



# INTERMEDIATE SMALL BANK

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Comptroller of the Currency  
Administrator of National Banks

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Washington, DC 20219

## PUBLIC DISCLOSURE

April 15, 2013

### COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

First National Bank  
Charter Number 8673

200 E. Broadway, Lenoir City, TN 37771

Office of the Comptroller of the Currency

320 Seven Springs Way, Suite 310, Brentwood, TN 37027

**NOTE:** This document is an evaluation of this institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods consistent with safe and sound operation of the institution. This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion, or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.

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

**The Lending Test is rated: "Satisfactory."**

**The Community Development Test is rated: "Outstanding."**

First National Bank (FNB) has a satisfactory record of meeting community credit needs. FNB has an outstanding record of meeting the community development test. This is based on the following:

- The bank's loan-to-deposit ratio is reasonable and meets the standard for satisfactory performance given the bank's size, financial condition, and Assessment Area credit needs. FNB's loan-to-deposit ratio averaged 68.87% during the evaluation period. FNB's loan-to-deposit ratio ranged from a low of 60.05% September 2011 to a high of 77.74% September 2012.
- A substantial majority of FNB's loans and other lending-related activities are inside the bank's Assessment Areas. Approximately 86% of the number and 87% of the dollar volume of loans were to borrowers inside the Assessment Areas.
- FNB's record of lending to borrowers of different incomes (including low- and moderate-income) and to businesses of different sizes reflects reasonable penetration in its Assessment Areas.
- FNB's record of geographic distribution of residential real estate loans in its Assessment Areas in low- and moderate-income census tracts reflects poor penetration. FNB's record of geographic distribution of loans to small businesses in low- and moderate-income census tracts reflects very poor to reasonable penetration.
- FNB's record of meeting the community development test during this evaluation period is outstanding based on the 20 loans and investments aggregating \$6,158,000. FNB activities and level of community development services targeted to low- and moderate-income individuals is satisfactory.

## **Scope of Examination**

This Performance Evaluation is based on the period July 17, 2009 through April 15, 2013. Results were consolidated for comparative and analysis purposes and evaluated using 2000 Census Demographic information.

Conclusions regarding the Lending Test are based on residential loans including home purchases, home improvements, and home refinances. Residential loans considered in the Lending Test originated from January 1, 2010 through December 31, 2011. Small

business loans originated from January 1, 2010 through December 31, 2011 were also considered in the Lending Test. This review does not include a Lending Test based on 2012 residential and business loans. Due to incomplete 2010 Census Bureau information and technical problems reported by the vendor which supports the accumulation of comparative information needed for analysis purposes, no such Lending Test was performed for 2012. If available, 2012 residential and business loans would be compared to 2010 Census Bureau information. Bank management concurred with the approach taken. First National Bank (FNB) is a Home Mortgage Disclosure Act (HMDA) reporter. A sample of small business loans was selected based on internal bank reports. A data integrity review was conducted prior to this evaluation. Compliance with HMDA and CRA data reporting requirements were determined to be satisfactory.

Lending products considered during this review period include reportable Home Mortgage Disclosure Act (HMDA) loans (home purchases, home improvements, and home refinance) that originated during 2010 and 2011. Also considered during this review period were business loans that originated during 2010 and 2011. No other loan products offered by the bank or any affiliate were considered during this evaluation period.

## **Description of Institution**

FNB is an independent community bank with offices located in Loudon, Knox, Blount, and Bradley Counties, Tennessee. There have been no significant changes to FNB's corporate structure, including merger and acquisition activities, since the last Community Reinvestment Act (CRA) examination dated July 16, 2009 when the bank received a satisfactory rating. FNB has no wholly-owned subsidiaries or affiliates. However, FNB is a wholly-owned subsidiary of MoneyTree Corporation, a one-bank holding company, which reported total assets of \$388 million as of December 31, 2012. The bank's primary focus has not changed and continues to be commercial and industrial loans, residential real estate loans, and construction and land development loans.

There are no legal or financial impediments to FNB's ability to meet the credit needs in its Assessment Area(s) (AAs) including retail and community development loans, qualified investments, and community development services needs. The bank offers a full-range of loan and deposit services.

FNB's main office is located in Lenoir City, Tennessee. The bank has four branches located in Loudon County, two branches are located in Knoxville, one branch each is located in Blount County (Maryville) and Bradley County (Cleveland), Tennessee. Since the previous CRA examination, the bank has not relocated any branch office. Effective October 19, 2009, the bank opened its Middlebrook Office (Knoxville). Effective February 5, 2010, the bank closed its Cleveland Downtown Office.

As of December 31, 2012, FNB had total assets of \$388 million, of which net loans comprised 64.43%. The following table reflects the composition of FNB's loan portfolio based on the December 31, 2012 Report of Condition.

	Product Category	
	Dollar (000's)	Percent
Commercial & Industrial Including Commercial Real Estate	116,895	45.06
Residential Mortgage Loans	116,142	44.76
Construction & Land Development	23,305	8.98
Individuals	3,116	1.20
<b>TOTAL</b>	<b>259,458</b>	<b>100.00</b>

Source: December 31, 2012 Report of Condition.

FNB provides a wide-range of traditional deposit and loan products. The main office and branches are located in areas accessible to persons from different areas of the community. Lobby hours and drive-up hours also help to meet customer needs during the week. FNB has an ATM at each office location. There are no free standing ATMs.

Customers have 24-hour access to their accounts through telephone banking and through the internet ( <http://www.fnbtn.com> ). Internet and phone banking services include transfers between FNB accounts, review of account balances and transactions, access to loan account information, and the payment of loans. Internet banking customers also have bill-paying capability. The bank offers Visa debit cards that provide customers with additional access to their accounts at point-of-sale or ATM locations.

Distribution of Bank Offices and ATMs by Census Tract						
Census Tract Income Level	Tracts		Full-Service Branches		Automated Teller Machines (ATM)*	
	#	%	#	%	#	%
Low	5	6.67	0	0	0	0
Moderate	8	10.67	2	22.22	2	22.22
Middle	39	52.00	4	44.44	4	44.44
Upper	22	29.33	3	33.34	3	33.34
Unknown	1	1.33	0	0	0	0
<b>TOTAL</b>	<b>75</b>	<b>100.00</b>	<b>9</b>	<b>100.00</b>	<b>9</b>	<b>100.00</b>

\*An ATM machine is located at each bank office. Each ATM machine accepts deposits and dispenses cash. There are no free-standing ATMs.

FNB's business strategy includes continued marketing of commercial credit to small businesses through its products, staff, and location to AA businesses. The bank offers a variety of small business loans including loans for new business startups and to expand existing businesses. Commercial and residential construction and development loans are also offered. FNB also offers a Homeownership Program through Tennessee

Housing Development Authority (THDA) which is designed for low- and moderate-income borrowers.

The economic downturn has impacted the bank's AAs and resulted in manufacturing plant closures and layoffs as local industries adjust to declining sales and lower demand. Business and retail loan demand have declined significantly as borrowers defer business expansion, development, residential and retail purchases. The housing downturn also significantly impacted employment in the Knoxville MSA (Knox, Loudon, Blount Counties), Cleveland MSA (Bradley County), and Monroe Roane County Non-MSA AAs. Weaknesses in the housing market have severely curtailed independent contractors and other trades livelihood.

## **Description of Assessment Area(S)**

FNB is located in eastern Tennessee, approximately 25-miles west of Knoxville, Tennessee and 75-miles northeast of Chattanooga, TN. The bank's main office is located in Lenoir City, TN which is located on I-75, a major north-south interstate highway. I-75 also passes through Atlanta, GA and Louisville, KY. The following counties are in FNB's AAs: Blount, Bradley, Loudon, Knox, Monroe, and Roane. Respective county seats for each county are: Maryville, Cleveland, Loudon, Knoxville, Madisonville, and Kingston. Five of the six counties border each other and are contiguous. Three non-AA counties separate Bradley County from the others. Bradley County is surrounded by Hamilton County (Chattanooga) to its West, the State of Georgia to its South, Polk County to its East, and McMinn and Meigs Counties to its North.

First National Bank (FNB) has three Assessment Areas (AA). The Knoxville, TN Metropolitan Statistical Area (MSA) #28940 AA (includes Anderson, Blount, Knox, Loudon, & Union County)(Knoxville AA), the Cleveland, TN MSA #17420 AA (includes Bradley & Polk County)(Cleveland AA), and the Monroe and Roane County Non-MSA AA (Monroe and Roane County AA). The bank's Knoxville AA does not include any census tracts located in Anderson County or Union County, 15 of 17 census tracts located in Blount County, 32 of 83 census tracts located in Knox County, and all seven census tracts located in Loudon County. In total, there are 54 census tracts in the bank's Knoxville AA. The bank's Cleveland AA includes 15 of 17 census tracts in Bradley County but does not include any census tracts in Polk County. The bank's Monroe and Roane County AA includes three of six census tracts in Monroe County and 3 of 10 census tracts in Roane County. Blount, Knox, Loudon, Monroe, and Roane Counties are adjacent to each other. Bradley County is separated from the counties comprising the Knoxville AA. In total, 75 census tracts comprise the bank's AAs. There are three distressed or underserved non-metropolitan middle-income geographies within the bank's Monroe Roane County Non MSA AA. All three census tracts are in Monroe County. Distressed nonmetropolitan middle- income geographies are those located in counties with: (1) an unemployment rate of at least 1.5 times the national average; (2) a poverty rate of 20% or more; or (3) a population loss of 5% or more in the

five year period preceding the most recent decennial census. FNB's main office (Lenoir City) and four branches (two offices each in Lenoir City and Loudon) are located in Loudon County, two branch offices are located in west Knoxville (Knox County), one branch office is located in Maryville (Blount County), and one branch office is located in Cleveland (Bradley County). For analytical purposes, a full-scope review was performed on each AA. The bank's overall rating is based on a review of the three AAs.

The bank's three AAs include 75 census tracts. Five of the census tracts (6.67%) are low-income census tracts, eight (10.67%) are moderate-income census tracts, 39 (52.00%) are middle-income census tracts, 22 (29.33%) are upper-income census tracts, and one census tract (1.33%) is unknown. Fifty four of the census tracts (72.00%) are located in the Knoxville AA, 15 (20.004%) are located in the Cleveland AA, and three census tracts each (8.00%) are located in the Monroe and Roane County AA. FNB has 22.22%, 44.44%, and 33.34% of their branches, including the main office located in moderate-income, middle-income, and upper-income census tracts, respectively.

The AAs meet the requirements of the regulation and do not arbitrarily exclude any low- or moderate-income areas. Blount County moderate-income census tracts 101 and 108 are excluded from the bank's Knoxville MSA AA due to the presence of Alcoa Aluminum and other industrial manufacturers located in these census tracts. Bradley County middle-income census tracts 109 and 110 are also excluded from the bank's Cleveland MSA AA due to these tracts being predominately residential. Additionally, they are located approximately seven to ten miles from the bank's only Bradley County branch. The bank's Bradley County office concentrates on commercial lending and there are numerous other financial institutions more conveniently located to these two census tracts. There are no natural boundaries within the AAs that hinder accessibility.

<b>Demographic Information for Knoxville MSA (Blount, Knox, and Loudon County) AA</b>						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	54	7.41	9.26	50.00	31.48	1.85
Population by Geography	317,825	3.42	4.43	56.67	35.41	0.07
Owner-Occupied Housing by Geography	141,407	1.81	3.04	57.63	37.52	0
Businesses by Geography	41,988	2.41	6.56	46.49	44.52	0.02
Farms by Geography	1,013	1.28	2.86	61.50	34.35	0
Family Distribution by Income Level	89,211	16.32	16.07	21.32	46.29	0
Distribution of Low- and Moderate-Income Families throughout AA Geographies	28,895	50.39	49.61	-	-	0
Median Family Income (MFI)	= \$55,109		Median Housing Value  Unemployment Rates		= \$111,107	
HUD Adjusted Median Family Income (MFI) for 2008?	= \$61,300				= 7.6%	
Households Below the Poverty Level	= 13,840					

(\*) The NA category consists of geographies that have not been assigned an income classification.  
 Source: 2000 U.S. Census and 2008 HUD updated MFI. Unemployment rate is as of March 2013.

The Knoxville AA economy is diverse. Respective populations for Knox, Loudon, and Blount counties during the 2000 census were 382,032, 39,086, and 105,823. The aggregate population for FNB’s Knoxville AA consisting of 54 census tracts at the 2000 census was 317,825. The local employment base includes education/health services, retail, professional/business services, leisure/hospitality, communications, and manufacturing. Major employers in Knox County are: The University of Tennessee (public university) 9,800 employees and 28,000 students; Jewelry Television by ACN (home shopping cable network and corporate office) 1,501 employees; Elavon (credit card processing) 1,174 employees; Pilot Travel Centers (convenience stores and corporate office) 1,128 employees; Sea Ray Boats, Inc. (fiberglass boats & corporate office) 969 employees; Scripps Networks (cable television networks and corporate office) 931 employees; Comcast (cable and internet) 911 employees; First Tennessee Bank (bank and regional office) 846 employees; U.S. Cellular (customer service) 776 employees; AT&T (telecommunications provider) 750 employees; and some 23 other manufacturers and distributors employing 10,000 workers. Knox County’s natural resources include limestone, zinc, and various hardwoods, pine, and cedar. Agricultural products include greenhouse and nursery plants. Largest employers in Loudon County include: Monterey Mushrooms (commercial mushrooms) 557 employees; Kimberly-

Clark Corporation (paper products) 349 employees; Yale Norton (security products) 319 employees; Maremont (mufflers and exhaust systems) 315 employees; Tate & Lyle/A.E. Staley (corn syrup, fuel alcohol) 293 employees; Viskase Corporation (cellulose) 244 employees; Hubbell Lenoir City, Inc. (concrete polymer products) 234 employees; Astec Underground (trenchers/drilling equipment) 220 employees; American Honda/Komyo (distribution) 198 employees; Malibu Boats (boat manufacturer) 171 employees; Family Brands International (meat processing) 156 employees; CVS (pharmaceutical distribution) 148 employees; Wampler Farm Sausage (meat processing) 113 employees; and 29 other processors, manufacturers, and distributors employing 885 workers. Natural resources include barite, granite, pine, hickory, and oak. Agriculture products include tobacco, small grains, and vegetables. Largest employers in Blount County include: DENSO Manufacturing (automotive parts) 2,500 employees; ALCOA (aluminum ingot and coiled steel) 1,660 employees; Clayton Homes (manufactured homes) 1,373 employees; Sanford Brands-Rubbermaid (office products supplier) 900 employees; APAC-TN/Harrison Division (concrete) 500 employees; I. J. Company (wholesale food distribution) 483 employees; and 22 other manufacturers, fabricators, and processors employing 2,845 workers. Blount County's natural resources include marble, crushed stone, hardwood, and pine wood products. Agriculture products include hay, small grain, corn, and tobacco. Eight (88.89%) of the bank's nine offices are located in the Knoxville AA.

There are four low-income census tracts (7.41%) and five moderate-income census tracts (9.26%) within FNB's Knoxville AA. Of the 89,211 families residing in the Knoxville AA, 14,560 (16.32%) and 14,335 (16.07%), respectively, are low- and moderate-income families based on the family distribution by income levels. As of March 31, 2013, the unemployment rate for Knoxville AA was 7.6%. For the same time period, the unemployment rate for the State of Tennessee was 7.9% and the national average was 7.6%.



<b>Demographic Information for Cleveland MSA (Bradley County) AA</b>						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	15	6.67	20.00	53.33	20.00	0
Population by Geography	78,968	3.16	12.75	62.16	21.93	0
Owner-Occupied Housing by Geography	33,221	1.44	9.02	67.11	22.37	0
Businesses by Geography	8,403	1.33	10.70	66.27	21.69	0
Farms by Geography	248	0.81	3.23	67.74	28.23	0
Family Distribution by Income Level	22,052	18.83	17.11	22.18	41.87	0
Distribution of Low- and Moderate-Income Families throughout AA Geographies	7,927	52.39	47.61	-	-	0
Median Family Income (MFI)	= \$43,295		Median Housing Value		= \$92,360	
HUD Adjusted Median Family Income (MFI) for 2008	= \$51,300		Unemployment Rates		= 7.5%	
Households Below the Poverty Level	= 4,201					

(\*) The NA category consists of geographies that have not been assigned an income classification.  
 Source: 2000 U.S. Census and 2008 HUD updated MFI. Unemployment rate is as of March 2013.

Although the Cleveland AA is comprised of Bradley and Polk Counties, FNB has defined its AA as Bradley County only. Cleveland serves as the county seat of Bradley County which reported a population of 87,965 during the 2000 census. The aggregate population for FNB’s Cleveland AA at the 2000 census was 78,968. The local employment base includes manufacturing, education/health services, retail trade, leisure/hospitality, transportation/warehousing, professional/business services, and financial activities. Major employers are: Whirlpool Corporation (electric and gas ranges) 1,260 employees; Peytons Southeastern, Inc. (distribution for Kroger) 950 employees; Mars Snack Food (candy and cookies) 800 employees; Proctor and Gamble Co. – Duracell (alkaline batteries) 525 employees; Cleveland Chair Company (upholstered furniture) 525 employees; Schering-Plough Health Care Products (foot care and sun care products) 500 employees; and some 19 other manufacturers and food product distributors employing 4,800 workers. Bradley County’s natural resources include limestone, cedar, hickory, oak, pine, and popular wood products. Agricultural products include small grains and vegetables. One (11.11%) of the bank’s nine offices is located in the Cleveland AA.

There is one low-income census tract (6.67%) and three moderate-income census tracts (20.00%) in FNB’s Cleveland AA. Of the 22,052 families residing in the AA, 4,153 (18.83%) and 3,774 (17.11%), respectively, are low- and moderate-income families based on the family distribution by income levels. As of March 31, 2013, the

unemployment rate for Bradley County was 7.5%. For the same time period, the unemployment rate for the State of Tennessee was 7.9% and the national average was 7.6%.

Demographic Information for Monroe and Roane						
County Non MSA AA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	6	0	0	83.33	16.67	0
Population by Geography	35,805	0	0	84.26	15.74	0
Owner-Occupied Housing by Geography	15,829	0	0	83.48	16.52	0
Businesses by Geography	3,753	0	0	84.65	15.35	0
Farms by Geography	137	0	0	81.75	18.25	0
Family Distribution by Income Level	10,511	16.33	17.68	22.28	43.71	0
Distribution of Low- and Moderate-Income Families throughout AA Geographies	3,575	48.03	51.97	-	-	0
Median Family Income (MFI)	= \$40,387	Median Housing Value		= \$80,535		
HUD Adjusted Median Family Income (MFI) for 2007	= \$45,400	Unemployment Rates		= 10.9% Monroe		
Households Below the Poverty Level	= 1,892			= 8.1% Roane		

(\*) The NA category consists of geographies that have not been assigned an income classification.  
 Source: 2000 U.S. Census and 2008 HUD updated MFI. Unemployment rate is as of March 2013.

Of the six census tracts in Monroe County and ten census tracts in Roane County, FNB includes three census tracts in each county for its Monroe and Roane County AA. As noted, the three Monroe County census tracts have been designated distressed. The three Roane County census tracts have not been designated distressed. There are no branch offices in either county. However, FNB branch offices located in Loudon and Maryville serve customers in Monroe County and two branch offices located in Lenoir City serve customers in Roane County. Monroe and Roane County reported populations of 38,965 and 51,911, respectively, during the 2000 census. The aggregate population for the six census tracts in FNB’s Monroe and Roane County AA at the 2000 census was 35,805. There are no low- or moderate-income census tracts within the bank’s Monroe and Roane County AA. Manufacturing dominates Monroe County’s employment base. Major employers are: JTEKT Automotive TN – Vonore Co. (automotive steering systems) 775 employees; Mastercraft, Sea Ray Boats, and Tennessee Watercraft, Inc. (pleasure boats) employing 590, 544, and 289 employees, respectively; Commercial Vehicle Group (truck & boat seats) 460 employees; Carlex Glass Company (automotive glass sets) 382 employees; Gemtron (tempered and decorative glass) 253 employees; and 55 other manufacturers employing 2,300 workers. Monroe County’s natural resources include barite, sand, oak, pine, poplar, & hickory wood products. Agricultural products include small grains and tobacco. Roane

County's employment base is centered in professional/business services, manufacturing, education/health services, and leisure/hospitality. Major employers are: Kimble Chase Life Science & Research Products (pharmaceutical glassware) 464 employees; TVA Kingston Steam Plant (electricity) 310 employees; Energy Solutions (industrial waste disposal) 275 employees; H. T. Hackney (distribution) 238 employees; Toho Tenax America (carbon fibers) 175 employees; Alba Health (health care products) 170 employees; Thermo Fisher (pharmaceutical glassware) 112 employees; Arcelor Mittal Harriman (steel) employees 105; Harrison Construction (concrete) 100 employees, and 36 other manufacturers which employ another 1,000 workers. Roane County's natural resources include iron ore, coal, hardwoods, and softwoods. Agriculture products include corn and tobacco.

There are no low- and moderate-income census tracts within FNB's Monroe and Roane County AA. Of the 10,511 families residing in the AA, 1,717 (16.33%) and 1,858 (17.68%), respectively, are low- and moderate-income families based on the family distribution by income levels. As of March 31, 2013, the unemployment rate for Monroe and Roane County was 10.9% and 8.1%, respectively. For the same time period, the unemployment rate for the State of Tennessee was 7.9% and the national average was 7.6%.

No business opportunities were identified by FNB through outreach activities or through bank surveys during this evaluation period. A private non-profit organization was interviewed for a community contact. The organization has an annual budget of \$500,000 and is supported through donations and government grants. The organization serves the emergency needs of people in Loudon County. Emergency needs are directed toward low-and moderate-income individuals needing food, medicine, the payment of utility bills, transportation assistance, and other needs. Labor comes from local volunteers. It was reported that local owned banks including FNB were meeting the credit needs of the communities. The contact did not identify any opportunities for participation by local financial institutions that were not already being provided. It was reported that local home owned banks demonstrated good participation and support. The contact was complimentary of First National Bank, Lenoir City, TN in their efforts to support their organization and also low-and moderate-income individuals in the county. Financial support and the involvement of bank officers in various responsibilities and oversight rolls have been provided by FNB personnel. Bank officials have served on the board of directors, assumed various job responsibilities, and helped with the physical labor when needed.

## Conclusions with Respect to Performance Tests

### LENDING TEST

The bank's performance under the Lending Test is rated "satisfactory." Based on a full-scope review, the bank performance in its AAs is satisfactory.

#### Loan-to-Deposit Ratio

FNB's loan-to-deposit ratio is reasonable and meets the standard for satisfactory performance given the bank's size, financial condition, and AA credit needs. The quarterly average loan-to-deposit ratio for FNB was 68.87% for the fifteen quarters ending December 31, 2012. Considering the economic downturn, FNB's quarterly average loan-to-deposit ratio compared favorably to other competitor banks in the AAs for the same period. Of the 12 independent banks doing business in the AAs, FNB had the tenth highest quarterly average loan-to-deposit ratio for the period. The highest quarterly average loan-to-deposit ratio for the period was held by The Bank of Cleveland, Cleveland, TN at 100.43%, the second highest ratio was Athens Federal Community Bank, Athens, TN 90.43%, followed by SmartBank, Sevierville, TN 87.38%, Citizens National Bank, Sevierville 86.06%, Citizens National Bank, Athens, TN 85.67%, Southeast Bank & Trust, Athens, TN 85.14%, Citizens Bank of Blount County 75.91%, Southern Heritage Bank, Cleveland, TN 75.71%, Mountain National Bank, Sevierville 74.43%, First National Bank, Lenoir City, TN 68.87%, FSGBank, NA, Chattanooga, TN 66.68%, and lastly Home Federal Bank of Tennessee, Knoxville 54.41%. Other competitors are large holding company banks headquartered elsewhere. FNB's highest loan-to-deposit ratio was 77.74% as of September 2012 and the lowest was 60.05% as of September 2011. During the fifteen quarter period ending December 31, 2012, the highest loan-to-deposit ratio for the twelve independent banks doing business in the AAs was Bank of Cleveland, Cleveland, TN at 106.08% as of September 2010. Home Federal Bank of Tennessee, Knoxville, TN reported the lowest loan-to-deposit ratio for the period at 51.56% as of September 2011.

As of June 30, 2012, 49 financial institutions with 304 offices within the Knoxville AA, Cleveland AA, and Monroe and Roane County AA controlled \$15.185 billion in deposits. At \$354 million, FNB controlled the seventh largest share of the local market. Of the twelve independent banks in the AA, FNB controlled the second highest market share at 2.33%. Of the other eleven independent banks, Home Federal Bank of Tennessee, Knoxville, TN controlled the largest share of the deposit market at \$1.5 billion (9.96%), followed by Citizens Bank of Blount County, Maryville, TN \$292 million (1.92%), Mountain National Bank, Sevierville, TN \$225 million (1.49%), Southern Heritage Bank, Cleveland, TN \$194 million (1.28%), FSGBank, NA, Chattanooga, TN \$190 million (1.25%), Bank of Cleveland, TN \$189 million (1.24%), Citizens National Bank of Athens, TN \$174 million (1.14%), Athens Federal Community Bank, Athens, TN \$49 million (0.33%), Citizens National Bank, Sevierville, TN \$33 million (0.21%), Smartbank, Pigeon Forge, TN \$23 million (0.15%), and SouthEast Bank & Trust, Athens, TN \$14

million (0.09%). Four large regional banks headquartered in Memphis, TN, Atlanta, GA, Birmingham, AL, and Winston Salem, NC control from 19.07% to 11.92% of the deposit market. The remaining 31 institutions controlled from 2.70% (\$410 million) to 0.01% (\$1.3 million) of the deposit market in the six county market.

<b>Loan-To-Deposit Ratios</b>		
<b>Institution</b>	<b>Assets as of 12/31/12(*)</b>	<b>Average LTD Ratio % (**)</b>
<b><i>Knoxville MSA (Blount, Knox, &amp; Loudon County) AA:</i></b>		
First National Bank, Lenoir City, TN	\$388	68.87
Citizens Bank, Blount County, Maryville, TN	\$337	75.91
Mountain National Bank, Sevierville, TN	\$457	74.43
FSGBank, NA, Chattanooga, TN	\$1,063	66.68
SmartBank, Sevierville, TN	\$464	87.38
Citizens National Bank, Sevierville, TN	\$826	86.06
Home Federal Bank of TN, Knoxville, TN	\$2,075	54.41
<b><i>Cleveland MSA (Bradley County) AA:</i></b>		
Bank of Cleveland, Cleveland, TN	\$231	100.43
Southern Heritage Bank, Cleveland, TN	\$243	75.71
<b><i>Monroe/Roane County Non MSA AA:</i></b>		
Citizens National Bank, Athens, TN	\$525	85.67
Athens Federal Community Bank, Athens, TN	\$291	90.43
SouthEast Bank, Athens, TN	\$290	85.14

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

\*\*The quarterly average LTD ratio for First National Bank and the 11 comparable banks in Bradley, Blount, Knox, Loudon, Monroe, and Roane Counties is for the 15 quarters beginning June 30, 2009 and ending December 31, 2012.

### **Lending in Assessment Area**

FNB's record of lending in its AA is satisfactory. A substantial majority of FNB loans and other lending-related activities are in the bank's AAs. The number of residential and business loans inside the bank's AAs was 87.60% and 79.49%, respectively. Similarly, the dollar amount of residential and business loans inside the bank's AAs was 87.75% and 80.84%, respectively. Collectively, the number and dollar amount of loans was 86.16% and 86.89%, respectively. Conclusions are based on all HMDA reportable loans originated during 2010 and 2011 and a sample of business loans originated during 2010 and 2011.

<b>Lending in Knoxville MSA (Blount, Knox, and Loudon County), Cleveland MSA (Bradley County), and Monroe and Roane County Non MSA AA</b>										
Loan Type	Number of Loans					Dollars of Loans				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	
Home Purchase	171	83.41	34	16.59	205	28,139	85.08	4,936	14.92	33,075
Home Improvement	87	96.67	3	3.33	90	821	98.56	12	1.44	833
Home Refinance	371	87.71	52	12.29	423	57,650	88.97	7,148	11.03	64,798
<b>Sub-total</b>	<b>629</b>	<b>87.60</b>	<b>89</b>	<b>12.40</b>	<b>718</b>	<b>86,610</b>	<b>87.75</b>	<b>12,096</b>	<b>12.25</b>	<b>98,706</b>
Business Loans	124	79.49	32	20.51	156	11,216	80.84	2,658	19.16	13,874
<b>Total</b>	<b>753</b>	<b>86.16</b>	<b>121</b>	<b>13.84</b>	<b>874</b>	<b>97,826</b>	<b>86.89</b>	<b>14,754</b>	<b>13.11</b>	<b>112,580</b>

Source: All HMDA reportable residential loans originated during 2010 and 2011 are included. Residential loans include home purchase, home improvement, and home refinances loans. Business loans include sample of loans which originated during 2010 and 2011; 2000 U.S. Census Data.

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

Given the demographics of the AAs, FNB's record of lending to borrowers of different incomes and to businesses of different sizes reflects reasonable penetration among individuals of different income levels (including low-and moderate-income) and businesses of different sizes.

When viewed in aggregate, the number of home purchase (6.61%), home improvement (43.64%), and refinance loans (8.95%) to low-income borrowers in the bank's Knoxville MSA AA reflects excellent penetration when compared to the percentage of low-income families (16.32%) for the assessment period. Similarly, the number of home purchase (17.36%), home improvement (23.64%), and refinance (17.90%) reflects reasonable penetration when compared to the percentage of moderate-income families (16.07%) in the AA. The number of home purchase (3.57%), home improvement (0.00%), and refinance (10.00%) is poor when compared to the percentage of low income families (18.83%) in the Cleveland MSA AA for the assessment period. The number of home purchase (32.14%), home improvement (28.57%), and refinance (17.14%) reflects excellent penetration when compared to the percentage of moderate-income families (17.11%) in the AA. The number of home purchase (20.00%), home improvement (40.00%), and refinance (10.71%) reflects excellent penetration when compared to the percentage of low-income families (16.34%) in the bank's Monroe Roane County Non MSA AA. Similarly, when viewed in aggregate the percent of home purchase (0.00%), home improvement (10.00%), and refinance (21.43%) reflect reasonable when compared to the percentage of moderate-income families (17.68%) in the AA.

FNB's record of lending to businesses of different sizes reflects reasonable penetration. Business revenues within the Knoxville AA, Cleveland AA, and Monroe and Roane County AA reflect that 67.47%, 70.28%, and 69.61%, respectfully, have annual sales

less than \$1 million, 2.89%, 2.46%, and 2.34% exceed \$1 million in annual revenues, and 29.63%, 27.25%, and 29.04% of business sales are unavailable. At 81.58% and 47.20%, 92.31% and 81.63%, and 97.87% and 98.04%, both the number and dollar amount of loans to small businesses is reasonable in the respective AAs. At 37.18%, the dollar amount of business loan originations in the Knoxville MSA AA sample is high due to several large dollar loan originations to new businesses that had not yet established a revenue history. Please refer to the tables on page 15 for specifics. The bank does a good job in obtaining business revenue information on its business loan customers as reflected by the generally low percentage of unavailable information.

<b>Borrower Distribution of Residential Real Estate Loans in Knoxville MSA (Blount, Knox, and Loudon County) AA</b>								
Borrower Income Level	LOW		MODERATE		MIDDLE		UPPER	
Loan Type	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans
Home Purchase	16.32	6.61	16.07	17.36	21.32	20.66	46.29	47.93
Home Improvement	16.32	43.64	16.07	23.64	21.32	9.09	46.29	23.64
Refinance	16.32	8.95	16.07	17.90	21.32	17.51	46.29	43.97

Source: All HMDA reportable residential loans originated during 2010 and 2011; 2000 U.S. Census Data.

<b>Borrower Distribution of Residential Real Estate Loans in Cleveland MSA (Bradley County) AA</b>								
Borrower Income Level	LOW		MODERATE		MIDDLE		UPPER	
Loan Type	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans
Home Purchase	18.83	3.57	17.11	32.14	22.18	21.43	41.87	42.86
Home Improvement	18.83	0.00	17.11	28.57	22.18	42.86	41.87	28.57
Refinance	18.83	10.00	17.11	17.14	22.18	65.71	41.87	7.14

Source: All HMDA reportable residential loans originated during 2010 and 2011; 2000 U.S. Census Data.

<b>Borrower Distribution of Residential Real Estate Loans in Monroe and Roane County Non MSA AA</b>								
Borrower Income Level	LOW		MODERATE		MIDDLE		UPPER	
Loan Type	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans
Home Purchase	16.34	20.00	17.68	0.00	22.28	40.00	43.71	40.00
Home Improvement	16.34	40.00	17.68	10.00	22.28	20.00	43.71	30.00
Refinance	16.34	10.71	17.68	21.43	22.28	25.00	43.71	35.71

Source: All HMDA reportable residential loans originated during 2010 and 2011; 2000 U.S. Census Data.

<b>Borrower Distribution of Loans to Businesses in Knoxville MSA (Blount, Knox, and Loudon County) AA</b>				
Business Revenues (or Sales)	≤\$1,000,000	>\$1,000,000	Unavailable/ Unknown	Total
<b>Full Review: Knoxville MSA AA</b>				
% of AA Businesses & Farms	67.47	2.89	29.63	100%
% of Bank Loans in AA by #	81.58	5.26	13.16	100%
% of Bank Loans in AA by \$	47.20	15.62	37.18	100%

Source: 2011 Business Geodemographic data compared to 2010 and 2011 loan sample.

<b>Borrower Distribution of Loans to Businesses in Cleveland MSA (Bradley County) AA</b>				
Business Revenues (or Sales)	≤\$1,000,000	>\$1,000,000	Unavailable/ Unknown	Total
<b>Full Review: Cleveland MSA AA</b>				
% of AA Businesses & Farms	70.28	2.46	27.25	100%
% of Bank Loans in AA by #	79.49	7.69	12.82	100%
% of Bank Loans in AA by \$	79.74	15.45	4.81	100%

Source: 2011 Business Geodemographic data compared to 2010 and 2011 loan sample.



<b>Borrower Distribution of Loans to Businesses in Monroe and Roane County Non MSA AA</b>				
Business Revenues (or Sales)	≤\$1,000,000	>\$1,000,000	Unavailable/ Unknown	Total
<b>Full Review: Monroe and Roane County Non MSA AA</b>				
% of AA Businesses & Farms	69.61	2.34	29.04	100%
% of Bank Loans in AA by #	97.87	2.13	0.00	100%
% of Bank Loans in AA by \$	98.04	1.96	0.00	100%

Source: 2011 Business Geodemographic data compared to 2010 and 2011 loan sample.

## Geographic Distribution of Loans

FNB's geographic distribution of residential real estate loans in Knoxville AA, Cleveland AA, and Monroe and Roane County AA in low- and moderate-income census tracts reflects poor dispersion throughout the combined AAs. FNB's record of geographic distribution of loans to businesses and farms in low- and moderate-income census tracts reflects poor to reasonable dispersion in the Knoxville MSA AA, poor penetration in low- and moderate-income census tracts in the Cleveland MSA AA. The comparison for Monroe and Roane County AA is meaningless since there are no low- or moderate-income census tracts within the AA. Based on our business loan sample, there were gaps or areas of low dispersion in the bank's lending patterns within its assessment areas.

Of the 75 census tracts, there are five (6.67%) low-income census tracts and eight (10.67%) moderate-income census tracts in the Knoxville AA and Cleveland AA. There are no low-income or moderate-income census tracts in the Monroe Roane County AA. A geographic comparison of the distribution of all residential owner occupied real estate loans for the period shows moderate to no dispersion of the number of loans generated in low- and moderate-income census tracts. At 1.65% in the Knoxville MSA and 0.00 to 7.14% in the Cleveland MSA, respectively, the geographic distribution of low- and moderate-income borrower's ranges from 1.81% to 3.04% in the Knoxville MSA AA and 1.44% to 9.02% in the Cleveland MSA AA.

Based on our 2010 and 2011 business loan sample, the number of loans made to businesses located in low- income census tracts in the Knoxville MSA AA is reasonable at 2.63% and compares favorably to the percentage of businesses located in low-income census tracts at 2.41%. The number of loans made to businesses located in moderate-income census tracts is poor at 2.63% and does not compare favorably to the percentage of businesses located in moderate-income census tracts at 6.56%. At 0.00%, the number of loans made to businesses located in low- and moderate-income census tracts in the Cleveland MSA AA reflects very poor dispersion based on our 2010 and 2011 business loan sample. Census data reflects that 1.33% and 10.70% of business in the AA were located in low-and-moderate income census tracts. Since

there are no low- and moderate-income census tracts in the Monroe and Roane County AA, this comparison is not meaningful.

<b>Geographic Distribution of Residential Real Estate Loans in Knoxville MSA (Blount, Knox, and Loudon County) AA</b>								
Borrower Income Level	LOW		MODERATE		MIDDLE		UPPER	
Loan Type	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans
Home Purchase	1.81	1.65	3.04	1.65	57.63	79.34	37.52	17.36
Home Improvement	1.81	1.65	3.04	1.65	57.63	79.34	37.52	17.36
Refinance	1.81	1.65	3.04	1.65	57.63	79.34	37.52	17.36

Source: All HMDA reportable residential loans originated during 2010 and 2011; 2000 U.S. Census

<b>Geographic Distribution of Residential Real Estate Loans in Cleveland MSA (Bradley County) AA</b>								
Borrower Income Level	LOW		MODERATE		MIDDLE		UPPER	
Loan Type	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans
Home Purchase	1.44	0.00	9.02	7.14	67.17	57.14	22.37	35.71
Home Improvement	1.44	0.00	9.02	0.00	67.17	71.43	22.37	28.57
Refinance	1.44	1.43	9.02	0.93	67.17	71.53	22.37	27.12

Source: All HMDA reportable residential loans originated during 2010 and 2011; 2000 U.S. Census

<b>Geographic Distribution of Residential Real Estate Loans in Monroe and Roane County Non MSA AA</b>								
Borrower Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans
Home Purchase	0.00	0.00	0.00	0.00	83.48	80.00	16.52	20.00
Home Improvement	0.00	0.00	0.00	0.00	83.48	10.00	16.52	90.00
Refinance	0.00	0.00	0.00	0.00	83.48	60.71	16.52	39.29

Source: All HMDA reportable residential loans originated during 2010 and 2011; 2000 U.S. Census.

<b>Geographic Distribution of Loans to Businesses in Knoxville MSA (Blount, Knox, and Loudon County) AA</b>								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans
Businesses/Farms	2.41	2.63	6.56	2.63	46.49	57.90	44.52	36.84

*Source: Loan sample for 2010 and 2011; 2000 U.S. Census.*

<b>Geographic Distribution of Loans to Businesses in Cleveland MSA (Bradley County) AA</b>								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans
Businesses/Farms	1.33	0.00	10.70	0.00	66.27	72.73	21.69	27.27

*Source: Loan sample for 2010 and 2011; 2000 U.S. Census.*

<b>Geographic Distribution of Loans to Businesses in Monroe and Roane Countys Non MSA AA</b>								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans
Businesses/Farms	0.00	0.00	0.00	0.00	84.65	38.30	15.35	61.70

*Source: Loan sample for 2010 and 2011; 2000 U.S. Census.*

### **Responses to Complaints**

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

## COMMUNITY DEVELOPMENT TEST

The bank's performance under the Community Development Test is "excellent." Based on a full-scope review, the bank's community development responsiveness is excellent.

### Number and Amount of Community Development Loans

The number and volume of community development loans and investments are "excellent." FNB originated 20 community development loans and investments totaling \$6,158,000 during this evaluation period (July 17, 2009 – April 15, 2013). As evidenced by the table below, four loans and three investments totaling \$746,000 and \$5,347,000, respectively, were for community development. In addition, during this evaluation period FNB made 13 donations totaling \$65,000 which benefited low-and-moderate income families.

### Community Development Loan

Qualifying community development loans are loans that meet the definition of community development, as defined in the CRA regulation. During the evaluation period, FNB originated four community development loans aggregating \$745,645. All four loans were in the bank's Knoxville MSA AA. During this review period, the bank did not identify any opportunities to make community development loans in either the Cleveland MSA AA or the non-MSA Aa of Monroe and Roane Counties. Specific examples of loans qualifying community development organizations are described below.

#### Loan to Refinance Apartment Building

In 2012, FNB originated a \$170,645 loan to refinance apartments located in North Knoxville. Seven of the ten apartments are leased to low-income senior citizens.

#### Loan to Construct an Addition for a Nonprofit Organization

In 2012, FNB originated a \$200,000 loan to construct a 2,500 square foot, two story addition to a Loudon County nonprofit organization that provides assistance to low-income residents.

#### Loan to Loudon County Habitat for Humanity

In 2010, FNB originated a \$195,000 loan to purchase acreage in Loudon County to develop 27 sites for 1-to-4 family dwellings. The Loudon County Habitat for Humanity offers homeownership to families who are unable to obtain conventional house financing. This generally includes low-to-moderate income families.

#### Loan to Purchase Building for Adult Community Training

In 2011, FNB originated a \$180,000 loan to purchase a building that will be used for the daily training of life skills for low-income, severely handicapped individuals.

## **Number and Amount of Qualified Investments**

### **Community Development Investments**

Qualifying investments are investments, deposits, membership share, or grants that have as their purpose community development, as defined in the CRA regulation. In 2012, FNB purchased three investment securities aggregating \$5,346,568 which qualify. The investments were GNMA Mortgage Backed Securities in the amounts of \$3,222,778, \$1,060,637, and \$1,063,153. Each investment represented a 30-year pool of mortgages secured by a total of 48 loans made to low-income individuals in census tracts within or close to FNB's assessment areas. The bank's overall community development investment rating is excellent. However by AA, community development investments ranged from excellent to poor. Community development investments totaled \$3,365,392 in the Knoxville MSA AA (excellent), \$280,369 in the Cleveland MSA AA (satisfactory), \$0 in the non-MSA AA of Monroe and Roane Counties (poor), and \$1,700,807 (satisfactory) in other East Tennessee Counties. During this review period, the bank did not identify any opportunities to make community development investments in the non-MSA AA of Monroe and Roane Counties.

FNB has also been an active supporter in the community through donations targeted for low- and moderate-income individuals in Knox, Loudon, and Bradley Counties. Donations include: \$25,000 to Habitat for Humanity which provides support for 100 low- and -moderate income families in Loudon County; \$15,000 to Loudon County Education Foundation which provides educational opportunities for low- to moderate-income students and families; \$7,500 to The Good Samaritan Center of Loudon County which serves the needs of low- and moderate-income individuals; two \$5,000 donations to Habitat for Humanity and United Way of Bradley County to benefit low-and moderate income families that were affected by storms in Bradley County; and 8 other donations totaling \$7,180 ranging from \$100 to \$4,305 to organizations that support school lunches, provides food, clothing, housing, toys, computers, and eye exams/glasses for low- and - moderate-income families.

<i>Community Development Lending</i>			
		#	\$ Amount (000's)
Originated CD Loans	AA	4	\$746
Unfunded Commitments*	N/A	0	0
Total CD Loans		4	\$746
<b>Community Development Investments</b>			
Qualified Investments	AA	3	\$5,347
Originated Grants/Donations	AA	13	65
Unfunded Commitments*	N/A	0	0
Total Qualified Investments		16	\$5,412
Total Community Development Lending and Investments	AA	20	\$6,158

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

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

The level of community development services is “excellent.” Among other activities, community development services are targeted to low- and moderate-income individuals.

The following are examples of more recent qualifying community development services. FNB has participated in and sponsored several programs that provide community services for low- and moderate-income individuals.

Habitat for Humanity

Since April 2008, Branch Manager Sandi Bright-Green has served as a Board Member during banking hours. Her role includes reviewing applications from low-income families who are accepted in the program. Additionally, Executive Vice President Todd Bolinger has served as treasurer since December 2012.

Good Samaritan Center

Marketing Vice President Sandra Chaffin served as a Board Member during banking hours. Her role includes offering guidance in the distribution of funds to low- and moderate-income individuals in Loudon County with needs such as paying utility bills, housing, medical assistance, food, clothing, and financial counseling. In January 2013, Bank Controller Robert King replaced Ms. Chaffin as Board Member.

FHLB 2009 and FHLB 2012 Hope Haven Affordable Housing Program (AHP) Project and FHLB Carol M. Peterson Accessibility Rehab Program

During banking hours, Senior Vice President and Chief Financial Officer Mark Hackney represented the bank during the recent application process for Loudon County Habitat for Humanity. The original proposal was for \$225,000. FHLB approved the project for \$190,000. For 2012 Hope Haven, the amount of the grant of the project is \$210,000. Habitat for Humanity serves low- and moderate-income individuals. Senior Vice President Hackney also represented the bank through the Carol M. Peterson Accessibility Rehab Program which assists non-profit organizations with accessibility rehabilitation and emergency repairs for low-and moderate-income homeowners. This project has been awarded a grant of \$52,500.

#### Ivan's Place and Hope Resource Center of Loudon County

During banking hours, bank employees volunteer their time to provide basic financial training and shelter to low-income women. Scheduled training is provided in a class room setting.

During this evaluation period, other community development services that FNB has participated in include: Habitat for Humanity Credit Counseling, Family Promise of Blount County, Lenoir City Head Start, Boys & Girls Club of Loudon County, and Inglesia Baptista La Cruz. These programs are aimed at providing assistance and educating low- to moderate-income individuals and students of low- to moderate-income families. Bank personnel help provide class-room instructions about credit, the English language, achieving financial independence, creating good financial and savings habits, and for young boys and girls achieving full potential as a responsible citizen.

### **Responsiveness to Community Development Needs**

FNB's responsiveness to Community Development Needs is "satisfactory." Among other activities, community development needs are targeted to low- and moderate-income individuals.

The following is an example of FNB's responses to community development needs: FNB has a Homeownership Program through Tennessee Housing Development Authority (THDA) which is a program designed for low- and moderate-income borrowers. The program is for first time homebuyers and is insured by Veteran Administration (VA), Farmers Home Administration (FHA), Rural Development (RD), or an acceptable private mortgage insurance company. FNB also has a Rural Housing Loan Program for first time homebuyers meeting the requirements of the program. These loans are all sold on the mortgage loan secondary market. There were a total of six loans originated in 2010, 2011, and 2012 for a dollar amount of \$686,899. Two of the six loans were THDA loans for first time homeowners and the other four were under the Rural Housing Program.

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

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