

**PUBLIC DISCLOSURE**

**October 28, 2019**

**COMMUNITY REINVESTMENT ACT  
PERFORMANCE EVALUATION**

**Truxton Trust Company**  
**4525 Harding Road, Suite 300**  
**Nashville, Tennessee 37205**

**RSSD ID NUMBER: 3290240**

**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.

TABLE OF CONTENTS

	PAGE
INSTITUTION’S CRA RATING	
Institution’s Community Reinvestment Act (CRA) Rating.....	1
Summary of Major Factors Supporting Rating.....	1
INSTITUTION	
Scope of Examination .....	2
Description of Institution .....	3
Description of Institution’s Operations in the Nashville Assessment Area.....	4
Conclusions with Respect to Performance Tests .....	12
RESPONSIVENESS TO SUBSTANTIATED COMPLAINTS .....	21
FAIR LENDING OR OTHER ILLEGAL CREDIT PRACTICES REVIEW .....	21
APPENDICES	
Appendix A – Scope of Examination .....	22
Appendix B – Definitions and General Information.....	23
Appendix C – Glossary .....	24

### 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:** Outstanding.

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

PERFORMANCE LEVELS	Truxton Trust Company	
	PERFORMANCE TESTS	
	Lending Test	Community Development Test
Outstanding		X
Satisfactory	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 (LTD) ratio is reasonable.
- A substantial majority of loans were made in the assessment area.
- The geographic distribution of loans reflects reasonable dispersion given the bank's presence throughout the assessment area.
- The distribution of lending reflects reasonable penetration among individuals of different income levels and businesses of different sizes.
- The bank demonstrates excellent responsiveness to community development needs in its assessment area through community development loans, qualified investments, and community development services.

## **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. Truxton Trust Company's CRA performance evaluation was based on CRA activities within its assessment area using the Interagency Intermediate Small Institution Examination Procedures. Under these procedures, 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 areas and the capacity of the bank.

Truxton's CRA rating was determined by conducting a full-scope review of its one assessment area consisting of Davidson and Williamson counties, which are part of the Nashville-Davidson-Franklin-Murfreesboro, Tennessee MSA. The assessment area will be referred to as the Nashville assessment area throughout this report. The bank's assessment area has not changed since the previous examination in June 2016.

Given its asset size, loan volume and presence in an MSA, the bank had to submit annual reports about its residential real estate loan originations and applications, pursuant to the Home Mortgage Disclosure Act (HMDA)<sup>1</sup> in 2016. These loans are referred to as "HMDA-reportable" loans in this evaluation. The bank was not subject to HMDA-reporting requirements in 2017 and 2018 as it did not meet the loan volume threshold that triggers reporting requirements (pursuant to the 2015 HMDA Final Rule). However the bank submitted residential loan data (including originations, purchases and refinancings) for consideration in the analysis of 2017 and 2018 performance. Therefore, for the purpose of this evaluation, the 2016 HMDA-reportable loans and the 2017 and 2018 residential real estate loans will be considered together as residential real estate lending.

The lending test evaluation included an analysis of small business and residential real estate loans originated from January 1, 2016 through December 31, 2018. The bank's origination of small business loans was greater than residential real estate loan originations during the review period, in both number and dollar amount. As a result, small business lending was given greater weight when determining the lending test rating.

For the community development test, the examination covered community development loans, qualified investments, and community development services from January 1, 2016 through June 30, 2019. A loan, investment, or service has community development as a primary purpose when it is designed for the express purpose of revitalizing or stabilizing low- or moderate-income areas, designated disaster areas, or underserved or distressed nonmetropolitan middle-income areas; providing affordable housing for, or community services targeted to, low- or moderate-income persons; or promoting economic development by financing small businesses and farms that meet the requirements set forth in 12 CFR 228.12(g). 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, one community contact from an affordable housing organization was consulted; the representative is familiar with the economic and demographic characteristics as well as community development opportunities in the assessment area. Information obtained from this 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

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<sup>1</sup> 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.

information obtained from the community contact is included in the community development portion of the “Description of Institution’s Operations” section of the evaluation; the contact did not identify any unmet credit needs.

## DESCRIPTION OF INSTITUTION

Truxton is a wholly-owned subsidiary of Truxton Corporation, a single bank holding company. The bank operates as a full service bank and wealth management company with one office in Belle Meade, Tennessee. The bank has not opened or closed any branches since the previous examination. The bank offers personal and business loans, depository accounts, wealth management, and trust services. The primary trade area consists of Davidson and Williamson counties, which are part of the Nashville-Davidson-Franklin-Murfreesboro, Tennessee MSA.

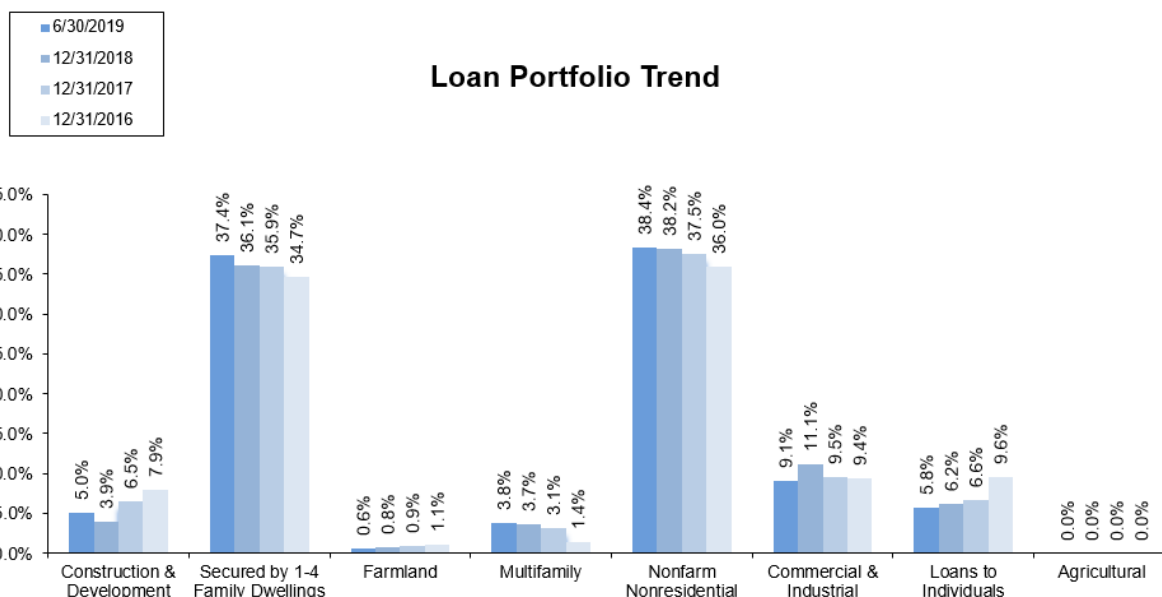
Truxton complies with the requirements of the CRA. No known legal impediments exist that would restrict the bank from meeting the credit needs of its assessment area. The bank received a “Satisfactory” rating at its previous evaluation dated June 20, 2016, conducted by the Federal Reserve Bank of Atlanta using the Intermediate Small Institution Examination Procedures.

### Loan Portfolio

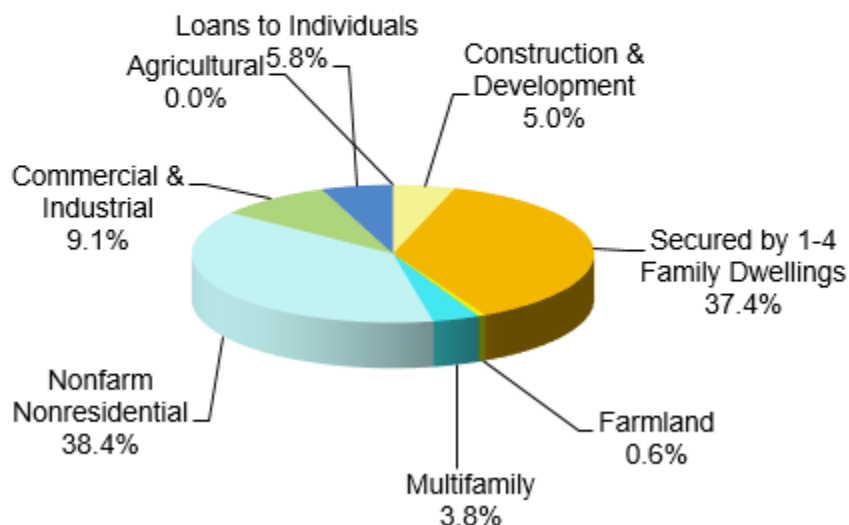
According to the June 30, 2019, Report of Condition (ROC), the bank’s assets totaled \$481.5 million, an increase of approximately \$64.3 million (15.4 percent) since June 30, 2016. The following table and graphs show the composition of the loan portfolio according to the Consolidated Reports of Condition and Income.

COMPOSITION OF LOAN PORTFOLIO								
Loan Type	6/30/2019		12/31/2018		12/31/2017		12/31/2016	
	\$ (000s)	%	\$ (000s)	%	\$ (000s)	%	\$ (000s)	%
Construction and Development	16,794	5.0%	12,906	3.9%	18,903	6.5%	22,730	7.9%
Secured by One- to Four- Family Dwellings	125,811	37.4%	120,001	36.1%	104,637	35.9%	99,281	34.7%
Other Real Estate: Farmland	1,920	0.6%	2,564	0.8%	2,622	0.9%	3,087	1.1%
Multifamily	12,817	3.8%	12,271	3.7%	9,158	3.1%	3,923	1.4%
Nonfarm nonresidential	129,047	38.4%	126,847	38.2%	109,309	37.5%	103,110	36.0%
Commercial and Industrial	30,586	9.1%	36,975	11.1%	27,624	9.5%	26,863	9.4%
Loans to Individuals	19,369	5.8%	20,492	6.2%	19,296	6.6%	27,367	9.6%
Agricultural Loans	0	0.0%	0	0.0%	0	0.0%	0	0.0%
<b>Total</b>	<b>\$336,344</b>	<b>100.00%</b>	<b>\$332,056</b>	<b>100.00%</b>	<b>\$291,549</b>	<b>100.00%</b>	<b>\$286,361</b>	<b>100.00%</b>

\* 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.



**Loan Portfolio  
as of  
6/30/2019**



As shown in the charts above, loans secured by nonfarm, nonresidential property and one-to-four family dwellings represent the largest percentage of the bank's loan portfolio (38.4 percent and 37.4 percent, respectively). Total loans increased by 17.5 percent over the period shown; growth in loans secured by one-to-four family dwellings (26.7 percent) and nonfarm nonresidential (25.2 percent) was similar; the largest declines over the review period were in loans to individuals and construction and development lending. Given the bank's business strategy, the composition of the loan portfolio varies primarily due to demand for different loan types and not because of significant changes in the bank's credit product offerings.

#### Credit Products

Truxton provides highly individualized personal and business banking and wealth management services to high income and high net worth individuals, their families and their businesses. While wealth management services represent a significant part of the bank's business strategy, they also offer various consumer credit products including residential mortgage loans, construction loans, personal lines of credit, home equity lines of credit, automobile loans, and personal loans. The bank offers various business financing options as well as remote-deposit services and online banking for all customers.

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

#### Overview

The Nashville assessment area consists of Davidson and Williamson counties, which are part of the 14-county Nashville-Davidson-Murfreesboro-Franklin MSA. As of June 30, 2019, Truxton operates one branch office, with one full-service ATM, in the assessment area. The branch is located in an upper-income tract.

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, 2019 FDIC Summary of Deposits Report, there were 46 financial institutions operating 306 branch locations across the assessment area with \$47.1 billion in total deposits. Truxton ranked 17<sup>th</sup> in deposit market share with \$401.3 million (0.9 percent of total deposits in the assessment area). Bank of America holds the largest deposit market share at about 19.0 percent, followed by Pinnacle Bank at about 17.1 percent. Truxton's primary competitors are smaller community banks. There are 10 other community banks based in middle Tennessee with a similar assessment area to Truxton that have between 0.2 percent and 2.5 percent of the deposit market share.

#### Population and Income Characteristics

The Nashville MSA has grown rapidly in the past several years. Population in the assessment area was estimated at 890,483 between 2013 through 2017, representing an increase of 10.0 percent since 2010. Statewide population increased by 4.0 percent over the same time period. Nashville is located in Davidson County and is the principal city in the assessment area with an estimated population of 654,187 as of 2017.<sup>2</sup>

According to 2018 FFIEC census data, the assessment area contains 198 census tracts: 28 low-income census tracts (14.1 percent); 44 moderate-income tracts (22.2 percent); 55 middle-income tracts (27.8 percent); 68 upper-income tracts (34.3 percent); and 3 unknown-income tracts (1.5 percent). Between 2016 and 2018, there was an increase in the number of low- and moderate-income tracts while middle- and upper-income tracts declined.<sup>3</sup>

For purposes of classifying borrower income, this evaluation uses the FFIEC estimated median family income for the Nashville-Davidson-Murfreesboro-Franklin MSA. As shown, the median family income increased from \$66,600 in 2016 to \$73,200 in 2018.

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

FFIEC Estimated Median Family Income		Low 0 - 49.99%		Moderate 50% - 79.99%		Middle 80% - 119.99%		Upper 120% - & above	
<b>2016</b>	<b>\$66,600</b>	0	- \$33,299	\$33,300	- \$53,279	\$53,280	- \$79,919	\$79,920	- & above
<b>2017</b>	<b>\$67,500</b>	0	- \$33,749	\$33,750	- \$53,999	\$54,000	- \$80,999	\$81,000	- & above
<b>2018</b>	<b>\$73,200</b>	0	- \$36,599	\$36,600	- \$58,559	\$58,560	- \$87,839	\$87,840	- & above

According to census estimates, between 2013 and 2017, median family income ranged from \$65,872 in Davidson County to \$115,835 in Williamson County.<sup>4</sup>

The rapid growth in the assessment area is contributing to greater income disparities, and poverty is a significant concern. In Davidson County, the percentage of families in poverty was estimated at 12.6 percent between 2013 and 2017, while only 3.1 percent of families live in poverty in Williamson County.<sup>5</sup> Throughout the assessment area, 36.8 percent of families were considered low- to moderate-income based on 2018 FFIEC census data.

<sup>2</sup> "Nashville assessment area." *GIS Mapping and Geographic Information System Data*. n.d. Web. 29 October 2019.  
<http://www.policymap.com/>.

<sup>3</sup> The 2016 FFIEC demographic table is based on 2006-2010 American Community Survey (ACS) 5-year estimates, while 2018 data uses 2011-2015 ACS 5-year estimates.

<sup>4</sup> "Nashville assessment area." *GIS Mapping and Geographic Information System Data*. n.d. Web. 27 Oct 2019.  
<http://www.policymap.com/>.

<sup>5</sup> Ibid.

Additionally, 36.3 percent of families in low-income tracts and 19.4 percent of families in moderate-income tracts have incomes below the poverty level. The high poverty rates and the concentration of families living below the poverty level in low- and moderate-income tracts may create challenges to lending in these tracts.

### Economic Conditions

Nashville has ranked as one of the top 10 large metro areas for population and job growth for the past few years and is also a leading national hub for the health care industry and a thriving tourism center. Between January 2016 and December 2018, total nonfarm payrolls grew an average of 3.2 percent annually, double the 1.6 percent annual rate for the nation during the same period. Job growth occurred in every sector for this same period, with the largest growth occurring in construction, financial activities, professional and business services, and leisure and hospitality.<sup>6</sup> The largest employment concentrations are in professional and business services, government, education and health services, wholesale and retail trade, and leisure and hospitality. Apart from state government, the leading private sector employers are Vanderbilt University Medical Center; Hospital Corporation of America Holdings, Inc.; Nissan North America Inc.; Saint Thomas Health Services; and Vanderbilt University.<sup>7</sup>

Small businesses play an important role in the Nashville metro economy. According to 2018 Dun & Bradstreet data, of the total businesses in the assessment area, 89.4 percent had total annual revenues less than or equal to \$1 million and were therefore considered small businesses. There were 43,270 small businesses within the Nashville assessment area, which is a 16.3 percent increase over 2016 data. Additionally, 16.8 percent of small businesses in the assessment area were located in moderate-income tracts, while 8.6 percent were in low-income tracts.

Small business lending has shown gradual growth over the past few years in this market. According to an analysis of CRA loan data, the number of small business loans in the assessment area increased by 3.5 percent between 2016 and 2017 (the most recent available data). The majority of business lending in both counties occurred in loan amounts of \$100,000 or below and lending distributed relatively equally to firms with revenues above and below \$1 million. These factors suggest that there may be fewer obstacles for smaller loan amounts and for loans to smaller firms.<sup>8</sup>

The robust economic climate in middle Tennessee is evident in the falling unemployment rate. Between 2016 and 2018, the unemployment rate in the Nashville MSA decreased from 3.7 percent to 2.7 percent. Employment conditions in the MSA compare favorably to the state with unemployment at 3.5 percent in 2018 and nationwide, with an unemployment rate of 3.9 percent.<sup>9</sup>

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<sup>6</sup> "Bureau of Labor Statistics Data." U.S. Bureau of Labor Statistics, n.d. Web. 27 Oct 2019.

[https://www.bls.gov/eag/eag.tn\\_nashville\\_msa.htm](https://www.bls.gov/eag/eag.tn_nashville_msa.htm)

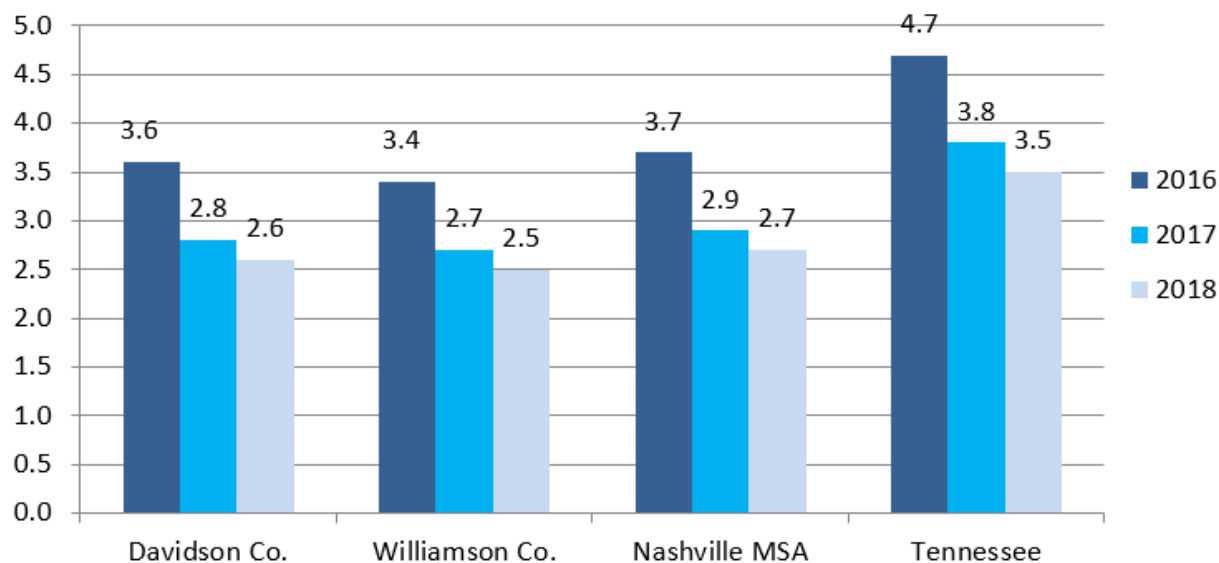
<sup>7</sup> "Comprehensive Housing Market Analysis Nashville-Davidson--Murfreesboro-Franklin, Tennessee, as of August 2017." U.S. Department of Housing and Urban Development, Office of Policy Development and Research. n.d. Web. 27 October 2019. <<https://www.huduser.gov/portal/publications/pdf/NashvilleTN-comp-17.pdf>>.

<sup>8</sup> "Nashville assessment area." *FFIEC: CRA Data*. Community Reinvestment, n.d. Web. 27 October 2019. <<http://www.policymap.com/>>.

<sup>9</sup> "Employment Status of the Civilian Noninstitutional Population 16 Years of Age and over by Region, Division, and State, 2017-18 Annual Averages." U.S. Bureau of Labor Statistics, 28 Feb. 2019. Web. 27 October 2019. <<https://www.bls.gov/news.release/srgune.t01.htm>>.



### Unemployment Rates - Nashville



Not Seasonally Adjusted. Source: Bureau of Labor Statistics

According to 2018 census data, there were 362,948 housing units located in the assessment area, 54.9 percent of which were owner-occupied, 37.0 percent were rental units, and 8.1 percent were vacant. In low-income census tracts, 27.2 percent of housing units were owner-occupied and 59.9 percent were rental; in moderate-income tracts, 38.0 percent of units were owner-occupied and 52.5 percent were rental. The median age of the housing stock across the assessment area was 39 years, while the median was 53 years in low-income census tracts and 46 years in moderate-income tracts.<sup>10</sup>

Population and employment growth is driving a very hot real estate market in Nashville, and home price appreciation in Nashville ranked third in the United States in 2017.<sup>11</sup> According to the Greater Nashville Association of Realtors, the median home price in Davidson County in the 4<sup>th</sup> quarter of 2018 was \$306,000 compared to \$263,125 in the 4<sup>th</sup> quarter of 2016. In Williamson County, the median home price for the 4<sup>th</sup> quarter in 2016 was \$439,000 and increased to \$499,900 in the 4<sup>th</sup> quarter of 2018. Single-family home sales in Davidson County totaled 10,675 in 4<sup>th</sup> quarter 2018, representing a slight increase from 4<sup>th</sup> quarter 2016. In Williamson County, homes sales totaled 5,380 in 4<sup>th</sup> quarter 2018, which represented a slight decrease from the same time period in 2016.<sup>12</sup> According to census estimates, between 2013 and 2017, the homeownership rate ranged from 54.4 percent in Davidson County to 80.6 percent in Williamson County, compared to 58.6 percent for the state.<sup>13</sup>

Homeownership for low- and moderate-income families in the Nashville area is becoming less affordable. Using the assumption that a borrower can obtain a loan for approximately three times the borrower's annual income, and using 2018 FFIEC median family income figures, affordable homes would be priced at \$109,797 or below

<sup>10</sup> FRB Atlanta Calculations of 2017 Census Data

<sup>11</sup> Reicher, Mike. *Nashville Ranked Third in US for Home Price Appreciation in 2017*. The Tennessean, 12 Feb. 2018, <https://www.tennessean.com/story/money/2018/02/12/nashville-ranked-third-us-home-price-appreciation-2017/320527002/>.

<sup>12</sup> 2018 Home Sales by County: Fourth Quarter." *Greater Nashville Realtors*, 29 October 2019, <https://www.greaternashvillerealtors.org/sales-reports/quarterly/2018-fourth-quarter#overlay-context=sales-reports/annual/2018>.

<sup>13</sup> "Nashville assessment area." *GIS Mapping and Geographic Information System Data*. n.d. Web. 29 October 2019. <<http://www.policymap.com/>>.

for low-income individuals and \$175,677 or below for moderate-income individuals. As stated previously, the median home price in the assessment area at year-end 2018 was significantly higher at \$306,000 and nearly \$500,000 for the two counties.

Demographic Characteristics by Census Tract

The following tables present key demographic and business information used to help develop performance context for the assessment area. The data reflects the 2016 and 2018 FFIEC Census data and Dun & Bradstreet data used to analyze the bank's CRA performance. Certain components of the data in the table are discussed in this evaluation as they apply to specific parts of the analysis.

## Combined Demographics Report

### Assessment Area: TN Nashville

Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families 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
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
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
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
Unknown-income	510	1.2	316	0.8	185	4	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
Moderate-income	16	5.1	15	4.9	1	16.7	0	0
Middle-income	77	24.7	74	24.2	3	50	0	0
Upper-income	205	65.7	204	66.7	1	16.7	0	0
Unknown-income	1	0.3	1	0.3	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

## Combined Demographics Report

### Assessment Area: TN Nashville

Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low-income	28	14.1	18,943	9.4	6,873	36.3	43,328	21.4
Moderate-income	44	22.2	39,349	19.5	7,616	19.4	31,062	15.4
Middle-income	55	27.8	58,420	28.9	5,459	9.3	36,427	18
Upper-income	68	34.3	85,316	42.2	2,590	3	91,211	45.1
Unknown-income	3	1.5	0	0	0	0	0	0
Total Assessment Area	198	100.0	202,028	100.0	22,538	11.2	202,028	100.0
	Housing Units by Tract	Housing Types by Tract						
		Owner-Occupied			Rental		Vacant	
		#	%	%	#	%	#	%
Low-income	40,221	10,956	5.5	27.2	24,077	59.9	5,188	12.9
Moderate-income	79,000	30,022	15.1	38	41,489	52.5	7,489	9.5
Middle-income	108,363	62,162	31.2	57.4	38,143	35.2	8,058	7.4
Upper-income	135,364	96,201	48.3	71.1	30,639	22.6	8,524	6.3
Unknown-income	0	0	0	0	0	0	0	0
Total Assessment Area	362,948	199,341	100.0	54.9	134,348	37.0	29,259	8.1
	Total Businesses by Tract		Businesses by Tract & Revenue Size					
			Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported	
	#	%	#	%	#	%	#	%
Low-income	4,395	9.1	3,726	8.6	637	13.5	32	7.6
Moderate-income	8,241	17	7,261	16.8	938	19.9	42	10
Middle-income	10,322	21.3	9,570	22.1	684	14.5	68	16.2
Upper-income	24,841	51.3	22,294	51.5	2,274	48.2	273	64.8
Unknown-income	605	1.2	419	1	180	3.8	6	1.4
Total Assessment Area	48,404	100.0	43,270	100.0	4,713	100.0	421	100.0
	Percentage of Total Businesses:			89.4		9.7		.9
	Total Farms by Tract		Farms by Tract & Revenue Size					
			Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported	
	#	%	#	%	#	%	#	%
Low-income	12	2.9	12	3	0	0	0	0
Moderate-income	27	6.6	25	6.2	2	40	0	0
Middle-income	87	21.3	84	20.9	2	40	1	50
Upper-income	281	68.7	279	69.4	1	20	1	50
Unknown-income	2	0.5	2	0.5	0	0	0	0
Total Assessment Area	409	100.0	402	100.0	5	100.0	2	100.0
	Percentage of Total Farms:			98.3		1.2		.5

2018 FFIEC Census Data and 2018 D&B Information

### Credit and Community Development Needs

The Nashville market has a relatively strong community development environment with numerous community service organizations targeting low- and moderate-income individuals and families. In addition, there are several 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.

As discussed earlier, housing affordability for low and moderate-income households has declined significantly in recent years in Nashville. As a result, increasing the supply of affordable housing, and specifically affordable rental housing, is one of the primary community development needs throughout the assessment area. In Davidson County, a 2015 report indicated that there was a shortage of 17,754 affordable rental housing units to meet the demand for households that earn 60.0 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.<sup>14</sup>

The rental gap is driven in part by the decline in affordable rental units. A report by the Federal 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 neighborhoods and particularly those close to downtown and other job centers.<sup>15</sup> A report by the National Low Income Housing Coalition confirmed housing affordability is also a problem for renters in Nashville. According to the study, in 2018, a minimum wage worker would have to work 106 hours a week in order to afford the fair market rent for a two-bedroom apartment in the Nashville MSA.<sup>16</sup>

According to a community contact engaged in affordable housing initiatives, access to affordable rental housing, particularly for the lowest income households, is one of the greatest concerns in the Nashville market. It is challenging for both nonprofit and for-profit developers to contribute to the inventory of affordable housing in Nashville due to the high cost of land and rising development costs. Another constraint impacting the development of affordable housing is the amount of low-income housing tax credits (LIHTCs) allocated to Davidson County. The LIHTC program is one of the primary sources of funding for affordable multi-family housing but it is a highly competitive program, and only a limited amount of tax credits can be allocated by the State to any one county, despite the high need in Davidson County. Therefore, developers have to seek alternative sources of financing to develop new affordable housing, and debt financing is more expensive than the equity financing provided through the LIHTC program.

The contact also discussed the loss of naturally-occurring affordable housing in Nashville, as discussed in the Federal Reserve Bank study. Developers are purchasing older multi-family projects and renovating them to lease at market rate. Nonprofits are unable to compete with the developers to acquire and preserve the housing. Therefore, the traditional workforce housing is disappearing in Davidson County, and pushing more low- and

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<sup>14</sup> HOUSING NASHVILLE: Nashville and Davidson County's Housing Report. Office of Mayor Megan Berry. n.d. Web. 27 October 2019.

<<http://www.nashville.gov/Portals/0/SiteContent/MayorsOffice/AffordableHousing/Housing%20Nashville%20FINAL.pdf>>.

<sup>15</sup> 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. 27 October 2019. <<https://www.frbatlanta.org/-/media/documents/community-development/publications/discussion-papers/2016/03-housing-declines-in-low-cost-rented-housing-units-in-eight-large-southeastern-cities-2016-05-10.pdf>>

<sup>16</sup> "Out of Reach 2018 Report." National Low Income Housing Coalition, n.d. Web. 27 October 2019, <https://reports.nlihc.org/oor/tennessee>.

moderate-income individuals into perimeter counties where housing is still more affordable. There is an opportunity for banks to partner with nonprofit organizations to develop creative financing solutions to help nonprofits preserve the remaining limited stock of affordable housing.

The contact noted that the State of Tennessee Community Investment Tax Credit (CITC) is a powerful tool for encouraging banks to provide below market financing for affordable housing and community development projects. Many banks do take advantage of the tax credit, which provides a safe and financially advantageous opportunity to meet their CRA objectives.

## **CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS**

### **LENDING TEST**

#### **Overview**

Truxton's overall rating for the lending test is satisfactory. The bank's average loan-to-deposit (LTD) ratio is reasonable. A substantial majority of loans were originated inside the assessment area. The geographic distribution of loans reflects reasonable dispersion throughout the assessment area, and the distribution of loans reflects reasonable penetration among individuals of different income levels and businesses of different sizes. Performance context information, such as competition, demographic, and other economic factors, was also considered in the evaluation of the bank's lending performance.

The bank originated more small business loans than residential real estate loans during the review period, by both dollar amount and number of loans. As a result, small business lending was given more weight when determining the lending test rating.

As noted earlier, the bank only met the loan volume threshold that triggered HMDA data reporting requirements in 2016. For 2017 and 2018, the bank submitted residential real estate loan data (including originations, purchases and refinancings) for consideration. The bank's HMDA-reportable lending in 2016 is compared to both demographic data and the aggregate of all HMDA lenders in the assessment area; in 2017 and 2018, the bank's residential real estate lending is only compared to demographic data.

Additionally, 2016 lending performance is evaluated using the 2016 FFIEC Census information, which is based on the 2006-2010 ACS 5-year estimates. The bank's lending in 2017 and 2018 was evaluated using 2018 FFIEC Census data based on 2011-2015 ACS 5-year estimates. Therefore, in the discussions of the geographic distribution of loans and lending to borrowers of different incomes and businesses of different sizes, separate tables are presented depicting lending in 2016 and lending in 2017 and 2018.

### Loan-to-Deposit Ratio

The bank's average LTD ratio for the 13 quarters ending June 30, 2019, was 81.2 percent, which is considered reasonable given the bank's size, financial condition, business strategy and assessment area credit needs. The bank's LTD ratio was compared to the ratios of four other financial institutions of similar asset size with branch offices in the assessment area. The average LTD ratios for these four banks ranged from 71.9 percent to 105.5 percent; Truxton's LTD ratio is similar to two of the four banks.

### Assessment Area Concentration

The bank originated a substantial majority of total loans to borrowers located within the bank's assessment area. The table below shows 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)	%
Residential Loans	144	93.5	\$32,909	76.3	10	6.5	\$10,234	23.7
<b>Total Consumer related</b>	<b>144</b>	<b>93.5</b>	<b>\$32,909</b>	<b>76.3</b>	<b>10</b>	<b>6.5</b>	<b>\$10,234</b>	<b>23.7</b>
Home Improvement	0	0	\$0	0	1	100	\$28	100
Home Purchase - Conventional	12	92.3	\$4,813	94.1	1	7.7	\$300	5.9
Refinancing	5	100	\$613	100	0	0	\$0	0
<b>Total HMDA related</b>	<b>17</b>	<b>89.5</b>	<b>\$5,426</b>	<b>94.3</b>	<b>2</b>	<b>10.5</b>	<b>\$328</b>	<b>5.7</b>
Small Business	331	90.2	\$253,516	91.5	36	9.8	\$23,455	8.5
<b>Total Small Bus. related</b>	<b>331</b>	<b>90.2</b>	<b>\$253,516</b>	<b>91.5</b>	<b>36</b>	<b>9.8</b>	<b>\$23,455</b>	<b>8.5</b>
<b>TOTAL LOANS</b>	<b>492</b>	<b>91.1</b>	<b>\$291,851</b>	<b>89.6</b>	<b>48</b>	<b>8.9</b>	<b>\$34,017</b>	<b>10.4</b>

Note: Affiliate loans not included

As shown, 91.1 percent (by number) and 89.6 percent (by dollar) of total loans reviewed were extended within the assessment area, which is an indication of the bank's willingness to originate loans that are responsive to assessment area credit needs.

### Geographic Distribution of Loans

Based on the following analysis, the overall geographic distribution of the bank's residential real estate and small business lending reflects reasonable dispersion throughout the bank's assessment area and does not reveal any unexplained gaps in lending patterns.

### Residential Real Estate Lending

The following tables show the geographic distribution of Truxton's residential real estate lending for 2016, 2017, and 2018 in the Nashville assessment area. As noted earlier, the bank was only required to report HMDA data in 2016. Therefore, a comparison to the aggregate of HMDA lenders in the assessment area is only included in the analysis of 2016 performance.

### Geographic Distribution of HMDA Loans

Assessment Area: TN Nashville

PRODUCT TYPE	Tract Income Levels	Bank Lending & Demographic Data Comparison					Bank & Aggregate Lending Comparison					
		2016					2016					
		Bank		Owner Occupied Units		Count	Dollar		Count	Dollar		
		Count	Dollar	Bank	Agg		Bank	Agg				
#	%	\$ (000s)	\$ %	%	#	%	%	\$ (000s)	\$ %	\$ %		
HOME PURCHASE	Low	0	0.0%	\$0	0.0%	6.2%	0	0.0%	6.7%	\$0	0.0%	5.7%
	Moderate	3	25.0%	\$945	19.6%	14.1%	3	25.0%	14.8%	\$945	19.6%	11.4%
	Middle	3	25.0%	\$539	11.2%	30.9%	3	25.0%	27.4%	\$539	11.2%	20.0%
	Upper	6	50.0%	\$3,329	69.2%	48.7%	6	50.0%	51.1%	\$3,329	69.2%	62.9%
	Unknown	0	0.0%	\$0	0.0%	0.0%	0	0.0%	0.0%	\$0	0.0%	0.0%
	Total	12	100.0%	\$4,813	100.0%	100.0%	12	100.0%	100.0%	\$4,813	100.0%	100.0%
REFINANCE	Low	0	0.0%	\$0	0.0%	6.2%	0	0.0%	5.7%	\$0	0.0%	3.8%
	Moderate	1	20.0%	\$91	14.8%	14.1%	1	20.0%	11.3%	\$91	14.8%	7.0%
	Middle	4	80.0%	\$522	85.2%	30.9%	4	80.0%	25.1%	\$522	85.2%	16.5%
	Upper	0	0.0%	\$0	0.0%	48.7%	0	0.0%	57.9%	\$0	0.0%	72.7%
	Unknown	0	0.0%	\$0	0.0%	0.0%	0	0.0%	0.0%	\$0	0.0%	0.0%
	Total	5	100.0%	\$613	100.0%	100.0%	5	100.0%	100.0%	\$613	100.0%	100.0%
HOME IMPROVEMENT	Low	0	0.0%	\$0	0.0%	6.2%	0	0.0%	7.2%	\$0	0.0%	5.5%
	Moderate	0	0.0%	\$0	0.0%	14.1%	0	0.0%	13.7%	\$0	0.0%	8.8%
	Middle	0	0.0%	\$0	0.0%	30.9%	0	0.0%	30.8%	\$0	0.0%	20.5%
	Upper	0	0.0%	\$0	0.0%	48.7%	0	0.0%	48.3%	\$0	0.0%	65.1%
	Unknown	0	0.0%	\$0	0.0%	0.0%	0	0.0%	0.0%	\$0	0.0%	0.0%
	Total	0	0.0%	\$0	0.0%	100.0%	0	0.0%	100.0%	\$0	0.0%	100.0%
MULTI FAMILY				Multi-Family Units								
	Low	0	0.0%	\$0	0.0%	19.7%	0	0.0%	32.0%	\$0	0.0%	23.1%
	Moderate	0	0.0%	\$0	0.0%	28.7%	0	0.0%	37.3%	\$0	0.0%	31.2%
	Middle	0	0.0%	\$0	0.0%	27.0%	0	0.0%	12.0%	\$0	0.0%	12.5%
	Upper	0	0.0%	\$0	0.0%	24.5%	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%
Total	0	0.0%	\$0	0.0%	100.0%	0	0.0%	100.0%	\$0	0.0%	100.0%	
HMDA TOTALS	Low	0	0.0%	\$0	0.0%	6.2%	0	0.0%	6.4%	\$0	0.0%	5.7%
	Moderate	4	23.5%	\$1,036	19.1%	14.1%	4	23.5%	13.4%	\$1,036	19.1%	10.6%
	Middle	7	41.2%	\$1,061	19.6%	30.9%	7	41.2%	26.6%	\$1,061	19.6%	18.4%
	Upper	6	35.3%	\$3,329	61.4%	48.7%	6	35.3%	53.7%	\$3,329	61.4%	65.3%
	Unknown	0	0.0%	\$0	0.0%	0.0%	0	0.0%	0.0%	\$0	0.0%	0.0%
	Total	17	100.0%	\$5,426	100.0%	100.0%	17	100.0%	100.0%	\$5,426	100.0%	100.0%

Originations & Purchases  
2016 FFIEC Census Data and 2010 ACS Data

The geographic distribution of total HMDA-reportable loans is reasonable. The bank made no HMDA-reportable loans in low-income tracts but total HMDA lending in moderate-income tracts exceeded both the demographic and aggregate lending.



## Geographic Distribution of Residential Loans 2017-2018

### Assessment Area: TN Nashville

Tract Income Levels	By Tract Income				Owner Occupied Units
	#	%	\$(000s)	%	
Low	31	21.5%	4,871	14.8%	6.2%
Moderate	37	25.7%	5,223	15.9%	14.1%
Middle	40	27.8%	3,381	10.3%	30.9%
Upper	36	25.0%	19,434	59.1%	48.7%
Unknown	0	0.0%	0	0.0%	0.0%
<i>Total</i>	<i>144</i>	<i>100.0%</i>	<i>32,909</i>	<i>100.0%</i>	<i>100.0%</i>

Originations & Purchases  
2018 FFIEC Census Data and 2010 ACS Data.

The geographic distribution of residential real estate loans is 2017 and 2018 is excellent. The bank made 21.5 percent of total loans in low-income tracts and 25.7 percent of total loans in moderate-income tracts compared to 6.2 percent of owner-occupied units in low-income tracts and 14.1 percent of owner-occupied units in moderate-income tracts.

### Small Business

The geographic distribution of small business lending is reasonable. The following tables show the geographic distribution of small business loans for calendar years 2016, 2017 and 2018 within the Nashville assessment area.

## Geographic Distribution of Small Business Loans

### Assessment Area: TN Nashville

Tract Income Levels	Bank Lending & Demographic Data Comparison 2016				
	Count		Bank Dollar		Total Businesses
	#	%	\$(000s)	\$ %	%
Low	13	11.3%	\$7,830	9.9%	9.9%
Moderate	12	10.4%	\$9,395	11.9%	17.1%
Middle	13	11.3%	\$9,739	12.3%	22.2%
Upper	77	67.0%	\$52,156	65.9%	49.5%
Unknown	0	0.0%	\$0	0.0%	1.2%
Tr Unknown	0	0.0%	\$0	0.0%	
<i>Total</i>	<i>115</i>	<i>100.0%</i>	<i>\$79,120</i>	<i>100.0%</i>	<i>100.0%</i>

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

Truxton originated 115 small business loans inside the assessment area in 2016. Thirteen loans (11.3 percent) were originated in low-income census tracts where 9.9 percent of small businesses are located. The bank made 12 loans (10.4 percent) in moderate-income, which was less than the percentage of businesses located in moderate-income tracts at 17.1 percent.

### Geographic Distribution of Small Business Loans

Assessment Area: TN Nashville

Tract Income Levels	Bank Lending & Demographic Data Comparison 2017, 2018				
	Bank				Total Businesses  %
	Count		Dollar		
	#	%	\$ (000s)	\$ %	
Low	9	4.2%	\$2,925	1.7%	9.1%
Moderate	19	8.8%	\$7,284	4.2%	17.0%
Middle	31	14.4%	\$10,789	6.2%	21.3%
Upper	151	69.9%	\$145,648	83.5%	51.3%
Unknown	6	2.8%	\$7,750	4.4%	1.2%
Tr Unknown	0	0.0%	\$0	0.0%	
<i>Total</i>	<i>216</i>	<i>100.0%</i>	<i>\$174,396</i>	<i>100.0%</i>	<i>100.0%</i>

Originations & Purchases  
2018 FFIEC Census Data and 2018 D&B Information

The geographic distribution of the bank's small business lending was weaker in 2017 and 2018. The bank originated nine loans (4.2 percent) in low-income tracts where 9.1 percent of total businesses are located. In moderate-income tracts, the bank made 19 loans (8.8 percent) compared to 17.0 percent of total businesses located in these tracts. Small business lending in Nashville is competitive, and Truxton is a small institution in the market, with a unique business strategy. When these factors are taken into consideration, the geographic distribution of loans is considered reasonable over the review period, despite the decline in performance in 2017 and 2018.

#### Lending to Borrowers of Different Incomes and Businesses of Different Sizes

Based on the following analysis, the overall distribution of the bank's residential real estate and small business lending by borrower income and business revenue reflects reasonable dispersion of lending to borrowers of different incomes and businesses of different sizes and does not reveal any unexplained gaps in lending patterns.

#### Residential Real Estate Lending

The following tables shows the distribution of the bank's residential real estate loans by the income level of the borrowers for 2016, 2017 and 2018 in the Nashville assessment area.

**Borrower Distribution of HMDA Loans**

Assessment Area: TN Nashville

PRODUCT TYPE	Borrower Income Levels	Bank Lending & Demographic Data Comparison					Bank & Aggregate Lending Comparison					
		2016					2016					
		Bank				Families by Family Income	Count			Dollar		
		Count		Dollar			Bank		Agg	Bank		Agg
#	%	\$ (000s)	\$ %	%	#	%	%	\$(000s)	\$ %	\$ %		
HOME PURCHASE	Low	2	16.7%	\$483	10.0%	21.3%	2	16.7%	4.0%	\$483	10.0%	1.9%
	Moderate	0	0.0%	\$0	0.0%	16.3%	0	0.0%	15.2%	\$0	0.0%	9.3%
	Middle	1	8.3%	\$300	6.2%	18.9%	1	8.3%	16.7%	\$300	6.2%	13.1%
	Upper	7	58.3%	\$3,751	77.9%	43.5%	7	58.3%	48.4%	\$3,751	77.9%	60.2%
	Unknown	2	16.7%	\$279	5.8%	0.0%	2	16.7%	15.7%	\$279	5.8%	15.5%
	Total	12	100.0%	\$4,813	100.0%	100.0%	12	100.0%	100.0%	\$4,813	100.0%	100.0%
REFINANCE	Low	0	0.0%	\$0	0.0%	21.3%	0	0.0%	4.3%	\$0	0.0%	2.0%
	Moderate	0	0.0%	\$0	0.0%	16.3%	0	0.0%	11.8%	\$0	0.0%	6.4%
	Middle	0	0.0%	\$0	0.0%	18.9%	0	0.0%	16.6%	\$0	0.0%	11.7%
	Upper	4	80.0%	\$522	85.2%	43.5%	4	80.0%	47.1%	\$522	85.2%	58.1%
	Unknown	1	20.0%	\$91	14.8%	0.0%	1	20.0%	20.2%	\$91	14.8%	21.8%
	Total	5	100.0%	\$613	100.0%	100.0%	5	100.0%	100.0%	\$613	100.0%	100.0%
HOME IMPROVEMENT	Low	0	0.0%	\$0	0.0%	21.3%	0	0.0%	5.9%	\$0	0.0%	2.6%
	Moderate	0	0.0%	\$0	0.0%	16.3%	0	0.0%	14.2%	\$0	0.0%	8.2%
	Middle	0	0.0%	\$0	0.0%	18.9%	0	0.0%	20.1%	\$0	0.0%	14.8%
	Upper	0	0.0%	\$0	0.0%	43.5%	0	0.0%	52.2%	\$0	0.0%	67.9%
	Unknown	0	0.0%	\$0	0.0%	0.0%	0	0.0%	7.7%	\$0	0.0%	6.5%
	Total	0	0.0%	\$0	0.0%	100.0%	0	0.0%	100.0%	\$0	0.0%	100.0%
MULTI FAMILY	Low	0	0.0%	\$0	0.0%	21.3%	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%
	Middle	0	0.0%	\$0	0.0%	18.9%	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%
	Unknown	0	0.0%	\$0	0.0%	0.0%	0	0.0%	100.0%	\$0	0.0%	100.0%
	Total	0	0.0%	\$0	0.0%	100.0%	0	0.0%	100.0%	\$0	0.0%	100.0%
HMDA TOTALS	Low	2	11.8%	\$483	8.9%	21.3%	2	11.8%	4.2%	\$483	8.9%	1.9%
	Moderate	0	0.0%	\$0	0.0%	16.3%	0	0.0%	13.8%	\$0	0.0%	7.8%
	Middle	1	5.9%	\$300	5.5%	18.9%	1	5.9%	16.7%	\$300	5.5%	12.1%
	Upper	11	64.7%	\$4,273	78.8%	43.5%	11	64.7%	48.0%	\$4,273	78.8%	57.0%
	Unknown	3	17.6%	\$370	6.8%	0.0%	3	17.6%	17.4%	\$370	6.8%	21.3%
	Total	17	100.0%	\$5,426	100.0%	100.0%	17	100.0%	100.0%	\$5,426	100.0%	100.0%

Originations & Purchases

2016 FFIEC Census Data and 2010 ACS Data

The distribution of the bank's HMDA-reportable lending by borrower income is considered poor in 2016. Overall, the bank made just 17 HMDA-reportable loans in 2016. The percentage of loans to low-income borrowers, at 11.8 percent of total loans, was less than the demographic but exceeded aggregate lending at 4.2 percent. However, the bank made no loans to moderate-income borrowers.

**Borrower Distribution of Residential Loans 2017-2018**

**Assessment Area: TN Nashville**

<b>Borrower Income Levels</b>	<b>By Borrower Income</b>				<b>Families by Family Income</b>
	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>	
Low	25	17.4%	693	2.1%	21.3%
Moderate	54	37.5%	2,644	8.0%	16.3%
Middle	6	4.2%	821	2.5%	18.9%
Upper	40	27.8%	21,201	64.4%	43.5%
Unknown	19	13.2%	7,550	22.9%	0.0%
<i>Total</i>	<i>144</i>	<i>100.0%</i>	<i>32,909</i>	<i>100.0%</i>	<i>100.0%</i>

Originations & Purchases

2018 FFIEC Census Data and 2010 ACS Data.

The distribution of the bank's residential real estate lending by borrower income was excellent in 2017 and 2018. The bank's lending to low-income borrowers at 17.4 percent of the total number of loans was less than the percentage of low-income families in the assessment area at 21.3 percent. However, 37.5 percent of the bank's loans were made to moderate-income borrowers, which is more than double the percentage of moderate-income families at 16.3 percent.

*Small Business Lending*

Small business lending by business revenue reflects reasonable penetration among businesses of different sizes in the assessment area. The following tables show the distribution of Truxton's small business loans, by revenue and loan size, for calendar years 2016, 2017, and 2018 within the Nashville assessment area.

**Small Business Loans by Business Revenue & Loan Size**

Assessment Area: TN Nashville

Business Revenue & Loan Size		Bank Lending & Demographic Data Comparison 2016					
		Bank				Total Businesses	
		Count		\$ (000s)			
		#	%	\$	%	%	
BUSINESS REVENUE	\$1million or Less	63	54.8%	\$29,715	37.6%	88.3%	
	Over \$1 Million	41	35.7%	\$42,640	53.9%	10.9%	
	<i>Total Rev. available</i>	104	90.5%	\$72,355	91.5%	99.2%	
	Rev. Not Known	11	9.6%	\$6,765	8.6%	0.8%	
	<i>Total</i>	<i>115</i>	<i>100.0%</i>	<i>\$79,120</i>	<i>100.0%</i>	<i>100.0%</i>	
LOAN SIZE	\$100,000 or Less	24	20.9%	\$1,185	1.5%		
	\$100,001 - \$250,000	25	21.7%	\$4,365	5.5%		
	\$250,001 - \$1 Million	49	42.6%	\$25,519	32.3%		
	Over \$1 Million	17	14.8%	\$48,051	60.7%		
	<i>Total</i>	<i>115</i>	<i>100.0%</i>	<i>\$79,120</i>	<i>100.0%</i>		
LOAN SIZE & Rev \$1 Mill or Less	\$100,000 or Less	17	27.0%	\$807	2.7%		
	\$100,001 - \$250,000	14	22.2%	\$2,480	8.3%		
	\$250,001 - \$1 Million	27	42.9%	\$13,117	44.1%		
	Over \$1 Million	5	7.9%	\$13,311	44.8%		
	<i>Total</i>	<i>63</i>	<i>100.0%</i>	<i>\$29,715</i>	<i>100.0%</i>		

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

In 2016, 54.8 percent of the bank's total loans were originated to businesses with revenues under \$1.0 million. By comparison, 88.3 percent of total businesses in the assessment area have revenues under \$1.0 million.

### Small Business Loans by Business Revenue & Loan Size

Assessment Area: TN Nashville

Business Revenue & Loan Size		Bank Lending & Demographic Data Comparison 2017, 2018					
		Bank				Total Businesses	
		Count		\$ (000s)			
		#	%	\$	%	%	
BUSINESS REVENUE	\$1million or Less	94	43.5%	\$64,125	36.8%	89.4%	
	Over \$1 Million	89	41.2%	\$84,855	48.7%	9.7%	
	Total Rev. available	183	84.7%	\$148,980	85.5%	99.1%	
	Rev. Not Known	33	15.3%	\$25,416	14.6%	0.9%	
	Total	216	100.0%	\$174,396	100.0%	100.0%	
LOAN SIZE	\$100,000 or Less	58	26.9%	\$3,306	1.9%		
	\$100,001 - \$250,000	53	24.5%	\$9,096	5.2%		
	\$250,001 - \$1 Million	73	33.8%	\$38,266	21.9%		
	Over \$1 Million	32	14.8%	\$123,728	70.9%		
	Total	216	100.0%	\$174,396	100.0%		
LOAN SIZE & Rev \$1 Mill or Less	\$100,000 or Less	29	30.9%	\$1,575	2.5%		
	\$100,001 - \$250,000	24	25.5%	\$4,314	6.7%		
	\$250,001 - \$1 Million	29	30.9%	\$15,542	24.2%		
	Over \$1 Million	12	12.8%	\$42,693	66.6%		
	Total	94	100.0%	\$64,125	100.0%		

Originations & Purchases  
2018 FFIEC Census Data and 2018 D&B Information

In 2017 and 2018, 43.5 percent of the bank's loans were made to businesses with revenues less than \$1.0 million compared to 89.4 percent of total businesses. Approximately 51.4 percent of the bank's small business loans were in amounts less than \$250,000, which typically represents the loan amounts requested by small businesses.

As noted earlier, Nashville is a competitive market for small business lending, and Truxton is not a typical commercial bank with its focus on highly personalized and individualized business banking services. In addition, while a direct comparison is not used in this evaluation, a review of aggregate CRA reporters in the assessment area shows that the distribution of the bank's lending to businesses with revenues under \$1.0 million is similar to other lenders in the market for all years in the review period. Given these factors, the distribution of small business lending by revenue size is considered reasonable.

### COMMUNITY DEVELOPMENT TEST

Considering the bank's asset size, capacity, and assessment area, Truxton demonstrates excellent responsiveness to the community development needs of the Nashville assessment area through a combination of community development loans, qualified investments, and community development services.

Truxton made 20 community development loans totaling approximately \$21.7 million during the review period; 14 loans for \$21.2 million financed affordable housing and 6 loans for \$480,000 were provided to organizations that offer community services to low- and moderate-income individuals.

Examples of notable community development loans include:

- A revolving line of credit (initial loan for \$3.0 million and renewed and increased to \$5.0 million) to a CDFI to allow the organization to purchase affordable multifamily properties prior to obtaining long term financing in order to preserve affordable housing.
- Four loans for \$9.5 million to one of the largest nonprofit affordable housing developers in Nashville to help with property acquisition, development, and ownership of several multi-family projects.
- Five loans for \$140,000 to a nonprofit to purchase land for the construction of new affordable single family homes.

The bank's lending demonstrates a high degree of responsiveness to the need for affordable housing that was noted by the community contact and supported by several recent studies of the Nashville market.

Truxton had qualified investments totaling \$11.2 million, including \$6.4 million that were made during the review period and directly benefit the Nashville assessment area. Notably, the bank expanded their investment in two CDFIs based in Nashville. Specifically, the bank invested \$200,000 in a CDFI that finances affordable housing and \$400,000 in a CDFI that provides financing to small businesses. Truxton also has investments with these two CDFIs from prior review periods totaling \$550,000. The bank also purchased \$4.3 million in mortgage-backed securities during the review period and committed to invest \$1.0 million in a Small Business Investment Company (SBIC) that finances small businesses in a region that includes the Nashville assessment area. Additionally, Truxton and Truxton Corporation (the holding company) each placed deposits for \$250,000 in a minority-owned depository institution in Nashville. Finally, the bank holds \$276,400 in mortgage-backed securities purchased in a prior review period. The bank's investment portfolio is noteworthy for a bank of its size, as it demonstrates responsiveness to a variety of community credit needs and includes diverse investment types.

In addition to the bank's investments that benefit the Nashville assessment area, the bank placed deposits totaling nearly \$4.0 million in minority-owned depository institutions across the country. Truxton will receive positive consideration for these deposits that help the minority-owned institutions meet the credit needs of their communities.

Truxton also donated \$76,900 to support nonprofit organizations in the assessment area that provide affordable housing and community services targeted to low- and moderate-income individuals. The largest donations were to nonprofits that provide transitional housing and to help encourage homeownership for low- and moderate-income families. Bank staff also served on the boards or advisory committees and assisted with several fundraising efforts for a number of organizations that provide affordable housing and community services targeted to low- and moderate-income individuals. Overall, bank staff provided 1,060 hours of qualified community development services during the review period.

## **RESPONSIVENESS TO SUBSTANTIATED COMPLAINTS**

Neither the bank nor this Reserve Bank has received any CRA-related complaints since the previous evaluation.

## **FAIR LENDING OR OTHER ILLEGAL CREDIT PRACTICES REVIEW**

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

APPENDIX A

SCOPE OF EXAMINATION			
<b>TIME PERIOD REVIEWED</b> Lending test: January 1, 2016 through December 31, 2018 Community development test: January 1, 2016 through June 30, 2019			
<b>FINANCIAL INSTITUTION</b> Truxton Trust Company (Nashville, Tennessee)		<b>PRODUCTS REVIEWED</b> Small Business Loans Residential Real Estate Loans	
<b>AFFILIATE(S)</b> NA	<b>AFFILIATE RELATIONSHIP</b> NA	<b>PRODUCTS REVIEWED</b> NA	
LIST OF ASSESSMENT AREAS AND TYPE OF EXAMINATION			
<i>ASSESSMENT AREA</i>	<i>TYPE OF EXAMINATION</i>	<i>BRANCHES VISITED</i>	<i>OTHER INFORMATION</i>
Nashville, Tennessee	Full-scope Review	NA	NA



## 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 Truxton Trust Company prepared by the **Federal Reserve Bank of Atlanta**, the institution's supervisory agency, as of **October 28, 2019**. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 CFR Part 228.

## APPENDIX C – GLOSSARY

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

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

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

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

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

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

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

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

## APPENDIX C – GLOSSARY (Continued)

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

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

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

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

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

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

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

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

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

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

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

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

## APPENDIX C – GLOSSARY (Continued)

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

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

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

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

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

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