



# LARGE BANK

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Comptroller of the Currency  
Administrator of National Banks

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## Public Disclosure

June 4, 2001

# Community Reinvestment Act Performance Evaluation

First Tennessee Bank, National Association  
Charter Number: 336

165 Madison Avenue  
Memphis, Tennessee 38103

Office of the Comptroller of the Currency

Large Bank Supervision  
250 E Street, S.W.  
Washington, D.C. 20219

**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 Tennessee Bank, National Association** with respect to the Lending, Investment, and Service Tests:

Performance Levels	First Tennessee Bank, N. A. Performance Tests		
	Lending Test*	Investment Test	Service Test
Outstanding			
High Satisfactory	X	X	X
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:

- Good distribution of loans among geographies of different income levels supports the overall Lending Test rating.
- Community development lending had a positive impact on the overall Lending Test rating.
- The overall Investment Test rating reflects excellent performance in the Memphis multistate MSA and adequate performance in the state of Tennessee.
- The bank has demonstrated good performance in providing retail banking and community development services to the Memphis multistate MSA and the State of Tennessee.

## Definitions and Common Abbreviations

The following terms and abbreviations are used throughout this performance evaluation. 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.

**Block Numbering Area (BNA)** - Statistical subdivisions of counties in which census tracts have not been established. The U.S. Census Bureau has established BNAs in conjunction with state agencies.

**Census Tract (CT)** - Small, locally defined statistical areas within metropolitan statistical areas. These areas are determined by the U.S. Census Bureau in an attempt to group homogenous populations. A CT has defined boundaries per ten-year census and an average population of 4,000.

**Community Development (CD)** - Affordable 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.

**Full-Scope Review** - Performance under the lending, investment, and Service Tests is analyzed considering fully understood performance context, quantitative factors (e.g., geographic distribution, borrower distribution, total number and dollar amount of investments, branch distribution) and qualitative factors (e.g., innovation, complexity).

**Geography** - A census tract or a block numbering area delineated by the U.S. Census Bureau in the most recent decennial census.

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

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

**Low-Income** - Income levels that are less than 50 percent of the median family income.

**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 Statistical Area (MSA)** - Area defined by the director of the U.S. Office of Management and Budget. MSAs consist of one or more counties, including large population centers and nearby communities that have a high degree of interaction.

**Middle-Income** - Income levels that are at least 80 percent and less than 120 percent of the MFI.

**Moderate-Income** - Income levels that are at least 50 percent and less than 80 percent of the MFI.

**Small Loans to Businesses** - Loans with original amounts of \$1 million or less that are: (1) secured by non-farm nonresidential properties; or (2) commercial and industrial loans to U.S. addresses.

**Small Loans to Farms** - Loans with original amounts of \$500,000 or less that are: (1) secured by farmland; or (2) to finance agricultural production and other loans to farmers.

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

**Upper-Income** - Income levels that are 120 percent or more of the MFI.

## Description of Institution

First Tennessee Bank, National Association (FTB), is an interstate bank headquartered in Memphis, Tennessee. The bank has total assets of approximately \$18 billion and operates 190 branches in Tennessee and Mississippi. FTB is a subsidiary of the First Tennessee National Corporation (FTNC), also of Memphis. FTNC has almost \$19 billion in total assets. Although not considered in this evaluation, FTNC owns First National Bank of Springdale, headquartered in Springdale, Arkansas. As of 12/31/00, this intrastate community bank had total assets of \$352 million.

The bank has two wholly owned subsidiaries: First Horizon Home Loan Corporation (First Horizon) and First Tennessee Housing Corporation (FTHC). First Horizon is located in Irving, Texas, and is one of the top ten mortgage companies in the nation in terms of total originations. During 2000, the company originated 48,875 mortgage loans totaling almost \$7 billion. First Horizon operates out of 165 offices in 32 states, including Tennessee. FTHC (established in 1997) develops and finances affordable single family and multi-family housing throughout the bank's assessment areas (AA). During the evaluation period, FTHC supported 27 housing projects with \$15 million in debt financing, \$75 million in equity, and \$67 million in letters of credit. The financial condition and performance of this affiliate did not have a negative impact on the bank's compliance with CRA.

FTB offers a full range of credit and deposit services throughout its AAs. As of 12/31/00, FTB had net loans of \$11 billion. This represents about 65% of total deposits. The bank's loan portfolio consists primarily of loans secured by commercial and residential real estate (60 percent). The portfolio also consists of commercial loans (25 percent), loans to individuals (not secured by real estate - 11 percent), and agricultural loans (two percent). The bank's Tier I capital is approximately \$2 billion. The bank's strategy is to establish comprehensive financial relationships with its customers. As a result, FTB provides a broad array of financial products and services to its customer base. Furthermore, FTB emphasizes continued development of alternative delivery systems to improve the efficiency with which customers can access the bank's products and services.

There are no legal, financial or other factors impeding the bank's ability to help meet the credit needs of its communities. There have been no mergers and consolidations during the evaluation period that might influence CRA performance.

The date of the last CRA examination for the bank is April 21, 1997. The OCC rated the bank "Satisfactory" at that examination.

## **Scope of the Evaluation**

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

This evaluation covers FTB's home purchase, home improvement, and home refinance loans; small loans to businesses; and small loans to farms for the second half of 1997 as well as for the full years 1998, 1999 and 2000. Community development (CD) lending, investments, and services were evaluated from April 1997 to April 2001. We considered FTB lending activity as well as loans and equity investments by the bank's affordable housing subsidiary, FTHC.

### **Data Integrity**

This public evaluation is based upon analysis of HMDA, small business, small farm, and community development data from FTB and FTHC; however, it excludes data from First Horizon. Errors in HMDA data were found at First Horizon that would prevent an accurate evaluation of the bank's CRA performance. Errors in both critical and non-critical fields were found and publicly reported data is inaccurate. First Horizon accounts for almost 50 percent of the HMDA lending in each of the bank's AAs.

We performed a separate data integrity review of FTB and FTHC focusing on HMDA, small business, small farm, as well as community development information. We sampled HMDA, small business, and small farm reporting data for the second half of 1997 as well as for the full years 1998, 1999 and 2000. We reviewed all community development loans, investments, and services for eligibility under the CRA regulation. Publicly reported HMDA, small business, and small farm data are accurate for FTB and FTHC.

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

We selected a sample of AAs within the State of Tennessee for full-scope reviews. Refer to the "Scope" section under the State of Tennessee Rating for details regarding how the areas were selected. The Memphis multistate metropolitan area received a full-scope review.

### **Ratings**

The bank's overall rating is a blend of the Memphis multistate metropolitan area rating and the State of Tennessee rating.

Although the rating for the State of Tennessee is primarily based on the AAs selected for full-scope review, we considered performance in all of the AAs in determining the final rating. We blended conclusions for full-scope AAs into the state rating on a proportional basis according to their percentage of deposits within the State of Tennessee.

Next, we combined the state rating with the multistate metropolitan area rating to arrive at an overall bank rating. We merged these two ratings on a proportional basis based on the percentage of total bank deposits.

As noted in the state and multistate MSA conclusions, the primary focus of this evaluation is performance to low-and moderate-income people and areas. Higher performance is generally noted in lending evaluations when the loan percentages are near or exceed the demographic comparators. Context, innovation, and complexity of lending are also factored into the ratings and conclusions. The bank's performance in lending to low-income areas and individuals is not necessarily expected to match the bank's lending performance to moderate-income areas and individuals. The reader should note that the distribution analysis of loans to low- and moderate-income areas and borrowers considers the affordability of housing and the percentage of individuals within the assessment area living below the poverty level.



## **Fair Lending Review**

We analyzed HMDA, small business and small farm lending data as well as public comments and consumer complaint information to establish the scope of our comprehensive fair lending examination. During this examination, we focused on the bank's record of home refinance lending to black applicants. We reviewed this product using both statistical modeling and manual file review techniques. We found no instances of disparate treatment on an illegal basis or violations of the substantive provisions of the anti-discrimination laws and regulations.

## ***Multistate Metropolitan Area Rating***

**CRA rating for the Memphis (TN-MS-AR) Multistate Metropolitan Area<sup>1</sup>:**

**Satisfactory**

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

**The Investment Test is rated:** Outstanding

**The Service Test is rated:** High Satisfactory

The major factors that support this rating include:

- A good record of lending to geographies of different income levels,
- A positive impact of community development lending,
- An excellent level of qualified investments, and
- An adequate level of performance in extending retail banking services boosted by excellent provision of community development services.

### **Description of Institution's Operations in Memphis (TN-MS-AR) Multistate Metropolitan Area**

Refer to the market profile for the Memphis multistate MSA in Appendix C for detailed demographics and other performance context information.

FTB has 59 branches and just under \$7 billion in deposits in this MSA. This represents 57 percent of total FTB deposits. FTB is the largest financial institution in the MSA.

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<sup>1</sup> This rating reflects performance within the multistate metropolitan area. The statewide evaluations do not reflect performance in the parts of those states contained within the multistate metropolitan area.

## **LENDING TEST**

Overall, the bank's performance under the Lending Test in the Memphis multistate MSA is rated High Satisfactory.

### **Lending Activity**

Refer to Table 1 in the Multistate Metropolitan Area(s) section of Appendix D for the facts and data used to evaluate the bank's lending activity.

Lending activity is adequate in the Memphis multistate MSA. Performance under this criteria was significantly impacted by the exclusion of HMDA lending data from the bank's wholly owned mortgage company, First Horizon. Refer to "Data Integrity" in the "Scope of Evaluation" section for additional details regarding the exclusion of this data.

The bank's lending market rankings for home purchase and refinance are significantly lower than FTB's deposit market rank. The rankings for home purchase and refinance are 46<sup>th</sup> (one percent market share) and 34<sup>th</sup> (one percent market share), respectively, compared to a deposit market ranking of first (39 percent deposit market share). Weaknesses in home purchase and refinance lending activity levels are mitigated by FTB's affordable housing related community development lending performance. Community development lending supported the creation of 1,212 rental units that are affordable to low- and moderate-income individuals. FTB's market rank for home improvement of fourth (six percent market share) is more reflective of FTB's first place deposit market rank.

In addition, the institution's small business rank is also more reflective of the bank's deposit market rank as FTB is the third most significant business lender in the Memphis multistate MSA.

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

The overall geographic distribution of FTB home mortgage and small business loans in the Memphis multistate MSA is good.

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

Refer to Tables 2, 3 and 4 in the Multistate Metropolitan Area(s) section of Appendix D for the facts and data used to evaluate the geographic distribution of the bank's home mortgage loan originations and purchases.

The overall geographic distribution of FTB home mortgage loans in the Memphis multistate MSA is excellent.

Home purchase geographic distribution is good. The portion of home purchase loans originated in low- and moderate-income census tracts is near to the percentage of owner-occupied housing in these areas.

Home improvement geographic distribution is excellent. The portion of home improvement loans originated in low- and moderate-income census tracts exceeds the percentage of owner-occupied housing in these areas.

Home refinance geographic distribution is excellent. The portion of home refinance loans originated in low-income census tracts is near to and in moderate-income tracts exceeds the percentage of owner-occupied housing in these areas.

Market shares for these loan products exhibit similar performance as the shares for low- and moderate-income areas almost always exceed the overall bank market share.

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

Refer to Table 5 in the Multistate Metropolitan Area(s) section of Appendix D for the facts and data used to evaluate the geographic distribution of the bank's origination/purchase of small loans to businesses.

Small business loan geographic distribution is good. The portion of small business loans originated in low-income census tracts is near to the percentage of businesses in these areas. The portion of small business loans in moderate-income tracts is below the percentage of businesses in these areas. Market shares for small business loans exhibit more positive performance as the shares for low- and moderate-income areas exceed the overall bank market share.

### ***Small Loans to Farms***

Refer to Table 6 in the Multistate Metropolitan Area(s) section of Appendix D for the facts and data used to evaluate the geographic distribution of the bank's origination/purchase of small loans to farms.

Small farm loan geographic distribution is adequate. The portion of small farm loans originated in low-income census tracts exceeds the percentage of farms in these areas. The bank did not originate small farm loans in moderate-income tracts although seven percent of the farms in the bank's Memphis multistate MSA are located in these geographies. Market shares for small farm loans exhibit less positive performance as the bank demonstrated no performance in low- and moderate-income areas during 1999, the period of time that our market share analysis covers.

### ***Lending Gap Analysis***

Based on review of lending activity by census tract, no conspicuous lending gaps exist that would impact the analysis of the distribution of loans by income level of the geography.

### ***Inside/Outside Ratio***

The ratios were not developed for this multistate MSA. Refer to the State Tennessee sections for more information.

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

The overall borrower distribution of FTB home mortgage and small business loans in the Memphis multistate MSA is adequate.

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

Refer to Tables 7, 8, and 9 in the Multistate Metropolitan Area(s) section of Appendix D for the facts and data used to evaluate the borrower distribution of the bank's home mortgage loan originations and purchases.

The overall borrower distribution of FTB home mortgage loans in the Memphis multistate MSA is poor.

Home purchase borrower distribution is very poor. The portion of home purchase loans originated to low- and moderate-income borrowers is significantly below the percentage of families in these income levels.

Home improvement borrower distribution is good. The portion of home improvement loans originated to low-income borrowers is below the percentage of families in this income level. The portion of these loans originated to moderate-income borrowers exceeds the percentage of families in these income levels.

Home refinance borrower distribution is adequate. The portion of home refinance loans originated to low-income borrowers is significantly below the percentage of families in this income level. The portion of these loans originated to moderate-income borrowers exceeds the percentage of families in these income levels.

Market shares for these loan products exhibit more positive performance as the shares for low- and moderate-income borrowers almost always substantially meet or exceed the overall bank market share.

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

Refer to Table 10 in the Multistate Metropolitan Area(s) section of Appendix D for the facts and data used to evaluate the borrower distribution of the bank's origination/purchase of small loans to businesses.

The borrower distribution of small loans to businesses is adequate in the Memphis multistate MSA. The percentage of small loans to businesses is below the percentage of small businesses in the MSA. Over 72 percent of these loans are under \$100,000 in size. The bank's market share of small loans to businesses exceeds its overall business loan market share.

### ***Small Loans to Farms***

Refer to Table 11 in the Multistate Metropolitan Area(s) section of Appendix D for the facts and data used to evaluate the borrower distribution of the bank's origination/purchase of small loans to farms.

The borrower distribution of small loans to farms is adequate in the Memphis multistate MSA. The percentage of small loans to small farms is below the percentage of small farms in the MSA. Over 68 percent of these loans are under \$100,000 in size. The bank's market share of small loans to farms is well below its overall farm loan market share.

### **Community Development Lending**

Refer to Table 1 in the Multistate Metropolitan Area(s) section of Appendix D for the facts and data used to evaluate the bank's level of community development lending.

FTB's record of providing community development loans had a positive impact on its overall Lending Test rating for the Memphis multistate MSA. The bank extended 13 loans totaling \$33 million to developers of affordable multifamily housing. Developers used these funds to build 1,212 rental units dedicated entirely to low- or moderate-income tenants. The bank's provision of community development loans is highly responsive to identified affordable housing needs in the Memphis multistate MSA.

The bank augmented its direct community development lending with 6 letters of credit totaling \$40 million that also benefited affordable multifamily housing developers.

### **Product Innovation and Flexibility**

FTB has not specifically created loan products that are innovative or flexible.

## **INVESTMENT TEST**

Refer to Table 12 in the Multistate Metropolitan Area(s) section of Appendix D for the facts and data used to evaluate the bank's level of qualified investments.

The bank's performance under the Investment Test in the Memphis multistate MSA is rated Outstanding.

FTB made 32 qualified community development investments in the Memphis multistate MSA during the evaluation period totaling almost \$60 million. These investments consisted primarily of equity investments in affordable housing developments that totaled just under \$55 million. These investments are particularly responsive to local identified affordable housing needs. They also are complex as the qualified investments are a part of an overall debt and equity financing package for these housing developments. The remaining investments supported local organizations pursuing a wide variety of community development objectives.

A full array of qualified investment opportunities existed in the Memphis multistate MSA during the evaluation period.

## **SERVICE TEST**

The bank's performance under the Service Test in the Memphis multistate MSA is rated High Satisfactory.

### **Retail Banking Services**

Refer to Table 13 in the Multistate Metropolitan Area(s) section of Appendix D for the facts and data used to evaluate the distribution of the bank's branch delivery system and branch openings and closings.

In the Memphis multistate MSA, FTB's delivery systems are reasonably accessible to geographies and individuals of different income levels. The distribution of FTB's offices throughout low-income geographies is below the proportion of the population residing in those geographies. FTB has four branch locations in low-income geographies, representing seven percent of its total branches in the Memphis multistate MSA. Approximately 14 percent of the population reside in these geographies. In moderate-income geographies, the distribution of offices is well below the proportion of the population residing there. FTB also has four branch locations in moderate-income geographies, representing seven percent of the total. Of the total population, 21 percent reside in moderate-income geographies.

Branch openings and closings in the Memphis multistate MSA have generally not adversely affected the accessibility of the bank's delivery systems, particularly in low- and moderate-income geographies. FTB closed one branch located in a moderate-income census tract and consolidated the office with another office located less than two miles away.

FTB's hours and services offered do not vary in a way that inconveniences the AA. Through a partnership with Responsibility Initiative Solution Employment (RISE), a local community development organization, the bank offers Memphis public housing residents individual development accounts (Save up accounts). The bank opened its first group of accounts under this program in June and July of 2001. Currently, none of the accounts have balances in excess of \$1 thousand. To qualify for these accounts, the public housing resident must first complete a personal finance skills class. Recently, 19 individuals completed this training and became eligible to open a Save up account.

### **Community Development Services**

FTB is a leader in providing community development services to the Memphis multistate MSA. The bank provided 17 services consisting primarily of technical assistance to community groups pursuing affordable housing objectives as well as financial counseling to low- and moderate-income individuals. These services are very responsive to the AAs need for affordable housing and budget and credit counseling services.

The bank's record of providing community development services is bolstered by FTB's involvement in an organization providing community services to low- and moderate-income individuals. The bank designed training materials for personal financial skills workshops hosted by the organization. In addition, FTB supplied instructors to lead the sessions. FTB has also prepared a Spanish language alternative version of this course for the benefit of low- and moderate-income Hispanic participants. FTB played a strong leadership role as the bank's support was crucial in allowing the organization to fully implement its financial counseling strategy.



## State Rating

<b>CRA Rating for Tennessee<sup>2</sup>:</b>	<u>Satisfactory</u>
<b>The Lending Test is rated:</b>	<u>Low Satisfactory</u>
<b>The Investment Test is rated:</b>	<u>Low Satisfactory</u>
<b>The Service Test is rated:</b>	<u>High Satisfactory</u>

The major factors that support this rating include:

- A good distribution of loans to geographies of different income levels,
- A poor distribution of loans to borrowers of different income levels,
- A positive impact of community development lending,
- An adequate level of qualified investments, and
- Good retail banking services.

## Description of Institution's Operations in Tennessee

FTB has 131 branches and over \$5 billion of deposits in the Chattanooga, Knoxville, Jackson, Johnson City, Nashville MSAs and five non-metropolitan counties. This represents 43 percent of total FTB deposits. FTB is the third largest financial institution in Tennessee (not including the Memphis multistate MSA). FTB is the second largest and largest financial institution in the Chattanooga MSA and Knoxville MSA, respectively.

Refer to the market profiles for the State of Tennessee in Appendix C for detailed demographics and other performance context information for assessment areas that received full-scope reviews.

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<sup>2</sup> For institutions with branches in two or more states in a multistate metropolitan area, this statewide evaluation does not reflect performance in the parts of this state contained within the multistate metropolitan area. Refer to the multistate metropolitan area rating and discussion for the rating and evaluation of the institution's performance in that area.

## **Scope of Evaluation in Tennessee**

We selected the bank's AAs in the Knoxville and Chattanooga MSAs for full-scope reviews. The bank's AAs in the Jackson, Johnson City, and Nashville MSAs as well as non-metropolitan Tennessee received limited-scope reviews. We based ratings for the State of Tennessee primarily on the results of our analysis of the AAs selected for full-scope review. Refer to Appendix A for additional information regarding the bank's AAs.

We combined conclusions for both AAs on a proportional basis based on the percentage of statewide deposits in each AA.

To gain better insight into the context of the bank's operations in its full-scope AAs, we conducted two community contacts in both Chattanooga and Knoxville. These organizations focus on affordable housing and economic development needs in their communities. For Chattanooga, the local organizations identified needs for small business financing and banking services for residents of low- and moderate-income neighborhoods. For Knoxville, our community contacts indicated needs for financing affordable housing purchase and improvement as well as homebuyer education for the city's low- and moderate-income residents.

## **LENDING TEST**

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

The bank's performance under the Lending Test in Tennessee is rated Low Satisfactory. Based on full-scope reviews, the bank's performance in the Chattanooga MSA and in the Knoxville MSA is adequate.

### **Lending Activity**

Refer to Table 1 in the State of Tennessee section of Appendix D for the facts and data used to evaluate the bank's lending activity.

Lending activity is adequate in the Chattanooga and Knoxville MSAs. FTB's HMDA lending market rankings are consistently well below the bank's deposit market rankings in both full-scope AAs. However, FTB's small business lending market rankings, while lower than its deposit market rankings, are more consistent with the bank's deposit market presence in both full-scope AAs. Performance under this criteria was significantly impacted by the exclusion of HMDA lending data from the bank's wholly owned mortgage company, First Horizon. Refer to "Data Integrity" in the "Scope of Evaluation" section for additional details regarding the exclusion of this data.

The bank has the second largest deposit market share at almost 29 percent in the Chattanooga MSA AA. However, FTB is ranked ninth (three percent market share),

twelfth (two percent share), and tenth (two percent market share) for home purchase, improvement, and refinance lending, respectively. However, the bank is the fourth largest business lender with an 11 percent market share in the Chattanooga MSA.

The bank is the top ranked deposit taking institution in the Knoxville MSA AA with a 28 percent market share. However, FTB is only the fourteenth (two percent market share), tenth (two percent market share), and thirty-first (one percent market share) home purchase, improvement, and refinance lender in the assessment area. However, the bank is the fifth largest business lender in the Knoxville MSA with a market share of eight percent.

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

The overall geographic distribution of FTB home mortgage and small business loans in the State of Tennessee is good.

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

Refer to Tables 2, 3 and 4 in the State of Tennessee section of Appendix D for the facts and data used to evaluate the geographic distribution of the bank's home mortgage loan originations/purchases.

The overall geographic distribution of FTB home mortgage loans in the State of Tennessee is adequate.

Home purchase geographic distribution is good. The portion of home purchase loans in the Chattanooga MSA originated in low-income census tracts is well below the percentage of owner-occupied housing in these areas. The portion of home purchase loans in the MSA originated in moderate-income census tracts is near to the percentage of owner-occupied housing in these areas. The portion of home purchase loans in the Knoxville MSA originated in low- and moderate-income census tracts exceeds the percentage of owner-occupied housing in these areas. Market shares for this loan product exhibit more positive performance as the shares for low- and moderate-income areas generally exceed the overall bank market share.

Home improvement geographic distribution is excellent. The portion of home improvement loans in both Chattanooga and Knoxville MSAs originated in low- and moderate-income census tracts exceeds the percentage of owner-occupied housing in these areas. Market shares for this loan product exhibit similar performance as the shares for low- and moderate-income areas are generally near to, or in excess of, the overall bank market share. However, the bank's market share in the low-income geographies in Chattanooga is significantly below the bank's overall market share.

Home refinance geographic distribution is poor. The portion of home refinance loans in the Chattanooga MSA originated in low- and moderate-income census tracts is significantly below the percentage of owner-occupied housing in these areas. The

portion of home refinance loans in the Knoxville MSA originated in low-income census tracts is significantly below the percentage of owner-occupied housing in these areas. The portion of home refinance loans in the MSA originated in moderate-income census tracts exceeds the percentage of owner-occupied housing in these areas. Market shares for this loan product exhibit less positive performance as the shares for low- and moderate-income areas are generally significantly below the overall bank market share.

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

Refer to Table 5 in the State of Tennessee section of Appendix D for the facts and data used to evaluate the geographic distribution of the bank's origination/purchase of small loans to businesses.

Small business loan geographic distribution is excellent. The portion of small business loans in both the Chattanooga and Knoxville MSAs originated in low- and moderate-income census tracts exceed the percentage of businesses in these areas. Market shares for small business loans exhibit similar performance as the shares for low- and moderate-income areas exceed the overall bank market share.

### ***Small Loans to Farms***

Refer to Table 6 in the State of Tennessee section of Appendix D for the facts and data used to evaluate the geographic distribution of the bank's origination/purchase of small loans to farms.

FTB originated two and six small farm loans in its Chattanooga and Knoxville MSA AAs, respectively. These lending volumes are not significant enough to perform a meaningful analysis.

### ***Lending Gap Analysis***

Based on review of lending activity by census tract, no conspicuous lending gaps exist that would impact the analysis of the distribution of loans by income level of the geography.

### ***Inside/Outside Ratio***

There is an adequate volume of reported loans within the defined AAs in the Memphis multistate and State of Tennessee AAs. FTB actively originates HMDA loans throughout the country. However, over 90 percent of the bank's small business and small farm loans were made within its Memphis multistate and Tennessee AAs during the evaluation period. Almost 63 percent of all HMDA and small business and small farm loans were originated in Tennessee AAs.

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

The overall borrower distribution of FTB home mortgage and small business loans in the State of Tennessee is poor.

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

Refer to Tables 7, 8, and 9 in the State of Tennessee section of Appendix D for the facts and data used to evaluate the borrower distribution of the bank's home mortgage loan originations and purchases.

The overall borrower distribution of FTB home mortgage loans in the State of Tennessee is poor.

Home purchase borrower distribution is very poor. The portion of home purchase loans in the Chattanooga and Knoxville MSAs originated to low- and moderate-income borrowers is significantly below the percentage of families in these income levels. Market shares for this loan product exhibit slightly more positive performance. While market shares in low-income geographies for both full-scope AAs are significantly below the bank's overall market shares, performance in moderate-income geographies is more positive in both MSAs. The moderate-income market share in Chattanooga substantially meets the overall market share and in Knoxville the moderate-income market share is below the overall market share.

Home improvement borrower distribution is good. The portion of home improvement loans in the Chattanooga MSA originated to low-income borrowers substantially meets the percentage of families in this income level. The portion of home improvement loans in the MSA originated to moderate-income borrowers is significantly below the percentage of families in this income level. The portion of home improvement loans in the Knoxville MSA originated to low- and moderate-income borrowers substantially meets and exceeds the percentage of low- and moderate-income families, respectively. Market shares for this loan product exhibit less positive performance in the Chattanooga MSA as market shares for low- and moderate-income borrowers are significantly below the overall market share. In Knoxville, the low-income market share exceeds, and in moderate-income is below, the overall market share.

Home refinance borrower distribution is poor. The portion of home refinance loans in the Chattanooga MSA originated to low- and moderate-income borrowers is significantly below the percentage of families in these income levels. The portion of home refinance loans in the Knoxville MSA originated to low-income borrowers is significantly below the percentage of families in this income level. The portion of home refinance loans in the MSA originated to moderate-income borrowers is near to the percentage of families in this income level. Market shares for this loan product in the Chattanooga MSA exhibit similar performance as the shares for low- and moderate-income borrowers are significantly below or well below the overall bank market share. Market shares for this

loan product in the Knoxville MSA exhibit more positive performance as the shares for low- and moderate-income borrowers exceed the overall bank market share.

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

Refer to Table 10 in the State of Tennessee section of Appendix D for the facts and data used to evaluate the borrower distribution of the bank's origination and purchase of small loans to businesses.

The borrower distribution of small loans to businesses is poor in the Chattanooga MSA. The percentage of small loans to businesses is well below the percentage of small businesses in the MSA. The majority of these loans are \$100,000 or less in size. The bank's market share of small loans to businesses is well below its overall business loan market share.

The borrower distribution of small loans to businesses is adequate in the Knoxville MSA. The percentage of small loans to businesses is below the percentage of small businesses in the MSA. Over 72 percent of these loans are under \$100,000 or less in size. The bank's market share of small loans to businesses is below its overall business loan market share.

### ***Small Loans to Farms***

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

FTB originated two and six small farm loans in its Chattanooga and Knoxville MSA AAs, respectively. These lending volumes are not significant enough to perform a meaningful analysis.

### **Community Development Lending**

Refer to Table 1 in the State of Tennessee section of Appendix D for the facts and data used to evaluate the bank's level of community development lending.

Community development lending in the Chattanooga and Knoxville MSAs had a positive effect on FTB's overall Lending Test rating in Tennessee. Community development lending was responsive to affordable housing needs in these AAs. In Chattanooga, the bank extended nine loans totaling \$1 million to organizations and developers pursuing affordable housing objectives. In Knoxville, FTB granted 16 community development loans totaling \$11 million to organizations involved in a wide variety of community development projects. Included in this amount are 4 loans totaling \$8 million provided to affordable multifamily housing developers.

Both AAs possessed a sufficient volume of community development lending opportunities.

### **Product Innovation and Flexibility**

Product innovation and flexibility provided a positive impact on the Lending Test rating. FTB has not specifically created any statewide loan products that are innovative or flexible. However, in Knoxville, the bank established a “Community Development Home Purchase” program that targets homebuyers in certain census tracts located in FTB AAs. The homebuyers must also have a median family income that is less than 80 percent of the MSA median income. The bank originates these loans using flexible underwriting standards for the borrower’s debt-to-income and loan-to-value levels. The product also offers the low- and moderate-income customer free checking and optional home ownership counseling. The bank originated 69 loans totaling \$3 million.

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

Refer to the Tables 1 through 11 in the State of Tennessee section of Appendix D for the facts and data that support these conclusions.

Based on limited-scope reviews, the bank’s performance under the Lending Test in the Jackson, Johnson City, and Nashville MSAs and non-metropolitan area AAs is not inconsistent with the bank’s overall Low Satisfactory performance under the Lending Test in Tennessee.

## **INVESTMENT TEST**

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

The bank’s performance under the Investment Test in Tennessee is rated Low Satisfactory. Based on full-scope reviews, the bank’s performance in the Chattanooga MSA and the Knoxville MSA is adequate.

Refer to Table 12 in the State of Tennessee section of Appendix D for the facts and data used to evaluate the bank’s level of qualified investments.

FTB made five qualified investments totaling \$1 million in the Chattanooga MSA during the evaluation period. Qualified investments consist primarily of two investments in local community development financial institutions. The bank also extended three grants for \$33 thousand that support organizations pursuing affordable housing and community revitalization objectives.

FTB made seven qualified investments totaling \$893 thousand in the Knoxville MSA during the evaluation period. Qualified investments include a \$773 thousand equity investment in an apartment complex with a primary tenant mix of low- and moderate-

income individuals. This is a complex investment as the equity position is a part of an overall debt and equity financing package for the housing development. The property is a 40 unit apartment complex. FTB also invested \$100 thousand in a loan pool that finances affordable housing purchases. The remaining five qualified investments consist of contributions to organizations pursuing a variety of community development objectives.

A full array of qualified investment opportunities existed in both AAs during the evaluation period.

### **Conclusions for Area Receiving Limited-Scope Reviews**

Based on limited-scope reviews, the bank's performance under the Investment Test in the Nashville MSA and FTB's non-MSA AAs is not inconsistent with the bank's overall Low Satisfactory performance under the Investment Test in Tennessee. In the Jackson and Johnson City MSA AAs the bank's performance is weaker than the bank's overall performance in the state. Weaker performance resulted from low numbers and dollar amounts of qualified investments in the two MSAs. Weaker performance in the Jackson and Johnson City MSA AAs did not impact the bank's overall performance under the Investment Test in Tennessee.

Refer to the Tables 12 in the State of Tennessee section of Appendix D for the facts and data that support these conclusions.

## **SERVICE TEST**

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

The bank's performance under the Service Test in Tennessee is rated High Satisfactory. Based on full-scope reviews, the bank's performance in the Chattanooga and Knoxville MSAs is good.

### **Retail Banking Services**

Refer to Table 13 in the State of Tennessee section of Appendix D for the facts and data used to evaluate the distribution of the bank's branch delivery system and branch openings and closings.

Retail delivery systems are readily accessible to geographies and individuals of different income levels. In the Chattanooga MSA, four of FTB's branches, or 19 percent of all branches in the MSA, are located in low-income geographies providing excellent access to the six percent of the population that reside in those geographies. FTB also has three branches, or 14 percent of total branches in the AA, in moderate-income geographies providing good access to the 16 percent of the population residing in these



geographies. In the Knoxville MSA, two of FTB's branches, or six percent of all branches in the MSA, are located in low-income geographies providing excellent access to the six percent of the population that reside in those geographies. Another ten branches, or almost 29 percent of total FTB offices in the AA, are located in moderate-income geographies, providing excellent access and significantly exceeding the 18 percent of the population residing there.

There were no branch openings or closings in the Chattanooga MSA during the evaluation period. Branch openings and closings in the Knoxville MSA have generally not adversely affected the accessibility of the bank's delivery systems, particularly in low- and moderate-income geographies. Although FTB closed two branches located in moderate-income census tracts, consolidating offices were located less than two miles away. In addition, FTB maintained a good distribution of branches in moderate-income areas of the bank's Knoxville MSA AA. FTB closed these branches due to space limitations and unfavorable lease terms.

FTB's hours and services offered do not vary in a way that inconveniences the AA.

### **Community Development Services**

FTB provides an adequate level of community development services to the Chattanooga MSA. While community development services are responsive to local community development needs, the volume of services performed is low. The bank worked with eight organizations during the evaluation period. FTB provided services consisting of technical assistance to groups pursuing a full array of community development objectives including financial counseling to low- and moderate-income individuals and affordable housing.

FTB provides an adequate level of community development services to the Knoxville MSA. While community development services are responsive to local community development needs, the volume of services performed is low. The bank worked with seven organizations during the evaluation period. FTB provided services consisting of technical assistance to groups engaged in affordable housing and community service to low- and moderate-income individuals.

The bank's record of providing community development services is bolstered by FTB's involvement in an organization providing community services to low- and moderate-income individuals. This involvement benefited all geographies located in FTB AAs. The bank designed training materials for personal financial skills workshops hosted by the organization. In addition, FTB supplied instructors to lead the sessions. FTB has also prepared a Spanish language version of this course for the benefit of low- and moderate-income Hispanic participants. FTB played a strong leadership role as the bank's support was crucial in allowing the organization to fully implement its financial counseling strategy.

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

Based on limited-scope reviews, the bank's performance under the Service Test in the Johnson City and Nashville MSAs is not inconsistent with the bank's overall High Satisfactory performance under the Service Test in Tennessee. In the Jackson MSA and the Tennessee non-metropolitan areas the bank's performance is weaker than the bank's overall performance in the state. Weaker performance resulted from FTB's branch distributions in low- and moderate-income areas in the two AAs. Weaker performance in the Jackson MSA and the non-metropolitan AAs did not impact the bank's overall performance under the Service Test in Tennessee. Refer to Table 13 in the State of Tennessee section of Appendix D for the facts and data that support these conclusions.

## Appendix A: Scope of Examination

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): 07/01/97 to 12/31/00 Investment and Service Tests and CD Loans: (4/21/97 to 4/30/01)	
<b>Financial Institution</b>	<b>Products Reviewed</b>	
First Tennessee Bank, N. A. (FTB) Memphis, Tennessee	Home purchase, improvement and refinance; Small Business; Small Farm; and Community Development Lending	
<b>Affiliate(s)</b>	<b>Affiliate Relationship</b>	<b>Products Reviewed</b>
First Tennessee Housing Corporation (FTHC)	Wholly owned bank subsidiary	Community development lending and qualified investments
<b>List of Assessment Areas and Type of Examination</b>		
<b>Assessment Area</b>	<b>Type of Exam</b>	<b>Other Information</b>
<b>Memphis (TN-MS-AR)</b> #4920	Full-Scope	Includes only Shelby (TN) and Desoto (MS) Counties
<b>State of Tennessee</b>	Full-Scope	Includes only Hamilton County
Chattanooga MSA #1560	Full-Scope	Includes only Blount and Knox Counties
Knoxville MSA #3840	Limited-Scope	Includes only Madison County
Jackson MSA #3580	Limited-Scope	Includes only Hawkins, Sullivan, Unicoi, and Washington Counties
Johnson City MSA #3660	Limited-Scope	Includes only Davidson, Rutherford, Sumner, Williamson, and Wilson Counties
Nashville MSA #5360	Limited-Scope	Includes Dyer, Greene, Jefferson, Hamblen, and Putnam Counties
Tennessee Nonmetropolitan Areas	Limited-Scope	

## Appendix B: Summary of Multistate Metropolitan Area and State Ratings

RATINGS				
First Tennessee Bank, N. A.				
Overall Bank:	Lending Test Rating*	Investment Test Rating	Service Test Rating	Overall Bank/State/Multistate Rating
First Tennessee Bank, N. A.	High Satisfactory	High Satisfactory	High Satisfactory	Satisfactory
Multistate Metropolitan Area or State:				
Memphis (TN-MS-AR) MMA	High Satisfactory	Outstanding	High Satisfactory	Satisfactory
STATE OF TENNESSEE	Low Satisfactory	Low Satisfactory	High Satisfactory	Satisfactory

(\*) The Lending Test is weighted more heavily than the investment and Service Tests in the overall rating.

## **Appendix C: Market Profiles for Full-Scope Areas**

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

Memphis (TN-MS-AR)Multistate Metropolitan Area .....	C-2
State of Tennessee .....	C-4

## Memphis (TN-MS-AR) Multistate Metropolitan Area

Demographic Information for Full-Scope Area: Memphis (TN-MS-AR)						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	200	21.00	20.50	26.00	29.00	3.50
Population by Geography	894,240	13.73	21.02	30.28	34.46	0.51
Owner-Occupied Housing by Geography	199,425	7.69	17.25	32.66	42.40	0.00
Businesses by Geography	25,691	9.33	12.27	28.32	50.08	0.00
Farms by Geography	741	2.29	7.02	33.06	57.62	0.00
Family Distribution by Income Level	233,124	22.60	15.59	19.77	42.03	0.00
Distribution of Low- and Moderate-Income Families throughout AA Geographies	89,041	25.96	29.27	30.43	14.34	0.00
Median Family Income		Median Housing Value		= \$70,772		
HUD Adjusted Median Family Income for 2001	= \$31,990	Unemployment Rate		= 3.51%		
Households Below the Poverty Level	= 16.75%					

(\*) The NA category consists of geographies that have not been assigned an income classification.

Source: 1990 U.S. Census, and 2001 HUD updated MFI.

Our evaluation period covered the last six months of 1997 and the full calendar years 1998, 1999, and 2000. The bank's Memphis multistate MSA AA consists of Shelby County in Tennessee and DeSoto County in Mississippi. FTB's AA excludes Fayette and Tipton Counties in Tennessee as well as Crittenden County in Arkansas. These exclusions do not reflect illegal discrimination or arbitrary avoidance of LMI areas. Per the 1990 U.S. census the bank's AA had a total population of 894,240. The AA has 200 census tracts with 42 low-income tracts and 41 moderate-income tracts.

FTB provides a full range of loan and deposit products to the AA. FTB has 59 branches in the area including 29 full service branches. The bank supplements its branch network with 147 ATMs.

The bank's deposits in the Memphis multistate MSA as of June 31, 2000 totaled almost \$7 billion, or 57 percent of total franchise deposits. FTB is the largest deposit holder in the AA with a market share of 39 percent. FTB's primary competitors in this market are Union Planters Bank, NA (UPB) and National Bank of Commerce (NBC). NBC and UPB are the second and third largest deposit holders, respectively. Both NBC and UPB have significantly larger market shares for HMDA loan products than FTB (excluding First Horizon HMDA lending). However, FTB's small business market share of 12 percent is significantly larger than the market share of approximately four percent for both NBC and UPB.

The Memphis MSA economy has a low unemployment rate of 3.51 percent with a civilian labor force of 673,900. Memphis is the world headquarters of FedEx, who provides 35,000 jobs to the MSA with Federal, State, and local government offices providing another 31,689 jobs. The University of Tennessee medical school and University of Memphis combine with local school boards to employ 24,897 individuals.

Information was obtained from community contacts previously conducted by various bank regulatory agencies. We supplemented perspectives gained from these prior contacts with two additional community contacts conducted during this examination. We contacted two organizations focusing on affordable housing objectives. The information provided assisted in developing the AA profile. The following are needs that were identified from the community contact forms and the 2000 Consolidated Plan:

- ◆ Small dollar home improvement loans
- ◆ Funding for LMI housing
- ◆ Non-traditional financing, i.e. mini loan programs
- ◆ Budget and credit counseling

Based on information obtained from the above sources, there is a high level of community development opportunities for participation in, and leadership by, local banks.

## State of Tennessee Full-Scope Areas

### Chattanooga MSA

Demographic Information for Full-Scope Area: Chattanooga						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	74	10.81	22.97	44.59	18.92	2.70
Population by Geography	310,396	6.06	16.36	53.09	24.29	0.00
Owner-Occupied Housing by Geography	78,924	1.50	15.01	52.21	31.28	0.00
Businesses by Geography	12,030	11.53	18.03	51.42	19.02	0.00
Farms by Geography	288	2.08	9.03	58.68	30.21	0.00
Family Distribution by Income Level	86,327	20.25	17.03	21.48	41.24	0.00
Distribution of Low- and Moderate-Income Families throughout AA Geographies	28,483	13.11	18.71	54.01	14.18	0.00
Median Family Income		Median Housing Value				= \$59,764
HUD Adjusted Median Family Income for 2001	= \$30,637	Unemployment Rate				= 2.95%
Households Below the Poverty Level	= 15.43%					

(\*) The NA category consists of geographies that have not been assigned an income classification.

Source: 1990 U.S. Census, and 2001 HUD updated MFI.

Our evaluation period covered the last six months of 1997 and the entire calendar years 1998, 1999, and 2000. FTB's Chattanooga MSA AA includes Hamilton County and excludes Marion County. These exclusions do not reflect illegal discrimination or arbitrary avoidance of LMI areas. Per the 1990 U.S. census the Chattanooga MSA AA had a total population of 310,396. The AA has 74 census tracts with 8 low-income tracts and 17 moderate-income tracts.

FTB provides a full range of loan and deposit products to the AA. FTB has 21 branches in the area including 18 full service and three limited service branches. The bank supplements its branch network with 28 ATMS.

As of June 30, 2000, the bank's deposits in the Chattanooga MSA AA totaled \$1 billion, or nine percent of total franchise deposits. FTB is the second largest deposit holder in the AA with a market share of in excess of 24 percent. The bank's primary competitors in the market are SunTrust Bank (STB) and AmSouth Bank (ASB). STB is the largest deposit holder in the AA with a 31 percent market share and ASB is the third largest deposit holder with a 26 percent market share. Both STB and ASB have larger market shares for HMDA loan products than FTB (excluding First Horizon HMDA lending). However, FTB's small business lending market share of 18 percent is significantly larger than the market share of nine percent and seven percent for STB and ASB, respectively.



The Chattanooga MSA economy has a low unemployment rate of 2.95 percent and a civilian labor force of 224,741. Chattanooga's manufacturing, retail, and services sectors provide over 165,000 jobs to the MSA. Chattanooga is home to healthcare providers and insurers such as Erlanger Health System and BlueCross BlueShield of Tennessee. UT-Chattanooga and the Tennessee Valley Authority are also located in the area and are an important source of employment.

Information was obtained from community contacts conducted by various bank regulatory agencies. The information provided assisted in developing the AA profile. The following are needs that were identified from the community contact forms and the 2000 Consolidated Plan:

- ◆ Homebuyer education
- ◆ Small business owner assistance/lending
- ◆ LMI services in the community
- ◆ Capital for new business
- ◆ Adequate and affordable housing

Based on information obtained from the above sources, there is a moderate level of community development opportunities for participation in, and leadership by, local banks.

## State of Tennessee Full-Scope Areas

### Knoxville MSA

Demographic Information for Full-Scope Area: Knoxville						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	100	10.00	25.00	42.00	20.00	3.00
Population by Geography	421,718	6.32	17.61	47.80	28.16	0.12
Owner-Occupied Housing by Geography	110,355	1.50	15.01	52.21	31.28	0.01
Businesses by Geography	15,315	8.14	20.29	36.18	35.38	0.00
Farms by Geography	489	1.84	13.91	49.28	34.97	0.00
Family Distribution by Income Level	116,736	19.94	17.00	21.31	41.75	0.00
Distribution of Low- and Moderate-Income Families throughout AA Geographies	43,115	7.67	27.52	50.13	14.68	0.00
Median Family Income HUD Adjusted Median Family Income for 2001 Households Below the Poverty Level	= \$30,967 = \$45,500 = 14.79%	Median Housing Value Unemployment Rate		= \$63,600 = 2.97%		

(\*) The NA category consists of geographies that have not been assigned an income classification.  
Source: 1990 U.S. Census, and 2001 HUD updated MFI.

Our evaluation period covered the last six months of 1997 and the entire calendar years 1998, 1999, and 2000. FTB's Knoxville MSA AA consists of Knox and Blount County and excludes Anderson, Sevier, and Union Counties. These exclusions do not reflect illegal discrimination or arbitrary avoidance of LMI areas. Per the 1990 U.S. census the Knoxville MSA AA had a total population of 421,718. The AA has 100 census tracts with ten low-income tracts and 25 moderate-income tracts.

FTB provides a full range of loan and deposit products to the AA. FTB has 35 branches in the area including 30 full service branches. The bank supplements its branch network with 101 ATMS.

As of June 30, 2000, the bank's deposits in the Knoxville MSA AA totaled approximately \$2 billion, or almost 14 percent of total franchise deposits. FTB is the largest deposit holder in the AA with a market share of 28 percent. FTB's main competitors in Knox County are AmSouth Bank (ASB), SunTrust Bank (STB), and Home Federal Bank of Tennessee (HFB) and in Blount County the bank's primary competitors are ASB and Citizens Bank of Blount County. ASB, HFB and STB are the second, third, and fourth largest deposit holders in the AA. FTB (excluding First Horizon production) consistently ranks behind HFB and FTB in terms of HMDA lending market share. FTB is the second largest small business lender among the group of competitors with a market share of

eight percent. STB is the largest small business lender throughout the Knoxville MSA AA with a 17 percent market share.

The local economy has a low unemployment rate of 2.97 percent and a civilian labor force of 338,074. The Knoxville MSA possesses a well-diversified economy. The healthcare industry is the primary source of jobs in Knoxville (20,262 people) and includes large entities such as Covenant Health Alliance and University of Tennessee Medical Center. The University of Tennessee, along with the local educational system, employs 14,417 people. Local and state government employ an additional 8,932 individuals.

We also obtained information from community contacts conducted by various bank regulatory agencies. The information provided assisted in developing the AA profile. Based upon prior and current community contacts, as well as the 2000 Consolidated Plan for Knoxville, the following needs exist in the MSA:

- ◆ Funds for rehabilitation of affordable housing stock
- ◆ Affordable housing (rental and owner occupied)
- ◆ Educational programs focused on LMI home ownership

Based on information obtained from the above sources, there is a moderately high level of community development opportunities for participation in, and leadership by, local banks.

## **Appendix D: Tables of Performance Data**

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<b>Content of Standardized Tables .....</b>	<b>D-2</b>
<b>Tables of Performance Data</b>	
Memphis (TN-MS-AR)Multistate Metropolitan Area (s) .....	D-5
State of Tennessee .....	D-18

## **Content of Standardized Tables**

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A separate set of tables is provided for each state. All multistate metropolitan areas are presented in one set of tables. References to the “bank” include activities of any affiliates that the bank provided for consideration (refer to Appendix A: Scope of the Examination). For purposes of reviewing the Lending Test tables, the following are applicable: 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 MSA/assessment area.

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

- Table 1. Lending Volume** - Presents the number and dollar amount of reportable loans originated and purchased by the bank over the evaluation period by MSA/assessment area.
- 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 Refinance Loans** - See Table 2.
- Table 5. 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.
- Table 6. 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.
- Table 7. 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 MSA/assessment area. The table also presents market share information based on the most recent aggregate market data available.

**Table 8. Borrower Distribution of Home Improvement Loans** - See Table 7.

**Table 9. Borrower Distribution of Refinance Loans** - See Table 7.

**Table 10. 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 11. 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 12. Qualified Investments** - Presents the number and dollar amount of qualified investments made by the bank in each MSA/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 have been reported on schedule RC-L of the call reports as an off-balance-sheet item.

**Table 13. 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 MSA/AA. The table also presents data on branch openings and closings in each MSA/AA.



**Table 1. Lending Volume**

LENDING VOLUME		MULTISTATE METROPOLITAN AREA						Evaluation Period: July 1, 1997 TO December 31, 2000				
MSA/Assessment Area:	% of Rated Area Loans (#) in MSA/AA*	Home Mortgage		Small Loans to Businesses		Small Loans to Farms		Community Development Loans**		Total Reported Loans		% of Rated Area Deposits in MSA/AA***
		#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	
Full-Review:												
Memphis (TN-MS-AR)	100.00	1,777	97,927	3,693	375,261	29	4,184	13	33,410	5,512	510,782	100.00
Limited-Review:												

(\*) Rated area refers to either the state or multistate MSA rating area.  
 (\*\*) The evaluation period for Community Development Loans is April 21, 1997 to April 30, 2001.  
 (\*\*\*) Deposit data as of June 30, 2000. Rated area refers to either the state or multistate MSA rating area.



**Table 2. Geographic Distribution of Home Purchase Loans**

Geographic Distribution: HOME PURCHASE		MULTISTATE METROPOLITAN AREA						Evaluation Period: July 1, 1997 TO December 31, 2000							
MSA/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	Overall	Low	Mod	Mid	Upp
Full-Review:															
Memphis (TN-MS-AR)	406	100.00	7.69	6.16	17.25	15.52	32.66	28.82	42.40	49.51	0.50	1.62	0.62	0.48	0.43
Limited-Review:															

(\*) Home purchase loans originated and purchased in the MSA/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.  
 (\*\*\*) Based on 1999 Aggregate HMDA Data only.

**Table 3. Geographic Distribution of Home Improvement Loans**

Geographic Distribution: HOME IMPROVEMENT		MULTISTATE METROPOLITAN AREA						Evaluation Period: July 1, 1997 TO December 31, 2000							
MSA/Assessment Area:	Total Home Improvement 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	Overall	Low	Mod	Mid	Upp
Full-Review:															
Memphis (TN-MS-AR)	454	100.00	7.69	12.11	17.25	20.70	32.66	23.57	42.40	43.61	5.58	8.33	6.65	3.65	5.54
Limited-Review:															

(\*) Home improvement loans originated and purchased in the MSA/AA as a percentage of all home improvement 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.  
 (\*\*\*) Based on 1999 Aggregate HMDA Data only.

**Table 4. Geographic Distribution of Home Mortgage Refinance Loans**

Geographic Distribution: HOME MORTGAGE REFINANCE				MULTISTATE METROPOLITAN AREA				Evaluation Period: July 1, 1997 TO December 31, 2000							
MSA/Assessment Area:	Total Home Mortgage Refinance 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	Overall	Low	Mod	Mid	Upp
Full-Review:															
Memphis (TN-MS-AR)	914	100.00	7.69	6.13	17.25	17.83	32.66	28.12	42.40	47.81	0.88	1.42	0.72	0.80	0.88
Limited-Review:															

(\*) Home mortgage refinance loans originated and purchased in the MSA/AA as a percentage of all home mortgage refinance 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.  
 (\*\*\*) Based on 1999 Aggregate HMDA Data only.

**Table 5. Geographic Distribution of Small Loans to Businesses**

Geographic Distribution: SMALL LOANS TO BUSINESSES		MULTISTATE METROPOLITAN AREA				Evaluation Period: July 1, 1997 TO December 31, 2000					Market Share (%) by Geography ***				
MSA/Assessment Area:	Total Small Loans To Businesses		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Overall	Low	Mod	Mid	Upp
	#	% of Total*	% of Businesses**	% BANK Loans	% of Businesses**	% BANK Loans	% of Businesses**	% BANK Loans	% of Businesses**	% BANK Loans					
Full-Review:															
Memphis (TN-MS-AR)	3,693	100.00	9.33	8.42	12.27	9.18	28.32	24.02	50.08	57.68	11.63	14.31	12.64	8.50	12.87
Limited-Review:															

(\*) Small loans to businesses originated and purchased in the MSA/AA as a percentage of all small loans to businesses originated and purchased in the rated area.  
 (\*\*) Source of Data-Dunn and Bradstreet.  
 (\*\*\*) Based on 1999 Aggregate Small Business Data only.

**Table 6. Geographic Distribution of Small Loans to Farms**

Geographic Distribution: SMALL LOANS TO FARMS		MULTISTATE METROPOLITAN AREA						Evaluation Period: July 1, 1997 TO December 31, 2000							
MSA/Assessment Area:	Total Small Loans To Farms		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
Full-Review:															
Memphis (TN-MS-AR)	29	100.00	2.29	6.90	7.02	0.00	33.06	24.14	57.62	68.97	8.74	0.00	0.00	5.81	12.50
Limited-Review:															

(\*) Small loans to farms originated and purchased in the MSA/AA as a percentage of all small loans to farms originated and purchased in the rated area.  
 (\*\*) Source of Data-Dunn and Bradstreet.  
 (\*\*\*) Based on 1999 Aggregate Small Farm Data only.

**Table 7. Borrower Distribution of Home Purchase Loans**

Borrower Distribution: HOME PURCHASE MULTISTATE METROPOLITAN AREA Evaluation Period: July 1, 1997 TO December 31, 2000																	
MSA/Assessment Area:	Total Home Purchase Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Market Share (%) by Borrower Income****						
	#	% of Total*	% of Families*	% BANK Loans***	% of Families*	% BANK Loans***	% of Families*	% BANK Loans***	% of Families*	% BANK Loans***	% of Families*	% BANK Loans***	Overall	Low	Mod	Mid	Upp
Full-Review:																	
Memphis (TN-MS-AR)	406	100.00	22.60	3.20	15.59	6.90	19.77	16.75	42.03	72.91	0.50	0.24	0.30	0.47	1.18		
Limited-Review:																	

(\*) Home purchase loans originated and purchased in the MSA/AA as a percentage of all home purchase loans originated and purchased in the rated area.  
 (\*\*) Percentage of Families is based on 1990 Census information.  
 (\*\*\*) As a percentage of loans with borrower income information available. No information was available for less than 1% of loans originated and purchased by the bank.  
 (\*\*\*\*) Based on 1999 Aggregate HMDA Data only.

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

Borrower Distribution: HOME IMPROVEMENT MULTISTATE METROPOLITAN AREA Evaluation Period: July 1, 1997 TO December 31, 2000																	
MSA/Assessment Area:	Total Home Improvement Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Market Share (%) by Borrower Income****						
	#	% of Total*	% of Families*	% BANK Loans***	% of Families*	% BANK Loans***	% of Families*	% BANK Loans***	% of Families*	% BANK Loans***	% of Families*	% BANK Loans***	Overall	Low	Mod	Mid	Upp
Full-Review:																	
Memphis (TN-MS-AR)	454	100.00	22.60	16.08	15.59	18.06	19.77	24.45	42.03	41.41	5.58	7.17	4.36	5.13	6.90		
Limited-Review:																	

(\*) Home improvement loans originated and purchased in the MSA/AA as a percentage of all home improvement loans originated and purchased in the rated area.  
 (\*\*) Percentage of Families is based on 1990 Census information.  
 (\*\*\*) As a percentage of loans with borrower income information available. No information was available for less than 1% of loans originated and purchased by the bank.  
 (\*\*\*\*) Based on 1999 Aggregate HMDA Data only.

**Table 9. Borrower Distribution of Home Mortgage Refinance Loans**

Borrower Distribution: HOME MORTGAGE REFINANCE				MULTISTATE METROPOLITAN AREA				Evaluation Period: July 1, 1997 TO December 31, 2000							
MSA/Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Market Share (%) by Borrower Income****				
	#	% of Total*	% of Families*	% BANK Loans***	% of Families*	% BANK Loans***	% of Families*	% BANK Loans***	% of Families*	% BANK Loans***	Overall	Low	Mod	Mid	Upp
Full-Review:															
Memphis (TN-MS-AR)	913	100.00	22.60	9.63	15.59	16.30	19.77	22.10	42.03	51.97	0.88	0.76	1.41	0.99	1.52
Limited-Review:															

(\*) Home mortgage refinance loans originated and purchased in the MSA/AA as a percentage of all home mortgage refinance loans originated and purchased in the rated area.  
 (\*\*) Percentage of Families is based on 1990 Census information.  
 (\*\*\*) As a percentage of loans with borrower income information available. No information was available for less than 1% of loans originated and purchased by the bank.  
 (\*\*\*\*) Based on 1999 Aggregate HMDA Data only.



**Table 10. Borrower Distribution of Small Loans to Businesses**

Borrower Distribution: SMALL LOANS TO BUSINESSES		MULTISTATE METROPOLITAN AREA			Evaluation Period: July 1, 1997 TO December 31, 2000				
MSA/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
Full-Review:									
Memphis (TN-MS-AR)	3,693	100.00	86.77	63.59	72.34	14.86	12.80	11.63	12.78
Limited-Review:									

(\*) Small loans to businesses originated and purchased in the MSA/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.  
 (\*\*\*) 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 24% of small loans to businesses originated and purchased by the bank.  
 (\*\*\*\*) Based on 1999 Aggregate Small Business Data only.

**Table 11. Borrower Distribution of Small Loans to Farms**

Borrower Distribution: SMALL LOANS TO FARMS		MULTISTATE METROPOLITAN AREA 31, 2000			Evaluation Period: July 1, 1997 TO December				
MSA/Assessment Areas:	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 \$1,000,000	All	Rev \$1 million or less
Full-Review:									
Memphis (TN-MS-AR)	29	100.00	96.76	78.95	68.42	5.26	26.32	8.74	4.29
Limited-Review:									

(\*) Small loans to farms originated and purchased in the MSA/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.  
 (\*\*\*) 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 34% of small loans to farms originated and purchased by the bank.  
 (\*\*\*\*) Based on 1999 Aggregate Small Farm Data only.

**Table 12. Qualified Investments**

QUALIFIED INVESTMENTS		MULTISTATE METROPOLITAN AREA		Evaluation Period: July 1, 1997 TO December 31, 2000					
MSA/Assessment Areas:	Prior Period Investments*		Current Period Investments		Total Investments			Unfunded Commitments**	
	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	% of Total \$'s	#	\$ (000's)
Full-Review:									
Memphis (TN-MS-AR)	0	0	32	59,509	32	59,509	100.00	0	0
Limited-Review:									

(\*) "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 bank's financial reporting system.

**Table 13. Distribution of Branch Delivery System and Branch Openings/Closings**

DISTRIBUTION OF BRANCH DELIVERY SYSTEM AND BRANCH OPENINGS/CLOSINGS				MULTISTATE METROPOLITAN AREA				Evaluation Period: July 1, 1997 TO December 31, 2000									
MSA/Assessment Area:	Deposits	Branches						Branch Openings/Closings				Population					
	% of Rated Area Deposits in MSA/AA	# of BANK Branches	% of Rated Area Branches in MSA/AA	Location of Branches by Income of Geographies				# of Branch Closings	# of Branch Openings	Net Change in Location of Branches (+ or -)				% of the Population within Each Geography			
				Low	Mod	Mid	Upp			Low	Mod	Mid	Upp	Low	Mod	Mid	Upp
Full-Review:																	
Memphis (TN-MS-AR)	100.00	59	100.00	6.78	8.47	18.64	66.10	4	7	0	-1	0	4	13.73	21.02	30.28	34.46
Limited-Review:																	

**Table 1. Lending Volume**

LENDING VOLUME		State: Tennessee				Evaluation Period: July 1, 1997 TO December 31, 2000						
MSA/Assessment Area:	% of Rated Area Loans (#) in MSA/AA*	Home Mortgage		Small Loans to Businesses		Small Loans to Farms		Community Development Loans**		Total Reported Loans		% of Rated Area Deposits in MSA/AA***
		#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	
Full-Review:												
Chattanooga	16.95	1,103	152,776	1,577	176,274	2	475	9	1,340	2,691	330,865	19.14
Knoxville	18.30	1,315	108,968	1,568	166,279	6	1,240	16	10,774	2,905	287,261	23.29
Limited-Review:												
Jackson	4.93	259	26,763	513	49,844	11	235	0	0	783	76,842	3.84
Johnson City	15.03	817	41,944	1,563	173,566	7	114	0	0	2,387	215,624	14.14
Nashville	26.11	1,478	135,119	2,578	314,315	66	2,080	24	22,195	4,146	473,709	25.25
Non-MSA Assessment Areas	18.68	944	62,297	1,873	177,053	128	8,254	21	5,507	2,966	253,111	14.34

(\*) Rated area refers to either the state or multistate MSA rating area.  
 (\*\*) The evaluation period for Community Development Loans is April 21, 1997 to April 30, 2001.  
 (\*\*\*) Deposit data as of June 30, 2000. Rated area refers to either the state or multistate MSA rating area.

**Table 2. Geographic Distribution of Home Purchase Loans**

Geographic Distribution: HOME PURCHASE												State: Tennessee		Evaluation Period: July 1, 1997 TO December 31, 2000				
MSA/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	Overall	Low	Mod	Mid	Upp			
Full-Review:																		
Chattanooga	535	20.87	2.86	1.31	8.70	7.48	57.75	45.98	30.70	45.23	2.54	2.34	3.58	1.86	3.40			
Knoxville	616	24.02	1.50	3.25	15.01	16.40	52.21	36.85	31.28	43.34	1.66	2.66	2.75	1.29	1.78			
Limited-Review:																		
Jackson	106	4.13	5.70	0.00	14.69	15.09	33.87	23.58	45.74	61.32	0.76	0.00	2.93	0.59	0.69			
Johnson City	299	11.66	0.00	0.00	13.20	15.05	59.12	48.49	27.68	36.45	1.85	0.00	2.87	1.64	1.88			
Nashville	615	23.98	2.04	0.49	14.05	14.96	56.00	49.92	27.91	34.63	0.65	0.30	1.13	0.54	0.71			
Non-MSA Assessment Areas	393	15.32	NA	NA	5.27	7.12	70.22	61.32	24.51	31.30	3.08	NA	4.60	2.67	3.96			

(\*) Home purchase loans originated and purchased in the MSA/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.

(\*\*\*) Based on 1999 Aggregate HMDA Data only.

**Table 3. Geographic Distribution of Home Improvement Loans**

Geographic Distribution: HOME IMPROVEMENT												State: Tennessee		Evaluation Period: July 1, 1997 TO December 31, 2000				
MSA/Assessment Area:	Total Home Improvement 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	Overall	Low	Mod	Mid	Upp			
Full-Review:																		
Chattanooga	63	8.41	2.86	4.76	8.70	12.70	57.75	55.56	30.70	26.98	1.62	0.00	3.85	1.25	1.66			
Knoxville	187	24.97	1.50	4.28	15.01	17.11	52.21	56.15	31.28	22.46	2.10	6.90	1.91	2.27	1.69			
Limited-Review:																		
Jackson	13	1.74	5.70	7.69	14.69	15.38	33.87	30.77	45.74	46.15	0.85	0.00	0.00	0.75	1.39			
Johnson City	139	18.56	0.00	0.00	13.20	11.51	59.12	61.15	27.68	27.34	3.66	0.00	7.08	2.73	4.52			
Nashville	198	26.44	2.04	0.00	14.05	10.61	56.00	65.15	27.91	24.24	1.48	0.99	0.36	1.77	1.57			
Non-MSA Assessment Areas	149	19.89	NA	NA	5.27	6.04	70.22	69.80	24.51	24.16	6.55	NA	17.95	5.37	7.20			

(\*) Home improvement loans originated and purchased in the MSA/AA as a percentage of all home improvement 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.  
 (\*\*\*) Based on 1999 Aggregate HMDA Data only.

**Table 4. Geographic Distribution of Home Mortgage Refinance Loans**

Geographic Distribution: HOME MORTGAGE REFINANCE												State: Tennessee		Evaluation Period: July 1, 1997 TO December 31, 2000				
MSA/Assessment Area:	Total Home Mortgage Refinance 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	Overall	Low	Mod	Mid	Upp			
Full-Review:																		
Chattanooga	494	19.50	2.86	1.23	8.70	4.50	57.75	39.67	30.70	54.60	2.26	0.54	0.60	1.99	3.43			
Knoxville	501	19.78	1.50	0.40	15.01	15.57	52.21	50.30	31.28	33.73	1.02	0.00	0.94	0.98	1.18			
Limited-Review:																		
Jackson	138	5.45	5.70	1.45	14.69	7.25	33.87	27.54	45.74	63.77	1.33	0.00	0.83	0.60	2.28			
Johnson City	377	14.88	0.00	0.00	13.20	10.61	59.12	62.07	27.68	27.32	1.04	0.00	0.90	1.05	1.09			
Nashville	645	25.46	2.04	1.71	14.05	12.71	56.00	60.47	27.91	25.12	0.42	0.39	0.38	0.40	0.49			
Non-MSA Assessment Areas	378	14.92	NA	NA	5.27	2.91	70.22	66.14	24.51	30.95	1.85	NA	1.41	1.61	2.67			

(\*) Home mortgage refinance loans originated and purchased in the MSA/AA as a percentage of all home mortgage refinance 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.

(\*\*\*) Based on 1999 Aggregate HMDA Data only.



**Table 5. Geographic Distribution of Small Loans to Businesses**

Geographic Distribution: SMALL LOANS TO BUSINESSES												State: Tennessee		Evaluation Period: July 1, 1997 TO December 31, 2000				
MSA/Assessment Area:	Total Small Loans To Businesses		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			
Full-Review:																		
Chattanooga	1,577	16.30	12.02	16.36	16.38	22.83	51.76	43.06	19.83	17.76	10.77	11.41	20.69	9.62	6.88			
Knoxville	1,568	16.21	8.14	10.27	20.29	21.17	36.18	34.38	35.38	34.18	8.19	13.20	10.95	7.56	6.98			
Limited-Review:																		
Jackson	513	5.30	17.17	13.45	10.11	4.68	39.22	21.83	33.51	60.04	9.03	7.19	5.94	9.29	10.02			
Johnson City	1,563	16.16	4.01	4.54	20.20	15.16	44.93	35.19	30.86	45.11	15.71	24.21	15.13	13.74	17.87			
Nashville	2,578	26.65	4.36	2.40	18.61	22.46	52.02	43.10	25.01	31.81	6.11	4.72	6.25	5.83	6.83			
Non-MSA Assessment Areas	1,873	19.37	NA	NA	11.77	9.61	60.02	47.94	28.20	42.39	19.19	NA	20.82	17.81	21.06			

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

(\*\*) Source of Data-Dunn and Bradstreet.

(\*\*\*) Based on 1999 Aggregate Small Business Data only.

**Table 6. Geographic Distribution of Small Loans to Farms**

Geographic Distribution: SMALL LOANS TO FARMS												State: Tennessee		Evaluation Period: July 1, 1997 TO December 31, 2000				
MSA/Assessment Area:	Total Small Loans To Farms		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			
Full-Review:																		
Chattanooga	2	0.91	2.08	50.00	9.03	0.00	58.68	0.00	30.21	50.00	42.86	100.00	0.00	40.00	0.00			
Knoxville	6	2.73	1.84	0.00	13.91	0.00	49.28	66.67	34.97	33.33	2.86	0.00	0.00	0.00	9.09			
Limited-Review:																		
Jackson	11	5.00	4.43	0.00	29.11	18.18	37.97	36.36	28.48	45.45	2.59	0.00	0.00	5.00	2.33			
Johnson City	7	3.18	0.00	0.00	8.65	0.00	72.62	100.00	18.73	0.00	0.69	0.00	0.00	0.90	0.00			
Nashville	66	30.00	0.48	0.00	12.56	12.12	62.89	80.30	24.07	7.58	12.00	0.00	10.64	14.67	6.12			
Non-MSA Assessment Areas	128	58.18	NA	NA	4.85	5.47	67.38	42.97	27.77	51.56	11.80	NA	3.51	9.58	23.96			

(\*) Small loans to farms originated and purchased in the MSA/AA as a percentage of all small loans to farms originated and purchased in the rated area.  
 (\*\*) Source of Data-Dunn and Bradstreet.  
 (\*\*\*) Based on 1999 Aggregate Small Farm Data only.

**Table 7. Borrower Distribution of Home Purchase Loans**

Borrower Distribution: HOME PURCHASE												State: Tennessee		Evaluation Period: July 1, 1997 TO December 31, 2000				
MSA/Assessment Area:	Total Home Purchase Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Market Share (%) by Borrower Income****							
	#	% of Total*	% of Families*	% BANK Loans***	% of Families*	% BANK Loans***	% of Families*	% BANK Loans***	% of Families*	% BANK Loans***	Overall	Low	Mod	Mid	Upp			
Full-Review:																		
Chattanooga	535	20.87	20.25	1.69	17.03	8.46	21.48	12.97	41.24	75.94	2.54	1.09	2.05	1.66	5.68			
Knoxville	616	24.02	19.94	4.55	17.00	10.06	21.31	16.72	41.75	68.18	1.66	0.82	0.90	1.34	4.00			
Limited-Review:																		
Jackson	106	4.13	23.18	0.94	17.64	5.66	22.31	12.26	36.87	81.13	0.76	0.00	0.00	0.52	2.97			
Johnson City	299	11.66	19.53	5.02	16.98	12.37	19.96	21.40	43.53	59.87	1.85	1.19	1.61	1.93	2.87			
Nashville	615	23.98	19.43	3.74	17.29	9.11	23.76	17.56	39.53	67.32	0.65	0.35	0.32	0.54	1.64			
Non-MSA Assessment Areas	393	15.32	18.29	5.85	16.37	11.96	21.66	21.88	43.68	59.03	3.08	3.11	1.79	3.35	5.05			

(\*) Home purchase loans originated and purchased in the MSA/AA as a percentage of all home purchase loans originated and purchased in the rated area.  
 (\*\*) Percentage of Families is based on 1990 Census information.  
 (\*\*\*) As a percentage of loans with borrower income information available. No information was available for less than 1% of loans originated and purchased by the bank.  
 (\*\*\*\*) Based on 1999 Aggregate HMDA Data only.

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

Borrower Distribution: HOME IMPROVEMENT												State: Tennessee		Evaluation Period: July 1, 1997 TO December 31, 2000				
MSA/Assessment Area:	Total Home Improvement Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Market Share (%) by Borrower Income****							
	#	% of Total*	% of Families*	% BANK Loans***	% of Families*	% BANK Loans***	% of Families*	% BANK Loans***	% of Families*	% BANK Loans***	Overall	Low	Mod	Mid	Upp			
Full-Review:																		
Chattanooga	63	8.41	20.25	15.87	17.03	9.52	21.48	33.33	41.24	41.27	1.62	0.64	0.00	1.99	2.92			
Knoxville	187	24.97	19.94	16.04	17.00	17.11	21.31	32.09	41.75	34.76	2.10	2.80	1.78	2.85	1.72			
Limited-Review:																		
Jackson	13	1.74	23.18	0.00	17.64	15.38	22.31	30.77	36.87	46.15	0.85	0.00	0.00	1.35	1.34			
Johnson City	139	18.56	19.53	11.51	16.98	15.11	19.96	23.74	43.53	48.92	3.66	3.47	1.98	3.54	5.10			
Nashville	198	26.44	19.43	6.06	17.29	16.16	23.76	32.32	39.53	45.45	1.48	0.77	0.87	1.75	2.16			
Non-MSA Assessment Areas	149	19.89	18.29	12.08	16.37	14.77	21.66	27.52	43.68	45.64	6.55	6.02	4.63	6.35	8.07			

(\*) Home improvement loans originated and purchased in the MSA/AA as a percentage of all home improvement loans originated and purchased in the rated area.  
 (\*\*) Percentage of Families is based on 1990 Census information.  
 (\*\*\*) As a percentage of loans with borrower income information available. No information was available for less than 1% of loans originated and purchased by the bank.  
 (\*\*\*\*) Based on 1999 Aggregate HMDA Data only.

**Table 9. Borrower Distribution of Home Mortgage Refinance Loans**

Borrower Distribution: HOME MORTGAGE REFINANCE												State: Tennessee		Evaluation Period: July 1, 1997 TO December 31, 2000				
MSA/Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Market Share (%) by Borrower Income****							
	#	% of Total*	% of Families*	% BANK Loans***	% of Families*	% BANK Loans***	% of Families*	% BANK Loans***	% of Families*	% BANK Loans***	Overall	Low	Mod	Mid	Upp			
Full-Review:																		
Chattanooga	494	19.50	20.25	3.48	17.03	8.18	21.48	13.29	41.24	74.23	2.26	0.61	1.28	1.61	5.75			
Knoxville	501	19.78	19.94	7.58	17.00	16.57	21.31	22.16	41.75	53.29	1.02	1.06	1.04	1.19	1.86			
Limited-Review:																		
Jackson	138	5.45	23.18	2.90	17.64	9.42	22.31	9.42	36.87	77.54	1.33	1.55	0.00	1.07	2.97			
Johnson City	377	14.88	19.53	6.37	16.98	16.18	19.96	25.99	43.53	51.46	1.04	1.40	0.93	0.94	1.55			
Nashville	645	25.46	19.43	5.58	17.29	15.50	23.76	27.13	39.53	49.77	0.42	0.26	0.24	0.59	0.93			
Non-MSA Assessment Areas	378	14.92	18.29	4.76	16.37	8.99	21.66	23.81	43.68	60.85	1.85	2.26	1.31	1.67	3.25			

(\*) Home mortgage refinance loans originated and purchased in the MSA/AA as a percentage of all home mortgage refinance loans originated and purchased in the rated area.  
 (\*\*) Percentage of Families is based on 1990 Census information.  
 (\*\*\*) As a percentage of loans with borrower income information available. No information was available for less than 1% of loans originated and purchased by the bank.  
 (\*\*\*\*) Based on 1999 Aggregate HMDA Data only.

**Table 10. Borrower Distribution of Small Loans to Businesses**

Borrower Distribution: SMALL LOANS TO BUSINESSES			State: Tennessee		Evaluation Period: July 1, 1997 TO December 31, 2000				
MSA/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
Full-Review:									
Chattanooga	1,577	16.30	89.05	61.49	69.64	18.48	11.88	10.77	8.18
Knoxville	1,568	16.21	89.00	67.86	72.56	15.30	12.14	8.19	7.00
Limited-Review:									
Jackson	513	5.30	88.43	79.08	78.83	12.24	8.93	9.03	13.13
Johnson City	1,563	16.16	90.28	75.80	72.43	14.67	12.90	15.71	13.81
Nashville	2,578	26.65	88.87	62.71	68.31	17.37	14.31	6.11	5.92
Non-MSA Assessment Areas	1,873	19.37	90.47	73.68	75.60	14.29	10.12	19.19	17.56

(\*) Small loans to businesses originated and purchased in the MSA/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.  
 (\*\*\*) 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 20% of small loans to businesses originated and purchased by the bank.  
 (\*\*\*\*) Based on 1999 Aggregate Small Business Data only.

**Table 11. Borrower Distribution of Small Loans to Farms**

Borrower Distribution: SMALL LOANS TO FARMS		State: Tennessee			Evaluation Period: July 1, 1997 TO December 31, 2000				
MSA/Assessment Areas:	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 \$1,000,000	All	Rev \$1 million or less
Full-Review:									
Chattanooga	2	0.91	97.92	100.00	0.00	50.00	50.00	42.86	8.00
Knoxville	6	2.73	99.39	100.00	0.00	0.00	66.67	2.86	3.13
Limited-Review:									
Jackson	11	5.00	98.73	100.00	100.00	0.00	0.00	2.59	4.50
Johnson City	7	3.18	98.27	100.00	100.00	0.00	0.00	0.69	0.74
Nashville	66	30.00	98.10	95.92	93.88	4.08	2.04	12.00	6.40
Non-MSA Assessment Areas	128	58.18	99.61	98.10	84.76	8.57	5.71	11.80	9.90

(\*) Small loans to farms originated and purchased in the MSA/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.

(\*\*\*) 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 21% of small loans to farms originated and purchased by the bank.

(\*\*\*\*) Based on 1999 Aggregate Small Farm Data only.

**Table 12. Qualified Investments**

QUALIFIED INVESTMENTS State: Tennessee Evaluation Period: July 1, 1997 TO December 31, 2000									
MSA/Assessment Areas:	Prior Period Investments*		Current Period Investments		Total Investments			Unfunded Commitments**	
	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	% of Total \$'s	#	\$ (000's)
Full-Review:									
Chattanooga	0	0	5	1,123	5	1,123		0	0
Knoxville	0	0	7	893	7	893		0	0
Limited-Review:									
Jackson	0	0	3	12	3	12		0	0
Johnson City	0	0	0	0	0	0		1	150
Nashville	0	0	32	359	32	359		0	0
Non-MSA Assessment Areas	0	0	7	42	7	42		0	0

(\*) "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 bank's financial reporting system.



**Table 13. Distribution of Branch Delivery System and Branch Openings/Closings**

DISTRIBUTION OF BRANCH DELIVERY SYSTEM AND BRANCH OPENINGS/CLOSINGS								State: Tennessee		Evaluation Period: July 1, 1997 TO December 31, 2000							
MSA/Assessment Area:	Deposits	Branches						Branch Openings/Closings				Population					
	% of Rated Area Deposits in MSA/AA	# of BANK Branches	% of Rated Area Branches in MSA/AA	Location of Branches by Income of Geographies				# of Branch Closings	# of Branch Openings	Net Change in Location of Branches (+ or -)				% of the Population within Each Geography			
				Low	Mod	Mid	Upp			Low	Mod	Mid	Upp	Low	Mod	Mid	Upp
Full-Review:																	
Chattanooga	19.14	21	16.03	19.05	14.29	38.10	28.57	0	0	0	0	0	0	6.06	16.36	53.09	24.29
Knoxville	23.29	35	26.72	5.71	28.57	37.14	28.57	2	0	0	-2	0	0	6.32	17.61	47.80	28.16
Limited-Review:																	
Jackson	3.84	6	4.58	16.67	0.00	33.33	50.00	0	1	0	0	0	1	10.04	17.22	31.69	41.04
Johnson City	14.14	20	15.27	10.00	10.00	55.00	25.00	0	0	0	0	0	0	0.01	16.67	56.25	27.07
Nashville	25.25	35	26.72	5.71	17.14	40.00	37.14	2	9	-1	1	5	2	5.43	17.40	54.21	22.96
Non-MSA Assessment Areas	14.34	14	10.69	NA	0.00	71.43	28.57	1	3	0	0	1	1	0.00	7.77	68.89	23.34

First Tennessee Bank, N.A.

Charter Number: 336