PUBLIC DISCLOSURE

August 7, 2017

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Decatur County Bank
RSSD #66154

56 North Pleasant Street
Decaturville, Tennessee 38329

Federal Reserve Bank of St. Louis

P.O. Box 442
St. Louis, Missouri 63166-0442

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 the institution. The rating assigned to this institution does not represent an analysis, conclusion, or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.**

TABLE OF CONTENTS

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

Decatur County Bank meets the criteria for a Satisfactory rating based on the evaluation of the bank's lending activity. The factors supporting the institution's rating include:

- The loan-to-deposit (LTD) ratio is reasonable given the institution's size, financial condition, and credit needs of the assessment areas.

- A majority of loans and other lending-related activities are in the assessment areas.

- Distribution of loans to borrowers reflects reasonable penetration among individuals of different income levels, including low- and moderate-income (LMI) levels, and businesses of different sizes.

- Geographic distribution of loans reflects reasonable dispersion throughout the assessment areas.

- There were no CRA-related complaints filed against the bank since the previous CRA evaluation.

SCOPE OF EXAMINATION

The bank's CRA performance was reviewed using the Federal Financial Institutions Examination Council's (FFIEC's) small bank procedures. Bank performance under this test is rated at the institution level. The bank maintains operations in two delineated assessment areas in western Tennessee. The bank's primary assessment area is located in Decatur County, which is in a nonmetropolitan statistical area (nonMSA) portion of Tennessee. This assessment area was analyzed using full-scope review procedures. The secondary assessment area is comprised of Chester County, which is a part of the nearby Jackson, Tennessee MSA. This assessment area was analyzed using limited-scope review procedures.

The following table details the number of branch offices, breakdown of deposits, and the CRA review procedures applicable to each assessment area completed as part of this evaluation. Deposit information in the following table, and deposit information throughout this evaluation, is taken from the Federal Deposit Insurance Corporation (FDIC) Deposit Market Share Report data as of June 30, 2016.

Assessment Area	Offices		Deposits as of 6/30/2016		Assessment Area Reviews		
	#	%	$ (000s)	%	Full Scope	Limited Scope	TOTAL
Decatur County	2	66.7%	$68,655	91.8%	1	0	**1**
Chester County	1	33.3%	$6,130	8.2%	0	1	**1**
OVERALL	**3**	**100%**	**$74,785**	**100%**	**1**	**1**	**2**

In light of branch structure, loan and deposit activity, and the bank's CRA evaluation history, CRA performance in the Decatur County assessment area was given primary consideration, as it contains a substantial majority of the bank's loan and deposit activity.

Furthermore, Home Mortgage Disclosure Act (HMDA), small business, and consumer motor vehicle loans were used to evaluate the bank's lending performance, as these loan categories are considered the bank's core business lines based on lending volume and the bank's stated business strategy. Therefore, the loan activity represented by these credit products is deemed indicative of the bank's overall lending performance. However, as the bank has a particular emphasis on commercial lending, performance of the small business loan product carried the most significance toward the bank's overall performance conclusions. The following table details the performance criterion and the corresponding time periods used in each analysis.

Performance Criterion	Time Period
LTD Ratio	September 30, 2013 – June 30, 2017
Assessment Area Concentration	January 1, 2015 – December 31, 2015
Loan Distribution by Borrower's Profile	January 1, 2015 – December 31, 2015
Geographic Distribution of Loans	January 1, 2015 – December 31, 2015
Response to Written CRA Complaints	July 30, 2013 – August 6, 2017

Lending Test analyses often entail comparisons of bank performance to assessment area demographics and the performance of other lenders, based on HMDA and CRA aggregate lending data. Unless otherwise noted, assessment area demographics are based on 2010 U.S. Census data; certain business geodemographics are based on 2015 Dun & Bradstreet data. When analyzing bank performance by comparing lending activity to both demographic data and aggregate lending data, greater emphasis is generally placed on the aggregate lending data, because it is expected to describe many factors impacting lenders in an assessment area. Aggregate lending datasets are also updated annually and are, therefore, expected to predict more relevant comparisons. In addition, the bank's lending levels were evaluated in relation to those of comparable financial institutions operating in the same general region. Three other banks were identified as similarly situated peers, with asset sizes ranging from $70.5 million to $145.5 million as of June 30, 2017.

To augment this evaluation, two community contact interviews were conducted with members of the local community to ascertain specific credit needs, opportunities, and local market conditions in the bank's assessment areas. Information from these interviews also assisted in evaluating the bank's responsiveness to identified community credit needs and community development opportunities. Key details from these community contact interviews are included in the *Description of Assessment Area* section, applicable to the assessment area in which they were conducted.

DESCRIPTION OF INSTITUTION

Decatur County Bank is a full-service retail bank offering both consumer and commercial loan and deposit products. The bank is wholly owned by Decatur Bancshares, Inc., a one-bank holding company; the bank and its holding company are both headquartered in Decaturville, Tennessee. The bank's branch network consists of three full-service offices (including the main office), all of which have cash-dispensing only automated teller machines on site. The bank did not open or close any branch offices during this review period. However, the bank opened its newest branch in Henderson, Tennessee (Chester County), in 2010. Although the bank employs a loan officer at the Chester County branch, the bank heavily focuses its lending in the Decatur County assessment area. Based on this branch network and other service delivery systems, including full-service online banking capabilities, the bank is well positioned to deliver financial services to its assessment areas.

For this review period, no legal impediments or financial constraints were identified that would have hindered the bank from serving the credit needs of its customers, and the bank appeared capable of meeting the credit needs of its assessment areas based on its available resources and financial products. As of June 30, 2017, the bank reported total assets of $92.6 million. As of the same date, loans and leases outstanding were $49.6 million (53.5 percent of total assets), and deposits totaled $78.7 million. The bank's loan portfolio composition by credit category is displayed in the following table:

Distribution of Total Loans as of June 30, 2017		
Credit Category	**Amount ($000s)**	**Percentage of Total Loans**
Construction and Development	$1,023	2.1%
Commercial Real Estate	$15,489	31.3%
1–4 Family Residential	$10,424	21.0%
Farmland	$3,482	7.0%
Farm Loans	$1,785	3.6%
Commercial and Industrial	$5,851	11.8%
Loans to Individuals	$11,092	22.4%
Total Other Loans	$414	0.8%
TOTAL	**$49,560**	**100%**

As indicated by the preceding table, a significant portion of the bank's lending resources is directed to commercial loans (commercial real estate and commercial and industrial), loans secured by 1–4 family residential properties, and loans to individuals.

The bank received a Satisfactory rating at its previous CRA evaluation conducted by the FDIC on July 30, 2013.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS

Decatur County Bank meets the standards for a Satisfactory rating under the small bank procedures, which evaluate bank performance under the following five criteria, as applicable.

Loan-to-Deposit (LTD) Ratio

One indication of the bank's overall level of lending activity is its LTD ratio. The table below displays the bank's average LTD ratio compared to those of regional peers. The average LTD ratio represents a 16-quarter average, dating back to the bank's last CRA evaluation.

LTD Ratio Analysis			
Name	**Headquarters**	**Asset Size ($000s) as of June 30, 2017**	**Average LTD Ratio**
Decatur County Bank	Decaturville, Tennessee	$92,600	68.1%
Regional Banks	Henderson, Tennessee	$70,489	44.0%
	Sardis, Tennessee	$76,943	69.3%
	Lexington, Tennessee	$145,465	88.8%

Based on data from the previous table, the bank's level of lending is in line with peer banks in the region. During the review period, the bank's quarterly LTD ratio experienced a slightly decreasing trend overall with a 16-quarter average of 68.1 percent. Therefore, compared to data from regional banks, the bank's average LTD ratio is reasonable given the bank's size, financial condition, and credit needs of its assessment areas.

Assessment Area Concentration

For the loan activity reviewed as part of this evaluation, the following table displays the number and dollar volume of loans inside and outside the bank's assessment areas.

Lending Inside and Outside of Assessment Area January 1, 2015 through December 31, 2015						
Loan Type	**Inside Assessment Area**		**Outside Assessment Area**		**TOTAL**	
Small Business	48	69.6%	21	30.4%	**69**	**100%**
	5,138	54.6%	4,266	45.4%	**$9,404**	**100%**
HMDA	43	76.8%	13	23.2%	**56**	**100%**
	2,059	70.4%	864	29.6%	**$2,923**	**100%**
Consumer Motor Vehicle	68	67.3%	33	32.7%	**101**	**100%**
	942	69.7%	410	30.3%	**$1,352**	**100%**
TOTAL LOANS	**159**	**70.4%**	**67**	**29.6%**	**226**	**100%**
	8,139	**59.5%**	**5,540**	**40.5%**	**$13,679**	**100%**

A majority of loans and other lending-related activities were made in the bank's assessment areas. As shown in the preceding table, 70.4 percent of the total loans were made inside the assessment areas, accounting for 59.5 percent of the dollar volume of total loans. The lower dollar volume inside the area is primarily driven by the bank's small business product, which was affected by a few large dollar originations outside of the delineated assessment area. Even so, the bank originates a majority of its loans inside its assessment area.

Loan Distribution by Borrower's Profile

As shown in the following table, the bank's overall performance by borrower's income/revenue profile is reasonable based on the analysis of lending in the bank's assessment areas.

Assessment Area	Loan Distribution by Borrower's Profile
Decatur County	Reasonable
Chester County	Below
OVERALL	**REASONABLE**

As previously stated, the Chester County assessment area was reviewed under the limited-scope procedures. Therefore, lending performance to LMI borrowers in Chester County is compared directly to the performance in the Decatur County assessment area. The borrower distribution performance in Chester County is below that of Decatur County; however, performance in the limited-scope assessment area did not affect the overall conclusion.

Additional details regarding the loan distribution by borrower's profile are included later in this evaluation under the sections applicable to individual assessment area analysis.

Geographic Distribution of Loans

As displayed in the following table, the bank's overall distribution of lending by income level of census tract reflects reasonable penetration throughout the bank's assessment areas.

Assessment Area	Geographic Distribution of Loans
Decatur County	Reasonable
Chester County	Below
OVERALL	**REASONABLE**

As previously noted, the bank's assessment areas contain all middle-income census tracts. Therefore, an in-depth analysis of geographic distribution was not performed. However, loan dispersion in the assessment area census tracts was reviewed, the results of which indicated that loan activity was adequately dispersed throughout the Decatur County assessment area. Additionally, the Chester County assessment area analysis was performed using limited-scope procedures. The bank did not lend in every census tract in the Chester County assessment area. Therefore, lending performance in Chester County is below the lending performance in the full-scope assessment area as it relates to geographic distribution; however, performance in the limited-scope assessment area does not impact the overall conclusion.

<u>Responses to Complaints</u>

No CRA-related complaints were filed against the bank during this review period (July 30, 2013 through August 6, 2017).

FAIR LENDING OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

Based on findings from the Consumer Affairs examination, including a fair lending analysis performed under Regulation B – Equal Credit Opportunity and the Fair Housing Act requirements, conducted concurrently with this CRA evaluation, no evidence of discriminatory or other illegal credit practices inconsistent with helping to meet community credit needs was identified.

DECATUR COUNTY, TENNESSEE ASSESSMENT AREA

(Full-Scope Review)

DESCRIPTION OF INSTITUTION'S OPERATIONS IN THE DECATUR COUNTY ASSESSMENT AREA

Bank Structure

The bank operates two of its three offices in this assessment area. The offices are located in the towns of Decaturville and Parsons. All four census tracts in the assessment area are designated as distressed due to poverty and unemployment by the FFIEC. Additionally, these tracts are considered underserved due to their remote rural location. Since the last examination, the bank did not open or close any branches in this assessment area. Based on its branch network and other service delivery systems, the bank is well positioned to deliver financial services to substantially all of the assessment area.

General Demographics

The assessment area is comprised of Decatur County in its entirety. This is the bank's primary assessment area and is located in western Tennessee. As of the 2010 U.S. Census, the assessment area population was 11,757. Of the four FDIC-insured depository institutions with a branch presence in this assessment area, the bank ranked second in deposit market share, encompassing 29.9 percent of total deposit dollars.

Credit needs in the assessment area include a mix of consumer and business loan products. Other particular credit needs in the assessment area, as noted primarily from community contacts, include loan programs designed to provide 1–4 family residential real estate financing with loan-to-values of up to 100 percent. Additionally, contacts noted a need for financing of new small businesses with minimal financial history.

Income and Wealth Demographics

Decatur County contains no LMI census tracts. The county's four census tracts are all middle-income but are designated as distressed due to poverty and unemployment and underserved due to their remote rural location. In total, 3,183 families reside in these middle-income census tracts.

Based on 2010 U.S. Census data, the median family income for the assessment area was $41,948. At the same time, the median family income for nonMSA Tennessee was $44,386. More recently, the FFIEC estimates the 2015 median family income for nonMSA Tennessee to be $47,800. The following table displays population percentages of assessment area families by income level compared to the nonMSA Tennessee family populations.

Family Population by Income Level					
Dataset	**Low-**	**Moderate-**	**Middle-**	**Upper-**	**TOTAL**
Assessment Area	748 23.5%	552 17.3%	595 18.7%	1,288 40.5%	**3,183** **100%**
NonMSA Tennessee	85,065 21.0%	71,924 17.8%	83,703 20.7%	163,968 40.5%	**404,660** **100%**

As shown in the table above, 40.8 percent of families in the assessment area were considered LMI, which is slightly higher than LMI family percentages of 38.8 percent in nonMSA Tennessee. The percentage of families living below the poverty level in the assessment area (15.7 percent) is above the 14.6 percent level in nonMSA Tennessee. Considering these factors, the assessment area appears slightly less affluent than nonMSA Tennessee.

Housing Demographics

As displayed in the following table, homeownership in the assessment area is more affordable compared to nonMSA Tennessee.

Housing Demographics			
Dataset	**Median Housing Value**	**Affordability Ratio**	**Median Gross Rent (monthly)**
Assessment Area	$66,500	45.8%	$472
NonMSA Tennessee	$100,004	35.0%	$544

Median housing value for the assessment area is $66,500, which is well below the figure for nonMSA Tennessee ($100,004). Housing is also more affordable when considering income levels; the assessment area housing affordability ratio is 45.8 percent, which is significantly higher than the nonMSA Tennessee figure (35.0 percent). Furthermore, the median gross rent for the assessment area of $472 per month is below the $544 per month for nonMSA Tennessee.

However, 27.2 percent of the housing units in the assessment area are vacant, which is significantly higher than the figure for nonMSA Tennessee (15.7 percent). The assessment area also has a lower owner occupancy rate, 56.8 percent, compared to 62.2 percent in nonMSA Tennessee. Community contacts also noted a need for down payment assistance for LMI homebuyers in the assessment area. Based on the housing data and information derived from community contacts, despite being more affordable than in nonMSA Tennessee, housing is likely out of reach for some portions of the population, particularly those below the poverty line.

Industry and Employment Demographics

The assessment area economy is supported largely by the healthcare and manufacturing sectors, which make up 52.1 percent of assessment area jobs. County business patterns indicate there are 2,807 paid employees in the assessment area. By percentage of employees, the three largest job categories in the assessment area are healthcare and social assistance (35.2 percent), followed by manufacturing (16.9 percent), and retail trade (11.9 percent). The following table details unemployment data from the U.S. Department of Labor, Bureau of Labor Statistics (not seasonally adjusted) for the assessment area compared to the state of Tennessee.

Unemployment Levels for the Assessment Area		
Time Period (Annual Average)	**Assessment Area**	**Tennessee**
2013	10.6%	7.8%
2014	9.4%	6.5%
2015	7.8%	5.6%
2016	7.0%	4.8%

As shown in the table above, unemployment levels for the assessment area and the state of Tennessee have shown a decreasing trend. Additionally, unemployment levels in the assessment area have been consistently higher than the state of Tennessee as a whole.

Community Contact Information

Information from two community contact interviews was used to help shape the performance context in which the bank's activities in this assessment area were evaluated. One contact was an individual specializing in economic development, and the other individual's specialty is in community services.

Both community contact interviewees described slow growth in the local economy. Although local unemployment has been declining in recent years, the recovery has lagged behind the state as a whole. One community contact categorized the local economy as generally poor and noted that the schools in Decatur County have a majority of students receiving free or reduced lunch. Community contacts identified the types of industry that dominate the area as manufacturing, healthcare, education, and agriculture.

One community contact described a credit need in the area for home financing options for residents who cannot afford the necessary down payment to meet loan-to-value requirements of banks in the area. Another assessment area need noted by the same community contact is financing for small businesses that do not have the credit history necessary to qualify for small business loans. Community contacts described strong banking competition in the assessment area. The community contact who specializes in community services noted that all banks in the area are involved in the community, and some have collaborated with local organizations to facilitate economic education programs. However, there is still a need for more economic education for residents in the community.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN THE DECATUR COUNTY ASSESSMENT AREA

The bank's overall distribution of loans by borrower's income/revenue profile reflects reasonable penetration among borrowers of different income levels and businesses of different revenue sizes. Furthermore, the overall geographic distribution of loans reflects reasonable penetration throughout the Decatur County assessment area.

Loan Distribution by Borrower's Profile

The bank's loan distribution by borrower's profile is reasonable, based on performance from loan categories reviewed, with a greater emphasis on the small business loan category.

Small business loans were reviewed to determine the bank's lending levels to businesses of different sizes. The following table shows the distribution of 2015 small business loans by loan amount and business revenue size compared to Dun & Bradstreet and aggregate data.

Distribution of Loans Inside Assessment Area by Business Revenue
January 1, 2015 through December 31, 2015

Gross Revenue	Loan Amounts in $000s						TOTAL	
	≤$100		>$100 and ≤$250		>$250 and ≤$1,000			
$1 Million or Less	27	61.4%	4	9.1%	1	2.3%	**32**	**72.7%**
Greater than $1 Million/Unknown	7	15.9%	0	0.0%	5	11.4%	**12**	**27.3%**
TOTAL	**34**	**77.3%**	**4**	**9.1%**	**6**	**13.6%**	**44**	**100%**
Dun & Bradstreet Businesses ≤ 1MM							**89.6%**	
2015 CRA Aggregate Data							**63.0%**	

As displayed in the preceding table, the bank's level of lending to small businesses is reasonable. The bank originated the majority of its small business loans (72.7 percent) to businesses with revenues of $1 million or less. In comparison, assessment area demographics estimate that 89.6 percent of businesses in the assessment area had annual revenues of $1 million or less, and the 2015 aggregate lending level to small businesses is 63.0 percent. Additionally, the vast majority of the bank's small business lending (27 of 32 loans, or 84.4 percent) consists of small dollar amount loans less than or equal to $100,000, further indicating the bank's willingness to lend to small businesses.

Next, HMDA loans were reviewed to determine the bank's levels of lending to borrowers of different income levels. Borrowers are classified into low-, moderate-, middle-, and upper-income categories by comparing their reported income to the applicable median family income figure as estimated by the FFIEC ($47,800 for nonMSA Tennessee as of 2015). The following table shows the distribution of HMDA loans by borrower income level compared to family population income demographics for the assessment area. Additionally, 2015 aggregate lending data for the assessment area is displayed.

Distribution of Loans Inside Assessment Area by Borrower Income January 1, 2015 through December 31, 2015												
	Borrower Income Level										TOTAL	
	Low-		Moderate-		Middle-		Upper-		Unknown			
Home Purchase	5	23.8%	3	14.3%	7	33.3%	6	28.6%	0	0.0%	**21**	**100%**
Refinance	3	23.1%	1	7.7%	3	23.1%	6	46.2%	0	0.0%	**13**	**100%**
Home Improvement	0	0.0%	1	11.1%	2	22.2%	6	66.7%	0	0.0%	**9**	**100%**
Multifamily	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	**0**	**100%**
TOTAL HMDA	**8**	**18.6%**	**5**	**11.6%**	**12**	**27.9%**	**18**	**41.9%**	**0**	**0.0%**	**43**	**100%**
Family Population	23.5%		17.3%		18.7%		40.5%		0.0%		**100%**	
2015 HMDA Aggregate	7.7%		15.1%		22.5%		40.3%		14.4%		**100%**	

As displayed in the preceding table, the bank's percentage of lending to low-income borrowers (18.6 percent) is below the low-income family population figure (23.5 percent) but is well above the 2015 aggregate lending level to low-income borrowers (7.7 percent). While the bank's lending is below the demographic comparator, this comparison is deceiving given the level of poverty in the assessment area (15.7 percent). The vast majority of individuals living below the poverty line are not likely to qualify for traditional home loan financing, an issue noted by community contacts. When considering this context and the bank's performance in relation to aggregate lending, the performance is considered excellent.

Conversely, the bank's level of lending to moderate-income borrowers (11.6 percent) is below the moderate-income family population percentage (17.3 percent) and below the aggregate lending levels of 15.1 percent, reflecting poor performance. Even so, when considering the bank's combined lending distribution to LMI borrowers (30.2 percent) in relation to aggregate performance (22.8), bank performance is considered reasonable.

As with the previous loan categories, consumer motor vehicle loans were reviewed to determine the bank's lending levels to LMI borrowers in the assessment area. The following table shows the distribution of consumer motor vehicle loans by income level compared to the household population percentages in that income category in the assessment area.

Distribution of Loans Inside Assessment Area by Borrower Income January 1, 2015 through December 31, 2015												
	Borrower Income Level										TOTAL	
	Low-		Moderate-		Middle-		Upper-		Unknown			
Consumer Motor Vehicle	13	19.7%	25	37.9%	16	24.2%	12	18.2%	0	0.0%	**66**	**100%**
Household Population	34.1%		13.9%		15.8%		36.1%		0.0%		**100%**	

The bank's percentage of lending to low-income borrowers (19.7 percent) is below the low-income household population figure (34.1 percent), reflecting poor performance. However, the bank's level of lending to moderate-income borrowers (37.9 percent) is substantially higher than the household population figure (13.9 percent), reflecting excellent performance. When assessing combined performance, the bank's penetration to LMI borrowers (57.6 percent) outperforms the LMI household population (48.0 percent). Therefore, considering performance to both income categories, the bank's overall distribution of loans by borrower's profile is excellent.

Geographic Distribution of Loans

Under the geographic distribution of loans analysis, emphasis is normally placed on the bank's performance in LMI geographies. However, the bank's assessment area does not contain any LMI census tracts. As previously stated, the bank's assessment area is comprised of four middle-income census tracts. Therefore, a detailed geographic distribution of loans analysis would not prove meaningful and was not performed as part of this evaluation. Nevertheless, loan dispersion in the assessment area census tracts was reviewed. Loan activity was adequately dispersed throughout the assessment area, consistent with demographics and bank structure, with loans in all four census tracts. Therefore, the bank's geographic distribution of loans is reasonable, and no conspicuous lending gaps were noted.

JACKSON, TENNESSEE METROPOLITAN STASTICAL AREA

(Limited-Scope Review)

DESCRIPTION OF INSTITUTION'S OPERATIONS IN THE CHESTER COUNTY ASSESSMENT AREA

This assessment area includes the entirety of Chester County, one of the two counties that make up the Jackson, Tennessee MSA. The bank operates one office in this assessment area. The tables below detail key demographics relating to this assessment area.

Assessment Area Demographics by Population Income Level					
Demographic Type	Population Income Level				TOTAL
	Low-	Moderate-	Middle-	Upper-	
Family Population	980 21.7%	987 21.8%	1,023 22.6%	1,530 33.8%	**4,520** **100%**
Household Population	1,412 23.6%	956 16.0%	1,096 18.3%	2,523 42.1%	**5,987** **100%**

Assessment Area Demographics by Geography Income Level						
Dataset	Geography Income Level					TOTAL
	Low-	Moderate-	Middle-	Upper-	Unknown-	
Census Tracts	0 0.0%	0 0.0%	3 100.0%	0 0.0%	0 0.0%	**3** **100%**
Family Population	0 0.0%	0 0.0%	4,520 100.0%	0 0.0%	0 0.0%	**4,520** **100%**
Household Population	0 0.0%	0 0.0%	5,987 100.0%	0 0.0%	0 0.0%	**5,987** **100%**
Business Institutions	0 0.0%	0 0.0%	519 100.0%	0 0.0%	0 0.0%	**519** **100%**

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN THE CHESTER COUNTY ASSESSMENT AREA

The bank's Lending Test performance in this assessment area is below the bank's Lending Test performance in the Decatur County assessment area that was reviewed using full-scope procedures, as detailed in the following table. However, it did not change any overall conclusions. For more detailed information relating to the bank's Lending Test performance in this assessment area, see the tables in *Appendix A*.

Lending Test Criteria	Performance
Distribution of Loans by Borrower's Profile	Below
Geographic Distribution of Loans	Below
OVERALL	**Below**

LENDING PERFORMANCE TABLES FOR LIMITED-SCOPE REVIEW ASSESSMENT AREAS

Chester County, Tennessee Assessment Area

Distribution of Loans Inside Assessment Area by Business Revenue January 1, 2015 through December 31, 2015								
Gross Revenue	Loan Amounts in $000s						TOTAL	
	≤$100		>$100 and ≤$250		>$250 and ≤$1,000			
$1 Million or Less	3	75.0%	0	0.0%	1	25.0%	**4**	**100%**
Greater than $1 Million/Unknown	0	0.0%	0	0.0%	0	0.0%	**0**	**0.0%**
TOTAL	**3**	**75.0%**	**0**	**0.0%**	**1**	**25.0%**	**4**	**100%**
Dun & Bradstreet Businesses ≤ 1MM							**92.3%**	
2015 CRA Aggregate Data							**58.9%**	

Distribution of Loans Inside Assessment Area by Borrower Income January 1, 2015 through December 31, 2015												
	Borrower Income Level										TOTAL	
	Low-		Moderate-		Middle-		Upper-		Unknown			
Consumer Motor Vehicle	0	0.0%	0	0.0%	0	0.0%	2	100.0%	0	0.0%	**2**	**100%**
Household Population	23.6%		16.0%		18.3%		42.1%		0.0%		**100%**	

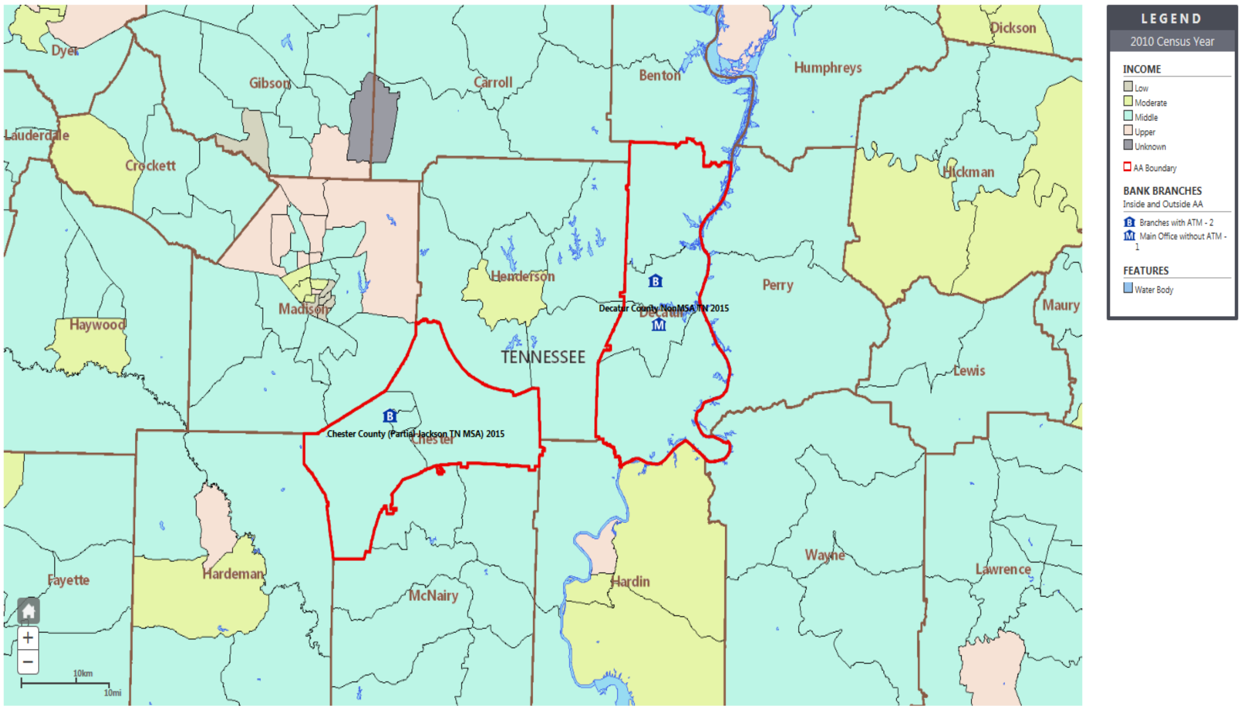
Distribution of Loans Inside Assessment Area by Income Level of Geography January 1, 2015 through December 31, 2015												
	Geography Income Level										TOTAL	
	Low-		Moderate-		Middle-		Upper-		Unknown			
Small Business Loans	0	0.0%	0	0.0%	4	100.0%	0	0.0%	0	0.0%	**4**	**100%**
Business Institutions	0.0%		0.0%		100.0%		0.0%		0.0%		**100%**	
2015 Small Business Aggregate	0.0%		0.0%		96.9%		0.0%		3.1%		**100%**	

Distribution of Loans Inside Assessment Area by Income Level of Geography January 1, 2015 through December 31, 2015												
	Geography Income Level										**TOTAL**	
	Low-		**Moderate-**		**Middle-**		**Upper-**		**Unknown**			
Consumer Motor Vehicle Loans	0	0.0%	0	0.0%	2	100.0%	0	0.0%	0	0.0%	**2**	**100%**
Household Population	0.0%		0.0%		100.0%		0.0%		0.0%		**100%**	

The bank made no HMDA loans in this assessment area during the review period.

ASSESSMENT AREA DETAIL

Decatur County Bank - Decaturville, TN
Tract Income Map



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.

Assessment area: One or more of the geographic areas delineated by the bank and used by the regulatory agency to assess an institution's record of CRA performance.

Census tract: A small subdivision of metropolitan and nonmetropolitan counties. Census tract boundaries do not cross county lines; however, they may cross the boundaries of metropolitan statistical areas. 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 contact: Interviews conducted as part of the CRA examination to gather information that might assist examiners in understanding the bank's community, available opportunities for helping to meet local credit and community development needs, and perceptions on the performance of financial institutions in helping meet local credit needs. Communications and information gathered can help to provide a context to assist in the evaluation of an institution's CRA performance.

Community development: An activity associated with one of the following five descriptions: (1) <u>affordable housing</u> (including multifamily rental housing) for low- or moderate-income individuals (LMI); (2) <u>community services</u> targeted to low- or moderate-income individuals; (3) activities that promote <u>economic development</u> 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; (4) activities that <u>revitalize or stabilize</u> LMI geographies, designated disaster areas, or distressed or underserved nonmetropolitan middle-income geographies; or (5) Neighborhood Stabilization Program (NSP) eligible activities in areas with HUD-approved NSP plans, which are conducted within two years after the date when NSP program funds are required to be spent and benefit low-, moderate- and middle-income individuals and geographies.

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.

Demographics: The statistical characteristics of human populations (such as age, race, sex, income, etc.) used especially to identify markets.

Distressed nonmetropolitan middle-income geography: A middle-income, nonmetropolitan geography will be designated as distressed if it is in a county that meets one or more of the following triggers: (1) an unemployment rate of at least 1.5 times the national average, (2) a poverty rate of 20 percent or more, or (3) a population loss of 10 percent or more between the previous and most recent decennial census or a net migration loss of 5 percent or more over the 5-year period preceding the most recent census.

Family: Includes a householder and one or more other persons living in the same household who are related to the householder by birth, marriage, or adoption. The number of family households always equals the number of families; however, a family household may also include non-relatives living with the family. Families are classified by type as either a married-couple family or other family, 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 metropolitan statistical area to file annual summary reports of their mortgage lending activity. The reports include such data as the race, gender, and the income of applications, the amount of loan requested, and the disposition of the application (e.g., approved, denied, and withdrawn).

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

Household: One or more persons who occupy a housing unit. The occupants may be a single family, one person living alone, two or more families living together, or any other group of related or unrelated persons who share living arrangements.

Housing affordability ratio: Is calculated by dividing the median household income by the median housing value. It represents the amount of single family, owner-occupied housing that a dollar of income can purchase for the median household in the census tract. Values closer to 100 percent indicate greater affordability.

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.

Median family income: The dollar amount that divides the family income distribution into two equal groups, half having incomes above the median, half having incomes below the median. The median family income is based on all families in the area being analyzed.

Metropolitan area (MA): A metropolitan statistical area (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 a 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.

Multifamily: Refers to a residential structure that contains five or more units.

Nonmetropolitan statistical area (nonMSA): Not part of a metropolitan area. (See metropolitan area.)

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.

Performance context: The performance context is a broad range of economic, demographic, and institution- and community-specific information that an examiner reviews to understand the context in which an institution's record of performance should be evaluated. The performance context is not a formal or written assessment of community credit needs.

Performance criteria: These are the different criteria against which a bank's performance in helping to meet the credit needs of its assessment area(s) is measured. The criteria relate to lending, investment, retail service, and community development activities performed by a bank. The performance criteria have both quantitative and qualitative aspects. There are different sets of criteria for large banks, intermediate small banks, small banks, wholesale/limited purpose banks, and strategic plan banks.

Performance evaluation (PE): A written evaluation of a financial institution's record of meeting the credit needs of its community, as prepared by the federal financial supervision agency responsible for supervising the institution.

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

Small businesses/small farms: A small business/farm is considered to be one in which gross annual revenues for the preceding calendar year were $1 million or less.

Small loan(s) to business(es): That is, "small business loans" are included in "loans to small businesses" as defined in the Consolidated Reports of Condition and Income (Call Report) and the Thrift Financial Reporting (TFR) instructions. These loans have original amounts of $1 million or less and typically are secured either 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 non-mortgage, commercial loans.

Small loan(s) to farm(s): That is, "small farm loans" are included in "loans to small farms" as defined in the instructions for preparation of the Consolidated Reports of Condition and Income (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.

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

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