



**SMALL BANK**

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Comptroller of the Currency  
Administrator of National Banks

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Washington, DC 20219

## **PUBLIC DISCLOSURE**

**December 15, 2008**

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

The First National Bank of Manchester  
Charter Number 5528

100 West High Street  
Manchester, TN 37355-0000

Office of the Comptroller of the Currency

NASHVILLE  
5200 Maryland Way Suite 104  
Brentwood, TN 37027-5018

**NOTE:** This document is an evaluation of this institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods consistent with safe and sound operation of the institution. This evaluation is not, nor should it be construed as, an assessment of the financial condition of 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.

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

**The First National Bank of Manchester (FNB)** has a satisfactory record of meeting community credit needs. This is based on the following:

- The bank's loan-to-deposit ratio is satisfactory and averaged 75.44% during the evaluation period. **FNB's** loan-to-deposit ratio ranged from a low of 70% June 2008 to a high of 80% December 2006.
- A substantial majority of **FNB** loans are within the bank's Assessment Areas. Approximately 78% of the number and 72% of the dollar volume of loans were to borrowers within the Assessment Areas.
- **FNB's** distribution of loans to borrowers of different income (including low-and moderate-income) levels and businesses of different sizes is satisfactory.
- The geographic distribution of loans reflects excellent dispersion.

## **SCOPE OF EXAMINATION**

This Performance Evaluation is a full scope review and covers the period January 27, 2004 through December 14, 2008. Results were consolidated for comparative and analysis purposes and evaluated using 2000 Census demographic information. **FNB** has two operating subsidiaries First National Mortgage Services, LLC and FCB Reinsurance Company and one affiliate Bank of Waynesboro. First National Mortgage Services, LLC commenced business on August 1, 2007. A data integrity review was not conducted prior to this evaluation. However, internal data was determined to be reliable during reviews by a third party vendor.

Conclusions regarding the Lending Test are based on residential loans including home purchases, home improvements, and home refinances. **FNB** is a Home Mortgage Disclosure Act (HMDA) reporter. All residential loans considered in the Lending Test originated from January 1, 2006 through October 31, 2008 were included in our analysis. A sample of small business loans originated during the period January 1, 2006 through December 5, 2008 was also considered in the Lending Test.

## **DESCRIPTION OF INSTITUTION**

**The First National Bank of Manchester (FNB)** is wholly owned by FCB Corporation, a bank holding company. **FCB** Corporation is headquartered in Manchester, Tennessee and also owns 51% of a smaller state bank. **FNB** is a \$184 million institution with two branches. As of December 31, 2007, the holding company reported total assets of \$28 million.

Since the previous Community Reinvestment Act (CRA) examination, the bank became a Home Mortgage Disclosure Act (HMDA) reporter. There have been no other significant changes to the bank's corporate structure, including merger and acquisition activities, since the last Community Reinvestment Act (CRA) examination dated January 26, 2004 when the bank received a **satisfactory** rating. President and CEO Claus Thormaehlen assumed the Chairman of the Board position following the death of the former Chairman. There have been no other changes in senior management since the last CRA examination. The bank's primary focus has not changed and continues to be residential real estate loans, commercial and industrial loans, and construction and land development loans. There are no legal or financial impediments to **FNB's** ability to meet the credit needs in its Assessment Area(s) (AA). The bank offers a full-range of loan and deposit services.

**FNB's** main office is located in Manchester, Tennessee. The bank also has a branch in Manchester (Coffee County) and another branch in Woodbury (Cannon County), Tennessee. Additionally, there is a cash dispensing ATM at a convenience market in Manchester, Tennessee. Since the previous CRA examination, the bank has not relocated or closed any branch offices. During the CRA examination a new branch office was opened in Murfreesboro, TN on December 17, 2008.

As of September 30, 2008, **FNB** had total assets of \$184 million, of which net loans comprised 59.24%. The following table reflects the composition of **FNB's** loan portfolio based on the September 30, 2008 Report of Condition.

	Product Category	
	Dollar (000's)	Percent
Residential Mortgage Loans	55,197	50.15
Commercial & Industrial Including Commercial Real Estate	24,758	22.49
Construction & Land Development	15,391	13.98
Individuals	14,169	12.87
Other	553	0.51
<b>TOTAL</b>	110,068	100.00

*Source: September 30, 2008 Report of Condition.*

**FNB** provides a wide-range of traditional deposit and loan products. The main office is located in an area that is accessible to persons from different areas of the community. Lobby and drive-up hours also help to meet customer needs during the week. **FNB** does not have an ATM located at its main office, but has ATMs at each branch office location and one at a convenience market located in Manchester, Tennessee.

Customers have 24-hour access to their accounts through telephone banking and through the internet (<http://www.fnbmanchester.com/>). Internet and phone banking services include transfers between **FNB** accounts, review of account balances and transactions, access to loan account information, and the payment of loans. Internet banking customers also have bill-paying and e-

statement capabilities. Customers have the option of obtaining either a Visa or Master Card credit card. Additionally, the bank offers Visa and Master Card Check Cards that provide customers with additional access to their accounts at point-of-sale or ATM locations.

The bank’s AA includes 11 census tracts. Eight of the Census Tracts (seven middle-income census tracts and one upper-income census tract) are located in Coffee County. The three remaining census tracts (all are moderate-income census tracts) are located in Cannon County. The eight census tracts in Coffee County are not in a MSA, but the three census tracts in Cannon County are part of the Nashville MSA. The bank’s main office and one branch in Coffee County are located in middle-income census tracts while the Cannon County branch is located in a moderate-income census tract.

<b>Distribution of Bank Offices and ATMs by Census Tract</b>						
Census Tract Income Level	Tracts		Full-Service Branches		Automated Teller Machines *	
	#	%	#	%	#	%
Low	0	0	0	0	0	0
Moderate	3	27.27	1	33.33	1	33.33
Middle	7	63.64	2	66.67	2	66.67
Upper	1	9.09	0	0	0	0
NA	0	0	0	0	0	0
<b>TOTAL</b>	<b>11</b>	<b>100.00%</b>	<b>3</b>	<b>100.00%</b>	<b>3</b>	<b>100.00%</b>

*Although there is no ATM at the bank’s Main Office, there are two branch offices with contiguous ATMs. ATM machines at the branch offices accept deposits and dispense cash. Additionally, there is a free-standing ATM at a convenience market which dispenses cash only.*

**FNB’s** business strategy includes continued marketing of residential and commercial credit to small businesses through its products, staff, and locations. The bank offers small business loans for new business startups and to expand an existing business.

## **DESCRIPTION OF ASSESSMENT AREA(S)**

The bank’s AA includes eight of the ten census tracts in Coffee County and the three adjoining census tracts in Cannon County. The two census tracts in Coffee County excluded from **FNB’s** AA are located in the City of Tullahoma. There are no nearby branch offices of **FNB** convenient for these two census tracts. Additionally, a full range of loan and deposit services are offered by several financial institutions in the City of Tullahoma. The eight Coffee County census tracts are in a rural, non-metropolitan area where the bank’s main office and one branch are located. The three Cannon County census tracts are part of the Nashville MSA. **FNB** has a branch office located in Woodbury (Cannon County), Tennessee. Seven of the bank’s AA census tracts are middle-income, three are moderate-income, and one is upper-income. The bank has no low-income census tracts in its AAs. The AA meets the requirements of the regulation and does not arbitrarily exclude any low- or moderate-income areas. There are no natural boundaries within the AAs that hinder accessibility.

All eight census tracts in Coffee County and all three census tracts located in Cannon County, Tennessee are contiguous. The eleven census tracts are contiguous to each other.

<b>Demographic Information for Assessment Area</b>							
<b>Coffee County, Tennessee</b>							
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #	
Geographies (Census Tracts/BNAs)	8	0	0	87.50	12.50	0	
Population by Geography	37,946	0	0	74.66	25.34	0	
Owner-Occupied Housing by Geography	16,213	0	0	74.34	25.66	0	
Businesses by Geography	2,872	0	0	74.58	25.42	0	
Farms by Geography	118	0	0	89.83	10.17	0	
Family Distribution by Income Level	10,885	15.44	16.56	20.53	47.47	0	
Distribution of Low- and Moderate-Income Families throughout AA Geographies	3,483	48.26	51.74	-	-	0	
Median Family Income (MFI)	= \$42,454		Median Housing Value		= \$84,246		
HUD Adjusted Median Family Income (MFI) for 2007	= \$43,100				Unemployment Rates		= 6.5%
Households Below the Poverty Level	= 1,988						

(\*) The NA category consists of geographies that have not been assigned an income classification.  
 Source: 2000 U.S. Census and 2007 HUD updated MFI. Unemployment rate is as of November 2008.

There are no low- and moderate-income census tracts within **FNB's** Coffee County AA. Of the 10,885 families residing in the Coffee County AA, 1,681 (15.44%) and 1,802 (16.56%), respectively, are low- and moderate-income families based on the family distribution by income levels. As of November 30, 2008, the unemployment rate for the State of Tennessee and the U.S. was 6.9% and 6.7%, respectively. Both are slightly higher than the 6.5% unemployment rate in Coffee County.

**FNB** is located in middle Tennessee. Manchester serves as the county seat of Coffee County and is located on Interstate 24, a major north-south interstate connector, approximately 64 miles southeast of Nashville and 69 miles northwest of Chattanooga, Tennessee. Tullahoma is the only other city located in Coffee County.

Coffee County's economic base is diverse. The economy has moved from an agricultural economy into an industrial and service economy. There are approximately 25,000 people employed full-time and part-time in Coffee County. Arnold Engineering Development Center (AEDC) straddles Coffee and adjoining Franklin County, Tennessee. It is the most advanced and largest complex of flight simulation test facilities in the world. The center operates 58 aerodynamic and propulsion wind tunnels, rocket and turbine engine test cells, space environmental chambers, arc heaters, ballistic ranges and other specialized units. AEDC is an Air Force Materiel Command organization and an important national resource. It is the areas

largest employer with 2,700 workers in fiscal year 2008 with an annual payroll in excess of \$247 million. During fiscal 2008, the aggregate economic impact for the area exceeded \$728 million.

Other major employers in Coffee County are M-Tek, Inc., a manufacturer of interior auto trim, employ 960 workers and Batesville Casket Co., a steel casket manufacturer, employ 500 workers. Thirty-one other manufacturers, fabricators, and service providers employ from 25 to 300 workers each. These firms offer a variety of manufactured products and services including auto floor mats, metal stampings, power tools, wiring harnesses, warehousing, wire products, steel tubing, military dress and government apparel, envelopes and letterheads, airport landing gear, Styrofoam packaging material, precision machinery, soft drink bottling services, newspaper printing and publishing, boat trailers, and other products. Residents also commute to Murfreesboro and Nashville for suitable employment. Natural resources include crushed stone. Important agricultural products include hay, soybeans, corn, and wheat.

<b>Demographic Information for Assessment Area</b>						
<b>Cannon County, Tennessee</b>						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	3	0	100.00	0	0	0
Population by Geography	12,826	0	100.00	0	0	0
Owner-Occupied Housing by Geography	5,420	0	100.00	0	0	0
Businesses by Geography	899	0	100.00	0	0	0
Farms by Geography	51	0	100.00	0	0	0
Family Distribution by Income Level	3,691	27.72	26.01	25.36	20.91	0
Distribution of Low- and Moderate-Income Families throughout AA Geographies	1,983	51.59	48.41	-	-	0
Median Family Income (MFI)	= \$38,633			Median Housing Value	= \$79,681	
HUD Adjusted Median Family Income (MFI) for 2007	= \$60,100			Unemployment Rates	= 8.8 %	
Households Below the Poverty Level	= 756					

(\*) The NA category consists of geographies that have not been assigned an income classification.  
 Source: 2000 U.S. Census and 2007 HUD updated MFI. Unemployment rate is as of November 2008.

While there are no low-income census tracts within FNB’s Cannon County AA, there are three moderate-income census tracts. Of the 3,691 families residing in the Cannon County AA, 1,023 (27.72%) and 960 (26.01%), respectively, are low- and moderate-income families based on the family distribution by income levels. As of November 30, 2008, the unemployment rate for the State of Tennessee and the U.S was 6.9% and 6.7%, respectively. The unemployment rate for the Nashville MSA was 6.1%. Each of these is less than the 8.8% unemployment rate for Cannon County.

NASHVILLE MSA

The bank's presence in Cannon County, Tennessee and the Nashville MSA is limited to the city of Woodbury. Woodbury serves as the county seat of Cannon County and is located on Tennessee State Highway 70, an east-west connector between Murfreesboro and McMinnville, Tennessee. Woodbury is located some 53 miles southeast of Nashville. There are no other cities in Cannon County. The County is on the south eastern edge of the MSA. With a population of approximately 2,500, Woodbury is located about 20 miles from Murfreesboro, 53 miles from Nashville, and 69 miles from Chattanooga.

Cannon County is part of the Nashville MSA. Although the county has not experienced significant growth, it serves as a bedroom community for workers who can commute to nearby Murfreesboro (Rutherford County) and Nashville (Davidson County). There are approximately 6,400 people employed full-time and part-time in Cannon County. The largest employer is Crane Interiors, Inc., a boat interior manufacturer, which employs 150 workers. Other employers include Cumberland Molded Products (50 employees), a manufacturer of injection molded products, Global Industrial Components (39 employees), an industrial supply distributor, and Quality Tool & Engineering (19 employees), a steel plate product manufacturer. Natural resources also include crushed stone. Important agricultural products are hay, soybeans, corn, wheat, cattle, horses, swine, and chicken. The county also has an active nursery industry.

Major employers in Rutherford County are: Verizon Wireless (wireless devices) 1,083 employees, General Mills/Pillsbury (refrigerated baked goods) 750 employees, Johnson Controls (automotive interior systems) 436 employees, NAHLE Filter Systems (automotive systems) 425 employees, Lewis Brothers Bakeries (bread) 415 employees, Rich Products Mfg. Corp. (food & baked goods) 330 employees, and Stratos/Champion Boats (boat manufacturer) 305 employees.

Major employers in Davidson County are: IBP, Inc. (meat processing & packing; distributes frozen meats) 2,300 employees, Whirlpool Corp. (built in refrigerators, air conditioners) 1,600 employees, Dell Computer Corp (manufactures computers) and Lifeway Christian Resources (religious book publishing) 1,500 employees each, Vought Aircraft Industries, Inc. (structural aircraft wings & tail components) 1,414 employees, Visteon (manufacturers float glass) 950 employees, DuPont (rolled synthetic material & polyester chips) 700 employees, United Methodist Publishing (book & periodical publishing) 675 employees, US Smokeless Tobacco Mfg (manufacturers snuff & chewing tobacco), Purity Dairies, Inc. (manufacturer dairy products), and Peterbilt Motors Co. (manufacturers heavy duty trucks) 500 employees each, and fifteen other firms which employs 220 to 400 employees.

No business opportunities were identified by **FNB** through outreach activities or through the bank surveys during this evaluation period. A local, federal agency was interviewed for a community contact. **FNB** has worked with this agency on a small business loan. This agency provides assistance with small business and housing programs to assist rural communities under 50,000 in population. The community contact did not identify any specific credit needs in the bank's AA. Also, the community contact did not make any negative comments about **FNB**.

## **CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA**

## LENDING TEST

The bank’s performance under the Lending Test is rated “**Satisfactory.**” Based on a full-scope review, the bank’s performance in the AA is satisfactory.

### Loan-to-Deposit Ratio

The quarterly average loan-to-deposit ratio for **FNB** was satisfactory at 75.44% for the sixteen quarters ending September 30, 2008. **FNB’s** quarterly average loan-to-deposit ratio compared favorably to other competitor banks in the AA for the same period. Of the nine independent banks doing business in the AA, **FNB** had the seventh highest average loan-to-deposit ratio for the period. The Bank of Tullahoma had the highest loan-to-deposit ratio at 104.25%, then Coffee County Bank 101.40%, followed by First Vision Bank of Tennessee 98.18%, First Bank 95.57%, American City Bank 83.13%, Traders National Bank 75.47%, **The First National Bank of Manchester 75.44%**, Citizens Tri-County Bank 72.98%, and Peoples Bank & Trust Co. 65.71%. Other competitors are large holding company banks headquartered elsewhere. These institutions had a quarterly average loan-to-deposit ratio ranging from 105.16% to 98.95%. **FNB’s** highest quarterly loan-to-deposit ratio was 80.4% as of September 30, 2006 and the lowest was 70.05% as of June 30, 2008. During the sixteen quarter period ending September 30, 2008, the highest loan-to-deposit ratio for the nine independent banks doing business in the AA and two holding company banks was the newly chartered Bank of Tullahoma at 238.21% as of December 2005. Peoples Bank & Trust Co. reported the lowest loan-to-deposit ratio for the period of 51.71% as of December 2004. As for large, holding company banks headquartered elsewhere, U. S. Bank, NA reported the highest loan-to-deposit ratio of 113.51% as of June 2008. Conversely, Regions Bank reported the lowest loan-to-deposit ratio of 93.84% as of March 2005.

As of June 30, 2008, eleven financial institutions with 24 offices within the combined AA controlled \$859 million in deposits. **FNB** controlled the largest market share within the combined AA at **\$155 million, or 18.07%**, of total deposits. Other institutions in the combined AA include: American City Bank of Tullahoma controlled \$148 million, or 17.28%; Coffee County Bank controlled \$101 million, or 11.77%; Traders National Bank controlled \$86 million, or 10.04%; Regions Bank controlled \$80 million, or 9.26%; Peoples Bank & Trust Co. controlled \$65 million, or 7.58%; U.S. Bank, NA controlled \$54 million, or 6.27%; Citizens Tri-County Bank controlled \$52 million, or 6.11%; The Bank of Tullahoma controlled \$47 million, or 5.47%; First Bank controlled \$44 million, or 5.09%; and First Vision Bank of Tennessee controlled \$26 million or 3.06%.

Loan-To-Deposit Ratios		
Institution	Assets as of 09/30/08(*)	Average LTD Ratio % (**)



<b>The First National Bank of Manchester, TN</b>	<b>\$184</b>	<b>75.44</b>
American City Bank of Tullahoma, TN	\$205	83.13
Coffee County Bank, Manchester, TN	\$126	101.40
Traders National Bank, Tullahoma, TN	\$119	75.47
Peoples Bank & Trust Co., Manchester, TN	\$75	65.71
U. S. Bank, NA, Cincinnati, OH	\$242,597	105.16
Citizens Tri-County Bank, Dunlap, TN	\$477	72.98
# The Bank of Tullahoma, Tullahoma, TN	\$62	104.25
# First Vision Bank of Tennessee, Tullahoma, TN	\$93	98.18
First Bank, Lexington, TN	\$2,032	95.57
Regions Bank, Birmingham, AL	\$139,556	98.95

\*Asset sizes of institutions are in millions (000,000's)

\*\*The quarterly average LTD ratio for FNB of Manchester and the 10 comparable banks is for the period December 31, 2004 through September 30, 2008.

#Bank of Tullahoma and First Vision Bank of Tennessee are newly chartered banks. The average LTD is for the period December 31, 2005 through September 30, 2008.

### Lending in Assessment Area

**FNB's** record of lending in its AA is satisfactory. A majority of **FNB** loans are within the bank's AA. The number of residential and business loans inside the bank's AA was 77.06% and 78.29%, respectively. Similarly, the dollar amount of residential and business loans inside the bank's AA was 70.97% and 74.67%, respectively. Collectively, the number and dollar amount of loans was 77.29% and 71.26%, respectively. Conclusions are based on all HMDA reportable loans and a sample of business loans originated during 2006, 2007, and through October 31 and December 5, 2008, respectively.

<b>Lending in Coffee County TN Non-MSA AA and Cannon County, TN Nashville MSA AA</b>										
Loan Type	Number of Loans					Dollars of Loans				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	
Home Purchase	105	70.00	45	30.00	150	19,628	78.54	5,363	21.46	24,991
Home Improvement	94	84.68	17	15.32	111	2,139	85.77	355	14.23	2,494
Home Refinance	241	77.74	69	22.26	310	17,386	62.80	10,300	37.20	27,686
<b>Sub-total</b>	<b>440</b>	<b>77.06</b>	<b>131</b>	<b>22.94</b>	<b>571</b>	<b>39,153</b>	<b>70.97</b>	<b>16,018</b>	<b>29.03</b>	<b>55,171</b>
Business Loans	101	78.29	28	21.71	129	3,497	74.67	1,186	25.33	4,683
<b>Total</b>	<b>541</b>	<b>77.29</b>	<b>159</b>	<b>22.71</b>	<b>700</b>	<b>42,650</b>	<b>71.26</b>	<b>17,204</b>	<b>28.74</b>	<b>59,854</b>

Source: All HMDA reportable residential loans originated during 2006, 2007, and through October 31, 2008 are included. Residential loans include home purchase, home improvement, and home refinances loans. Business loans include sample of loans which originated during 2006, 2007, and through December 5, 2008; 2000 U.S. Census Data.

### Lending to Borrowers of Different Incomes and to Businesses of Different Sizes

**FNB's** record of lending to borrowers of different incomes and to businesses of different sizes is satisfactory. At 5.07%, the number of HMDA reportable residential loans to low-income

families is less than the 15.44% of low-income families within the Coffee County AA. At 17.05%, the number of HMDA reportable residential loans to moderate-income families exceeds the 16.55% of moderate-income families in the Coffee County AA. At 20.67% and 18.99%, the number of HMDA reportable residential loans to low-and moderate -income families is less than the 27.72% and 26.01%, respectively, of low-and moderate-income families within the Cannon County AA. Additionally, home loan products offered by **FNB**'s operating subsidiary, First National Mortgage Services, LLC (opened for business August 2007) include Tennessee Housing Development Authority (THDA) home financing. The THDA home ownership program is designed for low- and-moderate income borrowers. The program is intended for modest homes and generally first-time home buyers. Mortgages must be insured or guaranteed by the Veterans Administration (VA), Federal Housing Authority (FHA), or Rural Development (RD). First National Mortgage Services, LLC originates these loans which are underwritten to THDA guidelines. The loans are funded by a third party in the secondary market and the operating subsidiary receives a fee for its efforts. Since THDA loans are never funded by the bank, they are not reported on the bank's HMDA-LAR report. Consequently, they are not reflected in the table below. Since opening for business in 2007 and through October 31, 2008, First National Mortgage Services, LLC originated 27 THDA loans totaling approximately \$3.4 million within its AAs. These loans were to low-and moderate-income families.

**FNB** record of lending to businesses of different sizes is excellent. Business revenues within the Coffee County AA and Cannon County AA reflect that 57.12% and 55.65%, respectfully, have annual sales less than \$1 million, 3.15% and 2.05% exceed \$1 million, and 39.73% and 42.30% of business sales are unavailable. Comparatively, both the number and dollar amount of loans to businesses of different sizes is excellent. The bank does a good job in obtaining business revenue information on its business loans as reflected by the low percentage of unavailable information.

Borrower Distribution of Residential Real Estate Loans in Coffee County, TN Non-MSA AA								
Borrower Income Level	LOW		MODERATE		MIDDLE		UPPER	
% of AA Families	15.44		16.55		20.53		47.47	
Loan Type(s)	% of Number	% of Amount	% of Number	% of Amount	% of Number	% of Amount	% of Number	% of Amount
Residential Loans	5.07	0.99	17.05	6.98	27.19	10.82	47.47	31.31

*Source: All HMDA reportable residential loans originated during 2006, 2007, and through October 31, 2008 are included. Residential loans include home purchase, home improvement, and home refinances loans. 2006, 2007, and through October 31, 2008; 2000 U.S. Census Data. 3.23% of the number and 49.90 % of the amount of loans recorded on the bank's HMDA LAR are N/A. That is residential real estate loans were made to corporations and other entities that are not required to report income level. Income is NA for 2.00% of Home Purchase, 6.98% for Home Improvement, and 2.42% for refinance.*

<b>Borrower Distribution of Residential Real Estate Loans in Cannon County, TN Nashville MSA AA</b>								
Borrower Income Level	LOW		MODERATE		MIDDLE		UPPER	
% of AA Families	27.72		26.01		25.36		20.92	
Loan Type(s)	% of Number	% of Amount	% of Number	% of Amount	% of Number	% of Amount	% of Number	% of Amount
Residential Loans	20.67	9.32	18.99	15.22	24.02	22.28	31.28	41.99

Source: All HMDA reportable residential loans originated during 2006, 2007, and through October 31, 2008 are included. Residential loans include home purchase, home improvement, and home refinances loans. 2006, 2007, and through October 31, 2008; 2000 U.S. Census Data. 3.23% of the number and 49.90 % of the amount of loans recorded on the bank's HMDA LAR are N/A. That is residential real estate loans were made to corporations and other entities that are not required to report income level. Income is NA for 2.70% of Home Purchase, 2.13% for Home Improvement, and 7.37% for refinance.

<b>Borrower Distribution of Loans to Businesses in Coffee County, TN Non MSA AA</b>				
Business Revenues (or Sales)	≤\$1,000,000	>\$1,000,000	Unavailable/ Unknown	Total
<b>Full Review: Coffee County AA</b>				
% of AA Businesses & Farms	57.12	3.15	39.73	100%
% of Bank Loans in AA by #	94.44	1.85	3.71	100%
% of Bank Loans in AA by \$	91.23	4.16	4.61	100%

Source: 2007 Business Geodemographic data compared to 2006, 2007, and through December 5, 2008 loan sample.

<b>Borrower Distribution of Loans to Businesses in Cannon County TN Nashville MSA AA</b>				
Business Revenues (or Sales)	≤\$1,000,000	>\$1,000,000	Unavailable/ Unknown	Total
<b>Full Review: Cannon County AA</b>				
% of AA Businesses & Farms	55.65	2.05	42.30	100%
% of Bank Loans in AA by #	95.74	0.00	4.26	100%
% of Bank Loans in AA by \$	96.31	0.00	3.69	100%

Source: 2007 Business Geodemographic data compared to 2006, 2007, and through December 5, 2008 loan sample.

## Geographic Distribution of Loans

FNB's geographic distribution of loans to businesses in low-and moderate-income census tracts is excellent. FNB's geographic distribution of residential loans in low- and moderate-income census tracts is excellent.

There are no low-and moderate-income census tracts in the Coffee County AA. A comparison is not meaningful. However, within the Cannon County AA, there are three moderate-income census tracts. The three-moderate census tracts comprise all of the census tracts in Cannon County. Based on our business loan sample, all of the number and dollar amount of loans made in the AA were made to businesses located in the three moderate-income census tracts

Residential loans recorded on FNB’s HMDA-LAR reports for 2006, 2007, and through October 31, 2008 include home purchases, home improvements, and home refinances. As noted, there are no low-income and moderate-income census tracts in Coffee County, therefore, a geographic distribution analysis is not meaningful. However, within the Cannon County AA, there are three moderate-income census tracts. The three moderate census tracts comprise all of the census tracts in Cannon County. Based on the HDMA-LAR data, 100% of the number and dollar amount of residential loans were made in the three moderate-income census tracts.

2006 -2008 Geographic Distribution of Loans to Businesses & Farms Cannon County, TN Nashville MSAAA								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Businesses /Farms	% of Number of Loans	% of AA Businesses/ Farms	% of Number of Loans	% of AA Businesses /Farms	% of Number of Loans	% of AA Businesses /Farms	% of Number of Loans
Businesses/Farms	0.00	0.00	100.00	100.00	0.00	0.00	0.00	0.00

Source: Loan sample for 2006, 2007, and through December 5, 2008..

2006 – 2008 Geographic Distribution of Residential Real Estate Loans in Cannon County TN Nashville MSA AA								
Census Tract Income Level	Low 0.00%		Moderate 100%		Middle 0.00%		Upper 0.00%	
Loan type	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans
Home Purchase	0.00	0.00	100.00	100.00	0.00	0.00	0.00	0.00
Home Improvement	0.00	0.00	100.00	100.00	0.00	0.00	0.00	0.00
Refinance	0.00	0.00	100.00	100.00	0.00	0.00	0.00	0.00

Source: Data reported under 2006, 2007, and through October 31, 2008 HMDA; U.S. Census data.

## Responses to Complaints

There have been no consumer complaints relating to the bank’s community Reinvestment Act performance during this evaluation period, therefore this criterion is not applicable.

## **Fair Lending or Other Illegal Credit Practices Review**

We found no evidence of discriminatory or other illegal credit practices inconsistent with helping to meet community credit needs.