



Bank *of* Franklin

CRA Public File

Bank of Franklin has the following branches and locations:

- Main Office located at 9 Main Street E, Meadville, MS 39653, census tract 9501.01, Franklin County
- Drive Thru branch located at 210 South Walnut Street, Meadville, MS 39653, census tract 9501.01, Franklin County
- Branch located at 721 Brookway Boulevard, Brookhaven, MS 39601, census tract 9506.01, Lincoln County, opened on April 7, 2008
- Branch located at 511 Apache Drive, McComb, MS 39648, census tract 9504.00, Pike County, opened June 4, 2014
- Branch located at 601 Franklin Street, Natchez, MS 39120, census tract 0007.00, Adams County, opened April 1, 2025

A branch, located at 140 West Boulevard, Roxie, MS 39661, census tract 9502.00, Franklin County, closed August 27, 2010.

A branch, located at 115 Main Street, Bude, MS 39630, census tract 9501.01, Franklin County, closed December 31, 2021.

The Main Office located at 9 Main Street, Meadville, MS is a 'Full Service' Bank with services outlined on the attached brochure.

The Hours for the Bank's Main Office are:

9:00 A.M. – 4:30 P.M. Monday – Thursday

9:00 A.M. – 5:30 P.M. Friday

The Drive Thru is located at 210 South Walnut Street, Meadville, MS with services that include:

- Deposit
- Check Cashing
- Sale of Official Checks
- Night Depository
- ATM located at this branch

The Drive Thru Hours are:

9:00 A.M. – 1:00 P.M. and 2:00 P.M. – 4:30 P.M. Monday – Thursday

9:00 A.M. – 1:00 P.M. and 2:00 P.M. – 5:30 P.M. Friday

The Brookhaven Branch is located at 721 Brookway Boulevard, Brookhaven, MS is a 'Full Service' Bank with services outlined on the attached brochure. An ATM is located at this location.

Brookhaven Branch Hours are:

Lobby Hours: 9:00 A.M. – 4:30 P.M. Monday – Thursday

9:00 A.M. – 5:30 P.M. Friday

Drive Thru Hours: 8:30 A.M. – 4:30 P.M. Monday – Thursday

8:30 A.M. – 5:30 P.M. Friday

The McComb Branch is located at 511 Apache Drive, McComb, MS is a 'Full Service' Bank with services outlined on the attached brochure. An ATM is located at this location.

McComb Branch Hours are:

9:00 A.M. – 4:30 P.M. Monday – Thursday

9:00 A.M. – 5:30 P.M. Friday

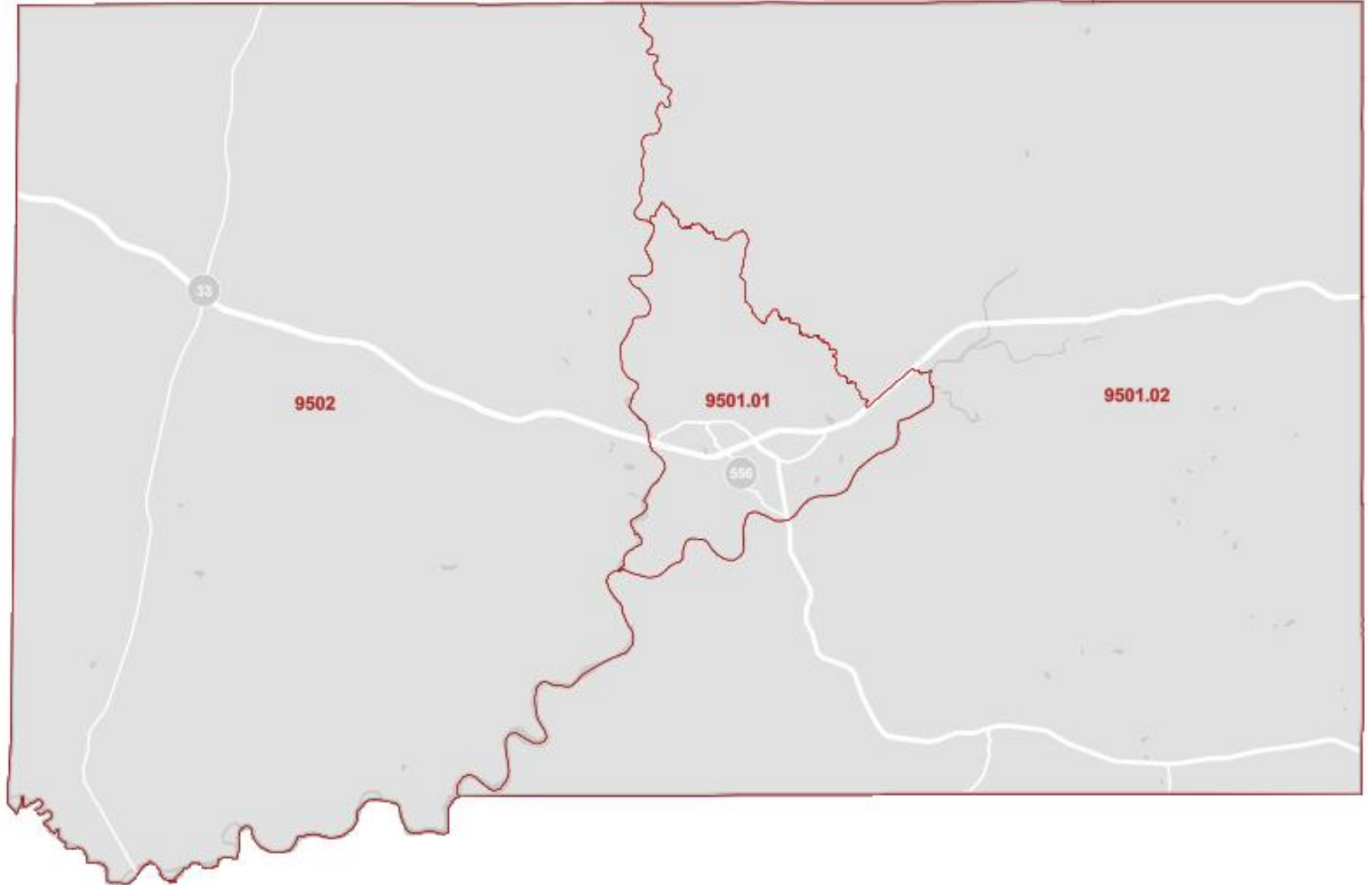
The Natchez Branch is located at 601 Franklin Street, Natchez, MS is a 'Full Service' Bank with services outlined on the attached brochure.

Natchez Branch Hours are:

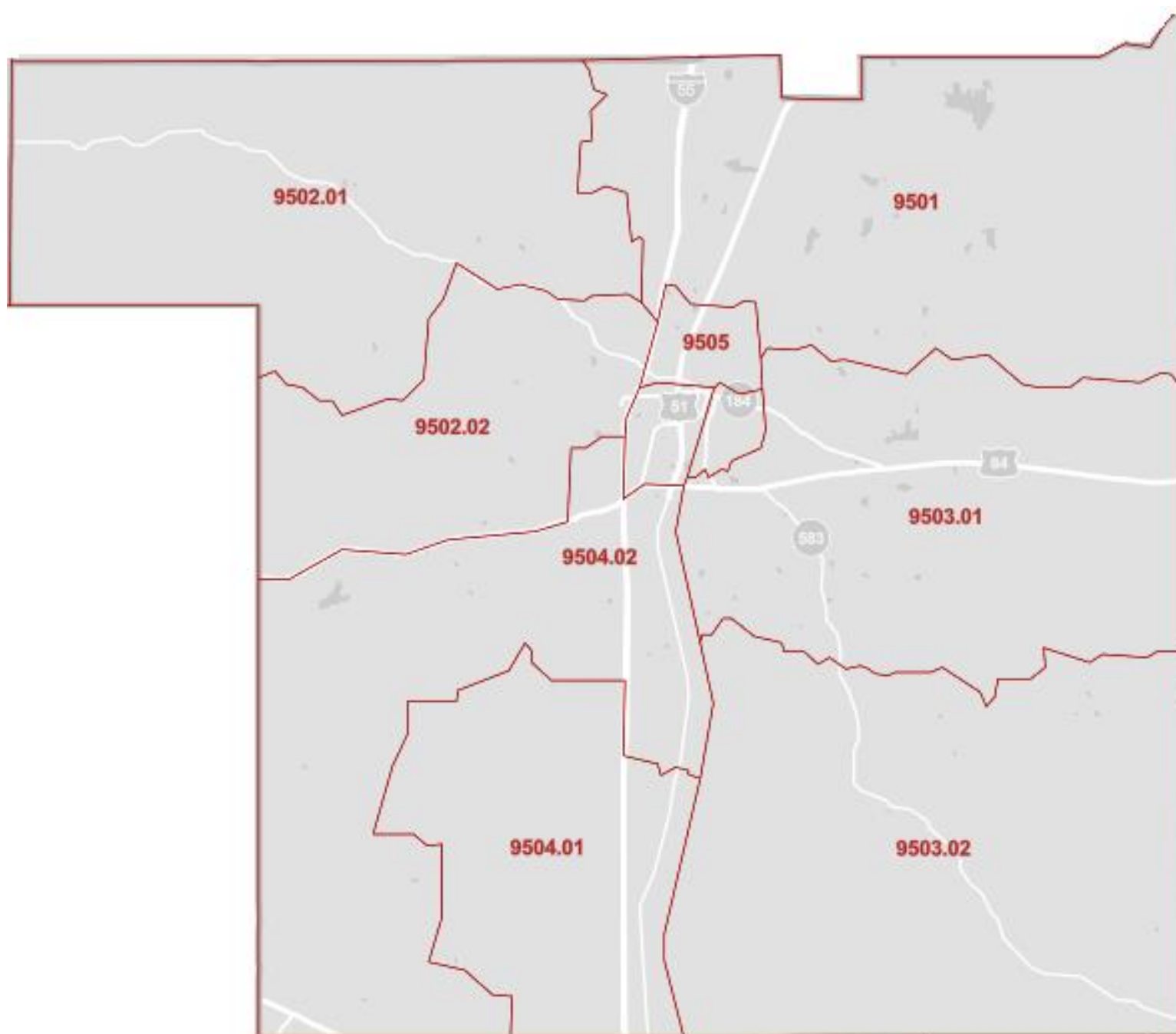
9:00 A.M. – 4:30 P.M. Monday – Thursday

9:00 A.M. – 5:30 P.M. Friday

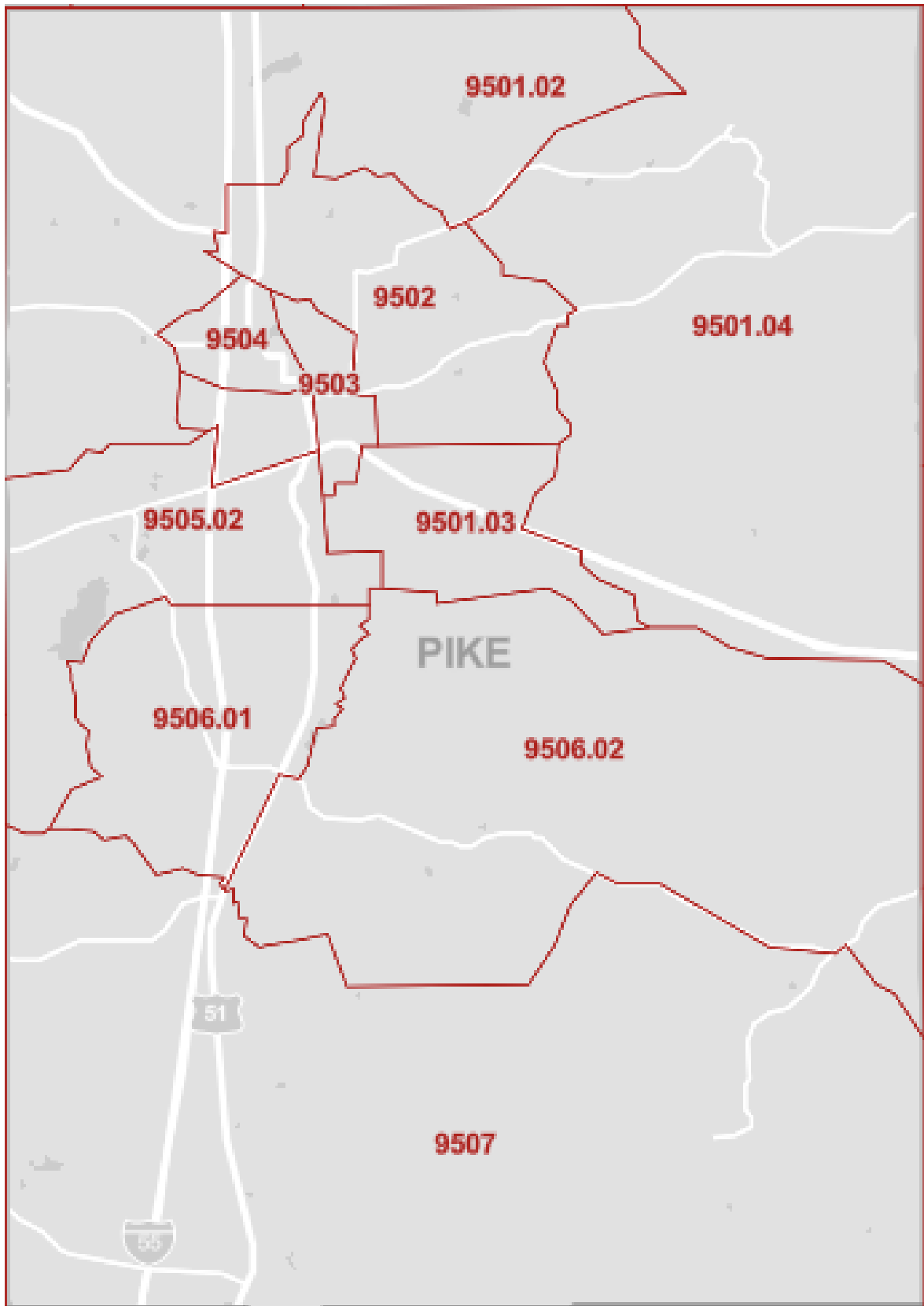
Franklin County



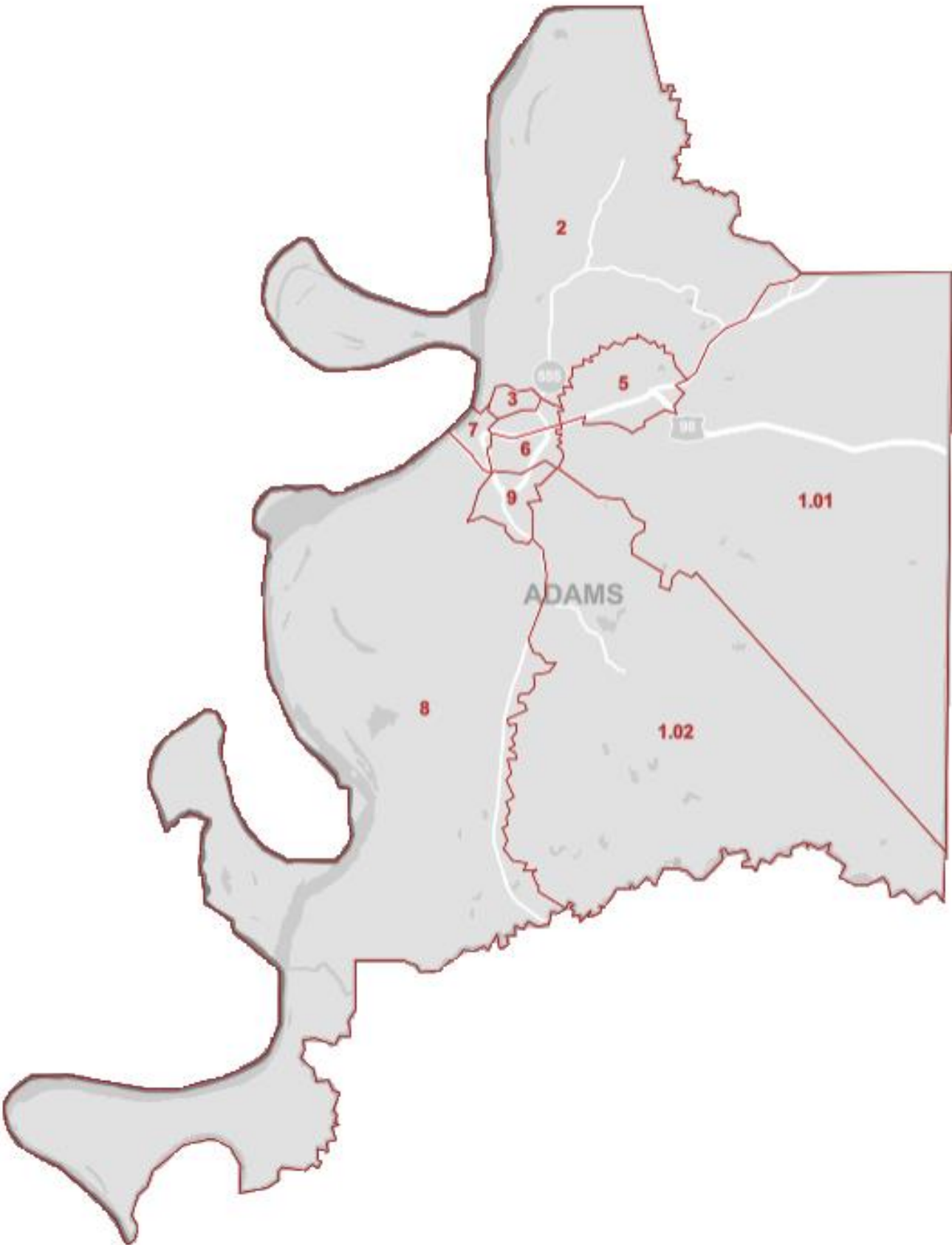
Lincoln County



Pike County



Adams County



Miscellaneous Services and Fees

NSF & Overdraft Fee (per item)	\$ 35.00
Returned Deposit Fee (per item)	\$ 3.00
Stop Payment Fee (per item)	\$ 35.00
Debit Card Replacement Fee	\$ 10.00
Foreign ATM Transaction Fee	\$ 3.00
Sweep Transaction Fee	\$ 2.00
Excess Withdrawal Fee	\$ 5.00
Statement Printout	\$ 4.00
Call out checks over the phone	\$ 2.00
Research per hour (1 hour minimum)	\$ 15.00
Copies of Research (per copy)	\$ 1.00
Wire Transfer Incoming	\$ 15.00
Wire Transfer Outgoing	\$ 20.00
Disbursement Check \$1,000 and less	\$ 7.50
Disbursement Check over \$1,000	\$ 15.00
Money Orders (up to \$500.00)	\$ 3.00
Dormant Fee (per month of inactivity)	\$ 5.00
Garnishments/Levies	\$ 45.00
Returned Statement Fee	\$ 5.00
Charged Off Account Fee	\$ 35.00
Night Depository Extra Bag	\$ 9.00
Night Depository Extra Lock	\$ 3.00
Blue Zipper Bag	\$ 4.00
Safe Deposit Boxes (must have active checking account)	
3 x 5	\$ 30.00
5 x 5	\$ 35.00
3 x 10	\$ 45.00
5 x 10	\$ 55.00
10 x 10 (Brookhaven only)	\$ 85.00
Late Fee (after 30 days late)	\$ 10.00
Drill Lock if keys are lost	\$ 50.00
Lock Replacement Fee	\$ 50.00

Safe Deposit Box contents are not insured.

Mobile and Internet Banking

Make banking as close as your phone or computer with Mobile and Internet Banking. Manage your accounts from anywhere. It's free and accessible 24/7. With Bank of Franklin's Internet Banking, you can view account information, transfer funds between Bank of Franklin accounts, reorder checks, pay your bills, and much more. To sign up, download our app on your mobile device or visit our website at www.bankoffranklin.com.

24 Hour Teller Phone Banking

Have a phone? You can get free account access 24 hours a day, 7 days a week. Check account balances, transfer funds, track transactions and more. Just call 601-384-4806 or 601-990-3045.

Debit Cards

With our MasterCard™ debit card, you have immediate access to your checking account without the hassle of writing a check. You have the ability to make purchases and withdraw money from any ATM around the world. Lost or stolen debit card? Call 1-800-383-8000 to report it, then visit our Meadville, Brookhaven or McComb locations to have a new card printed instantly!



Bank of Franklin

**Real People. Real Answers.
Real Community Banking.**

Personal Accounts

Bank Locations

Main Office

9 Main Street E - Meadville, MS
(601) 384-2305

Drive Thru

210 S Walnut Street - Meadville, MS
(601) 384-3664

Brookhaven Branch

721 Brookway Blvd – Brookhaven, MS
(601) 990-3020

McComb Branch

511 Apache Drive - McComb, MS
(601) 465-0700

Natchez Branch

601 Franklin Street - Natchez, MS
(601) 417-0404

www.bankoffranklin.com



Bank of Franklin

Personal Account Choices

Features	Regular Checking	Bonus Banking	Bonus Banking Senior	Student Checking	Personal Interest Checking	Personal Interest Checking Advantage	Savings Account	Kids Savings Account	Money Market	Christmas Club
Minimum Opening Balance	\$50.00	\$50.00	\$50.00	\$25.00	\$1,500.00	\$1,500.00	\$50.00	\$25.00	\$1,000.00	\$10.00
Service Charge	\$7.00 monthly if balance drops below \$500	\$8.00 monthly	\$3.00 monthly	\$0.00	\$8.00 monthly if balance drops below \$1,500	Minimum \$6.00 or \$14.00 monthly if balance drops below \$1,500	\$6.00 quarterly if balance drops below \$100	\$4.00 quarterly if balance drops below \$25	\$6.00 monthly if balance drops below \$1,000	\$0.00
Withdrawal Limitations	No	No	No	No	No	No	Yes, 6 per month	Yes, 6 per month	Yes, 6 per month	Yes
Age Limitation	No	No	62 and older	13 - 24	No	No	No	17 and under	No	No
Interest Bearing	No	No	No	No	Yes, on balances over \$1,500	Yes, on balances over \$1,500	Yes	Yes	Yes, on balances over \$1,000	Yes, on balances over \$100
ATM/Debit Card	Yes	Yes	Yes	Yes	Yes	Yes	No	No	No	No
Online & Mobile Banking	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Bill Pay	Yes	Yes	Yes	Yes	Yes	Yes	No	No	No	No
Unlimited Check Writing	Yes	Yes	Yes	Yes	Yes	Yes	No	No	No	No
Add'l Benefits Available (ADD insurance, Cell Phone Protection, Identity Theft, etc.)	No	Yes	Yes	No	No	Yes	No	No	No	No

Service charges are determined by the lowest daily balance during statement cycle. Interest is computed by the daily balance method for the statement cycle.

Certificate of Deposit (CD) and Individual Retirement Account (IRA) – Minimum opening deposit of \$100.00, maturities of 182 days, 12, 18, 24, 30 or 60 months, interest can be compounded or paid monthly, options to automatically renew.

Credit Products – Bank of Franklin offers an array of consumer loan types. Whether you're buying a car or refinancing your home, one of our lenders will be glad to talk to you about your lending needs.

Miscellaneous Services and Fees

NSF & Overdraft Fee (per item)	\$ 35.00
Overdraft Accrual Charge	10.00%
Returned Deposit Fee (per item)	\$ 3.00
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Natchez Branch

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(601) 417-0404

www.bankoffranklin.com



Bank of Franklin

Business Account Choices

Features	Business Checking	Business Checking Advantage	Interest Checking for Non-Profit	Business Savings Account	Business Money Market
Minimum Opening Balance	\$50.00	\$50.00	\$1,500.00	\$500.00	\$1,000.00
Service Charge	\$6.00 monthly, plus \$0.12 per item, minus \$0.10 per \$100.00 balance	\$12.00 monthly, plus \$0.12 per item, minus \$0.10 per \$100.00 balance	\$6.00 if balance drops below \$1,500.00	\$5.00 monthly if balance falls below \$500.00	\$6.00 monthly if balance falls below \$2,500.00
Interest Bearing	No	No	Yes, on balances over \$1,500	Yes, on balances over \$500	Yes, on balances over \$1,000
ATM/Debit Card	Yes	Yes	Yes	No	No
Online & Mobile Banking	Yes	Yes	Yes	Yes	Yes
Bill Pay	Yes	Yes	Yes	No	No
Additional Benefits Available: Cell Phone Protection, Telemedicine, Identity Theft	No	Yes	No	No	No

Service charges are determined by the lowest daily balance during statement cycle. Interest is computed by the daily balance method for the statement cycle.

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Bank of Franklin

Loan to Deposit Ratios

Date	Net Loans	Total Deposits	Ratio
03/31/23	\$142,444,156	\$191,050,066	74.6%
06/30/23	\$147,712,524	\$186,781,808	79.1%
09/30/23	\$151,692,379	\$202,255,185	75.0%
12/31/23	\$156,617,041	\$198,610,989	78.9%
03/31/24	\$159,170,743	\$205,256,529	77.5%
06/30/24	\$159,092,121	\$207,763,996	76.6%
09/30/24	\$161,499,026	\$205,582,631	78.6%
12/31/24	\$168,000,082	\$206,173,742	81.5%
03/31/25	\$170,251,841	\$214,233,431	79.5%

December 31, 2024

There have been no written comments received from the public for the current year or the prior two calendar years that specifically relates to the bank's performance in helping meet the community credit needs.

PUBLIC DISCLOSURE

May 20, 2019

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Bank of Franklin
Certificate Number: 10594

9 Main Street
Meadville, Mississippi 39653

Federal Deposit Insurance Corporation
Division of Depositor and Consumer Protection
Dallas Region – Memphis Area Office

6060 Primacy Parkway, Suite 300
Memphis, Tennessee 38119

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.

Bank of Franklin's satisfactory Community Reinvestment Act (CRA) performance under the Lending Test supports the overall rating. Examiners did not identify any evidence of discriminatory or other illegal credit practices. Therefore, this consideration did not affect the overall rating. The following points summarize the bank's Lending Test performance.

- The loan-to-deposit (LTD) ratio is reasonable given the institution's size, financial condition, and assessment area's credit needs.
- The bank made a majority of its small business and home mortgage loans in the assessment area.
- The geographic distribution of loans reflects reasonable dispersion throughout the assessment area.
- The distribution of borrowers reflects poor penetration of loans among businesses of different sizes and individuals of different income levels.
- The institution did not receive any CRA-related complaints since the previous evaluation; therefore, this factor did not affect the Lending Test conclusion.

SCOPE OF EVALUATION

General Information

This evaluation covers the period from the prior evaluation dated March 4, 2013, to the current evaluation dated May 20, 2019. Examiners used the Interagency Small Institution Examination Procedures to evaluate Bank of Franklin's CRA performance. These procedures include the CRA Small Bank Lending Test, which considers the institution's performance according to the following criteria:

- LTD ratio,
- Assessment area concentration,
- Geographic distribution,
- Borrower profile, and
- Response to CRA-related complaints.

Loan Products Reviewed

CRA procedures require examiners to determine the bank's major product lines from which to sample, and examiners may select from among the same loan categories used for Large Bank evaluations: home mortgage, small business, small farm, and consumer loans. The following table shows the bank's lending activity for 2018, which reflects a consistent pattern with the bank's lending emphasis since the previous evaluation.

Loans Originated or Purchased				
Loan Category	\$(000s)	%	#	%
Construction and Land Development	5,480	13.4	26	3.4
Secured by Farmland	3,224	7.9	27	3.5
Secured by 1-4 Family Residential Properties	12,872	31.5	150	19.5
Multi-Family (5 or more) Residential Properties	74	0.1	1	0.1
Commercial Real Estate Loans	7,382	18.0	72	9.4
Commercial and Industrial Loans	7,590	18.6	130	16.9
Agricultural Loans	0	0.0	0	0.0
Consumer Loans	4,293	10.5	363	47.2
Other Loans	0	0.0	0	0.0
Total Loans	40,915	100.0	769	100.0
<i>Source: 1/1/18 - 12/31/18 Bank Data. Due to rounding, totals may not equal 100.0.</i>				

Based on the bank's business strategy and the number and dollar volume of loans originated or purchased during the evaluation period and during the most recent calendar year as seen in the prior table, examiners determined the bank's major product lines consist of commercial loans and home mortgage loans.

As a result, examiners reviewed small business and home loans as part of this evaluation. Sufficient readily available data did not exist to evaluate the entire universe of loans reviewed. Therefore, examiners selected a sample of 55 small business loans totaling \$4.1 million from a universe of 202 small business loans totaling \$15.0 million originated or purchased between January 1, 2018, and December 31, 2018. Additionally, examiners selected a sample of 51 home

mortgage loans totaling \$3.8 million from a universe of 151 home mortgage loans totaling \$12.9 million originated or purchased during the same timeframe.

Consumer loans and small farm loans do not represent major product lines and consist of a nominal percentage of the total loan portfolio at 10.5 and 7.9 percent, respectively, by dollar volume of loans originated or purchased in 2018. Therefore, this evaluation does not include a review of them.

Loan Category Weighting

Examiners considered the dollar volume and number of loans originated among those products reviewed as well as management's stated business strategy to determine the weighting applied when arriving at conclusions for applicable performance factors. Home mortgage and small business lending both represent lending emphases of the bank and comprise relatively equal portions, by both dollar and number volume, of the universes of loans reviewed in this evaluation. Therefore, home mortgage and small business loans received equal weight when arriving at conclusions.

Universes of Loans Reviewed				
Loan Category	\$(000s)	%	#	%
Small Business	14,972	53.6	202	57.2
Home Mortgage	12,946	46.4	151	42.8
Source: 1/1/2018 - 12/31/2018 Bank Data.				

While this evaluation presents both the number and dollar volume of loans, examiners emphasized performance by number of loans when arriving at conclusions because the number of loans better represents the number of businesses and individuals served.

DESCRIPTION OF INSTITUTION

Background

Bank of Franklin, headquartered in Meadville, Mississippi, also operates branch offices in the cities of Bude, Brookhaven, and McComb. Franklin Bancshares, Inc., also located in Meadville, wholly owns the bank. The institution received a Satisfactory rating at its previous FDIC Performance Evaluation dated March 4, 2013, based on Interagency Small Institution Examination Procedures.

Bank of Franklin is a certified Community Development Financial Institution (CDFI). A certified CDFI is a specialized financial institution that works in underserved market niches. CDFIs typically provide a unique range of financial products and services in economically distressed target markets. A CDFI certification is a designation conferred by the CDFI Fund and is a requirement for accessing financial and technical award assistance from the CDFI fund through the CDFI Program.

Operations

Bank of Franklin offers an array of loan products including home mortgage, commercial, and consumer loans, primarily focusing on both commercial lending and home mortgage lending. The institution provides a variety of deposit services including checking, savings, and money market accounts. Alternative banking services include internet banking, mobile banking, and automated teller machines at each office location.

In addition to the main office, the following table illustrates the bank's branch office locations.

Branch Locations				
Name	Address	City, State	County	Income Tract Designation
Main Office	9 Main Street E	Meadville, MS	Franklin	Middle
Walnut Drive-Up Branch	210 South Walnut Street	Meadville, MS	Franklin	Middle
Bude Branch	115 Main Street N	Bude, MS	Franklin	Middle
Brookhaven Branch	721 Brookway Boulevard	Brookhaven, MS	Lincoln	Middle
McComb Branch	511 Apache Drive	McComb, MS	Pike	Middle

Source: Bank Records.

Since the prior evaluation, the McComb, Mississippi, branch opened on June 4, 2014. This change did not impact any low- or moderate-income census tracts. No additional branching changes occurred, and the bank did not participate in any merger or acquisition activity.

Ability and Capacity

Assets totaled approximately \$143.8 million as of March 31, 2019, and included total loans of \$91.2 million and \$32.9 million in total securities. As reflected in the following table, loans outstanding as of March 31, 2019, reflect a distribution consistent with the loan origination mix discussed in the Scope of Evaluation section. Commercial loans at 41.3 percent and home mortgage loans at 36.3 percent represent the largest loan categories.

Loan Portfolio Distribution as of March 31, 2019		
Loan Category	\$ (000s)	%
Construction and Land Development	5,763	6.3
Secured by Farmland	7,731	8.5
Secured by 1-4 Family Residential Properties	32,895	36.1
Secured by Multifamily (5 or more) Residential Properties	182	0.2
Secured by Nonfarm Nonresidential Properties	26,665	29.2
Total Real Estate Loans	73,236	80.3
Commercial and Industrial Loans	11,023	12.1
Agricultural Loans	0	0.0
Consumer Loans	6,572	7.2
Other Loans	345	0.4
Less: Unearned Income	0	0.0
Total Loans	91,176	100.0
<i>Source: Reports of Condition and Income (3/31/2019). Due to rounding, totals may not equal 100.0.</i>		

Examiners did not identify any financial, legal, or other impediments affecting the bank's ability to meet its assessment area's credit needs.

DESCRIPTION OF ASSESSMENT AREA

The CRA requires each financial institution to define one or more assessment areas within which its CRA performance will be evaluated. Bank of Franklin designated a single Mississippi non-metropolitan assessment area (Non-MSA AA). The following sections discuss demographic and economic information for the assessment area. The AA conforms to CRA regulatory requirements.

Economic and Demographic Data

The Mississippi Non-MSA AA includes all 16 census tracts within Franklin, Lincoln, and Pike counties. These tracts reflect the following income designations according to 2015 ACS Census data:

- 4 moderate-income tracts,
- 10 middle-income tracts, and
- 2 upper-income tracts.

According to 2018 Federal Financial Institutions Examination Council (FFIEC) data, the middle-income census tracts in Franklin County received the distressed and underserved designation due to poverty, unemployment, and remote rural location. Also, all middle-income census tracts in Lincoln and Pike counties received the distressed designation due to poverty.

The following table illustrates select demographic characteristics of the Mississippi Non-MSA AA.

Demographic Information of the Assessment Area						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	16	0.0	25.0	62.5	12.5	0.0
Population by Geography	82,697	0.0	24.5	67.3	8.2	0.0
Housing Units by Geography	37,326	0.0	25.1	66.5	8.4	0.0
Owner-Occupied Units by Geography	21,981	0.0	19.6	70.4	10.0	0.0
Occupied Rental Units by Geography	9,072	0.0	34.6	60.8	4.6	0.0
Vacant Units by Geography	6,273	0.0	30.4	61.3	8.2	0.0
Businesses by Geography	4,760	0.0	20.1	74.2	5.7	0.0
Farms by Geography	208	0.0	13.9	75.0	11.1	0.0
Family Distribution by Income Level	21,577	24.9	17.5	16.9	40.7	0.0
Household Distribution by Income Level	31,053	26.0	15.0	16.1	42.8	0.0
Median Family Income – MS Non- MSA	\$43,702		Median Housing Value			\$85,245
			Median Gross Rent			\$621
			Families Below Poverty Level			22.1%

Source: 2015 ACS Census and 2018 D&B Data. Due to rounding, totals may not equal 100.0.
(*) The NA category consists of geographies that have not been assigned an income classification.

According to the 2018 D&B Data, the assessment area's 4,760 businesses reported gross annual revenue (GAR) as follows:

- 81.2 percent reported GAR of \$1 million or less,
- 4.6 percent reported GAR of more than \$1 million, and
- 14.2 percent did not report GAR.

The analysis of small business loans under the borrower profile criterion compares the distribution of business by GAR level. Service industries represent the largest portion of businesses at 38.1 percent followed by non-classifiable establishments at 17.5 percent. In addition, 59.5 percent of area businesses have 4 or fewer employees, and 86.1 percent operate from a single location.

Examiners use the 2018 FFIEC updated median family income (MFI) to analyze home mortgage loans under the borrower profile criterion. The following table presents the low-, moderate-, middle- and upper-income categories for the Non-MSA of Mississippi based on the 2018 FFIEC updated MFI of \$47,000.

Median Family Income Ranges – Mississippi Non-MSA				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
2018 (\$47,000)	<\$23,500	\$23,500 to <\$37,600	\$37,600 to <\$56,400	≥\$56,400
<i>Source: FFIEC.</i>				

Data obtained from the Mississippi Department of Employment Security indicated the 2018 average year end unemployment rate stood at 6.1 percent in Franklin County, 4.7 percent in Lincoln County, and 5.7 percent in Pike County. The assessment area's combined average unemployment rate of 5.5 percent rose higher than both the State of Mississippi rate of 4.8 percent and the national rate of 3.9 percent as of the same timeframe. Major employers in the assessment area include McComb Coca-Cola Bottling Co. and Walmart Distribution Center.

Competition

The assessment area reflects a moderately competitive environment. According to the FDIC Deposit Market Share Data as of June 30, 2018, 10 financial institutions operated 39 branches within the assessment area. Of these institutions, Bank of Franklin ranked 7th with 7.6 percent deposit market share.

Community Contact

As part of the evaluation process, examiners contact third parties active in the assessment area to assist in identifying the credit and community needs. This information helps determine local financial institutions' responsive to these needs and shows available credit and community opportunities.

Examiners contacted a representative of an economic development organization in the assessment area. The contact identified opportunity for home mortgage lending and mentioned local banks remain involved with the community and prove willing to provide credit in the local area.

Considering information obtained from the community contact, bank management, and demographic and economic information, examiners determined that home mortgage loans represent the primary need of the assessment area.

CONCLUSIONS ON PERFORMANCE CRITERIA

LENDING TEST

Bank of Franklin demonstrated satisfactory performance under the Lending Test. Reasonable records regarding the LTD ratio and geographic distribution as well as a majority of loans originated inside the assessment area support this conclusion. The bank also demonstrated poor performance regarding borrower profile.

Loan-to-Deposit Ratio

The LTD ratio is reasonable given the institution's size, financial condition, and the assessment area's credit needs. For the 25 quarters since the previous evaluation, the bank recorded a 67.0 percent average net LTD ratio. The LTD ratio displayed a mostly upward trend during the review period and ranged from a low of 60.0 percent on June 30, 2014, to a high of 74.2 percent on September 30, 2018.

The following table lists two comparable institutions that reflect similar assets sizes and product offerings. The bank's LTD ratio falls between the similarly situated institutions, which further supports Bank of Franklin's reasonable performance.

Loan-to-Deposit Ratio Comparison		
Institution and Location	Total Assets \$(000s)	Average Net LTD Ratio (%)
<i>Bank of Franklin, Meadville, MS</i>	<i>143,751</i>	<i>67.0</i>
Copiah Bank, Hazlehurst, MS	231,136	81.5
Bank of Brookhaven, Brookhaven, MS	163,909	58.3
<i>Source: Reports of Condition and Income (3/31/2013 – 3/31/2019).</i>		

Assessment Area Concentration

The bank originated majority of its loans within its assessment area. As shown in the following table, the bank originated a majority of its home mortgage and small business loans, by number and dollar volume, within its assessment area.

Lending Inside and Outside of the Assessment Area											
Loan Category	Number of Loans					Dollar Amount of Loans \$(000s)					
	Inside		Outside		Total	Inside		Outside		Total	
	#	%	#	%	#	\$	%	\$	%	\$(000s)	
Small Business	37	67.3	18	32.7	55	2,591	63.8	1,468	36.2	4,059	
Home Mortgage	42	82.4	9	17.6	51	3,085	80.7	740	19.3	3,825	
Source: 1/1/2018 - 12/31/2018 Bank Data. Due to rounding, totals may not equal 100.0.											

Geographic Distribution

The geographic distribution of loans reflects reasonable dispersion throughout the assessment area. Reasonable records regarding small business and home mortgage loans support this conclusion. Examiners considered the loan categories reviewed relative to the available demographic data and any performance context issues. Since the bank's assessment area does not contain any low-income census tracts, examiners focused on the percentage by number of

loans in moderate-income census tracts. This factor only considered loans granted inside the assessment area. Examiners took into consideration the location of moderate-income census tracts, two of which are located farther away from the bank's branches on the edge of the assessment area, when assessing performance under this criterion.

Small Business Loans

The geographic distribution of small business loans reflects reasonable dispersion throughout the assessment area. Reasonable performance in moderate-income geographies supports this conclusion. The following table shows the banks level of lending falls 9.3 percentage points below demographic data in moderate-income census tracts, evidencing reasonable performance.

Geographic Distribution of Small Business Loans					
Tract Income Level	% of Businesses	#	%	\$(000s)	%
Low	0.0	0	0.0	0	0.0
Moderate	20.1	4	10.8	752	29.0
Middle	74.2	27	73.0	1,629	62.9
Upper	5.7	6	16.2	210	8.1
Totals	100.0	37	100.0	2,591	100.0

Source: 2018 D&B Data; 1/1/2018 - 12/31/2018 Bank Data. Due to rounding, totals may not equal 100.0.

Home Mortgage Loans

The geographic distribution of home mortgage loans reflects reasonable dispersion throughout the assessment area. Reasonable performance in moderate-income geographies supports this conclusion. The following table shows the banks level of lending falls 10.1 percentage points lower than comparable demographic data, reflecting reasonable performance.

Geographic Distribution of Home Mortgage Loans					
Tract Income Level	% of Owner-Occupied Housing Units	#	%	\$(000s)	%
Low	0.0	0	0.0	0	0.0
Moderate	19.6	4	9.5	152	4.9
Middle	70.4	35	83.4	2,852	92.5
Upper	10.0	3	7.1	81	2.6
Total	100.0	42	100.0	3,085	100.0

Source: 2015 ACS Census; 1/1/2018 - 12/31/2018 Bank Data. Due to rounding, totals may not equal 100.0.

Borrower Profile

The distribution of borrowers reflects poor penetration among individuals of different income levels and businesses of different sizes. A poor record regarding home mortgage loans outweighs a reasonable record regarding small business loans to support this conclusion. The bank's record of originating small dollar loans did not warrant an overall stronger conclusion for

this criterion. Examiners focused on the bank's level of lending, by number, of small business loans to businesses with GARs of \$1 million or less. They also focused on the percentage by number of home mortgage loans to low- and moderate-income borrowers. This factor only considered loans granted inside the assessment area.

Small Business Loans

The geographic distribution of small business loans reflects reasonable penetration among businesses of different sizes. The following table shows the bank granted seven out of every ten loans to businesses with GARs of \$1 million or less, which reflects reasonable performance.

Detailed Distribution of Small Business Loans by Gross Annual Revenues					
Gross Revenue Level	% of Businesses	#	%	\$(000s)	%
< \$100,000	35.8	13	35.1	625	24.1
\$100,000 - \$249,999	33.5	8	21.6	141	5.4
\$250,000 - \$499,999	7.9	2	5.4	59	2.3
\$500,000 - \$1,000,000	4.0	3	8.1	200	7.7
Subtotal <= \$1,000,000	81.2	26	70.2	1,025	39.5
>\$1,000,000	4.6	10	27.0	1,491	57.5
Revenue Not Available	14.2	1	2.7	75	2.9
Total	100.0	37	100.0	2,591	100.0

Source: 2018 D&B Data; 1/1/2018 - 12/31/2018 Bank Data. Due to rounding, totals may not equal 100.0.

Home Mortgage Loans

The distribution of borrowers reflects poor dispersion to individuals of different income levels, including low- and moderate-income borrowers. Poor records of lending to low- and moderate-income borrowers support this conclusion. The following table shows the bank did not originate any home mortgage loans to low-income individuals, which falls 24.9 percentage points below comparable demographic data and reflects poor performance. The bank's performance of lending to moderate-income borrowers falls 10.4 percentage points below the demographic data also reflecting poor performance.

Although typically indicative of a very poor level of performance to low-income borrowers, especially when considering the bank's level of lending more than eight out of every ten loans to upper-income borrowers, examiners identified certain mitigating factors. According to the 2015 ACS Census data, 22.1 percent of the assessment area's families live below the poverty level, and the MFI for a low-income family in the assessment area is less than \$23,500. This performance context data supports that, to some extent, limited opportunities exist to extend home mortgage loans to low-income borrowers able to qualify for a conventional loan and supports overall poor performance.

Distribution of Home Mortgage Loans by Borrower Income Level					
Borrower Income Level	% of Families	#	%	\$(000s)	%
Low	24.9	0	0.0	0	0.0
Moderate	17.5	3	7.1	181	5.9
Middle	16.9	2	4.8	244	7.9
Upper	40.7	37	88.1	2,660	86.2
Total	100.0	42	100.0	3,085	100.0
<i>Source: 2015 ACS Census; 1/1/2018 - 12/31/2018 Bank Data. Due to rounding, totals may not equal 100.0.</i>					

Small Dollar Loans

Bank of Franklin offers small dollar loans under an informal program to meet community credit needs. However, the qualitative and quantitative measures of the small dollar loans did not warrant an overall stronger conclusion regarding the institution's loan distribution based on the borrowers' profiles.

From January 1, 2018, through December 31, 2018, the bank originated 127 small dollar loans totaling \$209,485. For the period January 1, 2019, through the date of this evaluation, the bank originated 45 small dollar loans totaling \$71,277. The parameters of the informal small dollar loan program include the following:

- Loans originated in the amount of \$2,500 or less;
- Low or no origination fees;
- Annual percentage rates below 36 percent;
- Streamlined underwriting process with identity, address, and income verification; and
- Credit reports obtained to determine repayment ability.

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 inconsistent with helping to meet community credit needs; therefore, this consideration did not affect the overall conclusion.

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.

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

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

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

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

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).

Family Income: Includes the income of all members of a family that are age 15 and older.

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 (for example, geographic distribution, borrower profile, 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 applicants; the amount of loan requested; and the disposition of the application (approved, denied, and withdrawn).

Home Mortgage Disclosure Loan Application Register (HMDA LAR): The HMDA LARs record all applications received for residential purchase, refinance, home improvement, and temporary-to-permanent construction loans.

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 to purchase 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.

Household Income: Includes the income of the householder and all other persons that are age 15 and older in the household, whether related to the householder or not. Because many households are only one person, median household income is usually less than median family income.

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 (for example, 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.

Micropolitan Statistical Area: CBSA associated with at least one urbanized area having a population of at least 10,000, but less than 50,000.

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: 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.