



## **PUBLIC DISCLOSURE**

February 06, 2023

### **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

First National Community Bank  
Charter Number: 16487

701 North 3rd Avenue  
Chatsworth, GA 30705

Office of the Comptroller of the Currency

Three Ravinia Drive  
Suite 400  
Atlanta, GA 30346

**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, and should not 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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## Overall CRA Rating

**Institution's CRA Rating:** This institution is rated **Satisfactory**

**The Lending Test is rated: Satisfactory**

The major factors that support this rating include:

- The loan-to-deposit (LTD) ratio is reasonable, given the bank's size, financial condition, and credit needs of the assessment areas (AAs).
- The bank originated a majority of loans within its AAs.
- The distribution of loans is excellent to borrowers of different geographic areas.
- The distribution of loans is reasonable to borrowers of different income levels and businesses of different sizes.
- Community development (CD) activities demonstrate adequate responsiveness to the needs of AAs, although not enough to increase the overall rating to Outstanding.

### Loan-to-Deposit Ratio

Considering the bank's size, financial condition, and credit needs of the AAs, the bank's LTD ratio is reasonable.

First National Community Bank's (FNCB or bank) quarterly LTD ratio averaged 76.2 percent over the 21 quarters since the prior evaluation. The bank's LTD ratio ranged from an average quarterly high of 86.0 percent to an average quarterly low of 63.5 percent. FNCB's average LTD ratio is higher than the average LTD ratio of three other similarly situated banks operating in FNCB's AAs. The average quarterly LTD ratio for competitor banks was 70.1 percent over the same timeframe. The ratio ranged from an average quarterly high of 86.4 percent to an average quarterly low of 49.8 percent.

### Lending in Assessment Area

A majority of the bank's loan originations are inside its AAs.

The bank originated 74.4 percent of its total loans inside the bank's AAs during the evaluation period. This analysis is performed at the bank, rather than the AA, level. This percentage does not include extensions of credit by affiliates that may be considered under the other performance criteria.

Lending Inside and Outside of the Assessment Area										
Loan Category	Number of Loans				Total #	Dollar Amount of Loans \$(000s)				Total \$(000s)
	Inside		Outside			Inside		Outside		
	#	%	#	%		\$	%	\$	%	
Small Business	61	76.3	19	23.8	80	2,469	76.3	768	23.7	3,237
Home Loans	58	72.5	22	27.5	80	9,925	70.8	4,092	29.2	14,017
<b>Total</b>	<b>119</b>	<b>74.4</b>	<b>41</b>	<b>25.6</b>	<b>160</b>	<b>12,394</b>	<b>71.8</b>	<b>4,860</b>	<b>28.2</b>	<b>17,254</b>

Source: 01/01/2019 - 12/31/2021 Bank Data. Due to rounding, totals may not equal 100.0%.

## **Description of Institution**

FNCB is a single state national bank, wholly owned by First Chatsworth Bankshares, Inc, a one-bank holding company. The main office and the holding company are headquartered in Chatsworth, GA. Since the last CRA examination, the FNCB expanded operations by acquiring two state chartered banks. In July 2019, FNCB acquired Northside Bank headquartered in Adairsville, Bartow County, GA. In July 2021, FNCB acquired Heritage First Bank headquartered in Rome, GA. In addition to the main office, FNCB operates eight full-service branches with three locations in Rome, two in Dalton, one branch in Adairsville, Calhoun, and Cartersville, and a drive-through office in Eton. All locations provide Automated Teller Machines (ATMs), with only one accepting deposits. FNCB also operates two Loan Production Offices (LPOs) in Acworth, Paulding County, GA and Chattanooga, TN, and a mortgage origination center in Dalton.

FNCB offers a full range of banking services to individual and business customers. Deposit products and services include interest-bearing and non-interest-bearing checking accounts, statement savings accounts, money market deposits, certificates of deposit, and individual retirement accounts. Lending products include home mortgages, equity lines of credit, construction loans, commercial real estate loans, various commercial and industrial loans, personal loans, and automobile loans. The bank offers telephone banking, mobile banking, merchant services, remote deposit capture, and internet banking. As a Small Business Administration (SBA) lender, FNCB originated loans through the Paycheck Protection Program (PPP) which provided financial relief to businesses in the bank's AAs. The bank's business plan identifies small business banking as a primary focus.

The bank designates four AAs: the Dalton Metropolitan Statistical Area (MSA), the Rome MSA, Bartow County, and a Non-MSA. The AAs comply with the CRA regulation and do not arbitrarily exclude low- or moderate-income geographies. As of December 31, 2021, FNCB reported total assets of \$598.5 million, net loans of \$340.6 million, and total deposits of \$536.7 million. The loan portfolio included loans secured by real estate of \$300.2 million or 88.1 percent of net loans, commercial loans totaling \$37.7 million or 11.1 percent of net loans, and \$5.0 million in consumer loans or 1.5 percent of net loans. Net loans represented 56.9 percent of total assets. Tier one capital totaled \$56.7 million.

The bank does not have any affiliates or subsidiaries. There are no financial conditions, legal constraints, or other factors hindering the bank's ability to meet the credit needs of the community. FNCB received an overall "Satisfactory" rating at its prior CRA review dated October 15, 2018.

## **Scope of the Evaluation**

### **Evaluation Period/Products Evaluated**

The Office of the Comptroller of the Currency (OCC) evaluated the CRA performance of FNCB using Small Bank performance criteria, which includes the Lending Test, to determine the distribution of the bank's primary loan products among different geographies and borrower characteristics within the AAs. The CRA does not require a small bank to originate CD loans, make qualified investments, or provide CD services. At FNCB's request, we evaluated CD activities recorded during 2020 and 2021. Management reported no CD activities during 2019. The evaluation period covered January 1, 2019, to December 31, 2021.

To determine FNCB's primary lending products, examiners assessed the composition of loan originations during the three-year evaluation period. The bank's primary lending products were home mortgage and small business loans. Home mortgage loan originations represented 40 percent by number of originations and 62 percent by dollar volume of originations. Small business loan originations represented 40 percent by number of originations and 35 percent by dollar volume of originations. Therefore, examiners reviewed home mortgage and small business loans, consistent with the bank's lending focus. Examiners selected a random sample of 160 loan originations, representing 20 home loans and 20 small business loans originated in each of the four AAs.

### **Selection of Areas for Full-Scope Review**

Examiners selected the Dalton MSA and Rome MSA AAs for full-scope reviews since the majority of lending was in these areas. During the evaluation period, the bank originated approximately 86 percent of home mortgage loans and approximately 80 percent of small business loans in these AAs. Examiners selected the Bartow County and Non-MSA AAs for limited-scope reviews. FNCB originated approximately 14 percent of home mortgage loans and 20 percent of small business loans in these AAs.

Refer to appendix A, Scope of Examination, for a list of full-scope and limited-scope AAs.

### **Ratings**

FNCB's overall rating is for the State of Georgia. The rating is based on full-scope reviews of the bank's performance in the Dalton MSA and Rome MSA AAs and limited-scope reviews of the bank's performance in the Bartow County and Non-MSA AAs. Refer to the "Scope" section for details regarding how the areas were weighted in arriving at the respective ratings.

### **Discriminatory or Other Illegal Credit Practices Review**

Pursuant to 12 CFR 25.28(c) or 195.28(c), respectively, in determining a national bank's or federal savings association's (collectively, bank) CRA rating, the OCC considers evidence of discriminatory or other illegal credit practices in any geography by the bank, or in any AA by an affiliate whose loans have been considered as part of the bank's lending performance. As part of this evaluation process, the OCC consults with other federal agencies with responsibility for compliance with the relevant laws and regulations, including the U.S. Department of Justice, the U.S. Department of Housing and Urban Development, and the Bureau of Consumer Financial Protection, as applicable.

The OCC has not identified that this institution has engaged in discriminatory or other illegal credit practices that require consideration in this evaluation.

The OCC will consider any information that this institution engaged in discriminatory or other illegal credit practices, identified by or provided to the OCC before the end of the institution's next performance evaluation in that subsequent evaluation, even if the information concerns activities that occurred during the evaluation period addressed in this performance evaluation.

## **State Rating**

### **State of Georgia**

#### **CRA rating for the State of Georgia: Satisfactory**

#### **The Lending Test is rated: Satisfactory**

The major factors that support this rating include:

- The bank's LTD ratio is reasonable.
- A majority of loans were originated inside the bank's AAs.
- The bank exhibits an excellent distribution of loans in low- and moderate-income geographies.
- The bank exhibits a reasonable distribution of lending to businesses of different sizes.

### **Description of Institution's Operations in Georgia**

FNCB is a community bank operating nine full-service locations and one drive-through office in five contiguous counties located in northwest Georgia. The main office and the holding company are headquartered in Chatsworth, Murray County. There are three locations in Rome, Floyd County, two in Dalton, Whitfield County, one in Adairsville and Cartersville, Bartow County, one in Calhoun, Gordon County and a drive-through office in Eton, Murray County.

The bank offers a variety of traditional deposit and loan products, with a primary lending focus of small business loans. FNCB is an SBA lender. During the evaluation period, FNCB originated loans through the SBA's PPP which provided financial relief to businesses in the bank's AAs. The bank's business plan identifies small business banking as a primary focus.

FNCB designates four AAs: the Dalton MSA consisting of Whitfield and Murray Counties, the Rome MSA which consists of only Floyd County, Bartow County which is included in the Atlanta-Sandy Springs-Alpharetta MSA, and a Non-MSA consisting of Gordon County.

Northwest Georgia is primarily rural and includes the southernmost portions of the Appalachian Mountains. The region borders eastern Tennessee to the north and Alabama to the west. The 2010 US Census reported the total population was 863,217 and estimated a 7.6% increase to 928,530 in 2021. The most populous cities are Rome, Dalton, Cartersville, and Calhoun. The region is dependent on manufacturing, primarily the floor covering industry. Healthcare is also a dominant industry. The area experienced significant growth due to US Interstate 75, which is the primary transportation corridor connecting Atlanta, Georgia and Chattanooga, Tennessee. Trucking is a leading means of carrying freight. The Appalachian Inland Port, which provides freight carriers access to rail transportation, is in Murray County. The area's manufacturing and food services sectors suffered high unemployment and business closures during the COVID-19 pandemic. During the second half of 2020, Northwest Georgia began to recover from the negative economic impact, and recovery continued through 2021 and 2022. Unemployment in the region declined to 3.38 percent at year-end 2021 compared to 5.8 percent at year-end 2020.

According to the Georgia Department of Labor, the five largest employers in Northwest Georgia are Engineered Floors, Floyd Healthcare, Gordon Hospital, Hamilton Medical Center, and Mohawk Carpet.

In addition to FNCB, there are sixteen other FDIC-insured financial institutions with branches in the Northwest Georgia Region. As of June 30, 2021, FNCB had the eighth highest market share with total deposits of \$312.0 million and 3.8 percent market share. Competition is strong from larger financial institutions. Truist Bank was the leading competitor with \$1.3 billion in deposits and 16.2 percent market share. Wells Fargo Bank was ranked second with \$1.2 billion in deposits and 14.8 percent market share.

Examiners interviewed representatives from three local non-profit organizations within the bank's AAs. The community organizations promote local business and economic development. The representatives noted community needs include more affordable housing, increased financial literacy, and greater small business lending. They identified affordable housing as the greatest concern as some areas are experiencing a limited supply of housing and rental properties.

### Dalton MSA AA

<b>Table A – Demographic Information of the Assessment Area</b>						
<b>Assessment Area: Dalton MSA</b>						
<b>Demographic Characteristics</b>	<b>#</b>	<b>Low % of #</b>	<b>Moderate % of #</b>	<b>Middle % of #</b>	<b>Upper % of #</b>	<b>NA* % of #</b>
Geographies (Census Tracts)	26	0.0	19.2	53.8	26.9	0.0
Population by Geography	142,857	0.0	19.2	49.8	30.9	0.0
Housing Units by Geography	55,549	0.0	18.2	50.1	31.7	0.0
Owner-Occupied Units by Geography	31,866	0.0	16.1	50.2	33.8	0.0
Occupied Rental Units by Geography	16,945	0.0	21.1	49.6	29.3	0.0
Vacant Units by Geography	6,738	0.0	20.8	50.9	28.3	0.0
Businesses by Geography	8,702	0.0	16.0	52.3	31.8	0.0
Farms by Geography	282	0.0	9.2	57.4	33.3	0.0
Family Distribution by Income Level	35,878	20.4	19.5	20.0	40.2	0.0
Household Distribution by Income Level	48,811	21.9	18.0	17.8	42.2	0.0
Median Family Income MSA - 19140 Dalton, GA MSA		\$47,062	Median Housing Value			\$113,247
			Median Gross Rent			\$664
			Families Below Poverty Level			15.3%
<i>Source: 2015 ACS and 2020 D&amp;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.</i>						

The Dalton MSA AA consists of adjoining Murray and Whitfield counties. The City of Chatsworth is the county seat of Murray County. The city of Dalton is the county seat of Whitfield County and the principal city of the Dalton MSA. Dalton is on Interstate 75 approximately 78 miles north of Atlanta, Georgia and approximately 36 miles south from Chattanooga, Tennessee. It is the second largest city in

Northwest Georgia. Dalton is home to many national and international floor-covering manufacturers, primarily carpet, rugs, and vinyl flooring producers.

According to the 2015 American Community Survey (ACS) and US Census data, the Dalton MSA contains twenty-six census tracts (CTs) comprising five moderate-, fourteen middle- and seven-upper income geographies. There are no low-income CTs in the AA. The total population is 142,857. Twenty percent of the families in the MSA report low-income and 19.4 percent report moderate-income. Fifteen percent of families live below the poverty level. The median family income is \$47 thousand.

As of December 31, 2021, the Georgia Department of Labor reported the unemployment rate for the Dalton MSA was 4.0 percent. The state and national unemployment rates were higher at 3.9 and 5.3 percent, respectively. The largest employers include Apeo LL, Engineered Floors, LLC, Hamilton Medical Center, Mohawk Carpet Distribution LP, and Shaw Industries.

In 2020 and 2021, the bank originated 212 PPP loans totaling \$10.7 million in the Dalton MSA.

FNCB faces strong competition from large financial institutions. There are eight other FDIC-insured financial institutions operating twenty-one branch locations throughout the Dalton MSA. As of December 31, 2021, the top three banks based on total deposits were Truist Bank at \$853 million with 26.7 percent market share, Wells Fargo Bank at \$515 million with 16.2 percent market share, and First Bank with \$382 million and 12.0 percent market share. FNCB ranks eighth at \$185 million and 5.8 percent market share.

### Rome MSA AA

<b>Table A – Demographic Information of the Assessment Area</b>						
<b>Assessment Area: Rome MSA</b>						
<b>Demographic Characteristics</b>	<b>#</b>	<b>Low % of #</b>	<b>Moderate % of #</b>	<b>Middle % of #</b>	<b>Upper % of #</b>	<b>NA* % of #</b>
Geographies (Census Tracts)	20	5.0	30.0	40.0	25.0	0.0
Population by Geography	96,169	3.6	28.1	40.6	27.7	0.0
Housing Units by Geography	40,458	4.0	27.6	40.2	28.1	0.0
Owner-Occupied Units by Geography	21,182	1.4	19.4	44.0	35.2	0.0
Occupied Rental Units by Geography	13,692	7.1	40.0	35.0	17.9	0.0
Vacant Units by Geography	5,584	6.2	28.8	38.8	26.2	0.0
Businesses by Geography	7,108	3.0	42.4	32.5	22.1	0.0
Farms by Geography	244	2.5	20.1	40.2	37.3	0.0
Family Distribution by Income Level	23,513	22.3	17.5	18.9	41.3	0.0
Household Distribution by Income Level	34,874	25.4	15.4	16.3	42.8	0.0
Median Family Income MSA - 40660 Rome, GA MSA		\$51,379	Median Housing Value			\$115,813
			Median Gross Rent			\$678
			Families Below Poverty Level			16.4%

*Source: 2015 ACS and 2020 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.*



The Rome MSA AA encompasses all of Floyd County, which borders Bartow and Gordon counties on the east and the Alabama state line on the west. Rome is the county seat, the principal city of the MSA, and the largest city in northwest Georgia. Rome is approximately 30 miles west of the Interstate 75 corridor. Rome is considered a regional center for medical care and education. Floyd Medical Center, Redmond Regional Medical Center, and Harbin Clinic are in Rome. Higher-level institutions for education located in the Rome MSA are Berry College, Shorter University, GA Northwestern Technical College, GA Highlands College, and the Northwest GA Clinical Campus of the Medical College of GA.

According to the 2015 American Community Survey (ACS) and US Census data, the Rome MSA contains twenty CTs comprising one low-, six moderate-, eight middle- and five-upper income geographies. The total population is 96,169. Twenty-two percent of the families in the MSA report low-income and 17.5 percent report moderate-income. Sixteen percent of families live below the poverty level. The median family income is \$51 thousand.

As of December 31, 2021, the Georgia Department of Labor reported the unemployment rate for the Rome MSA was 3.7 percent. The state and national unemployment rates were higher at 3.9 and 5.3 percent, respectively. The largest employers include Berry College, Floyd Healthcare Management, Gordon Hospital, F&P Georgia Manufacturing, and Floss Manufacturing Company.

In 2020 and 2021, the bank originated 27 PPP loans totaling \$2.0 million in the Rome MSA.

The bank faces strong competition from large and regional financial institutions. There are nine FDIC-insured financial institutions operating eighteen locations throughout the Rome MSA. As of June 30, 2021, the leading three banks based on total deposits were Synovus Bank at \$361.6 million with 17.1 percent market share, United Community Bank at \$359.0 million with 16.9 percent market share, and Regions Bank at \$263.8 million with 12.4 percent market share. FNCB had approximately \$183 million with 8.6 percent market share.

## **Scope of Evaluation in Georgia**

This analysis reflects full-scope reviews of the Dalton MSA and Rome MSA AAs. During the evaluation period, the bank originated approximately 86 percent of home mortgage loans and approximately 80 percent of small business loans in these AAs. The Bartow County and Non-MSA AAs received limited-scope reviews. FNCB originated approximately 14 percent of home mortgage loans and 20 percent of small business loans in these AAs. Examiners placed equal weight on home mortgage and small business loans in each AA. Refer to the table in appendix A: Scope of Examination for additional information on the AA.

## **LENDING TEST**

The bank's performance under the Lending Test in Georgia is rated Satisfactory.

## **Conclusions for Areas Receiving Full-Scope Reviews**

Based on full-scope reviews, the bank's performance in the Dalton MSA and Rome MSA AAs is good.

## **Distribution of Loans by Income Level of the Geography**

The bank exhibits excellent geographic distribution of loans in the State.

### ***Home Mortgage Loans***

Refer to Table O of appendix D for the facts and data used to evaluate the geographic distribution of the bank's home mortgage loan originations.

#### Dalton MSA

The geographic distribution of home mortgage loans in the AA during the evaluation period is reasonable. FNCB's level of home mortgage loans to borrowers in moderate-income geographies during the evaluation period is near to the number of owner-occupied housing units in the AA and above the aggregate performance reported by other lenders in the AA. There are no low-income CTs in the AA.

#### Rome MSA

The geographic distribution of home mortgage loans in the AA during the evaluation period is excellent. The bank's level of home mortgage loans to borrowers in moderate-income geographies exceeds the number of owner-occupied housing units in the AA and the aggregate performance reported by other lenders in the AA. The bank had no home mortgage originations in the one low-income CT in the AA. However, the demographic and aggregate data for home mortgage loans to borrowers residing in low-income geographies is low at 1.4 percent.

### ***Small Loans to Businesses***

Refer to Table Q in the state of Georgia section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's originations of small loans to businesses.

#### Dalton MSA

The geographic distribution of small loans to businesses in the AA during the evaluation period is excellent. FNCB's distribution of small loans to businesses in moderate-income geographies exceeded the number of small businesses and the aggregate performance reported by other lenders in the geography. There are no low-income CTs in the AA.

#### Rome MSA

The geographic distribution of small loans to businesses in the AA during the evaluation period is excellent. The percentage of small business loans originated in low-income geographies exceeded the number of small businesses and the aggregate performance reported by other lenders in the geography. The percentage of loans in moderate-income geographies exceeds the number of small businesses and the aggregate performance reported by other lenders in the geography.

## **Lending Gap Analysis**

Examiners did not identify any unexplained conspicuous lending gaps in the State of Georgia.

## **Distribution of Loans by Income Level of the Borrower**

The bank exhibits a reasonable distribution of loans to individuals of different income levels and businesses of different sizes, given the product lines offered by the bank.

### ***Home Mortgage Loans***

Refer to Table P in appendix D for the facts and data used to evaluate the borrower distribution of the bank's home mortgage loan originations and purchases.

#### Dalton MSA

The distribution of home mortgage loans to individuals of different income levels is reasonable. FNCB's level of home mortgage loans to low-income borrowers exceeds the percentage of low-income families and significantly exceeds the aggregate performance reported by other lenders. However, FNCB's level of home mortgage loans to moderate-income borrowers is below the percentage of low-income families and aggregate performance reported by other lenders.

#### Rome MSA

The distribution of home mortgage loans to individuals of different income levels is reasonable. FNCB's level of home mortgage loan to low- and moderate-income borrowers is below the percentage of low- and moderate-income families in the AA but exceeds the aggregate performance reported by other lenders.

### ***Small Loans to Businesses***

Refer to Table R in the state of Georgia section of appendix D for the facts and data used to evaluate the borrower distribution of the bank's originations of small loans to businesses.

#### Dalton MSA

The distribution of small loans to businesses is reasonable. The percentage of bank loans is below the percentage of small businesses in the AA. However, the percentage of bank loans exceeds the aggregate performance reported by other lenders in the AA.

#### Rome MSA

The distribution of small loans to businesses is reasonable. The percentage of bank loans is below the percentage of small businesses in the AA. However, the percentage of bank loans exceeds the aggregate performance reported by other lenders in the AA.

## **Responses to Complaints**

Neither FNCB nor the OCC received complaints related to the bank's CRA performance since the prior CRA examination.

## Conclusions for Areas Receiving Limited-Scope Reviews

Based on limited-scope reviews, the bank's performance under the Lending Test in the Bartow County AA for loans to small businesses is stronger than the bank's overall performance under the Lending Test in the full-scope areas. In moderate-income CTs, the percentage of bank loans exceeds the demographic data and the aggregate performance. In addition, the bank originated 93 PPP loans totaling \$5.8 million in the Bartow County AA. FNCB's performance under the Lending Test in the Non-MSA is consistent with overall performance in the full-scope areas.

## COMMUNITY DEVELOPMENT

Based on full-scope and limited-scope reviews, the bank exhibits adequate responsiveness to community development needs in the state through CD loans, qualified investments, and CD services, as appropriate, considering the bank's capacity and the need and availability of such opportunities for CD in the bank's AAs. Performance related to CD activities had a positive effect on the bank's rating in the state.

### Number and Amount of Community Development Loans

#### Community Development Loans -SBA Paycheck Protection Program (PPP) Loans

During the Covid-19 pandemic, the bank originated two PPP loans with balances exceeding \$1 million.

Refer to the Community Development Loans table below for the facts and data used to evaluate the bank's level of CD lending. Other than the PPP loans, FNCB did not provide qualified CD loans for consideration.

<i>Community Development Loans - PPP Loans</i>				
Assessment Area	Total			
	#	% of Total #	\$(000's)	% of Total \$
Dalton MSA	2	100.0	2,141	100.0

### Number and Amount of Qualified Investments

During 2020 and 2021, FNCB made nine qualified donations totaling \$5.9 thousand and one affordable housing investment of \$575 thousand, which serves low- and moderate-income (LMI) individuals and families. The \$575 thousand affordable housing investment bond serves multiple AAs, including the Dalton MSA, Rome MSA, and the Bartow County AA. Noteworthy examples of donations include \$2 thousand to an organization which provides job creation, \$1 thousand for scholarships to LMI students, and \$8 hundred to a local resource center.

The Qualified Investment Table, shown below, sets forth the information and data used to evaluate the bank's level of qualified CD investments. Of note, the \$575 thousand investment is counted once in the

number of investments column in the Dalton MSA, but the dollar amount of the investment is allocated to the three AAs it serves, which includes both full-scope AAs and one limited-scope AA.

Qualified Investments										
Assessment Area	Prior Period*		Current Period		Total				Unfunded Commitments**	
	#	\$	#	\$	#	% of Total #	\$	% of Total \$	#	\$
Dalton MSA	0	0	2	191,817	2	20.0	191,817	33.0	0	0
Rome MSA	0	0	5	195,899	5	50.0	195,899	33.7	0	0
Bartow County	0	0	1	192,167	1	10.0	192,167	33.1	0	0
Non-MSA	0	0	2	1,000	2	20.0	1,000	0.2	0	0
Grand Total	0	0	10	580,882	10	100.0	580,882	100.0	0	0

### Extent to Which the Bank Provides Community Development Services

FNCB demonstrated effective responsiveness to its AAs through CD services during 2021. Nine employees provided services to various organization in its AAs to support LMI individuals. Bank employees provide financial expertise and leadership as directors, officers, and board members of these organizations. FNCB officers and employees also work with local schools providing financial and business planning workshops.

\* Investments made in a previous evaluation period that are outstanding as of the examination date.

\*\* Legally binding investment commitments that are tracked and recorded by the institution's financial reporting system.

## Appendix A: Scope of Examination

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The following table identifies the time period covered in this evaluation, affiliate activities that were reviewed, and loan products considered. The table also reflects the MSAs and non-MSAs that received comprehensive examination review, designated by the term “full-scope,” and those that received a less comprehensive review, designated by the term “limited-scope”.

<b>Time Period Reviewed:</b>	January 1, 2019 through December 31, 2021	
<b>Bank Products Reviewed:</b>	Small business loans, home mortgage loans, Community development loans, qualified investments, community development services	
<b>Affiliate(s)</b>	<b>Affiliate Relationship</b>	<b>Products Reviewed</b>
None	NA	NA
<b>List of Assessment Areas and Type of Examination</b>		
<b>Rating and Assessment Areas</b>	<b>Type of Exam</b>	<b>Other Information</b>
<b>State of Georgia</b>		
Dalton MSA	Full-scope	Murray and Whitfield Counties
Rome MSA	Full-scope	Floyd County
Bartow County	Limited-scope	Part of the Atlanta-Sandy Springs- Alpharetta MSA
Non-MSA	Limited-scope	Gordon County

## Appendix B: Summary of MMSA and State Ratings

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RATINGS - <b>First Community National Bank</b>	
Overall Bank:	Lending Test Rating
<b>First Community National Bank</b>	Satisfactory
<b>State:</b>	
Georgia	Satisfactory

## Appendix C: Definitions and Common Abbreviations

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The following terms and abbreviations are used in this performance evaluation, including the CRA tables. The definitions are intended to provide the reader with a general understanding of the terms, not a strict legal definition.

**Affiliate:** Any company that controls, is controlled by, or is under common control with another company. A company is under common control with another company if the same company directly or indirectly controls both companies. For example, a bank subsidiary is controlled by the bank and is, therefore, an affiliate.

**Aggregate Lending (Aggt.):** The number of loans originated and purchased by all reporting lenders (HMDA or CRA) in specified income categories as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the state/assessment area.

**Census Tract (CT):** A small, relatively permanent statistical subdivision of a county delineated by a local committee of census data users for the purpose of presenting data. Census tracts nest within counties, and their boundaries normally follow visible features, but may follow legal geography boundaries and other non-visible features in some instances, Census tracts ideally contain about 4,000 people and 1,600 housing units.

**Combined Statistical Area (CSA):** A geographic entity consisting of two or more adjacent Core Based Statistical Areas with employment interchange measures of at least 15. An employment interchange measure is a measure of ties between two adjacent entities. The employment interchange measure is the sum of the percentage of workers living in the smaller entity who work in the larger entity and the percentage of employment in the smaller entity that is accounted for by workers who reside in the larger entity.

**Community Development (CD):** Affordable housing (including multifamily rental housing) for low- or moderate-income individuals; community services targeted to low- or moderate-income individuals; activities that promote economic development by financing businesses or farms that meet Small Business Administration Development Company or Small Business Investment Company programs size eligibility standards or have gross annual revenues of \$1 million or less; or activities that revitalize or stabilize low- or moderate-income geographies, distressed or underserved nonmetropolitan middle-income geographies, or designated disaster areas.

**Community Reinvestment Act (CRA):** The statute that requires the OCC to evaluate a bank's record of meeting the credit needs of its entire community, including LMI areas, consistent with the safe and sound operation of the bank, and to take this record into account when evaluating certain corporate applications filed by the bank.

**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, other secured consumer loans, and other unsecured consumer loans.



**Family:** Includes a householder and one or more other persons living in the same household who are related to the householder by birth, marriage, or adoption. The number of family households always equals the number of families; however, a family household may also include 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 (e.g., geographic distribution, borrower distribution, 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 conduct 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, the disposition of the application (e.g., approved, denied, and withdrawn), the lien status of the collateral, any requests for preapproval, and loans for manufactured housing.

**Home Mortgage Loans:** A closed-end mortgage loan or an open-end line of credit as these terms are defined under 12 CFR 1003.2, and that is not an excluded transaction under 12 CFR 1003.3(c)(1) through (c)(10) and (c)(13).

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

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

**Low-Income Individual:** Individual income that is less than 50 percent of the area median income.

**Low Income Geography:** A census tract with a median family income that is less than 50 percent.

**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 state/assessment area.

**Median Family Income (MFI):** The median income determined by the U.S. Census Bureau every five years and used to determine the income level category of geographies. The median is the point at which half of the families have income above, and half below, a range of incomes. Also, the median income determined by the Federal Financial Institutions Examination Council (FFIEC) annually that is used to determine the income level category of individuals. For any given area, the median is the point at which half of the families have income above, and half below, a range of incomes.

**Metropolitan Division:** As defined by Office of Management and Budget, a county or group of counties within a Core Based Statistical Area that contains an urbanized population of at least 2.5 million. A Metropolitan Division consists of one or more main/secondary counties that represent an employment center or centers, plus adjacent counties associated with the main/secondary county or counties through commuting ties.

**Metropolitan Statistical Area:** An area, defined by the Office of Management and Budget, as a core based statistical area associated with at least one urbanized area that has a population of at least 50,000. The Metropolitan Statistical Area comprises the central county or counties 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 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.

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

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

**Rating Area:** A rated area is a state or multi-state metropolitan statistical 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 statistical area, the institution will receive a rating for the multi-state metropolitan statistical area.

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

**Small Loan(s) to Farm(s):** 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, or are classified as loans to finance agricultural production and other loans to farmers.

**Tier 1 Capital:** The total of common shareholders' equity, perpetual preferred shareholders' equity with non-cumulative dividends, retained earnings and minority interests in the equity accounts of consolidated subsidiaries.

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

## Appendix D: Tables of Performance Data

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### Content of Standardized Tables

A separate set of tables is provided for each state. All multistate metropolitan statistical areas, if applicable, are presented in one set of tables. References to the “bank” include activities of any affiliates that the bank provided for consideration (refer to appendix A: Scope of the Examination). For purposes of reviewing the Lending Test tables, the following are applicable: (1) purchased are treated as originations; and (2) “aggregate” is the percentage of the aggregate number of reportable loans originated and purchased by all HMDA or CRA-reporting lenders in the MMSA/assessment area. Deposit data are compiled by the FDIC and are available as of June 30<sup>th</sup> of each year. Tables without data are not included in this PE.

The following is a listing and brief description of the tables included in each set:

**Table O. Assessment Area Distribution of Home Mortgage Loans by Income Category of the Geography** - Compares the percentage distribution of the number of loans originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies to the percentage distribution of owner-occupied housing units throughout those geographies. The table also presents aggregate peer data for the years the data is available.

**Table P. Assessment Area Distribution of Home Mortgage Loans by Income Category of the Borrower** - Compares the percentage distribution of the number of loans originated and purchased by the bank to low-, moderate-, middle-, and upper-income borrowers to the percentage distribution of families by income level in each MMSA/assessment area. The table also presents aggregate peer data for the years the data is available.

**Table Q. Assessment Area Distribution of Loans to Small Businesses by Income Category of the Geography** - The percentage distribution of the number of small loans (less than or equal to \$1 million) to businesses that were originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies compared to the percentage distribution of businesses (regardless of revenue size) in those geographies. Because aggregate small business data are not available for geographic areas smaller than counties, it may be necessary to compare bank loan data to aggregate data from geographic areas larger than the bank’s assessment area.

**Table R. Assessment Area Distribution of Loans to Small Businesses by Gross Annual Revenue** - Compares the percentage distribution of the number of small loans (loans less than or equal to \$1 million) originated and purchased by the bank to businesses with revenues of \$1 million or less to: 1) the percentage distribution of businesses with revenues of greater than \$1 million; and, 2) the percentage distribution of businesses for which revenues are not available. The table also presents aggregate peer small business data for the years the data is available.

The total loan amount presented in the tables for each assessment area may differ from the total loan amount reported in the aggregate table due to how the underlying loan data is rounded in each table.

Assessment Area:	Total Home Mortgage Loans				Low-Income Tracts			Moderate-Income Tracts			Middle-Income Tracts			Upper-Income Tracts			Not Available-Income Tracts		
	#	\$	% of Total	Overall Market	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate
Dalton MSA	20	2,158	25.0	4,511	0.0	0.0	0.0	16.1	15.0	10.1	50.2	70.0	47.9	33.8	15.0	42.0	0.0	0.0	0.0
Rome MSA	20	2,950	25.0	3,758	1.4	0.0	1.4	19.4	20.0	19.4	44.0	35.0	44.7	35.2	45.0	34.5	0.0	0.0	0.0
Bartow County	20	3,350	25.0	6,378	3.3	0.0	0.7	31.9	35.0	34.9	64.8	65.0	64.4	0.0	0.0	0.0	0.0	0.0	0.0
Non-MSA	20	3,287	25.0	2,608	0.0	0.0	0.0	8.2	0.0	9.4	77.4	95.0	76.3	14.4	5.0	14.3	0.0	0.0	0.0
<b>Total</b>	<b>80</b>	<b>11,746</b>	<b>100.0</b>	<b>17,255</b>	<b>1.2</b>	<b>0.0</b>	<b>0.6</b>	<b>19.8</b>	<b>17.5</b>	<b>21.2</b>	<b>56.4</b>	<b>66.3</b>	<b>57.6</b>	<b>22.5</b>	<b>16.3</b>	<b>20.7</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

*Source: 2015 ACS; 01/01/2019 - 12/31/2021 Bank Data, 2021 HMDA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%*

Assessment Area:	Total Home Mortgage Loans				Low-Income Borrowers			Moderate-Income Borrowers			Middle-Income Borrowers			Upper-Income Borrowers			Not Available-Income Borrowers		
	#	\$	% of Total	Overall Market	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate
Dalton MSA	20	2,159	25.0	4,511	20.4	30.0	4.6	19.5	5.0	20.5	20.0	25.0	22.6	40.2	35.0	35.4	0.0	5.0	16.8
Rome MSA	20	2,950	25.0	3,758	22.3	15.0	2.6	17.5	15.0	12.7	18.9	20.0	18.8	41.3	50.0	44.9	0.0	0.0	20.9
Bartow County	20	3,350	25.0	6,378	25.9	10.0	10.4	22.0	15.0	23.8	22.1	10.0	20.5	30.1	45.0	22.9	0.0	20.0	22.5
Non-MSA	20	3,287	25.0	2,608	20.2	5.0	3.0	19.0	5.0	14.3	19.2	5.0	21.4	41.7	45.0	39.6	0.0	40.0	21.7
<b>Total</b>	<b>80</b>	<b>11,746</b>	<b>100.0</b>	<b>17,255</b>	<b>22.3</b>	<b>15.0</b>	<b>6.1</b>	<b>19.6</b>	<b>10.0</b>	<b>19.1</b>	<b>20.1</b>	<b>15.0</b>	<b>20.8</b>	<b>38.0</b>	<b>43.8</b>	<b>33.5</b>	<b>0.0</b>	<b>16.3</b>	<b>20.5</b>

*Source: 2015 ACS; 01/01/2019 - 12/31/2021 Bank Data, 2021 HMDA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%*

The total loan amount presented in the tables for each assessment area may differ from the total loan amount reported in the aggregate table due to how the underlying loan data is rounded in each table.

Assessment Area:	Total Loans to Small Businesses				Low-Income Tracts			Moderate-Income Tracts			Middle-Income Tracts			Upper-Income Tracts			Not Available-Income Tracts		
	#	\$	% of Total	Overall Market	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate
Dalton MSA	20	939	25.0	2,069	0.0	0.0	0.0	16.0	20.0	15.3	52.3	55.0	54.8	31.8	25.0	29.9	0.0	0.0	0.0
Rome MSA	20	1,045	25.0	1,863	3.0	10.0	3.4	42.4	45.0	39.6	32.5	35.0	33.6	22.1	10.0	23.5	0.0	0.0	0.0
Bartow County	20	1,615	25.0	2,756	1.6	0.0	2.0	27.7	40.0	31.4	70.7	60.0	66.6	0.0	0.0	0.0	0.0	0.0	0.0
Non-MSA	20	2,108	25.0	841	0.0	0.0	0.0	21.0	10.0	19.9	67.9	70.0	68.7	11.2	20.0	11.4	0.0	0.0	0.0
<b>Total</b>	<b>80</b>	<b>5,707</b>	<b>100.0</b>	<b>7,529</b>	<b>1.2</b>	<b>2.5</b>	<b>1.6</b>	<b>27.0</b>	<b>28.8</b>	<b>27.7</b>	<b>55.2</b>	<b>55.0</b>	<b>55.4</b>	<b>16.6</b>	<b>13.8</b>	<b>15.3</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

*Source: 2020 D&B Data; 01/01/2019 - 12/31/2021 Bank Data; 2021 CRA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%*

Assessment Area:	Total Loans to Small Businesses				Businesses with Revenues <= 1MM			Businesses with Revenues > 1MM		Businesses with Revenues Not Available	
	#	\$	% of Total	Overall Market	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	% Businesses	% Bank Loans
Dalton MSA	20	939	25.0	2,069	82.2	65.0	47.7	6.0	35.0	11.8	0.0
Rome MSA	20	1,045	25.0	1,863	85.1	60.0	41.3	4.2	40.0	10.7	0.0
Bartow County	20	1,615	25.0	2,756	87.9	65.0	41.4	3.7	35.0	8.3	0.0
Non-MSA	20	2,108	25.0	841	83.4	80.0	41.5	4.1	20.0	12.5	0.0
<b>Total</b>	<b>80</b>	<b>5,707</b>	<b>100.0</b>	<b>7,529</b>	<b>84.9</b>	<b>70.0</b>	<b>43.1</b>	<b>4.6</b>	<b>30.0</b>	<b>10.5</b>	<b>0.0</b>

*Source: 2020 D&B Data; 01/01/2019 - 12/31/2021 Bank Data; 2021 CRA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0*

The total loan amount presented in the tables for each assessment area may differ from the total loan amount reported in the aggregate table due to how the underlying loan data is rounded in each table.