



**LARGE BANK**

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Comptroller of the Currency  
Administrator of National Banks

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Washington, DC 20219

## **Public Disclosure**

February 25, 2003

# **Community Reinvestment Act Performance Evaluation**

**First National Bank of Pulaski  
Charter Number: 14619**

**206 First Street  
Pulaski, Tennessee 38478**

**Office of the Comptroller of the Currency**

**Nashville Field Office  
5200 Maryland Way, Suite 104  
Brentwood, Tennessee 37027**

**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 following table indicates the performance level of First National Bank of Pulaski (FNB) with respect to the Lending, Investment, and Service Tests:

Performance Levels	First National Bank of Pulaski Performance Tests		
	Lending Test*	Investment Test	Service Test
Outstanding			
High Satisfactory	<b>X</b>	<b>X</b>	<b>X</b>
Low Satisfactory			
Needs to Improve			
Substantial Noncompliance			

\* The lending test is weighted more heavily than the investment and service tests when arriving at an overall rating.

The major factors that support this rating include:

- Lending levels in the bank’s assessment area (AA) were good and lending was responsive to community’s credit needs.
- A majority of loan originations were within the AA.
- The overall distribution of loans by income level was good. The distribution of small loans to businesses in this assessment area was good. The distribution of home purchase loans by borrower income was good.
- The level of community development lending was excellent and had a positive impact on the lending test rating. These CD loans were responsive to the needs of housing for low- and moderate-income individuals.
- The bank’s level of investments was good given the banks capacity.
- FNB's service and delivery systems were reasonably accessible to geographies and individuals of the different income levels in its assessment area.
- Banking services and hours of operation do not vary significantly from one branch to another, in a way that inconveniences certain portions of the assessment area. FNB purchased one branch in the AA during the evaluation period.
- FNB officers and employees provided a relatively high level of community development services.

## Definitions and Common Abbreviations

The following terms and abbreviations are used throughout 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. A bank subsidiary is controlled by the bank and is, therefore, an affiliate.

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

**Block Numbering Area (BNA):** A statistical subdivision of a county for grouping and numbering blocks in non-metropolitan counties where local census statistical area committees have not established census tracts. A BNA does not cross county lines.

**Census Tract (CT):** A small subdivision of metropolitan and other densely populated counties. Census tract boundaries do not cross county lines; however, they may cross the boundaries of metropolitan areas. Census tracts usually have between 2,500 and 8,000 persons, and their physical size varies widely depending upon population density. Census tracts are designed to be homogeneous with respect to population characteristics, economic status, and living conditions to allow for statistical comparisons.

**Community Development:** 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 the size eligibility standards of the Small Business Administration's Development Company or Small Business Investment Company programs (13 CFR 121.301) or have gross annual revenues of \$1 million or less; or, activities that revitalize or stabilize low- or moderate-income geographies.

**Community Reinvestment Act (CRA):** The statute that requires the OCC to evaluate a bank's record of meeting the credit needs of its local community, 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, home equity 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 household and no wife present) or ‘female householder’ (a family with a female householder and no husband present).

**Full 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 or a block numbering area delineated by the United States Bureau of the Census in the most recent decennial census.

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

**Home Mortgage Loans:** Such loans include home purchase and home improvement loans, as defined in the HMDA regulation. This definition also includes loans for multifamily (five or more families) dwellings, loans for the purchase of manufactured homes and refinancing of home improvement and home purchase loans.

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

**Limited 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 income that is less than 50 percent of the area median income, or a median family income that is less than 50 percent, in the case of a geography.

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

**Median Family Income (MFI):** The median income determined by the U.S. Census Bureau every ten years and used to determine the income level category of geographies. Also, the median income determined by the Department of Housing and Urban Development 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 it and half below it.

**Metropolitan Area (MA):** Any primary metropolitan area (PMA), metropolitan area (MA), or consolidated metropolitan area (CMA), as defined by the Office of Management and Budget, with a population of 250,000 or more, and any other area designated as such by the appropriate federal financial supervisory agency.

**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.

**Other Products:** Includes any unreported optional category of loans for which the institution collects and maintains data for consideration during a CRA examination. Examples of such activity include consumer loans and other loan data an institution may provide concerning its lending performance.

**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.

**Rated Area:** A rated area is a state or multi-state metropolitan area. For an institution with domestic branches in only one state, the institution's CRA rating would be the state rating. If an institution maintains domestic branches in more than one state, the institution will receive a rating for each state in which those branches are located. If an institution maintains domestic branches in two or more states within a multi-state metropolitan area, the institution will receive a rating for the multi-state metropolitan 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) and the Thrift Financial Reporting (TFR) 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. However, thrift institutions may also exercise the option to report loans secured by nonfarm residential real estate as "small business loans" if the loans are reported on the TFR as nonmortgage, commercial 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 One 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 more than 120 percent of the area median income, or a median family income that is more than 120 percent, in the case of a geography.

## Description of Institution

First National Bank of Pulaski (**FNB**) is an independent retail bank with its main office in Pulaski, Tennessee. FNB is a wholly owned subsidiary of First Pulaski National Corporation, and an affiliate of Heritage Financial Services, a finance company operating in Giles County, Tennessee. As of December 31, 2002, the bank reported total assets of \$381 million.

FNB is an intrastate bank with eight full service offices located in Giles, Lincoln and Marshall Counties in Tennessee. The bank also operates a mortgage office to better serve FNB's mortgage customers. The office originates mortgage loans for sale to the secondary market. During the evaluation period 38 loans totaling approximately \$5 million were originated and then sold on the secondary market.

The bank offers various loan and deposit products. As of December 31, 2002, net loans represent 64% of total assets and consist of commercial and commercial real estate loans (43%), residential real estate loans (26%), consumer loans (11%), farm and agricultural loans (14%), and others (7%). The bank primarily focuses on small business and residential real estate loans. It makes available various business loans, including loans insured by Farmers Home Administration or guaranteed by the Small Business Administration. In addition to conventional home mortgage loans, the bank is an originating agent for the Tennessee Housing Development Authority affordable housing program and processes Veteran's Administration (VA) and Federal Housing Authority (FHA) loans. Small farm lending is not a significant product for the bank and there are only 370 farms in the entire assessment area.

There are no legal, financial, or other factors impeding FNB's ability to help meet the credit needs in its assessment area (AA). As of December 31, 2002, the bank's Tier 1 risk based capital was \$39.776 million resulting in Tier 1 to risk weighted assets ratio of 14.10% and Tier 1 leverage capital equals 10.64%.

First National Bank received a Satisfactory CRA rating in May 8, 2000.

## Scope of the Evaluation

### Evaluation Period/Products Evaluated

This Performance Evaluation assesses the bank's performance under the Lending, Investment and Service Tests. In evaluating the bank's lending performance, we reviewed their small loans to businesses and residential mortgage loans. With the exception of community development (CD) loans, the evaluation period for the Lending Test is January 1, 2000 through December 31, 2002. For CD loans, the Investment Test and the Services Test, the evaluation period is May 8, 2000 through February 25, 2003.

### Data Integrity

As part of this CRA evaluation, we tested the accuracy of the bank's reported small loans to businesses and found it to be reliable. The bank is not a HMDA reporter. For residential mortgage lending, we selected a sample of residential real estate loans from each year within the evaluation period for a total of 119 loans. We made our evaluation based on that sample. It was not practical to accurately differentiate between home purchase, home improvement or home refinance. Therefore, all sampled loans are reported together in tables for home purchase.

CD loans, investments and services submitted by FNB management were verified to ensure that they met the regulatory definition for CD. Some items submitted by FNB for consideration were excluded from this evaluation because they did not meet the definition or purpose of CD.

### Selection of Areas for Full-Scope Review

FNB has only one AA therefore it was selected for full-scope review. The bank's delineation of the AA did not reflect any illegal discrimination and did not arbitrarily exclude any low- or moderate-income geographies. Refer to the table in Appendix A: Scope of Examination, for more information about the AA.

### Ratings

The bank's overall rating is based on performance in this AA. In determining the conclusions for the Lending Test we evaluated the lending activity, distribution of loans by borrower income level and lending distribution with the emphasis on borrower income. Analysis of geographic distribution was not performed because there were no low- or moderate-income geographies in the bank's AA. In terms of loan products, small loans to businesses received more weight than residential real estate loans because of the bank's emphasis, needs of the community and availability of loan data. FNB did not collect residential loan data. The residential lending data in the report is based on a sample. Because the bank was not a HMDA reporter, there was no market share data for residential loans to evaluate.

## **Fair Lending Review**

An analysis of the most recent public comments, consumer complaint information and small business and small farm lending was performed according to the OCC's risk based fair lending approach. Based on its analysis of information, the OCC decided that a comprehensive fair lending examination would not need to be conducted in connection with the CRA evaluation this year. The latest comprehensive fair lending examination was performed in May 2000.

## Conclusions with Respect to Performance Tests

### LENDING TEST

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

The bank's performance under the lending test is rated high satisfactory. Based on full-scope review, the bank's performance is good.

#### Lending Activity

Refer to Table 1. Lending Volume in Appendix C for the facts and data used to evaluate the bank's lending activity.

Lending levels in the bank's AA were good and lending was responsive to community's credit needs. As of June 30, 2002, FNB was ranked first of twelve FDIC insured institutions in market share of deposits at 26.80% and first in total small business lending market share (20.03%). The bank's loan-to-deposit ratio on September 30, 2002 was 69.20% while the average loan-to-deposit ratio since the last CRA exam was 69.29%. Because FNB was not a reporter for Home Mortgage Disclosure Act (HMDA) purposes, there was no source for residential lending volume data for the bank. In addition, many of the bank's competitors were also not HMDA reporters. Therefore, there was no market information with which to compare.

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

There were no low- or moderate-income geographies in the AA. Geographic distribution analysis by income level of the geography would not be meaningful.

#### Lending Gap Analysis

We evaluated the lending distribution of this assessment by reviewing numerical data to determine if any unexplained conspicuous gaps existed. No unexplained conspicuous gaps were identified. This had a positive effect on the lending test rating.

#### *Inside/Outside Ratio*

A majority of FNB's loan originations were in this AA. Overall, 73% of FNB's originations were within this AA. By loan product, 72% of loans to small businesses and 75% of residential real estate loans were inside this AA. This had a positive impact on the lending test rating.

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

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

Refer to Table 8. in Appendix C for the facts and data used to evaluate the borrower distribution of the bank's home mortgage loan originations and purchases.

The overall distribution of loans by income level was good. The distribution of home purchase loans by borrower income was good. Loans to low-income borrowers were lower than the percentage of families that were low-income. This is considered reasonable because it would be difficult to afford and maintain a home even at the top of the low-income range with 10 percent of families and 61 percent of low-income families in the AA have income below poverty level. Loans to moderate-income borrowers exceeded the percentage of families that were moderate-income.

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

Refer to Table 11. in Appendix C for the facts and data used to evaluate the borrower distribution of the bank's origination/purchase of small loans to businesses.

The distribution of small loans to businesses was excellent. FNB's percentage of small loans to small businesses (businesses with annual revenues of \$1 million or less) exceeded the percentage of small businesses in this AA. FNB's market share of small loans to small business exceeded its overall market share of small loans to all businesses. The majority (89.20%) of FNB's small loans to businesses were in amounts of \$100 thousand or less.

### ***Community Development Lending***

Refer to Table 1. Appendix C for the facts and data used to evaluate the bank's level of community development lending. This table includes all CD loans, including multifamily loans that also qualify as CD loans.

FNB's level of community development lending was excellent and had a positive impact on the lending test rating. These CD loans were responsive to the needs of housing for low- and moderate-income individuals.

### ***Product Innovation and Flexibility***

FNB offers innovative or flexible loan products targeted to low- or moderate-income individuals in the form of Tennessee Housing Development Authority (THDA) and Rural Development Guaranteed Loans. Twenty-two of these loans totaling \$1.4 million were closed in 2002. Each program has its own household income limits and acquisition cost limits, but both provide 100% financing and are designed to bring home ownership to low- and moderate-income households. This had a positive impact on the rating.

## INVESTMENT TEST

### Conclusions for Areas Receiving Full-Scope Reviews

The bank's performance under the Investment Test is rated "High Satisfactory." Based on a full-scope review, the bank's performance in the AA is good.

Refer to Table 14. in Appendix C for the facts and data used to evaluate the bank's level of qualified investments.

FNB had qualified investments totaling \$730 thousand during the evaluation period with another \$290 thousand unfunded commitments. This volume of investments is high given the limited CD opportunities in the AA. The bank's size also limits it from developing such opportunities. The total amount represents 1.8% of Tier 1 capital while current period investments are 0.6% of Tier 1 capital. Unfunded commitments represent 0.7% of Tier 1 capital. FNB's major investments are providing financing for small businesses and home loans to low- and moderate-income borrowers of the community.

The following discusses the bank's investments in its AA:

***Morgan Keegan Mezzanine Fund*** – In 2002, the bank committed \$500 thousand to this Small Business Investment Corporation (SBIC). Through February 25, 2003 \$210 thousand of that commitment has been funded. As a SBIC, the fund provides financing to small businesses. The fund serves a wider area that includes the bank's AA and has total resources of approximately \$100 million. To date the fund has made investments in businesses based in middle Tennessee operating statewide and one based in North Carolina that operates in the Southeastern U.S.

***Countrywide Securities Corporation*** – March 29, 2000, during the prior evaluation period, the bank invested in a \$1.1 million security backed by mortgage loans to low- and moderate-income borrowers. The investment benefits the broader statewide area of Tennessee, which includes the bank's AA. It continues to provide affordable residential real estate loans to low- and moderate-income borrowers. In light of the low borrower income levels backing the underlying loans, the investment is not routinely provided by private investors. The book value of the investment at December 31, 2002 was \$501 thousand.

***Other Grants and Donations*** – During the evaluation period, FNB made grants and donations totaling \$19 thousand to 17 qualified community service organizations in the AA. These organizations provide service to low- and moderate-income individuals. The donations include cash grants and used office furniture. This level is considered high given the limited number of qualified CD organizations in the AA.

## **SERVICE TEST**

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

The bank's performance under the service test is rated high satisfactory. Based on a full-scope review, FNB's performance was good.

#### **Retail Banking Services**

Refer to Table 15. in Appendix C for facts and data used to evaluate the distribution of the bank's branch delivery system and branch openings and closings.

FNB's service and delivery systems are reasonably accessible to geographies and individuals of the different income levels in its AA. The bank's offices were distributed throughout the middle-income geographies. There are no low- or moderate-income geographies and no upper-income geography in the AA.

Banking services and hours of operation do not vary significantly from one branch to another, in a way that inconveniences certain portions of the AA. There are no services tailored to the needs of low-or moderate-income individuals.

FNB acquired one branch during the evaluation period with the purchase of the Bank of Belfast. This added an office in a middle-income geography of Marshall County.

#### **Community Development Services**

FNB officers and employees provided a relatively high level of community development services. They provided financial expertise to 14 qualified community service organizations during the evaluation period. These organizations provided assistance targeted to low- and moderate-income individuals or households. The number of organizations assisted is quite good considering the limited number of such organizations in the AA. This performance had a positive impact on the service test rating.

## 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 metropolitan and non-metropolitan areas 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>	Lending Test (excludes CD Loans): (01/01/00 to 12/31/01) Investment and Service Tests and CD Loans: (05/08/00 to 02/25/03)	
<b>Financial Institution</b>	<b>Products Reviewed</b>	
First National Bank Pulaski, TN	Small loans to businesses Residential real estate loans	
<b>Affiliate(s)</b>	<b>Affiliate Relationship</b>	<b>Products Reviewed</b>
NONE		
<b>List of Assessment Areas and Type of Examination</b>		
<b>Assessment Area</b>	<b>Type of Exam</b>	<b>Other Information</b>
Non-Metropolitan	“Full-Scope”	Giles, Lincoln and Marshall Counties TN

# Appendix B: Market Profiles for Full-Scope Areas

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### Market Profiles for Areas Receiving Full-Scope Reviews

Non Metropolitan Area .....	B-1
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**Non-Metropolitan Area**

Demographic Information for Full-Scope Area: <b>Non-Metropolitan Area</b>						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	22	0	0	77.27	22.73	0
Population by Geography	75,437	0	0	71.56	28.44	0
Owner-Occupied Housing by Geography	21,008	0	0	70.10	29.90	0
Businesses by Geography	3,986	0	0	66.16	33.84	0
Farms by Geography	374	0	0	74.60	25.40	0
Family Distribution by Income Level	21,924	18.37	15.32	20.51	45.79	0
Distribution of Low- and Moderate-Income Families throughout AA Geographies	7,387	0	0	75.84	24.16	0
Median Family Income	\$24,935	Median Housing Value		\$45,978		
HUD Adjusted Median Family Income for 2002	\$42,600	Unemployment Rate		2.70%		
Households Below the Poverty Level	17.09%					

(\*) The NA category consists of geographies that have not been assigned an income classification.  
 Source: 1990 U.S. Census, and 2002 HUD updated MFI.

FNB has defined its assessment area (AA) as all of Giles, Lincoln and Marshall Counties in Tennessee. These counties are contiguous and include all of the bank’s branches. The AA includes 22 geographies, seventeen (17) middle-income and five (5) upper-income. There are no low- or moderate-income geographies. The AA meets the requirements of the regulation and does not arbitrarily exclude any low- or moderate-income areas.

Pulaski is the county seat for Giles County and is in the south-central part of TN, located approximately 90 miles south of Nashville and 50 miles north of Huntsville Alabama. The area has transitioned away from the traditional agriculture based economy to a manufacturing base. Most of the manufacturers are small, employing fewer than 500 people. Amana Refrigeration in Fayetteville is the only manufacturer with more than 1,000 employees.

According to the US Census Bureau, 12 percent of individuals in the AA were below poverty in 1998 while the US poverty rate was 9.2 percent and the state of Tennessee was 13 percent. Families below poverty were 61 percent of low-income families and 11 percent of total families. The 2001 average unemployment rate was 5.59%. This is above the state rate of 4.4% and below the national rate of 6%.

FNB operates 8 full-service branches in the AA. Competitors include seven large regional banks and four community banking companies. None of these institutions is similarly situated.

Of all reporting FDIC-insured institutions in the AA, FNB ranked first in deposits out of 12 banks with a 27% market share. FNB is not a HMDA reporter so market share data is not available. In 2001, FNB had a 20% market share by count and a 21% market share by dollar and ranked first out of 43 in lenders reporting small loans to businesses in the AA. FNB's lending focus is lending to businesses and consumers.

We made one community contact to an economic development organization. The contact identified no specific credit needs. They stated local financial institutions were actively involved in community development programs and were accommodating local credit needs. They stated that the local area needed to create more jobs and availability of credit for small and midsize companies needed to continue. Based on our contacts and review of publicly available information, there are some limitations to the opportunities for qualified community development activities in this assessment area. Most of the opportunities are for making loans, making grants/donations and to provide services. We were unable to identify any investment securities that targeted the bank's AA. However, there are bonds that benefit a wider area including the bank's AA.

## Appendix C: Tables of Performance Data

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### Content of Standardized 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: purchased loans are treated as originations/purchases and market share is the number of loans originated and purchased by the bank as a percentage of the aggregate number of reportable loans originated and purchased by all lenders in the MA/assessment area. **Tables without data are not included in this PE.**

The following is a listing and brief description of the tables:

- Table 1. Lending Volume** - Presents the number and dollar amount of reportable loans originated and purchased by the bank over the evaluation period by MA/assessment area. Community development loans to statewide or regional entities or made outside the bank’s assessment area may receive positive CRA consideration.
- Table 2. Geographic Distribution of Home Purchase Loans** - 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 market share information based on the most recent aggregate market data available.
- Table 3. Geographic Distribution of Home Improvement Loans** - See Table 2.
- Table 4. Geographic Distribution of Home Mortgage Refinance Loans** - See Table 2.
- Table 5. Geographic Distribution of Multifamily Loans** - Compares the percentage distribution of the number of multifamily loans originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies to the percentage distribution of multifamily housing units throughout those geographies. The table also presents market share information based on the most recent aggregate market data available.
- Table 6. Geographic Distribution of Small Loans to Businesses** - The percentage distribution of the number of small loans (less than or equal to \$1 million) to businesses 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) throughout those geographies. The table also presents market share information based on the most recent aggregate market data available. Because small business data are not available for geographic areas smaller than counties, it may be necessary to use geographic areas larger than the bank’s assessment area.

- Table 7. Geographic Distribution of Small Loans to Farms** - The percentage distribution of the number of small loans (less than or equal to \$500,000) to farms originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies compared to the percentage distribution of farms (regardless of revenue size) throughout those geographies. The table also presents market share information based on the most recent aggregate market data available. Because small farm data are not available for geographic areas smaller than counties, it may be necessary to use geographic areas larger than the bank's assessment area.
- Table 8. Borrower Distribution of Home Purchase Loans** - 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 MA/assessment area. The table also presents market share information based on the most recent aggregate market data available.
- Table 9. Borrower Distribution of Home Improvement Loans** - See Table 8.
- Table 10. Borrower Distribution of Refinance Loans** - See Table 8.
- Table 11. Borrower Distribution of Small Loans to Businesses** - Compares the percentage distribution of the number of small loans (less than or equal to \$1 million) originated and purchased by the bank to businesses with revenues of \$1 million or less to the percentage distribution of businesses with revenues of \$1 million or less. In addition, the table presents the percentage distribution of the number of loans originated and purchased by the bank by loan size, regardless of the revenue size of the business. Market share information is presented based on the most recent aggregate market data available.
- Table 12. Borrower Distribution of Small Loans to Farms** - Compares the percentage distribution of the number of small loans (less than or equal to \$500,000) originated and purchased by the bank to farms with revenues of \$1 million or less to the percentage distribution of farms with revenues of \$1 million or less. In addition, the table presents the percentage distribution of the number of loans originated and purchased by the bank by loan size, regardless of the revenue size of the farm. Market share information is presented based on the most recent aggregate market data available.
- Table 13. Geographic and Borrower Distribution of Consumer Loans (OPTIONAL)** - For geographic distribution, the table 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 households within each geography. For borrower distribution, the table 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 of households by income level in each MA/assessment area.

- Table 14. Qualified Investments** - Presents the number and dollar amount of qualified investments made by the bank in each MA/AA. The table separately presents investments made during prior evaluation periods that are still outstanding and investments made during the current evaluation period. Prior-period investments are reflected at their book value as of the end of the evaluation period. Current period investments are reflected at their original investment amount even if that amount is greater than the current book value of the investment. The table also presents the number and dollar amount of unfunded qualified investment commitments. In order to be included, an unfunded commitment must be legally binding and tracked and recorded by the bank's financial reporting system.
- Table 15. Distribution of Branch Delivery System and Branch Openings/Closings** - Compares the percentage distribution of the number of the bank's branches in low-, moderate-, middle-, and upper-income geographies to the percentage of the population within each geography in each MA/AA. The table also presents data on branch openings and closings in each MA/AA.

## Table 1. Lending Volume

LENDING VOLUME		Geography: TENNESSEE						Evaluation Period: JANUARY 1, 2000 TO DECEMBER 31, 2002				
MA/Assessment Area:	% of Rated Area Loans (#) in MA/AA	Home Mortgage		Small Loans to Businesses		Small Loans to Farms		Community Development Loans **		Total Reported Loans		% of Rated Area Deposits in MA/AA ***
		#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$(000's)	
<b>Full Review:</b>												
Non-Metropolitan Area	100	NA	NA	1,176	64,664	613	18,061	6	3,801	1,795	86,526	100

\* Loan Data as of December 31, 2001. Rated area refers to either the state or multi-state MA rating area.

\*\* The evaluation period for Community Development Loans is from May 8, 2000 to February 25, 2003.

\*\*\* Deposit Data as of June 30, 2002. Rated Area refers to either the state, multi-state MA, or institution, as appropriate.

## Table 2. Geographic Distribution of Home Purchase Loans

Geographic Distribution: HOME PURCHASE		Geography: TENNESSEE						Evaluation Period: JANUARY 1, 2000 TO DECEMBER 31, 2002							
MA/Assessment Area:	Total Home Purchase Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography				
	#	% of Total**	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	Over all	Low	Mod	Mid	Upp
<b>Full Review:</b>															
Non-Metropolitan Area	NA	NA	0.00	0.00	0.00	0.00	70.10	91.80	29.90	8.2	NA	NA	NA	NA	NA

\* Based on NA Peer Mortgage Data: Southeast Region.

\*\* Home purchase loans originated and purchased in the MA/AA as a percentage of all home purchase loans originated and purchased in the rated area.

\*\*\* Percentage of Owner Occupied Units is the number of owner occupied housing units in a particular geography divided by the number of owner occupied housing units in the area based on 1990 Census information.

## Table 6. Geographic Distribution of Small Loans to Businesses

Geographic Distribution: SMALL LOANS TO BUSINESSES		Geography: TENNESSEE						Evaluation Period: JANUARY 1, 2000 TO DECEMBER 31, 2002							
MA/Assessment Area:	Total Small Business Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography				
	#	% of Total**	% of Businesses***	% BANK Loans	% of Businesses***	% BANK Loans	% of Businesses***	% BANK Loans	% of Businesses***	% BANK Loans	Overall	Low	Mod	Mid	Upp
<b>Full Review:</b>															
Non-Metropolitan Area	1,176	100.00	0.00	0.00	0.00	0.00	66.16	68.62	33.84	31.38	17.02	0.00	0.00	18.76	15.63

\* Based on 2001 Peer Small Business Data: US.

\*\* Small loans to businesses originated and purchased in the MA/AA as a percentage of all small loans to businesses originated and purchased in the rated area.

\*\*\* Source Data - Dun and Bradstreet (2002).

## Table 7. Geographic Distribution of Small Loans to Farms

Geographic Distribution: SMALL LOANS TO FARMS		Geography: TENNESSEE						Evaluation Period: JANUARY 1, 2001 TO DECEMBER 31, 2002							
MA/Assessment Area:	Total Small Farm Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography				
	#	% of Total**	% of Farms***	% BANK Loans	% of Farms***	% BANK Loans	% of Farms***	% BANK Loans	% of Farms***	% BANK Loans	Overall	Low	Mod	Mid	Upp
<b>Full Review:</b>															
Non-Metropolitan Area	613	100	0.00	0.00	0.00	0.00	74.60	83.03	25.40	16.97	26.40	0.00	0.00	27.00	22.58

\* Based on 2001 Peer Small Business Data: US.

\*\* Small loans to farms originated and purchased in the MA/AA as a percentage of all small loans to farms originated and purchased in the rated area.

\*\*\* Source Data - Dun and Bradstreet (2002).

**Table 8. Borrower Distribution of Home Purchase Loans**

Borrower Distribution: HOME PURCHASE			Geography: TENNESSEE				Evaluation Period: JANUARY 1, 2000 TO DECEMBER 31, 2002					Market Share <sup>†</sup>				
MA/Assessment Area:	Total Home Purchase Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Over all	Low	Mod	Mid	Upp	
	#	% of Total <sup>**</sup>	% Families <sup>***</sup>	% BANK Loans <sup>****</sup>	% Families <sup>**</sup>	% BANK Loans <sup>****</sup>	% Families <sup>*</sup>	% BANK Loans <sup>****</sup>	% Families <sup>**</sup>	% BANK Loans <sup>****</sup>						
<b>Full Review:</b>																
Non-Metropolitan Area	NA	NA	18.37	8.2	15.32	18.03	20.51	26.23	45.79	44.26	NA	NA	NA	NA	NA	

<sup>†</sup> Based on 2001 Peer Mortgage Data: Southeast Region.

<sup>\*\*</sup> As a percentage of loans with borrower income information available. No information was available for 2.6% of loans originated and purchased by FNB.

<sup>\*\*\*</sup> Percentage of Families is based on the 1990 Census information.

<sup>\*\*\*\*</sup> Home purchase loans originated and purchased in the MA/AA as a percentage of all home purchase loans originated and purchased in the rated area.

### Table 11. Borrower Distribution of Small Loans to Businesses

Borrower Distribution: SMALL LOANS TO BUSINESSES		Geography: TENNESSEE			Evaluation Period: JANUARY 1, 2000 TO DECEMBER 31, 2002				
MA/Assessment Area:	Total Small Loans to Businesses		Businesses With Revenues of \$1 million or less		Loans by Original Amount Regardless of Business Size			Market Share*	
	#	% of Total**	% of Businesses***	% BANK Loans****	\$100,000 or less	>\$100,000 to \$250,000	>\$250,000 to \$1,000,000	All	Rev \$1 Million or Less
<b>Full Review:</b>									
Non-Metropolitan Area	1,176	100	77.82	78.74	89.20	6.46	4.34	17.02	23.24

\* Based on 2001 Peer Small Business Data: US.

\*\* Small loans to businesses originated and purchased in the MA/AA as a percentage of all small loans to businesses originated and purchased in the rated area.

\*\*\* Businesses with revenues of \$1 million or less as a percentage of all businesses (Source D&B - 2002).

\*\*\*\* Small loans to businesses with revenues of \$1 million or less as a percentage of all loans reported as small loans to businesses. No information was available for 3.23% of small loans to businesses originated and purchased by the FNB.

## Table 12. Borrower Distribution of Small Loans to Farms

Borrower Distribution: SMALL LOANS TO FARMS		Geography: TENNESSEE			Evaluation Period: JANUARY 1, 2000 TO DECEMBER 31, 2002				
MA/Assessment Area:	Total Small Loans to Farms		Farms With Revenues of \$1 million or less		Loans by Original Amount Regardless of Farm Size			Market Share	
	#	% of Total**	% of Farms***	% BANK Loans****	\$100,000 or less	>\$100,000 to \$250,000	>\$250,000 to \$500,000	All	Rev \$1 Million or Less
<b>Full Review:</b>									
Non-Metropolitan Area	613	100	95.45	96.74	93.15	5.55	1.31	26.40	27.86

\* Based on 2001 Peer Small Business Data: US.

\*\* Small loans to farms originated and purchased in the MA/AA as a percentage of all small loans to farms originated and purchased in the rated area.

\*\*\* Farms with revenues of \$1 million or less as a percentage of all farms (Source D&B - 2002).

\*\*\*\* Small loans to farms with revenues of \$1 million or less as a percentage of all loans reported as small loans to farms. No information was available for 1.47% of small loans to farms originated and purchased by FNB.

### Table 14. Qualified Investments

QUALIFIED INVESTMENTS		Geography: TENNESSEE				Evaluation Period: MAY 8, 2003 TO FEBRUARY 25, 2003			
MA/Assessment Area:	Prior Period Investments*		Current Period Investments		Total Investments			Unfunded Commitments**	
	#	\$(000's)	#	\$(000's)	#	\$(000's)	% of Total	#	\$(000's)
<b>Full Review:</b>									
Non-Metropolitan Area	1	501	18	229	19	730	100	1	290

\* 'Prior Period Investments' means investments made in a previous evaluation period that are outstanding as of the examination date.

\*\* 'Unfunded Commitments' means legally binding investment commitments that are tracked and recorded by the institution's financial reporting system.

## Table 15. Distribution of Branch Delivery System and Branch Openings/Closings

DISTRIBUTION OF BRANCH DELIVERY SYSTEM AND BRANCH OPENINGS/CLOSINGS								Geography: TENNESSEE				Evaluation Period: MAY 8, 2000 TO FEBRUARY 25, 2003					
MA/Assessment Area:	Deposits	Branches						Branch Openings/Closings				Population					
	% of Rated Area Deposits in AA	# of BANK Branches	% of Rated Area Branches in AA	Location of Branches by Income of Geographies (%)				# of Branch Openings	# of Branch Closings	Net change in Location of Branches (+ or -)				% of Population within Each Geography			
				Low	Mod	Mid	Upp			Low	Mod	Mid	Upp	Low	Mod	Mid	Upp
<b>Full Review:</b>																	
Non-Metropolitan Area	100.00	8	100	0.00	0.00	87.5	12.5	1	0	0	0	1	0	0.00	0.00	71.56	28.44