</i>	<i>100.0%</i>	<i>\$56,549</i>	<i>100.0%</i>	

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

InsBank’s small business lending by business revenue size reflects reasonable penetration among businesses of different sizes, given competition in the assessment area. During the review period, the bank originated 224 (57.9 percent) small business loans to businesses with reported revenues of \$1 million or less, while small businesses represent 88.3 percent of total businesses in the assessment area. Additionally, 60.7 percent of the bank’s small business loans were \$250,000 or less, which indicates the bank’s willingness to make smaller loans that are typically requested by small businesses.

COMMUNITY DEVELOPMENT TEST

InsBank’s community development performance is satisfactory. Considering the bank’s asset size, capacity, and service area, the bank demonstrates reasonable responsiveness to the community development needs of its assessment area through a combination of community development loans, investments, and community development services.

During the review period, InsBank made 10 qualifying community development loans totaling \$50.6 million in the assessment area. Two of the largest community development loans were for affordable housing projects in Nashville, where there is a significant need for affordable housing. The bank had \$5.4 million in qualified community development investments and \$70,750 in contributions that benefitted the assessment area. The bank’s investments included funding for SBICs, mortgage-backed securities and two CDFIs. The majority of

the contributions supported CDFIs to foster economic development. The bank also contributed 90 hours of qualified community development service hours through four service activities. Bank staff mainly served on the boards or advisory committees for organizations that provide affordable housing and community services targeted to low- and moderate-income individuals.

RESPONSE TO SUBSTANTIATED COMPLAINTS

The bank has not received any CRA-related complaints since the previous examination.

FAIR LENDING OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

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

APPENDIX A

SCOPE OF EXAMINATION			
TIME PERIOD REVIEWED January 1, 2014 to December 31, 2016			
FINANCIAL INSTITUTION InsBank, Nashville, Tennessee		PRODUCTS REVIEWED HMDA Loans Small Business Loans	
AFFILIATE(S) Finworth Mortgage	AFFILIATE RELATIONSHIP Mortgage Subsidiary	PRODUCTS REVIEWED HMDA Loans	
LIST OF ASSESSMENT AREAS AND TYPE OF EXAMINATION			
ASSESSMENT AREA	TYPE OF EXAMINATION	BRANCHES VISITED	OTHER INFORMATION
<i>Davidson and Williamson counties</i>	<i>Full-scope Review</i>	<i>5614 Franklin Pike Circle, Brentwood, Tennessee 37027</i>	<i>NA</i>

APPENDIX B – DEFINITIONS AND GENERAL INFORMATION

Definitions

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

Rounding Convention

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

General Information

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

This document is an evaluation of the CRA performance of InsBank prepared by the Federal Reserve Bank of Atlanta, the institution's supervisory agency, as of November 6, 2017. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 CFR Part 228.

APPENDIX C – GLOSSARY

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

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

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

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

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

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

- I. Support, enable or facilitate projects or activities that meet the “eligible uses” criteria described in Section 2301(c) of the Housing and Economic Recovery Act of 2008 (HERA), Public Law 110-289, 122 Stat. 2654, as amended, and are conducted in designated target areas identified in plans approved by the United States Department of Housing and Urban Development in accordance with the Neighborhood Stabilization Program (NSP);
- II. Are provided no later than two years after the last date funds appropriated for the NSP are required to be spent by grantees; and

APPENDIX C – GLOSSARY (Continued)

- III. Benefit low-, moderate-, and middle-income individuals and geographies in the bank's assessment area(s) or areas outside the bank's assessment area(s) provided the bank has adequately addressed the community development needs of its assessment area(s).

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

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

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

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

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

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

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

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

APPENDIX C – GLOSSARY (Continued)

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

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

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

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

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

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

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

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

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

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

APPENDIX C – GLOSSARY (Continued)

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

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

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