

# **PUBLIC DISCLOSURE**

March 2, 2026

## **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

First People Bank of Tennessee  
Certificate Number: 21874

206 West Broadway Boulevard  
Jefferson City, Tennessee 37760

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

600 North Pearl Street, Suite 700  
Dallas, Texas 75201

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

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## INSTITUTION RATING

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

An institution in this group has a satisfactory record of helping to meet the credit needs of its assessment area, including low- and moderate-income neighborhoods, in a manner consistent with its resources and capabilities.

- The loan-to-deposit (LTD) ratio is reasonable given the institution's size, financial condition, and assessment area (AA) credit needs.
- A majority of loans are in the AAs.
- The geographic distribution of loans reflects reasonable dispersion throughout the AAs.
- The distribution of borrowers reflects, given the demographics of the AAs, reasonable penetration among businesses of different sizes.
- The institution did not receive any CRA-related complaints since the previous evaluation; therefore, this factor did not affect the rating.

## DESCRIPTION OF INSTITUTION

First Peoples Bank of Tennessee (FPB) is a full-service community commercial bank headquartered in Jefferson City, Tennessee. First Peoples Bancorp, Inc., also located in Jefferson City, Tennessee, wholly owns the bank. FPB received a "Satisfactory" rating based on Small Institution Examination Procedures at the previous FDIC CRA evaluation on March 2, 2020.

FPB operates five full-service offices located in northeastern Tennessee. Three of the offices are located in middle-income census tracts (CTs) and two offices are located in upper-income CTs. The bank has not opened or closed any branches or engaged in any mergers or acquisition activity since the previous evaluation.

FPB's primary lending focus includes commercial and residential lending. Banking services offered consist of deposit account services such as checking, savings, and time deposits. The bank also offers a variety of loan products including commercial, residential, consumer, construction, and agricultural loans.

Alternative banking services include debit cards, mobile and internet banking, electronic bill payment, and deposit taking automated teller machines at each location. FPB offers hours and days of service consistent with the area and industry norms.

As of December 31, 2025, FPB's assets totaled approximately \$228.0 million, consisting of loans totaling \$148.5 million. Deposits totaled \$196.9 million as of the same date. The following table details the mix of outstanding loans as of December 31, 2025. Commercial loans constitute the

largest percentage of outstanding gross loans at 58.1 percent followed by residential loans at 27.3 percent.

<b>Loan Portfolio Distribution as of 12/31/2025</b>		
<b>Loan Category</b>	<b>\$(000s)</b>	<b>%</b>
Construction, Land Development, and Other Land Loans	14,686	9.9
Secured by Farmland	173	0.1
Secured by 1-4 Family Residential Properties	32,174	21.7
Secured by Multifamily (5 or more) Residential Properties	8,318	5.6
Secured by Nonfarm Nonresidential Properties	68,075	45.9
<b>Total Real Estate Loans</b>	<b>123,426</b>	<b>83.1</b>
Commercial and Industrial Loans	18,032	12.2
Agricultural Production and Other Loans to Farmers	0	0.0
Consumer Loans	5,339	3.6
Obligations of State and Political Subdivisions in the U.S.	0	0.0
Other Loans	1,672	1.1
Lease Financing Receivable (net of unearned income)	0	0.0
Less: Unearned Income	0	0.0
<b>Total Loans</b>	<b>148,469</b>	<b>100.0</b>
<i>Source: Reports of Condition and Income Due to rounding total may not equal 100.0 percent</i>		

Examiners did not identify any financial, legal, or other impediments that affect the bank’s ability to meet AA credit needs.

## **DESCRIPTION OF ASSESSMENT AREAS**

The CRA requires each financial institution to define one or more AAs for which the examiners will evaluate CRA performance. FPB designated two AAs: the Morristown Metropolitan Statistical Area (MSA) AA and the Knoxville MSA AA. Each AA conforms to CRA regulatory requirements. Refer to each assessment area section for further details.

<b>Description of Assessment Areas</b>			
<b>Assessment Area</b>	<b>Counties in Assessment Area</b>	<b># of CTs</b>	<b># of Branches</b>
Knoxville MSA	Knox	121	2
Morristown MSA	Hamblen and Jefferson	24	3
<i>Source: 2020 Census data and Bank data</i>			

## SCOPE OF EVALUATION

### General Information

This evaluation covers the period from March 2, 2020, the date of the previous evaluation, to March 2, 2026. Examiners used Small Institution Examination Procedures to evaluate CRA performance. The appendix lists the criteria evaluated.

Examiners performed full-scope procedures for both the Knoxville MSA AA and the Morristown MSA AA. As shown in the following table, the majority of overall operations takes place in the Morristown MSA AA; therefore, examiners weighed performance in the Morristown MSA AA more heavily when arriving at overall conclusions and ratings.

<b>Assessment Area Breakdown of Loans, Deposits, and Branches</b>						
<b>Assessment Area</b>	<b>Loans</b>		<b>Deposits</b>		<b>Branches</b>	
	<b>\$(000s)</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>	<b>#</b>	<b>%</b>
Knoxville MSA	21,591	52.8	46,199	24.7	2	40.0
Morristown MSA	19,277	47.2	141,178	75.3	3	60.0
<b>Total</b>	<b>40,868</b>	<b>100.0</b>	<b>187,377</b>	<b>100.0</b>	<b>5</b>	<b>100.0</b>

*Source: Bank data and FDIC Summary of Deposits (12/31/2025)*

### Activities Reviewed

Small Institution Examination Procedures require examiners to determine the major product lines for review. As an initial matter, examiners may select from among the same loan categories used for CRA Large Institution evaluations: home mortgage, small business, small farm, and consumer loans. The following table shows FPB's lending activity for 2025.

<b>Loans Originated or Purchased</b>				
<b>Loan Category</b>	<b>\$(000s)</b>	<b>%</b>	<b>#</b>	<b>%</b>
Construction and Land Development	19,575	28.8	21	17.4
Secured by 1-4 Family Residential Properties	9,434	13.9	19	15.7
Multi-Family (5 or more) Residential Properties	1,681	2.5	3	2.5
Commercial Real Estate Loans	16,139	23.7	14	11.6
Commercial and Industrial Loans	13,854	20.4	24	19.8
Consumer Loans	2,265	3.3	39	32.2
Other Loans	5,000	7.4	1	0.8
<b>Total Loans</b>	<b>67,948</b>	<b>100.0</b>	<b>121</b>	<b>100.0</b>

*Source: 2025 Bank data*

Considering the dollar volume and the number of loans and management's stated business strategy, examiners determined the major product lines consist of commercial and residential. In 2025, commercial loans represented 44.1 percent by dollar amount and 31.4 percent by number and residential loans represented 16.4 percent by dollar amount and 18.2 percent by number. Since agricultural and consumer loans do not represent a major product line, they will not be reviewed for

this evaluation. Bank records indicate the lending focus and product mix remained generally consistent throughout the evaluation period.

Examiners analyzed the universes of small business loans for calendar years 2024, and 2025. The applicable year of D&B data served as the source of comparison for small business loans. The small business loan originations reviewed are as follows:

- 2024: 22 loans totaling \$6.9 million
- 2025: 28 loans totaling \$5.6 million

Examiners also initially reviewed the universes of home mortgage loans for calendar years 2023, 2024, and 2025. However, after analyzing the Assessment Area Concentration, there were too few loans in each AA to draw meaningful conclusions. Therefore, this evaluation only considered and presents home mortgage loans for Assessment Area Concentration. The home mortgage loan originations reviewed are as follows:

- 2023: 15 loans totaling \$4.6 million
- 2024: 4 loans totaling \$1.3 million
- 2025: 15 loans totaling \$7.4 million

Considering the primary business focus, as well as the universes by number and dollar amount among the products reviewed, examiners applied most weight to small business loans when arriving at conclusions.

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

## **CONCLUSIONS ON PERFORMANCE CRITERIA**

### **LENDING TEST**

The bank demonstrated satisfactory performance regarding the Lending Test. The reasonable LTD ratio, majority of loans originated inside the AAs, and reasonable records regarding geographic distribution and borrower profile support this conclusion.

### **Loan-to-Deposit Ratio**

The LTD ratio is reasonable (considering seasonal variations and taking into account lending related activities) given the institution's size, financial condition, and AA credit needs. FPB's LTD ratio, calculated from Reports of Condition and Income data, averaged 72.0 percent over the past 24 quarters, representing a decrease from the 76.6 percent average, net LTD ratio reflected at the previous evaluation. The ratio ranged from a high of 84.2 percent on March 31, 2020, to a low of 60.7 percent on March 31, 2022.

Examiners identified and listed in the following table three similarly-situated institutions operating in similar areas or reflecting comparable asset sizes and lending emphases. As shown in the following table, FPB’s average, net LTD ratio exceeds one similarly-situated bank and trails the other two.

<b>Loan-to-Deposit Ratio Comparison</b>		
<b>Bank</b>	<b>Total Assets as of 12/31/2025 (\$000s)</b>	<b>Average Net LTD Ratio (%)</b>
<b>First People Bank of Tennessee, Jefferson City, Tennessee</b>	<b>228,019</b>	<b>72.0</b>
UBank, Knoxville, Tennessee	180,482	84.3
Bank3, Memphis, Tennessee	494,904	92.5
The Bank of Jackson, Jackson, Tennessee	224,068	31.2

*Source: Reports of Condition and Income (3/31/2020 – 12/31/2025)*

### **Assessment Area Concentration**

A majority of loans and other lending related activities are in the institution’s AAs. The following table shows a majority of small business and home mortgage loans, by both number and dollar amount, are within the AAs.

<b>Lending Inside and Outside of the Assessment Areas</b>											
<b>Loan Category</b>	<b>Number of Loans</b>				<b>Total #</b>	<b>Dollars Amount of Loans \$(000s)</b>				<b>Total \$(000s)</b>	
	<b>Inside</b>		<b>Outside</b>			<b>Inside</b>		<b>Outside</b>			
	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>		<b>\$</b>	<b>%</b>	<b>\$</b>	<b>%</b>		
Small Business											
2024	18	81.8	4	18.2	22	5,574	80.4	1,360	19.6	6,934	
2025	20	71.4	8	28.6	28	4,554	81.1	1,060	18.9	5,614	
<b>Subtotal</b>	<b>38</b>	<b>76.0</b>	<b>12</b>	<b>24.0</b>	<b>50</b>	<b>10,128</b>	<b>80.7</b>	<b>2,420</b>	<b>19.3</b>	<b>12,548</b>	
Home Mortgage											
2023	11	73.3	4	26.7	15	2,732	59.5	1,863	40.5	4,595	
2024	1	25.0	3	75.0	4	360	28.2	918	71.8	1,278	
2025	10	66.7	5	33.3	15	3,829	51.9	3,555	48.1	7,384	
<b>Subtotal</b>	<b>22</b>	<b>64.7</b>	<b>12</b>	<b>35.3</b>	<b>34</b>	<b>6,921</b>	<b>52.2</b>	<b>6,336</b>	<b>47.8</b>	<b>13,257</b>	
<b>Total</b>	<b>60</b>	<b>71.4</b>	<b>24</b>	<b>28.6</b>	<b>84</b>	<b>17,049</b>	<b>66.1</b>	<b>8,756</b>	<b>33.9</b>	<b>25,805</b>	

*Source: Bank data*

### **Geographic Distribution**

The geographic distribution of loans reflects reasonable dispersion throughout the AAs. Reasonable records in the Morristown MSA AA and the Knoxville MSA AA support this conclusion. Examiners focused on the percentage by number of loans in LMI CTs relative to comparative data while considering any performance context issues when arriving at conclusions for this performance factor. This factor only considered loans originated inside the AAs. Refer to each AA for a more detailed discussion of the geographic loan distribution performance.

**Borrower Profile**

The distribution of borrowers reflects, given the demographics of the AAs, reasonable penetration among businesses of different sizes. The reasonable record in the Morristown MSA AA outweighed the poor record in the Knoxville MSA AA to support this conclusion. Examiners focused on the percentage by number of loans to businesses with gross annual revenues (GARs) of \$1.0 million or less relative to comparative data while considering any performance context issues when arriving at conclusions for this performance factor. This factor only considered loans originated inside the AAs. Refer to each AA for a more detailed discussion of the borrower profile performance.

**Response to Complaints**

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

**DISCRIMINATORY OR OTHER ILLEGAL CREDIT PRACTICES REVIEW**

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

**KNOXVILLE MSA AA – Full-Scope Review**

**DESCRIPTION OF INSTITUTION’S OPERATIONS IN THE  
KNOXVILLE MSA AA**

FPB’s Knoxville MSA AA includes all of Knox County making up a portion of the Knoxville, Tennessee MSA. The AA includes a total of 121 CTs including: 12 low-, 15 moderate-, 45 middle-, 45 upper-income, and 4 with no income designation. The bank operates two full-service offices in this AA.

**Economic and Demographic Data**

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

<b>Demographic Information of the Knoxville MSA AA</b>						
<b>Demographic Characteristics</b>	<b>#</b>	<b>Low % of #</b>	<b>Moderate % of #</b>	<b>Middle % of #</b>	<b>Upper % of #</b>	<b>N/A* % of #</b>
Geographies (Census Tracts)	121	9.9	12.4	37.2	37.2	3.3
Population by Geography	478,971	7.8	11.4	38.1	40.0	2.6
Housing Units by Geography	207,611	9.2	12.7	39.0	38.1	1.1
Owner-Occupied Units by Geography	123,272	3.7	10.9	40.7	44.7	0.0
Occupied Rental Units by Geography	66,264	17.2	15.8	36.5	27.5	3.0
Vacant Units by Geography	18,075	17.0	13.4	36.8	30.9	1.8
Businesses by Geography	51,380	5.9	9.4	28.9	55.2	0.7
Farms by Geography	441	5.0	4.1	35.2	55.1	0.7
Family Distribution by Income Level	116,628	18.8	15.9	19.8	45.5	0.0
Household Distribution by Income Level	189,536	23.4	15.2	17.0	44.4	0.0
Median Family Income MSA - 28940 Knoxville, TN MSA	\$71,711	Median Housing Value		\$ 202,483		
		Median Gross Rent		\$926		
		Families Below Poverty Level		8.5%		
<i>Source: 2020 Census data and 2025 D&amp;B data            (*) The NA category consists of geographies that have not been assigned an income classification            Due to rounding, totals may not equal 100.0 percent</i>						

The largest industries in the Knoxville MSA AA are healthcare and social assistance; retail trade; construction; other services; and professional, scientific, and technical services. According to the Tennessee Department of Labor and Workforce Development, major employers in the AA include the University of Tennessee, University of Tennessee Medical Center, Covenant Health, and Knox County Schools.

As shown in the following table, data obtained from the U.S. Bureau of Labor Statistics indicates that the unemployment rates for Knox County remained below the State of Tennessee and national averages throughout the period.

<b>Unemployment Rates</b>			
<b>Area</b>	<b>December 2023</b>	<b>December 2024</b>	<b>December 2025</b>
	<b>%</b>	<b>%</b>	<b>%</b>
Knox County	2.8	3.2	2.7
State of Tennessee	3.2	3.7	3.6
National Average	3.8	4.1	4.4
<i>Source: Bureau of Labor Statistics</i>			

## **Competition**

The Knoxville MSA AA contains competition from other chartered banks based on the 130 offices from 31 financial institutions. The top 4 institutions account for 59.2 percent of the market share. FPB ranks 25<sup>th</sup> in the deposit market share by capturing 0.2 percent of the area's deposits based on the June 30, 2025, FDIC Deposit Market Share Report.

## **Community Contact**

As part of the evaluation process, examiners contact a third party active in the AA to assist in identifying the credit needs. This information helps determine local financial institutions' responsiveness to these needs and shows available credit opportunities.

Examiners utilized information obtained from an existing contact of a local organization focused on affordable housing and homeownership education within Knox County and 13 counties within a 75-mile radius. This organization has operated for more than 20 years and serves LMI individuals.

The contact indicated that the area has a large Hispanic population, which comprises a significant portion of the organization's client base. According to the contact, language barriers and limited availability bilingual banking staff present challenges for LMI individuals seeking banking and credit needs.

The contact noted a need for affordable housing in the community for LMI individuals. While several affordable housing initiatives are underway, the contact stated that non-profit organizations face challenges obtaining funding, navigating rising construction costs, material expenses, and limited availability of affordable lots. The contact also cited delays in the permitting process as an impediment to affordable housing development. The contact stated that most banks in the area sufficiently meet the community needs. However, the contact suggests that financial institutions could enhance responsiveness by offering tailored products for LMI individuals and small businesses.

## **Credit Needs**

Considering information obtained from the community contact, bank management, and demographic information, examiners ascertained that the primary credit needs of the AA include small business and home mortgage loans.

# **CONCLUSIONS ON PERFORMANCE CRITERIA IN THE KNOXVILLE MSA AA**

## **LENDING TEST**

FPB demonstrated adequate performance under the Lending Test for the Knoxville MSA AA. The reasonable performance for geographic distribution outweighed the poor performance for borrower profile to support this conclusion.

**Geographic Distribution**

The geographic distribution of loans reflects reasonable dispersion throughout the Knoxville MSA AA. The reasonable performances in 2024, and 2025, for small business loans support this conclusion.

***Small Business Loans***

The geographic distribution of small business loans reflects reasonable dispersion throughout the Knoxville MSA AA. Reasonable performances in both LMI geographies support this conclusion.

The following table shows that in 2024, the small business lending in low-income tracts trailed demographic data by 6.5 percentage points, reflecting reasonable performance. In moderate-income geographies, small business lending exceeds demographics by 6.5 percentage points, also reflecting reasonable performance.

In 2025, the small business lending in low-income geographies exceeds demographic data by 19.1 percentage points, reflecting excellent performance. In moderate-income geographies, lending trails demographic data by 9.4 percentage points, reflecting poor performance. The excellent performance in low-income CTs and poor performance in moderate-income CTs reflects overall reasonable performance for 2025.

<b>Geographic Distribution of Small Business Loans Knoxville MSA AA</b>					
<b>Tract Income Level</b>	<b>% of Businesses</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
<b>Low</b>					
2024	6.5	0	0.0	0	0.0
2025	5.9	2	25.0	1,105	41.1
<b>Moderate</b>					
2024	10.2	2	16.7	761	24.1
2025	9.4	0	0.0	0	0.0
<b>Middle</b>					
2024	30.8	7	58.3	1,374	43.4
2025	28.9	2	25.0	425	15.8
<b>Upper</b>					
2024	51.7	3	25.0	1,027	32.5
2025	55.1	4	50.0	1,157	43.1
<b>NA</b>					
2024	0.8	0	0.0	0	0.0
2025	0.7	0	0.0	0	0.0
<b>Total</b>					
<b>2024</b>	<b>100.0</b>	<b>12</b>	<b>100.0</b>	<b>3,162</b>	<b>100.0</b>
<b>2025</b>	<b>100.0</b>	<b>8</b>	<b>100.0</b>	<b>2,687</b>	<b>100.0</b>
<i>Source: 2024 and 2025 D&amp;B data and Bank data Due to rounding, totals may not equal 100.0 percent</i>					

## **Borrower Profile**

The distribution of borrowers reflects, given the demographic of the Knoxville MSA AA, poor penetration among businesses of different sizes. Poor performance for small business loans supports this conclusion.

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

The distribution of borrowers reflects poor penetration among businesses of different sizes in the Knoxville MSA AA. The poor level of lending in 2024, to businesses with GARs of \$1.0 million or less outweighed the very poor level of lending in 2025, to support this conclusion.

The following table shows that in 2024, the bank originated less than 6 out of every 10 loans to businesses with GARs of \$1.0 million or less, reflecting poor performance. The performance trails demographic data by 29.8 percentage points, only 25.0 percent of loans were originated to businesses with GARs of less than \$250,000, and the performance has declined since the previous evaluation where the bank originated 85.0 percent of small business loans to businesses with GARs of \$1.0 million or less. These additional performance context factors further supports poor performance.

In 2025, the bank did not originate any small business loans to businesses with GARs of \$1.0 million or less, reflecting very poor performance. This level trails demographic data by 89.4 percentage points, further supporting very poor performance. For 2025, examiners considered the large percentage of lending to borrowers with revenues not available. This large level appears to skews the data; therefore, examiners placed less weight on 2025 performance in drawing an overall conclusion.

<b>Distribution of Small Business Loans by Gross Annual Revenue Category Knoxville MSA AA</b>					
<b>Gross Revenue Level</b>	<b>% of Businesses</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
<b>&lt; \$100,000</b>					
2024	65.5	1	8.3	470	14.9
2025	68.2	0	0.0	0	0.0
<b>\$100,000 - \$249,999</b>					
2024	16.7	2	16.7	1,341	42.4
2025	16.0	0	0.0	0	0.0
<b>\$250,000 - \$499,999</b>					
2024	3.7	1	8.3	232	7.3
2025	3.3	0	0.0	0	0.0
<b>\$500,000 - \$1,000,000</b>					
2024	2.2	3	25.0	81	2.6
2025	1.9	0	0.0	0	0.0
<b>Subtotal &lt;= \$1,000,000</b>					
<b>2024</b>	<b>88.1</b>	<b>7</b>	<b>58.3</b>	<b>2,124</b>	<b>67.2</b>
<b>2025</b>	<b>89.4</b>	<b>0</b>	<b>0.0</b>	<b>0</b>	<b>0.0</b>
<b>&gt;\$1,000,000</b>					
2024	2.5	2	16.7	610	19.3
2025	2.1	2	25.0	581	21.6
<b>Revenue Not Available</b>					
2024	9.4	3	25.0	428	13.5
2025	8.5	6	75.0	2,106	78.4
<b>Total</b>					
<b>2024</b>	<b>100.0</b>	<b>12</b>	<b>100.0</b>	<b>3,162</b>	<b>100.0</b>
<b>2025</b>	<b>100.0</b>	<b>8</b>	<b>100.0</b>	<b>2,687</b>	<b>100.0</b>
<i>Source: 2024 – 2025 D&amp;B data and Bank data Due to rounding, totals may not equal 100.0 percent</i>					

## **MORRISTOWN MSA AA – Full-Scope Review**

### **DESCRIPTION OF INSTITUTION’S OPERATIONS IN THE MORRISTOWN MSA AA**

FPB’s Morristown MSA AA includes all of Hamblen and Jefferson counties making up the Morristown, Tennessee MSA. The AA includes a total of 24 CTs including: 1 low-, 3 moderate-, 16 middle-, and 4 upper-income. The bank operates three full-service offices in this AA.

**Economic and Demographic Data**

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

<b>Demographic Information of the Morristown MSA AA</b>						
<b>Demographic Characteristics</b>	<b>#</b>	<b>Low % of #</b>	<b>Moderate % of #</b>	<b>Middle % of #</b>	<b>Upper % of #</b>	<b>N/A* % of #</b>
Geographies (Census Tracts)	24	4.2	12.5	66.7	16.7	0.0
Population by Geography	119,182	3.0	12.9	67.4	16.7	0.0
Housing Units by Geography	51,593	2.7	13.1	67.8	16.3	0.0
Owner-Occupied Units by Geography	31,523	1.4	10.5	69.4	18.8	0.0
Occupied Rental Units by Geography	13,005	6.2	21.4	59.0	13.4	0.0
Vacant Units by Geography	7,065	2.4	9.8	77.0	10.8	0.0
Businesses by Geography	8,794	6.7	15.5	62.4	15.4	0.0
Farms by Geography	159	1.9	3.1	86.2	8.8	0.0
Family Distribution by Income Level	30,583	19.7	19.4	20.1	40.8	0.0
Household Distribution by Income Level	44,528	23.3	16.6	18.0	42.2	0.0
Median Family Income MSA - 34100 Morristown, TN MSA	\$59,764	Median Housing Value		\$ 144,180		
		Median Gross Rent		\$727		
		Families Below Poverty Level		11.2%		
<i>Source: 2020 Census data and 2025 D&amp;B data            (*) The NA category consists of geographies that have not been assigned an income classification            Due to rounding, totals may not equal 100.0 percent</i>						

The largest industries in the Morristown MSA AA are healthcare and social assistance; retail trade; construction; manufacturing; and administrative and support. According to the Tennessee Department of Labor and Workforce Development, major employers in the AA include the Hamblen County Department of Education, Koch Foods, MAHLE Industries, Howmet Aerospace, and Wal-Mart.

As shown in the following table, data obtained from the U.S. Bureau of Labor Statistics indicates that the unemployment rates for Hamblen and Jefferson counties exceeded the State of Tennessee unemployment rate in 2023, were consistent with it in 2024, and were below it in 2025. The unemployment rates for the AA remained below the national averages throughout the period.

<b>Unemployment Rates</b>			
<b>Area</b>	<b>December 2023</b>	<b>December 2024</b>	<b>December 2025</b>
	<b>%</b>	<b>%</b>	<b>%</b>
Hamblen County	3.4	3.7	3.4
Jefferson County	3.3	3.7	3.2
State of Tennessee	3.2	3.7	3.6
National Average	3.8	4.1	4.4

*Source: Bureau of Labor Statistics*

**Competition**

The Morristown MSA AA contains competition from other chartered banks based on the 26 offices from 11 financial institutions. The top 4 institutions account for 63.4 percent of the market share. FPB ranks 7<sup>th</sup> in the deposit market share by capturing 6.1 percent of the area’s deposits based on the June 30, 2025, FDIC Deposit Market Share Report.

**Credit Needs**

Considering information obtained from bank management and demographic information, examiners ascertained that the primary credit needs of the AA include small business and home mortgage loans.

**CONCLUSIONS ON PERFORMANCE CRITERIA IN THE MORRISTOWN MSA AA**

**LENDING TEST**

FPB demonstrated adequate performance under the Lending Test for the Morristown MSA AA. The reasonable performances for geographic distribution and borrower profile support this conclusion.

**Geographic Distribution**

The geographic distribution of loans reflects reasonable dispersion throughout the Morristown MSA AA. The reasonable performances for 2024, and 2025, small business lending support this conclusion.

***Small Business Loans***

The geographic distribution of small business loans reflects reasonable dispersion throughout the Morristown MSA AA. Reasonable performances in both LMI geographies support this conclusion.

The following table shows that in 2024, the small business lending in low-income geographies exceeds demographics by 9.7 percentage points, reflecting reasonable performance. In moderate-income geographies, small business lending exceeds demographics by 0.9 percentage points, also reflecting reasonable performance.

In 2025, small business lending trailed demographic data by 6.7 percentage points, reflecting reasonable performance. In moderate-income geographies, small business lending fell below demographics by 7.2 percentage points, also reflecting reasonable performance.

<b>Geographic Distribution of Small Business Loans Morristown MSA AA</b>					
<b>Tract Income Level</b>	<b>% of Businesses</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
Low					
2024	7.0	1	16.7	995	41.3
2025	6.7	0	0.0	0	0.0
Moderate					
2024	15.8	1	16.7	350	14.5
2025	15.5	1	8.3	239	12.8
Middle					
2024	61.8	4	66.7	1,067	44.2
2025	62.4	9	75.0	1,526	81.7
Upper					
2024	15.4	0	0.0	0	0.0
2025	15.4	2	16.7	102	5.5
NA					
2024	0.0	0	0.0	0	0.0
2025	0.0	0	0.0	0	0.0
<b>Total</b>					
<b>2024</b>	<b>100.0</b>	<b>6</b>	<b>100.0</b>	<b>2,412</b>	<b>100.0</b>
<b>2025</b>	<b>100.0</b>	<b>12</b>	<b>100.0</b>	<b>1,867</b>	<b>100.0</b>
<i>Source: 2024 and 2025 D&amp;B data and Bank data Due to rounding, totals may not equal 100.0 percent</i>					

## **Borrower Profile**

The distribution of borrowers reflects, given the demographic of the Morristown MSA AA, reasonable penetration among businesses of different sizes. Reasonable performance for small business loans supports this conclusion.

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

The distribution of borrowers reflects reasonable penetration among businesses of different sizes in the Morristown MSA AA. The reasonable level of lending to businesses with GARs of \$1.0 million or less in 2024, outweighed the very poor level of lending to businesses with GARs of \$1.0 million or less to support this conclusion.

The following table shows that in 2024, the bank originated 5 out of every 10 loans to businesses with GARs of \$1.0 million or less, reflecting reasonable performance. While the performance trails demographic data by 36.0 percentage points, examiners considered that the bank originated 33.3

percent of all small business loans to businesses with GARs less than \$250,000, which equates to 66.7 percent of small business loans to businesses with GARs of \$1.0 million or less, reflecting the willingness to support the smallest of businesses and further supporting reasonable performance.

In 2025, the bank originated less than 1 out of every 10 loans to businesses with GARs of \$1.0 million or less, reflecting very poor performance. The performance also trails demographic data by 78.3 percent, further supporting very poor performance. For 2025, examiners considered the large percentage of lending to borrowers with revenues not available. This large level appears to skew the data; therefore, examiners placed less weight on 2025 performance in drawing an overall conclusion.

<b>Distribution of Small Business Loans by Gross Annual Revenue Category Morristown MSA AA</b>						
<b>Gross Revenue Level</b>	<b>% of Businesses</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>	
< \$100,000						
2024	61.2	1	16.7	550	22.8	
2025	62.0	0	0.0	0	0.0	
\$100,000 - \$249,999						
2024	18.1	1	16.7	175	7.3	
2025	18.3	1	8.3	60	3.2	
\$250,000 - \$499,999						
2024	4.5	0	0.0	0	0.0	
2025	4.3	0	0.0	0	0.0	
\$500,000 - \$1,000,000						
2024	2.2	1	16.7	250	10.4	
2025	2.0	0	0.0	0	0.0	
<b>Subtotal &lt;= \$1,000,000</b>						
<b>2024</b>	<b>86.0</b>	<b>3</b>	<b>50.0</b>	<b>975</b>	<b>40.4</b>	
<b>2025</b>	<b>86.6</b>	<b>1</b>	<b>8.3</b>	<b>60</b>	<b>3.2</b>	
>\$1,000,000						
2024	3.0	1	16.7	92	3.8	
2025	2.9	0	0.0	0	0.0	
Revenue Not Available						
2024	11.0	2	33.3	1,345	55.8	
2025	10.5	11	91.7	1,807	96.8	
<b>Total</b>						
<b>2024</b>	<b>100.0</b>	<b>6</b>	<b>100.0</b>	<b>2,412</b>	<b>100.0</b>	
<b>2025</b>	<b>100.0</b>	<b>12</b>	<b>100.0</b>	<b>1,867</b>	<b>100.0</b>	
<i>Source: 2024 and 2025 D&amp;B data and Bank data Subtotals may not equal the sum of the figures above due to rounding Due to rounding, totals may not equal 100.0 percent</i>						

## APPENDICES

### SMALL BANK PERFORMANCE CRITERIA

#### **Lending Test**

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

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

## GLOSSARY

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

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

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

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

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

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

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

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

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

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

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

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

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

**Home Mortgage Loans:** Includes closed-end mortgage loans or open-end line of credits as defined in the HMDA regulation that are not an excluded transaction per the HMDA regulation.

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

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

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

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

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

**Metropolitan Division (MD):** A county or group of counties within a CBSA that contain(s) an urbanized area with a population of at least 2.5 million. A MD is one or more main/secondary

counties representing an employment center or centers, plus adjacent counties associated with the main/secondary county or counties through commuting ties.

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

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

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

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

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

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

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

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

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

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

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

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

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