



# LARGE BANK

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Comptroller of the Currency  
Administrator of National Banks

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Washington, DC 20219

Public Disclosure

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Community Reinvestment Act  
**Performance Evaluation**

**FSGBank, National Association**  
**Charter Number: 24425**

**817 Broad Street**  
**Chattanooga, TN 37402**

**Office of the Comptroller of the Currency**

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**NOTE:** This document is an evaluation of this institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the institution. This evaluation is not, and should not be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion, or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.

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## Overall CRA Rating

**Institution’s CRA Rating:** This institution is rated **Satisfactory**.

The following table indicates the performance level of **FSGBank, National Association** with respect to the Lending, Investment, and Service Tests:

Performance Levels	(FSGBANK, N.A.) Performance Tests		
	Lending Test*	Investment Test	Service Test
Outstanding			
High Satisfactory			X
Low Satisfactory	X	X	
Needs to Improve			
Substantial Noncompliance			

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

The major factors that support this rating include:

- The bank had a good volume of lending activity responsive to the credit needs in its various assessment areas. Lending activity was good in the Chattanooga, TN-GA, Tennessee, and Georgia assessment areas.
- Overall, the bank had a good geographic distribution of loans. In the Chattanooga, TN-GA assessment area, geographic distribution was excellent. In the Tennessee assessment area it was adequate, and in the Georgia assessment area it was good.
- There was an adequate distribution of loans to borrowers of different income levels and businesses of different sizes. Borrower distribution was adequate in the Chattanooga, TN-GA and Tennessee assessment areas, and excellent in the Georgia assessment area.
- Overall, the bank had an adequate level of qualified community development investments. Investments were adequate in Chattanooga, TN-GA and Tennessee assessment areas, given the bank’s performance context. In the Georgia assessment area investment performance needs to improve.
- The bank’s overall retail distribution system provides good accessibility to the bank’s products and services. Performance was adequate in the Chattanooga, TN-GA assessment area, good in the Tennessee assessment area, and excellent in the Georgia assessment area.
- Overall, the bank provided a limited level of community development services. In the Chattanooga, TN-GA assessment area performance was adequate, given the bank’s performance context. In the Tennessee assessment area performance was poor and in the Georgia assessment area performance was excellent.

## Definitions and Common Abbreviations

The following terms and abbreviations are used throughout this performance evaluation, including the CRA tables. The definitions are intended to provide the reader with a general understanding of the terms, not a strict legal definition.

**Affiliate:** Any company that controls, is controlled by, or is under common control with another company. A company is under common control with another company if the same company directly or indirectly controls both companies. A bank subsidiary is controlled by the bank and is, therefore, an affiliate.

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

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

**Community Development:** Affordable housing (including multifamily rental housing) for low- or moderate-income individuals; community services targeted to low- or moderate-income individuals; activities that promote economic development by financing businesses or farms that meet the size eligibility standards of the Small Business Administration's Development Company or Small Business Investment Company programs (13 CFR 121.301) or have gross annual revenues of \$1 million or less; or, activities that revitalize or stabilize low- or moderate-income geographies.

**Community Reinvestment Act (CRA):** the statute that requires the OCC to evaluate a bank's record of meeting the credit needs of its local community, consistent with the safe and sound operation of the bank, and to take this record into account when evaluating certain corporate applications filed by the bank.

**Consumer Loan(s):** A loan(s) to one or more individuals for household, family, or other personal expenditures. A consumer loan does not include a home mortgage, small business, or small farm loan. This definition includes the following categories: motor vehicle loans, credit card loans, home equity loans, other secured consumer loans, and other unsecured consumer loans.

**Family:** Includes a householder and one or more other persons living in the same household who are related to the householder by birth, marriage, or adoption. The number of family households always equals the number of families; however, a family household may also include non-relatives living with the family. Families are classified by type as either a married-couple family or other family, which is further classified into 'male householder' (a family with a male householder and no wife present) or 'female householder' (a family with a female householder and no husband present).

**Full Review:** Performance under the Lending, Investment, and Service Tests is analyzed considering performance context, quantitative factors (e.g., geographic distribution, borrower distribution, and total number and dollar amount of investments), and qualitative factors (e.g., innovativeness, complexity, and responsiveness).

**Geography:** A census tract delineated by the United States Bureau of the Census in the most recent decennial census.

**Home Mortgage Disclosure Act (HMDA):** The statute that requires certain mortgage lenders that do business or have banking offices in a metropolitan statistical area to file annual summary reports of their mortgage lending activity. The reports include such data as the race, gender, and the income of applications, the amount of loan requested, and the disposition of the application (e.g., approved, denied, and withdrawn). Beginning in 2004, the reports also include data on loan pricing, the lien status of the collateral, any requests for preapproval and loans for manufactured housing.

**Home Mortgage Loans:** Such loans include home purchase, home improvement and refinancings, as defined in the HMDA regulation. These include loans for multifamily (five or more families) dwellings, manufactured housing and one-to-four family dwellings other than manufactured housing.

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

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

**Low-Income:** Individual income that is less than 50 percent of the area median income, or a median family income that is less than 50 percent, in the case of a geography.

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

**Median Family Income (MFI):** The median income determined by the U.S. Census Bureau every ten years and used to determine the income level category of geographies. Also, the median income determined by the Department of Housing and Urban Development annually that is used to determine the income level category of individuals. For any given area, the median is the point at which half of the families have income above it and half below it.

**Metropolitan Area (MA):** Any metropolitan statistical area or metropolitan division, as defined by the Office of Management and Budget, and any other area designated as such by the appropriate federal financial supervisory agency.

**Metropolitan Division:** As defined by Office of Management and Budget, a county or group of counties within a Metropolitan Statistical Area that contains a population of at least 2.5

million. A Metropolitan Division consists of one or more counties that represent an employment center or centers, plus adjacent counties associated with the main county or counties through commuting ties.

**Metropolitan Statistical Area:** An area, defined by the Office of Management and Budget, as having at least one urbanized area that has a population of at least 50,000. The Metropolitan Statistical Area comprises the central county or counties, plus adjacent outlying counties having a high degree of social and economic integration with the central county as measured through commuting.

**Middle-Income:** Individual income that is at least 80 percent and less than 120 percent of the area median income, or a median family income that is at least 80 percent and less than 120 percent, in the case of a geography

**Moderate-Income:** Individual income that is at least 50 percent and less than 80 percent of the area median income, or a median family income that is at least 50 percent and less than 80 percent, in the case of a geography.

**Multifamily:** Refers to a residential structure that contains five or more units.

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

**Owner-Occupied Units:** Includes units occupied by the owner or co-owner, even if the unit has not been fully paid for or is mortgaged.

**Qualified Investment:** A qualified investment is defined as any lawful investment, deposit, membership share, or grant that has as its primary purpose community development.

**Rated Area:** A rated area is a state or multi-state metropolitan area. For an institution with domestic branches in only one state, the institution's CRA rating would be the state rating. If an institution maintains domestic branches in more than one state, the institution will receive a rating for each state in which those branches are located. If an institution maintains domestic branches in two or more states within a multi-state metropolitan area, the institution will receive a rating for the multi-state metropolitan area.

**Small Loan(s) to Business(es):** A loan included in 'loans to small businesses' as defined in the Consolidated Report of Condition and Income (Call Report) and the Thrift Financial Reporting (TFR) instructions. These loans have original amounts of \$1 million or less and typically are either secured by nonfarm or nonresidential real estate or are classified as commercial and industrial loans.

**Small Loan(s) to Farm(s):** A loan included in 'loans to small farms' as defined in the instructions for preparation of the Consolidated Report of Condition and Income (Call Report). These loans have original amounts of \$500,000 or less and are either secured by farmland, or are classified as loans to finance agricultural production and other loans to farmers.

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

**Upper-Income:** Individual income that is more than 120 percent of the area median income, or a median family income that is more than 120 percent, in the case of a geography.

## Description of Institution

FSGBank, National Association (FSG) is an interstate bank headquartered in Chattanooga, Tennessee. As of June 30, 2006, the bank had total assets of \$1.1 billion, total deposits of \$908 million, and total Tier 1 Capital of \$96.5 million. The bank operates 33 full-service branches in the states of Tennessee (25) and Georgia (8). FSG is a wholly-owned subsidiary of First Security Group, Inc. (FSGI), also headquartered in Chattanooga. As of June 30, 2006, FSGI had total assets of \$1.1 billion. The bank has eight subsidiaries including two operating subsidiaries that are leasing companies and First Security Holdings, which holds the bank's investment portfolio. Only activity from First Security Holdings is being considered at this examination. Our review of financial information regarding the operating subsidiaries indicates that they do not impact the bank's ability to meet its obligations under the CRA.

FSG received its national bank charter on June 2, 2003. It is the successor to three previous state-chartered banks owned by FSGI which were merged together on September 24, 2003. Those banks include Dalton Whitfield Bank, Frontier Bank, and First State Bank. With the merger, the bank had total assets of \$619 million (as of September 30, 2003). Thereafter, the bank grew rapidly, primarily through acquisition. In December 2003, FSG acquired National Bank of Commerce's three branch offices located in Monroe County, Tennessee. At the time of acquisition, total deposits assumed by FSG were \$47 million. In October 2004 the bank acquired two leasing companies with total assets of \$63 million that now operate as subsidiaries of the bank, and in August 2005 another bank acquisition and merger occurred. At that time, FSG acquired the \$187 million asset, five branch Jackson Bank & Trust, Gainesboro, Tennessee. FSG continues to operate these branches under the name Jackson Bank & Trust.

FSG offers a full range of credit and deposit services throughout its assessment areas. As of June 30, 2006, FSG had net loans of approximately \$800 million. This represented approximately 74% of total assets and 88% of total deposits. The loan portfolio consists of the following: residential real estate loans (29%), commercial real estate loans (20%), construction loans (18%), commercial loans (14%), consumer loans (9%), leases (8%), and other loans (2%). The bank actively sells residential mortgage loans on the secondary market. The bank's primary business strategy is commercial business lending, with an emphasis on small and mid-size businesses.

There are no legal, financial or other factors impeding the bank's ability to help meet the credit needs of its assessment areas.

This is the first CRA examination conducted for FSG since it received its national charter. Although the bank's asset size as of year-end 2004 (\$765 million) and 2005 (\$1 billion) did not qualify the bank as a "Large Bank" under the CRA, the bank elected to be examined as such at this examination. Our evaluation of the bank's performance takes this factor into consideration. We also considered the bank's rapid rate of growth over a relatively short time frame, as discussed above.

Frontier Bank, under whose state-charter the three FSGI banks were merged in 2003, last received a CRA examination as of January 7, 2002. At that time, Frontier Bank was rated "Satisfactory".

## Scope of the Evaluation

### Evaluation Period/Products Evaluated

This Performance Evaluation assesses the bank's performance under the Lending, Investment, and Service Tests. In evaluating the bank's lending performance, we reviewed residential mortgage loans subject to reporting under the HMDA, small loans to businesses subject to reporting under the CRA, and community development loans. We also evaluated community development investments and community development services.

Multi-family residential mortgage loans reported under the HMDA and small loans to farms reported under the CRA were not evaluated because the bank did not originate enough loans to allow for a meaningful analysis. When no such loans were reported during the evaluation period, tables for these products are not included in the Core Tables of this report (Appendix D).

With the exception of community development loans, the evaluation period for the Lending Test is January 1, 2005 through June 30, 2006. For community development loans, the Investment Test, and the Service Test, the evaluation period is January 7, 2002, the date of last applicable CRA evaluation, through September 5, 2006. Our conclusions related to community development loans and qualified investments were based on the number and dollar amounts made during the evaluation period. In addition, we considered the level of innovation, complexity, responsiveness to community credit needs and the degree to which investments are not routinely provided by private investors.

### Data Integrity

This evaluation is based on accurate data. Prior to this examination, OCC personnel performed reviews, including samples of loans and applications, to determine the accuracy of lending-related data supplied by FSG. Our review identified inaccuracies in FSG's HMDA data for 2004 and 2005. FSG did not correct the data for 2004 and it was not used for this evaluation. The bank did correct the data for 2005 and our subsequent review of the corrected data, as well a sample of 2006 data, showed the data to be accurate.

The bank was not required to report small loans to businesses in 2004 and such data was not used at this examination. We reviewed a sample of 2005 and 2006 small business loan data and found it to be accurate.

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

### Selection of Areas for Full-Scope Review

In each state where the bank has an office, a sample of assessment areas within that state was selected for full-scope reviews. Refer to the "Scope" section under each State Rating for details regarding how the areas were selected. The multi-state metropolitan area in which the

bank has branches in more than one state received a full-scope review. Refer to Appendix A for more details.

## **Ratings**

The bank's overall rating is a blend of the multistate metropolitan area rating and state ratings. Because the Tennessee assessment area represents the majority of the bank's deposits (51%), more weight was placed on this area in determining ratings. The least amount of weight was given to the State of Georgia assessment area since it represents only 19% of the bank's deposits.

The Tennessee state rating is based primarily on those areas that received full-scope reviews. Refer to the "Scope" section in the Tennessee section of this evaluation for details regarding how the areas were weighted in arriving at the overall state rating.

In reaching our conclusions, more weight was given to small business lending. Small business lending is the bank's primary business strategy and it represents 67% of the loans analyzed for geographic and borrower distribution. Because several assessment areas contain few or no low- or moderate-income geographies, greater weight was given to borrower distribution conclusions when reaching an overall conclusion for the Lending Test.

Market share information was not considered in evaluating home mortgage loans. Aggregate data for 2005 lending was not available at the time the core tables were prepared. Aggregate data for small business lending was available and was used in the analysis and the tables.

## **Other**

Community credit needs in the assessment areas were determined by reviewing recent housing and demographic information and community contacts conducted by the OCC in connection with other CRA examinations of banks operating in the same assessment areas. For this examination we conducted four community contacts with community development organizations operating in the bank's various assessment areas. We also reviewed the Five-Year Consolidated Plans for the Cities of Chattanooga and Knoxville, as submitted to the U. S. Department of Housing and Urban Development (HUD).

Throughout all of the assessment areas, the most critical identified credit need is financing for the purchase or construction of housing that is affordable to low-and moderate-income families. In the more urban assessment areas, there is a documented need for financing to assist in the revitalization of designated low- and moderate-income neighborhoods. In the more rural assessment areas, there is a need for financing that will help to attract businesses and generate more jobs.

For additional information, see the Market Profiles in Appendix C.

## **Fair Lending Review**

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

## Multi-State Metropolitan Area Rating

### Chattanooga, TN-GA Assessment Area

**CRA rating for the Chattanooga, TN-GA assessment area<sup>1</sup>: Satisfactory**

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

**The Investment Test is rated:** Low Satisfactory

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

The major factors that support this rating include:

- The bank had a good volume of lending activity responsive to assessment area needs.
- An excellent geographic distribution of loans within the assessment area.
- An adequate distribution of loans to borrowers of different income levels and businesses of different sizes.
- A good volume of community development loans that had a positive impact on Lending Test conclusions.
- An adequate level of qualified community development investments, given the bank's performance context.
- Retail delivery systems are adequately accessible to all geographies and individuals of different income levels.
- An adequate level of community development services, given the bank's performance context.

### Description of Institution's Operations in Chattanooga, TN-GA Assessment Area

As of June 30, 2006, FSG operated seven branches in the Chattanooga, TN-GA assessment area, with approximately \$286 million in deposits. These deposits represent approximately 30% of the bank's total deposits. Of the home mortgage and small business loans analyzed at this examination, 33% were originated in Chattanooga, TN-GA assessment area. In the Chattanooga, TN-GA assessment area, the bank operates under the name FSG Bank and Catoosa Community Bank.

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

The bank has designated only the Hamilton County, Tennessee and Catoosa County, Georgia portions of the MSA as its assessment area. As of June 30, 2006, FSG had a deposit market share of 4.82% and was ranked 5<sup>th</sup> among 18 financial institutions reporting deposits in the assessment area portion of the multi-state MSA.

Refer to the market profile for the Chattanooga, TN-GA assessment area in Appendix C for detailed demographics and other performance context information.

## **LENDING TEST**

FSG's performance under the Lending Test in the Chattanooga, TN-GA assessment area is rated High Satisfactory. Based on a full-scope review, the bank's performance in the Chattanooga, TN-GA assessment area is good.

### **Lending Activity**

Refer to Table 1 Lending Volume in the Chattanooga, TN-GA section of Appendix D for the facts and data used to evaluate the bank's lending activity.

Lending activity for 2005 and through June 30, 2006 was used for this evaluation. As previously noted, the bank's 2004 lending activity was not considered. Since 2004 loan market share data is the most current data available for HMDA loans it is not possible to compare the bank's deposit market share during the evaluation period with its loan market share. This comparison is customary for large bank CRA examinations in order to evaluate lending activity. Market share data for 2005 is available for small loans to businesses, and a comparative analysis was conducted. To supplement the small business analysis, FSG's loan-to-deposit ratio was also considered. This analysis was performed at the bank level rather than the state or assessment area level.

The volume of lending activity is considered good in the Chattanooga, TN-GA assessment area based on a comparison deposit market share and rank with small business loan market share and rank, as well as the bank's overall loan-to-deposit ratio. The bank's home mortgage and small business lending was responsive to needs in the assessment area.

As of June 30, 2005, FSG had a deposit market share of 4.82% in the Chattanooga, TN-GA assessment area, and was ranked 5<sup>th</sup>. The bank's small business market share and rank was less than its deposit market share and rank. In 2005, the bank's market share of small loans to businesses was 3.16% and the bank was ranked 11<sup>th</sup>. However, it should be noted that of the top five reporters of small loans to businesses, only one had banking offices in the assessment area. The remaining four, with a combined market share of 54%, represent credit card lenders that do not accept deposits from the assessment area. Excluding credit card lenders, FSG is ranked 5<sup>th</sup> in small business loan originations.

The bank's average quarterly loan-to-deposit ratio since its chartering in June 2003 is 89.47%. The bank's average quarterly loan-to-deposit ratio for the lending period under review is 88.16%. In addition, during the lending period under review, the bank originated and sold \$138 million of home mortgage loans on the secondary market. The bank's June 30, 2006

loan-to-deposit ratio of 87.00% is near to the 91.77% loan-to-deposit ratio of a national peer group of similarly situated banks.

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

Overall, the geographic distribution of loans in the Chattanooga, TN-GA assessment area is excellent. The geographic distribution of home mortgage loans is good and the geographic distribution of small loans to businesses is excellent.

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

Refer to Tables 2, 3, and 4 in the Chattanooga, TN-GA assessment area section of Appendix D for the facts and data used to evaluate the geographic distribution of the bank's home mortgage loan originations and purchases.

The geographic distribution of home mortgage loans in the Chattanooga TN-GA assessment area is good. The geographic distribution of home purchase loans is excellent and the geographic distribution of refinance loans is adequate. No analysis was conducted on home improvement loans. The volume of loans (11) was insufficient for a meaningful analysis.

The geographic distribution of home purchase loans in the Chattanooga TN-GA assessment area is excellent. The percent of home purchase loans in low-income geographies exceeds the percent of owner-occupied housing units in low-income geographies. In moderate-income geographies, the percent of home purchase loans was very near to the percent of owner-occupied housing units in those geographies.

The geographic distribution of refinance loans in the Chattanooga TN-GA assessment area is adequate. In low-income geographies, the percent of loans exceeds the percent of owner-occupied housing units in low-income geographies. In moderate-income geographies, the percent of loans is somewhat lower than the percent of owner-occupied housing units.

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

Refer to Table 6 in the Chattanooga, TN-GA assessment area section of Appendix D for the facts and data used to evaluate the geographic distribution of the bank's origination/purchase of small loans to businesses.

The geographic distribution of small loans to businesses in the Chattanooga TN-GA assessment area is excellent. In both low- and moderate-income geographies, the percent of loans exceeds the percent of businesses located in those geographies. Also, the bank's market share in both low- and moderate-income geographies exceeds its overall market share of small loans to businesses.

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

No unexplained, conspicuous gaps in lending were identified. We evaluated the lending distribution in the Chattanooga, TN-GA assessment area to determine if any unexplained

conspicuous gaps existed. We reviewed lending reports detailing the volume of HMDA and small loans to businesses in low- and moderate-income geographies.

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

This analysis was performed at the bank level rather than the state or assessment area levels. During the evaluation period, FSG had a good volume of reported loans within its assessment areas. Overall, 86% of loans by number and 87% by dollar were originated within the bank's assessment areas. By loan type, 83% by number and 81% by dollar of home mortgage loans were originated in the bank's assessment areas. Of small loans to businesses, 87% by number and 89% by dollar were originated in the bank's assessment areas. The findings from this analysis had a positive impact on the geographic distribution analysis.

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

Overall, the borrower distribution of loans in the Chattanooga, TN-GA assessment area is adequate. The borrower distribution of home mortgage loans is good and the borrower distribution of small loans to businesses is adequate.

Consideration was given to the fact that 12% of assessment area households are below the poverty level. This limits the ability of most low-income families to participate in home ownership without significant assistance from state, county, or other subsidy programs.

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

Refer to Tables 8, 9, and 10 in the Chattanooga, TN-GA assessment area section of Appendix D for the facts and data used to evaluate the borrower distribution of the bank's home mortgage loan originations and purchases.

The borrower distribution of home mortgage loans in the Chattanooga TN-GA assessment area is good, given poverty levels in the assessment area. The borrower distribution of home purchase loans is adequate and the borrower distribution of refinance loans is good. No analysis was conducted on home improvement loans. The volume of loans (11) was insufficient for a meaningful analysis.

The borrower distribution of home purchase loans is adequate. The percent of home purchase loans to low-income borrowers is lower than the percent of low-income borrowers in the assessment area. For moderate-income borrowers, the percent of loans is somewhat lower than the percent of moderate-income borrowers.

The borrower distribution of refinance loans is good. The percent of loans to low-income borrowers is significantly lower than the percent of low-income families in the assessment area. The percent of loans to moderate-income borrowers exceeds the percent of moderate-income borrowers.

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

Refer to Table 11 in the Chattanooga, TN-GA assessment area section of Appendix D for the facts and data used to evaluate the borrower distribution of the bank's origination/purchase of small loans to businesses.

The borrower distribution of small loans to businesses is adequate in the Chattanooga TN-GA assessment area. Loans to businesses with annual revenues of \$1 million or less (small businesses) was somewhat lower than the percentage of businesses that reported revenues of \$1 million or less in the assessment area. The bank's market share of loans to small businesses exceeds its market share of loans to all businesses in the assessment area.

### **Community Development Lending**

Refer to Table 1 Lending Volume in the Chattanooga, TN-GA assessment area section of Appendix D for the facts and data used to evaluate the bank's level of community development lending.

Community development lending had a neutral impact on the overall Lending Test for the Chattanooga, TN-GA assessment area. During the evaluation period, FSG originated 21 community development loans totaling approximately \$1.3 million. Each of these construction loans helped to provide owner-occupied housing that was affordable to low- and moderate-income families in the bank's Chattanooga, TN-GA assessment area.

### **Product Innovation and Flexibility**

Product innovation and flexibility had a neutral impact on the Lending Test conclusion. FSG did not use innovative or flexible lending products during the evaluation period in this assessment area.

## **INVESTMENT TEST**

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

The bank's performance under the Investment Test in the Chattanooga, TN-GA assessment area is rated Low Satisfactory. Based on a full-scope review, the bank's performance in the Chattanooga, TN-GA assessment area is adequate when consideration is given to a regional investment that includes the Chattanooga, TN-GA assessment area.

Refer to Table 14 in the Chattanooga, TN-GA assessment area section of Appendix D for the facts and data used to evaluate the bank's level of qualified investments.

The dollar volume of community development investments is adequate, considering the bank's size, capacity, and the level of opportunities in the assessment area. Investments are responsive to assessment area needs addressing the critical need of affordable housing. Investments are not considered innovative or complex. Private investors routinely provide these types of qualified investments. A full array of investment opportunities is available in the

assessment area. For a discussion of investment opportunities, see the Market Profile in Appendix C.

During the evaluation period, the bank invested in a regional mortgage-backed security that benefited Southeastern Tennessee, including the Chattanooga, TN-GA assessment area. The investment totals approximately \$1.1 million and is backed by 12 mortgages to low- and moderate-income borrowers. Approximately 30% of the total investment benefits the Chattanooga, TN-GA assessment area. Mortgage-backed securities are important because they provide needed liquidity to lending institutions so that additional mortgages can be funded.

One investment was made specifically in the Chattanooga, TN-GA assessment area. A donation of \$3,000 was made to a non-profit organization that builds owner-occupied housing affordable to low-and moderate-income families.

## **SERVICE TEST**

FSG's performance under the Service Test in the Chattanooga, TN-GA assessment area is rated Low Satisfactory. Retail banking services are adequate and community development services are adequate, considering the bank's performance context. Based on a full-scope review, the bank's performance in the Chattanooga, TN-GA assessment area is adequate.

### **Retail Banking Services**

Refer to Table 15 in the Chattanooga, TN-GA assessment area section of Appendix D for the facts and data used to evaluate the distribution of the bank's branch delivery system and branch openings and closings.

In the Chattanooga, TN-GA assessment area, FSG's retail delivery systems are reasonably accessible to geographies and individuals of different incomes. While the bank has no branches in low-or moderate-income geographies, four branches in middle-income geographies are immediately adjacent to low- or moderate-income geographies, providing adequate accessibility to banking services for those individuals residing in, and businesses operating in, the assessment area's low- and moderate-income geographies. The bank did not open or close any branches in the assessment area during the evaluation period.

Branch hours, products, and services do not vary, and are consistent among all the branches in the assessment area. All branches offer ATM facilities and extended hours are available on Fridays.

### **Community Development Services**

FSG provided an adequate level of qualified community development services in the Chattanooga, TN-GA assessment area, given the bank's performance context. These services are responsive to local community development needs. Bank officers provided technical assistance to three community development organizations. An officer serves on the Board of Directors and the Finance Committee of a non-profit organization that develops,

finances, renovates, and manages housing that is affordable to low-and moderate-income families in the city of Chattanooga and other portions of Hamilton County. Another officer also participates as a member of the Board of Directors of a nationally known non-profit organization that constructs homes for low-and moderate-income families. FSG is also represented on the Board of Directors of a non-profit entity that provides community services in the Chattanooga, TN-GA assessment area targeted to low- and moderate-income individuals, particularly developmentally disabled.

Throughout all of its assessment areas, FSG offers a checking account free of regular service charges. The account, with a low opening balance requirement, increases access to financial services for low- or moderate-income individuals and families. In the Chattanooga, TN-GA assessment area, FSG has approximately 1,500 such accounts.

## State Rating

### State of Tennessee

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

The major factors that support this rating include:

- The bank had a good volume of lending activity responsive to assessment area needs.
- An adequate geographic distribution of loans within the assessment area.
- An adequate distribution of loans to borrowers of different income levels and businesses of different sizes.
- An adequate level of qualified community development investments, given the bank's performance context.
- A good distribution of retail delivery systems.
- A limited level of community development services.

### Description of Institution's Operations in Tennessee

As of June 30, 2006, FSG operated 18 full-service branches in the state of Tennessee with \$467 million in deposits. This represents approximately 51% of the bank's total deposits. Of the home mortgage and small business loans analyzed at this examination, 48% were originated in the Tennessee assessment areas. In portions of the state of Tennessee, FSG operates under the name Jackson Bank & Trust. In addition to its full-service branches, the bank operates five limited-service facilities in the Tennessee assessment area that provide teller services only.

During the evaluation period, two acquisitions were finalized in the State of Tennessee assessment area. The first in December 2003 added three branches in non-MSA Monroe County. The second, in August 2005, added five branches in the non-MSA Counties of Jackson and Putnam.

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

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

## **Scope of Evaluation in Tennessee**

Six assessment areas were considered for the Tennessee rating in this evaluation including:

- Portions of Knoxville, TN MSA 28940 including Knox, Loudon, and Union Counties.
- A portion of Morristown, TN MSA 34100 including Jefferson County
- A portion of Cleveland, TN MSA 17420 including Bradley County
- Contiguous non-MSA McMinn and Monroe Counties, combined
- Non-MSA Putnam County
- Non-MSA Jackson County

A full-scope analysis was conducted on the Knoxville, Morristown, and non-MSA McMinn-Monroe County assessment areas. A limited-scope review was conducted on the remaining assessment areas. The rating for Tennessee is primarily based on performance in the assessment areas selected for full-scope review. Of those assessment areas, the greatest weight was given to the Knoxville assessment area since it represents 40% of the bank's deposits in Tennessee. Refer to Appendix A for more information.

Loan products evaluated include home purchase, home improvement, and home refinance loans reported under the HMDA and small loans to businesses reported under the CRA. The volume of multi-family housing loans reported under the HMDA and small loans to farms reported under the CRA was not sufficient for analysis. We also evaluated community development loans, investments, and services.

Two community contacts were conducted in the Tennessee assessment areas, one in the Knoxville assessment area and one in the Morristown assessment area. The Knoxville contact was with a non-profit housing developer who identified the need for construction financing for multi-family housing units that are affordable to low- and moderate-income families. The need for financing to purchase affordable homes was also stated as well as the need for homebuyer counseling. In the Morristown assessment area contact, the non-profit housing organization also identified the need for multi-family housing construction financing.

## **LENDING TEST**

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

The bank's performance under the Lending Test in Tennessee is rated Low Satisfactory. Based on full-scope reviews, the bank's performance in the Knoxville and Morristown assessment areas is adequate. The bank's performance in the non-MSA McMinn-Monroe County assessment area is good.

## Lending Activity

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

Lending activity for 2005 and through June 30, 2006 was used for this evaluation. As previously noted, the bank's 2004 lending activity was not considered. Since 2004 loan market share data is the most current data available for HMDA loans it is not possible to compare the bank's deposit market share during the evaluation period with its loan market share. This comparison is customary for large bank CRA examinations in order to evaluate lending activity. Market share data for 2005 is available for small loans to businesses, and a comparative analysis was conducted. To supplement the small business analysis, FSG's loan-to-deposit ratio was also considered. This analysis was performed at the bank level rather than the state or assessment area level.

The volume of lending activity is considered good in the Tennessee assessment areas based on a comparison deposit market share and rank with small business loan market share and rank, as well as the bank's overall loan-to-deposit ratio. The bank's home mortgage and small business lending was responsive to needs in the assessment area. Lending activity was good in the Knoxville, Morristown, and non-MSA McMinn-Monroe County assessment areas.

In the Knoxville assessment area, as of June 30, 2005, FSG had a deposit market share of 1.56% and was ranked 9<sup>th</sup>. The bank's small business market share exceeds its deposit market share, while its rank is less. In 2005, the bank's market share of small loans to businesses was 1.62% and the bank was ranked 14<sup>th</sup>. However, it should be noted that of the top five reporters of small loans to businesses, only one had banking offices in the assessment area. The remaining four, with a combined market share of 49%, represent credit card lenders that do not accept deposits from the assessment area. Excluding credit card lenders, FSG is ranked 8<sup>th</sup> in small business loan originations.

As of June 30, 2005 in the Morristown assessment area, FSG had a deposit market share of 11.14% and was ranked 5<sup>th</sup>. The bank's small business market share exceeds its deposit market share and rank. Based on 2005 small business aggregate data, FSG's small business loan market share was 8.51% and the bank was ranked 5<sup>th</sup>. When credit card lenders, that do not accept deposits from the assessment area are excluded however, FSG is ranked 1<sup>st</sup>.

In the Non-MSA McMinn-Monroe County assessment FSG had a deposit market share of 7.55% and was ranked 7<sup>th</sup> as of June 30, 2005. The bank's small business market share and rank was lower than its small business loan market share and rank. Based on 2005 aggregate small business loan data, the bank had a 3.43% market share and was ranked 11<sup>th</sup>. It should be noted however, that of the top five small business lenders, with a combined market share of 43%, only one accepts deposits and operates within the assessment area. If the credit card lenders are eliminated, FSG is ranked 5<sup>th</sup>.

The bank's average quarterly loan-to-deposit ratio since its chartering in June 2003 is 89.47%. The bank's average quarterly loan-to-deposit ratio for the lending period under review is 88.16%. In addition, during the lending period under review, the bank originated and sold \$138 million of home mortgage loans on the secondary market. The bank's June 30, 2006

loan-to-deposit ratio of 87.00% is somewhat lower than the 91.77% loan-to-deposit ratio of a national peer group of similarly situated banks.

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

Overall, the geographic distribution of loans in the Tennessee assessment area is adequate. The geographic distribution of home mortgage loans is good and the geographic distribution of small loans to businesses is adequate.

The overall geographic distribution of loans in the Knoxville assessment area is adequate and the overall geographic distribution of loans in the non-MSA McMinn-Monroe County assessment area is excellent. There are no low-or moderate-income geographies in the Morristown MSA assessment area. Therefore, no geographic distribution analysis was conducted.

Our conclusions are based primarily on performance in moderate-income geographies. In the Knoxville assessment area, only 4.09% (5,058 units) of owner-occupied units are located in low-income geographies, significantly limiting opportunities for any one of the many lenders reporting home mortgage lending in the assessment area. There are no low-income geographies in the non-MSA McMinn-Monroe County assessment area.

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

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

The overall geographic distribution of home mortgage loans in Tennessee is good. The overall geographic distribution of home mortgage loans in the Knoxville assessment area is good and the overall geographic distribution of home mortgage loans in the non-MSA McMinn-Monroe County assessment area is good.

In the Knoxville assessment area, the geographic distribution of home purchase loans is good. In low-income geographies, the percent of loans is somewhat lower than the percent of owner-occupied housing units in low-income geographies. In moderate-income geographies, the percent of loans exceeds the percent of owner-occupied housing units.

The geographic distribution of home improvement and refinance loans in the Knoxville assessment area is adequate. The bank did not originate any home improvement or refinance loans in low-income geographies. However, the percent of both home improvement and refinance loans in moderate-income geographies exceeds the percent of owner-occupied housing units.

In the non-MSA McMinn-Monroe County assessment area, the geographic distribution of home purchase loans is excellent. In moderate-income geographies, the percent of home purchase loans significantly exceeds the level of owner-occupied housing units. The geographic distribution of home improvement loans is also excellent, with the percent of home improvement loans in moderate-income geographies exceeding the percent of owner-occupied

housing units. The geographic distribution of refinance loans is poor. The bank did not originate any refinance loans in moderate-income geographies.

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

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

The overall geographic distribution of small loans to businesses in Tennessee is adequate.

The geographic distribution of small loans to businesses in the Knoxville assessment area is adequate. The percent of loans to businesses in low-income geographies is lower than the percent of businesses located in those geographies. In moderate-income geographies, the percent of loans is somewhat lower than the percent of businesses located in moderate-income geographies. In both low- and moderate-income geographies, the bank's market share of small loans to businesses is lower than its overall market share of small loans to businesses.

In the non-MSA McMinn-Monroe County assessment area, the geographic distribution of small loans to businesses is excellent. The percent of loans to small businesses located in moderate-income geographies exceeds the percent of businesses located in moderate-income geographies. The bank's market share of loans in moderate-income geographies exceeds its overall market share of small loans to businesses.

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

No unexplained, conspicuous gaps in lending were identified. We evaluated the lending distribution in the Tennessee assessment areas to determine if any unexplained conspicuous gaps existed. We reviewed lending reports detailing the volume of HMDA and small loans to businesses in low- and moderate-income geographies, as applicable.

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

This analysis was performed at the bank level rather than the state or assessment area levels. During the evaluation period, FSG had a good volume of reported loans within its assessment areas. Overall, 86% of loans by number and 87% by dollar were originated within the bank's assessment areas. By loan type, 83% by number and 81% by dollar of home mortgage loans were originated in the bank's assessment areas. Of small loans to businesses, 87% by number and 89% by dollar were originated in the bank's assessment areas. The findings from this analysis had a positive impact on the geographic distribution analysis.

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

Overall, the borrower distribution of loans in the Tennessee assessment area is adequate. The borrower distribution of home mortgage loans is good and the borrower distribution of small loans to businesses is adequate.

Borrower distribution of loans in the Knoxville assessment area and the Morristown assessment area is adequate. In the non-MSA McMinn-Monroe County assessment area borrower distribution is good.

Consideration was given to the poverty levels in the assessment areas, which negatively impact the ability of low-income families to own a home. In the Knoxville assessment area, 14% of households are below the poverty level. In the Morristown assessment area 14% of households are also below the poverty level, and in the non-MSA McMinn-Monroe County assessment area, 16% of households are below the poverty level.

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

Refer to Tables 8, 9 and 10 in the State of Tennessee section of Appendix D for the facts and data used to evaluate the borrower distribution of the bank's home mortgage loan originations and purchases.

The overall borrower distribution of home mortgage loans in the Tennessee assessment area is good. The borrower distribution of home mortgage loans in the Knoxville and Morristown assessment areas is good. Borrower distribution in the non-MSA McMinn-Monroe County assessment area is adequate.

Overall, the borrower distribution of home mortgage loans in the Knoxville assessment area is good. Borrower distribution of home purchase loans in the Knoxville assessment area is good, given the level of poverty discussed above. The percent of loans to low-income borrowers is lower than the percent of low-income families in the assessment area. The percent of loans to moderate-income borrowers exceeds the percent of moderate-income families in the assessment area.

The borrower distribution of home improvement loans in the Knoxville assessment area is excellent. The percent of loans to low-income borrowers significantly exceeds the percent of low-income families in the Knoxville assessment area. The percent of loans to moderate-income borrowers exceeds the percent of moderate-income families in the assessment area.

Borrower distribution of home refinance loans in the Knoxville assessment area is adequate, given the level of poverty in the assessment area. The percent of refinance loans to both low- and moderate-income borrowers is somewhat lower than the percent of both low- and moderate-income families in the assessment area.

Overall, borrower distribution of home mortgage loans in the Morristown assessment area is good, based on home purchase and refinance loan performance. The volume of home improvement loans (3) is not sufficient for a meaningful analysis.

Borrower distribution of home purchase loans in the Morristown assessment area is good, given the assessment area poverty level. The percent of home purchase loans to low-income borrowers is lower than the percent of low-income families in the Morristown assessment area. The percent of home purchase loans to moderate-income borrowers in the Morristown assessment area exceeds the percent of moderate-families in the assessment area.

Borrower distribution for refinance loans is good in the Morristown assessment area, given performance context. The percent of loans to low-income borrowers is lower than the percent of low-income families residing in the Morristown assessment area. The percent of refinance loans to moderate-income families exceeds the percent of moderate-income families in the assessment area.

Overall, borrower distribution of home mortgage loans in the non-MSA McMinn-Monroe County assessment area is adequate. Borrower distribution of home purchase loans is poor. The bank did not originate any home purchase loans to low-income borrowers in the non-MSA McMinn-Monroe County assessment area during the evaluation period. The percent of home purchase loans to moderate-income borrowers is lower than the percent of moderate-income families residing in the non-MSA McMinn-Monroe assessment area.

The borrower distribution of home improvement loans in the non-MSA McMinn-Monroe assessment area is excellent. The percent of loans to both low-income and moderate-income borrowers exceeds the percent of such families residing in the assessment area.

Borrower distribution of refinance loans in the non-MSA McMinn-Monroe assessment area is good. The percent of refinance loans to low-income borrowers in the assessment area is near to the percent of low-income families residing in the non-MSA McMinn-Monroe assessment area. The percent of refinance loans to moderate-income families is equivalent to the percent of moderate-income families residing in the assessment area.

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

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

The overall borrower distribution of small loans to businesses in the Tennessee assessment area is adequate. In the Knoxville and Morristown assessment areas, borrower distribution of small loans to businesses is adequate. In the non-MSA McMinn-Monroe County assessment area, the borrower distribution of small loans to businesses is good.

The borrower distribution of small loans to businesses in the Knoxville assessment area is adequate. The percent of loans to small businesses (businesses with revenues of \$1 million or less) is somewhat lower than the percent of such businesses in the Knoxville assessment area. The bank's market share of loans to small businesses exceeds its overall market share of small loans to businesses.

In the Morristown assessment area, borrower distribution of small loans to businesses is also adequate. The percent of loans to small businesses (businesses with revenues of \$1 million or less) is somewhat lower than the percent of such businesses in the Morristown assessment area. The bank's market share of loans to small businesses is somewhat lower than its overall market share of small loans to businesses.

Borrower distribution of small loans to businesses in the non-MSA McMinn-Monroe County assessment area is good. The percent of loans to small businesses (businesses with revenues of \$1 million or less) substantially meets the percent of small businesses located in

the assessment area. The bank's market share of loans to small businesses is somewhat lower than its overall market share of small loans to businesses.

## **Community Development Lending**

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

Community development lending had a neutral impact on the Lending Test in the Tennessee assessment area. In the Knoxville assessment area, community development lending had a neutral impact on the Lending Test. During the evaluation period, FSG originated eight community development loans totaling \$804,000. Seven construction loans helped to provide owner-occupied housing affordable to low- and moderate-income families in the assessment area. One multi-family loan provided six units of rental housing affordable to low-and moderate- income families in the Knoxville assessment area. The loans are responsive to the critical affordable housing need in the assessment area.

Community development lending had a neutral impact on the Lending Test in the Morristown and non-MSA McMinn and Monroe County assessment areas. No community development loans were originated in these assessment areas during the evaluation period.

## **Product Innovation and Flexibility**

Product innovation and flexibility had a neutral impact on the Lending Test conclusion. FSG did not use innovative or flexible lending products during the evaluation period in this assessment area.

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

Based on limited-scope reviews, the bank's performance under the Lending Test in the non-MSA Putnam County assessment area is not inconsistent with the bank's overall "Low Satisfactory" performance under the Lending Test in the state of Tennessee. In the Cleveland MSA assessment area the bank's performance is stronger than the bank's overall performance in Tennessee. The Cleveland assessment area exhibited stronger geographic and borrower distribution performance. In the non-MSA Jackson County assessment area, the bank's performance is weaker than the bank's overall performance in Tennessee. In this assessment area, borrower distribution was particularly weak and had a negative impact on the overall lending test conclusion for the assessment area. Performance in the Cleveland and non-MSA Putnam assessment areas had a neutral impact on overall conclusions for the Lending Test in the state of Tennessee.

Refer to the Tables 1 through 13 in the State of Tennessee section of Appendix D for the facts and data that support these conclusions.

## INVESTMENT TEST

### Conclusions for Areas Receiving Full-Scope Reviews

The bank's performance under the Investment Test in the state of Tennessee is rated Low Satisfactory, given the bank's capacity, the level of investment opportunities in the various assessment areas, and performance in the limited-scope assessment areas. Based on full-scope reviews, the bank's performance in the Knoxville assessment area is excellent. Performance in the Morristown assessment area is poor, and performance in the non-MSA McMinn-Monroe County assessment areas is very poor. Performance in the limited-scope assessment areas is weaker than the bank's overall performance, and it had a negative impact on the overall Investment Test conclusion.

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

Overall, the dollar volume of community development investments is adequate, considering the bank's size, capacity, and the level of opportunities in the assessment areas. Investments are responsive to assessment area needs addressing the critical need of affordable housing. Investments are not considered innovative or complex. Private investors routinely provide these types of qualified investments. For a discussion of investment opportunities see the Market Profiles in Appendix C.

In the Knoxville assessment area, where there is a full array of investment opportunities, the bank made direct investments totaling \$539,000. One investment, totaling \$289,000, is a mortgage-backed security totaling \$1.3 million and backed by mortgages to low- and moderate-income borrowers. The Knoxville assessment area also benefited from an Eastern Tennessee regional investment in a mortgage-backed security. Approximately 70% of the total investment (shown on Table 14 of the Chattanooga, TN-GA core tables) benefits the Knoxville assessment area. Mortgage-backed securities are important because they provide needed liquidity to lending institutions so that additional mortgages can be funded.

The second direct investment in the Knoxville assessment area totaled \$250,000 in Qualified Zone Academy bonds (QZABs) issued by the Health, Educational, and Housing Facility Board of Knox County. The bonds help to provide community services by funding primary and secondary education improvements in schools that are located in Knoxville's Empowerment Zone.

No investments were made in the Morristown assessment area. However, investment opportunities in the assessment area are limited. For a discussion of investment opportunities, see the Market Profile in Appendix C.

The bank made 16 investments in the non-MSA McMinn-Monroe County assessment area totaling \$33,000. These investments consist of donations to organizations that meet the definition of community development. Investment opportunities in the assessment area are limited. For a discussion of investment opportunities, see the Market Profile in Appendix C.

## Conclusions for Area Receiving Limited-Scope Reviews

Based on limited-scope reviews, the bank's performance under the Investment Test in the Cleveland, non-MSA Jackson County, and non-MSA Putnam County assessment areas is weaker than the bank's overall low satisfactory performance under the Investment Test in Tennessee. This performance had a negative impact on the Investment Test conclusion. Refer to the Table 14 in the State of Tennessee section of Appendix D for the facts and data that support these conclusions.

## SERVICE TEST

### Conclusions for Areas Receiving Full-Scope Reviews

The bank's performance under the Service Test in Tennessee is rated High Satisfactory. Retail banking services are good and community development services need to improve. Based on full-scope reviews the bank's performance in the Knoxville and non-MSA McMinn-Monroe County assessment area is good. Performance in the Morristown assessment area is good, based on community development service performance. The assessment area does not contain any low-or moderate-income geographies, therefore no branch distribution analysis can be conducted.

### Retail Banking Services

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

In the Knoxville assessment area, the FSG branch network provides good accessibility to individuals of different income levels. While the bank has no branches in low-income geographies, 43% of its branches are in moderate-income geographies. This provides excellent accessibility to the 17% of the population that resides in moderate-income geographies. One of the moderate-income branches is immediately adjacent to a low-income geography, providing some access to the 8% of the population that resides in low-income geographies. In addition, FSG operates an off-site site ATM in the Knoxville assessment area. Located in a retail shopping area, the off-site ATM is located in a moderate-income geography.

Branch hours, products, and services do not vary, and are consistent among all the branches in the assessment area. All Branches offer ATM facilities and extended hours are available on Fridays. During the evaluation period, two branches were opened in the Knoxville assessment area. Both branches are located in upper-income geographies. No branches were closed. This branching activity had a neutral impact on the retail banking services conclusion.

In the non-MSA McMinn-Monroe County assessment area, FSG branches are readily accessible to individuals of different income levels. Twenty percent of the bank's branches are located in moderate-income geographies. This provided excellent access to the approximately

7% of the population that reside in moderate-income geographies. (The assessment area contains no low-income geographies.)

Branch hours, products, and services do not vary, and are consistent among all the branches in the assessment area. With the exception of one branch located in a middle-income geography, all branches offer ATM facilities. Extended hours are available on Friday evenings and Saturday mornings. During the evaluation period no branches were opened or closed in the assessment area.

## **Community Development Services**

Overall, FSG provided a limited level of qualified community development services in the Tennessee assessment areas. In the Knoxville assessment area, community development services were limited and in the Morristown assessment area community development services were good. No community development service activities were identified in the Non-MSA McMinn-Monroe County assessment area. Opportunities in this rural assessment area, which contains no low-income geographies, are limited.

In the Knoxville assessment area, a bank officer provided technical assistance to a non-profit organization that provides community services targeted to low- and moderate-income individuals with disabilities. In the Morristown assessment area, FSG provided community development services to four organizations which focus on economic development and community services. A bank officer participates with several local industrial and economic development foundations whose mission is to increase employment opportunities, particularly for low skilled workers, by attracting businesses to the area. Also, a bank officer provides financial literacy training as part of an educational program directed toward low- and moderate-income youth in the assessment area. Organized by a non-profit organization, the educational program, which also includes assistance in homework and tutoring, is conducted at public housing developments.

Throughout all of its assessment areas, FSG offers a checking account free of regular service charges. The account, with a low opening balance requirement, increases access to financial services for low- or moderate-income individuals and families. In the Tennessee assessment areas combined, FSG has approximately 5,000 such accounts.

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

Based on limited-scope reviews, the bank's performance under the Service Test in the Cleveland MSA and non-MSA County of Jackson is weaker than the bank's overall High Satisfactory performance under the Service Test in Tennessee. In these assessment areas, the bank did not have any branches in low-or moderate-income geographies. In the non-MSA Putnam County assessment area the bank's performance is stronger than the bank's overall performance in the state. In this assessment area, branches provided excellent accessibility to residents of the assessment area's moderate-income individuals. (There are no low-income geographies in the assessment area.) Performance in the limited-scope assessment areas had a neutral impact on the overall Service Test conclusion for Tennessee. Refer to Table 15 in the State of Tennessee section of Appendix D for the facts and data that support these conclusions.

## State Rating

### State of Georgia

<b>CRA Rating for Georgia<sup>3</sup>:</b>	<b>Satisfactory</b>
<b>The Lending Test is rated:</b>	<u>Outstanding</u>
<b>The Investment Test is rated:</b>	<u>Needs to Improve</u>
<b>The Service Test is rated:</b>	<u>Outstanding</u>

The major factors that support this rating include:

- The bank had a good volume of lending activity responsive to assessment area needs.
- A good geographic distribution of loans within the assessment area.
- An excellent distribution of loans to borrowers of different income levels and businesses of different sizes.
- A good level of community development loans that had a positive impact on the Lending Test.
- A poor level of qualified community development investments.
- An excellent distribution of retail delivery systems.
- An excellent level of community development services.

### Description of Institution's Operations in Georgia

As of June 30, 2006, FSG operated 8 branches in the state of Georgia assessment area with approximately \$172 million in deposits. This represents approximately 19% of the bank's total deposits. At this examination, approximately 18% of home mortgage and small business loans analyzed were originated in the Georgia assessment area. In Georgia, FSG operates under the names Dalton Whitfield Bank and Primer Banco Seguro.

The assessment area considered for the state rating in this evaluation was a portion of MSA 19140 (Dalton, GA), including Whitfield County. This assessment area received a full-scope review. As of June 30, 2006 FSG had a deposit market share of 12.24% in Whitfield County and was ranked 3<sup>rd</sup> among 12 financial institutions reporting deposits in the County.

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<sup>3</sup> For institutions with branches in two or more states in a multistate metropolitan area, this statewide evaluation does not reflect performance in the parts of this state contained within the multistate metropolitan area. Refer to the multistate metropolitan area rating and discussion for the rating and evaluation of the institution's performance in that area.

Refer to the market profile for the State of Georgia in Appendix C for detailed demographics and other performance context information.

## Scope of Evaluation in Georgia

Loan products evaluated include home purchase, home improvement, and home refinance loans reported under the HMDA and small loans to businesses reported under the CRA. The volume of multi-family housing loans reported under the HMDA and small loans to farms reported under the CRA was not sufficient for analysis. We also evaluated community development loans, investments, and services.

One community contact, with a quasi-governmental entity that focuses its efforts on economic development, was conducted in the Georgia assessment area. The contact noted the need for financing of small businesses and also identified the need for affordable housing due to the influx of individuals seeking employment in the assessment area.

## LENDING TEST

### Conclusions for Areas Receiving Full-Scope Reviews

The bank's performance under the Lending Test in Georgia is rated Outstanding. Based on a full-scope review, the bank's performance in the Dalton assessment areas is excellent.

### Lending Activity

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

Lending activity for 2005 and through June 30, 2006 was used for this evaluation. As previously noted, the bank's 2004 lending activity was not considered. Since 2004 loan market share data is the most current data available for HMDA loans it is not possible to compare the bank's deposit market share during the evaluation period with its loan market share. This comparison is customary for large bank CRA examinations in order to evaluate lending activity. Market share data for 2005 is available for small loans to businesses, and a comparative analysis was conducted. To supplement the small business analysis, FSG's loan-to-deposit ratio was also considered. This analysis was performed at the bank level rather than the state or assessment area level.

The volume of lending activity is considered good in the Georgia assessment areas based on a comparison deposit market share and rank with small business loan market share and rank, as well as the bank's overall loan-to-deposit ratio. The bank's home mortgage and small business lending was responsive to needs in the assessment area. Lending activity was good in the Dalton assessment area.

As of June 30, 2005, FSG had a deposit market share of 12.24% and was ranked 3<sup>rd</sup>. The bank's small business market share and rank is somewhat lower than its deposit market share and rank. Based on 2005 small business loan aggregate data, the bank had an 8.62% market share and was ranked 5<sup>th</sup>. It should be noted however, that three of the top five lenders in the assessment area, with a combined market share of 41%, were credit card lenders that do not

take deposits or operate in the assessment area. Without those lenders, FSG would be ranked 2<sup>nd</sup>.

The bank's average quarterly loan-to-deposit ratio since its chartering in June 2003 is 89.47%. The bank's average quarterly loan-to-deposit ratio for the lending period under review is 88.16%. In addition, during the lending period under review, the bank originated and sold \$138 million of home mortgage loans on the secondary market. The bank's June 30, 2006 loan-to-deposit ratio of 87.00% is somewhat lower than the 91.77% loan-to-deposit ratio of a national peer group of similarly situated banks.

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

The geographic distribution of loans in Georgia is good. The geographic distribution of loans in the Dalton assessment area is good. The geographic distribution of home mortgage loans is excellent and the geographic distribution of small loans to businesses is good.

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

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

The geographic distribution of home mortgage loans in the Dalton assessment area is excellent. This conclusion is based on performance in moderate-income geographies. There are no low-income geographies in the Dalton assessment area.

The geographic distribution of home purchase and refinance loans in the Dalton assessment area is excellent. The percent of both home purchase and refinance loans in moderate-income geographies significantly exceeds the percent of owner-occupied housing units in those geographies. No analysis was conducted on home improvement loans. The volume of loans (11) was insufficient for a meaningful analysis.

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

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

The geographic distribution of small loans to businesses in the Dalton assessment area is good. The percent of loans in moderate-income geographies substantially meets the percent of businesses in moderate-income geographies. The bank's market share of small loans to businesses in moderate-income geographies substantially meets its overall market share of small loans to businesses.

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

No unexplained, conspicuous gaps in lending were identified. We evaluated the lending distribution in the Dalton assessment area to determine if any unexplained conspicuous gaps

existed. We reviewed lending reports detailing the volume of HMDA and small loans to businesses in moderate-income geographies.

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

This analysis was performed at the bank level rather than the state or assessment area levels. During the evaluation period, FSG had a good volume of reported loans within its assessment areas. Overall, 86% of loans by number and 87% by dollar were originated within the bank's assessment areas. By loan type, 83% by number and 81% by dollar of home mortgage loans were originated in the bank's assessment areas. Of small loans to businesses, 87% by number and 89% by dollar were originated in the bank's assessment areas. The findings from this analysis had a positive impact on the geographic distribution analysis.

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

Borrower distribution of loans in Georgia is excellent. Borrower distribution of loans in the Dalton assessment area is excellent. Borrower distribution of both home mortgage and small loans to businesses is excellent. Consideration was given to the poverty level in the assessment area, which negatively impacts the ability of low-income families to own a home. In the Dalton assessment area, 11% of households are below the poverty level.

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

Refer to Tables 8, 9 and 10 in the State of Georgia section of Appendix D for the facts and data used to evaluate the borrower distribution of the bank's home mortgage loan originations and purchases.

The borrower distribution of home mortgage loans in the Dalton assessment area is excellent. Our conclusion is based on home purchase and refinance loan performance. No analysis was conducted on home improvement loans. The volume of loans (11) was insufficient for a meaningful analysis.

The borrower distribution of home purchase loans in the Dalton assessment area is excellent. The percent of loans to both low-income and moderate-income families significantly exceeds the percent of such families residing in the Dalton assessment area.

In the Dalton assessment area, borrower distribution of refinance loans is good, given the poverty level in the assessment area. The percent of refinance loans to low-income borrowers is lower than the percent of low-income families residing in the Dalton assessment area. The percent of refinance loans to moderate-income families exceeds the percent of moderate-income families in the assessment area.

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

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

Borrower distribution of small loans to businesses in the Dalton assessment area is excellent. The percent of small loans to small businesses (businesses with revenues of \$1 million or less) exceeds the percent of small businesses operating in the bank's Dalton assessment area. The bank's market share of loans to small businesses exceeds its overall market share of small loans to businesses.

### **Community Development Lending**

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

Community development lending had a positive impact on Lending Test conclusions. During the evaluation period, the bank originated two community development loans in the Dalton assessment area. The loans, totaling \$874,000, helped to provide affordable housing for low- and moderate-income families in the assessment area. The loans are responsive to assessment area needs. Affordable housing is a stated need in the Dalton assessment area.

### **Product Innovation and Flexibility**

Beginning in March 2006, the bank initiated a flexible Affordable Housing Mortgage product in the Dalton assessment area. This is the first such product the bank has offered and the marketing of the product is limited to the Dalton area on a test basis. The program offers more liberal debt-to-income ratios, expanded loan-to-value ratios as high as 97%, and the acceptance of alternative credit history. There is also an Affordable Combo Mortgage that combines a first and second mortgage that will allow the financing of settlement expenses. The product is targeted to low- and moderate-income borrowers and borrowers purchasing property in low- and moderate-income geographies.

Since inception, the bank originated 32 loans under the program, totaling \$1.7 million. This flexible product had a positive impact on the Lending Test conclusion.

## **INVESTMENT TEST**

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

The bank's performance under the Investment Test in Georgia is rated needs to improve. Based on a full-scope review, the bank's performance in the Dalton assessment area is poor.

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

During the evaluation period, the bank made two investments totaling \$2,300 in the Dalton assessment area. These investments represent donations to non-profit organizations that meet the definition of community development. Opportunities are somewhat limited in the assessment area, nonetheless opportunities do exist. For a discussion of investment opportunities, see the Market Profile in Appendix C.

## **SERVICE TEST**

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

The bank's performance under the Service Test in Georgia is rated Outstanding. Based on a full-scope review, the bank's performance in the Dalton assessment area is excellent. Retail and community development service performance are both excellent.

### **Retail Banking Services**

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

In the Dalton assessment area, branch delivery systems are readily accessible to all income geographies. Of the bank's branches in the assessment area, 63% are located in moderate-income geographies. This provides excellent access to the approximately 24% of the population that resides in moderate-income geographies. (There are no low-income geographies in the assessment area.) During the evaluation period, no branches were closed and two branches were opened in the Dalton assessment area. Both new branches are located in moderate-income geographies, having a positive impact on retail banking service performance.

Branch hours, products, and services vary in a way that is particularly convenient to low- and moderate-income individuals. All of the Dalton Whitfield facilities provide consistent hours, products, and services. All branches offer ATM facilities and lobby facilities and provide extended hours on Friday. Drive-up facilities offer extended hours on Saturday morning.

The two Primer Banco Seguro (PBS) facilities, both of which are located in moderate-income geographies, provide consistent hours, products, and services. Although these offices do not offer ATM facilities, they are open until 8 pm weekday evenings. Both offices are open until 8 pm on Saturday and one is open on Sunday. In addition to traditional banking services as provided at Dalton Whitfield, PBS offers special low-cost services targeted to the low- and moderate-income community, as discussed below. Customers of both operations are free to use the facilities and services of any of the FGS banks in the assessment area.

### **Community Development Services**

An excellent level of community development services were noted in the Dalton assessment area. FSG officers have worked with several organizations whose activities have focused on helping low- and moderate-income families find affordable housing, economic development activities that will help provide jobs by attracting small businesses to the area, and providing community development services targeted to low- and moderate-income individuals and families, particularly those that are homeless. The most prominent activity was participation with a non-profit corporation certified by the U.S. Small Business Administration to facilitate small business development through business financing assistance. A bank officer has provided financial literacy and first-time homebuyer education classes at programs sponsored

by non-profit agencies primarily serving low- and moderate-income individuals. In addition, a bank officer is involved in organizing what is now an ad hoc redevelopment organization by providing financial expertise in an application for grant monies to help revitalize and stabilize downtown Dalton, which is located in a moderate-income geography.

Throughout all of its assessment areas, FSG offers a checking account free of regular service charges. The account, with a low opening balance requirement, increases access to financial services for low- or moderate-income individuals and families. In the Dalton assessment area, the bank has approximately 3,900 such accounts. In addition, at two of the bank's branches located in moderate-income geographies, the bank offers other low-cost services that also increase financial access for low- and moderate-income individuals. At these Primer Banco Seguro locations low-cost check cashing, money order, and international remittance services are offered. The branches also provide individual financial literacy training in an effort to move clients into mainstream banking.

## Appendix A: Scope of Examination

The following table identifies the time period covered in this evaluation, affiliate activities that were reviewed, and loan products considered. The table also reflects the metropolitan and non-metropolitan areas that received comprehensive examination review (designated by the term “full-scope”) and those that received a less comprehensive review (designated by the term “limited-scope”).

<b>Time Period Reviewed</b>	Lending Test (excludes CD loans): (01/01/2005 to 06/30/2006)  Investment and Service Tests and CD Loans: (01/07/2002 to 09/05/2006)	
<b>Financial Institution</b>	<b>Products Reviewed</b>	
FSGBank, National Association, Chattanooga, TN	Home purchase, improvement, and refinance; small business; community development	
<b>Affiliate(s)</b>	<b>Affiliate Relationship</b>	<b>Products Reviewed</b>
First Security Holdings	Bank Subsidiary	Investments
<b>List of Assessment Areas and Type of Examination</b>		
<b>Assessment Area</b>	<b>Type of Exam</b>	<b>Other Information</b>
Chattanooga, TN-GA Tennessee Knoxville (MSA 28940) Morristown (MSA 34100) Non-MSA McMinn&Monroe Cleveland (MSA 17420) Non-MSA Jackson County Non-MSA Putnam County Georgia Dalton (MSA 19140)	Full-Scope  Full-Scope Full-Scope Full-Scope Limited-Scope Limited-Scope Limited-Scope  Full-Scope	Hamilton and Catoosa Counties only  Knox, Loudon, and Union Counties only Jefferson County only  Whitfield County only

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

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RATINGS		BANK NAME		
Overall Bank:	Lending Test Rating*	Investment Test Rating	Service Test Rating	Overall Bank/State/Multistate Rating
FSGBank, N.A.	Low Satisfactory	Low Satisfactory	High Satisfactory	Satisfactory
Multistate Metropolitan Area or State:				
Chattanooga, TN-GA	High Satisfactory	Low Satisfactory	Low Satisfactory	Satisfactory
Tennessee	Low Satisfactory	Low Satisfactory	High Satisfactory	Satisfactory
Georgia	Outstanding	Needs-To-Improve	Outstanding	Satisfactory

(\*) The lending test is weighted more heavily than the investment and service tests in the overall rating.

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

### Chattanooga, TN-GA Assessment Area

FSG’s assessment area includes a portion of the multi-state Chattanooga, TN-GA MSA consisting of Hamilton County Tennessee and Catoosa County Georgia. The assessment area meets the requirements of the CRA regulation and does not arbitrarily exclude low- and moderate-income geographies. The following table provides detailed demographic information about the assessment area.

Demographic Information for Full Scope Area: A portion of Multi-State Chattanooga, TN-GA MSA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	77	7.79	18.18	48.05	25.97	0.00
Population by Geography	361,178	5.05	10.44	53.88	30.62	0.00
Owner-Occupied Housing by Geography	97,792	1.91	8.53	55.09	34.48	0.00
Business by Geography	26,635	5.11	12.54	57.76	24.59	0.00
Farms by Geography	524	0.95	5.34	54.20	39.50	0.00
Family Distribution by Income Level	99,685	18.14	16.68	21.86	43.32	0.00
Distribution of Low and Moderate Income Families throughout AA Geographies	34,708	9.78	16.17	55.25	18.80	0.00
Median Family Income HUD Adjusted Median Family Income for 2006 Households Below Poverty Level		44,787 52,500 12%	Median Housing Value Unemployment Rate (2000 US Census)		93,765 2.63%	

(\*) The NA category consists of geographies that have not been assigned an income classification.  
Source: 2000 US Census and 2006 HUD updated MFI

According to the 2000 Census, the total population of the assessment area is approximately 361,000. About half of the population resides in Chattanooga, the seat of Hamilton County. Chattanooga is the fourth-largest city in Tennessee behind Memphis, Nashville, and Knoxville. All of the low- and moderate-income geographies in the assessment area are located in Chattanooga, primarily within the city limits. Twelve percent of the overall population in the assessment area lives below the poverty level. However, approximately 18% of the population of the city of Chattanooga lives below the poverty level.

Overall, the level of owner-occupied housing in the assessment area is 62%. Ownership levels are stronger outside Chattanooga city limits where 72% of housing is owner-occupied. Within Chattanooga, only 54% of housing is owner-occupied.

A comparison of median income and median housing prices indicates that housing is generally affordable in the assessment area, particularly to moderate-income families. Based on data from the National Association of Realtors, the median sales price of an existing single-family

home in the Chattanooga, TN-GA assessment area was \$131,900 in 2005, and it reached \$142,300 by June 30, 2006. In comparison, the HUD Estimated Median Family Income for the assessment area was \$51,900 for 2005 and \$52,500 for 2006.

Low-income families have more limited opportunities and benefit from subsidy programs, particularly those that would assist with down payments and closing costs, according to community contacts. There are approximately 2,790 public housing units in the city. The Chattanooga Housing Authority (CHA) provides rental subsidies for approximately 3,000 families under the Section 8 Housing Choice Program. On a limited basis, the CHA has implemented a Section 8 voucher homeownership program and is working on providing some 125 single family houses for home ownership by 2007.

The economy is diverse including a mix of manufacturing, retail, and service industries and the unemployment rate is low. Chattanooga is the corporate headquarters and home to several large corporations and following the city's industrial decline, many banking and insurance companies established operations in Chattanooga. Major employers include U.S. Xpress, Krystal, Cigna, BlueCross BlueShield, Unum Provident Corporation, and the Tennessee Valley Authority. In addition, four colleges are located in the city including the University of Tennessee at Chattanooga.

Banking competition in the assessment area is strong. FDIC data as of June 30, 2005 showed 18 institutions operating 129 banking offices of national, regional, and community banks in the Chattanooga, TN-GA assessment area. Competition for mortgage and small business loans is even stronger since many lenders, such as mortgage and credit card companies lend in the assessment area but do not take deposits. Based on 2005 aggregate data, there were approximately 370 HMDA reporters and 30 small business loan reporters in the Chattanooga, TN-GA assessment area.

There is a good range of opportunities for community development lending, investments, and services throughout the Chattanooga, TN-GA assessment area. Community development opportunities include working with and providing financing to the numerous organizations whose mission is to provide affordable housing and/or community services for low- and moderate-income persons, as well as organizations with a mission of economic development. There is a designated Chattanooga Urban Renewal Community in the heart of downtown and the city has a robust housing and community development program, based on its 2005 Consolidated Plan submitted to the U.S. Department of Housing and Urban Development (HUD). Types of community development investments available include, but are not limited to, participation in several local Community Development Corporations (CDCs") and Community Development Financial Institutions ("CDFIs"), the purchase of mortgage-backed and SBA loan-backed securities, the purchase of Low Income Housing Tax Credits, and opportunities to contribute to qualified non-profit organizations whose missions are focused on providing affordable housing, community services for low- and moderate-income persons, and economic development.

A community contact was conducted for this examination with a non-profit affordable housing entity that has been working in the Chattanooga, TN-GA assessment area since 1986. The contact identified the need for financing of affordable housing construction as primary in the assessment area.

### Knoxville Assessment Area

FSG’s assessment area includes a portion of the Knoxville MSA consisting of Knox, Loudon, and Union Counties. The assessment area meets the requirements of the CRA regulation and does not arbitrarily exclude low- and moderate-income geographies. The following table provides detailed demographic information about the assessment area.

Demographic Information for Full Scope Area: A portion of Knoxville MSA 28940						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	94	15.96	23.40	38.30	21.28	1.06
Population by Geography	438,926	7.89	16.91	46.41	28.74	0.05
Owner-Occupied Housing by Geography	123,663	4.09	15.15	50.53	30.23	0.00
Business by Geography	31,213	12.01	16.13	37.73	34.09	0.03
Farms by Geography	750	5.07	11.73	52.00	31.20	0.00
Family Distribution by Income Level	117,988	20.00	17.31	21.10	41.59	0.00
Distribution of Low and Moderate Income Families throughout AA Geographies	44,021	13.11	24.42	48.93	13.55	0.00
Median Family Income		46,594	Median Housing Value		99,806	
HUD Adjusted Median Family Income for 2006		54,800	Unemployment Rate (2000 US Census)		2.40%	
Households Below Poverty Level		14%				

(\*) The NA category consists of geographies that have not been assigned an income classification.  
 Source: 2000 US Census and 2006 HUD updated MFI

According to the 2000 Census, the total population of the assessment area is approximately 439,000. About 40% of the population resides in the city of Knoxville, the seat of Knox County. Knoxville is the third-largest city in Tennessee behind Memphis and Nashville. All of the low-income geographies and 82% (18 of 22) of the moderate-income geographies in the assessment area are located in Knoxville, primarily within the city limits. Fourteen percent of the overall population in the assessment area lives below the poverty level. However, approximately 20% of the population of the city of Knoxville lives below the poverty level.

Overall, the level of owner-occupied housing in the assessment area is 63%. Ownership levels are stronger outside Knoxville but within the city, only 44% of housing is owner-occupied. Knoxville is Tennessee’s oldest major city therefore large portions of the housing stock are old and in need of repair. The city estimates that 25% of residential properties within the city of Knoxville are substandard. The city’s Five Year Plan for Housing and Community Development submitted to the U. S. Department of Housing and Community Development (HUD) includes rehabilitation of such properties.

A comparison of median income and median housing prices indicates that housing is generally affordable in the assessment area, particularly to moderate-income families. Based on data

from the National Association of Realtors, the median sales price of an existing single-family home in the Knoxville assessment area was \$143,700 in 2005, and it reached \$152,900 by June 30, 2006. In comparison, the HUD Estimated Median Family Income for the assessment area was \$53,750 for 2005 and \$54,800 for 2006.

Low-income families have more limited opportunities and benefit from subsidy programs, particularly those that would assist with down payments and closing costs, according to community contacts. There are approximately 3,550 public housing units in the city owned and maintained by Knoxville's Community Development Corporation (KCDC). The KCDC provides rental subsidies for approximately 2,800 families under Section 8. As of January 2005, there was a waiting list of 593 families for public housing. The use of Low-Income Housing Tax Credits have helped to provide some 875 rental units where residency is restricted to tenants with incomes that do not exceed 60% (adjusted for family size) of the area's median family income.

The economy is strong, with an overall low level of unemployment. Located in the heart of the high-tech Tennessee Valley Corridor, Knoxville's economy depends primarily on the main campus of the University of Tennessee, the Oak Ridge National Laboratory, the National Transportation Research Center, and the Tennessee Valley Authority. Because of its central location on the east coast, many warehouse and distribution centers operate in and around Knoxville.

Banking competition in the assessment area is strong. FDIC data as of June 30, 2005 showed 24 institutions operating 164 banking offices of national, regional, and community banks in the Knoxville assessment area. Competition for mortgage and small business loans is even stronger since many lenders, such as mortgage and credit card companies lend in the assessment area but do not take deposits. Based on 2005 aggregate data, there were approximately 450 HMDA reporters and 30 small business loan reporters in the Knoxville assessment area.

There is a wide range of opportunities for community development lending, investments, and services in the Knoxville assessment area. Community development opportunities include working with and providing financing to the numerous organizations whose mission is to provide affordable housing and/or community services for low- and moderate-income persons, as well as organizations with a mission of economic development. Within the city is a 16-square mile Federal Empowerment Zone designated for revitalization and the city has a very robust housing and community development program, based on its 2005 Consolidated Plan submitted to the U.S. Department of Housing and Urban Development (HUD). Types of community development investments available include, but are not limited to, participation in several local Community Development Corporations (CDCs") and Community Development Financial Institutions ("CDFIs"), the purchase of Low-Income Housing Tax Credits, the purchase of mortgage-backed and SBA loan-backed securities, and opportunities to contribute to qualified non-profit organizations whose missions are focused on providing affordable housing, community services for low- and moderate-income persons, and economic development.

### Morristown Assessment Area

FSG’s assessment area includes a portion of the Morristown MSA consisting of Jefferson County. The assessment area meets the requirements of the CRA regulation and does not arbitrarily exclude low- and moderate-income geographies. The following table provides detailed demographic information about the assessment area.

Demographic Information for Full Scope Area: A portion of Morristown MSA 34100						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	9	0.00	0.00	100.00	0.00	0.00
Population by Geography	44,294	0.00	0.00	100.00	0.00	0.00
Owner-Occupied Housing by Geography	13,369	0.00	0.00	100.00	0.00	0.00
Business by Geography	2,034	0.00	0.00	100.00	0.00	0.00
Farms by Geography	87	0.00	0.00	100.00	0.00	0.00
Family Distribution by Income Level	12,759	18.02	18.32	23.98	39.69	0.00
Distribution of Low and Moderate Income Families throughout AA Geographies	4,636	0.00	0.00	100.00	0.00	0.00
Median Family Income		37,679	Median Housing Value		81,364	
HUD Adjusted Median Family Income for 2006		44,600	Unemployment Rate (2000 US Census)		2.67%	
Households Below Poverty Level		14%				

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

Source: 2000 US Census and 2006 HUD updated MFI

The Morristown assessment area is more rural and much smaller than the Chattanooga and Knoxville assessment areas. Based on the 2000 Census, the total population of the assessment area is only about 44,000, but it is one of the fastest growing areas in the United States, due to an influx of retirees. There are only nine geographies in the assessment area, none of which are low- or moderate-income. However, about 14% of households live below the poverty level.

The purchase of existing single-family homes is generally affordable in the assessment area, based on our review of real estate listings in the area. However, the influx of retirees noted above has caused the prices of new homes to increase and make them less affordable.

Current unemployment rates (5.9%) are higher than those reported in the 2000 Census, and the primary need in the assessment area is more jobs. Local government and private entities are working to attract new business to the area and have been successful in attracting a John Deere distribution center as well as other businesses that intend to reopen some of the closed mines in the area. Other primary employers include Bush Brothers Cannery, Ball Food Container, Nashua Corporation, and Matsuo Industries. The close proximity of Knox County also provides employment opportunities.

FDIC data as of June 30, 2005 showed 9 financial institutions operating 16 banking offices of regional and community banks in the Morristown assessment area. Competition for mortgage and small business loans is somewhat stronger since other lenders, such as mortgage and credit card companies lend in the assessment area but do not take deposits. Based on 2005 aggregate data, there were approximately 270 HMDA reporters and 26 small business loan reporters in the Morristown assessment area.

There is a limited range of opportunities for community development lending, investments, and services in the Morristown assessment area. Community development opportunities include working with and providing financing to the several organizations whose mission is to provide affordable housing and/or community services for low- and moderate-income persons, as well as organizations with a mission of economic development. Types of community development investments available include, but are not limited to, participation in state-wide or regional Community Development Corporations (CDCs”) and Community Development Financial Institutions (“CDFIs”), the purchase of mortgage-backed and SBA loan-backed securities, and opportunities to contribute to qualified non-profit organizations whose missions are focused on providing affordable housing, community services for low- and moderate-income persons, and economic development.

### Non-MSA McMinn-Monroe County Assessment Area

McMinn and Monroe Counties are contiguous rural counties located in south eastern Tennessee with similar demographic and economic characteristics that allow them to be combined into one assessment area. The assessment area meets the requirements of the CRA regulation and does not arbitrarily exclude low- and moderate-income geographies. The following table provides detailed demographic information about the assessment area.

Demographic Information for Full Scope Area: Non-MSA McMinn and Monroe Counties						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	14	0.00	7.14	85.71	7.14	0.00
Population by Geography	87,976	0.00	7.13	83.56	9.31	0.00
Owner-Occupied Housing by Geography	26,945	0.00	4.61	85.29	10.11	0.00
Business by Geography	4,898	0.00	13.54	76.26	10.21	0.00
Farms by Geography	200	0.00	4.50	88.00	7.50	0.00
Family Distribution by Income Level	25,657	19.37	18.76	22.54	39.34	0.00
Distribution of Low and Moderate Income Families throughout AA Geographies	9,781	0.00	8.66	84.71	6.64	0.00
Median Family Income HUD Adjusted Median Family Income for 2006 Households Below Poverty Level		36,945 43,500 16%	Median Housing Value Unemployment Rate (2000 US Census)		74,249 2.89%	

(\*) The NA category consists of geographies that have not been assigned an income classification.  
Source: 2000 US Census and 2006 HUD updated MFI

With a combined population of about 89,000, McMinn is the larger county containing about 56% of the combined population. Eight of the 14 geographies, including the one moderate-income geography, are located in McMinn County. The county seat and largest city is Athens, with a population of about 49,000. While about 11% of the families in McMinn County live below the poverty level, about 15% of families in Athens live below the poverty level. Madisonville is the county seat of Monroe County and has a population of approximately 4,000.

Due to the close proximity of Interstate 75, many people from both McMinn and Monroe Counties commute to work in either Knoxville or to one of the Oak Ridge National Laboratory sites in Oak Ridge. However the counties do offer a variety of employment opportunities. Mayfield Dairy Farms, one of the largest dairy processors in the Southeast is located in Monroe County. There are also numerous manufacturing job opportunities such as Bowater, Waupaca Foundry, MasterCraft, and TRW Kloyo Steering Systems.

Housing is generally affordable in the assessment area, based on our review of real estate listings in the area. However, proximity to the Knoxville area has driven prices higher than might be expected for these rural counties, particularly for new construction.

FDIC data as of June 30, 2005 showed 12 financial institutions operating 50 banking offices of regional and community banks in the combined counties. Competition for mortgage and small business loans is somewhat stronger since other lenders, such as mortgage and credit card companies lend in the assessment area but do not take deposits.

There is a limited range of opportunities for community development lending, investments, and services in the non-MSA McMinn-Monroe County assessment area. Community development opportunities include working with and providing financing to few organizations whose mission is to provide affordable housing and/or community services for low- and moderate-income persons, as well as organizations with a mission of economic development. Types of community development investments available include, but are not limited to, participation in state-wide or regional Community Development Corporations (CDCs") and Community Development Financial Institutions ("CDFIs"), the purchase of mortgage-backed and SBA loan-backed securities, and opportunities to contribute to qualified non-profit organizations whose missions are focused on providing affordable housing, community services for low- and moderate-income persons, and economic development.

**Dalton Assessment Area**

FSG’s assessment area includes a portion of the Dalton MSA consisting of Whitfield County. The assessment area meets the requirements of the CRA regulation and does not arbitrarily exclude low- and moderate-income geographies. The following table provides detailed demographic information about the assessment area.

Demographic Information for Full Scope Area: A portion of Dalton MSA						
19140						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	18	0.00	22.22	61.11	16.67	0.00
Population by Geography	83,525	0.00	24.38	59.85	15.76	0.00
Owner-Occupied Housing by Geography	19,862	0.00	13.31	69.32	17.36	0.00
by Geography	6,466	0.00	34.89	45.90	19.21	0.00
Farms by Geography	103	0.00	9.71	65.05	25.24	0.00
Family Distribution by Income Level	22,293	17.76	19.28	22.72	40.24	0.00
Distribution of Low and Moderate Income Families throughout AA Geographies	8,259	0.00	31.53	55.73	12.74	0.00
Median Family Income HUD Adjusted Median Family Income for 2006 Households Below Poverty Level		43,713 50,800 11%	Median Housing Value Unemployment Rate (2000 US Census)		87,388 1.77%	

(\*) The NA category consists of geographies that have not been assigned an income classification.  
Source: 2000 US Census and 2006 HUD updated MFI

According to the 2000 Census, the total population of the assessment area is approximately 84,000. About 33% of the population resides in the city of Dalton, the seat of Whitfield County. The assessment area has no low-income geographies. All of the four moderate-income geographies are within the city of Dalton. Eleven percent of the overall population in the assessment area lives below the poverty level. However, approximately 16% of the population of the city of Dalton lives below the poverty level.

Overall, the level of owner-occupied housing in the assessment area is 65%. However, in the moderate-income geographies, the level of owner-occupancy is only 13%. According to a community contact, affordable housing is in large demand because of an influx of individuals seeking employment in the assessment area. In the moderate-income geographies of the assessment area, rent is frequently quoted on a weekly basis to accommodate the lower level of wages paid for entry level employment at local factories.

Housing in the assessment area is generally affordable when comparing income with housing costs, particularly for moderate-income families. The HUD Estimated Median Family Income for the assessment area was \$51,650 for 2005 and \$50,800 for 2006. According to the 2000 Census, the median housing value is approximately \$87,000, somewhat less than that of the Chattanooga assessment area. Our review of real estate listings revealed that home prices in

the more rural Dalton area were lower than those in Chattanooga (2005 median sales price of an existing single-family home was \$131,900), located about 30 miles north. Having the funds for down payment and closing costs are the biggest barriers to home ownership.

The economy is robust and the unemployment level is low. The economy is primarily driven by the carpet industry, including Shaw Industries and Mohawk Carpets, which employ more than 30,000 people in the Whitfield County area. There are also two large poultry processing plants in the county. Employment in these industries continually attracts newcomers to the area.

Based on FDIC data as of June 30, 2005, there are 12 institutions operating 33 banking offices of regional and community banks in the Dalton assessment area. Competition for mortgage and small business loans is much stronger since many lenders, such as mortgage and credit card companies lend in the assessment area but do not take deposits. Based on 2005 aggregate data, there were approximately 220 HMDA loan reporters and 30 small business loan reporters in the Dalton assessment area.

There is a somewhat limited range of opportunities for community development lending, investments, and services in the Dalton assessment area. Community development opportunities include working with and providing financing to the several organizations whose mission is to provide affordable housing and/or community services for low- and moderate-income persons, as well as organizations with a mission of economic development. Types of community development investments available include, but are not limited to, participation in several local Community Development Corporations (CDCs"), the purchase of mortgage-backed and SBA loan-backed securities, and opportunities to contribute to qualified non-profit organizations whose missions are focused on providing affordable housing, community services for low- and moderate-income persons, and economic development.

## Tables of Performance Data

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### Chattanooga, TN-GA Multi-State Metropolitan Area

State of Tennessee

State of Georgia

## Appendix D: Tables of Performance Data

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### Content of Standardized Tables

A separate set of tables is provided for each state. All multistate metropolitan areas are presented in one set of tables. References to the “bank” include activities of any affiliates that the bank provided for consideration (refer to appendix A: Scope of the Examination). For purposes of reviewing the lending test tables, the following are applicable: (1) purchased loans are treated as originations/purchases and market share is the number of loans originated and purchased by the bank as a percentage of the aggregate number of reportable loans originated and purchased by all lenders in the MA/assessment area; (2) Partially geocoded loans (loans where no census tract is provided) cannot be broken down by income geographies and, therefore, are only reflected in the Total Loans in Core Tables 2 through 7 and part of Table 13; and (3) Partially geocoded loans are included in the Total Loans and % Bank Loans Column in Core Tables 8 through 12 and part of Table 13. Deposit data are compiled by the FDIC and are available as of June 30<sup>th</sup> of each year. Tables without data are not included in this PE. [Note: Do not renumber the tables.]

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

- Table 1. Lending Volume** - Presents the number and dollar amount of reportable loans originated and purchased by the bank over the evaluation period by MA/assessment area. Community development loans to statewide or regional entities or made outside the bank’s assessment area may receive positive CRA consideration. Refer to Interagency Q&As \_\_.12(i) - 5 and - 6 for guidance on when a bank may receive positive CRA consideration for such loans. When such loans exist, insert a line item in the MA/Assessment Area column and record the corresponding numbers and amounts in the “Community Development Loans” column with the appropriate caption, such as: “Statewide/Regional,” “Statewide/Regional with potential benefit to one or more AAs” or “Out of Assessment Area.” “Out of Assessment Area” is used ONLY if the bank has otherwise adequately met the CD lending needs of its assessment area.
- Table 1. Other Products** - Presents the number and dollar amount of any unreported category of loans originated and purchased by the bank, if applicable, over the evaluation period by MA/assessment area. Examples include consumer loans or other data that a bank may provide, at its option, concerning its lending performance. This is a two-page table that lists specific categories.
- Table 2. Geographic Distribution of Home Purchase Loans** - Compares the percentage distribution of the number of loans originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies to the percentage distribution of owner-occupied housing units throughout those geographies. The table also presents market share information based on the most recent aggregate market data available.

- Table 3. Geographic Distribution of Home Improvement Loans** - See Table 2.
- Table 4. Geographic Distribution of Home Mortgage Refinance Loans** - See Table 2.
- Table 5. Geographic Distribution of Multifamily Loans** - Compares the percentage distribution of the number of multifamily loans originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies to the percentage distribution of multifamily housing units throughout those geographies. The table also presents market share information based on the most recent aggregate market data available.
- Table 6. Geographic Distribution of Small Loans to Businesses** - The percentage distribution of the number of small loans (less than or equal to \$1 million) to businesses originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies compared to the percentage distribution of businesses (regardless of revenue size) throughout those geographies. The table also presents market share information based on the most recent aggregate market data available. Because small business data are not available for geographic areas smaller than counties, it may be necessary to use geographic areas larger than the bank's assessment area.
- Table 7. Geographic Distribution of Small Loans to Farms** - The percentage distribution of the number of small loans (less than or equal to \$500,000) to farms originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies compared to the percentage distribution of farms (regardless of revenue size) throughout those geographies. The table also presents market share information based on the most recent aggregate market data available. Because small farm data are not available for geographic areas smaller than counties, it may be necessary to use geographic areas larger than the bank's assessment area.
- Table 8. Borrower Distribution of Home Purchase Loans** - Compares the percentage distribution of the number of loans originated and purchased by the bank to low-, moderate-, middle-, and upper-income borrowers to the percentage distribution of families by income level in each MA/assessment area. The table also presents market share information based on the most recent aggregate market data available.
- Table 9. Borrower Distribution of Home Improvement Loans** - See Table 8.
- Table 10. Borrower Distribution of Refinance Loans** - See Table 8.
- Table 11. Borrower Distribution of Small Loans to Businesses** - Compares the percentage distribution of the number of small loans (less than or equal to \$1 million) originated and purchased by the bank to businesses with revenues of \$1 million or less to the percentage distribution of businesses with revenues of \$1 million or less. In addition, the table presents the percentage distribution of the

number of loans originated and purchased by the bank by loan size, regardless of the revenue size of the business. Market share information is presented based on the most recent aggregate market data available.

**Table 12. Borrower Distribution of Small Loans to Farms** - Compares the percentage distribution of the number of small loans (less than or equal to \$500,000) originated and purchased by the bank to farms with revenues of \$1 million or less to the percentage distribution of farms with revenues of \$1 million or less. In addition, the table presents the percentage distribution of the number of loans originated and purchased by the bank by loan size, regardless of the revenue size of the farm. Market share information is presented based on the most recent aggregate market data available.

**Table 13. Geographic and Borrower Distribution of Consumer Loans (OPTIONAL)** - For geographic distribution, the table compares the percentage distribution of the number of loans originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies to the percentage distribution of households within each geography. For borrower distribution, the table compares the percentage distribution of the number of loans originated and purchased by the bank to low-, moderate-, middle-, and upper-income borrowers to the percentage of households by income level in each MA/assessment area.

**Table 14. Qualified Investments** - Presents the number and dollar amount of qualified investments made by the bank in each MA/AA. The table separately presents investments made during prior evaluation periods that are still outstanding and investments made during the current evaluation period. Prior-period investments are reflected at their book value as of the end of the evaluation period. Current period investments are reflected at their original investment amount even if that amount is greater than the current book value of the investment. The table also presents the number and dollar amount of unfunded qualified investment commitments. In order to be included, an unfunded commitment must be legally binding and tracked and recorded by the bank's financial reporting system.

A bank may receive positive consideration for qualified investments in statewide/regional entities or made outside of the bank's assessment area. See Interagency Q&As \_\_.12(i) - 5 and - 6 for guidance on when a bank may receive positive CRA consideration for such investments. When such investments exist, insert a line item in the MA/Assessment Area column and record the corresponding numbers and amounts in the "Qualified Investments" column with the appropriate caption, such as: "Statewide/Regional," "Statewide/Regional with potential benefit to one or more AAs" or "Out of Assessment Area." "Out of the Assessment Area" is used ONLY if the bank has otherwise adequately met the qualified investment needs of its assessment area.

**Table 15. Distribution of Branch Delivery System and Branch Openings/Closings** - Compares the percentage distribution of the number of the bank's branches in low-, moderate-, middle-, and upper-income geographies to the percentage of the population within each geography in each MA/AA. The table also presents data on branch openings and closings in each MA/AA.

**Tables of Performance Data**

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**Chattanooga, TN-GA Multi-State Metropolitan Area**

State of Tennessee

State of Georgia

Institution ID: FSG BANK (1000024425)

**Table 1. Lending Volume**

LENDING VOLUME		Geography: MULTI-STATE TN-GA						Evaluation Period: JANUARY 1, 2005 TO JUNE 30, 2006				
MA/Assessment Area (2006):	% of Rated Area Loans (#) in MA/AA*	Home Mortgage		Small Loans to Businesses		Small Loans to Farms		Community Development Loans**		Total Reported Loans		% of Rated Area Deposits in MA/AA***
		#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$(000's)	
<b>Full Review:</b>												
Multi-State Chattanooga, TN-GA MSA	100.00	232	37,327	544	86,641	1	300	21	1,300	798	125,568	100.00

\* Loan Data as of June 30, 2006. Rated area refers to either state or multi-state MA rating area.

\*\* The evaluation period for Community Development Loans is from January 07, 2002 to September 5, 2006.

\*\*\* Deposit Data as of June 30, 2006. Rated Area refers to either the state, multi-state MA, or institution, as appropriate.

Institution ID: FSG BANK (1000024425))

**Table2. Geographic Distribution of Home Purchase Loans**

Geographic Distribution: HOME PURCHASE		Geography: MULTI-STATE TN-GA						Evaluation Period: JANUARY 1, 2005 TO JUNE 30, 2006							
MA/Assessment Area:	Total Home Purchase Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography*				
	#	% of Total**	% Owner Occ Units***	% BANK Loans***	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	Overall	Low	Mod	Mid	Upp
<b>Full Review:</b>															
Multi-State Chattanooga, TN-GA MSA	132	100.00	1.91	3.79	8.53	8.33	55.09	38.64	34.48	49.24	0.00	0.00	0.00	0.00	0.00

\*  
 \*\* Home purchase loans originated and purchased in the MA/AA as a percentage of all home purchase loans originated and purchased in the rated area.  
 \*\*\* Percentage of Owner Occupied Units is the number of owner occupied units in a particular geography divided by the number of owner occupied housing units in the area based on 2000 Census information.  
 \*\*\*\* Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

Institution ID: FSG BANK (10000024425))

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

Geographic Distribution: HOME IMPROVEMENT		Geography: MULTI-STATE TN-GA						Evaluation Period: JANUARY 1, 2005 TO JUNE 30, 2006							
MA/Assessment Area:	Total Home Improvement Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography*				
	#	% of Total**	% Owner Occ Units***	% BANK Loans****	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	Overall	Low	Mod	Mid	Upp
<b>Full Review:</b>															
Multi-State Chattanooga, TN-GA MSA	11	100.00	1.91	0.00	8.53	0.00	55.09	45.45	34.48	54.55	0.00	0.00	0.00	0.00	0.00

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

\*\*\* Percentage of Owner Occupied Units is the number of owner occupied units in a particular geography divided by the number of owner occupied housing units in the area based on 2000 Census information.

\*\*\*\* Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

Institution ID: FSG BANK (10000024425))

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

Geographic Distribution: HOME MORTGAGE REFINANCE												Geography: MULTI-STATE TN-GA					Evaluation Period: JANUARY 1, 2005 TO JUNE 30, 2006				
MA/Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography*										
	#	% of Total**	% Owner Occ Units***	% BANK Loans*** *	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	Overall	Low	Mod	Mid	Upp				
<b>Full Review:</b>																					
Multi-State Chattanooga, TN-GA MSA	89	100.00	1.91	2.25	8.53	5.62	55.09	44.94	34.48	47.19	0.00	0.00	0.00	0.00	0.00	0.00					

\*  
 \*\* Home refinance loans originated and purchased in the MA/AA as a percentage of all home refinance loans originated and purchased in the rated area.  
 \*\*\* Percentage of Owner Occupied Units is the number of owner occupied units in a particular geography divided by the number of owner occupied housing units in the area based on 2000 Census information.  
 \*\*\*\* Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

Institution ID: FSG BANK (10000024425)

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

Geographic Distribution: SMALL LOANS TO BUSINESSES												Geography: MULTI-STATE TN-GA					Evaluation Period: JANUARY 1, 2005 TO JUNE 30, 2006				
MA/Assessment Area:	Total Small Business Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography*										
	#	% of Total**	% of Businesses ***	% BANK Loans	% of Businesses ***	% BANK Loans	% of Businesses ***	% BANK Loans	% of Businesses ***	% BANK Loans	Overall	Low	Mod	Mid	Upp						
<b>Full Review:</b>																					
Multi-State Chattanooga, TN-GA MSA	544	100.00	5.11	5.88	12.54	16.18	57.76	51.47	24.59	26.47	3.16	3.84	4.60	3.00	3.07						

\* Based on 2005 Peer Small Business Data -- US and PR

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

\*\*\* Source Data - Dun and Bradstreet (2005).

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

Geographic Distribution: SMALL LOANS TO FARMS												Geography: MULTI-STATE TN-GA		Evaluation Period: JANUARY 1, 2005 TO JUNE 30, 2006				
MA/Assessment Area:	Total Small Farm Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography*							
	#	% of Total**	% of Farms* **	% BANK Loans	% of Farms* **	% BANK Loans	% of Farms* **	% BANK Loans	% of Farms* **	% BANK Loans	% of Farms* **	% BANK Loans	Overall	Low	Mod	Mid	Upp	
<b>Full Review:</b>																		
Multi-State Chattanooga, TN-GA MSA	1	100.00	0.95	0.00	5.34	0.00	54.20	100.00	39.50	0.00	2.38	0.00	0.00	5.26	0.00			

\* Based on 2005 Peer Small Business Data -- US and PR

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

\*\*\* Source Data - Dun and Bradstreet (2005).

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

Borrower Distribution: HOME PURCHASE		Geography: MULTI-STATE TN-GA								Evaluation Period: JANUARY 1, 2005 TO JUNE 30, 2006					
MA/Assessment Area:	Total Home Purchase Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Market Share*				
	#	% of Total**	% Families***	% BANK Loans****	% Families***	% BANK Loans****	% Families***	% BANK Loans****	% Families***	% BANK Loans****	Overall	Low	Mod	Mid	Upp
<b>Full Review:</b>															
Multi-State Chattanooga, TN-GA MSA	132	100.00	18.14	6.84	16.68	13.68	21.86	16.24	43.32	63.25	0.00	0.00	0.00	0.00	0.00

\* Based on 2005 Peer Small Business Data -- US and PR

\*\* As a percentage of loans with borrower income information available. No information was available for 11.4% of loans originated and purchased by bank.

\*\*\* Percentage of Families is based on the 2000 Census information.

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

Institution ID: FSG BANK (10000024425)

**Table 9. Borrower Distribution of Home Improvement Loans**

Borrower Distribution: HOME IMPROVEMENT		Geography: MULTI-STATE TN-GA								Evaluation Period: JANUARY 1, 2005 TO JUNE 30, 2006					
MA/Assessment Area:	Total Home Improvement Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Market Share*				
	#	% of Total**	% Families***	% BANK Loans****	% Families***	% BANK Loans****	% Families**	% BANK Loans****	% Families**	% BANK Loans****	Overall	Low	Mod	Mid	Upp
<b>Full Review:</b>															
Multi-State Chattanooga, TN-GA MSA	11	100.00	18.14	0.00	16.68	18.18	21.86	36.36	43.32	45.45	0.00	0.00	0.00	0.00	0.00

\* Based on 2005 Peer Small Business Data -- US and PR

\*\* As a percentage of loans with borrower income information available. No information was available for 0.0% of loans originated and purchased by bank.

\*\*\* Percentage of Families is based on the 2000 Census information.

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

Institution ID: FSG BANK (10000024425)

**Table 10. Borrower Distribution of Home Mortgage Refinance Loans**

Borrower Distribution: HOME MORTGAGE REFINANCE												Geography: MULTI-STATE TN-GA					Evaluation Period: JANUARY 1, 2005 TO JUNE 30, 2006				
MA/Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Market Share*										
	#	% of Total*	% Families***	% BANK Loans****	% Families***	% BANK Loans****	% Families**	% BANK Loans****	% Families**	% BANK Loans**	Overall	Low	Mod	Mid	Upp						
<b>Full Review:</b>																					
Multi-State Chattanooga, TN-GA MSA	89	100.00	18.14	2.35	16.68	20.00	21.86	16.47	43.32	61.18	0.00	0.00	0.00	0.00	0.00						

\* Based on 2005 Peer Small Business Data -- US and PR

\*\* As a percentage of loans with borrower income information available. No information was available for 4.5% of loans originated and purchased by bank.

\*\*\* Percentage of Families is based on the 2000 Census information.

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

Institution ID: FSG BANK (10000024425)

**Table11. Borrower Distribution of Small Loans to Businesses**

Borrower Distribution: SMALL LOANS TO BUSINESSES					Geography: MULTI-STATE TN-GA			Evaluation Period: JANUARY 1, 2005 TO JUNE 30, 2006	
MA/Assessment Area:	Total Small Loans to Businesses		Businesses With Revenues of \$1 million or less		Loans by Original Amount Regardless of Business Size			Market Share*	
	#	% of Total**	% of Businesses ***	% BANK Loans****	\$100,000 or less	>\$100,000 to \$250,000	>\$250,000 to \$1,000,000	All	Rev\$ 1 Million or Less
<b>Full Review:</b>									
Multi-State Chattanooga, TN-GA MSA	544	100.00	60.54	48.71	61.58	20.59	17.83	3.16	3.35

\* Based on 2005 Peer Small Business Data -- US and PR

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

\*\*\* Businesses with revenues of \$1 million or less as a percentage of all businesses (Source D&B - 2005).

\*\*\*\* Small loans to businesses with revenues of \$1 million or less as a percentage of all loans reported as small loans to businesses. No information was available for 17.46% of small loans to businesses originated and purchased by the bank.

Institution ID: FSG BANK (10000024425)

**Table12. Borrower Distribution of Small Loans to Farms**

Borrower Distribution: SMALL LOANS TO FARMS				Geography: MULTI-STATE TN-GA Evaluation Period: JANUARY 1, 2005 TO JUNE 30, 2006					
MA/Assessment Area:	Total Small Loans to Farms		Farms With Revenues of \$1 million or less		Loans by Original Amount Regardless of Farm Size			Market Share*	
	#	% of Total**	% of Farms***	% BANK Loans****	\$100,000 or less	>\$100,000 to \$250,000	>\$250,000 to \$1,000,000	All	Rev\$ 1 Million or Less
<b>Full Review:</b>									
Multi-State Chattanooga , TN-GA MSA	1	100.00	88.36	0.00	0.00	0.00	100.00	2.38	0.00

\* Based on 2005 Peer Small Business Data -- US and PR

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

\*\*\* Farms with revenues of \$1 million or less as a percentage of all farms (Source D&B - 2005).

\*\*\*\* Small loans to farms with revenues of \$1 million or less as a percentage of all loans reported as small loans to farms. No information was available for 0.00% of small loans to farms originated and purchased by the bank.

Institution ID: FSG BANK (10000024425)

**Table 14. Qualified Investments**

QUALIFIED INVESTMENTS		Geography: MULTI-STATE TN-GA				Evaluation Period: JANUARY 1, 2005 TO JUNE 30, 2006			
MA/Assessment Area:	Prior Period Investments*		Current Period Investments		Total Investments			Unfunded Commitments**	
	#	\$(000's)	#	\$(000's)	#	\$(000's)	% of Total	#	\$(000's)
<b>Full Review:</b>									
Multi-State Chattanooga, TN-GA MSA	0	0	1	3	1	3	0.01	0	0
Eastern Tennessee Region			1	1,100	1	1,100	99.99	0	0

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

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

Institution ID: FSG BANK (10000024425)

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

DISTRIBUTION OF BRANCH DELIVERY SYSTEM AND BRANCH OPENINGS/CLOSINGS																	
Geography: MULTI-STATE TN-GA																	
Evaluation Period: JANUARY 1, 2005 TO JUNE 30, 2006																	
MA/Assessment Area:	Deposits	Branches						Branch Openings/Closings				Population					
	% of Rated Area Deposits in AA	# of BANK Branches	% of Rated Area Branches in AA	Location of Branches by Income of Geographies (%)				# of Branch Openings	# of Branch Closings	Net change in Location of Branches (+ or -)				% of Population within Each Geography			
				Low	Mod	Mid	Upp			Low	Mod	Mid	Upp	Low	Mod	Mid	Upp
<b>Full Review:</b>																	
Multi-State Chattanooga, TN-GA MSA	100.00	7	100.00	0.0	0.0	42.86	57.14	0	0	0	0	0	0	5.05	10.44	53.88	30.62

Institution ID: FSG BANK (1000024425)

Table 1. Lending Volume

LENDING VOLUME												
Geography: TENNESSEE												
Evaluation Period: JANUARY 1, 2005 TO JUNE 30, 2006												
MA/Assessment Area (2006):	% of Rated Area Loans (#) in MA/AA*	Home Mortgage		Small Loans to Businesses		Small Loans to Farms		Community Development Loans**		Total Reported Loans		% of Rated Area Deposits in MA/AA***
		#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	
<b>Full Review:</b>												
Knoxville MSA 28940	42.94	188	23,308	317	48,089	9	212	8	804	522	72,413	44.04
Morristown MSA 34100	19.88	115	14,318	116	9,956	7	320	0	0	238	24,594	5.21
Non-MSA McMinn and Moore Counties	15.71	54	4,885	122	16,462	12	1,063	0	0	188	22,410	19.52
<b>Limited Review:</b>												
Cleveland MSA 17420	5.85	20	1,808	50	7,888	0	0	0	0	70	9,696	1.22
Non-MSA Jackson County	5.93	25	987	26	651	20	312	0	0	71	1,950	15.20
Non-MSA Putnam County	9.69	41	2,655	60	5,786	15	392	0	0	116	8,833	14.78

\* Loan Data as of June 30, 2006. Rated area refers to either state or multi-state MA rating area.

\*\* The evaluation period for Community Development Loans is from January 07, 2002 to September 05, 2006.

\*\*\* Deposit Data as of June 30, 2006. Rated Area refers to either the state, multi-state MA, or institution, as appropriate.

**Table2. Geographic Distribution of Home Purchase Loans**

Geographic Distribution: HOME PURCHASE			Geography: TENNESSEE				Evaluation Period: JANUARY 1, 2005 TO JUNE 30, 2006					Market Share (%) by Geography*				
MA/Assessment Area:	Total Home Purchase Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Overall	Low	Mod	Mid	Upp	
	#	% of Total**	% Owner Occ Units***	% BANK Loans***	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans						
<b>Full Review:</b>																
Knoxville MSA 28940	81	45.00	4.09	2.47	15.15	29.63	50.53	34.57	30.23	33.33	0.00	0.00	0.00	0.00	0.00	
Morristown MSA 34100	45	25.00	0.00	0.00	0.00	0.00	100.00	100.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
Non-MSA McMinn and Monroe Counties	16	8.89	0.00	0.00	4.61	6.25	85.29	87.50	10.11	6.25	0.00	0.00	0.00	0.00	0.00	
<b>Limited Review:</b>																
Cleveland MSA 17420	12	6.67	1.27	8.33	7.97	16.67	71.02	75.00	19.75	0.00	0.00	0.00	0.00	0.00	0.00	
Non-MSA Jackson County	7	3.89	0.00	0.00	16.57	14.29	83.43	85.71	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
Non-MSA Putnam County	19	10.56	0.00	0.00	5.23	10.53	86.31	73.68	8.46	15.79	0.00	0.00	0.00	0.00	0.00	

\*  
 \*\* Home purchase loans originated and purchased in the MA/AA as a percentage of all home purchase loans originated and purchased in the rated area.  
 \*\*\* Percentage of Owner Occupied Units is the number of owner occupied units in a particular geography divided by the number of owner occupied housing units in the area based on 2000 Census information.  
 \*\*\*\* Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

Institution ID: FSG BANK (10000024425)

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

Geographic Distribution: HOME IMPROVEMENT			Geography: TENNESSEE						Evaluation Period: JANUARY 1, 2005 TO JUNE 30, 2006						
MA/Assessment Area:	Total Home Improvement Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography*				
	#	% of Total*	% Owner Occ Units***	% BANK Loans***	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	Over all	Low	Mod	Mid	Upp
<b>Full Review:</b>															
Knoxville MSA 28940	46	53.49	4.09	0.00	15.15	71.74	50.53	19.57	30.23	8.70	0.00	0.00	0.00	0.00	0.00
Morristown MSA 34100	3	3.49	0.00	0.00	0.00	0.00	100.00	100.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Non-MSA McMinn and Monroe Counties	19	22.09	0.00	0.00	4.61	5.26	85.29	94.74	10.11	0.00	0.00	0.00	0.00	0.00	0.00
<b>Limited Review:</b>															
Cleveland MSA 17420	0	0.00	1.27	0.00	7.97	0.00	71.02	0.00	19.75	0.00	0.00	0.00	0.00	0.00	0.00
Non-MSA Jackson County	10	11.63	0.00	0.00	16.57	10.00	83.43	90.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Non-MSA Putnam County	8	9.30	0.00	0.00	5.23	12.50	86.31	87.50	8.46	0.00	0.00	0.00	0.00	0.00	0.00

\*  
 \*\* Home improvement loans originated and purchased in the MA/AA as a percentage of all home improvement loans originated and purchased in the rated area.  
 \*\*\* Percentage of Owner Occupied Units is the number of owner occupied units in a particular geography divided by the number of owner occupied housing units in the area based on 2000 Census information.  
 \*\*\*\* Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

Institution ID: FSG BANK (10000024425)

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

Geographic Distribution: HOME MORTGAGE REFINANCE			Geography: TENNESSEE				Evaluation Period: JANUARY 1, 2005 TO JUNE 30, 2006					Market Share (%) by Geography*				
MA/Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Overall	Low	Mod	Mid	Upp	
	#	% of Total*	% Owner Occ Units***	% BANK Loans***	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans						
<b>Full Review:</b>																
Knoxville MSA 28940	59	34.50	4.09	0.00	15.15	25.42	50.53	38.98	30.23	35.59	0.00	0.00	0.00	0.00	0.00	
Morristown MSA 34100	65	38.01	0.00	0.00	0.00	0.00	100.00	100.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
Non-MSA McMinn and Monroe Counties	17	9.94	0.00	0.00	4.61	0.00	85.29	82.35	10.11	17.65	0.00	0.00	0.00	0.00	0.00	
<b>Limited Review:</b>																
Cleveland MSA 17420	8	4.68	1.27	12.50	7.97	12.50	71.02	62.50	19.75	12.50	0.00	0.00	0.00	0.00	0.00	
Non-MSA Jackson County	8	4.68	0.00	0.00	16.57	12.50	83.43	87.50	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
Non-MSA Putnam County	14	8.19	0.00	0.00	5.23	0.00	86.31	100.00	8.46	0.00	0.00	0.00	0.00	0.00	0.00	

\* Home refinance loans originated and purchased in the MA/AA as a percentage of all home refinance loans originated and purchased in the rated area.  
 \*\*\* Percentage of Owner Occupied Units is the number of owner occupied units in a particular geography divided by the number of owner occupied housing units in the area based on 2000 Census information.  
 \*\*\*\* Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

**Table 5. Geographic Distribution of Multifamily Loans**

Geographic Distribution: MULTIFAMILY			Geography: TENNESSEE				Evaluation Period: JANUARY 1, 2005 TO JUNE 30, 2006					Market Share (%) by Geography*				
MA/Assessment Area:	Total Multifamily Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Overall	Low	Mod	Mid	Upp	
	#	% of Total**	% of MF Units***	% BANK Loans*** *	% MF Units***	% BANK Loans	% MF Units***	% BANK Loans	% MF Units***	% BANK Loans						
<b>Full Review:</b>																
Knoxville MSA 28940	2	33.33	22.11	50.00	25.81	0.00	30.23	50.00	21.84	0.00	0.00	0.00	0.00	0.00	0.00	
Morristown MSA 34100	2	33.33	0.00	0.00	0.00	0.00	100.00	100.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
Non-MSA McMinn and Monroe Counties	2	33.33	0.00	0.00	40.08	0.00	52.12	0.00	7.80	100.00	0.00	0.00	0.00	0.00	0.00	
<b>Limited Review:</b>																
Cleveland MSA 17420	0	0.00	14.22	0.00	20.51	0.00	50.16	0.00	15.11	0.00	0.00	0.00	0.00	0.00	0.00	
Non-MSA Jackson County	0	0.00	0.00	0.00	45.28	0.00	54.72	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
Non-MSA Putnam County	0	0.00	0.00	0.00	29.70	0.00	48.26	0.00	22.04	0.00	0.00	0.00	0.00	0.00	0.00	

\*\* Multi-family loans originated and purchased in the MA/AA as a percentage of all multi-family loans originated and purchased in the rated area.

\*\*\* Percentage of Multi Family Units is the number of multi family units in a particular geography divided by the number of multifamily housing units in the area based on 2000 Census information.

\*\*\*\* Multifamily loan distribution includes Home Purchases, Home Improvement and Refinances.

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

Geographic Distribution: SMALL LOANS TO BUSINESSES      Geography: TENNESSEE      Evaluation Period: JANUARY 1, 2005 TO JUNE 30, 2006															
MA/Assessment Area:	Total Small Business Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography*				
	#	% of Total*	% of Businesses***	% BANK Loans	% of Businesses***	% BANK Loans	% of Businesses**	% BANK Loans	% of Businesses***	% BANK Loans	Overall	Low	Mod	Mid	Upp
<b>Full Review:</b>															
Knoxville MSA 28940	317	45.88	12.01	5.36	16.13	11.36	37.73	35.65	34.09	47.63	1.62	0.79	1.35	1.48	2.19
Morristown MSA 34100	116	16.79	0.00	0.00	0.00	0.00	100.00	100.00	0.00	0.00	8.51	0.00	0.00	8.71	0.00
Non-MSA McMinn and Monroe Counties	122	17.66	0.00	0.00	13.54	15.57	76.26	78.69	10.21	5.74	3.43	0.00	6.52	3.52	1.17
<b>Limited Review:</b>															
Cleveland MSA 17420	50	7.24	1.32	2.00	12.09	26.00	66.87	58.00	19.72	14.00	0.87	0.00	2.10	0.82	0.64
Non-MSA Jackson County	26	3.76	0.00	0.00	10.53	0.00	89.47	100.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Non-MSA Putnam County	60	8.68	0.00	0.00	22.23	6.67	65.66	78.33	12.11	15.00	0.00	0.00	0.00	0.00	0.00

\* Based on 2005 Peer Small Business Data -- US and PR

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

\*\*\* Source Data - Dun and Bradstreet (2005).

Institution ID: FSG BANK (10000024425)

Table 7. Geographic Distribution of Small Loans to Farms

Geographic Distribution: SMALL LOANS TO FARMS		Geography: TENNESSEE						Evaluation Period: JANUARY 1, 2005 TO JUNE 30, 2006									
MA/Assessment Area:	Total Small Farm Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography*						
	#	% of Total**	% of Farms**	% BANK Loans	% of Farms**	% BANK Loans	% of Farms**	% BANK Loans	% of Farms**	% BANK Loans	% of Farms**	% BANK Loans	Overall	Low	Mod	Mid	Upp
<b>Full Review:</b>																	
Knoxville MSA 28940	9	14.29	5.07	0.00	11.73	66.67	52.00	33.33	31.20	0.00	10.39	0.00	35.71	6.98	0.00		
Morristown MSA 34100	7	11.11	0.00	0.00	0.00	0.00	100.00	100.00	0.00	0.00	33.33	0.00	0.00	33.33	0.00		
Non-MSA McMinn and Monroe Counties	12	19.05	0.00	0.00	4.50	0.00	88.00	100.00	7.50	0.00	8.57	0.00	0.00	9.23	0.00		
<b>Limited Review:</b>																	
Cleveland MSA 17420	0	0.00	2.47	0.00	3.70	0.00	69.75	0.00	24.07	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Non-MSA Jackson County	20	31.75	0.00	0.00	19.05	5.00	80.95	95.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Non-MSA Putnam County	15	23.81	0.00	0.00	5.36	0.00	86.61	100.00	8.04	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

\* Based on 2005 Peer Small Business Data -- US and PR

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

\*\*\* Source Data - Dun and Bradstreet (2005).

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

Borrower Distribution: HOME PURCHASE			Geography: TENNESSEE						Evaluation Period: JANUARY 1, 2005 TO JUNE 30, 2006						
MA/Assessment Area:	Total Home Purchase Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Market Share*				
	#	% of Total**	% Families***	% BANK Loans**	% Families***	% BANK Loans**	% Families***	% BANK Loans****	% Families**	% BANK Loans****	Overall	Low	Mod	Mid	Upp
<b>Full Review:</b>															
Knoxville MSA 28940	81	45.00	20.00	9.09	17.31	22.08	21.10	19.48	41.59	49.35	0.00	0.00	0.00	0.00	0.00
Morristown MSA 34100	45	25.00	18.02	9.52	18.32	19.05	23.98	19.05	39.69	52.38	0.00	0.00	0.00	0.00	0.00
Non-MSA McMinn and Monroe Counties	16	8.89	19.37	0.00	18.76	6.67	22.54	40.00	39.34	53.33	0.00	0.00	0.00	0.00	0.00
<b>Limited Review:</b>															
Cleveland MSA 17420	12	6.67	18.88	20.00	17.48	10.00	22.88	10.00	40.76	60.00	0.00	0.00	0.00	0.00	0.00
Non-MSA Jackson County	7	3.89	25.81	0.00	18.61	33.33	26.38	16.67	29.19	50.00	0.00	0.00	0.00	0.00	0.00
Non-MSA Putnam County	19	10.56	17.65	5.56	17.57	11.11	23.08	38.89	41.69	44.44	0.00	0.00	0.00	0.00	0.00

\* Based on 2005 Peer Small Business Data -- US and PR

\*\* As a percentage of loans with borrower income information available. No information was available for 6.7% of loans originated and purchased by bank.

\*\*\* Percentage of Families is based on the 2000 Census information.

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

**Table 9. Borrower Distribution of Home Improvement Loans**

Borrower Distribution: HOME IMPROVEMENT			Geography: TENNESSEE				Evaluation Period: JANUARY 1, 2005 TO JUNE 30, 2006					Market Share*				
MA/Assessment Area:	Total Home Improvement Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Overall	Low	Mod	Mid	Upp	
	#	% of Total**	% Families***	% BANK Loans****	% Families***	% BANK Loans****	% Families**	% BANK Loans****	% Families**	% BANK Loans****						
<b>Full Review:</b>																
Knoxville MSA 28940	46	53.49	20.00	45.45	17.31	27.27	21.10	13.64	41.59	13.64	0.00	0.00	0.00	0.00	0.00	
Morristown MSA 34100	3	3.49	18.02	0.00	18.32	0.00	23.98	66.67	39.69	33.33	0.00	0.00	0.00	0.00	0.00	
Non-MSA McMinn and Monroe Counties	19	22.09	19.37	38.89	18.76	33.33	22.54	5.56	39.34	22.22	0.00	0.00	0.00	0.00	0.00	
<b>Limited Review:</b>																
Cleveland MSA 17420	0	0.00	18.88	0.00	17.48	0.00	22.88	0.00	40.76	0.00	0.00	0.00	0.00	0.00	0.00	
Non-MSA Jackson County	10	11.63	25.81	20.00	18.61	30.00	26.38	40.00	29.19	10.00	0.00	0.00	0.00	0.00	0.00	
Non-MSA Putnam County	8	9.30	17.65	12.50	17.57	37.50	23.08	25.00	41.69	25.00	0.00	0.00	0.00	0.00	0.00	

\* Based on 2005 Peer Small Business Data -- US and PR

\*\* As a percentage of loans with borrower income information available. No information was available for 3.5% of loans originated and purchased by bank.

\*\*\* Percentage of Families is based on the 2000 Census information.

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

Institution ID: FSG BANK (10000024425)

**Table 10. Borrower Distribution of Home Mortgage Refinance Loans**

Borrower Distribution: HOME MORTGAGE REFINANCE		Geography: TENNESSEE						Evaluation Period: JANUARY 1, 2005 TO JUNE 30, 2006							
MA/Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Market Share*				
	#	% of Total*	% Families***	% BANK Loans****	% Families***	% BANK Loans****	% Families**	% BANK Loans****	% Families**	% BANK Loans**	Overall	Low	Mod	Mid	Upp
<b>Full Review:</b>															
Knoxville MSA 28940	59	34.50	20.00	12.07	17.31	8.62	21.10	36.21	41.59	43.10	0.00	0.00	0.00	0.00	0.00
Morristown MSA 34100	65	38.01	18.02	4.76	18.32	22.22	23.98	20.63	39.69	52.38	0.00	0.00	0.00	0.00	0.00
Non-MSA McMinn and Monroe Counties	17	9.94	19.37	18.75	18.76	18.75	22.54	31.25	39.34	31.25	0.00	0.00	0.00	0.00	0.00
<b>Limited Review:</b>															
Cleveland MSA 17420	8	4.68	18.88	0.00	17.48	37.50	22.88	12.50	40.76	50.00	0.00	0.00	0.00	0.00	0.00
Non-MSA Jackson County	8	4.68	25.81	37.50	18.61	12.50	26.38	50.00	29.19	0.00	0.00	0.00	0.00	0.00	0.00
Non-MSA Putnam County	14	8.19	17.65	7.14	17.57	21.43	23.08	14.29	41.69	57.14	0.00	0.00	0.00	0.00	0.00

\* Based on 2005 Peer Small Business Data -- US and PR

\*\* As a percentage of loans with borrower income information available. No information was available for 2.3% of loans originated and purchased by bank.

\*\*\* Percentage of Families is based on the 2000 Census information.

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

Institution ID: FSG BANK (10000024425)

Table11. Borrower Distribution of Small Loans to Businesses

Borrower Distribution: SMALL LOANS TO BUSINESSES		Geography: TENNESSEE			Evaluation Period: JANUARY 1, 2005 TO JUNE 30, 2006				
MA/Assessment Area:	Total Small Loans to Businesses		Businesses With Revenues of \$1 million or less		Loans by Original Amount Regardless of Business Size			Market Share*	
	#	% of Total*	% of Businesses***	% BANK Loans****	\$100,000 or less	>\$100,000 to \$250,000	>\$250,000 to \$1,000,000	All	Rev\$ 1 Million or Less
<b>Full Review:</b>									
Knoxville MSA 28940	317	45.88	62.18	45.11	67.19	15.14	17.67	1.62	1.71
Morristown MSA 34100	116	16.79	63.23	42.24	77.59	17.24	5.17	8.51	7.35
Non-MSA McMinn and Monroe Counties	122	17.66	59.82	52.46	68.85	14.75	16.39	3.43	2.86
<b>Limited Review:</b>									
Cleveland MSA 17420	50	7.24	61.11	60.00	64.00	20.00	16.00	0.87	1.46
Non-MSA Jackson County	26	3.76	63.16	0.00	96.15	3.85	0.00	0.00	0.00
Non-MSA Putnam County	60	8.68	64.09	40.00	75.00	13.33	11.67	0.00	0.00

\* Based on 2005 Peer Small Business Data -- US and PR

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

\*\*\* Businesses with revenues of \$1 million or less as a percentage of all businesses (Source D&B - 2005).

\*\*\*\* Small loans to businesses with revenues of \$1 million or less as a percentage of all loans reported as small loans to businesses. No information was available for 33.57% of small loans to businesses originated and purchased by the bank.

Institution ID: FSG BANK (10000024425)

**Table12. Borrower Distribution of Small Loans to Farms**

Borrower Distribution: SMALL LOANS TO FARMS			Geography: TENNESSEE		Evaluation Period: JANUARY 1, 2005 TO JUNE 30, 2006				
MA/Assessment Area:	Total Small Loans to Farms		Farms With Revenues of \$1 million or less		Loans by Original Amount Regardless of Farm Size			Market Share*	
	#	% of Total*	% of Farms***	% BANK Loans****	\$100,000 or less	>\$100,000 to \$250,000	>\$250,000 to \$1,000,000	All	Rev\$ 1 Million or Less
<b>Full Review:</b>									
Knoxville MSA 28940	9	14.29	87.47	33.33	100.00	0.00	0.00	10.39	4.69
Morristown MSA 34100	7	11.11	94.25	42.86	85.71	14.29	0.00	33.33	33.33
Non-MSA McMinn and Monroe Counties	12	19.05	90.00	50.00	66.67	33.33	0.00	8.57	6.67
<b>Limited Review:</b>									
Cleveland MSA 17420	0	0.00	93.21	0.00	0.00	0.00	0.00	0.00	0.00
Non-MSA Jackson County	20	31.75	90.48	5.00	100.00	0.00	0.00	0.00	0.00
Non-MSA Putnam County	15	23.81	93.75	6.67	93.33	6.67	0.00	0.00	0.00

\* Based on 2005 Peer Small Business Data -- US and PR

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

\*\*\* Farms with revenues of \$1 million or less as a percentage of all farms (Source D&B - 2005).

\*\*\*\* Small loans to farms with revenues of \$1 million or less as a percentage of all loans reported as small loans to farms. No information was available for 77.78% of small loans to farms originated and purchased by the bank.

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Table 14. Qualified Investments

QUALIFIED INVESTMENTS		Geography: TENNESSEE				Evaluation Period: JANUARY 1, 2005 TO JUNE 30, 2006			
MA/Assessment Area:	Prior Period Investments*		Current Period Investments		Total Investments			Unfunded Commitments**	
	#	\$(000's)	#	\$(000's)	#	\$(000's)	% of Total	#	\$(000's)
<b>Full Review:</b>									
Knoxville MSA 28940	0	0	2	539	2	539	92.61	0	0
Morristown MSA 34100	0	0	0	0	0	0	0.00	0	0
Non-MSA McMinn and Monroe Counties	0	0	16	33	16	33	5.67	0	0
Out of Assessment Area	0	0	1	10	1	10	1.72	0	0
<b>Limited Review:</b>									
Cleveland MSA 17420	0	0	0	0	0	0	0.00	0	0
Non-MSA Jackson County	0	0	0	0	0	0	0.00	0	0
Non-MSA Putnam County	0	0	0	0	0	0	0.00	0	0

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

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

Institution ID: FSG BANK (10000024425)

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

DISTRIBUTION OF BRANCH DELIVERY SYSTEM AND BRANCH OPENINGS/CLOSINGS																	
Geography: TENNESSEE																	
Evaluation Period: JANUARY 1, 2005 TO JUNE 30, 2006																	
MA/Assessment Area:	Deposits	Branches						Branch Openings/Closings						Population			
	% of Rated Area Deposits in AA	# of Bank Branches	% of Rated Area Branches in AA	Location of Branches by Income of Geographies (%)				# of Branch Openings	# of Branch Closings	Net change in Location of Branches (+ or -)				% of Population within Each Geography			
				Low	Mod	Mid	Upp			Low	Mod	Mid	Upp	Low	Mod	Mid	Upp
<b>Full Review:</b>																	
Knoxville MSA 28940	44.04	7	38.89	0.00	42.86	28.57	28.57	2	0	0	0	0	+2	7.89	16.91	46.41	28.74
Morristown MSA 34100	5.21	2	11.11	0.00	0.00	100.0	0.00	1	0	0	0	+1	0	0.00	0.00	100.0	0.00
Non-MSA McMinn and Monroe Counties	19.52	5	27.78	0.00	20.00	80.00	0.00	0	0	0	0	0	0	0.00	7.13	83.56	9.31
<b>Limited Review:</b>																	
Cleveland MSA 17420	1.22	1	5.56	0.00	0.00	100.0	0.00	1	0	0	0	+1	0	2.83	11.44	66.03	19.69
Non-MSA Jackson County	15.20	1	5.56	0.00	0.00	100.0	0.00	0	0	0	0	0	0	0.00	16.16	83.84	0.00
Non-MSA Putnam County	14.78	2	11.11	0.00	50.00	50.00	0.00	0	0	0	0	0	0	0.00	12.64	78.86	8.51

**Table 1. Lending Volume**

LENDING VOLUME		Geography: GEORGIA						Evaluation Period: JANUARY 1, 2005 TO JUNE 30, 2006				
MA/Assessment Area (2006):	% of Rated Area Loans (#) in MA/AA*	Home Mortgage		Small Loans to Businesses		Small Loans to Farms		Community Development Loans**		Total Reported Loans		% of Rated Area Deposits in MA/AA***
		#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$(000's)	
<b>Full Review:</b>												
Dalton MSA 19140	100.00	91	8,608	341	44,387	3	350	2	874	437	54,219	100.00

\* Loan Data as of June 30, 2006. Rated area refers to either state or multi-state MA rating area.

\*\* The evaluation period for Community Development Loans is from January 07,2002to September 05, 2006.

\*\*\* Deposit Data as of June 30, 2006. Rated Area refers to either the state, multi-state MA, or institution, as appropriate.

**Table2. Geographic Distribution of Home Purchase Loans**

Geographic Distribution: HOME PURCHASE		Geography: GEORGIA						Evaluation Period: JANUARY 1, 2005 TO JUNE 30, 2006							
MA/Assessment Area:	Total Home Purchase Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography*				
	#	% of Total**	% Owner Occ Units***	% BANK Loans***	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	Overall	Low	Mod	Mid	Upp
<b>Full Review:</b>															
Dalton MSA 19140	50	100.00	0.00	0.00	13.31	32.00	69.32	62.00	17.36	6.00	0.00	0.00	0.00	0.00	0.00

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\*  
 \*\* Home purchase loans originated and purchased in the MA/AA as a percentage of all home purchase loans originated and purchased in the rated area.  
 \*\*\* Percentage of Owner Occupied Units is the number of owner occupied units in a particular geography divided by the number of owner occupied housing units in the area based on 2000 Census information.  
 \*\*\*\* Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

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

Geographic Distribution: HOME IMPROVEMENT		Geography: GEORGIA						Evaluation Period: JANUARY 1, 2005 TO JUNE 30, 2006							
MA/Assessment Area:	Total Home Improvement Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography*				
	#	% of Total**	% Owner Occ Units***	% BANK Loans****	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	Overall	Low	Mod	Mid	Upp
<b>Full Review:</b>															
Dalton MSA 19140	11	100.00	0.00	0.00	13.31	18.18	69.32	63.64	17.36	18.18	0.00	0.00	0.00	0.00	0.00

\* .

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

\*\*\* Percentage of Owner Occupied Units is the number of owner occupied units in a particular geography divided by the number of owner occupied housing units in the area based on 2000 Census information.

\*\*\*\* Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

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

Geographic Distribution: HOME MORTGAGE REFINANCE		Geography: GEORGIA				Evaluation Period: JANUARY 1, 2005 TO JUNE 30, 2006					Market Share (%) by Geography*				
MA/Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies						
	#	% of Total**	% Owner Occ Units***	% BANK Loans***	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	Overall	Low	Mod	Mid	Upp
<b>Full Review:</b>															
Dalton MSA 19140	27	100.00	0.00	0.00	13.31	25.93	69.32	55.56	17.36	18.52	0.00	0.00	0.00	0.00	0.00

\*  
 \*\* Home refinance loans originated and purchased in the MA/AA as a percentage of all home refinance loans originated and purchased in the rated area.  
 \*\*\* Percentage of Owner Occupied Units is the number of owner occupied units in a particular geography divided by the number of owner occupied housing units in the area based on 2000 Census information.  
 \*\*\*\* Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

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**Table 5. Geographic Distribution of Multifamily Loans**

Geographic Distribution: MULTIFAMILY		Geography: GEORGIA						Evaluation Period: JANUARY 1, 2005 TO JUNE 30, 2006							
MA/Assessment Area:	Total Multifamily Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography*				
	#	% of Total**	% of MF Units***	% BANK Loans*** *	% MF Units***	% BANK Loans	% MF Units***	% BANK Loans	% MF Units***	% BANK Loans	Overall	Low	Mod	Mid	Upp
<b>Full Review:</b>															
Dalton MSA 19140	3	100.00	0.00	0.00	60.23	33.33	8.65	33.33	31.12	33.33	0.00	0.00	0.00	0.00	0.00

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\*  
 \*\* Multi-family loans originated and purchased in the MA/AA as a percentage of all multi-family loans originated and purchased in the rated area.  
 \*\*\* Percentage of Multi Family Units is the number of multi family units in a particular geography divided by the number of multifamily housing units in the area based on 2000 Census information.  
 \*\*\*\* Multifamily loan distribution includes Home Purchases, Home Improvement and Refinances.

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

Geographic Distribution: SMALL LOANS TO BUSINESSES			Geography: GEORGIA						Evaluation Period: JANUARY 1, 2005 TO JUNE 30, 2006						
MA/Assessment Area:	Total Small Business Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography*				
	#	% of Total**	% of Businesses ***	% BANK Loans	% of Businesses ***	% BANK Loans	% of Businesses ***	% BANK Loans	% of Businesses ***	% BANK Loans	Overall	Low	Mod	Mid	Upp
<b>Full Review:</b>															
Dalton MSA 19140	341	100.00	0.00	0.00	34.89	30.79	45.90	51.61	19.21	17.60	8.62	0.00	8.41	10.04	7.48

\* Based on 2005 Peer Small Business Data -- US and PR

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

\*\*\* Source Data - Dun and Bradstreet (2005).

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

Geographic Distribution: SMALL LOANS TO FARMS		Geography: GEORGIA						Evaluation Period: JANUARY 1, 2005 TO JUNE 30, 2006							
MA/Assessment Area:	Total Small Farm Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography*				
	#	% of Total**	% of Farms**	% BANK Loans	% of Farms**	% BANK Loans	% of Farms**	% BANK Loans	% of Farms**	% BANK Loans	Overall	Low	Mod	Mid	Upp
<b>Full Review:</b>															
Dalton MSA 19140	3	100.00	0.00	0.00	9.71	0.00	65.05	66.67	25.24	33.33	7.14	0.00	0.00	5.88	20.00

\* Based on 2005 Peer Small Business Data -- US and PR

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

\*\*\* Source Data - Dun and Bradstreet (2005).

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

Borrower Distribution: HOME PURCHASE		Geography: GEORGIA				Evaluation Period: JANUARY 1, 2005 TO JUNE 30, 2006					Market Share*				
MA/Assessment Area:	Total Home Purchase Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Overall	Low	Mod	Mid	Upp
	#	% of Total**	% Families***	% BANK Loans**	% Families****	% BANK Loans**	% Families***	% BANK Loans****	% Families**	% BANK Loans****					
<b>Full Review:</b>															
Dalton MSA 19140	50	100.00	17.76	31.91	19.28	34.04	22.72	14.89	40.24	19.15	0.00	0.00	0.00	0.00	0.00

\* Based on 2005 Peer Small Business Data -- US and PR

\*\* As a percentage of loans with borrower income information available. No information was available for 6.0% of loans originated and purchased by bank.

\*\*\* Percentage of Families is based on the 2000 Census information.

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

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**Table 9. Borrower Distribution of Home Improvement Loans**

Borrower Distribution: HOME IMPROVEMENT		Geography: GEORGIA								Evaluation Period: JANUARY 1, 2005 TO JUNE 30, 2006					
MA/Assessment Area:	Total Home Improvement Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Market Share*				
	#	% of Total*	% Families***	% BANK Loans****	% Families***	% BANK Loans****	% Families**	% BANK Loans****	% Families**	% BANK Loans****	Overall	Low	Mod	Mid	Upp
<b>Full Review:</b>															
Dalton MSA 19140	11	100.00	17.76	22.22	19.28	44.44	22.72	11.11	40.24	22.22	0.00	0.00	0.00	0.00	0.00

\* Based on 2005 Peer Small Business Data -- US and PR

\*\* As a percentage of loans with borrower income information available. No information was available for 18.2% of loans originated and purchased by bank.

\*\*\* Percentage of Families is based on the 2000 Census information.

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

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**Table 10. Borrower Distribution of Home Mortgage Refinance Loans**

Borrower Distribution: HOME MORTGAGE REFINANCE		Geography: GEORGIA								Evaluation Period: JANUARY 1, 2005 TO JUNE 30, 2006					
MA/Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Market Share*				
	#	% of Total*	% Families***	% BANK Loans****	% Families****	% BANK Loans****	% Families**	% BANK Loans****	% Families**	% BANK Loans**	Overall	Low	Mod	Mid	Upp
<b>Full Review:</b>															
Dalton MSA 19140	27	100.00	17.76	4.55	19.28	27.27	22.72	18.18	40.24	50.00	0.00	0.00	0.00	0.00	0.00

\* Based on 2005 Peer Small Business Data -- US and PR

\*\* As a percentage of loans with borrower income information available. No information was available for 18.5% of loans originated and purchased by bank.

\*\*\* Percentage of Families is based on the 2000 Census information.

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

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**Table11. Borrower Distribution of Small Loans to Businesses**

Borrower Distribution: SMALL LOANS TO BUSINESSES		Geography: GEORGIA			Evaluation Period: JANUARY 1, 2005 TO JUNE 30, 2006				
MA/Assessment Area:	Total Small Loans to Businesses		Businesses With Revenues of \$1 million or less		Loans by Original Amount Regardless of Business Size			Market Share*	
	#	% of Total**	% of Businesses ***	% BANK Loans****	\$100,000 or less	>\$100,000 to \$250,000	>\$250,000 to \$1,000,000	All	Rev\$ 1 Million or Less
<b>Full Review:</b>									
Dalton MSA 19140	341	100.00	57.04	57.18	65.98	18.18	15.84	8.62	9.94

\* Based on 2005 Peer Small Business Data -- US and PR

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

\*\*\* Businesses with revenues of \$1 million or less as a percentage of all businesses (Source D&B - 2005).

\*\*\*\* Small loans to businesses with revenues of \$1 million or less as a percentage of all loans reported as small loans to businesses. No information was available for 21.99% of small loans to businesses originated and purchased by the bank.

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**Table12. Borrower Distribution of Small Loans to Farms**

Borrower Distribution: SMALL LOANS TO FARMS			Geography: GEORGIA		Evaluation Period: JANUARY 1, 2005 TO JUNE 30, 2006				
MA/Assessment Area:	Total Small Loans to Farms		Farms With Revenues of \$1 million or less		Loans by Original Amount Regardless of Farm Size			Market Share*	
	#	% of Total*	% of Farms***	% BANK Loans****	\$100,000 or less	>\$100,000 to \$250,000	>\$250,000 to \$1,000,000	All	Rev\$ 1 Million or Less
<b>Full Review:</b>									
Dalton MSA 19140	3	100.00	89.32	66.67	66.67	33.33	0.00	7.14	4.00

\* Based on 2005 Peer Small Business Data -- US and PR

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

\*\*\* Farms with revenues of \$1 million or less as a percentage of all farms (Source D&B - 2005).

\*\*\*\* Small loans to farms with revenues of \$1 million or less as a percentage of all loans reported as small loans to farms. No information was available for 0.00% of small loans to farms originated and purchased by the bank.

**Table 14. Qualified Investments**

QUALIFIED INVESTMENTS		Geography: GEORGIA				Evaluation Period: JANUARY 1, 2005 TO JUNE 30, 2006			
MA/Assessment Area:	Prior Period Investments*		Current Period Investments		Total Investments			Unfunded Commitments**	
	#	\$(000's)	#	\$(000's)	#	\$(000's)	% of Total	#	\$(000's)
<b>Full Review:</b>									
Dalton MSA 19140	0	0	2	2	2	2	100.00	0	0

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

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

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

DISTRIBUTION OF BRANCH DELIVERY SYSTEM AND BRANCH OPENINGS/CLOSINGS		Geography: GEORGIA Evaluation Period: JANUARY 1, 2005 TO JUNE 30, 2006															
MA/Assessment Area:	Deposits	Branches						Branch Openings/Closings						Population			
	% of Rated Area Deposits in AA	# of BANK Branches	% of Rated Area Branches in AA	Location of Branches by Income of Geographies (%)				# of Branch Openings	# of Branch Closings	Net change in Location of Branches (+ or -)				% of Population within Each Geography			
				Low	Mod	Mid	Upp			Low	Mod	Mid	Upp	Low	Mod	Mid	Upp
<b>Full Review:</b>																	
Dalton MSA 19140	100.00	8	100.00	0.00	62.50	25.00	12.50	2	0	0	+2	0	0	0.00	24.38	59.85	15.76