

# WE SHOW UP.

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**2023 ANNUAL REPORT**  
First McMinville Corporation

**FIRST**

**NATIONAL BANK  
OF MIDDLE TENNESSEE**

WE  
SHOW  
UP

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Dear Shareholder,

March 19, 2024

Your Board of Directors are excited about how First National Bank of Middle Tennessee (“the Bank”) has positioned itself and what the future will hold. The anticipation of reaching the 150th year anniversary has been felt throughout our organization and the communities we serve. We have finally reached the point where this big milestone has become a reality. This year will be a year where we will be celebrating the achievements of the Bank. However, we will also be squarely focused on the task at hand, which is to stay relevant as a community bank, a partner to the communities we serve and increase the value of your investment.

This past year started with some major challenges when there were some bank failures on the west and east coast. These bank failures, even though these institutions’ function nothing like our Bank, caused a big ripple throughout the industry. There was an immediate reaction from customers and the safety and soundness of money in the bank became questionable. We chose to start communication with customers immediately and you may recall receiving a letter from us explaining: the stark differences between the failed institutions and community banks like First National Bank of Middle Tennessee and why customers should feel that their investment and deposit accounts are safe and sound. Today, about 12 months removed from these events, we believe that any potential liquidity concerns have been addressed and the actions we deployed made your Bank stronger than ever before.

The interest rate environment continued to be very challenging, and the Bank did see a slight decrease in their net interest margin. This margin compression was challenging for banks throughout the industry. This compression also had a big impact on our mortgage division which saw decreased profits from years where this department contributed significantly to the Bank’s net income. As we always do, our management team and Board of Directors spend significant time ensuring that the Bank is well positioned in anticipation for any future rate environments. We believe that we are ready for what the expected interest rates will be in the upcoming 12 to 24 months.

The strategic vision of the Bank is always a top priority for your Board of Directors and our current strategic plan is focused on how to stay relevant in a very competitive banking landscape. We want to ensure that we achieve the following: increase our customer satisfaction, serve our communities better than ever before, provide quality products and services, create an incredible work environment and increase your investment value. To achieve these results, we have started executing on a long-term plan whereby we will invest in branding, facilities, equipment and products and services. These investments will be costly for the Bank, but we believe that the cost of not investing today will be much more than having to spend money later trying to play catchup from banks that may be passing us by.

Our first priority was the “rebranding” of the Bank. We wanted to ensure that first impressions are strong, and the look of our logo is striking. We have recently completed this process and we are extremely excited about this look.

It’s a simple yet very powerful look and it is featured throughout the annual report. As a shareholder, if you would like some merchandise, please reach out to us. We want you to be the ones advertising for us.

The second priority will be our branch network transformation which involves certain interior changes at branches to ensure that the image of the Bank is consistent throughout. We want customers, shareholders, and prospects to know what a First National Bank of Middle Tennessee lobby will look like when they enter the building, and things will be recognizable in every location. In addition, we also want to create a very inviting atmosphere whereas when employees engage customers, the experience is superior. We are currently working on our first location at Smithville Highway and our first location in Williamson County, Tennessee. We are very excited about this brand-new interior look! After these renovations, we will be evaluating each branch individually and renovation work will commence at some point soon.

One last thing we want to mention as it relates to strategy is the customer experience. We want our customers to have a world class experience every time they work with us, whether in a branch or via a web or mobile application. We will continue to invest in this objective, and even though this is an expensive goal to achieve, we once again believe that by making the investment today in technology and increasing service levels and product offerings, we will save money in the future.

This year is the Bank’s 150th anniversary and we are extremely excited and proud of what the Bank has achieved. Only .5% of businesses make it 100 years. Your Bank has been around for 150 years, which makes our existence and longevity so much more special. As your representatives, we will remain focused on the fundamentals which, in our mind, are good quality loans, strong deposits, balanced growth and earnings, shareholder returns, employee satisfaction, technological advancement and community involvement. We will continue our long-term strategy and make investments in your Bank to ensure that we provide financial assistance to our friends, neighbors, and communities. We will make sure that we stay true to our pillars which are: we are your first call inside your circle of trust, we show up and are reliable, we educate communities to succeed, our yes means yes, we have staying power, and we improve everything we touch.

Finally, we want to thank you as shareholders and customers. We appreciate everything you have done for us and respectfully ask you for more of your business and for any potential customers that we can reach out to in order to continue the growth of your investment!

Sincerely,



*Levoy Knowles*

Levoy Knowles  
Chairman



*Pieter J. van Vuuren*

Pieter J. van Vuuren  
President and CEO

# FINANCIAL PERFORMANCE

## INCOME STATEMENT

First McMinville Corporation reported earnings of \$6.5 million for the year ended December 31, 2023, compared to \$7.1 million for the year ended December 31, 2022. Earnings per share for the year ended December 31, 2023, was \$6.19, compared to \$6.86 for the year ended December 31, 2022.

Net interest income was \$23.9 million for the year ended December 31, 2023, compared to \$23.6 million for the year ended December 31, 2022. The increase in net interest income was a result of an increase in interest income of \$13.2 million, or 46.1% offset by an increase in interest expense of \$12.9 million, or 255.5%. Our net interest margin for the year ended December 31, 2023, was 3.02% compared to 3.23% for the year ended December 31, 2022. The Federal Reserve influences the general market rates of interest, including the deposit and loan rates offered by many financial institutions. Our cost of funds is significantly affected by changes in the Federal Funds target rate. Our loan pricing is significantly impacted by the prime interest rate, which is the rate offered on loans to borrowers with strong credit, which increased 525 basis points from the first quarter of 2022 through the third quarter of 2023 as the Federal Reserve sought to address high levels of inflation. The direction and speed with which short-term interest rates move has an impact on our net interest income. Our net interest margin was negatively impacted by the Federal Reserve's aggressive move to increase rates as the increase in our cost of funds outpaced the increase in rates earned on our earning assets.

The provision for credit losses was \$525,000 for the year ended December 31, 2023, compared to \$625,000 for the year ended December 31, 2022. The allowance for credit losses to total loans as of December 31, 2023, was 0.96% compared to 0.90% as of December 31, 2022.

Non-interest income for the year ended December 31, 2023, was \$5.9 million compared to \$7.2 million for the year ended December 31, 2022, a decrease of \$1.3 million or 18.4%. A significant portion of our non-interest income results from the sale of mortgage loans originated. The gains on sale of mortgage loans for the year ended December 31, 2023, was \$2.1 million compared to \$3.1 million for the year ended December 31, 2022. The Federal Reserve's increase in rates mentioned above negatively impacted the number and dollar amount of mortgage loans originated during the year ended December 31, 2023. The dollar amount of mortgage loans originated during the year ended December 31, 2023, was \$73.1 million compared to \$119.3 million for the year ended December 31, 2022.

Non-interest expense for the year ended December 31, 2023, was \$21.4 million compared to \$21.3 million for the year ended December 31, 2022, an increase of \$80,000 or 0.4%. A significant portion of our non-interest expenses are salaries and employee benefits. Salaries and employee benefits totaled \$13.9 million for the year ended December 31, 2023, compared to \$14.1 million for the year ended December 31, 2022, a decrease of 1.3%. The decline is primarily attributed to a decrease in commissions paid on mortgage loan originations offset by an increase in employee head count and wage increases.

## BALANCE SHEET

First McMinville Corporation reported total assets of \$860.5 million as of December 31, 2023, compared to \$810.2 million as of December 31, 2022, an increase of 6.2%. Loans net of allowance for credit losses totaled \$681.5 million as of December 31, 2023, an increase of \$35.7 million or 5.5% from \$645.9 million as of December 31, 2022. Loan demand remained strong during 2023. We were measured in our lending activities during 2023 in an effort to manage loan concentrations and focus on relationship banking. Debt securities were \$61.0 million as of December 31, 2023, compared to \$70.2 million as of December 31, 2022, a decrease of \$9.3 million or 13.2%. The decline in debt securities was a result of maturities and paydowns totaling \$12.2 million offset by purchases of \$2.0 million and a decrease in unrealized losses \$1.1 million.

A significant effort was made during the year by our relationship managers to attract and retain deposit relationships to bolster balance sheet liquidity. Those efforts were successful as total deposits increased 7.6% to \$748.3 million as of December 31, 2023, compared to \$695.4 million as of December 31, 2022. Stockholders' equity grew \$2.9 million or 4.0% during the year ending December 31, 2023, to \$75.8 million from \$72.9 million from December 31, 2022. The most significant changes in stockholders' equity were earnings of \$6.5 million offset dividends paid totaling \$4.2 million.

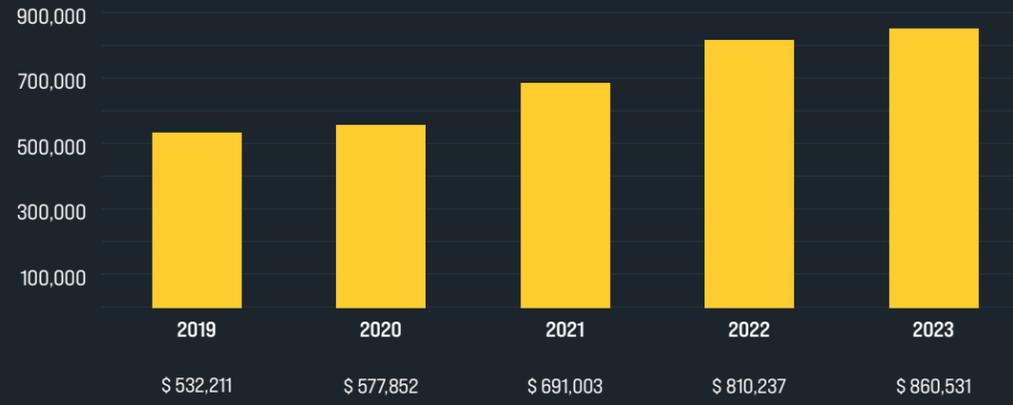
## FINANCIAL HIGHLIGHTS

	2023	2022	2021	2020	2019
In Thousands, Except Per Share Information As of December 31					
<b>CONSOLIDATED BALANCE SHEETS</b>					
Total Assets	\$ 860,531	\$ 810,237	\$ 691,003	\$ 577,852	\$ 532,211
Loans, Net	681,527	645,858	499,281	380,389	331,036
Debt Securities	60,962	70,232	64,766	70,506	117,414
Deposits	748,280	695,422	576,328	466,760	426,626
Stockholders' Equity	75,827	72,896	76,193	72,509	66,322
<b>Years Ended December 31</b>					
<b>CONSOLIDATED STATEMENT OF EARNINGS</b>					
Interest Income	\$ 41,842	\$ 28,649	\$ 20,327	\$ 21,181	\$ 21,007
Interest Expense	17,897	5,034	2,985	4,262	4,919
Net Interest Income	23,945	23,615	17,342	16,919	16,088
Provision for Credit Losses - Loans	385	625	950	1,255	75
Provision for Credit Losses - Off-Balance Sheet Exposures	140	-	-	-	-
Net Interest Income After Provision for Credit Losses	23,420	22,990	16,392	15,664	16,013
Non-Interest Income	5,910	7,247	13,112	17,649	10,342
Non-Interest Expense	21,372	21,292	20,413	21,598	18,435
Earnings Before Income Taxes	7,958	8,945	9,091	11,715	7,920
Income Taxes	1,484	1,845	1,947	2,789	1,790
<b>Net Earnings</b>	<b>\$ 6,474</b>	<b>\$ 7,100</b>	<b>\$ 7,144</b>	<b>\$ 8,926</b>	<b>\$ 6,130</b>
<b>Cash Dividends Declared</b>	<b>\$ 4,159</b>	<b>\$ 4,147</b>	<b>\$ 4,081</b>	<b>\$ 3,941</b>	<b>\$ 3,773</b>
<b>PER SHARE DATA</b>					
Cash Dividends - Common Stock	\$ 3.96	\$ 3.96	\$ 3.96	\$ 3.89	\$ 3.73
Cash Dividends - Common Stock, Class SD	\$ 4.24	\$ 4.24	\$ 4.24	\$ 4.17	\$ 4.02
Earnings Per Share	\$ 6.19	\$ 6.86	\$ 6.94	\$ 8.86	\$ 6.09
Book Value	\$ 72.51	\$ 69.75	\$ 74.04	\$ 71.96	\$ 65.90
Tangible Book Value	\$ 70.17	\$ 67.40	\$ 71.56	\$ 71.77	\$ 65.71
Book Value Excluding Accumulated Other Comprehensive Income (Loss)*	\$ 77.09	\$ 75.09	\$ 73.15	\$ 70.07	\$ 65.20
<b>SOUNDNESS AND PROFITABILITY RATIOS</b>					
Return on Average Stockholders' Equity	8.56 %	9.54 %	9.40 %	12.49 %	9.20 %
Return on Average Assets	0.77 %	0.92 %	1.14 %	1.56 %	1.19 %
Dividends Declared Per Share as a Percentage of Earnings	64.24 %	58.41 %	57.13 %	44.15 %	61.55 %
Net Interest Margin	3.02 %	3.23 %	3.08 %	3.27 %	3.37 %
Nonperforming Assets to Total Assets	0.01 %	0.16 %	0.11 %	0.27 %	0.09 %
Loans to Deposits	91.96 %	93.71 %	87.50 %	82.35 %	78.41 %
Allowance for Credit Losses to Loans	0.96 %	0.90 %	1.00 %	1.04 %	1.03 %
Total Capital to Assets	8.81 %	9.00 %	11.03 %	12.55 %	12.46 %
Liquidity Ratio**	14.37 %	9.15 %	13.52 %	9.67 %	10.72 %

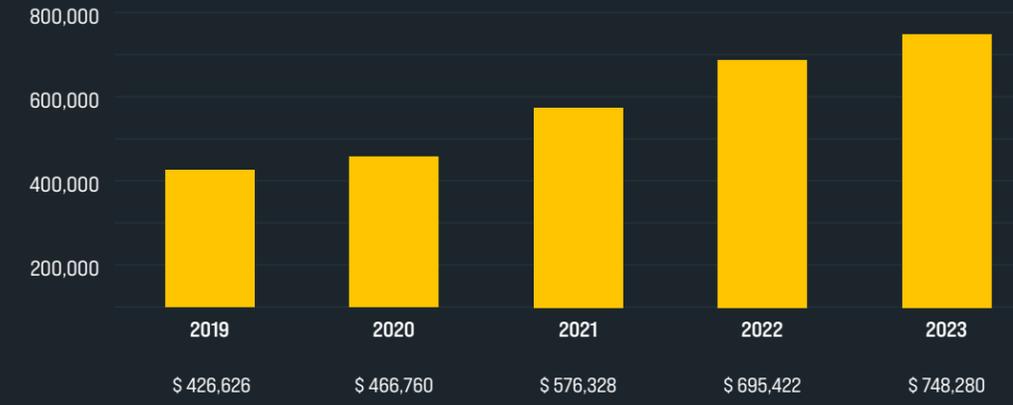
\* Non-GAAP financial measure.

\*\* Ratio for First National Bank of Middle Tennessee.

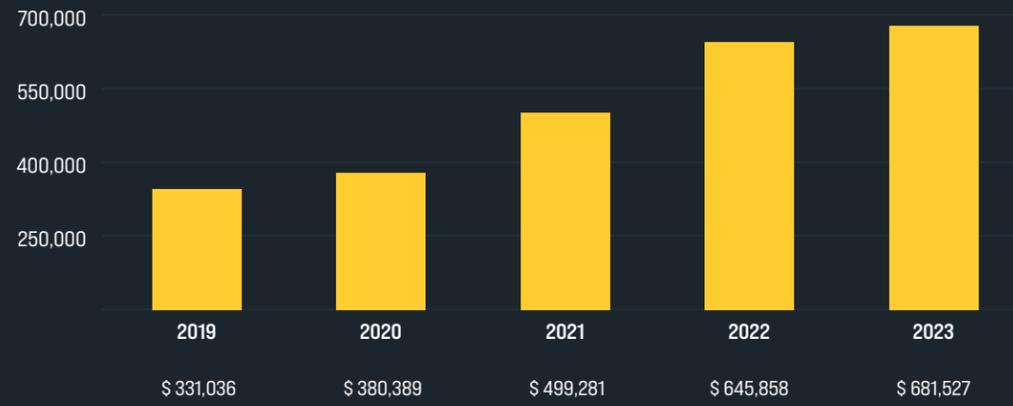
### Total Assets



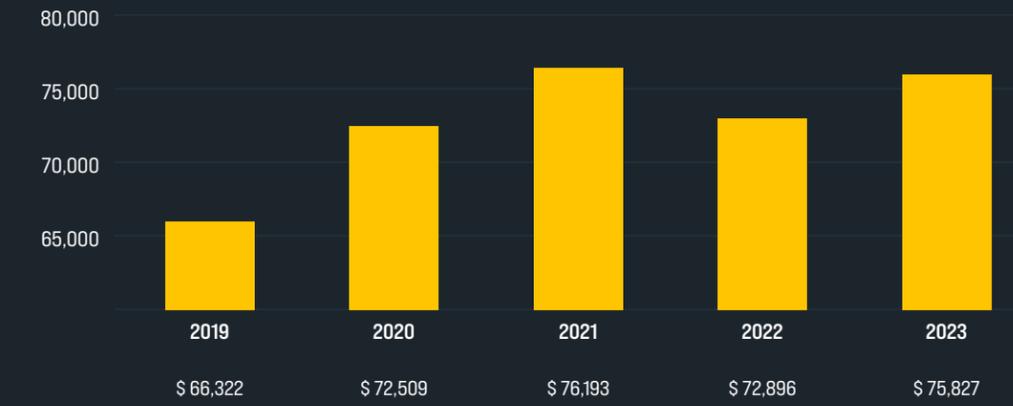
### Deposits



### Loans, Net of Allowance for Credit Losses



### Stockholders' Equity



### Debt Securities



### Net Interest Income



### Net Earnings



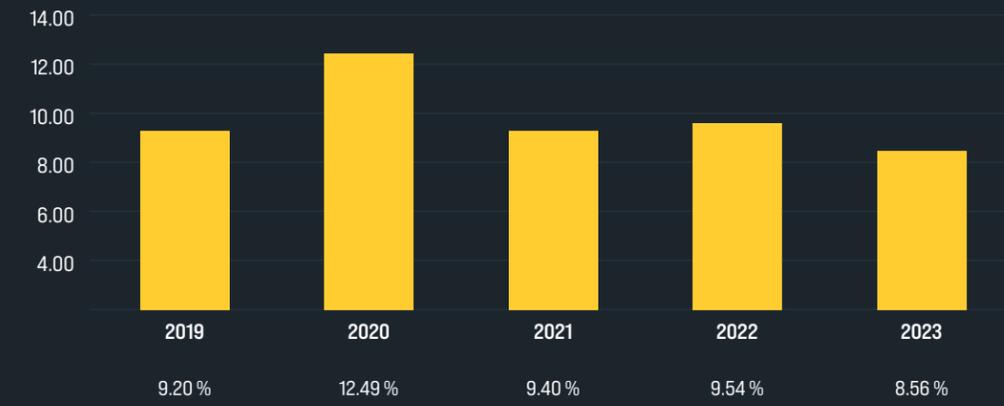
### Book Value per Share



### Dividends Declared



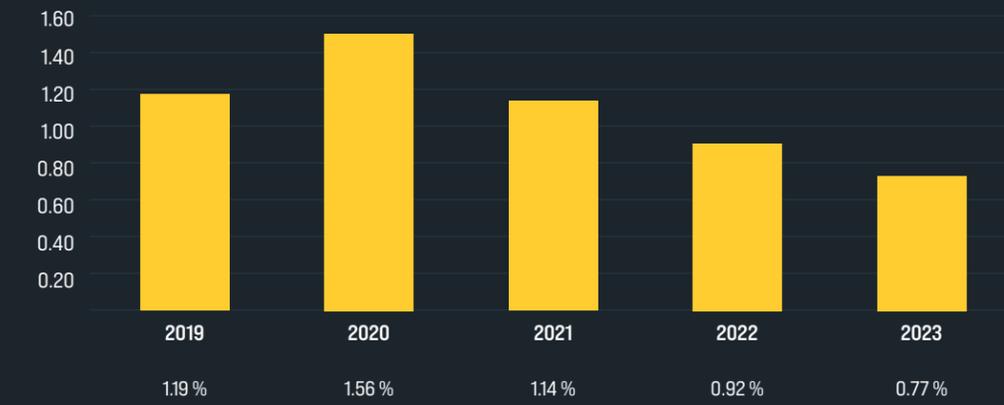
### Return on Average Stockholders' Equity



### Earnings per Share



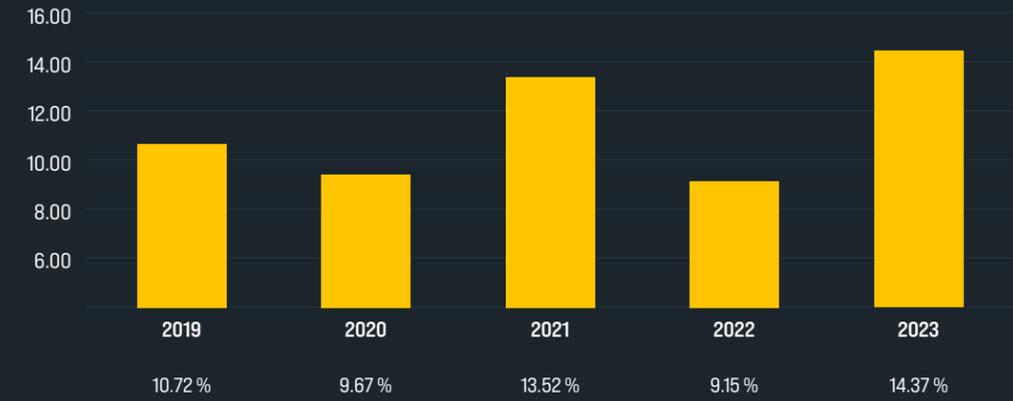
### Return on Average Assets



### Net Interest Margin



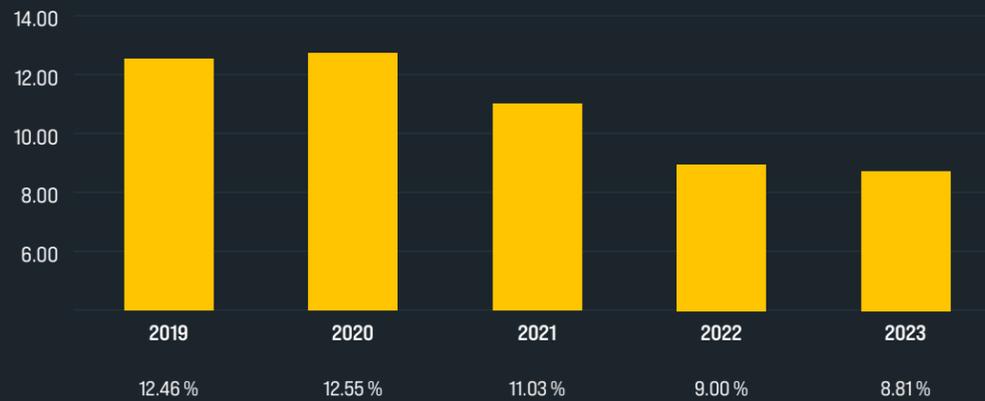
### Liquidity Ratio



### Loans to Deposits



### Capital to Total Assets



**The opportunity to serve as First National Bank of Middle Tennessee’s CFO is truly a blessing. I get to come to work every day with a tremendous group of people who live out our core values. The communities we serve are at the heart of everything we do at FNBMT. Our focus has and will continue to be on maintaining a healthy balance sheet while maximizing shareholder return. I look forward to 2024, our 150th anniversary, and to continue to grow the bank and the communities we serve.**



**Keith Wilson, CPA**  
Chief Financial Officer

# BOARD OF



# DIRECTORS

**Shane  
McFarland**

**Gentry  
Underhill**

**Alan  
West**

**Bobby  
Kirby**

**Brian  
Kidd**

**Bill  
Rogers**

**Greg  
Brock**

**Levoy  
Knowles**

**Pieter  
van Vuuren**

**Rufus  
Gonder**

“ As your representatives, we will remain focused on the fundamentals which, in our mind, are good quality loans, strong deposits, balanced growth and earnings, shareholder returns, employee satisfaction, technological advancement and community involvement. ”

# SHOWING UP

Showing up is a commitment we make to our many communities. You'll find us at the "Relay for Life," "Costume for a Cure," or "Giving to Our Teachers." These and many other meaningful events, are ways for us to give back. To say "thank you" to our customers for being a part of our banking family.



## Father Daughter Dance

In February, 350 tickets were sold for this event. This was our 26th year hosting, planning, decorating, and serving, everything from the ground up.



## SINGO for Realtors

In April, we hosted this fun event to show our local realtors how much we appreciate them.



## Shred Day

We hosted our annual event in June, offering free shredding services at all of our locations.



## Swipe It Forward

This year, we partnered with two local businesses and covered the cost of a treat for any customer that presented their FNB debit card. In Q3, we mixed it up by allowing the customer with the most debit swipes in each market to choose a school to receive a monetary donation.



## Community Fireworks Celebration

In July, we sponsored this local event for the first time, resulting in big community impact.



## Community Movie Night

In August, we hosted a free movie for the community with drinks and popcorn.



## Farm to Table

This August, a team coordinated a community event to raise money for downtown associations.



## Walking Horse Celebration

In August, we were honored to sponsor the esteemed Tennessee Walking Horse Celebration.



# FOR OUR COMMUNITY



## A&L Fair

In September, we had team members volunteer every night of this event to work in the “village bank” and hand out free ice creams.



## Homecoming Parade

Homecoming is a big deal for our communities. The whole high school, their friends, and family come downtown to cheer on the parade. FNB provided drinks and popcorn for all guests, an estimated 3,000 in attendance.



## Fuel Program Fashion Show

We hosted a fashion show to raise money to provide food for school age kids and teens over the weekends.



**“ We’ll continue our long-term strategy and make investments to ensure that we provide financial assistance to our friends, neighbors, and communities. ”**



## Giving to Our Teachers

In Q4, we ran campaigns allowing the customer with the most debit swipes in each market to choose a school to receive a monetary donation.



## Christmas in the Park

In December, we participated in a free community event downtown by opening our doors for crafting.



## Photos with Santa

Held in December, we helped our customers, their families, and our communities create lasting memories with this long-standing annual event.



# SHOWING UP



In February, the staff at our locations wore red to honor and bring attention to The American Heart Association's "Wear Red Day." In March, we held a breakfast for everyone who worked for the AHA.



In June, our staff participated in the annual American Cancer Society event, Relay for Life, to raise money and awareness to end cancer.



In August, we hosted Liberty Station Singo. This event helped raise funds for Liberty Station, a coffee and sandwich shop that trains special needs teens and adults to work in the food service industry, while also helping them find jobs.



Every Friday night in June and July, we had a group of volunteer at the Friday Night Live Dessert Truck to serve up homemade desserts and raise money for the Hamilton Street program, an initiative dedicated to helping at risk children.



In February, our team provided breakfast for everyone working at the Bessie Smith Cultural Center.



Each year in October, our entire team dresses up during Costume for a Cure to promote awareness of childhood cancers. This year we focused on raising awareness for childhood leukemia.



In April, the staff bought a table for the Child Advocacy Event to support the essential mission of the Children's Advocacy Center.

# FOR OUR PARTNERS

# SHOWING UP



## Employee Celebration

In January, instead of our traditional Christmas Party, we switched to a January Celebration. Participation jumped to almost 88%.



## Concession Takeovers

Our team took over the concession stands to give parents the chance to watch the game. Concessions are generally run by booster parents.



## Career Day

In March, our team participated in Career Day at High School to educate students on possible careers in banking.



## McMinnville Special Games 10K

The team volunteered for the race, handing out water to all the participating runners.



## Teacher Appreciation

In May, we held a breakfast for our partners in education.



# FOR OUR TEAM

Whether it's an event, a customer need, or just time to chat, we're here for our communities 100% in person. When we say, "We show up," we mean it in every sense of the word.

## It All Began 150 Years Ago...

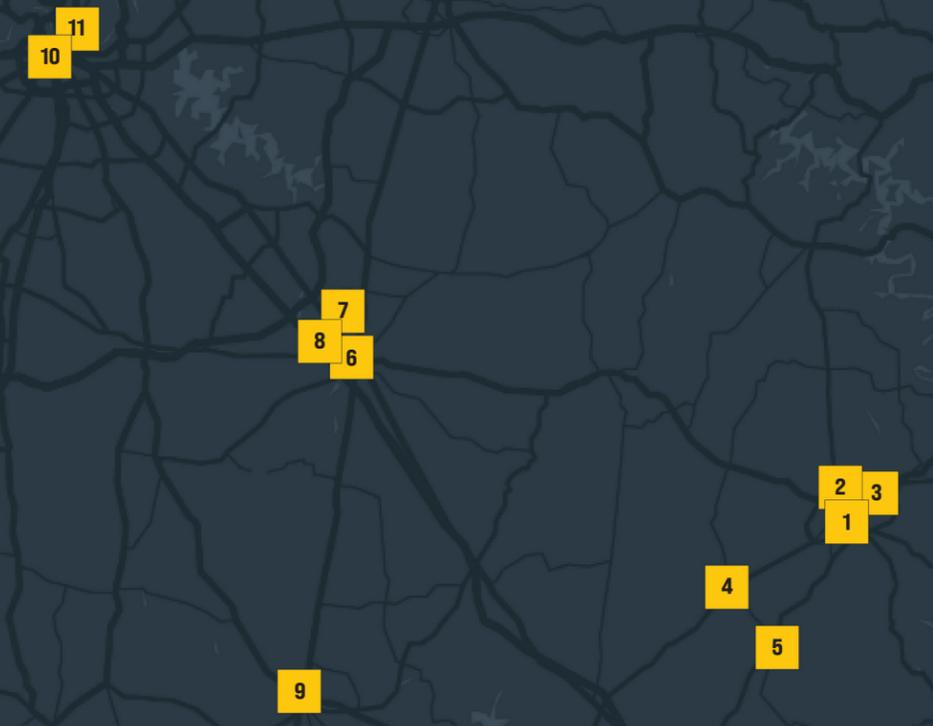
2024 is a milestone for our bank. We have served our customers through 150 years of achievements, joy, challenges and change. As we embark on our next 150 years, we are reaffirming our promise to be there for our customers and communities whenever and wherever they need us. In person, face-to-face. It's what makes this community bank powerful.

In a world that's increasingly replacing local with global, personal contact with screen time, and human expertise with artificial intelligence, "We Show Up." We're 100% in-person, and 100% participating whenever and wherever we are needed.

You - our customers, our team, our partners, and communities - are "Our Why." First National Bank of Middle Tennessee exists to improve the financial health of every customer and community we serve. In 2024 and beyond, **we promise to be there when you need us.**

**2024**  
*150<sup>th</sup> Anniversary*

# WE SHOW



- 1 Main Branch**  
200 East Main St.  
McMinnville, TN 37110  
(931) 473-4402
- 2 Smithville Hwy. Branch**  
917 Smithville Hwy.  
McMinnville, TN 37110  
(931) 473-4402
- 3 Sparta Rd. Branch**  
1418 Sparta St.  
McMinnville, TN 37110  
(931) 473-4402
- 4 Morrison Branch**  
9970 Manchester Hwy.  
Morrison, TN 37357  
(931) 635-3500
- 5 Viola Branch**  
3 Lynn St.  
Viola, TN 37394  
(931) 635-2222
- 6 FNB Mortgage**  
Downtown Murfreesboro  
322 N Front St.  
Murfreesboro, TN 37130  
(629) 218-3298
- 7 Memorial Blvd. Branch**  
3427 Memorial Blvd.  
Murfreesboro, TN 37129  
(615) 956-0106
- 8 Gateway Blvd. Branch**  
1708 Gateway Blvd.  
Murfreesboro, TN 37129  
(615) 893-1228
- 9 Shelbyville Branch**  
1700 North Main St.  
Shelbyville, TN 37160  
(931) 684-8191
- 10 Nashville Branch**  
1911 21st Ave. South  
Nashville, TN 37212  
(615) 622-6568
- 11 Music Square**  
33 Music Square  
West 110B  
Nashville, TN 37203  
(615) 956-0236

# UP

[FNBMT.COM](https://www.fnbmt.com)

