



Office of the
Comptroller of the Currency
Washington, DC 20219

INTERMEDIATE SMALL BANK

PUBLIC DISCLOSURE

August 11, 2014

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

First National Bank of Pulaski
Charter Number 14619

206 South First Street, Pulaski, TN 38478

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.

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INSTITUTION'S CRA RATING: This institution is rated Outstanding.

The Lending Test is rated: Outstanding.

The Community Development Test is rated: Outstanding.

- The bank's loan-to-deposit ratio is reasonable and averaged 57.66% during the evaluation period. First National Bank of Pulaski (FNB) loan-to-deposit ratio ranged from a low of 53.17% March 2013 to a high of 62.96% December 2010.
- A substantial majority of FNB's loans are inside the bank's Assessment Areas. During this evaluation period, approximately 90% of the number and 89% of the dollar volume of loans originated in 2012 and 2013 were to borrowers within the Assessment Areas.
- FNB's overall record of lending to borrowers of different income (including low- and moderate-income) demonstrates excellent penetration. FNB's performance of lending to business of different sizes is also excellent.
- FNB's overall geographic distribution of residential loans reflects excellent dispersion and meets the standard for outstanding performance. FNB's geographic distribution of loans to businesses of different sizes is also excellent.
- FNB's community development performance demonstrates excellent responsiveness to the community development needs in each Assessment Area. The bank's overall responsiveness through community development activities to community development lending, investment, and services needs is also excellent.

Scope of Examination

This Performance Evaluation (PE) covers the period January 19, 2011 through August 10, 2014 and is a full scope review. Results were consolidated for comparative and analysis purposes and evaluated using 2010 Census demographic information. FNB has no bank owned affiliates. A data integrity review was conducted prior to this evaluation. The review concluded that the bank's internal data was reliable. We also reviewed the bank's community development loans, investments, and services to ensure they meet the definition of community development. For the community development test the evaluation period runs from January 19, 2011 through June 30, 2014.

Conclusions regarding the Lending Test are based on residential loans including home purchases, home improvements, and home refinances. All residential loans originated from January 1, 2012 through December 31, 2013 were considered in our Lending Test analysis. Based on internal bank reports, all small business loans originated during 2012 and 2013 were considered in the Lending Test. Management was agreeable to excluding Home Mortgage Disclosure Act (HMDA) and small business loans originated during 2011 and the six-month period ending June 30, 2014. 2011 HMDA and business loan originations would have been

compared to 2000 census data, which is outdated. Furthermore, there are additional changes to census tract areas and designations currently underway. In both situations, separate comparative tables, loan samples, and supporting narratives would have been required. Management concurred with the prevailing regulatory opinion that added tables and narrative might be confusing to readers and others who have ready access to this public information. Bank management believes that HMDA and business loan originations for 2012 and 2013 fairly represent the bank’s efforts to meet the Lending Test.

Description of Institution

FNB is an independent, interstate bank which opened for business in 1949. Effective October 31, 1981, the bank became wholly-owned by First Pulaski National Corporation, a one-bank holding company. Both the holding company and bank are located in Pulaski, Tennessee. Pulaski is approximately 80 miles south of Nashville, Tennessee and 45 miles northwest of Huntsville, Alabama. There have not been any major changes in the bank’s corporate structure, including merger or acquisition activities, since the last CRA examination dated January 18, 2011, when the bank received a satisfactory rating. There are no legal or financial impediments to FNB’s ability to meet the credit needs of its Assessment Areas (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 primary business focus is commercial and industrial loans, including commercial real estate loans, and mortgage loans. As of June 30, 2014, the bank had total assets and loans of \$721 and \$357 million, respectively. Gross loans comprised 50% of total assets. Total assets for the holding company were \$708 million as of December 31, 2013. The following table reflects the composition of FNB’s loan portfolio based on June 30, 2014 Report of Condition.

Product Category	Gross Loans as of June 30, 2014	
	Dollar (000’s)	Percent
Commercial & Industrial Including Commercial Real Estate	164,904	46.18
Residential Mortgage Loans	92,890	26.01
Construction & Land Development	35,187	9.85
Farmland and Agriculture	35,246	9.87
Individuals	23,687	6.63
All Other	5,222	1.46
Total	357,136	100.00

Source: June 30, 2014 Report of Condition.

Branches are generally located in areas that make them accessible to bank customers. Including the bank’s main office, there are twelve offices located in the bank’s AAs. Nine offices are located in the State of Tennessee, and three offices are located in the State of Alabama. Within Tennessee, five offices are located in Giles County including three in Pulaski and one each in Ardmore and Lynnville, two offices located in adjacent Lincoln County including one each in Fayetteville and City Park, and two offices located in adjacent Marshall County including one each in Lewisburg and Belfast. Offices located in the State of Alabama include one in

Huntsville which is in Madison County and two offices in Athens which is in Limestone County. Since the previous examination, a new office was opened June 3, 2013 in Athens, Alabama. No offices were closed during this evaluation period. Lobby hours and drive-up hours are set to meet customer needs. ATM’s that disburse cash and take deposits are located at each branch office. Additionally, there are 6 free-standing ATMs that disburse cash only and one cash dispersing and deposit taking ATMs. The bank also operates a mortgage loan office in Pulaski/Giles County which is part of the bank’s main office.

Distribution of Bank Offices and ATMs by Census Tract						
Census Tract Income Level	Tracts		Full-Service Branches		Automated Teller Machines *	
	#	%	#	%	#	%
Low	11	9.74	1	8.33	1	5.26
Moderate	27	23.89	1	8.33	1	5.26
Middle	45	39.82	8	66.67	14	73.69
Upper	30	26.55	2	16.67	3	15.79
NA	0	0	0	0	0	0
TOTAL	113/112	100.00%	12	100.00%	19	100.00%

There are 12 branch offices with contiguous ATMs. All of the ATM machines at the branch offices accept deposits and dispense cash. There is 1 full-service, free-standing ATM which dispenses cash and takes deposits and 6 cash dispersing only ATMs.

Customers may also access their accounts through telephone banking or by the Internet (www.fnbforyou.com). Internet and telephone banking include transfers between FNB accounts, review of bank balances and transactions, access to loan account information and bill-paying capability for the internet banking product. The Bank also offers MasterCard debit cards that can be used to access customer accounts at point of sale (POS) or ATM locations. Additionally, Visa and MasterCard credit cards are offered by the bank through a third-party. Investment, brokerage, and insurance services are also available through third-party providers.

FNB’s business strategy includes continued marketing of commercial credit to small businesses and individuals through its products, staff, and locations. The bank actively generates commercial, mortgage, and consumer loans to customers located primarily in Giles, Lincoln, and Marshall County, Tennessee and Limestone and Madison County, Alabama. Commercial loan activity includes all types of commercial real estate development and construction. Small Business Administration (SBA) loans are offered for new business startups as well as to expand existing businesses. FNB also supports the purchase and long-term financing of residential home loans through conventional secondary market home mortgage, Veteran Administration (VA) guaranteed loans, Tennessee Housing Development Administration (THDA) funded Federal Mortgage Housing Association (FMHA) guaranteed loans.

The economic downturn 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 declined significantly as borrowers deferred business expansion, development, residential, and retail purchases. The housing downturn also significantly impacted employment in the Tennessee non Metropolitan Statistical Area (MSA) and Huntsville MSA AAs. Weaknesses in the housing market severely curtailed independent contractors and other trades

livelihood during this evaluation period. The economy has improved slightly. Unemployment has declined as manufacturing activities have slowly returned, business and retail loan demand is up, and consumer spending has improved. However, the economic upturn is in its infancy at best and in need of further stimulus.

We completed community contacts with a Giles County economic development organization and a Northeast Alabama housing group. Representatives of both organizations commented positively on FNB and other financial institutions involvement in the local communities. Both contacts commented that low- and moderate-income individuals needed personal financial classes and counseling. One contact also stated there was a need to increase small business lending. There were no business opportunities identified by FNB through outreach activities during this evaluation period. FNB has been an active, community development lender within its two AAs during this evaluation period. These loans have promoted new business, provided employment opportunities for residents within the AAs, and bolstered local economies.

Selection of Areas for Full-Scope Review

FNB's AA include the counties of Giles, Lincoln, and Marshall in the State of Tennessee (Tennessee non MSA) and Madison and Limestone counties in the State of Alabama (Huntsville MSA). Both AAs were selected for full scope reviews due to deposit and loan volumes. With the bank's headquarters located in Pulaski, Tennessee, 9 of 11 offices located in Tennessee, and length of banking in the State of Tennessee, the overall performance ratings are weighed more heavily towards the Tennessee non MSA AA.

Ratings

FNB's overall rating is a blend of the state ratings where the bank operates. The Tennessee non MSA AA of Giles, Lincoln, and Marshall Counties was more heavily weighted based on the location of the bank's headquarters and the volume of deposits in this assessment area. To determine a rating for the bank's lending performance in the Tennessee non MSA AA, we reviewed residential loans and loans to small businesses originated in 2012 and 2013. Due to the volume of lending activity in the Huntsville MSA AA, we also reviewed residential loans and loans to small businesses during the same time period.

Conclusions with Respect to Performance Criteria

LENDING TEST

FNB's overall performance under the Lending Test is rated "outstanding." Based on full-scope reviews, the bank's performance in their two AAs is outstanding. FNB's overall loan-to-deposit ratio is reasonable and a substantial majority of the bank's loans are within its AAs. The loan-to-deposit ratio and in/out ratio are based on bank wide data. Additional information obtained from the full scope reviews of the bank's lending in it's AA was also used to determine the overall lending test rating.

Loan-to-Deposit Ratio (LTD)

At 57.66%, the quarterly average LTD ratio for FNB is reasonable for the fourteen quarters ending March 31, 2014. For the period, FNB's loan-to-deposit ratio ranged from a low of 53.17% March 2013 to a high of 62.96% December 2010. Although lower than all but one similar bank for the period, FNB's quarterly average LTD ratio compared satisfactorily to competitor banks in the AA. Of the eleven similarly situated independent banks headquartered in FNB's two AAs, FNB had the second lowest quarterly average LTD ratio. Other competitor bank's LTD ratios averaged from a high of 92.24%% to a low of 51.95%. During the economic downturn, loan demand weakened. This is reflected in declining average LTD ratios for all but one of the competitor banks listed.

Loan-To-Deposit Ratios		
Institution	Total Assets in Millions (As of 03/31/14*)	Average Loan-to-Deposit Ratio(**)
<i>Giles County Tennessee:</i>		
First National Bank, Pulaski, TN	\$729	57.66%
Bank of Frankewing, Frankewing, TN	\$211	72.48%
First Farmers & Merchants Bank, Columbia, TN	\$1,123	61.96%
CB&S Bank, Russellville, AL	\$1,496	51.95%
Peoples State Bank of Commerce, Nolensville, TN	\$146	68.05%
<i>Lincoln County Tennessee:</i>		
Bank of Lincoln County, Fayetteville, TN	\$130	68.07%
<i>Marshall County Tennessee:</i>		
First Commerce Bank, Lewisburg, TN	\$271	70.79%
<i>Madison County Alabama:</i>		
North Alabama Bank, Hazel Green, AL	\$100	62.87%
First Jackson Bank, Stevenson, AL	\$219	64.43%
Worthington Federal Bank	\$140	92.24%
<i>Limestone County Alabama:</i>		
Bank Independent, Sheffield, AL	\$1,115	90.41%
Reliance Bank, Athens, AL	\$143	73.69%

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

**Source: Institution Reports of Condition for 14 quarter period from December 2010 through March 2014.

As of June 30, 2014, 40 financial institutions with 155 offices reside within Giles, Lincoln, and Marshall Counties Tennessee and Madison and Limestone Counties Alabama. In total, these institutions controlled \$8.369 billion in deposits. FNB controlled the third largest market share at \$610 million, or 7.29% of total deposits for all institutions. The two institutions controlling a higher percentage of the market are large holding company banks headquartered elsewhere. Of the approximately 23 other independent banks in the market, FNB controlled the largest market share. FNB's deposit market share of 7.29% exceeded all other competitor banks. Similarly situated banks in the market included: First Commerce Bank, Lewisburg, TN controlled \$240

million (2.86%), Bank of Frankewing, Frankewing, TN controlled \$157 million (1.88%), CB&S Bank, Russellville, AL controlled \$151 million (1.80%), Worthington Federal Bank Huntsville, AL controlled \$123 million (1.47%), Bank of Lincoln County, Fayetteville, TN controlled \$113 million (1.35%), Reliance Bank, Athens, AL controlled \$112 million (1.34%), First Farmers & Merchants Bank, Columbia, TN controlled \$109 million (1.31%), North Alabama Bank, Haze; Green, AL controlled \$90 million (1.07%), and some eight other banks controlled \$286 million (ranging from 0.78% to 0.03%) of the deposit market.

Lending in Assessment Area

A substantial majority of FNB’s lending is inside its two AAs. The number of residential and business loans inside the bank’s combined AAs was 89.91% and 88.57%, respectively. Similarly, the dollar amount of residential and business loans inside the bank’s AAs was 89% and 93.06%, respectively. Collectively, 89.77% and 89.32% of the number and dollar amount of residential and business loans were inside the bank’s combined AAs. Conclusions are based on all HMDA reportable loans and sample of business loans originated during 2012 and 2013.

Table 1 - Lending in FNB AAs Tennessee non-MSA AA of Giles/055, Lincoln/103, and Marshall/117 Counties, TN and Huntsville MSA (#26620) AA of Madison/089 and Limestone/083 Counties, AL										
Loan Type	Number of Loans					Dollars of Loans				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	
Home Purchase	377	88.08	51	11.92	428	53,908	87.90	7,422	12.10	61,330
Home Improvement	98	86.08	4	3.92	102	3,341	96.37	126	3.63	3,467
Home Refinance	318	90.34	34	9.66	352	49,872	89.75	5,693	10.25	55,565
Total HMDA Residential Loans	793	89.91	89	10.09	882	107,121	89.00	13,241	11.00	120,362
Business Loans	93	88.57	12	11.42	105	9,756	93.06	728	6.94	10,484
Total	886	89.77	101	10.23	987	116,877	89.32	13,969	10.68	130,846

Source: All HMDA reportable residential loans originated during 2012 and 2013 are included. Residential loans include home purchase, home improvement, and home refinance loans. Business loans include a sample of loans also originated during 2012 and 2013; 2010 U.S. Census Data.

Fair Lending or Other Illegal Credit Practices Review

Pursuant to 12 C.F.R. 25.28(c), or 12 C.F.R. 195.28(c), in determining a national bank’s (bank) or Federal savings association’s (FSA) CRA rating, respectively, the OCC considers evidence of discriminatory or other illegal credit practices in any geography by the bank or FSA, or in any AA by an affiliate whose loans have been considered as part of the bank’s or FSA’s lending performance.

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

State Rating

State of Tennessee

CRA Rating for State of Tennessee: Outstanding.

The Lending test is rated: Outstanding.

The Community development test is rated: Outstanding.

The major factors that support this rating include:

- The distribution of loans demonstrates excellent penetration among borrowers of different income levels and businesses of different sizes.
- The geographic distribution of loans reflects reasonable dispersion among borrowers of different income levels and excellent dispersion among businesses of different sizes.
- FNB demonstrated excellent responsiveness to Community Development needs in its Tennessee non MSA AA through CD lending, investments, and services.

DESCRIPTION OF INSTITUTION'S OPERATIONS IN TENNESSEE

One of the bank's two Assessment Areas (AAs) is located in the State of Tennessee. The non Metropolitan Statistical Area (non MSA) AA includes all census tracts in Giles, Lincoln, and Marshall Counties Tennessee (total 23 census tracts). The AA meets the requirement of the regulation and does not arbitrarily exclude any low- or moderate-income areas. There are no natural boundaries within the AA that hinder accessibility. The three counties in Tennessee are contiguous to each other. Respective census tracts are also contiguous.

We performed a full-scope review of the Tennessee AA due to the volume of deposits and bank activity in this location.

FNB is located approximately 80 miles south of Nashville, Tennessee near the Tennessee/Alabama State line. Interstate 65, a major North/South interstate, is nearby. Major cities within FNB's Tennessee non MSA AA are: Pulaski (Giles County), Fayetteville (Lincoln County), and Lewisburg (Marshall County). Pulaski, Fayetteville, and Lewisburg also serve as the county seat for their respective counties.

There are no low income census tracts within FNB's non MSA AA. Of the 23 census tracts within the AA, one (4.35%) is moderate, 17 (73.91%) are middle, and 5 (21.74%) are upper. Of the 26,010 families residing within the AA, 1,150 families, or 4.42%, reside in moderate-income census tracts. As of June 2014, the unemployment rate for the State of Tennessee and nationally was 6.6% and 6.1%, respectively.

Demographic Information for Tennessee non MSA Assessment Area						
Giles (#055), Lincoln (#103), and Marshall (#117) County, Tennessee						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	23	0	4.35	73.91	21.74	0
Population by Geography	93,463	0	4.51	75.16	20.33	0
Owner-Occupied Housing by Geography	41,816	0	2.45	76.01	21.54	0
Businesses by Geography	6,075	0	3.46	74.90	21.65	0
Farms by Geography	836	0	0.48	79.90	19.62	0
Family Distribution by Income Level	26,010	17.73	17.31	19.36	45.60	0
Distribution of Low- and Moderate-Income Families throughout AA Geographies	9,114	50.59	49.41	-	-	0
Median Family Income (MFI)	= \$49,824	Median Housing Value		= \$106,952		
HUD Adjusted Median Family Income (MFI) for 2013	= \$46,700	Unemployment Rates		= 7.7% Giles = 5.2% Lincoln = 8.5% Marshall		
Households Below the Poverty Level	= 15.73%					

(*) The NA category consists of geographies that have not been assigned an income classification. Source: 2010 U.S. Census and 2013 HUD MFI. As of June 2014, the unemployment rate for the State of Tennessee was 6.6%, the US was 6.1%, and the Counties of Giles, Lincoln, and Marshall were 7.7%, 5.2%, and 8.5%, respectively.

Major industrial employers in Giles County/Pulaski include: Frito-Lay, Inc. (Snack Foods) 512 employees; Magneti Marelli Co. Fabricating & Auto Lighting (Auto Lighting, Shocks, and Struts) 500 employees; Timken Com. (Ball Bearings) 180 employees; Johnson Controls, Inc. (Auto Seat Cushions) 293 employees; and, Magotteaux, Inc. (Steel Grinding Balls) 260 employees. In addition there are 9 other firms which employ 962 employees. Number of employees range from 59 to 194 workers.

Major industrial employers in Lincoln County/Fayetteville include: Goodman Co., LP (Air Conditioners & Furnaces) 1,700 employees; Frito-Lay, Inc. (Snack Foods) 550 employees; Franke Foodservice Systems, Inc. (Stainless Steel Kitchen Equipment) 200 employees. In addition there are 11 other firms which employ 844 employees. Number of employees range from 40 up to 150 workers.

Major industrial employers in Marshall County/Lewisburg include: Calsonic Kansei of North America (Plastic Injection Molding) 1,150 employees; Walker Die Casting (Aluminum Die Castings) 640 employees; Cosmolab, Inc. (Cosmetic Pencils) 203 employees; Teledyne Electronics Mfg. (Electronics) 305 employees, and Nichirin, Inc. (Auto Brake & Steering Hoses) 285 employees. In addition there are 7 other firms which employ 866 employees. Number of employees range from 80 to 220 workers.

Agriculture products for the Tennessee non MSA AA include beef and dairy cattle, chickens, horses, mules, hay, corn, soybeans, cotton, wheat, and orchards. There are no census tracts

designated distressed or underserved in Giles or Lincoln Counties. As of 2012 and 2013, there were four census tracts designated distressed in Marshall County due to high unemployment. Criteria for a census tract to be designated distressed include: high unemployment, high rate of poverty, and population loss.

SCOPE OF EVALUATION IN TENNESSEE

We performed a full-scope review of the Tennessee non MSA AA due to the volume of deposits and bank activity in this location. Both the Lending Test and Community Development Test ratings were analyzed to arrive at the overall state rating.

Conclusions regarding the bank's lending performance in the Tennessee non MSA are based on HMDA reportable loans. These include home purchase, home improvement, and home refinance loans. Small business loans are also part of the bank's lending performance. The Community Development Test includes a review of loans, investments, grants, and donations made in the bank's AA that meet the definition of community development as well as community development services provided in the bank's AA.

CONCLUSIONS TO PERFORMANCE TESTS IN TENNESSEE

LENDING TEST

Based on a full-scope review, the bank's performance under the Lending Test in the State of Tennessee is "Excellent."

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

FNB's overall record of lending to borrowers of different incomes demonstrates excellent penetration (see Table 2A). In the bank's Tennessee non MSA AA, the percent of low-income families is 17.73% and the percent of moderate-income families is 17.31%. HMDA data for 2012 and 2013 reflects that the number of residential loans (home purchase, home improvement, and refinance) was less than or near the ratio (17.73%) of low-income families at 8.91%, 18.68%, and 11.22% and also higher than ratio (17.31%) of moderate-income families at 23.76%, 21.98%, and 29.08%. Mitigating factors for less than ratio residential loans to low-income borrowers during 2012 and 2013 include census data, which reflects 15.73% of households in the bank's Tennessee assessment area were below the poverty level. As such, it would be difficult for low-income borrowers to afford home ownership thus resulting in fewer opportunities to extend home mortgages. Due to the economic downturn/housing bubble, the demand for home loans declined significantly at all borrower income levels, particularly low-income borrowers, during the review period. However, Table 2 shows that the number of loans originated to moderate-income borrowers was strong for the period and exceeded the percentage of moderate-income families (17.31%) by 6.45%, 4.67%, and 11.77%, respectively. When taking into consideration weak residential loan demand during the period, the bank's performance reflects excellent penetration and exceeds standards for satisfactory performance. Additionally, the bank frequently directs low- and moderate-income home loans into government

home loan programs such as Rural Development and Farmers Home Administration (FHA). The bank also assists low- and moderate-income borrowers through the secondary market program.

FNB participates in the USDA Rural Development loan program, which assists in the development of affordable housing and revitalization efforts in rural markets. The bank does not fund these loans so they are not included in Tables 2A and 2B. Since the previous PE dated January 18, 2011, FNB originated 142 USDA Rural Development loans (\$15.4 million), 39 Farmers Home Administration loans (\$5.1 million), and 28 Veteran Administration loans (\$5.2 million). In aggregate, FNB originated 209 of these type loans totaling \$25.7 million. These loans were for the purchase of residential housing for low- and moderate-income individuals. The majority of these loans were in FNB’s AAs. Additionally, FNB has an excellent record of supporting the purchase and long-term financing of residential home loans through secondary market lending activities. Since the previous PE dated August 7, 2006 FNB underwrote 520 conventional secondary mortgage loans totaling \$79.9 million. The majority of these loans were in FNB’s AAs.

FNB’s overall record of lending to businesses of different sizes also demonstrates excellent penetration (see Table 2C). In the bank’s Tennessee non MSA AA, 73.99% of businesses have revenues or sales of less than \$1 million. At 84.09% by number and 76.389% by dollar, both the number and dollar amount of loans to AA businesses exceed the demographic data for the AA.

Table 2A - Borrower Distribution of Residential Real Estate Loans in AA (Giles/055, Lincoln/103, and Marshall/117 Counties, TN)								
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	17.73	8.91	17.31	23.76	19.36	20.30	45.60	42.08
Home Improvement	17.73	18.68	17.31	21.98	19.36	23.08	45.60	32.97
Refinance	17.73	11.22	17.31	29.08	19.36	39.80	45.60	9.69

Source: Data reported under 2012 and 2012 HMDA; U.S. Census data.

Table 2C - Borrower Distribution of Loans to Businesses in AA (Giles/055, Lincoln/103, and Marshall/117 Counties, TN)				
Business Revenues (or Sales)	≤\$1,000,000	>\$1,000,000	Unavailable/ Unknown	Total
% of AA Businesses	73.99	3.60	22.40	100%
% of Bank Loans in AA by #	84.09	13.64	2.27	100%
% of Bank Loans in AA by \$	76.38	23.06	0.56	100%

Source: Small business loan sample of loans generated during 2012 and 2013; Dunn and Bradstreet data.

Geographic Distribution of Loans

FNB’s overall geographic distribution of residential loans reflects reasonable dispersion and meets the standard for satisfactory performance (see Table 3A). FNB’s overall geographic distribution of loans to businesses of different sizes reflects excellent dispersion and meets the standards for excellent performance (see Table 3C). There is no low-income and only one moderate-income census tract (CT) in the Tennessee non MSA AA. At 4.46%, 1.10% and 2.55%, the number of residential loans (home purchase, home improvement, and home refinance) in the moderate-income census tract ranged from lower than ratio to slightly above the ratio of 4.35% of owner occupied houses within the Tennessee non MSA AA. At 4.55%, the number of business loans in moderate-income census tracts exceeded the 3.46% of AA businesses in moderate-income census tracts in the AA. This review did not identify any gaps or areas of low penetration in the bank’s lending patterns.

Table 3A - Geographic Distribution of Residential Real Estate Loans in Tennessee non-MSA AA of Giles/055, Lincoln/103, and Marshall/117 Counties, TN								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan type	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans
Home Purchase	0.00	0.00	4.35	4.46	73.91	80.69	21.74	14.85
Home Improvement	0.00	0.00	4.35	1.10	73.91	90.11	21.74	8.79
Refinance	0.00	0.00	4.35	2.55	73.91	79.59	21.74	17.86

Source: Data reported under HMDA; U.S. Census data.

Table 3C - Geographic Distribution of Loans to Businesses in AA (Giles/055, Lincoln/103, and Marshall/117 Counties, TN)								
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	0.00	0.00	3.46	4.55	74.90	70.45	21.65	25.00

Source: Data collected by bank; D & B data

Responses to Complaints

There have been no consumer complaints relating to the bank’s CRA performance in the Tennessee non MSA AA during this evaluation period. Therefore, this criterion is not applicable.

COMMUNITY DEVELOPMENT TEST

The bank's performance under the community development test in the State of Tennessee is rated "Outstanding."

The bank's performance under the Community Development Test is rated "outstanding." FNB demonstrated excellent responsiveness to Community Development needs in its Tennessee non MSA AA through CD lending, investments, and services. Based on a full-scope review, the bank's performance is outstanding.

Number and Amount of Community Development Loans

From January 2011 through June 30, 2014, FNB originated 183 community development loans, investments, and grants/donations totaling \$ 7,366,000. As evidenced by the table on page 16, 82 loans and 5 investments totaling \$ 5,892,000 and \$ 1,422,000, respectively, were for community development purposes. Additionally, the bank had \$ 52,000 in grants and donations.

Based on the composition of the bank's branches, deposits, and loan markets, the Tennessee non MSA AA comprises a larger portion of the bank's business and therefore was given more consideration in the community development loan analysis. Specific examples of qualifying loans for community development organizations follow:

A&B&C, individuals

In 2014, FNB financed the purchase of a 6-unit apartment complex to local investors totaling \$485,400. The complex provided housing for LMI families. Following foreclosure, the property was owned and operated by the bank as part of its Other Real Estate Owned until sold to local investors in June 2014. The property was located in the bank's non MSA AA. (see below)

Foreclosed Apartment Complex Property - Other Real Estate Owned

During the six month period ending June 30, 2014 and fiscal years ending 2013, 2012, and 2011, FNB expensed \$17,526, \$23,133, \$30,997, and \$50,546, respectively, for utilities, repairs, taxes and related expenses for a foreclosed 6-unit apartment complex located in the Bank's non MSA AA. The foreclosed apartment was temporarily managed by the bank as an on-going business. Apartments provided housing for LMI families. In June 2014, the Bank sold the property and provided the financing

DEF Investments LLC

In 2013, FNB renewed two loans totaling \$34,343 to a local investment entity for Section 8 Housing and revitalization purposes. Properties are located in the bank's non MSA AA in distressed census tracts. In 2012, FNB originated the two loans totaling \$46,400. One loan was to purchase a mobile home and lot and make needed repairs. The other loan was an investment to purchase and revitalize two downtown building in need of repair. One property was rented to a low-income family. One of the revitalized downtown buildings is rented to a jewelry store which provides needed jobs.

G&H&I, individuals

In 2013, FNB refinanced a loan totaling \$38,600 to local individuals for the purchase of a residence. The residence is located in the bank's non MSA AA and provides housing for five LMI tenants on fixed income.

Other

During 2013, FNB originated 18 business loans totaling \$1,051,000 and 13 farm loans totaling \$1,338,000 to borrowers located in the 4 distressed CTs in the Bank's non MSA AA. The four distressed CTs were so designated due to high unemployment. These 18 business and 13 farm loans helped create and retain jobs.

During 2012, FNB originated 28 business loans totaling \$1,956,000 and 10 farm loans totaling \$302,000 to borrowers located in the 4 distressed CTs in the Bank's non MSA AA. The four distressed CTs were so designated due to high unemployment. These 28 business and 10 farm loans helped create and retain jobs.

JKL, Inc.

In 2011, FNB originated a \$250,000 commitment to a non-profit organization which creates affordable housing and strong neighborhoods. This 20 year old organization provides homeownership opportunities for low- and moderate-income families thus enabling LMI families to become homeowners over the long term.

MNO, Inc.

In 2011, FNB renewed two loans for \$134,450 and \$133,450 to a non-profit organization which assists low- and moderate-income families with affordable housing. Funds were used to construct two single-family homes in the bank's non MSA AA.

Number and Amount of Qualified Investments

Qualifying investments are investments, deposits, membership shares, or grants that have as their purpose community development, as defined in the CRA regulation.

Government National Mortgage Association (GNMA) Securities

In 2013, FNB invested in this \$1,042,072 GNMA security. The pool is comprised of 7 single-family residences and 3 Planned Unit Developments (PUDs). PUDs tend to incorporate single-family residential uses within close proximity to two-family units and multiple-family dwellings to form a larger diversified neighborhood. Four of the ten units are located in either the non-MSA (TN) AA or MSA AA (AL). All units are located in Tennessee and Alabama and owned by LMI families.

Tenth Street Fund III, L.P.

In 2011, FNB committed \$1,000,000 to this Small Business Investment Corporation (SBIC). In 2011, two capital investments of \$100,000 and \$120,000 were funded, in 2012 one capital investment of \$110,000 was funded, and in 2013 two capital investments of \$130,000 and \$40,000 were funded. As of June 30, 2014, there were no

capital investments. As a SBIC, the fund provides financing to small businesses within the State of Tennessee including small businesses in the bank’s non MSA AA. As of December 31, 2013, the funds’ total resources approximated \$70.8 million.

Originated Donations

There were 96 individual donations within FNB’s Tennessee non MSA AA for the period 2011 through June 30, 2014 totaling \$ 52,000. These donations were to organizations such as Boys & Girls clubs (provide services to the children of low- and moderate-income families), school systems in Pulaski, Lewisburg, and Giles County where a majority of the students are from low- and moderate-income families. There was also numerous donations to various sporting organizations, which supported youth from LMI families. Donations were also made to Habitat for Humanities, which provides housing for LMI families.

Community Development Lending and Investments in Tennessee AA			
<i>Community Development Lending</i>			
		#	\$ Amount (000’s)
Originated CD Loans	AA	82	5,892
Unfunded Commitments*	N/A	0	0
Total CD Loans		82	5,892
Community Development Investments			
Qualified Investments	AA	5	1,422
Originated Grants/Donations	AA	96	52
Unfunded Commitments*	N/A	0	0
Total Qualified Investments		101	1,474
Total Community Development Lending and Investments	AA	183	7,366

**"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

FNB’s record of providing community development services is excellent. A number of the bank’s officers are members of civic clubs and community boards. Board members actively support recruiting, expansion, and promoting new and existing industries in FNB’s Tennessee non MSA AA.

Bank management actively encourages bank employees to “get involved and support local civic services and school systems.” Individually, FNB employees have been involved in civic organizations which assist and support low- and moderate-income individuals and children of low- and moderate income families. Employees assist food banks, Boys and Girls clubs, area charities, schools, head start and early head start, and other organizations which assist low- and moderate-income individuals and children of low- and moderate-income families. Credit Builder

Account customers are provided the opportunity to attend a free financial literacy management workshop lead by bank officers and employees. The workshop instructs low- and-moderate-income individuals and children of low- and moderate-income families how to build good credit, budgeting, money management, savings plans, and identity theft. In some instances, attendees are provided educational booklets and view power point presentations. Employees are available to meet with and instruct young children on how to save money, set savings goals, and build good spending habits. Also, practical financial programs are provided to older students regarding budgeting, savings, credit card dangers, building good credit, and establishing a good relationship with banks and bankers. It has been the bank's practice to have a Bank Student Advisory Board at each county high school. Board members are seniors and include students from LMI families. Students get to enjoy a monthly meal at the bank's main office followed by formal presentations such as financial planning, investment options, account operations, how to protect credit, business opportunities, and financial security. Individual counseling is available for each student if needed.

FNB has an array of alternative delivery systems which benefit low- and moderate-income individuals. Within the bank's Tennessee non-MSA AA, there are nine full service branches with drive-up facilities and ATMs, which are continually around-the-clock available via auto and pedestrian. In 2012 and 2013, two branches located in Marshall County were located in "distressed census tracts" due to high unemployment. Additionally, there is one free-standing, full service ATM (accepts deposits and dispenses cash) and five free-standing, cash dispensing only ATMs available. Branches provide at least 40 hours of teller service weekly. Other services include account access (by 24-hour telephone inquiry with a Voice Response system), and Internet Banking capabilities which provides deposit account information, loan account information including the ability to make payments, transfer funds, and bill payment. Complimentary self-addressed envelopes are provided to customers at no charge.

Responsiveness to Community Development Needs

The bank's overall responsiveness through community development activities, to community development lending, investment, and services needs is excellent. This is best supported by the number and volume of community development loans originated during this evaluation period. These loans help promote employment; stabilize, promote and support local economies; and, help provide affordable housing to low- and-moderate-income families within FNB's Tennessee non MSA AA. FNB has taken a lead role and been a strong supporter of community development loans. Service needs are also being met through outreach meetings targeted to low- and moderate-income individuals and children of low- and moderate-income families. Additionally, bank officers serve and often take a lead role on various community boards. Bank officers are also active in local civic clubs, which in many instances, assist and promote under privilege individuals including low- and moderate-income individuals and children of low- and moderate-income families within the community.

A good example of responsiveness to community needs occurred Christmas 2013. The area's largest employer miscommunicated with its payroll provider resulting in numerous employees including LMI individuals who would not be paid. Many of the employees were customers of FNB. Once the bank learned of the dilemma, bank officers and staff took action and made arrangements so that all affected employees would receive their wages. In many instances, the

wages were to be used for holiday meals and other Christmas festivities. The local employer and employees were very appreciative of the bank's immediate response to a human resource predicament.

State Rating

State of Alabama

CRA Rating for Alabama: Outstanding.

The Lending test is rated: Outstanding.

The Community development test is rated. Outstanding.

The major factors that support this rating include:

- The distribution of loans demonstrates excellent penetration among borrowers of different income levels and reasonable penetration among business of different sizes.
- The geographic distribution of loans reflects excellent dispersion among borrowers of different income levels and businesses of different sizes.
- FNB demonstrated excellent responsiveness to Community Development needs in its Alabama Huntsville MSA AA through CD lending, investments, and services.

DESCRIPTION OF INSTITUTION'S OPERATIONS IN ALABAMA

One of the bank's two AAs is located in the State of Alabama. The Huntsville MSA includes all census tracts in Madison and Limestone Counties Alabama (total 87 census tracts). The AA meets the requirement of the regulation and does not arbitrarily exclude any low- or moderate-income areas. There are no natural boundaries within the AA that hinder accessibility. The two counties in Alabama are contiguous to each other. Respective census tracts are also contiguous. Additionally, FNB's branches in Ardmore, TN (Giles County) and Park City, TN (Lincoln County) are contiguous to Limestone County, AL and Madison County, AL which comprise the Huntsville MSA. These branch locations frequently help meet the credit needs of borrowers residing in the Huntsville MSA AA.

FNB's main office is located approximately 45 miles northwest of Huntsville, Alabama. Interstate 65, a major North/South interstate and Alabama State Highway 72, a major east-west state highway, are nearby. Major cities within FNB's Huntsville MSA AA are: Athens (Limestone County) and Huntsville (Madison County). The cities of Athens and Huntsville also share a city limit boundary. Athens (Limestone County) and Huntsville (Madison County) also serve as the county seat for their respective counties.

Demographic Information for Huntsville MSA Assessment Area (#26620)						
Madison (#089) and Limestone (#083) County, Alabama						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	89	12.36	29.21	32.58	25.84	0
Population by Geography	417,593	8.34	25.71	36.81	29.14	0
Owner-Occupied Housing by Geography	174,937	3.59	23.58	39.46	33.38	0
Businesses by Geography	33,092	10.20	25.18	33.79	30.83	0
Farms by Geography	1,189	4.96	24.81	47.69	22.54	0
Family Distribution by Income Level	105,658	22.84	16.80	18.52	41.84	0
Distribution of Low- and Moderate-Income Families throughout AA Geographies	41,883	57.62	42.38	-	-	0
Median Family Income (MFI)	= \$71,585			Median Housing Value	= \$147,330	
HUD Adjusted Median Family Income (MFI) for 2007	= \$71,500			Unemployment Rates	= 6.3% Madison = 6.1% Limestone	
Households Below the Poverty Level	= 12.13%					

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

Source: 2010 U.S. Census and 2013 HUD updated MFI. As of June 2014, the unemployment rate for the State of Alabama was 6.8%, the US was 6.1%, and the Counties of Madison and Limestone were 6.3% and 6.1%, respectively.

Within FNB’s MSA AA, there are 89 census tracts. Of these, there are 11 (12.36%) low census tracts, 26 (29.21%) moderate, 29 (32.58%) middle, and 23 (25.84%) upper-income census tracts. Of the 105,658 families residing within the AA, 6,846 families, or 6.48%, reside in low-income census tracts and 25,910 families, or 24.52%, reside in moderate-income census tracts. As of June 2014, the unemployment rate for the State of Alabama and nationally was 6.8% and 6.1%, respectively. Due to extensive storms and tornado damage in 2011, Limestone and Madison County were declared federal disaster areas. Due to extensive storms and tornado damage in 2014, Limestone County was again declared a federal disaster area.

Major industrial employers in Athens/Limestone County include: Steelcase, Inc. (Office Furniture) 1,280 employees; Limestone County and City of Athens School Systems (Education) 1,058 and 416 employees, respectively; Athens Limestone Hospital (Medical Services) 717 employees; Target Store (Retail Distribution) 600 employees; City of Athens (Government) 446 employees; Athens State University and Calhoun Community College (Education) 442 and 279 employees, respectively; Aviagen –North America (Poultry Breeders) 236 employees; DHS Systems (Military Shelter Infrastructure) 110 employees; and Federal Mogul (Automotive Gaskets) 608 employees. In addition there are 6 other firms which employ 687 employees.

Number of employees range from 74 to 155. Located on the Tennessee River near Athens is the Tennessee Valley Association's (TVA) first nuclear power plant Browns-Ferry, which employees 1,500 employees.

Huntsville is the fourth largest city in the State of Alabama. Huntsville/Madison County serves a diverse economy with several key industry sectors. The area's strengths include technology development, integration, and value-added manufacturing. The area is home to the NASA Marshall Space Flight Center and the U.S. Army's Redstone Arsenal, both combining to drive a strong research and development economy and affecting spin-off and commercial activity of technology innovations. Nearly every major U.S. aerospace corporation is represented with 90+ companies employing more than 10,000 people in the local aerospace industry. Huntsville also plays a key role in the U.S. Army's technology development programs. A majority of the Army's weapons procurement budget is managed by Huntsville-based operations. Likewise, more than half of the Army's foreign weapons sales are handled through Redstone Arsenal. Military and support contract employment averages 36,000 to 40,000 personnel. Huntsville's Cummings Research Park is the nation's second largest research and technology park, containing 285 companies employing 25,000 people involved in technology research and development. The areas manufacturing base is a diverse mix of traditional and technology manufacturers comprising approximately one fifth of the overall local area employment. This sector has over 220 companies with 32,000 workers, with many workers being highly trained and skilled to perform technology-based precision manufacturing. Agriculture products include beef and dairy cattle, hay, corn, soybeans, and cotton. There are no distressed or underserved census tracts in the Huntsville MSA AA.

SCOPE OF EVALUATION IN ALABAMA

We performed a full-scope review of the Huntsville MSA AA due to the volume of deposits and bank activity in this location. Both the Lending Test and Community Development Test ratings were analyzed to arrive at the overall state rating.

Conclusions regarding the bank's lending performance are based on HMDA reportable loans. These include home purchase, home improvement, and home refinance loans. Small business loans are also part of the bank's lending performance. The Community Development Test includes a review of loans, investments, grants and donations made in the bank's Huntsville MSA AA that meet the definition of community development as well as community development services provided in this AA.

CONCLUSIONS TO PERFORMANCE TESTS IN ALABAMA

LENDING TEST

Based on a full-scope review, the bank's performance in the Alabama AA is outstanding. Overall, the bank's performance under the lending test in Alabama is rated "Outstanding."

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

FNB’s overall record of lending to borrowers of different incomes demonstrates satisfactory to excellent penetration (see Table 2B). In the bank’s Huntsville MSA AA, bank data reflects that residential loans were below and above the ratio (22.84%) for low-income families at 13.14%, 28.57%, and 10.66% and well above the ratio (16.80%) for moderate-income families at 25.14%, 71.43%, and 18.03%. Mitigating factors for less than ratio residential loans to low-income borrowers during 2012 and 2013 include census data, which reflects 12.13% of households in the bank’s Alabama assessment area were below the poverty level. As such, it would be difficult for low-income borrowers to afford home ownership thus resulting in fewer opportunities to extend home mortgages. Due to the economic downturn and housing bubble, the demand for home loans declined significantly at all borrower income levels, particularly low-income borrowers, during the review period. However, Table 2B shows that the number of loans originated to moderate income borrowers was strong for the period and exceeded the percentage of moderate-income families (16.80%) by 8.34%, 54.63%, and 1.23%, respectively. When taking into consideration weak residential loan demand during the period, the bank’s performance reflects satisfactory to excellent penetration, which meets and exceeds the standard for satisfactory performance. . Additionally, the bank frequently directs low- and moderate-income home loans into government home loan programs such as Rural Development and Farmers Home Administration (FHA). The bank also assists low- and moderate-income borrowers through the secondary market program.

FNB’s overall record of lending to businesses of different sizes also demonstrates satisfactory to excellent penetration (see Table 2C). In the bank’s Alabama Huntsville MSA AA, 73.19% of businesses have revenues or sales of less than \$1 million. At 75.51%, the number of loans to AA businesses is excellent. At 69.07%, the dollar amount of loans to AA businesses is satisfactory. For this analysis, the number of loan originations to businesses bears more weight than the dollar amount loaned.

Table 2B - Borrower Distribution of Residential Real Estate Loans in AA (Madison/089 and Limestone/083 Counties, AL)								
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	22.84	13.14	16.80	25.14	18.52	22.86	41.84	34.86
Home Improvement	22.84	28.57	16.80	71.43	18.52	0.00	41.84	0.00
Refinance	22.84	10.66	16.80	18.03	18.52	21.31	41.84	29.51

Source: Data reported under 2012 and 2013 HMDA; U.S. Census data.

Table 2C - Borrower Distribution of Loans to Businesses in AA (Madison/089 and Limestone/083 Counties, AL)				
Business Revenues (or Sales)	≤\$1,000,000	>\$1,000,000	Unavailable/ Unknown	Total
% of AA Businesses	73.19	4.13	22.68	100%
% of Bank Loans in AA by #	75.51	20.41	4.08	100%
% of Bank Loans in AA by \$	69.07	25.93	5.00	100%

Source: Small business loan sample of loans generated during 2012, and 2013; Dunn and Bradstreet data.

Geographic Distribution of Loans

FNB’s overall geographic distribution of residential loans and loans to businesses in the Huntsville MSA AA reflects excellent dispersion and meets the standard for outstanding performance (see Table 3B & 3D). Eleven low-income and 26 moderate-income census tracts exist in the Huntsville MSA AA. At 0.57%, 0.00%, and 3.28%, the number of loans originated to low-income borrowers during the evaluation period was less than the 3.59% of owner occupied housing in the AA. With only eleven low-income census tracts, there were limited opportunities for the bank to lend to low-income borrowers during the financial crisis and real estate bubble. The number of residential loans in moderate-income census tracts is excellent at 37.71%, 57.14%, and 61.64% when compared to 23.58% of owner occupied housing in the AA. These percentages significantly exceed the ratio of owner occupied houses within the Huntsville MSA AA (see Table 3B). At 8.17%, the number of business loans is reasonable when compared to the 10.20% of businesses located in low-income census tracts in the AA. At 32.65%, the number of business loans is excellent when compared to the 25.18% of businesses located in moderate-income census tracts in the AA (See Table 3D).

Table 3B - Geographic Distribution of Residential Real Estate Loans in AA (Madison/089 and Limestone/083 Counties, AL)								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan type	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans
Home Purchase	3.59	0.57	23.58	37.71	39.46	46.29	33.38	15.43
Home Improvement	3.59	0.00	23.58	57.14	39.46	42.86	33.38	0.00
Refinance	3.59	3.28	23.58	61.64	39.46	41.80	33.38	3.28

Source: Data reported under HMDA; U.S. Census data.

Table 3D - Geographic Distribution of Loans to Businesses in AA (Madison/089 and Limestone/083 Counties, AL)								
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	10.20	8.17	25.18	32.65	33.79	53.06	30.83	6.12

Source: Data collected by bank; D & B data.

Responses to Complaints

There have been no consumer complaints relating to the bank’s CRA performance in the Huntsville MSA AA during this evaluation period. Therefore, this criterion is not applicable.

COMMUNITY DEVELOPMENT TEST

Based on a full-scope review, the bank’s performance under the Community Development (CD) test in the State of Alabama is rated “Outstanding.”

FNB demonstrated excellent responsiveness to Community Development needs in its Huntsville MSA AA through CD lending, investments, and services.

Number and Amount of Community Development Loans

From January 2011 through June 30, 2014, FNB originated 37 CD loans, investments, and grants/donations totaling \$4,423,000. As evidenced by the table on page 26, 13 loans and one investment totaling \$3,346,000 and \$1,071,000, respectively, were for CD purposes. Additionally, the bank had \$6,000 in grants and donations during the evaluation period.

Specific examples of qualifying loans for CD organizations follow:

XYZMarket LLC

In February 2014, FNB originated a \$25,000 loan to purchase inventory for a convenience food store located in a low-income census tract. The market provides jobs for low- income individuals while helping to also provide the food needs for low-income individuals and families.

UVWGroup LLC

In 2013, FNB renewed a \$91,306 loan to repair and improve a 6-unit apartment complex. The apartments are located in a low-income census tract in Huntsville, AL. Units are rented to low-income families.

R&S&T, individuals

In 2012, FNB originated two single-family construction loans of \$275,000 and \$40,000 in the bank's MSA AA to replace homes that had been destroyed during a natural disaster (tornado). Limestone and Madison Counties were declared federal disaster areas following devastating storms and tornados in 2011.

L&M&N&O&P&Q, individuals

In 2011, FNB originated six single-family constructions loans of \$247,000, \$226,800, \$243,000, \$192,000, \$400,000, & \$189,600, respectively, in the bank's MSA AA to replace homes that had been destroyed during a natural disaster (tornados). Limestone and Madison Counties were declared federal disaster areas following devastating storms and tornados in 2011.

A1&B1&C1, individuals

In 2011, FNB originated an \$80,000 business start-up loan to open a new pharmacy which primarily serves LMI families. The pharmacy is located in a moderate-income census tract in Limestone County, AL which is part of the bank's MSA AA.

Habitat for Humanity of Athens-Limestone County, Alabama

In 2011, FNB renewed a \$250,000 Line of Credit to this organization. The purpose of this Line of Credit was to assist with constructing Habitat homes. Habitat for Humanity is a national and international organization which builds affordable houses for low- and moderate-income families.

Community Development Loans Outside of Bank's AA

D1E1F1, LLC

In 2011, FNB originated a \$1,086,750 investment loan to purchase an apartment complex in north Alabama which provided Section 8 housing. At funding, 21 of the 26 apartments were leased to LMI families. The complex, however, is not located in the bank's MSA AA.

Number and Amount of Qualified Investments

Qualifying investments are investments, deposits, membership shares, or grants that have as their purpose community development, as defined in the CRA regulation.

Federal National Mortgage Association (FNMA) Securities

In 2011, FNB purchased the above mortgaged backed investment pool totaling \$1,071,374. The 9 mortgage pool is supported by residential mortgages to low- and moderate income families. Each mortgage provides affordable housing to a LMI family. Two of the nine housing units are located in the bank's Huntsville MSA AA. The remaining seven housing units are located in central and north Alabama.

Originated Donations

There were 23 donations within FNB’s Huntsville MSA AA for the period 2011 through June 30, 2014 totaling \$5,783. These donations were to organizations such as Boys & Girls clubs (provide services to children of low- and moderate-income families) and school systems in Huntsville, Alabama where a majority of the students are from low- and moderate-income families. Additionally, FNB contributed to organizations such as Habitat for Humanity, which provides housing for LMI families, and United Way, which assists those needing education and financially unstable LMI individuals. FNB also provided water to individuals devastated by tornadoes which hit the area in 2011.

Community Development Lending and Investments in Alabama AA			
<i>Community Development Lending</i>			
		#	\$ Amount (000’s)
Originated CD Loans	AA	13	3,346
Unfunded Commitments*	N/A	0	0
Total CD Loans		13	3,346
Community Development Investments			
Qualified Investments	AA	1	1,071
Originated Grants/Donations	AA	23	6
Unfunded Commitments*	N/A	0	0
Total Qualified Investments		24	1,077
Total Community Development Lending and Investments	AA	37	4,423

**"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 bank’s community development services reflect satisfactory responsiveness. A number of the bank’s officers are members of civic clubs and community boards. Board members actively support recruiting, expansion, and promoting new and existing industries in the Huntsville MSA AA.

Bank management actively encourages bank employees to support local civic services. FNB employees individually have been involved in civic organizations which assist and support low- and moderate-income individuals and children of low- and moderate income families. Employees assist food banks, Boys and Girls Clubs, area charities, schools, and other organizations which assist low- and moderate-income individuals and children of low- and moderate-income families. Bank officers and employees frequently meet with and instruct low- and moderate-income individuals and children of low- and moderate-income families on how to build good credit, budgeting, money management and savings plans. In some instances, attendees are provided education tool booklets and view power point presentations.

FNB has an array of alternative delivery systems which benefit low- and moderate-income individuals. Within the bank's Alabama MSA AA, there are three full service branches with drive up facilities and ATMs, which are continually around-the-clock available via auto and pedestrian. Additionally, there is one free-standing cash dispensing ATM available. Branches provide at least 40 hours of teller service weekly. Of the three branches located in Alabama, one branch is located in a low-income census tract (Madison County/Huntsville) and another branch is located in a moderate-income census tract (Limestone County/Athens). Other services include account access (by 24-hour telephone inquiry with a Voice Response system), and Internet Banking capabilities which provides deposit account information, loan account information including the ability to make payments, transfer funds, and bill payment. Complimentary self-addressed envelopes are provided to customers at no charge.

Responsiveness to Community Development Needs

The bank's overall responsiveness through community development activities, to community development lending, investment, and services needs is excellent. This is best supported by the number and volume of community development loans originated during the period. These loans help promote employment; stabilize, promote and support local economies; and, help provide affordable housing to low- and-moderate-income families within FNB's Huntsville MSA AA. FNB has taken a lead role and been a strong supporter of community development loans. Service needs are also being met through outreach meetings targeted to low- and moderate-income individuals and children of low- and moderate-income families. Additionally, bank officers serve and often take a lead role on various community boards. Bank officers are also active in local civic clubs, which in many instances, assist and promote under privilege individuals including low- and moderate-income individuals and children of low- and moderate-income families within the community.

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 nonmetropolitan 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”).

Time Period Reviewed	Lending Test: 01/01/2012 to 12/31/2013 Community Development Test: 01/19/2011 to 06/30/2014	
Financial Institution	Products Reviewed	
First National Bank of Pulaski Pulaski, TN	Residential and Commercial Loans	
Affiliate(s) None	Affiliate Relationship	Products Reviewed
List of Assessment Areas and Type of Examination		
Assessment Area	Type of Exam	Other Information
Tennessee non MSA AA – Giles, Lincoln, & Marshall County	Full Scope	
Huntsville MSA AA – Huntsville MSA consisting of Madison & Limestone County	Full Scope	

Appendix B: Summary of Multistate Metropolitan Area and State Ratings

Overall Bank:	Lending Test Rating	Community Development Test Rating	Overall Bank/State/Multistate Rating
FNB	Outstanding	Outstanding	Outstanding
Tennessee	Outstanding	Outstanding	Outstanding
Alabama	Outstanding	Outstanding	Outstanding